In this final edition of the APCEA Journal for 2005 the first feature article is by members of the APCEA (International Islamic University, Malaysia) branch - Nik Nazli Nik Ahmad, Maliah Sulaiman and Abdul Latif Shaari. The findings of a survey with members of the Malaysian Institute of Accountants (MIA) are reported. The results suggest that, in Malaysia, accountants favour environmental disclosures in annual reports and perceive that they have some role to play in environmental reporting. However, accountants do not feel that they should be the primary initiators of environmental reporting. The results are compared to those of similar studies in other countries and show that accountants in Malaysia have largely similar attitudes towards environmental reporting. This suggests that accountants, through their education and training, appear to have similar opinions and exhibit similar behaviour on certain environmental reporting issues.

The second feature article, by Jean Raar, considers corporate responsibility. Jean considers the following issues: the current trends toward mandatory sustainability reporting, both nationally in Australia and internationally; how it can be demonstrated that making decisions for the overall good can be beneficial to business; and how to harmonise economic targets with social, environmental and ethical goals.

The Journal also includes its regular feature Environmental Extra! Finally, some recent conference announcements are listed at the end of the Journal.

Best wishes
Roger Burritt
Tricia Stanton
Joint Editors 2006

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Articles should be submitted in word format as an email attachment. A pro forma is available for this purpose on request. Articles are subject to independent peer review by members of the Editorial Board prior to acceptance for publication.

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ENVIRONMENTAL REPORTING: WHAT THE ACCOUNTANTS IN MALAYSIA SAY

Nik Nazli Nik Ahmad, Maliah Sulaiman, Department of Accounting, International Islamic University, Malaysia; and Abdul Latif Shaari, Master of Management graduate, International Islamic University, Malaysia.

1. INTRODUCTION

Public awareness of, and concern for, the detrimental impacts of business operations on the natural and physical environment have increased tremendously in recent years. Though this rising concern emerged in the developed western countries (U.S., U.K., Western Europe and Australia) more than a decade ago, it has also begun to spread to the developing countries in other parts of the world, including Malaysia. As a result, various parties, including businesses and the government, as well as professional bodies in Malaysia, have responded to this heightened concern by implementing a number of initiatives. Businesses, for example, have started to provide environmental disclosures in their annual reports, with a number of companies having separate environmental or sustainable development reports. The number of listed companies providing environmental disclosures in their annual reports has also increased from a mere 7% in 2000 to 10% in 2004 (ACCA, 2004). The government has also responded by amending the Environmental Quality Act (1974) to allow for stiffer penalties for various environmental offences. The most recent development in environmental reporting in Malaysia has been the indication that environmental reporting will be made mandatory in 2007 (The Star, 2004).

All of the above developments reflect a crucial need for the accounting profession to take up the challenge of environmental reporting. There is, however, a paucity of literature on the role of accountants in environmental reporting. The limited literature that exists suggests that accountants have a pivotal role to play in environmental reporting. Specifically, the conceptual literature describes the role of accountants in environmental accounting and reporting as encompassing accounting and reporting of environmental assets, liabilities and contingencies, the measurement of environmental costs and benefits, environmental management controls and verification of environmental reports (Medley, 1997).

This suggests that, theoretically, it is recognized that accountants do indeed have an important role to assist companies and organizations in any attempt at environmental reporting. However, the conceptual arguments lack empirical support. The question that remains, therefore, is whether the accountants are ready? More significantly, are the accountants in Malaysia even aware of the emerging field of environmental reporting? And if they are aware, how do they perceive environmental reporting? Do they consider it important? Finally, do the accountants
accept that they have to play a role in environmental reporting? The present paper seeks to find answers to these questions. More specifically, this paper is an attempt to explore the perceptions of accountants on the following matters:

- the importance of environmental disclosures in annual reports;
- the possible reasons for environmental disclosures;
- the possible reasons for non-disclosure of environmental information; and
- the role of accountants in environmental reporting.

As previously mentioned, prior studies have largely focused on three broad areas relating to environmental disclosures: studies on user groups and their perceptions of environmental disclosures, management’s reasons for disclosure and non-disclosure of environmental information, and market reaction to such information as well as studies examining the level and type of environmental disclosures made by companies from various environmentally-sensitive industries.

Although prior literature assumes that accountants have a role in environmental reporting, there is a paucity of research examining whether accountants perceive environmental information disclosure to be important. Furthermore, the little evidence that is available largely relates to Western industrialized countries e.g. the U.K., Australia, and mainland Europe. There is no published evidence, to our knowledge, of accountants’ perceptions of environmental reporting within the context of a newly industrializing country. This study attempts to contribute to the literature by providing some empirical evidence with regard to accountants’ views on the importance of environmental disclosures, possible reasons for disclosure and non-disclosure, and their role in environmental reporting. In addition, by comparing the results with those from similar studies undertaken in developed countries, the present study provides valuable insights into the views and perceptions of Malaysian accountants on environmental reporting, compared with their counterparts in other countries.

Finally, the present study also extends prior research in this area (e.g. Bebbington et al., 1994; Deegan et al., 1995; Jaggi and Zhao, 1997). A similar investigation into the perceptions of Malaysian accountants pertaining to environmental reporting may shed some light on whether the accountants in Malaysia are prepared to take up the challenge of environmental reporting when it may be made mandatory in future. This will then have important implications for the accounting profession in Malaysia in terms of their education and training. These will be discussed in the last section of the article.

The remainder of this article is organized into four sections. Section 2 describes the survey while section 3 presents the results. Section 4 provides a discussion of the results and concluding remarks.

2. THE SURVEY

The questionnaire used in the present study was drawn up for a larger study on environmental reporting. It was divided into two sections. Section 1 comprises questions seeking the views of the accountants on several matters pertaining to environmental reporting. Meanwhile, section 2 covers the demographic details of the respondents, such as age, gender, highest academic qualifications and working experience. This is important for understanding the background of the respondents. To encourage survey participation, the
questionnaire was deliberately kept short, and consisted largely of closed-ended questions. Respondents were required to respond on either a five-point Likert-type scale, or to yes/no questions.

2.1 Sample and Procedure

Questionnaires were distributed to 300 members of the Malaysian Institute of Accountants (MIA), through the kind assistance of the Institute. To encourage participation, a letter explaining the objectives of the survey was attached to the questionnaire. Each respondent was provided with a stamped, self-addressed envelope to return the completed questionnaire directly to the researchers. There was only one mailing of the questionnaire and no follow-up. This was due to the anonymity of the respondents - the survey being distributed by the MIA - as well as to cost-constraints. A total of 45 subjects comprised the final sample, yielding a response rate of 15%. Although the response rate is low and is lower than that recommended in the literature, this compares quite favourably to response rates for other mail surveys conducted in Malaysia.

Twenty seven subjects, or 60%, were male and the remaining 18, or 40%, were female. In terms of experience, 67 percent had between 4-6 years of work experience, 22 percent had between 7-9 years of experience and 11 percent possessed more than 10 years of experience. The sample comprised accountants from a broad spectrum of work backgrounds, with subjects from the public sector (9%), accounting firms (18%) and other private sector organisations such as plantations, housing developers, banks and finance companies (73%). This suggests some diversity in terms of industry sector.

3. RESULTS

3.1 Importance of Environmental Disclosures in Annual Reports

Respondents were asked to assess the importance of environmental disclosures in annual reports on a five-point Likert-type scale, ranging from '1' = least important to '5' = most important. As shown in Table 1, the mean response is 3.89. This may be inferred as leaning towards important. The standard deviation is also low, at 0.61, indicating that the respondents generally shared the same view on this matter. It is also interesting to see that a total of 67 percent rated 'important or most important' on this question.

<table>
<thead>
<tr>
<th></th>
<th>Neutral</th>
<th>Important</th>
<th>Most Important</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
<td>14</td>
<td>21</td>
<td>8</td>
<td>43</td>
</tr>
<tr>
<td>Percentage</td>
<td>31%</td>
<td>47%</td>
<td>18%</td>
<td>96%</td>
</tr>
<tr>
<td>Mean</td>
<td></td>
<td></td>
<td></td>
<td>3.89</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td></td>
<td></td>
<td></td>
<td>0.61</td>
</tr>
</tbody>
</table>

Table 1 Importance of Environmental Disclosures in Annual Reports

3.2 Role of Accountants in Environmental Reporting

With regard to the role of accountants in environmental reporting, respondents were presented with seven statements of opinion. The respondents were then asked to indicate the extent to which they agreed with each of these statements, on a 5-point scale, ranging from '1' (strongly disagree) to '5' (strongly
agree). These statements were extracted from a similar study undertaken in the U.K. by Bebbington et al. (1994). Table 2 reports a summary of the responses to the statements of opinion, together with the mean response for each statement, and also compares the findings of our survey with those in Bebbington et al.'s (1994) study.

The table reveals some interesting findings. First, the similarity between the mean responses in our study and the U.K. study is remarkable. The table shows that the opinions of U.K. and Malaysian accountants on their role in environmental reporting are broadly similar. The relatively positive responses for items 1-3 suggest that accountants generally accept the view that they have a role to play in helping companies disclose environment-related information. However, the lower mean on item 4 (which, interestingly is similar to the mean response in the U.K. study) indicates that while accountants agree that they have some role to play in environmental reporting, they do not feel that accountants should be the 'main players'.

Finally, the relatively negative responses on items 5, 6 and 7 confirm that accountants do agree that they can contribute to environment-related matters. The above results suggest that accountants in Malaysia do have some awareness of environmental reporting and that they need to have some role in environmental accounting. However, the fact that they disagree with the statement that accountants should become the primary initiator in environmental reporting, indicates that there needs to be more concerted effort towards educating accountants on the need for them to play a major role in the environmental agenda.

<table>
<thead>
<tr>
<th>No</th>
<th>Statement of Opinion</th>
<th>UK Study Mean SD</th>
<th>Malaysian Study Mean SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Accountants should contribute to the environmental sensitivity of their companies.</td>
<td>3.4 0.9</td>
<td>3.4 0.9</td>
</tr>
<tr>
<td>2</td>
<td>The accountant should be involved in the preparation of environmentally related information for management.</td>
<td>3.1 1.0</td>
<td>3.1 1.1</td>
</tr>
<tr>
<td>3</td>
<td>The accountant should be involved in the preparation of environmentally related information for public disclosure.</td>
<td>3.1 1.0</td>
<td>3.4 1.1</td>
</tr>
<tr>
<td>4</td>
<td>If environmental disclosure is inevitable, the accountant should be a primary initiator.</td>
<td>2.7 1.1</td>
<td>2.6 1.1</td>
</tr>
<tr>
<td>5</td>
<td>Disclosure of environmental information is a subject to which I have not given much thought.</td>
<td>3.1 1.3</td>
<td>2.8 1.2</td>
</tr>
<tr>
<td>6</td>
<td>Environmental issues have nothing to do with accountants.</td>
<td>2.2 1.0</td>
<td>2.2 1.1</td>
</tr>
<tr>
<td>7</td>
<td>The accountant's job is sufficiently demanding without worrying about environmental issues.</td>
<td>2.4 1.1</td>
<td>2.6 1.1</td>
</tr>
</tbody>
</table>

*Bebbington et al. (1994)*. SD = standard deviation

Table 2 Comparison between UK Accountants* and Malaysian Accountants' Opinions on Their Role in Environmental Reporting

### 3.3 Possible Reasons for Disclosure of Environmental Information

In order to investigate accountants' perceptions on the motivating factors for environmental disclosures, they were asked to provide their assessment of the relative importance of ten influences in determining the extent and content of environmental disclosures (see Table 3). These were extracted from the study by Wilmshurst and Frost (2000). An additional item, "compliance with ISO 14000 requirements"
was added to investigate whether this motivates companies to disclose environmental information. A five-point Likert-type scale was used where '1' represented "least important" and '5', "most important". A majority, 71%, feel that an important reason for environmental disclosure is "to pre-empt legally imposed requirements". A total of 69% claim that an important reason is "to provide a true and fair view of operations", and 67% feel that compliance with ISO requirements is an important influence. Furthermore, 65% of the respondents feel that an important reason for environmental disclosure is "to meet legal obligations", and a total of 62% claim that one important influence is "shareholders' right to information".

To summarize, it appears that a majority of the respondents feel that important influences in determining the extent and content of environmental disclosure are related to the accounting function of providing information, primarily, to shareholders (to provide a true and fair view and shareholders' right to information), as well as to the issue of compliance (to meet legal obligations, compliance with ISO 14000 requirements and to pre-empt legally imposed requirements). However, the respondents seem to perceive that other stakeholder groups (i.e. suppliers, customers and environmental lobby groups) are all less important influences for environmental disclosure.

Table 3 shows that for each of the three influences, more than half of the respondents rated the item a low '2' or '3'. It is also evident from the table that competitor response is also not considered an important motivating factor for environmental disclosure – only 33% rated it as '4' or '5'. Finally, "financial institution concerns" is also not considered to be an important influence as only 36% of the respondents rated it as 'important' or 'most important'.

An examination of the mean responses for each of the eleven influences, and comparison with the means observed in Wilmshurst and Frost (2000), reveals some interesting findings. The two influences receiving the two highest mean responses are "shareholders' right to information" and "to meet legal obligations." These two influences were also ranked as the two most important reasons for environmental disclosure, in the Wilmshurst and Frost (2000) study, in terms of mean response. Though there are slight variations in the mean responses for the other influences, the item with the lowest mean in both studies is "supplier concerns". Also, the other stakeholder groups; customers and environmental lobby groups had relatively low means in both studies. This suggests that accountants may generally be inclined to perceive that their primary function is to provide information to shareholders, and that they are not accountable to other stakeholder groups. This matter is of concern as contemporary accounting and business literature argues that a business entity has multiple stakeholder groups, and the function of accounting, as the language of business, is to provide information which is useful for the decision-making of all the stakeholders (Azzone et al., 1997; Clarkson, 1995; Gray et al., 1993, 1995, 1996).
| Item | Reasons for disclosure/Group | Present study* | | | Wilmshurst and Frost (2000)** | | | | | | | Mean | Mean Rank | Std. Dev. | Mean | Mean Rank | Std. Dev. |
|---|---|---|---|---|---|---|---|---|
| 1 | To provide a “true and fair” view of operations | 3.84 | 3 | 1.02 | 3.00 | 4 | 1.26 |
| 2 | To pre-empt legally imposed requirements | 3.73 | 5 | 0.78 | 2.54 | 8 | 1.03 |
| 3 | Community concern with operations | 3.51 | 6 | 0.84 | 3.33 | 3 | 1.23 |
| 4 | Financial institution concerns | 3.20 | 10 | 0.85 | 2.55 | 7 | 1.15 |
| 5 | To meet legal obligations | 3.89 | 1= | 0.87 | 3.43 | 2 | 1.27 |
| 6 | Supplier concerns | 2.98 | 11 | 0.79 | 2.14 | 10 | 1.00 |
| 7 | Customer concerns | 3.32 | 8 | 0.86 | 2.64 | 5 | 1.31 |
| 8 | Environmental lobby group concerns | 3.40 | 7 | 0.81 | 2.57 | 6 | 1.34 |
| 9 | Competitor response to environmental issues | 3.23 | 9 | 0.83 | 2.16 | 9 | 1.02 |
| 10 | Shareholders/investors rights to information | 3.89 | 1= | 0.80 | 3.52 | 1 | 1.41 |
| 11 | Compliance with ISO 14000 requirements | 3.80 | 4 | 0.79 | n/a | n/a | n/a |

*I = ‘least important’, 5 = ‘most important’

**1 = ‘unimportant’, 2 = ‘slightly important’, 3 = ‘important’, 4 = ‘quite important’, 5 = ‘highly important’

Table 3 Possible Reasons for Disclosure of Environmental Information in Annual Reports

3.4 Possible Reasons for Non-Disclosure of Environmental Information

The accountants in the sample were provided with a list of nine possible reasons for company non-disclosure of environmental information. They were requested to rate the extent to which they feel each is a possible reason for non-disclosure, on a five-point scale, ranging from 1 = “strongly disagree” to 5 = “strongly agree”. The questions were adapted from a study by Perry and Teng (1999). Another item “others” was also added to elicit the respondents’ views on other possible reasons for non-disclosure of environmental information. The results are shown in Table 4 below:
<table>
<thead>
<tr>
<th>Item</th>
<th>Reasons for non-disclosure</th>
<th>Mean</th>
<th>Mean Rank</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Companies feel that they do not have any significant environmental impacts</td>
<td>3.04</td>
<td>9</td>
<td>1.00</td>
</tr>
<tr>
<td>2</td>
<td>Companies do not disclose environmental information because there is no such regulation in Malaysia today</td>
<td>3.80</td>
<td>3</td>
<td>1.08</td>
</tr>
<tr>
<td>3</td>
<td>Companies do not disclose environmental information because there are no reporting standards in Malaysia to adhere to</td>
<td>4.00</td>
<td>2</td>
<td>0.90</td>
</tr>
<tr>
<td>4</td>
<td>Companies do not disclose environmental information because Malaysians are not very concerned with environmental issues</td>
<td>3.16</td>
<td>7</td>
<td>1.17</td>
</tr>
<tr>
<td>5</td>
<td>Companies feel that their activities do have environmental impacts, but at this juncture, they do not believe that shareholders or potential investors are concerned with these matters</td>
<td>3.58</td>
<td>5</td>
<td>0.99</td>
</tr>
<tr>
<td>6</td>
<td>Companies do not have the financial resources to report on matters that are not part of legal requirements</td>
<td>3.07</td>
<td>8</td>
<td>1.19</td>
</tr>
<tr>
<td>7</td>
<td>Companies do not have the management expertise to report their environmental impacts</td>
<td>3.56</td>
<td>6</td>
<td>1.03</td>
</tr>
<tr>
<td>8</td>
<td>Companies perceive that firms in Malaysia do not generally include environmental matters in their annual reports and until it happens, they will not do so either</td>
<td>3.60</td>
<td>4</td>
<td>1.12</td>
</tr>
<tr>
<td>9</td>
<td>Company officials may be hesitant to provide additional environmental disclosures that could result in litigation and more public and governmental scrutiny if environmental disclosures are inaccurate or incorrectly interpreted</td>
<td>4.02</td>
<td>1</td>
<td>0.90</td>
</tr>
</tbody>
</table>

Table 4 Possible Reasons for Non-Disclosure of Environmental Information in Annual Reports

The item with the highest mean is the concern for litigation (see Table 4). As many as 79% of the respondents rated this at '4' or '5'. The respondents also felt that companies generally do not disclose environmental information "because there are no reporting standards in Malaysia to adhere to", rating this a close second (mean of 4.0). Again, a majority of the respondents (78%) rated this as "4" or "5". Finally, the third possible reason for non-disclosure of environmental information, as perceived by the respondents, is that "companies do not disclose environmental information because there is no such regulation in Malaysia today". Accordingly, this may suggest that environmental reporting will be widespread
only if legislation on environmental matters is put in place.

Interestingly, the three reasons with the lowest mean responses are “companies do not disclose environmental information because Malaysians are not very concerned with environmental issues”, “companies do not have the financial resources to report on matters that are not part of legal requirements” and “companies feel that they do not have any significant environmental impacts”. For each of these three reasons, more than half of the respondents rated it as only “1”, “2” or “3”. An interesting picture appears when one examines the three top-most reasons for non-disclosure. As can be seen from Table 4, accountants perceive companies to be very concerned with the possibility of litigation, which may arise when companies which disclose environment-related information may be at risk and at a disadvantage for as long as the reporting of such information is not made mandatory.

Also the next two reasons favoured by the accountants relate to the fact that companies are not disclosing environmental information because there is no regulation which mandates it, as well as because there are no environmental reporting standards. This may be interpreted to be linked to the fact that accountants themselves, feel that providing environmental disclosure is not an easy task as there are no reporting standards, currently.

4. DISCUSSION AND CONCLUSIONS

The results of our study provide evidence that accountants do attach some importance to environmental disclosures in annual reports. Further, accountants also appear to perceive that they do have a role to assist companies in environment-related matters.

However, the results seem to suggest that accountants do not feel that environmental reporting should be a task that falls mainly on them. Thus, accountants are aware of the environmental agenda and do feel that the profession should play a role in this, but do not generally feel that the profession should take up the lead in any attempt at corporate environmental reporting. Accordingly, professional accountants may be aware of environmental issues but are not very enthusiastic towards any attempt at environmental disclosure. Though the reasons for the latter are unclear, it may be attributed to the fact that accountants have not been adequately exposed to, and trained in, matters relating to the accounting and reporting of the business impacts on the environment.

On the possible influences for environmental disclosures, accountants consider the most important motivating factors for environmental disclosures to be those related to providing information to shareholders, and the need for legal compliance. Based on the results of our study, accountants appear to still perceive that shareholders are the most important stakeholder of firms. Other stakeholders such as customers, suppliers and environmental lobby groups do not appear to be perceived as parties to which businesses should be providing information. This is evident from the fact that each of these received low mean responses as being possible reasons for environmental disclosures. On the possible reasons for non-disclosure of environmental information, the results suggest that accountants perceive that the most important reason for non-disclosure is the lack of any regulations mandating environmental reporting, as well as the lack of reporting guidelines to assist companies in providing environmental disclosures.
There are several important implications of the study for professional accounting bodies in Malaysia, such as the MIA, and for the standard-setting body, the Malaysian Accounting Standards Board.

For the MIA, the present study has implications for the education and training of professional accountants. Since the present study suggests that accountants, though aware of environmental reporting, are of the opinion that the profession should not take up a leadership role in environmental matters, more concerted efforts at educating accountants are necessary to convince them that the profession does, indeed, have a role to play and should shoulder the responsibility of initiating work in this area. More important, the Accountancy profession and accountants should not procrastinate on environmental matters. Perhaps, it is time that accountants and business enterprises take heed of David Buzzelli's (Vice President of Environment, Health and Safety of Dow Chemical) (Avila and Whitehead, 1993), advice on matters pertaining to the environment when he said,

"We cannot afford to do everything at once, but neither can we afford to do nothing. We have to start somewhere."

5. REFERENCES


The State of Corporate Environmental and Social Reporting in Malaysia in 2004 (ACCA, 2004)

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CORPORATE RESPONSIBILITY: MORAL OR MANDATORY?

Dr Jean Raar
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Decisions made by directors and management can affect the interrelations and reputation of a company with the general community. It is these interrelations that make up who the company is, and what it stands for.

Increasingly, the community expects companies and their decision makers to show respect for environmental and social issues in their quest for economic performance and growth. Many companies have voluntarily adapted to meet this challenge and become accountable for their conduct. Others have not, so governments have identified an obligation to respond to these values with a variety of regulatory impositions, and the promise of more to come.

One of the enabling functions of regulation is the opportunity to provide incentives, and thereby alter or influence the behaviour of individual decision makers, and consequently the companies with which they are associated. Apparently, regulators still consider more needs to be done to induce accountability in those individuals who impose the outcomes of unsound business on society. The purpose of this article is to examine the current trends toward mandatory sustainability reporting, in both national and international arenas, and discuss the issues and values that are central to corporate responsibility, and a company’s reputation.

The movement to mandatory sustainability reporting

There are a number of current developments.

1. The request by the Parliamentary Secretary to the Treasurer to the Companies Markets and Advisory Committee (CAMAC) to examine whether the liability of directors under the Corporations Act should include social responsibility.

2. The same issue is included in the terms of reference for submissions to the inquiry by the Parliamentary Joint Committee on Corporations and Financial Services into corporate
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3 The suggestion by company director Bill Beerworth that the 'business judgment rule' be extended to include protection for directors and officers from personal liability against claims relating to corporate social responsibility issues. Importantly, the imposition will reside with the individual, not just the firm.

4 Mr David Boymal, Chairman of the Australian Accounting Standards Board (AASB), recently foreshadowed mandatory triple bottom reporting (TBL) requirements that will require firms to disclose their social and environmental policies.

5 Senator Ian Campbell, federal Minister for Environment and Heritage, met with the ASX Corporate Governance Council to discuss whether the Council could develop a standard for sustainability reporting. Senator Campbell said that an agreed framework would ensure that the reporting on environmental and social performance by listed companies would allow comparability between companies and across borders. His suggestion was that any such standard could be modelled on the international reporting framework Global Reporting Initiative (GRI).

The focus on sustainability reporting is consistent with the requirements of the Operating and Financial Review (OFR) which now forms part of the UK Regulations Statutory Instrument 2005, No. 1011.5. Directors need to consider whether it is necessary to provide information on a range of factors that may be relevant to the understanding of the business, including environment, employee and social and community issues. The report:

- is aimed at assisting investors to determine and evaluate a company's strategies
- is a principles-based standard
- reflects the directors' view of the business operation
- includes key performance indicators.

Specifically, the OFR will include:

5 (a) information about persons with whom the company has contractual or other arrangements which are essential to the business of the company; and
(b) information about receipts from, and returns to, members of the company in respect of shares held by them.

6 (1) The review must include analysis using financial and, where appropriate, other key performance indicators, including information relating to environmental matters and employee matters.

(2) In sub-paragraph (1), 'key performance indicators' means factors by reference to which the development, performance or position of the business of the company can be measured effectively.

As evident, this mandatory requirement links the company's policies with key financial and non-financial performance indicators for environmental and employee matters. Commentators also highlight the increasing importance of linking environmental and financial performance, identifying the association with accounting: This linkage gains greater importance as concern about the environmental effects of
business operations becomes more acute within the investor, regulatory and public interest arenas.\(^5\)

However, this reporting aspect is not new. Forty years ago, in 1966, the American Accounting Association (AAA)\(^6\) emphasised a concern for what it termed the ‘quality of life’ issues which combined the use of limited natural resources and the welfare of society. The AAA viewpoint placed everyone in the community in the role of a stakeholder and/or a user of information. So why did it take forty years and government intervention for the issue to arise again?

**Reporting issues**

Business managers have been considered to be rational utility maximisers. They only disclose information that relates to their public image, rather than information on decisions, activities or the company’s stewardship role. This viewpoint is consistent with research findings that:

- voluntary reporting disclosures did not appear consistent with sound internal environmental and social management systems that cope with all regulatory compliance, and

- disclosure and reporting strategies have been more directed towards improving the public image of companies\(^7\) and highlighting proactive corporate behaviour, that is, ‘good deeds’, not ‘bad deeds’.\(^8\)

In a report on a member of the chemical industry, research\(^9\) compared the ethical, social and environmental performance with information obtained from other sources, and found an ‘incompleteness’.

The findings of this research supported a call for mandatory reporting on social and environmental issues. Paradoxically, an overview\(^10\) of the European Union Eco-Management and Audit Scheme suggests that mandatory environmental reporting in Europe has had mixed results. Specifically, it can expand disclosure and increase the number of companies actually preparing reports; however, the content may not be meaningful or useful to decision makers although it may add to its reliability.

Fundamentally, it appears voluntary reporting is not keeping pace with the interrelationships between stakeholder values and information needs. Although continually changing, stakeholder values underpin the company’s licence to operate — the central plank of legitimacy theory. A company can convince society its activities and transactions are required and, as part of this process, it enlists society’s approval by meeting with accepted standards and codes of conduct and demonstrates its compliance with regulations and standards. The community imposes penalties and sanctions for failure to meet such regulations and standards. If voluntary performance is not forthcoming, regulations increase the standards necessary to maintain the community licence to operate.

**Voluntary reporting guidelines**

Voluntary reporting guidelines and frameworks have been formulated, of which the most well-known is the international Global Reporting Initiative (GRI). The GRI reports are based on stakeholder engagement, a consultative process to ascertain and provide specific stakeholder information needs. For example, the signalling of information to specific stakeholders underpins the eight-page leaflet currently provided in Lloyds TSB branches.
that briefly looks at the bank’s important relations, including employees, communities and investors. One advantage of this practice is that appropriate updates can replace irrelevant or old information.

The International Organisation for Standardisation (ISO), which devised the ISO 14001 environmental management standards, announced in July 2004 that it is developing an international standard for corporate social responsibility, aimed at providing guidance on implementing a system to address social and environmental issues. Standards Australia also has a standard specifically directed towards Corporate Social Reporting (AS 8003–2003).

The format for these is the triple bottom line (TBL) approach. This form of communication signals information on the firm’s social and environmental ‘bottom lines’.

Both the GRI in their 2002 Sustainability Reporting Guidelines and the list of sub-criteria in the 2005 summary of voluntary reporting trends and rankings in Germany include a section disclosing ‘vision and strategy’. In completing this section a company provides insights on its future expectations, and its relationship to citizenship issues in the journey to achieving its goals.

Next step: ecological footprints?

Disclosure that allows insights into the potential consequences of business activities is strengthening the TBL approach. This is apparent in the 2003 Guide to Reporting against Environmental Indicators prepared by Environment Australia, and is also highlighted in the launch of the World Wildlife Fund (WWF) and Global Footprint Network European report The Ecological Footprint. This report shows that Europe uses 20% of the biosphere’s services to serve only seven per cent of the world’s population, a 70% increase from 1961.

The report marks the first time Europe has ever tracked and studied its ecological spending in relation to planetary limits, only to find that its use of ecosystem services — such as food, fibre, energy, and land — has created an ecological deficit for the entire region. The result: Europe’s consumption levels can continue to grow only by importing more natural resources, such as wood, metals or fish, from other countries and dumping more of its CO2 waste into the global atmosphere.

Justice and equity

Not all members of the community, including businesses, operate with a consideration of justice and equity for others. The rate of global warming is surmised to be increasingly evident in our changing weather patterns, the intensity of storms, tsunamis and hurricanes, and the disruption of agricultural activities. It has been accepted that business plays a role in global warming, and that it is not solely the responsibility of individuals or governments. The CSIRO conference on International Climate Change, held in November 2005, included information on Australian conditions and mixed the expertise of businesses, government and science to respond to these issues. However, to overcome climate change incurs a social cost.

Considerable legislative inroads have been made to incorporate the social costs within the framework of the market economy and the financial accounts of corporations that cause the damage — the ‘polluter pays
principle’. However, unlike cigarette smoking, there is no causative link between particular companies and an individual’s ill health. Therefore, in the longer term, the cost of ill health is an ‘externality’ — a community rather than a private cost. To cover such costs, there have been suggestions of a ‘social dividend’, payable by the ‘super prosperous’.

There are arguments in favour of determining and measuring the benefits or costs associated with social issues. However, the maximisation of personal utility, while consistent with consumerism, is inconsistent with utilitarian theory. Under utilitarian theory, decisions are judged in terms of the overall good for the greatest number, that is, if it maximises the good for the majority, it is ethically right. Concepts of justice are founded on the notion that we respect the rights of others.

The issue is how to demonstrate that making decisions for the overall good can be beneficial to business. A company that fosters goodwill through benevolent actions, such as donations to tsunami victims, and/or by adopting corporate responsibility for its impact on the environment can advance a reputation that avoids self-interest and actually promotes the common interest. Practices of this type define what management and the company stand for, that is, a moral agent replacing self-interest with mutual goodwill. Such intrinsic values can reduce antagonism and strengthens ties with members of the community in which both management and the company continue to operate.

Obviously shareholders already appreciate corporate citizenship values, as ‘more than one out of every nine dollars professionally managed in the US today is involved in socially responsible investing’ (SRI). This equates to $2.16 trillion invested in professionally managed portfolios in the US, with $21.5 billion invested in Australian SRI funds. There are sustainability ratings for investment funds supporting investor choices, allowing them to identify funds with those companies with positive, sustainable performance. It has been suggested that ethics is one of the ‘missing pieces’ in investors’ perception of risk management, and that Generation Y investors in Australia will want companies to be ‘clean and green, considering sustainability and ethical issues before investing in any company’.

While a company can choose to simply communicate ‘good deeds’ and disclose information sufficient to promote an image of corporate responsibility, if the disclosure is not consistent with the company’s performance, it poses a reputational risk. The call now is for companies to report information as a foundation for users to determine:

- the perspectives of the company and its managers on social justice and the moral principles underpinning business decisions. Are duties and obligations fulfilled only when there are beneficial consequences to the company? Put simply, can the community trust the company and its management to ‘do the right thing’ by the environment, its employees, and other interrelated parties?

- the extent to which plans and policies translate into actual performance.

**Inconsistency with profit objectives**

Nevertheless, some may view corporate responsibility as inconsistent with the conventional perspective on business
objectives, which is that it is the responsibility of management to maximise shareholder value — to make as much money as possible — while conforming to the rules of society, embodied in law and ethical customs. From this perspective, social responsibility is a form of penalty payment, which in shareholder terms can be seen as an uneconomical use of financial resources.

Recent research efforts have found a positive association between social performance and corporate financial performance. Some of the research explicitly rejected Milton Friedman’s view that corporate social responsibility was inconsistent with shareholder value, including a meta-analysis, integrating 30 years of prior research studies on the relationship between corporate social performance and financial performance.

Nevertheless, from the financial perspective of a business, regulatory requirements impose compliance costs. These may be direct, indirect or even hidden. Costs incurred without corresponding benefits are detrimental to shareholder value. In addition, certain compliance costs may involve activities that can currently be ascertained while others may be based on uncertain outcomes. Stringent regulations may impose future fines and penalties, so that compliance today may not diminish tomorrow’s risk.

Therefore, faced with a myriad of conflicting organisational (and individual) values and goals, managers in a global system of exchange are faced with both risk and uncertainty, and the problem of adeptly balancing a variety of social and environmental objectives with economic objectives.

Central to practicalities

For dynamic companies with good management and investment opportunities, the intrinsic values associated with corporate responsibility support a proactive stance — an ‘open system’ of management. This requires a holistic approach, or a Gestalt perspective to management decisions which, when working effectively, can also assist in:

- reducing financial risk associated with uncertainties
- providing benefits to offset regulatory costs, and
- reducing the potential for personal liability of directors and officers.

By channelling a ‘set of values that differentiates between the good for the community and the bad’ into organisational policies and procedures, economic targets can be harmonised with social, environmental and ethical goals, along the lines suggested in ISO 14000. Incorporating the goals of justice and equity into the company’s internal information system and decision-making processes will also benefit the company’s culture, and set employee relationships.

System implementation will commence with executive management and flow through the key performance indicators of the firm down to the control and reward systems of individual personnel. These goals and systems are then reflected in the process of screening and filtering information and the evaluation of alternatives, flowing into the use of all resources, including the recruitment of staff and their associated performance and rewards. Underpinning this is maintenance of the utilitarian perspective mentioned earlier, that is, that any changes should not be undertaken:
simply to satisfy management needs
purely on the basis of the benefits returned to the company, its directors or officers.\textsuperscript{30}

Conclusion

The propensity to place private capital in SKI investment funds; the protection of the company’s dividend yield and its ability to sustain and grow its share price in the long term all prompt a morally pluralistic and contextual approach to corporate decision making and resource management. The interconnectedness of the business with the widening sphere of corporate responsibility is an obligation that is increasingly unavoidable in terms of long-term shareholder value. Therefore, for some companies, a fundamental shift in what the company stands for, what it does, and how it performs in the long term is the challenge. This is a cultural challenge, but one that contends that ‘environmental accounting also holds the potential to inform broader public interest discourse by linking financial reporting to environmental performance, while also serving the traditional ends of information that is relevant for investor/creditor decision-making’.\textsuperscript{31}

A responsible corporation is perceived to be well managed and engenders public trust. Ultimately, the challenge for business management is to build public trust, which ‘requires integrity to deliver its potential’.\textsuperscript{32}

The challenge for reporting professionals is to provide communication tools that can signal public trust and connect the financial, economic and social information in both the short and long term.

Notes
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EUROPEAN PARLIAMENT BACKS NEW EUROPEAN UNION (EU) LAW ON TOXIC CHEMICALS.

A potential competitive disadvantage for chemical companies in Europe edged closer on 17 November 2005 when the European Parliament, seeking to protect the public from toxic substances, backed the introduction of a landmark new law. Reuters (18 November 2005) acknowledged the pressure from environmental groups that has pitted them against Europe's chemicals industry for years.

The European Commission proposed a new EU regulatory framework for the Registration, Evaluation and Authorisation of Chemicals (REACH) on 29 October 2003 (http://europa.eu.int/comm/environment/chemicals/reach.htm). In spite of delays, lawmakers have voted in favour of an amended bill on the Registration, Evaluation and Authorisation of Chemicals (REACH), designed to make companies demonstrate that substances that are used in production of everyday products such as cars, computers or paint are safe. Such demonstration does not come at zero cost.

The European Commission forecasts that it will cost the chemical industry 2.3 billion Euros (US$2.68 billion) over an 11 year period. It is anticipated that the total costs to industry, including important economic sectors such as metals, textiles, electronics and cars, would be between 2.8 billion and 5.2 billion Euros. The properties of roughly 30,000 chemicals produced or imported to the European Union would have to be registered with a central agency and those causing greatest concern, such as carcinogens, would require testing and authorisation before they can be used.

Health and safety of individuals, as well as environmental impacts from toxic chemicals, are the joint causes of concern that have led to support for this amended REACH bill from the Parliament. For chemical companies, the cost of earlier identification of the toxic properties of chemical substances could be offset to some extent by improved reputation, lower employee uncertainty about risks and higher morale, greater innovative capability as the use of alternative less toxic substances is explored, with a net improvement in competitiveness resulting. Benefits from the REACH system will emerge gradually, as a growing number of substances are phased into REACH.

Although the EU legislature voted 407-155 for the legislation with 41 abstentions, the rules must still be agreed by EU member states and may come back to Parliament before they can become a law.

Amendments approved included a compromise that significantly reduced the...
number of chemicals requiring testing. Support was also forthcoming for a measure that would force firms to substitute safe chemicals for hazardous ones when alternatives are available.

Of interest to environmental accountants is that manufacturers and importers will be required to gather information on the properties of their substances, providing a basis for managing them safely, and will need to register the information in a central database. The REACH proposal gives greater responsibility to industry to manage the risks from chemicals and to provide safety information on the substances. (http://europa.eu.int/comm/environment/chemicals/reach.htm). Physical sustainability accounting information for internal decision making providing the basis for mandated external disclosure will, therefore, play an important part in REACH data gathering, recording, reporting and control processes at the corporate level, if the bill is passed into law.

What are the chances of this happening? First, Germany, Europe’s largest chemicals producer with many large organisations such as BASF and Bayer, has already managed to delay a decision by member states scheduled for late November 2005. Second, the United States of America (and African nations) have, in what is almost de rigueur these days, argued that the REACH initiative would disrupt trade and hurt industries. However, Britain holds the EU presidency and is looking for closure this year.

The law under debate is intended to shift the onus from governments to industry to prove that chemicals in everyday use are safe. The version now before the Parliament is the product of a compromise that has proved highly controversial, with Greens complaining that industry is getting off too easily, and industry worrying about the cost.

Roger Burritt (Jt Editor), The Australian National University.

ENVIRONMENTAL DISCLOSURE IN THE UK - BETTER OR WORSE? – ALL IN THE EYE OF THE BEHOLDER?

1. WORSE: UK WEAKENS ITS STANCE ON ENVIRONMENTAL AND SOCIAL REPORTING REQUIREMENTS

The planned requirement for an operating and financial review was unexpectedly dropped by UK Chancellor of the Exchequer, Gordon Brown on Monday. According to the ENDS Report (December 2005), the UK Government has abandoned legislation to require quoted companies to include operating and financial reviews (OFRs) in their annual reports. Under the rules, OFRs were to cover environmental impacts, as well as information on employees and social and community issues.

In a speech to the Confederation of British Industry on Monday, Mr Brown said dropping the requirements was an example of the Government’s willingness to abandon “gold-plating” in its switch to a risk-based regulatory approach.

Secretary of State Margaret Beckett had welcomed OFRs as “an opportunity for directors to demonstrate their response to... the business case for both corporate social responsibility and sustainable development initiatives.”

Speaking at a conference on the effects of regulation, Environment Agency chief executive Barbara Young accused the Chancellor of caving in to pressure from the
Confederation of British Industries. She described the organisation as a “dinosaur”.  

While the Institute of Directors welcomed the U-turn, the UK Social Investment Forum’s chief executive Penny Forum said responsible investors were surprised and disappointed, and called the move “bizarre”.  

Although the OFR has been dropped, large firms must still report on how they have dealt with environmental issues as part of a new requirement in the EU accounts modernisation Directive to produce annual business reviews from 1 April 2005. Similar reporting provisions are outlined in the UK Company Law Reform Bill.  

Source: ENDS Report 1 December 2005  

2. BETTER - REGULATION AND ENVIRONMENTAL DISCLOSURE IN THE UK  

Extract of speech by The Rt Hon Gordon Brown MP to the Confederation of British Industries Interactive Conference, UK 2005  

“We all agree that at the heart of modern enterprise the challenge is minimising regulatory concerns and I want to say something about that now.  

Whenever I go to the USA and talk to businessmen and women there, they express exactly the same frustrations about regulation and the same hopes about reducing burdens.  

And I know that you feel that what we need is real delivery – and I want to underline this by a better understanding of risk and indeed implementing a modern risk based approach to regulation so that the culture change we all agree upon can be advanced.  

And let me thank Sir David Arculus your new President [of the CBI] for his pathbreaking work and many others in this organisation who have led the way.  

In the old regulatory model – and for more than one hundred years – the implicit principle from health and safety to the administration of tax and financial services has been, irrespective of known risks or past results, 100 per cent inspection whether it be premises, procedures or practices.  

So regulation came to mean that government routinely and continuously inspected everyone and everything, demanded information from all of us on a blanket basis, required forms to be filled in for all issues subject to regulation and inspection - the only barrier to complete coverage usually being a lack of resources.  

This approach, followed for more than a century of regulation by governments of all parties, is outdated.  

The better, and in my opinion the correct, modern model of regulation – the risk based approach - is based on trust in the responsible company, the engaged employee and the educated consumer, leading government to focus its attention where it should: no inspection without justification, no form filling without justification, and no information requirements without justification, not just a light touch but a limited touch.  

The new model of regulation can be applied not just to regulation of environment, health and safety and social standards but is being applied to other areas vital to the success of British business: to the regulation of financial services and indeed to the administration of tax. And more than that, we should not only apply the concept of risk to the enforcement of regulation, but also to the design and
indeed to the decision as to whether to regulate at all.

In the new legislation we will publish before Christmas [2005] we will make this risk based approach a statutory duty of the regulators.

In his widely acclaimed report Sir David Arculus has challenged us to set quantifiable targets to reduce the administrative burden of regulation.

And I can tell you that because I want the Treasury to lead the way, HMRC will, in the Budget, be set the first of these targets and we are today publishing measures based on this risk based approach to save businesses up to £300 million a year of administration burdens.

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European regulations – of course – account for 50 per cent of significant new rules for business.

And for some time I have been concerned about what is called the gold-plating of European regulation where in the process of translation into our own UK laws we end up with additional and unnecessary burdens. So I have asked Neil Davidson QC, the former Solicitor General for Scotland, to work with departments and the better regulation executive to conduct a full audit of all areas where gold-plating of European regulation has in fact led to additional burdens so they can be addressed and where possible removed. And going forward we will rigorously enforce guidelines prohibiting gold-plating.

And to emphasise our commitment to this new approach the Government is today abolishing a specific example of gold-plating.

Best practice is of course for companies to report on social and environmental strategies relevant to their business. But I understand the concerns about the extra administrative cost of the gold-plated regulatory requirement that from April next year all quoted companies must publish an operating and financial review.

So we will abolish this requirement and reduce the burdens placed upon you - the first of a series of regulatory requirements which by working together we can abolish in the interests of the British economy.


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BETTER REGULATION PLANS SPARK DEBATE ON ENVIRONMENTAL RULES

Separate draft plans to simplify regulation were issued by the Environment Department (DEFRA) and the Department of Trade and Industry on Tuesday.

DEFRA’s plan aims to reduce annual costs to business by £86 million. Many of the measures are already under way, such as the development of an integrated permitting system for waste management and industrial sites. Other initiatives are designed to codify or simplify legislation affecting the water, nuclear, waste and remediation sectors. A Better Regulation Bill will be introduced early next year [2006].

The DTI’s plan, which includes the cancellation of the operating and financial review, aims to generate business savings of more than £1 billion by 2010.

The Confederation of British Industry welcomed the plans, but Environment Agency chief executive Barbara Young
spoke out against the CBI’s attack on environmental regulation which would “force British businesses back into the dark ages.”

Although the Agency “welcomes the Government’s modern regulation agenda,” Baroness Young warned that cancelling the OFR regulations “simply plays to the CBI’s misapprehension that environmental regulation stifles industry.” Instead, “regulation and high standards are good for business, competitiveness, innovation and costs and create markets for goods and services.”

Green Alliance Director Guy Thompson accused the deregulation lobby of being “obsessed with the short-term costs of compliance with environmental regulation” while ignoring its benefits. A report published by the Green Alliance yesterday calls for an independent commission on environmental regulation and competitiveness.

Source: ENDS Report 1 December 2005

MEANWHILE ON THE OTHER SIDE OF THE WORLD: CORPORATE SOCIAL RESPONSIBILITY (CSR) IN AUSTRALIA

The Corporations and Markets Advisory Committee (CAMAC) has released a discussion paper on Corporate Social Responsibility in response to the Australian Federal Government’s request that it consider whether further measures are needed to encourage socially and environmentally responsible business practices by Corporations.

The paper discusses the current framework for environmental and social reporting and poses a series of questions for respondents on key issues.

The discussion paper is open for comment until February 24 2006 and is available from the CAMAC website http://www.camac.gov.au/.

A GUIDE FOR COMPANY ANALYSTS - CLIMATE CHANGE AND COMPANY VALUE

Source: AMP Capital Investors/ Baker & McKenzie, Total Environment Centre Inc, Australia, November 2005


Executive Summary

Global warming and climate change are real and current issues for investors.

In the short to medium term an increase in weather variability, including increased frequency and intensity of droughts, floods, storms and more extreme weather events, will have a significant impact on earnings volatility in weather exposed companies.

In the longer-term, predicted changes in the global climate, and especially Australia’s, will have a significant impact on sectors such as tourism, insurance, property and agriculture.

There is a growing recognition of the need for significant (at least 50%) decrease in global greenhouse gas emissions by 2050. This will lead to a range of policy incentives, drivers and regulatory approaches that will impact on a range of energy and greenhouse gas intensive and related industries.

The introduction of emission trading schemes may significantly impact the short-term earnings and longer term strategic positioning of many energy intensive companies. The EU Emission Trading
Scheme, which commenced in January 2005, will have an impact on a range of Australian companies.

Climate change related policy and regulations will continue to provide a growing range of new product and technology opportunities, especially in renewable energy and "low-carbon" processes.

The table below summarises how climate change may impact a range of sectors:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Weather-related Risk</th>
<th>Regulatory Related Risk</th>
<th>Potential Opportunities</th>
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<tbody>
<tr>
<td></td>
<td>Short-term</td>
<td>Long-term</td>
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<tr>
<td>Insurance</td>
<td>Increase in frequency and magnitude of extreme weather related events</td>
<td>As for short-term, plus need to limit insurance offer due to residual risk exposure</td>
<td>New weather related insurance products</td>
</tr>
<tr>
<td>Agriculture and agricultural related</td>
<td>Increased volatility in earnings due to increased weather variability</td>
<td>As for short-term, plus long-term sustainability of some sections or areas of sector</td>
<td>Inclusion of energy intensive agricultural chemicals into potential emission trading schemes. New weather related insurance products and derivatives Carbon &quot;credits&quot; and offsets New agriculture products as feedstock for biomass fuel and alternative transport fuels</td>
</tr>
<tr>
<td>Energy and Utilities</td>
<td>Increased volatility in earnings due to increased weather variability</td>
<td>As for short-term</td>
<td>Inclusion of electricity generation in ETS Minimum greenhouse gas performance standards for new generation plants Renewable energy and low carbon fuels Carbon capture and storage technology and geossequestration reservoirs</td>
</tr>
<tr>
<td>Metals and Mining</td>
<td>Increased variability of supply and cost of hydro power due to weather variability</td>
<td>As for short-term</td>
<td>EU ETS impacting markets, especially for thermal coal Introduction of carbon taxes in overseas markets impacting customers ETS introduced into Australia impacting mineral processing Minimum energy and greenhouse intensity performance standards for new plant Coal seam methane &quot;Low weight&quot; metals</td>
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However, the report argues that the financial and investment implications in terms of future earnings, liabilities and general company risk profiles, are not straightforward and analysts need to consider these company specific exposures and the climate change risk response.

Authors of full report: Dr Ian Woods Senior Research Analysts AMP Capital Investors Email: ian.woods@ampcapital.com Martijn Wilder Partner Baker & McKenzie Email: martijn.wilder@bakernet.com
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<td></td>
<td>Short-term</td>
<td>Long-term</td>
<td></td>
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<tr>
<td>Property and Construction</td>
<td>Higher insurance costs or inability to get insurance</td>
<td>Minimum energy performance standards</td>
<td>Growth market for energy efficiency management products and services</td>
</tr>
<tr>
<td></td>
<td>Decrease in asset value due to changes in food levels or poor energy performance</td>
<td>Inclusion of energy intensive construction materials into ETS</td>
<td>Growth market for energy efficient construction materials</td>
</tr>
<tr>
<td></td>
<td>Increased construction costs due to changes in building codes</td>
<td></td>
<td>Property energy performance used as differentiation to attract key clients</td>
</tr>
<tr>
<td>Transport and Infrastructure</td>
<td>Increased maintenance and insurance costs due to increased storms and flooding</td>
<td>Increased construction costs due to changes in civil engineering standards</td>
<td>New water infrastructure</td>
</tr>
<tr>
<td></td>
<td>Increased variability in water supply</td>
<td>Minimum energy transport performance standards</td>
<td>Alternative fuels</td>
</tr>
<tr>
<td>Tourism and tourism related</td>
<td>Destruction of major tourist attractions</td>
<td>Destruction of major tourist attractions</td>
<td>Inclusion of aviation in fuel and airline industry in ETS</td>
</tr>
<tr>
<td></td>
<td>Increased in tropical diseases impacting attractiveness as destination</td>
<td>As for short-term</td>
<td></td>
</tr>
<tr>
<td>Retail and Consumer Discretionary</td>
<td>Increased volatility in earnings of weather exposed or season dependent products due to increased weather variability</td>
<td>Compulsory energy performance standards for consumer</td>
<td>Growth in demand for energy efficient consumer goods</td>
</tr>
<tr>
<td>General</td>
<td>Increased business interruption due to extreme weather events</td>
<td>As for short-term</td>
<td>Need to include ETS related assets and liabilities in financial accounts</td>
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<tr>
<td></td>
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<td>Increased electricity price</td>
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**LONDON, UK IN FEBRUARY? MAINSTREAMING CORPORATE SOCIAL RESPONSIBILITY FORUM 2006**

LONDON — The Mainstreaming Corporate Social Responsibility Forum 2006 — Moving Beyond the Pioneering Phase to Ensure CSR is Embedded in Your Strategy,


Organisations today realise they must embed CSR into the business rather than positioning it as simply an “add-on” function. In a world where stakeholders demand that business operates in a responsible way with ever increasing
standards of accountability and transparency, the way business responds to the community and the environment in which it operates is now more real than ever. The exclusive speaker line up and format provides you with the opportunity to meet this challenge head on – listen, learn and network with the leaders in CSR. At this forum you will:

- Discover how Heineken International uses reporting as a vital tool to communicate and embed CSR strategy

- Hear Aviva discuss their perspective on mixed approaches to CSR; stand alone departments, virtual networks or hybrids of the two?

- Learn from British American Tobacco how to champion CSR as an integral part of corporate performance

- Hear how o2 manages corporate reputation in close relationship with stakeholders

- Uncover how National Grid made the leap to successfully manage non-financial risk

- Find out how HSBC Private Bank ensure employees becoming a formal part of the solution to CSR

- Understand where to start in managing CSR risks in the supply chain from Reed Elsevier

- Discuss the obstacles and challenges in gaining the buy-in of your all important middle management audience, and suggest innovative strategies to reach this audience with Skanska.

Plus many, many more...

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UNFIT FOR PURPOSE: SHELL CONSORTIUM PROFITING FROM THE RICHES OF RUSSIA’S FAR EAST
- A GUEST COMMENTARY November 25, 2005 — By Dr. Claude Martin, WWF International

Source: Environmental News Network http://www.enn.com/today.html?id=9350

“It has been a windfall year for international energy companies, capitalizing on record high gas and oil prices. And, with demand still high, the race to find more of these precious non-renewable resources is on. But at what cost?

Although future exploration could help alleviate escalating gas prices and reduce a nation’s dependence on imported oil, many of these companies — in their quest to maximize profits — are failing to meet their corporate and social responsibilities to local communities and the environment, the respective guardians and providers of these resources.

No place is this lack of responsibility more evident than in Russia’s Far East where the Royal Dutch Shell company - whose recent third-quarter results showed net income grow at an outstanding 68 per cent to US$9.03 billion from US$5.37 billion a year earlier - has embarked on a multi-billion gas and oil development project. The Shell-led project, which includes other multi-nationals like Mitsubishi and Mitsui, consists of three offshore platforms, offshore and onshore pipelines, an onshore processing facility, a
liquefied natural gas facility, and an oil and gas terminal.

Known as Sakhalin II, this ambitious project will have severe, if not irreversible environmental impacts, particularly as the oil pipeline will cross over 1,000 wild rivers and tributaries, many of them important to salmon spawning. In addition, a million tons of dredging waste has been dumped against public protest into Aniva Bay - an area crucial to the livelihood of the island's indigenous community - has led the destruction of the local fishery and other marine species like scallops. And to make matters worse, an oil platform is being built at the very spot where the last 100 critically endangered Western Pacific gray whales feed off of Sakhalin Island.

Although Shell agreed to move the offshore pipeline around the whale's feeding area, they ignored the findings of an independent panel of distinguished scientists that recommended not constructing an oil platform in the vicinity. Such an action falls short of international best practices and adheres to a pre-determined construction schedule with little regard to serious long-term environmental concerns. It also shows that Shell has clearly chosen its profits over its self-inscribed principles of responding to potential impacts of its operations on the environment.

By Shell's own estimates, there is a 24 per cent chance that there will be a major oil spill during the life of the 40-year project. This is a cause to worry. The Exxon Valdez oil spill disaster of March 1989 in Alaska's once pristine Prince William Sound, which cost the oil company US$2.1 billion to clean up over three years and caused extensive environmental damage, should be a case in point for proceeding with extreme caution at Sakhalin. But, proceeding with caution has not been part of the overall game plan to get this project up and running.

Shell's ability to pull off the US$20 billion mega-project, which includes a cost overrun of US$10 billion, however, relies on financing from the European Bank for Reconstruction and Development (ERBD). This public institution, which is mandated to support "environmentally sound and sustainable development", will soon determine if the Sakhalin II project is "fit for purpose" and whether or not the consortium has developed the appropriate assessments and procedures to prevent adverse environmental impacts.

In May 2005, the head of the ERBD already determined that the project was "unfit for purpose" due to Shell's disregard for environmental considerations. Six months on, the bank should reach the same conclusion and decline financing until Shell faces up to its environmental responsibilities.

This includes suspending the placement of the oil platform pending results of next year's whale monitoring programme that will provide further information on the status of the whales, as well as suspend all construction activities for river crossings pending an independent assessment. Shell should be required to restore degraded rivers and tributaries and compensate local fishing communities for loss of livelihoods as a consequence of current practices. Finally, Shell should present an oil spill prevention programme that meets internationally acceptable standards, particularly in the harsh, icy conditions off the Russian island's coastline.

The ERBD's decision will no doubt be a litmus test for other banks and financial institutions to follow when it comes to financing such questionable and poorly-
managed projects. Taking the most basic precautionary measures to avoid irreversible environmental destruction is not only socially responsible, but equally important to long-term profits and a company's reputation. Better environmental management will truly serve investors and whales alike."

KYOTO CLIMATE ACCORD BECOMES OPERATIONAL – TIME TO ENGAGE WITH CARBON ACCOUNTING?

AFP, 30 November 2005.

The controversial Kyoto protocol, aiming to cut greenhouse gas emissions, became fully operational on Wednesday after a UN climate conference adopted the final rules.

The 34 signatory countries - which do not include the United States or Australia – passed the final regulatory measures by consensus at the Montreal conference.

"The Kyoto protocol is now fully operational. This is an historic step," said conference chairman Stephane Dion, Canada's environment minister.

Under the protocol, the 34 agree to limit emissions of gases that cause global warming until 2012.

The Montreal conference is trying to set out preliminary plans to further cut emissions when the accord ends.

Kyoto was negotiated in 1997 and formally entered into force on February 16, 2005. However, it could not come into operation until after the formal adoption of the rulebook, which was drawn up over the past four years.

The signatories hammered out a mechanism for trading pollution rights. The final rules also eased pollution standards by allowing countries to take into account carbon dioxide produced by growing trees.

A separate system setting out sanctions for those who breach the protocol should be adopted before the current 12-day conference ends on December 9.

"I am absolutely confident that the compliance system will be adopted next week," said Richard Kinley, acting head of the UN climate change secretariat.

Despite the troubles hounding efforts to restrict pollution, the UN climate secretariat hailed the new step taken at the conference and the launch of emissions trading.

"Carbon now has a market value. Under the clean development mechanism, investing in projects that provide sustainable development and reduce emissions makes sound business sense," Kinley said.

Under the mechanism, developed countries can invest in other developed countries, particularly in central and eastern Europe, to earn carbon allowances which they can use to meet their emission reduction commitments at home.

Industrialised nations can also invest in "sustainable development projects" in developing countries to earn extra pollution allowances.

On Wednesday, the conference debated a new proposal by Papua New Guinea to allocate carbon allowances to developing countries which combat deforestation.

The proposal was welcomed by Canada and Britain, and also Brazil, where deforestation is a huge problem.

The United States and Australia, which refused to ratify the protocol to the UN
framework convention on climate change, attended Wednesday's session as observers.

Washington criticized the treaty, which called for reductions by six percent of emissions from the United States' 1990 levels, saying the reductions applied more stringently to developed countries than to developing ones.

The United States opposed on Tuesday any talk of extending Kyoto-style limits on greenhouse gas emissions. Harlan Watson, head of the US delegation, said Americans did not want an approach that includes objectives or a timetable to reduce emissions. "The United States is opposed to any such discussions," Watson said.

Washington has since 2002 embarked on a voluntary policy to reduce its emissions by 18 percent without harming the US economy, he said.

The United States, with five percent of the world's population, emits 25 percent of the world's greenhouse gases.

Source: http://www.afp.com/english/home

BP LOOKS 'BEYOND PETROLEUM' WITH $ 8BN RENEWABLES SPEND

The Independent, 29 November 2005

BP unveiled plans yesterday to double its investment in alternative and renewable energy sources, saying it will spend $8bn (pounds sterling 4.6bn) over the next decade.

The company, which is promoting its green credentials in a high-profile advertising campaign tagged 'beyond petroleum', will create a new business that supplies low-carbon electricity.

BP will focus on four areas: wind power, solar energy, hydrogen and gas-fired power generation. The company also aims to be the leading trader in clean power and carbon dioxide credits.

But Lord Browne of Madingley, the company's chief executive, admitted that BP plans to continue to raise, for years to come, its production of oil and gas. The burning of these hydrocarbon fuels is a central contributor to global warming.

'Of course, what we are announcing today is not an instant, magical transformation of the energy market. It is a very realistic, practical step in a new direction. For the foreseeable future, for decades to come, the world will need hydrocarbons, and we will continue to invest in order to produce and sell oil and gas in the cleanest, most efficient way possible,' Lord Browne said.

He said the 'beyond petroleum' marketing slogan was not meant in a literal sense. 'It is more a way of thinking,' he said.

Environmentalists welcomed the BP move, although activists questioned the inclusion of gas-fired power generation in BP's alternative energy business. Tony Juniper, the director of Friends of the Earth, said gas was a conventional technology, so it should not count.

He said: 'This is a step in the right direction. But considering the scale of the company, this is still a modest initiative. BP's core business is still the production of fuel from oil, which is one of the main sources of climate change.'

BP's $800m-a-year plans for alternative energy compares with next year's total annual investment of some $15bn.

Lord Browne said: "As a long-term business we should begin to look beyond that [hydrocarbons], beyond petroleum "...to the
energy needs of the world over the next half century. And that is what we are doing, starting today.'

BP's solar panel business is already behind only Japan's Sharp and Kyocera. It has two wind farms on company land in continental Europe and it plans to develop many more on BP property, especially in the US where it has a string of plants in the mid-west's 'wind belt'.

In hydrogen, the company hopes to build the world's first gas power plant in Scotland, where carbon is separated and buried underground. It also is also developing hydrogen as a fuel for cars and buses.

BP argued that gas power was included in its alternative energy plans because modern combined-cycle-gas-turbine plants are about twice as clean as conventional coal-fired power stations.

Lord Browne said: 'Our aim is to become the leading player in alternative energy in the power sector on a global basis and to grow the business five or ten-fold over the next 10 years.' The company expects the installed generation capacity of renewable and alternative power to triple by 2020.

Shell, the other UK energy giant, has not laid out its long-term investment plans for renewables, although a spokeswoman said it had the broadest mix of activities in this area, including geothermal and biofuels projects. It is a top 10 player in the solar market and is one of the three leading wind-farm operators in the US. Earlier this year, Shell submitted a planning application to build the world's biggest wind farm, a pounds sterling 1.5bn facility in the Thames estuary area that would create enough power for 750,000 homes.

Source: World Business Council for Sustainable Development
http://www.wbcsd.org

AUSTRALIA SAYS 'SON OF KYOTO' DEAL NOT POSSIBLE

December 01, 2005 — By Reuters

CANBERRA — A United Nations climate change meeting in Canada is unlikely to produce a "son of Kyoto" deal and setting new targets for reducing greenhouse gas emissions is not the answer, Australia said on Wednesday.

Environment Minister Ian Campbell said that any framework developed to replace the U.N.'s Kyoto Protocol on limiting emissions of gases when it runs out in 2012 needed to recognise the needs of both the developed and developing worlds.

"What occurs after 2012 is a matter of life and death for our planet," Campbell, who will attend the final stages of the Montreal meeting next week, told a news conference.

"It's unlikely that you'll have a son of Kyoto come out of Montreal. If we go for that sort of achievement at Montreal, we'll walk away in tears, we have to try to build a framework through a series of steps that is comprehensive and effective."

The Montreal meeting, which opened this week, is the first of the annual U.N. climate talks since the Kyoto Protocol - that limits greenhouse gases mainly from human use of fossil fuels in power plants, factories and cars - came into force in February.

Many Kyoto nations want Montreal to launch negotiations, likely to last years, on setting new curbs once Kyoto's goals run out in 2012. But the United States and Australia have rejected Kyoto as a straitjacket threatening economic growth.
Under Kyoto, about 40 industrialised countries including European Union nations, Russia and Japan, have to cut emissions of carbon dioxide by 5.2 percent below 1990 levels by 2008-12.

While not supporting Kyoto, Campbell said on Wednesday that Australia remained on track to meet its target of limiting emissions to an 8 percent increase in 1990 levels by 2012 - a target that recognised the country's high reliance on coal, which is used to generate 85 percent of Australia's electricity.

"While we are all working towards where we go next on a global basis, realistically it will take some years to achieve agreement on the nature of a future response," Campbell said.

Australia is pushing the use of new technology to cut greenhouse gas emissions, which is the focus of the newly formed Asia Pacific Partnership on Clean Development and Climate that will meet for the first time in mid-January 2006 in Sydney.

Australia, the United States, Japan, South Korea, India and China are the founding members of the partnership, which they say will complement and not replace the Kyoto agreement.

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**PHD COMPLETED – DR CHRIS FAYERS – CORPORATE ENVIRONMENTAL REPORTING IN AUSTRALIA: THE ROLE OF EXTERNAL STAKEHOLDERS**

Congratulations to Chris for his work on the Role of External Stakeholders. An abstract of his thesis submitted for the degree of Doctor of Philosophy follows:

CHRISTOPHER FAYERS, B. Comm, M. Env Sc, PhD

CORPORATE ENVIRONMENTAL REPORTING IN AUSTRALIA: THE ROLE OF EXTERNAL STAKEHOLDERS

School of Geography and Environmental Science, Monash University, April 2005

In the past decade and a half, companies internationally have begun publishing voluntary stand-alone environmental reports (CSERs). The number of companies producing such reports has risen into the thousands, with the practice supported by a variety of reporting and assurance standards. Practitioners and policy makers have suggested that they provide a means by which companies can discharge their accountability to their stakeholders, not just for their management of environmental impacts, but also as an indication of whether it is becoming more environmentally sustainable.

Nevertheless, significant doubts have been raised as to whether voluntary CSERs are providing any meaningful accountability in this regard. Indeed, the majority of the extant literature suggests that firms’ reporting functions are instead motivated by reputation and stakeholder management objectives, where, rather than stakeholders being included in the reporting process, their involvement is limited to the extent that they can serve the companies’ interests. Consequently, this project sought to gain further understanding of why and how this is occurring by studying current Australian CSER practice and explaining the roles that
external environmental stakeholders (EES) play in the production of CSERs. Informed by a theoretical framework based on legitimacy and stakeholder theories, the project uses a multiple case study approach to explain the reporting processes of three Australian companies. It draws upon both quantitative and qualitative data collection methods: content analysis of the organizations’ environment reports, and interviews with both the managers of the companies studied and representatives of their EES, such as environmental pressure groups, local communities, and environmental regulators. The research objective was to augment the understanding of this research domain and provide a contribution to theory.

The results indicate that, while reporting remains unregulated, Australian companies’ environmental reporting functions are likely to be motivated by the strategic intentions of repairing, gaining, or maintaining both organizational and industry-wide legitimacy, and the management and mitigation of the impacts of EES on their reputations. Within this context, the degree to which a firm’s environmental stakeholders are able to influence its CSER process is determined by the extent to which it is vulnerable to external influences. When companies are vulnerable to the impacts of EES, the degree of influence that they have in the CSER process is primarily determined by their salience to the organization. Whether stakeholders are satisfied with the reporting process depends upon whether their interests are compatible with those of the firm.

While progress is being made, particularly through the increasing adoption of reporting standards, such as the Global Reporting Initiative, in most instances CSER practice is failing to meet the expectations of most of their audience. Regulation of CSER practice in Australia appears the most likely solution to its present shortcomings.

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WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT – LIABILITIES ARISING

Greenleaf Publishing invites contributions of broad empirical studies, case studies, and applied theoretical work for a Special Issue of Greener Management International on:

CHINA: THE CHALLENGES OF ECONOMIC GROWTH AND ENVIRONMENTAL SUSTAINABILITY

Purpose

The special issue of Greener Management International is intended to provide an overview of the interplay between China's enormous economic growth and the impact of that growth on its need for sustainability.

Projected Audience

The audience for the Special Issue, to be published in Autumn, 2006, is researchers and practitioners in the areas of economics, management, and environmental sustainability, government officials around the world interested in economic development and sustainability, environmental managers, developers and business leaders interested in China, and leaders of NGOs and international organizations related to these fields.

Rationale

The People's Republic of China (PRC) is in the process of growing from a staggering 1.3 billion to 2 billion inhabitants while its economy continues to grow at 9-10% a year, as it has for the last 25 years. No other country in the world is devouring as much foreign direct investment (FDI) as China. Every week, $1 billion flows into the country, which, in 2004, was the world's sixth largest economy. As China switches to a market economy, modernizes its inefficient, energy dependent and heavily polluting state-run industries, the country will face major challenges in providing increasing numbers of its citizens, in all parts of China, with a stable society, and an economy featuring adequate jobs, housing, food, and transportation. Of particular concern also are the 800 million rural poor who have been "left behind" and the 100-150 million underemployed migrants in China's cities. The challenge to China presents a classic case of poverty reduction through industrialization, with enormous tradeoffs between environmental destruction, increases in living standards, and long-term growth projections.

Unfortunately, China's economic trends exacerbate environmental destruction through uncontrolled exploitation of natural resources. Expanding incomes increase demand for every kind of product and service. Consumers demand energy-dependent air conditioners, refrigerators, cars, and new houses. China's derived demand for oil (#2 importer in the world), steel (1/4 of the world's use), copper, coal (#1 producer and user in the world), and cement has affected global markets and production levels for these resources. Chinese companies around the world are purchasing timber, natural gas, phosphate deposits, oil fields, wood pulp, and mining companies.

China's energy use is enormous. In 2004, China consumed 12% of the world's energy,
second only to the U.S. which consumed 25%. China imported 2.4 million barrels of oil per day in 2004, which is expected to increase to 8.4 million barrels by 2030. Even so, with increasing residential and industrial demands, China is now experiencing energy shortages and brownouts.

To compound these problems, China’s steel, paper and chemical factories and power plants are inefficient. To produce $1 of GDP, China expends 3 times the world average of energy and 10 times the Japanese level. It expends 2 times the energy per ton of steel as Japan or Korea. Over 70% China’s energy needs are met by burning dirty coal in aging coal fired furnaces. The coal produces carbon dioxide, sulfur dioxide, and nitrous oxide emissions, and, because of water shortages, is often unwashed.

With this inefficiency, industrial fuel consumption grew 1.5 times as fast as the economy in 2004. Massive industrial overcapacity, together with inefficiency, has led to strains on the banking system which had financed the industrial growth, resulting in nonperformance (estimated at four trillion yuan) on about 50% of the loans, or about 145%, of gross domestic product.

China has, without doubt, attempted to stem the environmental destruction caused by its economic growth. Thousands of polluting factories have been closed, population growth is controlled by a one-child per family policy, and national environmental standards and regulations have been adopted. New nuclear and massive hydroelectric facilities are under construction. International bodies such as the World Bank, the WTO, and the Asia Development Bank are increasingly involved in China’s environmental efforts.

Nevertheless, the costs to health, air quality, water quality and quantity and on the land itself from industrialization and economic growth are staggering, and raise serious questions about the environmental and social sustainability of this development trajectory.

China literally cannot afford to slow the growth of its economy, especially since a 1% decrease in GDP growth is estimated to result in an annual increase of 7 million unemployed. China needs to grow its economy to generate funds to update and retrofit its technologies and aging plants, to create jobs to absorb the urban unemployed, to provide stronger urban infrastructures, institute banking reforms, and provide for an aging population.

Policies are in place with regard to environmental impact statements, industrial relocation (particularly in Beijing in anticipation for the Summer Olympics), waste regulations, equipment standards, and emission limits. The problem is that the national regulatory agency - SEPA - is under-funded; there is little enforcement of existing regulations and few or no penalties for breaking those regulations. Plus there are conflicts of interest between the local governments who are supposed to enforce the regulations and the factories they still own that they're supposed to regulate because jobs continue to be a high priority of these local governments.

Further solutions to China's problems could include a move to cleaner energy sources, stronger, more predictable enforcement, pricing reform to encourage energy and water conservation, and increased governmental funding of environmental reform efforts.
With over one-quarter of the earth’s population and with its rapid industrialization, China appears to hold the future of the global environment. The unique challenge then will be to enable both China’s economic development and its adoption of sustainable development. The answers to this challenge are the focus of the Special Issue.

Coverage
The following are some, but definitely not all, of the areas that could be covered in submissions for the Special Issue. Submissions can include broad empirical studies, case studies, and applied theoretical work.

- The impacts of economic development on China’s environment: At what rate will China continue to grow? Can the impact of that growth be managed or diminished, and what are the prospects for doing so?
- An assessment of what is needed to improve environmental management in China’s industry and/or government.
- An assessment of the impact on the environment should China allow its yuan to float.
- An assessment of what can international groups do to impact China’s economy.
- The impacts of foreign direct investment - Asian, US, and European - on China’s environment and on its regulations and enforcement.
- Lessons to be learned from China’s growth-oriented development model and its environmental sustainability as a template for other fast developing countries.
- A conceptual framework for the interface between economic development and sustainability in China.
- Case studies of Chinese companies endeavoring to implement environmental management practices.
- Government attitudes toward sustainability.
- Consumer attitudes to environmental problems.
- Environmental impact studies by and across industrial sectors.
- The status of China’s environment - current challenges.
- Barriers to sustainability in China.
- Government policies and what else is needed to promote sustainability in China’s cities and industries.
- The actions being taken to alleviate the problems of dirty coal as a primary source of energy.
- Opportunities for cleaner production.
- Opportunities for environmental management consultancy services in China.
- NGO activity in China’s environment.
- Effective promotion of sustainability concepts in China

Proposed Contribution Schedule

Abstracts - To express initial interest in contributing to this Special Issue, abstracts should be sent to both co-editors by email (details below). Abstracts should be a maximum of 300 words. Those whose submissions are accepted will be asked to submit full papers.

Full Papers - Full papers will be invited from among the abstracts. Paper submissions should be between 4000 and 6000 words (for theoretical papers and empirical studies) and between 2500 and 4000 words (for case studies) and should follow the editorial guidelines of GMI (www.greenleaf-publishing.com).
Final Selection - The final selection of papers that will appear in the Special Issue will be from among the full papers submitted. Revisions may be requested of the final selection.

Schedule
1/10/05 - Deadline for abstract submissions (special deadline for APCEA members)
15/11/05 - Notification by coeditors to prepare full papers
15/1/06 - Deadline for full paper submissions
15/2/06 - Notification of final acceptance for Special Issue - directions for revision
15/4/06 - Deadline for revised final paper submissions Autumn 2006 - Publication of Special Issue

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FORTHCOMING CONFERENCES

The Eighth INTERDISCIPLINARY PERSPECTIVES ON ACCOUNTING CONFERENCE

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ENVIRONMENTAL MANAGEMENT ACCOUNTING NETWORK CONFERENCE EUROPE (EMAN EU) CONFERENCE APRIL 26 AND 27, 2006

Conference Announcement and Call for Papers
The Environmental Management Accounting Network will hold its
9th Annual Conference
Environmental Management Accounting and Cleaner Production
http://www.eu-emico2006.at/

Graz University of Technology
Rechbauerstraße 12, Graz, Austria
April 26 and 27, 2006

INTERNATIONAL CONFERENCE ON ACCOUNTING AND FINANCE IN TRANSITION, ADELAIDE, APRIL 10 - 12, 2006 (DEADLINE FOR PAPERS JANUARY 15, 2006)

The University of South Australia is organising a major international conference devoted to exploring issues raised for accounting and finance academics, practitioners, and policy makers as a result of periods of rapid economic and social change. The conference is the fourth in a row, following earlier conferences organised in Greenwich (2003, 2005) and Kavala, Greece (2004).

The 2006 conference will examine not only those issues related to transition from a command to a market-oriented economy and their implications for the accounting and finance professions, but also all other aspects of accounting and finance affected by times of rapid social and economic change. Papers in any area of accounting and finance are welcome, especially those addressing issues such as the failure of classical accounting and finance models and
methodologies to grasp the nuances of emerging markets.

Papers in International Business (International Finance and Financial Strategy) are also welcome, as well as those dealing with the future of the accounting and finance professions. Comparative studies on the development of the accounting profession in emerging markets are of particular interest for one of the conference tracks. The above list of topics is by no means exhaustive, and any paper dealing with any issue facing the accounting and finance professions in the 21st century will find a positive response from the International Programme Committee.

The International Programme Committee is comprised of scholars from Australia, Europe, China and SE Asia, and the United States, with a background in accounting, economics, finance, law and other social sciences, including a number of editors of learned journals. The composition of the Programme Committee demonstrates a commitment to select papers that adopt not just traditional but also multi-disciplinary approaches to accounting and finance issues. Indeed, comparative, cross-cultural, and multi-disciplinary approaches are strongly encouraged.

Authors are invited to submit a full paper (in triplicate or electronically) before January 15 2006, although it would be desirable for authors to contact the Organising Committee regarding their intention to submit a paper prior to this date. All papers will be double refereed by two anonymous referees. Notification of acceptance will be sent to all successful authors by mid February 2006. Completed papers, taking into consideration referees’ comments, must be submitted by mid March 2006. All accepted conference papers will be published on a conference CD-ROM. A selection of papers will be published in the fourth volume of the Accounting and Finance in Transition book series, while other selected papers will be published in a symposium issue of an academic journal, most likely Accounting Forum, Managerial Finance, the European Journal of Management and Public Policy. The selected authors have to agree to work closely with the editor(s) to ensure that their contributions are produced on time and reflect advice given by the anonymous referees and the editors.

The Conference will take place between the 10th and 12th of April in the modern setting of the University of South Australia’s City West Campus which is located within the City Centre of Adelaide and within easy walking distance of the main shopping malls. There is also a free municipal bus service linking the Campus with other locations in the City. There are a number of hotels within close proximity and participants will be offered a choice of venues at different rates. South Australia is the centre of the wine industry in Australia and, with three winegrowing areas within one hour’s drive of the City. Accommodation, conference fees and style guide for papers will be confirmed soon.

For further information please contact: icaft2006@unisa.edu.au
School of Commerce
Division of Business
University of South Australia
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GPO Box 2471
Adelaide South Australia 5001
CALL FOR PAPERS

The organizers of the Seventh Annual Global Conference on Environmental Taxation are issuing a call for papers examining the role of fiscal and other economic instruments in helping society transition to environmentally sustainable, just and prosperous economies. The organizers are seeking papers that help advance knowledge on the following issues in particular (described in greater detail further below):

- Generating support for implementation of instruments
- Enhancing global competitiveness through eco-efficiency, resource productivity and innovation on sustainability
- Restructuring existing fiscal policies
- Effectiveness and cohesiveness of different instruments
- Valuation and measurement
- Case studies and best practices—focus on developing countries, the regional context and equity

Preference will be given to papers that examine the above issues through the lens of case studies or analyses of specific industrial sectors (such as energy, forestry, mining, fisheries, agriculture), environmental goods and services (such as biodiversity, land, water, air, ecosystem services) or issues (such as pesticides or oceans management). The organizers also welcome submissions on other issues relating to fiscal and economic instruments, though preference will be given to papers that fall within the themes identified.

Proposals should be emailed to enviroy@uottawa.ca no later than February 1, 2006 and must include the following information:

- Full name, affiliation and contact information (address, phone, fax & email)
- Title of paper
- Abstract (maximum of 350 words)
- Short biography (maximum of 250 words)

Proposals may be submitted in English or in French. Applicants will be notified as to whether their proposal has been accepted by March 1, 2006. Successful applicants must provide a draft copy of their papers by October 6, 2006. Presenters will have the opportunity to submit their final papers for consideration of publication in Volume V of the peer-reviewed book "Critical Issues in Environmental Taxation," published by Richmond Law and Tax Ltd.

About the Conference:
This conference provides a forum for the exchange of ideas, information and research findings about the use of environmental taxes and other economic instruments across international boundaries and across professional disciplines. The conference has become one of the largest annual international gatherings of academic scholars, government officials, NGOs, practitioners and others from many disciplines to discuss how fiscal and other economic instruments can help create a sustainable economy.
Generating Support for Implementation

Some jurisdictions have had less success than others in implementing fiscal and other economic instruments that impose costs on economic actors other than substituting desired behavior. In jurisdictions that have adopted measured, with quantitative components, other social, economic, and policy conditions existed that may have facilitated the adoption of such measures. Do design and implementation features play a role in helping to build constituency support for innovative measures? Has, which factors have been the most effective in generating support? What other approaches have worked for building public and political support for using fiscal and other economic instruments to promote sustainable practices? What are the factors that contribute to the success or failure of such measures? What role do transparency, accountability, and transitional policies play in generating political support? What are the major research gaps going forward which, if filled, would help create the conditions for more widespread adoption?

Enhancing Global Competitiveness through Eco-Competitiveness

Many studies have documented the impact of fiscal and economic instruments, notably environmental taxes, on competitiveness. However, there has been little focus on the potential for environmental taxes and other economic instruments to enhance and promote competitiveness. Are there competitive advantages of implementing fiscal and other economic instruments that promote sustainability? Which fiscal and other economic instruments can best promote eco-efficiency, resource productivity and innovation, thereby promoting sustainability? What opportunities exist for integrating environmental concerns at the national or international policy level, for instance by harmonizing fiscal policies among countries with respect to a particular issue such as climate change or energy policy? How can environmental policies be employed to support economic development?

Restructuring Existing Fiscal Policies

While the implementation of new instruments can be effective in achieving a given environmental objective, it is also critical to examine and reform existing fiscal policies to remove distortions. For instance, subsidies can create inefficiencies, undermine efficiency, and lead to environmentally adverse outcomes. What have been the experiences to date in jurisdictions that have restructured fiscal policies in order to address some of these distortions? What is the potential for making these improvements, and if so, how has been done? How can "harvest" subsidies be defined? What are the factors that appropriate instruments for transitioning to a sustainable economy?

Effectiveness and Cohesion of Different Instruments

While there has been a lot of research on the effectiveness of fiscal and economic instruments, there is less research comparing the effectiveness of instruments across jurisdictions. What has increased willingness to adopt measures that have been shown to be effective in practice? What have been the experiences of different instruments (including regulations) to achieve a given sustainability objective? Evidence will be given to studies that compare the effectiveness of instruments to other rather than comparing a financial to a practical application. Performance will also be given to environmental analysis that examines how behavior has responded to price changes and evaluates the fiscal cost of implementing measures. Do different fiscal instruments, or natural resources at different stage of development perform different economic functions? What are the implications of these results? Are there areas of research on multidimensional attention, which are very common. How can and should instruments be integrated in a way that produces a coherent result and that takes into account the cumulative impact of different instruments? Is there a framework or a set of criteria for evaluating proposed instruments that is most effective?

Valuation and Measurement

Valuation and measurement of natural capital are often cited as two major factors in designing effective and appropriate fiscal and other economic instruments. What methodologies and techniques have been developed to measure and value natural capital? Are different methodologies appropriate for different types of natural capital (e.g., carbon pricing in different sectors)? What accounting frameworks are being developed and implemented by governments? What methods exist for determining values for use in better integrate adjustments to reflect taxes, charges or fees?

Case Studies and Best Practices: Focus on Developing Countries, Regional Context & Equity

What has been the experience of implementing fiscal and other economic instruments in developing countries? What have been the experiences of implementing economic instruments in developing countries? What have been the experiences of implementing new and other economic instruments in developing countries? How has the tax base of developing countries been used to address issues of social equity and economic justice? How can fiscal instruments be implemented to achieve social justice objectives? How can fiscal and other economic instruments be used to reduce social inequalities? How can fiscal and other economic instruments help promote equity and reduce discrimination? For instance, what impact have fiscal and other economic instruments had on social disparities? How can fiscal and other economic instruments be used to address social inequalities? How can fiscal and other economic instruments help promote equity and reduce discrimination?