

The Secretary  
Parliamentary Joint Committee on  
Corporations and Financial Services  
Suite SG.64  
Parliament House  
Canberra ACT 2000



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Dear Madam/ Sir,

### **Inquiry into Corporate Responsibility**

Thank you for the opportunity to contribute to this public debate.

I am an Honours student in the Discipline of Accounting, University of Sydney, under the supervision of Professor James Guthrie. My thesis topic involves a study and consideration of the social and environmental duties of directors. I used a framework of accountability to help design my research, and interpret the results. The content of this submission is largely drawn from my thesis research and findings. Should you wish to see more of my work, please do not hesitate to contact me.

One finding from my studies is that companies already have duties for their impact on stakeholders, including many social and environmental issues. At present however, these duties are not easily definable and their interaction with explicit director's duties are unclear. The duties can be legal, existing across a range of statutes and in the common law, or moral. It seems that the proposal to make directors and their companies responsible for their social and environmental impacts is not an extension, rather a clarification of the law, and a necessary one at that.

Before I address each term of reference, I will introduce the concept of accountability, and explain its importance.

## What is accountability?

After sourcing and considering several definitions of accountability (see Annexure 1), I found Gray, Owen and Adams' (1996) work most useful. They expressly consider the private sector when they define accountability as 'the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible' (1996, p. 38). Importantly, accountability comprises two components (Gray, Owen and Adams, 1996, p. 38):

1. 'the responsibility to undertake certain actions (or forbear from taking actions) and
2. the responsibility to provide an account of those actions'.

Their framework posits that should a gap exist between what companies are responsible for and their disclosure about those responsibilities, accountability is incomplete. Deegan (2005, p. 1107) concurs:

If we accept that an entity has a responsibility for its social and environmental performance, we, as accountants, should accept a duty to provide an account of an organisation's social and environmental performance.

This submission (and my Honours research) draws much from this dual conception of accountability. The importance of achieving accountability will now be explained.

## What is the role of accountability in democracy?

Gray, Owen and Adams (1996, p. 53) believe that accountability is necessary and essential for the functioning of democracy. Broadly, there are three models of democracy which can apply to political and economic power: representative, state, and participatory democracy.

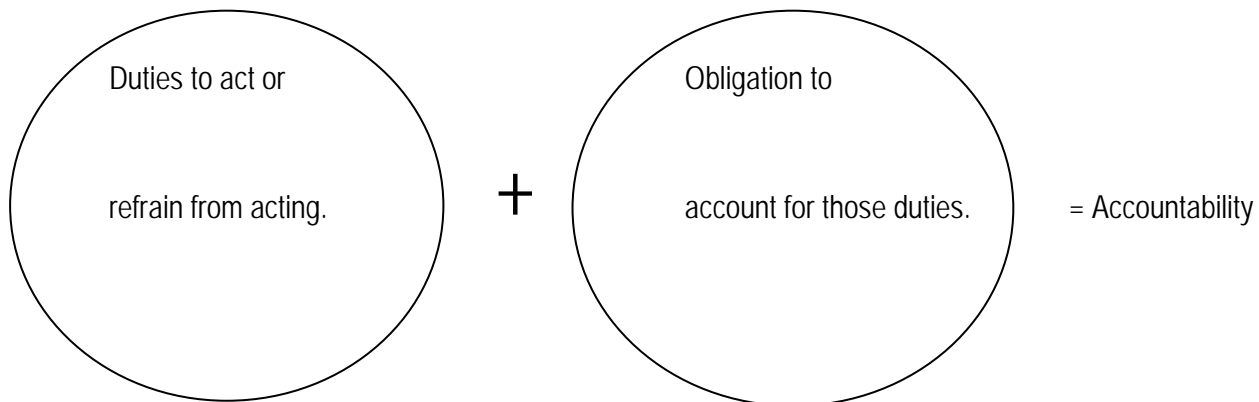
**Representative democracy** exists when elected leaders, usually members of a political party, make decisions for the entire population. This system is in place in Australia. **State democracy** has Marxist roots and a variety of it has occurred in Cuba and China. It aims to achieve equality, and eventually a handing back of power to the people. **Participatory democracy** requires a far greater involvement by individual citizens, usually through local level politics. This is the type of democracy assumed to exist in our current economic system (Gray, Owen and Adams, 1996, p. 37). That is, informed consumers can vote through their purchases and thereby influence corporate policy. If economic power were exercised according to the principles of participatory democracy,

which it is not, one would expect the realisation of proper accountability. Gray, Owen and Adams' (1996, p. 44) model of accountability is a useful means for analysing information in a society which claims to be democratic, such as Australia. The provision of information to assist decision-making can only be in the public interest if accountability is placed at its centre.

### **Why is accountability necessary and how can it be achieved?**

Political commentators suggest that power needs to be returned to the people if characteristics such as justice and equality are to be achieved. For this to occur, 'the people' need to be informed. Therefore, the provision of information becomes crucial to achieve the more ideal, participatory model of democracy. Accountability is not being fully discharged by current accounting practice or other sources of information (Gray, Owen and Adams, 1996, p. 67). The information flowing from organisations is 'predominately financial and predominately directed towards the most powerful groups in society and are therefore a source of anti-democracy' (Gray, Owen and Adams, 1996, p. 41).

The above conclusions that accountability is incomplete were made almost a decade ago, and it was my desire to assess whether this gap still existed. As mentioned I utilised the dual conception of accountability which can be explained graphically:



Social and environmental accounting can be seen as helping to develop a fairer, more just democracy by improving the information flow about an organisations duties. That is, corporate accountability enhances social and economic democracy, and social and environmental accounting can be seen as a political tool to achieve accountability (Gray, Owen and Adams, 1996, p. 64).

This view is supported by the World Resources Institute (2003, p. 107):

As is the case with government, one of the most potent tools to drive greater business accountability is public access to information. Public disclosure... is the face of a new and more participatory approach to regulating the environmental performance of business. Using the tool of disclosure, communities and consumers enter a new relationship with business that can speed the transition to a greener business model.

To summarise, it was argued that accountability is useful in achieving a more just model of democracy. The concept of accountability was explained and a model was put forward to suggest how it can be achieved. It was pointed out that businesses have not been sufficiently accountable, and later in this submission it will be argued that this situation should improve. Some of the evidence supporting my claim that the private sector should improve its accountability was gathered from my research, which I will now briefly introduce.

### **An introduction to my research.**

To assess whether corporations were discharging accountability according to Gray, Owens and Adams (1996) concept, it was necessary to first assess what social and environmental duties existed for organisations and directors. Organisation duties can be legal, or moral (Gray, Owen and Adams, 1996, p. 41, 50). Moral duties include quasi-legal responsibilities which arise from voluntary agreements, codes, standards or company policies. Moral duties also arise from one's ethical position, are promoted by debate and education and can be generated by society expectations. It was not possible for me to undertake a comprehensive study involving interviews and surveys to try to reveal the moral duties of corporations, so I used the concept of accountability to understand the duties for which companies felt responsible. That is, I assumed that if a company reported on an issue, that company was recognising a duty for that issue. Gray, Owen & Maunder (1987) make a similar assumption. They write that the provision of information beyond the traditional financial accounts, 'is predicated upon the assumption that companies do have wider responsibilities than simply to make money for their shareholders' (1987, p. 9).

The difference between a duty to *report* and a duty *about an issue* must be emphasised. For example, if a company discloses their greenhouse gas emission policy and reports their emission level and perhaps their target emission levels, that company is recognising a duty for greenhouse gas emissions, the precise parameters of which are unclear, but a duty nonetheless exists.

One argument against my position is that I am allowing companies to set their own agenda. I have two responses. The first is that they *do* set their own agenda in the current voluntary reporting regime. The second is that society may have created the moral duty, and by reporting on it the company is merely acknowledging their duty.

To answer my research question, I summarised the legal and quasi-legal duties of companies arising from legislation. If a company reported on an issue for which no legal or quasi-legal duty exists, that company has assumed a moral duty for that issue. To make this task manageable and reliable, I based my analysis on the Global Reporting Initiative (GRI) indicators. There are 84 social and environmental indicators, including core and additional indicators. These are provided in Appendix 1. The legislation summarised included state, territory and commonwealth legislation that were effective in 2004 as this was the date of the analysed company reports.

I will now consider the terms of reference (a) to (f) in turn.

**a) The extent to which organisational decision-makers *have* an existing regard for the interests of stakeholders other than shareholders, and the broader community.**

This question is essentially impossible to answer. Within one organisation, different decision makers would have differing levels of regard for the interests of non-shareholder stakeholders. On different days and depending on the type of decision, the same decision maker may change their level or regard for these stakeholders. Because of this, and the practical problems of measurement, access and reliability, the ability to provide a conclusive response to this term of reference is nearly impossible.

One can, however, draw inferences from the action and behaviour of organisations. I appreciate that this inquiry includes for and non profit organisations but this submission is restricted to the for profit sector. Unfortunately it seems that for this sector as a whole, decision makers do not consider the interests of stakeholders other than shareholders or the broader community. If they did, Gunns Ltd would not be suing conservationists, journalists and NGO's, they would be engaging with them to meet their needs or at least consider their interests. James Hardies would not have moved off shore to avoid paying employee compensation. BHP would not have destroyed vast areas of Papua New Guinea, and left a legacy of pain for the surrounding communities near

Ok Tedi. Westpac would not support uranium mining and the Commonwealth Bank would not fund Gunns Ltd.

My submission would run into the thousands of pages if I continued giving examples like these. It seems that stakeholders interests are only considered if it is necessary to improve or protect the company's financial profit, and thus shareholders interests are served. The fact is the corporation was established to generate returns for owners and to do so by exploiting all resources at the company's disposal. This exploitation of resources often has an impact on stakeholders including the environment and broader community.

As Joel Bakan stresses in his book (and in the documentary) *The Corporation*, how can it be that we allow corporations to completely disregard the impact of their decisions if the action makes their shareholders money? The individuals which comprise the company surely care about issues in their own life larger than making money, so how is it that the same decision making approach is not extended to business decisions? It is because the accounting and legal system supports the exploitation of resources to make profits.

**b) The extent to which organisational decision-makers *should* have regard for the interests of stakeholders other than shareholders, and the broader community.**

If our world is to become sustainable, huge changes are needed to our current way of life. This includes a complete change to the way we do business. The evidence seems to support the view that capitalism is fundamentally incompatible with the achievement of a sustainable world, however the chances of replacing capitalism in the near future are very, very slim. What we are left with is the next best option, a *more* sustainable form of capitalism. A system where profit generation can still be a goal, but not the *only* goal of business.

This more sustainable form of capitalism mandates a consideration by decision makers of the impact of their decisions on stakeholders and the community. How this is to be achieved is discussed below. The justification for this position is not the business case. If we continue to justify all decisions on whether or not it is economically beneficial, we will return to the way of life which has scientists forecasting an end to life as we know it in our life time. The conversation has to turn from dollars to ethics, from money to well-being and from the bottom line to environmental protection.

The Gunns Ltd law suit is a case in point. The use of the law to intimidate and ultimately silence opposition has long been used in the United States against individuals and non government organisations. It seems ironic (and devastating) that the 'justice system' could be used as the board on which to play out this nasty game of David and the Goliath. Corporations have power, resources and even tax deductibility for legal costs, all of which individual defendants lack. If the corporation loses, shareholders bare the costs. If the individuals lose, their livelihoods are set to be destroyed and the NGO's will presumably be forced to cease work. Are these outcomes a surprise to Gunns Ltd? Hardly. These outcomes are the precise result they wish for, to send a message to others who wish to defend the issues for which they feel passionate. Could anyone argue that Gunns Ltd has considered the interests of stakeholders or the broader community when they made the decision to sue 'the Gunns 20'?

Yet our legal system allows this sort of decision to be made, the slap-writ. *Should* Gunns Ltd have to consider the interests of those beyond their shareholders, absolutely! (I should note that it would be difficult to sustain an argument that Gunns shareholder's interests are being served by this legal action. The reputation of Gunns is, justifiably, being tarnished, and the action is and will continue to be costly, for uncertain and questionable payoffs.)

Not only should company's consider the interests of stakeholders, they should be accountable to them. There are multiple ways to justify this assertion. One way is by comparing the modern corporation to governments or the public sector. Corporations yield enormous political power, often having close relationships to politicians or certain parties, strengthened through political donations (Gray, Owen and Adams, 1996, p. 133). Indeed Roddick (2000, p. 14) believes 'there is no more powerful institution in society than business'. Corporations have also become more adept at lobbying politicians and company representatives are often invited to participate in committees or working groups on issues of policy. Bakan (2004, p. 5) agrees, stating 'increasingly, corporations dictate the decisions of their supposed overseers in government and control domains of society once firmly embedded within the public sphere'. Hamilton (2003, p. 17) recognises that corporations and the financial markets are gaining power 'as the influence of government is pared back' (see Bakan, 2004, p. 8).

Business executives can set social policies by default as their decisions impact sometimes thousands of employees. Their decisions on issues such as maternity or paternal leave, disability

support and equal opportunity are often left to employers to decide, and in this way, set social policy. Roddick (2000, p. 14) too comments on the 'capability and responsibility' of businesses. She understands that business 'decisions affect not just economies but societies, not just the direct concerns of business, but the world problems of poverty, environment and security' (2000, p. 14).

Another way in which modern corporations are undertaking traditional government roles, is by the provision of public goods. Since the advent of privatisations, in the Thatcher and Reagan era, more and more previously public bodies are being run by (or at least as) private enterprises. Examples in Australia include prisons, banks, telecommunications, buses, job agencies, hospitals, schools and universities. Private companies also build and maintain infrastructure such as roads.

So it seems the old idea that the only business of business is to make money, that generates taxes, which the government can use to provide social goods and ensure the well-being of members of society, is just that.... old and outdated. The governments of today (at least of the developed, Western world), seemingly have objectives commensurate with pristine capitalists like Milton Friedman (Gray, Owen and Adams, 1996, p. 65), and will therefore require little pressure to regulate in a manner which promotes *their* ideas rather than the well being of society as a whole. This aspect of the argument draws much from recent theoretical work which critiques the neo liberal hegemony that profit is the only measure of success. This includes the work of the Australia Institute and particularly Clive Hamilton. This submission will not expand further on the prevailing hegemony that an increase in economic growth equals an increase in national happiness and well being, but it was felt necessary to mention it here as a valid observation of the mind set of many people in government and business.

This submission emphasises the viewpoint that since corporations have accepted wider responsibilities, their duties to account for their actions should equally widen. Mulgan's (2000, p. 91) following statement interest' captures a commonly held view:

in seeking to identify the public accountability of private sector companies, we should look primarily to the rights of shareholders in the companies in question rather than to the rights of citizens who have no direct proprietorial.

Such narrow views overstate the importance of shareholders, and understate the power of other stakeholder groups to influence company behaviour. When one considers the incidents of shareholder activism, ethical investment funds and the public demand for greater transparency and



better corporate governance, it can be seen that the accountability responsibilities (or expectations) for modern businesses is becoming increasingly similar to those of the public sector. It no longer seems tenable that business can continue to exist for the sole purpose of profit generation, when its role, influence and power has so clearly shifted. If business is to improve its accountability, any responsibilities it has must be matched with a responsibility to account for their actions. And to reiterate the foregoing discussion, the responsibilities of business must extend beyond making money.

In conclusion, it is absolutely crucial that businesses take the interests of stakeholders other than shareholders into account, including the broader community and the natural environment. Not only should the duties of business include responsibilities for the community and the environment, there should also be a duty to account for these responsibilities, to improve corporate accountability.

**c) The extent to which the *current legal framework* governing directors' duties encourages or discourages them from having regard for the interests (sic) stakeholders other than shareholders, and the broader community.**

I have already mentioned how the current legal (and accounting) framework discourages the consideration of non shareholder stakeholders. What I propose to do below is explain that aspects of the current legal framework do encourage (indeed mandates) the consideration of stakeholder interests but in a disjointed and roundabout way. I have summarised these as:

- the laws prohibiting or regulating damage to the environment or social damage;
- statutory and fiduciary duties of directors which demand the observation of these laws;
- the duty for directors to act in the interests of the company as a whole, which could be argued to include the long term viability and reputation of the company through social and environmental best practice.

However, these can be contrasted with other aspects of the current legal framework which discourage the consideration of stakeholder interests. The most potent of which is the rule that to act in the best interests of the company, directors need only consider the interests of shareholders. There is obiter dicta in a Canadian case, *Teck Corp Ltd v Millar* (1973) 33 DLR (3d) 288, that suggests to avoid breaching their fiduciary duty to the company, directors should "observe a decent respect" for other interests lying beyond those of the company's shareholders, including employees

and the community. What constitutes decent respect is not clear, and this decision has been considered, but not applied in Australia.

At the risk of stating the obvious I will set out below a brief introduction to the Australian legal system, and then narrow the focus to the term of reference in question.

### **Introduction to laws in Australia**

Laws can be derived from any of the following sources:

- (a) **The common law** which includes Equity. Precedents are extended or applied on a case-by-case basis, and in this way, new laws or duties are created.
- (b) **Federal or Commonwealth legislation.** The powers of the Commonwealth to unambiguously legislate on certain matters are found within s. 51 and other parts of the Commonwealth Constitution (Constitution). Any part of a State law that is inconsistent with a valid Commonwealth law is overridden by the Commonwealth law (s. 109, the Constitution).
- (c) **State legislation.** Generally the States are entitled to legislate on those powers not given to the Commonwealth by the Constitution.

### **The natural environment**

The natural environment is not mentioned anywhere in the Constitution, however the Commonwealth has been able to expand its capacity to the environment (as with other matters not articulated in the Constitution). This can be achieved by attaching laws under an existing power. For example, the Commonwealth has a right under s. 51 (xxix) to legislate on external affairs. These have been held to include the ratification of international conventions and treaties, which extends to the incorporation of these treaty obligations into domestic law. For example the Commonwealth government was able to enact legislation to protect the Franklin River Dam which was a World Heritage wilderness area, to meet its obligations under the International Convention for the Protection of the World Cultural and Natural Heritage (Toyne, 1994). This legislation, being s. 69 of the *National Parks and Wildlife Conservation Act 1975* (Cth) was challenged, but succeeded in *Commonwealth v Tasmania* (1983) 46 ALR 625. Another example of the Commonwealth government using the external affairs power to enact legislation was the *Racial*

*Discrimination Act 1975* (Cth) which was passed to implement the *International Convention on the Elimination of All Forms of Racial Discrimination*, 1965.

### **Employment matters**

Issues of employment have traditionally been left to the States to regulate. While the States still maintain power in this area (except Victoria who referred their powers in this area to the Commonwealth in 1996, using the referral power in the Constitution s. 51 (xxxvii)), the Commonwealth is expanding its reach more and more. The basis for Commonwealth regulation of employment and industrial relations has historically been the labour power, s. 51 (xxxv). The labour power only allows the government to establish a *mechanism* to regulate which is a stark contrast to *direct* regulation. Other powers have been used therefore, to enable the Federal government to directly legislate the workplace. For example the *Industrial Relations Reform Act 1993* and *Workplace Relations Act 1996* relied on the corporations (s. 51 (xx)) and the external affairs (s. 51 (xxix)) powers.

### **Regulating business operations**

In the past, the Commonwealth could only make selected laws regulating the conduct of businesses by using the trade and commerce (s51(i)) and corporations (s51(xx)) powers. In 2001 the States referred their corporations powers to the Commonwealth under the referral power in the Constitution (s. 51 (xxxvii)), which lead to the *Corporations Act 2001* (Cth). This act sets out the statutory duties of companies and directors. It does not include any explicit duties in regards to the environment or society.

### **Companies and directors must abide by all laws**

Corporations are legal persons, so they must obey the law (s 124(1) the *Corporations Act 2001*). In fact, unlike natural people, corporations and their directors, do not even have a choice as to whether they should obey the law, they must (Bielefeld *et al*, 2004, p. 39). If they do not they can be found criminally or civilly liable, just like natural persons.

Some of the laws they must abide by are issued by the state, and others still by local governments. Therefore, while the states no longer regulate corporations directly, they still play a significant role

in the regulating the impact of businesses. Of relevance to this submission are the laws which regulate environmental and social impacts.

Not only can the company be directly sued for breaching legislation or the common law, laws also exist to find directors and other responsible people within the corporation guilty in relation to the breach.

### **Director's duties**

The business of a company is managed by or under the direction of directors (s 198A(1) of the *Corporations Act 2001*). They exercise all the powers of the company except those of the shareholders (s 198A(2)). The directors are not agents of the shareholders, they exist to act in the interests of the company, not just the owners of the company.

Director's duties arise out of statutes and the common law, which includes fiduciary duties developed in equity. The law may specifically create a duty of a director, or the law may be in relation to a general duty (for example not to pollute), and a provision in that law may extend responsibility for the achieving that duty to directors.

Some of the important director's duties are explained below. I will then overview the general laws which extend to directors.

#### Duty to act in good faith for the benefit of the company as a whole and for a proper purpose

This duty is encapsulated in s 181 (civil obligations) and s 184 (criminal offences) of the *Corporations Act 2001* (Cth). It may be argued that directors must act in the long term interests of the corporation, and that the long term viability of the corporation may be threatened if it continually breached social or environmental legislation. Or, stated differently, if the company continually made decisions which ignored the interests of stakeholders other than shareholders.

Moreover, if a director causes a company to break the law, including social and environmental laws, this may constitute a breach of their duty to the company at common law (due to their breach of good faith) (Bielefeld et al, 2005).

### Duty of care, diligence and skill

This *statutory* duty arises from s 180(1). Whether the directors have reached the level of care and diligence required by this section is judged objectively. If the directors continually and blatantly breached laws they may be held to have breached s 180 (Bielefeld *et al*, 2004, p. 36).

Directors may be liable under *common law* in tort or contract. Directors may be found negligent if they breach their tortious duty of care and they can also be sued for breaching the terms of a contract including the corporate constitution. The common law duty of care, skill and diligence was set out in *Re City Equitable Fire Insurance Co Ltd* [1925] Ch407. It was seen as unacceptably weak and was subsequently amended in *Daniels v Anderson* (1995) 13 ACLC 614. The judges in *Daniels v Anderson* held that 'in accepting the office directors assume the responsibility of exercising a reasonable degree of care and diligence in the performance of the office' (at 655). They asserted that directors who ignore an illegal course of action and continue to work for the corporation may well be in breach of their duty to take reasonable care in the performance of their office. If a director does not feel s/he has the requisite level of knowledge upon which to make a decision (and thereby discharge their duty of care), s/he must acquire the knowledge or refuse to act.<sup>1</sup>

To prove negligence (or the director's common law duty of care to the company), it must be shown that the defendant (Ramsay and Rowe, 1995, p. 140)

- (i) owed the plaintiff a legally recognised duty of care;
- (ii) that duty was breached (the standard of care was not met);
- (iii) the resulting damage was caused by the defendant; and
- (iv) was reasonably foreseeable by the defendant.

A non shareholder plaintiff would find it difficult to establish all these elements against a defendant company or director. In this way then, the common law in regards to negligence does not encourage directors to consider the interests of non shareholders when making decisions.

A statutory violation, however, may be *used as evidence* in a case for negligence, for example environmental legislation could be used to establish what standard of care the director should

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<sup>1</sup> This point is part of the judgement of *Francis v United Jersey Bank* 432 A 2d 814 at 821-823 (1981) which Clarke and Sheller JJA adopted in *Daniels v Anderson*.

reach (Bielefeld *et al*, 2004, p. 35). This is more likely than a plaintiff being able to show that a company or its directors were negligent because they caused environmental or social harm, as it has not been recognised that directors or companies owe the environment or society a duty of care. These difficulties in the common law have lead O'Shea (1998, p. 27), among others to propose a statutory duty to care for the environment. I agree with O'Shea's proposal and I will expand upon it below.

### **To whom are the director's duties owed?**

The fiduciary is the director and s/he owes a duty to the company only (*Spies v The Queen* (2000) 201 CLR 60). The argument in this case was the extension of duties beyond the company to creditors and shareholders, but the same result would presumably extend to other stakeholders (Bielefeld *et al*, 2005).

The general principle is that a director owes a fiduciary duty to the company as a whole, not shareholders individually (*Percival v Wright* [1902] 2 Ch 421; *Brunninghausen v Glavanics* (1999) 32 ACSR 294). However, in deciding what is in the best interest of the company, only the interests of the shareholder can legitimately be considered by directors. The suggestion from the British Columbian Supreme Court in *Teck Corp Ltd v Millar* (1973) that to avoid breaching their fiduciary duty to the company, directors should "observe a decent respect" for other interests lying beyond those of the company's shareholders, including employees and the community, is not part of Australian law.

The above duties are created specifically to ensure directors properly carry out their functions. They have limited use for stakeholders other than shareholders. That is, these duties do not encourage directors to consider the interests of other stakeholders. There are however, many examples of laws that contain a provision to extend responsibility under that law to directors. There are simply too many to list here. It is hoped the following will sufficiently illustrate this second source of director's duties.

The *Occupational Health and Safety Act 2000* (NSW) imposes a general duty on employers to 'ensure the health, safety and welfare at work of all the employees of the employer' (s. 8(1)). Section 26 of this Act explicitly extends the obligation for this duty to directors:

If a corporation contravenes, whether by act or omission, any provision of this Act or the regulations, each director of the corporation, and each

person concerned in the management of the corporation, is taken to have contravened the same provision.....

The *Ozone Protection Act 1989* (NSW) has a similar provision, s. 22(1):

If a corporation contravenes any provision of this Act or the regulations, each person who is a director of the corporation or who is concerned in the management of the corporation is to be taken to have contravened the same provision if the person knowingly authorised or permitted the contravention.

The same provision is also s. 56 (1) of the *Marine Pollution Act 1987* (NSW), extending liability for polluting state waters to the directors of offending companies. This trend of making directors responsible for the breach by their company of certain laws looks set to continue. In the NSW Legislative Assembly on 23 June 2005 (the same day this inquiry's terms of reference were released), Mr. Bob Debus, the Attorney General and Minister for the Environment, said the following<sup>2</sup>:

The Government believes that senior executives of companies must take more responsibility for the activities of their organisations. The [Protection of the Environment Operations Amendment] bill deletes the existing "no knowledge" defence, which can be used where an offence occurred without the person's knowledge. This defence is currently available to directors and managers charged with an offence committed by a corporation. This head-in-the-sand approach is no longer acceptable. Such a defence is out of step with modern principles in relation to corporate responsibility, such as those included in the Occupational Health and Safety Act. I should stress that defences will still be available where the person has exercised due diligence to prevent the contravention, or could not influence the conduct of the corporation.

I have focused here on NSW Acts, however the same occurs in state legislation throughout Australia. Two examples of directors or others 'concerned in the management of the corporation' being held liable for breaches of similar laws are provided below.

In *Vasel v Simone*, a branch manager was found liable under the *Environment Protection Act 1970* (Vic) (Schulz and Bowman, 1998). This Victorian Act made it an offence for a person to pollute the atmosphere (sections 41(1) and 43) and extended the liability for a breach of this provision to a director or person concerned in the management of the contravening corporation (s. 66B(1)). In a

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<sup>2</sup> The following excerpt comes from the NSW Hansard for 23 June 2005, from the Legislative Assembly. It is currently online at <http://www.parliament.nsw.gov.au/prod/parlment/hanstrans.nsf/v3ByKey/LA20050623>. It was accessed on 15 July 2005.

Western Australian case, a (former) director was gaoled for 12 weeks for breaching the *Environmental Protection Act* (WA). Section 49(1) of this act makes it an offence to cause or allow pollution to be caused. The offender had ordered the release of toxic liquids into a river by a company of which he was a director at the time (Merwyk, 1995).

Therefore, directors must consider the interests of stakeholders (particularly employees, the community and the environment) other than shareholders within the current legal framework, due mostly to their liability from legislation regarding the environment and other social considerations like occupational health and safety, the protection of heritage and anti discrimination. However, the current legal framework does not *encourage* such consideration. Indeed, when one contemplates the specific duties of directors as set out in the common law and the *Corporations Act*, it seems that directors need only consider the interests of shareholders to discharge their duty to the company as a whole. The judicial comments suggesting they must consider wider interests, or the suggestions that a continual breach of certain laws, or a course of action which may lessen the corporations long term viability or damage its reputation amounts to a breach of their duties, is not enough to create specific duties on directors to consider non shareholder interests.

**d) Whether *revisions* to the legal framework, particularly to the Corporations Act, are required to enable or encourage incorporated entities or directors to have regard for the interests of stakeholders other than shareholders, and the broader community. In considering this matter, the Committee will also have regard to obligations that exist in laws other than the Corporations Act.**

My research involved defining the duties of companies and their directors through analysing a sample of social and environmental reports of Australian companies. I defined a duty as either legal or moral, and I used the concept of accountability described above, to identify what duties companies and directors felt responsible for. To reiterate, if a company publicly disclosed on an issue, that company accepted a duty for that issue. Whether this duty is legal or moral was found by summarising legislation on social and environmental matters. If a company disclosed on a matter for which they had no legal duty, that company was recognising a moral duty for that issue.

I understand that this term of reference is designed to specifically consider the *legal* obligations for entities and directors, but I believe directors have moral duties just as other persons. A company on the other hand, is a creature of statute whose rights and obligations can only be adjusted with



the enactment of new legislation. A company can still achieve the status of an ethical organisation if its management and directors ensure it operates in line with its values, and the values of society.

A major implication from my research is that companies and directors indicate responsibility for a range of social and environmental issues, some of which are expressed in various legal instruments, others which can only be described as moral duties. I also found, as expected, that corporations which operate throughout Australia must comply with a raft of standards of environmental and social protection arising out of commonwealth, state and local laws, as well as deal with several protection agencies and rules arising from the common law. As Duncan and Traves (1995, p. 234) state, 'this does nothing for minimisation of cost in meeting those standards and efficiency in environmental protection operations within the corporations structure'.

Rather than add to the legal framework with which companies and directors must comply, a statement of their social and environmental duties would *simplify* their position. Companies and directors currently have legal and moral obligations to take the interests of non shareholder stakeholders into account but exactly what these obligations are and how they operate alongside duties to shareholders is unclear. The position of corporations and directors would be improved by stating in the *Corporations Act*, exactly what directors need to consider in decision-making, and how these considerations interact with their existing duties to directors.

Taking my suggestion further, it is crucial that companies do have responsibilities for their social and environmental impacts. As mentioned in the introduction, it has been found (yet largely ignored) that our way of life is not sustainable, and will lead to catastrophic and unprecedented environmental disasters. Ultimately the world needs a complete change to the way we travel, what we eat, how we produce food, the way we do business and many other aspects of the way in which we live. Unfortunately changes of this nature will be difficult to implement. What is needed at the very least then, is an *improvement* in our current way of life. I will refine my comments here to the matters that concern this submission. Businesses too have a role to play in preventing and repairing social and environmental damage, as they are largely responsible for that damage. McConvill & Joy (2003) agree, arguing that laws are needed to change the entire concept of what it is to be a successful business, to be more in line with sustainable development. Clear responsibilities expressed in one piece of legislation such as the *Corporations Law* will help them

minimise their negative impact on society and the environment. It will also enable their duties to be more easily enforced, especially as the *Corporations Act* is a national piece of legislation.

I concur with the arguments of O'Shea (1998, p. 28) who is particularly interested in small and medium sized enterprises rather than the incorporated entities being considered in this inquiry. He encourages the legislature to create a general environmental duty for businesses which is aligned with the precautionary principle established in the Rio declaration. This is Principle 15 of the *Intergovernmental Agreement on the Environment* which resulted from the United Nations Conference on Environment and Development in 1992. It states:

Where there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation.

In summary, what is proposed is a clarification, not an extension, of the social and environmental responsibilities businesses must have to help us achieve a more sustainable existence. These responsibilities are scattered throughout many sources of law and their interaction with other corporate and directors duties is unclear. The existing legal framework would be improved by clearly stating in a single Act (such as the *Corporations Act*) what the responsibilities of directors are in regards to other stakeholders including the community and the environment.

**e) Any alternative mechanisms, including voluntary measures that may enhance consideration of stakeholder interests by incorporated entities and/or their directors.**

Voluntary measures are inadequate to enhance the consideration of stakeholder interests. What is needed is nothing short of clear legal duties for the consideration of stakeholders including social and environmental considerations, expressed in a single national act such as the *Corporations Act*. Some evidence of the inadequacy of alternative mechanisms such as voluntary measures are described below. Apart from what is written below, it is obvious that the alternative mechanisms (such as we have now) are inadequate because we continue to have examples of corporations disregarding the interests of stakeholders. Recent examples include James Hardie ignoring the interests of ex-employees and the broader community and Gunns Ltd suing activists and NGO's who they could easily have engaged with and learnt from.

A common argument is that business leaders promote voluntary mechanisms to avoid regulation, and they like the voluntary system as they can choose whether or not to comply. Freedman and

Patten (2004) conclude that if concern about the environment is important then environmental disclosure under the voluntary regime is inadequate. Gray (1994, p. 13) found that no business complied with the prevailing voluntary guidelines for social and environmental reporting, 'even those who were involved in their proposal!' Gray, Owens and Adams (1996, p. 40) found that despite their abundance, voluntary guidelines do not have a 'lasting or substantive influence on reporting practices'. With a poor record for complying with the voluntary guidelines, it is not surprising that there have been calls for more government regulation.

Some academics argue that for social and environmental reporting to serve the interests of the marginalised or disadvantaged sections of our community, or simply to be meaningful, it *must* be regulated (for example Gray, Owen and Adams, 1996, p. 40; Gray, Kouhy and Lavers, 1995, p. 55; Arnold, 1990, p. 180; Fayers, 2005, p. viii). Gray, Kouhy and Lavers (1995, p. 47) consider that the inclusion of social reporting in legislation equivalent to Australia's *Corporations Act 2001* would increase the chances that it is practiced systematically and would achieve universal recognition and definition. User groups, environmental lobby groups and accountants have expressed a preference for 'general mandatory environmental reporting (Deegan and Rankin, 1997; 1999; Tilt, 1994; Deegan *et al*, 1995; Frost and English, forthcoming, p. 2). The same arguments could be applied to the need for regulation to mandate the consideration of non shareholder interests.

#### **f) The appropriateness of reporting requirements associated with these issues.**

As discussed in the preceding term of reference, the current voluntary reporting regime produces low quality reports which arguably do more damage than good. By allowing business to decide what they will and will not report, they can exclude all bad news and use the report to persuade stakeholders of their value to society rather than truly inform them about whether they have fulfilled their (legal and moral) duties. They can choose the manner in which they report, whether it is qualitative, quantitative, meaningful or full of meaningless, highly biased feel good stories, and the means by which it is available. The only mandatory reporting requirement in Australia is s. 299(1)(f) *Corporations Act* which is an unsatisfactory provision that has not improved social and environmental reporting in Australia.

Another problem with the current social and environmental reporting by corporations is the association 'good' reporting has with actual social and environmental reporting. For example a company may win an award or accreditation for a good quality social and environmental report,

and the company somehow gets promoted as a good social and environmental performer (for example inclusion in social investment portfolios). In fact good reporters are generally the worst performers. Deegan and Rankin (1995) found that after a major environmental incident the offending company would report make more social and environmental disclosures than before the incident, but that the additional disclosures rarely mentioned the incident and the disclosures invariably included good news rather than an honest account of their performance. It has also been shown that the industries with the worst impact on the environment such as mining and manufacturing, make the most social and environmental disclosures. Adams (2004) recently found that the chemical company she case studied excluded the large proportion of negative impacts it made over a number of reporting years. This was found by comparing reports from non-company sources with the disclosures by the company itself.

Rationales for such findings include that companies try to use 'positive' reporting to distract attention away from the poor performance, or to compensate for poor performance or to improve their reputation. This is not what advocates of social and environmental accounting would want the reports to be used for. Social and environmental reports have the potential to help discharge the accountability I have argued business owes society. The increased responsibility being assumed by business leads to the expectation that they should be accountable for the fulfillment of their responsibilities. Like all citizens they must respect the environment and minimize their social impact. The social and environmental reports can help society assess whether business has sufficiently fulfilled their responsibilities. The reports can also educate and inform people about the actual impact businesses are having on the earth, the atmosphere and people's lives. In this way they can make better choices about which companies they would like to work for, purchase from or buy shares in.

Research indicates that such potentials are unlikely to be reached under the current regulatory regime. Regulation and enforcement are necessary to improve the quality, production and acceptance of social and environmental reports.

The most appropriate reporting requirement to achieve accountability, is one which mandates disclosure about the responsibilities of the business. If my proposal is accepted, and social and environmental duties are clearly enunciated in the *Corporations Act*, an appropriate reporting requirement would be to publicly disclose whether or not these responsibilities have been fulfilled.

Part of my research included summarising the social and environmental reporting of the four sample companies, to assess whether they were reporting on social and environmental issues for which they did have legal responsibilities. If the company did not disclose on one of the 84 GRI indicators, despite being bound by a legal duty in that regard, I considered that company was not accountable for that issue. The four companies varied between 7% (BHP Billiton) of their disclosures falling into this 'not accountable' category, up to 26% (Gunns Ltd). The results are summarised in pie graphs and provided in Appendix 2.

Finally, I would like to make a note about Triple-Bottom-Line reporting, as it forms part of the title of this inquiry. This method of social and environmental reporting has become very popular since its creator Elkington first proposed the idea. It has its merits, including its wide spread use and understandability. It must be remembered however, that there are many other forms of social and environmental accounting that a business may use, and some may be more suitable for certain industries, regions or business size. Different reporting methods also help achieve different outcomes or help make different decisions. Others include the ecological footprint, valuation of externalities (Matthews, 1994) sustainable development reporting (Lamberton, 2000); sustainable cost calculation (Bebbington and Gray, 2001) and full cost (environmental) accounting (Herbohn, 2005).

## **Conclusion**

This submission has argued that greater corporate accountability is needed in Australia, to improve our current way of life, and economic system. It was found that businesses do not currently take the interests of stakeholders into account, and it was argued that they should do. Reasons were provided including the overarching need to become more sustainable. Not only was it believed to be essential to consider the interests of stakeholders, it was argued that corporations should be accountable to them as well.

The current legal framework was then outlined, and it was shown that despite having various duties for the environment and society, these duties were disjointed and unclear. Of particular concern is the way these social and environmental laws interact with the explicit duties of director's, found in the *Corporations Act* and the common law. Moreover it was found from my research, that directors and companies accept duties beyond those specified in the law, that is, moral duties. It was concluded, and emphasised, that a clear expression of the duties of corporations and their

directors for social and environmental matters would clarify rather than complicate or extend their current position.

Explicit regulation, ideally in a single piece of legislation was necessary to make directors consider the interests of stakeholders, and be accountable to them. That is, alternative mechanisms such as voluntary measures are inadequate to achieve these aims.

My submission closed with a comment on the potential for social and environmental reports. Unfortunately the present standard of social and environmental reports is very low, and the reports amount to little more than 'green washing', public relations or marketing exercises designed to improve the company's image rather than to genuinely discharge accountability. The content needed in social and environmental reports to achieve accountability was then mentioned.

To conclude, it seems that the 'profits by any means' business approach has been accepted as legitimate for too long. Sectors of society and individuals are starting to question this *modus operandi*, arguing that success means more than generating an artificially constructed profit figure. Generally however, businesses continue to be judged in terms of their financial success alone, even if this was achieved by environmentally unsound practices or by damaging society. An explicit duty on directors and corporations to consider how their operations will impact society is needed as *a minimum* to curb the damaging practices undertaken in the name of making a profit.

## Annexure 1

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Given that accountability is 'a notoriously imprecise term' (Mulgan, 2000, p. 87) and a 'contested concept' (Lehman, 2005, p. 14), it is not surprising that several definitions exist. Barton (2005, p. 145) sees accountability as an obligation to answer for one's decisions and actions to citizens in return for their delegation of decision making authority. Mulgan (2000, p. 87) believes it refers 'to certain obligations that arise within a relationship of responsibility, where one person or body is responsible to another for the performance of particular services'. He considers the obligations to be, first, to account for the performance of their duties and, second, to accept sanctions or redirection. Australia's auditor-general has described 'traditional accountability' as 'the direct relationship of authority by which one party accounts to a person or body for the performance of tasks or functions conferred, or able to be conferred, by that person or body' (Barrett, 2003).

These definitions have been provided in the context of the public sector, with most of these authors believing that the concept of accountability is not transferable from the public sector to the private. Barton (2005, p. 143-4) for example, believes that 'the accountability responsibilities of governments far exceed those of business corporations.... the accountability of business corporations is primarily limited to their financial performance as a *quid pro quo* for incorporation'.

The idea that government, or the public sector, should be accountable to citizens seems to be uncontested. In this submission I argued that the factors which make us accept that governments should be accountable for their actions, also exist in corporations, and thus corporations have an obligation to be accountable to their stakeholders, including society and the environment.

## Appendix 1:

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In 2002, the Global Reporting Initiative (GRI) released economic, social and environmental indicators. I used only the 84 social and environmental indicators in my research. These include both the core and additional indicators. I have listed them below, as well as examples of a disclosure by one of the four companies included in my sample. The acronym DR means discrete report, that is the disclosure comes from a stand alone report on the company's social and environmental performance. AR means annual report.

### Materials

EN1. Total materials use by type (not water)

Provide definitions used for types of materials. Report in tonnes, kilograms, or volume.

From p. 69 of BHP's DR:

This year, we have introduced the reporting of consumables used on a Company-wide basis. Because of the diversity of our operations, only consumables of significant quantities were reported. These include acids (800 110 tonnes), caustic soda (459 200 tonnes), explosives (498 360 tonnes), purchased gas other than natural gas (47 400 tonnes) and 230 000 tonnes of other materials (lime, stone dust, magnetite and others).

EN2. Percentage of waste materials used from external sources (recycling)

Refers to both post-consumer recycled material and waste from industrial sources. Report in tonnes, kilograms, or volume.

Westpac DR p68

Unit	2003	2002	2001
Paper consumption tonnes	5,230	5,500	7,000
Paper consumption t/person	0.25	0.29	0.32
Recycled paper tonnes	2,900	1,100	1,000
Copying paper sheets/person	9,300	12,000	11,400

### Energy

EN3. Direct energy use in Joules – segmented by primary source

Report on all energy sources used by the reporting organization for its own operations as well as for the production and delivery of energy products (e.g., electricity or heat) to other organisations.

From p36 Westpac DR

Within the period, we have seen an increase in our electricity consumption from 112,300 MWh to 117,400 MWh.

EN4. Indirect energy use in Joules (purchased)



Report on all energy used to produce and deliver energy products purchased by the reporting organisation (e.g., electricity or heat).

### **Additional Energy Indicators**

EN17. Initiatives to use renewable energy sources and to increase energy efficiency.  
Westpac reported on a range of such initiatives on p. 35

Westpac is uniquely positioned as the only Australian bank actively involved in the trading of Renewable Energy Certificates (RECs). Our involvement sends important pricing signals to the market that encourage the development of renewable energy sources.... In an Australian banking first, in September 2003 we announced a unique environmental deal to assist in the development of a remote wind power project at Mawson Station in the Antarctic.... Westpac's involvement in this project follows another recent announcement regarding the provision of project finance to fund the 52.5 MW Challicum Hills Wind Farm near Ararat in Victoria, developed by renewable energy company Pacific Hydro. Overall, we will also continue to actively seek out opportunities in other new environmental and emissions trading markets within our region, such as the NSW Greenhouse Gas Abatement Scheme.

EN18. Energy consumption footprint (i.e., annualized lifetime energy requirements) of major products. Report in joules.

EN19. Other indirect (upstream/downstream) energy use and implications, such as organisational travel, product lifecycle management, and use of energy-intensive materials.  
From Westpac DR p37

Within the year, we were pleased to see emissions arising from our car fleet reduce from 6,400 tonnes to 3,600 tonnes of greenhouse gas emissions.

### **Water**

EN5. Total water use  
From the Boral DR, p. 19

In our Australian building products businesses alone, we estimate we used 989 megalitres of water in 2003/04 which included around 5% sourced from recycled water. This water consumption consisted of 515 megalitres of water in the production of roof tiles, masonry products and bricks in Australia, 316 megalitres in our Australian plasterboard operations and 158 megalitres in our timber business.

### **Additional water indicators**

EN20. Water sources and related ecosystems/habitats significantly affected by use of water. Include Ramsar-listed wetlands and the overall contribution to resulting environmental trends.  
Gunns reported on this indicator on page 21 of their DR

This indicator monitors adverse impacts on water quality in order to ensure the protection of soil and water resources. Water tests were undertaken across Gunns Managed Forests as required. No results exceeded national or state limits.

EN21. Annual withdrawals of ground and surface water as a percent of annual renewable quantity of water available from the sources. Breakdown by region.

EN22. Total recycling and reuse of water.

Include wastewater and other used water (e.g., cooling water).

Boral notes this issue as one to improve for future reports (DR p. 16) and provides the following information in the form of a table, as well estimating that 5% of their water usage was from recycled sources (DR p. 17):

**FIGURE 19 Reused or recycled production waste in Boral's Australian Building Products operations**

Product type	2002/03		2003/04	
	Amount of Boral waste recycled (tonnes)	As a % of Boral waste produced	Amount of Boral waste recycled (tonnes)	As a % of Boral waste produced
Bricks	30,128	93.5%	39,453	83.2%
Roof tiles	1,858	14.8%	6,740	44.0%
Masonry Products	23,650	65.7%	33,422	79.1%
Timber	430,033	95.5%	509,000	95.6%
Plasterboard	11,792	100.0%	12,214	100.0%
Total Building Products	497,461	91.6%	600,829	92.5%

BHP provide this information in the form of graphs. The information on one such graph from DR p. 66 is:

Fresh and recycled water use 2003/04

Fresh 47%

Recycled 53%

### Biodiversity

EN6. Location and size of related land in biodiversity-rich habitats

Further guidance on biodiversity-rich habitats may be found at [www.globalreporting.org](http://www.globalreporting.org) (forthcoming). Unavailable as at 20 August 2005.

From Gunns DR, p13:

Figure 3 shows the percentage of reserve for each biological diversity value on Gunns Permanent Estate. These figure show that of the 35,023ha of conservation reserves on Gunns Permanent Estate, soil and water values (53%) and flora and fauna values (20% and 17% respectively) make up a majority of the reserved area.

Figure 3 shows the percentage of reserve for each biological diversity value on Gunns Permanent Estate. These figure show that of the 35,023ha of conservation reserves on Gunns Permanent Estate, soil and water values (53%) and flora and fauna values (20% and 17% respectively) make up a majority of the reserved area.

EN7. Description on major impacts on biodiversity: associated with activities and/or products and services in terrestrial, freshwater, and marine environments.

From p. 63 BHP DR:

Our spending on biodiversity initiatives amounted to US\$1.3 million, including contributions to the Waterways Conservation Program (platypus research and waterways conservation) conducted with Zoos Victoria, Australia; the Revive our Wetlands program conducted with Conservation Volunteers Australia; research projects investigating flora development and fauna return in disturbed areas at Worsley in Australia; and research on the habitat of the Andean Flamingo at Escondida in Chile.

**Additional Biodiversity Indicators**

EN23. Total amount of land owned, leased, or managed for production activities or extractive use.

2 Gunns provide details in the form of tables and graphs. An exert from one such table, p. 6, is provided below:

**Non-Production Forestry Areas**

Reserve Areas	North East	North West	South East	Total Ha	% Total Ha
Cultural Heritage	126	345	9	480	0.3%
Flora	1,760	4,014	1,183	6,956	3.9%
Fauna	2,087	3,697	87	5,872	3.3%
Landscape	587	478	179	1,244	0.7%
Soil / Water	4,477	13,477	792	18,747	10.5%
Geomorphology	206	43	87	336	0.2%
Social	57	1,327	6	1,390	0.8%
<b>Total Reserves</b>	<b>9,300</b>	<b>23,380</b>	<b>2,344</b>	<b>35,023</b>	<b>19.7%</b>

On page 7, a pie chart is used to explain the amount of land used for production activities. The figures from this chart are set out below.

**Figure 1: Gunns Limited Permanent Estate Land Classification as at 30th June 2004. Gunns Permanent Estate Area 178, 041 Ha.**

- Reserve Areas 20%
- Infrastructure 3%
- Areas Unavailable For Wood Productio (sic) 14%
- Areas Awaiting Classification 1%
- Production Forestry Areas 63%

EN24. Amount of impermeable surface as a percentage of land purchased or leased.

EN25. Impacts of activities and operations on protected and sensitive areas. (e.g., IUCN protected area categories 1–4, world heritage sites, and biosphere reserves).

The following exert from BHP DR p. 63 is an example of this indicator as well as additional indicator EN29:

Eight sites reported operating adjacent to areas designated as protected areas by government authorities or national legislation. These sites include the Coermotibo operations at Billiton Maatschappij Suriname (Wane Reserve, Suriname), Cerro Colorado (Lagunillas Lagoon, Chile) and Minerva (Port Campbell National Park, Australia).

Thirty-nine sites reported having specific activities related to biodiversity conservation. For example, biomonitoring of aquatic biota in the Olifants River Catchment at Douglas (South Africa) and re-establishment of Natterjack toads on Talacre Dunes at Liverpool Bay (United Kingdom).

EN26. Changes to natural habitats resulting from activities and operations and percentage of habitat protected or restored. Identify type of habitat affected and its status.

EN27. Objectives, programmes, and targets for protecting and restoring native ecosystems and species in degraded areas.

Gunns Ltd AR, p. 78,

Gunns has placed approximately 20% (35,000 ha) of its freehold estate under reservation for the preservation of a range of natural and cultural values.

Westpac DR, p. 37,

In partnership with Landcare Australia, our staff-volunteering program, Operation Backyard, provides funding for the restoration of Australia's unique biodiversity through habitat restoration projects....We are also working with Landcare Australia to raise awareness of the benefits of sustainable farming through sponsorship of the Landcare Farming campaign.

EN28. Number of IUCN Red List species with habitats in areas affected by operations.

EN29. Business units currently operating or planning operations in or around protected or sensitive areas. (see example after EN25)

### **Emissions, effluents and waste**

EN8. Greenhouse gas emissions

(CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>). Report separate subtotals for each gas in tonnes and in tonnes of CO<sub>2</sub> equivalent for the following:

- direct emissions from sources owned or controlled by the reporting entity
- indirect emissions from imported electricity heat or steam

See WRI-WBCSD Greenhouse Gas Protocol.

Figure 21 & 22 Boral DR p. 19

From Gunns DR p 22

With figures supplied by Australian Greenhouse Office (AGO) Gunns then calculate the total biomass able to trap carbon and report this in terms of the total incremental increase. Gunns contribution to the carbon cycle is a nett increase of 654 tonnes of carbon biomass.

Westpac provides descriptive and tabular information. Below is an excerpt from their statistical information on p. 68. This disclosure also relates to GRI's EN19, EN 34 and EN3.

Equivalent tonnes of CO2 emissions.

Emissions source	2003	2002	2001
Energy	127,200	119,200	126,500
Car fleet	3,600	6,400	4,200
Paper	6,400	12,400	16,700
Total	137,200	138,000	147,400

EN9. Use/emissions of ozone depleting substances (CFC-11 equivalents)

Report each figure separately in accordance with Montreal Protocol Annexes A, B, C, and E in tonnes of CFC-11 equivalents (ozone-depleting potential).

From BHP DR p. 72

The amount of ozone-depleting substances discharged or leaked to air increased from 160 kilograms chlorofluorocarbons (CFC) equivalent in the previous reporting period to 353 kilograms CFC equivalent. Fluoride emissions from our aluminium smelters decreased from 909 tonnes in the previous reporting period to 900 tonnes, as shown in the graph below.

EN10. Other significant air emissions by type (e.g. NO<sub>x</sub>, SO<sub>x</sub>)

Include emissions of substances regulated under:

- local laws and regulations
- Stockholm POPs Convention (Annex A, B, and C) – persistent organic pollutants
- Rotterdam Convention on Prior Informed Consent (PIC)
- Helsinki, Sofia, and Geneva Protocols to the Convention on Long-Range Trans-boundary Air Pollution

From BHP DR p. 72

The graph below shows that emissions of oxides of sulphur (SO<sub>x</sub>) to air decreased from 50 020 tonnes in the previous reporting period to 48 230 tonnes.... Oxides of nitrogen (NO<sub>x</sub>) emissions are produced by the combustion of fuels that potentially can have an adverse impact on the environment. NO<sub>x</sub> emissions increased from 49 640 tonnes in the previous reporting period to 54 590 tonnes, as shown in the graph below.

EN11. Total amount of waste by type and method of treatment

"Destination" refers to the method by which waste is treated, including composting, reuse, recycling, recovery, incineration, or landfilling. Explain type of classification method and estimation method.

BHP disclosed a lot of information for this indicator in their DR on p. 68-69, as well as in other sections. Much of this information was in the form of tables, graphs and charts. The following is a small excerpt from a narrative section of this information on p. 68.

Our operations generated 173 940 tonnes of general waste in the reporting period, of which 28 per cent was recycled/reused/composted and 72 per cent was disposed to landfill; only 460 tonnes was incinerated. The graph below shows the general waste disposal methods.

EN12. Significant discharges to water by type

See GRI Water Protocol.

From p. 69 BHP DR

The amount of wastewater and effluent discharge by the CSGs is presented in the graph below and in the Environmental data summary. The total amount of wastewater and effluent discharged to various end points was 83 630 megalitres.

EN13. Significant spills of chemicals/oils/fuels in number and volume

Significance is defined in terms of both the size of the spill and impact on the surrounding environment.

From p. 61 BHP DR

Accidental discharges of hydrocarbons to land and water that may impact the environment increased from 104 595 litres to 129 230 litres. The increase was mostly due to spill incidents that occurred at Jimblebar (Australia) and EKATI (Canada). A pipeline leakage, ruptured hydraulic hoses, and spills from haul trucks while refuelling were the most common causes of these accidental discharges.

#### **Additional emissions, effluents and waste indicators**

EN30. Other relevant indirect greenhouse gas emissions.

(CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>). Refers to emissions that are a consequence of the activities of the reporting entity, but occur from sources owned or controlled by another entity. Report in tonnes of gas and tonnes of CO<sub>2</sub> equivalent. See WRI-WBCSD Greenhouse Gas Protocol.

EN31. All production, transport, import, or export of any waste deemed "hazardous" under the terms of the Basel Convention Annex I, II, III, and VIII.

BHP provided disclosures relating to hazardous waste on pages 68-69 of their DR. An excerpt of this disclosure is:

We categorise hazardous waste into waste oil and other hazardous waste, which includes chemical waste, spent pot linings and hazardous baghouse dust. Of the waste oil disposed, the majority was either burned as fuel for energy recovery on site or sent for recycle/reuse/burning off site.

EN32. Water sources and related ecosystems/habitats significantly affected by discharges of water and runoff. Include Ramsar-listed wetlands and the overall contribution to resulting environmental trends. See GRI Water Protocol.

### **Additional Suppliers Indicators**

EN33. Performance of suppliers relative to environmental components of programmes and procedures described in response to Governance Structure and Management Systems section (Section 3.16).

Boral DR p21:

As part of the Boral Sustainability Self Diagnostic Tool we assess sustainability performance in the area of supply chain and outsourcing for each Boral business.

Westpac DR p52

We assign weightings to the social, ethical and environmental performance of our suppliers within the sourcing process. We set minimum standards where appropriate and will simultaneously work with our suppliers to improve mutual performance. We also use Global Reporting Initiative (GRI) indicators where applicable as the basis for monitoring those performance issues we raise with suppliers.

The footnote on the last page (82) of Westpac's Social Impact Report states

This document is printed on Tudor RP which is produced from 100% recycled waste and Australian made. The mill has achieved environmental accreditation under ISO 14001.

### **Products and services**

EN14. Significant environmental impacts of principal products.

Describe and quantify where relevant.

DR BHP p. 50

[W]e set a Company-wide target that life cycle assessments (LCA) be prepared for all major minerals products by 30 June 2004. During the reporting period, in line with this target, LCAs were completed for copper, nickel, iron ore, aluminium, metallurgical coal, manganese and thermal coal. The LCA studies were conducted through research institutes and academia and in conjunction with commodity and industry associations.

EN15. Percent of the weight of products sold that is reclaimable (at the end of the products' useful life) and actual reclaimed

"Reclaimable" refers to either the recycling or reuse of the product materials or components.

DR BHP p. 50

While the physical and chemical nature of metals ensures their infinite recyclability, we are working with commodity organisations to address life-cycle and product-stewardship considerations.

### **Compliance**

EN16. Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties, and national, sub-national, regional, and local regulations associated with environmental issues. Explain in terms of countries of operation.

**From Boral's DR p16**

During the year, Boral incurred total environmental penalties of \$12,000 in Australia and US\$31,231 in the USA. The Australian penalties relate to eight NSW Penalty Infringement Notices issued for breaching EPA Licence conditions (4), tracking of sand and soil or sediment off properties (2), a concrete spill by a lorry owner driver (1) and dust emissions (1).

On p. 15 of Gunns AR, the director's report includes the following assertion

The Directors are not aware of any material breaches of environmental regulations during the period covered by this report.

Yet on p. 9 of their DR they explain

In June 2004, Gunns reported to the Forest Practices Board an incident on a Gunns controlled harvesting operation where a section of boundary buffer zone on Gunns land in the NW Region was harvested in contravention of the Forest Practices Plan for the area. An investigation by the Forest Practices Board later determined that Gunns had caused an offence under the Forest Practices Act by failing to adequately mark the buffer zone. A prescribed fine of \$5000 was paid by Gunns in accordance with Section 47(B) of the Act. as an alternative to prosecution. The harvested area will be regenerated to native forest and retained as a future native forest reserve.

#### **Additional Transport Indicators**

EN34. Significant environmental impacts of transportation used for logistical purposes.

#### **Additional Overall Indicators**

EN35. Total environmental expenditures by type. Explain definitions used for types of expenditures.

From BHP DR p. 62

Environmental spending for the reporting period totalled US\$207 million, up from US\$134 million, up last year (this is thought to reflect better definition and data gathering efforts). Environmental spending by CSGs is presented in the table below, broken down into the expenditure categories of research and development, site rehabilitation, environmental monitoring and other environmental management costs such as baseline studies.

#### **Core social indicators**

##### **Labour: Employment**

LA1. Breakdown of workforce where possible, by region/country, status (employee/non-employee), employment type (full time/part time), and by employment contract (indefinite or permanent/fixed



term or temporary). Also identify workforce retained in conjunction with other employers (temporary agency workers or workers in co-employment relationships), segmented by region/country.  
Boral DR p4

Boral employs a total of 13,194 permanent employees in Australia, the USA and Asia compared with 12,620 employees a year earlier. Of Boral's 13,194 employees 88% are men and 12% are women. Figures 4, 5 and 6 illustrate the spread of employees by geography, division and occupation.

LA2. Net employment creation and average turnover segmented by country/region  
BHP provides the following information on p. 79 of their DR. Their report includes a graph but this is extracted in a narrative form below

A breakdown of employee numbers by region is presented in the graph below.

Regional geographic breakdown of total number of employees 2003/04

North America 8%; Europe (inc UK) 2%; South Africa 45%; Rest of world 1%; South America 16%; Australia and Asia 28%

Approximately 5 per cent of employees were engaged on a part time or casual basis.

The average turnover rate of employees who were engaged at operated sites and corporate offices was 6 per cent.

#### **Additional Labour: Employment Indicators**

LA12. Employee benefits beyond those legally mandated.  
(e.g., contributions to health care, disability, maternity, education, and retirement).

#### **Labour: Labour/management relations**

LA3. Percentage represented by (independent) trade unions or other bona fide employee representatives broken down geographically OR percentage of employees covered by collective bargaining agreements broken down by region/country.

Boral DR p6

At present, we estimate that approximately half of our total Australian workforce of around 9,500 employees are members of a trade union.....  
In the USA, approximately 15-20% of Boral's employees are members of a trade union.

LA4. Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organisation's operations (e.g., restructuring).

BHP DR p79

Employee relations arrangements at individual workplaces are required to respect local legislative requirements and other local standards and circumstances. During the year, 23 operations reported conducting employee surveys to better understand employees' needs and concerns.

### **Additional Labour: Labour/management relations Indicators**

LA13. Provision for formal worker representation in decision making or management, including corporate governance.

The Body Shop SIR made many references to the involvement of employees in decision making. In the introduction to their SIR they stated on p. 5:

The values of Honesty, Care and Respect have been identified – via an earlier employee consultation process - as key desirable attributes of our organisation.

Our Code of Conduct – developed by an employee consultation process as a result of early social audit findings - exists to ensure that all internal and external relationships respect these values.

### **Labour: Health and safety**

LA5. Practices on recording and notification of (occupational) accidents and diseases and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases.

From BHP DR p. 51

The requirement for reporting potential exposures above action levels but below occupational exposure limits has been established to give us an understanding of the potential for harm and enable us to establish proactive plans to mitigate exposures.

And following on p. 52

As the graph above illustrates, occupational illnesses continue to be recorded. During the year, 197 new cases of occupational illness were reported throughout the Company, a reduction from 226 last year, resulting in an overall reduction to date of 15 per cent against the baseline.

LA6. Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees.

BHP DR p. 24

Wherever we operate, HSEC aspects are addressed in our decision-making processes, alongside other business considerations. The HSEC Policy has been designed to support the principles contained in our Charter.

LA7. Standard Injury, lost day, and absentee rates and number of (work-related) fatalities (including subcontracted workers).

From Boral's DR p11

In February 2004, Boral Construction Materials Limited was found guilty of breaches of the NSW Occupational Health and Safety Act in relation to the death of an employee in 1999. Subsequently, on 21 July 2004, Boral Construction Materials was fined \$200,000 by the NSW Industrial

Commission. Tragically, the employee died from crush injuries when he was operating an asphalt roller.

LA8. Policies and programmes (for the workplace and beyond) HIV/AIDS  
From BHP DR p. 87:

HIV/AIDS is a significant issue for our businesses in South Africa and Mozambique. The Company for many years has promoted a proactive environment in our workplaces with respect to management of the disease. This has included conducting education programs, ensuring employees and dependants have appropriate access to medical care, and reducing hostel-type accommodation for employees, which is known to be a risk factor for the disease.

**Additional Labour: Health and safety Indicators**

LA14. Evidence of substantial compliance with the ILO *Guidelines for Occupational Health Management Systems*.

LA15. Description of formal agreements with trade unions or other bona fide employee representatives covering health and safety at work and proportion of the workforce covered by any such agreements.

**Labour: Training and education**

LA9. Hours of training per year per employee, by category of employee (e.g., senior management, middle management, professional, technical, administrative, production, and maintenance).

**Additional Labour: Training and education Indicators**

LA16. Description of programmes to support the continued employability of employees and to manage career endings.  
Westpac DR p59

Employees affected by the movements [of call centres] will be assisted with reskilling and new job opportunities, where possible, to transfer to other positions within Westpac.

LA17. Specific policies and programmes for skills management or for lifelong learning.

**Labour: Diversity and opportunity**

LA10. Description of equal opportunity policies and programmes as well as monitoring systems to ensure compliance and results of monitoring. Equal opportunity policies may address workplace harassment and affirmative action relative to historical patterns of discrimination. Westpac sets out the composition of women in management on p. 83 of their DR, and the following information on p82:

**MALE/FEMALE SALARY COMPARISONS**

Westpac pays equal pay for equal work. Differences in the average salary for male and female employees reflect the higher proportion of males in more senior roles within these grades.

Average salary	Male		Female	
	2003	2002	2003	2002
Management level				
Executive	\$288,964	\$323,640	\$303,260	\$321,688
Management	\$85,880	\$89,120	\$76,299	\$75,363
Non-management	\$39,444	\$37,645	\$36,592	\$34,896

LA11. Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity as culturally appropriate. Boral AR p32

The Board of Directors comprises six non-executive Directors (including the Chairman) and one executive Director, the Chief Executive Officer and Managing Director (CEO). The roles of Chairman and CEO are separate. The skills, experience and expertise of each Director is set out on page 31 of the Annual Review.

### Human rights: Strategy and management

HR1. Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results. State how policies relate to existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the ILO.

From p. 45 Westpac DR:

Westpac has formally signed or publicly declared support for the following instruments:

- UN Global Compact;
- OECD Guidelines for Multinational Enterprises;
- The United Nations Universal Declaration of Human Rights;
- The International Covenant on Civil and Political Rights;
- The International Covenant on Economic, Social and Cultural Rights;
- The United Nations Convention on the Rights of the Child;
- The ILO Declaration on Fundamental Principles and Rights at Work, 1998; and
- The ILO Tripartite Declaration Concerning Multinational Corporations and Social Policy.

We also support Just Business, the human rights framework developed for Australian companies by Amnesty International.

HR2. Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors.

From p. 27 BHP DR:

### **Standard 8. Business Conduct, Human Rights and Indigenous Affairs**

Intent: Activities and operations are conducted in an ethical manner that supports fundamental human rights, respects the traditional rights of indigenous peoples and values their cultural heritage.

HR3. Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and results of monitoring. "Human rights performance" refers to the aspects of human rights identified as reporting aspects in the GRI performance indicators.

From p. 76 DR BHP

During 2003, a Human Rights Self-Assessment Toolkit was developed and distributed to all Company sites to assist them in appraising their potential exposure to human rights issues. Use of the toolkit is consistent with the Company's target of ensuring there are no transgressions of the principles contained within the United Nations Universal Declaration of Human Rights.

### **Additional Human rights: Strategy and management Indicators**

HR8. Employee training on policies and practices concerning all aspects of human rights relevant to operations. Include type of training, number of employees trained, and average training duration.

### **Human rights: Policies, procedures and management systems**

#### **Non-discrimination**

HR4. Description of global policy and procedures/programmes preventing all forms of discrimination in operations, including monitoring systems and results of monitoring. Westpac discusses many issues of equal opportunity including retraining mature workers, equal pay for equal work, and addresses such issues as stereotyping. They introduce this last issue on p. 15

One of the most significant barriers to increasing the diversity of our workforce is stereotyping – from everyone – younger about older, older about younger.

#### **Freedom of Association and Collective Bargaining**

HR5. Description of freedom of association policy and extent to which this policy is universally applied independent of local laws, as well as description of procedures/programmes to address this issue.

Boral DR p6

We recognise the rights of our employees to choose union membership and collective representation.

### **Child labour**

HR6. Description of policy excluding child labour as defined by the ILO Convention 138 and extent to which this policy is visibly stated and applied, as well as description of procedures/ programmes to address this issue, including monitoring systems and results of monitoring.

The following section from p. 82 BHP DR relates to the next two indicators:

In line with our Policy commitment to the UN Universal Declaration of Human Rights, we exclude the use of child labour and prohibit the use of forced labour at our operations. All sites are required to report the age of their youngest worker and the corresponding minimum working age in their jurisdiction. Over the reporting period, the youngest employees were 16 years of age, working as apprentices/administrative trainees in our Australian operations.

### **Forced and compulsory labour**

HR7. Description of policy to prevent forced and compulsory labour and extent to which this policy is visibly stated and applied as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.

See ILO Convention No. 29, Article 2.

### **Additional Disciplinary Practices Indicators**

HR9. Description of appeal practices, including, but not limited to, human rights issues. Describe the representation and appeals process.

HR10. Description of non-retaliation policy and effective, confidential employee grievance system (including, but not limited to, its impact on human rights).

### **Additional Security Practices Indicators**

HR11. Human rights training for security personnel.

Include type of training, number of persons trained, and average training duration.

### **Additional Indigenous Rights Indicators**

HR12. Description of policies, guidelines, and procedures to address the needs of indigenous people. This includes indigenous people in the workforce and in communities where the organisation currently operates or intends to operate.

Boral DR p4-5

Boral has made a commitment to the employment of Aboriginal and Torres Strait Islander people. In April 2004, we signed a Memorandum of Understanding with the Department of Employment and Workplace Relations to formally participate in the Federal Government's indigenous training and employment programs. Since signing this agreement Boral has conducted a series of focus groups across all its operations nationally and has developed an indigenous employment strategy. Boral plans to recruit an indigenous employment co-ordinator to assist in recruiting more Aboriginal and Torres Strait Islanders.

Gunns DR p23

**Table 4: Number of sites on Gunns Limited Permanent Estate managed for aboriginal and cultural values**

Management Value	No. Sites Managed
Cultural Heritage	64
Aboriginal Heritage	516
TOTAL	580

Area reserved for Cultural and Indigenous Heritage 480 ha

HR13. Description of jointly managed community grievance mechanisms/authority.

HR14. Share of operating revenues from the area of operations that are redistributed to local communities.

From p. 77 of the BHP DR

The Company supports community initiatives in the locations where it operates. During 2004, our voluntary contributions to community programs totalled US\$46.5 million, comprising cash, in-kind support and management time. This amount equates to 1.3 per cent of pre-tax profit (three-year rolling average), which exceeds our target of 1 per cent.

### **Society: Policies, procedures and management systems**

#### **Community**

SO1. Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures/ programmes to address this issue, including monitoring systems and results of monitoring. Include explanation of procedures for identifying and engaging in dialogue with community stakeholders.

From BHP DR p. 19

Our businesses all operate programs to create medium to long-term benefits for the communities in which they operate. In 2002, the Company introduced a target to spend 1 per cent of pre-tax profits (on a rolling three-year average) on community programs. In each year since then, this target has been met. Company-wide guidelines provide a set of principles that facilitate a consistent approach to community development and support for community activities. Principles include valuing the knowledge and opinion that resides within communities and working with them to develop meaningful programs; investing in programs where our contribution can be leveraged through support from other bodies; and building local capacities so that community members are empowered to take control of their own development processes. Within this framework, each business operates its

own community programs to ensure we respond to local needs and concerns.

### **Additional Community Indicators**

SO4. Awards received relevant to social, ethical, and environmental performance.

From BHP DR p. 154

The table below [which is only partially provided] summarises the external recognition we have received at a Corporate level over the reporting period 2003/04. It should be noted that, in addition, many of our operations received recognition for excellence at a local or regional level.

Global Business Coalition on HIV/AIDS award – Business Excellence for Innovation

Association of Certified Chartered Accountants (Australia and New Zealand) award for Best Environment Report

Australasian Reporting Awards – Best Occupational Health and Safety Report.

The Company was also listed as a finalist in the Environment category.

Special Award for Impact on a Community in the Australian Prime Minister's 2003 Awards for Excellence in Community Business Partnerships

### **Bribery and Corruption**

SO2. Description of the policy, procedures/management systems, and compliance mechanisms for organisations and employees addressing bribery and corruption. Include a description of how the organisation meets the requirements of the OECD Convention on Combating Bribery.

From BHP DR p. 30

For issues related to fraud or bribery, the fraud hotline is contacted. Employees can escalate issues to the Global Ethics Panel. For further details, see Global Ethics Panel.

### **Political lobbying and contributions**

SO3. Description of policy, procedures/management systems, and compliance mechanisms for managing political lobbying and contributions.

From BHP DR p. 40

The Company maintains a position of impartiality with respect to party politics. Accordingly, we do not contribute funds to any political party, politician or candidate for public office in any country. We do, however, attend selected events such as political party conventions for the purpose of better understanding the implications of policy development on business operations.



### **Additional Political Contributions Indicators**

SO5. Amount of money paid to political parties and institutions whose prime function is to fund political parties or their candidates.

### **Additional Competition and Pricing Indicators**

SO6. Court decisions regarding cases pertaining to anti-trust and monopoly regulations.

SO7. Description of policy, procedures/management systems, and compliance mechanisms for preventing anti-competitive behaviour.

### **Product responsibility: Policies, procedures and management systems**

#### **Customer Health and Safety**

PR1. Description of policy for preserving customer health and safety during use of products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring. Explain rationale for any use of multiple standards in marketing and sales of products. In terms of financial products, Westpac provides on p. 27 of their DR

We provide a number of products for low income and vulnerable members of the community.

3 And further on p. 29

We are also involved in the No Interest Loans Scheme (NILS) in Tasmania. NILS provides interest-free loans between \$300 and \$1,000 to people who can't afford to buy personal or household goods. We make it more accessible for customers on a disability pension to transact in our branches by charging a reduced fee of \$0.65 (normally \$2.50) on excess staff assisted withdrawals.

#### **Additional Customer Health and Safety Indicators**

PR4. Number and type of instances of non-compliance with regulations concerning customer health and safety, including the penalties and fines assessed for these breaches.

PR5. Number of complaints upheld by regulatory or similar official bodies to oversee or regulate the health and safety of products and services.

PR6. Voluntary code compliance, product labels or awards with respect to social and/or environmental responsibility that the reporter is qualified to use or has received. Include explanation of the process and criteria involved.

#### **Product information and labelling**

PR2. Description of policy, procedures/management systems, and compliance mechanisms related to product information and labelling.

BHP DR p. 28

Through Management Standard 12 on Product Stewardship, we also cover the consumption end of our material life cycle. Material safety data

sheets (MSDSs) are available for our products, identifying potential health, safety and environmental aspects associated with their use. Please contact the Company if you would like a copy of an MSDS for any of our products.

**Additional Product information and labelling Indicators**

PR7. Number and type of instances of non-compliance with regulations concerning product information and labelling, including any penalties or fines assessed for these breaches.

PR8. Description of policy, procedures/management systems, and compliance mechanisms related to customer satisfaction, including results of surveys measuring customer satisfaction. Identify geographic areas covered by policy.

**Additional Advertising Indicators**

PR9. Description of policies, procedures/management systems, and compliance mechanisms for adherence to standards and voluntary codes related to advertising. Identify geographic areas covered by policy.

PR10. Number and types of breaches of advertising and marketing regulations.

**Respect for privacy**

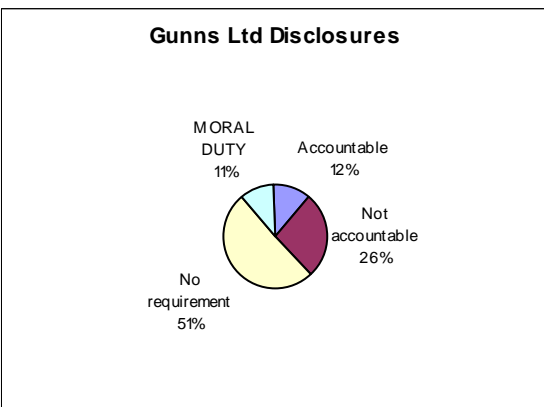
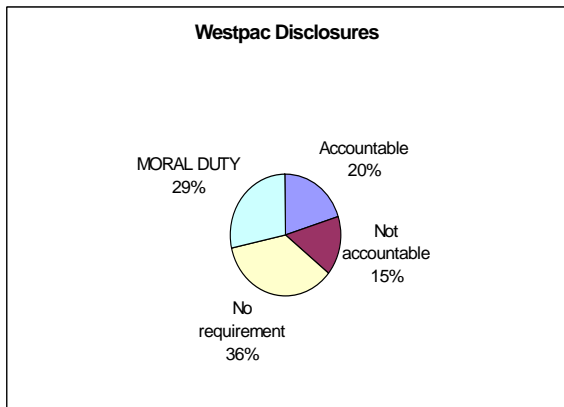
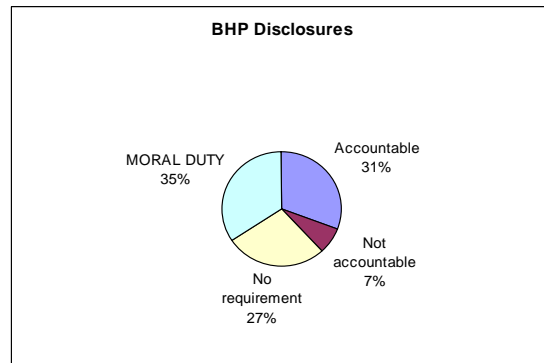
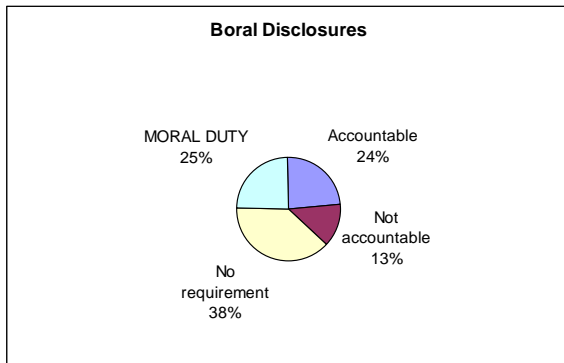
PR3. Description of policy, procedures/management systems, and compliance mechanisms for consumer privacy. Identify geographic areas covered by policy.

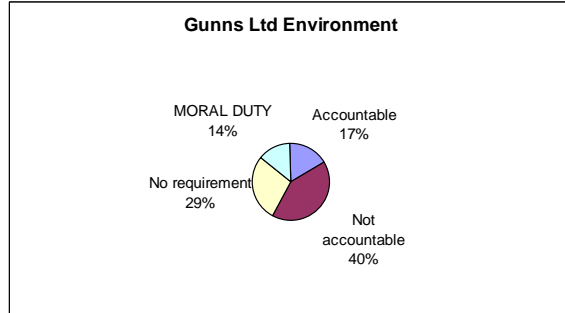
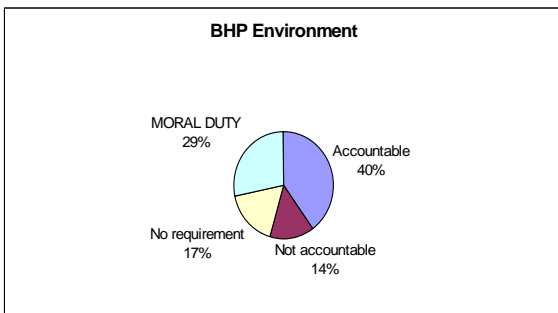
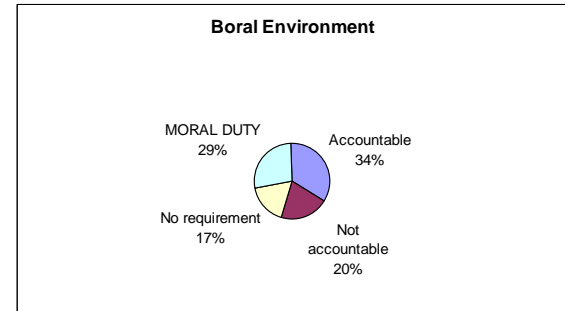
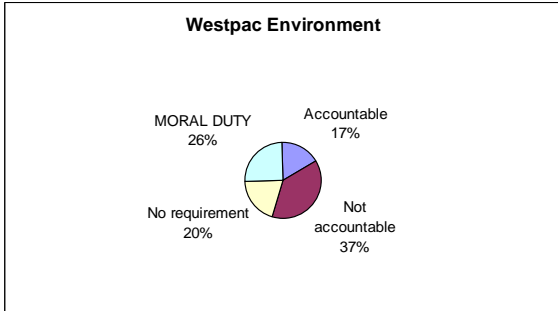
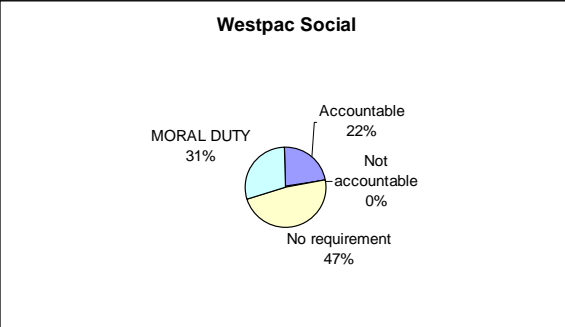
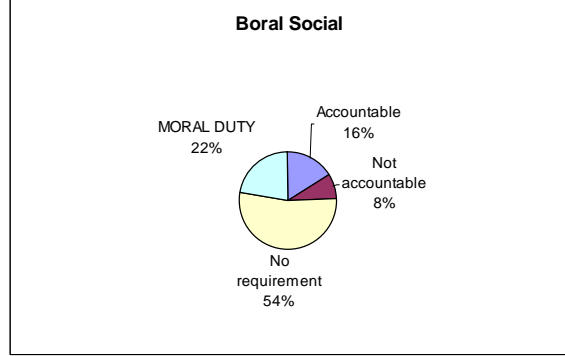
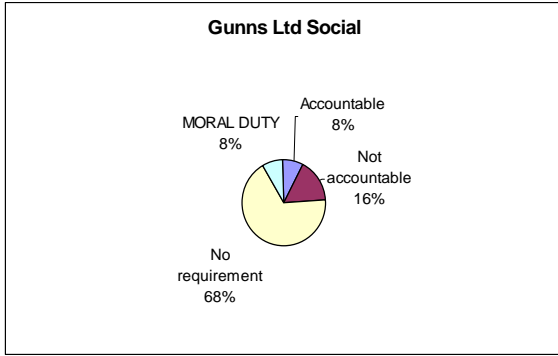
**Additional respect for privacy indicators**

PR11. Number of substantiated complaints regarding breaches of consumer privacy.

## Appendix 2:

The following are a summary of the total social and environmental disclosures made, assessed using the GRI indicators. They are followed by a breakdown of the social disclosures then the environmental disclosures alone.





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