

Main Survey Report on the CAPA Environmental Accounting/CSR Survey

October 2009

**Confederation of Asian and Pacific
Accountants**

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INTRODUCTION

1. Background and Objective

It is an established fact that the increasingly serious and complex environmental and social issues in today's world require the strict attention and concern of businesses and investment communities. Apart from the challenge this task poses, the opportunity exists for professional accountants to contribute to solving these issues through the promotion of environmental accounting and disclosure, as well as enhancing the credibility of such information. In this regard, the Confederation of Asian and Pacific Accountants (CAPA) established a temporary Task Force in June 2008 to conduct a Preliminary Survey on Environmental Accounting and Corporate Social Responsibility (EA/CSR).

The Preliminary Survey findings revealed that, in some countries, accountants have already begun EA/CSR activities. Member bodies' supporting activities are playing a key role in promoting these professional accountants' activities. In addition, the Professional Accountants in Business (PAIB) Committee of the IFAC announced its Sustainability Framework, a web-based tool focusing on the role of PAIB in these areas. Therefore, in order to complement the positive work of the IFAC and to promote further activities of the CAPA member bodies in supporting professional accountants, the CAPA Executive Committee resolved in November 2008, at its meeting in Jaipur, India, to conduct a further survey focusing on member bodies' activities in these areas.

The main objective of this survey is to collect extensive information on notable practices by the CAPA member bodies, in order to support activities of professional accountants concerning EA/CSR issues so that such information can be provided to member bodies. By doing so, it is expected to facilitate CAPA members' supporting activities.

2. Task Force Members

To conduct this survey, the CAPA has established a Task Force consisting of the following 10 members.

Table 1. List of Task Force members

Name	Country	Organization	Title
Mr. Bill Palmer	Australia	ICAA	General Manager, Standards and Public Affairs, ICAA
Mr. John Purcell	Australia	CPA Australia	Policy Advisor - Corporate Regulations Professional Standards, CPA Australia
Dr. Kamallesh Gosalia	Canada	CGA -Canada	Principal, CGA Canada
Mr. V. Murali	India	ICAI	Council Member, ICAI
Dr. Takeshi Mizuguchi *Chair	Japan	JICPA	Professor, Takasaki City University of Economics/ Vice Chair, Management Advisory Service Research Committee (MASRC), JICPA

Dr. Han-Hyun Rho	Korea	KICPA	Assistant Professor, Kookmin University, College of Business Administration
Dr. Hasnah Harun	Malaysia	MIA	Dean of Graduate School of Business, Universiti Sains Malaysia
Mr. Chris Neame	New Zealand	NZICA	Project Manager, NZICA
Ms. Maria Fatima Reyes	The Philippines	PICPA	Chair, Sustainability Reporting and Assurance, PICPA
Mr. Kenneth W. Witt	USA	AICPA	Technical Manager, Business, Industry & Government, AICPA

Acknowledgements

We are indebted to the CAPA member bodies that took part in this survey.

Recognizing the importance of the Preliminary Survey for this survey, we would like to express our gratitude to Mr. Brian Blood from CPA Australia, who supported this project as a co-chair of the temporary Task Force. Likewise, we are grateful for the support received from the other members of the temporary Task Force, namely:

Mr. Farrukh V. Junaidy from ICAP
Dr. Maliah Sulaiman from MIA
Mr. Gary Swift from NZICA

We would like to thank the Philippine Institute of Certified Public Accountants (PICPA) for offering a venue for the Task Force kick-off meeting as well as for their kind support.

3. Survey Outline

Questionnaires were sent to all 33 CAPA member bodies on March 31, 2009.

Responses were received from 21 member bodies (see Table 2). Some of the non-responding member bodies indicated that they could not respond to the survey at this time, but recognized the importance of EA/CSR issues and intended to contribute to this matter in the future.

Table2. List of responding member bodies

Category	Country	Member bodies
Full Member	Australia	The Institute of Chartered Accountants in Australia (ICAA)
		CPA Australia
	Bangladesh	The Institute of Chartered Accountants of Bangladesh (ICAB)
		The Institute of Cost and Management Accountants of Bangladesh (ICMAB)
	Canada	The Canadian Institute of Chartered Accountants (CICA)
		Certified General Accountants' Association of Canada (CGA-Canada)
China	The Chinese Institute of Certified Public Accountants (CICPA)	

	India	The Institute of Chartered Accountants of India (ICAI)
	Japan	The Japanese Institute of Certified Public Accountants (JICPA)
	Korea	The Korean Institute of Certified Public Accountants (KICPA)
	Malaysia	Malaysian Institute of Accountants (MIA)
	New Zealand	New Zealand Institute of Chartered Accountants (NZICA)
	Pakistan	The Institute of Chartered Accountants of Pakistan (ICAP)
		The Institute of Cost and Management Accountants of Pakistan (ICAMAP)
	The Philippines	Philippine Institute of Certified Public Accountants (PICPA)
	Samoa	Samoa Institutes of Accountants (SIA)
	US	The American Institute of Certified Public Accountants (AICPA)
Associate Member	UK	Association of Accounting Technicians (AAT)
Affiliate Member	Russia	Institute of Chartered Accountants of Samara Region, Russian Federation (Samara)
	UK	Institute of Chartered Accountants in England and Wales (ICAEW)
		The Association of Chartered Certified Accountants (ACCA)

4. Report Structure

This report intends to provide wide-ranging information on notable practices of CAPA member bodies. Considering the variety and nature of information given, this report does not indicate prescriptively what recommended activities should be implemented. Rather, this report is based on a descriptive approach that presents helpful examples.

Part I gives an overview about activities of CAPA member bodies, including trends and examples. These examples might provide helpful hints for those who wish to launch similar activities, as well as those who want to further promote existing activities. Part II refers to common challenges faced by many member bodies engaged in these activities. Part III shows the member bodies' future plans. Part IV presents notable activities of regulatory bodies, business associations and organizations other than member bodies. This part also provides information on the role of member bodies involved in such notable activities. Part V compiles major requests to CAPA from member bodies that chose to respond to the survey. The report's Appendix presents original questions to and answers from member bodies, for the purpose of presenting the detailed information.

Part I Notable Activities of the Member Bodies

1. Background

Nearly all of the responding member bodies explicitly acknowledged the importance of EA/CSR. For example, ICAI stresses that “[t]he Institute considers EA and CSR as areas of importance because of the impact EA and CSR have on society, and the significance of disclosures that should be made in this regard. The Institute believes that these areas are going to gain importance in the years ahead and corporations would become increasingly accountable for the impact of their businesses on the environment, and that the society would give cognizance for the contributions made by corporations to the society and for the preservation of the environment.” According to SIA “Environmental accounting plays a sufficient role in our Region. Taking into consideration that our Region is highly industrialized - the air pollution and the pollution of water are the basic problems.”

The increasing awareness of the general importance of EA/CSR is also acknowledged by those member bodies that came to recognize the importance of EA/CSR only recently. For instance, ICAB mentions that, “[i]n the past, our Institute has not been much involved with EA/CSR issues. But recently, the Institute through its representatives is participating in various EA/CSR related conference/events for interaction and creation of awareness.” Similarly, SIA states, “EA/CSR is not yet practiced in Samoa. However, it is an important area SIA will be looking into as we have some entities both government and private whose activities impact environment and socio-economic issues.”

Although there is a common recognition on the importance of EA/CSR issues as outlined above, the responding member bodies appear to have variant interests in terms of specific issues.

Some member bodies are rather focused on the environmental impact of their own activities. CGA-Canada, for instance, emphasizes that “[a]s a leading and progressive accounting body in Canada, CGA-Canada is an ardent supporter of best environmental practices.” Understood as an integral part of its Business Planning, AAT commits itself “to operate in a sustainable way with respect for the environment and to exceed the legal minimum requirements for corporate social responsibility.” AAT continues that “the most important issues [...] are to ensure [that] we use resources efficiently and as far as possible we seek to reuse, reduce and recycle [...].”

Other member bodies seem to form their views and commitments from different angles. NZICA highlighted its interest “in the possibilities that EA/CSR creates for members.” ICAA on the other hand understands “EA/CSR as a subset of a much broader issue around Broad Based Business Reporting.” On the role and benefits of EA/CSR, ICAA continues “that EA/CSR forms part of the broader strategic and risk management landscape, which organizations need to consider and report onto shareholders and other stakeholders. This will enable them to be better informed about the strategy of the organizations and monitor its performance against that strategy in determining how much capital they wish to allocate to that organization.”

Non-financial or sustainability reporting seems to be one of the issues that member bodies focus upon most keenly, while environmental accounting is only mentioned by some

member bodies. CPA Australia indicated a particular interest “in the medium of non-financial disclosures.” Hence, CPA Australia “has researched such issues as the characteristics of early adopters and the extent to which users value these disclosures and the purpose to which such information is put.”

There is also a specific interest in the internal information systems aspect of sustainability reporting and how such information is applied to uses other than external disclosure. PICPA mentions sustainability reporting as well as environmental accounting and states, “[b]oth are important today and in the future.” PICPA defines environmental accounting as “[a] methodology for enabling companies to identify, measure, and report all cost and expenses, as well as revenues and savings from environmental management activities.” Assurance related to this also seems to be an issue of high interest.

As for specific issues in the area of EA/CSR, climate change or global warming seems to be the issue mentioned most frequently by the member bodies. For example, ICAI maintains that “[t]he Institute is interested in issues like: energy conservation, greenhouse gases and global warming, sustainable development, re-forestation, judicious use of natural resources, recyclability of materials, preservation of the environment – air, water, flora and fauna. The Institute believes that the issue of global warming is the most important at present and would remain so till some control is achieved over the deteriorating conditions.” At CICA the “[c]urrent emphasis is on assisting in the development of standards for verification of greenhouse gases, and in providing guidance to companies in the strategic assessment of sustainability risks.”

The role of professional accountants in these areas is – though at a different degree – recognized by many member bodies. Some of the member bodies specifically emphasize the role of the professional accountant in decision making. As indicated by NZICA, chartered professional accountants “will have an increasingly important role in embedding EA/CSR into the decision-making processes of an entity.” Correspondingly, ICMAB states that, “[...] professional Accountants have a great role to play in the implementation of EA/CSR in the societies as they are serving in the decision making level of an organization.”

Other comments are more focused on the gathering and interpretation of data. For example, AAT suggests that “[...] professional accountant[s] and the accountancy and auditing professions have a pivotal role to play with regards to EA/CSR given their skill base which includes measuring, interpreting, forecasting and providing management with the information it needs to manage and deal with CSR.” Apart from the role of professional accountants, accounting institutes as such were also identified to play a key role. PICPA, for instance, understands its “[...] role as to promote awareness and expertise for environmental accounting and sustainability reporting and assurance for accountants whether they are in companies or are in independent practice.” Likewise, KICPA recognizes that “[t]here is a growing focus on environmental and sustainability issues among the government and businesses.” Thus, “KICPA plans to be committed to raising awareness of the importance of EA/CSR issues among its members and assisting them to contribute to addressing the issues and seize opportunities by performing a research project and offering educational program.”

2. *Organizational Structure*

The survey's findings regarding the current organizational structure of each accounting body in regards to EA/CSR are discussed in this section. The survey's inquiry into the "organizational structure" includes:

- Whether the member body has installed committee(s), task force(s), or other form of organizational units that address EA/CSR issues
- The role, size (number of members), frequency of meetings, activities, etc of the organizational units
- In the absence of an elaborate organizational structure, how the institute responds to inquiries regarding EA/CSR issues and who prepares such responses

Organizational structure for EA/CSR issues

The survey found that ten member bodies, i.e. nearly half of the respondents, set up internal organizational units to address EA/CSR issues, while two member bodies do not have such units in place, but rather a single person tasked with handling these issues. As for the remaining member bodies which installed neither extensive organizational units, nor persons in charge to address EA/CSR issues, it seems that there is a variety of already existing organizational units responding to relevant inquiries. This organizational variety becomes clear by answers provided such as "Professional Standard Department is responsible for the EA/CSR issues, and the Professional Technical Advisory Committee is responsible for responding to relevant consultation," and "any inquiries regarding EA/CSR related issues are channeled to the Professional Accountants in Business (PAIB) Department and the Communications Department" and "(EA/CSR inquiries) are responded by the Secretary."

Organizational units to address EA/CSR issues

There was great variation in terms of the issues, roles and members of the organizational units to address EA/CSR issues.

Issues

These organizational units deal with issues that range from overall sustainability and CSR issues to corporate reporting of EA/CSR and assurance on the reporting. Some member bodies set up internal organizational units with a focus on accounting, assurance and taxation issues that relate to the Emission Trading Scheme of GHG (greenhouse gas) emissions:

- ICAI has committees to deal with various aspects of setting accounting standards, as well as issuance of discussion papers and guidance notes on emerging accounting issues. The Accounting Standards Committee sets up special task forces to study, analyze, and discuss the accounting issues that arise from the generation, certification

- and sale of carbon credits
- CGA-Canada's Green Office Team (GO Team) demonstrates a unique case. The GO Team researches ways to improve office environmental practices, decrease environmental impact, increase awareness about environmental issues, promote environmental practices inside and outside the workplace, make recommendations based on research results, and implement appropriate measures

Roles

The roles of such organizational units are also diversified. Their competencies include tasks such as research, development of guidance or standards, response to international activities, advocacy, advice to management level and involvement in governmental policy works.

- PICPA's Sustainability Reporting and Assurance Committee intends to implement the following measures in 2009:
 - Adoption of the international standards for "greening events" initially in major PICPA activities
 - Development of resource persons/"experts" at the regional level to act as focal persons to push the plans of the national committee

Members

In many member bodies, the installed organizational units consist solely of member accountants. The numbers of the members per organizational unit range from 4 to 21, with the average being about ten members per organizational unit.

The answers provided by some organizations indicated that they seek to bring external experts into the discussion of EA/CSR issues. This may be the approach to explore the diversity in terms of knowledge and experiences of members to respond to the multi-disciplinary nature of EA/CSR issues. A number of methods used to this end are as follows:

- ICAEW's Corporate Responsibility Advisory Group consists of representatives from large international companies, investors, accounting firms and NGO's, among others
- ICAA's Broad Based Business Reporting Advisory Panel consists of four experts in the area of corporate reporting, two from the Big-Four firms and two from 'investor type' organizations
- NZICA's Sustainable Development Reporting Committee (SDRC) has ten members who are experts in the fields of industry, education, the public sector, and practice
- JICPA's committees dedicated to sustainability related issues, consist mostly of JICPA member CPAs, while some committees invite non-JICPA members (usually academic experts) to participate as advisors

Staff

Some member bodies have (a) person(s) in charge of EA/CSR issues.

- CPA Australia has one full time staff member devoted to researching the technical and policy aspects of EA/CSR. Additionally, CPA Australia has a full-time CSR manager dedicated to such matters as internal implementation of carbon footprint/emissions policy, preparation of the annual sustainability report, and ensuring that various training and education initiatives are appropriately themed with EA/CSR issues and materials.
- KICPA does not have any form of organizational unit to address EA/CSR issues but has appointed one of its research fellows to follow EA/CSR issues and carry out related responsibilities including the preparation of answers to this survey and the development of KICPA's business plans pertaining to EA/CSR

The wide variety of responses given does not only reflect the different priorities of EA/CSR issues for the profession, but also the different business models used by the member bodies. The future will show which approach is most promising.

3. Education

This section gives an overview of the current educational activities on EA/CSR undertaken by each member body. The member bodies are asked to comment on their educational activities for member accountants, as well as institute staff, the business community, students enrolled in professional educational programs and other students (e.g. university students). The following points were given the most emphasis in the questionnaire:

- Frequency of activities, methods, topics, educational material, number of participants, etc.
- Relevance to CPE (Continuing Professional Education) or CPD (Continuing Professional Development)
- Whether EA/CSR training is provided as part of licentiate (licensing) programs

The answers from bodies revealed the following trends:

- Most member bodies have undertaken some kind of educational activities with various approaches tailored to different target audiences
- The majority of the target audiences are member accountants. On the other hand, the educational opportunities for the institute's staff are relatively limited, although some pioneering approaches to address this group are evident

3.1. Education for Member Accountants

Most of the member bodies provide education for member accountants in a variety of ways

ranging from direct and indirect educational programs to publications and seminars as well as support for interest groups and scholarships.

Continuous Programs

Four member bodies responded that they provide EA/CSR related education as part of their continuous programs. The majority of member bodies attempts to incorporate sustainability issues into programs which cover broader and more comprehensive issues such as business reporting, management accounting and risk management.

- CPA Australia commented that in their professional education program, *“where appropriate each subject reflects and builds competence in EA/CSR issues. Hence these themes are reflected in subjects that deal with topics such as corporate governance, risk management, strategic management etc. and illustrates the view that CSR in particular is not a discrete topic, but rather an approach which permeates many facets of business.”*
- CGA-Canada offered a detailed response as to specific items pertaining to EA/CSR issues dealt with in the educational program for member accountants:

“In the CGA Program of Professional Studies EA/CSR are covered in the following courses.

Advanced Management Accounting covers issues detailing environmental cost reporting and

Intermediate Accounting: Liabilities and Equities cover Environmental Liabilities.”

- CGA-Canada also introduced its process to incorporate topics into the Program of Professional Studies:

“CGA-Canada has process of Practice Analysis which is a continuous cycle that is conducted to ensure that the competencies that must be demonstrated prior to certification as a CGA are contemporary and complete. The recent Practice Analysis results include several new competencies that relate to EA/CSR and will result in more material being incorporated into the CGA curriculum and assessment. Three of the competency statements relating to EA/CSR are listed below. The new competency

- 1. Evaluates the social costs and benefits of securing resources to meet the organization’s objectives (e.g. compliance with environmental legislation, environmental impact of business decisions, staff overtime requirements, opening of a new manufacturing facility),*
- 2. Contributes to the community at large (e.g., serves on boards, provides pro bono services, practices philanthropy, demonstrates social and environmental stewardship) and*
- 3. Evaluates and reports on the environmental impacts of business activities (e.g., compliance with environmental regulations and required accounting standards).”*

Online Programs

ICAA noted it covers Climate Change related topics not only in discussion group meetings,

but also through its online training portal. It was also noted that the online training is open to all, however, the discussion groups are generally restricted to members.

Publications

AICPA answered that its Journal of Accountancy has published, or is publishing, articles on:

- Corporate Sustainability Reporting – reporting and assurance issues
- Accounting for Sustainability – an overview article
- Accounting for Emissions – focused on accounting standards development

Seminars

JICPA answered that it has undertaken various kinds of educational seminars. Some of these seminars are offered exclusively to JICPA members while others are open to the business community and the general public. These seminars cover issues from basic knowledge on the environment/CSR to an overall picture of trends in Japan and the world, as well as more focused topics using case studies.

Support for Interest Group focused on Sustainability

In addition to Continuing Professional Development courses (CPD) which from time to time may contain EA/CSR content, NZICA answered that it supports Sustainability Special Interest Groups (SSIG), one of the Special Interest Groups (SIG's). These allow NZICA members to meet and discuss matters of mutual interest. Members of the SSIG attend monthly scheduled presentation events, via a multi-center video link. They also receive e-Newsletters, which provide a briefing on group activities and sustainability issues and opportunities to communicate with others as part of a national special interest group and get involved through contributing to projects aimed at creating sustainability-focused tools.

Scholarships

NZICA has an annual process through which all NZICA members, who are teaching at an Accredited Tertiary Education Institution, can apply for funding for the completion of a PhD thesis or research project. The PhD Scholarships and Research Grants Committee bestows the grants. From time to time, the PhD thesis or the research outputs contain elements of EA/CSR.

Many institutes answered that these education programs are incorporated in their CPE programs.

3.2. Education for Institute Staff

Few member bodies are currently working on education specifically targeting their staff.

Some member bodies, however, provide learning opportunities.

- One notable program was ICAA's Information Sessions which are provided as part of monthly staff update to inform staff on the initiatives for both the institute and the membership in EA/CSR.
- MIA also highlighted opportunities for its staff to be exposed to concepts of CSR at the National Accountants Conference / Regional Conference and in MIA Professional Development Centre courses.
- NZICA answered that its staff can attend CPD courses and SIG events. Furthermore, its staff are encouraged to undertake the research required to maintain currency with the relevant subject matter.

3.3. Education for the Business Community

Some member bodies set up education opportunities specifically geared toward their business communities. In many cases, business people were also allowed to attend the educational opportunities offered for member accountants. The survey showed that educational efforts with an exclusive focus on the business communities are rare. Also, the following two examples were not offered exclusively to the business community, but they can be helpful as a reference for member bodies that wish to start similar educational initiatives.

- ICAEW has produced a Business Sustainability e-learning program designed to give users a thorough view of business-oriented content and arguments with regard to corporate responsibility.
- The October edition of the Chartered Accountants Journal (The Journal) – a publication of NZICA – is reserved for an EA/CSR feature that is produced by the SDRC. However, throughout the year, other issues of the Journal may also contain EA/CSR related articles. The NZICA's library provides online access to a wide range of member and non-member resources.

Another form of education opportunity for the business community can be seen in workshops offered to the business community, in collaboration with other initiatives.

- ACCA runs a series of sustainability reporting workshops to help companies start preparing their own reports. For example, in Pakistan, ACCA along with the Small and Medium Enterprise Development Authority (SMEDA) has been conducting workshops on reporting corporate social responsibility initiatives for small and medium enterprise owner managers. The institute also reported other notable activities in Singapore and Malaysia.

3.4 Education for Students Enrolled in Professional Education Programs

Very few member bodies described specific examples of education for students enrolled in the Institute's professional education program.

- Samara answered that their educational and qualification examinations include subjects related to EA.
- The following case of CGA Canada does not provide education exclusively for students but can be helpful as reference for member bodies that might wish to start similar educational initiatives:

“CGA Canada offers Professional Development Network Website, The PD Net. The website is CGA Canada’s professional development source for CGAs, students in the CGA program of Professional Studies, other students, academics and the business community. CPD requirements comply with international CPD standards. Training in EA/CSR is available from many sources including PD Net.”

3.5 Education for Other Students

Also with regard to education for other students, the responses from member bodies showed that very few educational opportunities are offered by the member bodies.

- One approach taken to educate other students is to promote EA/CSR lectures as part of the accountancy curriculum. (PICPA and CICPA).
- Another approach reported by NZICA is unique and could be a useful reference for member bodies that might be interested in developing similar programs.

“NZICA through its Academic Board consults with relevant parties to identify the skills graduate accountants require. The Academic Board is responsible for setting NZICA’s academic policy. The academic policy is promulgated through the Statement of Learning Outcomes (SLO). The SLO represent a set of guiding principles that the Academic Board provides to tertiary institutions to assist in the development of the Universities study programme.

The SDRC has historically provided feedback to the Academic Board and supported the need for more sustainability content to be included in the SLO’s. Two members of the SDRC are leading academics in the area of sustainability accounting. The establishment of a link between Universities and NZICA through the SDRC has been an important factor in providing advocacy in this area.

To obtain provisional membership to NZICA university level students must complete a number of liberal (non-accounting) papers. These courses are selected by the student at their discretion. Students may choose to study electives that relate to EA/CSR.”

4. Research Reports

Member bodies have published various research reports related to EA/CSR issues. (Titles and details of the reports can be found in the annex.) This section introduces the overall

trend of approaches taken.

- Objectives, topics, development processes
- Impact on inside/outside the professional accountants' community

There are several methods of producing such research reports. Some reports were developed by the member bodies themselves, while some reports were co-developed and co-published through collaboration between the member body and other organizations, such as the government and the industries. Member bodies often retained the services of other organizations such as academic institutes, to conduct research; develop a report and have it published under the banner of the member body.

Topics of the research reports were also varied. The summary of the topics covered in those reports is shown in the categories of (1) Role of Professional Accountants, (2) Sustainability Reporting (3) Climate Change and (4) Other topics.

(1) Role of Professional Accountants

Three member bodies (CICPA, JICPA, ICAEW) have issued reports on the role of professional accountants on sustainability related issues. CPA Australia reported that it will also issue a report titled, "The Role of Accountants and Accounting in Improving Sustainability Management and Reporting" in 2009.

Table 3. List of Reports

CICPA	Corporate Social Responsibility and the Role of CPAs	
JICPA	The Role of CPAs in Tackling Environmental Issues	1995
ICAEW	Sustainability: the role of accountants	2004

(2) Sustainability Reporting

Six bodies have issued reports on sustainability reporting. The overall trend demonstrates that the focus of the reports has been moving from the mere idea, purpose and overview of sustainability reporting to the linkage with business, the relevant reporting and more practical issues, such as the research of Key Performance Indicators (KPIs).

Another trend of reporting is that issues related to "Sustainability Reporting" are covered in the research on more recent broad-type reporting. The notable example is ICAA's report "Broad Based Business Reporting, the Complete Reporting Tool" (2008). Coincidentally, the business implications of sustainability are discussed in three reports ICAEW issued in 2008 and 2009.

Table 4. List of reports on sustainability reporting

CGA Canada	Corporate sustainability reporting	2004
MIA	Corporate Social Reporting: Making Business Sense in Malaysia	2006
	Corporate Social Responsibility: Why Businesses Should Act Responsibly and be Accountable	2006
NZICA	Report of the Taskforce on Sustainable Development Reporting	2002
	Sustainable development reporting: An Idea Whose Time has Come (adapted from an IFAC/PAIB document of the same name)	2007
ICAEW	Beyond Accounting	2008
ACCA	Research in partnership with the Net Balance Foundation	
	Research reports for ACCA sustainability reporting awards	
	Sustainability: A Modern Myth	
ICAA	Broad Based Business Reporting, the Complete Reporting Tool	2008
	Enhancing Not-for-profit Annual and Financial Reporting	2009
JICPA	Survey on the Trends of Assurance Engagements on CSR Information in Europe and Other Foreign Countries	2009
	Key Performance Indicators related to Labor Practices of Japanese Companies	2009
	Proposals concerning non-financial CSR disclosures, with particular reference to KPIs relating to corporate value	2006
	Feasibility of Disclosure of Environmental Information as Investor Information	2005
	Concerning Our Basic Stance on CSR Management, Information Disclosure, and Assurance Engagements	2005
	Assurance Engagement for Environmental Reports: Current Circumstances and Issues	2002
CPA Australia	Sustainability Reporting: Practices, Performance and Potential	2005
	Sustainability Reporting: Perspectives on Regulatory and Professional Initiatives across the Asia Pacific	2005
	Valuing sustainability reporting: perspectives from the international investment community	2009

(3) Climate Change

The research reports on climate change have increased since 2007, a landmark year that was marked by the release of the influential IPCC 4th Assessment Report. These research reports can be categorized by these reports on assurance of GHG emissions, disclosure of climate change related issues, risk management or Carbon Tax and ETS related issues. This trend reflects the current status and whereby regulatory and/or economical schemes such as ETS and carbon tax have been implemented or planned. Financial implications of climate change and such schemes on business has become a matter of interest among managements and investors and it has become widely recognized that the importance of GHG information, and the reliability, have increased. While most of the reports focus on certain aspects of GHG emissions, ICMAB's "Reports on the damages caused by flood, cyclone etc.," are focused on the physical impact of climate change.

Table 5. List of reports on climate change

ICAA	Australia's Proposed Emissions Trading Scheme- The Tax Policy Dimension	2008
	The Benefits of Assuring Carbon Emission Disclosures	2008
JICPA	Recommendations on the disclosure of the climate change-related information in the regulatory filings	2009
	A Framework for the Disclosure to Investors of Information on Climate Change Risk - Present Situation and Future Directions	2008
	Issues in Verifying Carbon Dioxide Emissions (Exposure Draft)	2008
	Disclosure in Japan of Investor-Oriented Information Concerning Climate-Change Risk: Current Circumstances and Issues	2007
MIA	Managing Climate Change Risk	2009
	What we can do about Climate Change	2007
	What Have Accountants Got To Do With Climate Change	2007
ICMAB CPA Australia	Reports on the damages caused by flood, cyclone etc. Emissions Trading and Other Related Policy Initiatives	2008

(4) Other topics

Member bodies authored numerous reports on other issues. The categories of topics covered are as follows:

- Environmental Accounting (PICPA, JICPA, MIA and CPA Australia)
- Human well-being in corporations (MIA)
- Environmental Audit (CICPA, JICPA)

Table 6. List of reports on other issues

CICPA	Environmental Auditing of Listed Companies	
JICPA	Current Issues with Prospects for the Future Development of Environmental Accounting in Japan	2004
	International Research and Domestic Issues Concerning "Environmental Accounting within the Framework of Financial Accounting": Accounting for and Disclosing Environmental Costs and Liability	2001
	Basic Stance on Environmental Accounting: Towards the Construction of a Conceptual Framework for Environmental Accounting	1999
	Using Environmental Cost Data to Deliver Environmentally-Friendly Operations	1998
	Problems in the Conduct of Environmental Audits	1998
MIA	Value Creation ; Strategy for Sustainability (January 2009) Environmental Accounting Challenges and Issues (December 2008) Measure Up (September 2008)	
	CSR Through Environmental Protection (May 2007) Environmental Management Accounting: Towards a Sustainable Future	

	Soulful Stewardship: Steering Corporations through Human Governance	
	SME Survey Report	
PICPA	Environmental Accounting: Profiting from Cleaner Production	1999
ICAEW	Competitiveness and Sustainability	2008
	Tomorrow's Global Company	2009
	Sustainable Business	2008
CPA Australia	Trends in service providers and standards for the assurance of sustainability reports	Forthcoming Nov. 2009
	Water usage disclosures amongst large industrial companies	Forthcoming Dec. 2009
	Developments in non-standard forms of stakeholder engagement	Forthcoming early 2010

5. Guidelines/Standards

This section refers to participation in the development of guidelines/standards related to EA/CSR issues, or development of such guidelines/standards by member bodies. Specifically, questions on the following issues are asked:

- Role of institutes in developing guidelines or standards for EA/CSR
- The method of participation, whether in setting guidelines/standards with other organizations, or similar development done on their own
- Target audience(s), e.g. CFOs, management accountants, auditors/assurers, etc.
- Scope of the guidelines/standards, e.g. external reporting, business decision-making (investment appraisal or related), assurance, etc.
- Source of the guidelines/standards (e.g. locally developed or sourced from an international framework)
- Impact of the guidelines/standards inside/outside the professional accounting community

This survey revealed that many member bodies are responsible for several national as well as international activities related to the development of guidelines/standards. Approaches to develop such guidelines/standards are categorized as follows:

- Member bodies develop guidelines/standards on their own
- Member bodies participate in guidelines/standards developing activities organized by domestic organizations

5.1. Guidelines/Standards Developed by International Organizations

Names of international projects aimed at the development of international guidelines/standards are listed below, complemented by the names of the participating CAPA member bodies and the URL that provides detailed information on the project.

(1) IAASB project "Assurance Engagements on Carbon Emissions Information" (CICA,

JICPA, NZICA, ICAEW, ACCA, ICAA and CPA Australia)
<http://www.ifac.org/IAASB/ProjectHistory.php?ProjID=0081>

(2) IFAC – Environmental Management Accounting (JICPA, PICPA)
<http://www.ifac.org/MediaCenter/?q=node/view/117>

(3) IFAC – Sustainability Framework (NZICA, JICPA, PICPA, AICPA, ACCA)
<http://web.ifac.org/sustainability-framework/splash>

(4) Accounting for Sustainability Working Group (JICPA, AICPA, ICAEW, ACCA).

Additionally, ICAA and CPA Australia are members of the members of the Accounting Bodies Network.

<http://www.accountingforsustainability.org/home/>

(5) CDSB (CICA, JICPA, ICAEW, ACCA)
<http://www.cdproject.net/standards-board.asp>

(6) GRI Sustainability Reporting Guidelines (CPA Australia, CICA, PICPA, ACCA)
<http://www.globalreporting.org/Home>

(7) AA1000 (ACCA)
<http://www.accountability21.net/aa1000series>

(8) United Nations Global Compact (CPA Australia)
<http://www.unglobalcompact.org/>

5.2. Guidelines/Standards Developed by Other Domestic Organizations

Some member bodies have participated in guidelines/standards developing activities organized by domestic organizations. These activities are categorized as follows:

- Accounting standards developed by local accounting standards boards
- Reporting guidelines developed by national governments or other initiatives

There is substantial variation in the way that member bodies are involved in the development processes ranging from direct involvement, e.g. sending a staff or member to the committee, to indirect involvement, e.g. participating in consultation process.

Table 7. List of guidelines/standards developed by other domestic organizations

Member Bodies	Guidelines/Standards	Organizer	Way of involvement
CGA-Canada:	Accounting Standards or Guidance on Asset Retirement Obligations	Accounting Standards Board (AcSB)	Deputing staff to AcSB, responding to domestic and international discussion papers/exposure drafts and promoting research in this area
JICPA	Environmental Accounting Guidelines/Environmental Reporting Guidelines	Ministry of the Environment (MOE)	

	Guidelines/standards regarding accounting practices for emission trading	Accounting Standards Board of Japan (ASBJ)	JICPA is participating in the committee as an observer
AICPA	Enhanced business reporting of key strategic and performance indicators	Initiatives including the US-based Enhanced Business Reporting Consortium (EBRC) and the global World Intellectual Capital Initiative (WICI)	Joining and supporting those initiatives
ACCA	UK focused carbon reporting guidance	Department for Environment, Food and Rural Affairs (Defra)	ACCA is actively feeding into Defra carbon reporting guidance in preparation for the Climate Change Bill
ICAA and CPA Australia	The social responsibility of corporations Corporate responsibility: Managing risk and creating value	Australian Government – Corporations and Markets Advisory Committee Parliamentary Joint Committee on Corporations and Financial Services	In both instances, the Australian accounting bodies involvement was by way of preparation and presentations of detailed submissions

5.3. Guidelines/Standards Developed by the Institute

Although a variety of issues are covered in the guidelines and standards developed by each member body, most issues covered belong to one of the following categories:

- Environmental issues in accounting
- Environmental issues in auditing
- Sustainability or environmental reporting
- Assurance of sustainability reporting or GHG emissions
- Sustainability related issues in business and management

As for environmental issues in accounting, some accountancy bodies are engaged in the development of accounting standards or guidelines, whereas environmental issues are dealt within the context of those standards. The issues covered were Carbon Credit (ICAI) and Sustainable Forest Management Concession Arrangements (MIA). Those issues are not covered by IFRSs and those institutes may have put emphasis on the practical needs in each country.

The majority of the guidelines/standards are developed exclusively by each member body but some are developed in collaboration with other organizations, such as accountancy bodies from other jurisdictions and the government.

Table 8. List of guidelines/standards developed by institutes

Member Bodies	Titles of Guidelines/Standards, or Issues covered	Status	Approach
ICAA	Guidelines relating to Broad Based Business Reporting and enhancing not for profit reporting	Designed to encourage more transparency and accountability about strategy and accountability on its implementation	ICAA is involved in guidelines
ICAEW	“Environmental issues in annual financial reporting”	Forthcoming guidance to members on environmental accounting	Developed in partnership with the Environment Agency
MIA	Sustainable Forest Management Concession Arrangements	Financial Reports Standards Implementing Committee (FRSIC) project	Developed by FASRIC

AICPA	Guidelines on topics related risk management, financial and non-financial performance measurement and long-term value creation	Guidance for implementation of strategic initiatives within companies or for improved measurement and management of existing initiatives Targeted primarily to accountants in management at a CFO or FD level, with relevance for other members of the management team	Developed in collaboration with CIMA and CMA Canada
	Auditing Standards Board, Statement of Position (SOP); Attest Engagements on GHG Emissions Information	Provide performance and reporting guidance to practitioners on examinations of information about (a) greenhouse gas (GHG) emissions or (b) a GHG emission reduction	Not specifically noted
JICPA	Guidelines regarding assurance engagements for CSR reports	Not considered as formal guidelines but were to be used for reference materials in practices of relevant assurance engagements	In May 2007, "Report on CSR Information Assurance Research" was co-published by JICPA and MOE
ICAI	A discussion paper on Accounting for Carbon Credits	Provide guidance on the following points with regard to carbon credits; <ul style="list-style-type: none"> ▪ Recognition ▪ Timing ▪ Nature of asset classification ▪ Valuation <p>The guidelines would standardize the way the income is recorded and the asset recognized</p>	Not specifically noted
CPA Australia	Training materials on the rationale of the ETSs and the emergence of sustainability reporting		Not specifically noted
CPA Australia	Integration of Accounting with Product Life-Cycle Analysis for Sustainability-Based Decision Making	Theoretically based technical guideline accompanied by practical workshop type examples	Analysis of major international literature applied to aspects of the GRI indicator set

6. Awards

This section gives an overview of available award programs related to EA/CSR issues that are offered by member bodies. This overview includes details on:

- How the program is organized, nomination/selection processes, qualifications of evaluators or judges, scoring methods, any award giving ceremony etc.
- Number of evaluated/ awarded reports

Many member bodies offer or support awards for corporate reporting on CSR or sustainability. Also awards for activities not exclusively related to reporting were found, such as the corporate responsibility award or academic awards.

6.1. Reporting Awards

Some member bodies offer stand-alone award programs for sustainability reporting, while other member bodies choose to set sustainability-related categories as part of the overall selection criteria. The latter type of awards includes offering sustainability reporting awards as a part of their “Annual financial reporting award,” as well as award programs for stand-alone sustainability reports, and programs containing both stand-alone sustainability report and the sustainability-related part of the annual reports.

The following are examples of award programs:

(1) Stand-alone award program for sustainability reporting

ACCA’s ‘Global Sustainability Reporting Awards scheme’ initiated in 1991 is a notable example of this kind of award. The aims of these awards are:

- to give recognition to those organizations which report and disclose environmental, social or full sustainability information
- to encourage the uptake of environmental, social and sustainability reporting
- to raise awareness of corporate transparency issues

Each year a report summarizing the findings and reflections is authored by the judging panel. The report reviews the strengths of all reports that won an award and offers technical recommendations on how to further improve the standard of reporting in the UK.

ICMAB also noted that it has introduced an annual award system for sustainable reporting on CSR titled, ‘Best Performance Award.’ All judges of the selection committee are management accountants.

(2) Awards which recognize excellence in sustainability reporting as part of the corporate reporting award programs

Some institutes present separate awards focusing on sustainability to companies, within more comprehensive corporate reporting award programs. For instance, MIA offers ‘Corporate Social Responsibility Awards,’ as a part of the National Annual Corporate Report Awards. MIA noted that “[t]he Awards are presented to organizations in recognition of their commitment and efforts to operating in an economically, socially and environmentally sustainable manner whilst balancing the interest of diverse stakeholders through transparent practices based on ethical values and respect for employees, communities and the environment.”

Apart from the approach that selects an excellent case among the various reports, there is the PICPA approach, which issued one recognition to Manila Water for being the first company in the Philippines to publish a CSR/Sustainability Report. This pioneering corporation stands out as an admirable example in the realm of EA/CSR.

(3) Corporate reporting award programs which have sustainability related criteria

This approach incorporates the sustainability reporting aspect into the judging process of the corporate reporting award programs.

One of the examples is the CICA's Corporate Reporting Awards (CRA) which also has a separate judging category award for Excellence in Sustainable Development Reporting. Besides simply having a separate award focused on sustainability, CICA also sets sustainable development reporting as one of four categories reviewed to determine overall corporate reporting winners in the separate industry sectors.

The linkage between the research project initiated by a member body and the award program, is also found. ICAA noted that the Broad Based Business Reporting is being used as the theme for the Business Leader Awards Series 2009. It is anticipated that this may become an award within the series, in future years.

Most of the award programs are provided solely by the member bodies in each jurisdiction. In some cases, bodies sponsor award programs held by other organizations or delegate members to the nomination committee.

- CPA Australia noted that they are the major sponsor of the Australasian Reporting Awards which includes a major category for sustainability reporting along with awards covering related topics such as in the areas of governance disclosures.
- ACCA noted that the sustainability reporting awards are offered in partnership or sponsored by other entities, including CERES, KPMG, WWF and other, more local organizations in several of the countries.

6.2. Other Awards

Besides the award programs for sustainability reporting, this survey revealed that member bodies also offer or join other types of award related to EA/CSR.

One example is the case in which ICAEW involved itself in the National Business Awards, the UK's premier, cross-industry business awards program, by sponsoring the Corporate Responsibility award. This is an approach which does not focus on reporting, but rather on corporate management. Another example is the MIA's National Award for Management Accounting (NAfMA). NAfMA's main goal is to recognize and promote the use of optimal practices in management accounting and Corporate Social Responsibility.

NZICA introduced The Young Enterprise Scheme (YES); a unique award program since it does not award real companies or activities. Rather, YES is a learning experience for young people, teachers and business people. Senior secondary school students form a company, become directors, and then develop products and services, which they market and sell. YES is school-based and teaches skills in budgeting, planning, interpersonal relations, decision-making, reporting, communications, risk management and teamwork. The NZICA's SDRC contributes to the program by providing an annual sustainability award. The recipient of the award is the group that best demonstrates the application of EA/CSR concepts and reporting. NZICA noted that participation in YES is an important way to inspire future chartered accountants and introduce them to EA/CSR matters.

7. *Advocacy*

This section addresses advocacy or similar related public policy development activities that member bodies have conducted in relation to EA/CSR issues. Bodies are asked to address the kind of advocacy activities they are doing, and how they organize them, as well as to explain achievements and outcomes.

While some member bodies are active in advocacy, others may be relatively inactive. As for active member bodies, there are variations as to whom they work for, as well as which topics/issues they focus on, etc.

Issues

GHG (Greenhouse gases) related issues

Accounting, assurance and tax issues in relation to GHG emission are major issues for member bodies' advocacy activities.

ICAA noted that they actively advocate in relation to the assurance framework and assurance providers under Australian carbon emissions reporting and trading schemes, working with the Australian government department as well as other professional bodies and the Auditing and Assurance Standards Boards (locally, as well as with the international board) on the development of a framework for assurance of carbon emissions. They have also labored for the Australian tax regime to include specific measures that encourage investment in low carbon and carbon capture technology.

CPA Australia also referred to discussion of the accounting, assurance and taxation issues that relate to Australia's developing carbon reduction scheme.

Sustainability disclosure/reporting

Another prevalent issue the member bodies advocate for was sustainability disclosure. Some bodies focus on the more specific issues related to sustainability reporting. To cite one example, the JICPA has mentioned that they have been active in promoting disclosure of climate change information. The advocacy activities ranged widely among publication of research reports, participation in the Technical Working Group (TWG) of Climate Disclosure Standards Board (CDSB), issuance of "Recommendations on the Disclosure of the Climate Change-Related Information in the Regulatory Filings" and communication with legislators as well as regulatory bodies.

Assurance of environmental/sustainability information

Some member bodies commented on advocacy activities concerning assurance of environmental/sustainability information. PICPA noted activities for companies and accountants for both sustainability reporting and assurance in these areas.

Targeted Organizations

National governments

Member bodies reported that national governments were the most common focal points for advocacy efforts. This may in fact be due to national governments in some jurisdictions working more intensively on GHG regulatory frameworks, such as an ETS or Carbon Tax, as well as responsible investment and sustainability reporting. Some member bodies recognize the importance of governmental policy works on these issues as well as voluntary efforts by private parties. ICAEW noted that the head of sustainability sits on a Cabinet Office advisory board for measuring social return on investments.

Standard developing organization

NZICA reported their involvement in the development of accounting standards for emission trading schemes and management commentary frameworks by the IASB and assurance standards on GHG information by the IAASB.

International Organization

ICAEW noted that their head of sustainability sat as a member of the UN Global Compact/Rainforest Alliance Roundtable on Developing Guidance for Financial Reporting on Sustainability in the Agriculture and Forestry Sectors.

Pioneering initiative

Some bodies noted their active involvement in international initiatives concerning sustainability reporting, such as Climate Disclosure Standards Board (CDSB) and the Prince of Wales' Accounting for Sustainability Forum.

NGO

ICMAB noted that they are helping other institutes, human rights organizations etc, in an effort to form public policy in regards to CSR.

Approaches

Approaches to advocacy are diversified from the very proactive to more reactive. Examples of proactive approaches are leadership in international initiatives, recommendations to governments, and active involvement as members of initiatives. On the other hand, most of the bodies also use reactive approaches such as participation in initiatives and commenting on the consultation process.

8. *Conferences/Events*

In this section, conferences/events related to EA/CSR issues are covered. In addition to topics of conferences/events, the objectives, main participants and internal as well as external impact on the professional accountants' community are referenced.

A variety of topics were addressed. The following are categorical examples:

- Climate Change: risks and impacts of climate change, disclosure, emission trading, carbon credits business of climate change
- Sustainability, sustainable business, CSR and related activities
- Environmental accounting and management accounting

Events can take the form of anything from a small conference or seminar to a large symposium.

Some member bodies held events in conjunction with other organizations such as government agencies, NGOs and academic institutions. Others invite various external speakers to symposiums.

CPA Australia commented that they held a full day conference in early 2009 on climate change with speakers drawn from regulatory agencies, professional services and business practices. ICMAB also commented that conferences/events on various CSR activities are organized at regular intervals by the Institute. Expert authors and faculty members give lectures at such Institute-initiated conferences/events. The Institute's members, as well as outsiders, participate as well.

Another approach is to raise issues of sustainability at conferences held on a regular basis. MIA noted many climate change and CSR-related issues at their National Accounting Conference (NAC), and Regional Conference (RC). ICAI commented that a full session has been devoted to Environmental Accounting at its International Conference held this year between July 3-5. PICPA replied that they "always include a CSR related topic in our conventions."

9. *Other Activities*

This section covers activities by member bodies other than those referenced in sections 1 through 8.

One notable point was that some organizations are eagerly involved in environmental and/or social action programs.

ICAI commented;

"...to create awareness amongst the public at large, ICAI has decided to dedicate the month of July to the theme of 'Go Green' wherein various activities will be undertaken throughout the country by ICAI Head Office, Regional Offices and Branches to create awareness and activation drives such as plantation of saplings, Go Green Run, collaborating with local municipalities and traffic police for a pollution free

environment, advocating use of solar power or CFL bulbs and discouraging use of plastic bags amongst other initiatives. ICAI is organizing a 'Go Green Run' on 5th July 2009 at Agra, India coinciding with ICAI International Conference "Winds of Challenges – Global Strategies for Accounting Profession" scheduled to be held on 3rd-5th July 2009 at Agra."

MIA referred to several donations programs. Two of the programs are described as follows:

- MIA Blood Donation Drive
"The Institute had held a blood donation drive in collaboration with the National Blood Centre on 4 April 2009. The campaign was a success whereby 75 people volunteered for the blood donation."
- MIA Resource Centre activity
"In August 2008, MIA Resource Centre had donated some of its old books which were in good condition to members during this program. Members were informed on these activities through the MIA e-News and Updates. The responses from the members were extremely good where half of the books were taken even on the first day of the event. MIA RC had also put up for sale its past year seminar papers and accounting journals at RM2 and RM5 to members. Though it may be past issues, these journals and seminar notes are useful as they contain exceptional articles."

Part II Challenges Faced by the Member Bodies

The questionnaire posed a question about “Challenges/Obstacles/Difficulties” for each category (i.e. organizational structure, research reports, etc.). However, many of the responses received did not pertain to one category, but rather over several categories. Therefore, this chapter first describes the “common challenges,” and then goes to mention “category-specific challenges.”

“Common challenges” can be grouped as (a) challenges related to the nature of the topic (e.g. no single agreed-upon definition because of a wide range of issues, dynamic by nature with any emerging issues), (b) lack of clear regulation, (c) limited recognition concerning the role that CPA should play in this area, (d) necessity in educating the business community, the public as well as member accountants and (e) lack of human and other resources and time.

(a) Member bodies cited challenges in regard to the nature of the topic. For example, by CICPA *“Since EA/CSR covers a wide range of issues relating to economic, environmental and social matters, there is no one agreed definition of EA/CSR.”* “No one agreed definition” was mentioned also by other member bodies including NZICA, which stated, *“EA/CSR is dynamic by nature and constant research and reading is required to maintain currency with emerging trends and the latest research.”*

CGA-Canada expounded on this comment, *“There is an explosion of accounting research and literature on many emerging issues like EA/CSR. The main challenge is to assign proper weights to each competing topic while designing curriculum, CPD and training programs.”* ICAA also stated, *“Reporting of the information is very specific to the individual company and their strategy. This can make a training course difficult to design as there is no ‘one size fits all’ approach to this type of reporting.”*

(b) Many member bodies mentioned the lack of clear regulation. For example, NZICA stated *“We understand from our members that a lack of authoritative standards/guidelines means it is difficult [and costly] to provide assurance over non-financial information.”* This issue relates to awareness of member accountants as implied by the comments of CICA, *“It is hard to get people trained in this area until there is a clear market for it, which depends substantially on government regulation.”*

(c) Some member bodies mentioned the role that CPA should play in this area. For example, CICPA stated *“The role that CPA should play in this regard has not been generally recognized.”* Also, NZICA commented *“We get a sense that the public are not aware that the chartered accountant possess the skills to be effective in this space, or that accountants can work with non-financial data. There is a need to consider how the public can be educated and the perception of the chartered accountant changed.”*

(d) Many member bodies mentioned the necessity to educate the business community and the public as well as member accountants. For example, ICMAP noted that *“EA/CSR is still an infant discipline in developing countries. The main challenge is to create awareness among the professional accountants in Pakistan about the need for EA/CSR.”* KICPA stated, *“Most KICPA members are practicing members mainly working as auditors or tax representatives. Therefore, EA/CSR is not a high issue for KICPA members and most*

members have a significantly low level of understanding of EA/CSR.” CPA Australia stated, “If there is a challenge, it is around disseminating knowledge of the significance of CSR issues amongst parts of the membership who are ‘time poor.’ Additionally, there are challenges around translating technical and policy issues into practical tools for use by accountants.” ICAA stated “It is a challenge to convince businesses that CSR and environmental matters can give benefits to the organization and not just costs. Broad Based Business Reporting explains these benefits to business, including the potential for a lower cost of capital if the business clearly articulates its strategy and is shown to be accountable.”

(e) Many member bodies noted the lack of human and other resources and time, including;

Overall comment by CICPA, *“The main challenge is to find appropriate human and financial resources to undertake significant activities in this area.”*

Comments about lack of human resources were given by some member bodies including PICPA *“Lack of dedicated members who can intensify these types of programs”* and JICPA *“The number of CPAs who work on these issues is still limited.”*

Lack of time was mentioned, for example, by NZICA, *“In recent times, New Zealand chartered accountants have experienced significant changes to traditional service areas, (e.g. the introduction of IFRSs). Both chartered accountants in industry and chartered accountants in public practice have identified time as a limiting factor. Our observation is that our members do not have time to digest information, and engage in the debate. The feedback we have is that our members are looking for leadership and authoritative international material that they can apply immediately.”*

In addition to the “common challenges” noted above, some member bodies mentioned some “category-specific challenges” regarding Education, Guidelines/Standards, and Awards.

Concerning Education, one notable comment made by ICAEW was *“The ACA is already very full of content so we are having to think carefully about how to include sustainability effectively.”* Another comment in the same realm was made by NZICA; *“Many syllabuses are already at capacity. Adding EA/CSR content could mean dropping some subjects, or extending courses. EA/CSR must compete with a range of other emerging issues for space within existing syllabuses.”* NZICA also stated *“For real progress to occur, EA/CSR must be viewed as a mandatory component of the syllabus.”* ICAP stated, *“The recognition or mandatory application of CPE/CPD for students and members may face with resistance from members. However, the committee working on this subject intends to make a case out to the Council for compulsory application of CPE/CPD as well as coverage of this topic in the examinations.”*

As for Guidelines/Standards, some member bodies gave notable comments besides those mentioning “no one agreed definition of EA/CSR” and “lack of authoritative standards.” JICPA commented *“Quasi-assurance: Some CSR reports contain a statement issued by a third party, who is not performing assurance, and as such, it seems possible for the public to misunderstand its assurance statement.”* Also, NZICA stated *“The information we have suggests that the assurance space is filling with practitioners (from other disciplines) with*

limited or no audit experience. Unlike the chartered accountant, other practitioners may not be constrained by the need for standards or rigorous process. The value of assurance services in this area may become diminished as a consequence.” AICPA stated, “Measurement challenges and suitable criteria for providing assurance are primary challenges related to the reporting of sustainability information.” ACCA stated, “Conflict between ISAE 3000 and AA1000AS – accountant assurance providers use different technique to that of non accountant providers – inconsistent.”

Regarding Awards, NZICA cited two challenges; (1) Encouraging improved reporting quality, and (2) Increasing participation. For (1), it stated *“A lack of standards or best practice guidance means any awards program is not based on externally developed rigorous and consistent criteria. What is considered best practice is largely subjective.”* For (2), it stated *“One of the greatest challenges is encouraging more participation. In recent years, our award programs have consisted of the same core group of dedicated participants.”*

Part III Future Intentions of the Member Bodies

Comments showing intentions to continue their EA/CSR activities were often given by the member bodies that have already started some activities, while some of them also described new topics or specific plans they will work on in the future. There were also descriptions about future plans that have not progressed much further than the planning stage.

The most prevalent issues that member bodies raised in regards to future intentions were education, training and support for their member CPAs. This trend might be due to the increasing recognition among some member bodies of the importance of EA/CSR issues in accountants’ practices. For example, PICPA noted that they plan to *“reevaluate the structure for CSR and make it an agenda not only for the committee but for the whole association.”*

The following are the examples of intended activities:

- KICPA pointed out the necessity of raising awareness of EA/CSR.
- NZICA commented on their development of an *EA/CSR website resource whose target audience is chartered accountants ‘with no previous knowledge of EA/CSR.’*
- ICMAP commented that they *“would consider preparing its future plan for incorporating EA/CSR issues in the syllabus and also creating awareness through organizing seminars and lectures.”*
- CICA commented on *“a series of training programs using various media that respond to emerging regulation.”*
- CICPA wrote on their future intention of supporting *“researches and education on the environmental accounting, environmental auditing and corporate responsibility accounting, and develop a systematic set of cases which can be applied to CPE, in order to help the Chinese CPAs to conduct relevant practices.”* In addition, they commented that *“In the future, we may develop assurance guidelines on EA/CSR to provide guidelines for the practice of CPAs.”*

Some member bodies commented on the promotion of research into relevant issues.

ICMAP noted that *“EA/CSR issues are relatively out of scope of our research. We may consider taking up these issues appropriately in future, in any research project to be undertaken jointly with the industrial sector.”*

ICAEW commented *“We are funding through the Institute’s Centre for Business Performance 2 pieces of academic research. The first is on how accountants use sustainability information in organizations and the second is on accounting firms corporate responsibility activities.”*

Some institutes commented on their intention of promoting advocacy activities.

CPA Australia stated *“It is CPA Australia’s intention to remain highly active in this area. Commitment is shown through sponsorship of the Centre for Social and Environmental Accounting Research (CSEAR) conference to be held in Christchurch NZ in December 2009.”*

JICPA noted *“JICPA defines credible sustainability information as a priority area for FY 2009. JICPA will work to promote disclosure of non-financial information in regulatory filings in the future.”*

As one of the planned activities that intend to raise awareness of sustainability related issues among member accountants and advocacy works, MIA referred to the upcoming World Congress of Accountants which will be held in **Kuala Lumpur, Malaysia from November 8-11, 2010 at the Kuala Lumpur Convention Centre**. According to MIA’s comment, *“The theme for the congress, namely “Accountants: Sustaining Value Creation” is in harmony with the present and future trend of the global economy. The international accountancy profession, more than ever, needs to exert its leadership and expertise by creating value and upholding business integrity in both the private and public sectors to sustain long term growth.”*

Part IV Notable Practices of Regulatory Bodies/Business Associations, etc.

In this part, member bodies are asked to report on the activities of other bodies in their jurisdiction to the extent they are aware of, particularly in regards to practices of legislative and regulatory bodies and business associations that are specifically referred to in the questionnaire.

Responses from the member bodies entail only what they are aware of, therefore the responses given may not provide a whole picture of the situation in the respective countries. However, these answers provide plenty of useful information regarding the following:

- Background of activities related to EA/CSR of member bodies
- Global and local trends and pictures on EA/CSR, especially in relation to the role accountants are expected to play
- Potential to collaborate with such bodies

This part gives an overview of the trends and features of regulatory and industry responses to EA/CSR. Also, an introduction on notable practices of regulatory bodies and business associations, etc. is given.

(1) Activities of legislative/regulatory bodies

Many member bodies commented on how regulatory bodies respond to EA/CSR reporting. The responses indicated the trends which regulatory bodies in some jurisdictions are promoting sustainability related disclosures using different approaches.

One of the regulatory approaches taken is promoting voluntary reporting on EA/CSR. ICAA commented on the situation in Australia where there are currently no regulatory requirements for entities to report on EA/CSR or broad based business reporting. Presently, voluntary disclosure is preferred at this moment. However, it was also noted that if voluntary reporting did not increase, regulation might be considered. CPA Australia noted however that the Australian Government had granted funding to two independent bodies (the St. James Ethics Centre and the Responsible Investment Academy) directed at building competency and awareness of the value of non-financial sustainability based disclosures.

JICPA also commented that in Japan, EA/CSR information has been disclosed mainly through environmental/CSR reports that are voluntarily published. The Ministry of the Environment (MOE) and the Ministry of Economy, Trade and Industry (METI) have published guidelines for companies to account for or report on their environmental aspect since the 1990's.

Some member bodies referred to the regulatory response for companies' sustainability disclosure. CICA noted that the regulators have encouraged disclosure of long-term risk issues, including sustainability, in MD&A reports. AICPA referred to the fact that in March 2009, the National Association of Insurance Commissioners (NAIC) announced to introduce the world's first mandatory climate risk disclosure requirement whereby all insurance companies with annual premiums over \$500 million are required to disclose their financial risks from climate change and any response actions they may take until May 2010.

NZICA and JICPA indicated that the governments in both jurisdictions made or may make legislations which require certain types of public entities to report on EA/CSR information.

One of the other major issues member bodies noted was about GHG emission related issues.

KICPA noted the act the government has sought to enact the basics on low carbon green growth, is expected to impose reporting requirements for the amount of greenhouse gas emission and energy production. CICA also noted that the provinces have begun requiring disclosure and verification of emissions information.

As for the regulatory response in developing countries, the trend most noted was that the governments are promoting the comprehensive environmental policies. This trend includes the expansion of environmental and social responsibilities on the part of companies.

The Australian Commonwealth Department of Environment Heritage, Water and the Arts in 2009 launched a project "Living Sustainability - National Action Plan for Education for Sustainability." ICAA and CPA Australia are currently determining their involvement in the tertiary education and professional education components.

(2) Activities of business associations

The responses from member bodies indicated there are two types of organizations that are involved in works on the sustainability aspect of companies. One is the general and traditional business association and the other is the business association focusing on promoting CSR activities of companies.

The activities of business association range from corporate social sustainability research to the pioneering activities related to environmental and social issues.

Part V Recommendation to CAPA

Many bodies mentioned raising awareness and supporting activities of CAPA member bodies, for example:

ICAEW, *“We would expect CAPA to be raising awareness of sustainability issues amongst its members.”*

CICA, *“CAPA should attempt to encourage and assist its members in adopting and enhancing the development of best practices for Environmental Accounting and Corporate Social Responsibility in their jurisdictions.”*

ICAI, *“CAPA should directly or through its member bodies should take initiatives to create awareness about the importance of environmental accounting.”*

AICPA, *“The AICPA would recommend that CAPA continue to provide a forum for the exchange of ideas and activities, the development of models and frameworks, and the dissemination of information.”*

Samara, *“To declare that the EA issues should be included in the education/certification/licensing programs of each member.”*

Besides the above, there were comments stating, *“We note that CAPA members include both developing as well as developed nations. We feel that for developing nations, EA and CSR are not a high issue. There are more immediate issues for accounting bodies in these nations.”*

As for specific measures to support the CAPA members’ activities, member bodies made the following requests:

ICAP, *“We suggest that in house competencies may be provided. For instance, speakers having knowledge of the subject should be made available for members without their time costs.”*

SIA, *“Provide updates on initiatives and activities relating to EA/CSR and how they will impact the role of the accounting profession.”*

ICAB, *“To provide us with research/study materials; To send expert for holding seminars; To invite our Institute members for attending any conferences/events organized by CAPA.”*

There were suggestions concerning research projects, for example:

CGA-Canada, *“It is suggested that CAPA should explore the possibility of commissioning research projects related to EA/CSR issues. The possible area of interest could be: 1) Corporate Sustainability Indicators and their functions, 2) Comparative analysis of global best practices in CSR reporting, 3) Attributes of a model CSR Reporting, 4) Assurance on CSR Reporting, 5) Environmental accounting as a module of accounting for contingencies.”*

NZICA, *“We see a role for CAPA to encourage all CAPA members to develop an EA/CSR capability. We recommend that CAPA identify a practical and feasible set of benchmark activities that all CAPA members could undertake. For regional progress to occur it is important that all CAPA members contribute to the process.”*

Suggestions were also made concerning guidelines and standards, for instance:

ICAP, *“We suggest that CAPA should develop standardized procedures that should be performed by its member countries. This may prove helpful to make an appreciable progress in the development of EA/CSR.”*

CICPA, *“We suggest that CAPA should play an important role in the EA/CSR area, including 1) Clearly defining CPAs’ role in the assurance of EA/CSR, 2) Promoting the convergence of the definition of EA/CSR among the CAPA members, 3) Developing reporting guidelines of EA/CSR, 4) Developing assurance guidelines of EA/CSR.”*

ATT, *“Disseminate guidance and any standards of best practice that CAPA sign up to.”*

One member body mentioned a permanent committee as a new idea.

PICPA, *“Create a permanent committee to provide guidance and activities for the member institutes.”*

Another comment suggests CAPA to becoming a voice for the Asian Pacific region.

NZICA, *“The CAPA Main Survey project has confirmed both in principle, and through action, that CAPA has the capability to gather regional views, regarding matters of mutual interest. NZICA encourages CAPA to become a voice for the region for EA/CSR matters, and to become a visible reference point for authoritative international groups.”*

Some member bodies made comments about cooperation with other international organization, for example:

KICPA, *“KICPA hopes to see the stronger communication and cooperation between CAPA and other international organizations involved in EA/CSR. We hope that IFAC will do the same.”*

ICAA, *“We also note that there are existing IFAC initiatives in relation to CSR and we advise against CAPA duplicating their efforts in this area. A common problem in this area is that many organizations are working on independent projects and this results in duplicated efforts and a lack of global consistency.”*

AICPA, *“The AICPA acknowledges that the recent development of the IFAC Sustainability Framework was specifically considered in the design of this project. We would encourage CAPA to continue to monitor international developments and strive to contribute to global consistency and avoid duplication of efforts.”*

Concerning the next CAPA event, there was a request to make it a green event.

PICPA, *“PLEASE WORK TO HAVE THE NEXT CAPA EVENT a GREEN EVENT. Refer to the Greening Events paper from CERES.”*