

CAPA Environmental Accounting & Corporate Social Responsibility Project

At a forum in Beijing on 31 October 2009, the Confederation of Asian & Pacific Accountants (CAPA) released its report on Environmental Accounting & Corporate Social Responsibility activities occurring in the professional accounting bodies in the Asia Pacific region.

"This was a significant task and CAPA is grateful for the assistance of the Japanese Institute of Certified Public Accountants over the last year" commented Brian Blood, Chief Executive of CAPA. "Interest in the subject was extremely strong across the region, and CAPA wished to accumulate activity information which could be distilled and shared with member bodies. Knowledge sharing is a key role undertaken by CAPA. It assists member bodies to consider their own activities and activities of others, with an opportunity for continual enhancement and development of the profession".

Dr. Takeshi Mizuguchi, Professor of Takasaki City University of Economics, who led the project, noted that professional accounting organisations recognise the impact of business activities on society. "As a result, climate change, followed by the use of non-financial and sustainability reporting appear to be the main areas of focus" he says.

Whilst interest and urgency is high, the accounting organisations face some challenges. A key challenge is the lack of clear regulation in most jurisdictions which leads to a lack of clarity in roles, responsibilities, resources and approach. The big challenge is "what to do in the absence of a regulatory framework" comments Dr. Mizuguchi.

The breadth and depth of activities undertaken was very diverse. "This likely reflects the differences in priority of issues in local, social or economic systems of countries, and resources of accounting organisations" comments Dr Mizuguchi. "For example, in many countries, climate change is recognised as a priority issue, but the specific responses from accounting organisations are very diverse, ranging across accounting, taxation, disclosure and assurance aspects. This will likely be a reflection of differences in the situation of the countries where the professional organisations operate."

Blood noted that in a structural sense "some organisations have established very specific oversight committees or managerial resources. These are well placed to focus on matters ranging from research, education, guidelines or standards, to advocacy and influence in policy setting."

Many professional accounting organisations provide education for their members. This may include specific continuing professional education programs, online programs, seminars, publications or focused interest groups.

Research is another key activity, with many organisations publishing research reports on issues such as sustainability reporting, climate change, environmental accounting and audit. Some research was co-developed with other government or industry based organisations, and occasionally involved working with or outsourcing research to the academic community

Dr. Mizuguchi was keen to point out that "in an effort to raise awareness of related issues, many member bodies supported or offered award programs centered around corporate reporting on corporate social responsibility or sustainability." Awards were also noted for academic achievements.

However, it was activity in terms of advocacy that was both the most interesting and challenging. A number of the organisations were very involved in both domestic and international projects aimed at the development of guidelines or standards. Issues associated with disclosure, reporting and assurance were popular areas of focus and member bodies were taking leadership positions and

making recommendations to governments, legislators and regulators. Blood recommends “accounting organisations should engage in the debate and if possible get involved in the development of the regulatory frameworks.”

Conferences or similar events were also staged across a wide range of subject matter.

Activities were not only limited to those pertinent to their members and the business community at large. The survey found that the accounting organisations themselves were also often taking the lead in practicing leading corporate social responsibility activities. This ranged from staff education programs and the implementation of responsible business practices to comprehensive annual corporate social responsibility reporting.

Dr Mizuguchi commented that “this is a wide and complex topic, requiring deep understanding and focus.” The report points out that there is no single agreed-upon definition of “corporate social responsibility” as it covers a wide range of issues that are dynamic in nature. It would appear that clarity in regulatory frameworks, both domestically and globally will be a trigger to accelerate further activities and for professional accounting organisations to establish clear strategies and directions in the development of standards, education programs and member services.

To emphasise the importance of this subject to the accounting profession, Blood pointed to the recommendation made by the global professional accounting body, the International Federation of Accountants, to the G20 prior to a recent leader’s summit in 2009. “One of the eight recommendations to the G20 was for them to support the development of new tools and metrics to achieve global sustainability.”

There is no doubt this is currently a hot topic for the profession and the accounting bodies are establishing structures and programs to deal with it. This report will no doubt encourage professional accounting organisations to review their own activities and consider how to continually improve on how they are organised, how they educate and how they participate.

The full report can be found at <http://capa.tmsasia.com/article.cfm?id=328>

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*CAPA is the Regional Organisation representing 32 professional accounting organisations across the Asia-Pacific region. Visit the CAPA website at www.capa.com.my

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