

Accounting for climate change: CSR mechanism or CSR appropriation?

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### Abstract

Climate change is regarded by many as the most significant social and environmental challenge the Earth currently faces. The effects of climate change are well-documented and the number of critics of human-made climate change is reducing. For business, climate change is both a curse and a blessing. Many businesses are aware that their stakeholders are themselves forced to address climate change and therefore demanding action from business; others are using climate change as a competitive advantage or a means to enter new markets.

This paper addresses the disclosure aspects of climate change – i.e. the ways in which businesses make themselves accountable for their behaviour with respect to climate change. The accountancy profession has been slow to develop mechanisms for accounting for climate change but are keen to see standards of accounting and reporting. Reports such as that compiled by the Association of Chartered Certified Accountants (the ACCA) show the extent to which companies are voluntarily disclosing the facts on climate change. This paper analyses the trends in such reporting to assess whether it is meaningful and transparent and asks whether stakeholders are able to hold companies accountable for their climate change activities through the reporting mechanisms.

Key words: disclosure, csr reporting, climate change, accountability, stakeholders, risk

Accounting for climate change: CSR mechanism or CSR appropriation?INTRODUCTION

Climate change is now widely recognised as a major environmental challenge both globally and locally. International treaties such as Kyoto and the follow-up talks at Bali have focused governments' minds on action; local actions such as suggested by the Transition Towns movement have attempted to provide ways of moving into a more climate-friendly, non-fossil fuel future. Business, too, is appearing to take on board the message that climate change needs a response – and one that can be seen as exposing the business to more risk or to greater opportunities. There are a range of management options for business to respond to the effects of climate change on its activities and some companies have demonstrated their pro-activeness by declaring a commitment to tackling climate change in their strategic plans – BSKyB recently declared its carbon-neutrality and outlines its plans to remain so ([www.icaew.com/corporateresponsibility](http://www.icaew.com/corporateresponsibility)). In contrast, a poll by Accenture found that 9 out of 10 of the top 500 companies in Japan, Germany the UK, the US, India and China rate climate change as relatively unimportant to their business. Furthermore, there are signs that the foreseen economic recession may cause the climate change response by business to falter further as a response to the issue is seen as a cost rather than a necessity (CSEAR, 2008). So, how does business see climate change? And how are we as stakeholders informed about the ways in which business is responding? This paper attempts to assess this by investigating the mechanisms for disclosure of climate change by companies and by examining whether these mechanisms allow companies to be accountable to stakeholders. It does this by exploring the studies of climate change reporting recently published which themselves pull together a large volume of information and in their own ways analyse this to provide an indication of where climate change disclosure is at present and where it may be heading. The paper then analyses the findings in these reports to provide further insights into the reporting processes and attempts to assess whether current practice is sufficient to allow stakeholders to understand and respond to climate change activities in business.

CLIMATE CHANGE

The Kyoto Protocol regulates greenhouse gas emissions by assessing the emissions of the following gases:

- Carbon dioxide
- Methane
- Nitrous oxide
- Hydrofluorocarbons
- Perfluorocarbons
- Sulphur hexafluoride (Henderson, 2005)

Often climate change discussions focus on carbon dioxide which is the largest contributor in terms of volume to climate change but in fact the least potent in terms of effect (IPPC, 2001). Hence to examine climate change impacts it is often more useful to look at carbon dioxide equivalents which reflect the global warming potential of each

of the contributors. This is expressed as CO<sub>2</sub>-e, and if used gives a full picture of a company's contribution to climate change. As we shall see, however, it is not always clear whether such a measure is being applied or whether the discussion relates to CO<sub>2</sub> alone.

To put climate change in context, the Henderson report states that 480 million tonnes of CO<sub>2</sub>-e was emitted by the UK 100 largest companies in 2003/4, which represented about 1.6% of global total (the UK by comparison emitting 2.2% of global totals). Taking this further, the products sold by five UK oil and mining companies account for more than 10% of world emissions. The sectors of oil and gas, electricity, steel and leisure (representing 29% by market value) accounted for 86% of direct emissions (Henderson, 2005). Shell, BP, Scottish Power, Corus and BHP Billiton account for 67% of these emissions. Hence carbon management in these global businesses is likely to be a significant strategic consideration, one which will have an effect on value through reputation, risk, competitive advantage and so on. At the same time, when citizens are being encouraged to reduce their own carbon footprints it is likely that demands for accurate disclosure of such management strategies will increase.

## SOCIAL AND ENVIRONMENTAL REPORTING AND DISCLOSURE

Research in social, environmental and ethical accounting and reporting (SEEAR) has a varied history. We can look to the increasing number of papers produced in journals such as *Accounting, Auditing and Accountability* (such as Collison, 2003, Tinker and Gray, 2003, Luft Mobus, 2005, Parker, 2005, Gray, 2006), *Accounting Forum* (Andrew, 2000, Owen et al, 2001), *Accounting, Organisations and Society* (Unerman and Bennett, 2004, Cooper and Owen, 2007), *British Accounting Review* (Holland and Boon Foo, 2003, O'Dwyer and Owen, 2005) as well as non-accounting journals such as *Journal of Business Ethics* (Cormier et al, 2004) and *Journal of Corporate Law Studies* (Parkinson, 2003). These all exhibit a broad range of research approaches and empirical evidence, from the more reformist approaches of Parkinson, through discussions of legitimacy (for instance Luft Mobus) and the more radical approaches of Tinker, Parker and Andrew. These are all firmly located in the SEEAR area of research. Indeed, Owen (2007) points out that 'some researchers .....have expressed severe reservations over [SEEAR's] quality, particularly in terms of demonstrating an ecologically and eco-justice informed approach to 'sustainability' issues' (page 2). A review paper by Owen (2008) is particularly useful as it reviews the efforts of the past, the various strands of research that have emerged and the potential for the future.

DETAILS OF THIS PAPER; LEAD IN FOR NEXT SECTION

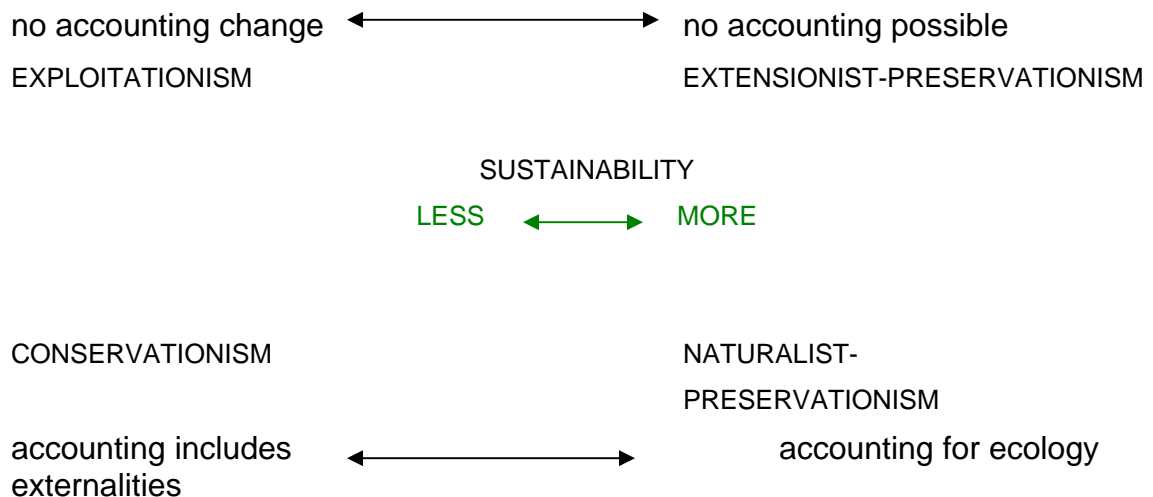
### *Milne's (1996) model of accounting for sustainability*

The business and accounting literature contains a growing body of work on how accountability can be operationalised through accounting mechanisms. There is a growing recognition of the radical nature of the sustainability project, through academic publications in journals such as *Critical Perspectives on Accounting* and *Accounting, Auditing and Accountability*, but there is a broad range of viewpoints which also encompass a more managerialist position. These all reflect the underlying values and philosophies of the researchers.

However, research in the area of environmental accounting and reporting has focused on the necessity of reporting as a means of delivering accountability. Sustainability has less often been either the desired outcome of reporting nor its *raison d'être*. Indeed, Bebbington (2001) argues that much work in this area has not engaged with sustainability or how reporting demonstrates sustainability activities by businesses. There have been attempts – for instance by Milne (1996) – to model what or where sustainability may be reported but this has not been followed up by research which shows the model in action. He categorises 4 positions – developed from Norton's (1989) work (cited in Dobson, 1998) - which reflect stages of accounting activity, from 'business-as-usual' to 'non-accounting' for nature. These can be described as:

- **exploitationism** – based on neo-classical analysis (economic growth models prevail) and requiring no change to current accounting practice. In other words accounting and reporting are adequately providing information to shareholders for appropriate investment decisions based upon profit and financial growth.
- **conservationism** – recognising that business activities impact upon the wider world, that these impacts, currently unmeasured, can be recorded and that it is possible to account for these 'externalities'.
- **naturalist-preservationism** – a constraints-based approach to economic activity. It recognises that there are different types of capital – ecological, social, human and financial – upon which a business relies to produce value. This approach considers the possibility of substitution between capitals, and leads to an accounting for (weak) sustainability;
- **extensionist-preservationism** – where intrinsic values in nature prevent human-centred decision making and require an ecocentric approach, where accounting cannot provide an adequate framework to describe the diminution of capital.

If these are positioned alongside the sustainability continuum, the following matrix emerges:



This provides a useful model to assess current reporting practice. For instance, are current disclosures following an 'accounting for externalities' framework? By positioning current practice in terms of the model's positions it may be possible to assess what needs to be done to move climate change disclosure towards a position which represents greater sustainability.

### THE REPORTS

The reports used in this research are not to be considered exclusive in that they represent a selection process which identified reports on company climate change disclosure which were readily accessible and relatively widely publicized (in terms of being located by an interested reader/stakeholder). These have been used as a basis for analysis and as a benchmark for current disclosure practices.

#### Henderson Global Investors and Trucost 'The carbon 100 – quantifying the carbon emissions, intensities and exposures of the FTSE 100' (2005)

##### *Content of the report*

Henderson Global Investors (providers of investment products and services) commissioned Trucost (an environmental research company) to analyze the greenhouse gas emissions generated by the UKFTSE100 (as represented in December 2004). In order to provide a complete analysis, Trucost has a methodology to assess emissions where these are not disclosed by the company. This enabled the report to make comparisons across the complete range regardless of disclosure, whilst at the same time being able to separate the non-disclosers so that the effect of such non-disclosure may be assessed.

Because the 'client' (i.e. Henderson) represents investors, the analysis used the investor context – this was the main stakeholder considered and the results reflected what are or may be the concerns of the investor. The report points to the ending of the Kyoto agreement in 2012 and the need for investors to understand how their investments may be contributing to climate change. The report examines:

- The carbon emissions profile of the FTSE100
- Their carbon intensity – how dependent the companies are on carbon emissions. This is measured in terms of turnover, earnings (before interest, tax, depreciation, amortization, i.e. applicable to operational activities), and market capitalization (i.e. value to shareholders).
- Their carbon exposure – what future costs may be borne by each company because of their emissions and what affect this has on the financial measures used in the intensity measures.
- Carbon disclosure in terms of quantity and quality of disclosure. It is this last 'metric' that the current paper is most interested in.

The analysis found that under half (41%) of the FTSE100 – accounting for two-thirds of total emissions from the group – disclose their emissions. A further 23% of companies (22% of total direct emissions) disclose information that allows derivation of their CO<sub>2</sub>-e. This leaves 36% of companies which make no disclosure at all. Looking at individual sectors, all companies in mining, aerospace, transport, steel, personal care, oil and gas, insurance and health disclosed whereas no carbon disclosures were made by companies in the software and computer services, investment companies, and

construction and building materials. The analysis also showed that it is not always the highest emitters who disclose the most often – the insurance sector, a low emitter, is a better reporter. This may reflect that fact that this sector would be concerned more directly with, and have a clearer understanding of, risk.

Notwithstanding the level of disclosures found, the reporting of these companies shows a lack of comparability, with a wide range of disclosure practices. The report highlighted that companies often did not consistently distinguish between direct and indirect emissions. This is especially so where supply chain issues are considered – these may be difficult to quantify and so are omitted. Similarly they did not separate out their CO<sub>2</sub> emissions from other GHG emissions, so potentially underestimating their CO<sub>2</sub>-e, and in some cases presented inaccurate information – the report cites two companies which overstated transport emissions by a factor of 1,000!

### *Comment*

This report provides a clear indication of the current state of disclosure in the top 100 UK companies and highlights the lack of consistency in reporting and those areas which need to be improved if climate change disclosure is to make any contribution to accountability. Using the shareholder perspective allows the report to focus on issues of risk and opportunity that this stakeholder group would be concerned with, and it makes direct reference to the 'value at risk' (p3) and how this may be impacted upon by future legislation forcing companies to internalise the costs of carbon. In fact there are several references to risk management (for instance on page 4), relating these to investor decision-making.

The report distinguishes between direct and indirect emissions, but this is done very summarily on page 20 in a section dealing with supply chain. It relates the difficulties to 'boundary issues' and stresses that direct emitters will pass any internalisation costs onto their customers, so that presently companies with indirect emissions may face future price rises in their process and product costs. Unfortunately the report sees this as a shareholder rather than a stakeholder issue – future costs affecting the value to the shareholder rather than a wider stakeholder issue. Stakeholders such as customers, employees, competitors and so on will also be interested in how climate change affects the price of the product or service because this also reflects the attitude of the company to climate change management – passing the costs on or attempting to reduce the effects?

When the report looks to the future, it poses questions that an individual company may ask itself when considering its carbon management (page 22). However it fails to provide real guidance as to how these questions may be answered. Instead it provides a commentary from Andrew Simms of the new Economics Foundation, which lays the problem directly at the feet of the large companies and calls for greater effort in tackling the issues involved. This radical commentary sits uneasily with the rest of the report because its tone is much more urgent; it does not, however, provide any indication of what systems changes are possible or practicable. It begs the question – is there a possibility for change?

The ACCA's 'Climate change: UK corporate reporting – an analysis of disclosure in UK corporate reports' (2007a) and 'Improving climate change reporting' discussion paper (2007b)

*Content of the report*

The ACCA runs an award scheme for reporting which was initiated in 1991. Based upon the entrants for the Sustainability Reporting Awards in 2006 (which had a theme of carbon reporting) the (disclosure) report examines the disclosure made by some of the entrants. Selection was based upon how important climate change was for each company. The sectors selected are shown in Table 1 and this resulted in the study examining 42 company reports. The impacts are reflected by the FTSE4Good index criteria. The criteria were applied to each company's sustainability report, annual report and other web-based material and the results analysed. The report noted that these criteria are not exact reflections of a company's performance and therefore often acted as a proxy measure.

The report highlights actual company examples of what is considered to be good practice and it makes some recommendations based upon its findings of where the future lies in climate change reporting. These include: developing relevant and specific policies; reporting product impacts including those 'downstream'; improved accessibility of information (including clear identification); targets with contextual information; assurance by independent verification; the context for future (transformational) activities; a description of the scope and methodology in report compilation.

One of the more interesting aspects of this report is the discussion of transformational activities – those strategies which will have a significant impact on reducing climate change emissions. This is a future-oriented view which could enable stakeholders to assess what future risks and opportunities that company is presented with. Examples of transformational initiatives include: fuel-switching, demand-side management, research and development in low-carbon technologies, carbon sequestration, production and/or product/service innovations, supply chain changes.

TABLE 1: HIGH AND MEDIUM IMPACT SECTORS  
as developed by the FTSE4Good Climate Change Advisory Committee

High impact sectors	Medium impact sectors
Aerospace and defence*	Automobile parts (tyres)
Airlines	Beverages
Automobiles*	Chemicals (speciality)
Building materials	Food producers
Chemicals (commodity)	Gas, water and multi-utilities
Delivery services	Heavy construction
Electricity	Home construction
Industrial metals	Industrial engineering
Mining**	Paper
Oil and gas producers**	Pharmaceuticals

	Travel and tourism
	Trucking
	Waste and disposal services

\* high for product impact (medium for operational impact)

\*\* high for product and operational impact

#### *Content of the discussion paper*

The discussion paper takes as its starting point the findings of the report, above, and adds further information and opinion raised during a workshop held in April 2007. It has 4 parts: an overview of the report, the international context for climate change considerations, examples of company approaches to climate change management, and a summary of the workshop discussions. It is a useful background document and provides some indications of the future of reporting in this area, identifying the following challenges and solutions to improving 'accessibility' (page 42):

- Suitability to audience – audience should be defined ahead of report preparation;
- Climate change to be recognised as a key business issue – context is important;
- Use of web-based materials – use of signposting important;
- Performance reporting is key – targets, benchmarking, best practice all needed;
- Appropriate reporting methods – use a range of communication tools.

#### *Comment*

The report provides similar results to that of the Henderson study but has the disadvantage that it has a self-selecting sample. It does not have non-disclosures and is designed to demonstrate what good disclosers are presenting in their reports. In terms of reporting practice it serves to highlight what may be considered to be best practice and therefore an indication of what future reports may look like if other companies emulate the ones discussed in the report. However this is not a certainty and so the report can only be regarded as a snapshot of current reporting. Some attempt is made to look to the future but the conclusions are not related to current practice.

The area which appears to have most promise – but the report does not make this distinction – is in the area of transformative activities. In terms of financial reporting there are broadly two approaches which seek to explain why companies report their activities – the stewardship approach, which is a backward-looking view of how the company has performed, and the decision-useful approach which indicates the future direction which may be possible. Given that most stakeholders recognise that climate change is an issue which business is implicated in, most would assess that business has not been a successful steward of our climate and so future or proposed actions are more likely to allow stakeholders to decide which companies they will invest in, work for or buy from. It is therefore suggested that transformation activities give the best indications of what the future climate change effects may be.

#### The Carbon Disclosure Project's 'Best practice in climate disclosure: standards and procedures for comprehensive reporting (2008)

##### *Content of the report*

This is a report of a meeting held in New York of companies which participate in the voluntary reporting initiative of the Carbon Disclosure Project. The Carbon Disclosure Project is an independent organisation focusing on the investment implications (i.e. the shareholder perspective) of climate change. It hopes to support dialogue and communication between investors and companies in order to develop responses to climate change which will benefit both. The CPD operates by requesting information from 'responding companies' – about 1300 publicly listed companies – via a questionnaire. It gains support for this process by including the names of 'signatory investors' – about 385 institutional investors – who put their names on the request for information.

About 125 US companies took part in the meeting, participating in five panels where speakers outlined their organisation's position and then took questions from the floor. The meeting was designed to explore the issues around voluntary disclosure of climate change issues and to examine the possibilities of more mandated disclosure. The five panel sessions were:

- The importance and relevance of voluntary disclosure via CDP – the end user perspective
- The business value in reporting via CPD – sharing best practice
- understanding the challenges of reporting
- Guidance on CDP6 and how to provide a quality response
- Carbon accounting, audit standards and legal implications of voluntary climate disclosure

The meeting also heard details of the CPD Supply Chain Initiative; there was a follow up survey of participants which results were reported at the end of the document.

### *Comment*

This report was most useful in providing 'live' commentary on the current state of reporting from the points of view of companies and investors. It provided some attempt at summarising the feelings of the participants, but could not offer any real generalisations about either the present or the future.

### Corporateregister's 'The corporate climate communications report 2007: a study of climate change disclosure by the Global FT500' (2008)

#### *Content of the report*

This is by far the most detailed of the reports dealing specifically with reporting, with 52 pages of data and analysis. Unlike the other reports which introduce other aspects of carbon management, this moves straight to a discussion of disclosure. It makes the assumption that disclosure is an indication of action. It also has the biggest constituency, by analysing the CSR reports issued by the Global FT500 in the period September 2006 to December 2007. Methodologically, the research examined:

- The content of any general discussion of climate change
- Performance disclosure – including how the performance data was collected, aggregated and reported against the GHG Protocol
- Activity disclosure – in terms of mitigation mechanisms
- Target setting disclosure – especially SMART targets
- Assurance and the use of the GRI.

The study found that 67% (335 in number) of the Global FT500 produced reports, and of these, 87% address climate change, and 65% have a specific climate change section in their report. Interestingly, 78% use quantitative disclosure. This high number is probably because 63% of reporters used the GHG Protocol which is in itself a quantitative tool. In terms of mitigation, the highest number of reporters – 74% - claimed energy efficiency measures were their main route to mitigation, with renewable energy initiatives, transport initiatives and emissions trading as other measures. SMART targets or other objectives were disclosed in 51% of cases. It was noted that targets may be set to reduce *absolute* or *relative* emissions – the former being more challenging to meet. Nevertheless 20% of reporters set targets for absolute reductions. Less encouraging were the results for assurance statements. Despite 44% of reports carrying a general assurance statement, only 7% specifically covered climate change disclosure. It was unclear whether the general statements related to such disclosure. Finally, the use of GRI was examined. There are two versions of the GRI in use and both were used to some extent. 54% of the sample use GRI to some extent, and of these 72% use specific GRI climate change indicators. In other words, 39% of reporters employed GRI indicators for climate change disclosures.

The report also examines disclosure by region, by sector and by market capitalisation. In summary, the findings are:

- Reports from Japan and Australasia devote most attention to climate change whereas North America shows least attention, being poorer in many ways than companies from less developed regions. The variation between regions is large.
- Sectorally, the report aggregates the companies into ‘heavy’ industries (utilities, transport and logistics, automobiles and parts, mining and metals, oil and gas, chemicals), ‘light’ industries (industrials, personal and household goods, health and pharmaceuticals, food and beverages, tobacco, technology) and ‘service’ industries (telecommunication, insurance, banks and finance, retailers, leisure and media, support services). As may be expected ‘heavy’ industries disclosed more than ‘light’ but more surprisingly there was less discrepancy in the amount of disclosure between these two than between these and the ‘service’ sector.
- Market capitalisation was analysed in bands of: >\$80bn, \$45bn - \$80bn, \$30bn - \$45bn, \$22bn - \$30bn, <\$22bn. The greatest disclosures were found in the top two bands, and interestingly this was followed by disclosure in the lowest band.

### *Comment*

This is a very descriptive report which gives a lot of detail on current reporting practice. There is some attempt at analysis – for instance it highlights unexpected results or those which feel counter-intuitive – but it makes no attempt to explain why these results may be emerging. The conclusions section is very brief – two pages long. It does have a focus on the wider stakeholder population which gives it value above those reported above which focus on shareholders, although this is not explicitly commented upon. This means that it reinforces the issue of climate change as an issue that affects a range of stakeholders but it does not discuss what it may mean for individuals or groups and how the current disclosure helps those stakeholders to understand the impacts that business has in climate change. It also has a rather naïve view of company behaviour in that it comments that business is taking an active part in carbon management for the

benefit of stakeholders; it also considers that the proactive stance of many companies on this issue is the beginning of a 'corporate climate activism' (page 44).

### A SUMMARY OF THE REPORTS

Feature	ACCA Report	ACCA discussion paper	Corregister	Henderson/Trucost	CDP
Who was studied?	42 self-selected cos	N/A	Global FT500	UKFT100	N/A
What was studied?	CSR/ Ann Reports	N/A	CSR and signif sections of AR is applic	Unclear	N/A
Models mentioned	GRI	ISO14064/65	WBCSD/WRI GHG Protocol, ISO14064	None	GRI, FASB disclosure
Provided company examples	Yes	Yes	Yes	No	Yes
Use of graphics	Tables only	N/A	Yes	Yes	No
Shareholder focus?	No	No	No	Yes	Yes
Other aspects of carbon mgmt?	Yes	Yes	No	Yes	Yes

### DISCUSSION

Environmental reporting is examined under the framework of sustainability because it is a means of business organisations demonstrating their corporate social responsibility. Here CSR and accountability are linked – the reporting of activities is a duty itself part of accountability. So, do the results reported in the studies show accountability being delivered? This section will attempt to identify the main questions raised by an analysis of the contents of the reports to assess whether current practice is sufficiently robust to satisfy this aim of disclosure.

*Who is the report for?* Much of the emphasis in reporting seems to be designed to answer the needs of shareholders in their assessment of risk and value lost. The quantification of risk appeared to be a main driver of reporting – at least in terms of attempting to reflect the possibilities of mitigating this risk, and possibly promoting the opportunities that climate change may present. Given that other stakeholders are as affected by business-related climate change as investors, this emphasis seems to strengthen the 'business as usual' stance, in that investors are being reassured that

their investment is secure despite what may be happening to the climate. Hence it appears that disclosure is provided to encourage an assessment of risk and possibly to promote the opportunities. Carbon management may be disclosed as a means of signalling reduced risk. However there may also be a disincentive to disclose, or an attempt to downplay the risk, especially if climate change risk is presenting a cost that cannot be passed on to customers.

*Where should the emphasis be – on the past or the future?*

Disclosure may report what the company has done or what it plans to do or a combination of both. Whilst there is great value in assessing – from an accountability perspective – what actions a company has taken, climate change is such an urgent issue that stakeholders need to know what a company is about to do. Historical behaviour will not be sufficient to ameliorate climate change. Stakeholders may be reassured by future actions which also indicate how serious the company is taking the issue. This is where the transformative actions recognised by the ACCA report may prove to be the most useful form of disclosure.

*What is the value of reporting if not all companies disclose?*

None of the reports could identify the reasons for non-disclosure. This calls into question the value of voluntary disclosure even where there are models and standards that can be used to provide a level of comparability and consistency. Of course non-disclosure does not mean non-management, but accountability requires an account of management processes to stakeholders. Stakeholders may assess non-disclosure as a lack of commitment on the part of the company to tackling climate change. Indeed, it may reflect the situation in the early 1990s when business felt that environmental problems were a cost to be borne by them and therefore attempts were made to externalise these issues. It may be that as recessionary pressures appear again in the current century that climate change is viewed with the same perspective. Hence non-disclosure may indicate a wider problem in that companies may be limiting their carbon management programmes in a time of economic pressure.

*Where does current reporting practice sit in terms of the Milne model?*

Current practice appears to be sited in the area of the model expressing externality accounting. Companies are rarely moving away from a business model when discussing climate change, seeing it as an issue that primarily concerns investors and their attitudes to risk. It is therefore a governance matter. As such it sits squarely in the exploitationism-conservationism side of the model, indicating that little has changed in the means of reporting/disclosure by companies despite an increasing recognition of both the importance of the issue of climate change and the need for strong action to overcome its damaging effects.

## CONCLUSIONS

Accounting for climate change has been recognised by many of the world's largest business organisations but this has not developed into a model of accountability that allows stakeholders to judge for themselves what actions are taking place, what actions are planned and indeed what actions are possible. Until companies recognise their role in climate change generation and that it is one of the most important issues that we face, accounting and reporting is likely to remain firmly in the business as usual

dimension where nothing really changes. Disclosure could be seen to be a means by which stakeholder dialogue is developed and stakeholder demands for proactive company responses are heard. However current reporting practices are unlikely to stimulate stakeholder dialogue as their emphasis is reactive, unimaginative and uninformative. Accounting for climate change is therefore a means for business to express a form of corporate social responsibility – signalling that they recognise climate change exists – without accountability for their responsibility: appropriation not accountability.

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