

# Adopt sustainability reporting

## ACCA chief: Firms have responsibility to shareholders, employees to do so

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AS the largest professional accountancy body in the world, the Association of Chartered Certified Accountants (ACCA) strives to achieve and promote the highest professional, ethical and governance standards.

And with those standards, it endeavours to be a global leader in the accounting profession and to preserve public interest.

According to ACCA chief executive Allen Blewitt, one of those interests involves the ACCA's role in promoting transparency through sustainability reporting and disclosure as its corporate responsibility (CR) initiative.

"Our initiatives in (global) sustainability reporting go back nearly 20 years. We were embracing them when they were quite unpopular and people thought we were mad," Blewitt told *StarBiz*.

"But, with climate change, carbon reporting and other mainstream issues, all the work we have done for many years is finally starting to pay off," he said.

On why companies should adopt sustainability reporting, Blewitt said: "Companies have a responsibility to their shareholders and employees to do so."

"It also provides an avenue for companies to improve their brand value and be viewed as good corporate citizens."

However, internal factors are not the only reasons why companies should adopt sustainable reporting practices, Blewitt said.

"Consumers are becoming more educated and increasingly discerning about the environment and the carbon impact on the food and drinks they consume."

"They will start to determine company behaviour and have an impact on their success and financial profitability. As consumers add pressure on them, companies would have to implement sustainability reporting practices," he added.

According to Blewitt, the increase in education and sophistication of the consumer base has already begun to have an impact on companies worldwide.

"Mattel learnt a valuable lesson when it had to recall toys that were not suitable for children."

"Nike, which also got into trouble in terms of its labour practices in producing sports shoes in Indonesia. Consumers forced the company to change its practice because they stopped buying," he said, adding that CR was beginning to have an impact a company's recruiting prowess.

"One of the biggest challenges facing employers today is the ability to attract and retain good workers. From our research, the best employees usually want to work for socially-responsible companies."

"University graduates are also querying human resources departments of companies on what they (the companies) are doing in terms of CR," Blewitt added.

According to ACCA Asean and Australasia director Tay Kay Luan,



this is where sustainable reporting and, ultimately, the ACCA comes in.

"Reporting means transparency, transparency means communication and communication means people are well informed," he said.

Clear and concise reporting would also boost companies' appeal to potential investors, Tay said, adding: "With reporting intelligent investors and consumers can compare (companies) and choose which one they would support and receive their loyalty."

"As a company chairman or CEO, what you want most are loyal customers. And because you don't have to market, they stay with you. Loyal customers will become loyal because of sustainability reporting."

According to Blewitt, the ACCA organises reporting awards in about 20 countries as an added incentive to promote sustainability reporting. In Malaysia, a similar event is also held.

"In Malaysia, we have the ACCA Environmental Reporting Awards as part of our efforts to raise awareness," he said.

The annual award, which began in 2002, only produced six participants. At last year's awards, that number increased 10-fold.

"There were 62 entries at last year's awards. Clearly, our efforts (to encourage sustainability reporting) has grown by leaps and bounds," he said.

Blewitt said to qualify, a company would need to submit a thorough report on the principal activity or activities it was involved in.

"A company would need to submit a report that had the relevant data (in connection with their business)," Blewitt said, adding that the integrity of a report would be better presented if a senior company official backed it.

"It would be ideal if the report had a foreword from the company chairman. This is mainly because the majority of readers (of the reports) would be employees and they like reading a report that made their company look good," he said.

According to Blewitt, clarity is another important element in boosting a report.

"A report by a company should also be clear and to the point. It should not be a PR-exercise and the language should not be too technical as well," he said.

For a company that does win an award, a press conference will be held to commemorate and publicise its victory.

"Such an award would certainly be beneficial to a company, its employees and even its stakeholders," Blewitt said, adding that the awards were not just restricted to listed companies.

"The awards are not just

catered for public-listed companies. Anyone can participate. In fact, last year, Mercy Malaysia (a humanitarian relief organisation) participated and we were very impressed with its report," he said.

Moving forward, the ACCA is looking to have more awards locally. Malaysia, Blewitt said, had much to benefit from sustainability reporting.

"Malaysia already has a good start. It is more forward thinking compared with many of the neighbouring countries."

"The critical thing is to continue improving. The world is moving very rapidly and Malaysia cannot afford to remain complacent," he said.



Allen Blewitt



Tay Kay Luan

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Time : 10am to 7pm  
Venue : JW Marriott Hotel  
183 Jalan Bukit Bintang, KL  
Room : Bintang 5 & 6, Level 4