

**Contents**

DIARY NOTE	1
ASIC COMMENCES JAMES HARDIE PROCEEDINGS	1
CAMAC TO CONSIDER HIGH COURT DECISION IN SONS OF GWALIA	1
CLIMATE CHANGE MOVING FROM INTANGIBLE TO FINANCIAL	2
ENHANCED ANALYTICS INITIATIVE RETROSPECTIVE STUDY	3
ACSI'S SUBMISSION TO ASX GOVERNANCE PRINCIPLES INQUIRY	4
A SNAPSHOT OF THE 2006 PROXY VOTING SEASON	6
INTERNATIONAL NEWS Directors Beware of Options Backdating	7
Independence of Executive Pay Consultants under the spotlight	8
Moves in the US to incorporate intangibles into long-term investment	9
Association of British Insurer' new guidelines on Responsible Investment Disclosure	9
UK Accounting Standards Board publishes review of narrative reporting	10
EU sets high targets for emission cuts	11

The sixth annual ACSI Conference will take place on Friday 15 June 2007 at the Arthur Streeton Auditorium, Hotel Sofitel, Collins Street Melbourne.

**ASIC Commences James Hardie Proceedings**

On 15 February 2007 ASIC announced that it had commenced civil penalty proceedings in relation to James Hardie, including against a number of former and current directors and former executives.

ASIC's proceedings seek declarations that a number of former and current directors and former executives failed to act with requisite care and diligence. The regulator is asking the court to consider banning individuals from acting as a company director and imposing fines.<sup>1</sup>

According to the ASX media release the action also seeks declarations that the companies, JHIL and James Hardie Industries NV (JHINV), made misleading statements and contravened continuous disclosure requirements. ASIC further alleges that JHINV failed to act with requisite care and diligence in relation to its then-subsi-diary JHIL. ASIC has no desire to, nor does it believe it likely that its legal proceedings in relation to JHIL and JHINV will, adversely impact the new compensation arrangements agreed by shareholders of JHINV last week. However, should it emerge that any aspect of the action in relation to JHIL does adversely impact the compensation arrangements, the regulator will consider amending this aspect of the proceedings.

For further details visit [http://www.asic.gov.au/asic/asic\\_pub.nsf/byheadline/07-](http://www.asic.gov.au/asic/asic_pub.nsf/byheadline/07-)

**Diary Note**  
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<sup>1</sup> ASIC, Media Release '07-35 ASIC commences proceedings relating to James Hardie', 15 February 2007.

[35+ASIC+commences+proceedings+relating+to+James+Hardie?openDocument](#)

**CAMAC to consider High Court decision in Sons of Gwalia**

On 6 February 2007 the Parliamentary Secretary to Treasurer, The Hon Chris Pearce MP, requested the Corporations and Markets Advisory Committee (CAMAC) consider issues arising from the High Court decision in *Sons of Gwalia Ltd v Margaretic: ING Investment Management LLC v Margaretic* [2007] HCA 1.

As reported in Investor Weekly, Mr Margaretic alleged that because the company failed to tell the ASX its gold reserves were insufficient to meet its sale contracts (at the time when Mr Margaretic was purchasing shares in Sons of Gwalia), his shareholding should be treated in the same way as liability to a creditor.<sup>2</sup>

The outcome from the is High Court Ruling which upheld a 2005 Federal Court decision is that “A person who buys shares in a company in reliance upon misleading or deceptive information from the company, or is misled as to the company’s worth by its failure to make disclosures required by law may have a claim for damages against the company which ranks equally with claims of other creditors.”.

The case invokes the transfer of risk between shareholders and creditors in certain circumstances. Understandably commentators have noted their concerns about the impact this case may have on shareholders making class actions on non-traditional grounds.

CAMAC has been asked to consider and report on the following:

1. Should shareholders who acquired shares as a result of misleading conduct by a company prior to its insolvency be able to participate in an insolvency proceeding as an unsecured creditor for any debt that may arise out of that misleading conduct?
2. If so, are there any reforms to the statutory scheme that would facilitate the efficient administration of insolvency proceedings in the presence of such claims?
3. If not, are there any reforms to the statutory scheme that would better protect shareholders from the risk that they may acquire shares on the basis of misleading information?

The letter referring the matter to CAMAC provides a good summary of the implications of this decision, see:

<http://www.camac.gov.au/CAMAC/camac.nsf/0/0B9CE078B4189EACCA256B6C007F9FCE?opendocument>

We will keep you posted with regard to CAMAC’s findings of its review of this matter.

**Climate Change moving from Intangible to Financial**

Climate change is now squarely on the mainstream political and business agenda. The release of the report by the Intergovernmental Panel on Climate Change on the physical science of climate change; the State and Territory leaders’ pledge to introduce an emissions trading scheme by the end of 2010; the release of a Federal Government discussion paper on carbon trading; environmentalist Tim Flannery becoming Australian of the Year and Richard Branson committing to a US\$ 25 million prize for a practical solution to remove greenhouse gases from the atmosphere are some of the recent developments that have put this issue squarely in the mainstream as a political and investment issue.

<sup>2</sup> Investor Weekly, ‘Shareholders get parity with creditors’, Issue 570, February 2007 page 5.

In November last year, the NSW Land and Environment Court found that the NSW Department of Planning had to take into account the full cost of climate change created by the proposed Anvil Hill coalmine when considering the environmental impact assessment of the proposed mine. This cost included the greenhouse gas emissions created from burning the coal mined from the site, as well as the greenhouse gases created in extracting the coal from the ground.

The Australian Financial Review reported on 13 February 2007 that Centennial Coal (which proposes to build the Anvil Hill mine) is now being required by the NSW Department of Planning to factor in a cost of \$109 per tonne of carbon dioxide created when the coal is burned. This figure is based on figures given in Britain's Stern Report, and is significantly higher than the \$10 per tonne figure used by Centennial in its original environmental assessment.

This is a clear example of climate change rapidly turning from an "extra-financial issue" into a financial issue.

Also in December 2006, Citigroup released an analysis of the top ASX 100 companies and the potential impact of climate change and a price on carbon might have on these companies. The study looked at the potential impact of adaptations these companies might need to make to deal with a changing climate, and the potential impact of a price on carbon. The study identified potential "winners and losers" under a number of scenarios. Other brokers and analysts are undertaking similar studies.

### **Enhanced Analytics Initiative retrospective study**

The Enhanced Analytics Initiative (EAI) is an international collaboration between asset owners and asset managers aimed at encouraging better investment research that takes account of the impact of extra-

financial issues on long-term investment. The EAI's members collectively own or manage more than US\$2.4 trillion.

"Extra-financial issues" are described by the EAI as "fundamentals that have the potential to impact companies' financial performance or reputation in a material way, yet are not part of traditional fundamental analysis".

The EAI is designed to give research providers an incentive to compile better and more detailed analysis of extra financial issues within mainstream research by requiring signatory institutional investors and asset managers to allocate at least 5% of their brokerage commissions to extra-financial research.

In late January 2007, the EAI released a paper evaluating the extra-financial research trends that have evolved in the two years since the EAI was established. The EAI assessed developments relating to the quality and coverage of extra-financial issues, integration of extra-financial issues into financial analysis and the uptake of extra-financial issues beyond equity research.

"Extra-financial issues" research topics examined by the EAI included:

- Clean technologies
- The impact of climate change and EU carbon emissions trading
- Other environmental issues, such as depletion of natural resources
- Long-term market analysis
- Corporate governance
- Consumer and public health
- Employee relations and human capital
- Mergers and acquisitions and corporate restructuring
- Geopolitical and security risks
- Research and development and innovation

Other innovative areas of research noted by EAI included human rights, investing in land,

energy efficiency in buildings and hedging avian flu risks.

The study also noted that:

- A broad range of extra-financial issues are covered, including innovative approaches aimed at quantifying the concept of management and execution quality
- The number of research providers and reports identified by the EAI as providing useful extra-financial insights has increased considerably over time
- For all issues coverage, or both quality and coverage, have improved
- Corporate governance and enhanced M&A research is present, but is underweight relative to the importance of these issues
- Where the economic impact of an issue can be easily quantified (for example, carbon emissions trading), its uptake in research is much more likely
- A wider range of research functions (ie beyond specialist or sector teams) are looking at extra-financial issues
- Pharmaceuticals, banks and insurance are all relatively under-represented in the research universe
- Integration of extra-financial issues into financial analysis remains disappointing.

"The overall impression from the current evaluation is one of gradual improvement in the quality, diversity and coverage of extra-financial research."

More information about the Enhanced Analytics Initiative can be found at: [www.enhancedanalytics.com](http://www.enhancedanalytics.com).

### **ACSI's submission to ASX Governance Principles Inquiry**

In Issue 27 of the newsletter late in 2006 we reported the ASX Corporate Governance Council (ASX CGC) had released consultation documents putting forward proposals for the revision of the 2003

Principles of Good Corporate Governance and Best Practice Recommendations.

In response to this consultation process ACSI conducted a forum for its members to discuss the ASX proposals. The outcomes from this invaluable forum formed the basis of our response to the consultation. A summary of ACSI's view on the big ticket items are outlined below:

The proposal to restructure the existing principles into one document containing a set of high level principles and an accompanying document describing issues to consider when applying the high level principle.

ACSI disagrees with the contention put forward in the consultation document that the Principles are too detailed. From an investor perspective, the Principles are "user friendly" and are very useful. Institutional investors, in particular do place emphasis on the "why not" disclosures and frequently use this information as a basis on which to seek further clarification, to check the veracity of the statements and to engage with companies. This to our mind is a positive consequence of the Principles.

As a member of the Council, we have not been presented with any evidence to support the contention that the existing form of the Principles impair rather than enhance company disclosure. Accordingly, we don't see any reason to alter the level of detail of the Principles.

Supplementary Guidance to be provided in relation to Principle 7 in Part B 'Reporting of material Business Risks and Corporate Responsibility/Sustainability Risks'.

ACSI is of the view that the ASX CGC has a useful and valid role to play in the development of "sustainability" reporting in Australia.



Australian Council of Super Investors Inc.

## CORPORATE CITIZENSHIP NEWSLETTER

February 2007 : Issue No.29

ACSI does not support imposing mandatory ESG risk reporting requirements on companies, as it believes this would lead to a "minimum compliance" and "box ticking" approach to reporting by companies.

ACSI does not support continuing a purely voluntary approach to reporting ESG/Sustainability issues, since to date there has not been a high level of disclosure of ESG risks under Principle 7 or in Australia generally.

Whilst ACSI believes that companies should already consider these risks as part of good management of their businesses, the middle ground provided by an "if not, why not" approach would provide an appropriate framework for encouraging companies to consider and disclose ESG risks, and would ensure companies at least turn their minds to ESG risks, and would allow them to do so in a manner that is most appropriate for their own circumstances.

ASX Listing Rule 10.14 and Corps Act requirements in relation to shareholder approval of equity-based executive remuneration plans.

ASX Listing Rule 10.14 has been drafted on the assumption that investors' only concern over grants of securities to executive directors is the potential for dilution. This is clearly not the case, as investors, including ACSI members, have indicated their concern over the performance conditions and vesting periods of equity grants.

ACSI has suggested that Listing Rule 10.14 should be revised to require shareholder approval of any acquisition of securities by a director outside of a genuine salary-sacrifice arrangement from an employee's fixed remuneration. In making this suggestion, ACSI also assumes that the ASX will enforce this Listing Rule and not routinely grant waivers.

Amendments in relation to the hedging of long-term incentives.

ACSI welcomed and commended the Council's response to the hedging of long term incentives which are intended to be "at risk", that the content of the share trading policy should prohibit hedging of unvested incentives and the company. This is a welcome and necessary first step in informing investors about the potential for "designated officers" to enter into transactions that limit the economic risk of security holdings in companies that are intended to align shareholders' and executives' interests.

However, ACSI has already stated on the public record that it would be more appropriate and effective if the Corporations Act were to prohibit the hedging of unvested incentives and also require contemporaneous disclosure to the market by key management personnel in relation to hedging of vested incentives.

In terms of hedging of vested incentives, ACSI continues to be of the view that more contemporaneous disclosure of these transactions is required because investors should be able to make decisions on the basis of a range of factors including taking into account a director's or executives' own trading behaviour.

We are pleased to advise that two international pension funds have written independently in support for ACSI's submission, namely RAILPEN and USS.

We will keep you informed about the outcome from this consultation process. The ASX believe at this stage that the revised guidelines will be available for the financial year beginning 1 July 2007.

## A Snapshot of the 2006 Proxy Voting Season

In early 2007 ACSI released a summary of the 2006 Proxy Voting Outcomes (for a copy of the complete summary please contact [rmcay@acsi.org.au](mailto:rmcay@acsi.org.au)). Outlined below is a snapshot of the key issues for the 2006 season.

The 2006 proxy season has seen shareholder voting levels rise substantially over 2005, with an average of 54.7% of all securities in top 200 companies being voted in 2006, compared with 47.9% in 2005.

There was an even larger increase in voting levels on controversial resolutions, from an average of 48.1% of all securities on issue in 2005 to 58.5% in 2006. Growth in turnout was driven by increased participation by investors in top 100 companies, with turnout for top 100 companies, averaging 58.2% of all securities on issue compared with 50.6% for companies ranked 101-200 (in 2005 the turnout levels for top 100 and 101-200 companies were 48.2% and 47.6% respectively).

The proportion of controversial resolutions - where a resolution contained elements contrary to good governance practice as defined by ACSI - fell for the third year in succession. In 2004, 20% of all resolutions put to meetings of top 200 companies were deemed controversial and in 2005, the figure was 12%. In 2006, 8.9% of all resolutions put to shareholders were classified controversial.

In 2006 (up to 1 December 2006), ACSI issued 975 recommendations at meetings where results were available. Of these, ACSI recommended 'Against' 131 resolutions (on 121 occasions against the board's recommendation), in favour of 844 resolutions and made no recommendation on 111 resolutions (all of which concerned investment-related matters such as approving or ratifying placements, and voting on mergers by scheme of arrangement).

Of the 131 resolutions where ACSI recommended 'Against', on 79 occasions the 'No' vote was greater than 10% of votes cast.

### Director Election Resolutions

The election and re-election of directors remain the most common resolution put to shareholders at company meetings.

### Remuneration Reports

2006 was the second year in which investors have had the opportunity to cast a non-binding vote on remuneration reports.

A total of 178 remuneration reports were put to the vote in 2006. During 2006 it was significant that a number of companies that in 2005 had attracted high 'Against' votes on their remuneration reports reformed their practices sufficiently to avoid high 'Against' votes in 2006.

Companies whose remuneration reports attracted high dissenting votes in 2006 exhibited a range of shortcomings in remuneration practice, including lack of demanding hurdles for long term incentives, excessive termination payments, unexplained substantial pay increases, bonus payments at odds with company performance and an excessive level of re-testing with regards to long term incentive schemes. Lack of disclosure of hurdles for long-term incentive schemes remained an issue of concern at some top 200 companies.

Granting equity instruments or other kinds of incentives to executive directors was the most contentious type of resolution on the AGM agenda in 2006 after remuneration report resolutions.

### Most Controversial Meetings

The highest-profile annual meeting was Telstra where investors focused on two issues: the company's new executive pay practices and the successful attempt by the Australian

government to install its board nominee, Geoff Cousins, despite 88 percent of non-government shareholders voting against his election.<sup>3</sup>

Tabcorp withdrew two resolutions, one concerning a proposed constitutional amendment that would have required a 75-day notice period for director nominations, and another concerning a grant of options to its CEO. Tabcorp was forced to withdraw its resolution after a reported 60 percent of proxies were cast against it, even though it has amended the underlying performance hurdles. It appears these changes were made too late.

Newcomers to the ASX/S&P200 Beach Petroleum and Kagara Zinc, reported “no” votes of more than 20 percent and 30 percent, respectively, against option grants and other pay-related resolutions. Interestingly and perhaps coincidentally the resignation of Beach Petroleum’s CEO was announced to the market on 15 February 2007.

Zinifex received a 40 percent against vote on its remuneration report after increasing the pay package of its CEO by 100 percent despite the CEO holding over \$20 million in vested and unvested equity incentives.

Adelaide Bank received a 41 percent shareholder vote against its remuneration report. This was in part due to the excessive termination payout to the departing CEO.

Ten Network Holdings received a 37 percent against vote on its remuneration report over concerns about the size of the potential termination payout for its executive chairperson and the lack of disclosure of the performance hurdles for its long-term incentives.

As reported in the 2 February 2007 ISS Governance Weekly ‘Four firms--Babcock &

Brown Infrastructure, Babcock & Brown Wind Partners, Macquarie Communications Infrastructure Group, and Macquarie Media Group—all reported against votes of more than 10 percent on their remuneration reports. In response to these concerns, both Macquarie and Babcock & Brown promised to change the remuneration structures for their staff involved in managing these vehicles. However, no changes have been proposed to deal with the fee arrangements for the external managers.’

The annual meeting season was also flush with takeover bids by companies and private equity bidders.

ACSI will be writing to all the companies noted above to express its concerns about shortcomings in their remuneration practices.

## **INTERNATIONAL NEWS**

### **US**

#### **Directors Beware of Options Backdating**

The Delaware Chancery Court Tuesday ruled for the first time that board directors who approved option backdating or spring-loading (the practice where boards set an exercise price just before releasing stock-boosting news) can be sued for breach of fiduciary duty.

Delaware has now sent a strong signal that its courts will welcome shareowner suits alleging director negligence in widespread stock option scandals. The invitation could bring a flood of cases—but also serve as a powerful notice to boards to treat investors fairly, or pay legal consequences.<sup>4</sup>

<sup>3</sup> ISS Governance Weekly ‘Pay Concerns Dominate Australia’s Proxy Season’, 2 February 2007

<sup>4</sup> Global Proxy Watch ‘Bad Date’, Vol XI No 6, 9 February 2007.

**Independence of Executive Pay  
Consultants under the spotlight**

On the 2 January 2006 a coalition of institutional investors representing \$849.5 billion said that 18 of the 25 largest U.S. corporations responded to a call for information outlining how their compensation committees ensure the independence of consultants who assist in setting the pay packages of top executives.<sup>5</sup>

The joint letter was sent to the compensation committee chairs of the 25 largest U.S. companies by market capitalization in the S&P500. The investors called on the companies to:

- Inform investors of the nature and extent of work being done for company management by consulting firms that also recommend executive pay packages to the board's compensation committee,
- Provide information on any existing board policies to prevent or prohibit the same consulting firm from providing services to both management and the board, and
- Express a willingness to adopt formal policies to prevent compensation consultants from working for both management and the board.

This coalition has also called on other corporations to voluntarily adopt the best practice approach exhibited by these top companies and support the fundamental principle of independent compensation consultants.<sup>6</sup>

<sup>5</sup> Denise L Nappier, Office of State Treasurer 'Investors Applaud Actions of Top Companies to Develop "Best Practices" to Assure Independence of Compensation Consultants; Call on Corporate Boards to Follow Examples to Help Control Increases in CEO Pay Nation's Leading Companies Respond to Call for Disclosure of Policies', 2 January 2006.

<sup>6</sup> The coalition includes the California State Teachers Retirement System, North Carolina Retirement Systems, New York State Common Retirement Fund,

More than half of the responses form a road map of "best practices" to avoid conflicts that could contribute to excessive executive pay packages - packages that do not reflect a pay-for-performance principle providing a true alignment of interest between investors and senior executives.

According to their responses, some companies have adopted formal policies to ensure independence while others have established guidelines at the compensation committee level to deal with the issue. The responses provided by the 18 companies are being provided by the investor coalition to each of the top 25 companies, and released to the investing public.

The investors were pleased that many leading companies can and are creating "best practices" on the issue, especially in the wake of the Securities Exchange Commission (SEC) failure to require boards to disclose whether consultants performed significant work for the management of the same company.

The SEC has issued revised rules calling for the disclosure of compensation consultants. The rules require for the first time that every public company share with investors the identification, role and hiring contact of the board's compensation consultant. However, they did not require disclosure of whether the consultant performed other services for management of the same company – a significant omission in the view of the coalition of investors.

Copies of the 18 corporate responses and the original request from the investor coalition are available at [www.state.ct.us/ott](http://www.state.ct.us/ott)

New York City Pension Plans, AFL-CIO Reserve Fund, SEIU Pension Fund, State of Illinois Board of Investment, F&C Asset Management, Walden Asset Management, The International Brotherhood of Teamsters, Universities Superannuation Scheme Ltd., and Central Laborer's Pension Fund.

**Moves in the US to incorporate intangibles into long-term investment**

The following is an edited extract from a cover story ‘Beyond The Green Corporation’ published in Business Week Online.

Patrick Cescau, CEO, Unilever is of the view that helping ... nations wrestle with poverty, water scarcity, and the effects of climate change is vital to staying competitive in coming decades. “You can't ignore the impact your company has on the community and environment,” Cescau says. CEOs used to frame thoughts like these in the context of moral responsibility, he adds. But now, “it's also about growth and innovation. In the future, it will be the only way to do business.”<sup>7</sup>

Embracing sustainability can help avert costly setbacks from environmental disasters, political protests, and human rights or workplace abuses—the kinds of debacles suffered by Royal Dutch Shell PLC in Nigeria and Unocal in Burma.

GlaxoSmithKline discovered that, by investing to develop drugs for poor nations, it can work more effectively with those governments to make sure its patents are protected. Dow Chemical Co. (DOW) is increasing R&D in products such as roof tiles that deliver solar power to buildings and water treatment technologies for regions short of clean water. “There is 100% overlap between our business drivers and social and environmental interests,” says Dow CEO Andrew N. Liveris.

Few Wall Street analysts...have tried to assess how much damage Wal-Mart's reputation for poor labor and environmental practices did to the stock price. But New York's Communications Consulting Worldwide (CCW), which studies issues such as

reputation, puts it in stark dollars and cents. CCW calculates that if Wal-Mart had a reputation like that of rival Target Corp., its stock would be worth 8.4% more, adding \$16 billion in market capitalization.

Investors who think about these issues have long time horizons. But they encounter problems because U.S. regulators don't require them to quantify environmental, social, or labor practices.

Rising investor demand for information on sustainability has spurred a flood of new research. Goldman Sachs, Deutsche Bank Securities, UBS, Citigroup, Morgan Stanley, and other brokerages have formed dedicated teams assessing how companies are affected by everything from climate change and social pressures in emerging markets to governance records.

In a recent McKinsey & Co. study of 1,144 top global executives, 79% predicted at least some responsibility for dealing with future social and political issues would fall on corporations. Three of four said the CEO should address such issues. But only 3% said they do a good job dealing with social pressures.

Such efforts, even if successful, may not help managers make their numbers next quarter. But amid turbulent global challenges, they could help investors sort long-term survivors from the dinosaurs.

**UK and Europe**

**Association of British Insurers' new guidelines on Responsible Investment Disclosure.**

The Association of British Insurers has released a new set of guidelines to guide institutional shareholders assessing narrative reporting and seeking to engage with their investee companies.

<sup>7</sup> Business Week Online ‘Beyond The Green Corporation’ By Pete Engardio, with Kerry Capell in London, John Carey in Washington, and Kenji Hall in Tokyo, 29 January 2007

“Narrative reporting” might include information in the Chairman’s statement, the directors’ report, the management discussion and analysis, remuneration, corporate governance or environmental reports.

The guidelines focus on narrative reporting which:

- sets ESG risks in the context of the whole range of risks and opportunities facing the company
- contains a forward looking perspective, and
- describes the actions of the Board in mitigating these risks.

The guidelines modify a set of earlier guidelines to take into account the EU Modernisation Directive and the new UK Companies Act, recent experience of narrative reporting and the UK Government’s clarification of directors’ liability for narrative statements.

The new guidelines state that “institutional shareholders are anxious to avoid unnecessary prescription or the imposition of costly burdens, which can restrict the ability of companies to generate returns. They do not intend that these modified guidelines should add to the reporting burden facing companies, but rather that they should help companies understand and respond to the needs of investors when they set out to comply with new reporting requirements under UK and European company law.

Investors continue to believe that, by focusing on the need to identify and manage ESG risks to the long and short-term value of the business, the guidelines highlight an opportunity to enhance value.”

The Responsible Investment Disclosure Guidelines are available online at [www.abi.org.uk/Members/circulars/viewAttachment.asp?EID=15636&DID=14121](http://www.abi.org.uk/Members/circulars/viewAttachment.asp?EID=15636&DID=14121).

## **UK Accounting Standards Board publishes its review of narrative reporting**

In January 2007, the Accounting Standards Board published its review of narrative reporting by UK listed companies. The aim of the review was to highlight the strengths and weaknesses of current narrative reporting, and to encourage continuing improvement in this area.

On the positive side, the report found that:

- “Companies are generally good at providing descriptions of their business and markets, together with their strategies and objectives, although some improvements can be made in providing information on their external environment.
- All companies within the sample are providing satisfactory or better descriptions of the current development and performance of the business.
- There has been an increase in companies reporting environmental, employee and social issues, although very few companies have discussed their contractual arrangements and relationships in any depth.”

The report also identified some areas for improvement:

- “The greatest area of difficulty for companies when producing their narrative reports is the disclosure of forward-looking information. The proposed ‘safe harbour’ provisions in the Companies Act 2006 may encourage companies to provide greater detail moving forward.
- Companies need to think carefully about the description of the resources available to the entity, in particular on those intangible items not reflected in the balance sheet.

- Companies need to assess carefully what are their principal risks and uncertainties, and report on those, together with the approach to managing and mitigating those risks, rather than simply provide a list of all their risks and uncertainties."

Source:

<http://www.frc.org.uk/asb/press/pub1228.html>. A copy of the review can be obtained from this site

### **EU sets high targets for emissions cuts**

The European Commission's Strategic Energy Review released in January 2007 states that the EU should reduce greenhouse gas emissions by 20% by 2020, with the aim that, if an international commitment to act on climate change is reached, the target should increase to a 30% reduction by 2020 and 60-80% by 2050.

"To achieve this objective, the Commission also proposes to focus on a number of energy related measures: improving energy efficiency; raising the share of renewable energy in the energy mix, as well as new measures to ensure that the benefits of the internal energy market reach everyone; reinforcing solidarity among Member States, with a more long term vision for energy technology development, a renewed focus on nuclear safety and security, and determined efforts for the EU to "speak with one voice" with its international partners, including energy producers, energy importers and developing countries."

The Review includes a ten-point energy Action Plan with a timetable of measures to put the EU on course to achieve the new strategic objective.

Source:

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/7&format=HTML&aged=0&language=EN&guiLanguage=en>

The European Commission's Energy Review and Action Plan are available online at <http://ec.europa.eu>.

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This newsletter is correct to the best of our knowledge and belief at the time of going to press. It is, however, written as a general guide so it is recommended that specific professional advice is sought before any action is taken