



# **The Strategic Suggestions For Constructing Taiwan Disclosure System of Corporate Environment and Sustainable Information**

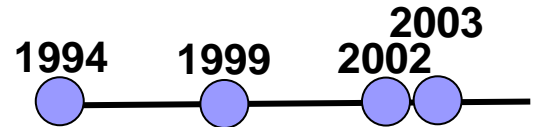
**Jerry H. Huang**  
**Advisor**  
**CTCI Foundation**

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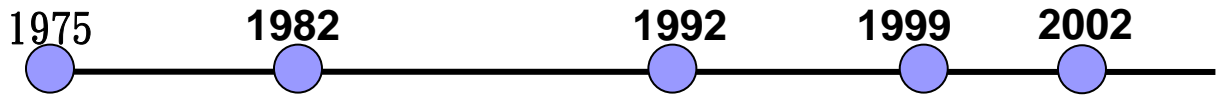
- **The status quo of promoting environmental information disclosure in Taiwan**
- **The required works for enterprises for promoting environmental report**
- **The performance level of the corporate environment report implementation in Taiwan**
- **The strategic planning - Suggestions to The Investigated IDB's 2006 Corporate Environment Disclosure Plan**
- **Conclusions**

# Environmental Protection Movement in Taiwan

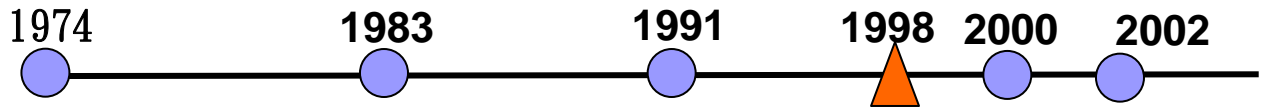
EIA Act



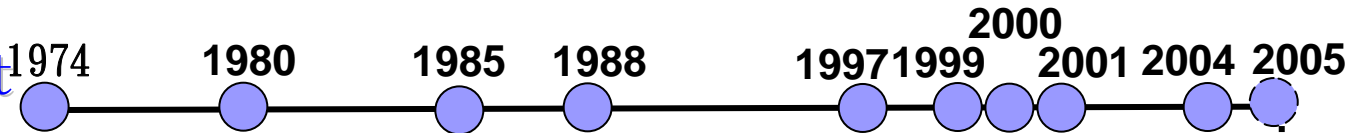
Clean Air Act



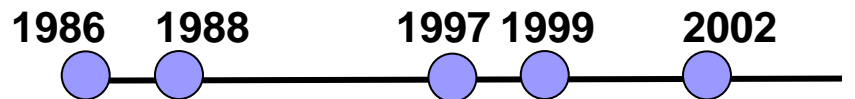
Clean Water Act



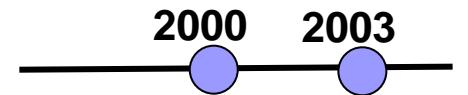
Waste Disposal Act



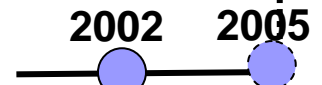
Toxic Substance Control Act



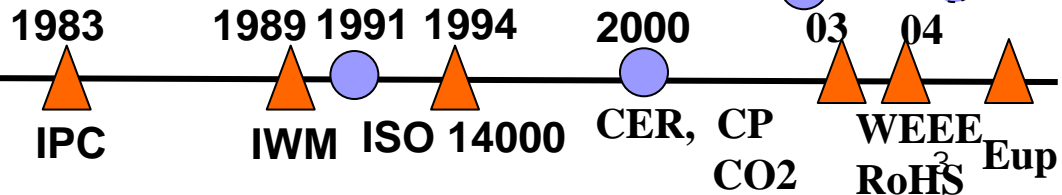
Soil and Ground Water Remediation Act



Resource Recovery Act



Industrial Development



# The status quo of environmental information disclosure in Taiwan

- The environmental information disclosure started in Taiwan in recent years. Taiwan's business follows the international enterprises in making "Environmental Report". But unlike the international enterprises, Taiwan's business has low willingness to disclosure these reports
- In 2000, the first "Corporate Environmental Report" (CER) in Taiwan was published by Kuo-zui Motora (Toyota) with the assistance of IDB. Currently there are 50-60 enterprises that have been engaged in CER (including those without disclosure)

# The status quo of environmental information disclosure in Taiwan

## (Continued)

- **Orders of Financial Supervisory Commission (FSC) Taiwan :**  
“The annual report should contain the expenditure on environmental protection, including the loss and penalty of causing environmental pollution as well as the responding strategy and financial expenditure. Appendix C lists the details of these orders
- **The Global View Monthly (2005) :**  
76% of the listed companies have published financial report on web, only 17.6% of which published environmental information. Most enterprises are not clear about sustainable development report. Only less than 5% of these companies are willing to publish the environmental report

## Environmental Information Disclosure Ways of The Enterprises in Taiwan (Summary)

Types of environmental information disclosure	Enterprises engaged on this work (examples)	Directives, guides, and requests
CER, CSR, ESHR, & environmental performance written statement	Kuozui ( CER ) , Taiwan Cement CER ) , China Steel (CER) 、 Ford(CSR) , UMC(CER) , Yulon (CER) , Super Textile ( CER ) , tsmc (ESHR) , CAPCO (Written statement) , Taipower (CSR) , Mega International Commercial Bank (Written statement)	Enterprise Voluntary Declarations (Refer to GRI)
The listed companies publish the environmental information along with the financial report	Formosa Petrochemical, Powerchip Semiconductor, ProMOS Technologies, China Synthetic Rubber, Cheng Shin Rubber, CMC, HTC, AUO	Orders of Taiwan governmental sector on finance  (IDB, 2006)

# The Corporate Sustainable Report Published on Web - EPSON

The screenshot shows a Microsoft Internet Explorer browser window displaying the EPSON website. The address bar shows the URL: <http://w3.epson.com.tw/ett/report/2005/general/index.asp>. The page title is "2005 年度 EPSON 環境報告書 - Microsoft Internet Explorer".

The website header features the EPSON logo with the tagline "EXCEED YOUR VISION" and navigation links for "新聞焦點", "支援與服務", "產品資訊", "關於 EPSON", and "資源回收". There is also a search bar and a "TAIWAN" region selector.

The main content area is titled "2005 永續發展報告書 SUSTAINABILITY REPORT". On the left, there is a table of contents (目錄) with the following items:

- 編輯方針
- 集團簡介
- 台灣愛普生科技簡介
- 經營者的話
- 經營理念
- ▶ EPSON的永續目標
- ▶ 永續發展報告
- ▼ 環境報告
  - ▶ 環境管理
  - ▶ 環境商品
  - ▶ 綠色工廠
- ▶ 社會性報告
- ▶ 2004年度的活動與成果

The main text area is titled "Epson的年度報告書" and contains the following information:

■ Epson 每年將企業活動彙集發行各年度報告書，包括年度報告書 (Annual Report, 簡稱 AR) 以及永續發展報告書 (Sustainability Report, 簡稱 SR)。AR 及 SR 將針對不同內容逐一報告

- AR2005：事業願景，事業概要，財務報表等（預計 2005 年 7 月發行）
- SR2004：環境報告，社會性報告
- 企業統治，守法經營，危機管理為共同報告內容

2005 年度報告書發行處：  
Seiko Epson Corporation IR 推進部  
聯絡電話：81-3-3343-5513

編輯方針

本報告書乃根據以下基本方針製作編輯而成

■ 誠實地傳達信譽昭著的多項資訊，以能讓來自世界各地的股東更容易瞭解的格式為優先考量。

The browser's taskbar at the bottom shows the Windows XP interface with the Start button, taskbar, and system tray displaying the time as 下午 10:06.

# The Corporate Sustainable Report Published on Web – 7-ELEVEN

7-ELEVEN 永續性報告書

經濟性報告 環境性報告 社會性報告

## 環境指標

明確揭示的環境指標

統一超商立下明確的環境指標，將企業本身、全體員工、各個加盟店、顧客以及社區串聯成緊密的生命共同體。無論是單位組織亦或個人，企盼每一個環節的加入，切身體會環境維護的重要，與環境形成共存共榮的密切互動。

從企業核心建立環保指標，再逐步向外延伸形成環狀結構

- 以企業公民角色自我定位

善盡企業責任，於事業經營過程中，致力保護環境、降低資源浪費、有效利用資源、再生資源化、節省能源、削減廢棄物及預防環境污染。



# The Questionnaire of CER Implementation for The Enterprises in Taiwan

- **Date: July 2003**
- **Targets : 200 corporate with ISO 14001 certification (mainly medium and large scale enterprises )**
- **Effective return rate: 25%**
- **Objective: to understand how Taiwan's company view and prepare CER publication**

**(Shen , 2003)**

# Company Profile indicated in Questionnaire

Items	Key Results of Survey
<b>Profession title of questionnaire repliers</b>	<b>Position rank: higher than ESH manager 40%, lower than section head 60%</b>
<b>Industrial sectors</b>	<b>electronics (10, 27%), automobile (9, 24%), textile , machinery, plastics and petrochemicals(4 of each, 11% each), others (16%)</b>
<b>Investors</b>	<b>100% local (70%), foreign capital less than 50% (11.1%), foreign capital more than 50% and 100% (8.3% each)</b>
<b>Capital (NT\$ dollars)</b>	<b>Less than 100 millios 13.9%, 100~500 millions (30.6%), more than 500 miooions (63.9%)</b>
<b>Ratio of export</b>	<b>more than 50% (47.2%), less than 50% (30.6%), 100% export and import (8.3% each)</b>
<b>Period since receiving ISO 14001 certification</b>	<b>more than 2 years (45%), 1-2 years (35%), less than 1 year (20%)</b>

# Do Taiwan's Companies Know CER – What Is It and How to Make it?

- ◆ From the responding companies of questionnaire:
  - clueless and do not understand well: 70%
  - Well understand : 10%

➔ CER Awareness still needs to be enhanced

Extent of Understanding CER	No. of companies	%
clueless	7	18.9%
Do not understand well	19	51.4%
understand	7	18.9%
well Understand	4	10.8%
Completely Understand	0	0
Do not reply	2	5.4%

(Shen , 2003)

# Taiwan's Companies' Willingness of Publishing CER After Receiving ISO 14001 Certification

From the responding companies of questionnaire:

- ◆ More than 80% companies are not willing to do so
- ◆ Only 10% companies indicate the willingness
- ◆ This result shows the significant difference from the international enterprises, which have even published Corporate Sustainability Reports, CSRs (including three dimensional commentaries: environment, economy, and society )  
Thus, more efforts are needed for the continuous improvement of EMS communication aspect

Willingness of Publishing CER After Receiving ISO 14001 Certification	No. of companies	%
No	30	81.08%
Yes	5	13.51%
Do not reply	2	5.40%

# The Reason for Not Planning to Publish CER – indicated from the responding companies of the questionnaire:

- ◆ Unfamiliarity of CER (25.6%),
- ◆ No intention from high management level (23.3%),
- ◆ Concern of technical difficulties, such as incomplete development of the standardization/normalization of environmental performance indicators, etc. (1/3)

Reasons	No. of companies	%
Unfamiliarity of CER	11	25.6%
No intention from high management level	10	23.3%
Lack of standardization of environmental performance indicators	6	14.0%
Incomplete normalization technique of environmental performance indicators	6	14.0%
Difficulties in comparing indicators due to different units	4	9.3%
Did not reply	6	13.8%

(Shen , 2003)

# **The Most Urgent Needs for Promoting CER**

indicated from the responding companies of the questionnaire

<b>Selections</b>	<b>Scores*</b>
<b>Recognition of Environmental Protection Sectors of Government</b>	<b>6.04</b>
<b>Help from the Assistance Provision Sectors</b>	<b>5.95</b>
<b>Provision of the summarized experiences from similar and related companies</b>	<b>5.95</b>
<b>Construction of the complete recycle and treatment system</b>	<b>5.91</b>
<b>Financial support for CER promotion</b>	<b>5.78</b>
<b>Cooperation of the ratification units</b>	<b>5.76</b>
<b>Introduction of International related technologies</b>	<b>5.62</b>

\*score 1-extremely disagree 2 disagree, 3 not totally agree, 4 no comment, 5. agree 6. very much agree 7. extremely agree

**(Shen , 2003)**



# Required Works of Enterprises for Promoting CER/CSR

- **Concept and Mindset for Promotion**
- **Implementation Steps and Resources**
- **Responding Strategy and Methods**

# Concept and Mindset for Promotion

- ◆ **Act with correct attitudes**
  - ➔ ”Customer oriented”, “Empathy”
  - ➔ ” Open-minded” and “scrupulous consideration”
  - ➔ **Reveal the culture and properties of enterprise itself**
  
- ◆ **Grasp the core issues**
  - ➔ **Identify the CER guidance to follow**
  - ➔ **Build up the pertinent EHS performance indicator system**
  - ➔ **Ensure the continuous improvement goal in the future**

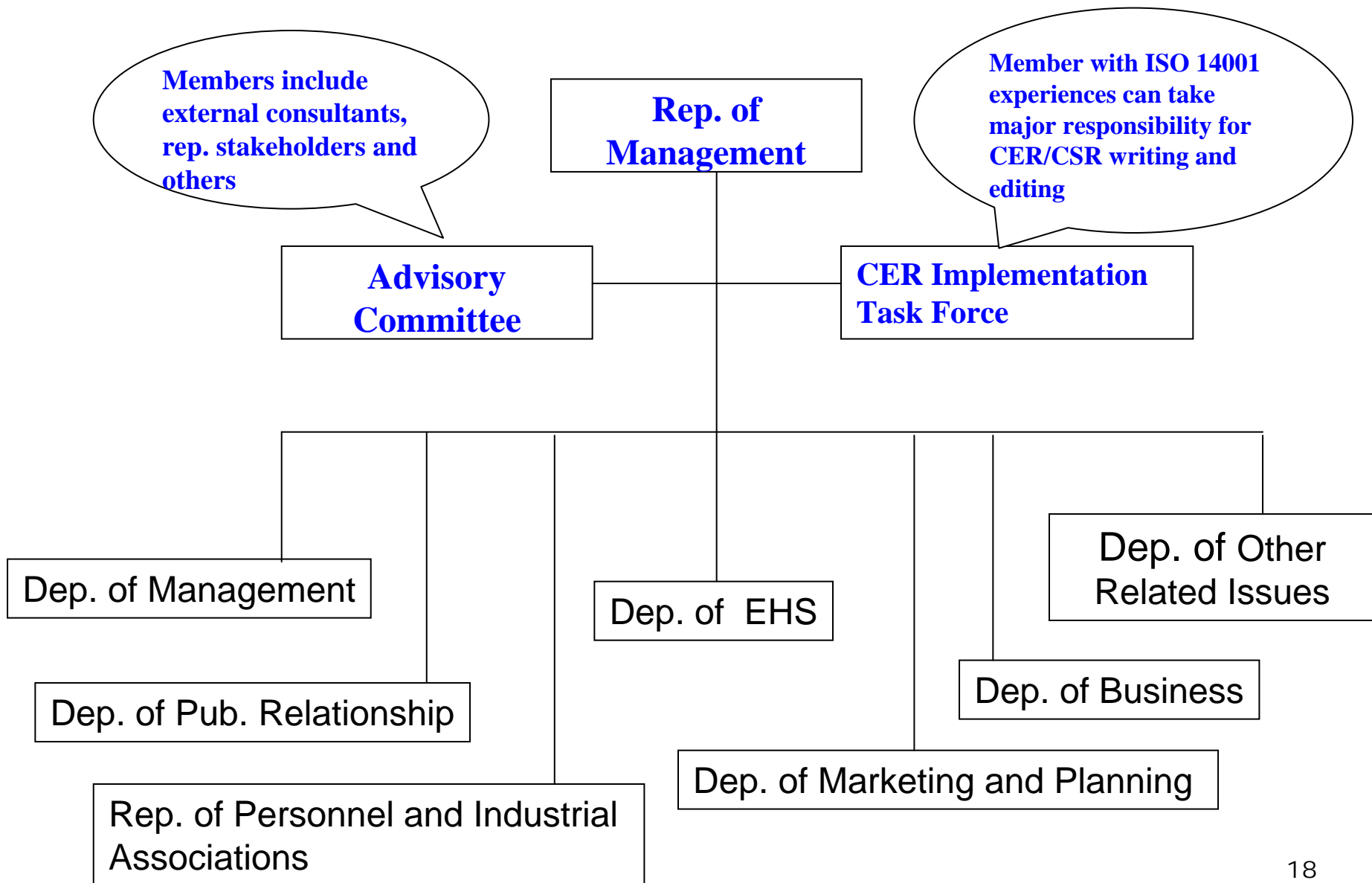
(Dr. liu, China Steel, 2000)



# Implementation Steps and Resources

- **Set up the task force with members from**
  - Department of management
  - Department of public relationship, transportation/marketing, and planning
  - Department of technology and environment
  - Department of personnel or representatives of employee
  - External consultants or public relationship organizations, if necessary
- **No. of members of this task force amounts to 3~6, up to 2 members be responsible for CER writing and editing**
- **In general, companies with ISO 14001 can finish the first edition of CER/CSR in 6-8 months, and only half of this time is needed for making the annual updated version due to the similar structure and the continuing topics.**

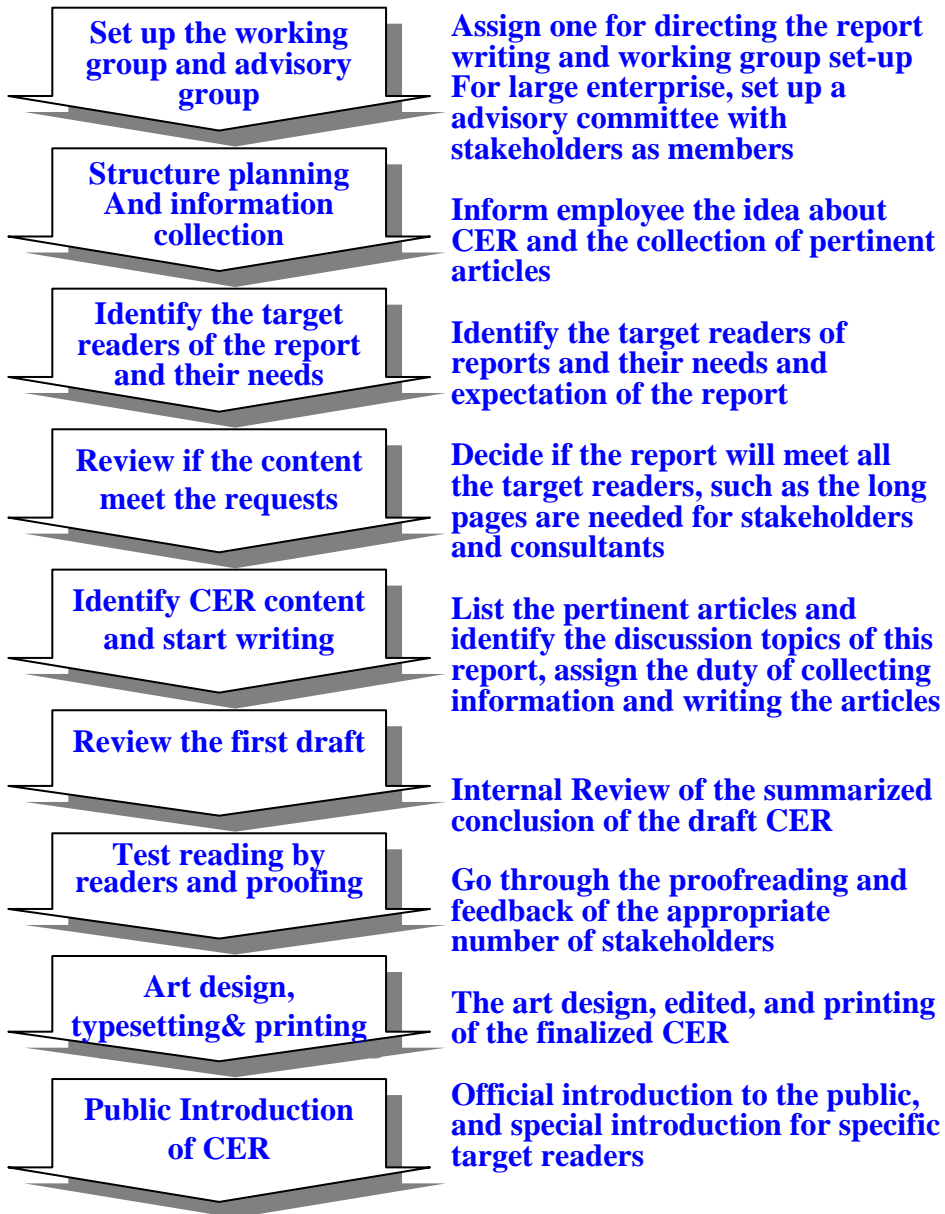
# The Structure for CER/CSR Planning



## Process

## Works

# Implementation Steps and Resources (Continued)

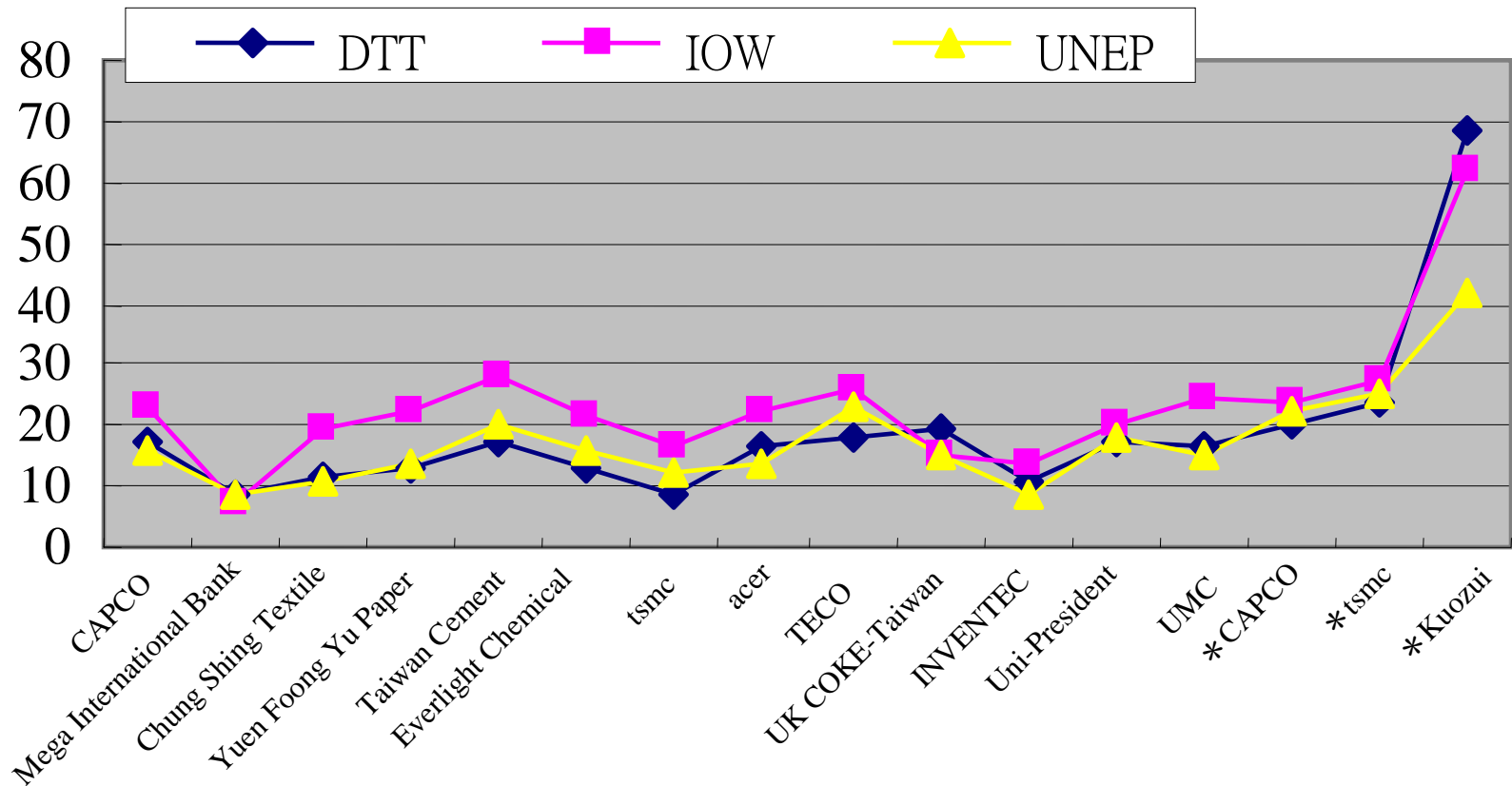


- Three major steps of CER writing:
  - ◆ Information collection and preparation
  - ◆ CER planning and writing
  - ◆ CER demonstration
- These steps shown on the left need to be covered as much as possible in CER writing

# The Responding Strategies and Methods of Enterprises

- Analyze the motivation and driving force of CER making
- Evaluate the capability of performances and data collection
- Absorb the experiences of CER/CSR writing and implementation from fellow business
- Construct the pertinent system of performance indicators
- Construct the training mechanism for CER/CSR writers and managers
- Investigate the demonstration method of coverage of EMS/waste minimization results into CER
- Construct and expand the channels of CER/CSR demonstration and communication
- Build up the basis of CER and develop step by step toward CSR

# The Performance Level of CER Implementation in Taiwan



Source:Hu and Liu, 2001

# Table 1. Comparison of DTT Grading Card Between Taiwan and International Companies

Items	Company 1999 Average of International electronic companies in 1999*	UMC (for this study)
<b>A. Company Profile</b>	<b>5.5</b>	<b>3.33</b>
<b>B. CER design</b>	<b>5.8</b>	<b>5.63</b>
<b>C. Env. Impact/data</b>	<b>8.9</b>	<b>1.11</b>
<b>D. Env. management</b>	<b>7.7</b>	<b>3.33</b>
<b>E. Financial/Eco- benefits</b>	<b>3.3</b>	<b>0.42</b>
<b>F. Relationship with stakeholders</b>	<b>3.8</b>	<b>0.5</b>
<b>G. Communication</b>	<b>4.4</b>	<b>2.5</b>
<b>H. Statement of the third party</b>	<b>1.6</b>	<b>0</b>
<b>Total (full score100)</b>	<b>40.8</b>	<b>16.77</b>

## **Table 2. Comparison of UNEP Grading Card Between Taiwan and International Companies**

Items \ Company	International paper Companies	Yuen Foong Yu Paper (for this study)
Management System	11	5
Input/output inventory	17	8
Financial information	6	0
Relationship with Stakeholder	11	1
Total score (full score 60)	55	14

**Source: Hu and Liu, 2001**

**Table 3 Comparison of Taiwan's and Inter. Automo. Industry (DTT)**

Company Items	Average of Inter. In 1999	Kuozui (for this study)
A. Company Profile	7.9	7.5
B. Report design	9	11.25
C. Env. Impact/data	11.7	13.89
D. Env. Managem.	10	16.88
E.Fina/Eco. Benefits	5.4	5
F. Rela. With Stake.	5.2	5.5
G. Communication	5.8	8.75
H. State. Of third pat.	2.1	0
Total (full score 100)	57.1	68.8

In average, the score of Taiwan's industry is far behind the international company. However, Kuozui's CER has demonstrated its equivalent performance with international companies despite subjectivity is involved in scoring.

Source: Hu and Liu, 2001



# Strategic Planning and Suggestions

- **The Investigated IDB's 2006 Corporate Environment Disclosure Plan**
- **Strategy and Suggestions for Work Plan**

# Focuses of The Investigated IDB's 2006 Corporate Environment Disclosure Plan

## ■ Targets of Disclosure


- Three categories of targets according to the Taiwan industry properties : mandatory disclosure, voluntary disclosure, and encouraging disclosure
  - mandatory disclosure: Listed companies and nationalized industry
  - voluntary disclosure: over-the-counter companies and enterprise with revenue up to NT \$ 100 millions in the most recent three years
  - encouraging disclosure: Government encourage all the other enterprises, esp. SME, to disclosure the environmental information

# ■ The content of Disclosure

- **Environment data:** Focused on disclosure of environment data, including “regulatory requests”, “environment accounting (environmental protection expenditure)”, and “energy consumption”, which disclose: total amount of pollutant emission (the disclosure of the impact of environment load), compliance of environmental protection regulation, environmental cost (combined with environmental accounting), and benefits, use of resources (disclosure of the impact green house effect and water resource)
- **Social responsibility:** Focused on contribution to community and society, explain the improvement of life quality of employee, such as community relationship, relationship among employee, responsible product management, and awarding.
- **Environmental activity (Economic activity):** Focused on activities of environmental friendly and improving environmental performance, such as pollution prevention, cleaner production, reduction of green house gas emission, management of chemicals and materials, green product development, education and training, promotion of policy and management system, awarding.

# ■ The Progress of Promotion

Progress of disclosure Target of disclosure	1st stage Basic environment Data of disclosure	2 <sup>nd</sup> stage Complete environment Data of disclosure	3rd stage - 1 Creditable review of environmental data (CER)	3rd stage - 2 Creditable review of environmental data (Corporate Social Responsibility Report)
Mandatory disclosure	Year D (Starting year)	Year D+2	Year D+4	Year D+6
Voluntary disclosure	Year D to D+2	Year D+4	Year D+6	Year D+8
Encouraging disclosure	Year D 至 D+4	Year D+6	Year D+8	Year D+10
Resource for promotion	<ul style="list-style-type: none"> <li>◎ Committee of assistance promoting</li> <li>◎ Group of assistance promoting</li> </ul>	<ul style="list-style-type: none"> <li>◎ Committee of review and management</li> <li>◎ Group of review assistance</li> </ul>	<ul style="list-style-type: none"> <li>◎ Committee of credible review</li> <li>◎ Group of review assistance</li> </ul>	<ul style="list-style-type: none"> <li>◎ Committee of investment review</li> <li>◎ Group of review assistance</li> </ul>



# **Strategy and Suggestions for Practical Works**

# Definition of CSR

- CSR is a consistent Pattern , at the very least, of private firms doing more than they are required to do under applicable laws and regulations governing the environment, worker safety, and investments in the communities in which they operate.

Dr. Paul Portney, RFF

# Four Questions of CSR

- May They?
- Can They?
- Should They?
- Do They?

Source: Bruce L. Hay et al., 2003



## Key Factors in Consideration of CSR Promotion

- The Legal Perspective
- The Economic Perspective
- The Business Perspective

Source: Bruce L. Hay et al.,2003



# Why Promotion CSR

- Moral Obligation
- Economic Interest
  - \*Be rewarded by some consumers
  - \*Attract and Retain Skilled and highly motivated Employees
  - \*Reducing Capital Cost
  - \*Be Favorable Treated by Regulators and Local Communities
  - \*Increase Competiveness compared with their counterparts

Source: Bruce L. Hay et al.,2003

# Argument Raised by CSR Promotion

- Business should trust public policy
- Managers often lack the expertise to determine overall social welfare
- Market driving force may keep managers from substantially sacrificing profits for social purposes
- CSR entails an area of ethical constraints in which costs and *profitability are* scarcely relevant
- CSR does not enhance overall social welfare
- CSR typically underpay the true valuable things that corporations do--create products that consumers value and Provide jobs
- CSR activities may do more harm than good
- CSR is only begun, and more serious work is needed if it is to be a meaningful guide to business

Cited from Bruce L. Hay et. al., EFF, 2003

# General Suggestions for Government on CER/CSR Promotion

- Promulgate and educate business for CER/CSR awareness and study the pertinent **Promotional and Assistance Provision Strategy** (assistance and award, but not regulatory request)
- Actively promote the international CER/CSR benchmark, directing Taiwan corporate environment management to global links and level
- Identify who needs CER/CSR assistance and the focuses in this assistance
- In line with the CER/CSR promotion, develop the writing guidance and evaluation tools that are suitable to Taiwan enterprises

# **Suggestion to the works in IDB's 2006 Corporate Environment Disclosure Plan**

- **Identify the objectives of management in project implementation (from the aspect of financial risk management or environmental risk management?)**
- **Identify the roles of each governmental agency (such as IDB, FSC)**
- **Evaluate the capability of enterprises on CER/CSR data collection, writing and editing**
- **Construct the fostering and managing mechanism for CER/CSR professional staff and units of assistance and evaluation**

# Conclusions

- **The global links of CER/CSR demands immediate actions**
- **Fore sighting the global environmental protection trend and react with bold and careful action plan**
- **Foster the core values of environmental protection in enterprises, internalize them in enterprises culture**
- **Government continues to provide assistances: simultaneously work on awarding and assistance**
- **Government should understand the constraint of CSR and do the right thing**

