

**CONTRASTING REALITIES: CORPORATE ENVIRONMENTAL DISCLOSURE AND
STAKEHOLDER-RELEASED INFORMATION**

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Abstract

Purpose: This paper studies the informational dynamics taking place between a firm and its stakeholders with respect to corporate environmental management.

Design/methodology/approach: The analysis rests on a longitudinal case study contrasting environmental information reported by the case firm with environmental information about the firm disclosed by four key stakeholder groups or their representatives (governments, community, environmental non-governmental organizations and investors) over three years.

Findings: Results suggest the presence of a gap composed of different patterns between corporate and stakeholder disclosures. The patterns range from uniformity between disclosures to performance-neutral and performance-biased gaps, with stakeholders complementing or contradicting corporate disclosures. Using the lens of ethical relativism, these results are attributed to differences between the environmental moral code of the firm and those of its stakeholders.

Originality/value: This paper compares corporate disclosure to external sources of information and employs ethical relativism to interpret findings and assess the accountability of the case firm.

1. INTRODUCTION

Developing an understanding of corporate environmental management and performance can be compared to looking through the different facets of a prism. One facet advocates that good environmental performance creates value for the corporation (Al-Tuwaijri *et al.*, 2004; Hart, 1995; Russo and Fouts, 1997). Another proposes that greater environmental disclosure is used to mask poor performance (Hughes *et al.*, 2001; Patten, 2002) while a third one argues the opposite, i.e. that superior environmental disclosure demonstrates better environmental performance (Al-Tuwaijri *et al.*, 2004; Clarkson *et al.*, 2008). Another facet suggests that stakeholders influence corporate environmental performance (Kassinis and Vafeas, 2006; Sharma and Henriques, 2005) and disclosure (Adams and Whelan, 2009; Cormier *et al.*, 2004; Roberts, 1992). Still another facet states that stakeholders are influenced by environmental performance and disclosure (Deegan and Blomquist, 2006; Hendry, 2005; Milne and Patten, 2002). All these perspectives depict different aspects of corporate environmental performance, much like each facet presents a different view of the same prism. How can we get a sense of the overall picture of a corporation's environmental management and performance? Adams (2004) and Dey (2007) suggest that this can be achieved by studying environmental information released by the firm and by its stakeholders.

Motivated by this suggestion, this paper explores informational dynamics taking place between a firm and its stakeholders with respect to corporate environmental management. These dynamics refer to the way constituents (the firm and its stakeholders) release environmental information, how they react to the releases from the other constituent and how their disclosures affect each other (adapted from Buhr, 2007). The dynamics are analysed through a longitudinal case study contrasting environmental information reported by the case firm with environmental information about the firm disclosed by four key stakeholder groups or their representatives: governments, community, environmental non-governmental organizations (ENGOS) and investors. The case firm is Abitibi Consolidated, a large international corporation operating in the forest and paper products industry throughout North America and the United Kingdom. Information released through corporate environmental disclosure (annual reports, sustainability reports, web, press releases) along with the environmental information released by concerned stakeholders has been collected for 2005 to 2007. These environmental disclosures have been analysed and compared to identify the similarities, differences, overlaps and omissions of corporate reporting vis-à-vis stakeholder-released information.

This paper contributes to the literature by answering the repeated call for research into the overall portrayal of corporate social and environmental performance available through multiple information sources (Georgakopoulos and Thomson, 2008; Owen, 2008; Thomson and Bebbington, 2005). In particular, this study contributes to the environmental accounting literature by breaking down into patterns the gap between corporate and non-corporate environmental disclosure and by offering nuances in the extent to which the organization is accountable to its stakeholders. Analysed in light of the conceptual framework of ethical relativism (Lewis and Unerman, 1999; Wong, 1993), this gap is explained by differences between the environmental moral code of the firm and those of its stakeholders. Complementing the ethical relativism analysis with an accountability appraisal indicates that the different patterns of disclosure are associated with different levels of accountability; the more relativism there is in a pattern, the lower the level of accountability.

Studying the informational dynamics of environmental management is important for the evolution of corporate environmental disclosure. So far, accounting standard setters worldwide regulated only the reporting of environmental contingencies, asset retirement obligations and other environmental costs and liabilities.^[1] By exposing the nuances in the gap between corporate and non-corporate environmental disclosures, this paper concretely underlines the extent to which voluntary corporate environmental reporting meets stakeholders' information and accountability needs (Adams, 2004; Unerman and Bennett, 2004). It contributes to the debate on the necessity and usefulness of regulating social and environmental reporting (see Buhr, 2007) by providing standard setters and other interested parties with relevant information on the consequences of leaving most decisions about environmental disclosure to the discretion of organizations.

2. BACKGROUND

Several studies assess the substance of environmental disclosure. Substance has been evaluated through the appraisal of compliance with mandatory reporting standards (Alciatore *et al.*, 2004; Freedman and Stagliano, 1995), comparisons of corporate policies with subsequent disclosures (Patten, 2005; Tilt, 2001), the analysis of the nature of disclosure (Deegan and Gordon, 1996; Deegan and Rankin, 1996; Deegan *et al.*, 2002) and the degree of compliance with voluntary social and environmental disclosure guidelines such as AccountAbility 1000 (ISEA, 1999) and the Global Reporting Initiative (GRI, 2006) (Adams, 2004; Belal, 2002; Moerman and Van Der Laan, 2005; Morhardt *et al.*, 2002).

These perspectives adopted to examine substance unanimously assert the presence of a gap in corporate environmental reporting. However, in most instances, only specific pieces of information were examined (Alciatore *et al.*, 2004; Freedman and Stagliano, 1995; Patten, 2005; Tilt, 2001) or only a general appraisal of the content of a reporting medium (usually the annual report) was conducted (Deegan and Gordon, 1996; Deegan and Rankin, 1996; Deegan *et al.*, 2002; Morhardt *et al.*, 2002). Few detailed, in-depth, appraisals of environmental reporting were performed (Belal, 2002; Moerman and Van Der Laan, 2005) and fewer studies compared corporate social and environmental reporting to external sources of information (Adams, 2004).

Most prior research that examines relations among stakeholders and corporations in the context of environmental disclosure adopted a static perspective in which stakeholders had a straightforward directional influence on environmental disclosure, with the focus generally being on corporate outputs such as annual or sustainability reports (Belal and Owen, 2007; Cormier *et al.*, 2004; Islam and Deegan, 2008; Roberts, 1992). However, I argue that a broader and more refined depiction of stakeholder-firm interactions related to environmental disclosure is emerging in the literature under the concept of "informational dynamics." In these dynamics, corporations report environmental information in response to their interpretation of stakeholders' opinions. This in turn shapes subsequent stakeholder disclosures (or decisions not to disclose) on the environmental issues at stake (Buhr, 2007). Thus these dynamics encompass many environmental accounts issued by different reporters (the corporation and various stakeholder groups), and these reports are shaped by the respective environmental "ideologies, rationalities and values" of the reporters (Georgakopoulos and Thomson, 2008, p.1118). In these dynamics,

the overall environmental performance of a corporation is understood through a construction of the performance's portrayal based on the multiple reports (Georgakopoulos and Thomson, 2008).

Prior studies are helpful in acknowledging the existence of a gap between corporate environmental reporting and external information about the firm's environmental performance, but knowledge on the nuance within the gap is still limited. Initial insights were offered by Adams (2004). Relying on emerging trends in social and environmental reporting research, this study extends Adams (2004) by analysing the informational dynamics taking place between a firm and its stakeholders with respect to its environmental management.

3. CONCEPTUAL FRAMEWORK: ETHICAL RELATIVISM AND ENVIRONMENTAL DISCLOSURE

Both natural and human arguments advocate for the ethics of corporate environmental protection. One may argue that the natural environment deserves ethical consideration from the corporation due to its intrinsic value, i.e. plants, animals and all other components of the natural environment are as worthy to be treated by high moral standards as human beings (Hoffman, 1991). Others may claim that embedded in the ethics of the collective good is business' responsibility towards future generations and their environmental rights (Jeurissen and Keijzers, 2004), which translate into moral obligations towards the environment today. Environmental disclosure has the potential to lead to the expression of ethical environmental concerns (Mathews, 1995) and therefore is worth analysing from an ethical perspective.

Another argument for studying environmental issues from an ethical standpoint lies in moral philosophy. Moral philosophy is an important component of ethics. It shapes people's system of values by disentangling 'right' from 'wrong' (Ferrel *et al.*, 2000). Values are significant drivers of corporate social performance. Indeed, some models of corporate social performance are based on the conviction that corporations "must behave in a manner that is consistent with society's values" (Wartick and Cochran, 1985, p.759). Values can be considered to be embedded in corporate social performance in a way that shapes corporate response to social issues (Swanson, 1995). In the case of environmental performance, this response can take the form of corporate environmental communication (Cormier *et al.*, 2004). Within the corporation, external affairs management is often responsible for the external communications of the corporation (e.g. public relations department). According to Swanson (1999) this corporate function is also responsible for detecting the social values the firm has to respond to. The values identified by external affairs are likely to shape the content and format of corporate communications. In fact, the double responsibility of external affairs (corporate communications and value detection) eliminates intermediaries between value detection and corporate communication and as such reinforces the influence of values on communication. In short, the role played by values in environmental disclosure provides another argument for studying the informational dynamics of environmental reporting from an ethical perspective.

Accordingly, in studying the case firm's environmental disclosure strategy in light of the release of environmental information by its stakeholders, the moral philosophy of ethical relativism is retained. It was selected following work on corporate social performance and values emphasizing the need to account for value relativism and the need to consider interactions

between corporations and social groups as a means to exchange ideas on the values at stake (Swanson, 1999). On some level, these interactions relate to the informational dynamics that are the focus of the study.

Ethical relativism implies that individuals have different conceptions of moral values and of what is right and wrong (Wong, 1993). What is considered to be ethical or unethical is therefore subjective and changes from one individual to another (Mackie, 1987; Wong, 1993). In other words, “what is considered good at a particular point in time by one society, individual or stakeholder group might not be regarded as good at other times or by other societies, individuals or stakeholder groups” (Lewis and Unerman, 1999, p.521). Extreme relativism implies that all moral standards can be thought to be right or wrong depending on the context (Taylor, 1987). Proponents of ethical relativism advocate for a less radical version of relativism, recognizing that although there is no single morality, some values or moral codes might be wrong given the situation (Wong, 1993). Along this line of thought, Lewis and Unerman (1999) developed a form of reasoned ethical relativism in which most behaviors are subject to be deemed ‘good’ by some and ‘bad’ by others, with certain behaviors being considered unacceptable at all times (such as torture^[2]).

This moderate form of relativism is adopted for the purpose of the paper. It also recognizes that although some broad-based values may be shared by different members of the same society at the same point in time, the fulfillment of these values in everyday life is likely to be relative, due to divergence on the specific moral standards used to establish the morality of a behavior (Lewis and Unerman, 1999; Stace, 1983). Different members of the same society are likely to have different takes on how to respect the general moral values (Ferrel *et al.*, 2000; Stevenson and Godden, 1992). Ethical relativism echoes the political arena approach, in which representatives of different ideologies, rationalities and values interact around a common issue (Georgakopoulos and Thomson, 2008).

Ethical relativism has significant implications at the corporate and managerial levels (e.g. Chan and Armstrong, 1999) and especially for social and environmental reporting (Lewis and Unerman, 1999). Voluntary social and environmental disclosure have long been recognized as a legitimation device (Cho and Patten, 2007; Deegan, 2002; Gray *et al.*, 1995) aiming to illustrate the firm’s respect for its stakeholders’ values (Richardson, 1987). Therefore, “because of ethical relativism, such values vary both between different stakeholder groups or societies, and over time, then the focus of legitimation, and the form and content of corporate reporting used to support such legitimation, can also be expected to vary in this manner” (Lewis and Unerman, 1999, p.526). This entails that social and environmental reporting will be affected by the values managers have identified as those that the corporation needs to demonstrate that it respects (Swanson, 1999). More precisely, social and environmental reporting will be grounded in the values of the stakeholders/society targeted by the disclosure. Because those values are ethically relative, it is complex for corporate social and environmental disclosure to meet the needs of multiple different stakeholders (Solomon and Solomon, 2006). Difference in values will lead to differences in the presentation and interpretation of information (Stevenson and Godden, 1992). Accordingly, social and environmental disclosure “that is appropriate for one society or stakeholder group at one point in time might not be appropriate for other societies/stakeholder groups or other times” (Lewis and Unerman, 1999, p.523). Prior work identifies cross-company

and cross-country differences in social and environmental disclosure (Lewis and Unerman, 1999) and uncertainty concerning the nature of the information to disclose (Solomon and Solomon, 2006) as consequences of ethical relativism for social and environmental reporting.

In the present study, the case firm and its stakeholders provide separate accounts of the firm's environmental performance within the informational dynamics of environmental management. Reasoned ethical relativism suggests that the case firm's disclosure might differ from its stakeholders' disclosure on the same environmental matters due to disagreement over what is considered environmentally right and wrong from each perspective.^[3] It can be argued that the reporting of the same message by both the case firm and its stakeholders would imply that they share similar environmental values on this issue, whereas different messages provided by the firm and by its stakeholders would reflect diverging environmental values.

4. RESEARCH DESIGN

4.1. RESEARCH METHOD

I use a longitudinal case study to investigate the dynamics of environmental reporting because it offers the opportunity to proceed to an in-depth analysis of the parties involved (Eisenhardt, 1989) and to take their values into account (Cooper and Morgan, 2008), in line with the conceptual framework. In addition, focusing on a single case is appropriate for longitudinal analysis (Yin, 2003). The study compares corporate environmental disclosure with stakeholders' release of environmental information about the case firm. This approach allows the comparison of corporate disclosure with stakeholders' needs as expressed in their own release of information. The relevance of the stakeholder perspective for this study is supported by the stakeholders' influence on corporate environmental disclosure (Cormier *et al.*, 2004; Deegan and Blomquist, 2006) and by the stakeholders' role in the voluntary disclosure dynamics (Buhr, 2007). Four stakeholder groups are analysed: investors, governments, community and ENGOs. These stakeholders were chosen because of their recognition in prior stakeholder literature (e.g. see Donaldson and Preston, 1995), their interest and influence over environmental reporting (Tilt, 2007) and the importance of considering these groups when evaluating corporate environmental performance (Ilinitich *et al.*, 1998; ISO, 1999).^[4] The disclosure is analysed over a period of three years (2005 to 2007) in order to fully capture the dynamics of environmental reporting.

4.2 THE CASE FIRM

Case selection aimed to ensure that the quantity of environmental information disclosed, by the organization as well as by stakeholders, is significant in order to investigate an information-rich case (Patton, 2002). The case firm selected for the analysis is Abitibi-Consolidated (hereafter AC). Operating in the forest and paper products industry, this firm produces newsprint, commercial printing papers and wood products, and is headquartered in Montreal, Canada. In addition to Canada, the company operates in the United States and the United Kingdom; and had more than 12,500 employees at the end of 2006 (Hoover 2008). Its sales totalled \$4.1 billion in 2006, and it was listed on both the Toronto Stock Exchange and the New York Stock Exchange for the period under study.^[5]

The major environmental areas of concern in the forest and paper products industry are forest management, recycling, climate change, air, water and energy (FPAC 2008). AC's performance with regard to these issues is addressed to different degrees in its annual report, its sustainability report (entitled 'Complete Global Review') and its website. AC's environmental performance is of interest to a broad range of stakeholders. As a major employer in Canada and the United States, AC's economic and environmental activities are monitored by governments (e.g. NRC 2005). AC's size ensures that its environmental actions are highly visible within communities through media coverage (Cormier and Gordon, 2001). The environmentally sensitive nature of its activities also attracts the attention of ENGOs. Investors are interested in the environmental performance of this publicly traded firm, as evidenced by the firm's inclusion in rankings of social and environmental investments (Brearton *et al.*, 2007; Brearton *et al.*, 2005). The wide attention given to AC's environmental performance makes the firm a worthwhile case for the investigation of the dynamics of environmental reporting.

4.3. DATA COLLECTION

The first step in data collection was to identify, based on prior literature, the different documents that would represent each of the five perspectives (AC, governments, ENGOs, community and investors). Table 1 below presents an overview of the types of documents that were collected for each perspective, with an explanation of the relevance of each document in the representation of the perspective.

[Insert Table 1]

The second step in data collection was the delimitation of the boundaries of each perspective, i.e. where does data collection end for each group? For some perspectives, the delimitation was straightforward. Corporate communication outlets were designated as the boundaries for AC whereas Jantzi Historical Profiles were selected as the limits of the investors' perspective. Delimitation of the remaining perspectives required a more elaborate approach. Given the large number of existing ENGOs and the numerous levels of governments from which information could potentially be gathered, the following criteria were adopted to delineate data collection in these two perspectives. ENGOs were selected based on their national or international scope or impact. This method ensures that data collection is centered on the key messages in the ENGOs disclosure. In total, nine ENGOs were found to have disclosed environmental information related to the case firm for the period under study. As for governments, because the case firm is headquartered in Canada, levels of government were selected based on their involvement in Canadian broad-scope environmental regulation. Consistent with this criterion, data were collected for the Canadian federal government and the four provincial governments in which the case firm operates (British Columbia, Newfoundland, Ontario and Quebec). Finally, the community perspective was confined to newspaper articles covering the case firm's environmental issues in the ABI Inform, Eureka and Factiva databases.

The third step of data collection was the selection of relevant documents from all those available from each perspective. Documents were retained if they 1) cover an environmental issue and 2) relate to AC. For databases and website searches, a search engine query using keywords^[6] was

employed to identify the relevant information on AC and the environment. In total, 225 documents were gathered for analysis for the years 2005, 2006 and 2007.

The last step of data collection was the classification of the documents into the appropriate year for the period under study. The documents collected were categorized for either 2005, 2006 or 2007 based on their date of publication. For instance, AC's 2005 annual report was categorized for the year 2006 because it was released in early 2006. Applying this rule was necessary to follow the sequence of firm-stakeholder disclosures essential to the analysis of the dynamics of reporting.

4.4. DATA ANALYSIS

I first classified the information collected into categories using an adapted version of the coding scheme of Cormier and Magnan (2003) and Aerts, Cormier and Magnan (2008). This coding scheme organizes environmental disclosure into 39 categories grouped into six themes. The scheme is designed for information classification across industries, and as such is not industry-specific. Given the in-depth analysis of a single firm performed here, it was necessary to adjust the coding scheme to the forest and paper industry in which the selected firm operates. To do so, I followed the steps suggested by Guthrie et al. (2008). These authors recommend developing an industry-specific coding scheme based on information disclosed by 1) industry associations, councils and governmental bodies; 2) sustainability ranking organizations and 3) best practices in sustainability reporting in the industry. Only step 2) was not accomplished, because a sustainability ranking organization is included as a data source (CSID by Jantzi Research proxies for investors' perspective) thus following this step would have led to the inappropriate development of a coding scheme specifically tailored to one of the perspectives investigated in the study. The result of the adjustment process was the addition of forestry-related, production-related, energy-related and performance-related categories to the original coding scheme. The extended coding scheme, containing 52 categories divided into seven themes, is presented in Appendix 1. Coding was performed with the Atlas.ti software (Atlas.ti, 2004). Using the software, each individual unit of environmental information in corporate and non-corporate documents was classified as a quotation within a disclosure category and an information source category (AC, Investors, ENGOs, Governments or Community).

The analysis following codification was based on Langley (1999). The content of each disclosure category was first analysed per source and per year. Then, using matrices, this content was compared across information sources in order to identify differences and similarities in the environmental information reported by the various disclosers. This approach aims at creating sensemaking through the development of patterns (Langley, 1999), in this case within the firm's environmental reporting dynamics. While it provides insight on the outcomes of the informational dynamics taking place between AC and its stakeholders, this approach does not account for the intentions underlying the disclosure strategy of each perspective. Similarly, it does not expose the rationale behind the absence of disclosure. These elements are left to future research. Disclosure was uneven across the categories, with some categories receiving more attention (e.g. logging practices) than others (e.g. financing for investments). Below, the results are discussed for the categories for which disclosure was sufficient to allow and support the identification of patterns.

5. COMPARING AC'S AND ITS STAKEHOLDERS' ENVIRONMENTAL DISCLOSURES

This section introduces different patterns of disclosure observed through the analysis of the nature of the information disclosed by the case firm and its stakeholders. All patterns emerged from data analysis. Each pattern is described with supporting evidence and interpreted in light of the conceptual framework.

5.1. UNIFORMITY

The first disclosure pattern observed is labelled *uniformity*. In this pattern, the same message is disclosed by all reporting perspectives. All stakeholders have the same opinion of a specific aspect of the case firm's environmental approach (i.e. a disclosure category) and accordingly report a message that corresponds with the case firm's message. The quotations listed in Table 2 provide evidence of disclosure uniformity regarding four disclosure categories.

[Insert Table 2 panels A,B,C]

For 2005, 2006 and 2007, in all four disclosure categories, the message conveyed by each of the stakeholder perspectives is coherent with the message of the case firm. Governments and investors confirm the certification of the AC environmental management system by ISO 14001 standards. Similarly, the existence of individuals responsible for environmental management at the board or executive levels is recognized by governments, community and investors. Further, AC's commitment to the "sustainability of natural resources" is echoed by community through "sustainable forestry," by governments and investors through the "protection and enhancement of natural resources in its care" and by the "environmental commitment" underlined by ENGOs. AC's leadership in paper recycling is acknowledged by the community and investors through their statements on the large scale of the firm's recycling activities.

Uniformity is found between the case firm and its stakeholders from 2005 to 2007 for all disclosure categories, although fewer stakeholder groups report on those issues in 2006 and 2007. Governments, community and ENGOs disclose mainly in 2005 or 2006, whereas investors report information on the four disclosure categories consistently over the three years. The message reported by the case firm and its stakeholders is uniform within and across all three years. Uniformity in the message disclosed in a given year does not in itself demonstrate ethical relativism, because stakeholders and the firm agree on the current state of the environmental issues at stake and they appear to share similar values concerning these issues. However, ethical relativism is also a matter of values changing over time (Lewis and Unerman, 1999; Wong, 1993). A weak form of relativism is found in the decreasing number of stakeholders reporting on the issues over the years. While investors keep reporting on ISO 14001 certification, environmental manager/governance, environmental policy and recycling, governments, community and ENGOs all decrease their disclosure or turn to other environmental issues over the years. This change in stakeholder disclosure away from AC's disclosure is likely to be a change in stakeholders' values over time towards concerns other than the categories listed in Table 2.

5.2. SILOS

Silos refer to the pattern of disclosure in which some stakeholders and the case firm report different pieces of environmental information regarding the same disclosure category. The message reported by stakeholders does not confirm or contradict the message reported by AC, but instead complements it. The case firm and its stakeholders report on their respective interests in the disclosure category without relating to one another, i.e. they report in silos.

[Insert Table 3]

Table 3 gathers the different elements reported by each of the disclosers on operating costs. While environmental operating costs are covered by AC, governments, community and investors, the type of costs and the way costs are discussed vary from one perspective to the other. For instance, in 2005, AC discloses its total costs, its concern about future costs and some environmental initiatives that reduce costs. Governments mention the costs paid by AC for conservation and remediation projects and other environmental initiatives that reduce costs. Finally, the community supplies information on compliance costs and the costs incurred for another conservation project. Similar disclosure approaches are observed in 2006 and 2007. In each of the three years, it seems that each disclosing stakeholder seeks to complete AC's disclosure by adding particular performance elements that matter in their perspective.

Within the 3-year time span covered by the study, silos appear to be stronger in the first two years than in the last one. The different categories of costs covered by AC and its stakeholders are more distinct in 2005 and 2006 than in 2007. Silos appear to fade in 2007, because although AC is the sole reporter to mention total environmental costs, concerns about energy prices and savings (competitive advantage) derived from GHG strategy (energy assets) and only the community refers to carbon trading, all reporters discussed alternatives employed by AC to generate savings through energy efficiency programs, and both investors and AC cover the issue of energy purchasing strategy. The similar message provided by all perspectives on some cost issues suggests that all reporting perspectives are moving towards the *uniformity* pattern (Section 5.1.) in 2007.

In the *silo* pattern, ethical relativism is found in the content of the operating cost disclosures. The ethics of this subject is relative in that different disclosures are deemed appropriate by each reporter for the purpose to cover the same operating costs issue. The detailed moral code regarding the ethical management of operating costs varies from one reporting perspective to the next. However, the level of relativism in the present situation appears to be low because stakeholders do not criticize or contradict the case firm, as a bigger clash between corporate and stakeholder values would have demanded (see the *opposition* pattern (Section 5.4.)). Instead, the stakeholders opt to simply complement the information provided by AC, evidenced by the fact that most stakeholder disclosure occurred after corporate disclosure.

5.3. (IR)RESPONSIBILITY

In this third disclosure pattern, stakeholders report the case firm's appropriate and inappropriate behaviors regarding the same environmental issue. Stakeholders not only recognize the environmental responsibility demonstrated by the case firm, but also denounce its environmental

irresponsibility. The environmental performance underlined by this pattern of disclosure echoes an emerging stream of management literature arguing that firms can simultaneously be socially responsible in some activities and irresponsible in others (Strike *et al.*, 2006).

[Insert Table 4 panels A,B,C]

In 2005 (see Table 4a), all stakeholders describe some logging practices performed by the case firm as adequate. Governments talk of “careful logging methods” stimulating forest renewal; the community refers to areas where AC employs alternatives to clear-cutting; ENGOs reveal that AC “postponed most logging operations” in designated intact areas; and investors draw attention to harvesting agreements reached with Aboriginals. At the same time, all stakeholder groups point out inadequate logging practices carried out by AC. Governments report that the case firm harvested more timber than allowed by regulation; the community highlights how AC and others would like to harvest one of the few remaining intact forests in the province of Quebec; ENGOs and investors identify “environmentally [un]sustainable” logging operations, “clear-cut areas” and wildlife habitat destruction.

A similar acknowledgement of responsible and irresponsible logging practices is found among disclosing stakeholders in 2006 (see Table 4b), albeit with some nuances. Both the community and investors mention responsible and irresponsible logging practices. As for ENGOs, they appear to have given up the recognition of environmentally appropriate logging practices performed by AC to concentrate their disclosure strategy on inappropriate logging practices, exemplified by their reference to “ecologically devastating logging practices.”

In 2007, a similar (ir)responsibility pattern is found, again with some nuances. In that year, Greenpeace launched a vast campaign aiming at denouncing AC’s unsustainable logging practices. Most ENGOs disclosures that year are related to that campaign, and all refer to unsustainable logging practices. Like in 2006, the ENGOs do not identify any responsible logging efforts. As for the community, it gives credit to AC for some responsible practices in the general efforts forestry companies made to improve their practices, and in acknowledging AC’s communication with an ENGO. Those two elements are the sole responsible practices the community attributes to AC for that year. Investors do not identify any new responsible logging practices in AC’s actions, so they mention responsible practices they had identified in previous years. At the same time, the community and investors underline irresponsible logging practices performed by AC in 2007 by reproducing the message Greenpeace released on AC’s unsustainable logging practices (“looters of our forests”). Although they report both responsible and irresponsible logging practices in 2007, the community and investors appear to lean towards the irresponsible perspective, because their disclosure of responsible practices is weaker: the community only has two responsible elements in all its disclosure and investors do not provide any new information on AC’s responsible practices. Moreover, both groups used the message of irresponsibility reported by ENGOs to emphasize the irresponsibility they noticed.

This pattern of informational dynamics generally holds over the three years under study for most stakeholder groups. Community and investors disclose both responsible and irresponsible logging practices every year, even though they tend to reduce their release of responsible practices in the last year. As for ENGOs, they stop disclosing positive information on AC’s

wood harvesting practices in 2006 and continue to disclose only negative information in 2007. Although the pattern is maintained in 2007 for two of the three reporting stakeholders, altogether, the stakeholders appear to be moving towards the *opposition* pattern (Section 5.4.) of disclosure for logging practices - if they have not already done so.

This pattern of firm-stakeholder disclosure demonstrates ethical relativism in the form of an agreement on a general environmental principle (sustainable logging) for which the detailed rules one must follow in order to fulfill this principle are relative (Lewis and Unerman, 1999). The coverage of logging practices from all reporting perspectives stresses the importance of this environmental principle for all. However, the ground rules to follow in order to achieve sustainable logging practices appear to differ between the firm and its stakeholders. AC only reports good practices (i.e. detailed moral rules) it has implemented in order to log in a sustainable manner. However, while the stakeholders concede that the firm follows some good logging practices, they also denounce its violation of other detailed moral rules related to sustainable logging in the form of reporting irresponsible logging practices. Accordingly, what is considered ethically adequate by AC in terms of sustainable logging is not considered totally ethically adequate by all of its stakeholders, and this relativism concerning logging practices increases over the years. The community, ENGOs and investors decrease the quantity of their responsible comments over time, and ENGOs even halt their disclosure of acceptable behaviors on AC's logging practices. This suggests a move towards more demanding sustainable logging practices in stakeholders' environmental values over time that has not been identified or acknowledged by AC (Lewis and Unerman, 1999; Wong, 1993).

5.4. OPPOSITION

In the *opposition* pattern, stakeholder disclosures contradict corporate disclosures. In these situations, stakeholders and the case firm differ in their interpretation of a specific aspect of the case firm's environmental performance and stakeholders voice their opposition by reporting a message that conflicts with the case firm's message. The quotations below provide evidence of opposition between AC and investors, ENGOs and the community.

Investors' and AC's assessment of the firm's compliance registry contrast significantly. In its evaluation of AC for investors in 2005, Jantzi Research mentioned: "*Despite the company's efforts to reduce emissions, it has experienced ongoing environmental compliance problems in a number of jurisdictions over the last five years*" (Jantzi Research 2005). Again in 2007, reports from investors' representatives underline AC's compliance issues: "*Producing paper and wood products still generates significant air and water pollution, and companies such as Abitibi-Consolidated, Norbord, Tembec and West Fraser Timber have all paid significant fines for violating environmental regulations in recent years*" (Brearton et al. 2007). Nevertheless, in early 2005, 2006 and 2007, AC simply stated that "*The Company believes that it is in material compliance with all laws and regulations governing its activities*" (AR 2004, p.61; AR 2005, p.32; AR 2007, p.35). The quotations are contradictory, since investors draw attention to AC's problems of compliance whereas AC emphasizes its compliance.

Similarly, biodiversity management is evaluated differently by AC and ENGOs. A report on forest certification published by AC in October 2005 affirms that it "*value[s] biodiversity in the*

natural habitat” (Report on forest certification 2005, p.2). However, a report published a few weeks later by the Canadian Parks and Wilderness Society contradicts this statement by listing “*diminishing wildlife habitat*” (CPAWS 2005, p.6) and “*loss of intact wilderness*” (CPAWS 2005, p.3) as consequences of AC harvesting levels in the Whiskey Jack Forest of Northern Ontario. Similarly, in a brochure on responsible wood and fibre supply published in 2007, AC presents “*Biodiversity maintained*” (Brochure on supply 2007, p.4) as one of the benefits of its adoption of sustainable forest practices. In the same year, Greenpeace argued that “*Not only are these companies [Abitibi-Consolidated, Kruger and Bowater] impacting biodiversity values such as intactness and habitat for threatened wildlife, but there are serious climate change implications to their logging practices as well*” (Greenpeace report 2007, p.5). Here again AC and one of its stakeholder groups are in opposition. The firm states its commitment to biodiversity protection, yet ENGOs argue that AC caused damage to biodiversity through its logging practices or, in other words, that the firm’s biodiversity commitment, if any, is not convincing.

AC and the community have divergent opinions on the firm’s water discharges. In early 2006, AC underscores how it decreased its water pollution: “*The drop in BOD [Biological Oxygen Demand] (-93%) and in TSS [Total Suspended Solids] (-66%) is due to the installation of effluent treatment systems at all mills, as well as fibre loss reduction program within the mills*” (CGR 2005, p.19). In late 2006, a local newspaper challenged the AC statement on water pollution when it reported a ranking of the fifty biggest water polluters in Canada: “*The paper-maker Abitibi-Consolidated (...) ranks second [in terms of water pollution], due in part to the sixfold increase in its phosphorus emissions at its Alma plant*” (Translation of Moreault 2006). Once again AC and one of its stakeholder groups present contradictory discourses. While AC emphasizes the improvement of its water-related environmental performance, a community representative highlights AC’s poor overall achievement in terms of water pollution.

From a longitudinal perspective, opposition is the only inconsistent pattern over the years. It is ad hoc in that stakeholders disclose their discontent with the firm regarding the issue at stake only when they deem it necessary and do not repeat their disagreement from year to year. Further, from the evidence provided above, it appears that the opposition pattern occurs in a specific manner: the case firm discloses positive environmental information that is contradicted by negative stakeholder information. The pattern is consistent with studies on environmental reporting literature showing that environmental disclosure is biased towards positive information (e.g.: Deegan and Gordon, 1996; Deegan and Rankin, 1996) and does not reflect the underlying environmental performance of the firm (Adams, 2004; Cho, 2009; Patten, 2002). The pattern is explained to a great extent by ethical relativism, because it demonstrates how some behavior is considered to be ethical by the corporation while it is considered unethical by the stakeholders. Corporate environmental disclosure is intended to legitimize a corporation by demonstrating how its actions have fulfilled environmental moral values (Lewis and Unerman, 1999; Richardson, 1987). AC accomplishes this demonstration by highlighting its good performance with respect to compliance, biodiversity and water discharges. However, the responding stakeholders appear to have different values on these issues, values they voice by reporting AC’s poor performance on the environmental matters of interest. The relativism existing between AC’s and its stakeholders’ values regarding biodiversity, water and compliance renders the corporation’s disclosure inappropriate for the selected stakeholders.

5.5. INTERRELATIONS AMONG PATTERNS

The four disclosure patterns appear to be more interrelated than independent. Indeed, *opposition* is found in the *(ir)responsibility* pattern, and the former pattern could almost be thought of as a subset of the latter. Also, a change in stakeholder disclosure strategy may lead to a shift from one pattern to another. All stakeholder groups weakened their *silo* pattern and moved towards *uniformity* in disclosure in 2007. Similarly, ENGOs moved from *(ir)responsibility* to *opposition* in 2006. With these shifts, stakeholders' stances become more approving or more critical of corporate environmental activities. Both the diversity of possible shifts in patterns and the implicit changes in stakeholders' assessments of the corporation's environmental performance associated with these shifts underscore the complexity of the informational dynamics taking place between AC and its stakeholders with respect to environmental issues.

6. DISCUSSION

6.1. INTENSITY OF ETHICAL RELATIVISM

Ethical relativism stipulates that what is considered ethical or unethical is subjective and thus varies from one individual, stakeholder and society, or point in time to another (Lewis and Unerman, 1999; Mackie, 1987; Wong, 1993). I argue that the intensity of ethical relativism is bound to vary due to its subjective nature. I define weak ethical relativism as characterized by minor differences (if not similarities) in values whereas strong ethical relativism is distinguished by significant differences in values. Table 5 groups the four patterns of disclosure described above along with their environmental issues and their intensity of ethical relativism.

[Insert Table 5]

The summary in Table 5 indicates that ethical relativism varies in intensity depending on the environmental issues at stake. The issues of ISO certification, environmental governance mechanisms, volume of recycling activities, broadly defined environmental policy and environmental costs are associated with weaker ethical relativism, depicted by the *uniformity* and *silo* patterns. It may be the factual nature of these issues that makes them less subject to interpretation, since factual reality leads to agreement among communicators (Watzlawick, 1976). Less ambiguity about the interpretation of an issue diminishes the possibilities of evaluating it from a different moral standpoint. The existence within the case firm of ISO certification, environmental governance mechanisms and a broad environmental policy, along with the volume of the recycling activities (in terms of weight of recycled paper) and the sum of the firm's environmental costs are all verifiable environmental activities that call for less subjectivity when they are presented to stakeholders in environmental reports.

However, issues like logging practices, compliance level, biodiversity conservation and water pollution are associated with stronger ethical relativism, as seen in the *(ir)responsibility* and the *opposition* patterns. The fact that these issues are more prone to appraisal and judgements may explain this greater degree of relativism. The extent to which logging practices, environmental compliance levels, biodiversity conservation and water pollution are considered environmentally satisfactory depends on the (moral) criteria upon which those activities are assessed and hence

constitutes a matter of appraisal for each reporting perspective. A greater opportunity for appraisal augments the possibility of relativism in the values underlying these issues. The outcome is necessarily a more subjective evaluation of the situation (Watzlawick, 1976).

6.2. TO WHAT EXTENT IS AC ACCOUNTABLE TO ITS STAKEHOLDERS IN ITS ENVIRONMENTAL DISCLOSURE?

Contrasting corporate social disclosure with external sources of information on the corporation “seek[s] to construct, in as complete and transparent a way as is possible, a picture of organizational accountability” (Dey, 2007, p.322). Therefore, the next step in the comparison of AC’s and its stakeholders’ environmental disclosures is to assess the degrees of accountability expressed by the patterns of disclosure depicted above. Accountability is defined as the duty of an organization to provide an account of the actions for which it is held responsible in the eyes of its stakeholders (Gray *et al.*, 1997). Addressing stakeholder expectations is the focus of accountability (Unerman and Bennett, 2004) and, as such, stakeholders may be said to define the terms of accountability based on their respective interests (Gray *et al.*, 1997). Therefore, correspondence between stakeholders’ interests (in this situation as depicted in their disclosure) and corporate disclosure is an important aspect of accountability (Unerman, 2007). In particular, completeness and reliability of environmental disclosure are fundamental to stakeholder accountability in environmental management and performance (Adams, 2004; Gray *et al.*, 1996).

The patterns of disclosure between AC and its stakeholders demonstrate different levels of accountability for different aspects of the case firm’s environmental performance. In the *uniformity* pattern, the message reported by AC corresponds to that of its stakeholders. AC’s message appears to be complete and reliable because it is confirmed by its stakeholders. This coherence suggests a high level of accountability for the environmental aspects under this pattern, namely environmental management and recycling. In the *silo* pattern, stakeholders and the case firm report different pieces of environmental information regarding the same disclosure category. The message reported by stakeholders complements the message reported by AC. AC’s message is not as complete and reliable as a fully accountable message would be, but based on the additional information offered by the stakeholders, the information not provided by AC is not intended to be harmful to the stakeholders. This conveys a moderate level of accountability for environmental operational costs, the disclosure category in which the pattern is observed. In the *(ir)responsibility* pattern, stakeholders disclose information on AC’s responsible and irresponsible environmental (logging) practices. AC acknowledges responsible practices in its disclosure but does not address irresponsible practices. In light of stakeholders’ disclosure, AC’s message is therefore incomplete and unreliable, as it gives a partial portrayal of AC’s environmental performance with respect to logging practices. This implies that a low level of accountability. In the *opposition* pattern, the information reported by the stakeholders contradicts that reported by AC. Again, completeness and reliability are an issue for this disclosure pattern, and the information conveyed by AC about compliance, biodiversity and water discharges cannot be perceived as the outcome of an accountability process since it conflicts with stakeholder disclosures. Table 5 summarizes these results.

The varying levels of accountability found in different elements of environmental disclosure suggest that while the case firm cannot be praised for its full accountability, it cannot be accused

of being totally unaccountable either. This implies that AC's environmental reporting is not entirely based on the values of the stakeholders examined. Nonetheless, environmental disclosure is intended to demonstrate correspondence between the firm's actions and its stakeholders' values (Lewis and Unerman, 1999; Richardson, 1987). Why is this not the case here? Three potential explanations based on ethical relativism are proposed. First, relativism can be observed at one point in time (i.e. the time of the disclosure) between the environmental values of AC and that of its stakeholders (Wong, 1993). Second, one can also infer that this is a matter of relativism over time, wherein AC failed to adequately communicate the fulfillment of its stakeholders' values in its environmental disclosure, because it has not noticed the change in the values over time (Unerman, 1996). Third, this absence of demonstration of correspondence between corporation actions and stakeholder values can arise from ethical relativism among the different stakeholder groups. Lewis and Unerman (1999, p.524) argued that in the event of disagreement among stakeholder groups regarding specific moral codes, "the relative power of different stakeholder groups is likely to determine which detailed moral codes are addressed by a particular corporation's legitimation strategies." This suggests that AC's environmental disclosure was intended to demonstrate the fulfillment of the values of other more powerful stakeholders than those examined. For instance, the community and ENGOs might have been discarded as the target audience because they are deemed marginal publics by the corporation (Neu *et al.*, 1998). Likewise, private communication could occur between the case firm and the governments and investors (Solomon and Solomon, 2006), thereby reducing the need to target them in their public disclosure. Because the four stakeholder groups selected for the study are important to consider when evaluating environmental performance (Ilinitch *et al.*, 1998; ISO, 1999) and they have an interest in and influence on environmental reporting (Tilt, 2007), it seems inadequate that the case firm's environmental reporting is not more tailored to meet their values. This inadequacy was recently recognized by the CEO of the company (AbitibiBowater in 2008):

"Over the years, we took positive actions for the environment, but we never mastered how to communicate them. And as soon as an organization or an individual questioned our practices, we had the reflex to brace ourselves. We communicated poorly. Today, we try to be more open, to integrate our actions in our message and not to be on the defensive." (Translated from Munger 2008, p.43)

This recent change in the firm's communication approach remains to be assessed.

6.3. THE RELATIONSHIP BETWEEN THE NATURE OF ENVIRONMENTAL DISCLOSURE, ACCOUNTABILITY AND ETHICAL RELATIVISM

The varying levels of accountability found in different pieces of corporate environmental information seems to be tied to the strength of ethical relativism. Each pattern of disclosure shows some form of accountability, ranging from high (*uniformity*) to low (*opposition*). Each pattern of disclosure also demonstrates some form of ethical relativism, ranging from weak relativism (*uniformity*) to strong relativism (*opposition*). Accountability and ethical relativism appear to be opposing forces, with the more relativism there is surrounding an issue, the less accountable the corporation is to the stakeholders concerned with the issue. Interestingly, relativism is weaker for factual environmental issues (e.g. ISO certification, governance

mechanisms) and stronger for environmental issues that are more prone to interpretation (e.g. logging practices, biodiversity conservation - see Section 6.1). It is argued that accountability is improved and relativism is lessened with the disclosure of factual information, as illustrated in Figure 1. Although this is an insightful first step, the investigation of a single case study limits the generalizability of this conclusion. Further research is warranted to support this argument and contribute to the improvement of corporate environmental reporting.

[Insert Figure 1]

7. CONCLUSION

This paper studied the informational dynamics of environmental management through a longitudinal case study contrasting environmental information reported by the case firm with environmental information about the firm disclosed by four stakeholder groups or their representatives, namely governments, community, ENGOs and investors. Results suggest the existence of a gap between corporate and stakeholder environmental disclosures. This gap is composed of different patterns associated with different levels of accountability. The *uniformity* pattern suggests high accountability with the absence of a gap on certain pieces of information. The *silo* pattern underlines how the case firm does not adequately assess and respond to some of its stakeholders' information needs, thereby creating a gap. This gap can be performance-neutral, as in the *silo* pattern, but can also be performance-biased, as in the *(ir)responsibility* and the *opposition* patterns. Greater accountability is shown in the performance-neutral gap than in the performance-bias gaps. These results are analysed through ethical relativism, which explains that the differences between the environmental values of the case firm and those of its stakeholders create a gap in the information reported because different environmental values call for different environmental disclosures.

As mentioned at the beginning of the paper, developing an understanding of corporate environmental management and performance can be compared to looking through the different facets of a prism, through which it is difficult to get a sense of the overall environmental management and performance of a corporation. The present study may be conceived as an attempt to link the facets of the prism into a more understandable whole. One facet argues that corporate environmental disclosure is used to cover poor environmental performance (Patten, 2002) whereas another facet suggests the opposite (Al-Tuwaijri *et al.*, 2004). The patterns found in the present study represent a first step in reconciling these two facets. With their different levels of correspondence between corporate and stakeholder disclosures, the patterns highlight nuances in the relationship between environmental disclosure and environmental performance. Some corporate pieces of information reflect environmental performance (as perceived by stakeholders) more closely than others. In addition, studying the concept of environmental information dynamics is relevant to the facets of the prism suggesting that stakeholders influence environmental disclosure (Roberts, 1992) or the reverse relationship (Milne and Patten, 2002). The concept of informational dynamics adopted here does not portray the relations between corporate disclosures and stakeholders as straightforward or unidirectional, but instead suggests that both firms and stakeholders release environmental information as part of a continuous process of bidirectional influence, whose success varies. This study provides a fuller portrayal of

corporate environmental performance and management by tracing the relations between four facets of this prism.

Different limitations of the study need to be acknowledged. While focusing on a single firm creates an in-depth understanding of the dynamics surrounding the case firm's environmental reporting, it confines the generalizability of the results. Also, even though significant care has been taken during data collection, it is impossible to ensure the exhaustiveness of the data, especially for the stakeholder perspectives. Finally, some stakeholder perspectives (e.g. clients or employees) were excluded from the study due to lack of available data. Including these perspectives would have enriched the examination of the dynamics of environmental reporting. These limitations do not prevent the study from contributing to the environmental accounting literature by offering insights into the accountability of corporate environmental disclosure using a stakeholder perspective. This perspective, coupled with ethical relativism, extends the literature by breaking down the nature of the gap between corporate and non-corporate environmental disclosure into diverse patterns and by adding nuances to the extent to which an organization is accountable to its stakeholders.

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APPENDIX 1: CODING SCHEME

Coding scheme from Cormier and Magnan (2003) and Aerts et al. (2008) extended to consider aspects related to the forest and paper products industry. The categories added are identified by an asterisk (*).

Expenditures and risks

- ◆ Investments
- ◆ Operating costs
- ◆ Future investments
- ◆ Future operating costs
- ◆ Financing for investments
- ◆ Provisions for future expenditures
- ◆ Environmental debts
- ◆ Risks

Laws and regulation conformity

- ◆ Litigations (actual and potential)
- ◆ Fines
- ◆ Orders to conform
- ◆ Corrective actions
- ◆ Incidents
- ◆ Future legislation and regulation
- ◆ Compliance with forest legislation and regulation*

Pollution abatement

- ◆ Emission of pollutants
- ◆ Discharges
- ◆ Waste Management
- ◆ Installation and process controls
- ◆ Compliance status of facilities
- ◆ Noise and odours

Land contamination and remediation

- ◆ Sites
- ◆ Efforts of remediation (present and future)
- ◆ Spills:
 - Number
 - Nature
 - Efforts to reduce
- ◆ Cost potential liability
- ◆ Liability

Sustainable Development

- ◆ Conservation of natural resources (in general)
Specific aspects of conservation:
 - Water consumption*
 - Biodiversity*
 - Forest management*
 - Logging practices*
 - Forest management certification*
 - Forest renewal*
- ◆ Recycling
- ◆ Life-cycle analysis information
- ◆ Environmentally friendly products*

Environmental management

- ◆ Environmental policy
- ◆ Environmental management system
- ◆ Environmental auditing
- ◆ Goals and targets
- ◆ Awards
- ◆ Rankings*
- ◆ Environmental manager / governance
- ◆ ISO 14000
- ◆ Involvement in the development of environmental standards
- ◆ Involvement in environmental organizations
- ◆ Research and joint projects on environmental management

Energy

- ◆ Efforts to reduce energy consumption*
- ◆ Alternative energy sources*
- Traditional energy sources*

Table 1: Documents collected for each reporting perspective

PERSPECTIVE	DOCUMENTS COLLECTED	EXPLANATION
Abitibi Consolidated	<ul style="list-style-type: none"> ◆ Annual report (AR) ◆ Stand-alone sustainability report (Entitled ‘Complete Global Review’ (CGR)) ◆ Environmental brochures ◆ Press releases ◆ Website 	As in Gray (1997) and Van Staden and Hooks (2007), all examples of organized corporate environmental disclosure were collected in order to capture the most comprehensive picture of the firm’s environmental reporting.
ENGOs	<ul style="list-style-type: none"> ◆ Publications ◆ Press releases ◆ Website 	Official publications, press releases and websites are considered to be the main disclosure outlets of ENGOs (Adams and Laing, 2000; Dey, 2007).
Community	<ul style="list-style-type: none"> ◆ Newspaper articles 	Media attention is used as a proxy for community concern as in Brown and Deegan (1998) and Deegan et al. (2002).
Investors	<ul style="list-style-type: none"> ◆ Reports and rankings from the Corporate Social Investment Database (CSID) of Jantzi Research 	The CSID provides to interested investors detailed reports and related industry rankings on the social, environmental and governance performance of hundreds of publicly traded firms (Jantzi Research 2008). Jantzi Research is the Canadian counterpart of the U.S.-based KLD (ref.: KLD, 2009). Because KLD data have been widely used in management research (e.g. Graves and Waddock, 1994; Johnson and Greening, 1999) and are now employed in environmental accounting research (Cho <i>et al.</i> , 2006; Cho and Patten, 2007), it is considered relevant to employ its Canadian equivalent, Jantzi Research’s CSID, as a proxy for investors’ perspective in this study.
Governments	<ul style="list-style-type: none"> ◆ Studies/Publications ◆ Press releases ◆ Websites 	Official publications, press releases and websites are considered to be the main disclosure outlets of governments (Adams and Laing, 2000).

Table 2a: Quotations and citations supporting the *uniformity* pattern for 2005

DISCLOSURE CATEGORY	PERSPECTIVES			
	ABITIBI	GOVERNMENTS	COMMUNITY	INVESTORS ^b
ISO 14001	<i>“At the end of 2004, all the Company’s operations were certified ISO 14001, except for recent acquisitions.”</i> (AR 2004: 61)	<i>“The company has attained ISO 14001 registration”</i> (Government of Ontario 2005: ii)	---	<i>“The company’s objective was to have all its (...) facilities and sawmills certified to the ISO 14001 environmental management system standard by the end of 2004. It essentially achieved this objective in December 2004.”</i>
Environmental manager/governance	- Refers to AC’s Vice-president Sustainability & Environment (Press release 11/2005)	- Refers to AC’s Vice-president Sustainability & Environment (NRC 2005)	- Refers to AC’s Vice-president Sustainability & Environment (Wells 2005)	- Mentions the board environmental, health and safety committee - Lists the vice-presidents’ environmental responsibilities
Environmental policy	<i>We are dedicated to the protection and enhancement of natural resources</i> (Report on forest certification 2005: 1)	[Quoting a representative from AC in a interview on forest management] <i>“Abitibi-Consolidated’s motto for living up to its commitment to protect and enhance the resources in its care is ‘Doing the right things right’”</i> (NRC 2005)	Reports on <i>“...the commitment of the Canadian producer towards sustainable forestry”</i> (Translation from Héту 2005)	<i>“The company’s stated values include a commitment to the protection and enhancement of the natural resources in its care.”</i>
Recycling	<i>“[We] are the world’s largest recycler of old newspapers and magazines, managing the recovery of over 2.3 million tonnes of paper per year in North America, Europe and Asia”</i> (AR 2004:13)	---	<i>“Abitibi-Consolidated, the largest recycler of newspapers and magazines in the world, offers the program”</i> (Detroit News 2005)	<i>“Abitibi-Consolidated is the largest collector and recycler of old newspapers and magazines in North America and the largest newspaper recycler in the world.”</i>

^a NGOs are absent from the table because they did not provide information on the listed environmental categories.

^b All quotes and citations are from Jantzi Research (2005).

Table 2b: Quotations and citations supporting the *uniformity* pattern for 2006

Disclosure category	PERSPECTIVES ^a			
	ABITIBI	COMMUNITY	ENGOS	INVESTORS ^b
ISO 14001	<i>“At the end of 2005, all the Company’s operations were certified ISO 14001, except for recent acquisitions.”</i> (AR 2005: 32)	---	---	<i>“The company’s objective was to have all its (...) facilities and sawmills certified to the ISO 14001 environmental management system standard by the end of 2004. It essentially achieved this objective in December 2004.”</i>
Environmental manager/governance	- Refers to AC’s Vice-president Sustainability & Environment (CGR 2005: 16) - Refers to the environmental, health and safety committee of the board (AR 2005: 92)	---	---	- Mentions the board environmental, health and safety committee - Lists the vice-presidents’ environmental responsibilities
Environmental policy	<i>“Responsible for the forest management of approximately 16.8 million hectares of woodlands in Canada, the Company is committed to the sustainability of the natural resources in its care”</i> (AR2005: 12)	---	[About an agreement in which AC donates land to an ENGO] <i>“The event was attended by many (...) guests wishing to underscore AC’s generosity as well as its social and environmental commitment, highlighted by its large donation.”</i> (Translation of press release 12/2006)	<i>“The company’s stated values include a commitment to the protection and enhancement of the natural resources in its care.”</i>
Recycling	<i>“We are also North America’s largest recycler of newspapers and magazines.”</i> (AR 2005: 2)	<i>“More organizations should join the 650 regional schools, churches and nonprofits taking advantage of the fundraising program offered by Abitibi Consolidated, North America’s largest paper recycler.”</i> (Knight Rider Tribune 2006)	---	<i>“Abitibi-Consolidated is the largest collector and recycler of old newspapers and magazines in North America and the largest newspaper recycler in the world.”</i>

^a Governments are absent from the table because they did not provide information on the listed environmental categories. ^b All quotes and citations are from Jantzi Research (2006).

Table 2c: Quotations and citations supporting the *uniformity* pattern for 2007

DISCLOSURE CATEGORY	PERSPECTIVES ^a	
	ABITIBI	INVESTORS ^b
ISO 14001	<i>“All the Company’s operations are certified ISO 14001.” (AR 2006: 36)</i>	<i>“The company’s objective was to have all its (...) facilities and sawmills certified to the ISO 14001 environmental management system standard by the end of 2004. It essentially achieved this objective in December 2004.”</i>
Environ- mental manager/ governance	- Refers to the environmental, health and safety committee of the board (AR 2006: 110)	- Mentions the board environmental, health and safety committee - Lists the vice-presidents’ environmental responsibilities
Environ- mental policy	<i>“Responsible for the forest management of approximately 15.8 million hectares of woodlands in Canada, the Company is committed to the sustainability of the natural resources in its care.” (AR2006: 13)</i>	<i>“The company’s stated values include a commitment to the protection and enhancement of the natural resources in its care.”</i>
Recycling	<i>“Abitibi-Consolidated is also one of the largest recyclers of newspapers and magazines in North America.” (CGR 2006: 3)</i>	<i>“Abitibi-Consolidated is the largest collector and recycler of old newspapers and magazines in North America and the largest newspaper recycler in the world.”</i>

^a Governments, community and ENGOs are absent from the table because they did not provide information on the listed environmental categories.

^b All quotes and citations are from Jantzi Research (2007).

Table 3: Citations supporting the silo pattern of disclosure

	SUBJECTS COVERED BY THE PERSPECTIVES ^a				
	ABITIBI	GOVERNMENTS	COMMUNITY	INVESTORS ^b	
DISCLOSURE CATEGORY: OPERATING COSTS	2005	<ul style="list-style-type: none"> - Total environmental operating costs (AR 2004) - Environmental initiatives on material that help to manage costs (Press release 11/2005) - Concerns for natural gas and electricity prices (AR 2004) 	<ul style="list-style-type: none"> - Costs incurred by AC to protect fish habitat in Quebec (Ressources naturelles et faune 2005b) - Costs incurred by AC for ecosystem remediation (Environment Canada 2005b) - Environmental initiatives on energy that reduce costs (Agence efficacité énergétique 2005, Environment Canada 2005a) 	<ul style="list-style-type: none"> - Different opinions on whether high environmental compliance costs caused the closure of one of AC's mills (Capiollo 2005) - Loss of revenue incurred for fish passage in Newfoundland (Wilmore 2005) 	---
	2006	<ul style="list-style-type: none"> - Total environmental operating costs (AR 2005) - Environmental initiatives on transportation and water usage that help to generate savings (CGR 2005) - Concerns about natural gas and electricity prices (AR 2005) 	<ul style="list-style-type: none"> - Costs incurred by AC for ecosystem remediation in the Great Lakes (Environment Canada 2006) - Environmental initiatives on energy that reduce costs (NRC 2006) 	<ul style="list-style-type: none"> - Cost incurred by AC for ecosystem remediation in Newfoundland and Québec (Gibbens 2006, Desmeules 2006) 	<ul style="list-style-type: none"> - Cost-effective offsets are part of greenhouse gas strategy - Approach to energy management includes a purchasing strategy intended to minimize price spikes
	2007	<ul style="list-style-type: none"> - Total environmental operating costs (AR 2006) - Environmental initiatives on energy that help to generate savings (CGR 2006) - Concerns about energy costs (AR 2006) - Savings generated by GHG strategy (CGR 2006) - Energy purchasing strategy to minimize prices - Energy assets are providing a competitive advantage (CGR 2006) 	<ul style="list-style-type: none"> - Environmental initiatives on energy that help to generate savings (Hydro-Québec 2007) 	<ul style="list-style-type: none"> - Environmental initiatives on energy that help to generate savings (Rochette 2007) - Carbon trading savings (Les Affaires 2007) 	<ul style="list-style-type: none"> - Approach to energy management includes a purchasing strategy intended to minimize price spikes - Environmental initiatives on energy that help to generate savings

^a ENGOs are absent from the table because they did not provide information on operational costs. ^b All quotes and citations are from Jantzi Research.

Table 4a: Quotations and citations supporting the (ir)responsibility pattern for 2005

Disc.	PERSPECTIVES					
	ABITIBI	GOVERNMENTS	COMMUNITY	ENGOS	INVESTORS ^b	
Logging practices	Responsible	<p>“We deliberately promote natural regeneration by careful harvesting” (AR 2004: 30)</p> <p>“Together with wildlife organizations, scientific and regional partners, we developed a new logging pattern aimed at protecting the habitat of the woodland caribou, a species considered to be vulnerable in Canada” (AR2004:30)</p>	<p>[On the management of the Iroquois Falls Forest^a in Ontario] “This reduction in the area of mechanical site preparation took place as the results of careful logging methods that resulted in considerably more natural regeneration than more conventional clearcutting” (Government of Ontario 2005: 81)</p>	<p>“Selection logging and other clear-cutting alternatives are taking place on a experimental basis at some model forests across Canada, such as one in Cochrane, Ont., with the help of the forestry company Abitibi-Consolidated Inc” (Brautigam 2005)</p>	<p>“To its credit, ACI [Abitibi-Consolidated Inc] has agreed to postpone most logging operations during this five-year plan in the remnant mature intact areas identified by CPAWS Wildlands League. This provides a window for addressing how to protect these areas in the longer term.” (CPAWS 2005: 3)</p>	<p>Describe how AC concluded a 20-year Working Partnership agreement with some Ontario First Nations communities regarding harvesting practices.</p>
		Irresponsible	---	<p>In January 2005, AC was fined for having harvested more wood than allowed by its harvesting permit in the Quebec city region. (Ressources naturelles et faune 2005a)</p>	<p>“Forest companies, including Abitibi-Consolidated, have [harvesting] intentions on this zone of approximately 600 km² where one of the last intact primitive forests in the province stands.” (Translation from Bégin 2005)</p>	<p>“The Whiskey Jack Forest^a is in trouble because logging operations being carried out there are not economically, socially or environmentally sustainable. Most of the serious problems we found in the plan can be traced back to one root cause: Extensive cutting by logging companies combined with high rate of natural disturbances has left most of the forest in a young condition.” (CPAWS 2005: 12)</p>

^a Forests exploited by AC.

^b All quotes and citations are from Jantzi Research (2005).

Table 4b: Quotations and citations supporting the (ir)responsibility pattern for 2006

DISCLOSURE		PERSPECTIVES ^a			
		ABITIBI	COMMUNITY	ENGOS	INVESTORS ^b
Logging practices	Responsible	<p><i>“In an effort to salvage burned wood resulting from extensive forest fires in the summer of 2005, additional volume has been allocated to the Company’s sawmills.”</i> (AR 2005: 30)</p>	<p>[About a campaign aiming to protect forest areas in a Canadian province] <i>“During this time, about fifteen forest companies, of which Abitibi-Consolidated is the largest, keep on harvesting. ‘We agreed to postpone harvest from September to December 2005. Then again until March, explained Daniel Leclerc, spokesman for the company. But because no action was taken by the government, we had to move ahead with our forest management plan.’ ”</i> (Le Soleil 2006)</p>	---	<p>[Referring to a negotiation with Aboriginals on the use of forestland] <i>“The company offered to stop logging within ten kilometres of the Grassy Narrows community and to stop clearcutting and change harvesting practices within 20 kilometres.”</i></p>
	Irresponsible	---	---	<p><i>“If you were in charge of managing one of Canada’s most valuable commodities, you probably wouldn’t pay companies to run that commodity into the ground. But that’s exactly what Ontario Premier McGuinty is doing by subsidizing companies like Weyerhaeuser and Abitibi Consolidated. He’s also allowing those same companies (...) to employ ecologically devastating logging practices.”</i> (Forest Ethics 2006)</p>	<p>Report the complaints of ENGOs (such as the Canadian Parks and Wilderness Society) and Aboriginals (including the community near the Whiskey Jack Forest^c) about AC’s overcutting and clearcutting practices.</p>

^a Governments are absent from the table because they did not provide information on logging practices in 2006.

^b All quotes and citations are from Jantzi Research (2006). ^c Forest exploited by AC.

Table 4c: Quotations and citations supporting the (ir)responsibility pattern for 2007

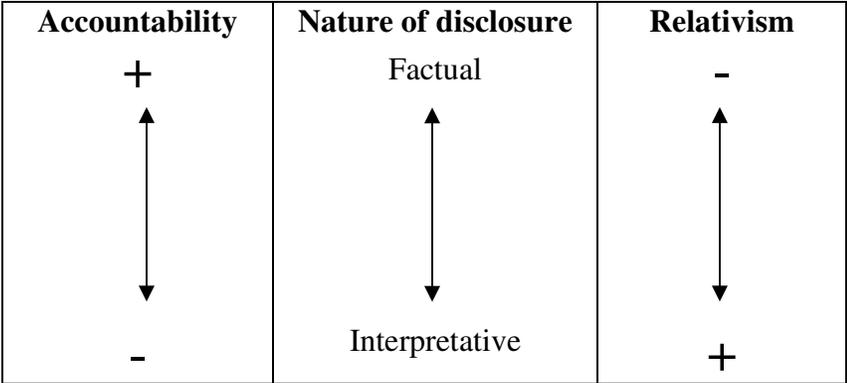
Disc.		PERSPECTIVES ^a			
		ABITIBI	COMMUNITY	ENGOS	INVESTORS ^b
Logging practices	Responsible	<p>“All harvested areas are quickly regenerated. Nearly all forests managed by Abitibi Consolidated are in Canada, where over 90% of the original forest is preserved.” (Brochure on supply 2007: 5)</p> <p>“An action plan was put in place to harvest as much of the burnt wood as possible while ensuring adherence to the highest environmental standards. (...) Between August 2005 and July 2006, more than 2.6 million cubic metres of burnt wood underwent transformation at sawmills in Chibougamau, Girardville, La Doré, Saint-Thomas and Roberval, yielding approximately 500 million board feet of lumber. Close to 80% of the harvest came from burnt wood.” (CGR2006: 17)</p>	<p>“Top management at Abitibi-Consolidated claimed to not understand the green organization’s attitude. ‘We are surprised, because we had ongoing discussions with Greenpeace with respect to organizing a meeting with our president to discuss the accusations [“irresponsible corporate citizen” & “looter of our forests”] made by Greenpeace’ declared Denis Leclerc, spokesman for the forestry company.” (Translation from Le Soleil 2007)</p> <p>“Despite past damages, the [forestry] companies nonetheless made efforts to improve their practices in recent years, obtaining different certifications in sustainable forest management.” (Translation from Rochette 2007b)</p>	---	Same elements as in 2005 and 2006. No new responsible practice mentioned by investors. (See panels A and B)
	Irresponsible		<p>“Protesters scaled Abitibi-Consolidated’s headquarters Wednesday to unfurl a giant banner accusing the company of looting the forests.” (Marowitz 2007)</p>	<p>“Greenpeace is demanding that Abitibi-Consolidated—a manufacturer of lumber and specialty papers such as copy, book and newspaper—stop logging in intact areas of the Boreal Forest and immediately move to more sustainable logging practices. “This company has been looting Canada’s Boreal Forest for years, taking what it wants, and leaving ecosystems and communities in ruin,” said Christy Ferguson, a forests campaigner for Greenpeace Canada. “Global warming is accelerating. Species are going extinct. Communities are in trouble. This needs to end.”” (Greenpeace 2007)</p>	<p>“In July 2007, Greenpeace activists hung a banner from Abitibi’s Montreal headquarters reading, “Abitibi-Consolidated: Looters of our forests”. The group has strongly criticized the company for what it claims are unsustainable logging practices, including logging in previously intact areas of Canada’s Boreal forest.”</p>

^a Governments are absent from the table because they did not provide information on logging practices in 2007. ^b All quotes and citations are from Jantzi Research (2007).

Table 5: Summary of the results in light of ethical relativism and accountability level

Pattern	Description	Environmental issues	Intensity of relativism	Accountability
Uniformity	The same message is reported by the case firm and all the disclosing stakeholders.	<ul style="list-style-type: none"> - ISO 14001 - Environmental policy - Governance mechanisms - Recycling 	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">From weak to strong</p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">From low to high</p>
Silos	The case firm and its stakeholders report on their respective interests in the disclosure category without overlap between each other's disclosure.	Environmental costs		
(Ir)responsibility	Stakeholders released both positive and negative environmental information on the same issue.	Logging practices		
Opposition	The information provided by the case firm is contradicted by the stakeholders.	<ul style="list-style-type: none"> - Compliance - Biodiversity - Water pollution 		

Figure 1: Relationship between the nature of environmental disclosure, accountability and ethical relativism



NOTES

¹ Internationally: IAS 37 of the International Financial Reporting Standards.

Canada: Sections 3290 and 3110 of the Canadian Institute of Chartered Accountants Handbook.

United States: SFAS 5 and 143.

² Lewis and Unerman's (1999) example.

³ The impact of ethical relativism on disclosure is likely to affect both the content and the objectives underlying disclosure. The study focuses on the content to avoid speculation concerning the objectives.

⁴ Employees, clients and suppliers were considered as relevant perspectives for the study but were excluded due to data unavailability.

⁵ Abitibi-Consolidated merged with Bowater on October 29, 2007. The resulting company, AbitibiBowater, is not included in this study.

⁶ The keywords employed are "environment", "pollution", "emission" and "sustainability". Keywords were truncated to broaden the scope of research.