Media Release

New Zealand companies need to lift their game on Corporate Responsibility reporting: KPMG NZ

When it comes to reporting on their non-financial performance, New Zealand companies are lagging in the world rankings. But that's about to change, says KPMG New Zealand.

According to the just-released 2017 KPMG Survey of Corporate Responsibility Reporting, 69% of New Zealand companies publish publically-available information about their sustainability performance. This is lower than the global average of 72%.

In producing the survey, KPMG International studied the annual corporate reports and corporate sustainability reports produced by the top-earning 100 companies within 49 countries, including New Zealand. This annual survey, which first started in 1993, is a highly-regarded benchmark of non-financial reporting standards.

Erica Miles, KPMG New Zealand's Director of Sustainability, says it was encouraging to see New Zealand's ranking had improved from 52% in 2015. "We've definitely seen some improvement in the past two years. Whilst this is primarily driven by investor pressure and increased consumer awareness, corporates themselves are also recognising sustainability as a significant value-creator.

There is another reason for New Zealand companies to lift their game. The New Zealand Stock Exchange (NZX) has updated its Corporate Governance Code to require more specific reporting around non-financial performance as part of a broader effort to enhance reporting and better connect it to business model and strategy. This became effective on October 1 2017.

"The new Code is set to act as a catalyst for better business reporting, by raising the bar on what is expected. Ambiguous and fuzzy statements around a company's 'green' activities will no longer suffice," says Ms Miles.

"The world's major capital markets have had this requirement for many years; so in that respect, New Zealand is playing catch-up."

According to KPMG's Global Head of Sustainability Services, José Luis Blasco:

"It is not only employees, communities and NGOs who take an interest in corporate responsibility and sustainability issues. Investors are also increasingly aware that topics previously considered 'non-financial' can have a material impact on a business's ability to build and protect value, both in the short-term and the long-term. Companies therefore need to understand the latest trends in reporting, and ensure their own reports meet the expectations of a wide range of stakeholders."

While the frequency of reporting in New Zealand has risen, the quality of the information provided still needs improvement. "Generally speaking, corporate responsibility reporting by New Zealand businesses is often lacking in balance, objectivity and transparency," says Ms Miles.

Best-practice reporting relies on companies using a recognized framework to measure their performance across environmental, social and governance spheres. The NZX is recommending that New Zealand companies adopt the Global Reporting Initiative (GRI) framework, or the Integrated Reporting (IR) model. Although only 34% of New Zealand companies studied in the survey adopt those frameworks. Such frameworks are important as they provide context to non-financial performance by positioning it at the core of the broader business strategy and help articulate the role such items play in creating long-term value.

KPMG's latest Survey also explored emerging global trends in corporate responsibility reporting. These include disclosures on such matters as human rights, climate change, setting carbon reduction targets, and linking corporate performance to the United Nations' Sustainable Development Goals.

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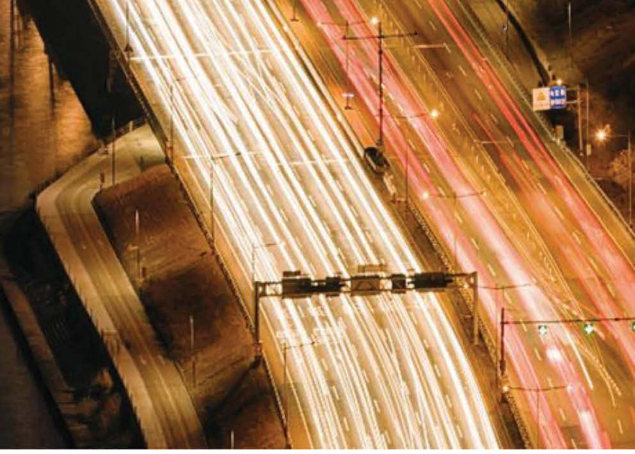

About the survey

KPMG has published The KPMG Survey of Corporate Responsibility Reporting since 1993. The 2017 survey is the 10th edition. Professionals at 49 KPMG member firms carried out thousands of hours of research for this survey. They reviewed annual financial and corporate responsibility reporting by the largest 100 companies, by revenue, in their own country.

Research sources included PDF and printed reports as well as web-only content published between 1 July 2016 and 30 June 2017. If a company did not report during this period, reporting from 2015 was reviewed. However, no reporting published prior to June 2015 was included in the research for this survey. The survey findings are based on analysis of publicly available information only, and no information was submitted directly by companies to KPMG member firms.
The survey refers to two research samples:

The N100 – the largest 100 companies in each of 49 countries: 4,900 companies in total.

Professionals at KPMG member firms identified the N100 in their country based on a recognized national source, or where a ranking was not available or was incomplete, by market capitalization or another appropriate measure. All company ownership structures were included in the research: publicly-listed and state, private and family-owned.

The G250 – the largest 250 companies in the world.

The G250 was identified as the top 250 companies listed in the Fortune Global 500 ranking for 2016. The G250 is for the most part a subset of the N100 research sample. 7 companies in the G250 sample are not included in the N100.

The 49 countries that participated in the 2017 survey were as follows:

1. Angola
2. Australia
3. Austria
4. Belgium
5. Brazil
6. Canada
7. Chile
8. China
9. Colombia
10. Cyprus
11. Czech Republic
12. Denmark
13. Finland
14. France
15. Germany
16. Greece
17. Hungary
18. India
19. Ireland
20. Israel
21. Italy
22. Japan
23. Kazakhstan
24. Luxembourg
25. Malaysia
26. Mexico
27. New Zealand
28. Nigeria
29. Norway
30. Oman
31. Peru
32. Poland
33. Portugal
34. Romania
35. Russia
36. Singapore
37. Slovakia
38. South Africa
39. South Korea
40. Spain
41. Sweden
42. Switzerland
43. Taiwan
44. Thailand
45. The Netherlands
46. Turkey
47. United Arab Emirates
48. UK
49. US

About KPMG International

KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. We operate in 152 countries and have 189,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

About KPMG New Zealand

KPMG is focused on fuelling New Zealand's prosperity. We believe by helping New Zealand's enterprises succeed, the public sector do better and our communities grow, that our country will succeed and prosper.

KPMG is one of New Zealand's leading professional services firms, specialising in Audit, Tax and Advisory services. We have over 1,000 professionals who work with a wide range of New Zealand enterprises – from privately owned businesses, to publicly listed companies, government organisations, and not-for-profit bodies.
We have offices in Auckland, Wellington, Christchurch, Hamilton, Tauranga, Timaru and Ashburton.