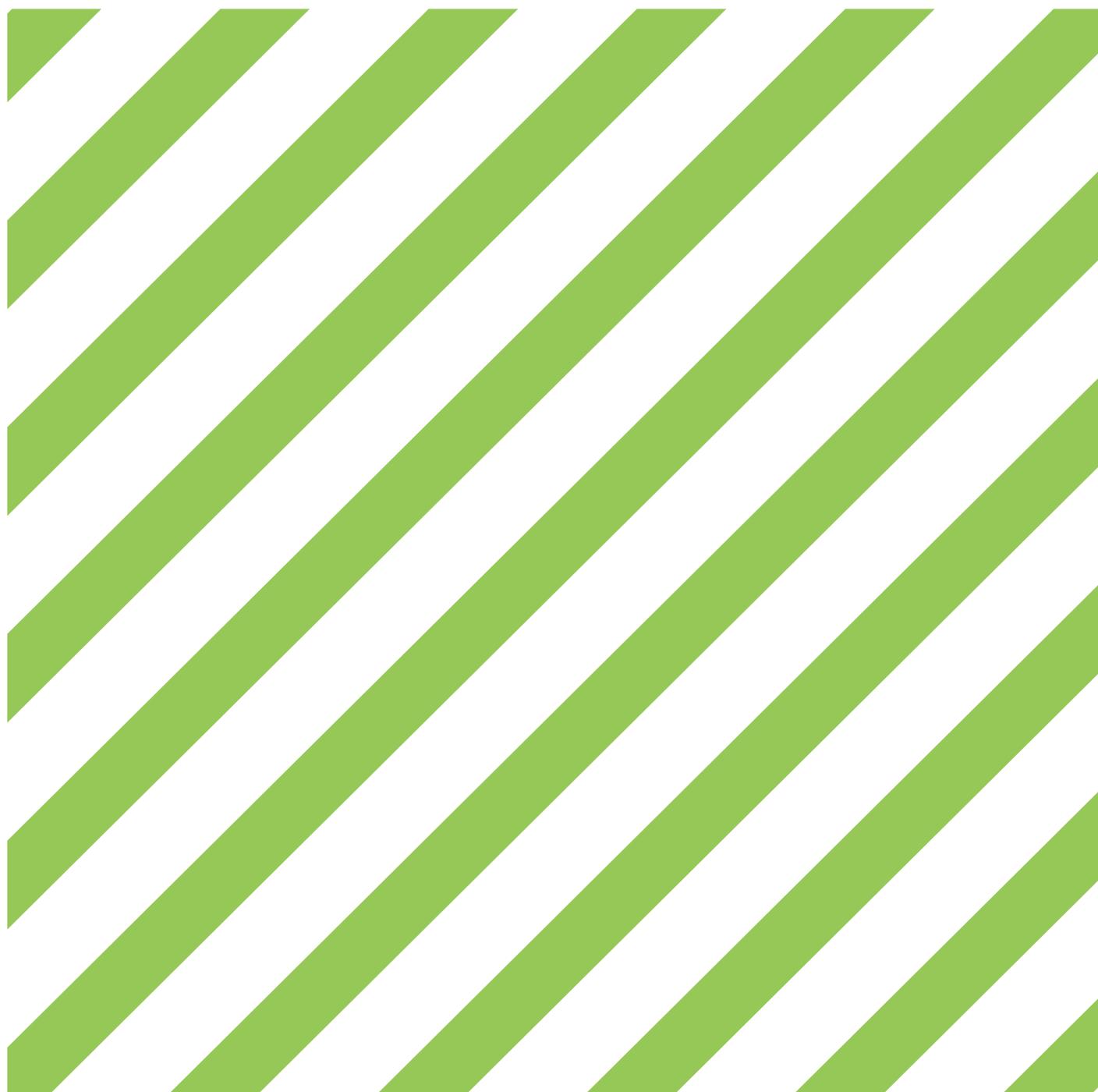


Users' Survey: Attitudes of interested parties towards Extended External Reporting



This survey is a collaboration between the External Reporting Board and the McGuinness Institute.



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**Users' Survey:
Attitudes of interested parties towards
Extended External Reporting**

March 2018

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Introduction

Purpose of the Users' Survey

The survey explores the current and future landscape of reporting in New Zealand and the usefulness of corporate reporting for public decision making. We are interested in whether the criteria, content and accessibility of corporate reporting is meeting users' needs. Criteria is the threshold that determines which companies are obligated to report, content refers to the required reporting information, and accessibility refers to whom this information is disclosed.

With this in mind, the survey aims to:

- (a) raise awareness about the importance of non-financial information,
- (b) learn more about what is and is not working in the current reporting landscape and
- (c) understand the barriers to and enablers of Extended External Reporting.

This survey forms part of the McGuinness Institute's *Project ReportingNZ*, which aims to contribute to an informed society through better access to, and assessment of, information in the public interest. This survey was prepared in collaboration with the External Reporting Board (XRB). The survey was emailed to specific groups of users and opened to the public, as well as being promoted on social media, in May 2017. One hundred and four responses were collected between 29 May and 21 August 2017.

Purpose of Project ReportingNZ

This project is a response to the important role businesses play in the economy. When businesses operate efficiently and with similar values to the communities in which they operate, they add value through employment, taxation revenue and supporting community initiatives. However, equally, they can present challenges if they are not integrated into society or do not operate in a transparent manner. New Zealand is a small, dynamic country and we cannot afford public trust to be eroded.

Project ReportingNZ looks specifically at the role of annual reports as a tool for improving the relationship between businesses and the communities in which they operate, and as one of the few places to collect readily available data on businesses to use as an evidence base for policy development.

The scope of the project includes the *Preparers' Survey: Attitudes of CFOs of significant companies towards Extended External Reporting*, which gathers thoughts from CFOs about their experience of the current landscape of Extended External Reporting, and *Working Paper 2017/05 – Tables: An analysis of the current external reporting practices of significant companies in New Zealand*. This work follows on from a preparers' survey the Institute undertook in 2011, the *Integrated Annual Report Survey of New Zealand's Top 200 Companies: Exploring Responses from Chief Financial Officers on Emerging Reporting Issues*.

The results of *Project ReportingNZ* will be written up in the upcoming *Report 17 – Building a Reporting Landscape Fit for Purpose*.

Terminology as used in Project ReportingNZ

Extended External Reporting includes all information above and beyond what a company is required to provide under the Companies Act 1993 and the Financial Reporting Act 2013. Extended External Reporting can include information on a company's outcomes, governance, risks, prospects, strategies and its economic, environmental, social and cultural impacts.

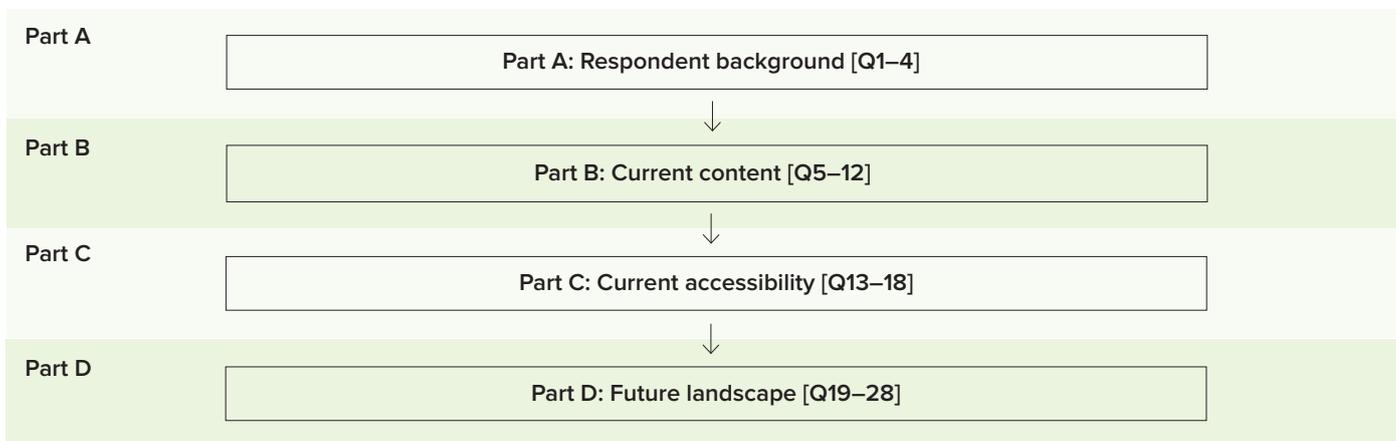
Preparers are Chief Financial Officers (CFOs) of significant companies in New Zealand. The survey focuses on significant companies in New Zealand because of their impact on our economy and because we see them as potential drivers of change in Extended External Reporting practices.

Significant companies are the Deloitte Top 200 and the 129 companies on the NZSX Board as at 30 June 2017.

Stakeholders are groups or individuals who have an interest in an organisation and can be affected by their actions. Examples include shareholders, employees, suppliers, consumers, neighbours and the general public.

Users are any interested parties who use the reports of companies to learn more about their operations.

Figure 1: Survey logic



Survey design

After the introductory section (Part A), the survey was structured with questions on the current landscape (Parts B and C), followed by questions on the future landscape questions (Part D). See this structure in Figure 1 above. The survey was designed to take around 15 minutes with space for comments after each question if companies wanted to elaborate.

Interpreting the results

The specific results from the survey have been displayed in horizontal bar charts, which are ranked where applicable. Please note there were 104 respondents, but not every respondent answered every question and some questions allowed respondents to select more than one answer. The number of respondents for each question will not always equal the total number of responses. For example, Question 15 had 101 respondents who selected 271 responses. For this reason, we have included the total number of respondents for each question, as well as the number of respondents for each answer (the number in white against coloured bars).

Results are also displayed in summary tables for some questions. The tables are intended to give a comparison between the strongest responses to a question.

Interpreting the comments

Many of the questions left room for respondents to expand on their answers. Most of the respondents' comments have been included in this booklet, although the research team excluded some comments on the basis of confidentiality, clarity or relevance. Where only part of a comment had issues of confidentiality, sensitive information has been removed and indicated by [XXX]. Other comments have been edited for obvious errors, with square brackets used to indicate error corrections that may have had implications for the overall meaning of the comment. In some cases, square brackets are used to specify the answer that the respondent selected for that question and that their comment is therefore expanding on.

Comments have been grouped by respondents' selection or by similarity of content; the number (X) indicates the number of respondents' comments grouped under that heading. Use of [repeated] indicates a comment that fits into more than one category of similar content and has therefore been repeated under more than one heading.

Q1–2.

Q1. Please provide your name and position and/or the name of your organisation.

Q2. Please provide your email address for further correspondence if we have any queries.

Number of respondents who answered these questions: 104

Respondents' comments

Please note we have not published these responses for privacy reasons.

Q3.

Q3. In what capacity do you have an interest in Extended External Reporting information? Please select all that apply.

Number of respondents who answered this question: 104

Specific results

As a shareholder/existing investor



As a member of civil society



As a consumer



As an employee



As a prospective investor



As an accountant



As a researcher/academic



As central government



As a consultant



As a portfolio investor/fund manager



As a regulator



As an NGO



As a neighbour



As a supplier



As a banker



As an insurer



Other, please specify



Q3. cont.

Q3. In what capacity do you have an interest in Extended External Reporting information? Please select all that apply.

Number of respondents who answered this question: 104

Respondents' comments

As a director or employee of a company (6 respondents)

- 'A CCO.'
- 'I am the CR Communications Manager and therefore am responsible for CR reporting, which this will very much link to.'
- 'As the preparer of the sustainability report for my company.'
- 'As a director of many entities.'
- 'As a board member [XXX].'
- 'As a standard setter and as a director.' [Repeated]

As an auditor or regulator (4 respondents)

- 'As a standard setter and as a director.' [Repeated]
- 'Auditor, standard setter.'
- 'I am interested both as an employee of a regulator and also as an individual about for-profit organisations.'
- 'As a professional accounting body.'

As someone with specialist expertise (8 respondents)

- 'Support research project development, external relations and application and reporting process.'
- 'Interest in the issues around reporting from work I did on public sector accounting.'
- 'Integrated Reporting has tied into my research on corporate governance and CSR.'
- 'As a teacher at university.'
- 'As an educator.'
- 'I am also a Licenced Private Investigator, Security and Public Safety Consultant.'
- 'As a policy advisor on financial reporting, I am interested in efforts to improve the operation of capital markets, to reduce investor uncertainty over expectations, to align investee behaviour with investor expectations in an efficient and effective manner. As corporate reporting falls short of these ideals, I am interested in how it can more perfectly meet them.'
- 'As a policy & political advisor.'

In another capacity (10 respondents)

- 'As a procurement practitioner who engages with suppliers on behalf of central government.' [Repeated]
- 'Independent Crown entity.'
- 'As a citizen, interested in the effective and stable functioning of the NZ economy.'
- 'Member organisation.'
- 'As a council-controlled organisation with an interest in economic development.'
- 'As a representative of a financial services business registered under the FMA.'
- 'Valuer.'
- 'Proxy holder.'
- 'As a peak industry support organisation.'
- 'As a "visionary" interested in the changing dynamics of society and exploring pro-active strategies to maximize the benefits of change.'

Other comments (3 respondents)

- 'Objective consumer feedback via organisations without conflict of interests are vital in post-modern environments. This is especially important for government public services.'
- 'Published, accessible, clear information available at several levels enhances investment outcomes, as it empowers everyone to be better informed to make more relevant decisions.'
- 'Quite unsure how this impacts me, however, still interested to know more.'

Q4.

Q4. Which of the following categories best represents the industry whose Extended External Reporting information you are particularly interested in? Please indicate as many as appropriate.*

Number of respondents who answered this question: 104

Specific results



Financial and insurance services
46



Electricity, gas, water and waste services
45



Health care and social assistance
43



Professional, scientific and technical services
36



Agriculture, forestry and fishing
36



Manufacturing
34



Transport, postal and warehousing
33



Information media and telecommunications
33



Public administration and safety
31



Construction
29



Retail trade
24



Education and training
24



Mining
21



Other
17



Wholesale trade
14



Arts and recreation services
13



Accommodation
13



Rental, hiring and real estate services
11



Administrative and support services
9

* These industry categories are taken from the *Australian and New Zealand Standard Industrial Classification 2006* as published by Statistics NZ.

Q5.

Q5. Please indicate the reasons why you use Extended External Reporting and their relative importance to you.

Number of respondents who answered this question: 103

Note: Responses are ranked according to number of respondents answering both 'Very important' and 'Important'.

Specific Results



Q5 cont.

Q5. Please indicate the reasons why you use Extended External Reporting and their relative importance to you.

Number of respondents who answered this question: 103

Summary table

Table 1: Reasons for using Extended External Reporting by importance

Very important and Important (both)		Not important and Not necessary (both)	
Responses	Options	Responses	Options
92	[i] Understanding the for-profit entity's business model	45	[viii] Being informed as an employee, [ix] Being informed as a potential employee
90	[ii] Being informed of the for-profit entity's strategies and future prospects [iii] Making informed judgements about the operations and wider impacts of the for-profit entity's business	22	[vii] Making investment decisions
89	[iv] Understanding how the for-profit entity generates sustainable value	20	[vi] Being informed about the for-profit entity's environmental impact

Respondents' comments

Reasons for using EER (15 respondents)

- 'For understanding the longer-term health and prospects of the for-profit entity.'
- '(Not necessary because I am not an employee) Encouraging this wider approach in a not-for-profit entity – as a board member, it provides discipline and structure that helps ensure appropriate long-term strategic focus.'
- 'An understanding of whether the entity follows ethical business practices.'
- 'In terms of my [XXX] work, an environment where I can access open information for due diligence and professional advice is most desirable. In terms of [XXX], inquiries can take me in any number of directions depending on instructions received, and openness is not only convenient but desirable to achieve a fair and truthful analysis of evidence gained.'
- 'The effectiveness of the entity at delivering increasing value from its activities.'
- 'Understanding the impact of the for-profit entity on the economy, environment, and social welfare. Learning how very different organisations apply the extended reporting concept to tell their own story and develop performance metrics'
- 'Evaluation of financial information for income tax risk evaluation, both at group and company level. Incorporates P & L, equity statement, balance sheet and note disclosure. Some interest in cash flow, but that is not the tax measurement metric.'
- 'To learn from what is out there and what is an evolving practice and what might be best practice, ok practice and poor practice.'
- 'Understanding if the organisation recognises its wider role –'
- 'I like to see what the executives say is going to happen and then see what actually happens. Sometimes they are poles apart.'
- 'Some aspects needed for regulatory reporting – e.g. non-IFRS contingent liabilities.'
- 'If the profits are largely reinvested locally or sent overseas.'
- 'To extend the concept of "stakeholder" to employees and their families, and to the wider community.'
- 'Understanding the entities' risk exposure.'

Q5. cont.

Q5. Please indicate the reasons why you use Extended External Reporting and their relative importance to you.

Number of respondents who answered this question: 103

Respondents' comments cont.

- 'It's also really about demonstrating (and driving the organisation itself) towards continuous improvement and staying in step with social mores and values. Forcing goal-setting tends to focus an organisation on what it's prepared to do, needs to do and then once it's set a standard, it needs to excel and push further.'

Reasons for not using EER (4 respondents)

- 'There is always a bit of "greenwash" associated with EER. Plus many of the above will also depend on the industry and competitors, therefore an EER cannot tell the whole story.'
- 'The standard annual report, together with other information included on company websites, and general financial reading is adequate to provide virtually all the information I need to know about each company. While I would expect company boards and CEOs to deal with the wider perspective embraced with Integrated Reporting, it is clear from [XXX]'s report how this issue will play out in public documents. It is a hugely expensive exercise probably substantially written by PR consultants, full of politically correct language, and probably not worth the paper it is written on. If these reports cannot be trusted, let's forget the charade and avoid the enormous cost of producing them.'
- 'The idea of IR is a holistic presentation of how the entity generates value, but the spirit of IR has narrowed to creation of value for shareholders. Consequently, I have some hesitation in accepting the contents of integrated reports – even GRI reports are carefully constructed and very little attention is paid to negative externalities, and that is the issue with integrated reports – it is up to the board to determine what is material information and then report on it. Shareholders have no means of guessing or knowing how that materiality issue is dealt with.'
- 'As a professional [XXX] we are not a "user" of EER.'

Other comments (4 respondents)

- 'This question mixes up various issues. Of course it is important to understand the entity's business model, how it generates sustainable value, strategies and prospects. I would not class that as Extended External Reporting. These are legal requirements which any board would need to comment/report on to shareholders.'
- 'I am looking at these mostly from a professional sense – my job is to monitor the performance of entities within a commercial portfolio.'
- 'Environmental impact isn't really something I find important to measure for startups who operate in software/tech. However, physical inventory ventures already have thought this through and are benefit corporations or use recycled materials where they can, and therefore are very environmentally conscious. This has become part of their customer value proposition when selling their goods.'
- 'While I have answered important against environment and social impact, this will vary. Information on social impact is very important for entities providing professional services, but environmental impact is less important. It is the opposite for firms working in the resource sector. Understanding of the risks and opportunities associated with the entity's business reporting model is important, as is its capacity to deliver on it.'

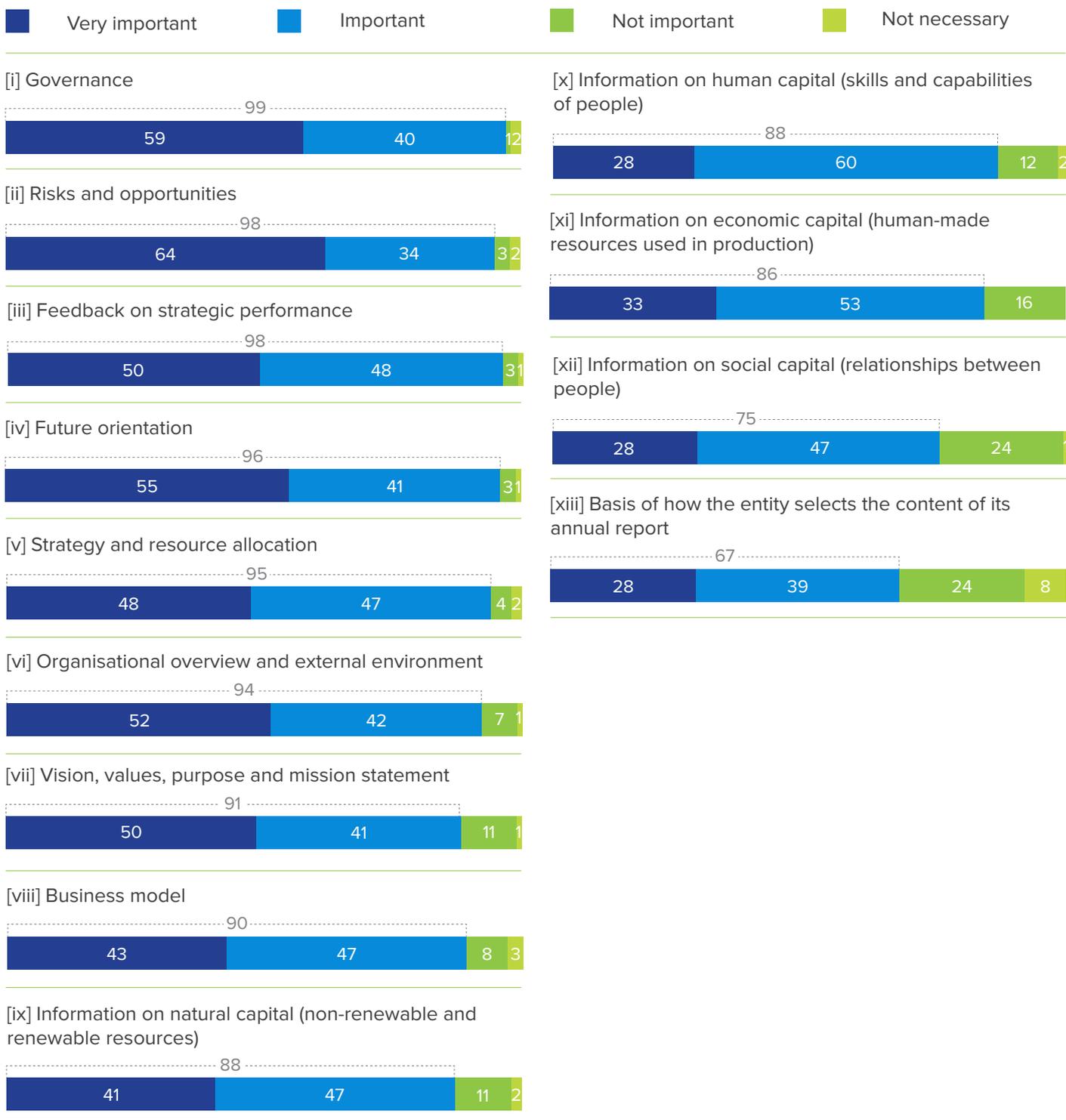
Q6.

Q6. How important do you think it is to disclose the following content in Extended External Reporting?

Number of respondents who answered this question: 103

Note: Responses are ranked according to number of respondents answering both 'Very important' and 'Important'.

Specific results



Q6. cont.

Q6. How important do you think it is to disclose the following content in Extended External Reporting?

Number of respondents who answered this question: 103

Summary table

Table 2: Content that users consider important to disclose in Extended External Reporting

Very important and Important (both)		Not important and Not necessary (both)	
Responses	Options	Responses	Options
99	[i] Governance	32	[xiii] Basis of how the entity selects the content of its annual report
98	[ii] Risks and opportunities [iii] Feedback on strategic performance	25	[xii] Information on social capital (relationships between people)
96	[iv] Future orientation	16	[xi] Information on economic capital (human-made resources used in production)

Respondents' comments

Other content that is important (6 respondents)

- 'Information about its processes to set the tone at the top; lead a successful, values-driven internal culture, build strong integrity system; prevent fraud, bribery and corruption; and reward team work, transparency and collaboration.'
- 'More focus on who are related parties and the relevant financial impacts. This includes who are the beneficial owners both here (including trusts) and overseas. Is that part of [xii] above?'
- 'No other categories but a real emphasis on explaining how the information in the IR is selected and presented.'
- 'To look at the movements in a company's imputation credit account. But the movements are rarely shown.'
- 'The purpose of reporting from our perspective is to evidence the quality and rigor of our work in terms of whether we have: delivered against our contract requirements, generated new knowledge that will expand and improve the field, evidenced civic, environmental and economic outcomes, and grown capability.'
- 'How about codes of conduct/supplier codes of conduct? Not sure whether they would be in the form of a separate report or just publically available (I have taken the view that, as long as the information is publically available, with date of last update clearly identified, it doesn't need to be in one document).'

Other comments (6 respondents)

- 'I am a firm supporter of Integrated Reporting.'
- 'If you care to look at existing "non-integrated" annual reports, you will generally find, in directors reports and on company websites, reference to the issues ticked above and, where relevant, on unticked questions above.'
- 'My selection of "Important" in some cases acknowledges commercial sensitivity. Such a caution may well be cited by business in all circumstances, however, I believe in the more open model.'
- 'Some of the answers above would be different if comparing different sectors (i.e. different focus areas for importance).'
- 'Governance is important but this is already reported on and therefore not part of EER (i.e. there is not extension needed).'
- 'Such well-defined responsibilities.'

Q7.

Q7. How important do you think it is to disclose the following performance details in Extended External Reporting?

Number of respondents who answered this question: 104

Note: Responses are ranked according to number of respondents answering both 'Very important' and 'Important'.

Specific results

Very important
 Important
 Not important
 Not necessary

[i] Goals/targets for performance for economic, human, social and environmental factors



[ii] Strategies to achieve goals for economic, human, social and environmental factors



[iii] Reporting back on goals/performance for economic, human, social and environmental factors



Q7. cont.

Q7. How important do you think it is to disclose the following performance details in Extended External Reporting?

Number of respondents who answered this question: 104

Respondents' comments

Goals/targets and progress are important (4 respondents)

- 'The goals and targets are important, but to me, the "how" and the "follow-up" are more important – without them, the goals and targets are just aspirations.'
- 'They should show how they have carried through with positive impacts, not just say they would like them to happen. Also show the potential options they have for balancing/optimising social/economic benefit if they had to find a balance. I would like to see how this is in favour of those outside the company, not just the CEO's back pockets.'
- '"If you don't know where you are going, how do you know if you get there?"'
- 'KPIs, present and future, are essential to report on. They are a clear and easily understood way of assessing strategy, direction and success, even for shareholders who are not experts in reading financial reports. Thus I believe there should be very clear emphasis on communicating this information. KPIs also do not have to be financial – they can encompass both financial and non-financial goals and targets.'

All are important (4 respondents)

- 'These areas represent key accountabilities and evidence ability to deliver to end users/stakeholders.'
- 'These all are key indicators that the organisation takes its reputation seriously by recognising resource constraint is wider than simply its own immediate access to cash.'

- 'For accountability purposes, all three (targets, strategies and results) must be disclosed.'
- 'It's how organisations force themselves to be accountable and allow for strategic shared value creation.'

Concerns about disclosure (4 respondents)

- 'Whilst I'd like to have the strategies for achieving the goals, I acknowledge that some of these would have a commercial confidentiality impact (though in the reporting back, it would be great to see some of the methods that they used to achieve their goals, as best practice that other organisations could benchmark themselves on).'
- 'Questions in this section 7 are a fusion of similar in section 6. My comments on commercial sensitivity apply, however, my ranking can only be taken higher in the circumstances. Tricky questions??!!'
- 'Also depends on what is commercially sensitive.'
- 'It is clear that the devisor of these questions has never had the responsibility of running a company. God help us if companies have to have an army of staff to deal with Integrated Reporting.'

Other comments (2 respondents)

- 'I don't think enough is done in this area by executives at for-profit entities.'
- 'As long as these performance details are meaningful.'

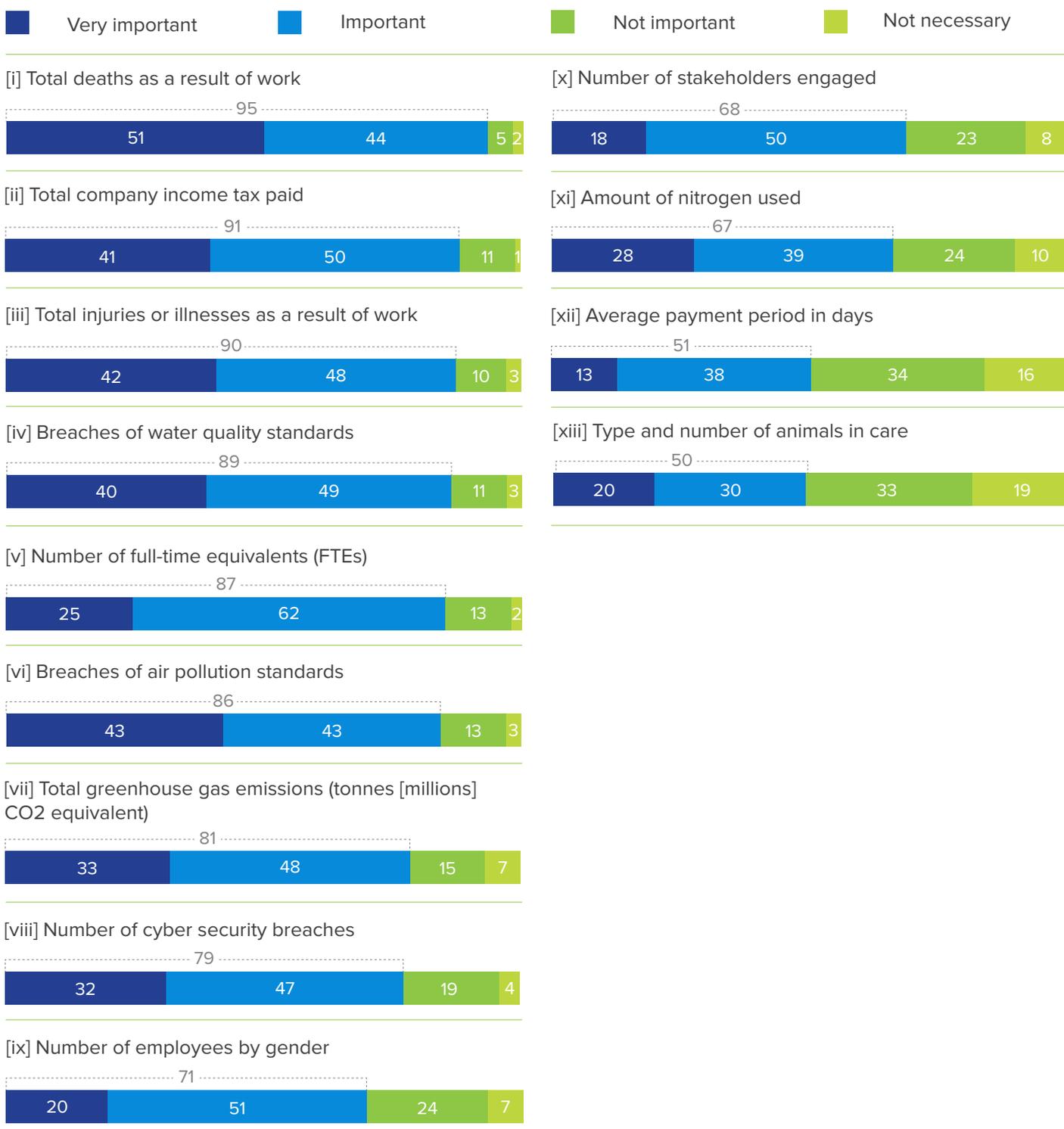
Q8.

Q8. How important do you think it is to disclose the following statistics in Extended External Reporting (per financial year)?

Number of respondents who answered this question: 103

Note: Responses are ranked according to number of respondents answering both 'Very important' and 'Important'.

Specific results



Q8. cont.

Q8. How important do you think it is to disclose the following statistics in Extended External Reporting (per financial year)?

Number of respondents who answered this question: 103

Summary table

Table 4: Statistics that users consider important to disclose in Extended External Reporting

Very important and Important (both)		Not important and Not necessary (both)	
Responses	Options	Responses	Options
95	[i] Total deaths as a result of work	52	[xiii] Type and number of animals in care
91	[ii] Total company income tax paid	50	[xii] Average payment period in days
90	[iii] Total injuries or illnesses as a result of work	34	[xi] Amount of nitrogen used

Respondents' comments

Importance of statistics is dependent on the industry (12 respondents)

- 'I'd suggest that GRI core type stats could be considered important, depending on the nature of the business. The thing with those standards, however, is that they actually don't sit very well across all industries and so it can make businesses look better or worse than they really are. You can't compare non-competing entities in an apples for apples sense because of the different impact scales. I am big fan of industry benchmarking, which, currently, my peers from the other [XXX] and I have been considering as an option.'
- '[iv, vi, vii, xi] should be applicable only for industries which have a material impact on the environment (i.e. [XXX] etc).'
- 'In most cases, it is only important if they occur, and therefore if applicable.'
- 'These weights will [vary] across all industries. In farming (I am a company director of a [vegetable] farming operation), [iv, vi, vii, xi, xiii] have greater weight than they would in, for example, finance.'
- 'Some of these specific statistics are only relevant to some industries. It's more important that reporters are transparent about the key issues facing their company/industry, and that there is an explanation of why, what actions are being taken, and how performance is measured. The specific measures should then be comparable between companies, so from internationally recognised reporting guidelines such as the GRI.'

- 'Note that requirements [iv, vi, vii, xi, xiii] would have to be "as applicable", and would only be relevant to certain industries.'
- 'I think that the level of reporting would vary by industry, i.e. number of animals might be less relevant for a cart manufacturer and more important for a farming operation, similarly for many measures above.'
- 'I am a little confused by this question, surely what you report depends on the importance of the issue to your organisation.'
- 'Whether the above matters are important depends on the organisation and whether these matters are material to them.'
- 'Very hard scale/matrix that you've used here – there should be things that aren't important for the group that I'm answering about, or depends on the company's impacts, not just blanket inclusions.'
- 'Can't comment on some of them since I've got no real experience around some of the above. In the space where we operate, it's not as important.'
- 'No direct investment in farming/agriculture – the animal numbers questions here and below really n/a.'

Other statistics that are important (8 respondents)

- 'And noise pollution too. Try and live in [XXX] with [XXX] factories and train horn pollution.'
- 'Number of customer complaints and resolution process. Customer claims declined (specific to insurance, but will be equivalent). Generally – as much customer/client focused as environment.'

Q8. cont.

Q8. How important do you think it is to disclose the following statistics in Extended External Reporting (per financial year)?

Number of respondents who answered this question: 103

Respondents' comments cont.

- 'Amount of waste diverted from landfill.'
- 'Turnover and % change year on year; number of court actions; ratio of CE salary to average employee salary; salaries of all staff in bands – % and number in each; workforce make-up – number of permanent and contract employees; staff engagement rating on an approved benchmarking survey; any other benchmarking material relative to performance in their industry; number of customers (say for energy companies) or at a minimum % change year on year.'
- 'Output performance – e.g. student achievements, contribution to government priorities.'
- 'Products (or services) delivered, intellectual property.'
- 'Legal action taken by the company, or against the company, with management assessment of the probability of the eventual outcome and the risk to the company.'
- 'Negative externalities and serious risks to the entity must be disclosed – those things play directly into governance and strategy, and can be used to determine board composition as well. If a company plays up the positive and leaves out the negative, third parties will fill in the gaps, which is not a good look.'
- 'This information needs to be reported in context of the robustness of processes to mitigate the poor resource outcome. Ideal reporting means people front up to mistakes and learn from them. Current culture is to try to hide mistakes. This fails everyone in the long term. Transparency is more productive.'
- 'Find with this question that there is too big a gap between "Important" and "Not important" – should also be a measure in-between. All of my "Not important" responses to these questions would have been in-between.'
- 'I think you need to be careful with some of the above raw measures – context and direction of travel is just as important as the absolute number.'
- 'Some of this information is interesting and relevant rather than essential. What it provides is data that can be used to measure shifts, trends and impact over time. This is important for measuring, monitoring and evaluating efficacy of practice for continuous improvement. More of this work is needed.'

Other comments (7 respondents)

- 'I monitor the governance of for-profit entities and take a keen interest in why there are so few females in executive positions within an organisation.'
- 'I think as a client/customer/consumer it is important you have access to this information when making choices.'
- 'My perspective is that, if entities are non-compliant in one or more areas, they are likely to be non-compliant in other areas – such as tax. I understand there is a fair bit of academic evidence on this. As stakeholders, this can be important in terms of does the business have a licence to operate? I am less sure about moral issues rather than clear breaches of laws and standards. However, transparency can be a better way than reams of more regulation and heavy duty compliance reporting. A big issue though is those companies that are "careless" with their disclosures, if there are only "wet bus ticket" consequences, the worst behaved will just carry on.'

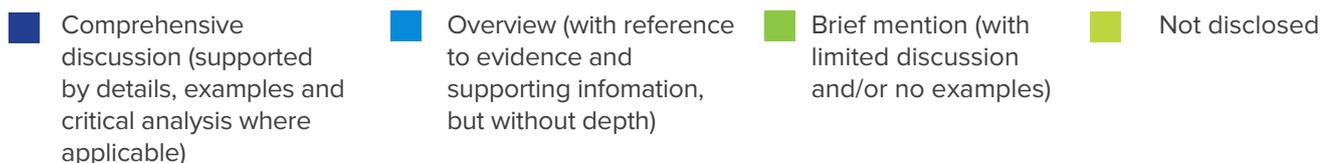
Q9.

Q9. In your experience, how well is the following information being disclosed in Extended External Reporting?*

Number of respondents who answered this question: 100

Note: Responses are ranked according to number of respondents answering 'Comprehensive discussion' and 'Overview'.

Specific results



[i] Vision, values, purpose and mission statement



[ii] Organisational overview and external environment



[iii] Governance



[iv] Risks and opportunities



[v] Future orientation



[vi] Strategy and resource allocation



[vii] Feedback on strategic performance



[viii] Business model



[ix] Information on human capital (skills and capabilities of people)



[x] Information on natural capital (non-renewable and renewable resources)



[xi] Information on economic capital (human-made resources used in production)



[xii] Basis of how the entity selects the content of its annual report



[xiii] Information on social capital (relationships between people)



* Note: Questions 6–8 cover what users consider important, while questions 9–11 cover what they see as current business practice.

Q9. cont.

Q9. In your experience, how well is the following information being disclosed in Extended External Reporting?*

Number of respondents who answered this question: 100

Summary table

Table 5: How well users think content is being disclosed in Extended External Reporting

Comprehensive discussion (only)		Not disclosed (only)	
Responses	Options	Responses	Options
25	[iii] Governance	37	[xiii] Information on social capital (relationships between people) [xii] Basis of how the entity selects the content of its annual report
19	[v] Future orientation [vii] Feedback on strategic performance	25	[ix] Information on human capital (skills and capabilities of people)
18	[i] Vision, values, purpose and mission statement	22	[xi] Information on economic capital (human-made resources used in production)

Respondents' comments

Well (1 respondent)

- 'I think organisations have really improved their focus regarding environmental capital, and hopefully the concept of social, human and economic capital will evolve. I would like to learn more about how we can start to deliver on this aspiration.'

Diverse (4 respondents)

- 'I have taken this to mean that information is publicly available – it may not form part of a formal annual report. Some providers do this really well (such as [XXX], whose "risk factors" section covers nine pages of their 2016 annual report); other providers either do briefly, or don't cover it at all.'
- 'There is a range of performance across the different companies we invest in. The responses above reflect the lowest performers.'
- 'This is really dependent on the company. Some do it well, some not at all.'
- 'This relates largely to [XXX] funded projects, which ask for depth in reporting. This is not a universal approach. It would be useful to benchmark reporting practice to minimize "thin" reporting.'

Not well (4 respondents)

- 'In my opinion, there is generally not a lot of depth in current integrated reports, and it is a fact that only material information needs to be disclosed. If taking material in the sense of a financial audit, it is basically something that would impact on an investor making a decision to buy or sell shares. So anything that would influence the sale or purchase of shares in an entity, or something that might help a shareholder decide on a director vote seems to be the underlying foundation for information in an IR. I wonder also if there is a hesitation based on a perception that shareholders will not actually read the report, so why bother being too generous with information that adds to the cost of preparing the report.'
- 'The contrast between aspiration and practice is quite shocking!'
- 'The focus on financial statement-based reporting means that there is limited knowledge in organisations about how to discuss the above. The tendency is to treat data as knowledge (which it isn't), with little self-examination that would provide genuine knowledge.'

* Note: Questions 6–8 cover what users consider important, while questions 9–11 cover what they see as current business practice.

Q9. cont.

Q9. In your experience, how well is the following information being disclosed in Extended External Reporting?*

Number of respondents who answered this question: 100

Respondents' comments cont.

- 'As a general statement – for-profit entities are woeful. Some of the above is only mentioned because “it is a requirement” – does the way it is mentioned add any value – extremely unlikely.'

Other comments (2 respondent)

- 'I am reluctant to comment, as my role is more based on current financial reporting rather than extended reporting. I have some knowledge and interest but it is not a real part of my day job.'
- 'Legal risks – mostly not reported.'

* Note: Questions 6–8 cover what users consider important, while questions 9–11 cover what they see as current business practice.

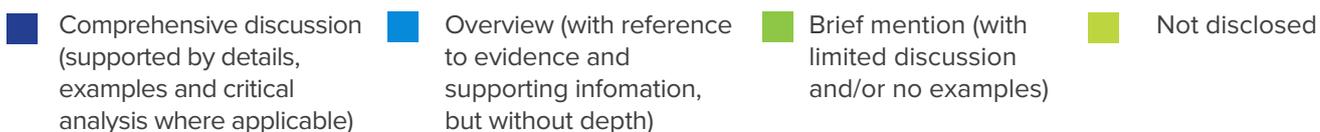
Q10.

Q10. In your experience, how well are the following performance details being disclosed in Extended External Reporting?

Number of respondents who answered this question: 97

Note: Responses are ranked according to number of respondents answering 'Comprehensive discussion' and 'Overview'.

Specific results



[i] Goals/targets for performance for economic, human, social and environmental factors



[ii] Reporting back on goals/performance for economic, human, social and environmental factors



[iii] Strategies to achieve goals for economic, human, social and environmental factors



Q10. cont.

Q10. In your experience, how well are the following performance details being disclosed in Extended External Reporting?

Number of respondents who answered this question: 97

Respondents' comments

Well (1 respondent)

- 'Generally adequate disclosure in most listed entities.'

Diverse (2 respondents)

- 'Some do it much better than others.'
- 'Some do it really well, others don't do it at all.'

Not well (5 respondents)

- 'Economic factors are covered but not social or environmental.'
- 'In the not-for-profit sector, the standard of financial reporting is appalling, let alone reporting on the issues listed above and elsewhere.'
- 'KPIs are a useful, and easily pictured way of presenting the company's business and progress, as well as strategy and goals in bite-sized future periods. There should be more information on this.'
- '[XXX] funded projects only, otherwise reporting is tick-box (brief mention of some but not all performance details). Definite room for improvement in reporting standards.'
- 'I see no evidence of this sort of reporting coming through, but it is expensive to produce and not everyone has the pockets to do it. Cost and benefit play a significant part here.'

Other comments (3 respondents)

- 'Crown entities and state-owned enterprises have an obligation to publish goals/targets etc. under the Crown Entities Act.'
- 'I don't have significant information on which to base this perception. An assessment of this would be better done by a direct survey of annual reports than by a perceptions survey.'
- 'Really, outside the core numbers, the note disclosures that interest me the most are: tax, related parties/ ownership/grouping and how the business is funded, especially by its owners. As a reader of a lot of financial statements, I am always very interested in the business model, environment and drivers. However, I have found these are more likely to be in prospectuses and particularly target statements.'

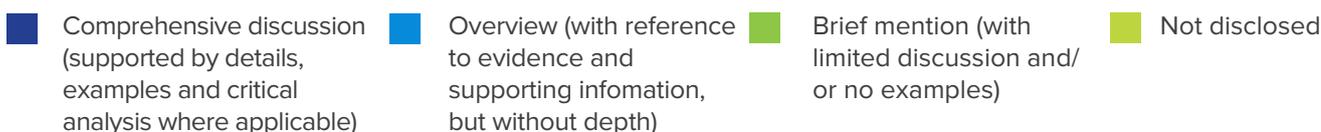
Q11.

Q11. In your experience, how well are the following statistics being disclosed in Extended External Reporting (per financial year)?

Number of respondents who answered this question: 98

Note: Responses are ranked according to number of respondents answering 'Comprehensive discussion' and 'Overview'.

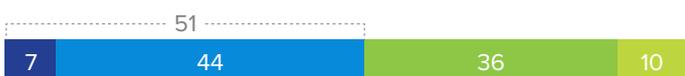
Specific results



[i] Total company income taxes paid



[ii] Number of full-time equivalents (FTEs)



[iii] Number of employees by gender



[iv] Total injuries or illnesses as a result of work



[v] Total deaths as a result of work



[vi] Number of stakeholders engaged



[vii] Total greenhouse gas emissions (tonnes [millions] CO2 equivalent)



[viii] Average payment period in days



[ix] Number of breaches of water quality standards



[x] Type and number of animals under your care



[xi] Number of cyber security breaches



[xii] Amount of nitrogen used



[xiii] Number of breaches of air pollution standards



Q11. cont.

Q11. In your experience, how well are the following statistics being disclosed in Extended External Reporting (per financial year)?

Number of respondents who answered this question: 98

Summary table

Table 7: How well users think statistics are being disclosed in Extended External Reporting

Comprehensive discussion (only)		Not disclosed (only)	
Responses	Options	Responses	Options
16	[i] Total company income taxes paid	74	[xii] Amount of nitrogen used
9	[iv] Total injuries or illnesses as a result of work [v] Total deaths as a result of work	69	[xi] Number of cyber security breaches
7	[ii] Number of full-time equivalents (FTEs)	65	[x] Type and number of animals under your care

Respondents' comments

Diverse quality of statistic disclosures (3 respondents)

- 'Most reports are sufficient for purpose. Some submerge useful and necessary information with PR puffery and self-promotion.'
- 'Some entities are good at presenting GHG and other environmental information, but, in general, there is not a lot of detail on these issues, or more information on one, say greenhouse gasses, but not on things like health and safety breaches or cyber-attacks.'
- 'Disclosures often limited by competitive pressure.'

Other comments (7 respondents)

- 'Animal treatment policies, anti-bribery, fraud and corruption policies.'
- 'I do not have the experience to answer this question.'
- 'Again, a lot of the above does not apply to the ventures we work with.'
- 'I don't have significant information on which to base this perception. An assessment of this would be better done by a direct survey of annual reports than by a perceptions survey.'

- 'I have only answered the tax question; I tend to glaze over the other issues, as they are not a core part of my role. In terms of actual cash tax paid, in NZ that is rare, usually only 1–5 entities do that to my knowledge. In Australia, there is mandatory ATO disclosure (although it is a bit unsatisfactory as NPBT is not disclosed). As a result of that, about 50 groups (mainly ASX-listed) have signed up to do an annual tax transparency report to disclose and also explain their tax position.'
- 'If the research project is aimed at mitigating these risks and there is improvement, then this is reported. This would be considered a deliverable as determined by the focus of the contracted work. It is not typically included as business as usual unless specifically asked for. This information is volunteered rather than asked for.'
- 'Animal questions really N/A.'

Q12.

Q12. In terms of content, what are your thoughts on currently available information?

Number of respondents who answered this question: 53

Respondents' comments

Information availability is adequate (8 respondents)

- 'Usually I can find what I need to know somewhere but not only from the financial report.'
- 'Sufficient but could be improved on.'
- 'Pretty good. Managers must concentrate on managing, not producing reams of academic paper.'
- 'Current content is, in my view, entirely appropriate. Over-reporting is a waste of resources.'
- 'We are reasonably satisfied.'
- 'Not a big user of private sector external reporting so no real comments – however, the media do a good job of exposing any issues or weaknesses in disclosed information so the balance is probably about right at current levels – disclosure rules should not be informed by social engineering agendas.'
- 'Primarily financial, hindsight, GAAP compliant.'
- 'Often glean a lot of this information through communications or their websites.'

Information availability is improving (5 respondents)

- 'There is a growing trend towards Integrated Reporting where all the above data is included in a report.'
- 'Content in the above areas is improving. Drawing the links between this information and an organisation's operations/how it creates value still requires development. Looks like people are providing more information, without clear understanding of why.'
- 'Heavy focus on financial performance; growing amount of wider reporting on non-financial matters.'
- 'I think that things are improving, but that organisations are still afraid of the notion of transparency and are also too bound to tools like GRI etc. We need industry-related minimum requirements for reporting, which allow for simple benchmarking and comparison. This will, by the sheer nature of competitiveness, compel organisations to pull their socks up when they see how their peers are doing. I see a lot more organisations pulling away from GRI and moving towards their own kind of standard, but content needs to be consistent year-on-year for it to be of comparative value. Data-led reporting is crucial.'
- 'Information is improving continuously and there is a focus on the reporting of individual capitals, but less is available on the interaction between capitals, which is a key piece of the jigsaw.'

Information availability is poor (25 respondents)

- 'Generally adequate on health and safety, but could be more comparative and quantified on environmental impact.'
- 'With the exception of the public sector and a limited number of for-profit entities such as [XXX], we have fallen behind our global peers.'
- 'There is a tendency to go into extreme detail and to take up many pages in an annual report to shareholders, e.g. governance and management pay arrangements, and this is worsened by the ridiculously detailed financial information required by government legislation and regulations. The result has been, in many cases, so-called "reviews" or "condensed" reports sent in place of the statutory report, which is made available on request or on the entity's website.'
- 'There is often so much information in annual reports, it is hard to find the actual information you are looking for and hard to find if it is even disclosed at all.'
- 'Existing information disclosures are already onerous and need paring back – particularly financial instruments in non-financial industry entities. Currently, extended information tends to be favourable, good news stories, rather than objectively presented, but not sure how one would make it otherwise.'
- 'There's definitely a feeling that some organisations try to make it as hard as possible to find information (I've just gone round and round in circles on one for-profit website trying to find their annual report, and have given up...).'
- 'Reports are generally not an easy read. Key information is either lacking or obscured.'
- 'Typically way too [verbose].'
- 'Very few listed companies have a rigorous strategic and reporting regime. The categories of information which should be available would have most directors and executive management terrified.'
- 'The information provided is highly historical in nature, very limited or almost no predictive information is given. Non-financial reporting areas such as sustainability reporting are still lacking.'
- 'Very incomplete – lack of social and environmental information.'
- 'Could do much better.'

Q12. cont.

Q12. In terms of content, what are your thoughts on currently available information?

Number of respondents who answered this question: 53

Respondents' comments cont.

- 'Somewhat minimal.'
- 'Not enough.'
- 'More disclosure desirable.'
- 'In most cases information [such as] this is thin on the ground.'
- 'It is woeful.'
- 'Not enough information available.'
- 'Much work to do to improve non-financial reporting. It needs additional courses added to accounting and business management training.'
- 'Not enough information. But need to be able to "audit" it if included to allow stakeholders to rely on the information, that it isn't misleading to the reader.'
- 'It is probably well short of where it should be, because it is new and largely not specifically required.'
- 'Could be a lot better.'
- 'More transparency is required.'
- 'In a word, deficient.'
- 'Directors seem to be taking the least line of resistance in reporting on matters which may be perceived to be negative. The omission of detail gives shareholders and others less opportunity to ask questions of directors (and through them to management) concerning such matters.'
- 'This is not a one-way argument – the requirement or desire of different stakeholder groups for greater disclosure on an ever widening range of issues needs [to] be balanced with pragmatism and value judgements, otherwise the burden can become unreasonable on companies and their shareholders.'
- 'Very dependent on the expertise of management as to the quality of external reporting. Further, a lot of companies have been streamlining their annual reports over the last couple of years to reduce the quantity of information disclosed and make reports more readable and user friendly, which I largely agree with. Very hard to find a balance where users/stakeholders have all the information they want, without publishing 100 page reports.'
- 'Currently the information provided is ad hoc. On the other hand, any move towards regulation may produce "boilerplate".'

Other comments (9 respondents)

Balance required between user and company needs (4 respondents)

- 'I know there has to be a balance between what is given to shareholders and the reporting obligations of companies, and integrated reports are voluntary at this stage, but as with things like CSR and sustainability reports, the original spirit – being addressed to shareholders and stakeholders – has morphed back to another form of shareholder reporting. It is an opportunity for entities to take their reporting obligations seriously, but that takes time and resources, two things that may be in short supply, resulting in stakeholders in particular being short changed. I wonder also if the fact that shareholders do not read annual reports from cover to cover is taken too seriously, with the format of annual reports not being changed to reflect the need to encourage retail shareholders in particular to engage with the annual reporting process as part of their responsibilities as owners.'
- 'If we wish to see step change in behaviours, practices and outcomes linked to sustainability/pollution/risk management etc., then reporting needs to demand accountability for reporting on these things.'
- 'I am not sure how to answer this today.'
- 'I lost patience with this survey at question 7. Let me assure you, if you want companies to be structured to generate all the data indicated by these queries, you will either kill the goose, or companies will go through the motions with a report generated by PR consultants that will look virtually the same every year and few people will believe it is worth the paper it is printed on or the time to read it. Dream on.'
- 'Minimum for mandatory compliance.'
- 'Few companies treat shareholders as an interested part of the whole company. It is appreciated when this is done.'
- 'I think most people are interested in more than a company's "bottom line", including the impact they have on the environment and how they treat their employees. Obviously this reporting is not subject to audit or standards which makes the information provided subjective.'
- 'A lot of farming companies worried about how to prepare some specific info (CO2, etc.). However, we do see relevance.'

Q12. cont.

Q12. In terms of content, what are your thoughts on currently available information?

Number of respondents who answered this question: 53

Respondents' comments cont.

- 'I admire your efforts to improve the system. As a private investor I really appreciate the summaries of various company results.'
- 'The practices adopted in NZ are many and varied, with no real consistency from one organisation to the next. Without prescriptive guidance, it is very difficult to adopt standard practices that are both relevant and enable comparability between organisations.'

Q13.

Q13. In the last two years, have you requested Extended External Reporting information from a for-profit entity or industry?

Number of respondents who answered this question: 103

Specific results



Respondents' comments

No (16 respondents)

- 'Reliant on posted reports – not by e-mail either. Most annual reports are a PR exercise with the critical data down the back. [XXX] is an exception as I like their style and honesty.'
- 'I read what is disclosed in the annual report and ask questions at the AGMs.'
- 'Read hard copy of all annual reports and financial statements.'
- 'I have not personally requested such information but have endorsed the approaches made by professional bodies for such information e.g. [Chartered Accountants Australia and New Zealand (CAANZ)] and Australian Shareholders' Association.'
- 'Generally find enough on websites.'
- 'But I take into account whether or not they are reporting this information.'
- 'Not in a formal sense, no. But I have sought this information through less formal means (e.g. speaking off the record to chief executives).'
- 'But I have looked up reports of companies I am interested in.'
- 'I have looked for and generally obtained the needed information from the corporate investor section of the company website.'
- 'Lack the authority to do so. However, I have worked pro-actively with a NFP entity to adopt Integrated Reporting progressively.'
- 'Though we are in the middle of an RFP process where we will be looking at some of these factors either directly in the responses, or as part of due diligence.'
- 'But I have been to CAANZ [Chartered Accountants Australia and New Zealand] briefings on it and have read the information from websites referred to.'
- 'Company reports are too long and not easily digested.'
- 'In selecting investments, there are screens that I have in place that preclude certain industries and certain companies (on the basis of past performance) from being considered as investment prospects. For the companies that I do invest in, I am, in most cases, comfortable with the level of disclosure that is available. Where I think greater disclosure is required, I will advocate/agitate for this directly with the company principals.'

Q13. cont.

Q13. In the last two years, have you requested Extended External Reporting information from a for-profit entity or industry?

Number of respondents who answered this question: 103

Respondents' comments cont.

- 'Curious as to what [Extended External Reporting] is.'
- 'I was not aware that such information can be requested.'

Yes (8 respondents)

- 'Yes, but more because I have a vested interest as a reporter myself. I have to say that these reports have such broad "target markets" that it's hard to say who is interested, so most focus on the internal value and ignore the external. We also tend to request our competitors' reports and those of the organisations we aspire to be like.'¹
- 'This relates to co-operatives, mutuals and societies, which are all for-profit organisations.'
- 'Encouraging companies to adopt Integrated Reporting and highlighted [XXX] annual report as an outstanding document.'
- 'Typically done from information available on websites as part of external mapping and gap analysis.'
- 'Yes, from an investment manager.'
- 'Especially effective has been obtaining health and safety information. The trick will be to introduce the same urgency for air and water pollution standards which also impact health and safety.'
- 'Partners that we work with.'
- 'Electricity demand in Auckland details.'

¹ 'This respondent selected 'No', but their comment indicates that they meant to select 'Yes'. We have categorised their comment accordingly but have not adjusted the data to account for this.'

Q14.

Q14. To what extent do you agree with the statement, 'I can easily access the Extended External Reporting information I seek'?

Number of respondents who answered this question: 100

Specific results



- Strongly agree
- Agree
- Disagree
- Strongly disagree

Respondents' comments

Information is accessible (6 respondents)

- 'Only some companies report this information, but, when they do, it is easily accessible.'
- 'I have looked for and generally obtained the needed information from the corporate investor section of the Company website.'
- 'Broadly agree, but experience helps you to know where to look or how to deduce the information.'
- 'The vast majority have their accountability documents online.'
- 'If it's available, I can log onto the entity's website.'
- 'Most are producing some kind of informational report, or section on their website where you can capture this data if required. If asked, those who aren't will usually provide what's required as long as it's specific.'

Accessibility and quality vary (7 respondents)

- 'Internally, within an organisation, I just have to ask for it if it is not evident otherwise. Externally, in many cases, reporting is still rudimentary but improving.'
- 'The performance of entities shows massive variation in this area. The way this question is asked is not productive of a useful answer.'
- 'Every organisation has a different interpretation of extended reporting, are at different levels of reporting maturity and have different stakeholder expectations.'
- 'Can search out, but some companies are more transparent than others.'
- 'For some companies, yes, but performance is mixed and even those that do disclose this information tend to be weak at talking about performance against targets and reporting back on strategy implementation from an "accountability" perspective. Still too much focus on "story telling".'
- 'Not sure if this question is supposed to be related to the previous one or not, but reporting can often be selective about what the company wants to talk about, not a full and honest picture of how the company is doing.'
- 'Listed entities are generally proud of their disclosures in safety, environment, and community involvement, but can be restricted in matters of strategy by competitive pressures.'

Q14. cont.

Q14. To what extent do you agree with the statement, 'I can easily access the Extended External Reporting information I seek'?

Number of respondents who answered this question: 100

Respondents' comments cont.

Information is not easily accessible (10 respondents)

- 'Most public reporting is limited and brief rather than in-depth.'
- 'I simply don't see much of it, but don't go looking for the most part (does not affect my work directly).'
- 'I am unsure where I can get it from generally.'
- 'Having just tried to find information to be able to answer this survey, it was really difficult!'
- 'NZ is quite a few years behind best practice.'
- 'Companies do not signal where the Extended External Reporting can be found, if it exists.'
- 'I haven't sought it, but suspect, as a shareholder, it would not readily be provided.'
- 'Given the size/nature of NZ businesses, many of them do not have to disclose information publicly, therefore hard to find information unless listed.'
- 'There are a limited number of entities that provide this information currently.'
- 'It's just not there. Most listed companies dance around the statistics. The not-for-profits must be the worse there are. A 90 year old auditor and CA still signing off "true and correct".'

Other comments (5 respondents)

- 'We have a legislative authority to request information.'
- 'I haven't tried.'
- 'How do you know who is doing it? Easy enough once you know who.'
- 'The headline results are those that make the company look good.'
- 'Few organisations set up to report transparently on anything other than financial statements. Their IT systems are orientated to financial rather than non-financial information.'

Q15.

Q15. In what documents do you currently access Extended External Reporting information? Please select all that apply.

Number of respondents who answered this question: 101

Specific results

Annual reports

96

Financial statements

53

A separate document on the entity's website – e.g. a sustainability report

48

Integrated reports

35

Strategy documents

31

Other, please specify

8

Respondents' comments

Annual reports, financial statements and websites (8 respondents)

- '[Annual reports are] all that's available.'
- 'I want estimates of future expectations with reasons.' [Respondent selected financial statements and annual reports.]
- 'I see the annual report as being the focus for all regular reporting, and so should be comprehensive.'
- 'Seldom are strategy documents produced or freely available. Sanitized versions due to commercial sensitivity may be on websites.' [Respondent selected financial statements and annual reports.]
- 'Only financial statements and annual reports are widely available.'
- 'Websites.'
- 'Websites and annual reports are the main sources of information. Disclosure must be public through the NZX, and disclosures which favour any limited minority are not within the current regulations.'
- 'I have only looked at three NZ examples (I think) – whatever is on their websites.'

Other comments (10 respondents)

- 'Other reports about the company from share brokers and newspaper reports.'
- 'Sometimes a press release is made of positive matters.'
- 'Other media reports, publications, advisors reports etc.'
- 'Investor presentations.'
- 'Investor reports – some further information.'
- 'Minutes and agendas when available.'
- 'Diversity policies.'
- 'Typically I find separate documents more detailed/useful.'
- 'Emailed report.'
- 'Whatever reports we are able to locate.'

Q16.

Q16. Where do you access Extended External Reporting information? Please select all that apply.

Number of respondents who answered this question: 100

Specific results

On the for-profit entity’s website



On the Companies Office website



By mail (email or post)



At the physical office of the for-profit entity



Other, please specify



Respondents’ comments

- ‘Newspapers.’
- ‘Social media.’
- ‘Via searches from the internet, scanning articles and published information.’
- ‘Press.’
- ‘By asking internally.’
- ‘From any source as required and/or capable. Deliberately from various sources so as to provide corroboration.’
- ‘On NZX announcement feed.’
- ‘From websites.’
- ‘NZSA hosts presentations and company visits for members.’
- ‘I’d be pleased to see what metrics of what employees think of their company, viz, directors and exec management.’
- ‘Databases.’

Q17.

Q17. How often are you contacted by a for-profit entity or industry to learn about your information needs?

Number of respondents who answered this question: 103

Specific results



Respondents' comments

Annually (3 respondents)

- 'In my role monitoring Crown entities and state-owned enterprises.'
- 'For consumer feedback.'
- 'These matters can be raised at AGMs if shareholders wish change.'

As needed (3 respondents)

- 'Contact occurs from time to time through both my role as an investment manager and as a director of [XXX].'
- 'Seldom.'
- 'Mostly through being a peer to those who carry out non-financial materiality work.'

Never (7 respondents)

- 'Hardly ever!'
- 'Unless I had a strong message, I would probably ignore a survey request from a reporting entity.'
- 'As a board member in the past of a number of major not-for-profit or charitable organisations, it is my experience that the stakeholders of such entities are seldom proactive in such matters and do not always welcome its voluntary provision, except for the routine essentials.'
- '[But] in a different context, yes. IR has ongoing discussions with taxpayers and their representatives about financial data requirements as we move into the digital world.'
- 'Seems only for-profit organisations regularly survey.'
- 'It is rare for a company to research information needs, but [XXX] provides [continual] feedback in company meetings.'
- 'But that is explicable by the fact that I am not a shareholder. I do, however, spend time in my teaching to emphasise that shareholders have responsibilities too, and part of their obligations is to know everything they can about the companies of which they are shareholders.'

Q18.

Q18. In terms of accessibility, what are your thoughts on currently available information?

Number of respondents who answered this question: 59

Respondents' comments

Sufficient accessibility (13 respondents)

- 'Some companies drive CSR, ESG reporting and these extra reports can be easy to find.'
- 'Mostly good availability via company websites.'
- 'In most cases you can get it if you need it and have the energy to find and use it.'
- 'It's basically as much as it is reasonable to expect companies to produce.'
- 'Information on websites, including videos and annual reports, is generally comprehensive and satisfactory, and companies are approachable to elaborate on disclosed information.'
- 'There is an enormous amount of information available from entity websites, annual reports, and on the Internet generally. It is all accessible to anyone wishing to look.'
- 'We have access to enough information. We do not want to go down the road of "information overload" and create another unnecessary level of bureaucracy.'
- 'If it's on a company's website then it's fully accessible.'
- 'Good.'
- 'No issues.'
- 'Information is accessible but not always as rounded as I would be keen to see.'
- 'Websites are good, but shareholders should be given the option to have a hard copy of an IR if it is separate to the annual report.'
- 'I can generally get a copy of annual reports online although often they are not very timely.'

Varying accessibility (6 respondents)

- 'Totally dependent on company as to what is readily available.'
- 'Difficult to find and will vary greatly between organisations.'
- 'The information available varies considerably from entity to entity and industry to industry, without any

level of consistency. There is a general trend towards improving the quality, but a reluctance for adopting full Integrated Reporting. [XXX] would certainly fit into this category.'

- 'Accessibility is difficult to assess because the location of relevant information for companies differs from company to company with no certainty that the information is available.'
- 'If public, then generally accessible online. If not public, hard to find any information. Relatively intuitive.'
- 'All entities I am interested in have websites with access to performance information in varying degrees.'

Improving accessibility (4 respondents)

- 'It's getting a lot better but people need to start using the information to their advantage to make selective decisions on who to do business with.'
- 'I think that the standard of reporting has been improving over time, with a selected number of companies providing a great deal of detail; [XXX] are very good.'
- 'Improving in quality.'
- 'Websites have improved markedly.'

Limited accessibility (20 respondents)

- 'Needs improving.'
- 'Could do much more in terms of corporate social responsibility.'
- 'Hard to get information which is not disclosed in annual report, due to sensitivity of that information usually.'
- 'A limited amount of information is relatively accessible, but a comprehensive set of information is not.'
- 'It's more something that I have to hunt/ask for than something that is easily accessible at my fingertips.'
- '[Accessibility] is not a "culture" readily accepted as necessary or prudent in terms of commercial sensitivity, whether that sensitivity has been assessed or not – perception being an influencing factor.'
- 'Quite poorly understood.'
- 'Wish it was more transparent... particularly where companies are overseas-owned but the consumer may not know.'

Q18. cont.

Q18. In terms of accessibility, what are your thoughts on currently available information?

Number of respondents who answered this question: 59

Respondents' comments cont.

- 'Quite vague.'
- 'Not enough.'
- 'Information is managed according to what entities wish audiences to see, full reporting is not freely available.'
- 'Poor.'
- 'Minimal.'
- 'Needs to be better.'
- 'Most companies could do better.'
- 'Very low/poor: first, EER is not in public (or even business) awareness, so imagine very little request/info. Second, very little guide or mention of this in public domain.'
- 'In some instances, updates seemingly to improve accessibility for some audiences (e.g. more web page information rather than PDF) have decreased availability for others.'
- 'Accessibility of information is almost non-existent.'
- 'Limited.'
- 'It is not in one place – you have to go hunting and if there is something that interests you – conduct research into the issue/matter.'
- 'Too brief, even when accessible.'
- 'It's tailored to justify the directors and senior managers' existence. [XXX].'
- 'There's too much data and immediate news and too little easily accessed long-term knowledge.'
- 'There are always improvements that can be made, but there needs to be a pragmatic and reasoned balance between the levels of disclosure that different stakeholders may wish to receive, while at the same time not making reporting too "box tick" focused, drawn out, unreadable, and time-consuming and costly to generate.'
- 'Internet important source.'

Other comments (12 respondents)

- 'Where would I look in the Companies Office website for reporting information? I've tried a few times to get info there, but I can't even find financial reports and other mandatory reporting information on there (purely names/addresses/number of shareholders).'
- 'Accessibility is not the challenge. Availability is the issue.'
- 'Is there a place where you can see who does [Extended External] reporting? Could well be – but this is really only a radar issue for me at present, except about core tax disclosures.'
- 'I mainly use financial data for investment decisions, but can see how extended reporting info would be useful to build a more comprehensive picture.'
- 'Probably available at libraries.'
- 'I warmly advocate and support the adoption of Integrated Reporting.'
- 'Lots of information around, but often badly structured and full of fluff.'

Part D: Future landscape

Q19–27.

Q19.

Q19. What document(s) do you think should primarily disclose Extended External Reporting information? Please select all that apply.

Number of respondents who answered this question: 96

Specific results

Annual reports

80

Integrated reports

47

A separate document on the entity's website – e.g. a sustainability report

44

Financial statements

36

Strategy documents

35

Other, please specify

3

Respondents' comments

Annual reports (2 respondents)

- 'It would be easy to spread information around though so, if that is the case, say reporting on natural capitals in a sustainability report, then cross references and links should be included. But there should be one main report with all the information in one place, and that should probably be the annual report.' [Respondent also selected integrated reports, strategy documents and a separate document on the entity's website].
- 'Should be disclosed in the annual report/financial statements as these are usually easily available for material entities.' [Respondent also selected financial statements].

Integrated reports (2 respondents)

- 'The integrated reports that I have read are superior to the other alternatives suggested.'
- 'The integrated report should contain all of the above.'

A separate document on the entity's website – e.g. a sustainability report (1 respondent)

- 'Assuming access to other "standard" reports remain for corroborative purposes.'

Multiple documents (7 respondents)

- 'At a minimum, annual reports. I don't have a problem with e.g. strategy documents delving into the detail and other reports presenting the information at a higher level. But I do think there should be some primary disclosure in as many of these documents as possible.' [Respondent selected all options].
- 'The documents [financial statements, annual reports, integrated reports, strategy documents and/or separate document on the entity's website] are a perfectly okay way to access information.'
- 'Any/all of these [annual reports, integrated reports, strategy documents and/or separate document on the entity's website].'
- 'Provide a summary/brief on the organisation's website.' [Respondent selected financial statements and annual reports].

Q19. cont.

Q19. What document(s) do you think should primarily disclose Extended External Reporting information? Please select all that apply.

Number of respondents who answered this question: 96

Respondents' comments cont.

- 'Company official website social media' [Respondent selected annual reports and integrated reports].
- 'Websites should be the most up-to-date supplier of published information.' [Respondent selected annual reports and strategy documents].
- 'It would be nice if everything was in one document, to make it easier to find. But I appreciate that some areas may have different update cycles to the annual report one, depending on the industry. But if it was easily and clearly accessible on a website, then separate documents may be better, as you'd be able to find what you were looking for more easily (e.g. if I was just interested in their environmental/social sustainability record, I wouldn't have to wade through pages of financial reports).' [Respondent selected annual reports, integrated reports and a separate document on the entity's website].

Other comments (5 respondents)

- 'What is an extended external report?'
- 'Year-end company presentations to market participants.'
- 'I am not in favour of extended reporting other than as companies see fit at their discretion within the scope of the directors' reports as part of the existing annual report format.'
- 'External reporting levels should be limited to legally required information only.'
- 'Unless an organisation makes up its mind to do more comprehensive non-financial reporting, it's a waste of time to look for it.'

Q20.

Q20. Where should Extended External Reporting information be hosted?

Number of respondents who answered this question: 97

Specific results



Respondents' comments

Individual entity's website (12 respondents)

- '[On the individual entity's website,] providing it is authentic.'
- 'It is the most likely place that you will look for it, i.e. that comes to mind first.'
- 'This is where the primary responsibility lies.'
- 'The websites are the logical place for a comprehensive file of disclosures.'
- 'All organisations have a moral duty to be more aware of the context that they operate within.'
- 'People are used to going to websites for information, the only thing is that there should be some consistency in where the information is to be found – maybe a separate tab on every listed company's website with the same clear heading.'
- 'A separate area on the entity's website should be set aside for Extended External Reporting so that the info can be readily found.'
- 'A central depository would need to be paid for and maintained, whereas all providers who are large enough to be impacted by reporting requirements would have their own website.'
- 'Unless mandatory, should be controlled by the entity and managed accordingly – otherwise part of Companies Office filing for a formal documentation of etc. in central place etc.'
- 'If effective, decentralised reporting is lighter-touch and easier for those providing it. If not effective, then a central depository should be considered.'
- 'If it were required to be disclosed on a central depository, it would be easily accessible for all companies. However, it is primarily the company's information, and they demonstrate ownership by having it on their own website.'
- '[Individual entity's website] is sufficient.'

Central depository (3 respondents)

- 'The easiest source to research.'
- 'This would allow critical decision making as well as a central resource for people to go to find consistent information.'
- '[A central depository but] probably not for public viewing.'

Q20. cont.

Q20. Where should Extended External Reporting information be hosted?

Number of respondents who answered this question: 97

Respondents' comments cont.

Both central depository and individual entity's website (3 respondents)

- 'Central depository is best because the information will remain there even if the entity changes or ceases to exist. But the information should be on the company's website as well.'
- 'Both in a central depository (e.g. a certification agency) and the entity's website.'
- 'I wanted to tick more than one box. It would be easier if there were multiple entry points to reports. Ideally, reports could be accessed either through the entity's website or a central depository (these could be linked to one another).'
- 'It could be that there is a central depository as central storage to ensure more companies comply. It would be transparent what information should be available and obvious if the document is missing. I am happy to look at company websites but they can be hard to find or in different formats.'

No preference (2 respondents)

- 'It just needs disclosing – location is irrelevant, but timing is (regularity, connections to other reporting for context, no "smoke and mirrors" by using different reporting dates).'
- 'As long as I can Google, don't mind where the source is.'

Q21.

Q21. What do you expect to use Extended External Reporting information for in the next five years?*

Number of respondents who answered this question: 97

Specific results



- Making investment decisions
- Making informed judgements about the operations and wider impacts of the for-profit entity’s business
- Understanding the for-profit entity’s business model
- Being informed about how the for-profit entity positively contributes to the community it operates in (positive social impact)
- Understanding how the for-profit entity generates sustainable value
- Being informed of the for-profit entity’s strategies and future prospects
- Being informed about the for-profit entity’s environmental impact
- Being informed as an employee
- Being informed as a potential employee
- Other, please specify

Respondents’ comments

Multiple uses (7 respondents)

Other comments (9 respondents)

- ‘For teaching and research.’
- ‘Understand risk impacts and exposure.’
- ‘For research purposes.’
- ‘Regulatory compliance.’
- ‘I hope companies will not be forced into what I believe will prove to be a meaningless charade.’
- ‘Lighting the fire.’
- ‘Assess the sustainability, integrity, ethics and reliability of an entity based on all of the above for the purpose of building and establishing partnerships or relationships and responding to needs for development and improvements including research and development activities and opportunities.’
- ‘In addition I am hoping to learn from examples of best practice.’
- ‘Predominantly, it will be as a buyer of services/goods for government.’

* Note: This question was intended to allow multiple responses, but an error in the survey design meant that respondents could only select one answer. Ten respondents used their one selection to make a comment indicating the options they would have selected had they been able to. These responses were incorporated into the bar chart data set and the comments have been excluded. Four other comments noting the survey issue but not specifying any selection have also been excluded.

Q22.

Q22. How often would you like to be contacted by a for-profit entity or industry about your information needs?

Number of respondents who answered this question: 96

Specific results



	As needed
	Annually
	Six-monthly
	Never
	Every five years
	Other, please specify

Respondents' comments

As needed (3 respondents)

- 'As needed by me, not the entity, i.e. on request or, better still, by desire without alerting the entity of my enquiry.'
- 'If I have a concern with a particular company, I will contact that company. Otherwise I would favour a collective approach e.g. similar to this survey. NZ Shareholders Association could fulfill that role.'
- 'I would like to contact the for-profit organisation as and when my requirements for extended reporting arise.'

At a specific time (3 respondents)

- 'Preferably quarterly.'
- 'Every 2–3 years – annual may be too often, 5 years too infrequent given pace of change.'
- 'Industry – 5 years. Specific for-profit entity that I have identified myself as a stakeholder – yearly.'

Not needed (3 respondents)

- 'If there is good reporting on websites, there should be no need to be contacted – the information should be readily available.'
- 'As a professional accounting body, we do not need to be contacted.'
- 'Easily access information about process to comment or complain on their websites.'

Other comments (3 respondents)

- 'Don't understand the question.'
- 'You guys are dreaming, surely?'
- 'I would actually quite like an opportunity to work with organisations to develop extended reporting standards of excellence.'

Q23.

Q23. If Extended External Reporting became the expected practice in New Zealand, who should issue the guidance on Extended External Reporting information? Please select all that apply.

Number of respondents who answered this question: 94

Specific results

External Reporting Board (XRB)

54

Financial Markets Authority (FMA)

29

Chartered Accountants Australia New Zealand (CAANZ)

26

NZX Limited (NZX)

22

Industry organisations

11

Chartered Accountancy (CA) firms

9

The New Zealand branch of Certified Practising Accountants Australia (CPA)

7

I don't think more guidance is required

5

No preference

8

Other, please specify

6

Respondents' comments

External Reporting Board (XRB) (9 respondents)

- 'However, I think the XRB should base its requirements on the position advocated by the IIRC.'
- 'XRB should lead all objective reporting requirements.'
- 'CAANZ and industry organisations should be involved. However, there needs to be one focused body [i.e. XRB].'
- 'If guidance is required it is best to come from one well recognized source [i.e. XRB].'
- 'One chef [i.e. XRB] is enough if other relevant organisations provide their recipes for consideration.'
- '[XRB] might be the most impartial in providing this.'
- 'The XRB is well placed to develop reporting frameworks.'
- '[XRB] is the accepted standard-setting body in NZ.'
- 'XRB, if the guidance is intended to be authoritative and/or mandatory. FMA and NZX have a regulatory role in enforcement in that case. If not mandatory, it would be better not done by the organisations with authority.' [Respondent selected XRB.]

A multiple-agency approach (3 respondents)

- 'I think a co-ordinated effort between XRB, FMA and NZX is required – with input from CA, CAANZ and CPA.' [Respondent selected XRB]
- 'Ideally the standard-setters and regulators should work in the public interest in a coordinated way.' [Respondent selected XRB, FMA and NZX.]
- 'Clearly the FMA as overseer of financial markets in New Zealand, but accounting bodies are repositories of considerable knowledge on reporting and if standards are to be introduced then the XRB will of course have to be involved.' [Respondent selected CAANZ, XRB, FMA and CPA.]

Other comments (7 respondents)

- 'Keep it away from the highlighted organisations above. We want information that is easily understood by the intelligent but non-expert investor.'
- 'Expand to include focus on factors broader than finance for the purpose of ensuring business practice and returns linked to environmental and social/community sustainability as key outcomes.'

Q23. cont.

Q23. If Extended External Reporting became the expected practice in New Zealand, who should issue the guidance on Extended External Reporting information? Please select all that apply.

Number of respondents who answered this question: 94

Respondents' comments cont.

- 'I don't think accountants should be involved in this at all. They tend to determine what should be reported rather than what users actually want. Accountants get too bogged down on the detail and, in some cases, are too busy sweating the small stuff – they are unable to see the wood for the trees. The FMA and XRB are too controlling – too busy looking for companies that are doing the wrong thing – rather than being useful to any “real users” of the information. Perhaps an independent group made up of the community, industry, and academics.'
- 'Would vary depending on the type of business.'
- 'It could come from CA (i.e. CIMA) or International Integrated Reporting Council. I do think it takes a slightly different skillset to innovate and bring concepts together than the traditional CA/board approach.'
- 'Chair of board of directors as signatory/issuer of annual report.'
- 'I don't think additional guidance is required, as I think the GRI and <IR> cover off what's useful and meaningful. However, there is a need for the bodies listed above to make the reporting of Extended External Reporting information mandatory.'

Q24.

Q24. Should Extended External Reporting information be one of the following?

Number of respondents who answered this question: 95

Specific results



- On a 'comply or explain' basis
- Mandatory (e.g. separate legislation or expanding definition of annual report under existing legislation)
- Voluntary

Respondents' comments

Comply or explain (8 respondents)

- 'My concern is that the current reporting requirements are so great that it has almost got to the point where there is so much that readers have almost become overwhelmed with the information in annual reports and financial statements and I believe it actually needs to be more streamlined. Less information would be ideal if it can be targeted and more useful information.'
- 'I will not invest if a company does not volunteer or explain. On the other hand I do not like compulsion. If a company does not provide full information, I won't invest in them.'
- 'I think we are moving towards this.'
- 'In the transition phase, comply or explain. There might need to be thresholds in a mandatory regime and information gathered from comply/explain could help determine what is appropriate (e.g. above X number of employees, and/or X revenue).'
- 'Let's start with comply or explain and then the market will apply pressure.'
- 'It would entirely depend on the requirements for reporting, and how sustainable they are across sectors. I would rather have it more voluntary initially, to see how it gets used and disseminated.'
- 'Depends on the type of information disclosed.'
- 'Most listed companies are supplying sufficient information at present, but a guidance note setting out the main headings or key subjects to be covered would be useful.'

Mandatory (8 respondents)

- 'Compliance requires enforceability. Without compliance measures, disclosures will be meaningless.'
- 'If it's not mandatory, it won't happen routinely.'
- 'If you want companies to be accountable for factors linked to environment etc. then this needs to be part of mandatory reporting.'
- 'The information is too important to be other than mandatorily required for all listed companies and other significant companies.'

Q24. cont.

Q24. Should Extended External Reporting information be one of the following?

Number of respondents who answered this question: 95

Respondents' comments cont.

- 'It is hard to decide the answer to this question, but it seems from reading the Securities Commission and FMA's reviews of corporate governance reporting that there are few entities that take it really seriously from start to finish. There is also the question of whether Listing Rules should be changed to allow for IR instead of CG reporting as per the Principles. There would be room within IR reporting to bring in issues like ethics, because of the tie-in to stakeholders.'
- 'From an investor protection perspective, it is necessary to know how a company generates value, and what gives it value.'
- 'Expand definition of annual report.'
- 'It will increasingly become important, maybe more so than just financial statements.'
- 'Really my preferred position is between the second and third options here. There are some elements that should be "comply or explain" and others that should be voluntary. Which elements fall into each category will change somewhat depending on the industry/sector being considered. I do not support the mandatory option as this has the potential, in some cases, to be unnecessarily burdensome.'
- 'Companies should be encouraged to report against XRB guidelines/templates. It should not be mandatory, as I am not convinced there is a net public benefit in external reporting for all companies.'
- 'But demanded by shareholders.'

Voluntary (11 respondents)

- 'Comply or explain would be the goal. However, I do not think we have sufficiently robust guidelines at present.'
- 'Not wanting to make it more onerous but strongly advocating for it.'
- 'No need to impose – good companies will lead the rest, and a "comply or explain" regime should arise organically.'
- 'I think voluntary is fine, because the absence of information will, by default, let [the] public decide, as long as there is an expectation that it's standard sort of information that public can expect.'
- 'It should be voluntary, except where disclosure is legally required. The directors of the entity are elected people and they should decide what aspects to report on – that is why they are employed and if there is underperformance then shareholders will ensure change by using their vote.'
- 'I doubt if those who would impose either of the first two options would ensure that a comprehensive cost-benefit study was first carried out and that the benefits greatly exceeded the overheads otherwise imposed on entities.'
- 'Companies should want to disclose.'
- 'If mandatory, would need to weigh up cost versus benefit, as current reporting obligations are costly and onerous and therefore reduce return to shareholders, so need to ensure it made sense.'

No selection (1 respondent)

- 'I think it's difficult to be too prescriptive about things, as mandatory could incentivise people just to do the bare minimum rather than a full and open dialogue. You're never going to get standards that really enable companies to have that full dialogue.'

Q25.

Q25. If Extended External Reporting information were to become mandatory, who should set the requirements?

Number of respondents who answered this question: 94

Specific results



- External Reporting Board (XRB)
- Legislation
- Financial Markets Authority (FMA)
- NZX Limited (NZX)
- Other, please specify

Respondents' comments

Unsure (3 respondents)

- 'Not sure. There also needs to be flexibility to update to different sets of guidance and frameworks as they become available internationally.'
- 'Not in a position to determine.'
- 'Depending on the sector, different authorities could be mandated.'

EER requirements should not become mandatory (3 respondents)

- 'I don't think it should be mandatory at this stage.'
- 'I don't support it becoming mandatory. But, if so, then would go with XRB.'
- 'Don't make it mandatory. Let the companies choose how they can best cover the categories required so that they can maintain their competitive advantage and choose the most relevant environmental and social information. It is important that the information be updated regularly e.g. six-monthly or when a major change occurs. This would be done through normal disclosure through NZX and updating the company's own website.'

Other (2 respondents)

- 'All of the above, I can't seem to tick more than one option however!'
- 'Shareholders.'

Q26.

Q26. Should Extended External Reporting be independently assured?

Number of respondents who answered this question: 93

Specific results



Respondents' comments

Yes, for credibility and assurance (40 respondents)

- 'Without assurance, the information has relatively limited credibility and, as it communicates key factors concerning the company's value, investors are entitled to have reliable reporting.'
- 'Absolutely. Currently there is every incentive for companies to take what is a subjective topic and frame their performance in a positive light. It is difficult to compare the performance of companies and to inform decisions if there is no assurance that the information you have is fair and accurate.'
- 'Ensure accuracy of information.'
- 'Provides assurance over what is reported.'
- 'Otherwise there is no assurance that the information is accurate, or that the principle of materiality has been followed (i.e. are the most important things being covered in the report?).'
- 'Assurance adds credibility to the disclosures and brings balance, as preparers will need to justify their disclosures to an independent party, provide information that is capable of being substantiated, and will therefore be less likely to produce only the good news.'
- 'To ensure it is truthful.'
- 'Independence needed.'
- 'To provide confidence.'
- 'To ensure quality control.'
- 'Otherwise it can just be a PR exercise.'
- 'Ensure relevance, consistency, quality, and accountability and transparency.'
- 'To rule out bias from parties with personal interest.'
- 'For transparency and accountability reasons.'
- 'It needs to be trusted.'
- 'To stop whitewashing.'
- 'If it is worth doing, investors should be assured it is done well.'
- 'To avoid misguiding the reader. Unlike traditional accounting, much of extended reporting is qualitative and subjective. The message and facts should not get lost in a good story.'
- 'Reliance placed on the veracity of the information by stakeholders.'
- 'In order to trust the reports.'
- 'Same as audited accounts.'

Q26. cont.

Q26. Should Extended External Reporting be independently assured?

Number of respondents who answered this question: 93

Respondents' comments cont.

- 'To have real value and reliability, it will need to be assured to prevent it being manipulated by entities (only reporting the good); assurance helps comparability and transparency.'
 - 'For independent corroboration of reports.'
 - 'All reporting requires some form of double checking.'
 - 'Its goals are broadly similar to quality assurance issues.'
 - 'Independently assured so that such information will be provided on an accurate and timely basis.'
 - 'For those matters that are of significant reporting importance in any given set of circumstances, I support the idea of independent assurance/audit as a form of reporting/accountability quality control.'
 - 'In my experience, company systems for reporting this information are not mature and they are more prone to error. I have assured a number of sustainability reports and have identified contextual errors, issues of balance that need to be addressed and potential bias towards a more positive story. The board is responsible for the content of such a report and needs to have independent assurance (as do the users) that the data is faithfully represented and reporting principles have been applied.'
 - 'Independent assurance is transparent and contributes to the credibility of our capital markets.'
 - 'To make it trustworthy and comparable.'
 - 'To verify.'
 - 'To provide data integrity and a level playing field for evaluation.'
 - 'For the same reasons that financial statements are audited. The external auditor can report on external reporting and, if it is in an area in which the external auditor is not competent, the external auditor can seek appropriate external advice.'
 - 'To ensure that the reporting standards are high and there are no guesstimates.'
 - 'Must have accountability.'
 - 'Financial reporting is independently assured, so integrated reports should be as well, given the requirement for reporting material information. There is an assurance "market" for sustainability, GRI and environmental reports, so it should be relatively easy to extend that out to IRs. It is all about giving shareholders value for money so to speak – the fiduciary obligation of directors includes a full accounting of how shareholders' money is being spent, conserved and shared.'
 - 'Because it's independent and objective. Unless reporters can state "In our opinion ...", which shareholders can ask for clarification of at the AGM.'
 - 'If it is not assured in any way, how can a user be confident about the reliability of the disclosed information?'
 - 'Better transparency and validity.'
 - 'Assurance is necessary to hold those preparing non-financial information accountable for the completeness and accuracy of the data being prepared. Assurance will enable the public to ensure the data that is reported can be relied upon.'
- Yes, for comparability (4 respondents)**
- 'If to meet framework, then needs to be consistently tested [for] and adherence to common framework.'
 - 'For consistency of standards.'
 - 'Enforces consistency over time and across entities.'
 - 'No point having important data that isn't "assured", [otherwise] everyone uses a range of "judgment" themselves to decide; comparability would be difficult but, again, assurance is costly.'
- Yes, but conditionally (9 respondents)**
- 'In part – need to assure that the methodology is being used consistently.'
 - 'This would be important in the transition phase to ensure compliance to an adequate standard. Over time it might be possible to move to a probabilistic audit model.'
 - 'Yes – to the extent that it can be audited.'
 - 'To make sure about the integrity of the information, however, this needs to be balanced with the extra cost involved.'
 - 'Should not be mandatory initially. But, as at present, some companies will lead by having part or all of their extended information externally assured and that will put pressure on all others.'
 - 'Where applicable, and not an excessive overhead burden. (As a buyer using taxpayers' money, I know that we would end up paying the cost of any independent verification). So it may be that, in some areas, verification would be needed (e.g. environmental claims etc.) but in others (e.g. gender/diversity ratios), statements would be sufficient. Again, this would depend on reporting requirements.'
 - 'Eventually, perhaps not initially.'

Q26. cont.

Q26. Should Extended External Reporting be independently assured?

Number of respondents who answered this question: 93

Respondents' comments cont.

- 'Provided it is not too difficult to audit/check. We don't want to add too much to the cost and complexity for businesses.'
- 'Yes ideally, but not legally required to. Entity should be able to choose whether to get info assured.'

Yes – other comments (6 respondents)

- 'In the same manner as an audit and probably inclusive of the present structure of audit.'
- 'If it is intended to become a tool for understanding impact and assessing delivery against key accountabilities... then yes, obviously.'
- 'Too easy to obfuscate, but should not be done by financial auditor.'
- 'The process for reporting standards and content should be audited.'
- 'Company chairman should be involved.'
- 'Yes and no more undecided on this point.'

No, because of cost (11 respondents)

- 'Will add cost.'
- 'Another compliance cost for business.'
- 'Additional costs.'
- 'Auditing is expensive and very few companies deliberately mislead. If they are caught out, their share price suffers significantly.'
- 'Auditors really are a waste of money that would be better spent on dividends.'
- 'Directors and senior managers are responsible for ensuring that reports are accurate. Let interested parties bear the costs of taking action if they are dissatisfied with the reports.'
- 'Far too costly.'
- 'Current requirements for the level of external reporting are on a legal requirement basis. There are already laws covering inaccurate promotion (Fair Trading Act etc.) which would apply to any information to achieve sales. To have every statement made by a company to be independently verified would be ruinously expensive and cumbersome. Usage of the voluntary ISO system better achieves these objectives.'
- 'Not necessarily – it drives compliance and cost rather than a full and open dialogue. Makes it exclusive and prohibitive for companies. Certain parts of a report should be assured, but the whole thing doesn't need to be.'

- 'I don't think that the cost of assurance is justified, given the lack of interest from wider stakeholders at this stage.'
- 'Not initially. Cost would be the major issue. I can imagine major corporates setting up supply chain oriented reporting systems that gradually pull the whole economy into extended reporting. This might take 10–15 years and would give greater "compliance" than a mandatory scheme.'

No – other comments (6 respondents)

- 'The extent to which an entity is transparent is evidence of itself from my perspective – tells you a lot about an organisation's culture and commitment.'
- 'Assurance should be voluntary, not mandatory.'
- 'We are getting too bogged down on having people check things – and yet organisations go down the toilet. I believe there should be a legal requirement that anything appearing in financial statements and annual reports should be stated in good faith and, to the best of our knowledge, honest and truthful. If extended external information is supplied within the financial statements/annual reports and it is false, the directors should be held accountable.'
- 'Assurance can always be sought by those who require this. May not be required every year and not necessary for all sizes [of entity].'
- 'Assurance bodies may be corruptible and too authoritarian.'
- 'The extended reporting will be varied across entities and industries and will be very difficult to standardise and assure. Any assurance process will add time, cost and complexity to an organisation. Emphasis should be placed on improving and standardising disclosures.'

Q27.

Q27. In terms of emerging trends and issues, what are your thoughts on future information needs (particularly in relation to content, accessibility and assurance)?

Number of respondents who answered this question: 59

Respondents' comments

Additional environmental, social and management information is desirable (10 respondents)

- 'I would like to see more information on an organisation's ecological and social footprints.'
- 'Steps taken by the company to deal with global warming. If no steps were taken, then a statement to that effect should be made.'
- 'If we want to observe and support change in behaviours linked to sustainable economic development and environmental impact of a business as a usual component of company activity, including factoring risk mitigation and management costs into financial planning and recovery, then we need to report where and how that is happening.'
- 'Pay equity.'
- 'Would like to know how businesses are contributing to NZ's international obligations e.g. human rights covenants.'
- 'I think access and distributional impacts will become more important over time. So, as well as breaking workforce information down by gender, we might want to look at other demographic variables (age, ethnicity, disability) – although since this would have implications for confidentiality, we would want to get the balance right. We don't want to end up collecting gold standard info on a very small number of firms.' [Repeated]
- 'Diversity when it comes to gender (and not just male or female, some people don't identify with either), harassment cases reported to HR, pay equality amongst men and women.'
- 'Full information on ownership, central control office and taxes paid. Clarity on who controls the business.'
- 'Main focus of future information is for organisations to focus information provided more clearly on future risks and opportunities.'
- 'To understand the extent to which a company is a "good citizen" in the context of the wider community.'

Transparency and assurance are increasingly important (10 respondents)

- 'Information needs to become more transparent in terms of non-financial information so companies are held accountable for non-financial impacts on society.'
- 'More disclosure. Add sunshine.'

- 'Making reporting transparent.'
- 'Easily available – yet it should be able to be verified independently.'
- 'Transparency is key – information and knowledge is the basis of our economy. Assurance on the quality and consistency of the information (enable comparisons and trend tracking).'
- 'More transparency is required.'
- 'Greater objectivity and assurance that it is objective.'
- 'Supply chain management is becoming a big issue. Verification of how suppliers ensure that they are working with *their* suppliers on issues such as slavery (i.e. the UK legislation), how they are mitigating supply chain risks (very important for a country such as NZ, which can become globally isolated very quickly in the event of an emergency), and ensuring sustainability of key components, are going to become more and more important.'
- 'Political connections will be important. Level of transparency in operations, especially concerns/issues throughout organisation not just at the top etc. – though EER is about increasing transparency. How about having the youngest staff member have to write a short report?'
- 'Shorter, more customer-centric, highly customized, and transparent.' [Repeated]

Demand for information is increasing (8 respondents)

- 'Consumers/customers are demanding more.'
- 'I think consumers and investors want more information.'
- 'It will only become more and more important in the future. We need to leverage off other global markets and what they are doing, rather than reinventing it.'
- 'As it becomes increasingly the case, and increasingly recognized to be the case, that companies' value is not in their financial and physical assets, the issue of EER will become increasingly important and the trend will (desirably) be for it to be increasingly regulated.'
- 'Investors are currently relying on the market to include (e.g. climate change) factors when valuing businesses. However, it is difficult to value something accurately when there is a lack of reliable, comprehensive, comparable reporting on a company's performance in this area. It seems like there is an understanding that this gap exists and a growing demand for more information.'

Q27. cont.

Q27. In terms of emerging trends and issues, what are your thoughts on future information needs (particularly in relation to content, accessibility and assurance)?

Number of respondents who answered this question: 59

Respondents' comments cont.

- 'I think as reporting styles and methods improve, people will require more information. At present, big, boring reports aren't digestible, so no one reads them. Using a model more like [XXX] (bite-sized, stories) is the way to engage people and present them with information that prompts them to learn and then question in more depth. We almost need to educate our own stakeholders to become our greatest detractors and advocates in the same hit.'
- 'There will be more [information], and it will need to be more standardized.'
- 'There will be increasing demands for information, but we don't want to make it too difficult and expensive for businesses.'

Risk of information overload highlights importance of relevance and simplicity (8 respondents)

- 'I believe that there is almost saturation of information required to be included in annual reports and, as such, I believe the key useful information disclosures need to be more streamlined and succinct. The size of the average annual report is so overwhelming, I wonder how many people actually read them.'
- 'Content needs to be regularly reviewed to ensure that the information is relevant and consumers of information need to be able to trust that the information provided is accurate.'
- 'Standardised dashboards instead of lengthy reports would be great.'
- 'The emerging negative trend is information overload. We need commonsense disclosures flagged as price or non-price sensitive.'
- 'Concentration on key issues, coupled with simplicity and brevity.'
- 'More relevant and detailed disclosure is required, and to be made more accessible, particularly in relation to support from NZ businesses towards the United Nation's 17 Sustainable Development Goals.' [Repeated]
- 'Shorter, more customer-centric, highly customized, and transparent.' [Repeated]
- 'Find ways of focusing discussion on what matters.'

Information should be timely and accessible (7 respondents)

- 'In future, most information should be easily, readily and freely available.'
- 'Ideally, we should move to towards real-time information provision, but this should be balanced with the need to provide periodic (annual) snapshots of progress against targets and strategies.'
- 'Making reports readable on mobile devices.'
- 'Digital reporting (structured machine-readable reports) is increasing in prevalence. Use of iXBRL, (which allows you to embed XBRL tags in HTML documents and keep the human-readable format of the report the same when viewed in a web browser) can increase the efficiency and effectiveness of reporting processes whilst making data more useful and available.'
- 'I think access and distributional impacts will become more important over time. So, as well as breaking workforce information down by gender, we might want to look at other demographic variables (age, ethnicity, disability) – although since this would have implications for confidentiality, we would want to get the balance right. We don't want to end up collecting gold standard info on a very small number of firms.' [Repeated]
- 'Accessibility needs to improve and guidance on how to use information better.' [Repeated]
- 'More relevant and detailed disclosure is required, and to be made more accessible, particularly in relation to support from NZ businesses towards the United Nation's 17 Sustainable Development Goals.' [Repeated]

Guidance and innovation is important (6 respondents)

- 'We need a set of standards – across all industries – that is agreed upon and reported upon without creating a load of bureaucracy. Users of the information should know where to access the information, in other words it is held at a "central" place (be it a company website or at a third party website).'
- 'Accessibility needs to improve and guidance on how to use information better.' [Repeated]
- 'Prescribing what content will be the biggest challenge, not where to find it or whether assurance has been provided.'

Q27. cont.

Q27. In terms of emerging trends and issues, what are your thoughts on future information needs (particularly in relation to content, accessibility and assurance)?

Number of respondents who answered this question: 59

Respondents' comments cont.

- 'The FMA and NZ Stock Exchange need to use every means available to build the credibility of our capital markets because confidence (in our markets) is mandatory if investors are to be attracted into investing in shares.'
- 'We must be open to trying new ways of reporting and experimenting, and those entities that are the first adopters should be celebrated and not penalised by the regulator or others. It is likely that the first steps, including with a standard, will be just those ... first steps, that will be built on over time as the market dictates.'
- 'These need to be prescribed and attested.'

Established frameworks could provide a starting point (5 respondents)

- 'GRI reporting made mandatory.'
- 'There are standards published by ISO, Standards NZ and Standards Australia that could be adapted to cover such reporting.'
- 'I have found that Integrated Reporting offers the best prospects of providing the information needs of users, while being workable (e.g. not over-commercially-sensitive) as regards the companies who are reporting.'
- 'I believe the IR framework has the capacity to include what is relevant to shareholders, but I do believe that companies have an obligation to find out what is relevant to shareholders, then tie those issues into the IR framework. Bearing in mind that only material information needs to be disclosed, shareholders and stakeholders need to know the basis on which that decision is being made as well.'
- 'Higher quality of Integrated Reporting should become the standard.'

Other comments (2 respondents)

- 'This is covered by the mandatory reporting (continuous disclosure) already in place.'
- 'As knowledge bases become easier and quicker to access, factors other than secrecy become drivers and such actions as "first to market" and innovative development (R&M remaining secret but componentry of product to be subject to Extended External Reporting on launch).'

Q28.

Q28. Do you have anything else that you would like to share with us?

Number of respondents who answered this question: 31

Respondents' comments

Supportive of extended reporting (6 respondents)

- 'This is an important initiative. The challenge is to work out what can leverage the most significant and immediate positive change. Organisations have increasingly complex reporting and less time to do it well.'
- 'There are already mature reporting frameworks that exist (Integrated Reporting and GRI) and NZ should use these rather than reinvent the wheel. My preference is for companies to use Integrated Reporting principles alongside the GRI, as the GRI provides the detailed guidance on indicator measurement and both can be used side by side. What gets disclosed depends upon the materiality of the issue.'
- 'If employees and the wider community feel that the company also considers them as "stakeholders," this would generate better, more loyal employees, and the wider community' [Possibly incomplete comment.]
- 'I am a fan of the idea of external reporting, but it's just being done very poorly at present. Inconsistent and no directional pathway for most organisations.'
- 'Form of natural development or, for want of a phrase, natural selection is upon the developed world and increasing at horrendous pace and I ponder if there will be a "natural" market force that takes precedence over this Extended External Reporting function. A paradigm shift in business disclosure – the triple bottom line style, albeit that particular example hasn't taken grip that well but of similar mode maybe. To prompt it by legislation as an extension to the reporting and auditing process may give "it" guidance.'
- 'Make it happen ... this is an obvious gap that needs to be closed.'

Supportive of EER initiative but with reservations (3 respondents)

- 'Need to be mindful of quantity of info versus quality and usefulness. Not just info for info's sake.'
- 'I'd like to be assured that enormous costs are not going to be imposed on reporting entities because of faddish current views about what non-shareholders are entitled to know.'

- 'My biggest bug bear with the IR framework is the question of for whom value is being created. I believe that IR has moved significantly from its beginning as being a way of communicating with stakeholders as well as shareholders, to being the same as existing financial statements and audit reports, which is only for shareholders. Reports are clearly accessible to stakeholders, but as the SC and FMA checks of reporting on Principle 9 show, stakeholders are not front-of-mind when it comes to reporting time.'

Other comments (8 respondents)

- 'Hi – the views in here are primarily mine, without consultation across my company. Other members of [XXX] will probably also submit to this survey.'
- 'Green bonds seem like an interesting example of an area where there is a quickly growing demand for quality reporting and insurance.'
- 'This has been very thought-provoking. I'm particularly thinking about how some of these issues could be addressed in not-for-profit situations.'
- 'A good questionnaire and pleased to participate.'
- 'Well covered.'
- 'Item 21 did not permit multiple responses.'
- 'Are you trying to find a solution to a problem that does not exist?'
- 'I hope my views are crystal clear from those questions I have elected to provide a response on. The people going down this track need a dose of reality, or is socialism the goal?'

Nothing to add (14 respondents)

This survey is a collaboration
between the External Reporting Board
and the McGinness Institute.



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