

**“Top 200 Companies Integrated Reporting Survey Released”**

“The time is right for the New Zealand government to develop a plan for the adoption of integrated reporting, a report that would in effect replace the current annual report and deliver more useful information to investors and other stakeholders”, states Wendy McGuinness, Chief Executive of the Sustainable Future Institute. Late last year the Sustainable Future Institute undertook a survey of New Zealand’s Top 200 companies to gain an understanding of the current reporting landscape. Survey results showed promising signs for integrated reporting in New Zealand, but also highlighted several missed opportunities.

McGuinness believes that New Zealand is missing a key strategic opportunity to show leadership that aligns with our ‘clean and green’ national brand. “No longer is it acceptable to regulate financial markets and the environment in isolation from each other, and from society as a whole”.

“The first step in the process would be for the government to reconsider the role of the annual report,” McGuinness says. “The government must clarify who has responsibility for ensuring New Zealanders have access to complete and accurate integrated information – economic, social and environmental – so that they can make sound investment decisions. Currently only a company’s financial statement and a few governance statements within annual reports are regulated, not the full annual report.”

While encouraging companies to file integrated reports, McGuinness says “government should also adopt a voluntary approach to filing for significant companies. 52% of New Zealand’s Top 200 companies are overseas controlled and not listed on the NZSX” (see Figure 1), which means they are not publicly traded and therefore, for the most part, invisible to the general public. For this reason, the Sustainable Future Institute has suggested to the Ministry of Economic Development that the proposed Financial Markets Authority (FMA) implement a voluntary filing regime for these and other significant companies. A mandatory filing regime has been implemented by South Africa, where from 1 March 2011 the 400 companies listed on the

Johannesburg Stock Exchange (JSE) must, under its Listings Requirements, either produce integrated reports or explain why they are not doing so.

Lastly, the government needs to take a lead in providing guidance, with the 'New Zealand brand' specifically in mind. "Guidance should not be developed in isolation," McGuinness says; "rather it should be led by government but developed with business and professional membership organisations such as the New Zealand Institute of Chartered Accountants (NZICA) and the Institute of Directors (IOD)."

McGuinness adds: "It is, after all, in everyone's interests to make informed decisions about where to 'invest' and where 'not to invest' our resources, whether they be financial, environmental or human capital."

Integration is not just relevant to reporting, but is critical in terms of developing strategy. To this end the Institute is bringing together a diverse group of New Zealanders to develop strategy maps for New Zealand's long-term future at its StrategyNZ: Mapping our Future event, to be held in Wellington on 28–31 March 2011. Learn more at [www.StrategyNZ.info](http://www.StrategyNZ.info).

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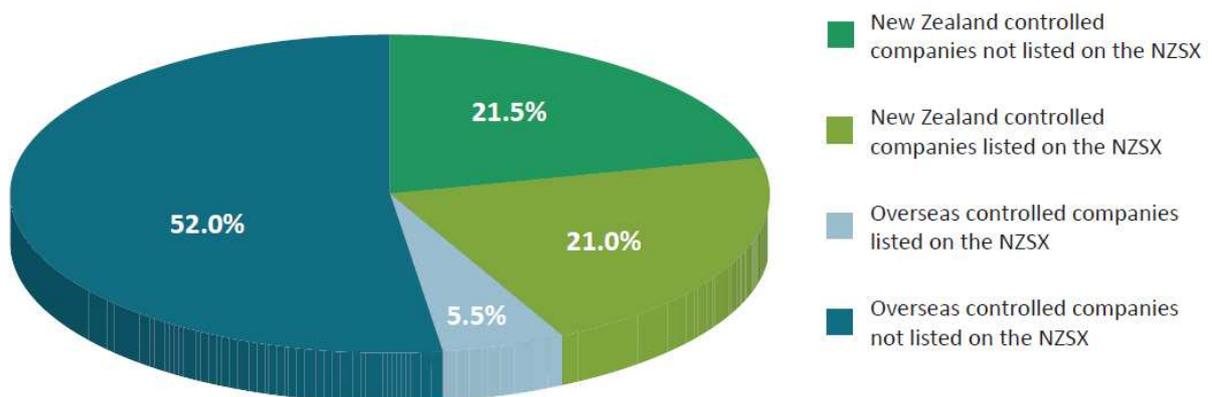
## Background

### (i) Definition of One Integrated Report

Integrated reporting begins with a single document, combining an organisation's financial and non-financial (environmental, social and governance) performance and illuminating the relationship between the two. But it also extends beyond a paper document, utilising the internet to facilitate the integration of performance reporting as well as providing detailed information of particular interest to different stakeholders. The authors of *One Report*, Robert G. Eccles and Michael P. Krzus, consider it is about listening as much as talking – a conversation with all stakeholders about their expectations of a company's commitments and the performance metrics that ensure sustainability in economic, environmental, social and governance terms.

### (ii) Figure 1

Figure 1: Top 200 Companies by NZSX and by Overseas Control



### (iii) Significant Survey Findings

The Institute's report on the survey findings, published January 2011, shows a significant uptake in integrated reporting, but also shows a definite gap in guidance. Among the survey's findings:

1. 23.7% of the 59 respondents had already published an integrated report;
2. 37.3% of the 59 respondents had some experience in integrated reporting;

3. From the 37.3% who had some experience in integrated reporting, the most significant challenges generated by integrated reporting were said to be time constraints, followed by inadequate guidance from standard-setters, and the need to generate new information in-house;

4. From this 37.3%, the most significant opportunities generated by integrated reporting were said to be positioning the company as socially responsible, followed by positioning the company as environmentally responsible, producing a long-term strategy, and communicating with employees;

5. 64.4% of the 59 respondents had not discussed a filing programme for integrated reporting;

6. 44.1% of the 59 respondents had calculated their greenhouse gas emissions, but only 18.6% had reported this information in their annual reports, and

7. 83.1% of the 59 respondents had not asked stakeholders in the last five years whether they would like to receive more information on other aspects of the company's performance, such as environmental and social impacts.

(iv) Relevant Links

1. To download the 31 January report *Integrated Annual Report Survey of New Zealand's Top 200 Companies: Exploring Responses from Chief Financial Officers*:

[http://sustainablefuture.info/Site/Project/One\\_Integrated\\_Report/Project\\_One.aspx](http://sustainablefuture.info/Site/Project/One_Integrated_Report/Project_One.aspx)

2. To learn more about the event StrategyNZ: Mapping our Future, 28–31 March 2011: [www.StrategyNZ.info](http://www.StrategyNZ.info)

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