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## Companies cherry-picking their 'sustainability' reporting measures

Rob Stock • 12:27, Aug 25 2018



SUPPLIED

Dr Ramona Zharfpeykan from the University of Auckland.



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prove they are environmentally and socially "sustainable" in a bid to win favour from both investors and consumers.

But Ramona Zharfpeykan, a lecturer in the University of Auckland Business School's Graduate School of Management, said many companies appeared to only report on the sustainability measures that made them look good.

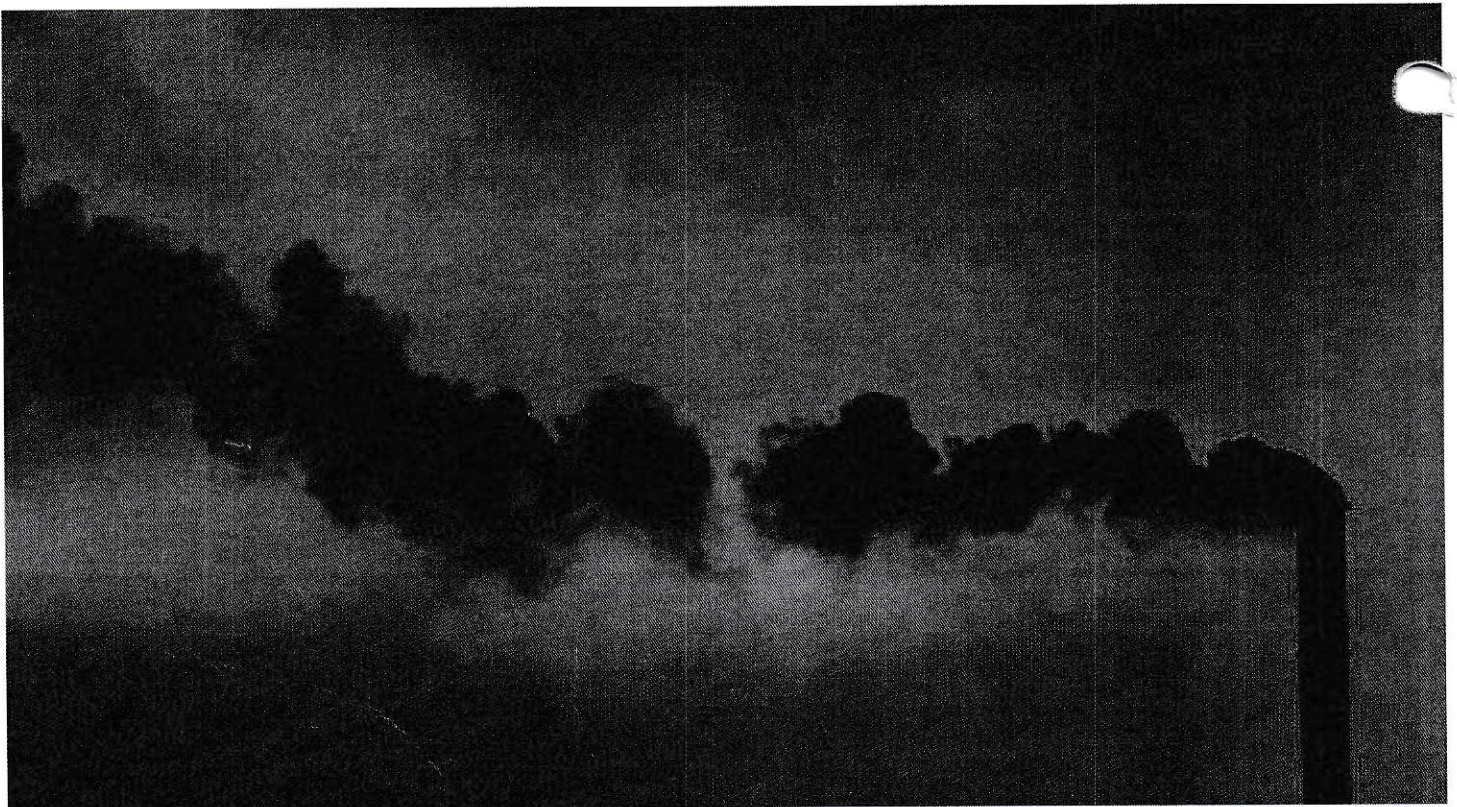
"Companies seemed to cherry-pick indicators that were either easy to collect, or easy to imply positive or neutral messages, while some of the most sensitive indicators have barely been covered," Zharfpeykan said.

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"It is not clear whether firms report merely to stay legitimate and gain their stakeholders' approval, or report honestly and effectively. If it's the former, then this raises serious concerns about the usefulness of reporting, and the decisions it informs, such as around ethical investment."

Zharfpeykan favours a global set of reporting standards, similar to those used in financial reporting, to ensure stakeholders like super fund investors get the information they need to compare companies, and understand how they are doing on sustainability.





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~~account for their environmental and social performance, as well as their financial~~  
performance," Zharfpeykan said.

"A 2017 KPMG survey showed 93 percent of the world's 250 largest corporations now report on their sustainability performance, and 69 percent of New Zealand's top 100 companies. Yet there is still no single global standard and reporting is voluntary in most countries."

The research team headed by Zharfpeykan analysed reporting by 797 companies around the world from 2010 to 2014.

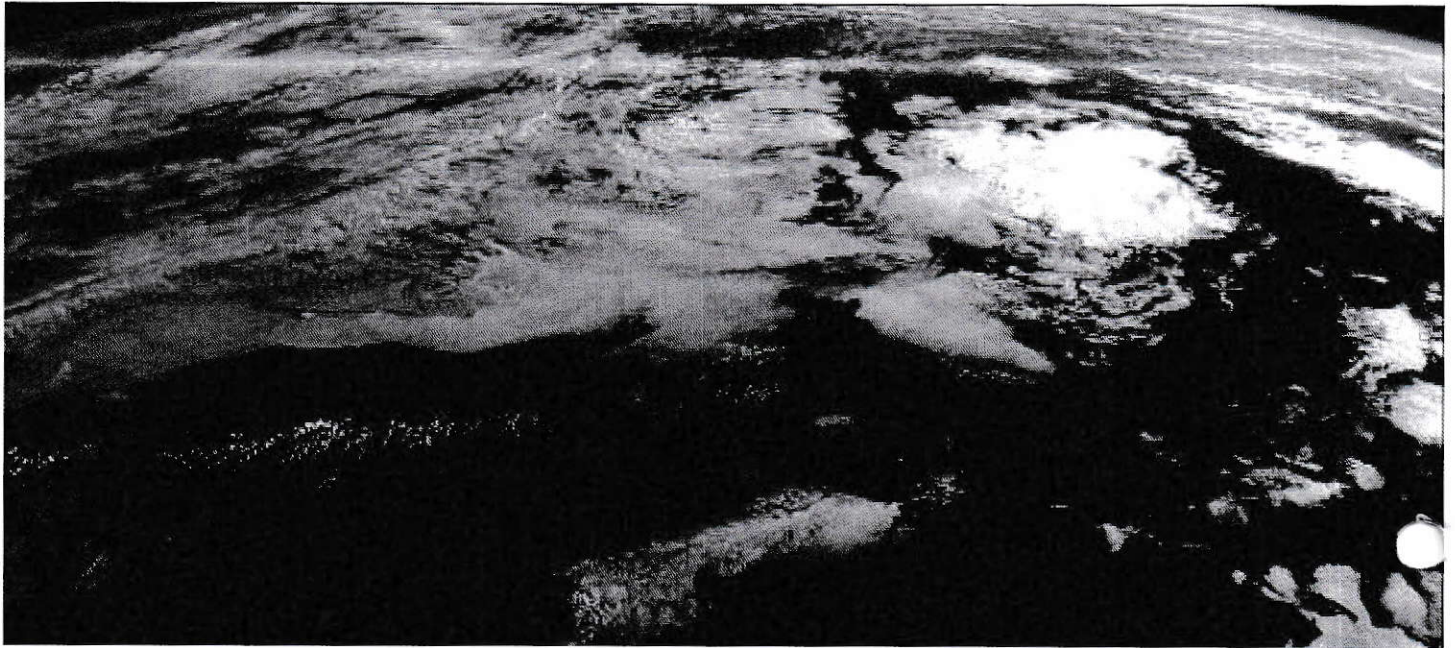
They found that none used all 91 Global Reporting Initiative voluntary sustainability indicators.

The number reported on varied by company and region, but companies in Australia and New Zealand reported on the smallest number, alongside of companies in Africa.

The focus for companies in Oceania was on environmental reporting, while African and European companies showed greater focus on social indicators, the researchers found.

The sustainability indicator most companies failed to report on was greenhouse gas emissions, and for oil companies, the number of spills, and water sources affected by water use.

Sometimes the reporting lacked substance, and was limited to making references to areas of sustainability concern without giving any specific measures of their performance investors could compare to other companies, or to their performance in previous years, she said.

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Investors increasingly want to invest in companies that generate profits, but are actively seeking to become more sustainable.

Deaths and injuries at work were among the most-frequently reported of the sustainability indicators.

Unless there were recognised reporting standards companies could not avoid, cherry-picking would continue, Zharfpeykan believed.

"Why would you report on something you were doing poorly when your competitors are only reporting things that make them look good?"

But, she said: "It undermines the whole point, which is to provide an accurate, comparable picture of how companies are doing across the sustainability spectrum. We will probably only get this when minimum reporting standards are imposed."

Zharfpeykan said New Zealand should not wait for other countries to take the lead.

Already some countries required levels of sustainability reporting including Denmark, South Africa, China and Malaysia, but the regulations, and the things expected to be reported on, differed from country to country, depending on the priorities of their governments.

"So we know that it's possible," she said.



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STUFF

Water quality is a growing concern on which some companies are reporting.

Global standards however were better than local, and could provide a base set of expectations that could be varied from country to country.

She hoped the research would feed into the development of a single global reporting standard.

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**pacifica**

12 hours ago

This is not new and was well known in multiple engineering industries. But if you want a comprehensive review of sustainability in many industries an engineer is far better placed to actually do something effective, (and save the company money by enacting sustainable changes), than someone who is paid to make only pretty sounding reports for a PR exercise.

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**Gissie**

2 days ago

Companies misrepresent the real picture to look good.

Who would have though.

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+1



**KCS**

2 days ago

I worked for a car company that belonged to an environmental programme, the problem is most of it is about ticking off check sheets and not showing much actual evidence you are doing the work.  
Sure, the auditors will check a few things closely when the visit and may be you have to do some work 6 weeks post audit to "prove" it (e g a check sheet and photo to prove it) but it's ridiculously easy to get around, and the dealers know it.

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**irreversible**

3 days ago

Name one sustainable business

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DrDolittle

3 days ago

RockyJ, I would have agreed with you two decades years ago because the science was somewhat questionable. However, as previous climate change naysayer, and a scientist myself, I have changed my mind based on recent evidence from over 2000 credible scientists, including 100 Nobel Laureats.

Furthermore, even science has some relationship with common sense knowledge, and the fact that we are in the 43rd consecutive year of the worlds highest temperatures and, for the first time in 800,000 years, carbon dioxide levels have exceeded all prior levels (ice core samples), and we are experiencing unprecedented ocean temperatures, snow melt, flooding and extreme weather, I'd say the evidence is stacking up that climate change, be it caused by humans or a natural cycle, can no longer be ignored.

Today's naysayers are, in my opinion, ignoring the facts or too proud to admit that they may have got it wrong.

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Pen is Mighty

3 days ago

this is like the plastic bag ban. despite only being about .01% of all plastic waste. makes us feel good about it and we can continue on polluting away

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OldmanDerek

3 days ago

Coca Cola is a good case. They say this and say that, yet spill out 200 million plus single use plastic bottles and cups onto the NZ market. Plus all the straws via fast food outlets. In fact Coca Cols has increased single bottles dramatically via their new Pure Drop brand of filtered Auckland tap water !

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ScottJ

3 days ago

The key word here is "voluntary". With 91 permitted indicators of course you're going to choose which ones you report on. It would be completely impractical to collect, analyse and verify the data needed to support more than a handful. Many of them are quite industry and operations specific anyway.

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