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Supporting Paper 2018/01

Methodology for Working Paper 2018/01

Supporting Paper 2018/01 – Methodology for Working Paper 2018/01: NZSX-listed company tables

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Key points

Determining the NZSX list of significant companies for analysis

A data request was sent to NZX for the names of NZX Main Board (NZSX) issuers as at 1 January 2017. Emails were exchanged between the McGuinness Institute and the NZX Data team during the month of September to finalise a list of 163 entities as at 30 June 2017. Trusts and funds were removed during analysis by only including companies with the terms 'Limited' or 'Corporation' in the company name. This resulted in a final total of 129 companies reviewed in this research.

Data sources

Data sources for each table can be found in *Working Paper 2018/01 NZSX-listed company tables* and are not repeated here.

PDF versions of the 2016 documents reviewed have been uploaded to a publicly accessible Dropbox:

www.dropbox.com/sh/m3tkrb45risim9q/AAAp09sph4icir3OyGSFfMe8a?dl=0.

Timing issue

A timing issue may impact on the accuracy of controlling party registrations as the list of NZSX companies is as at 30 June 2017 whereas the Companies Register search is as at September 2017.

Reporting standards

Ten companies in the analysis follow overseas reporting standards and nine companies follow overseas accounting standards. We have analysed all companies in line with New Zealand standards

Each section of *Working Paper 2018/01 NZSX-listed company tables* has been analysed based on the legislation that shapes the standard of reporting. The main pieces of legislation we have referred to has been the Companies Act 1993, Financial Reporting Act 2013, Financial Markets Act 2013, NZX Limited Main Board/Debt Market Rules (May 2017) and NZ IFRS standards set out by the External Reporting Board (XRB).

Presentation of figures

All figures are stated in thousands (000) of New Zealand Dollars (NZD). Financial statements presented in currencies other than NZD were recalculated based on the exchange rate as at the month of the company's financial year ended, and are derived from the IRD Currency Conversions for the 2016 accounting period.¹ A copy of the conversion is kept in each Excel spreadsheet.

¹ See www.ird.govt.nz/calculators/tool-name/tools-c/currency-rates-2017-end-of-month.html

Some companies used reporting time frames other than the standard 12-month period. Figures disclosed within financial statements that reported on a period other than 12 months were converted to provide a 12-month average (except in Tables 4d Total intangible assets in financial statements and 4e Total assets in financial statements).

Presentation of percentages

All percentages are rounded to one decimal place.

Document analysis

Unless otherwise stated, data gathered in this research only uses annual reports and financial statements from the 2016 financial year. Other sources such as company websites or additional reports were not searched for further disclosures made by the company.

When two documents make up an annual report, they were merged for the purposes of our soft copy searches.

For documents that were not searchable when using the 'find' tool on Google Chrome (i.e. [ALF] Allied Farmers Limited, [BIL] Bethunes Investments Limited, [NZK] New Zealand King Salmon Investments Limited, [OCA] Oceania Healthcare Limited, [PGC] Pyne Gould Corporation Limited), text recognition software (Adobe Acrobat Pro) was used.

Information gathered for each table from the 126 NZSX-listed company annual reports was recorded and organized into Excel spreadsheets, each data point has a corresponding page number that directs viewers to the page of the annual report where the information can be found (page numbers refer to the actual numbers printed in each annual report, not the numbers provided by the PDF versions). Hardcopies of annual reports were printed and the information used in the analysis was highlighted and a Post-It flag inserted as a means of directing the reviewer to where the information came from.

Notes and challenges in Supporting Paper 2018/01: Methodology

Notes were used within each methodology to highlight relevant information about the data gathered or about the methodology process itself. This was to provide context or raise key points that may be of interest to the reader. The challenges section identifies any obstacles or difficulties that arose as we developed each methodology, allowing for broader issues to be raised as we came across them during the analysis.

Table	Key terms (see Glossary)	Method	Challenges
1. NZSX issuers framework [N=163]			
1a Number of NZSX issuers by calendar year 2010–2017	<p>FMC Reporting Entity</p> <p>Issuer</p> <p>NZX Main Board (NZSX)</p>	<p>Step 1 A data request was sent to NZX for a complete list of NZSX-listed entities for each year between 2010–2017, with a particular interest in which entities had been listed or delisted within each calendar year. For \$230, NZX Data provided an Excel spreadsheet containing company codes of all listed issuers from the beginning of each calendar year. A second list showed which companies had been listed or delisted within those years.</p> <p>Step 2 The number of listings and delistings from each year was added or removed from the initial list to produce a total number of NZSX issuers for the year ended. This process was undertaken for each year from 2010–2017.</p> <p>Step 3 The information was then presented in Table 1a as a bar chart to highlight the changes in the number of issuers on the NZSX over time. List 1a identifies the 163 entities listed on the NZSX as at 30 June 2017.</p>	<p>Challenge 1 – Information accessibility The information required to create this table is not publicly available. The data cannot be gathered from the NZSX announcements section as the infrastructure of the website only keeps announcements on the website for a period of six months. There is also no archive for delisted companies, nor any section of the site that clearly informs users of new listings. In saying this, however, the NZX website is currently undergoing a restructure and it is possible that as part of this, historic announcements may be made available.</p>
1b Annual changes in NZSX issuers between 2010–2017	<p>FMC Reporting Entity</p> <p>Issuer</p>	<p>Step 1 The data used to create Table 1a was also used to inform the annual changes in NZSX issuers from 2010–2017. The numbers of new listings and delistings on the NZSX for each calendar year were recorded in an Excel spreadsheet.</p>	<p>Challenge 1 – Information accessibility The information required to create this table is not publicly available. The data cannot be gathered from the NZSX announcements section as the infrastructure of the website only allows announcements to stay on the website for a period of six months. There is also no</p>

Table	Key terms (see Glossary)	Method	Challenges
	NZX Main Board (NZSX)	<p>Step 2 NZX also supplied a spreadsheet containing the names of the companies each code referred to. The codes were replaced with the company name for List 1b.</p> <p>Step 3 The annual changes in NZSX Issuers from 2010–2017 were then presented in Table 1b as a bar chart, followed by a list of the names of the entities listed and delisted for each calendar year, with 2017 ending on 30 June 2017.</p> <p>Note 1 – Accuracy of company names The company names in List 1b may not be accurate as they were not changed from what the NZX provided.</p>	archive for delisted companies, nor any section of the site that easily informs users of new listings. In saying this, however, the NZX website is currently undergoing a restructure and it is possible that as part of this historic announcements may be made available.
1c Markets, types of issuers and other stock exchange listings	<p>Companies Office</p> <p>Corporate governance statement</p> <p>NZX Markets</p> <p>Statutory Information</p>	<p>Step 1 Full lists of the companies on each of the six NZX markets (NZSX, NXT, NZAX, NZDX, NZZX and NZX Derivatives) were taken from the NZX website. As complete lists for the NZDX and NZX Derivatives markets were not available on the website, these were requested from and supplied by NZX through personal communications.² The full lists of companies on each market were finalised as at 12 September 2017 and are dated as at 30 June 2017.</p>	<p>Challenge 1 – Searchable resource limitations Searching for other stock exchanges a company may be listed on proved difficult as there was no specific place for a statement of listings within a company’s annual report or financial statements. There is also nowhere on the Companies Office or on each company’s NZX announcements page that provides information on what other stock exchanges a company is on. There is a risk, therefore, that some listings were missed.</p>

² These were provided by NZX through a personal communication on 12 September 2017.

Table	Key terms (see Glossary)	Method	Challenges
		<p>Step 2 Of the companies listed on the NZSX, all entities that contained 'Limited' or 'Corporation' in their company names were considered to be for-profit companies and included in the remainder of the analysis. All entities that contained 'Trust' or 'Fund' in their names were excluded from the list and from the remainder of the analysis.</p> <p>Step 3 Stock exchange listings were found either in the notes to financial statements or in the shareholder information or corporate governance sections. If stock exchange listings were not found in these sections, the whole report was checked.</p> <p>Step 4 For the three companies that did not make their annual reports publicly available, their company websites were searched as well as the section on the ASX titled 'New Zealand based companies listed on the ASX'³, and a more general search on the Google search engine.</p> <p>Step 5 The information gathered was then presented in Table 1c as a series of lists indicating which companies were listed on which NZX market, the types of issuers listed on the NZSX (companies or trusts/funds/other), and which</p>	

³ This section of the ASX website contains a list of New Zealand-based companies that have chosen to list on the ASX. See www.asx.com.au/prices/new_zealand_based_companies.htm.

Table	Key terms (see Glossary)	Method	Challenges
		<p>companies were exclusively listed on the NZSX or listed both on the NZSX and other stock exchanges (the ASX, LSE, LuxSE, Six Swiss Exchange, TPEX and/or NYSE).</p> <p>Note 1 – Assumptions made In applying the method of breaking down the NZSX main board into for-profit companies and ‘other’ entities, all companies containing ‘Limited’ in the company name were assumed to be ‘for-profit companies’. The method of removing trusts, funds and other entities from the original list may have incorrectly excluded or included entities. However, there is no way of identifying the nature of an entity on the NZX.</p> <p>Note 2 – Trusts and funds JPMorgan Global Growth & Income plc was also excluded from the final list as we considered the entity to be a trust/fund.</p>	
2. Location, structure and nature of business [N=129]			
2a Locations of registered offices	<p>Companies Register</p> <p>Company records</p> <p>Registered office</p>	<p>Step 1 Each of the 129 NZSX-listed companies’ directories (found in the annual reports) and notes to financial statements were reviewed for their registered office addresses. The city and country of registration were recorded. For the companies that did not disclose a registered office in their annual report, this information was obtained from their register on the Companies Register.</p>	<p>Challenge 1 – Inconsistent reporting information in documents Not all company documents contained a directory and/or note in their financial statements disclosing their registered office. This resulted in the methodology being adapted during the research process to incorporate the registered office address disclosed on a company’s register on the Companies Register.</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>Step 2 The location of each company's registered office(s) were presented in Table 2a as a world map and a map of New Zealand. These are followed by lists of the locations each company was registered to.</p> <p>Note 1 – Timing and accuracy of reports When applying the method of searching through a company's 2016 report, the registered office may not be up-to-date if a company has relocated since the report was released.</p>	
2b Nature of business of NZSX-listed companies	Nature of business NZX Main Board (NZSX)	<p>Step 1 To find the nature of business for each of the NZSX-listed companies, soft copy versions of 2016 annual reports were searched using the terms 'nature'; 'primary'; 'industry'; 'activity'; and 'operations'. The aim of this search was not to find how these specific terms were used; rather, they were tools to help locate statements of each company's nature of business.</p> <p>Step 2 Each company's statement of the nature of business or primary activity was identified and recorded. Based on these, each company was then assigned to a category that aligns with</p>	<p>Challenge 1 – Locating nature of business statements S 211(1) of the Companies Act 1993 requires companies to disclose 'any changes during the accounting period in the nature of business.' However, this legislation does not require an ongoing annual disclosure of the nature of business. Therefore, there is no prescribed section of an annual report or financial statements for the disclosure to be made. Regardless of this, the nature of business was searched for within each company's annual/financial report to find a high level description of the nature of the company's economic activity. This proved difficult and in applying the methodology, there may be inaccuracies in what was interpreted as the nature of business statement.</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>Statistics New Zealand's industry sector classifications.⁴</p> <p>Step 3 After organising the companies by industry sectors, this information was presented in Table 2b as bar charts showing the percentage of companies that aligned with each category, followed by lists of the companies as aligned to each category. In addition, each bar in Table 2b were shaded to highlight which company from each industry participated in the <i>Preparers' Survey: Attitudes of the CFOs of significant companies towards Extended External Reporting</i> (that forms part of the <i>ReportingNZ</i> project).</p> <p>Note 1 – Not all companies produced a 2016 annual report Three companies ([IPL] Investore Property Limited, [TLT] Tilt Renewables Limited and [TPW] Trustpower Limited) did not prepare a 2016 annual report. They were listed separately and not assigned a nature of business category.</p> <p>Note 2 – Subjectivity in applying classifications In using Statistics New Zealand industry sector classifications to categorize each company's</p>	

⁴ Statistics New Zealand's *New Zealand Standard Industry Output Categories classification tables* can be found at m.stats.govt.nz/browse_for_stats/industry_sectors/anzsic06-industry-classification/tables.aspx. These categories were also used in the *2017 Survey of the CFOs of Significant companies and User of Extended External Reporting*, another output of *Project ReportingNZ*.

Table	Key terms (see Glossary)	Method	Challenges
		<p>natures of business, it was difficult to determine which sector some companies fit under. Many companies could fit under more than one sector due to having subsidiaries or multiple areas of business. As the below examples show, these companies could fit under a number of sectors.</p> <p>Example 1 [TGG] T&G Global Limited disclosed in Note 1 to its financial statements (p. 67) that the company is recognised as ‘New Zealand’s leading grower, distributor, marketer and exporter of premium fresh produce in over 60 countries around the world. Key categories for the group include apples, pears, grape, citrus (lemons, mandarins and navel oranges), kiwifruit, asparagus, berries and tomatoes.’ It was categorised under the ‘Agriculture, forestry and fishing’ industry.</p> <p>Example 2 [SCL] Scales Corporation Limited in its financial statements (p. 53) stated ‘the principal activities of the Group are to provide logistics services, grow apples, export products, provide insurance services to companies within the Group and operate storage and process facilities’. It was categorised under the ‘Manufacturing’ industry.</p> <p>In addition, two companies ([BIL] Bethunes Investments Limited and [NZF] NZF Group Limited, later [BGI] Blackwell Global Holdings Limited) were considered to not have a clear</p>	

Table	Key terms (see Glossary)	Method	Challenges
		nature of business. They were listed separately and not assigned a nature of business category.	
2c Extent ‘control’ is disclosed in financial statements	<p>Companies Register</p> <p>Control</p> <p>Financial statement</p> <p>Government-related entity</p> <p>Related party disclosures</p> <p>Substantial shareholding</p>	<p>Step 1 For the 126 companies that prepared 2016 financial statements, the related party disclosure notes were reviewed to determine whether the company disclosed a controlling party.</p> <p>Step 2 – If a company disclosed a controlling party If a controlling party was disclosed by an NZSX-listed company, the controlling party was searched for on the Companies Register to determine whether it was a New Zealand or overseas-based company. New Zealand-based controlling parties were checked to determine whether or not they were a New Zealand government-related entity or not.</p> <p>Step 2 – If a company did not disclose a controlling party If a company did not disclose a controlling party, the notes to the financial statements were reviewed to determine whether the company disclosed a significant shareholding. Significant shareholdings were checked to determine whether they were New Zealand government-related entities; New Zealand entities but not government-related; were an overseas government-related entity; or were not a government-related overseas entity.</p>	<p>Challenge 1 – Inconsistent terminology Company reports lack consistent terminology to detail ownership structures. Companies used a range of descriptions: ‘controlling party’, ‘ultimate parent entity’, ‘majority shareholder’. (The exact phrases used by each company that disclosed a significant shareholding or controlling party can be found in the final lists of Table 2c). This challenge is not helped by the misalignment in how NZ IFRS 10 (see Appendix 3G) defines ‘controlling and related parties’, compared with the Companies Act 1993’s definition of ‘holding companies’ (see Appendix 1A).</p> <p>Challenge 2 – Inconsistent location disclosures In applying the methodology, we were interested in where the controlling party is domiciled and whether control comes from overseas or from within New Zealand. There was inconsistency in the data as not all reports that disclosed a controlling party also disclosed where the controlling party is based.</p> <p>Challenge 3 – Inconsistent related party disclosures It is compulsory under NZ IAS 24 (see Appendix 3E) for companies to disclose any relations between a parent entity and its subsidiaries, irrespective of whether there has been a transaction between them. While most companies disclose this information within a ‘related parties’ note in the financial statements, this was not consistent across all reports, meaning that all the notes to</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>Step 3</p> <p>The information gathered was then presented in Table 2c as a series of lists indicating which companies do and do not disclose a controlling party, which companies do and do not disclose a significant shareholding, and which companies do and do not have their controlling party registered in New Zealand.</p>	<p>financial statements were checked to ensure this information was not overlooked.</p> <p>Example 1</p> <p>[GNE] Genesis Energy Limited disclosed a controlling party in Note 1 to the financial statements on p. 36 under ‘General Information’ – ‘The Parent is majority owned by Her Majesty the Queen in Right of New Zealand (the “Crown”)’</p>
2d Extent ‘holding’ is disclosed on the Companies Register	<p>Companies Register</p> <p>Country of Registration</p> <p>Holding company</p> <p>Limited Liability Company</p> <p>Overseas ASIC and non-ASIC companies</p> <p>Related party disclosures</p> <p>Ultimate holding company</p>	<p>Step 1</p> <p>To determine the extent to which an ‘ultimate holding company’ is disclosed by the 129 NZSX-listed companies, the summary page of each company’s register on the Companies Register was reviewed. Each company’s entity type and ultimate holding company was recorded on an Excel spreadsheet.</p> <p>Step 2</p> <p>For summary pages which disclosed an ultimate holding company, that company’s country of registration was also recorded on an Excel spreadsheet.</p> <p>Step 3</p> <p>The information gathered was then presented in Table 2d as a series of lists showing which companies were overseas ASIC companies, overseas non-ASIC companies, incorporated in Australia or New Zealand limited companies, companies that do or do not list an ultimate</p>	<p>Challenge 1 – Lack of information</p> <p>The Companies Office does not have a register containing all the overseas ASIC and non-ASIC companies that operate within New Zealand but are not registered in New Zealand.</p> <p>Challenge 2 – Controlling parties vs ultimate holding companies</p> <p>It was difficult to determine the difference between a controlling party and an ultimate holding company.</p> <p>Challenge 3 – Companies are not required to disclose ultimate holding company on the Companies Register</p> <p>There is nowhere on the Companies Office website explicitly stating that it is compulsory to disclose an ultimate holding entity on the Companies Register.</p> <p>It also appears that the company name disclosed as the holding entity does not need to be the absolute ultimate holding entity within the ownership structure. For example, the ultimate holding company stated on the</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>holding company and companies with an ultimate holding company registered in New Zealand, Australia or elsewhere.</p> <p>Note 1 – New Zealand Limited Company names matching the ultimate holding company The name of the ultimate holding company sometimes matched the name of the New Zealand Limited Company in review (for example, [GXH] Green Cross Health Limited). In these instances, the company was recorded as having disclosed the Ultimate Holding Company and included in analysis.</p>	<p>Company Summary of [MCK] Millennium & Copthorne Hotels New Zealand is ‘Millennium & Copthorne Hotels plc’, however from reading the annual report of Millennium & Copthorne Hotels New Zealand Limited, it can be seen that Millennium & Copthorne Hotels plc is registered in the UK but is owned by Hong Leong Investments based in Singapore.</p>
2e Extent NZSX-listed companies are also in the 2016 Deloitte Top 200	Deloitte Top 200 Issuer	<p>Step 1 Lists of the 129 NZSX-listed companies and the 2016 Deloitte Top 200 companies were compared. Companies that were listed on both were recorded on an Excel spreadsheet.</p> <p>Step 2 The overlap between the 2016 Deloitte Top 200 rankings list and the NZSX-listed companies was then presented in Table 2d as a Venn diagram. This was followed by a list showing which companies were listed on the NZSX and/or 2016 Deloitte Top 200, along with their NZSX codes and Top 200 rankings. Companies that applied the concessions of s 211 (3) of the Companies Act 1993 when preparing an annual report, companies that only made financial statements available, and companies did not</p>	<p>Challenge 1 – Deloitte Top 200 list company name discrepancies The Deloitte Top 200 list contained multiple discrepancies in official company names. This is because many were shorthand titles. These discrepancies were reconciled by ensuring that the revenue figures used in the Top 200 ranking methodology matched the company’s documents filed on the Companies Register.</p> <p>Name changes that occurred between the publication of the Deloitte Top 200 list (1 December 2016) and the NZSX list’s cut-off date of 30 June 2017 were considered to be crossovers in the list. For example, Wilson & Horton Limited changed its name to NZME Limited but they are considered to be the same company for the purposes of Table 2e.</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>make either an annual report or financial statements available were noted in the list of companies (see methodologies for Tables 3a and 3e to see how data on reporting standards and determination of document type was collected).</p> <p>Note 1 – Trustpower Limited demerger Trustpower Limited underwent a demerger during 2016 (after its 2016 annual report was produced). The demerger saw the creation of two companies: [TLT] Tilt Renewables Limited and [TPW] Trustpower Limited. The Deloitte Top 200 ranked Trustpower Limited in their business awards prior to the demerger whereas the companies listed on the NZSX are the resultant two companies [TLT] Tilt Renewables Limited and [TPW] Trustpower Limited.</p> <p>Despite this misalignment, for the purposes of Table 2e Trustpower Limited is considered to be listed on both the NZSX and the Deloitte Top 200.</p> <p>Note 2 – 2016 Deloitte Top 200 data collection A special search was undertaken using the annual reports and/or financial statements of the 2016 Deloitte Top 200 listed companies to collect data used in Table 2e.</p> <p>Note 3 – Deloitte Top 200 annual reports from 2015 The 2016 Deloitte Top 200 list was ranked by based on company revenue, it is important to</p>	

Table	Key terms (see Glossary)	Method	Challenges
		note that some of the documents used in Deloitte's process were from 2015.	
3. Reports published [N=129]			
3a Extent annual reports or financial statements (only) are filed on the Companies Register	Annual report Companies Office Companies Register Financial statement Large company	<p>Step 1 The Companies Register was searched to determine whether the 129 NZSX-listed companies were registered in New Zealand.</p> <p>Step 2 The documents tab on each company's register was checked for the 2016 'Financial Statements' file to determine whether the company had (a) filed a 2016 document and (b) whether the document was financial statements as part of an annual report, or the financial statements only.</p> <p>Step 3 If the document type filed was unclear, the director's responsibility statement was checked to see whether it stated they were presenting the 'annual report' or the 'financial statements' of the company.</p> <p>Step 4 The information gathered was then presented in Table 3a as a bar chart, followed by lists of the companies that filed annual reports (including financial statements), that filed financial statements only, that are not on the Companies Register, that did not file a report due to a 2016 demerger, that did not file a report due to</p>	

Table	Key terms (see Glossary)	Method	Challenges
		<p>becoming incorporated in 2016, and that only filed a report on the NZX website.</p> <p>Note 1 – Large company reporting requirements The Companies Act 1993 and the Financial Markets Conduct Act 2013 require all overseas companies, other companies with significant overseas ownership that are ‘large’ and all companies that are deemed FMC reporting entities to file their financial statements with the Companies Office each year (See Appendix 2A to determine which companies must file their financial statements on the Companies Register, and Appendix 5 for an overview of New Zealand’s financial filings requirements).</p> <p>Note 2 – Document types Regardless of whether a company’s annual report or financial statements are filed on the Companies Register, the document uploaded is always labelled ‘Financial Statements’. The type of document filed may be partly determined by the date the company’s filing month falls on as it may be too early for a full annual report to be prepared and filed.</p> <p>Note 3 – Companies not on Companies Register by their NZX name Four companies were not found on the Companies register under the company name provided by the NZX and were assumed to not be registered with the Companies Office. These included [DOW] Downer EDI Limited, [MHJ]</p>	

Table	Key terms (see Glossary)	Method	Challenges
		Michael Hill International Limited, [MVT] Mercantile Investment Company Limited and [TLS] Telstra Corporation Limited and are not registered in New Zealand as they have a foreign-exemption listing on the NZSX. Accordingly, their annual reports or financial statements can only be found on the company's own website.	
3b: Financial statements by accessibility	Accessibility Companies Register Financial statements	<p>Step 1 The 129 NZSX-listed companies were searched for on the Companies Register to assess the accessibility of their financial statements. If available, they were found within the 'documents' section of the company's register.</p> <p>Step 2 Each company's website was then searched to assess whether the 2016 financial statements were available there. Financial statements were usually found under the 'Investor' or 'Reports' sections of the websites. The bottom of each company's website was checked to ensure that ownership of the website was the correct company.</p> <p>Step 3 Whether companies prepared 2016 financial statements or not and where they made these documents accessible was recorded on an Excel spreadsheet.</p> <p>Step 4</p>	

Table	Key terms (see Glossary)	Method	Challenges
		<p>The information gathered was then presented in Table 3b as a series of lists showing the companies that did and did not prepare 2016 financial statements; the companies that disclosed their financial statements on both the Companies Register and their own websites, the companies that only disclosed their financial statements on the Companies Register, the companies that only disclosed their financial statements on their own website, and companies that disclosed their financial statements on the NZX website only.</p> <p>Note 1 – [OCA] Oceania Healthcare Limited One exception was made in our methodology when reviewing the accessibility of annual reports. Initially this review only included the Companies Office and individual company websites. However, [OCA] Oceania Healthcare Limited was only listed on the NZX mid-2017 and had no previous obligations to make its 2016 financial statements public. When the company was listed, it uploaded its annual report to the NZX website, we then used this as a source for [OCA] Oceania Healthcare Limited’s annual report.</p>	
3c: Financial statements by accessibility, criteria and currencies	<p>Accessibility</p> <p>Financial statement</p> <p>Functional currency</p> <p>Presentation currency</p>	<p>Step 1 As determined in Table 3b, 126 of the 129 NZSX-listed companies made their 2016 financial statements publicly accessible. This list formed the data set for Table 3c.</p> <p>Step 2</p>	

Table	Key terms (see Glossary)	Method	Challenges
		<p>Notes 1 and 2 of each financial statements were reviewed to determine which accounting standards were used by the NZSX-listed companies to prepare their financial statements. This information was recorded in an Excel spreadsheet.</p> <p>Step 3 Each document's presentation currency was recorded. If the presentation currency was not displayed within Notes 1 and 2, the top of the actual financial statements were checked. Each document's presentation currency information was also recorded in the Excel spreadsheet.</p> <p>Step 4 The information gathered was then presented in Table 3c as a series of lists showing the companies that prepared their 2016 financial statements in accordance with NZ IFRS, EU IFRS or AASB standards and the companies that presented their 2016 financial statements in NZD, USD, GBP or AUD.</p> <p>Note 1 – Currency usage Companies referred to different functional and presentation currencies in their financial statements. Our focus for preparing Table 3c was the presentation currencies.</p>	
3d: Auditor reports by audit	<p>Annual report</p> <p>Audit firm</p>	<p>Step 1 As determined in Table 3b, 126 of the 129 NZSX-listed companies made their 2016</p>	

Table	Key terms (see Glossary)	Method	Challenges
firm (over last five years)	Auditing reporting requirements Financial statement	<p>financial statements available. This list formed the data set for Table 3d. Financial statements from over the previous five financial years (2012-2016 or as far back as possible for companies that did not have financial statements going back that far) were gathered from the Companies Register or on the company's own website.</p> <p>Step 2 The financial statements were examined to determine which auditing firm the company had contracted for each year. If the company had used the same auditor for the previous five years, that auditing company was recorded on an Excel spreadsheet. If the company had used different auditors over the last five years, the auditing company used for each year was recorded on the spreadsheet.</p> <p>Step 3 The information gathered was then presented in Table 3d as a series of lists showing the companies that had financial records going back five years, companies that did not have financial records going back five years, companies that contracted the same auditing firm over the last five financial years, and companies that contracted more than one auditing firm over the last five financial years. Following the table is a pie chart presenting what percentage of companies were using which auditing firms (only companies that contracted the same auditor over five years are included).</p>	

Table	Key terms (see Glossary)	Method	Challenges
3e: Annual reports by accessibility	<p>Accessibility</p> <p>Annual report</p> <p>Companies Office</p> <p>Companies Register</p> <p>Financial statement</p>	<p>Step 1 To determine which of the 129 NZSX-listed companies made their 2016 annual reports available on the Companies Register, each company's 'documents' tab on their register was checked for the 2016 'Financial Statements' file. These files were reviewed to determine whether the financial statements were presented as part of an annual report, or as financial statements only. Companies that filed their financial statements within an annual report were considered to have made their annual report available from the Companies Office.</p> <p>Step 2 Each company's website was searched to determine whether companies made their 2016 annual reports available on their own websites. Annual reports were usually found under the 'Investor' or 'Reports' section of the website. The bottom of each website was checked to ensure that the website was owned by the correct company.</p> <p>Step 3 The information gathered was then presented in Table 3e as a series of lists showing the companies that did and did not prepare 2016 annual reports, the companies that published their 2016 annual reports both on the Companies Register and on their own websites, the companies that published their 2016 annual reports on the Companies Register only, the companies that published their 2016 annual</p>	<p>Challenge 1 – Multiple documents making up annual reports We kept a broad understanding in mind of what could constitute an annual report when reviewing public accessibility of the annual reports. If a company stated that its financial statements should be read in conjunction with another document to complete the annual report and this document was available on the same website the financial statements were retrieved from, then the company was considered to have made its annual report publicly available.</p> <p>Example 1 [AIA] Auckland International Airport Limited's 'Annual Report' document has a section called 'Financial Overview', but does not appear to include the full financial statements. The financial statements are a separate document. The 'Annual Report' document states 'The above summary financial information has been sourced from, and should be read in conjunction with, the audited Auckland International Airport Limited 2016 financial statements dated 29 August 2016, which are available at report.aucklandairport.co.nz'.</p> <p>Example 2 [AIR] Air New Zealand Limited's 'Annual Financial Results' document states 'This document, in conjunction with the Air New Zealand Annual Shareholder Review 2016, constitutes the 2016 Annual Report to shareholders of Air New Zealand Limited'.</p> <p>Example 3 [CVT] Comvita Limited's 'Annual Report' has a section called 'Financial Summary', but does not appear to</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>reports on their own website only, and the companies that published their 2016 annual report on the NZX website only.</p> <p>Note 1 – [OCA] Oceania Healthcare Limited One exception was made in our methodology when reviewing the accessibility of annual reports. Initially this review only included the Companies Office and individual company websites. However, Oceania Healthcare Limited was only listed on the NZX mid-2017 and had no previous obligations to make its 2016 annual report public. When the company was listed, it uploaded its annual report to the NZX website, which we then used this as a source for the Oceania Healthcare Limited’s annual report.</p>	<p>include the full financial statements. The financial statements are a separate document. The ‘Annual Report’ document states: ‘The summary financial information has been derived from, and should be read in conjunction with, the Comvita Limited Group annual financial statements (the ‘full financial statements’)’.</p> <p>Example 4 [STU] Steel & Tube Holdings Limited’s ‘Financial Report’ document states ‘This document, in conjunction with the Steel & Tube Shareholder Review 2016, constitutes the 2016 Annual Report to shareholders of Steel & Tube Holdings Limited’.</p> <p>Example 5 [THL] Tourism Holdings Limited’s ‘Annual Financial Statements’ document states ‘This document, in conjunction with the Shareholder Annual Review, constitutes the 2016 Annual Report to Shareholders of Tourism Holdings Limited’.</p> <p>Challenge 2 – Additional reports separate from an annual report It was important to identify whether a company mentioned a document that forms part of the annual report, or mentioned an existing document that contains more information is not part of the annual report. See Table 3h for companies that direct readers to additional documents.</p> <p>Example 1 [KMD] Kathmandu Holdings Limited’s annual report states on p. 8 ‘Full details of our progress can be found in our 2016 Sustainability Report, produced in conjunction</p>

Table	Key terms (see Glossary)	Method	Challenges
			with our Annual Report'. This is not considered to part of the annual report and is referred to in Table 3h.
3f: Annual reports by accessibility, entity type, criteria and currencies	<p>Accessibility</p> <p>Additional non-financial information</p> <p>Annual report</p> <p>Annual reporting standards</p> <p>Companies Act 1993</p> <p>NZX Main Board (NZSX)</p>	<p>Step 1 Data regarding the accessibility of annual reports of the 129 NZSX-listed companies is carried over from Table 3e. Data on each company's entity type and presentation currency used was carried over from Tables 2d and 3c.</p> <p>Step 2 If the Directors' report mentioned compliance with s 211 (1), (2) or (3) of the Companies Act 1993 then the Institute determined it to be an annual report. If there was no reference to the Companies Act 1993 in the Directors' report and/or no supporting evidence in the PDF from the Companies Office website (e.g. it did not contain non-financial information other than notes to the financial statements), it was treated as a financial statement. Please note, in a few cases this distinction was not always clear and in these cases the Institute made a judgement based on the intent of the preparer.</p> <p>Step 3 The information gathered was then presented in Table 3f as a series of lists showing the companies that were New Zealand limited companies, overseas non-ASIC companies,</p>	

Table	Key terms (see Glossary)	Method	Challenges
		<p>overseas ASIC companies, incorporated in Australia, companies that prepared their 2016 annual report according to s 211(1) of the Companies Act 1993, companies that prepared their 2016 annual report using the concessions available under s 211(3) of the Companies Act 1993, companies that prepared their 2016 annual report according to Companies (Guernsey) Law 2008, companies that prepared their 2016 annual report according to Companies (Jersey) Law 2001, and companies that prepared their 2016 annual reports in USD, NZD, GBP or AUD.</p> <p>Note 1 – Annual report requirements It was presumed that all annual reports complied with the minimum requirements under s 211(1) and (2), unless there was a clear statement of compliance with the concessions available under s 211(3).</p> <p>Note 2 – Concessions Two companies prepared their annual reports prior to listing on the NZSX and were therefore eligible to use the concessions available under s 211(3) of the Companies Act 1993. These were [NZK] New Zealand King Salmon Limited and [OCA] Oceania Healthcare Limited. NZSX-listed companies are not eligible to use the concessions available under s 211(3) as they are listed issuers.</p>	
3g: Annual reports that used recognised	<p>AccountAbility</p> <p>Accounting for Sustainability Project</p>	<p>Step 1 Data regarding the accessibility of annual reports of the 129 NZSX-listed companies is carried over from Table 3e, in order to determine which</p>	<p>Challenge 1 – Frameworks not relevant to external reporting It was often difficult to distinguish a reporting framework from a framework mentioned in the report created by the</p>

Table	Key terms (see Glossary)	Method	Challenges
extended external reporting frameworks	<p>Annual report</p> <p>Carbon Disclosure Project (CDP)</p> <p>Extended external reporting</p> <p>FMA Corporate Governance Handbook</p> <p>G4 Sustainability Reporting Guidelines</p> <p>International <IR> Framework</p> <p>Reporting frameworks</p> <p>Sustainable Development Goals (SDGs)</p>	<p>annual reports used recognised extended external reporting frameworks.</p> <p>Step 2 To ascertain whether a company applied a framework, soft copy versions of each company's 2016 annual reports were searched with a series of key words. These were determined by the reporting frameworks we were already aware of, and reporting frameworks that we discovered through our preliminary searches of the annual reports. The final search terms were the following keywords: 'Framework'; 'FMA' & 'Financial Markets Authority' [Corporate governance in New Zealand Principles and guidelines]; 'G4' & 'GRI' & 'Global' & 'Initiative' & 'Index' [G4]; 'AccountAbility' & 'AA1000' & 'Account' [AA1000]; 'Carbon Disclosure Project' & 'CDP' [CDP]; 'Sustain' [SDG]; 'Integrated' & 'IR Framework' & 'IIRC' & 'Integrated' [International IR Framework]; 'A4S' [A4S]; 'Other' (Environmental & Social & Structure & Practices & Principles)</p> <p>Step 2 The keywords were used to find areas of text that disclosed the frameworks the companies used. If a company disclosed the framework used in preparing the report, the details were recorded in an Excel spreadsheet.</p> <p>Step 3</p>	<p>company as means of managing internal systems/business models. See examples of different references to business frameworks below.</p> <p>Example 1 [TLS] Telstra Corporation Limited's annual report states 'The framework aligns with ISO 31000:2009, the International Standard for risk management, and consists of a set of components for designing, implementing, monitoring, reviewing and continually improving risk management at Telstra'. This is not a reporting framework, so was not included in our research.</p> <p>Example 2 [WBC] Westpac Banking Corporation's annual report mentioned many different frameworks including 'APRA's capital adequacy framework', 'The Basel III capital framework', and the 'Reserve Bank of New Zealand (RBNZ) – macro prudential policy framework', amongst others. None of these are reporting frameworks, so were not included in our research.</p> <p>Example 3 [DGL] Delegat Group Limited's annual report states 'The Group's New Zealand vineyards and wineries are 100% accredited by the independently audited SWNZ Sustainability Programme'. This is not a reporting framework, so was not included in our research.</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>The information gathered was then presented in Table 3g as a series of lists showing the companies that did and did not prepare their 2016 annual report using a recognised extended external reporting framework, the companies that used <i>Corporate governance in New Zealand: Principles and guidelines</i> (FMA), the companies that used the G4 Sustainability Reporting Guidelines and/or GRI Sustainability Reporting Standards, the companies that used the AA1000 AccountAbility Principles Standard, the companies that used the Carbon Disclosure Project, the companies that used the UN Sustainable Development Goals (SDGs), and the companies that used the International IR Framework.</p> <p>Note 1 – Other globally recognised frameworks If a company stated that its reporting framework was based on a globally recognised framework, this was considered as having complied with a framework. See the following three examples.</p> <p>Example 1 [TGG] T&G Global Limited stated that their approach to sustainability is based on the globally recognized Global Reporting Initiative (GRI) guidelines</p> <p>Example 2 [SCL] Scales Corporation Limited noted in their annual report that ‘We strive to provide</p>	

Table	Key terms (see Glossary)	Method	Challenges
		<p>stakeholders with robust information so that they may make informed decisions. In our efforts to achieve this we have been influenced by the internationally-recognised sustainability reporting standard Global Reporting Initiative (GRI). We have used GRI as a high level guide to determine our report topics.’</p> <p>We considered this enough to categorise [SCL] Scales Corporation Limited under the GRI category.</p> <p>Example 3 [ZEL] Z Energy Limited noted in their annual report that ‘To support our ESG reporting, Z has implemented the Global Reporting Initiative (GRI) framework and is using some elements of the Integrated Reporting <IR> framework in this Annual Report. We will have the <IR> framework fully implemented for the FY17 report.’</p> <p>We considered this enough to categorise [ZEL] Z Energy Limited under the GRI category.</p> <p>Note 2 – Internally generated frameworks Some companies disclosed reporting frameworks that had been internally generated. However, as our focus for Table 3g has been to determine which globally recognised frameworks were used, internally generated frameworks were not included in our results.</p>	

Table	Key terms (see Glossary)	Method	Challenges
3h Annual reports that direct readers to additional documents	Non-financial information Annual report	<p>Step 1 The 126 2016 annual reports of the NZSX-listed companies (see Table 3e) were used in order to determine which annual reports direct readers to additional documents.</p> <p>Step 2 Soft copies of the 2016 annual reports were searched for the terms ‘conjunction’, ‘addition’, ‘sustainability’, ‘ESG’ (‘environmental, social, governance’); ‘shareholder’, ‘review’ and ‘report’. Our interest was only in finding references to additional documents, rather than sections within the documents we were searching.</p> <p>Step 3 The search results were checked for relevance. For example, where a result for ‘report’ discusses reporting notes in the financial statements, this was not considered relevant for the purpose of our analysis.</p> <p>Step 4 Text which referred the reader to additional documents was copied from the annual report with the page number to an Excel spreadsheet.</p> <p>Step 5 Based on the search results, data on the companies that mentioned additional reports outside of the annual report were categorised into the type of additional report they were.</p> <p>Step 6</p>	<p>Challenge 1 – Locating additional EER information Many companies publish EER information on their website, as opposed to within a specific report or review. References to websites were not considered to be an additional document. Furthermore, some companies may not mention an additional report in their annual report, even if they do produce one.</p> <p>Challenge 2 – Search terms We are conscious that our search terms may not have returned results for all reports or reviews. Companies use different names and terms to refer to their other reports or reviews, making it difficult to ensure that we had considered and covered all possible additional document types. Our search term list was therefore adjusted in the early stages of the soft copy search as we sought to establish a comprehensive set of terms.</p> <p>Challenge 3 – Context and search terms The search terms used are common terms and are replicated many times throughout the document in various contexts. The context around each result therefore had to be read carefully, this may have caused oversight.</p> <p>Challenge 4 – Additional EER information within annual reports It was not always clear what was an additional, publicly available report and what was an internal, private review or report that has been used to inform decision making. For example health safety reports that were reviewed by the board. Similarly, some companies referred to reports already contained in their annual reports. For example,</p>

Table	Key terms (see Glossary)	Method	Challenges
		The information gathered was then presented in Table 3g as a series of lists showing the companies with 2016 annual reports that did and did not direct readers to additional non-financial reports, and the report types that readers are referred to – sustainability reports, greenhouse gas inventory reports, shareholder reports, ESG reports, social responsibility reports and update reports.	some referred to sustainability reports that form a designated section of the annual report.
4. Financial information disclosed [N=126]			
4a: Total revenue in financial statements	<p>Alternative Performance Measures</p> <p>Financial statement</p> <p>NZX Main Board (NZSX)</p> <p>Total revenue</p>	<p>Step 1 The 126 2016 financial statements of the NZSX-listed companies (see Table 3b) were used in order to determine each company's total revenue figure.</p> <p>Step 2 The total revenue figures for all 126 NZSX-listed companies were taken from the profit and loss/income statement in each company's financial statements, recalculated where necessary (foreign currencies were converted into NZD, and the 15-month accounting periods were averaged into 12-month periods – see Challenges 1 and 2), and recorded on an Excel spreadsheet.</p> <p>Step 3 The information was then presented as three bar graphs showing each company's total revenue. Graph 4b(i) depicts all 126 NZSX-listed companies' total assets. As Graph 4b(i)'s</p>	<p>Challenge 1 – Currency variations As noted in Step 2, a number of companies presented their financial statements using foreign currencies. To ensure comparability across financial statements, these figures were converted to NZD using IRD exchange rates from the date each company's accounting period ended.</p> <p>Challenge 2 – Financial statements period discrepancies As noted in Step 2, a number of companies presented financial statements for a period greater than 12 months. These figures were averaged to calculate the figure appropriate to a 12-month period.</p> <p>Challenge 3 – Defining revenue Different companies considered different things to be part of the total revenue figure. This resulted in the McGuinness Institute deciding that the total revenue would be compared in accordance with XRB standards, and recalculating the figures available in the profit and</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>appearance is skewed due to overseas companies having much higher revenues than New Zealand Limited companies, it was followed by Graph 4b(ii) to show the total revenue of the 117 companies using NZ IFRS accounting standards and Graph 4b(iii) to show the total revenue of the nine companies using overseas accounting standards (AASB standards and EU IFRS).</p> <p>The graphs were followed by lists showing the total revenue figures disclosed by each company and by each graph and its associated accounting standards.</p>	<p>loss/income statement to ensure figures were comparable.</p> <p>See Appendix 6 for more information about what makes a company 'large'.</p>
4b: Profit in financial statements	<p>Financial statements</p> <p>NZX Main Board (NZSX)</p> <p>Profit</p>	<p>Step 1 The 126 2016 financial statements of the NZSX-listed companies (see Table 3b) were used in order to determine each company's profit figure.</p> <p>Step 2 The income statement of each company's financial statements was used to determine this figure. The title of the income statement, as well as the title of the profit figure varied, these were recorded on an Excel spreadsheet. The profit figure recorded was net profit after tax, (foreign currencies were converted into NZD, and the 15-month accounting periods were averaged into 12-month periods – see Challenges 1 and 2), and did not include comprehensive income/(loss).</p> <p>Step 3</p>	<p>Challenge 1 – Currency variations As noted in Step 2, a number of companies presented their financial statements using foreign currencies. To ensure comparability across financial statements, these figures were converted to NZD using IRD exchange rates from the date each company's accounting period ended.</p> <p>Challenge 2 – Financial statements period discrepancies As noted in Step 2, a number of companies presented financial statements for a period greater than 12 months. These figures were averaged to calculate the figure appropriate to a 12-month period.</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>The data was put into two lists. The first was a list showing the various names of each company's income statement. An accompanying graph was also produced.</p> <p>The second was a list showing the profit figure for each company. It was ordered from smallest to largest, and has three accompanying graphs.</p>	
4c: Income tax expense in financial statements	<p>Financial statement</p> <p>NZX Main Board (NZSX)</p> <p>Income tax expenses</p>	<p>Step 1 The 126 2016 financial statements of the NZSX-listed companies (see Table 3b) were used in order to determine each company's income tax expense figure.</p> <p>Step 2 The income tax expense figures for all 126 companies were taken from the profit and loss/income statements from each company's financial statements, recalculated where necessary (foreign currencies were converted into NZD, and the 15-month accounting periods were averaged into 12-month periods – see Challenges 1 and 2), and recorded on an Excel spreadsheet.</p> <p>Step 3 The information was then presented as three bar graphs showing the income tax expenses of each company. Graph 4c(i) depicts all 126 NZSX-listed companies' income tax expenses. As Graph 4c(i)'s appearance is skewed due to overseas companies having much higher revenues than New Zealand Limited companies, it was followed by Graph 4c(ii) to show the tax expenses of the</p>	<p>Challenge 1 – Currency variations As noted in Step 2, a number of companies presented their financial statements using foreign currencies. To ensure comparability across financial statements, these figures were converted to New Zealand Dollars using IRD exchange rates from the date each company's accounting period ended.</p> <p>Challenge 2 – Financial statements period discrepancies As noted in Step 2, a number of companies presented financial statements for a period greater than 12 months. These figures were averaged to calculate the figure appropriate to a 12-month period.</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>117 companies using NZ IFRS accounting standards and Graph 4c(iii) to show the income tax expenses of the nine companies using overseas accounting standards (AASB standards and EU IFRS).</p> <p>The graphs were followed by lists showing the income tax figures disclosed by each company and by each graph and its associated accounting standards.</p> <p>Note 1 – Tax benefits excluded The figures for Table 4c are from income statements. All tax benefits are excluded.</p>	
4d: Total intangible assets in financial statements	<p>Financial statement</p> <p>Intangible asset</p> <p>NZX Main Board (NZSX)</p>	<p>Step 1 The 126 2016 financial statements of the NZSX-listed companies (see Table 3b) were used in order to determine each company's total intangible assets figure.</p> <p>Step 2 The word 'intangible', as well as additional terms found in NZ IAS 38 including 'software', 'patent' 'goodwill', 'intellectual property' that are considered to be or refer to intangible assets, were taken within each company's financial statements. Intangible asset figures were recorded from the balance sheet and/or in the notes to financial statements, on an Excel spreadsheet.</p> <p>Step 3</p>	<p>Challenge 1 – Currency variations As noted in Step 3, a number of companies presented their financial statements using foreign currencies. To ensure comparability across financial statements, these figures were converted to New Zealand Dollars using IRD exchange rates from the date each company's accounting period ended.</p> <p>Challenge 2 – What counts as an intangible asset? There were discrepancies in terms of what companies considered to be intangible assets. NZ IAS 38, paragraph 9 (see Appendix 3F) provides examples of intangible assets however companies differed in what they considered to be an intangible asset. As a result, it was up to the discretion of the researcher to identify all intangible assets, and so a degree of subjectivity was involved which may have resulted in some intangible assets being overlooked.</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>Using the total assets figures from Table 4e, the amount of the total assets that are intangible and were calculated as a percentage of the total assets figures (foreign currencies were converted to NZD – see Challenge 1).</p> <p>Step 4 The information in step 2 was then presented as three bar graphs showing the income tax expenses of each company. Table 4d(i) is a bar graph that depicts all 126 NZSX-listed companies' total intangible assets expenses. As Graph 4d(i)'s appearance is skewed due to overseas companies having much higher revenues than New Zealand Limited companies, it was followed by Graph 4d(ii) to show the 117 companies using NZ IFRS accounting standards and Graph 4d(iii) to show the income tax expenses of the nine companies using overseas accounting standards (AASB standards and EU IFRS).</p> <p>Graph 4d(i) was followed by lists showing the companies that did and did not disclose intangible asset figures (and those figures), and of the companies that did disclose their intangible assets which ones had a percentage of intangible assets to total assets of 'less than 20%', 'between 20% and 50%', and 'above 50%'.</p> <p>Note 1 – Reporting on financial years beyond 12 months</p>	<p>Example 1 [NTL] New Talisman Gold Mines Limited recorded exploration assets as intangible (see p. 67) but [NZR] The New Zealand Refining Company Limited (see p. 73) did not.</p> <p>Example 2 [SCL] Scales Corporation Limited had included 'goodwill' and 'computer software' in the financial statements but did not mention 'intangible assets'. However, these were included as intangible assets in the data collection process.</p>

Table	Key terms (see Glossary)	Method	Challenges
		For companies that reported on financial years other than 12 months, the resulting intangible assets figure was not averaged.	
4e: Total assets in financial statements	Financial statement NZX Main Board (NZSX) Total assets	<p>Step 1 The 126 2016 financial statements of the NZSX-listed companies (see Table 3b) were used in order to determine each company's total assets figure.</p> <p>Step 2 The total assets figures for all 126 companies was taken from the balance sheet of each company's financial statements and recalculated where necessary (foreign currencies were converted into NZD – see Challenge 1).</p> <p>Step 3 The information was then presented as three bar graphs showing the total assets figures for each company.</p> <p>Table 4e(i) is a bar graph that depicts all 126 NZSX-listed company total assets. As Graph 4e(i)'s appearance is skewed due to overseas companies having much higher revenues than New Zealand Limited companies, it was followed by Graph 4e(ii) to show the 117 companies using NZ IFRS accounting standards and 4e(iii) to show the nine companies using overseas accounting standards (AASB standards and EU IFRS).</p>	<p>Challenge 1 – Currency variations A number of companies presented their financial statements using foreign currencies. To ensure comparability across financial statements, these figures were converted to New Zealand Dollars using IRD exchange rates from the date each company's accounting period ended.</p>

Table	Key terms (see Glossary)	Method	Challenges
		The graphs were followed by lists showing the total assets disclosed by each company, the total assets disclosed by the companies that prepared their financial statements according to NZ IFRS accounting standards, and the total assets disclosed by the companies that prepared their financial statements according to overseas accounting standards (AASB standards and EU IFRS).	
4f: Tax paid in financial statements	<p>Financial statement</p> <p>NZX Main Board (NZSX)</p> <p>Total tax paid</p>	<p>Step 1 The 126 2016 financial statements of the NZSX-listed companies (see Table 3b) were used in order to determine each company's total tax paid figure.</p> <p>Step 2 The total tax paid figures for all 126 companies were taken from the cash flow statements in each company's financial statements and recalculated where necessary (foreign currencies were converted into NZD, and the 15-month accounting periods were averaged into 12-month periods – see Challenges 1 and 2).</p> <p>Step 2 Three bar graphs were created to depict the data collected for the total tax paid figure of each company.</p> <p>Graph 4f(i) is a bar graph that depicts all 126 NZSX-listed company total tax paid, due to the skewed data with overseas companies having much higher total tax paid figures than New</p>	<p>Challenge 1 – Currency variations A number of companies presented their financial statements using foreign currencies. To ensure comparability across financial statements, these figures were converted to New Zealand Dollars using IRD exchange rates from the date each company's accounting period ended.</p> <p>Challenge 2 – Financial statements period discrepancies As noted in Step 2, a number of companies presented financial statements for a period greater than 12 months. These figures were averaged to calculate the figure appropriate to a 12-month period.</p> <p>Challenge 3 – Inconsistent tax paid reporting The forms of tax paid (e.g. PAYE or company tax) are not reported consistently.</p> <p>Challenge 4 – Where tax is paid Reports do not consistently indicate whether companies are domiciled as New Zealand tax residents. Being listed on the NZX does not indicate whether a company is a New Zealand tax resident or pays tax in New Zealand.</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>Zealand Limited companies, the graph was broken down into Graph 4f(ii) total tax paid by the 117 companies using NZ IFRS accounting standards and Graph 4f(iii) total tax paid for the nine companies using overseas accounting standards (AASB standards and EU IFRS).</p> <p>The graphs were followed by lists showing the tax paid as disclosed by all 126 NZSX-listed companies, the tax paid disclosed by companies that prepare financial statements according to NZ IFRS, and the tax paid as disclosed by companies that prepare financial statements according to overseas accounting standards (AASB standards and EU IFRS).</p>	
4g: Political donations published in annual reports	<p>Annual report</p> <p>Financial statements</p> <p>NZX Main Board (NZSX)</p>	<p>Step 1 The 126 2016 annual reports of the NZSX-listed companies (see Table 3b) were used in order to determine whether companies discloses political donations.</p> <p>Step 2 Soft copies of the 126 annual reports were searched for the keyword ‘donat-’ to determine the extent to which political donations were published in annual reports.</p> <p>Step 3 If a section regarding donations was present in an annual report, details of whether or not political donations were disclosed was recorded in an Excel spreadsheet.</p>	<p>Challenge 1 – Lack of specificity over ‘political donations’ Not all companies specifically noted whether they did or did not make political donations. However, all companies that did report on political donations stated that none were made. However, questions were also raised through this exercise more broadly around the treatment of non-cash donations.</p> <p>Example 1 [WBC] Westpac Banking Corporation noted (p. 37) that ‘[t]here was no expenditure on political activities in New Zealand for the financial year ended 30 September 2016. In line with Westpac policy, no cash donations were made to political parties in New Zealand during the year.’</p> <p>Example 2</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>Step 4 The information collected was then presented in Table 4g as lists showing the companies that did and did not disclose a statement on political donations.</p>	<p>[ALF] Allied Farmers Limited noted (p. 11) that ‘The Company made no donations to any political party during the year’.</p> <p>Example 3 [CEN] Contact Energy Limited noted (p. 53) that ‘No political contributions were made during the year’.</p> <p>Example 4 [FBU] Fletcher Building Limited noted p. 42) that ‘No political donations were made in the year ended 30 June 2016’.</p> <p>Example 5 [MCY] Mercury NZ Limited noted (p. 90) that ‘Donations to political parties are prohibited and none were made’.</p> <p>Example 6 [MEL] Meridian Energy Limited noted (p. 48) that ‘Meridian does not make donations to political parties’.</p> <p>Example 7 [NZR] The New Zealand Refining Company Limited noted (p. 21) that ‘No political donations were made in 2016’.</p> <p>Example 8 [RYM] Ryman Healthcare Limited (p. 29) that ‘no donations have been made to any political party’.</p> <p>Challenge 2 – Political donations not allocated a specific section of an annual report to be disclosed in</p>

Table	Key terms (see Glossary)	Method	Challenges
			<p>There is no specific section of an annual report that political donations are required to be disclosed, it could be found in the non-financial sections or within the notes to the financial statements, as the following examples show.</p> <p>Example 1 [SPK] Spark New Zealand Limited stated in the notes to the financial statements (p. 54) that 'No donations were made to political parties ...'.</p> <p>Example 2 [AIR] Air New Zealand Limited noted in the non-financial information (p. 48) that 'No donations were made to any political party'.</p>
4h: Non-political donations published in annual reports	<p>Annual report</p> <p>Donations disclosure requirements</p> <p>Financial statements</p> <p>NZX Main Board (NZSX)</p>	<p>Step 1 The 126 2016 annual reports of the NZSX-listed companies (see Table 3e) were used in order to determine how companies disclosed their non-political donations.</p> <p>Step 2 Soft copies of the annual reports were searched for the keywords 'donat-', 'sponsorship', and 'community' to determine the extent to which non-political donations were published in annual reports.</p> <p>The context around the search results were read for relevance to determine whether they referred to specific figures, or talked about corporate</p>	<p>Challenge 1 – Lack of clarity over the use of 'donation' There was confusion over how to define the term 'donation' as there is no set definition within the Companies Act 1993.</p> <p>For example, the following statements were made by companies in their annual reports, yet a statement of donations was not disclosed:</p> <p>Example 1 [BRG] Briscoe Group Limited noted in the non-financial information (p. 8) of their annual report that 'Together, our team, customers and suppliers raised in excess of \$700,000 for Cure Kids in the year just past' and they</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>sponsorship or donations more generally. For more information, see the challenges section.</p> <p>Step 3 If there were no numerical results available, companies were deemed to not have disclosed donations for 2016.</p> <p>If there were numerical results available, the actual figures and their location in the annual report (these included the income statement, notes to the financial statements, and/or the non-financial information) were recalculated where necessary (15 month accounting periods were averaged into 12 month periods, see Challenge 2), recorded in the Excel spreadsheet. If donations were disclosed in more than one section of a company's report, it was recorded whether the figures were the same or differed.</p> <p>Step 4 The information gathered was then presented in Table 4h as a series of lists showing the companies that did disclose a statement on donations in numerical terms specific to the company, the companies that disclosed donations of below NZD\$0.5 and above NZD\$0.5, the companies that disclosed donations in the financial statements only (as an expense), the companies that disclosed donations in the financial statements (as an expense) and in the annual report (as non-financial information), the companies that disclosed donations in the annual</p>	<p>support community initiatives by 'donating product to support fundraising efforts'.</p> <p>For the purposes of this research, no donations were considered to have been disclosed.</p> <p>Example 2 [XRO] Xero Limited noted the non-financial information (p. 47) a great deal of background information on community contributions, but no financial figure was disclosed.</p> <p>For the purposes of this research, no donations were considered to have been disclosed.</p> <p>By contrast, the following statements were made by companies in their annual reports, and a statement of donations was disclosed:</p> <p>Example 1 [TLS] Telstra Corporation Limited noted in the non-financial information (p. 33) under 'Volunteering and giving' that 'Our dollar for dollar matched payroll giving resulted in a total contribution of more than [AUD] \$1.5 million in donations to over 350 charities.'</p> <p>Example 2 [KPG] Kiwi Property Group Limited noted in the non-financial information (p. 102) under 'Donations, sponsorship and volunteering' that '[d]uring the year to 31 March 2016, no donations were made by the company.' It then goes on to state '[t]he company is a longstanding corporate sponsor (\$10,000 per annum) of Keystone Trust.' And '[t]he Kiwi Property Volunteering</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>reports (as non-financial information) but not in the financial statements (as an expense).</p> <p>Note 1 – Comprehensive statement We particularly appreciated the comprehensive definition of donation that [CEN] Contact Energy Limited provided (p. 53): ‘Donations are made on the basis that the recipient is not obliged to provide any service such as promoting Contact’s brand and are separate from Contact’s sponsorship activity. No political contributions were made during the year’. We aligned our own definition to this explanation.</p>	<p>Programme provides each employee one day’s paid leave per 12-month period to enable them to participate in volunteering’.</p> <p>For the purposes of this research, the actual donation disclosed in the list was NZD\$0.</p> <p>Example 3 [ARG] Argosy Property Limited noted under ‘Donations’ in the non-financial information (p. 29) that ‘The Company is a Super Six Sponsor of the Red Beach Surf Lifesaving Club Inc, for a term of three years. The Company contributed \$28,000 in each of the 2014, 2015 and 2016 financial years’.</p> <p>Example 4 [AIA] Auckland International Airport Limited noted in the non-financial information (p. 82 of their annual report) ‘In accordance with section 211(1)(h) of the Companies Act 1993, the company records that it donated a total of \$31,904 to various charities during the year. The company also made other community contributions in the amount of \$399,545’.</p> <p>For the purposes of this research, actual donations disclosed in the list was NZD\$32.</p> <p>Example 5 [MCY] Mercury NZ Limited noted in the non-financial information (pp. 7, 29, 36 and 77 of their annual report) a great deal of background information on community donations but the definitive figure given on p. 90 noted ‘Donations of \$100,637 were made by the Group during the year ended 30 June 2016’.</p>

Table	Key terms (see Glossary)	Method	Challenges
			<p>For the purposes of this research, actual donations disclosed in the list was NZD\$101.</p> <p>Example 6 [SKC] SKYCITY Entertainment Group Limited noted in the notes to the financial statements (p. 40 of their annual report) ‘Community Trust donations \$4,079’. This differs from the donation disclosure on p. 85.</p> <p>For the purposes of this research, actual donations disclosed in the list was NZD\$101.</p> <p>Example 7 [SPG] Stride Property Ltd & Stride Investment Management Ltd noted the non-financial information (p. 69 of their annual report) ‘The Company and its subsidiaries made no donations in the year ending 31 March 2016, other than the sponsorships set out below’. It then goes on to state a number of different sponsorships, not donations.</p> <p>For the purposes of this research, actual donations disclosed in the list was NZD\$0.</p> <p>Challenge 2 – Financial statements period discrepancies As noted in Step 3, a number of companies presented financial statements for a period greater than 12 months. These figures were averaged to calculate the figure appropriate to a 12-month period.</p>

Table	Key terms (see Glossary)	Method	Challenges
			<p>Challenge 3 – Lack of consistency when a non-cash donation is given (e.g. in products or kind)</p> <p>The following comments were made by companies in their annual reports, yet a statement of donations was not disclosed:</p> <p>Example 1 [TGG] T&G Global Limited noted in the non-financial information (p. 50 of their annual report) that ‘produce has been donated to various events promoting healthy food and exercise for New Zealand children.’</p> <p>For the purposes of this research, no statement of donations was considered to have been disclosed.</p> <p>Example 2 [NTL] New Talisman Gold Mines Limited noted in the non-financial information (p. 4 of their annual report) that ‘The company has donated a significant amount of mine timber to the Department of Conservation to assist with refurbishment of the Windows Walk’.</p> <p>For the purposes of this research, no statement of donations were disclosed.</p> <p>By contrast companies made the following comments in their annual reports and a statement of donations was disclosed as they gave the non-cash donations a numerical value:</p> <p>Example 1 [BLT] BLIS Technologies Limited noted in the non-financial information (p. 9 of their annual report) that ‘Donations of products were made by the Group during</p>

Table	Key terms (see Glossary)	Method	Challenges
			<p>the year ended 31 March 2016. The retail value of the products donated totalled \$8,774’.</p> <p>For the purposes of this research, actual donations disclosed in the list was NZD\$9.</p> <p>Example 2 [CVT] Comvita Limited noted in the non-financial information (p. 43 of their annual report) that ‘The Company also made donations of products to charitable organisations’. As it was unclear how much this donation was worth, it was ignored, and the disclosed donations figure on p. 15 was used.</p> <p>For the purposes of this research, actual donations disclosed in the list was NZD\$89.</p> <p>Example 3 [SAN] Sanford Limited noted in the non-financial information (pp. 117 and 119 of their annual report) that ‘In our Marlborough marine clean-up activities over the last five years we have... donated more than two weeks work every year... made what is equivalent to a financial contribution of \$157,530’ and ‘We have also donated rope and other marine farm materials to Tasman and Marlborough District Councils to re-use in building fish ladders to allow native species to move between streams and sea’.</p> <p>As this statement refers to a period of over five years, and it was unclear how much some of the donation was worth, it was ignored, and the disclosed donations figure on p. 151 was used.</p>

Table	Key terms (see Glossary)	Method	Challenges
			<p>For the purposes of this research, actual donations disclosed in the list was NZD\$152.</p> <p>Example 4 [SKC] SKYCITY Entertainment Group Limited noted in the non-financial information (p. 10 of their annual report) that ‘Foodbank NT: SKYCITY Darwin staff donated food items at Christmas which were donated to FoodBank Darwin’. As it was unclear how much this donation was worth it was ignored, and the disclosed donations figure on p. 85 was used.</p> <p>For the purposes of this research, actual donations disclosed in the list was NZD\$10.</p> <p>Challenge 4 – When the parent and the subsidiary were not aligned The following company disclosed the following statement of donations in its annual report:</p> <p>Example 1 [TWR] Tower Limited noted in the non-financial information (on p. 57 of their annual report) that ‘[t]otal donations made by Tower and its subsidiaries are as follows: Tower Limited NZ\$0 and Tower Limited subsidiaries NZ\$39,120.’ These seem inconsistent.</p> <p>For the purposes of this research, actual donations disclosed in the list was NZD\$39.</p> <p>Challenge 4 – Situations where the non-financial information was inconsistent with the financial information.</p>

Table	Key terms (see Glossary)	Method	Challenges
			<p>For example these companies disclosed a statement of donations in their annual reports as follows:</p> <p>Example 1 [SML] Synlait Milk Limited noted in the non-financial information (p. 50 of their annual report) '[t]his year we gave away more than \$15,000 in donations and sponsorships'. However, the notes to the financial statements (p. 65) referred to 'donations \$3' and in the statutory information (p. 115) said that 'For the year ended 31 July 2016 we donated \$2,500 to charitable and community organisations.'</p> <p>For the purposes of this research, actual donations disclosed in the list was NZD\$3.</p> <p>Example 2 [PGW] PGG Wrightson Limited noted in the non-financial information (p. 31 of their annual report) a wide range of community initiatives, such as 'The IHC Calf and Rural Scheme is in its 32nd year' and 'to date, through this scheme, we have helped IHC raise \$27.9 million', whereas the financial statements (p. 45) noted donations of '\$5'.</p> <p>For the purposes of this research, actual donations disclosed in the list were recorded as NZD\$5.</p> <p>Example 3 [SKC] SKYCITY Entertainment Group Limited noted in the non-financial information (p. 85 of their annual report) that 'Donations of \$10,041 were made by the company during the 12-month period ended 30 June 2016', whereas the notes to the financial statements for</p>

Table	Key terms (see Glossary)	Method	Challenges
			<p>the year ended 30 June 2016 (p. 40) stated ‘Community Trust donations \$4,079’.</p> <p>For the purposes of this research, donations were noted in the table as NZ\$10.</p> <p>Example 4 [SPK] Spark New Zealand Limited noted in the non-financial information (pp. 24 and 25 of their annual report) a great deal of background information on community donations. However, the figure in the notes to the financial statements (p. 54) stated ‘\$2,395,000’.</p> <p>For the purposes of this research, actual donations disclosed in the list was NZD\$2,395.</p> <p>Challenge 5 – No year given for donations referred to For example, these companies made the following comments in their annual reports and did not disclose a statement of donations:</p> <p>Example 1 [AMP] AMP Limited noted in the non-financial information (p. 8 of their annual report) that ‘Close to \$86m donated to improve the lives of Australians and New Zealanders since 1992’.</p> <p>For the purposes of this research, no statement of donations was considered to have been disclosed.</p> <p>Challenge 6 – Extent companies reported on donations in terms of anti-bribery For example the following company’s annual report did not disclose a statement of donations:</p>

Table	Key terms (see Glossary)	Method	Challenges
			<p>Example 1 [DOW] Downer EDI Limited noted in the non-financial information (p. 105 of their annual report) that ‘Downer has an Anti-Bribery and Corruption Policy ...’ which addresses key issues such as working with government, political donations, human rights, conducting business internationally and gifts and benefits’ ... These policies are available on the Downer website at www.downergroup.com’.</p> <p>For the purposes of this research, no statement of donations was considered to have been disclosed.</p>
5. Non-financial information disclosed [N=126]			
5a: Statements of corporate governance information by pages and content in annual reports	<p>Annual report</p> <p>Corporate governance statement</p> <p>Exception reporting</p> <p>Financial statement</p> <p>NZX Main Board (NZSX)</p>	<p>Step 1 The lengths of the 126 2016 annual reports of the NZSX-listed companies (as determined in Table 3e) were checked and recorded. The totals were determined by the contents pages onwards (as these began on p. 1). The same process was then followed to determine the page lengths of financial statements.</p> <p>Step 2 a) Contents page check (1) The contents pages of the 126 2016 annual reports of the NZSX-listed companies (as determined in Table 3e) were checked to see if they explicitly contained a corporate governance section. If they did, the number of pages of the</p>	<p>Challenge 1 – Inconsistent corporate governance statements formats There is no universally applied format of a corporate governance statement in annual reports. As corporate governance statements are statements of processes, policies and practices accordingly they can be labelled variously in annual reports (such as corporate governance policies, corporate governance practices, corporate governance processes). Some sections of annual reports containing also incorporate governance disclosures. These inconsistencies make comparing corporate governance statements across annual reports challenging as they are difficult and time consuming to identify in the first place.</p> <p>Challenge 2 – Supporting document disclosures While some annual reports refer readers to alternative locations beyond the annual report (such as the</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>corporate governance section (as indicated by the table of contents) was recorded.</p> <p>b) Contents page check (2) If the contents page did not explicitly include a corporate governance section, they were checked to see if any sections of the annual report explicitly referred to governance. If they did, the relevant section was checked for a corporate governance section. If a corporate governance section was present, the pages it encompassed (as indicated by headings or subheadings) were counted and the total number of pages used by the corporate governance section was recorded.</p> <p>c) Headings and subheadings check If a corporate governance statement was still not located, the annual report was read for any headings or subheadings that use the term 'governance'. If the relevant corporate governance section was found, the number of pages it covered was counted.</p> <p>If nothing resembling a corporate governance section could be found either on the contents page or by reading through the annual report, a list of the companies that did not publish a corporate governance statement was recorded.</p> <p>Step 2 Of the companies that did have corporate governance statements in their annual reports, the relevant pages were printed out and their contents reviewed. The statements (as given)</p>	<p>company's public website), our preliminary searches indicated that actually locating this information is difficult and time consuming (hence, due to time constraints, we were unable to locate all corporate governance statements published outside of the annual reports).</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>were then grouped into two categories:</p> <p>a) Companies that did not direct readers to the issuer’s public website: Annual reports that disclose the full text of their corporate governance, without reference to any further information.</p> <p>b) Companies that directed readers to the issuer’s public website: Annual reports that direct users to full corporate governance sections located elsewhere or to additional information relating to corporate governance (this includes exception reporting). The annual report often refers the reader to a full and comprehensive corporate governance statement sitting outside of the annual report, directing readers to the full document, or supplementary information (e.g. through a website link).</p> <p>Step 3 The information gathered was then presented in Table 5a as a series of lists showing the companies that did and did not disclose a corporate governance statement, and of the companies that did disclose corporate governance statements whether they directed readers to the issuer’s public website, or not.</p> <p>Note 1 – Which pages count as part of the corporate governance section? The pages that referred to the corporate governance section in each annual report were</p>	

Table	Key terms (see Glossary)	Method	Challenges
		<p>determined by the page ranges indicated by the report's contents page.</p> <p>However, not all contents pages accurately disclosed the location of corporate governance section, even if they were contained within the annual report.</p> <p>Example 1 The contents page of [FLI] Fliway Group Limited's annual report indicated that the corporate governance section was located from pp. 64-70, under the heading 'Corporate governance'. Despite p. 64 in the report simply being an image page with the title 'Corporate Governance' on it, as it was indicated as the first page of the corporate governance section by the contents page and is solely concerned with corporate governance it was included as part of the corporate governance section. Therefore, the pages for Fliway Group Limited's corporate governance section were recorded as pp. 64-70.</p> <p>Example 2 The contents page of [CNU] Chorus Limited's annual report indicates that the corporate governance statement is located from pp. 59-72, under the heading 'Governance and Disclosures'. However, on p. 59 there is another set of contents for this section of the annual report, indicating that corporate governance information is located from pp. 60-68. Information on disclosures is located from p. 69. Therefore, the corporate governance section was recorded as</p>	

Table	Key terms (see Glossary)	Method	Challenges
		<p>being located from pp. 60-68, as this was the only section of the annual report concerned with corporate governance information.</p> <p>Example 3 The contents page of [MGL] Mercer Group Limited's annual report does not explicitly indicate the location of the corporate governance section. However, it was located in the 'Statutory Information' section (pp. 61-65), specifically on p. 62 under the subheading 'Corporate governance processes'. Therefore, the corporate governance section was recorded as being located on p. 62.</p> <p>Example 4 The contents page of [OIC] Opus International Consultants Limited's annual report does not explicitly indicate the location of the corporate governance section. However, it was located in the 'Board of Directors' section (pp. 15-19) under the subheading 'Board governance', which covers pp. 18-19. Therefore, the corporate governance section was recorded as being located on pp. 18-19.</p> <p>Example 5 The contents page of [PEB] Pacific Edge Limited's annual report does not explicitly indicate the location of the corporate governance statement. However, it was located in the 'Statutory Information' section (pp. 56-64) under the subheading 'Corporate governance', which covers pp. 61-64. Therefore, the corporate</p>	

Table	Key terms (see Glossary)	Method	Challenges
		<p>governance section was recorded as being located on pp. 61-64.</p> <p>Example 6 The director's statement to [THL] Tourism Holdings Limited's financial statements indicates that the company's 2016 annual report is comprised of two separate documents: the financial statements and the 'Shareholder Annual Review'. As such there is no contents page for the annual report as it is not a single document. The financial statements and shareholder review documents were both checked for a corporate governance statement.</p> <p>The contents page of Tourism Holdings Limited's financial statements does not explicitly indicate the location of corporate governance information. However, a statement was located in the 'Statutory information' section (pp. 53-59) under the heading 'Corporate governance'. This was recorded as being on p. 53.</p> <p>Tourism Holdings Limited's shareholder annual review does not have a contents page as it is a presentation and therefore does not explicitly indicate the location of a corporate governance section. However, a statement (with different text to what was contained in the financial statement) was located under the heading 'Corporate governance' on p. 35, and recorded as such.</p>	

Table	Key terms (see Glossary)	Method	Challenges
		Therefore, taking both the financial statements and shareholder annual review together to comprise Tourism Holding Limited's annual report, saw the corporate governance information recorded as being on and p. 53 and p. 35.	
5b: Gender diversity information stated in annual reports	Annual report Directors NZX Main Board (NZSX) Officers Quantitative breakdown of gender	Step 1 The 2016 annual reports of the 126 NZSX-listed companies (see Table 3e) were used in order to determine how gender diversity information was reported. Step 2 Annual reports were initially searched for 'gender'. In the case of reports which did not return results by this term, the terms 'male', 'female', 'diversity', 'woman', 'women' were searched. Step 3 For companies that disclosed gender statistics for their directors and officers, the dataset was coded by whether companies disclosed numbers, percentages, numbers and percentages or nothing at all. The data was recorded on an Excel spreadsheet. Because of the inconsistent ways the data on gender diversity was disclosed by the	Challenge 1 – Inconsistent disclosure formats Despite the requirement to disclose gender breakdown numerically, rather than proportionately, many companies disclosed gender breakdown as percentages and often did not include the full data required. ⁵ If a company had disclosed enough quantitative numerical data to calculate the gender breakdown, that counted as a disclosure. If a company did not disclose enough information to calculate the gender breakdown, that did not count as a disclosure. How the reports presented the gender composition and what was presented by the reports was recorded on an Excel spreadsheet under the headings of 'Directors' and 'Officers'. We were interested in three areas: (a) Who was disclosing the information (or not), (b) What information was disclosed (i.e. actual numerical data versus percentages) and (c) The actual gender composition of the directors and officers from the companies that disclosed this information. Challenge 2 – Inconsistent terminology

⁵ See this requirement on p. 3 of NZX (2015). *Guidance note: Diversity Policies and Disclosure*. Retrieved from www.nzx.com/files/static/cms-documents/Guidance%20Note%20Diversity%2025%20February%202015.pdf

Table	Key terms (see Glossary)	Method	Challenges
		<p>companies (see Challenge 3), many fields were left blank.</p> <p>Step 4 The spreadsheet was duplicated and, where possible, the blanks were calculated using the data provided. This complete dataset was then used to work out overall gender statistics for each company where this was possible. These deduced gender statistics were first calculated as ratios to form List 5b, then the mean was calculated to generate Graphs 5bii) and 5b(v).</p> <p>Step 5 The information gathered was then presented in Table 5b as a series of pie charts showing firstly how gender diversity was reported by companies for their directors and officers, and then the gender diversity of their directors and officers.</p> <p>The pie charts were followed by lists showing the companies that disclosed the gender diversity of their directors by numbers and percentages, numbers only, percentages only or not at all; the companies that disclosed the gender diversity of their officers by numbers and percentages, numbers only, percentages only or not at all; the actual gender diversity of each company's directors (by ratio); and the actual gender diversity of each company's officers (by ratio).</p> <p>Note 1 – Post-gender society We acknowledge that this table does not take into account genders beyond male and female.</p>	<p>Officers and directors were not consistently referred to as officers and directors across annual reports. Some officers were also referred to as 'senior management' and directors were also referred to as 'the Board'.</p>

Table	Key terms (see Glossary)	Method	Challenges
		However, where companies did disclose gender information, no mention was made of anything beyond the male/female binary.	
5c: Health and safety policy and goals stated in annual reports	Health Health and safety policy	<p>Step 1 The 2016 annual reports of the 126 NZSX-listed companies (see Table 3e) were used in order to determine whether companies disclosed health and safety policy.</p> <p>Step 2 Annual reports were searched for the terms ‘health’, ‘safety’, ‘health and safety’, ‘health & safety’, ‘policy’. Mention of a health and safety policy was most often found within the corporate governance section or other non-financial sections.</p> <p>The context around search results was read for relevance. For example, where a result for ‘health’ discusses a company’s operations in the health sector, this was dismissed as irrelevant for the purpose of our analysis.</p> <p>Step 3 Based on the search results, data was collected on the companies that mentioned a health and safety ‘policy’, ‘charter’, ‘system’, ‘framework’, ‘procedure’, ‘process’, ‘strategy’, ‘programme’, ‘practice’ were considered to have disclosed a policy. There was a range of terminology used however, the purpose of this exercise was to determine which companies have an internal structure to manage health and safety within the company.</p>	<p>Challenge 1 – Time management Found that time was wasted when using search terms that could be used in multiple contexts, such as ‘health and ‘policy’, and not necessarily relevant for our specific purposes.</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>Step 4 The information gathered was then presented in Table 5c as a series of lists showing the companies that did and did not mention a health and safety policy in their annual report.</p>	
5d: Disclosure of information on health and safety statistics, practices and targets	<p>Annual report</p> <p>Extended external reporting</p> <p>Health</p> <p>Health and safety practices</p> <p>Health and safety statistics</p> <p>Health and safety target</p> <p>NZX Main Board (NZSX)</p>	<p>Step 1 The 2016 annual reports of the 126 NZSX-listed companies (see Table 3e) were used in order to determine whether companies disclose information on health and safety statistics, practices and/or targets.</p> <p>Step 2 Annual reports were searched for the terms ‘health’, ‘safety’, ‘LTIFR’, ‘TRIFR’, ‘lost’, ‘injur-’ ‘accident’, ‘frequency’, ‘harm’, ‘zero harm’. These terms were not necessarily specific to the data but aided in finding the relevant health and safety information.</p> <p>Step 3 The context around search results was read for relevance. For example, where a result for ‘health’ discusses a company’s operations in the health sector, this was dismissed as irrelevant for the purpose of our analysis. Based on the search results, data was collected on the companies that mentioned health and safety statistics, practices and targets. See glossary for definitions of these terms.</p> <p>Step 4</p>	<p>Challenge 1 – Varying terms Our search terms may not return results for all statistics, practices and goals as companies use different names and terms to describe their statistics and practices. The search terms used are common terms and are replicated many times throughout the document. The context around each result had to be read carefully.</p> <p>Challenge 3 – Presentation of statistics Companies use different methods to calculate their statistics, making these difficult to compare. Some companies disclosed statistics on graphs, so it was not possible to derive an exact figure. This was counted as a company disclosing statistics.</p> <p>Challenge 2 – Definition of health and safety practices Defining what was considered to be health and safety practices required some level of subjectivity. Companies that mentioned a health and safety policy or committee were not considered to have disclosed a health and safety practice. However, companies that disclosed information on measures they have taken within the year to improve health and safety were considered to have disclosed practices.</p> <p>Example 1</p>

Table	Key terms (see Glossary)	Method	Challenges
		<p>The information gathered was then presented in Table 5d as a series of lists showing the companies that disclosed no health and safety information and those who disclosed one, two, or three out of the three health and safety statistics, practices and targets within their annual reports.</p>	<p>[TGG] T&G Global Limited stated that (p. 42) ‘Growing concern about incidents involving forklifts led to EnzaFoods holding a safety forum for its drivers on its two sites.’</p> <p>Example 2 [MCY] Mercury NZ Limited stated (p. 26) ‘Our people complete an induction to health and safety awareness, and use an online tool to record health and safety, including a phone app for easy access and timely reporting.’</p> <p>Example 3 [FBU] Fletcher Building Limited stated (p. 37) ‘Over the 2016 financial year, guidance was distributed for processes and practices, including working at height, mobile plant, vehicles (light and heavy), guarding and isolation, crane and ancillary equipment, conducting EHS conversations, managing EHS assurance and process safety.’</p>
5e: Environmental practices and targets stated in annual reports	<p>Annual report</p> <p>Environmental practices</p> <p>Environmental targets</p> <p>Environment ISO 1400:2015</p>	<p>Step 1 The 2016 annual reports of the 126 NZSX-listed companies (see Table 3e) were used in order to determine the environmental practices and targets stated in annual reports.</p> <p>Step 2 Search through the soft copies of annual reports for the keywords found in Section 1: ‘environment’, ‘sustaina-’.</p> <p>Results found by using the search terms ‘environment’, ‘sustaina-’, ‘green’ and ‘emission’ were only taken into account if they were</p>	<p>Challenge 1 – Time management Found that time was wasted when using search terms that could be used in multiple contexts, such as ‘environment’ and ‘sustainable’, and not necessarily relevant for our specific purposes.</p>

Table	Key terms (see Glossary)	Method	Challenges
	GRI Sustainability Reporting Standards (GRI Standards) NZ ETS (Emission Trading Scheme) NZX Main Board (NZSX) Sustainable Development Goals (SDGs) UN Principles of Responsible Investment	<p>relevant to our aim for this table. For example, if annual reports contained results such as 'Reflecting the current trading environment' or 'Increased growth in sustainable shareholder value', then these were not recorded.</p> <p>Step 3 The information gathered was then presented in Table 5e as a series of lists showing the companies that did and did not mention environment', 'sustaina-', 'green' or 'emission' in their annual reports, the companies that mentioned environmental practices and/or environmental targets, the companies that did not mention specific environmental information but did broadly mention environment, the companies that disclosed both environmental practices and environmental targets, the companies that disclosed environmental practices only, and the companies that disclosed environmental targets only.</p>	
5f: Carbon emission statistics, costs, controls and targets stated in annual reports	Annual report Emission controls Emission costs Emission statistics Emission targets	<p>Step 1 The 2016 annual reports of the 126 NZSX-listed companies (see Table 3e) were used in order to determine the carbon emission statistics, costs, controls and targets stated in annual reports.</p> <p>Step 2 Search through the soft copies of annual reports for the keywords 'carbon' and/or 'emission'. The context around search results was read for</p>	<p>Challenge 1 – Inconsistent recording measures Companies recorded their measurements of carbon emissions differently. For example, CO₂ emissions (tonnes), CO₂ emissions % change, CO₂kg/m² were all measurements used.</p>

Table	Key terms (see Glossary)	Method	Challenges
	<p>Environment ISO 1400:2015</p> <p>GRI Sustainability Reporting Standards (GRI Standards)</p> <p>Greenhouse gases</p> <p>National Greenhouse and Energy Reporting Act 2007</p> <p>NZ ETS (Emission Trading Scheme)</p> <p>NZX Main Board (NZSX)</p> <p>Task Force on Climate-related Financial Disclosures</p>	<p>relevance, and it was recorded on an Excel spreadsheet whether companies did or did not mention ‘carbon’ or ‘emission’ (as relevant to this project) in their annual reports.</p> <p>Step 3 Annual reports that did return appropriate search results for ‘carbon’ and/or ‘emission’ were then searched for statistics regarding carbon emissions (both abated and emitted) and for any goals that were relevant. The results of this search were recorded in the Excel spreadsheet.</p> <p>Step 4 The information gathered was then presented in Table 5f as a series of lists showing the companies that did and did not mention ‘emission’ and/or ‘carbon’ in their annual reports; the companies that did mention specific information through disclosure of emission statistics, emission controls, and emission targets; the companies that did not mention specific information but did broadly discuss carbon emissions; the companies that disclosed all four of emission statistics, emission costs, emission controls and emission targets; the companies that disclosed three out of four of emission statistics, emission costs, emission controls and emission targets; the companies that disclosed two out of four of emission statistics, emission costs, emission controls and emission targets; and the companies that disclosed one out of four of emission statistics, emission costs, emission controls and emission targets.</p>	

Table	Key terms (see Glossary)	Method	Challenges
5g: Water statistics, controls and targets stated in annual reports	<p>Annual report</p> <p>NZX Main Board (NZSX)</p> <p>Water controls</p> <p>Water rights</p> <p>Water statistics</p> <p>Water targets</p>	<p>Step 1 The 2016 annual reports of the 126 NZSX-listed companies (see Table 3e) were used in order to determine how water statistics, controls and targets were stated in annual reports.</p> <p>Step 2 Search through the soft copies of annual reports for the keywords ‘water’, ‘qualit-’, and ‘irrigat-’. The context around search results was read for relevance, and it was recorded on an Excel spreadsheet whether companies did or did not mention water (as relevant to this project) in their annual reports.</p> <p>Step 3 Annual reports that did return appropriate search results for ‘water’, ‘qualit-’, and ‘irrigat-’ were then searched for specific information about water quality and/or water usage; statistics about water use or water quality; if they included specific goals to improve water quality and/or water usage; and if they included current measures of water usage and/or quality control. The results of this search were recorded in the Excel spreadsheet.</p> <p>Step 4 The information gathered was then presented in Table 5g as a series of lists showing the companies that did and did not mention ‘water’ in their annual reports; the companies that mentioned specific water statistics, water controls and/or water targets; the companies that did not</p>	

Table	Key terms (see Glossary)	Method	Challenges
		mention specific information but did broadly discuss water quantity and/or quality; the companies that disclosed all three of water statistics, water controls and water targets; the companies that disclosed two out of three of water statistics, water controls and water targets; and the companies that disclosed one out of three of water statistics, water controls and water targets.	

Abbreviations

AASB standards	Accounting standards issued by the Australian Accounting Standards Board.
APM	Alternative Performance Measures
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
AUD	Australian Dollar
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization
EU IFRS	European Union International Financial Reporting Standards
FSB	Financial Stability Board
FSM	Fonterra Shareholders' Market
GAAP	Generally Accepted Accounting Practices
GBP	Great British Pound
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
LSE	London Stock Exchange
LuxSE	Luxembourg Stock Exchange
Non-GAAP	Not complying with GAAP – see above
NYSE	New York Stock Exchange
NZD	New Zealand Dollar
NZ IFRS	New Zealand equivalents in International Financial Reporting Standards
NZ IFRS Diff Rep	NZ IFRS Differential Reporting
NZ IFRS RDR	NZ IFRS Reduced Disclosure Regime (replaced NZ IFRS Diff Rep in December 2015)
NZX	New Zealand Stock Exchange
NZAX	New Zealand Stock Exchange Alternative Market
NZDX	New Zealand Stock Exchange Debt Market
NZSX	New Zealand Stock Exchange Main Board
NXT	A market for small to medium-sized businesses
PBE	Public Benefit Entities
SORP	Statements of Recommended Practice
TCFD	Task Force on Climate-related Financial Disclosures
TPEX	Taipei Exchange
UK GAAP	United Kingdom Generally Accepted Accounting Practices
USD	United States Dollar

Glossary

A4S

‘The Prince’s Accounting for Sustainability Project was established by HRH The Prince of Wales in 2004 “to help ensure that we are not battling to meet 21st century challenges with, at best, 20th century decision making and reporting systems”. A4S aims to inspire action by finance leaders to drive a fundamental shift towards resilient business models and a sustainable economy.’⁶

Accessibility

In the *ReportingNZ* project, the term accessibility refers to how easy it is to access the information. Accessibility can take on many different aspects including (i) who can gain access (disclosure barriers), (ii) what formats (technology barriers), (iii) what costs (pricing barriers), (iv) when information is available (timing barriers) and (v) where the information can be found (Companies Office website, NZX website or company’s own website).

AccountAbility

‘AccountAbility’s AA1000 Series of Standards are principles-based Standards and Frameworks used by a broad spectrum of organizations – global businesses, private enterprises, governments and civil societies – to demonstrate leadership and performance in accountability, responsibility and sustainability.’⁷

Alternative Performance Measures

Company performance measures other than those reported in a company’s financial statements. Examples of APMs include ‘underlying profits’, ‘normalised profits’, EBIT and EBITDA.⁸[footnote]

Annual report

See content of an annual report in Companies Act 1993, s 211. See Appendix 1A.
See ‘Obligation to prepare annual report’ in Companies Act 1993, s 208. See Appendix 1A.

Annual reporting standards

See content of an annual report in Companies Act 1993, s 211. See Appendix 1A.
See ‘Annual and Half-yearly reports’, s 10.4.5 of the NZX Main Board Listing Rules. See Appendix 4.

Audit firm

The firm contracted to audit the financial statements of a company.

Auditing reporting requirements

See ‘reporting requirement’ in Companies Act 1993, s 207b, in Appendix 1A.

Australian and New Zealand Standard Industrial Classification 2006

‘The Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 is used to compile and analyse industry statistics in New Zealand and Australia.’⁹

⁶ Accounting for Sustainability (n.d.). *A4S Aims*. Retrieved 10 September 2017 from www.accountingforsustainability.org/en/about-us/overview.html

⁷ AccountaAbility (2016). *Standards*. Retrieved 10 September 2017 from www.accountability.org/standards

⁸ External Reporting Board (XRB) (2017). *Alternative Performance Measures: A New Zealand user-needs survey*. Retrieved 21 February 2018 from www.xrb.govt.nz/information-hub/current-research-reports.

⁹ Statistics New Zealand (n.d.) *New Zealand Standard Industry Output Categories classification tables*. Retrieved 10 September 2017 from www.archive.stats.govt.nz/browse_for_stats/industry_sectors/anzsic06-industry-classification/tables.aspx

Carbon Disclosure Project

‘CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.’¹⁰

Companies Office

Ministry of Business, Innovation and Employment (MBIE) is the government agency responsible for administering business registers for corporate entities, securities over personal property, capital markets and financial products.¹¹ The core role of the Companies Office is to operate statutory registers. See also ‘company records’ as defined in Companies Act 1993, s 189 in Appendix 1A.

Companies Register

A website (www.companies-register.companiesoffice.govt.nz) operated by the New Zealand Companies Office where company details are stored including ‘registration of a company, its directors, officers, shareholders and members, disclosure and reporting duties, restructuring or amalgamation of companies, dissolution, termination or removal of companies from the Companies Register’.¹² This information is publicly accessible.

Company

See *large company* below.

Content

Refers to the content and quality of information that is provided to the public in an annual report of financial statements; legally required or voluntary.

See *Annual Report* above.

See *accessibility* above.

Control

See definition in NZ IFRS 10, paragraph 5. See Appendix 3G.

See definition in the Companies Act 1993, s 7. See Appendix 1A.

Corporate governance

There is currently no set definition of corporate governance as it is an evolving area of reporting.

However, the NZX *Corporate Governance Code*¹³ and the FMA *Corporate Governance Principles and Guidelines*¹⁴ set out principles that shape corporate governance:

1. Ethical behaviour/standards
2. Board composition and performance
3. Board committees
4. Reporting and disclosure
5. Remuneration
6. Risk management
7. Auditors
8. Shareholder rights/relations
9. Stakeholder interests (FMA Principle only)

¹⁰ CDP (n.d.) Home. Retrieved 10 September 2017 from www.cdp.net/en

¹¹ Ministry of Business, Employment and Innovation (MBIE) (n.d.). *About us*. Companies Office. Retrieved 10 September 2017 from www.companiesoffice.govt.nz/companies/about-us

¹² Ministry of Business, Employment and Innovation (MBIE) (n.d.). *Corporate regulation in New Zealand. Companies Office*. Retrieved 7 February 2018 from www.companiesoffice.govt.nz/about-us/corporate-regulation-in-new-zealand

¹³ NZX Limited (2017). *NZX Corporate Governance Code*. Retrieved 19 February 2017 from www.nzx.com/regulation/nzx-rules-guidance/corporate-governance-code

¹⁴ Financial Markets Authority (FMA) (2014). *Corporate Governance in New Zealand: Principles and Guidelines*. Retrieved 1 February 2017 from www.fma.govt.nz/compliance/guidance-library/corporate-governance/corporate-governance-in-new-zealand-principles-and-guidelines/

Corporate governance statement

Corporate governance statements report on the system of rules, practices and processes that show how the company is directed and controlled. NZSX-listed companies are required in the Rules (s 10.4.5(h) and (i)) to give a statement of any corporate governance policies adopted and how these materially differ from the NZX Corporate Governance Best Practice Code. This can either be in the annual report, or the annual report must provide a clear reference to where the statement can be found on the company's public website. See NZX Main Board Listing Rules s 10.4.5.

In New Zealand there are five guides:

1. *NZX Corporate Governance Code 2017*
2. *FMA Corporate Governance in New Zealand: Principles and Guidelines 2014*
3. *Institute of Directors Code of Practice for Directors 2014*
4. *New Zealand Corporate Governance Forum Guidelines 2015*
5. *ASX Corporate Governance Principles and Recommendations 2014*

Below are the principles and guidelines set out in both the *NZX Corporate Governance Code 2017* and the *FMA Corporate Governance in New Zealand: Principles and Guidelines 2014*:

Principle 1: Ethical standards/code of ethical behaviour

Principle 2: Board composition and performance

Principle 3: Board committees

Principle 4: Reporting and disclosure

Principle 5: Remuneration

Principle 6: Risk management

Principle 7: Auditors

Principle 8: Shareholder rights/relations

Principle 9: Stakeholder interests (this principle is only included in the *FMA Principles and Guidelines*)

Country of Registration

In the *ReportingNZ* project, the term refers to the country in which the process of registering a company is undertaken.

Criteria (for filing external reports)

In the *ReportingNZ* project, the term refers to the filing requirements of annual and financial reports. See *Accessibility* above.

Deloitte Top 200

The Deloitte Top 200 rankings prepared by Deloitte each year lists New Zealand's largest organisations, ranked by revenue size. This list can include publicly listed companies, unlisted companies, New Zealand subsidiaries/branches of overseas companies and local authority and state-owned enterprises. These are announced in December each year.¹⁵

Directors

See definition in the NZX Main Board/Debt Market Listing Rules (dated 7 March 2016), section 1.6.1. Refer to Appendix 4A.

Donation

Considered made 'If the payer receives no direct benefit in return.'¹⁶

Donations disclosure requirements

See Companies Act 1993, s 211 in Appendix 1A.

¹⁵ Deloitte (n.d.). *Celebrating Management Excellence, Deloitte Top 200*. Retrieved 10 September 2017 from www.top200.co.nz/awards

¹⁶ Inland Revenue (2014). *Non-Profit glossary*. Retrieved 10 September 2017 from www.ird.govt.nz/non-profit/np-glossary/np-glossary.html

Emission controls

In the *ReportingNZ* project, the term emission controls refers to existing measures that were put in place to control or abate carbon emissions.

Emission costs

In the *ReportingNZ* project, the term emission costs refers to existing carbon emission offsets stated in financial figures and/or the number of carbon units used.

Emission statistics

In the *ReportingNZ* project, the term emission statistics refers to existing carbon emissions data stated in tonnes, percentages or CO₂/m² produced and/or abated.

Emission targets

In the *ReportingNZ* project, the term emission targets refers to specific goals that are put in place to reduce future carbon emissions.

Environment ISO 1400:2015

Is the name of an environmental management system. ISO 1400:2015 maps out a framework that a company or organization can follow to set up an effective environmental management system.¹⁷

Environmental practices

In the *ReportingNZ* project, the term environmental practices refers to existing controls that were put in place to reduce environmental impacts arising from operating the company.

Environmental targets

In the *ReportingNZ* project, the term environmental targets refers to specific goals that are put in place to reduce probable environmental impacts arising from operating the company.

Exception reporting

Made possible in terms of the 'comply or explain' requirements under section 10.4.5(i) of the NZX Listing Rules (this could either be in line with the recommendations made by the NZX or an overseas exchange).

Extended external reporting

In the *ReportingNZ* project, the term extended external reporting (EER) refers to 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.

Financial statements

For 'Meaning of financial statements' as defined by the Financial Reporting Act 2013, see Appendix 1C.

For what makes up a complete set of financial statements, see NZ IAS 1 in Appendix 3A.

Financial reporting standards

'For-profit entities must apply these current accounting standards (NZ IFRS, NZ IAS, FRS), interpretations (NZ IFRIC, NZ SIC) and other pronouncements issued by the XRB Board or the NZASB for periods beginning on or after 1 December 2012.'¹⁸

¹⁷ International Organization for Standardization (n.d.). *ISO 14000 family – Environmental management, Standards*. Retrieved 10 September 2017 from www.iso.org/iso-14001-environmental-management.html

¹⁸ External Reporting Board (XRB) (2018). *For-profit standards*. Retrieved 24 January 2018 from www.xrb.govt.nz/accounting-standards/for-profit-entities/

FMA Corporate Governance Handbook

The handbook is prepared by the New Zealand Financial Markets Authority (FMA) and is intended as a reference for directors, executives and advisers to decide how best to apply the principles to their particular entity.¹⁹ Refer Appendix 2.

FMC Reporting Entity

See definition in the Financial Markets Conduct Act 2013, s 451. See Appendix 1B.

For-profit entity

The term encompasses all entities that are not public benefit entities according to Appendix A of XRB A1: Application of the Accounting Standards Framework.

Functional currency

See definition in NZ IAS 21, paragraph 8 in Appendix 3D.

G4 Sustainability Reporting Guidelines

The G4 Guidelines are a set of international reporting standards that will be superseded by the GRI Sustainability Reporting Standards (GRI Standards) on or after 1 July 2018. The GRI Standards will be required for all reports or other materials published after that date.²⁰

GRI Sustainability Reporting Standards (GRI Standards)

The GRI Standards were the first global standards for sustainability reporting. They feature a modular, interrelated structure, and represent the global best practice for reporting on a range of economic, environmental and social impacts.²¹ See also G4 Sustainability Reporting Guidelines above.

Government-related entity

See definition in NZ IAS 24, paragraph 9. Refer to Appendix 3E.

Greenhouse gases

These are ‘gases that trap heat in the atmosphere’. Greenhouse gases can include carbon dioxide, methane, nitrous oxide, and sulphur hexafluoride, hydro fluorocarbon, perfluorocarbon.²²

Health

As defined by s 16 of the Health and Safety Act 2015, it ‘means physical and mental health’.

Health and safety policy

Means stating the existence of a written health and safety policy in the annual report. Different terminology such as ‘charter’, ‘framework’, ‘system’ were considered to be a mention of an existing policy.

Health and safety practices

In the *ReportingNZ* project, the term health and safety practices refers to stating specific voluntary actions that the company has undertaken to improve health and safety outcomes. Having a health and safety policy (see glossary definition) or committee (board level systems) was insufficient, rather actual actions needed to be stipulated such providing training or checking equipment.

Health and safety target

¹⁹ Financial Markets Authority (FMA) (2014, December). *Corporate Governance in New Zealand: Principles and Guidelines: A handbook for directors, executives and advisers*. Retrieved 10 September 2017 from www.fma.govt.nz/assets/Reports/141201-FMA-Corporate-Governance-Handbook-Principles-and-Guidelines2014.pdf

²⁰ Global Reporting Initiative (GRI) (n.d.). *G4 Sustainability Reporting Guidelines*. Retrieved 10 September 2017 from www.globalreporting.org/information/g4/Pages/default.aspx

²¹ Global Reporting Initiative (GRI) (n.d.). *GRI Standards Download Homepage*. Retrieved 10 September 2017 from www.globalreporting.org/standards

²² United States Environmental Protection Agency (EPA). (n.d.). *Overview of Greenhouse Gases*. Retrieved 10 September 2017 from www.epa.gov/ghgemissions/overview-greenhouse-gases

In the *ReportingNZ* project, the term health and safety target refers to specific goals that are put in place to reduce health and safety issues e.g. ‘zero harm’.

Health and safety statistics

In the *ReportingNZ* project, the term health and safety statistics refers to existing health and safety data stated in terms of ‘LTIFR’, ‘TRIFR’ and other statistical measures.

Income tax expense

See definition in **NZ IAS 12, Paragraph 5** in Appendix 3C.

Industrial Classification

See Australian and New Zealand Standard Industrial Classification 2006 above.

Intangible asset

See definition in NZ IAS 38, paragraph 8. Refer Appendix 3F.

International <IR> Framework

‘<IR> is a process founded on integrated thinking that results in a periodic integrated report by an organization about value creation over time and related communications regarding aspects of value creation. An integrated report is a concise communication about how an organization’s strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term.’²³

Issuer

See definition in Financial Markets Conduct Act 2013, s11. Refer Appendix 1B.

Large company

See definition in the Financial Reporting Act 2013, s 45(a). Refer Appendix 1C.

National Greenhouse and Energy Reporting Act 2007

An Australian Act which aims ‘to provide for the reporting and dissemination of information related to greenhouse gas emissions, greenhouse gas projects, energy production and energy consumption, and for other purposes’.²⁴

Nature of business

See *reporting requirement* on ‘nature of business’ in the Companies Act 1993, s 211(1)(a)(i). Refer Appendix 1A.

Non-financial information

In the *ReportingNZ* project, the term non-financial information refers to information that is provided in a company’s annual report that discloses information about that company which is not financial in nature.

NZ ETS (Emission Trading Scheme)

The New Zealand ETS places ‘a price on greenhouse gas emissions, with the intent to create a financial incentive for businesses to invest in technologies and practices that reduce emissions.’²⁵

NZX Main Board (NZSX)

²³ International Integrated Reporting Council (IIRC) (n.d.). *International <IR> Framework*. Retrieved 10 September 2017 from www.integratedreporting.org/resource/international-ir-framework

²⁴ National Greenhouse Gas and Energy Reporting Act 2007. Australian Government. Retrieved 10 September 2017 from www.legislation.gov.au/Details/C2007A00175

²⁵ Ministry for the Environment (MFE) (n.d.). *New Zealand Emissions Trading Scheme*. Retrieved 10 September 2017 from www.mfe.govt.nz/climate-change/reducing-greenhouse-gas-emissions/new-zealand-emissions-trading-scheme

The NZX Main Board (NZSX) is the original equities market and home for New Zealand's best known brands and companies.²⁶ Refer to Appendix 4B.

NZX Markets

NZX refers to the combination of all NZX boards, including the NZX Main Board (NZSX), NXT Market (NXT), NZX Alternative Market (NZAX), NZX Debt Market (NZDX), NZX Dairy Derivatives, NZX Equity Derivatives and Fonterra Shareholders Market (FSM).²⁷

Officers (Company officers)

See definition in the NZX Main Board/Debt Market Listing Rules (dated 7 March 2016), section 1.6.1 in Appendix 4A.

Overseas ASIC and non-ASIC companies

These types of companies refer to overseas companies that operate branches or establish share registers within New Zealand, but do not establish a separate New Zealand subsidiary company. These overseas branches function under the regulations of New Zealand law, most often as non-residential tax payers, and all liabilities affect the overseas company directly. Overseas ASIC and non-ASIC Companies that operate within New Zealand are legally obligated to upload two separate files to the Companies Office: the company annual report and separate financial statements for operations within New Zealand. Companies that hold share registers in New Zealand are, for the purpose of NZX listing requirements, registered with the Companies Office, but as they do not operate in New Zealand, they are not required to file any additional information separate to the company's annual report.²⁸

Overseas company

See definition and application in the Companies Act 1993, ss 2 and 332 in Appendix 1A.

Presentation currency

See definition in NZ IAS 21, paragraph 8 in Appendix 3D.

Profit

'The total of income less expenses, excluding the components of other comprehensive income.'²⁹

Public benefit entity

A reporting entity which has the primary objective of providing goods or services of social benefit for the community and where an equity has been provided with a view to supporting that primary objective rather than for a financial return to equity shareholders.³⁰

Quantitative breakdown of gender

See definition in the NZX Main Board/Debt Market Listing Rules (dated 7 March 2016), section 10.4.5(j) in Appendix 4A.

Registered office

See definition in the Companies Act 1993, s 186. Refer Appendix 1A.

Related party disclosures

See reporting requirement for 'related party disclosures' in NZ IAS 24, s 13. See Appendix 3E.

²⁶ NZX (n.d.). *NZX Main Board (NZSX)*. Retrieved 11 January 2018 from www.nzx.com/markets/NZSX

²⁷ NZX Limited (n.d.). *Home*. Retrieved 10 September 2017 from www.nzx.com

²⁸ Private Box Limited (n.d.). *Overseas Companies*. Retrieved 10 September 2017 from www.privatebox.co.nz/virtual-office/overseas-companies

²⁹ External Reporting Board (n.d.). *For-profit Standards Glossary 2016*. Retrieved 20 February 2018 from www.xrb.govt.nz/accounting-standards/glossaries/

³⁰ External Reporting Board (2015). *XRB A1. For-profit standards*. Retrieved 11 January 2018 from www.xrb.govt.nz/accounting-standards/for-profit-entities/xrb-a1/

Reporting frameworks

In the *ReportingNZ* project, the term refers to globally recognized frameworks that form guidelines and standards for best practices in reporting. The XRB has had a strong focus in 2016–2017 on extended external reporting and improving practices in New Zealand. Examples of reporting frameworks include Global Reporting Initiative (GRI) Standards, Integrated Reporting <IR>, UN Sustainable Development Goals, Accounting for Sustainability (A4S) and Carbon Disclosure Project (CDP).

Significant companies

In the *ReportingNZ* project, the term significant companies refers to the 2016 Deloitte Top 200 ranked companies and the 129 companies listed on the NZSX Main Board as at 30 June 2017. See List 2e for the full list of all the significant companies.

Statutory information

See definition in the NZX Main Board listing rules (May 2016) in Appendix 1B.

Significant shareholding

In the *ReportingNZ* project, the term significant shareholding refers to when an overseas shareholder owns 25% or more of the company's shares, or a New Zealand company/shareholder owns 50% or more of the company's shares.³¹

Sustainable Development Goals (SDGs)

The United Nations 'SDGs work in the spirit of partnership and pragmatism to make the right choices now to improve life, in a sustainable way, for future generations. They provide clear guidelines and targets for all countries to adopt in accordance with their own priorities and the environmental challenges of the world at large.'³²

Task Force on Climate-related Financial Disclosures

The FSB TCFD was established in 2016 and produced finalised guidelines in June 2017. They developed 'voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders.'³³ *Footnote number here*

Total assets

See definition in the XRB A2, paragraph 8 in Appendix 3H.

Total revenue

See definition in the XRB A2, paragraph 9 in Appendix 3H.

Total tax paid

See reporting requirement in NZ IAS 7, paragraph 36 in Appendix 3B.

Ultimate Holding Company

See definition in the Companies Act 1993, s 94A in Appendix 1A.

UN Principles of Responsible Investment

The United Nations is a 'proponent of responsible investment that works to understand the investment implications of environmental, social and governance (ESG) factors.'³⁴

²⁸ Ministry for Business, Innovation & Employment (MBIE) (n.d.). *Financial Reporting. Companies Office*. Retrieved 11 January 2018 from www.companies-register.companiesoffice.govt.nz/help-centre/financial-reporting/

³² United Nations Development Programme (UNDP) (n.d.). *What are Sustainable Development Goals?* Retrieved 10 September 2017 from www.undp.org/content/undp/en/home/sustainable-development-goals.html

³³ FSB Task Force on Climate-related Financial Disclosures (TCFD) (n.d.). *Our Mission*. Retrieved 21 February 2018 from www.fsb-tcf.org/about/#

³⁴ Finance UNEP Initiative (n.d.). *Principles For Responsible Investment*. Retrieved 10 September 2017 from www.unpri.org/about

Water controls

In the *ReportingNZ* project, the term water controls refers to existing practices that were put in place to control water quantity and/or water quality.

Water rights

In the *ReportingNZ* project, the term water rights refers to the right of a user to use water from a water source.

Water statistics

In the *ReportingNZ* project, the term water statistics refers to existing water data stated in terms of litres or percentages used and/or location sourced.

Water targets

In the *ReportingNZ* project, the term water targets refers to specific goals that are put in place to reduce water quantity and/or improve water quality.

Appendix 1: New Zealand Legislation

A: Companies Act 1993³⁵

Section 2

annual report—

- (a) means a report prepared under section 208; and
- (b) does not include a concise annual report

overseas company means a body corporate that is incorporated outside New Zealand

Section 5

5 Meaning of holding company and subsidiary

- (1) For the purposes of this Act, a company is a **subsidiary** of another company if, but only if,—
 - (a) that other company—
 - (i) controls the composition of the board of the company; or
 - (ii) is in a position to exercise, or control the exercise of, more than one-half the maximum number of votes that can be exercised at a meeting of the company; or
 - (iii) holds more than one-half of the issued shares of the company, other than shares that carry no right to participate beyond a specified amount in a distribution of either profits or capital; or
 - (iv) is entitled to receive more than one-half of every dividend paid on shares issued by the company, other than shares that carry no right to participate beyond a specified amount in a distribution of either profits or capital; or
 - (b) the company is a subsidiary of a company that is that other company's subsidiary.
- (2) For the purposes of this Act, a company is another company's **holding company**, if, but only if, that other company is its subsidiary.
- (3) In this section and sections 7 and 8, the expression **company** includes a body corporate.

³⁵ All excerpts in Appendix 1A: Companies Act 1993 may be read in context in Companies Act 1993 (last updated 2018). Retrieved from www.legislation.govt.nz/act/public/1993/0105/latest/whole.html

Section 7

7 Control defined

For the purposes of section 5, without limiting the circumstances in which the composition of a company's board is to be taken to be controlled by another company, the composition of the board is to be taken to be so controlled if the other company, by exercising a power exercisable (whether with or without the consent or concurrence of any other person) by it, can appoint or remove all the directors of the company, or such number of directors as together hold a majority of the voting rights at meetings of the board of the company, and for this purpose, the other company is to be taken as having power to make such an appointment if—

- (a) a person cannot be appointed as a director of the company without the exercise by the other company of such a power in the person's favour; or
- (b) a person's appointment as a director of the company follows necessarily from the person being a director or other officer of the other company.

Compare: Corporations Act 1989 s 47 (Aust)

Section 186

186 Registered office

- (1) A company must always have a registered office in New Zealand.
- (2) Subject to section 187, the registered office of a company at a particular time is the place that is described as its registered office in the New Zealand register at that time.
- (3) The description of the registered office must—
 - (a) state the address of the registered office; and
 - (b) if the registered office is at the offices of any firm of accountants, barristers and solicitors, or any other person, state—
 - (i) that the registered office of the company is at the offices of that firm or person; and
 - (ii) particulars of the location in any building of those offices; or
 - (c) if the registered office is not at the offices of any such firm or person but is located in a building occupied by persons other than the company, state particulars of its location in the building.

Compare: 1955 No 63 s 115(1)

Section 186(3)(b): amended, on 1 July 2015, by section 17 of the Financial Reporting Amendment Act 2014 (2014 No 64).

189 Company records

- (1) Subject to subsection (3) and to section 88 and section 195, a company must keep the following documents at its registered office:
 - (a) the constitution of the company;
 - (b) minutes of all meetings and resolutions of shareholders within the last 7 years;
 - (c) an interests register;
 - (d) minutes of all meetings and resolutions of directors and directors' committees within the last 7 years;
 - (e) certificates given by directors under this Act within the last 7 years;
 - (f) the full names and addresses of the current directors;
 - (g) copies of all written communications to all shareholders or all holders of the same class of shares during the last 7 years, including annual reports made under section 208;
 - (h) copies of all financial statements and group financial statements required to be completed by this Act or any other enactment for the last 7 completed accounting periods of the company;
 - (i) the accounting records required by section 194 for the current accounting period and for the last 7 completed accounting periods of the company;
 - (j) the share register.
- (2) The references in paragraphs (b), (d), (e), and (g) of subsection (1) to 7 years and the references in paragraphs (h) and (i) of that subsection to 7 completed accounting periods include such lesser periods as the Registrar may approve by notice in writing to the company.
- (3) The records referred to in paragraphs (a) to (i) of subsection (1) may be kept at a place in New Zealand, notice of which is given to the Registrar in accordance with subsection (4).
- (4) If any records are not kept at the registered office of the company, or the place at which they are kept is changed, the company must ensure that within 10 working days of their first being kept elsewhere or moved, as the case may be, notice is given to the Registrar for registration of the places where the records are kept.
- (5) If a company fails to comply with subsection (1) or subsection (4),—
 - (a) the company commits an offence and is liable on conviction to the penalty set out in section 373(2);
 - (b) every director of the company commits an offence and is liable on conviction to the penalty set out in section 374(2).

Section 200

200 Application of preparation provisions

- (1) Sections 201 and 202 apply to—
 - (a) every **large** company; and
 - (b) every company that is a public entity; and
 - (c) every large overseas company; and
 - (d) every other company with 10 or more shareholders unless the company has opted out of compliance with the provision in accordance with section 207I; and
 - (e) every other company with fewer than 10 shareholders if the company has opted into compliance with the provision in accordance with section 207K.
- (2) However, section 201 does not apply to a company or an overseas company in relation to a balance date if the company or overseas company has, on that date, 1 or more subsidiaries (*see* section 202).
- (3) Further, section 201 does not apply to a company or an overseas company (**A**) in relation to a balance date if,—
 - (a) on the balance date, A has no subsidiaries but is a subsidiary of a body corporate (**B**) that is—
 - (i) incorporated in New Zealand; or
 - (ii) registered or deemed to be registered under Part 18; and
 - (b) group financial statements in relation to a group comprising B, A, and all other subsidiaries of B that comply with generally accepted accounting practice are completed in relation to the balance date under this Act or any other enactment; and
 - (c) A has not opted into compliance with section 201 as referred to in subsection (1)(e).

Section 201

201 Financial statements must be prepared

Every company or overseas company to which this section applies (**A**) must ensure that, within 5 months after the balance date of A, financial statements that comply with generally accepted accounting practice are—

- (a) completed in relation to A and that balance date; and
- (b) dated and signed on behalf of A by 2 directors of A, or, if A has only 1 director, by that director.

Compare: 1993 No 106 ss 10(1), 11(1)

Section 201: replaced, on 1 April 2014, by section 30 of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

Section 207B

207B Auditor must report to shareholders

- (1) The auditor of a company must make a report to the shareholders on the financial statements or group financial statements audited by the auditor.
- (2) The auditor's report must comply with the requirements of all applicable auditing and assurance standards.
- (3) Subsection (2) is subject to section 207A(3).

Section 207B: inserted, on 1 April 2014, by section 30 of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

Section 207D

207D Application of registration provisions

- (1) Section 207E applies to each of the following:
 - (a) every large overseas company;
 - (b) every large company in which shares that in aggregate carry the right to exercise or control the exercise of 25% or more of the voting power at a meeting of the company are held by—
 - (i) a subsidiary of a body corporate incorporated outside New Zealand; or
 - (ii) a body corporate incorporated outside New Zealand; or
 - (iii) a person not ordinarily resident in New Zealand.
- (2) However, section 207E does not apply to a company or an overseas company (A) if the following requirements are satisfied:
 - (a) A is a subsidiary of a body corporate (B) that is—
 - (i) incorporated in New Zealand; or
 - (ii) registered or deemed to be registered under Part 18; and
 - (b) group financial statements in relation to a group comprising B, A, and all other subsidiaries of B that comply with generally accepted accounting practice are completed and signed within the time specified in section 202; and
 - (c) a copy of the group financial statements referred to in paragraph (b) and a copy of the auditor's report on those statements are delivered for registration under this Act or for lodgement under another Act.
- (3) For the purposes of subsection (1), a person is **ordinarily resident in New Zealand** if that person—
 - (a) is domiciled in New Zealand; or
 - (b) is living in New Zealand and the place where that person usually lives, and has been living for the immediately preceding 12 months, is in New Zealand, whether or not that person has on occasions been away from New Zealand during that 12-month period.

Compare: 1993 No 106 s 19(1), (2)

Section 207D: inserted, on 1 April 2014, by section 30 of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

Section 207D(2)(a): replaced, on 30 May 2017, by section 24 of the Regulatory Systems (Commercial Matters) Amendment Act 2017 (2017 No 12).

Part 12
Disclosure by companies

Disclosure to shareholders

208 Obligation to prepare annual report

- (1) This section applies to—
 - (a) every large company (within the meaning of section 198); and
 - (b) every company that is a public entity; and
 - (c) every company that is required to prepare financial statements or group financial statements under Part 7 of the Financial Markets Conduct Act 2013 or section 55 of the Financial Reporting Act 2013; and
 - (d) every company with 10 or more shareholders unless the company has opted out of compliance with this section in accordance with section 207I (in relation to the accounting period referred to in subsection (2)); and
 - (e) every company with fewer than 10 shareholders if the company has opted into compliance with this section in accordance with section 207K (in relation to the accounting period referred to in subsection (2)).
- (2) The board of every company to which this section applies must, within 5 months after the balance date of the company, prepare an annual report on the affairs of the company during the accounting period ending on that date.
- (3) If the board of a company fails to comply with subsection (2), every director of the company commits an offence and is liable on conviction to the penalty set out in section 374(2).
- (4) However, the board of a large company (within the meaning of section 198) is not required to prepare an annual report on the affairs of the company during an accounting period if—
 - (a) the company is not required to prepare any financial statements or group financial statements for the accounting period under Part 11, Part 7 of the Financial Markets Conduct Act 2013, or any other enactment; and
 - (b) shareholders who together hold at least 95% of the voting shares (within the meaning of section 198) agree that the annual report need not be prepared for the accounting period.

Section 208: replaced, on 1 April 2014, by section 31 of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

Section 208(4): inserted, on 30 May 2017, by section 26 of the Regulatory Systems (Commercial Matters) Amendment Act 2017 (2017 No 12).

Section 209

209 Obligation to make annual report available to shareholders

- (1) The board of a company must send to every shareholder of the company—
 - (a) a copy of the annual report; or
 - (b) a notice containing the statements specified in subsection (3).
- (1AA) The copy of the annual report or the notice referred to in subsection (1)(b) must be sent—
 - (a) not less than 20 working days before the date fixed for holding the annual meeting of shareholders; or
 - (b) if, under section 120(5) or 122(4), it is not necessary to hold an annual meeting, within 20 working days after the date on which the annual report is prepared.
- (1A) Subsection (1) does not apply if the annual report is not required to be prepared under section 208.
- (2) Subsection (1) is subject to section 212.
- (3) The notice referred to in subsection (1)(b) must contain—
 - (a) a statement to the effect that the shareholder has a right to receive from the company, free of charge, a copy of the annual report if the shareholder, within 15 working days of receiving the notice, makes a request to the company to receive a copy of the annual report; and
 - (b) a statement to the effect that the shareholder may obtain a copy of the annual report by electronic means; and
 - (c) a statement as to how the shareholder may obtain a copy of the annual report by electronic means (for example, from a specified website address); and
 - (d) if the board of the company has prepared, in relation to the same accounting period as the annual report, a concise annual report, a statement—
 - (iaaa) that the board of the company has prepared, in relation to the same accounting period as the annual report, a concise annual re-
- (5) For the purposes of this section and sections 209A and 209B, every concise annual report for a company must, in relation to an accounting period, include,—
 - (a) in relation to a company that has, on the balance date of the company, no subsidiaries,—
 - (i) financial statements for the accounting period that comply with generally accepted accounting practice and any auditor's report on those financial statements; or
 - (ii) summary financial statements for the accounting period that comply with generally accepted accounting practice:
 - (b) in relation to a company that has, on the balance date of the company, 1 or more subsidiaries,—
 - (i) group financial statements for the accounting period that comply with generally accepted accounting practice and any auditor's report on those group financial statements; or
 - (ii) summary financial statements for the accounting period, prepared in relation to the group comprising the company and its subsidiaries, that comply with generally accepted accounting practice.

Section 209 (cont.)

(6) *[Repealed]*

(7) If the board of a company fails to comply with this section, every director of the company commits an offence and is liable on conviction to the penalty set out in section 374(2).

Section 209: replaced, on 18 June 2007, by section 7 of the Companies Amendment Act (No 2) 2006 (2006 No 62).

Section 209(1): amended, on 30 May 2017, by section 27(1) of the Regulatory Systems (Commercial Matters) Amendment Act 2017 (2017 No 12).

Section 209(1AA): inserted, on 30 May 2017, by section 27(2) of the Regulatory Systems (Commercial Matters) Amendment Act 2017 (2017 No 12).

Section 209(1A): inserted, on 1 April 2014, by section 32(1) of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

Section 209(3)(d): amended, on 30 May 2017, by section 27(3) of the Regulatory Systems (Commercial Matters) Amendment Act 2017 (2017 No 12).

Section 209(3)(d): amended, on 30 May 2017, by section 27(4) of the Regulatory Systems (Commercial Matters) Amendment Act 2017 (2017 No 12).

Section 209(3)(d)(iaaa): inserted, on 30 May 2017, by section 27(5) of the Regulatory Systems (Commercial Matters) Amendment Act 2017 (2017 No 12).

Section 209(5): replaced, on 1 April 2014, by section 32(2) of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

Section 209(6): repealed, on 1 April 2014, by section 32(2) of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

Section 211

211 Contents of annual report

- (1) Every annual report for a company must be in writing and be dated and, subject to subsection (3), must—
- (a) describe, so far as the board believes is material for the shareholders to have an appreciation of the state of the company's affairs and will not be harmful to the business of the company or of any of its subsidiaries, any change during the accounting period in—
 - (i) the nature of the business of the company or any of its subsidiaries; or
 - (ii) the classes of business in which the company has an interest, whether as a shareholder of another company or otherwise; and
 - (b) include any financial statements or group financial statements for the accounting period that are required to be prepared under Part 11, Part 7 of the Financial Markets Conduct Act 2013, or any other enactment (if any); and
 - (c) if an auditor's report is required under Part 11, Part 7 of the Financial Markets Conduct Act 2013, or any other enactment in relation to the financial statements or group financial statements included in the report, include that auditor's report; and
 - (d) *[Repealed]*
 - (e) state particulars of entries in the interests register made during the accounting period; and
 - (f) state, in respect of each director or former director of the company, the total of the remuneration and the value of other benefits received by that director or former director from the company during the accounting period; and
 - (g) state the number of employees or former employees of the company, not being directors of the company, who, during the accounting period, received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded \$100,000 per annum, and must state the number of such employees or former employees in brackets of \$10,000; and
 - (h) state the total amount of donations made by the company during the accounting period; and
 - (i) state the names of the persons holding office as directors of the company as at the end of the accounting period and the names of any persons who ceased to hold office as directors of the company during the accounting period; and
 - (j) state the amounts payable by the company to the person or firm holding office as auditor of the company as audit fees and, as a separate item, fees payable by the company for other services provided by that person or firm; and
 - (k) be signed on behalf of the board by 2 directors of the company or, if the company has only 1 director, by that director.
- (2) A company that is required to include group financial statements in its annual report must include, in relation to its subsidiaries, the information specified in paragraphs (e) to (j) of subsection (1).
- (3) The annual report of a company need not comply with any of paragraphs (a), and (e) to (j) of subsection (1), and subsection (2) if shareholders who together hold at least 95% of the voting shares (within the meaning of section 198) agree that the report need not do so.

Part 18
Overseas companies

332 Meaning of carrying on business

For the purposes of this Part,—

- (a) a reference to an overseas company **carrying on business** in New Zealand includes a reference to the overseas company—
 - (i) establishing or using a share transfer office or a share registration office in New Zealand; or
 - (ii) administering, managing, or dealing with property in New Zealand as an agent, or personal representative, or trustee, and whether through its employees or an agent or in any other manner:
- (b) an overseas company does not carry on business in New Zealand merely because in New Zealand it—
 - (i) is or becomes a party to a legal proceeding or settles a legal proceeding or a claim or dispute; or
 - (ii) holds meetings of its directors or shareholders or carries on other activities concerning its internal affairs; or
 - (iii) maintains a bank account; or
 - (iv) effects a sale of property through an independent contractor; or
 - (v) solicits or procures an order that becomes a binding contract only if the order is accepted outside New Zealand; or
 - (vi) creates evidence of a debt or creates a charge on property; or
 - (vii) secures or collects any of its debts or enforces its rights in relation to securities relating to those debts; or
 - (viii) conducts an isolated transaction that is completed within a period of 31 days, not being one of a number of similar transactions repeated from time to time; or
 - (ix) invests its funds or holds property; or
 - (x) enters into a contract of insurance as an insurer with a New Zealand policyholder (within the meaning of section 6(1) of the Insurance (Prudential Supervision) Act 2010).

Section 11

11 Definitions of issued and issuer

(1) In this Act,—

- (a) a financial product is **issued** to a person when it is first issued, granted, or otherwise made available to a person (subject to subsection (2));
- (b) **issuer** means, in relation to—
 - (i) a debt security, the person that is liable to repay money or pay interest or other returns under the security (other than as a guarantor);
 - (ii) an equity security, the company, industrial and provident society, building society, or other entity to which the security relates;
 - (iii) a managed investment product, the manager of the managed investment scheme to which the product relates;
 - (iv) a derivative, the derivatives issuer that entered into the derivative.

Section 451

451 Meaning of FMC reporting entity

In this Act, **FMC reporting entity** means—

- (a) every person who is an issuer of a regulated product (but *see* section 452);
- (b) every person who holds a licence under Part 6 (other than an independent trustee of a restricted scheme);
- (c) every licensed supervisor;
- (d) every listed issuer (but *see* section 351(1)(ab));
- (e) every operator of a licensed market (other than a market licensed under section 317 (overseas-regulated markets));
- (f) every recipient of money from a conduit issuer (*see* section 453);
- (g) every registered bank;
- (h) every licensed insurer;
- (i) every credit union;
- (j) every building society;
- (k) every person that is an FMC reporting entity under clause 27A of Schedule 1.

Section 451: replaced, on 1 April 2014, by section 48 of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

³⁶ All excerpts in Appendix 1B: Financial Markets Conduct Act 2013 may be read in context in Financial Markets Conduct Act 2013. Retrieved from www.legislation.govt.nz/act/public/2013/0069/latest/DLM4090578.html

Section 6

6 Meaning of financial statements

In this Act, **financial statements**, in relation to a reporting entity and a balance date,—

- (a) means the statements for the entity as at the balance date, or in relation to the accounting period ending at the balance date, that are required to be prepared in respect of the entity by an applicable financial reporting standard or a non-GAAP standard; and
- (b) includes any notes giving information relating to those statements that are required by an applicable financial reporting standard or a non-GAAP standard.

Section 45

45 Meaning of large

- (1) For the purposes of an enactment that refers to this section, an entity (other than an overseas company or a subsidiary of an overseas company) is **large** in respect of an accounting period if at least 1 of the following paragraphs applies:

- (a) as at the balance date of each of the 2 preceding accounting periods, the total assets of the entity and its subsidiaries (if any) exceed \$60 million;
- (b) in each of the 2 preceding accounting periods, the total revenue of the entity and its subsidiaries (if any) exceeds \$30 million.

³⁷ All excerpts in Appendix 1C: Financial Reporting Act 2013 may be read in context in Financial Reporting Act 2013. Retrieved from www.legislation.govt.nz/act/public/2013/0101/latest/DLM4632829.html

Appendix 2: FMA documents

A: FMA Corporate Governance Handbook³⁸

The principles in this handbook are different to the governance obligations that apply to issuers of debt securities, managers of managed investment schemes and their supervisors under Part 4 of the *Financial Markets Conduct Act 2013* (FMC Act). However, these principles will still be useful for these groups as they consider their governance frameworks against the new obligations under the FMC Act. The principles recognise that different types of entities can take different approaches to achieving good corporate governance. Good governance practices should reflect the nature of each entity, its ownership structure, and the range and interests of stakeholders.

³⁸ Financial Markets Authority (2014) *Corporate Governance in New Zealand: Principles and Guidelines*. P. 5. Retrieved 19 February 2017 from www.fma.govt.nz/compliance/guidance-library/corporate-governance/corporate-governance-in-new-zealand-principles-and-guidelines/

Appendix 3: XRB documents

A: NZ IAS 1³⁹, Paragraph 10

Complete set of financial statements

10

A complete set of financial statements comprises:

- (a) a statement of financial position as at the end of the period;
- (b) a statement of profit or loss and other comprehensive income for the period;
- (c) a statement of changes in equity for the period;
- (d) a statement of cash flows for the period;
- (e) notes, comprising significant accounting policies and other explanatory information;
- (ea) comparative information in respect of the preceding period as specified in paragraphs 38 and 38A; and
- *(f) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A–40D.

An entity may use titles for the statements other than those used in this Standard. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'.

³⁹ Excerpt in Appendix 3A may be read in context in *NZ IAS 1 – Effective for reporting periods beginning 1 Jan 2016*. Retrieved 29 January 2018 from www.xrb.govt.nz/accounting-standards/for-profit-entities/nz-ias-1/

NZ IAS 7

Taxes on income

- 35 **Cash flows arising from taxes on income shall be separately disclosed and shall be classified as cash flows from operating activities unless they can be specifically identified with financing and investing activities.**
- 36 Taxes on income arise on transactions that give rise to cash flows that are classified as operating, investing or financing activities in a statement of cash flows. While tax expense may be readily identifiable with investing or financing activities, the related tax cash flows are often impracticable to identify and may arise in a different period from the cash flows of the underlying transaction. Therefore, taxes paid are usually classified as cash flows from operating activities. However, when it is practicable to identify the tax cash flow with an individual transaction that gives rise to cash flows that are classified as investing or financing activities the tax cash flow is classified as an investing or financing activity as appropriate. When tax cash flows are allocated over more than one class of activity, the total amount of taxes paid is disclosed.

⁴⁰ Excerpt in Appendix 3B may be read in context in *NZ IAS 7 – Effective for reporting periods beginning 1 Jan 2016*. Retrieved 29 January 2018 from www.xrb.govt.nz/accounting-standards/for-profit-entities/nz-ias-7/

C: NZ IAS 12, Paragraph 5⁴¹

***Tax expense (tax income)* is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.**

⁴¹ Excerpt in Appendix 3C may be read in context in *NZ IAS 12 – New Zealand Equivalent to International Accounting Standard 12 Income Taxes*. Retrieved 19 February 2018 from www.xrb.govt.nz/accounting-standards/for-profit-entities/nz-ifs-12/

Definitions

8 The following terms are used in this Standard with the meanings specified:

Closing rate is the spot exchange rate at the end of the reporting period.

Exchange difference is the difference resulting from translating a given number of units of one currency into another currency at different exchange rates.

Exchange rate is the ratio of exchange for two currencies.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See NZ IFRS 13 *Fair Value Measurement*.)

Foreign currency is a currency other than the functional currency of the entity.

Foreign operation is an entity that is a subsidiary, associate, joint arrangement or branch of a reporting entity, the activities of which are based or conducted in a country or currency other than those of the reporting entity.

Functional currency is the currency of the primary economic environment in which the entity operates.

A group is a parent and all its subsidiaries.

Monetary items are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency.

Net investment in a foreign operation is the amount of the reporting entity's interest in the net assets of that operation.

Presentation currency is the currency in which the financial statements are presented.

Spot exchange rate is the exchange rate for immediate delivery.

⁴² Excerpt in Appendix 3D may be read in context in NZ IAS 21 – *Effective for reporting periods beginning 1 Jan 2016*. Retrieved 29 January 2018 from www.xrb.govt.nz/accounting-standards/for-profit-entities/nz-ifs-21/

E: NZ IAS 24, Paragraph 9 ⁴³

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Government refers to government, government agencies and similar bodies whether local, national or international.

A **government-related entity** is an entity that is controlled, jointly controlled or significantly influenced by a government.

NZ IAS 24, Paragraph 13

Disclosures

All entities

- 13 Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

⁴³ Excerpts in Appendix 3E may be read in context in *NZ IAS 24 – Effective for reporting periods beginning 1 Jan 2016*. Retrieved 29 January 2018 from Retrieved from www.xrb.govt.nz/accounting-standards/for-profit-entities/nz-ias-24/

F: NZ IAS 38, Paragraph 8⁴⁴

An *intangible asset* is an identifiable non-monetary asset without physical substance.

⁴⁴ Excerpt in Appendix 3F may be read in context in *NZ IAS 38 – Effective for reporting periods beginning 1 Jan 2016*. Retrieved 29 January 2018 from www.xrb.govt.nz/accounting-standards/for-profit-entities/nz-ias-38/

Control

- 5 An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee.
- 6 An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
- 7 Thus, an investor controls an investee if and only if the investor has all the following:
 - (a) power over the investee (see paragraphs 10–14);
 - (b) exposure, or rights, to variable returns from its involvement with the investee (see paragraphs 15 and 16); and
 - (c) the ability to use its power over the investee to affect the amount of the investor's returns (see paragraphs 17 and 18).
- 8 An investor shall consider all facts and circumstances when assessing whether it controls an investee. The investor shall reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed in paragraph 7 (see paragraphs B80–B85).
- 9 Two or more investors collectively control an investee when they must act together to direct the relevant activities. In such cases, because no investor can direct the activities without the co-operation of the others, no investor individually controls the investee. Each investor would account for its interest in the investee in accordance with the relevant NZ IFRSs, such as NZ IFRS 11 *Joint Arrangements*, NZ IAS 28 *Investments in Associates and Joint Ventures* or NZ IFRS 9 *Financial Instruments*.

⁴⁵ Excerpt in Appendix 3G may be read in context in NZ IFRS 10. Retrieved 29 January 2018 from www.xrb.govt.nz/accounting-standards/for-profit-entities/nz-ifs-10/

H: XRB A2, Paragraphs 8-9⁴⁶

8. For the purposes of sections 45(1) and 45(2) of the Financial Reporting Act 2013 and section 204(3) of the Companies Act 1993, the amount of total assets and total revenue are determined as follows:
 - (a) where financial statements are prepared in accordance with accounting standards issued by the XRB or its sub-board, the New Zealand Accounting Standards Board, total assets and total revenue are the respective amounts recognised in the financial statements of the entity, prepared in accordance with the requirements of the Tier 2 accounting standards as specified in External Reporting Board Standard A1 *Application of the Accounting Standards Framework* that are in effect and applicable to the entity as at each of the relevant balance dates or in each of the relevant accounting periods; and
 - (b) where financial statements are not prepared, or where financial statements are not prepared as specified in paragraph (a), total assets and total revenue are the respective amounts derived from the entity's accounting records, determined in accordance with the requirements of Tier 2 accounting standards as specified in External Reporting Board Standard A1 *Application of the Accounting Standards Framework* that would be relevant to the entity if it was reporting in accordance with those accounting standards.
9. For a for-profit entity applying paragraph 8, total revenue includes all income, revenue and gains that are required to be recognised in profit or loss and excludes the components of other comprehensive income.

⁴⁶ Excerpt in Appendix 3H may be read in context in XRB A2. Retrieved 29 January 2018 from www.xrb.govt.nz/accounting-standards/for-profit-entities/xrb-a2/

Appendix 4: NZX documents

A: NZX Main Board Debt/Market Listing Rules (March 7 2016)⁴⁷

Section 1.6.1

Director	means:
	(a) in relation to a company as defined in the Companies Act 1993, a director of that company within the meaning of section 126(1)(a) of that Act;
	(b) in relation to any other entity, any person occupying a position in that entity that is comparable with that of a director of a company as defined in (a).

Officer	means a person, however designated, who is concerned or takes part in the management of the Issuer's business but excludes a person who does not:
	(a) report directly to the Board; or
	(b) report directly to a person who reports to the Board.

⁴⁷ Excerpts in Appendix 4 may be read in context in *NZX Main Board Debt/Market Listing Rules (March 7 2016)*. Retrieved from www.s3-ap-southeast-2.amazonaws.com/nzx-prod-c84t3un4/comfy/cms/files/files/000/002/112/original/NZX_Main_Board_Listing_Rules_-_2016_-_Clean_SECURE.pdf

Section 5.1.7

5.1.7	An Overseas Listed Issuer shall:
(a)	be deemed (subject to Rule 5.1.8) to satisfy and comply with all the Rules so long as it remains listed on its Home Exchange, provided that NZX may, at any time, by notice to any Overseas Listed Issuer, declare that any of the Rules shall thereafter apply to that Issuer, whether or not the rules of its Home Exchange contain a similar or analogous provision, and whether or not that Issuer is then complying with any such provision; and
(b)	if application has been made to NZX for a Class or Classes of its Securities quoted on its Home Exchange to be Quoted on NZX, be deemed to satisfy and comply with all of the Rules for so long as those Securities remain Quoted on its Home Exchange; and
(c)	give to NZX the same information and notices it is required to give to its Home Exchange, at the same time as it is required to give such information and notices to its Home Exchange; and
(d)	include in its annual report:
(i)	a statement to the effect that the Home Exchange corporate governance rules and principles may materially differ from NZX's corporate governance rules and the principles of the NZX Corporate Governance Code; and
(ii)	a reference to where investors may find more information about the corporate governance and principles of the Issuer's Home Exchange.

Section 10.4.5 (a), (i) and (j)

10.4.5 The annual report of an Issuer shall comply with all applicable legislation and contain:

- (a) the information required to be published by subpart 5 of Part 5 of the FMC Act and, in the case of a company registered under the Companies Act 1993, the information required by section 211 of that Act; and
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- (i) a statement (or URL link to the statement on an Issuer's website) on whether, and if so the extent to which the Issuer has followed the recommendations set by the NZX Corporate Governance Code during the reporting period. If the Issuer has not followed a recommendation for any part of the reporting period, the Issuer should also separately state:
 - (i) which recommendation, or recommendations, have not been followed; and
 - (ii) the period during which it was not followed; and
 - (iii) the Issuer's reasons for not following the recommendation; and
 - (iv) what, if any, alternative governance practice it adopted in lieu of the recommendation during that period; and
 - (v) the date at which the corporate governance statement is current (which must be the Issuer's balance date or a later date specified by the entity); and
 - (vi) that the alternative governance practice has been approved by the board of the Issuer.
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- (j) a quantitative breakdown, as to the gender composition of the Issuer's Directors and Officers as at the Issuer's balance date and including comparative figures for the prior balance date of the Issuer. Comparative figures are not required to be provided in respect of balance dates falling in periods before the effective date of this Rule; and

B: New Zealand Stock Exchange⁴⁸

NZX Main Board (NZSX)

The NZX Main Board (NZSX) is our original equities market and home for New Zealand's best known brands and companies.

⁴⁸ NZX (n.d.). *NZX – New Zealand Stock Exchange*. Retrieved from www.nzx.com/markets/NZSX

Appendix 5: Financial filings requirements in New Zealand

