

Maturity Modelling
of Corporate Responsibility
- New Zealand Case Studies

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**Abstract of a thesis submitted in partial fulfilment of the
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Corporations are increasingly being expected to be responsible to not only shareholders, but also to employees, society and for the environment. This expectation increases as business crises, such the Exxon Valdez oil spill and the Enron collapse, continue to occur. In New Zealand several umbrella organisations were established to aid organisations in the quest to become sustainable or corporately responsible, such as New Zealand Business Council for Sustainable Development, New Zealand Businesses for Social Responsibility, and the Sustainable Business Network. A number of high profile companies such as Hubbard Foods Ltd, Landcare Research, Fonterra and Telecom belong to these umbrella organisations and have produced reports that reflect not only economic prosperity but also environmental quality and social equity.

The aim of this research is to identify how organisations are implementing corporate responsibility issues into the operations, and using this information to construct a maturity model. The value of a maturity model is as an analytic tool, where an

organisation can be benchmarked against the best in the field. Developing a maturity model for integrating corporate responsibility into an organisation enables managers to identify at which stage the organisation is currently situated and then provides an action plan of where to progress in the future. A preliminary maturity model is developed based on previous models from the fields of corporate responsibility, environmental management and sustainability.

This exploratory study used the case study method to analyse six organisations that are members of the New Zealand Business Council for Sustainable Development and are producing annual sustainability reports. Using the Global Reporting Initiative (GRI) guidelines for sustainability reporting, 10 years of annual reports from each case company were analysed and compared against these guidelines. The results were used to identify what corporate responsibility areas businesses are currently reporting on and therefore implementing within the organisation, and identifying if there is an evolutionary pattern applicable to all organisations thereby enabling the construction of a maturity model.

The findings show that although there was an increase in the GRI indicators included the reporting is poorly developed. The major areas of change have been in the reporting of governance and management structures, the development and inclusion of vision statements and changes in management policies. There was increased reporting in some environmental and social indicators, but no clear patterns of change emerged. Using the data and analysis a refinement of the proposed maturity model was made.

Keywords

Corporate responsibility, Global Reporting Initiative, Maturity modelling, New Zealand Business Council for Sustainable Development, Sustainability reporting, Sustainable development.

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Chapter 1

Introduction

1.1 Background

There is a continual call by members of society for organisations to become more responsible and concerned about the impact organisations have on society, rather than to just focus on financial returns. The call becomes more pronounced when a crisis event occurs, such as an environmental catastrophe like the Exxon Valdez oil spill, or a scandal like the recent collapse of Enron.

A focus on corporate responsibility first appeared in the literature in the 1970's with the discussion focusing on social responsibility and how to define it. By the 1980's the focus had shifted to environmental responsibility until the release of the Brundtland Commission report in 1987. The Commission developed the definition of 'sustainable development' as 'a form of development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (World Commission on Environment and Development, 1987, p.8). For the purposes of this study the term corporate responsibility is being used to cover what also is often referred to as corporate social responsibility, but Corporate Responsibility is used as a broader term to cover the social, environmental and economic aspect of the triple bottom line (Elkington, 1998).

Business ethics has been under scrutiny since the early 20th. Century and corporate responsibility was included in business practice even earlier in such companies as Cadbury and Sanitarium. Some New Zealand companies have set their reputation on being not only

accountable to their shareholders, but also want to have a positive impact on society and the environment. Hubbard Foods Ltd is one company that has made headlines over providing work for the long-term unemployed, assisting other New Zealand companies as a mentor and taking all their employees to Samoa for a weekend.

There is much rhetoric about corporate responsibility and sustainability, yet very little is known about how businesses, who proclaim a strong ethical, social and environmental concern, differ from those who deny responsibility beyond being accountable to shareholders. There are numerous models that attempt to identify the stages a company progresses through on a quest to become more responsive to social and environmental issues. The aim of this research is to increase understanding of how New Zealand organisations implement the principles of corporate responsibility in their operations, and whether there is a staged implementation process (known in this research as Maturity Modelling).

1.2 Structure of the Thesis

1.2.1 Literature Review

Chapter Two reviews the literature in the field of corporate responsibility drawn from a number of fields of study such as ethics, accounting, corporate social responsibility, stewardship, sustainability and environmental management. The first section reviews the themes surrounding corporate responsibility drawing from the diverse fields of study mentioned above. The second section reviews the use of maturity modelling first developed in the information technology industry and also reviews a number of corporate social responsibility, environmental and sustainability maturity models that have been developed but remain untested.

1.2.2 Development of Conceptual Model

Chapter Three states the aims and objectives for this research. It then explains the development of the conceptual model through a two step process. Firstly, the maturity models reviewed in Chapter Two were analysed and the commonalities between the maturity stages were identified. The stages from step one were used in the combining of the characteristics, behaviours and attitudes described in the different maturity models to develop a framework for this study.

1.2.3 Research Methodology

Chapter Four describes the methodology used to collect and analyse the evidence required to fulfil the research aims and objectives. This is an exploratory study, so rich explanatory data was required along with the need to be able to compare company information. Thus a two stage methodology was developed. The broad strategy was to have individual case and cross-case analysis using both time-series and pattern matching logic. An analytical framework was required to make sense of information-rich company annual reports so the Global Reporting Initiative guidelines were used. This chapter also reviews the limitations of the research method and ethical matters.

1.2.4 Reporting of Results and Discussion

Chapters Five and Six report and discuss the results of the two step analysis. Two chapters were required with Chapter Five discussing the results of the individual case analysis and mapping the progress of sustainability reporting over a 10 year period. The results in this section are also presented as graphs to provide an overview of the evolution of each firm's reporting. Chapter Six is divided into two sections. The first compares the six case companies against each other to identify if there is any consistent pattern to the changes in

reporting. The second section compares the outcomes of the pattern matching process above to the conceptual model developed in Chapter Three. This will show if and how organisations progress through stages in maturity towards a full operational commitment to corporate responsibility.

1.2.5 Conclusions

In Chapter Seven the main findings of this research are presented, along with assessment on whether the maturity model presented is valid and whether further refining of the model is justified. Even though the main aim of this research was to test a maturity model, implications for business managers can and will be noted. This chapter will also identify areas for further research.

1.3 Interpretation of Terminology

The terminology related to corporate responsibility tends to be confusing with practitioners and academics using multiple terms that can or cannot mean the same thing. In an attempt to develop some consistency throughout this thesis the terms below have been defined.

Corporate Social Responsibility (CSR) is the original term used to describe corporate responsibility, but it only focused on the social impacts of an organisation. The environment was not a consideration when this term was initially used.

Corporate Responsibility (CS) is an all encompassing term that includes both social and environmental aspects of the organisation and its impact. This is the term that will be used throughout the thesis.

Sustainable Development is a contemporary term that appears to have two meanings:

- 1) Sustainability of the planet – under which fits the Brundtland Commission’s definition of ‘a form of development that meets the needs of the present without compromising the ability of future generations to meet their own needs’ (World Commission on Environment and Development, 1987, p.8).
- 2) Sustainability of the organisation to operate into the future – this interpretation of sustainability has been garnered through the reading of organisation publications.

Chapter 2

Literature Review

2.1 Introduction

The purpose of this chapter is to review the literature in the field of corporate responsibility. This literature encompasses a number of established fields of study such as ethics, accounting and auditing, corporate citizenship, corporate social responsibility, stewardship, stakeholder theory, and socially responsible investing. There are also relatively new areas of study, such as sustainability, triple bottom line (TBL) accounting, and environmental management (EM) which can also be considered part of corporate responsibility, but the literature here is not as well developed as the other fields.

Concern over the way organisations behave within society is not a new area of study. Business ethics were being discussed in the early 20th Century and included in business practice even earlier by companies such as Cadbury and Sanitarium. Corporate social responsibility began during the 1960's as part of serious attempts to account for the social effects that organisations can have on society. Much of the discussion during this time was descriptive and focussed on developing definitions. Being socially responsible was generally accepted as being good for an organisation, but little empirical research was conducted. The focus changed during the 80's and 90's to a general concern for the environment and addressing the degradation that organisations can have on the environment if there is little or no accountability to the rest of society. Latterly, there have been attempts to combine social and environmental concerns through such efforts as triple

bottom line (TBL) reporting, the Global Reporting Initiative (GRI) and through a sustainable development focus.

The review of the literature is in two parts. The first part is a review of the corporate responsibility literature that is further subdivided into broad themes. The second part of the review will consider the development of maturity modelling relevant to the model development in Chapter 3.

2.2 Corporate Responsibility

The corporate responsibility literature is dominated by narrative discussion with limited empirical or case study research. So instead of developing a literature review based on the subject areas listed above, a better way of looking at this body of work is in an examination of the themes that have been researched combining empirical, descriptive and prescriptive research.

The broad themes investigated are:

- The relationship between corporate responsibility and an organisation's financial performance and other benefits,
- Attitudes managers and board members have towards corporate responsibility,
- Actual performance measures and the subsequent reporting,
- Categories of corporate responsibility that organisations are concerned about,
- Integrating corporate responsibility into organisations,
- Stakeholder involvement and corporate responsibility,
- Motivations for becoming a responsible organisation.

2.2.1 Financial Performance and Other Benefits

Considerable research has been conducted into discovering whether being corporately responsible is beneficial to an organisation. The main focus has been on the financial benefits to the organisation with the results of this body of research continuing to be inconclusive, depending on whether a short or long term focus is taken.

Various other benefits have also been predicted such as long-term sustainability, avoidance of fines and penalties, improved employee satisfaction and morale, risk reduction, and increased customer loyalty (Bansal & Roth, 2000). A French study associated improved employee loyalty with a high level of corporate citizenship, but in the same study increased customer loyalty was not supported (Maignan & Ferrell, 2001).

2.2.2 Managerial and Board Member Attitudes

Two dimensions have been identified with respect to attitudes towards environmental cultural change; with the dimensions being the espoused official company statement and the extent to which this espoused line is operationalised within the organisation (Harris & Crane, 2002). Both of these dimensions can be further subdivided into three with the espoused company line being a) strongly supportive, b) environmentally concerned but not of primary importance, and c) hostile towards a 'green' cultural change. The actual manifestations of the espoused company statements are:

- a) changing to include a greater environmental focus with a subsequent effect on the behaviour, systems, structure and strategy of the company either in a major or minor way;
- b) lip-service being paid to environmental change; or
- c) remaining unchanged and becoming green is not important.

Corporate responsibility appears to be affected by directorial type, with outside appointments to the board being more likely to have socially responsible behaviours, while internal directors are often more economically focused (Ibrahim, Howard, & Angelidis, 2003).

A study of managerial responsibilities towards corporate responsibility over a period of 30 years revealed that managers continue to consider that their primary responsibility is to shareholders (Kinard, Smith, & Kinard, 2003). Although corporate responsibility is increasingly discussed, a manager's perception of his/her obligation to society was ranked the lowest in the most recent study, below customers, employees, and creditors. In the original 1973 study, obligations to employees was ranked higher than customers, but this was reversed in the 2001 repeat of the study. Little appears to have changed since the 1970's when corporate responsibility was first prominent, although there may have been an increase in concern and behaviour which the above study did not reflect due to only ranking the order of importance, instead of providing a comparative scale.

High impact companies such as mining, petroleum and heavy industry tend to be more concerned about stakeholders and the environmental impact of their business. A small qualitative study considered mining managers attitudes towards stakeholders and categorised the issues. Primarily they saw their responsibility as respecting material, physical, and wealth interests. Those stakeholders whose physical wellbeing was affected were considered a legitimate concern by managers. Although these managers regarded their corporate responsibility as negative duty (e.g. through avoiding injuring communities), they were quite comfortable with complying to technical standards (e.g. environmental standards) (Cragg & Greenbaum, 2002).

In a New Zealand survey, 53% of managers surveyed thought that environmental management would become more or much more important in the next five years, and 55% believed that socially-related activities would be more or much more important over the same time period. It is interesting to note that the same study found that the main internal pressure to improve both environmentally and socially came from the personal values, beliefs and/or commitment from management (Lawrence & Collins, 2004).

2.2.3 Performance Measures and Reporting

Reporting of corporate responsibility may be changing over time with earlier studies revealing that most disclosures focused on human resources (Hackston & Milne, 1996; Imam, 2000) followed by environmental and community themes. Although it was found that the level of disclosure in New Zealand was lower overall when compared with the United States of America, the United Kingdom and Australia (Hackston & Milne, 1996). Within New Zealand the amount of disclosure may have increased since this study in 1996 as the triple bottom line has become more prominent and better developed as a form of reporting.

In later years, the focus of organisations has shifted from only producing annual financial accounts, to the development of and reporting on the environmental and social impacts of organisations. This contemporary focus has resulted in the development of a number of measures such as the Global Reporting Initiative (GRI), ISO 14000 and Eco-Management and Audit Scheme (EMAS). While there is as yet no single accepted international standard on triple bottom line measurement systems, there is movement towards one. The results of more recent studies have shown an increase in the amount of environmental reporting but a lag in social reporting (Hussey, Kirsop & Meissen, 2001; Quazi, 2001). The quality and

detail of the reports was found to have improved since 1995 (Hussey et al., 2001), yet this view may be distorted depending on how annual reports are assessed. The Hussey et al (2001) study used the GRI indicators as a means of assessment and used a ‘present’ or ‘not present’ scale, which does not provide details on the quality of disclosure.

Disclosure quality is an issue for annual reports as stakeholders use them as a basis for making decisions i.e. whether to invest in the company or divest current holding. This is why traditional annual reports are audited. Increasingly stakeholders are requiring more information on the social and environmental aspects of a company. Therefore any disclosure on these aspects also needs to be of high quality and accuracy. Evaluating this quality is difficult as there are many dimensions that could be reported on. Two studies in New Zealand, using the UNEP/Sustainability criteria as an assessment tool evaluated some of the New Zealand leaders in sustainable reporting. The overall results considered the quality of the majority of reports to be poor, or in their terminology “Bottom Crawler” or “Ultra Narrow” status (Chapman & Milne, 2004; Milne, Tregidga, & Walton, 2003) There appears to be little improvement in reporting quality, even though these two studies were two years apart.

2.2.4 Corporate Responsibility Issues

A web survey of the mission statements of recognised socially responsible organisations revealed concerns for high ethical standards, dedication to community service, workforce diversity, becoming an employer of choice with progressive policies on employee education and family-friendly workplaces, compassion for the disadvantaged, commitment to charitable giving, and environmental awareness (Hill, Stephens, & Smith, 2003). The latter is a broad issue and can be further subdivided into issues of recycling, environmental

reporting, reducing waste, reducing energy and water use, and consideration of the environmental impact of products, processes and services (Lawrence & Collins, 2004).

Whether organisations should be involved in solving some of these issues is a matter of debate. A common view of private industries was that they should only have primary responsibility for preparation of new employees and with some help from government, the state of the economy and the level of employment (Kinard et al., 2003). Other respondents in this study believed that environmental problems should be of equal concern for both industry and government.

2.2.5 Integration into the Organisation

An important step in the development of corporate responsibility is the integration of the principles into the strategy of the organisation. Integrating environmentalism into the organisation has been found to involve two parts. The first is at the strategic level, involving the link between environmental issues and quality, and the linking of environmental objectives to other corporate objectives. The second part of integration is at the business/functional strategy focus which considers the influence of the environmental concerns on the marketing strategy, the development of green products (Banerjee, 2002a) and on the operations and systems within the organisation. Without both forms of integration, corporate responsibility can not truly be said to be incorporated into an organisation's practices. Yet an earlier study indicated that corporate environmental initiatives would only continue to be integrated if they made economic sense after an evaluation on reduction in waste, cost savings, and improvements in product and process quality (Banerjee, 2001). However, this study might be considered inconclusive, due to its qualitative nature and a sample size of only seven firms.

Integration of corporate responsibility into both levels of an organisation requires the transformation of the principles into process and practices. Apart from the influence of the managers'/owners' beliefs and values on the organisation, other methods are available for institutionalising corporate responsibility. The most popular methods are training programmes and the development of codes of conduct. Audit committees and social/audit reports are also used (Soutar, McNeil, & Molster, 1995). Only 48% of the companies surveyed had taken action to institutionalise ethical values and concerns into their organisation. Further research is warranted into the adoption of formal programmes over the last 10 years and whether or not such programmes have included environmental and social concerns.

Within New Zealand, it was found that organisations are actively integrating corporate responsibility at both the strategic and functional level. While at the functional level, recycling programmes and considering the environmental impact of products/services are common, only 27% of those surveyed have an established environmental policy at the strategic level. The social aspect of corporate responsibility is integrated at a higher level than the environmental with both an internal and external view of the former. Job training and tertiary education is considered important for the development of the human resource, as are family friendly policies. Externally, organisations actively participate with contributions to charity (68%) and involvement in community projects (58%) (Lawrence & Collins, 2004).

Very little appears to have been researched on the evolutionary process that occurs when organisations make an attempt to become corporately responsible, even though models

have been developed that consider a maturity process and what might happen internally. These models are considered in greater detail in Section 2.3 of this literature review.

2.2.6 Stakeholder Involvement

Stakeholder involvement is considered to be critical to developing a corporate responsibility organisation. Without this involvement an organisation will find it difficult to know what issues to focus on. Managers of environmentally proactive firms regarded all stakeholders, except the media, as important, while reactive organisations held the opposing view (Henriques & Sadosky, 1999), i.e. only the media are important. It was surmised that reactive organisations were more concerned about unfavourable exposure in the media rather than trying to manage environmental problems.

Industries such as chemical, manufacturing and utilities are more likely to be affected by external factors such as legislation and public concern due to their high impact on the environment and therefore are more likely to take notice of government and community stakeholders (Banerjee, 2002a; Cragg & Greenbaum, 2002).

2.2.7 Organisational Motivations

There are a variety of reasons as to why organisations seek to develop a social and environmental concern. The prime motivators for businesses to become ethical are to improve the external perception that outsiders have of the organisation (this is also cynically referred to as 'greenwashing'), compliance with legislation, and finally, to develop internal ethical values (Soutar et al., 1995). In investigating ecological responsiveness, three motivators were identified, 1) competitiveness, 2) legitimacy and, 3) social responsibility (Bansal & Roth, 2000), which partly paralleled the above ethical

research. The proposed legitimacy matched the compliance with legislation, where environmental risk management and being allowed to legally operate is important to the success of the organisation. Social responsibility combines both the external perceptions and internal culture into one concern where the organisation is keen to develop a 'feel good' factor. Competitiveness is the one concept that does not match the Soutar, McNeil and Molster (1995) findings. Competitiveness refers to being forced to becoming green to improve long-term profitability. This factor may be becoming more important as an increasing number of organisations are developing low impact, recyclable products and other competitors are forced to change and innovate.

A note of caution has to be given as a number of these studies were based on qualitative or case study based methodologies. Generalisations therefore cannot easily be made unless more quantitative studies, with a large sample size are conducted. Yet qualitative studies can and do explore issues as a base for quantitative research, so therefore should be included in a literature review.

2.2.8 Profiles of Eco- and Corporate Responsibility Companies

Characteristics of corporate responsibility companies have been researched with the attempt to find out which companies are more likely to disclose social and environmental factors through reports. Both size and industry are associated with the amount of disclosure, but not the profitability. Larger high-profile (high-impact) industry companies (mining, petroleum, tobacco etc) are more likely to disclose than low-profile industry companies (Banerjee, 2002a, 2002b; Hackston & Milne, 1996).

A conceptual framework of business approaches to the natural environment has been developed which combines environmental management and corporate social responsibility literature (Henriques & Sadosky, 1999). This work also provides the characteristics of each company's profile and expected behaviour within an organisation. Unfortunately the conceptual model has not been empirically tested, but the characteristics could be used as a base for research into the maturity of organisations.

Three profiles have been proposed based on inductive research:

- 1) 'caring' profile – the organisation will be ecologically responsive if compelled by a charismatic and powerful manager,
- 2) 'competitive' profile – the development of ecological responsibility as competitive advantage due to no other organisation focusing on a niche market,
- 3) 'concerned' profile – where there is a collective response due to legislation and industries try to legitimise their industry as a collective (Bansal & Roth, 2000), each of which if present in the organisation or industry lead to high levels of ecological responsiveness.

Companies that are recognised as being social responsibility leaders have several characteristics in common and are described as having high ethical standards, are dedicated to community service, embracing diversity, being an employer of choice, exercising compassion for the disadvantaged, are committed to charitable giving, and are concerned for the environment (Hill et al., 2003). All of these characteristics can be summed up by:

“...socially responsible organisations are made up of employees who view their commitment to various ideals and stakeholders as central to their core identities. The resulting ethical mandates are

represented by the everyday actions of employees within their personal as well as professional lives. As a consequence, these activities are played out in a public arena that currently is under much external scrutiny.” (Hill et al., 2003, p.361)

2.3 Maturity Models

The idea of maturity modelling comes from the computer industry and considers the evolutionary integration of Information Technology (IT) into organisations. The models consider the progression from IT being ad hoc business add-ons to becoming a key essential business tool (Duffy, 2001; Herbsleb, Zubrow, Goldenson, Hayes, & Paulk, 1997). The value of a maturity model is as an analytic tool, where an organisation can be benchmarked against the best in the field. “The framework and carefully developed set of criteria are invaluable to organisations with an urgent and persistent need to understand where they sit in relation to the ‘best-known practices’ of today” (Duffy, 2001, p.26). Maturity models can also be used to aid organisations in identifying the next step(s) to progress forward and the actions that need to be taken. Although similar models have been developed in the integration of social, environmental and ethical issues into organisations they are not called maturity models.

There is a small body of work that considers the response of organisations to the increasing demands to become socially or environmentally responsible, or to be more sustainable. Each of these models depicts an evolutionary progression from little or no action to being at the leading edge and due to this progression, the models in this study will be known as maturity models. The development of corporate responsibility models is grouped by discipline and date.

2.3.1 Early Corporate Social Responsibility - Late 1970's to Mid 1980's

Initial work in the development of typologies was in the 1970's to mid-1980's. These early attempts considered the types of responses that organisations are likely to have when dealing with corporate social responsibility issues. The four typologies developed, ranged from the poorest response of 'reactive' to the highest possible response of 'proactive'(Wilson (1974), cited in Carroll, 1979). Carroll (1979) identified the different levels of obligation companies may have towards society and incorporating the ideas of Wilson, developed a model of corporate social performance. The intention was for the framework to be used to 'assist managers in understanding that social responsibility is not separate and distinct from economic performance, but rather is just one part of the total social responsibility of business'(Carroll, 1979, p.503). Discussion on the implementation of the framework was omitted, therefore was useful only for conceptualising the issues.

A means of operationalising the challenges of corporate social responsiveness was required. Three components were identified as being important for implementation; the principles of social responsibility, the processes of social responsiveness and the policies within the organisation (Wartick & Cochran, 1985). Five years later, this model was revisited and expanded, with outcomes of corporate behaviours added as a component of implementation i.e. a method of measuring the results of implementation (Wood, 1991).

2.3.2 Environmental Responsibility – 1990-1998

There appears to be a gap of around 10 years before the next group of maturity models were developed, (focussing on environmental management). Environmental management of global resources emerged as an issue in the late 1970's. In New Zealand such issues as the proposed raising of Lake Manapouri and the felling of native forests gained national prominence. Globally, organisations like Greenpeace made the general public aware of issues such as whaling and pollution. Businesses were forced to look at their operational impact on the environment. A body of work has been growing since then on the development of environmental management systems, as a deliberate corporate strategy and as a risk management tool.

The earliest study identified that companies progress through five stages of implementing environmental management systems from 'beginner' through to 'proactivist' (Hunt & Auster, 1991). This study also provided detail on three aspects of each of the five stages; 1) degree to which the environmental risk is reduced, 2) the commitment of the organisation, and 3) the programme design.

Some authors used legislation as the basis for their frameworks (Berry & Rondinelli, 1998; Roome, 1992), starting with non-compliance and moving through to beyond compliance with environmental legislation. Roome (1992) outlined the five stages of strategic options available, yet was rather vague on the specifics of implementation, while Berry and Rondinelli (1998) associated the level of compliance to the state of the corporate Environmental Management System, (i.e. crisis mode through to sustainable business mode) and also provided details on implementation.

Another author (Hart, 1995) took a resource-based view of the firm and developed three strategies to acquire competitive advantage. The three strategies are interlinked and progressive from pollution prevention, to product stewardship and, finally, to sustainable development. This typology assumes that the earlier stages identified by others such as being non-compliant with legislation or being reactive are not an option and jumps directly to the higher levels of environmental management.

The only anomaly during this period was a piece of work that developed a typology of business relationships with communities (Cohen, 1996). The basic premise for this typology was one of stewardship of the local community and that because an organisation uses community resources it has a duty to care for that community. The four levels are 1) the moral minimum, 2) community enrichment, 3) community development, and 4) community transformation. This approach totally focuses on the external social impact a company has on the community and how the organisation can interact with that community

2.3.3 Corporate Responsibility – 2000 onward

The most recent attempts of maturity modelling combine the social and the environmental aspects of corporate responsibility, under the umbrella of sustainability. The last two models take the approach that companies require a tool for ‘identifying and understanding a company’s corporate citizenship position...’ (Marsden, 2000, p.10), and enable a comparison with other companies. The first of these models combines a company’s objectives with its state of corporate citizenship into a matrix of nine boxes progressing from ‘discretionary philanthropy’ through to ‘active sustainability leadership’ (Marsden, 2000).

The most recent model is the European Corporate Sustainability Framework (ECSF) (Marrewijk & Werre, 2003). This framework is the most comprehensive of all, with detailed explanations of the six stages focusing on the company's principles, profit, planet and people i.e. pure sustainability areas. The authors are in the process of developing a self-assessment format for practitioners which is currently untested. This may be hindered in that some parts in the framework tend towards quasi-religious terminology which is likely to appear obscure to business practitioners.

Chapter Two is an overview of the corporate responsibility and maturity modelling literature. Using the discussion in Section 2.3, Chapter Three will use the concept of maturity modelling of corporate responsibility to develop a framework to be used in this study.

Chapter 3

Development of Conceptual Model

3.1 Introduction

Some organisations publicly state that sustainability issues are driving the management of the organisation. Often these statements are taken at face value by the public who assume that these organisations are being corporately responsible. The review of the literature highlighted several areas that are lacking within the corporate responsibility literature. Although corporate responsibility and its many forms is being researched and academic thought developed, there is little research into what organisations are actually doing to incorporate corporate responsibility intentions into their activities, i.e. the linking of the strategic level decisions with the functional level operations.

The literature review of maturity modelling in Chapter Two shows that although there has been considerable thought into the evolution of organisations and the progression to full implementation of corporate responsibility, there has been no testing of these models through qualitative or quantitative research. Therefore these models are of limited use to organisations that have the intention of becoming corporately responsible and require a tool to aid progress. Nor has there been research into the processes that organisations go through when implementing a commitment to corporate responsibility.

3.2 Research Aims and Objectives

The aim of this study is to investigate how the principles of corporate responsibility are being incorporated into an organisation's operations, how some organisations are making an attempt to become increasingly responsible and whether there is a pattern to these changes. To achieve this aim the research has the following two objectives:

- To identify how organisations are implementing corporate responsibility within the organisation.
- To construct and test a maturity model to investigate whether organisations do evolve through stages to full corporate responsibility.

3.3 Conceptual Framework

One of the research objectives is to develop a maturity model of corporate responsibility, followed by qualitative testing. The background to the proposed model has been discussed in the literature review (Section 2.3) with an overview of each different model. This section will discuss the development of the proposed pilot model, which will be subject to changes as refinement progresses and the findings of the qualitative research are matched with it.

Figure 3.1 was developed by critically analysing each of the maturity models discussed in Chapter 2 to identify commonalities among the stages. All the stages that appear to match in values, attitudes or behaviours are classified together horizontally. For example the stage of non-awareness/non-compliance is matched with the first stage of many of the other typologies indicating that companies are either unaware or do not care about being

Figure 3.1 An Extension of Hendriques and Sadorsky's (1999) Conceptual Classification of Firms' Approaches to the Natural Environment

Author(s)	Wartick and Cochran (1985) Carroll (1979)	Hunt and Auster (1990)	Roome (1992)	Hart (1995)	Cohen (1996)	Berry and Rondinelli (1998)	Marsden (2000)	van Marrewijk and Werre (2003)	Nichols (developed for this study)
Literature Discipline	CSR	Environmental	Environmental	Environmental	Social	Environmental	CSR	Sustainability	
	Reactive	Beginner	Non-Compliance			Unprepared (Crisis mode)	Denial	Pre-Corporate Sustainability	Non-Awareness/ Non-Compliance
	Defensive	Firefighter	Compliance		Moral Minimum	Reactive (Cost mode)	Reactive engagement	Compliance driven CS	Compliance
		Concerned Citizen	Compliance Plus	Pollution Prevention	Community Enrichment			Profit-driven CS Caring CS	CR Development
	Accommodative	Pragmatist	Commercial and Environmental Excellence	Product Stewardship	Community Development	Proactive (Sustainable development mode)	Pro-active partial engagement	Synergistic CS	CR Excellence
	Proactive	Proactivist	Leading Edge	Sustainable Development	Community Transformation		Active sustainability leadership	Holistic CS	Pioneering CR

responsible. Once grouped together the nomenclature for this study has been developed. The categories of expected organisation behaviour used horizontally on the framework are a combination of a variety of Corporate Social Performance Models (Carroll, 1979; Wartick & Cochran, 1985; Wood, 1991).

Many of the authors in Figure 3.1, during the discussion on their typologies, provided details on the types of behaviours an organisation might typically exhibit when at a specific stage. The types of behaviours were a mixture of principles, policies, processes, practices and outcomes. Once the typologies were matched across each of the authors the details of Figure 3.2 were able to be completed. The model (Figure 3.2) is in a matrix format where across the top is a combination of varying Corporate Social Performance Models (Carroll, 1979; Wartick & Cochran, 1985; Wood, 1991). On the vertical are the evolutionary stages from little or no recognition of responsibility, up to complete involvement. Using the models developed by those studies identified in Figure 3.1, characteristics were subdivided into principles, policies, processes, practices and outcomes using the untested typologies from Section 2.3.

Figure 3.2 is the initial model in its raw form and through the pre-testing and exploratory research undertaken in this study, a refinement process will be started. Completely refining the framework is not within the scope of this research study, as the model cannot be fully finalised until it is quantitatively tested. This could be the object of further research.

Figure 3.2 Conceptual Maturity Model

(Berry & Rondinelli, 1998; Carroll, 1979; Hart, 1995; Marrewijk & Werre, 2003; Marsden, 2000; Wartick & Cochran, 1985)

	Principles	Policies	Processes	Practices	Outcomes
Non-awareness/ Non-Compliance	<ul style="list-style-type: none"> • Environmental management unnecessary • Non-compliance with regulations • No ambition for CS 	None		<ul style="list-style-type: none"> • No environmental programmes • Casual reporting 	<ul style="list-style-type: none"> • (efficiencies) • profit focus only
Compliance	<ul style="list-style-type: none"> • Environmental management on an ‘as needs’ basis • Accountability – avoiding, preventing or rectifying harm • Compliance with regulations • Legitimation • CS within regulations • Moral duty 	<ul style="list-style-type: none"> • Procedural responsibility • Contractual responsibility • Ethical codes 	<ul style="list-style-type: none"> • ‘Exceptions’ reporting • Compliance orientated 	<ul style="list-style-type: none"> • Resolve problems as they occur • noblesse oblige • Waste reduction • Reduced energy use 	<ul style="list-style-type: none"> • Community autonomy • Consider long-range welfare of community • Minimising compliance costs
Corporate Responsibility Development	<ul style="list-style-type: none"> • Environmental management is a worthwhile function • Continuous improvement • Environmental impacts • Environmental Management Systems • Balancing economic, social and environmental concerns • Beyond legal compliance and profit focus 	<ul style="list-style-type: none"> • Remedial • International governance structures • National policies • Eco-efficiency • OSH Management system 	<ul style="list-style-type: none"> • Internal reporting only • Minimise emissions • Internal reporting • Stakeholder participation • SA8000 	<ul style="list-style-type: none"> • Satisfy corporate responsibility • Voluminous reports – rarely read • Donations to cultural/recreational organisations • Conducting fundraising drives • Corporate philanthropy • Inward looking environmental reporting 	<ul style="list-style-type: none"> • Lower costs • Eco-efficiency

Figure 3.2 continues ../.

.../. Figure 3.2 continued

	Principles	Policies	Processes	Practices	Outcomes
Corporate Responsibility Excellence	<ul style="list-style-type: none"> • Environmental management is an important business function • Stakeholder integration • Environmental – economic impacts • Well-balanced, functional solutions creating value in TBL • Long-term focus 	<ul style="list-style-type: none"> • Community development • Elimination of pollution • Benchmarking/best practice • Socially responsible investing • Full corporate sustainable performance • Pro-active HRM 	<ul style="list-style-type: none"> • Internal reporting, some external • Minimise life-cycle cost of products • Internal , sometimes external, reporting • Relevant stakeholders accounted for 	<ul style="list-style-type: none"> • Minimise negative environmental impacts • Consistent targeted reporting • Societal needs focus • Minimise impact on the environment 	<ul style="list-style-type: none"> • Pre-empt competitors • Improvements in: <ul style="list-style-type: none"> ○ Education ○ Housing ○ Healthcare • Long-term profit • Minimise environmental impact
Pioneering Corporate Responsibility	<ul style="list-style-type: none"> • Environmental management is a priority item • Shared vision • Proactive • Sustainability • Future sustainability focussed • CS fully integrated and embedded in all areas • interdependency 	<ul style="list-style-type: none"> • Community transformation • Proactive policies • Integrated supply chain 	<ul style="list-style-type: none"> • Formalised internal /external reporting • Minimise environmental burden of firm growth and development • External (or both) reports audited • Waste minimisation/pollution prevention • Demand side management • Design for the environment • Product stewardship • Full-cost accounting • Customer-orientated 	<ul style="list-style-type: none"> • Actively manage environmental matters • Financial resources provided, working in partnership with public agencies to the community • Linkage of business and societal needs • Recyclability • Designed to dismantle • Takeback laws • Product Life Cycle analysis 	<ul style="list-style-type: none"> • Improvements (as above) • New innovations • New business opportunities • Waste reduction • Cost savings • Zero environmental impact

Chapter 4

Research Methodology

4.1 Introduction

Research design should be dictated by the problem identified and the level of previous investigation undertaken. As discussed in Chapter 2, there have been few studies into the development of corporate responsibility within organisations. The majority of papers written have been from the perspective of theory/model development, and discussion without any organisational studies being conducted. Theorising is an acceptable form of research, but eventually the phenomenon under discussion needs to be empirically examined. In this thesis an exploratory study is to be undertaken to refine the model (Figure 3.2) developed in Chapter 3 by considering existing New Zealand organisations who have established themselves as leaders in becoming sustainable. ‘Exploratory studies are important for obtaining a good grasp of the phenomenon ... and for advancing knowledge through good theory building and hypothesis testing’ (Cavana, Sekaran, & Delahaye, 2001, p.108).

4.2 Research Design

4.2.1 Research Question

The question for research is to develop a maturity model of corporate responsibility, and to identify what behaviours and values organisations exhibit at each stage of the maturity model. The question therefore pointed toward an exploratory, qualitative approach to develop descriptions of each stage in the framework. This was achieved through both individual and multiple case study analysis to develop an initial understanding of the

behaviours responsible organisations exhibit and to identify if there was a pattern of behaviour across organisations. The identification of a pattern enabled the model (Figure 3.2) to be refined.

4.2.2 Unit of Analysis

The research question identified the organisation as the unit of analysis for this research study; each case investigated the behaviours and values of an individual organisation prior to analysis of the multiple cases.

4.2.3 Data Requirements

The data requirements for this study are determined by the research question which intended to develop descriptions of the stages organisations progress through to become corporately responsible. Thus the data required needed to be in two forms,

- 1) descriptive - to enable the comparison of the descriptions in Figure 3.2 with the companies analysed, and
- 2) able to be coded – to allow for the comparisons of the individual cases against each other.

4.2.4 Selection and Justification of Research Method

There is always considerable debate with regards to the question of whether to use qualitative or quantitative methods. Both are valid forms of research method. Table 4.1 highlights the differences between the two and is indicative of when each should be used. It is obvious from the table that qualitative methods are necessary for this study due to the need to understand the phenomenon and develop descriptions of what an organisation is undergoing at each stage of its responsibility development. Once the model has been

refined, quantitative research can be undertaken, at a later time through the development and testing of hypotheses.

Table 4.1 A Brief Comparison of Qualitative and Quantitative Methods (MSU, undated)

	Qualitative	Quantitative
Focus of Research	Quality (nature, essence)	Quantity (how much, how many)
Key Concepts	Meaning, understanding. Description	Statistical relationships, prediction control, description, hypothesis testing
Sampling	Non-representative, small, purposeful	Large, random, representative, stratified
Data	Field notes, people's own words	Measures, counts, numbers
Methods	Observations, interviews, reviewing documents	Experiments, surveys, instruments
Instruments	Researcher, tape recorder. Camera, computer	Inventories, questionnaires
Data Analysis	Ongoing, inductive (by researcher)	Deductive (by statistical analysis)
Findings	Comprehensive, holistic, richly descriptive	Precise, numerical
Advantages	Flexibility, emphasis on understanding large groups, hard-to-explain anomalies	Controlling intervening variables, oversimplification.

There are a variety of research strategies that can be employed for qualitative research. Many research method texts have a list of different research methods (Table 4.2), yet case studies are consistent among all authors as a valid method of approaching research design (Cassell & Symon, 1994; Cavana et al., 2001; Creswell, 1998, 2003; J. Hussey & Hussey, 1997; Lee, 1999). Each of these authors has a different approach to classifying qualitative research and it is not the object of this thesis to question the validity of each classification. The table is simply to show the consistency of attitude towards case study research.

Table 4.2 Different Research Strategies

Author	Yin (1994)	Hussey & Hussey (1997)	Lee (1999)	Cavana et al (2001)	Creswell (1998, 2003)
Qualitative Research Strategies	Experiment			Exploratory	Biography/ Narrative
	Survey			Descriptive	Phenomenology
	Archival Analysis	Ethnography		Hypothesis testing	Ethnography
	History	Grounded Theory	Grounded Theory		Grounded Theory
	Case Study	Case Study	Case Study	Case Study	Case Study
			Focus Groups		
			Conversational Interviews		

Case study research is considered the most appropriate when a number of criteria are present (Creswell, 1998; Lee, 1999; Yin, 1994). This research study fulfilled all the criteria through:

- the development of descriptions of organisations,
- being exploratory in nature,
- corporate responsibility being a contemporary issue in the business environment, and
- the tracing of the evolutionary events of an organisation over time as it progresses from being not responsible to full responsibility.

With one of the objectives of this study being to refine a model for later testing it was considered necessary to conduct multiple case studies to attain the ability to make generalisations.

4.2.5 Case Design

4.2.5.1 Design of research instrument

To provide uniformity of information during the data collection process a collection framework was required. As the proposed maturity model (Figure 3.2) had no associated collection framework available a similar framework needed to be identified that would assist in the data collection. With sustainability being a contemporary management issue a number of frameworks are available to aid organisations in the development of sustainability reports or for analysing such reports. An earlier study which reviewed companies reporting development decided that the Global Reporting Initiative (GRI) was the most comprehensive reporting framework (Hussey et al., 2001), and this framework has been used in this study using the latest 2002 GRI guidelines.

Due to the study being exploratory in nature, and the need to source information that provided time-series data it was decided to use company annual reports. Interviews or a survey were considered inappropriate at this stage of the model testing,

4.2.5.2 Selection of sample

Probability sampling does provide the opportunity to generalise conclusions to a population, but the sample may include companies that are not interested in nor act in a corporately responsible manner beyond obeying the law. Using these companies to perfect a model would be a waste of time and effort at this stage. For subsequent research it may be useful to include these companies. Non-probability sampling is therefore necessary to enable the selection of appropriate companies, as it may provide important leads to potentially useful information (Cavana et al., 2001) in filling the gaps in the proposed model.

As an objective of this study is to develop and refine a model for later testing, on the progress of organisations to becoming fully corporately responsible, it was considered necessary to use companies that are attempting to be established as leaders in this area. The sample population are all those companies that are engaged in becoming corporately responsible, but there was a difficulty in accessing all these companies and their annual reports as they are often not publicly known or they do not publish readily available annual reports due to private ownership. Gaining knowledge of which organisations are committed to corporate responsibility is difficult without an extensive search through newspapers, company websites and hearsay. Another way would be to select the sample population from the membership of known umbrella organisations that support organisations who aim to develop a corporate responsibility culture. This too is difficult as there is no umbrella organisation that focuses on corporate responsibility, but there are a number of organisations in New Zealand that have been established to support companies who consider sustainable development as being the core of their operations. The two better known ones are the New Zealand Business Council for Sustainable Development (NZSBCD) and the Sustainable Business Network (SBN).

Considering the membership of each support organisation the SBN does have the larger membership and a greater variety of membership from individuals to large companies, with a mission and aims of developing economic prosperity combined with environmental quality, social equity and corporate governance and ethics within its member organisations. The NZBCSD has similar aims to provide business leadership and best practice in sustainable development and social responsibility issues but has a much smaller membership of 48 comprising of many of New Zealand's largest companies such as Telecom Ltd, The Warehouse Group Ltd and Fonterra.

A decision was made to select the sample population from the NZBCSD due to the NZBCSD:

- having links to the World Business Council for Sustainable Development, therefore can incorporate global initiatives into the New Zealand situation,
- member organisations are prominent New Zealand companies, and
- many of them are listed on the stock exchange therefore annual reports are readily accessible.

4.2.5.3 Pre-testing of research instrument

A simple data collection form was developed (Appendix 1) to aid in the recording of evidence collected from annual reports. This form was pre-tested before the actual data collection was undertaken to refine the collection process. Pre-testing involved providing independent assessors with the definitions of the main factors to be analysed and a portion of one annual report. The assessors were also provided with a list of criteria to aid in the classification of economic, environmental and social statements. Feedback was also gained as to the usefulness/workability of the definitions, whether the form is suitable for the purpose intended.

Four colleagues were involved in the pre-test, one was not completed or returned, one was only partially completed, but that colleague made suggestions that were valuable in the refining and simplifying of the final research instrument. The other two pre-tests were returned completed and provided insight into the workability of the data collection, which when combined with the comments from the second pre-tester, polished the instrument into a practical and effective collection tool.

4.2.6 Quality of the Research

Validity through pre-testing of research instrument should enable the study to be replicated in the future. A quality checking system occurred throughout the coding process of the data collection stage. At times it was necessary to reverse check the data by reading through previously coded reports to identify whether a piece of information was included in earlier reports and had been overlooked, or whether the data was being reported for the first time.

4.2.7 Ethical Considerations

As annual reports of publicly listed companies are being used for the data source there are no foreseeable ethical considerations. This data is readily available from public libraries and web-sites. For triangulation purposes other archival documentation may be used but this will also be from the public domain e.g. newspapers.

4.3 Collection of Data

4.3.1 Data Sources

As discussed in Section 4.2.5.2 the companies are selected from the NZBCSD membership and had to fit the criteria of being publicly-listed companies and therefore legally obliged to publish annual reports, and had to have reports available for the last 10 years. These criteria reduced the number of possible companies from 48 to 14. A number of these companies were competitors in the same industry, so a decision was made to include only one from each industry group. Seven companies were finally selected as suitable companies. One, Shell New Zealand Ltd, was used in the pilot study, leaving a sample size of six. A number of companies that would have been interesting to include such as

Fonterra and Hubbard Foods Ltd were excluded from the sample due to either not being publicly listed or annual reports have not been produced for 10 consecutive years.

4.3.2 Data/information Collection

The data collection occurred in 2005 and involved one researcher evaluating 60 annual and/or environmental reports. Several steps were used to collect the data and format into a usable form.

1. Each annual report was read and relevant sections were highlighted and coded as 1), economic 2) environmental, 3) social, 4) other. Comments on general observations were also able to be recorded.
2. A template (Appendix 2) was developed to aid in the simplification of the reports into the economic, environmental and social aspects of sustainability reporting. Two other columns of Other and Comments were included in the template to obtain a more complete description of what is being reported on within the company and also for any general observations that could be made that may be important to the reported information. Page numbers were also recorded on the form to improve the ease of rechecking individual items if necessary. As 60 annual reports were evaluated only a sample of the completed templates have been appended (Appendix 3).
3. The relevant information collated in data collection templates was then coded and entered into the GRI table (Appendix 4) using a presence/absence scale.

4.4 Analysis and Reporting of Results

4.4.1 Analytical Strategy

There are a number of tools available for analysing qualitative data (Lee, 1999; Yin, 2003). The broad analytical strategies are for individual case analysis, followed by cross-case analysis; therefore the two most appropriate analytical methods for this research are time-series and pattern-matching.

4.4.1.1 Individual case study analysis

The time-series analysis involved collating the data collected from the annual reports (see sample in Appendix 3) into a table form (Appendix 4) using the Global Reporting Initiative's list of elements and performance indicators that should be included in a sustainability report. This table enabled the analysis of each company's data as a time-series. The table was also reported in a graphic form to highlight the changes in economic, environmental and social reporting over the 10 years of annual reports analysed.

4.4.1.2 Cross-case analysis

Cross-case analysis allowed for the analysing of the six companies against each other through pattern matching enabling one of the objectives of this study to be fulfilled of identifying the stages organisations evolve through to full corporate responsibility. The purpose of Appendix 4 allowed for ease of comparison, using the year that the organisation joined NZBCSD as the base line for comparison. Pattern matching is relevant for this section of the study as a description of the stages organisations progress through to becoming corporately responsible is being developed. Section 4.4.4.1 developed a pattern of progress at the individual firm level, and the pattern-matching in this part of analysis

will identify if all the companies analysed follow the same pattern. If so, then description of each stage can be compared against the original model Figure 3.2

4.4.2 Reporting of Results

Chapters Five and Six will report the results of both stages of investigation. Chapter 5 provides a description of events reported at the individual firm level. Each organisation will be analysed across the 10 years of annual reports identifying and discussing the changes that have occurred. The major headings of the GRI index will provide the outline of each case analysis. Chapter Six will discuss the cross case analysis to identify any trends and patterns in reporting of corporate responsibility, and will refine the proposed model (Table 3.2).

4.5 Limitations of the Research

4.5.1 Limitations of Case Study Method

All research methods have some limitations and the limitations of the case study method include:

1. Lack of rigour due to researcher bias and preconceived results (Yin, 1994). This should be balanced with reporting evidence fairly.
2. Generalisability (Yin, 1994) - little basis for being able to generalise to populations, but is able to make analytical generalisations. The multi-case study will increase the ability to generalise to populations.
3. Takes too long and relies on large unreadable documents (Yin, 1994). With using annual reports as the source of data the collection time should be reduced, and the results should be able to be compressed into a descriptive model. Transcribing of interviews will not be required.

4.5.2 Limitations of Data Collection

Using document sources for the source of information does have limitations. Consideration of who the document was written for and for what purpose is essential. The data source for this study is secondary information and was intended for the purpose of providing information to shareholders and other interested parties, therefore there will be gaps in the information necessary to completely test the proposed model. Further research will be required to overcome this limitation.

Annual reports are a primary data source when used for the established purpose of reporting to shareholders, but for this study these reports as a secondary source of data only provide limited information. Some of the indicators not recorded in Appendix 4 could be attributed to the decision to not report on that particular aspect of the company that year, as opposed to the company ceasing the actual activity. For example in the Waste Management Ltd report of 1997 there was little or no reporting on the social and environmental aspects of the company, yet they are unlikely to have stopped community donations or abandoned the previously stated environmental policy, both of which were included in previous annual reports. Also, in 2001 Waste Management (NZ) Ltd achieved both ISO 9000 and 14000 accreditation and although these voluntary accreditation schemes were not reported on in 2002, they are unlikely to have been dispensed with.

Fraudulent or deliberately falsified documents are often easy to identify, but it is the ‘twisting’ or omission of facts that are less easy to detect (Sapsford & Jupp, 1996). For this study it was assumed that the documents were factual and accurate due to the annual reports being audited, although this is not always the case e.g. Enron. Evaluating whether

facts have been twisted or omitted is not so easy to assess, but it can be assumed that good news would be highlighted, whilst bad news may not be so prominent.

Due to the research method requiring a two step coding and reporting, process coder bias is an issue. Coder bias could have occurred in two ways:

1. The incorrect coding of items and
2. Coder inattention therefore missing items altogether.

Both of these would skew the results. The coder did reverse check items as to whether anomalies occurred in the results in an attempt to ensure complete information.

4.5.3 Further Limitations

At times it was difficult to differentiate between the reporting of the company's operational information and the reporting of core business information, because the company's core business involved environmental issues such as waste management (Waste Management Ltd), and the enhancement or protection of the environment (Landcare Research). Care was taken when coding the annual reports to check the context of the information to ensure that only operational information was being coded.

At most only five years of reporting on sustainability for each organisation was available. Therefore there may not be enough time-series data to enable a consistent pattern of reporting to become apparent and reveal whether organisations progress through a staged evolutionary process when becoming socially and environmentally responsible. These sorts of patterns may only be evident after 15-20 years of reporting by a company followed by researching company documents and interviewing with key individuals.

CHAPTER 5

Individual Case Analysis

5.1 Introduction

The research methodology discussed in Chapter Four reviewed the research design, collection of data and the analysis method to be used to investigate each individual company and the cross-case analysis. The results presented in this chapter will focus on the analysis of each individual organisation and the reporting of corporate responsibility within each organisation. The results of the cross case analysis will be discussed in Chapter Six.

The discussion for each organisation will focus on the provision of a limited background to each organisation giving a picture of the organisation's history, plus relevant information such as dates of sale or purchase, date of commencement of membership to the NZBCSD and other major changes that may affect the reported information or analysis. The rest of the discussion will consider the specifics of the reporting of corporate responsibility initiatives benchmarked against GRI guidelines. The headings for each section were taken from the headings of the GRI. As Annual Reports are official documents required by New Zealand legislation, all of the reports analysed contained the following:

- Statement of financial performance
- Statement of movements in equity
- Statement of financial position
- Statement of cash flows

- Statement on significant accounting policies
- Notes to the financial statements

Although not specifically mentioned in the discussion accompanying the financial statements these statements contained the majority of the economic performance indicators.

5.2 Results for the Six Corporate Responsibility Organisations

5.2.1 Landcare Research

Background

Landcare Research is one of nine Crown Research Institutes founded in 1992 after the restructuring of the New Zealand publicly funded research organisations. Landcare Research primarily focuses on land based research providing information on improving resource efficiency, biodiversity and the conserving and restoring of New Zealand's natural habitats. This organisation is largely publicly funded, but does have a number of subsidiaries which receive external income. Latterly, Landcare Research has become involved with the promotion of sustainable development, providing an advisory service on sustainable business and communities that has assisted a number of firms to produce Triple Bottom Line reports. Landcare Research was a founding member of the NZBCSD in May 1999 and produced its first sustainability report in 2000.

Vision and Strategy

No vision statement was reported by Landcare Research until after membership to the NZBCSD, although a set of Guiding Philosophy were included each year. A CEO statement is included each year.

Profile

Many of the early GRI indicators 2.1-2.10 would be considered standard information for an Annual Report, so it is not surprising that these are the most often included when reporting with, or without commitment to sustainable reporting. The areas that Landcare Research has improved on are the Listing of Stakeholders, a contact person for the report, and explanations on the changes in reporting measures.

Governance Structure and Management Systems

The only area that is consistently covered in the Structure and Governance is the inclusion of GRI 3.7 on providing mission and value statements with Landcare Research including a section on Guiding Philosophy every year from 1994. However, it was only in later years that these guiding principles were referred to in the rest of the report.

Even prior to becoming members of the NZBCSD, Landcare Research has engaged stakeholders in the organisation. A variety of surveys of customers and staff has been conducted and the information gained has been acknowledged and acted on. Landcare Research specifically reports on their involvement in providing information to the general public on research outcomes through farm field days, seminars and workshops, but this type of stakeholder engagement could not be classified within the GRI. Presumably Landcare Research reports on this area because of the public funding that Landcare Research receives.

GRI Content Index

Landcare Research included a GRI Content Index table in both 2002 and 2003, and as these were the last two years of reports analysed it has not been possible to comment on a pattern of inclusion.

Economic Performance Indicators

Landcare Research consistently reported on 8 of the 13 Economic Indicators, as would be expected of any organisation that is required to produce annual reports. Much of this information is included in the financial statements rather than being discussed in other sections. There was some difficulty in categorising the public funding that Landcare Research receive from the New Zealand government. This form of funding is neither sales nor subsidies, so really should not be categorised as either, but because this funding is the main source of income to Landcare Research (for services provided to the New Zealand government) it has been classified as sales income.

Environmental Performance Indicators

Reporting on these indicators only occurred after membership to NZBCSD and even in the most recent of Annual Reports, only 8 of the possible 35 indicators are covered. This is rather disappointing for two reasons:

1. The stated commitment to sustainability reporting, means a higher level of reporting could reasonably have been expected, and
2. Landcare Research is an organisation committed to environmental enhancement and therefore logically should want to show that the organisation itself is environmentally sustainable.

Landcare Research have measured the 'Indirect Energy Use' (GRI EN4 and EN19) of air travel and private vehicle use of staff in getting to work which combined with the 'Direct Energy Use' (GRI EN3) has allowed an estimate of CO₂ emissions. Landcare Research are developing methods to offset these CO₂ emissions (and gain carbon credits) through leasing land for indigenous vegetation regeneration.

Social Performance Indicators

Overall the reporting of Social Performance Indicators was the worst of all the GRI sections with only 11 items out of 49 being covered in the 2003 Annual Report, and many of the indicators covered were included before Landcare Research joined the NZBCSD. The standout features of Landcare Research's reports are:

- The developing of diversity within the organisation has been a constant concern with the expressed desire to employ more women and Maori in scientific research.
- Policies and programmes to involve Maori is also a constant for Landcare Research, but this might be expected as there is a general increase in the desire to consult Maori when the natural environment is concerned.
- Being an organisation that is involved in research it would be expected that the education of employees is considered important with the need to constantly be informed on the latest research and the advancement of knowledge. This was shown in both reporting on GRI EN16 and EN17.
- Employee benefits beyond legally mandated through performance based rewards of profit sharing.

Many of the 11 indicators were only partially reported either through the cursory mentioning of the area, or a complete failure to report in the measure required by the GRI.

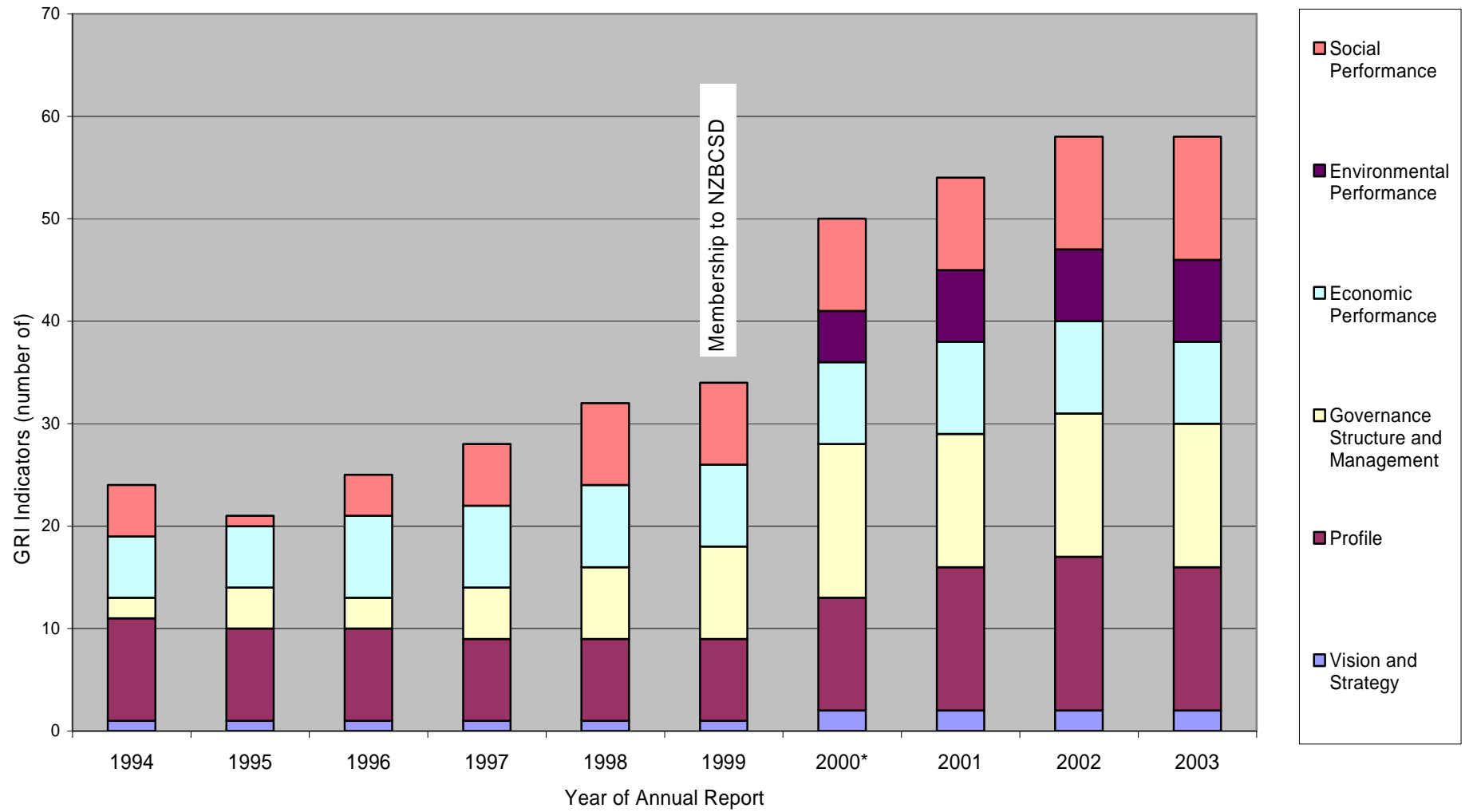
General Comment

Landcare Research states a total commitment to sustainable development to the extent of developing consultancy services for sustainable businesses and communities, providing research and assistance to other organisations wanting to be involved. Many other organisations have used the services of Landcare Research when developing sustainability reports. It would be expected that Landcare Research would represent best practice with respect to the level of reporting, and this will be covered in Chapter 6 as part of the cross-case analysis.

When analysing the Landcare Research Annual Reports there was some difficulty in separating the organisation's operations in research areas from their actual environmental performance based on the GRI environmental indicators. Landcare Research is involved in research of the natural environment and improving efficiencies in land resource use, but the inclusion of the research outputs should not be part of Landcare Research sustainability evaluation.

Figure 5.1 combined with Appendix 4 provide a summary of the items contained in annual reports during the period studied.

Figure 5.1 Summary of Sustainability Reporting - Landcare Research



5.2.2 Port of Tauranga Ltd

Background

The original port at Tauranga was officially established in 1873, and the first Tauranga Harbour Board meeting conducted in 1913. Due to port reforms in 1988, the Harbour Board was disestablished and the Port of Tauranga Ltd began operations. Port of Tauranga provides shipping and cargo services and is one of the largest ports in New Zealand. The main export cargos through the Port of Tauranga are forestry, dairy and other primary produce. The port also runs a metropolitan port in Auckland to link the port in Tauranga with New Zealand's largest city.

Port of Tauranga is a member of NZBCSD, but the membership date is not provided in any of the Annual Reports, nor on their website. A process of elimination has established that membership is probably dated from 2001.

Vision and Strategy

Inclusion of a vision statement was not included until the 2002 Annual Report, after Port of Tauranga had become members of the NZBCSD. All annual reports had a CEO statement.

Profile

The profile section covered 10 out of 22 items, many of which would be reported in any annual report, with the only changes across the 10 years being the acknowledgement of other stakeholders (GRI 2.9) and the inclusion of the corporate structure (GRI 2.3).

Governance Structure and Management Systems

The reporting in this section has increased in the last five years with 6 to 9 GRI indicators out of a possible 20 being regularly included in the Annual Reports. The most of these are in the Structure and Governance subsection, with only sporadic reporting in the Stakeholder Engagement and Policies and Management Systems subsections.

Within the annual reports, Port of Tauranga has been concerned about the impact of noise, dust and rubbish on the local community. In response a Noise Liaison Committee was established in 2002, and staff have voluntarily cleaned up rubbish from around the port area. The port authority has initiated native plantings to reduce the visual pollution of the port operations. These initiatives were difficult to classify, but the decision was made for classification in GRI 3.17 (Approaches to managing indirect economic, environmental and social impacts).

GRI Content Index

This was not included in any of the 10 Annual Reports analysed.

Economic Performance Indicators

The reporting of economic indicators has remained static over the 10 years of reports. Economic indicators were all fully covered within the financial statements. The only changes over the 10 years have been the inclusion of a dollar value attached to Philanthropic and Community Donations (GRI EC10) to supplement the description of Port of Tauranga's involvement and in 2002 and 2003 a statement and dollar value on the overall economic impact of the Port on the Bay of Plenty Region (GRI EC13).

Environmental Performance Indicators

Reporting on environmental performance is extremely sparse with only five indicators out of 35 being covered in 2004. These include water and energy resource use, the environmental impacts of dredging, noise, and dust from the port's operations, plus a commitment to the dotterel breeding programme on Matakana Island.

Social Performance Indicators

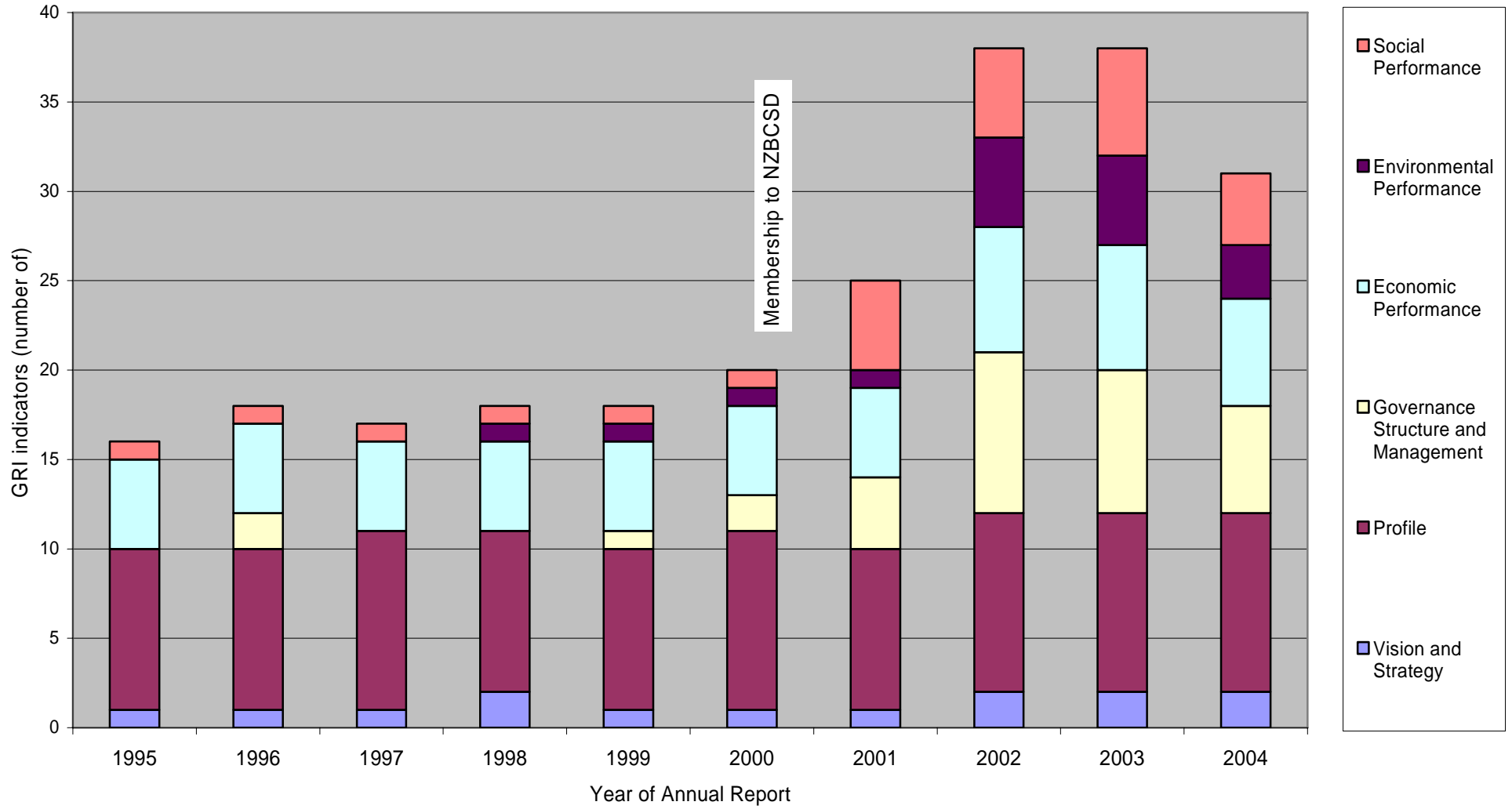
Social reporting is also extremely sparse. While labour practices were the best covered indicators this coverage has not been consistent over the last 5 years. Not highlighted by Appendix 4 is the port authority's stated intention in the 2002 and 2003 Annual Reports to diverge from the industry practice of increased use of casual port staff. Also covered is the relationship with the employee unions. Port of Tauranga did include a graph in 2003 and 2004 comparing the average salary per week of a Port of Tauranga worker with the national industry average, but this is not an indicator recognised by the GRI guidelines.

General Comment

The last report analysed was disappointing in that the total number of GRI indicators covered dropped from the previous year. The environmental and social reports were reduced to two pages each with many of the programmes and indicators previously covered not included. The social report focused on initiatives involved with youth, but omitted any reporting on labour relations.

Figure 5.2 combined with Appendix 4 provide a summary of the items contained in annual reports during the period studied.

Figure 5.2 Summary of Sustainability Reporting - Port of Tauranga



5.2.3 Sanford Ltd

Background

Sanford Ltd was founded in 1881 and became a public company in 1904. In their reports, Sanford Ltd express pride in their long history and an awareness of a dependence on a limited resource that needs to be managed wisely. The fishing industry works within a Quota Management System to “ensure that all fish stocks are carefully monitored at a sustainable level, guaranteeing a continuity and consistency of supply” (Sanford Annual Report, 1997). Sanford Ltd is a founding member of NZBCSD in 1999, producing the first stand-alone sustainability report in 2000.

Vision and Strategy

None of the annual reports contained a clear mission or vision statement, although in 1998 Sanford Ltd introduced their new motto of ‘Sustainable Seafood’. With the commencement of sustainability reports Sanford has provided ‘Responsibility Statements’ for each of the economic, environmental and social parts of the report, which outline in general terms the respective commitment to those goals.

Profile

In the 2003 Annual Report, Sanford Ltd covered 13 of the 22 profile indicators, although 10 of these would be expected to appear in any form of annual report and there has been no improvement since 1994. The indicators included since Sanford became a member of NZBCSD are the identification of stakeholders (GRI 2.9) and those relevant to economic, environmental and social measurements (GRI 2.18 and 2.19). In the 2003 Annual Report, Sanford Ltd developed and explained an Eco-efficiency measure to simplify the reporting of the environmental impact of their operations. The Eco-efficiency score measures the

ratio of the amount of resource consumed per unit of production. This measure is intended to demonstrate the progress of environmental performance. It would be interesting to track the use of this measure in future annual reports.

Governance Structure and Management Systems

Prior to 1999, Sanford Ltd conducted only limited reporting on governance and management systems. No doubt due to the sensitivity towards maintaining fish stocks, there has been a commitment to being involved in external initiatives to manage those stocks. Upon becoming a member of the NZBCSD, the quantity of reporting jumped and now there is consistent reporting of 15 of the 20 indicators.

Stakeholder engagement has been predominantly confined to the reader reaction surveys included in the Sustainability reports to refine and improve on subsequent reports. There was discussion on the use of customer feedback to improve products and services, but there was no explanation on how those comments were gathered.

GRI Content Index

This was not included in any of the 10 Annual Reports analysed.

Economic Performance Indicators

Eight out of 13 Economic Performance Indicators have been covered since the earliest reports analysed and are the normal economic indicators expected in any annual reports. Latterly two others have been covered focusing on the economic impact on other stakeholders such as employees and the wider community. Through the reporting of both Total Payroll and Benefits (GRI EC 5) and the indirect economic impacts (GRI EC13)

Sanford Ltd more recently acknowledges the importance of its operations in small communities. For example, there were comments connecting quota reductions with staff cuts.

Environmental Performance Indicators

The significant development of the 10 years of reports analysed is the increased reporting on the environmental performance indicators since 1999 with its focus on resource usage and the impact of operations on the environment. Environmental impact is one of the major concerns of the fishing industry through:

- 1) the sustainable management of the harvestable resource, and
- 2) the need for initiatives to minimise impacts on the rest of the marine environment at both whole ecosystem or single species level.

Prior to the 2000 Triple Bottom Line Report, the firm's environmental impact was often discussed in terms of how much it cost the company to protect the natural environment (e.g. economic loss due to seal interactions with salmon farms, costs of resource consents and conservation levies) as opposed to a recognition of a responsibility to protect the natural environment for its own intrinsic value. This approach changed in the 2000 report where Sanford Ltd began to explain the initiatives being developed, both within the fishing industry and the company, to avoid harmful environmental impacts on other species, such as the endangered Hookers Sea Lion in the important Southern Ocean squid fishery.

Environmental impact reporting in 1999 and 2000 included graphs showing the decline in ground fish catches globally, but with no comment that this may require a reduction in quotas.

Social Performance Indicators

Social reporting really only started once Sanford Ltd commenced membership with the NZBCSD. Prior to that there was solely some sporadic reporting on extra employee benefits (GRI LA12). There was no reporting at all on other employment statistics such as lost injury days or employment numbers. However, since 1999 Sanford Ltd has increased substantially the reporting of labour indicators such as health and safety and training.

Sanford Ltd contract fishing out to internationally-owned fishing vessels and there has been a spate of recent newspaper reports about widespread abuse and violence on board such vessels. Sanford Ltd however appears to choose not to report on the labour practices associated with these contract crews many of which would be in contravention of New Zealand labour legislation.

The certification of Sanford's hoki fishery by the Marine Stewardship Council (MSC) has allowed for the labelling of hoki products with the MSC logo and the subsequent inclusion in the annual report accounted for the GRI PR6. The comment was made that MSC certification allowed for the opening up of European markets to increases in Sanford's products.

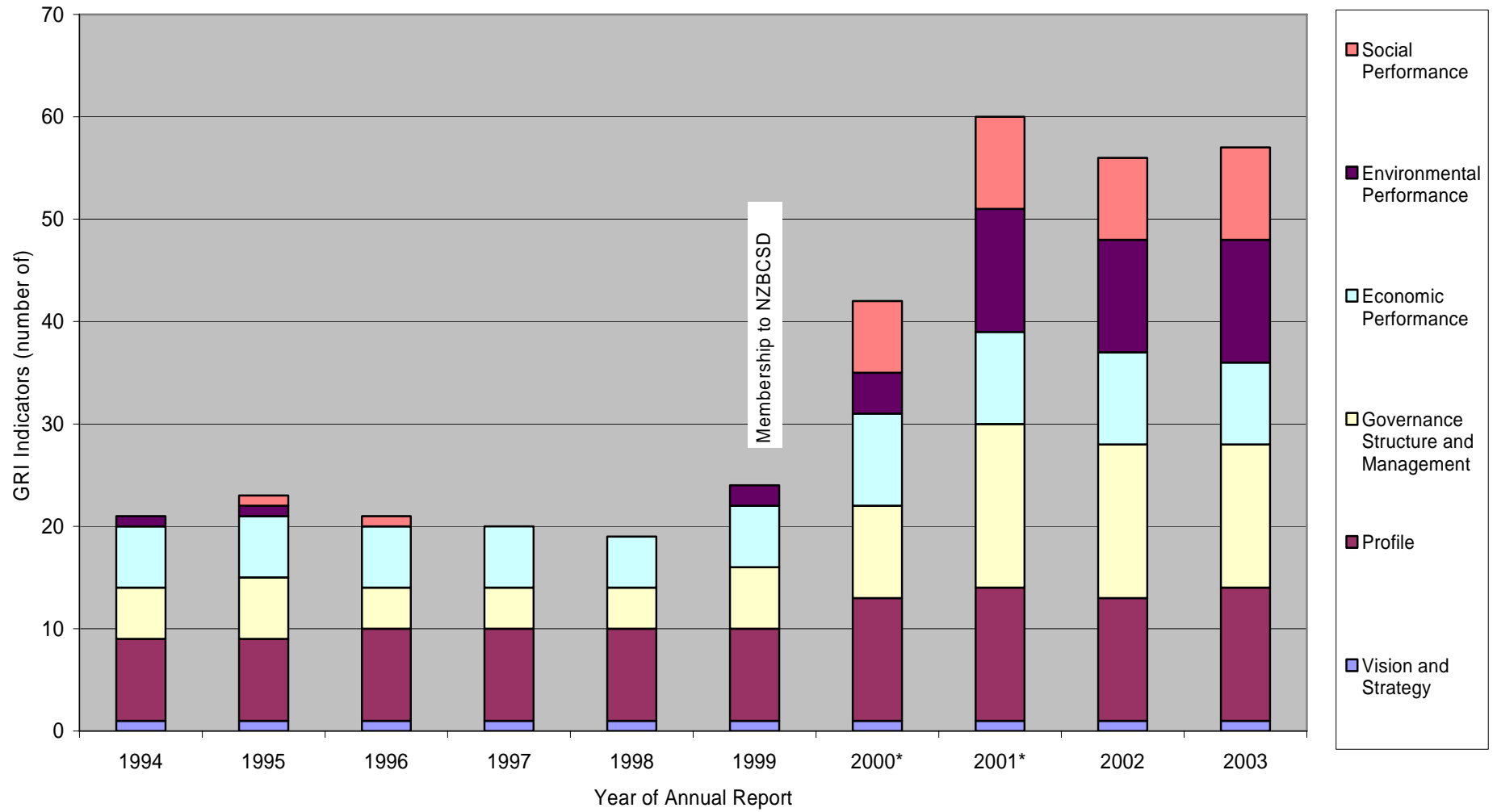
General Comment

The sustainability reporting of Sanford Ltd has become increasingly more comprehensive. This is demonstrated by the near doubling of reported GRI indicators from the 1999 to 2000 annual reports and steady increases since then to the point where 56 indicators have been covered in the last two annual reports.

Through the Quota Management System, a strict catch reporting system managed through the Ministry of Fisheries (MFish) is a requirement. Sanford Ltd's initial response to this management system was negative especially when catch quotas were reduced. Current responses are more in line with the motto of 'Sustainable Seafood', and there is a ready acceptance of reductions in quota.

Figure 5.3 combined with Appendix 4 provide a summary of the items contained in annual reports during the period studied.

Figure 5.3 Summary of Sustainability Reporting over 10 years - Sanford Ltd



5.2.4 Telecom Corporation of New Zealand Ltd

Background

Telecom Corporation of New Zealand is one of New Zealand's largest companies, being listed on the New Zealand, Australian and the American stock exchanges. Telecom NZ Ltd was originally government owned as part of the New Zealand Post Office, which in addition to telecommunications, provided banking and postal services to New Zealand. In 1987 the New Zealand Post Office was broken up into three separate state-owned enterprises, Telecom, Postbank and New Zealand Post. Telecom and Postbank were privatised in 1990. Telecom New Zealand Ltd became a member of NZBCSD in 2003, with the first sustainability report being produced in 2004.

Vision and Strategy

No mission statement was found in the 10 annual reports analysed. The CEO statement has always been included, which from 1997 has been forward looking rather than reviewing the past year's performance.

Profile

Telecom Ltd only report on nine of the possible 22 Profile indicators, the majority of which would be normally expected to appear in any annual report. Interestingly in two of the early reports there were statements with regards to changing reporting to include Economic Value Added (EVA) in 1995 and Market Value Added (MVA) in 1996, yet there was no more mention of these economic measures in the following years.

Governance Structure and Management Systems

Telecom Ltd annual reports have consistently covered the governance of the organisation (GRI 3.1 and 3.2) since 1996. Apart from those two indicators no other Governance Structure and Management Systems were covered until 2002, which was the year prior to commencing membership of the NZBCSD. In the 2002 annual report reporting was initiated in the stakeholder engagement (GRI 3.10 and 3.11), development of codes of conduct and ethics (GRI 3.7) and initiatives around improving economic, environmental and social performance (GRI 3.19).

Although from 1995 to 1998, the annual reports included a table on 'Residential Quality of Service Indicators', there was no explanation to accompany the table. It is reasonable to assume it was derived from customer service surveys.

GRI Content Index

This was not included in any of the 10 Annual Reports analysed.

Economic Performance Indicators

Telecom Ltd has consistently covered six out of the 13 GRI indicators over the last 10 years of annual reports analysed. For a period of seven years total payrolls and benefits (GRI EC6) were covered but this has since been discontinued. Reporting on Community Donations (GRI EC10) has been intermittent with a break of four years in the middle, yet Telecom Ltd has always expressed pride in its community involvement with schools and charities.

Environmental Performance Indicators

Environmental Performance has not been a focus of Telecom Ltd, but with membership to the NZBCSD this could change in the future.

Social Performance Indicators

Social Performance is also not a feature of the last 10 years annual reports. Ironically, the most consistently covered, is net employment creation (GRI LA2), and the recording of redundancies. Reporting on other indicators has been sporadic in the Labour Practices section.

The most prominent indicator is the reporting on union membership (GRI LA3) in the years 1996-1998, reflecting an antipathy towards collective agreements, with a determined move towards Individual Employment Contracts during that period. It would be interesting to enquire whether the attitude to unionism has changed since becoming a member of the NZBCSD.

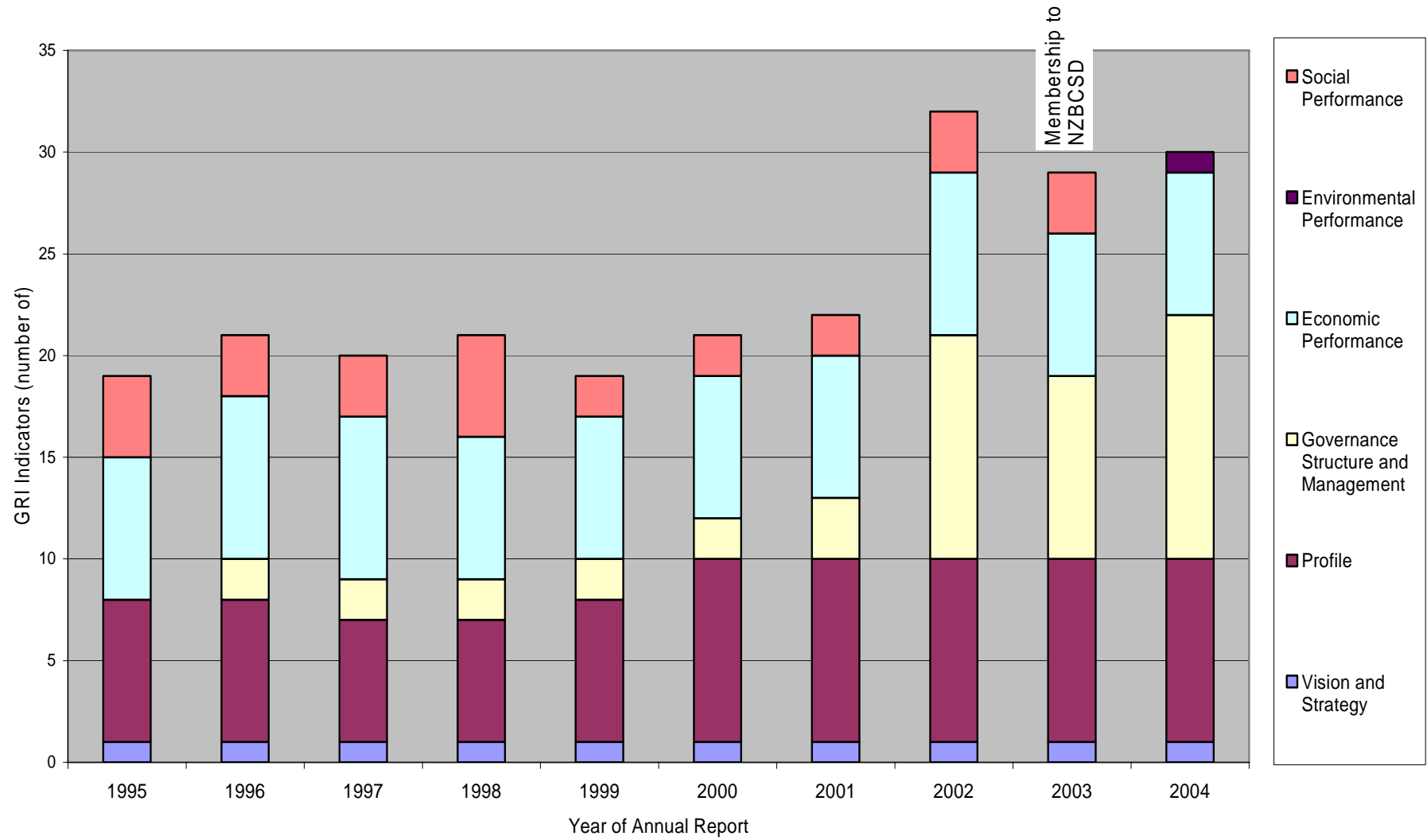
Apart from Labour Practices, the other social indicators have not been covered except for GRI SO6 when Telecom Ltd was involved in court action with competitors.

General Comment

It has to be acknowledged that Telecom Ltd has only recently become a member of the NZBCSD. Therefore it is unsurprising that reports focus on economic performance. It would be interesting to track any changes in the next few years, as a condition of membership to the NZBCSD is to produce a sustainability report within three years of joining.

Figure 5.4 combined with Appendix 4 provide a summary of the items contained in annual reports during the period studied.

Figure 5.4 Summary of Sustainability Reporting over 10 years - Telecom Ltd



5.2.5 TrustPower

Background

TrustPower began operations in 1925 (as the community owned Bay of Plenty Electric Power Board), and has become New Zealand's fourth largest electricity retailer with a listing on the New Zealand stock exchange. TrustPower owns and operates 37 power stations generating all the electricity from renewable sources and is a majority New Zealand owned company. TrustPower was a founding member of the NZBCSD in May 1999.

Vision and Strategy

Trustpower initially reported a mission statement which focused on becoming 'an industry leader through excellence of customer services, achieved by innovation'. This statement was discontinued in 1998, and no new mission statement has been developed.

There is a CEO statement in every report.

Profile

TrustPower has consistently covered eight of the 20 Profile indicators over the 10 years of reports analysed. For three years this increased to nine when the annual reports included information on joint-ventures (GRI 2.15). There has been no reporting on the sustainability indicators in this section, even after NZBCSD membership commenced.

Governance Structure and Management Systems

There was little reporting in this section prior to membership of the NZBCSD, apart from a consistent reporting on GRI 3.16 related to the service stewardship initiatives which developed new sources of renewable energy through windpower.

Once TrustPower become members of the NZBCSD, reporting in this section increased from three indicators in 1999 to 11 in 2004 (out of a possible 20). There has been an increase in stakeholder engagement reporting (GRI 3.10 and 3.11) which has been consistent in the last four years and this is also reflected in the programmes and policies pertaining to economic, environment and social performance (GRI 3.19).

GRI Content Index

This is not included in any of the 10 annual reports analysed.

Economic Performance Indicators

TrustPower regularly reports on seven of the 13 Economic Performance Indicators, all of which, apart from EC10 (Philanthropy and Donations) would be covered in a standard annual report.

Environmental Performance Indicators

Environmental Performance is poorly covered (only four indicators) even after six years of NZBCSD membership. Three of the four reported indicators focus on negative environmental impacts such as oil and chemical spills (GRI EN13) and non-compliance with environmental legislation (GRI EN16). The latter is commendable as negative results are often minimised and positives accentuated in annual reports.

TrustPower has consistently focused and covered initiatives to develop renewable energy sources such as windpower, to reduce reliance on hydro generation which, although renewable, can have extreme environmental impacts when new power stations require commissioning.

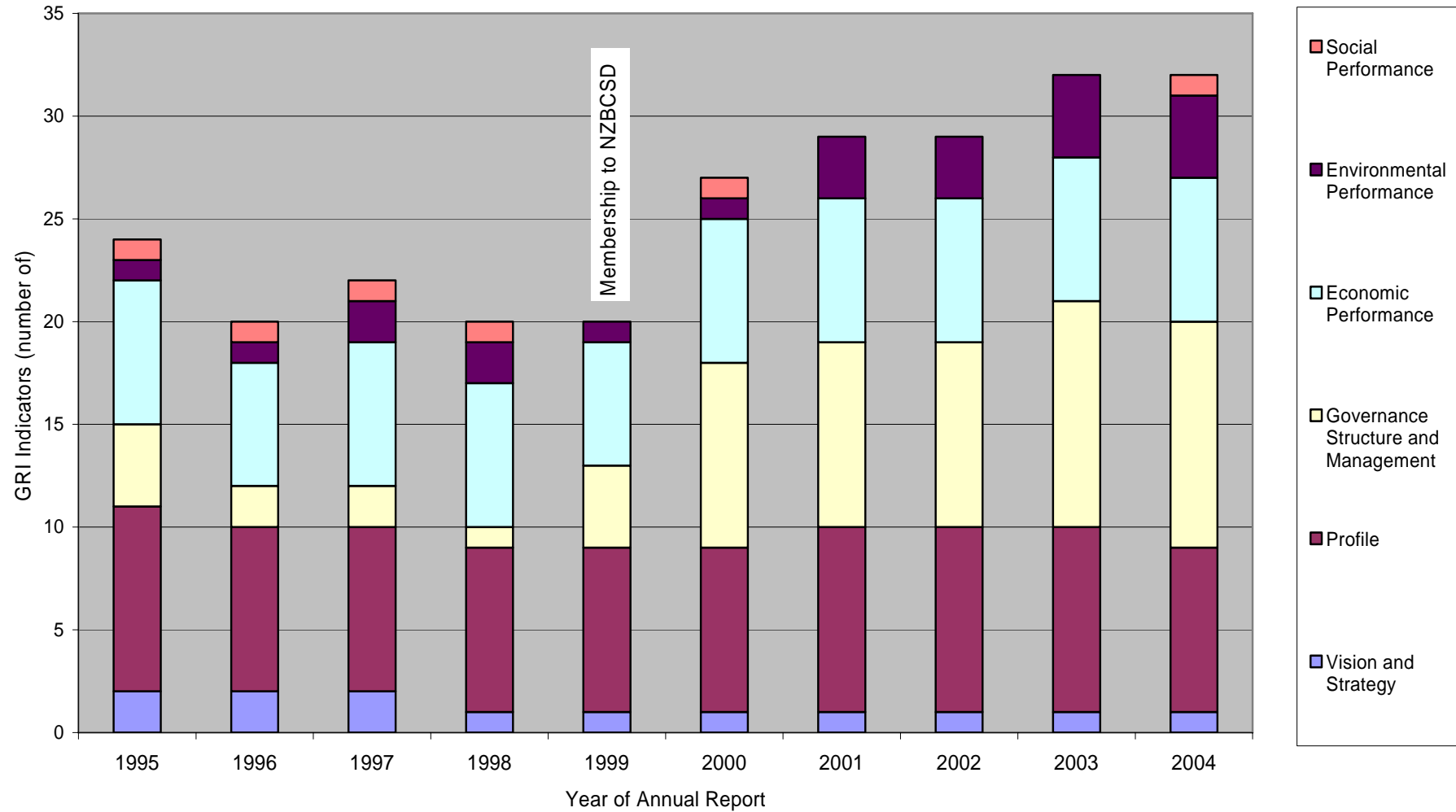
Social Performance Indicators

The smattering of Social Performance Indicators covered in the 10 years analysed is not worthy of discussion. The so-called social performance section of the annual reports focuses on philanthropic and community donations (GRI EC10), which is an indicator in the Economic Performance section.

General Comment

For an organisation that is a founding member of the NZBCSD the sparseness of reporting in so many areas is surprising. Figure 5.5 combined with Appendix 4 provide a summary of the items contained in annual reports during the period studied.

Figure 5.5 Summary of Sustainability Reporting over 10 years - TrustPower



5.2.6 Waste Management NZ Ltd

Background

Waste Management NZ Ltd is New Zealand's largest waste management company and is listed on both the New Zealand and Australian stock exchanges. The company has traditionally provided a service centred on the collection and disposal of waste, but has changed its focus to the broader management of solid and liquid waste streams and adding value through a new resource recovery agenda (Annual Report, 2001). This provides measurable environmental benefits, develops new business initiatives to sell to other organisations, and reduces the operating costs of customers.

Waste Management NZ Ltd was owned by Waste Management International from 1986 until 2000, but through divestment is now a stand alone company owned by New Zealand and international investors. Waste Management NZ Ltd was a founding member of NZBCSD in May 1999.

Vision and Strategy

A mission statement has been included each year from the first annual report analysed but was without linkages between the mission statement and the report contents until the 1999 report. In 2000, the mission statement changed, presumably to reflect the new ownership of the company. Both mission statements consider not only shareholders, but also the environment and communities. CEO statements are a feature of all reports analysed.

Profile

Prior to 2000 Waste Management NZ Ltd tended to include the most basic of profile information, which is a normal feature of any annual report. The latter three annual reports had a more developed profile around sustainability aspects of the report.

Governance Structure and Management Systems

Reporting on governance and management systems has increased over the 10 years with initial foci on the actual governance structure, the number of independent directors and the inclusion of a mission statement. Latterly, Waste Management NZ Ltd reported the appointment of a Corporate Environmental Manager at senior manager level in 2001 (GRI 3.6) and the inclusion of a risk management component to the board-level committee structure in 2002 (GRI 3.4). There was a start to the reporting on governance and management systems prior to 1997 when the announcement to sell Waste Management NZ Ltd was made. During the sale process this reporting was discontinued and resumed again once the company was sold and membership to NZBCSD commenced.

Stakeholder engagement has been sporadic over the 10 years with either employees or customers being surveyed. The involvement of Waste Management NZ Ltd in external sustainability initiatives including the company joining the NZBCSD is reflected in the development of new services of resource recovery rather than waste disposal and the internal implementation of TBL performance programmes (GRI 3.19).

GRI Content Index

This is not included in any of the 10 Annual Reports analysed.

Economic Performance Indicators

Economic Performance reporting has been consistent over the 10 years with 7 of the possible 13 GRI indicators included. However, this financial reporting would be expected in any annual report.

Environmental Performance Indicators

The Waste Management Ltd Environmental Policy is a feature of all the analysed reports, which indicates that this company has been concerned about their impact on the environment well before the concept gained currency in New Zealand. Earlier reports tended to focus on stating their commitment to safeguarding the environment, rather than quantifying the environmental results of operations.

In 1999, the first year of membership of NZBCSD, the environmental and social section contained a discussion on the importance of Waste Management (NZ) Ltd belonging to such an organisation, the future intentions for sustainability initiatives within the company and a new environmental policy and principles section.

After 1999, environmental reporting has increased, with reporting on energy and water use (GRI EN3, EN5 and EN19), greenhouse gas emissions (GRI EN8) and non-compliance with legislation (GRI EN16). Due to the nature of waste management and the emission of gas from landfills, Waste Management Ltd has invested in initiatives to convert the emissions into energy, thus lessening the impact on the environment.

Social Performance Indicators

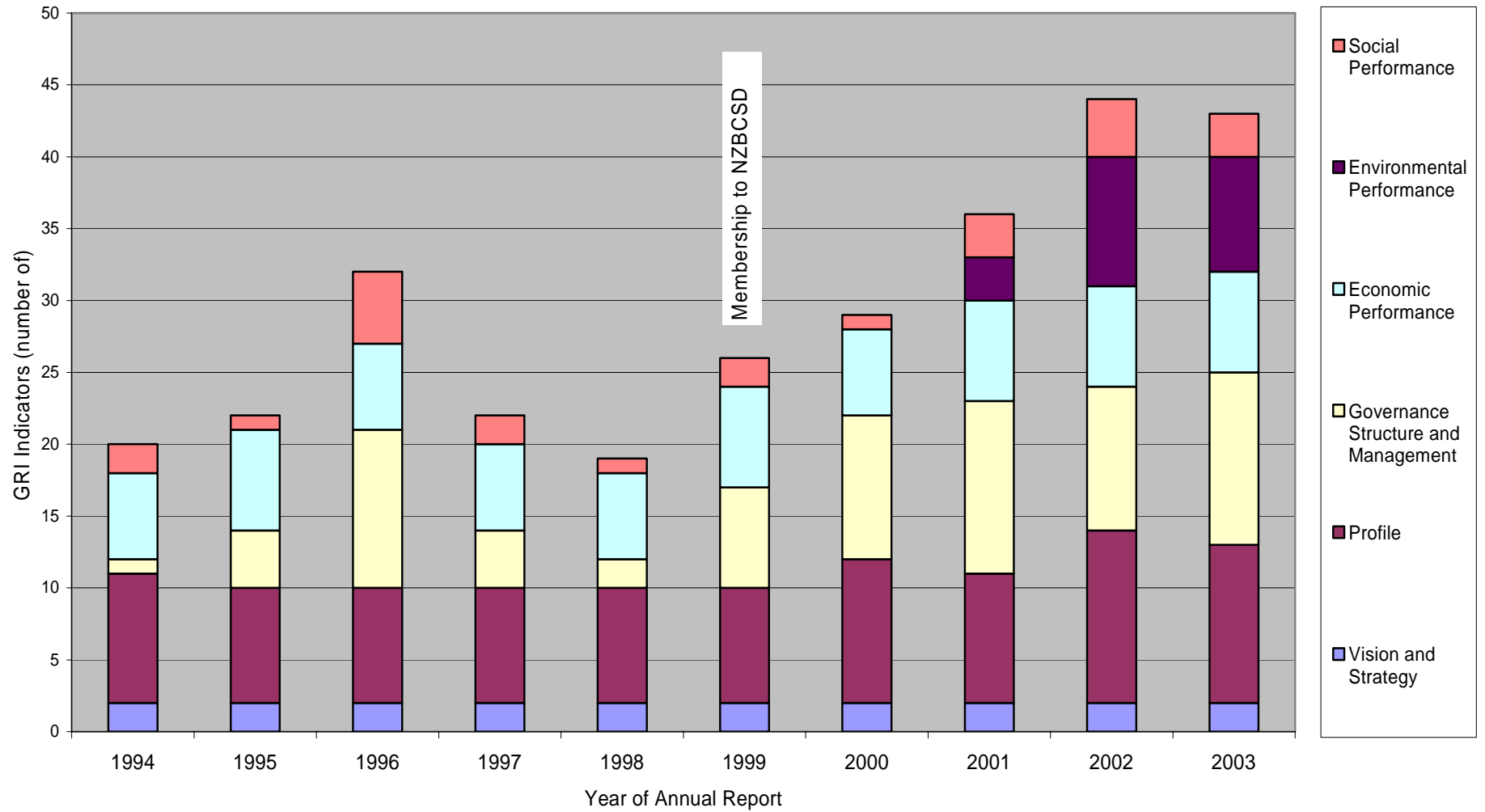
The reporting of social performance is inconsistent with only employee benefits being consistently reported. For the last two years employee turnover (GRI LA2) and lost days due to injuries (GRI LA7) has been reported, but this is too short a time to indicate a pattern.

General Comment

It is interesting to note that the 1994-1996 Waste Management Ltd reports started to include aspects of social and environmental reporting, yet in 1997 and 1998 this reporting style stopped and did not start again until 1999. One reason that could be attributed to the changes in reporting is that Waste Management Ltd during the period of non-reporting sustainability were going through the process of being sold by the parent company Waste Management International Ltd. The inclusion of Waste Management's Environmental Policy and Principles was also discontinued during this period. The completion of the sale and the membership of NZBCSD could account for the restarting of TBL reporting in 1999.

Figure 5.6 combined with Appendix 4 provide a summary of the items contained in annual reports during the period studied.

Figure 5.6 Summary of Sustainability Reporting over 10 Years - Waste Management Ltd



Chapter 6

Cross Case Analysis

6.1 Introduction

Chapter Five presented the results of the individual case studies and compared each of the companies' annual reports with the GRI indicators, using the summaries of the annual report analysis (see sample summaries in Appendix 3) and the time series data collated in Appendix 4. Bar graphs were also included to summarise the results. The purpose of this chapter is to provide comparisons across all six companies in the following two sections:

- 1) a presentation and discussion of the results of the cross case analysis of the six companies to identify any pattern changes in organisations' behaviour and attitudes towards corporate responsibility, and
- 2) a comparison of the patterns identified above with the Maturity Model framework (Figure 3.2), allowing for refinement of the model for further research.

This discussion should fulfil the objectives of the research project presented in Section 3.2.

Section 6.2 will present the results and discussion of the cross-case analysis using the time-series data in Appendix 4 with pattern matching to identify if there is a constancy in reporting changes that is common to all or some companies. The headings used in this section replicate those used in the GRI index and individual case analysis in Chapter 5. Section 6.3 will present the results and discussion of the comparison of the findings of Section 6.2 with the Maturity Model framework (Figure 3.2) to provide an initial base for refining the proposed framework.

6.2 Cross-Case Analysis

6.2.1 Vision and Strategy

Generally, after membership to the NZBCSD there is a trend towards the developing and reporting of a vision statement, whether it is a simple statement such as Sanford's 'Sustainable Seafood', or more detailed efforts acknowledging responsibility to shareholders, the wider community and the environment. There were only two companies in the final year of reports analysed that failed to include a vision statement. The two were Telecom, who had only been sustainable reporting for one year and TrustPower, who initially had a vision statement, but in later years had not reported one.

The CEO statements were consistently included for all companies across all years would be standard in any annual report.

6.2.2 Profile

Most of the first 11 of the 22 Profile indicators were consistently included in all the reports and would be present in any standard annual report. Also the provision of assurance of the report (GRI 2.21) is consistent as the financial statements of annual reports must be audited by a chartered accountant, although the social and environmental aspects may not.

The most significant change since the companies joined the NZBCSD has been the growing inclusion of GRI 2.18 (Criteria/definitions used in economic, environmental and social information) and GRI 2.19 (Changes in measurement method of key information). This was practised by three of the six case companies, and the same three companies provided readers with the ability to obtain additional report information (GRI 2.22). A further three companies had developed policies and practices to provide assurance on the

accuracy of the sustainability section of the report (GRI 2.20) and had used external verification.

6.2.3 Governance Structure and Management Systems

6.2.3.1 Structure and governance

Improved reporting of governance and structure issues has been a noticeable change for all six companies studied. The three significant changes over the 10 years of annual reports analysed are as follows:

- 1) Reporting on governance issues (GRI 3.1-3.3). Prior to membership of the NZBCSD, only two companies provided information on governance and this may be due to the international nature of both organisations, Telecom Ltd and Waste Management NZ Ltd. After membership commenced, the reporting increased to all six case organisations providing some form of information. Although it has no classification under the GRI indicators a majority of companies also provided small profiles and/or pictures of the directors and senior management.
- 2) The increased significance placed on identification and management of the economic, environmental and social issues at either board (GRI 3.4) or senior management (GRI 3.6) level. Five out of the six case organisations reported either one or both of these indices. This reveals increased commitment at higher levels of the organisation.
- 3) Internally developed mission and values statements, codes of conduct and principles increased after commencement of membership to the NZBCSD. It may be that these types of internal directives were established to add weight to the board's commitment in their attempt to filter this commitment through the rest of the company. Further research will be required to investigate this question further.

6.2.3.2 Stakeholder engagement

Another significant change occurred in the Stakeholder Engagement section (GRI 3.9-3.12). All companies after membership of the NZBCSD employed some form of stakeholder consultation, whether it was employee surveys, customer surveys or even just reader surveys. Although the description of some types of stakeholder engagement was rather vague, most provided an adequate reason for the consultation and how the results were used.

6.2.3.3 Overarching policies and management systems

The changes in this area can be grouped into two categories:

- 1) Subscription to external economic, environmental and social initiatives (GRI 3.14) and memberships of external industry and business associations (GRI 3.15). These two usually followed membership of the NZBCSD whereupon they commenced production of a sustainability report within three years of membership, consistent with the GRI guidelines as encouraged by the NZBCSD. Interestingly TrustPower was the only case organisation that did not report their membership of the NZBCSD.
- 2) The initiating of programmes and procedures to economic, environmental and social performance (GRI 3.19). The reporting on this section was further sub-categorised. Most of the case companies provided information on programmes to improve performance, but only two set targets, and four discussed internal auditing of the programmes. The absence of targets, renders it difficult to evaluate progress towards improvements in economic, environmental and social outcomes. Both Landcare Research and Sanford Ltd were very good at reporting on progress

against set targets and reasons why they were or were not met. Revised targets were then set for the next year.

Interestingly, certification of economic, environmental and social management systems (GRI 3.20) has only been the focus of three organisations studied. These have been such systems as ISO 14000 and the Marine Stewardship Council certification.

6.2.4 GRI Content Index

Landcare Research was the only organisation to include a GRI Content Index table comparing Landcare Research's performance in reporting against the GRI 2002 guidelines. The index was included in both 2002 and 2003 Annual Reports.

6.2.5 Performance Indicators

6.2.5.1 Economic performance

Overall seven or eight out of 13 indicators were consistently reported by all six case organisations over the 10 years. This would be expected as financial reporting is extremely well established in annual reports.

6.2.5.2 Environmental performance

There is a definite increase in environmental reporting after the commencement of NZBCSD membership, as can clearly be seen in the tables included in Chapter 5. However pattern matching for the environmental GRI indicators to identify whether there were definite groupings of change across the cases was more difficult than in the previous sections. For two companies, Telecom Ltd and TrustPower, environmental reporting was almost non-existent. For Telecom Ltd this could be due to only being NZBCSD members

since 2003. TrustPower only consistently reported on their initiatives to use windpower, a renewable energy sources (GRI EN17) which is unsurprising for an energy company.

The following are other groups of indicators that are beginning to be consistently reported across three or four of the case organisations:

- 1) Resource use (GRI EN 3, EN 4, EN5, and EN19) - Energy use, both direct and indirect, and water use.
- 2) Greenhouse gas emissions (GRI EN 8) – especially CO₂ from non-renewable energy sources of petrol and diesel. Waste Management Ltd also report on greenhouse gas emissions from landfill sites.
- 3) Environmental impact – This has manifested as reporting on the negative environmental impacts of products or services (GRI EN14), or the positive impacts of the protection and restoration of native ecosystems and species (GRI EN27). Four organisations were involved in either the restoration of native plantings to lessen the impact of greenhouse gas emissions or involvement with species recovery programmes.

Apart from these three areas reporting on environmental performance was sparse and formed no apparent pattern of reporting.

6.2.5.3 Social performance

As with environmental performance, there was a significant increase in the reporting of Social Performance once organisations commenced membership to the NZBCSD.

Labour practices

Only one organisation prior to membership reported to a significant level on Labour Practices. Of the four social performance areas, Labour Practices is the most reported area.

Within this, consistent reporting occurred in the following four areas.

- 1) Net employment creation (LA2) which in one case involved reporting on *negative* employment creation i.e. redundancies (which is italicised in Appendix 4),
- 2) Days lost to injury and absenteeism (LA7) were reported on by four case organisations,
- 3) Employee benefits beyond those legally mandated (LA12) reported by five of the six organisations and included benefits such as employee share purchase schemes, profit sharing, and benefits associated with employee wellness.
- 4) Three case organisations reported on training provisions (LA16 and LA 17) and included customer service and industry training and professional development.

Sporadic reporting was noted on LA3 (% employees represented by trade unions), and LA10 (EEO issues).

Human rights

Sporadic reporting, no pattern identified

Society

Sporadic reporting, no pattern identified

Product responsibility

Sporadic reporting, no pattern identified

6.2.6 General Comments

Overall there has been an increase in the number of GRI indicators being reported on (Appendix 4) even if not strictly to the specified criteria i.e. no organisations studied reported training initiatives in the measurement of ‘Average training hours per year per employee by category of employee’, but a number did show a commitment to employee education and reported the effort in a different measure. Surprisingly, many of what would be considered the easier indicators to report on were consistently excluded, such as Operational Structure (GRI 2.3) and Percentage of the board of directors that are independent, non-executive directors (GRI 3.2).

It was difficult to ascertain whether there was a pattern to the reporting of environmental performance, as it is possible that reporting may depend on the industry, e.g. non-compliance with national and international environmental legislation may be important for the waste management and energy industries, but not for telecommunications. Sanford Ltd has been the most diligent in environmental reporting, but this may be due to being involved in an industry that is reliant on a limited renewable resource and where long-term sustainability of the resource is essential for the future of the company.

Overall reporting on social issues is the poorest and least developed area, with Labour Practices the most often reported.

6.2.7 Reasons why certain GRI Indicators were not reported on

The vast majority of the possible 141 GRI indicators were not reported on by any of the six organisations involved in this study. The lack of reporting by New Zealand companies may be due to:

1. Legislation already covers these issues, such as occupational health and safety, consumer privacy and obligations under the Employment Relations Act 2000. Therefore policies and programmes are not required by each individual organisation, and therefore may not be reported on.
2. The indicators may not be seen as relevant in the NZ business context. e.g. managing bribery and corruption, use of forced, compulsory or child labour, HIV/AIDS policies and programmes. Therefore the need to develop policies, procedures and management systems to manage these issues may not be considered an imperative and may not be reported on.
3. Some indicators may only be reported on once even though the event may continue to have impact on the organisation. GRI indicators such as 'Changes in size, structure, ownership and product/services' (GRI 2.14) would only be reported on in the year that the event occurred, as would any certification of management systems (GRI 3.2).

With respect to environmental matters, all six organisations reported on the reduction in waste through recycling and waste minimisation, yet there appears to be no related GRI criteria to cover these initiatives. The GRI guidelines tend to focus on the impact on the planet, rather than the more efficient use of available resources to ensure sustainability of these resources into the future.

6.3 Comparison with Conceptual Model

The second aim of this research was to refine a proposed maturity model, which had been constructed out of a number of theoretical models based on literature from corporate responsibility, environmental and sustainability disciplines. The refinement process in this

study involved using the cross-case analysis to identify what areas organisations were reporting on (and therefore were implementing within the operations) and the comparison of these descriptions with the original proposed model (Figure 3.2). In reporting the results for this section, the original model has been reproduced (Figure 6.1) with the bolded descriptions indicating that these descriptors were observed to be recorded by any or all of the case organisations. While a number of the original descriptions were confirmed, this does not confirm that the others may not occur, so these have been left in the model.

On reflection, changes need to be made to Figure 6.1 to make the descriptive detail clearer to managers who may want to use it as an analytical tool. Much of the terminology used is jargon or vague descriptors and needs to be clarified into a workable instrument that managers can easily use and apply to an organisation. Also the research conducted has revealed specific benchmark criteria at each stage that were not considered by previous authors, nor included in the maturity models reviewed or the proposed model.

Figure 6.1 Confirmed and Non-confirmed Items from the Original Proposed Model

	Principles	Policies	Processes	Practices	Outcomes
Non-awareness/ Non-Compliance	<ul style="list-style-type: none"> • Environmental management unnecessary • Non-compliance with regulations • No ambition for CS 	None		<ul style="list-style-type: none"> • No environmental programmes • Casual reporting 	<ul style="list-style-type: none"> • Efficiencies • Profit focus only
Compliance	<ul style="list-style-type: none"> • Environmental management on an ‘as needs’ basis • Accountability – avoiding, preventing or rectifying harm • Compliance with regulations • Legitimation • CS within regulations • Moral duty 	<ul style="list-style-type: none"> • Procedural responsibility • Contractual responsibility • Ethical codes 	<ul style="list-style-type: none"> • ‘Exceptions’ reporting • Compliance orientated 	<ul style="list-style-type: none"> • Resolve problems as they occur • noblesse oblige • Waste reduction • Reduced energy use 	<ul style="list-style-type: none"> • Community autonomy • Consider long-range welfare of community • Minimising compliance costs
CR Development	<ul style="list-style-type: none"> • Environmental management is a worthwhile function • Continuous improvement • Environmental impacts • Environmental Management Systems • Balancing economic, social and environmental concerns • Beyond legal compliance and profit focus 	<ul style="list-style-type: none"> • Remedial • Governance structures developed • National policies • Eco-efficiency • OSH Management system 	<ul style="list-style-type: none"> • Internal reporting only • Minimise emissions • Stakeholder participation • SA8000 	<ul style="list-style-type: none"> • Satisfy corporate responsibility • Voluminous reports – rarely read • Donations to cultural/recreational organisations • Conducting fundraising drives • Corporate philanthropy • Inward looking environmental reporting 	<ul style="list-style-type: none"> • Lower costs • Eco-efficiency reported

Figure 6.1 continues ../.

../.. Figure 6.1 continued

	Principles	Policies	Processes	Practices	Outcomes
CR Excellence	<ul style="list-style-type: none"> • Environmental management is an important business function • Stakeholder integration • Environmental – economic impacts • Well-balanced, functional solutions creating value in TBL • Long-term focus 	<ul style="list-style-type: none"> • Community development • Elimination of pollution • Benchmarking/best practice • Socially responsible investing • Full corporate sustainable performance • Pro-active HRM 	<ul style="list-style-type: none"> • Internal reporting, some external • Minimise life-cycle cost of products • Relevant stakeholders accounted for 	<ul style="list-style-type: none"> • Minimise environmental impacts • Consistent targeted reporting • Societal needs focus 	<ul style="list-style-type: none"> • Pre-empt competitors • Improvements in: <ul style="list-style-type: none"> ○ Education ○ Housing ○ Healthcare • Long-term profit • Minimal environmental impact
Pioneering	<ul style="list-style-type: none"> • Environmental management is a priority item • Shared vision • Proactive • Sustainability • Future sustainability focussed • CS fully integrated and embedded in all areas • Interdependency 	<ul style="list-style-type: none"> • Community transformation • Proactive policies • Integrated supply chain 	<ul style="list-style-type: none"> • Formalised internal /external reporting • Minimise environmental burden of firm growth and development • External (or both) reports audited • Waste minimisation • Pollution prevention • Demand side management • Design for the environment • Product stewardship • Full-cost accounting • Customer-orientated 	<ul style="list-style-type: none"> • Actively manage environmental matters • Financial resources provided, working in partnership with public agencies to the community • Linkage of business and societal needs • Recyclability • Designed to dismantle • Takeback laws • Product Life Cycle analysis 	<ul style="list-style-type: none"> • Improvements (as above) • New innovations • New business opportunities • Waste reduction • Cost savings • Zero environmental impact

A revision of the maturity model has been made and incorporates the information from Figure 6.1, from the cross-case analysis and from the GRI guidelines in an attempt to provide this simplification. Figure 6.2 is the final revision of the maturity model based on information collected in this research. The model retains the progressive steps on the vertical, but reconsiders the categories on the horizontal. These categories have been relabelled to make them clearer and in some areas more consistent with the GRI guidelines. The category changes are as follows:

- *Principles* has been expanded to *Vision/Strategy/Guiding Principles*.
- *Governance and Management Structure* is a new category.
- *Policies* category remains the same, and
- *Processes and Practices* have been combined into *Implementation*.

This new approach should also clearly link the recognition that in order to gain implementation of corporate responsibility within the organisation, the changes need to come from within management accompanied by changes in vision and strategy, the development of policies and finally, to practices at the operations level of the organisation. This latter model requires further research to complete the stages of Corporate Responsibility Excellence and Pioneering Corporate Responsibility where there is currently insufficient information from the company perspective. Further refinement is thus required.

Figure 6.2 A Maturity Model of Corporate Responsibility

Stages in Corporate Responsibility Development	<i>Guiding Principles/ Vision/Strategy</i>	<i>Governance and Management Structures</i>	<i>Policies</i>	<i>Practices</i>
Non-awareness Non-compliance	<ul style="list-style-type: none"> • No vision • Customer-Profit focus • No ambition for corporate responsibility 	<ul style="list-style-type: none"> • Little or no governance structure 	<ul style="list-style-type: none"> • Few internal policies 	<ul style="list-style-type: none"> • No environmental programmes • Profit focus only • Lower costs • Efficiencies • Non-compliance with regulations
Compliance	<ul style="list-style-type: none"> • Vision development • Compliance with legislation • Moral duty 	<ul style="list-style-type: none"> • Governance focused on auditing and risk management • Governance structure based on legislation 	<ul style="list-style-type: none"> • Ethical Codes • Compliance oriented policies – social and environmental • Based on national legislation 	<ul style="list-style-type: none"> • Compliance with regulations • Environmental, and social programmes to comply with legislation • Minimising compliance costs • Environmental management on an ‘as needs’ basis • Reporting on isolated incidents of environmental impact • Traditional annual reports
Corporate Responsibility Development	<ul style="list-style-type: none"> • Vision includes all stakeholders • Environmental management is a worthwhile function 	<ul style="list-style-type: none"> • Governance structures developed • Accountability – avoiding, preventing or rectifying harm • Governance beyond risk management • Environmental manager appointed 	<ul style="list-style-type: none"> • Codes of conduct • Environmental policies • Social policies focused on Human Resources <ul style="list-style-type: none"> - EEO - OSH - training programmes • Consideration of stakeholders 	<ul style="list-style-type: none"> • Environmental management systems • HR management systems • Community donations – cultural, recreational • Pollution reduction • Reporting of non-compliance issues

Figure 6.2 continues ../.

../. Figure 6.2 continued

Stages in Corporate Responsibility Development	<i>Guiding Principles/ Vision/Strategy</i>	<i>Governance and Management Structures</i>	<i>Policies</i>	<i>Practices</i>
Corporate Responsibility Excellence	<ul style="list-style-type: none"> • Environmental and social management is an important business function • Long-term focus 	<ul style="list-style-type: none"> • Governance structure fully developed and senior management driving the implementation of CR 	<ul style="list-style-type: none"> • Subscription to external policies • Membership to external organisations • Stakeholder engagement • Social policies focused on HR and wider local communities 	<ul style="list-style-type: none"> • Certification of environmental management systems • Focus on efficient resource use • Waste minimisation programmes – reduce, reuse, recycle • Continuous improvement through setting and meeting of targets • Initial TBL reports • Product stewardship
Pioneering Corporate Responsibility	<ul style="list-style-type: none"> • Economic, environmental and social management are equally important • Future sustainability focused 	<ul style="list-style-type: none"> • Governance structure fully developed and senior management driving the implementation of CR 	<ul style="list-style-type: none"> • Relevant environmental and social policies developed and implemented • Full stakeholder involvement • Supply chain fully integrated • Social policies for both internal and external stakeholders 	<ul style="list-style-type: none"> • Innovations in products and services offered in response to environmental and social concerns • Eco-efficiency reporting • External auditing of all aspects of reporting • Product Life Cycle analysis • Full sustainability reporting

Chapter 7

Conclusion

7.1 Introduction

Chapters Five and Six presented the two stage analysis conducted on six organisations committed to sustainable development through membership to the NZBCSD. Chapter Five considered the changes in reporting at an individual case level, comparing the reported company behaviours and outcomes against the 141 Global Reporting Initiative (GRI) indicators. For Chapter Six pattern-matching was used to identify any evolution in reporting by companies, followed by a comparison against the maturity model proposed in Section 3.3. Chapter 7 presents the main findings of this research into corporate responsibility to:

- show how organisations are implementing corporate responsibility principles into their operations; and
- refine the proposed maturity model.

7.2 Findings

The following findings can be made from the results of this research on the six case companies studied:

1. Reporting on sustainability, and by association corporate responsibility, increased over the 10 years of reports analysed, which is in line with the study by Hussey et al. (2001), with a noticeable increase occurring after commencement of NZBCSD membership. This is evidenced in Figures 5.1, 5.2, 5.3, 5.4, and 5.6, with Telecom being the exception, having only produced one sustainability report. Organisations

do require some impetus to change their reporting information whether it is through:

- joining an organisation such as the NZBCSD that makes corporate responsibility reporting within 3 years, a requirement of membership,
- a change in legislation, or
- changes in societal expectations, including changes in industry expectations as well as general society (Soutar et al, 1995).

2. Sustainability reporting within New Zealand is poorly developed, which is confirmed by other research in this area (Chapman & Milne, 2004; Milne et al., 2003). Although there was marked improvement once the six organisations included in this study became members of the NZBCSD, the most GRI indicators any company reported on was 60 out of a possible 141. There appears to be much room for improvement.
3. Initially there was an increase in reporting on governance, environmental and social indicators, but the reporting appeared to plateau off in succeeding years. There was no apparent continuous improvement in the number of reported GRI indicators. As sustainability reports have only been produced in the last five years, this may change over time.
4. Strong discussion of policies and programmes to reduce environmental and social impacts was noticeably missing and few reports included targets to improve efficiency by reducing resource use within current levels of operations. Some of the organisations studied explained why increases or reductions in resource and energy

use occurred, and some focussed on ways to reduce energy consumption especially in the year there was an electricity crisis. Landcare Research and Waste Management Ltd were the only organisations to introduce initiatives to mitigate greenhouse gas emissions, with Landcare Research using indigenous revegetation projects as CO₂ sinks and Waste Management Ltd looking to burn methane rich landfill gas for energy generation rather than releasing it into the atmosphere.

5. Many of the six companies initiated recycling programmes (especially for paper) but there was no apparent category in the GRI index that would record these initiatives. If organisations are limited to only reporting on GRI indicators then the development of new initiatives will not be accounted for, thus obscuring their true position on environmental and social issues. In New Zealand, waste minimization has been one of the main initiatives when dealing with waste streams and a number of case study companies had focused on this area.
6. There has been a substantial increase in reporting on corporate governance which could partially be due to changes in accounting practices. Some of the companies recognised the need for risk management, while others developed codes of conduct, or environmental policies. Whatever the reasons for these changes, it has been shown that increased commitment to corporate responsibility at the board or senior management level tends to flow through the organisation and leads to success for new policies, practices and initiatives (Harris & Crane, 2002).
7. Sustainability reporting is in its early days both globally and nationally with no set standards that are comparable to those for financial reports. There has to be some

expectation of changes to the categories that are included in any reporting guidelines such as the GRI. Experimentation should also be expected at the organisational level on which indicators to report on and what measures to use. In the future it is likely that both the guidelines and what each company reports on will become increasingly standardised. To account for specific industry level environmental and social concerns, set indicators may be also become standardised depending on which industry a company is involved in.

8. From the information collected in this study it is unclear whether these six organisations have implemented authentic corporate responsibility values and behaviours through changes in policies, practices and processes, or are just reporting on what already occurs within the organisation with few changes and cloaked in the terminology of sustainability.
9. A number of theoretical maturity models have been constructed to gain an understanding of the process organisations go through when developing a corporate social responsibility, environmental responsibility or sustainability culture. Although the models indicate that organisations develop through a staged progression, Figure 6.1 shows this evolution is not an even process. It is apparent that organisations may progress further in some aspects, yet lag in others.
10. It is difficult to ascertain whether organisations progress through a staged implementation process to become corporately responsible. Preliminary findings, from this exploratory research, indicate that companies may focus on improving governance and management structures, developing a vision and progressive introduction of policies prior to implementation and reporting on the actual

initiatives. Further monitoring of successive annual reports, over a 15-20 year period, may provide a clearer view of an emerging maturity process.

7.3 Implications for Managers

Directors and top managers are under pressure to substantiate statements made through company documents such as annual reports, company websites and to the general media about organisational claims to sustainable development and corporate responsibility. Merely stating commitment without authentic changes to organisational behaviour and operations will not be regarded as sufficient. Parties external to the organisation, looking to make socially responsible or green investments, expect these documents to provide an honest presentation of company policy and practice. The reports reviewed show too many deficiencies to be considered satisfactory for this purpose.

New Zealand companies could do a lot better in their reporting. The NZBCSD use the Global Reporting Initiative guidelines as the reference document for reporting, yet there are large gaps when annual reports are produced. Even some of the easier indicators that could be included are not, such as Operational Structure (GRI 2.3), and a number of the Labour Practice indices (GRI LA1-LA17) are missing. Many of the Labour Practice indicators are probably already available within the organisation (such as lost days due to injury, net employment creation, and average turnover). It is unclear as to why this information is not presented.

This study clearly shows that the firms examined increased the reporting on the GRI indicators once NZBCSD membership commenced. Improved reporting though does not necessarily reflect a change in an organisation's attitudes and behaviour toward corporate

responsibility, nor does the reporting necessarily clearly show how corporate responsibility has been implemented into day-to-day operations.

7.4 Future Research

Sustainability reporting is a new phenomenon and is not yet established as a normal part of annual reports. As such, sustainability reports are only a reflection of an organisation's corporate responsibility and even though audited may not provide a complete picture of the organisation's operations. A much clearer understanding of the reality can only be discovered if there are further in-depth studies of organisations to identify the integration of corporate responsibility principles and practices into a firm's operations.

The data collected for this study was obtained from Annual Reports and therefore only gives an indication of the changes that may have occurred within a limited number of companies. Thus the question still remains: How are the principles of corporate responsibility being implemented in organisations? Has there been no change outside a glossier approach to reporting? To gain a more detailed view of the actual changes to the organisations' values, structures, policies, and practices when developing corporate responsibility, further qualitative and quantitative research involving interviews and surveys will need to be conducted.

It is also worth pursuing the refinement of the maturity model to provide an analytical tool for managers to use. The benefit gained from having such a model is the ability for managers to understand where their organisation is currently situated compared to organisations following best practice (Duffy, 2001), and the provision of action plans for the next step(s) in the progress towards full corporate responsibility.

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Appendices

Appendix 1: Pre-test Data Collection Form

Company Name: _____ Industry Sector: _____

Year CR became an issue _____ Age of Company _____

Country of Origin _____

Legislation Associated with this Industry _____

Year of Report	Principles	Processes	Policies	Outcomes	Notes
1					
2					
3 ↓					
10					

Appendix 2: Sample Data Collection Form

Year of Report

COMPANY NAME:

Industry Sector:

Year Membership of NZBCSD Initiated:

Age of Company or Date of Establishment:

Legislation Associated with this Industry:

Audited Report:

Yes

No

Partially

Auditor(s)

<i>Economic</i>	<i>Environmental</i>	<i>Social</i>	<i>Other</i>	<i>Comments</i>
•	•	•	•	•

Appendix 3: Samples of Completed Data Collection Form

Year of Report: 1994

Page 1 of 2

COMPANY NAME: Sanford Ltd

Industry Sector: Fishing and Fish Processing

Year Membership of NZBCSD Initiated: May 1999 – founding member

Age of Company or Date of Establishment: 1881 – founded
1904 – incorporated as public company

Legislation Associated with this Industry: Fisheries Amendment Act 1994

Resource Management Act 1991

Marine Reserves Act 1971

Audited Report: **Yes** **No** **Partially**

Auditor(s) KPMG Peat Marwick 38

Appendix 3: Samples of Completed Data Collection Form

Year of Report: 1994

Page 1 of 2

<i>Economic</i>	<i>Environmental</i>	<i>Social</i>	<i>Other</i>	<i>Comments</i>
<ul style="list-style-type: none"> • Consolidated net profit for the year – table – comparison of 2 years 13 • Share capital/shareholders' funds 13 • Dividends 13 • 2 year comparison of: - table 14 <ul style="list-style-type: none"> - group sales - net profit for the year - shareholder funds - earning/share • Tax paid profit 15 • Tax paid 15 • Group turnover 17 • Capital expansion 17 • Comparative financial review 5 year comparison 24 • Consolidated and parent company statements for profit and Retained Earnings 25 • Consolidated and parent company Balance sheet 25 • Notes to the accounts 26-27 • Consolidated and Parent Company Statements of Cashflows 36 	<ul style="list-style-type: none"> • Sanford's commitment to responsible stewardship, conservation and enhancement of the marine environment 5 • General discussion on Environmental Issues that affect or could affect Sanford 19-20 • Seafood industry codes of Practice 20 <ul style="list-style-type: none"> - limit damages to the environment - control waste at sea - control activities of the fishing fleet - minimise interaction with marine mammals - strict reporting procedures monitored by MAF and the industry 	<ul style="list-style-type: none"> • General thanks to staff 15, 23 	<ul style="list-style-type: none"> • Operations 6-11, 17-19, 20-22 • Future outlook 12, 23 • Stewardship 12 • Industry analysis and government involvement 15-16 • Shareholder information 39 • Directors' shareholding 39 	<ul style="list-style-type: none"> • Statement on Quota Management System aiding a sustainable resource 5 • Even in 1994, 5 years before the NZBCSD was founded Sanford mentioned having a sustainable resource and stewardship of that resource • Lots of discussion of government involvement in setting Total Allowable Commercial Catches (TACC's) mostly to the negative 22

Year of Report: 2003

COMPANY NAME: Sanford Ltd

Industry Sector: Fishing and fish processing

Year Membership of NZBCSD Initiated:

Age of Company or Date of Establishment:

Legislation Associated with this Industry:

Companies Act 1993

Financial Reporting Act 1993

Audited Report:

Yes

No

Partially

Auditor(s)

KPMG 18, 49

Year of Report: 2003

<i>Economic</i>	<i>Environmental</i>	<i>Social</i>	<i>Other</i>	<i>Comments</i>
<ul style="list-style-type: none"> • Net surplus attributable to Shareholders 17 • EBITDA 17 • Sales 17 • Depreciation 17 • Foreign exchange dealings 17 • Net cash flows 17 • Repayment of debt 17 • Dividends 17, 18 • Cash on hand 17 • Profitability levels 22 • 5 year financial review 34 • Consolidated and parent company statements for Financial performance 35 • Consolidated and parent company statements of movements in equity 35 • Consolidated and parent company statements of financial position 36 • Consolidated and Parent Company Statements of Cash flows 37-38 • Notes to the financial statements 39-48 • Directors' remuneration 52 • Employees' remuneration 52 • Electricity eco-efficiency savings – quantified 56 • Quantification of cost if the government taxed GHG emission 60 <p>'Economic Sustainability'</p>	<ul style="list-style-type: none"> • Sustainable Seafood – ISO 14000 certification 18 • Winning of environmental awards <ul style="list-style-type: none"> - Marine Farming Association 56 - Marlborough rural environmental award – aquaculture merit award 56, 64 - ICANZ sustainability report award 56 • ISO 14000 audits • Electricity eco-efficiency savings – quantified 56 • Growing customer awareness of MSC accreditation 56 • Environmental Policy and Objectives – NEW 57 <p>Environmental Footprint</p> <ul style="list-style-type: none"> • NEW reporting measure – eco-efficiency of the resource 58 • Environmental Profile table 58 <ul style="list-style-type: none"> - total amount used in appropriate units - eco-efficiency ration - target met - % change from last year • Total greenweight harvested 59 • Electricity <ul style="list-style-type: none"> - amount used - meeting of target - eco-efficiency ratio - intention of energy audits to be undertaken next year 	<ul style="list-style-type: none"> • Acknowledgement given to employees, customers and suppliers 21, 32 • Employee Share Purchase Schemes 42 • Training and staff development 56 <p>'Social Sustainability – Stakeholder Involvement'</p> <ul style="list-style-type: none"> • General statement on Sanford's responsibilities 70 • Employee numbers – 2 year comparison – table – quantified 70 • Redundancies – quantified 70 • Use of external organisation to help staff through redundancy process 70 • Statement from this external organisation about Sanford's behaviour during this time 71 • Workforce diversity 71 <ul style="list-style-type: none"> - ethnicity – table - gender – table - comparison on Sanford, seafood industry, and NZ workforce • Employee superannuation plan – 5 year comparison – graph 71 • Employee numbers – reasons given for change in 	<ul style="list-style-type: none"> • Profile and pictures of board of directors 16 • Operations 17-18 • Corporate governance 18-21 <ul style="list-style-type: none"> - role of the board - board membership - board committees - directors' meetings - share trading by directors - legislative compliance and code of ethics - directors' fees - role of shareholders • Outlook 21, 32 • Overview of operations 22-23, 27-31 • Overview of marketing efforts 23-25 • Industry analysis 26, 63 • Commitment to sustainable development 27 • Continued involvement with NZBCSD and projects such as youth employment, economic incentive for sustainable development, and building sustainable supply chain 31 • Statutory information 50-52 • Directors' shareholdings 51 • 	<ul style="list-style-type: none"> • History of Sanford Ltd summarised – from origins to sustainability focus – 2-15 <ul style="list-style-type: none"> - responsibility for environment, research, employees, education • corporate governance section indicates which statements are compulsory rules and which are best practice 18 • Readers Survey on the TBL report showed overwhelming support for the report 21 • General statements made by the Managing Director on sustainability development and the report 56 • Business case given for adopting sustainability development – benefits stated 56 • Continuous improvement through setting higher standards each year • Membership of NZBCSD and involvement with projects of Sustainable Schools, Youth Employment Initiative, Economic Incentives for

Year of Report: 2003

<ul style="list-style-type: none"> • 5 year financial review – table 77 • 5 year comparison graphs <ul style="list-style-type: none"> - relative performance: Sanford vs NZSE40 and NZSX50 indices 78 - operating surplus before taxation margin 78 - ordinary dividend per share 78 - total equity 79 - earnings per share 79 - payments to employees and fishermen 79 - NZ income taxes paid 80 - balance of export earnings over imported supplies 80 • Economic added value – table 79 <ul style="list-style-type: none"> - return on capital - cost of capital - economic value added • Explanations of each of the above are provided 77-80 	<ul style="list-style-type: none"> - involvement in EECA energy/wise business programme <ul style="list-style-type: none"> - 3 year comparison of electricity consumption - graph • Diesel 59 <ul style="list-style-type: none"> - eco-efficiency ration - meeting of target - where savings can be made - 3 year comparison table of diesel consumption – graph • Coal 60 <ul style="list-style-type: none"> - meeting of target • Lube Oil <ul style="list-style-type: none"> - % recycled • Greenhouse Gas Profile 60-61 <ul style="list-style-type: none"> - target - quantification of cost if the government taxed GHG emissions - GHG profile – 3 year comparison – graph • Example of research Sanford undertakes 60 • Water <ul style="list-style-type: none"> - water consumption – 3 year comparison – graph 61 - water consumption – quantified 60 - meeting of target - target set for next year • Waste Streams 61 <ul style="list-style-type: none"> - discharge monitoring - meeting of target for solid waste 	<p>numbers – quantified 71</p> <ul style="list-style-type: none"> • Employee Health and Safety 72 <ul style="list-style-type: none"> - health and safety programme - ACC accredited Employer Status - free health checks – NEW - free flu vaccinations – NEW - work related accidents 72 - work accidents per employee - 5 year comparison – graph - number of days off work due to accidents – 5 year comparison – graph • Employee Training <ul style="list-style-type: none"> - general statement on commitment to staff development 72 - example of voluntary training programme in literacy and numeracy – quantified (return on capital invested) 72 - 5 year goal set 73 number of credits achieved – 6 year comparison- graph 73 - number of people in training agreements – 6 year comparison – graph 73 - % of permanent employees in NZQA training – 6 year 		<p>Sustainable Development and Sustainable Supply Chain project 56</p> <ul style="list-style-type: none"> • General discussion on NZ fish stocks and the management of 63 • Sanford fishing practices explained 63 • Some repetition of resource use and the environmental impact of the organisation 68-69 • Results of 2002 Reader survey of TBL report 82 • Reader response to TBL report survey included 83
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	<ul style="list-style-type: none"> - in-house recycling programme - long term strategy of zero waste - shell waste – quantified • Refrigerants 62 <ul style="list-style-type: none"> - refrigerant profile – 3 year comparison – 5 change – table 62 • Listing of effects fishing activities have on the environment 64 • Involvement with industry and government bodies to develop initiatives for sustainable harvesting 64 • Examples of environmental protection initiatives <ul style="list-style-type: none"> - seabird 65 - marine mammals 66 - benthic environment 67 • Oil spill prevention 67 <ul style="list-style-type: none"> - training of staff - mitigation methods - spillages recorded – not quantified • Involvement at international level in protecting international fisheries which are open to exploitation 67 • General discussion of seafood processing on the environment – repetition from earlier in the report 68- 69 • MSC certification and labelling 	<ul style="list-style-type: none"> comparison – graph 73 - employee won industry national ‘trainee of the year’ award – also picture 73 - number of awarded SITO and National/Diploma certificated – 6 year comparison – table 73 - sponsorship of trainees as a West Coast fishing school – quantified 74 • Social Activities 75 <ul style="list-style-type: none"> - social sporting teams - social committee - company-organised events - community food fairs • Communities 75 <ul style="list-style-type: none"> - donations to charities – quantified - member of NZBCSD – involvement in NZBCSD projects – examples given <ul style="list-style-type: none"> - business and school partnership project - Sustainable Development Reporting project - sustainable supply chain - economic incentives for sustainable development - sponsorship of kids fishing programme – 3rd year of support 		
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	81	<ul style="list-style-type: none">- example of business/school partnership programme 76• Maintaining customers through quality during processing and relationship management 81• Length of customer relationships – graph 80		
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Appendix 4: Completed GRI indicator grid

Global Reporting Initiative Sustainability Reporting Content	Landcare Research										Port of Tauranga										Sanford Ltd										
	94	95	96	97	98	99	00	01	02	03	94	95	96	97	98	99	00	01	02	03	04	94	95	96	97	98	99	00	01	02	03
Membership of NZBCSD						✓														✓											
Year of Report	4	5	6	7	8	9	0	1	2	3	4	5	6	7	8	9	0	1	2	3	4	4	5	6	7	8	9	0	1	2	3
1 Vision and Strategy																															
1.1 Vision and Strategy statement							x	x	x	x																p	p	p	p	p	
1.2 CEO statement	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
2 Profile																															
2.1 Name of reporting organisation	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
2.2 Major products and/or services	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
2.3 Operational structure of the organisation	x	x	x	x	x	x	x	x	x	x																					
2.4 Description of major divisions, operating companies, subsidiaries, and joint ventures	x	x	x				x	x	x		x	x	x	x	x	x	x	x	x	x	x										
2.5 Countries in which the organisation is located	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
2.6 Nature of ownership; legal form	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
2.7 Nature of markets served											x	x	x	x	x	x	x	x	x	x	x										
2.8 Scale of reporting organisation	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
2.9 List of stakeholders, key attributes, and relationship	x		p					x	x	x																					
2.10 Contact person(s) for the report								x	x	x																					
2.11 Reporting period for information provided	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
2.12 Date of most recent previous report																															
2.13 Boundaries of report and limitations on the scope																															
2.14 Significant changes in size, structure, ownership, or product/services																															
2.15 Reporting on joint venture, partially owed subsidiaries, leased facilities which affects comparability of reports																															
2.16 Nature and effect of re-statements of information provided in earlier reports																															
2.17 Decisions not to apply GRI principles or protocols in the preparation of the report																															
2.18 Criteria/definitions used in economic, environmental and social accounting								x	x	x	x																				
2.19 Changes in measurement methods of key economic, environmental and social information			i	i			i	x	x	x																					
2.20 Policies and internal practices to provide assurance about the accuracy of the sustainability report										x	x																				
2.21 Policy and practice to providing independent assurance	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	

Global Reporting Initiative Sustainability Reporting Content		Landcare Research										Port of Tauranga										Sanford Ltd													
	Membership of NZBCSD						✓											✓											✓						
	Year of Report	94	95	96	97	98	99	00	01	02	03	94	95	96	97	98	99	00	01	02	03	04	94	95	96	97	98	99	00	01	02	03	04		
2.22	Ability for report users to obtain additional information about sustainability aspects of the organisation's activities							x	x	x	x																								
3 Governance Structure and Management Systems																																			
Structure and Governance																																			
3.1	Governance structure of the organisation							x	x	x	x	p	p	p	p	p	x	x	x	x	x														
3.2	Percentage (<i>number</i>) of the board of directors that are independent, non-executive directors																											p	p	p	p	p			
3.3	Process for determining the expertise board members need to guide the strategic direction of the organisation																																		
3.4	Board-level identification and management of economic, environmental, and social risks and opportunities																											x	x	x	x				
3.5	Links between executive compensation and achievement of the organisation's financial and non-financial goals																	x	x	x	x	x													
3.6	Organisational structure and key individuals responsible for economic, environmental, social and related policies																											x	x						
3.7	Mission and values statements, internally developed codes of conduct or principles, and policies	x	x	x	x	x	x	x	x	x	x																			p	x	x	x	x	x
3.8	Mechanisms for shareholders to provide recommendations or direction to the board of directors																																		
Stakeholder Engagement																																			
3.9	Basis for identification and selection of major stakeholders																																		
3.10	Approaches to, and frequency of, stakeholder consultations																																		
3.11	Type of information generated by stakeholder consultations																																		
3.12	Use of stakeholder information																																		
Overarching Policies and Management Systems																																			
3.13	Use of precautionary principle																																		
3.14	Subscription to external economic, environmental and social codes or voluntary initiatives	x	x	x	x	x	x	x	x	x	x																								
3.15	Memberships in industry and business associations																																		

Global Reporting Initiative Sustainability Reporting Content		Landcare Research										Port of Tauranga								Sanford Ltd														
Membership of NZBCSD							✓											✓										✓						
Year of Report		94	95	96	97	98	99	00	01	02	03	94	95	96	97	98	99	00	01	02	03	04	94	95	96	97	98	99	00	01	02	03		
EC10	Philanthropic and community donations			x	x	x	x	x	x	x	x	p	p		p	p	p	p	x	x	x									x	x	x	x	
EC11	Supplier breakdown by organisation and country																																	
EC12	Total spent on non-core business infrastructure																																	
EC13	The organisation's indirect economic impacts								x											x	x									x	x	x		
Environmental Performance																																		
EN1	Total materials use other than water							p	p	p	p																							
EN2	Percentage of materials used that are wastes from external sources																																	
EN3	Direct energy use segmented by primary source							x	x	x	x									x	x	x								i	x	x	x	
EN4	Indirect energy use							x	x	x	x																			i	x	x	x	
EN5	Total water use																			x	x	x								i	x	x	x	
EN6	Location and size of land owned, leased, or managed in biodiversity-rich habitats																																	
EN7	Major impacts on biodiversity of terrestrial, freshwater, and marine environments																						x	x						x	x	x	x	
EN8	Greenhouse gas emissions							p	x	x	x									x	x									i			x	
EN9	Use and emissions of ozone-depleting substances																														x	x	x	
EN10	NOx, SOx, and other significant air emissions by type																																	
EN11	Total amount of waste by type and destination							x	x	x	x																			i	x	x		
EN12	Significant discharges to water by type							x																						i	x	x	x	
EN13	Significant spills of chemicals, oils, and fuels in terms of total number and total volume																														p	p	x	
EN14	Significant environmental impacts of principal products and services									x	x									p	x	x	x								x	x	x	
EN15	Percentage of products sold that is reclaimable, and percentage that is actually reclaimed																															p		
EN16	Non-compliance with national/international regulations associated with environmental issues								x																									
EN17	Initiatives to use renewable energy sources and to increase energy efficiency																													i	x	x	x	
EN18	Energy consumption footprint of major products																														x	x	x	
EN19	Other indirect energy use and implications							x	x	x	x																							

	Global Reporting Initiative Sustainability Reporting Content	Landcare Research										Port of Tauranga								Sanford Ltd												
		94	95	96	97	98	99	00	01	02	03	94	95	96	97	98	99	00	01	02	03	94	95	96	97	98	99	00	01	02	03	
	Membership of NZBCSD						✓											✓									✓					
	Year of Report	94	95	96	97	98	99	00	01	02	03	94	95	96	97	98	99	00	01	02	03	94	95	96	97	98	99	00	01	02	03	
LA3	% employees represented by trade unions									x	p									p	x											
LA4	Policy and procedures to involve employees in changes in operations										x																					
LA5	Recording and notification of occupational accidents and diseases and relationship to the ILO Code of Practice																															
LA6	Formal health and safety committees																															
LA7	Standard injury, lost day, and absentee rates and number of work-related fatalities			x	x		x	x	x	x	x								x	x	x	x							x	x	x	x
LA8	Policies or programmes on HIV/AIDS																															
LA9	Average training hours per year per employee by category of employee					p	p	p	p	p	p																	p	p	p	p	
LA10	Description of EEO policies or programmes	x		x	x	x	x	x	x	x	x																					
LA11	Composition of senior management and board members of male/female ratio and cultural diversity				p	p	p	p	p	p	p																					
LA12	Employee benefits beyond those legally mandated	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x					x	x	x	x	
LA13	Provision for formal worker representation in decision-making or management										x																					
LA14	Evidence of substantial compliance with the ILO																															
LA15	Formal agreements with trade unions or employee representatives covering OSH																															
LA16	Programmes to support the continued employability of employees and to manage career endings	x			x	x	x	x	x	x	x																	x	x	x	x	
LA17	Policies and programmes for skills management and for lifelong learning	x		x	x	x	x	x	x	x	x																	x	x	x	x	
	Human Rights																															
HR1	Policies, guidelines, corporate structure, and procedures to deal with aspects of human rights relevant to operations																															
HR2	Consideration of human rights impacts when making investment and procurement decisions																															
HR3	Policies and procedures to evaluate and address human rights performance within the supply chain and contractors																															

Global Reporting Initiative Sustainability Reporting Content		Landcare Research										Port of Tauranga								Sanford Ltd												
Membership of NZBCSD							✓											✓										✓				
Year of Report		94	95	96	97	98	99	00	01	02	03	94	95	96	97	98	99	00	01	02	03	04	94	95	96	97	98	99	00	01	02	03
HR4	Discrimination prevention policy and implementation - Global																															
HR5	Freedom of association policy and implementation																															
HR6	Policy and implementaton excluding child labour as defined by the ILO Convention 138																															
HR7	Policy to prevent forced and compulsory labour																															
HR8	Employee training on human rights policies and practices																															
HR9	Description of appeal practices																															
HR10	Effective confidential employee grievance system																															
HR11	Security personnel human rights training																															
HR12	Policies, guidelines and procedures to address indigenous people's needs	x	x			x	x	x	x	x	x																		x	x		
HR13	Jointly managed community grievance mechanism/authority																															
HR14	Share of operating revenues redistributed to local communities																															
	Society																															
SO1	Policies and procedures/programmes to manage impacts of activities on local communities																	x	x	x				p					x	x	x	x
SO2	Policy, procedures/management systems to address bribery and corruption																															
SO3	Policy, procedures, management systems for managing political lobbying and contributions																															
SO4	Awards received for social, ethical and environmental performance								x	x																						x
SO5	Amount of money paid to political parties and institutions																															
SO6	Court decisions pertaining to anti-trust and monopoly regulations																															
SO7	Policy, procedures/management systems to prevent anti-competitive behaviour																															
	Product Responsibility																															
PR1	Policy for preserving customer health and safety during use of products/services																															

Global Reporting Initiative Sustainability Reporting Content	Telecom Ltd										TrustPower										Waste Management Ltd									
	Membership of NZBCSD																													
Year of Report	95	96	97	98	99	00	01	02	03	04	95	96	97	98	99	00	01	02	03	04	94	95	96	97	98	99	00	01	02	03
1 Vision and Strategy																														
1.1 Vision and Strategy statement											x	x	x								x	x	x	x	x	x	x	x	x	x
1.2 CEO statement	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
2 Profile																														
2.1 Name of reporting organisation	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
2.2 Major products and/or services	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			x
2.3 Operational structure of the organisation	x	x									x										x	x	x	x	x	x	x	x	x	x
2.4 Description of major divisions, operating companies, subsidiaries, and joint ventures											x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
2.5 Countries in which the organisation is located						x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x							x	x	x
2.6 Nature of ownership; legal form	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
2.7 Nature of markets served					x	x	x	x	x	x																				
2.8 Scale of reporting organisation	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
2.9 List of stakeholders, key attributes, and relationship																					p	p	p						p	p
2.10 Contact person(s) for the report						x	x	x	x																					
2.11 Reporting period for information provided	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
2.12 Date of most recent previous report																														
2.13 Boundaries of report and limitations on the scope																														
2.14 Significant changes in size, structure, ownership, or product/services																												x		
2.15 Reporting on joint venture, partially owned subsidiaries, leased facilities which affects comparability of reports																														
2.16 Nature and effect of re-statements of information provided in earlier reports																														
2.17 Decisions not to apply GRI principles or protocols in the preparation of the report																														
2.18 Criteria/definitions used in economic, environmental and social accounting																													x	x
2.19 Changes in measurement methods of key economic, environmental and social information	p	p																												x
2.20 Policies and internal practices to provide assurance about the accuracy of the sustainability report										x																				x
2.21 Policy and practice to providing independent assurance	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x

Global Reporting Initiative Sustainability Reporting Content	Telecom Ltd										TrustPower										Waste Management Ltd									
	Membership of NZBCSD										TrustPower										Waste Management Ltd									
Year of Report	95	96	97	98	99	00	01	02	03	04	95	96	97	98	99	00	01	02	03	04	94	95	96	97	98	99	00	01	02	03
2.22 Ability for report users to obtain additional information about sustainability aspects of the organisation's activities																														
3 Governance Structure and Management Systems																														
Structure and Governance																														
3.1 Governance structure of the organisation		x	x	x	x	x	x	x	x	x																				
3.2 Percentage (number) of the board of directors that are independent, non-executive directors		x	x	x	x	x	x	x	x	x																				
3.3 Process for determining the expertise board members need to guide the strategic direction of the organisation										x																				
3.4 Board-level identification and management of economic, environmental, and social risks and opportunities								p	p	x																				
3.5 Links between executive compensation and achievement of the organisation's financial and non-financial goals																														
3.6 Organisational structure and key individuals responsible for economic, environmental, social and related policies										x																				
3.7 Mission and values statements, internally developed codes of conduct or principles, and policies									x	x	x	x	x	x							x	x	x							
3.8 Mechanisms for shareholders to provide recommendations or direction to the board of directors																														
Stakeholder Engagement																														
3.9 Basis for identification and selection of major stakeholders																														
3.10 Approaches to, and frequency of, stakeholder consultations	p	p	p	p					x	x	x	x																		
3.11 Type of information generated by stakeholder consultations	p	p	p	p					x	x		x																		
3.12 Use of stakeholder information									x		p																			
Overarching Policies and Management Systems																														
3.13 Use of precautionary principle																														
3.14 Subscription to external economic, environmental and social codes or voluntary initiatives										x																				
3.15 Memberships in industry and business associations										x	x																			

Global Reporting Initiative Sustainability Reporting Content		Telecom Ltd										TrustPower										Waste Management Ltd																
	Membership of NZBCSD										✓											✓												✓				
	Year of Report	95	96	97	98	99	00	01	02	03	04	95	96	97	98	99	00	01	02	03	04	94	95	96	97	98	99	00	01	02	03	04						
3.16	Policies and/or systems for managing upstream and downstream impacts, including:																																					
	supply chain management/outsourcing and supplier environmental and social performance																																					
	product and service stewardship initiatives								x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x									x	x	x	x		
3.17	Approaches to managing indirect economic, environmental, and social impacts																																					
3.18	Changes in location and operations																																					
3.19	Programmes and procedures pertaining to economic, environmental, and social performance, including:																																					
	priority and target setting								x		p																											
	major programmes to improve performance							x	x	x	x									x			p										p	p	x	x	x	
	internal communication and training								x											x	x	x	x	x														
	performance monitoring																																	x	x	x		x
	internal and external auditing								x	x	x													x	x									x		x	x	x
	senior management review																																			x	x	x
3.20	Certification of economic, environmental, and social management systems																																			x		
4	GRI Content Index																																					
	A table identifying location of each element of the GRI Report Content, by section and indicator																																					
5	Performance Indicators																																					
	Economic Performance																																					
EC1	Net sales	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
EC2	Geographic breakdown of markets	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
EC3	Cost of all goods, materials, and services purchased	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
EC4	Percentage of contracts paid in accordance with agreed terms																																					
EC5	Total payroll and benefits		x	x	x	x	x	x	x																													
EC6	Payment of interest or dividends	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
EC7	Increase/decrease in retained earnings	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
EC8	Total sum of taxes of all types paid	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
EC9	Subsidies received																																					

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	Year of Report	95	96	97	98	99	00	01	02	03	04	95	96	97	98	99	00	01	02	03	04	94	95	96	97	98	99	00	01	02	03						
EC10	Philanthropic and community donations	x	x	x	p			p	x	x	x	x		x	x			x	x	x	x	x	x					x		x	x	x					
EC11	Supplier breakdown by organisation and country																																				
EC12	Total spent on non-core business infrastructure																																				
EC13	The organisation's indirect economic impacts																																				
	Environmental Performance																																				
EN1	Total materials use other than water																																				
EN2	Percentage of materials used that are wastes from external sources																																i	p	p		
EN3	Direct energy use segmented by primary source										p																						x	x			
EN4	Indirect energy use																																				
EN5	Total water use																																x	x			
EN6	Location and size of land owned, leased, or managed in biodiversity-rich habitats																																				
EN7	Major impacts on biodiversity of terrestrial, freshwater, and marine environments																					p															
EN8	Greenhouse gas emissions																																p	x	x		
EN9	Use and emissions of ozone-depleting substances																																				
EN10	NOx, SOx, and other significant air emissions by type																																				
EN11	Total amount of waste by type and destination										p																										
EN12	Significant discharges to water by type																																				
EN13	Significant spills of chemicals, oils, and fuels in terms of total number and total volume																			x	x	x	x											x			
EN14	Significant environmental impacts of principal products and services										p	p	x		x	x						x	x														
EN15	Percentage of products sold that is reclaimable, and percentage that is actually reclaimed																																				
EN16	Non-compliance with national/international regulations associated with environmental issues																				x	x	x	x											x	x	x
EN17	Initiatives to use renewable energy sources and to increase energy efficiency										x		x	x	x	x	x	x	x	x	x	x													x	x	x
EN18	Energy consumption footprint of major products																																				
EN19	Other indirect energy use and implications																																		x	x	

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EN20	Water sources and related ecosystems/ habitats significantly affected by use of water																																			
EN21	Withdrawals of ground and surface water as a percent of annual renewable quantity of water																																			
EN22	Total recycling and reuse of water																																			
EN23	Total amount of land owned, leased, or managed for production activities or extractive use																																			
EN24	Amount of impermeable surface as a percentage of land purchased or leased																																			
EN25	Impacts of activities and operations on protected and sensitive areas																																			
EN26	Changes to natural habitats and percentage of habitat protected or restored																																			
EN27	Protecting and restoring native ecosystems and species																																	x	x	x
EN28	Number of IUCN Red List species with habitats in areas affected by operations																																			
EN29	Business units operating or planning operations in or around protected or sensitive areas																																			
EN30	Other relevant indirect greenhouse gas emissions																																			
EN31	All production, transport, import, or export of any waste deemed "hazardous" under the terms of the Basel Convention Annex I, II, III, and VIII																																			
EN32	Water sources and related ecosystems/habitats significantly affected by water discharges																																			
EN33	Environmental performance of suppliers relative to Section 3.16 above																																			
EN34	Significant environmental impacts of transportation used for logistical purposes																																	x	x	
EN35	Total environmental expenditures by type																																			
Social Performance Indicators																																				
Labour Practices																																				
LA1	Break down of workforce																																	p	p	
LA2	Net employment creation (<i>number of redundancies</i>)	x	x	x	x	x	x	x	x	x																							x			
LA2	Average turnover																																		x	x

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LA3	% employees represented by trade unions		x	x	x																										
LA4	Policy and procedures to involve employees in changes in operations											x																			
LA5	Recording and notification of occupational accidents and diseases and relationship to the ILO Code of Practice																														
LA6	Formal health and safety committees																														
LA7	Standard injury, lost day, and absentee rates and number of work-related fatalities							x	x																x					x	x
LA8	Policies or programmes on HIV/AIDS																														
LA9	Average training hours per year per employee by category of employee	p								p	p																				
LA10	Description of EEO policies or programmes																														
LA11	Composition of senior management and board members of male/female ratio and cultural diversity							p																							
LA12	Employee benefits beyond those legally mandated	x			x				x	x												x	x	x	x	x	x	x	x	x	x
LA13	Provision for formal worker representation in decision-making or management																														
LA14	Evidence of substantial compliance with the ILO																														
LA15	Formal agreements with trade unions or employee representatives covering OSH																														
LA16	Programmes to support the continued employability of employees and to manage career endings								p																						
LA17	Policies and programmes for skills management and for lifelong learning	x								x																					
	Human Rights																														
HR1	Policies, guidelines, corporate structure, and procedures to deal with aspects of human rights relevant to operations																														
HR2	Consideration of human rights impacts when making investment and procurement decisions																														
HR3	Policies and procedures to evaluate and address human rights performance within the supply chain and contractors																														

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HR4	Discrimination prevention policy and implementation - Global																																	
HR5	Freedom of association policy and implementation																																	
HR6	Policy and implementaton excluding child labour as defined by the ILO Convention 138																																	
HR7	Policy to prevent forced and compulsory labour																																	
HR8	Employee training on human rights policies and practices																																	
HR9	Description of appeal practices																																	
HR10	Effective confidential employee grievance system																																	
HR11	Security personnel human rights training																																	
HR12	Policies, guidelines and procedures to address indigenous people's needs																	x																
HR13	Jointly managed community grievance mechanism/authority																																	
HR14	Share of operating revenues redistributed to local communities																																	
	Society																																	
SO1	Policies and procedures/programmes to manage impacts of activities on local communities																									x								
SO2	Policy, procedures/management systems to address bribery and corruption																																	
SO3	Policy, procedures, management systems for managing political lobbying and contributions																																	
SO4	Awards received for social, ethical and environmental performance																									x		x					x	
SO5	Amount of money paid to political parties and institutions																																	
SO6	Court decisions pertaining to anti-trust and monopoly regulations				x	x	x																											
SO7	Policy, procedures/management systems to prevent anti-competitive behaviour																																	
	Product Responsibility																																	
PR1	Policy for preserving customer health and safety during use of products/services																																	

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PR2	Policies, procedures, management systems related to product information and labelling																																			
PR3	Policy, procedures/management systems for consumer privacy																																			
PR4	Number and types of non-compliance with customer health and safety regulations																																			
PR5	Number of complaints upheld by regulatory bodies on health and safety of products/services																																			
PR6	Voluntary code compliance, product labels or awards with respect to social and/or environmental responsibility																																		x	
PR7	Number and type of non-compliance with product information and labelling regulations																																			
PR8	Policies, procedures/management systems on customer satisfaction	x	x	x	x									x	x											x	x									
PR9	Policies, procedures/management systems for adhering to advertising standards and voluntary codes																																			
PR10	Number and types of breaches of advertising and marketing regulations																																			
PR11	Complaints regarding breaches of consumer privacy																																			
	Total number of fully reported	19	21	20	21	19	21	22	32	29	30	24	20	22	20	20	27	29	29	32	32	20	22	32	22	19	26	29	36	44	43					
	Total number of Vision and Strategy	1	1	1	1	1	1	1	1	1	1	2	2	2	1	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	2	2	2			
	Total number of Profile	7	7	6	6	7	9	9	9	9	9	9	8	8	8	8	8	9	9	9	8	9	8	8	8	8	8	10	9	12	11					
	Total number of Governance Structure and Management	0	2	2	2	2	2	3	11	9	12	4	2	2	1	4	9	9	9	11	11	1	4	11	4	2	7	10	12	10	12					
	Economic Performance	7	8	8	7	7	7	7	8	7	7	7	6	7	7	6	7	7	7	7	7	6	7	6	6	6	7	6	7	7	7					
	Environmental Performance	0	0	0	0	0	0	0	0	1	1	1	1	2	2	1	1	3	3	4	4	0	0	0	0	0	0	0	3	9	8					
	Social Performance	4	3	3	5	2	2	2	3	3	0	1	1	1	1	0	1	0	0	0	1	2	1	5	2	1	2	1	3	4	3					

Key to Table

x = fully reported

p = partially reported - may not be quantified or recorded as the GRI guidelines expect

i = stated intention to fulfil this indicator

* = denotes the inclusion of a separate sustainability report