

*Corporate environmental reporting in New Zealand-  
motivations by moral reasoning*

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## **ATTESTATION OF AUTHORSHIP**

“I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.”

Navin Nair

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## ABSTRACT

The objective of this study is to investigate the application of morality as a motivation for environmental reporting in a number of New Zealand companies that consider themselves both ethically and environmentally responsible.

There have been many studies on the motivation of environmental reporting. Legitimacy theory and stakeholder theory are explanatory theories that have been dominant in the literature. However, influence of morality as a motivation for environmental reporting has not been studied fully. This dissertation looks at virtue ethics as a theory of morality and suggests that companies *ought* to report on their environmental impacts in an honest way. Virtue ethics looks at the human character of morality where one asks the question “how should I live my life”? The reflection of human character is present in company value statements and codes of conduct. These codes guide employees to be more ethical by emphasising virtues such as honesty, integrity and fairness. Since most companies hold themselves out to be ethical, those preparing corporate environmental reporting should be expected to report this information in an honest manner.

This research used content analysis to prepare, organise and categorise public information disclosed in the annual reports and on company websites of twelve New Zealand companies. The analysis refers to the virtues in each company’s values, codes of ethics, statements of environmental responsibility and actual environmental reporting. The quality of the environmental reporting is assessed by referring to the qualitative characteristics of relevance and faithful representation outlined in the Conceptual Framework for Financial Reporting 2010.

Three of the twelve companies studied have reported high quality environmental information suggesting that virtue could have been the moral motivation as to why they have done so. The other nine companies have not disclosed high quality environmental information. Because these nine companies have held themselves to be ethical in their company statements they therefore *ought* to be disclosing high quality environmental information.

## **1. INTRODUCTION**

The purpose of this research is to investigate whether the environmental reporting of companies who consider themselves as ethical and environmentally responsible are in line with the virtues they stand by. Morality as a normative theory is being considered as a motivation for environmental reporting. Virtue ethics characterises how morality through virtues such as honesty and fairness are pertinent to human excellence.

### **1.1 Background to the Research**

Environmental reporting is of international interest. This is reflected by an increase in environmental reporting in annual reports (Cormier & Gordon, 2001; de Villiers & Chris van, 2012; Gray, Kouhy, & Lavers, 1995; Hackston & Milne, 1996; J. F. Solomon & Solomon, 2006; Sparkes, 2001). This increase in reporting is due to an increase in demand by public and private investors, and pressure exerted by environmental groups for companies to be held accountable for their environmental actions (Cormier & Gordon, 2001; de Villiers & Chris van, 2012; Hackston & Milne, 1996; Mitchell & Quinn, 2005; J. F. Solomon & Solomon, 2006).

Environmental reporting is generally of voluntary nature as corporate disclosures on social and environmental accounting are not “enshrined” in Company law or regulation. Despite this, an increase in environmental reporting has occurred (Kotonen, 2009; Maitland & Mann, 2002; Reynolds & Yuthas, 2008; Williamson & Lynch-Wood, 2008).

Earlier research clearly indicates that environmental reporting is generally underpinned by legitimacy theory (Choi Ieng, Chatterjee, & Brown, 2013; Cormier & Gordon, 2001; Kilian & Hennigs, 2014; Nik Nazli Nik & Ahmed Salat Ahmed, 2013; Tilling & Tilt, 2010) and stakeholder theory (Choi Ieng, et al., 2013; de Villiers & Chris van, 2012; Duffy, Flesher, Hayek, Pane, & Hayek, 2013). Legitimacy theory explains a company’s desire to legitimise its actions and stakeholder theory explains a company’s desire to satisfy the needs of their key stakeholders who have the right to be provided with such information. Some authors have stated that legitimacy theory and stakeholder theory provide limited explanations for environmental reporting, and that morality ought to also play a role. Amran & Devi (2008) identified that there is no single theory that explains corporate social reporting since no single theory has been consistently supported or rejected.

### **1.2 Justification for the Research Topic**

Mahadeo, Oogarah-Hanuman, & Soobaroyen (2011) observed that environmental reporting especially for developing countries requires consideration of a moral dilemma. The environmental reporting should take into account corporate obligations to all stakeholders, “that they are mindful of societal interests” (p. 173). A survey completed by Wilmshurst & Frost (2000) revealed that the moral obligation for presenting a true and fair view of the company’s operations has led to increasing levels of environmental reporting in annual reports. It was shown that many Chief Financial Officers of Australian companies provided environmental reports because they felt they had a moral obligation to do so. However, Mahadeo, et al. (2011) observed that “there is scant research on disclosures related to such ethical practices” (p. 173).

Hence, there appears to be a gap in the literature concerning the moral motivations behind environmental reporting. As a result the objective of this study is to investigate morality as a normative perspective for environmental reporting in view of the four main attributes of virtue theory (Dobson, 1997):

- (1) The existence of virtues such as of honesty and integrity
- (2) The existence of a community that nurtures the virtues such as of honesty and integrity
- (3) That moral life cannot exist on rules alone
- (4) That exemplars or good ethical role models are needed in the community.

The decision to voluntarily report on environmental issues is a moral one. Virtue theory is relevant as it focuses on the human character of those making the moral decisions (Jonsson, 2011). Accordingly, this research provides evidence for moral obligation as a basis for corporate environmental reporting, in relation to companies that see themselves as ethical and responsible.

The research for the study is qualitative and follows a case study approach. The cases investigated in support of the research are those New Zealand companies that hold themselves out to be ethical, while at the same time facing negative environmental exposure.

### **1.3 Outline of the Dissertation**

The remainder of this dissertation is as follows:

- Chapter two provides background information on corporate environmental reporting. This chapter provides a brief outline of the commonly used legitimacy and stakeholder theories to provide explanations for corporate environmental reporting. This is followed by a discussion of the concepts of virtue theory and an explanation of its relevance as a normative theoretical perspective for corporate environmental reporting.
- Chapter three outlines the research method
- Chapter four presents the research findings and discusses their implications
- Chapter five presents the research conclusions, limitations and recommendation for future research.

## **2. LITERATURE REVIEW**

### **2.1 Introduction**

This chapter reviews the relevant literature. Firstly, this review examines the background information on corporate environmental reporting, providing a brief outline of the commonly used legitimacy and stakeholder theories. This is followed by a discussion of the concepts of virtue theory and its relevance as a normative theoretical perspective for the environmental reporting of companies who consider themselves as ethical and environmentally responsible.

### **2.2 Corporate Environmental Reporting**

Corporate environmental reporting (CER) addresses the environmental impacts of company operations (Azzone, Brophy, Noci, Welford, & Young, 1997; Imam, 1999; Ling, 2007; Othman & Ameer, 2009; Salomone & Galluccio, 2001). Environmental reporting varies anywhere from a few sentences and statements of intentions (Imam, 2000; Kolk, 1999) to detailed environmental and sustainability reports (Araya, 2006). These reports may also include environmental policies, practices, performance and future directions (Azzone, et al., 1997; Moneva & Llana, 2000; Pahuja, 2007). Topics included in the reports include information about pollution control, restoring natural habitats (Imam, 2000), recycling, reducing waste, water and species conservation and lowering the carbon footprint (Araya, 2006).

CER is a component of corporate social responsibility (CSR), which addresses the societal impacts of an organisation. The concept and movement of CSR originated from a recognition that corporate operations can have massive implications on vulnerable social groups and the environment, which leads to a need to have reporting on these matters (Ferrell, Fraedrich, & Ferrell, 2000; Overland, 2007). This study is on environmental issues which are also included in CSR reports. Thus, the CSR literature was also reviewed for an understanding of the concepts of environmental reporting.

The quantity and quality of environmental reporting is influenced by various factors and forces (Moneva & Llana, 2000). Industries with greater environmental impacts such as forestry (Niskala & Pretes, 1995) oil, gas or utilities (Jose & Shang-Mei, 2007; Salomone & Galluccio, 2001) tend to have greater levels of disclosures. Nationality also influences the level of disclosure, both due to social pressures placed by communities and by the local environmental regulations (Salomone & Galluccio, 2001). For example, countries like the United States, United Kingdom, Germany and Japan have higher levels of environmental reporting. Public visibility as a result of the size of a company is also a determinant in the level of environmental reporting (Jose & Shang-Mei, 2007).

CER generally tends to be qualitative (Niskala & Pretes, 1995; Yusoff, Othman, & Yatim, 2013) which some authors considers as less useful for stakeholders (Moneva & Llana, 2000). However, with the right characteristics this qualitative reporting can provide useful and valuable information for users (Mongrut & Tong Chang, 2010)

The most common medium for CER is corporate annual reports which has been the trend for over the past two decades (Cowan & Gadenne, 2005; Frost, 2007; Gray, et al., 1995; Imam, 1999; Moneva & Llana, 2000; Niskala & Pretes, 1995; Wilmshurst & Frost, 2000). Explanations have been put forward in support for this preference.

CER in annual reports helps to construct the company's social image (Gray, et al., 1995) and showcases the professional identity and reputation of a company (Low, Davey, & Davey, 2012). Having both financial and social information together in the same report is cost-saving and it also helps to manage and control information which may otherwise be subject to journalistic interpretations (Kent & Chan, 2003).

There are however other media of CER (Suttipun & Stanton, 2012; Zeghal & Ahmed, 1990). For example, CER in company annual reports available on-line (Overland, 2007), or on websites and blogs dedicated to broadcasting social responsibility (Othman & Ameer, 2009). CER on company websites are the most efficient and effective way of making disclosures to a large public audience (Jose & Shang-Mei, 2007).

There is a growing trend for companies to publish detailed stand-alone environmental or sustainability reports (Kolk, 1999) which in some countries are mandated (Jose & Shang-Mei, 2007) and sometimes combined with economic and social information (Salomone & Galluccio, 2001). Additionally some organisations have their CER independently verified (Othman & Ameer, 2009; Overland, 2007).

There are however not many studies on the motivation for CER for New Zealand companies. Collins, Roper, & Lawrence (2010) reported that most New Zealand companies are concerned about sustainability and environmental issues, due to the economic importance of New Zealand's 'clean green image'. As a result, one ought to expect importance attached to environmental reporting. However, according to global statistics, New Zealand companies lag behind the rest of the developed world when it comes to the reporting of environmental information. Hackston & Milne, (1996) found that organisational size and industry are strong determinants in reporting the social and environmental disclosures of New Zealand companies. de Villiers & Chris van, (2012) found that the shareholders of New Zealand companies want companies to be accountable for the environmental actions and many would like compulsory and audited environmental disclosures. However, a moral perspective of New Zealand environmental reporting is clearly lacking. This is a motivation for the current study. The following sections discuss commonly used theoretical perspective used to frame studies on CER.

### **2.3 Commonly Used Theoretical Perspectives**

Commonly used theoretical perspectives used for explaining the general motivation for CER are legitimacy theory and stakeholder theory. Each theoretical perspective is explained in the following sections.

### **2.3.1 Legitimacy Theory**

Legitimacy theory suggests that an organisation aligns its behaviour and actions with the norms and values of the larger social system that it belongs to (Mahadeo, et al., 2011; Tilling & Tilt, 2010). Management will disclose information to address company impacts that are deemed unacceptable by the community (Wilmshurst & Frost, 2000). By disclosing information regarding the environment, organisations either attempt to legitimise their actions by showing their responsiveness to environmental issues or by diverting the attention away from unfavourable environmental actions (Fallan & Fallan, 2009; Wilmshurst & Frost, 2000).

Tilling & Tilt, (2010) categorised four strategies used by companies in social and environmental reporting in order to maintain or enhance their legitimacy. Firstly, by changing the actual actions of the firm and informing the public of the change. Secondly, by changing the perception of the public without making any actual changes. Thirdly, by manipulating or diverting attention away from issues of concern. This strategy is very evident in tobacco companies where the main motivation behind corporate social disclosure is to divert attention away from the detrimental impacts of smoking tobacco, given the industry is at the very limit of societal legitimacy (Tilling & Tilt, 2010). The fourth strategy is one of misrepresentation or being untruthful about societal and environmental issues.

The need to legitimise the actions of a company is the primary motivation behind voluntary corporate social disclosures and environmental reporting (Tilling & Tilt, 2010; Wilmshurst & Frost, 2000). However, maintaining legitimacy can be challenging for organisations as the values and expectations of society can change over time. This is especially evident with social and environmental reporting (Tilling & Tilt, 2010).

While legitimacy theory is the dominant motivational theory behind environmental disclosures, stakeholder theory is the other commonly used theory as an explanation for voluntary environmental disclosure (Elijido-Ten, 2011; Mahadeo, et al., 2011).

### **2.3.2 Stakeholder Theory**

Stakeholder theory asserts that an organisation does not have sole responsibility to its shareholder. It has contracts with other parties, both implicit and explicit. These stakeholders include customers, suppliers, employees, society and the environment whose needs must be considered (Overland, 2007). The relationship that an organisation has with its stakeholders is of utmost importance as not responding to the stakeholders' demands and not maintaining their support could threaten the organisation's very existence (Mahadeo, et al., 2011). Social and environmental reporting has been demanded by many corporate stakeholders, especially in developed countries and company managers respond to these demands (Elijido-Ten, 2011). CER may be provided by companies to prevent any damage that could be inflicted by large stakeholders who are able to withdraw resources to the extent that it would be financially detrimental (Salomone & Galluccio, 2001). Conversely, this theory suggests that corporations with little or no environmental reporting do not report because the environmentally interested stakeholders are not powerful enough to place significant pressure on the company (Kent & Chan, 2003; Mahadeo, et al., 2011).

While there are other theories that explain voluntary environmental reporting such as media agenda setting theory and political economy theories, legitimacy and stakeholder theories are most commonly referred to. These theories come under a branch of managerial theories that explain how managers react to the various strains put on them by their stakeholders or by the norms of their societal groups (Deegan, 2002).

The next section outlines morality as a motivation for environmental reporting, which is an alternative perspective to stakeholder and legitimacy motivations.

#### **2.4 Morality and Environmental Reporting**

Morality can be defined as knowing what is right and what is wrong. However these terms have been used interchangeably in literature (Joyner & Payne, 2002). The difference between an ethical decision and a non-ethical one is whether the decision maker is faced with weighing up their values and whether they are then forced to come to a conclusion that they have never come to before (Ferrell, et al., 2000).

Morals or moral decisions must be those made by an individual. An external entity like the government cannot force anyone to make a moral judgement (Joyner & Payne, 2002). People in business come across many ethical decisions in their professional lives (Valentine & Fleischman, 2008). With environmental issues being of importance and of urgent global concern these days, most individuals (especially in developed countries) are aware of how their everyday choices contribute to environmental degradation. Individuals are also morally responsible for the contribution to, or solution of, environmental problems (Fahlquist, 2009).

Similarly corporations also have moral responsibilities towards the environment. These companies have to make decisions about minimising their negative environmental impacts, some of these being legal requirements but many being moral, non-obligatory decisions.

Moreover, in addition to facing the same choices as individuals, companies have to make decisions that are unique to just corporations, especially given the magnitude of their activities and their sometimes conflicting responsibilities. Under the Moralistic Model, corporations' responsibility to the environment is explained as their obligation to stakeholders as well as to society (Brenkert, 1995).

In business there are rules, standards and moral principles, such as organisational codes of conducts that guides individuals towards desired behaviours. The New Zealand Institute of Chartered Accountants' (NZICA) Code of Ethics is one example of this (Hooper & Xu, 2012). These corporate ethical responsibilities are expected in the professional context but are not necessarily clear legal obligations (Ferrell, et al., 2000; Joyner & Payne, 2002). They are considered as one of the most important factors in setting the ethical tone of an organisation (Alam, 1993).

The terms "business ethics" and "social responsibility" while at times are used interchangeably, are not definitively synonymous. Social responsibility refers to the effects and the obligations that an organisation has towards society (Ferrell, et al., 2000). As a whole, this includes the economic, legal, and ethical responsibilities of the organisation. The economic obligation is to

make a profit. The legal obligation is to operate within the confines of what the law requires and where fewer judgement decisions need to be made. This is compared to the ethical obligations that are owed to society and the environment and draw much more variation between organisations (Joyner & Payne, 2002; Murphy, 2009; Valentine & Fleischman, 2008).

The literature demonstrates that business ethics does have a relationship with an organisation being socially responsible. Organisations that have codes, principles and professional standards to guide moral behaviour tend to display greater responsibilities towards environmental concerns. Professional ethical standards should also encourage employees to have a greater appreciation for CSR activities. The reverse is also true whereby organisations that participate and emphasise CSR tend to create an ethical culture for its people to follow (Valentine & Fleischman, 2008).

Top management and Chief Executive Officers (CEOs) of organisations generally hold the decision making powers relating to CSR. The individual ethical nature of these managers is reflected by an understanding that a socially responsible organisation cannot be run unless the top management are also socially responsible. CEOs and top management generally set the ethical tone for the rest of the organisation and those with strong ethical values will usually have a stronger emphasis towards social responsibility (Godos-díez, Fernández-gago, & Martínez-campillo, 2011). The managers are therefore in a position where they are able to impose their moral stance on their business decisions (Alam, 1993) including decisions related to social responsibility. Those managers who disclose CSR information in a public medium face ethical decisions about whether to fully disclose the true environmental impacts. However ethical principles should provide the guidance to making the best professional decision (Yuthas, Rogers & Dillard, 2002).

Although companies have their own codes of ethics, individuals in the accounting industry and other professional industries are also bound by professional membership codes (Low, et al., 2012) such as the NZICA Code of Ethics. All members of NZICA are bound by the principles of Integrity, Objectivity, Independence, Competence, Quality Performance and Professional Behaviour. In particular Rule 2 of Integrity states that:

“A member must not make, prepare or certify, or permit or direct another person to make, prepare or certify, any statement which the member knows, believes or ought to know to be false, incorrect or misleading, or open to misconstruction, by reason of the misstatement, omission or suppression of a material fact or otherwise.”

The NZICA Code goes into further detail explaining:

#### “Preparation of Information

A member is expected to present information fully, honestly and professionally, so that it will be understood in its context.

Financial and non-financial information should be maintained in a manner that describes clearly the true nature of business transactions, assets or liabilities and classifies and records entries in a timely and proper manner. Members must do everything within their power to ensure that this is the case.”

As it will be discussed and analysed later in this dissertation, disclosures that only mention positive statements and omit the negative statements can be seen to be misleading or misrepresenting. If accountants of this professional body were to be involved in such

preparation of environmental financial, or non-financial information that is not an honest and true representation of the business, it could be seen as not abiding by the “Integrity” component of the Code of Ethics.

In summary, given the non-obligatory nature of minimising environmental impacts, the decisions relating to environmental performance are moral ones. People in business, especially those involved in the preparation of information, are faced with moral choices of whether or not to disclose this accurately and honestly. The next section outlines the underlying concepts of virtue ethics which are used to frame this research study.

## **2.5 Theory: The Role of Virtue Ethics**

Traditionally, normative ethical theories are classified into the categories of deontology, consequentialism and virtue ethics. Deontology focuses on the inherent rightness or wrongness of the action being taken while consequentialism focuses on the rightness or wrongness of the outcome rather than focusing on the qualities of the actions themselves. Virtue ethics however focuses on the human character of those making moral decisions (Jonsson, 2011).

For the purpose of this dissertation, virtue ethics is used as a framework for explaining the research evidence. The basis of virtue ethics is derived from philosophers such as Hume and Plato. However, the most dominant and influential philosophy on virtue ethics comes from Aristotle (Curzer, 2012). Virtue ethics differs from other forms of ethical theory where instead of asking the question “what should I do”, it poses the question “how should I live my life”. It indicates that the choices we make are what define us as humans. These choices confirm our sense of worth and true happiness comes from making the right decisions (Jonsson, 2011).

There are various definitions of the word ‘virtue’, but all have the same underlying meaning. It can be generally defined as a habit or disposition of human character that enables or contributes to the human good (Lawler & Salzman, 2013); an “internal good” which all humans strive towards (Dobson, 1993), a desirable character trait that influences one’s behaviour (Dobson, 1997), or as a type of human excellence (Winter, 2011). All of these definitions summarise that virtue is a shared rationality of what is ultimately an internally desirable feature of human life (Jonsson, 2011).

Dobson (1997) developed a framework that outlines the four attributes of virtue theory:

- The first attribute is that there is a commonly understood set of virtues that is deemed to be generally accepted and an individual becomes ethical through practicing these virtues.
- The second attribute is the existence of a community that nurtures these virtues. An organisation can be this community where it nurtures virtues that contribute to the goals of the individual, directed by the business which the individual is part of.
- The third attribute relates to a moral life which cannot exist on rules alone. Virtue ethics in contrast to other ethical theories rejects the notion of rules and instead emphasises sound judgment and reasoning. It recognises that rules can never fully prescribe a means to pursue excellence, rather freedom in judgement is required. This does not

necessarily mean that existing rules should be ignored or broken, rather that these be used as a basis for sound judgement to be made within.

- Lastly, the existence of exemplars or good ethical role models is needed in this community. In order to learn practical ethics, one must look to observe and emulate these exemplary individuals in how they deal with ethically charged situations. This is particularly relevant where the code of ethics is too general to apply to a specific situation.

If companies satisfy the attributes of Dobson's model then virtue ethics would be a normative motivation for environmental reporting in an honest manner.

In summary, virtues are applicable to human moral life as it addresses the choices that humans make and how those choices define us. Virtue ethicists believe that true happiness lies in the validation of our choices as humans (Jonsson, 2011). This framework will be used to assess the companies and their applicability to environmental reporting.

### ***2.5.1 The Application of Virtue Ethics***

The application of virtue ethics guides humans, especially business professionals, in making more ethical decisions. By applying the concepts of the human character to situations faced with ethical dilemmas, virtue ethics allows for sound professional judgement to prevail.

Virtue and ethical decisions are not straightforward and humans are required to balance varying points of view. Virtue ethics helps strike this balance. Aristotle elucidated virtues as being in between two vices. For example, honesty is an important virtue to living a flourishing life. Placing honesty between the two vices of boastfulness and false modesty he suggest that boastful people make exaggerated statements about themselves, while people with false modesty belittle themselves and they do not portray themselves enough. A truthful person will portray themselves with accuracy. Aristotle also suggested that by looking at virtues through this balancing act, a person that truly holds the virtue of honesty will not just tell the truth in situations where there is nothing at stake, but will still be truthful in situations where there is something at stake, like a profit (Curzer, 2012).

The next section explains why and how virtue ethics can be attributed beyond human character and how it can be attributed to companies.

### ***2.5.2 The Relevance of Virtue Ethics for Companies as Quasi-humans***

A dilemma arises when applying personal ethical theories that explain individual behaviour in humans, to a company. The dilemma is that the concepts of virtue apply differently because a company is an abstraction and not an actual human. Furthermore it is commonly understood in law that companies are legal entities separate from any of their owners or their workers. However, Jackson (1999) asserts that we can expect the same ethical obligations that apply to people to apply to companies.

Corporations consist of and are run by humans therefore it is appropriate for companies to apply virtue theory in order to achieve their full potential for success. R. C. Solomon (2004)

considers the understanding of virtues as being the centre-point for all corporations and successful organisations. For example, if honesty is not present in an organisation then a relationship between employees and employers is not being utilised to its fullest potential and the business will experience downfalls as a result. The concept that a business is part of a community is important, as a corporation as a whole must strive for excellence and must create a culture of virtuosity within that community, such as always being honest.

Ardagh (2011) conceptualised an organisation as a “quasi-person”, with the same ethical attributes as a human. He referred to the importance of this concept with reference to the Exxon oil spill where the meagre compensation awarded was due to the negligence being shared among many different people and the inability to attribute the whole organisation as having a joint ethical responsibility. The resulting damage in this case was due to the decisions made between many different individuals. The company however was considered a separate entity which did not have any ethical obligations. Ardagh (2011) felt that this view needs to be readdressed. He defines an organisation as

“A group of people who pool their efforts and resources to achieve some joint objective in a coordinated action plan, follow some agreed role assignments and meeting procedures. They engage in joint action toward, or use people and resources to contribute to, the specific joint objective, alone or with other organisations performing joint acts, and operating in a social context” (p.42)

The concept of ‘coordination’ implies there is a coordinated power whose objective is to take advantage of the joint action through structure and specific roles. Ardagh (2011) recognised that it is important to transpose the features of personal action to joint ethical action. Denying a collective corporate personality through individuals denying responsibility however, threatens the joint responsibility definition of an organisation.

In developing a quasi-person model for organisations Ardagh (2011) outlined the model of Neo-Aristotlean Virtue Ethics. He established features and characteristics of an individual who is virtuous and sought organisational ethical equivalents, thereby attributing personal Aristotlean virtues to those that a “jointly-responsible” corporation should hold. For example, a virtuous individual requires an ethical role model within their community to develop and nurture their virtuous goals. The organisational equivalent to this is the company constitution or values established by the company directors as ethically worthwhile goals. By linking these personal attributes to the corporation, the “quasi-person” is said to be held to the same virtue ethics.

### ***2.5.3 Virtue Ethics Being the Foundation of Corporate Code of Ethics***

The recognition of corporate social responsibility in codes of ethics is becoming apparent. Traditionally corporate codes of ethics addressed how employees should behave in accordance with compliance of laws and regulations, and at most how to maintain good behaviours for those groups that directly influence the company such as customers. However, the “new generation” of corporate codes of ethics holds companies responsible to those stakeholders that are beyond their profit motivation, such as the environment (Stohl, Stohl, & Popova, 2009). This is evident from a growing number of companies that are including their social and environmental responsibilities into their corporate core values (Kaptein, 2004).

Many codes of ethics exemplify the role of a virtuous character. The most common virtuous attributes represented in codes of ethics include trustworthiness, respect, responsibility, fairness, caring and citizenship (Schwartz, 2005). It is therefore appropriate to examine environmental disclosures from a moral perspective that focus on virtues such as honesty, integrity and fairness which forms the basis of many corporate value statements and codes of ethics (Hooper & Xu, 2012). As codes of ethics are normative guidelines that guide the behaviour of the corporation (Schwartz, 2005), it therefore provides a basis point to assess the ethical responsibilities of environmental reporting.

#### **2.5.4 Environmental Reporting and Virtue Ethics**

The presentation of environmental information is voluntary. To fully disclose environmental information therefore is a moral dilemma. Self-presentation of these issues fall under the virtue of truthfulness, honesty and trustworthiness and organisations should balance their public environmental disclosure to be accurate (Curzer, 2012). Environmental reporting must therefore be balanced and truthful and not overly boast environmental performance, nor belittle their performance.

The majority of literature on the motivations of environmental reporting is legitimacy and stakeholder theories which describe the responses that corporations make to various external pressures. These provide explanatory reasons as to why companies report on these environmental matters when it is largely voluntary to do so (Murphy, 2009). However given the virtues of honesty, transparency and integrity that are important to many corporations and communities today, looking at the motivations for environmental reporting from a moral or ethical perspective can provide a normative reason as to why companies *ought* to report honestly on environment matters. Furthermore due to the prevalence of virtues of honesty and integrity in codes of ethics and value statements, virtue ethics provides a complementing normative perspective to other ethical perspectives such as deontology or consequentialism and adds value to ethical understanding beyond rules and principles (Whetstone, 2001). By looking at the case studies of New Zealand companies who consider themselves as ethical and environmentally responsible, we may be able to provide some insight into why companies ought to be disclosing differently to how they are currently doing.

Virtues that are relevant to accountants and those that prepare financial reports which include honesty, integrity, trustworthiness, faithfulness, reliability, dependability and impartiality (Mintz, 1995) will be used to examine environmental reporting in New Zealand. Of particular relevance to environmental reporting are the concepts of honesty, transparency and integrity. While these terms are related, for the purpose of this dissertation the concept of honesty will be the primary virtue being used to analyse against environmental reporting. Cherrington & Cherrington (1993) define honesty as being "*free from deceit and fraud, to be open and above board in your transactions, and to be fair and just in how you treat others*". They also suggest that honest people do not say things that are not true nor do they give a false impression.

## 2.6 Characteristics of High Quality CER

The purpose of company reporting, which may include financial, non-financial, quantitative and qualitative information, is to enable users to make informed decisions about a particular company. CERs are *usually* qualitative (Yusoff, et al., 2013). Information in CERs must be believable, trustworthy and of value. To deliver this trust and value, this qualitative information should be of high quality (Man & Gadau, 2012). The International Accounting Standards Board (IASB) Conceptual Framework for Financial Reporting 2010 outlines this in Chapter 3 the “Qualitative characteristics of useful financial information”. It guides companies to better present and deliver a true and fair view of their company’s operations by outlining the characteristics that qualitative financial information should have. *Relevance* and *Faithful Representation* are two characteristics that are deemed fundamental to qualitative reporting. Relevance refers to the usefulness of the information to decision makers and users, while faithful representation is referring to the reliability of qualitative information, in effect being neutral, complete and free from error. It further goes on to mention how comparability, verifiability, timeliness and understandability would enhance the value of this information but are not as fundamental as relevance and faithful representation (International Accounting Standards Board, 2010).

Ernst & Young (2010) explain in greater detail each of the above qualitative characteristics:

**Relevance:** Information is relevant if it contributes to the achievement of the objective of financial reporting. To be relevant in this regard, it must either be confirming past expectations (confirmatory value) or predicting future information (predictive value).

**Faithful representation:** Information must be complete, neutral and free from material error. Information that is presented faithfully is always represented in substance and not just in legal form. The omission of some information could come across as false or misrepresenting. The concept of neutrality means that the information is not prepared with the intention of obtaining a particular result. However, it can be prepared with a purpose and many times it does influence the reader.

**Comparability:** Represents the user’s ability to see similarities and differences between two sets of phenomena. It does not look at the quality of a particular piece of information but the relationship that it has with others. This does not necessarily mean that information must be uniform and consistent.

**Verifiability:** Is the quality that represents the assurance that the information presented is a faithful representation of the economic activities. This can also be referred to as supportability. It recognises that an independent observer could come to the general consensus that the information itself or the method of is presented without material error or bias.

**Timeliness:** Users should have access to this information before it loses its capacity to be accountable or decision useful.

**Understandability:** Means that the users must be able to comprehend its meaning given the knowledge base of its users.

The fundamental characteristics of relevance and faithful representation in the IASB Conceptual Framework for Financial Reporting 2010 as defined by Ernst & Young (2010) will be used as the primary criterion for evaluating the quality of CER of New Zealand companies in this study. The enhancing-characteristics of understandability, timeliness, comparability and verifiability will also be used in this study as supplementary analysis where appropriate. These will be outlined in greater detail in Chapter 3 (Methodology and Methods).

## **2.7 Chapter Summary**

As environmental information is usually of qualitative and voluntary nature, companies face ethical obligations in disclosing environmental information. While there are established theories describing the motivation for environmental reporting such as legitimacy and stakeholder theory, virtue ethics provides an alternative perspective.

The next section outlines the research methodology, analysing the environmental reporting of New Zealand companies who have considered themselves as environmentally responsible. The analysis looks through the lens of virtue ethics and applies it against the fundamental characteristics of qualitative information to determine if the companies are acting with virtue.

### **3. METHODOLOGY AND METHODS**

#### **3.1 Introduction and Objective**

This chapter discusses the research methodology and methods used in the collection and analysis of the data. This dissertation follows a qualitative research approach with information being taken from annual reports and company websites. Content analysis is used to evaluate the information as to whether the companies meet their ethical obligations for responsible environmental reporting.

The objective of this study is to investigate the environmental reporting of companies who consider themselves as ethical and environmentally responsible. Morality as a normative perspective is being considered as a motivation for environmental reporting. This study is conducted by applying the concepts of virtue theory against the codes of ethics of companies. It will also identify whether their claims to be a virtuous company are aligned and whether keep true to their stated environmental commitments. This should be evidenced in the quality of reporting on their environmental impacts. In this dissertation, this will be achieved by looking at value statements and codes of ethics as these are the behaviours that companies say that they exhibit and practice (King, Case, & Premo, 2010). The organisational Codes of Ethics can play a vital role in determining the culture of ethics of employees and directors. An assessment of this culture can be achieved by identifying the virtues such as honesty and integrity that companies claim to practice.

New Zealand companies who consider themselves ethical and environmentally responsible are evaluated. This evaluation will determine whether they are really holding true to their ethical obligation or whether they ought to provide more environmental disclosure or a better representation of their environmental impacts. This is done by looking at the annual reports and other more detailed disclosures such as sustainability reports or the information found in the environmental sections of the company websites.

Virtue ethics states that an act is only virtuous if it is done with a virtuous intention. Due to the scope of this dissertation the research section is restricted to only public documents such as annual reports and websites however future research could expand this methodology into interviews to better understand relevance of virtue in environmental reporting. The next section discusses the general concepts underlying qualitative content analysis. This is the method used to analyse the research data.

#### **3.2 Method of Analysis: Qualitative Content Analysis**

Content analysis systematically and objectively examines communicative material. The main use of content analysis has been in the domain of analysing mass media information such as annual reports. However, these can range from being in the form of text, visual, sound or other materials (Elo & Kyngäs, 2008; Mayring, 2000). Although the main overriding question may represent the researcher's interests which may be subjective, once the key point is established

the results of content analysis should be objective and replicable should it be repeated by another researcher (Bryman & Bell, 2007).

It is a research technique used extensively in quantitative analysis of textual information where the coding and counting of various texts are applicable (Bryman & Bell, 2007), however it is also just as applicable in qualitative content analysis (Elo & Kyngäs, 2008) and is often chosen based on its flexible and content specific nature. It can be used in an inductive or deductive way. This dissertation follows more a deductive approach where the theory of virtue ethics is being tested against the environmental information of various companies.

This form of analysis uses certain words, concepts and themes that are present within texts and has been widely used in topics of social and environmental responsibilities (Jose & Shang-Mei, 2007). Altheide (1996) outlines the concept of ethnographic content analysis which has been used widely. This describes the information extract process as less explicit than with quantitative content analysis and although categorisation of ideas are present there is a constant interplay between data collection, conceptualisation and analysis. While still following a systematic approach, it does provide for greater flexibility to enrich the textual themes.

Elo & Kyngäs (2008) categorises the process of content analysis into preparation, organisation and reporting. In the preparation phase, specific research questions should be asked. In this dissertation the questions considered are as follows:

- Which companies should be investigated?
- What are these organisations saying in regards to virtues, ethics and the environment; is virtue ethics an appropriate theory to use?
- What environmental issues do these companies face in their day-to-day operations?
- Where and in what communication medium is this reported?
- How much is reported? Are there any omissions relating to what ought to be disclosed?
- What *ought* companies be reporting on given the relevance of virtue ethics?

Although there are no pre-determined rules in content analysis, the main feature is the organisation or categorisation of information. In this dissertation the categorisation of information is presented against the IASB Conceptual Framework for Financial Reporting standard for qualitative information, mainly the concepts of reliability and faithful representation identified in the literature review section.

One question often asked in content analysis is whether the amount of coverage changes over time (Bryman & Bell, 2007). However, this is not applicable to the scope of this research as it is not evaluating trends over time. Rather it sees whether ethical obligations flow through to environmental reporting, regardless of the reporting year. This analysis will take a snapshot of companies regarding their ethical obligations and environmental reporting.

### **3.3 Choice of Data Source**

Twelve companies were chosen to be studied. Companies were selected from the New Zealand stock exchange- NZX15 to obtain the desired twelve companies. This dissertation will be a

cross-industry study. This section discusses the rationale and the method for choosing the data source from the NZX15.

There are multiple reasons for this source of selection:

- As this research seeks to identify the trends of New Zealand companies, this provides a good representation for the country as the companies comprises the 15 largest and most liquid domestic securities listed on the New Zealand share market (NZX Limited, 2014).
- With publicly listed companies, shareholders and other stakeholders place a great deal of trust in the report preparers. Their ethical responsibilities, in particular honesty and openness can be seen as more important than those companies not listed publicly. Furthermore, codes of ethics are prominent in these companies especially of late because of some fraudulent cases.
- Although environmental issues can impact companies regardless of size, larger companies can have exponentially greater effects on the environment and can be seen to have greater obligations to report in an unbiased way.
- Finally, these larger listed companies tend to be more visible and have more publicly available communications making it possible to draw perceptions under content analysis. As mentioned in the literature review, annual reports (and now website disclosures) are ways for companies to represent themselves and what they stand for. Such reports tend to be a pure reflection of what the companies wants the public to see and tends to be free from journalistic interpretation.

Bryman & Bell, (2007) suggests that the quality of documents being researched have the elements of authenticity, credibility, representativeness and meaningfulness for quality analysis. Annual reports and company website disclosures meet these criteria by being directly sourced from the company, having no distortion on part of the researcher as the authorship can be validated by the individuals that prepared them. This information is reported as being meaningful and understandable to both researchers and stakeholders. However, Bryman & Bell (2007) state that representativeness is not necessarily free from all distortions and biases especially in relation to organisational documents. These tend to be written by people, mainly managers, who have a particular point of view they want to get across. This in fact is the very purpose of this dissertation as it aims to identify whether there still may be biases in the environmental reporting of the organisation.

From the websites of these companies the available information on current value statements and codes of ethics were identified and taken. The information was usually found under the "about us" section. The search functions on the websites were also able to give this information. In regards to annual reports, the most recent 2013 financial publication was taken. However where there were sustainability reports or other environmental reports published, those that were relevant to the year 2013 were taken. Where these reports had been prepared for previous years but have been notably discontinued, this will be discussed in the analysis section on a case by case basis. Environmental statements and reporting were found in the

commentary sections of the annual reports and under the relevant values and responsibility sections of the websites.

### **3.4 Method of Company Selection**

Companies were chosen if they had both statements of ethical responsibility in their codes of ethics and if they faced environmental impacts.

Companies such as Telecom and Contact Energy were selected as they satisfied both these criteria. TradeMe Group Limited and Xero Limited while they have ethical values and virtues as internet and software based companies they do not really face the same material environmental concerns. The scope of this dissertation is to assess those companies that have a moral obligation in determining whether to report and address their significant environmental impacts. One company, Infratil Limited was excluded from selection. While they did have a general code of ethics the diverse portfolio of a range of investment companies meant that it was not appropriate to assess and consolidate their environmental impacts and reporting.

While it can be seen that all companies could have social impacts, this analysis is solely referring to environmental issues and excludes other social disclosures due to the research scope.

Based on this selection criterion the following 12 companies were chosen (as at January 2014):

Auckland International Airport Limited  
Contact Energy Limited  
Chorus Limited  
Fletcher Building Limited  
Fisher & Paykel Healthcare Corporation Limited  
Goodman Property Trust  
Meridian Energy Limited  
Mighty River Power Limited  
Ryman Healthcare Limited  
SKYCITY Entertainment Group Limited  
Sky Network Television Limited  
Telecom Corporation of New Zealand Limited

The next section discusses the method of analysis of company information with reference to qualitative content analysis.

### **3.5 Method of Analysis**

Excel was used to organise and categorise this data into the various questions aligning with the research questions outlined in Section 3.2 Method of Analysis: Qualitative Content Analysis.

The findings were organised under the following headings:

- The virtues present in the companies' value statements or codes of ethics
- The companies' stated commitment and responsibility towards the environment
- The actual environmental reporting regarding their environmental performance

Firstly the value statements and code of ethics are identified to see what they say about holding all employees to virtues such as honesty, integrity and true and fair reporting. Given a company's documentation of these and an analysis against Dobson's (1997) four attributes of virtue theory, one can establish whether it is an appropriate basis to assess environmental reporting against human behavioural characteristics. The background and environmental impacts of what the company has outlined may give us an idea of what could and should be expected to be seen in their reporting. Secondly any general statements about the environment as a key stakeholder, or the importance of environmental responsibility are noted. These are merely general statements of responsibility and are clearly distinguished from actual environmental reporting which is the last step which outlines the real steps that the organisation has taken. By assessing all these factors, an assessment as to how the company *ought* to be reporting can be attained.

These findings are evaluated based on the questions:

- Is the reporting relevant?
- Is the reporting a faithful representative?
- Given this, is the reporting evaluated as High, Moderate or Poor quality?

Finally, analysis of the actual environmental reporting is identified, outlining the steps that companies have taken and how they have reported on these. If a company considers itself to have transparency and honesty this should be reflected in their reporting. The qualitative concepts of relevance and faithful representation are used to make an assessment. This assessment will evaluate and categorise the quality of their reporting as either High, Moderate, Poor or Non-existent. This then leads onto the final analysis section of the dissertation as to what companies ought to disclose given their company virtues and their statements about the environment.

### **3.6 Chapter Summary**

Content analysis is the most appropriate method to use to analyse the ethical views of the companies and to know whether this flows through to the reporting of environmental information. The systematic and objective processes are able to be replicated with similar results. The categorisation of information from its sources and analysing them against the themes of relevance and faithful representation mentioned in the IASB's framework for qualitative reporting, make it possible to give recommendations on what companies ought to be reporting given their virtuous stance.

## 4. PRESENTATION, ANALYSIS AND INTERPRETATION OF THE FINDINGS

### 4.1 Introduction

The objective of this study is to investigate the environmental reporting of companies who consider themselves as ethically and environmentally responsible. Morality is assessed as a motivation for environmental reporting. Virtue theory characterises how morality through virtues such as honesty and fairness are pertinent to human and corporate excellence.

This chapter identifies the virtues that New Zealand companies hold as important to their existence. The virtues evaluated against Dobson's four attributes of virtue theory (refer to section 2.5) provide a moral-based motivation to why companies *ought* to disclose quality environmental reporting. The procedures used to collect and analyse the data for this research were discussed in Chapter Three. Research findings for this study are presented in Appendix 1. In total, the ethical virtues, environmental commitments and environmental reporting of the twelve New Zealand companies listed in section 3.4 were investigated:

The reporting of each of the twelve companies is presented first and then analysed against the qualitative characteristics outlined in the 2010 IASB Conceptual Framework for Financial Reporting. Lastly, this chapter analyses the findings against the aforementioned ethical theories to address the following:

- a. Why virtue ethics as a normative theory provides an explanation as to why companies *ought* to report on their environmental impacts and
- b. Whether New Zealand companies that are reporting on environmental matters are in line with the ethical virtues they stand by?

### 4.2 Evaluation of Environmental reporting

The data for evaluating environmental reporting of companies, that consider themselves ethically and environmentally responsible, is presented in **Appendix 1**. This chapter presents the findings under three headings:

1. The statements made by the company regarding their ethical stance and virtues, such as honesty
2. The statements the company has made about their commitment to the environment.
3. The company's actual environmental performance reporting (summarised where appropriate).

These findings form the basis of how the quality of environmental reporting is evaluated. The information presented in this chapter is best read in conjunction with those finding presented in **Appendix 1**.

#### **4.2.1 Auckland International Airport Limited (Appendix 1a)**

*(Passenger transport terminal and related services)*

Auckland International Airports holds all employees to the virtues of honesty, responsibility and diligence as stated in the company Code of Conduct. The company takes responsibility for reasonably accurate and detailed record keeping. It also promotes itself as a good corporate citizen with moral and social obligations. In particular their obligations to the environment are evidenced by their commitments in their environmental policy. By being honest and having accurate records, it should be expected that the reporting of the company's impact on the environment is unbiased and objective.

Their primary form of environmental reporting is the standalone Earthcheck Benchmark Assessment Report. This reporting satisfies the characteristic of relevance. They have reported in great detail about major environmental impacts such as noise and water collection, providing both confirmatory and predictive values for users to see what steps they have been taking in regards to their environmental impacts. The report also gives some guidance as to their future actions. The information disclosed is faithfully representative as it includes both positive and negative information, and also provides recommendations. The negative information disclosed is that the company is below the industry baseline for two of the categories: Greenhouse Gases and Community Commitment.

The report also exhibits the quality enhancing characteristics outlined in section 2.6. It is written in a manner that most users would be able to comprehend (understandability). It has been verified by Earthcheck that it is a faithful representation (verifiability) and that it is comparable against other companies in the airport industry (comparability). The concept of timeliness may come into question as this is published in January 2013 for the 2012 financial year. At the time of writing this dissertation, this report is still relatively timely and there is no evidence to suggest that a 2013 financial year report may not be published in the near future.

The quality of their environmental reporting is very high when assessed against the 2010 IASB Conceptual Framework for Financial Reporting.

#### **4.2.2 Contact Energy Limited (Appendix 1b)**

*(Energy retailer)*

Contact Energy requires that the entire company possess moral characteristics such as honesty, integrity and acts in good faith. There is also a strong emphasis towards being responsible and having transparency around this. Contact Energy is mindful of their environmental impacts as mentioned in different places across their website. Based on these statements of responsibility and moral character it is expected that Contact Energy ought to have high quality environmental reporting.

The main form of environmental reporting is under the "Environment" section of their annual report. The last standalone sustainability report from Contact was for the 2011 Financial Year.

The reporting in the annual report is relevant, providing users with confirmatory and possibly predictive value as it addresses parts of the environmental impacts albeit briefly. Had the sustainability report been continued into future years, this would have provided better relevance for users to make informed decisions.

While some of the information is faithfully represented, such as their greenhouse gas profile, most of the information appears to be skewed slightly positively and lacks a degree of neutrality. Considering the high impact nature of the company, omissions relating to aspects such as discharge water and waste may indicate faithful representation is lacking.

The quality of their environmental reporting is moderate when assessed against the 2010 IASB Conceptual Framework for Financial Reporting. Had the sustainability report continued past 2011, this may have been evaluated as high quality reporting.

#### **4.2.3 Chorus Limited (Appendix 1c)**

*(New Zealand's largest telecommunications utility company)*

Chorus expects their directors to act with honesty, honour their promises and act in good faith, while presenting all documentation in a true and correct manner. Since Directors are the main representatives of the organisation they are often the ones that oversee the high level reporting such as annual reports. The company values also say that the company takes responsibility and accountability in what they do. Since Chorus have stated they balance environmental requirements with a responsibility to future generations, they should provide quality reporting on their material environmental impacts.

The environmental reporting is restricted to a few statements in the annual report. While it does show that there is a degree of confirmatory value by being accepted into the FTSE4Good Index and the Green Ribbon Award for waste minimisation, this information is very brief and may not provide enough information for users to make informed decisions. There is a clear lack of neutrality as there are only positive statements made and therefore does not fulfill the requirement of faithful representation.

The quality of their environmental reporting is poor when assessed against the 2010 IASB Conceptual Framework for Financial Reporting.

#### **4.2.4 Fletcher Building Limited (Appendix 1d)**

*(Building materials manufacturer and distributor, and residential and commercial construction)*

Fletcher Building's values and corporate governance statement includes strong ethical statements that requires all employees to reflect the values of honesty, transparency and integrity. Fletcher Building's commitments and principles, outlining their environmental impacts and promises, show that they possess a very strong responsibility towards the environment,

especially given the high-polluting nature of their industry. Fletcher Building would therefore be expected to provide high quality environmental reporting that addresses their main environmental impacts, but also demonstrates honesty by being neutral.

The primary means of environmental reporting by Fletcher Building is through their sustainability report. The report provides a detailed outline of all the material impacts that it covers, which would allow any environmentally conscious stakeholder to gain useful predictive and confirmatory data on Fletcher's environmental impacts. While the feel of much of the report is positive, the actual goals and statistics that Fletcher Building uses give this reporting neutrality. They do not disguise or omit the areas of concern. The reporting is therefore faithfully representative. The information also possesses the enhancing characteristics of understandability and timeliness. However, the report could be improved if it provided information on how it compares to industry standards, and if it were verified by an external party.

The quality of their environmental reporting is high when assessed against the 2010 IASB Conceptual Framework for Financial Reporting

#### **4.2.5 Fisher & Paykel Healthcare Corporation Limited (Appendix 1e)** *(Manufacturers and distributors of healthcare products)*

Fisher and Paykel's Code of Business Ethics makes commitments of honesty, transparency, good faith and integrity, as well as ensuring they do not mislead through omission. They have also made an explicit commitment to operate in a way that is as friendly to the environment as possible. As they have made a commitment to being honest and not omitting information that may mislead, they should have reporting that addresses all their environmental impacts.

Fisher and Paykel disclose their environmental reporting in the annual report. The report provides relevant information, providing users with confirmatory and predictive value regarding its environmental impacts. However, it does not meet the fundamental qualitative characteristic of being faithfully representative. The information disclosed is biased and only reports on the positive aspects of their environmental impact. The report does not provide full disclosure on their negative impacts. This omission may give a misleading representation of their environmental performance, which is contrary to the company Code of Conduct for Directors.

The quality of their environmental reporting is moderate when assessed against the 2010 IASB Conceptual Framework for Financial Reporting.

#### **4.2.6 Goodman Property Trust (Appendix 1f)** *(Property investment)*

Given their stated virtues of honesty and transparency, and their considerations of making the environment one of their key stakeholders, Goodman Property would be expected to provide

detailed reporting. They also report that they were rated third equal of all the NZX 50 entities in the Carbon Disclosure Project which suggests that they do have carbon information that is of high quality. We should expect this information to be disclosed in their reports.

The only environmental reporting on Goodman Property Trust's website is found under the "Sustainability" section. The section outlines a case study of one of their sustainable building designs. While the building design is great it is limited to providing information that is relevant to environmentally considerate builders. There is insufficient information provided about regarding other environmental factors that would be relevant to other users, such that they would not be able to obtain predictive or confirmatory values. Therefore, the report is not faithfully representative as only positively biased information is disclosed.

The quality of their environmental reporting is poor when assessed against the 2010 IASB Conceptual Framework for Financial Reporting.

#### **4.2.7 Meridian Energy Limited (Appendix 1g)** *(Electricity generator and retailer)*

Meridian Energy's Code of Conduct requires all employees to be honest, act in the highest ethical standards and to report fairly and accurately. Sustainability and environmental commitment is one of Meridian's core values and is also referred to with strong importance in the Code of Conduct. As a result, it should be expected that they disclose highly detailed and accurate information regarding their environmental performance.

The primary form of environmental reporting is identified on Meridian Energy's website under the "Sustainability" section. This reporting is relevant as it allows users to assess how Meridian Energy address their environmental impacts through their operations. Some of this data is also faithfully representative providing real statistics, especially those relating to carbon credits. Various links are identified throughout the sustainability section which also provides verifiability in their reporting.

However, Meridian's website is not accurate when it states that they "report on our sustainability performance every year in our Annual Report". Meridian's website links directly to the 2012 Sustainability report which is very high quality when assessed against the 2010 IASB Conceptual Framework for Financial Reporting. However there seems to be no such reporting for the 2013 year either as a standalone Sustainability Report or in the Annual report 2013.

The qualitative information in the environmental report is of moderate quality. It would have been considered high-quality had 2013 be reported in the same way 2012 was.

#### **4.2.8 Mighty River Power Limited (Appendix 1h)**

*(Electricity generator complemented by electricity retail sales)*

Mighty River Power's code of conduct requires employees, including preparers of information, to uphold high standards of honesty and integrity. The Market Disclosure Policy states that the information must be timely, complete and accurate. The company also places a commitment to managing their environmental impacts. As a result their environmental reporting should be of good quality and address their environmental impacts. The company should also be honest and complete about the statements mentioned in their Corporate Social Responsibility policy.

The last standalone Environmental Review was prepared for the 2010 year. The current environmental reporting can be found in a brief statement in the annual report and is restricted to compliance and support of ecological preservation activities. This information is not useful for users as it does not provide any confirmatory or predictive value relating to how they are managing their environmental impacts, such as resource extraction. With only disclosing positive information, it also lacks the characteristic of being faithfully representative.

The quality of their environmental reporting is poor when assessed against the 2010 IASB Conceptual Framework for Financial Reporting. Had the report be continued past 2010, this may have been evaluated as high quality reporting.

#### **4.2.9 Ryman Healthcare Limited (Appendix 1i)**

*(Development, construction and operation of retirement villages)*

Ryman has strong ethical responsibilities expecting employees and directors to be honest beyond question and true and correct in their reporting. Ryman does not have an explicitly strong commitment to the environment and provides only a brief mention in the Board Charter. However, if they are truly ethical and stand by their virtue of being honesty beyond question, they should at least address the impacts they have on the environment and disclose what they have and are doing about them.

There appears to be no evidence of any environmental disclosure by Ryman.

#### **4.2.10 SKYCITY Entertainment Group Limited (Appendix 1j)**

*(New Zealand and Australian Casino proprietors; Cinema Assets)*

SKYCITY outlines that all employees must conduct themselves in an honest, open and fair manner, and similar behaviors are expected by the Board. All statements must also be accurate and complete and must not mislead. They promote themselves as a good moral citizen. SKYCITY's Board Charter Environmental Policy outlines how they must be responsible for managing their impacts, in particular those relating to including energy, water, waste, raw materials and purchasing. The Environmental Policy also explicitly states that they must

communicate openly and constructively to the wider public regarding environmental information so it is expected that they address public needs with detail and with high quality.

The environmental reporting is limited to some statements on their website about micro wind power and eco-tourism responsibility, all under the "Environment" section. These disclosures are far from sufficient and do not provide any relevance in decision making ability. Although they have been awarded a Qualmark Enviro-Gold rating in 2009 for their SKYCITY Grand Hotel, it does not address the environmental performance of all of their hotels and other activities. This is contrary to their commitment to communicate openly to the wider public regarding environmental information. The information only discloses their positive actions and does not possess faithful representation.

The quality of their environmental reporting is poor when assessed against the Conceptual Framework for Financial Reporting 2010.

#### **4.2.11 Sky Network Television Limited (Appendix 1k)**

*(Subscriber and free to air television company)*

Sky Network Television hold themselves out to be an ethical organisation as evidenced by their Code of Conduct. Employees must act and deal with honesty, integrity and also requires all data, reports must be accurate, truthful and complete. Although they only make a brief statement regarding the minimisation of negative environmental effects in the Code of Conduct, it is expected that they address and report on their impacts if they are to uphold their virtues of having honest, truthful and complete records.

However, no reporting has been identified.

#### **4.2.12 Telecom Corporation of New Zealand Limited (Appendix 1l)**

*(Telecommunications services)*

Telecom outlines in its Code of Conduct that it is an ethical company requiring all employees to demonstrate honesty in all their deals, honour all of their promises and ensure all documentation is prepared with truth and accuracy. They have also stated that environmental responsibility plays a big part in their long-term success and that they have taken concrete steps to recognise this. As a result, their reporting should detail these actions in an honest and fair manner if they are to honour their promise of excellence in environmental management.

Telecom's environmental reporting is found in their annual report under their five pages on Corporate Responsibility with both narratives and metrics on their environmental performance. This information is relevant as it gives users confirmatory and predictive value as it explains to them how Telecom is addressing and how they will most likely address their negative impacts on the environment. It also possesses the quality of faithful representation as the information

disclosed is very objective and neutral. This is not only evident in the actual statistics regarding electricity, waste and emissions but also in the narratives that outline where they have been underperforming, for example a decrease in recycling rates and an increase in carbon emissions attributing to landfill. This information also possesses enhancing characteristics of being timely and understandable. While the information is not in a particular standard format it has a degree of comparability as users can easily compare their statistics with other companies.

Telecom also report on their environmental performance on their website referred to as the "Greenpage". However, this information appears to only go up to 2009. They also have an Environmental Report displaying the quality enhancing characteristic of verifiability, as it is peer reviewed by Covec. However, this is also outdated being for the 2011 year.

Regardless, the quality of their environmental reporting in the annual report alone is high when assessed against the 2010 IASB Conceptual Framework for Financial Reporting.

In summary, the above findings clearly indicate that all twelve companies consider themselves ethical and environmentally responsible. Yet the reporting of only three (Auckland International Airport, Fletcher Building and Telecom Corporation) are in line with the ethical virtues they stand by. Ryman Healthcare and Sky Network Television did not even provide any environmental reporting.

#### **4.3 The appropriateness of Virtue Theory- Results and Analysis**

There is substantial variation in the quality and extent of environmental reporting for the twelve companies that consider themselves environmentally responsible. In spite of this the literature review suggested that virtues of honesty and integrity have relevance to companies that consider themselves both ethically and environmentally responsible. The analysis of the codes of ethics and value statements of the above twelve New Zealand companies as shown in the first column of **Appendix 1** support the existence of these virtues. The virtue of honesty was contained in the codes of ethics or value statements of all twelve companies and the virtues of good faith, and integrity were also often included. Many include the concepts of true and fair documentation, their directors specifically being held responsible and if information is misleading (whether disclosed or through omission). Furthermore, some companies like Telecom hold themselves out to always follow through on promises they make.

By using Dobson's (1997) four attributes of virtue theory it is evident that this is an appropriate model to use in analysing the companies. It provides support as to why the twelve companies who consider themselves ethical and environmentally responsible *ought* to report on their environmental impacts honestly.

##### **1) The existence of virtues are evident**

The existence of honesty, integrity, truthfulness and accuracy is emphasised by all the companies that were analysed. The employee codes of conduct require pursuit and practice of these virtues in their work life. If these practices are followed by the companies this should not only make the individuals truly ethical but should also make them a collective "human-flourishing" internal good for the whole company and human kind community. This is

distinguished from external goods which suggest that there should be some tangible property or possession to be held. While it may contribute or may be a consequence of achieving human excellence, it is however the internal goods that achieve this (Dobson, 1997). With reference to reporting on the environment, it is an “internal good” to be fully honest and accurate on the environmental claims being made. There may or may not be any external goods as a result (stakeholder and legitimacy is more relevant in this case) however keeping true to the virtues of honesty will bring about a pursuit of human excellence- the final reason why we do whatever we do (Dobson, 1997).

## **2) The existence of a community that nurtures**

Dobson refers to the rationality in virtue ethics as the coming from a practice-based community which determines a shared based view on what is virtuous to human endeavour. Corporations are real communities and it is evident that these twelve corporations studied (on the appearance of their codes of ethics) have a shared understanding of their reason of existence. Dobson suggests that none of these companies exist for being only “wealth creating machines”, rather they also exist to contribute to the good of human kind. On the face of it, this appears to be evident in all of these companies as they have value statements referring to the bettering of honest behaviour and the bettering of the environment and the community.

## **3) Moral life cannot exist on rules alone**

While some codes of ethics have prescriptive sections relating to specific industry dealings, the virtues such as honesty and integrity mentioned in the codes in a general sense are applicable to all situations of an employee or director’s work life. This is consistent with the idea that moral decisions are those that are not laws or regulations. They are ones that require professional judgement and the existence of these virtues in the codes of ethics recognise these.

Dobson (1997) emphasises that the absence of specific rules do not reject industry accepted standards (such as reporting standards) or rejecting laws. However it should form a basis to “pursue the professional ideal”. This is relevant to environmental reporting as it is voluntary in nature and it is the professional judgement of those who prepare company reports to decide whether to be honest and disclose them or not.

## **4) Moral exemplars or role models**

It is difficult to assume the existence of moral exemplars by assessing the practices of environmental reporting as it transcends beyond the existence of codes of ethics (Dobson, 1997). In practice the existence of moral exemplars is not assessable through reporting or public documents but rather by the practice of ethical behaviour by managers. While codes of ethics may form a basis for how ethical role models to practice their behaviour, it is the professional judgement in specific situations that marks them as being exemplars.

While assessing the moral behaviour of exemplars in practice is outside the scope of this dissertation, it can be suggested that directors take this role of moral exemplars. As it can be seen in some of the companies analysed, there are specific codes of ethics for directors and there are statements within the employee codes of ethics that specifically relate to directors or

the CEO. These references to the Directors and CEO generally hold them to a higher standard of ethical behaviour. Therefore the existence of model exemplars of ethical behaviour lies in the moral behaviour of directors and management and this ethical modelling may flow through to the rest of the organisation.

These four attributes and the parallels found in company Codes of Ethics provide support that virtue theory can be an appropriate theory to analyse the motivations behind environmental reporting. This can be seen as an alternative to legitimacy and stakeholder theories.

#### 4.4 The environmental reporting of New Zealand companies

Using twelve New Zealand companies listed on the NZX15 as a case study we should expect high quality disclosure given the attributes of virtue ethics. All of the twelve companies consider themselves to be ethical and make some sort of commitment to the environment. This ranges from identifying the environment as a stakeholder in their company values to including it in their code of ethics, having an environmental policy and requiring environmental reporting to be disclosed. Given that all the companies explicitly identify honesty and transparency as a key virtue we should expect to see high quality environmental disclosure that is both faithfully representative and relevant, addressing their impacts that they have on the environment.

The following table summarises the disclosure quality of the twelve companies being investigated.

**Table 1: Summary of environmental disclosure quality**

High-quality disclosure	Moderate-quality disclosure	Poor- quality disclosure	No Disclosure
Auckland Airport Ltd	Contact Energy Ltd	Chorus Ltd	Ryman Healthcare Ltd
Fletcher Building Ltd	Meridian Energy Ltd	Goodman Property Trust	Sky Network TV Ltd
Telecom Corporation of New Zealand Ltd	Fisher & Paykel Healthcare Corporation Ltd	Mighty River Power Ltd	
		Sky City Entertainment Ltd	

Virtue theory and the Conceptual Framework for Financial Reporting 2010 were used to evaluate the disclosure of the twelve companies. The evaluation indicated a varying extent and quality of environmental reporting as outlined in Table 1. Those with high-quality disclosure (Auckland Airport, Fletcher Building, and Telecom Corporation of New Zealand) have environmental reporting that is both relevant and faithfully representative. These companies

have kept true to the virtue of honesty and have struck a good balance as per Aristotle's definition where they are not belittling their environmental efforts but at the same time not being boastful by disclosing detailed information that users can identify what they need to improve on (Curzer, 2012). Some of the reporting by these companies also exhibited quality enhancing characteristics of comparability, verifiability, timeliness and understandability.

Moderate quality disclosures (Contact Energy, Meridian Energy and Fisher & Paykel Healthcare) have relevant qualitative characteristics present in their environmental reporting. However, they have only made positive statements, which may be interpreted as being biased or overly boastful. They are not holding true to the virtues of honesty or transparency.

Those of poor quality (Chorus Ltd, Goodman Property Trust, Mighty River Power Ltd and Sky City Entertainment Ltd) include very little information regarding environmental performance. They are not faithfully representative as they are of positive nature only and are not detailed enough to provide any relevance to give users predictive or confirmatory value. They are also not being honest or truthful in regards to environmental performance.

Ryman Healthcare Ltd and Sky Network TV Ltd do not have any disclosure regarding the environment, other than statements of commitment. The omission of environmental information could be to mislead or conceal any environmental impacts that they are having on the environment, which does not contribute to them being honest about their environmental impacts. Although they may not have as much impact on the environment as other companies, they should still report on their environmental impacts to be consistent with their virtue of being honest.

#### **4.5 Summary of Implications against morality- the promise of environmental performance**

The objective of this study was to investigate the application of morality as a normative perspective behind the motivation of environmental reporting. This evaluation of the twelve New Zealand companies does not dismiss that theories such as legitimacy and stakeholder theory can explain why some companies voluntarily report on environmental matters. However, given the importance that virtues ethics appear to play in organisations and the human characteristic of the decision being made, morality ought to also be a motivating factor.

All the companies have addressed the environment as being an important stakeholder to consider and all have bound themselves by the virtue of honesty. The report preparers would have had to make an ethical decision in whether to include environmental information. For the companies Auckland Airport Ltd, Fletcher Building Ltd and Telecom Corporation of New Zealand Ltd, who voluntarily disclosed a high quality of reporting, morality could quite possibly be the motivating factor as to why they have done so. The virtues in their codes of ethics and company values could be seen as the motivation that guides them as business professionals to making sound professional judgement regarding this ethical dilemma.

The companies that reported moderate quality information ought to be more faithfully representative in the presentation of their environmental reporting, if they are truly being ethical. While they do include information that has relevance in addressing their impacts, the omission of any neutral or negative information may indicate that this information was prepared with the

intention of achieving a desired result- possibly to legitimise their actions or to satisfy the requirements of stakeholders. Those with poor quality or no report do not address their environmental impacts in any significant detail for stakeholders to be able to make decisions. Virtue ethics suggest that they ought to include more detailed information that possesses the fundamental characteristics of relevance and faithful representation. Aristotle outlines that being truly honest means one would tell the truth in situations even when there is something adverse at stake. For these companies, a true representation may result in public backlash, withdrawal of stakeholders support and other negative consequences that may put their profit at stake. They may be deliberately withholding this information to avoid the negative impacts however they are compromising honesty as a result- a virtue they claim is important for the entire company to exhibit.

The analysis in this chapter outlines the applicability of virtue ethics. It displays the commonality of virtues such as honesty and transparency present in twelve New Zealand companies. This proves that there is a shared rationality of what is ultimately internally desirable in all human life (Jonsson, 2011). The quasi-personal nature of corporations and virtue ethics stresses that to be truly virtuous and to achieve the full potential of human (or quasi-human) excellence, these “internal goods” of being honest and transparent must be adhered to. Therefore virtue ethics suggests that morality should be a motivating factor in environmental reporting for companies that consider themselves ethical and environmentally responsible- if companies are seeking the ultimate desire of corporate and human excellence.

## 5. CONCLUSIONS, LIMITATIONS AND FUTURE RESEARCH

### 5.1 Introduction

The objective of this study is to investigate the application of morality as a motivation for environmental reporting for those companies that hold themselves to be both ethically and environmentally responsible.

There have been many studies on the motivation of environmental reporting given the voluntary nature of it. Legitimacy theory and stakeholder theory are explanatory theories that have been dominant in literature. However, morality as a motivation of environmental reporting is understudied. Virtue theory looks at the human character of morality where one asks the question “how should I live my life?” It is an appropriate theory to evaluate the moral motivations behind environmental reporting as many companies value ethical statements and codes of ethics that guide their employees to become more ethical by emphasising virtues such as honesty. As a result those that are preparing corporate reports should be exercising sound professional judgement when it comes to ethical situations like this.

This research has used content analysis to prepare, organise and categorise public information disclosed in the annual reports and company websites of twelve New Zealand companies. Dobson’s four attributes of virtue theory were applied to the companies to help evaluate why the human ethical characteristics are an alternative way of looking at morality when it comes to decisions like those involving voluntary reporting. By referring to the virtues in the codes of ethics, environmental responsibility statements and the actual environmental reporting by these companies an analysis against the qualitative characteristics of relevance and faithful representation were conducted.

### 5.2 Conclusions

The results and analysis of this dissertation suggest that some New Zealand companies are not holding true to virtues such as honesty and transparency when it comes to environmental reporting. Virtue theory outlines that while a goal of an organisation is to make profit it is not the reason for existence. Rather it is the wider community and the contribution to human fulfilment and excellence which is the reason for its existence. Therefore virtues such as honesty and integrity are ‘internal goods’ and should be exhibited in order to achieve true corporate success.

This dissertation concludes that by looking at virtues there ought to be a moral motivation when companies prepare environmental reporting. This reporting ought to be of high quality. Some companies in New Zealand (Auckland Airport, Fletcher Building, and Telecom) report on relevant environmental issues in a virtuous way and the mention of honesty and honour in their value statements and codes of ethics may contribute to the reason why they have done so. All the other companies whose reporting was moderate, poor or non-existent, *ought* to disclose high quality environmental information.

This dissertation contributes to literature as it provides an alternative perspective to understanding the motivations behind environmental reporting. This is relevant for all

companies that declare themselves to be virtuous or truly honest beyond question. So it should be reflected in their voluntary reporting and in this case, in their environmental reporting.

### **5.3 Limitations of the study**

A limitation of this study lies in examining virtue by only using public documents. This was done to fit with the scope of this dissertation. It may not be the optimum method in establishing whether moral considerations are made when reporting on environmental performance. However, it still provides a normative perspective for companies to disclose high quality environmental reporting given the virtues that they publicly display as being important in their values and statements.

What is deemed to be virtuous may differ between cultures, societies and types of organisations, therefore the results of this dissertation cannot be generalised for all situations. It was identified that virtues such as honesty and transparency were important within the New Zealand corporate context as their presence was evident in prominent documentation such as company values and codes of conduct. Had companies held themselves to only have profit focused virtues such as determination and diligence then there would be less support outlining why companies ought to report honestly on their environmental information. Nevertheless this dissertation still provides a contribution to literature by offering insights into how companies ought to report information given the virtues they hold as important to them.

### **5.4 Future Research Suggestions**

Future research in this area could include interviews conducted by business professionals who prepare voluntary reporting. Dobson's fourth attribute relating to the moral exemplars within an organisation goes beyond codes of conduct suggesting that ethical behaviour within a community is achieved by having exemplars within an organisation. They practice moral behaviour and other employees can model behaviour after them given specific scenarios, which is unable to be guided by through codes of ethics. Therefore interviews may gain a better insight into this exemplar modelling.

This dissertation primarily looked at the quality of the information being reported based on the ethical virtues that companies claim to possess. High quality voluntary environmental reporting occurs when there can be a clear positive link between what is reported and actual environmental management (Ling, 2007). Future research could therefore also include investigations into whether the reporting conducted by the company is actually a true reflection of their environmental performance. This may be done by looking at environmental court cases, reporting by news or media, council or environmental agency publications or industry reports.

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**APPENDIX 1**  
**Appendix 1a: Auckland International Airport Limited**  
**(Passenger transport terminal and related services)**

What do they say about acting ethically?	Evidence of Commitment to the Environment	Reporting on Environmental Performance
<p>“Responsibilities to Ourselves and Each Other:  Performance of Duties: Auckland Airport employees must perform their duties <b>ethically, honestly, responsibility and diligently</b>, and in the best interests of Auckland Airport.”</p> <p>“all Auckland Airport accounting records <b>accurately</b> and <b>fairly</b> reflect, in reasonable detail, the relevant underlying transactions, and all assets and liabilities of Auckland Airport [and that] accounting records must be maintained in accordance with generally accepted accounting practice and any policies set by the Board”.</p> <p><small>(Source: Ethics Policy and Code of Conduct  <a href="http://www.aucklandairport.co.nz/~media/E2070644C4194B8C9CDC91ABFB62F12F.ashx?sc_database=web">http://www.aucklandairport.co.nz/~media/E2070644C4194B8C9CDC91ABFB62F12F.ashx?sc_database=web</a> Retrieved 06/01/2014)</small></p>	<p><u>Environmental impacts include:</u> Loud aircraft noise affecting local community, Storm water contaminants into the Manakau Harbour</p> <p>"As the operator of New Zealand’s largest international airport, the key gateway into New Zealand, Auckland Airport is acutely aware of the need to manage environmental risk. In order to manage the environmental risks, associated with its operations, Auckland Airport shall:</p> <ul style="list-style-type: none"> <li>- Conduct its operations in compliance with all applicable environmental legislation, plans, standards and codes of practice.</li> <li>- Strive to achieve best practice in environmental management relative to other international airports.</li> <li>- Strive to prevent pollution by identifying, controlling and minimising adverse environmental impacts.</li> <li>- Protect and, wherever possible, enhance habitats and their associated wildlife, without compromising aircraft safety.</li> <li>- Encourage a commitment to the environment from all stakeholders, including; employees, tenants, customers and the local community.</li> <li>- Maintain a documented management system that includes the setting of objectives and targets, training, audit, management review and the requirement for continual improvement.</li> <li>- Report its performance to interested stakeholders on a regular basis.”</li> </ul> <p><small>(Source: Environmental Policy  <a href="http://www.aucklandairport.co.nz/~media/Files/Community/Earthcheck/Environmental%20Policy%202012.pdf">http://www.aucklandairport.co.nz/~media/Files/Community/Earthcheck/Environmental%20Policy%202012.pdf</a> Retrieved 06/01/2014)</small></p>	<p>Prepared a stand-alone environmental report assessed by Earthcheck industry Benchmark which assessed the environmental performance against their Airport industry standards. Rating are conducted against the categories of Environmental Policy, Energy, Water, Waste, Community, Paper, Cleaning, Pesticides, and sector specific indicators as being either “At or Above Best Practice”, “At or Above Baseline” or “Below Baseline”. <i>Although this is for the 2012 financial year, it was only published in 2013, which may indicate that a more current one may be coming.</i></p> <p><small>(Source: Benchmarking Assessment Report  <a href="http://www.aucklandairport.co.nz/~media/Files/Community/Earthcheck/Benchmarked%20Assessment%20Report%20-%20Auckland%20International%20Airport%202012.pdf">http://www.aucklandairport.co.nz/~media/Files/Community/Earthcheck/Benchmarked%20Assessment%20Report%20-%20Auckland%20International%20Airport%202012.pdf</a> Retrieved 06/01/2014)</small></p> <p>Auckland Airport also, has an environmental section on their website which includes a breakdown of their carbon emissions profile.</p> <p><small>(Source Climate Change  <a href="http://www.aucklandairport.co.nz/en/Corporate/Social-Responsibility/Sustainability-policy/Climate-change.aspx">http://www.aucklandairport.co.nz/en/Corporate/Social-Responsibility/Sustainability-policy/Climate-change.aspx</a> Retrieved 06/01/2014)</small></p>

**Appendix 1b: Contact Energy Limited  
(Energy retailer)**

What do they say about acting ethically?	Evidence of Commitment to the Environment	Reporting on Environmental Performance
<p>Contact Energy's company values are "Open, Fresh, First and United".</p> <p>- "by being <b>transparent</b>, by making the complex simple and by constantly listening and learning we will earn respect and loyalty."</p> <p>- "are passionate about being an intelligent and <b>responsible</b> leader - focused on being the best we can be. By achieving the right results for everyone and the world around us, we will sustain our success."</p> <p>- "create <b>trust</b> and secure long-term commitment."</p> <p><small>(Source: Company Values <a href="http://www.contactenergy.co.nz/web/shared/ourcommitment">http://www.contactenergy.co.nz/web/shared/ourcommitment</a> Retrieved 15/06/2014)</small></p> <p>"Contact Energy is committed to ensuring that all of its people conduct themselves in accordance with principles of <b>good conduct</b> and <b>integrity</b>, and act in Contact Energy's best interests and in accordance with the law. Persons acting on Contact Energy's behalf are expected to act <b>honestly, conscientiously, reasonably</b> and in <b>good faith</b> at all times"</p> <p><small>(Source: Code of Conduct <a href="http://www.contactenergy.co.nz/web/pdf/legal/code-of-conduct-july-2010.pdf">http://www.contactenergy.co.nz/web/pdf/legal/code-of-conduct-july-2010.pdf</a> Retrieved 15/06/2014)</small></p>	<p><u>Environmental impacts include:</u> Greenhouse Gas emissions from the Gas and geothermal generators, biodiversity and water impacts from hydro power generation and discharging of uncooled water into the Waikato river</p> <p>"Being mindful of, and attentive to, the environmental and social impact of the resources, products and services we use or provide to others; recognising the need to ensure the sustainability of our business, and its impact on the environment and the communities in which we operate."</p> <p><small>(Source: Commitments, Principles and Values <a href="http://www.contactenergy.co.nz/web/shared/ourcommitment?vert=au">http://www.contactenergy.co.nz/web/shared/ourcommitment?vert=au</a> Retrieved 15/06/2014)</small></p> <p>"As a major energy retailer and electricity generator, we have a responsibility to take care of the environment and make efficient use of the resources we harness"</p> <p><small>(Source: Health, Safety and Environment <a href="http://www.contactenergy.co.nz/web/shared/environment">http://www.contactenergy.co.nz/web/shared/environment</a> Retrieved 15/06/2014)</small></p> <p>"We are committed to responsible management practices that minimise any adverse health, safety or environmental impacts; Identify hazards and reduce risks to as low as reasonably practicable where there is potential ... to adversely impact on the environment or the community; empower employees and contractors to ... carry out their work in a manner that does not present a risk to themselves, others or the environment; Set objectives and targets which promote the efficient use of energy and resources, the minimisation of wastes and emissions and the prevention of pollution"</p> <p><small>(Source: Health, Safety and Environment Policy <a href="https://www.contactenergy.co.nz/web/pdf/legal/cen-health-safety-environment-policy.pdf">https://www.contactenergy.co.nz/web/pdf/legal/cen-health-safety-environment-policy.pdf</a> Retrieved 13/01/2014)</small></p>	<p>Annual report includes a one page disclosure under the heading "Environment" outlining environmental achievements including:</p> <ul style="list-style-type: none"> <li>- Opening the Wairakei bioreactor "to improve the quality of cooling water discharges from the Wairakei geothermal power station to the Waikato River-was the winner of the Energy Project of the Year and Environmental Excellence categories at the 2013 Deloitte Energy Excellence Awards."</li> <li>- Restoration of natural habitat</li> </ul> <p>It also includes brief but real statistics on emissions data is included:</p> <ul style="list-style-type: none"> <li>- Use of water relating to hydro operations</li> <li>- Greenhouse Gas emissions</li> </ul> <p><small>(Source: Annual Report <a href="http://www.contactenergy.co.nz/web/pdf/financial/cen-annual-report-2013.pdf">http://www.contactenergy.co.nz/web/pdf/financial/cen-annual-report-2013.pdf</a> Retrieved 15/06/2014)</small></p> <p>The company prepared detailed standalone sustainability reports up to 2011, but has since discontinued it.</p> <p><small>(Source: Sustainability Report <a href="http://www.contactenergy.co.nz/web/pdf/financial/sustainability-report-2011.pdf">http://www.contactenergy.co.nz/web/pdf/financial/sustainability-report-2011.pdf</a> Retrieved 15/06/2014)</small></p>

**Appendix 1c: Chorus Limited**  
**(Chorus is New Zealand's largest telecommunications utility company)**

What do they say about acting ethically?	Evidence of Commitment to the Environment	Reporting on Environmental Performance
<p>Chorus states in their company values:</p> <p>“We keep our word; Ownership – we take <b>responsibility</b> and accountability; We do what we say we’ll do”</p> <p>(Source: Chorus Values and Culture: <a href="http://www.chorus.co.nz/our-values-and-culture">http://www.chorus.co.nz/our-values-and-culture</a> Retrieved 15/06/2014)</p> <p>The Director Code of Ethics outlines:  “Directors will conduct themselves in a manner that reflects their <b>honesty</b> and <b>integrity</b> and will not behave in any manner that has the potential to bring Chorus’ reputation into disrepute; Directors will not enter into transactions or make promises on behalf of Chorus that Chorus does not intend to <b>honour</b>; Directors will use reasonable endeavours to ensure that Chorus’ records and documents, including financial reports, are <b>true</b> and <b>correct</b>; Directors must act in accordance with the directors’ duties set out in the Companies Act 1993, which includes the duty to act in <b>good faith</b>. Directors will report any illegal or <b>unethical</b> behaviour of which they become aware to the Chairman.”</p> <p>(Source: Chorus Director Code of Ethics: <a href="http://www.chorus.co.nz/file/42981/Director-Code-of-Ethics-5.6.13.pdf">http://www.chorus.co.nz/file/42981/Director-Code-of-Ethics-5.6.13.pdf</a> Retrieved 15/06/2014)</p>	<p><u>Environmental impacts include:</u> Carbon emissions, pollution, energy usage and waste from construction operations</p> <p>"Continuous improvement helps us build for the future; We play a long game, responsibility to future generations"</p> <p>“Chorus aims to achieve a balance between our economic, environmental and social requirements that delivers our needs of today without compromising our needs of tomorrow”</p> <p>(Source: Annual Report Overview <a href="http://www.chorus.co.nz/annual-report/overview/more-about-chorus">http://www.chorus.co.nz/annual-report/overview/more-about-chorus</a> Retrieved 15/06/2014)</p>	<p>The annual report briefly mentions under the "Corporate sustainability" heading:</p> <p>“Chorus has this year been accepted into the FTSE4Good index, which measures the performance of companies that meet globally recognised corporate responsibility standards.”</p> <p>“During the year Chorus established an energy manager’s role as part of our commitment to manage the energy that made up 60% of our carbon footprint. We also calculated our base year carbon and submitted it to the Carbon Disclosure Project, a leading global carbon benchmark.”</p> <p>“Chorus, in partnership with Downer, won the Ministry for the Environment Green Ribbon Award for waste minimisation through our efforts to recycle approximately 2,400 UFB drums and 20km of ducts.”</p> <p>(Source: Annual Report Overview <a href="http://www.chorus.co.nz/annual-report/overview/more-about-chorus">http://www.chorus.co.nz/annual-report/overview/more-about-chorus</a> Retrieved 15/06/2014)</p>

**Appendix 1d: Fletcher Building Limited**  
**(Building materials manufacturer and distributor, and residential and commercial construction)**

What do they say about acting ethically?	Evidence of Commitment to the Environment	Reporting on Environmental Performance
<p>“Our foundation values:            We act with <b>integrity, honesty</b> and <b>transparency</b>. We treat others with dignity and respect. We work best as a team, and help each other succeed.”</p> <p>“Our shareholder relationship:            We aim to grow profitably, and provide reliable earnings for our shareholders. Our foundation values of <b>integrity, honesty</b> and <b>transparency</b> support the highest standards of governance and reporting.”</p> <p><small>(Source: What’s Important to us <a href="http://www.fletcherbuilding.com/about-us/whats-important-to-us/">http://www.fletcherbuilding.com/about-us/whats-important-to-us/</a> Retrieved 15/06/2014)</small></p> <p>“-Fletcher Building is committed to providing superior products and services <b>fairly</b> and with <b>integrity</b>.            - All Fletcher Building employees will therefore treat customers, the public and fellow employees with <b>honesty, courtesy</b> and <b>respect</b>.            - All Fletcher Building managers will strive to:- reinforce the company’s commitment to the highest standards in business; and <b>professional ethics</b>”</p> <p>“Fletcher Building employees must maintain the highest ethical and legal standards in all dealings with customers, suppliers and the public. Only lawful, <b>honest</b> and <b>ethical</b></p>	<p><u>Environmental impacts include:</u> carbon emissions, contributing significant waste to landfills, extracting raw materials, energy expended to produce products, water usage</p> <p>"We operate with the environment as a key consideration, from sourcing raw materials to the eventual end-of-life and disposal:            Our commitments and principles are:</p> <ul style="list-style-type: none"> <li>- Reduce CO2 emissions</li> <li>- Reduce waste and recycle</li> <li>- Sustainable extraction of resources</li> <li>- Reduce energy use- Maximise fuel-switching and pursue innovative alternative fuels and technologies.</li> <li>- Water Stewardship - We will actively manage waste to use less fresh water and to maximise recycling. Improve water efficiency and minimise water impacts in land management and operations.</li> <li>- Develop sustainable Solutions - We will provide innovative, practical, system solutions to enable buildings and infrastructure to be sustainable. Influence and support industry education on sustainable construction practices, design principles and measures."</li> </ul> <p><small>(Source: Environment: Our Commitments and Principles are <a href="http://www.fletcherbuilding.com/sustainability/environment/">http://www.fletcherbuilding.com/sustainability/environment/</a> Retrieved 15/06/2014)</small></p> <p>"We care about the world in which we work. Our</p>	<p>Fletcher Building has a detailed 18 page sustainability report. It covers the environmental considerations in the topics of:</p> <ul style="list-style-type: none"> <li>- Product life-cycle</li> <li>- Sourcing raw materials</li> <li>- Designing sustainable products</li> <li>- Manufacturing sustainability</li> <li>- Reducing CO2 emissions</li> <li>- Distribution of products</li> <li>- Design of buildings</li> <li>- Construction and installation</li> <li>- End of Life: reducing and managing waste</li> </ul> <p>The report is detailed in its environmental goals and in its narratives on the topics above. It also includes actual statistics where appropriate. This reporting is not independently verified.</p> <p><small>(Source: Environment: Sustainability Report 2013 <a href="http://www.fletcherbuilding.com/sustainability/2013-sustainability-report/">http://www.fletcherbuilding.com/sustainability/2013-sustainability-report/</a> Retrieved 15/06/2014)</small></p> <p>The annual report also has one page on “Environment and Sustainability”. Most of this is repeated in the sustainability report including actual statistics on “the 2013 financial year show total CO2 emissions of 1,287,961 tonnes”.</p> <p><small>(Source: Annual Report 2013 <a href="http://www.fletcherbuilding.com/media/24290/fblannual-report-2013-final.pdf">http://www.fletcherbuilding.com/media/24290/fblannual-report-2013-final.pdf</a> Retrieved 15/06/2014)</small></p>

<p>behaviour will meet the company's policy requirements and safeguard its interests and reputation."</p> <p>"Promote timely and <b>balanced disclosure</b> of all material matters concerning the company requires the company to put in place mechanisms designed to ensure compliance with the NZX and ASX Listing Rules such that: - Company announcements are factual and presented in a clear and <b>balanced</b> way. "<b>Balance</b>" requires disclosure of <b>both positive and negative</b> information."</p> <p>(Source: Corporate Governance <a href="http://www.fletcherbuilding.com/media/23115/Corporate-Governance-July-2013.pdf">http://www.fletcherbuilding.com/media/23115/Corporate-Governance-July-2013.pdf</a> Retrieved 15/06/2014)</p>	<p>operations, products and services should have a positive impact on the environment, and on the communities within which we work."</p> <p>(Source: What's important to us <a href="http://www.fletcherbuilding.com/about-us/whats-important-to-us/">http://www.fletcherbuilding.com/about-us/whats-important-to-us/</a> Retrieved 15/06/2014)</p>	
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**Appendix 1e: Fisher &Paykel Healthcare Corporation Limited  
(Manufacturers and distributors of healthcare products)**

What do they say about acting ethically?	Evidence of Commitment to the Environment	Reporting on Environmental Performance
<p>“Fundamental to our company culture is <b>integrity</b>, our commitment to complying with law and observing the highest standards of <b>ethical conduct</b>.”</p> <p>“It is important that our employees conduct themselves in a way that demonstrates that their <b>honesty</b> is beyond question.</p> <p>(Source: Code of Business Ethics <a href="http://www.fphcare.co.nz/files/documents/investor-announcements/corporate-governance/code-of-business-ethics/">http://www.fphcare.co.nz/files/documents/investor-announcements/corporate-governance/code-of-business-ethics/</a> Retrieved 15/06/2014)</p> <p>“Each Director shall in the performance of their duties: 1. act in <b>good faith</b> and in what the Director believes to be the best interests of the Company; 3. only incur obligations if he or she believes on reasonable grounds that the Company will be able to perform those obligations when required to do so; 5. <b>adhere to the truth, and not mislead, directly or indirectly, nor make false statements, nor mislead by omission.</b></p> <p>(Source: Code of Conduct for Directors <a href="http://www.fphcare.co.nz/files/documents/investor-announcements/corporate-governance/code-of-conduct-for-directors/">http://www.fphcare.co.nz/files/documents/investor-announcements/corporate-governance/code-of-conduct-for-directors/</a> Retrieved 15/06/2014)</p>	<p><u>Environmental impacts include:</u> Use of resources: materials, electricity and water, Waste through its operations, Greenhouse gases generated from the manufacture and the international distribution of their products</p> <p>"The company recognizes that the environment is of essential value – reflecting our commitment to a cleaner world. The company has an environmental policy to minimize the impact of its operations on the environment through a commitment to developing products and manufacturing processes which are as friendly to the environment as practicable."</p> <p>(Source: Code of Business Ethics <a href="http://www.fphcare.co.nz/files/documents/investor-announcements/corporate-governance/code-of-business-ethics/">http://www.fphcare.co.nz/files/documents/investor-announcements/corporate-governance/code-of-business-ethics/</a> Retrieved 15/06/2014)</p> <p>"Environment: Reflecting our commitment to minimize the impact of our operations on the environment, we aim to develop products and manufacturing processes which are as friendly to the environment as practicable."</p> <p>(Source: Vision and Values <a href="http://www.fphcare.co.nz/about-us/vision-and-values/">http://www.fphcare.co.nz/about-us/vision-and-values/</a> Retrieved 15/06/2014)</p>	<p>The annual report covers various environmental initiatives and achievements under the “Corporate Responsibility section” of the annual report:</p> <ul style="list-style-type: none"> <li>- ISO14001 certification (international environmental management standard) on their New Zealand site</li> <li>- starting a three year journey towards Certified Emissions Measurement And Reduction Scheme (CEMARS) certification</li> <li>- recycles approximately 90% of our waste, up from 50% the previous year; Rainwater run-off from our 40 hectare Auckland site is collected in landscaped settlement ponds</li> <li>- emphasis that their Mexico manufacturing facility’s proximity to our major markets means a decrease in carbon emissions</li> <li>- Building their new Paykel building in line with best practice guidelines for environmentally friendly design and sustainability.</li> </ul> <p>(Source: Annual Report 2013 <a href="http://www.fphcare.co.nz/files/documents/investor-announcements/annual-interim-reports/2013/f-p-annual-report-2013-full/">http://www.fphcare.co.nz/files/documents/investor-announcements/annual-interim-reports/2013/f-p-annual-report-2013-full/</a> Retrieved 15/06/2014)</p>

**Appendix 1f: Goodman Property Trust  
(Property investment)**

What do they say about acting ethically?	Evidence of Commitment to the Environment	Reporting on Environmental Performance
<p><b>“Open+fair.</b> We act with <b>transparency</b> and <b>integrity</b>. We are <b>honest</b> and <b>open</b> in our dealings. We understand the importance of <b>trust</b> and will demonstrate our values in all that we do.”</p> <p>(Source: Goodman Property Trust Core Values <a href="http://nz.goodman.com/about-us/jobs/core-values">http://nz.goodman.com/about-us/jobs/core-values</a> Retrieved 15/06/2014)</p> <p>“When carrying out their duties, employees should: 3.1 behave <b>honestly</b> and with <b>integrity</b> and report other employees who are behaving dishonestly; 3.2 carry out their work with <b>integrity</b>”</p> <p>(Source: Goodman Code of Conduct <a href="http://www.goodmanfielder.co.nz/sites/default/files/PDFs/WhoWeAre/CorpGov/3%20code%20of%20conduct%20of%20employees.pdf">http://www.goodmanfielder.co.nz/sites/default/files/PDFs/WhoWeAre/CorpGov/3%20code%20of%20conduct%20of%20employees.pdf</a> Retrieved 15/06/2014)</p> <p>“To the best of their knowledge and ability, the Directors, the CEO, the Senior Financial Officers and senior executives must: engage in and promote <b>honest and ethical</b> conduct; 1.2 provide <b>full, fair, accurate</b>, timely and understandable disclosure in reports and documents that the Company or its subsidiaries files with, or submits to, ASX Limited (ASX) and New Zealand Exchange Limited (NZX) and other regulators and in other public communications made by the Company or its subsidiaries”</p> <p>(Source: Goodman Code of Ethics and Conduct of Directors, Senior Executives &amp; Officers <a href="http://www.goodmanfielder.co.nz/sites/default/files/PDFs/WhoWeAre/CorpGov/080513%20Code%20of%20Ethics.pdf">http://www.goodmanfielder.co.nz/sites/default/files/PDFs/WhoWeAre/CorpGov/080513%20Code%20of%20Ethics.pdf</a> Retrieved 15/06/2014)</p>	<p><u>Environmental impacts include:</u> Use of resources: raw materials used in construction, electricity and water usage, Waste through its operations, Greenhouse gases generated.</p> <p>“The environment: We are committed to protecting and enhancing the natural environment and improving the design, efficiency and operating performance of all our buildings. As a developer, we build facilities that incorporate the latest sustainable design features; We give back to the environment and community to ensure the long term sustainability of our actions.”</p> <p>(Source: Sustainability (on website) <a href="http://nz.goodman.com/sustainability">http://nz.goodman.com/sustainability</a> Retrieved 15/06/2014)</p>	<p>Under the sustainability section of their website they have outlined:</p> <p>“A highly successful development that has been recognised with an Excellence Award from the Property Council of New Zealand. An energy efficient building constructed from renewable materials and featuring sustainable design elements is an increasingly common requirement from customers who appreciate the immediate and long term benefits that this type of facility provides.”</p> <p>(Source: Schneider Electric Case Study <a href="http://nz.goodman.com/sustainability/case-study/-/media/2F51A3E093784E6CB6B6AE73B970B9B6.ashx">http://nz.goodman.com/sustainability/case-study/-/media/2F51A3E093784E6CB6B6AE73B970B9B6.ashx</a> Retrieved 15/06/2014)</p> <p>- Also briefly mentioned they have achieved Green Star certification for some of their office and industrial facilities. - They also benchmark their sustainability initiatives through the Carbon Disclosure Project and have recently been rated third equal of all the NZX 50 entities that participate.</p> <p>(Source: Sustainability (on website) <a href="http://nz.goodman.com/sustainability">http://nz.goodman.com/sustainability</a> Retrieved 15/06/2014)</p>

**Appendix 1g: Meridian Energy Limited  
(Electricity generator and retailer)**

What do they say about acting ethically?	Evidence of Commitment to the Environment	Reporting on Environmental Performance
<p>“Meridian is committed to: engaging <b>openly and honestly</b> with our stakeholders, and particularly with those people affected by our operations; engaging <b>openly and honestly</b> with all the communities in which we operate.”</p> <p>“Meridian ensures that the public, investors and stakeholders are kept <b>informed</b> about our activities. Meridian aims to <b>provide timely and accurate disclosure</b> of information to investors; communicate with the media and investors in an accurate and consistent manner.”</p> <p>“All data, documents or reports collected, created, written or maintained by Meridian employees must be <b>honest and accurate</b>. Intentionally falsifying, <b>concealing</b>, altering or creating misleading information is not an acceptable practice.”</p> <p>“Meridian employees must ensure all transactions are recorded <b>accurately and truthfully</b>; We don’t: <b>create false or misleading records</b>, including by omitting relevant information; We do: Promote <b>honesty, fairness</b> and <b>clear communication</b> with our customers and potential customers. We don’t: Produce marketing campaigns that are <b>false</b> or <b>misleading</b>.</p> <p><small>(Source: Code of Conduct <a href="http://www.meridianenergy.co.nz/assets/PDF/Company/Investors/Governance/Code-of-Conduct-Booklet-6-November.pdf">http://www.meridianenergy.co.nz/assets/PDF/Company/Investors/Governance/Code-of-Conduct-Booklet-6-November.pdf</a> Retrieved 15/06/2014)</small></p>	<p><u>Environmental impacts include:</u> Although all their electricity generation is renewable they still have ecological, landscape and water management impacts from hydro generation. Their office, administration and travel activities will have impacts on resources, waste and greenhouse gases.</p> <p>"Along with a commitment to renewable energy, we actively support communities where our hydro stations and wind farms are located."</p> <p><small>(Source: Who we are <a href="http://www.meridianenergy.co.nz/about-us/who-we-are/">http://www.meridianenergy.co.nz/about-us/who-we-are/</a> Retrieved 15/06/2014)</small></p> <p>" Be sustainable: We're here for the long term; We love that we're 100% renewable, looking after the environment for future generations; Build long-term sustainable relationships; Consider the long-term impact of decisions"</p> <p><small>(Source: Our values <a href="http://www.meridianenergy.co.nz/about-us/careers/our-values/">http://www.meridianenergy.co.nz/about-us/careers/our-values/</a> Retrieved 15/06/2014)</small></p> <p>The Code of Conduct “Environment, community and external communications” section also suggests that Meridian is environmentally responsible:</p> <p>"Meridian is committed to environmental management, including complying with resource consent conditions across our operating assets to manage the effects of our operations. We focus on the areas where we believe we can make the biggest difference to the environment and our stakeholders. This starts with our commitment to renewable energy generation and continues through the priority we</p>	<p>Meridian’s website includes relevant information about their environmental performance under Sustainability:</p> <ul style="list-style-type: none"> <li>- information regarding Environmental Care, Water management, Reducing Emissions, Project River recovery, Carbon Credits, Elver trap and transfer, Waiau river restoration, and Wellington Office green initiatives.</li> </ul> <p>Also outlines various achievements:</p> <ul style="list-style-type: none"> <li>- First prize for Environmentally Responsible Large Organisation at the Ministry for Environment’s Green Ribbon Awards</li> <li>- Partnership between Meridian and the Waiau Fisheries and Wildlife Habitat Enhancement Trust.</li> <li>- Have an up to date CEMARS certificate according to the carbon zero website, independently verified by Deloitte suggesting that they have accurately disclosed their carbon emissions and addresses other environmental impacts such as wastewater and recycling are immaterial in relation to their business activities to still be certified.</li> </ul> <p><small>(Source: Sustainability (on website) <a href="http://www.meridianenergy.co.nz/about-us/sustainability/">http://www.meridianenergy.co.nz/about-us/sustainability/</a> Retrieved 15/06/2014)</small></p> <p><small>(Source: Summary of CEMARS certification <a href="https://www.carbonzero.co.nz/documents/Disclosure_Meridian_1213.pdf">https://www.carbonzero.co.nz/documents/Disclosure_Meridian_1213.pdf</a> Retrieved 15/06/2014)</small></p> <p>This website also states:</p>

	<p>place on having sustainable practices embedded across our business."</p> <p>"Meridian aims to: comply with all environmental legislation; reduce waste and emissions in all activities; contribute economically to the success of the communities in which we operate by running an efficient and commercially sound business."</p> <p>(Source:Code of Conduct <a href="http://www.meridianenergy.co.nz/assets/PDF/Company/Investors/Governance/Code-of-Conduct-Booklet-6-November.pdf">http://www.meridianenergy.co.nz/assets/PDF/Company/Investors/Governance/Code-of-Conduct-Booklet-6-November.pdf</a> Retrieved 15/06/2014)</p>	<p>"We report on our sustainability performance every year in our Annual Report (PDF 3.2MB)."</p> <p>While the link to this report is of very high quality (being highly comprehensive in nature and independently verified by Deloitte) this is the 2012 Annual Report. The 2013 Annual Report does not give a report on sustainability performance despite Meridian saying they report on this ever year.</p> <p>(Source: Sustainability (on website) <a href="http://www.meridianenergy.co.nz/about-us/sustainability/">http://www.meridianenergy.co.nz/about-us/sustainability/</a> Retrieved 15/06/2014)</p>
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**Appendix 1h: Mighty River Power Limited**

**(Electricity company with a core business based on electricity generation complemented by electricity sales to homes and businesses in New Zealand)**

What do they say about acting ethically?	Evidence of Commitment to the Environment	Reporting on Environmental Performance
<p>“You must, at all times, act <b>honestly</b> and in accordance with the highest standards of <b>integrity</b> and <b>fairness</b>, and strive to foster such standards within Mighty River Power.”  <small>(Source: Code of Ethics <a href="http://www.mightyriver.co.nz/PDFs/Governance/Code-of-Ethics.aspx">http://www.mightyriver.co.nz/PDFs/Governance/Code-of-Ethics.aspx</a> Retrieved 15/06/2014)</small></p> <p>“We are <b>honest</b>, keep our promises and demonstrate our commitment to the Company’s values in all that we say and do.”</p> <p><small>(Source: Corporate Responsibility Policy <a href="http://www.mightyriver.co.nz/PDFs/Governance/Corporate-Responsibility-Policy-1.aspx">http://www.mightyriver.co.nz/PDFs/Governance/Corporate-Responsibility-Policy-1.aspx</a> Retrieved 15/06/2014)</small></p> <p>The Company’s Market Disclosure Policy underpins a commitment to making sure our shareholders, and potential investors, have <b>timely accurate and complete information</b> so that they can make informed assessments of our Company’s value and prospects</p> <p><small>(Source: Mighty River Corporate Governance <a href="http://www.mightyriver.co.nz/About-Us/Governance.aspx">http://www.mightyriver.co.nz/About-Us/Governance.aspx</a> Retrieved 15/06/2014)</small></p>	<p><u>Environmental impacts include:</u> Greenhouse gas emissions from the gas and geothermal generators, biodiversity and water impacts from hydro power generation.</p> <p>“As an integral part of our focus on delivering sustainable growth and returns for our shareholders, Mighty River Power makes the following commitments to Corporate Responsibility:</p> <ul style="list-style-type: none"> <li>- 3.1 Being Responsible: aim to balance social environmental and economic impacts accordingly</li> <li>- 3.2 Sustainable Development: We will harness natural resources in a sustainable and efficient manner to deliver growth and maximise value for our shareholders and business partners over the long-term; We will secure and develop reliable, economic, renewable fuel sources to support New Zealand’s sustainable energy future</li> <li>- 3.3 Respecting the Environment We are committed to understanding, managing and mitigating the environmental impacts of our activities. We implement recognised environmental management systems in our business operations and office sites. We use resources responsibly in our day-to-day operations, and aim to improve our environmental performance.”</li> </ul> <p><small>(Source: Corporate Responsibility Policy <a href="http://www.mightyriver.co.nz/PDFs/Governance/Corporate-Responsibility-Policy-1.aspx">http://www.mightyriver.co.nz/PDFs/Governance/Corporate-Responsibility-Policy-1.aspx</a> Retrieved 15/06/2014)</small></p>	<p>The only environmental reporting can be found in a brief statement in the annual report:</p> <p>“The regulatory authorities have confirmed again this year the high level of compliance we achieved in FY2013, across 100 separate resource consents and 1,400 consent conditions, further evidence of the commitment we have to this philosophy. Another excellent example is our long-standing collaborative effort within the Waikato Catchment Ecological Enhancement Trust (WCEET), established more than 10 years ago with funding from Mighty River Power, as part of the resource consenting process for the company’s hydro operations, supporting a wide range of environmental projects within the Waikato River catchment.”</p> <p><small>(Source: Annual Report 2013 <a href="http://www.mightyriver.co.nz/PDFs/Results/Annual-Reports/Mighty-River-Power-Annual-Review-2013.aspx">http://www.mightyriver.co.nz/PDFs/Results/Annual-Reports/Mighty-River-Power-Annual-Review-2013.aspx</a> Retrieved 15/06/2014)</small></p> <p>Mighty River Power does have an Environmental Review document useful such as generation portfolio statistics and greenhouse gas emissions breakdowns. However this document is outdated being for 2010.</p> <p><small>(Source: 2010 Environmental Review <a href="http://www.mightyriver.co.nz/PDFs/About-us/CSR/ENVIRONMENTAL-REVIEW.aspx">http://www.mightyriver.co.nz/PDFs/About-us/CSR/ENVIRONMENTAL-REVIEW.aspx</a> Retrieved 15/06/2014)</small></p>

**Appendix 1i: Ryman Healthcare Limited  
(Development, construction and operation of retirement villages)**

What do they say about acting ethically?	Evidence of Commitment to the Environment	Reporting on Environmental Performance
<p>“Directors and Senior Executives are expected to lead according to these standards of <b>ethical</b> and professional conduct”</p> <p>“conduct themselves in a way that demonstrates that their <b>honesty is beyond question</b>; deal <b>honestly</b> with Ryman’s other people, professional advisors and stakeholders; not enter into transactions or make promises on behalf of Ryman that Ryman cannot or does not intend to <b>honour</b>; undertake their duties with <b>care</b> and <b>diligence</b>; to the best of their ability, use reasonable endeavours to ensure that Ryman records and documents, including financial reports, <b>are true, correct</b>”</p> <p>Directors must “have an understanding of the regulatory, legal, fiduciary and <b>ethical</b> requirements affecting directors; be familiar with up to date business management techniques and related <b>ethics</b>”.</p> <p><small>(Source: Ryman Healthcare Code of Ethics <a href="http://www.rymanhealthcare.co.nz/images/content/investor/Code_of_Ethics_with_Signature.pdf">http://www.rymanhealthcare.co.nz/images/content/investor/Code_of_Ethics_with_Signature.pdf</a> Retrieved 15/06/2014)</small></p>	<p><u>Environmental impacts include</u>: electricity and water usage and waste create waste by their facilities. Greenhouse Gas emitting through construction, transportation and maintenance activities.</p> <p>"The MD/CEO is expected to not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term shareholder value."</p> <p><small>(Source: A Charter for the Board <a href="http://www.rymanhealthcare.co.nz/images/content/investor/Board_Charter_FINAL.pdf">http://www.rymanhealthcare.co.nz/images/content/investor/Board_Charter_FINAL.pdf</a> Retrieved 15/06/2014)</small></p>	<p>There appears to be no evidence of any environmental disclosure by Ryman.</p>

**Appendix 1j: SKYCITY Entertainment Group Limited  
(New Zealand and Australian Casino proprietors; Cinema Assets).**

What do they say about acting ethically?	Evidence of Commitment to the Environment	Reporting on Environmental Performance
<p>“We deal with all customers and employees in an <b>open, honest and</b> fair manner.”</p> <p>“SKYCITY does not promote or market itself in a way that will <b>mislead</b> or <b>deceive</b> customers. All statements we make about the goods and services we provide must be <b>accurate</b> and <b>complete</b>.”</p> <p><small>(Source: Code of Business Practice <a href="http://media.corporate-ir.net/media_files/irol/16/162796/governance/Codeo%20BusinessPracticeMASTER_March%202009.pdf">http://media.corporate-ir.net/media_files/irol/16/162796/governance/Codeo%20BusinessPracticeMASTER_March%202009.pdf</a> Retrieved 15/06/2014)</small></p> <p>“Members of the board must at all times comply with the express terms and spirit of their fiduciary obligations to the company including acting <b>honestly</b> and in <b>good faith</b> and in what they reasonably believe to be the best interests of the company.</p> <p><small>(Source: Board Charter <a href="http://phx.corporate-ir.net/External.File?item=UGFvZW50SUQ9MjE3NzI5fENoaWxkSUQ9LTF8VHlwZT0z&amp;t=1">http://phx.corporate-ir.net/External.File?item=UGFvZW50SUQ9MjE3NzI5fENoaWxkSUQ9LTF8VHlwZT0z&amp;t=1</a> Retrieved 15/06/2014)</small></p>	<p><u>Environmental impacts include:</u> despite claiming their “operations are of low environmental impact” they still use significant electricity from lighting, heating, cooling and ventilation from their large casinos, hotels and entertainment centres.</p> <p>“to review and report to the board on the Company’s impacts associated with ...The Environment”</p> <p><small>(Source: Board Charter <a href="http://phx.corporate-ir.net/External.File?item=UGFvZW50SUQ9MjE3NzI5fENoaWxkSUQ9LTF8VHlwZT0z&amp;t=1">http://phx.corporate-ir.net/External.File?item=UGFvZW50SUQ9MjE3NzI5fENoaWxkSUQ9LTF8VHlwZT0z&amp;t=1</a> Retrieved 15/06/2014)</small></p> <p>Sky City’ Environmental Policy outlines their approach to their main impacts relating to energy, water, waste, raw materials and purchasing. Among many details and commitments in the environmental policy, it clearly reinforces their commitment:</p> <p>“SKYCITY recognises the need to control its impact on the environment and to demonstrate a sound environmental performance. SKYCITY is committed to continuous improvement by way of monitoring the environmental impacts of its business activities, measuring the performance of its environmental initiatives, and setting improvement targets. SKYCITY will communicate openly and constructively with its staff and the wider community and respond appropriately to reasonable external requests for environmental information.”</p> <p><small>(Source: Environmental Policy <a href="http://www.skycityentertainmentgroup.com/media/302/environmental_policy.pdf">http://www.skycityentertainmentgroup.com/media/302/environmental_policy.pdf</a> Retrieved 15/06/2014)</small></p>	<p>The Environment section of their website briefly outlines:</p> <ul style="list-style-type: none"> <li>- Achievements relating to their installed micro wind turbine, SKYCITY Auckland is affiliated to an international accreditation bureau Green Globe, SKYCITY Grand Hotel was awarded Qualmark’s Enviro-Gold rating in June 2009.</li> <li>- Sky City’s corporate social responsibility reporting in their annual report excludes any information on the environment and focuses more on community based grants.</li> <li>- It further mentions commitments to increased energy efficiencies but does not report any performance to back this up.</li> </ul> <p><small>(Source: Environmental (on website) <a href="http://www.skycityauckland.co.nz/about-us/environmental/">http://www.skycityauckland.co.nz/about-us/environmental/</a> Retrieved 15/06/2014)</small></p>

**Appendix 1k: Sky Network Television Limited  
(Subscriber and free to air television company)**

What do they say about acting ethically?	Evidence of Commitment to the Environment	Reporting on Environmental Performance
<p>“<b>Integrity, honesty, forthrightness and fairness</b> are of primary importance in all business relationships involving SKY. SKY expects each employee to deal <b>fairly</b> with the Company’s customers, suppliers and competitors.”</p> <p>“All SKY data, records and reports must be <b>accurate</b> and <b>truthful</b> and prepared in a proper manner. The <b>integrity</b> of SKY’s accounting, technical, personnel, financial and other records is based on their <b>validity, accuracy</b> and <b>completeness</b>. Anyone preparing the information described above must be diligent in assuring its <b>integrity</b> and anyone certifying the accuracy of such information should make an inquiry or review adequate to establish a <b>good faith</b> belief in the <b>accuracy</b> of the information.</p> <p><small>(Source: Code of Conduct <a href="http://www.skytv.co.nz/Portals/0/Data/files/Miscellaneous/Code-of-Conduct.pdf">http://www.skytv.co.nz/Portals/0/Data/files/Miscellaneous/Code-of-Conduct.pdf</a> Retrieved 15/06/2014)</small></p>	<p><u>Environmental impacts include:</u> Greenhouse gases are emitted from the travel incurred to creating television content (such as news and programmes) and from household satellite installations. Electricity usage may also be a significant environmental impact.</p> <p>"Environment. SKY is committed to minimising any negative effects on the environment. If any employee becomes aware of any damage to, or potential damage that may effect, the environment, they must immediately report this to the Chief Executive Officer."</p> <p><small>(Source: Code of Conduct <a href="http://www.skytv.co.nz/Portals/0/Data/files/Miscellaneous/Code-of-Conduct.pdf">http://www.skytv.co.nz/Portals/0/Data/files/Miscellaneous/Code-of-Conduct.pdf</a> Retrieved 15/06/2014)</small></p>	<p>No reporting has been identified.</p>

**Appendix 11: Telecom Corporation of New Zealand Limited  
(Telecommunications services)**

What do they say about acting ethically?	Evidence of Commitment to the Environment	Reporting on Environmental Performance
<p>“Telecom people will: Conduct themselves in a way that demonstrates that their <b>honesty</b> is beyond question; Deal <b>fairly and honestly</b> with Telecom’s people, professional advisors, customers, and suppliers; Not enter into transactions or make promises on behalf of Telecom that Telecom does not intend to <b>honour</b>; To the best of their ability, use reasonable endeavours to ensure that Telecom’s systems, records and documents, including financial reports, are <b>true, correct</b> and conform to Telecom’s reporting standards and internal controls”</p> <p>(Source: Code of Ethics <a href="http://www.telecom.co.nz/binarys/code_of_ethics_dec11.pdf">http://www.telecom.co.nz/binarys/code_of_ethics_dec11.pdf</a> Retrieved 08/04/2014)</p> <p>“Directors will report any illegal or <b>unethical</b> behaviour, of which they become aware, to the Chairperson.”</p> <p>(Source: Code of Ethics <a href="http://www.telecom.co.nz/binarys/directors_code_of_ethics_dec11.pdf">http://www.telecom.co.nz/binarys/directors_code_of_ethics_dec11.pdf</a> Retrieved 08/04/2014)</p>	<p><u>Environmental impacts include:</u> E-waste is created by products in particular mobile phones, carbon emissions exerted from supply and procurement activities. Greenhouses gases from electricity usage, air and vehicle fuel, refrigerants, waste and backup generators. Sound, visual and frequency emissions from their network structures and communication sites and storage and transportation of dangerous substances are all potential impacts to the environment.</p> <p>"We recognise the importance of environmental responsibility because our employees are part of local communities and we also believe excellence in environmental management has a big part to play in Telecom's own long-term success. Our corporate environmental activities include recycling, waste minimisation, power saving and fuel reduction initiatives. We're also examining our carbon footprint to identify further opportunities to incorporate sustainability practices into our supply chain and procurement systems. Power saving, re-use, scrap and recycling e-waste are key areas of focus in relation to our network assets. At a consumer products and services level, we have a mobile phone recycling programme and also promote remote working and video/audio conferencing as a means of reducing the use of fossil fuels."</p> <p>(Source: Social Responsibility (on website) <a href="http://www.telecom.co.nz/content/0,8748,203938-1548,00.html">http://www.telecom.co.nz/content/0,8748,203938-1548,00.html</a> Retrieved08/04/2014)</p>	<p>- The 2013 Annual Report of Telecom includes five pages on corporate Social Responsibility section in the annual report with a proportion dedicated to environmental issues.</p> <p>- Environmental financials such as electricity consumption, savings, renewable percentage, waste and recycling actual statistics are included.</p> <p>(Source: Annual Report 2013 <a href="http://investors.telecom.co.nz/FormBuilder/Resource/module/XZdfkzNUJ02K93habZUuMw/reports/annual/Telecom-AR-2013.pdf">http://investors.telecom.co.nz/FormBuilder/Resource/module/XZdfkzNUJ02K93habZUuMw/reports/annual/Telecom-AR-2013.pdf</a> Retrieved15/06/2014)</p> <p>-Telecom have included a Greenpage and Environmental Report however both of these are not recent</p> <p>(Source: Greenpage <a href="http://www.telecom.co.nz/greenpage">http://www.telecom.co.nz/greenpage</a> Retrieved19/06/2014) (Source: Telecom Corporation of New Zealand Limited Carbon Profile For the year ended 30 June 2011 <a href="http://www.telecom.co.nz/binarys/enviroreport2011.pdf">http://www.telecom.co.nz/binarys/enviroreport2011.pdf</a> Retrieved19/06/2014)</p>