The Triple Bottom Line: How New Zealand Companies Measure Up

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Abstract

Triple bottom line reporting involves the measurement, management and reporting of economic, environmental and social performance indicators in a single report. Over the past few years an increased number of New Zealand companies have produced such reports, due mostly to the promotional efforts of the New Zealand Business Council for Sustainable Development (NZBCSD). A lack of legal requirements or mandatory reporting standards, however, means the uptake of such reporting is not widespread beyond Council members. Based on the UNEP/Sustainability benchmarking tools, this article reports the results of an analysis of 30 NZBCSD members' 2002 triple bottom line reports. Results from the analysis show that while the number of companies undertaking triple bottom line reporting is increasing, the standard of reporting generally remains poor. Only two reporters generate over half of the total possible score according to the benchmarking tool. Commonly disclosed issues relate to management policies and systems, with evidence of some efficiency metrics (mostly energy and waste) being commonly used. Employees and local communities are those stakeholders most frequently addressed in these reports. The article concludes with a section on how future triple bottom line reports can be improved.

Keywords

Triple Bottom Line Reporting, New Zealand, Benchmarking.

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Introduction

Triple bottom line reporting, a term coined by John Elkington (1997), involves incorporating economic, environmental and social performance indicators into an entity's management, measurement and reporting processes. The emergence of this concept, however, seems to have created some uncertainty as to what is required of organizations that seek to undertake such practice. Definitions and integration measures vary (Vandenberg, 2002). At its narrowest, triple bottom line reporting involves measuring and reporting economic, environmental and social performance objectives that are pursued simultaneously. A broader view, however, suggests that triple bottom line reporting involves assessing an entity's values, strategies and practices and how these can be utilized to achieve economic, environmental and social objectives (SustainAbility, 2003). The term also seems to be used at times as a synonym for "sustainability", and in part because of SustainAbility's reference to the relationship between the three aspects of the triple bottom line:

> The three lines represent society, the economy and the environment. Society depends on the economy – and the economy depends on the global ecosystem, whose health represents the ultimate bottom line.

Room for confusion here is great, and many organizations seem to confuse narrow and often times incomplete practices of triple bottom line reporting with claims to being sustainable, or more commonly, with claims to be moving towards sustainability (Gray & Milne, 2002, 2003). Later this point is reexamined in an attempt to provide suggestions for improving the clarity and transparency of triple bottom line statements.

Corporate *environmental* reporting emerged in Europe, Canada and the USA during the early 1990s, and while corporate *social* reporting and *social auditing* has a history dating back into the 1970s, it also re-emerged during the 1990s. Particularly influential in promoting the widespread development of these practices in Europe have been the London-based consultancies of SustainAbility (see, www.sustainability.com) and AccountAbility (www.accountability.org). The emergence of such reporting practices also spawned a host of other developments including new reporting awards schemes (see, www.accaglobal.com) and attempts to standardise such practices, with the multi-agency and international Global Reporting Initiative (GRI) being the primary mover in developing final draft standards in 2002 (see, www.globalreporting.org).

The practice of triple bottom line reporting in New Zealand, however, has generally been slower to emerge, with developments only catching on in the last three or four years. New Zealand companies have not been eager to emulate the environmental reporting practices of Europe and the USA, lagging well behind international best practice by about 5 years (Milne *et al.*, 2001). New Zealand performed poorly in the KPMG international surveys of corporate environmental reporting, and a series of articles appeared during the 1990s lamenting the impoverished state of such reporting (see, for example, Gilkison, 1995, 1996, 1997, 1998; Gilkison & Ensor, 1999; Milne & Owen, 1999). Similarly, corporate social reporting, and health & safety reporting never really emerged in New Zealand.

Using a "model" report, Milne *et al*. (2001) went on to survey New Zealand corporate managers' attitudes to environmental reporting and optimistically reported that things seemed set to change. Three years later, Milne *et al*. (2003) examined the content of eight early triple bottom line reports produced in 2001. While first reports for all but three companies, Milne *et al*. (2003) concluded that apart from two organizations the standard of reporting was poor, and especially so compared to international best practice. This paper reports the results of a follow up study that examines the content of 30 New Zealand reports produced in 2002.

A Framework for Analysing Triple-bottom-line Reporting

Since 1994, UNEP/SustainAbility have undertaken several surveys of international corporate environmental and social reports (1994, 1996, 1997, 2000, 2002). The basis for these surveys has been a benchmark tool used to interrogate the content of the reports. The benchmark tool produced by the UNEP/SustainAbility group has been revised several times since its development, making slight alterations to account for new developments in reporting. This study used the 1996-revised edition (shown in Figure 1). This particular edition included a clear and complete description of the categories and items along with comprehensive criteria and guidelines for scoring each item. The tool was chosen as it grounds the study in international standards and compares New Zealand corporate reports to international levels. The tool is similar to those used in a number of other international benchmarking studies (see, for example, Kolk, 1999; Morhardt, 2001; Morhardt *et al*., 2002), but was chosen for its explicit guidelines, which permitted a clear procedure to be followed. This detail was perceived important as it allowed for the reports to be reviewed consistently with the design of the benchmark. The benchmark tool comprises 50 reporting items, grouped under the five sections of (1) Management Policies and Systems, (2) An Input/Output Inventory, (3) Finance, (4) Stakeholder Relations and Partnerships, and (5) Sustainable Development.

48 of the 50 reporting items are scored on a scale of 0-4. Two are scored as either 0 or 1. This rating scale (shown in Table 1 below) is based on the principle that the more complete and comprehensive the information relating to a given reporting item, the higher the score it receives. Jones & Alabaster (1999) suggest that the scoring system uses a nominal scale, or, at best, an ordinal one. Essentially each item is being classified into one of 5 possible and mutually exclusive categories. The importance of this, and a point noted in Jones & Alabaster (1999), is that contrary to how SustainAbility reports its benchmarking surveys, one cannot legitimately aggregate or average the scores for given items or sections across reports. Instead, it is more appropriate, and more useful from an analytical viewpoint, to report the disaggregated frequencies. The danger with aggregated scores for reports is that they shift attention away from what is and what is not being reported, and from the quality of the items being reported. Aggregate scores can hide the fact that two reports, while apparently receiving equal mid-level scores, are vastly different in terms of the breadth of coverage versus the quality of the coverage. Aware of these issues, this study reports both aggregate scores and disaggregated frequencies.

Table 1: UNEP/Sustainability Report Scoring Criteria

0	**1**	**2**	**3**	**4**
No coverage.	Minimum coverage, little detail.	Detailed and honest, including company shortcomings and commitments.	Commitment to and progress towards sustainable development in core business.	Commitment to and progress towards 'triple bottom line' of sustainable development in core business plus benchmarking against competition and/or best practice in other sectors.

Source: UNEP/SustainAbility (1996) Engaging Stakeholders

Figure 1

UNEP/SustainAbility "Engaging Stakeholders" Survey Instrument 1996 Revised Version

1 MANAGEMENT POLICIES AND SYSTEMS

1. Top Management Statement	2. Environmental Policy
3. Environmental Management System	4. Responsibility & Accountability
5. Environmental Auditing	6. Goals & Targets
7. Legal Compliance	8. Research & Development
9. Awards*	10.Verification
11.Reporting Policy	12.Corporate Context

2 INPUT/OUTPUT INVENTORY

Inputs

13.Material Use	14.Energy Consumption
15.Water Consumption	16.Clean Technology
17.Health & Safety	18.Accidents & Emergency Response
19.Risk Management & EIAs	20.Land Contamination & Remediation
21.Stewardship of Ecosystems	

Outputs

22.Waste Minimisation	23.Air Emissions
24.Water Effluents	25.Noise & Odours
26.Transportation	

Products

27.Life-Cycle Design & Assessment	28.Environmental Impacts
29.Product Stewardship	30.Packaging

3 FINANCE

31.Environmental Spending	32.Environmental Liabilities
33.Market Solutions & Instruments	34.Environmental Cost Accounting
35.Charitable Contributions*	

4 STAKEHOLDER RELATIONS & PARTNERSHIPS

36.Employees	37.Legislators & Regulators
38.Local Communities	39.Investors
40.Suppliers & Contractors	41.Customers & Consumers
42.Industry Associations	43.Environment Groups
44.Science & Education	45. Media
46.Mana Whenua†	

5 SUSTAINABLE DEVELOPMENT

47.Technology Co-operation	48.Global Environment
49.Global Operating Standards	50.Visions, Scenarios, Future Trends

All items are scored from 0-4, except those marked with *, which are scored 0 or 1.

† To acknowledge Maori culture within New Zealand's context, we added an extra item, labelled 'Mana Whenua', to the section 'Stakeholder relations and partnerships'. This item carried a maximum score of 4, equivalent to the other stakeholder groups. To balance this addition and keep the total possible score at 194, the item 'Global Development Issues' was omitted from the fifth section 'Sustainable Development' as this was considered covered by the item 'global operating standards'.

Analysing the reports started with several thorough readings over each report to get a sense of the layout, terminology and breadth of the report. The next stage involved scoring the reports. This involved going through the table of items one by one and finding evidence of them within the report and ranking them on the nominal scale from 0-4. The scoring system requires subjective interpretation and to implement it, Milne *et al.* (2003) developed a common set of interpretative heuristics. "Commitment to and progress toward …", the category scoring 3, for example, requires evidence of statements of definitive targets and measurement of performance against those targets. Similarly, the category scoring 4 requires evidence of targets and performance measurement plus reference to the measurement of performance against that of other organizations in their sector. Noting levels of detail in the reporting either against targets or otherwise is easier, however, than judging the honesty of such reporting. Consequently, while heuristics help to reduce the subjectivity involved in analysing the report content, they do not entirely eliminate it. To help further alleviate some of the subjectivity associated with analysing the reports, the report reviewer in this study first independently scored each of the eight reports analysed in Milne *et al.* (2003), and then spent time debriefing their analysis with one of the original report coders from that study.

Benchmarking New Zealand's 2002 Triple Bottom Line Reporters

The Reporting Companies:

Founded in 1999, the New Zealand Business Council for Sustainable Development (NZBCSD) has about 40 members ranging from very small consultancies to New Zealand's largest manufacturers, retailers and service organizations (see, www.nzbcsd.org.nz). A key project since its inception has been the promotion of triple bottom line reporting or what it refers to as sustainable development reporting. In conjunction with the Ministry for the Environment, a programme was implemented to support several members in developing their reporting processes, leading to *The NZBCSD Sustainable Development Reporting Guide for New Zealand Business (2001)*, released along with a report on the eight pilot case studies of triple bottom line reporting implementation. These reports have now been publicly released as part of a *Business Guide to Sustainable Development Reporting (2002).* The NZBCSD guidelines have tended to coalesce around the international developments of the AA1000 Social Accounting Standard and the Global Reporting Initiative

One of the conditions of Council membership is accepting a commitment to publicly release a triple bottom line report within three years, and in 2002 thirty member companies released some form of report that contained information about their social and environmental performance. Table 2 profiles the 30 reports included in this study.

Table 2: NZBCSD Members' Reports Analysed

Company	Report Title	Sector	Period
BP Oil New Zealand Ltd	Triple Bottom Line Report	Oil & Gas	2002
City Care Ltd	Performance Report	Infrastructure	2002
DB Breweries Ltd	Annual Report	Breweries	2002
Fonterra Co-operative Ltd	Annual Report	Dairy Products	2002
Holcim (New Zealand) Ltd	Annual Review	Cement	2002
Hubbard Foods Ltd	Triple Bottom Line Report	Cereal Foods	2001
Infrastructure Auckland Ltd	Annual Report	Infrastructure	2002
Interface Agencies Ltd	Triple Bottom Line Report	Floor Coverings	2001
Landcare Research	Annual Report	Research Institute	2002
Meridian Energy	Annual Report	Electricity Utility	2002
Metro Water Ltd	Annual Report	Water/Wastewater	2002
Mighty River Power	Sustainability Report	Electricity Utility	2001
NIWA	Annual Report	Research Institute	2002
Orion New Zealand	Annual Report	Electricity Utility	2002
Palliser Estate Wines	Annual Report	Winemaker	2002
Port of Tauranga Ltd	Annual Report	Port Company	2002
Ports of Auckland Ltd	Annual Report	Port Company	2002
Richmond Ltd	Annual Report	Meats and Hides	2002
Sanford Ltd	Triple Bottom Line Report	Fisheries	2001/02
Shell NZ Ltd	Business Review & Sustainability Report	Oil & Gas	2002
Telecom NZ Ltd	Annual Report	Telecommunications	2002
The Warehouse Group Ltd	Triple Bottom Line Report	Retailer	2002
Transpower NZ Ltd	Annual Report	Electricity	2002
Tranz Rail Ltd	Annual Report	Railways	2002
Trust Power Ltd	Annual Report	Electricity	2002
Urgent Couriers Ltd	Sustainable Development Report	Courier	2001
URS New Zealand Ltd	Sustainability Report	Consultancy	2001
Waimangu Volcanic Valley	Sustainable Development Report	Tourism Park	2002
Waste Management NZ	Annual Report	Waste/Landfill	2002
Watercare Services Ltd	Annual Sustainability Report	Water/Wastewater	2002

The Benchmarking Results:

Overall, the results from this study indicate that many of these companies are moving towards triple bottom line reporting with many reporting on all three areas, social, environment and economic. The study, however, also identifies considerable variability in report coverage and quality, and this in part reflects the fact that some reporters like Interface Agencies and Palliser Wines are very small enterprises, and are undertaking triple bottom line reporting for the first time. Not all of the poor performers are small or first time reporters, however. Some have attempted to move to a base of triple bottom line reporting by grafting onto the traditional annual report sections on environmental and community performance. In some cases (e.g., Ports of Auckland) this has resulted in very comprehensive performance reporting sections. In others, however, and especially given the size and resources of these companies (e.g., Telecom, Tranz Rail, DB Breweries), the attempts are woefully inadequate.

Table 3 conveys the overall aggregate report scores using SustainAbility's categories for overall report scores (e.g., Bottom Crawler, etc.), and shows four clusters of reports. Those eight reporters originally included in the study by Milne *et al*. (2003) are shown in bold. Table 3 shows the majority of the reports are categorised as 'Bottom Crawlers', 'Ultra Narrow' and 'Not So Hot' indicating reports from an early and embryonic process. Watercare Services and Landcare Research are clearly standout reporters. Their classification as 'New Benchmarks' identifies them not only as leaders in this sample, but also as two reporters with a continuing international pedigree. Landcare and Watercare have won awards for their reports, and both have been associated with SustainAbility's international benchmarking surveys.

Compared to Milne *et al.*'s (2003) study, Table 3 shows little improvement in the original eight reporters, with none of them moving up a category. As a sample overall, Table 3 indicates a somewhat worsening trend, with many new entrants starting at the absolute lowest levels, but of some note are those new entrants into the 'Not So Hot' category.

Table 3: Aggregate Report Scores

Category	Score	Company
Over the Horizon	141-194	
Trailblazers	121-140	
New Benchmarks	101-120	**Watercare Services Ltd, Landcare Research**
State-of-the-Art	81-100	
Pressing Hard	61-80	
Not So Hot	41-60	**Meridian Energy Ltd**, Shell NZ Ltd, Waste Management NZ Ltd, Waimangu Volcanic Valley Ltd, Orion New Zealand Limited, **Urgent Couriers Ltd**, **The Warehouse Group Ltd**, BP Oil New Zealand Ltd
Ultra Narrow	21-40	**Sanford Ltd**, URS New Zealand Ltd, Holcim (New Zealand) Ltd, **Hubbard Foods Ltd**, Ports of Auckland, NIWA, Infrastructure Auckland Ltd, Metro Water Limited, Port of Tauranga Ltd, **Mighty River Power Ltd**, Trust Power Ltd
Bottom Crawler	0-20	City Care Ltd, Telecom NZ Ltd, Tranz Rail Ltd, Richmond Limited, Fonterra Co-operative Group Ltd, Interface Agencies Ltd, Transpower NZ Ltd, Palliser Estate Wines, DB Breweries Ltd

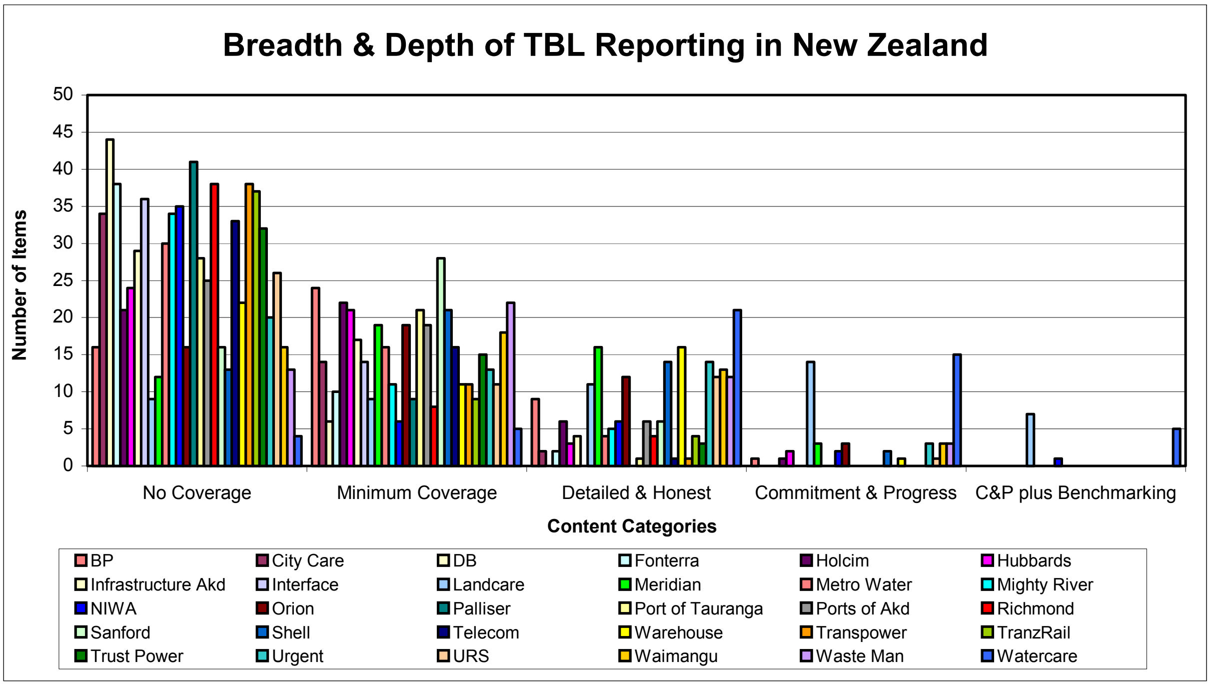
A breakdown of the total benchmark items covered and in which qualitative category of disclosure is shown for each reporter in Figure 2. There is a clear relationship between the number of items disclosed and the content categories. As the quality of disclosure required by the content category increases the number of items reaching the higher quality standard required decreases significantly. Sixteen of the thirty reports examined made 'no coverage' on at least half of the items revealing a very poor standard of reporting by these entities. Only three entities, Landcare Research, NIWA and Watercare Services, disclosed items that were classified as 'commitment to progress plus benchmarking'.

All of the nine entities in the 'Bottom Crawler' group made 'no coverage' on at least 30 items, with two entities, DB Breweries and Palliser Estate Wines, making 'no coverage' on over 40 items. As triple bottom line reports, this group of reports are hardly genuine efforts, and while none of the companies in this group title their reports as triple bottom line reports, several do refer to the concept. Moreover, all are members of the NZBCSD, an organization openly and publicly committed to the concept.

Compared to the 'Bottom Crawlers', the breadth and depth of reporting noticeably improves amongst the 'Ultra Narrow' reporters. Fewer items are classified as 'no coverage' and significantly more are classified as 'minimum coverage' and 'detailed and honest'. Only four from 12 entities in this group made 'no disclosure' on at least 30 items, compared to all nine of the 'Bottom Crawler' reporters. Four reporters (NIWA, Hubbard Foods, Holcim and URS) also showed signs of beginning to report performance against targets.

The breadth and depth of disclosure by the eight 'Not So Hot' reporters reveals the quality and completeness of reporting has increased significantly with approximately even numbers of items scored as 'no coverage', 'minimum coverage' and 'detailed and honest'. The relationship observed earlier between the number of items disclosed and the standard required by each category is not as evident within this group, and overall one can say this represents a genuine start at producing a report that focuses on social, economic and environmental performance. Variability, however, is also evident within this group. Both BP New Zealand Ltd and the Warehouse Ltd carry similar aggregate scores, yet the quality and completeness of BP's disclosures are significantly lower with a larger number of items classified as 'minimum coverage', compared to the majority of the Warehouse's disclosures classified as 'detailed and honest'.

Figure 2: The Breadth and Depth of Triple Bottom Line Reporting in New Zealand



Notably, only Watercare Services and Landcare Research really break into the higher quality categories of evidencing "commitment and progress" and "benchmarking" with about 40 percent of the overall 50 items being in these higher categories. Figure 2, however, also shows that for both these companies about 30 percent of the items contained in the UNEP/SustainAbility framework receive no or minimum coverage. Clearly, the better disclosers are those with substantial numbers of items appearing in the two right hand columns of Figure 2, and few or none in the left hand columns, and the only two companies to even begin to approach this are Landcare and Watercare.

Further insights into New Zealand's triple bottom line reporting practice can be gained from examining the most and least disclosed items from the UNEP/Sustainability scorecard. Table 4 presents the overall sample results, based on the classifications for each company's report. It shows the results for items when the quality of disclosure standard is set to *at least "detailed and honest"*. A score of thirty for an item would indicate all thirty companies disclosed on the item to a level of at least detailed and honest. Clearly from Table 4 no item comes anywhere this score and only one item, corporate context, is disclosed to that level of quality by at least half of the sample.

Table 4: The Most and Least Disclosed UNEP/SustainAbility Items

			Score*
12	Corporate Context	Management Policies & Systems	17
36	Employees	Stakeholders	13
17	Health & Safety	Input-Output Inventory	13
35	Charitable Contributions*	Finance	12
38	Local Communities	Stakeholders	11
41	Customers & Consumers	Stakeholders	10
2	Environmental Policy	Management Policies & Systems	10
1	Top Management Statement	Management Policies & Systems	9
6	Goals & Targets	Management Policies & Systems	9
16	Clean Technology	Input-Output Inventory	9
23	Air Emissions	Input-Output Inventory	9
42	Industry Associations	Stakeholders	9
14	Energy Consumption	Input-Output Inventory	8
3	Environmental Management System	Management Policies & Systems	8
43	Environment Groups	Stakeholders	8
9	Awards*	Management Policies & Systems	8
22	Waste Minimisation	Input-Output Inventory	7
44	Science & Education	Stakeholders	7
7	Legal Compliance	Management Policies & Systems	7
10	Verification	Management Policies & Systems	7
21	Stewardship of Ecosystems	Input-Output Inventory	7
5	Environmental Auditing	Management Policies & Systems	6
13	Material Use	Input-Output Inventory	6
46	Mana Whenua*	Stakeholders	6
8	Research & Development	Management Policies & Systems	6
50	Visions, Scenarios, Future Trends	Sustainable Development	6
11	Reporting Policy	Management Policies & Systems	5
40	Suppliers & Contractors	Stakeholders	5
26	Transportation	Input-Output Inventory	5
37	Legislators & Regulators	Stakeholders	5
48	Global Environment	Sustainable Development	5
27	Life-Cycle Design & Assessment	Input-Output Inventory	4
28	Environmental Impacts	Input-Output Inventory	4
29	Product Stewardship	Input-Output Inventory	4
19	Risk Management & EIAs	Input-Output Inventory	4
39	Investors	Stakeholders	3
20	Land Contamination & Remediation	Input-Output Inventory	3
47	Technology Co-operation	Sustainable Development	3
24	Water Effluents	Input-Output Inventory	3
4	Responsibility & Accountability	Management Policies & Systems	2
25	Noise & Odours	Input-Output Inventory	2
33	Market Solutions & Instruments	Finance	2
31	Environmental Spending	Finance	2
45	Media	Stakeholders	1
15	Water Consumption	Input-Output Inventory	1
30	Packaging	Input-Output Inventory	1
18	Accidents & Emergency Response	Input-Output Inventory	1
49	Global Operating Standards	Sustainable Development	1
32	Environmental Liabilities	Finance	1
34	Environmental Cost Accounting	Finance	0

*This is determined by counting the number of times a given item was classified *as at least being of "detailed and honest" disclosure* across the set of 30 reports. The maximum possible score for any item, then, is 30. "Awards" and "Charitable Contributions" are exceptions where the score is based on the number of times they were classified as being disclosed. Again, the maximum score is 30.

Table 4 reveals that across the sample the general level of disclosure is not of a high standard. Only seven items were disclosed at what might be considered to be a reasonable level of quality by at least one third of the companies sampled. And these seven items relate to issues that many would consider minimum staples in a stakeholder reporting diet: namely, corporate context, health and safety, employees, charitable donations, local communities, customers, and policies. These are those same issues that were first tackled in the earliest of the reporting efforts of European companies back in the early 1990s. The fact that less than one third of the companies sampled could provide detailed disclosures about legal compliance, verification, and other basics like energy, waste, water, and materials, is disturbing. It means these issues are not actively being targeted, measured and managed by the vast majority of this sample, or if they are, stakeholders are not being informed about such performance.

When the level of disclosure quality is relaxed to "minimum coverage"[1] things do improve, with 25 items receiving at least this level of disclosure by at least half of the companies sampled. Nonetheless, this also shows that issues related to water consumption, noise and odours, water effluents, as well as some of the more difficult items like environmental costing, are not disclosed *at all* by the majority of the companies sampled.

Overall, the analysis shows that apart from a very small core of about 6 to 8 companies, and perhaps really only two, the standard of triple bottom line reporting in New Zealand is, so far at least, rather poor. The next section considers how reports might be improved.

Improving Future Triple-Bottom-Line Reports

It would be easy to gain the impression from the analysis so far that the standard of triple bottom line reporting in New Zealand is grossly lagging behind developments in Canada, the US and Europe. The chances are that that is not true, and so consequently the following remarks apply equally as well to companies in other countries. For a start, Watercare and Landcare represent New Zealand's best triple bottom line reporting practice, and while the two reporters do not foot it with the absolute best practitioners like British Telecom, The Co-operative Bank, British Airports Authority, Novo Nordisk, Royal Dutch/Shell International and Bristol-Myers Squibb, they do stand up very well in the recent international surveys of UNEP/Sustainability. Landcare, for example, placed 14th in the *2000 Global Reporters* survey, and 22nd in the *2002 Trust Us* survey. Consequently, in the same way there are 10-20 lesser performers for every Landcare and Watercare in New Zealand, one suspects that there are equal or even greater numbers for every British Telecom, Novo Nordisk, and so on in the UK, Denmark, etc. The point is that beyond a very few companies that stand up in the international benchmarking surveys, and despite the fact that the Global Reporting Initiative has produced a framework and standards for triple bottom line reporting, the vast majority of such reporting is of a rather poor standard.

Overall there are several things that organizations can do to improve their future triple bottom line reports. For one thing, and this has clearly emerged from the forgoing analysis, they can address the quality and completeness of their reporting. For another, they need to address the assurance, honesty and consistency of their reporting. A good question for any producer of a triple bottom line report to ask is why would anyone want to believe what we have to say about our performance? And, finally, if triple bottom line reporting is to seriously improve, organizations need to stop muddling the term, and their social and environmental performance and reporting practices, with concepts like sustainable development and sustainability.

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[1] Results not shown in detail, but available from the authors.

As noted, the quality – and, especially, the *completeness* – of many of New Zealand's early triple bottom line reports are not high. The analysis shows the better reporters do relatively well in areas that require management discussion only: those areas concerned with management policies and systems, and those areas concerned with immediate stakeholder relations like employees. Reporters fare less well in areas where quantification seems necessary: that is, those areas associated with what many would consider to be the core of a triple bottom line report – areas such as performance reporting on energy, material and waste flows. The reporters also fail to do well when consideration beyond the organization is required, and emerging as a reporting issue is how organizations consider themselves in wider social and environmental systems. Typically, the leading reporters consider themselves within a broad systems context. As a first place to start, organizations contemplating or already undertaking triple bottom line reporting would do well to examine the contents of the UNEP/SustainAbility framework shown in Figure 1 and ask to what extent they are developing information and reporting systems to delivery transparency on the issues listed.

The record to date of regulating and auditing social and environmental information, in comparison to financial information, is concerning. No country seems to have passed legislation that requires social and environmental reports to be independently audited in the same way as they have financial statements, and New Zealand is no exception. The voluntary adoption of verification is patchy, and in this study only 7 of the 30 organizations had their social and environmental information independently verified. Furthermore, the standards and practices that have emerged are often organization controlled rather than stakeholder controlled, with no equivalent to the shareholder veto over the appointment of financial auditors. Added to this, the "independence" of the verifier often can be called into question, and the standard of the audits or verification statements themselves are often of a poor quality and little use to an external stakeholder (see, for example, Ball *et al*., 2000; Milne *et al.*, 2001; Owen and Swift, 2000; Owen *et al.*, 1997, 2000, 2001). In many cases, the so-called auditor may do little more than closely scrutinise the content of the triple bottom line reports as in this study. If organizations want stakeholders to take their claims about honesty, transparency, and warts and all reporting seriously, then the practices and standards of external verification need to improve dramatically.

Couched throughout the reports examined in this study is reference to "sustainability" — a practice not just confined to New Zealand reports it should be noted. The implication from such usage is that by reporting on the triple bottom line, organizations should be taken seriously as addressing the sustainability or sustainable development agenda. Gray and Milne (2002, 2003; but also see Welford, 1997) dispute this strongly, mostly on the grounds that while many organizations have been quick to grasp the (eco) efficiency nettle (e.g., resource, waste and energy management), and more recently some concept of stakeholder engagement and dialogue, they leave entirely unaddressed issues of equity, social justice and the scale of their development relative to ecological limits and future generations.

Conclusion

Despite increases in the number of organizations now issuing triple bottom line reports, or at least claiming to do so, leading edge practices are little advanced on the pioneers of the early and mid 1990s, and, according to the latest SustainAbility *2002 Trust US* survey, there is a danger that best practices may have plateaued. Nonetheless, the vast majority of companies can do a whole lot better. There is some good work being done in New Zealand, but by too few organizations. In seeking to identify, report on, and reduce their social and environmental impacts, there is undoubtedly more to come. Nonetheless, there is a considerable way to go if organizations are going to live up to their own claims for being transparent, accountable, and responsible. Work on the triple bottom line, however, is being crucially undermined by the way in which the term “sustainability” is still bandied about by business consultants and organizations in the context of the triple bottom line.

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