

The need for sustainability assessment and reporting

The concept of sustainability reporting has been taken up by businesses and organisations of all types and sizes. In addition to assessing and monitoring sustainability performance, agricultural entities are increasingly expected to communicate their progress towards sustainability through sustainability reports. This report sought to develop an understanding of the state of agricultural sustainability reporting in a way that is relevant for New Zealand agricultural enterprises. The report found that there is a clear trend towards an increase in the amount of agricultural sustainability reports being produced as well as the amount of sustainability issues covered in the reports. The report also found that NZ agricultural enterprises are lagging behind international practices in sustainability reporting in many ways, except on a few notable issues such as animal welfare and health and safety.

The need for research on agricultural sustainability reporting

The report sought to establish some first insights into the state of agricultural sustainability reporting as it relates to NZ enterprises. To achieve this, the report had three primary objectives. First, in order to understand what is expected of an agricultural sustainability report it is necessary to assess the current state of agricultural sustainability reporting, and any apparent trends that are occurring. Second, in order to understand the state of agricultural sustainability reporting in New Zealand particularly, it is useful to draw comparisons to the reporting of similar international entities. Third, in order to plan for the future, it is beneficial to reveal some of the opportunities, risks, and trends associated with sustainability reporting.

- The amount of agricultural sustainability reports as well as the amount of sustainability issues covered in these reports are increasing in recent years.
- NZ agricultural enterprises are lagging behind international practices and their reports cover a less comprehensive range of sustainability issues compared to international equivalents.
- A lack of clear sustainability objectives and measurable targets makes tracking an organisation's overall performance and progress towards sustainability difficult.

Methodology – A two part analysis

The report was exploratory as no information could be found on agricultural sustainability reporting, neither internationally nor domestically. Consequently, content analysis was used to build an initial understanding of the state of agricultural sustainability reporting, and its evolution over time. A total of 151 agricultural sustainability reports produced over eight years were studied for both the attention they gave to a range of sustainability issues, as well as the quality of reporting against those issues. A comparative analysis was also conducted between the sustainability reports produced by NZ agricultural enterprises and a matched set of international equivalent reports.

Results

The report lists 17 primary findings, the 10 most significant of which are reproduced here:

1. While sustainability reporting is in general unbalanced in the attention it gives to different issues, the findings suggest that a slow shift towards more balanced reporting is occurring.

2. Environmental issues are the most extensively discussed when they are included, however traditional economic measures of performance (e.g. profit and investment) feature in more reports.
3. The most prominent sustainability issues have remained relatively constant over time, while some of the less prominent issues (e.g. product quality or livelihood) demonstrate some small growth in prominence.
4. The New Zealand agricultural sustainability reports studied covered a less comprehensive range of sustainability issues than their international equivalents.
5. Animal welfare, while 25 percent less frequently discussed in New Zealand reports than the international reports, made up a 20 times larger proportion of the total references in the New Zealand reports suggesting it is a highly material issue for some New Zealand businesses.
6. The analysis suggests that there are several issues that are considered to warrant an especially high level of attention by New Zealand agricultural enterprises, primarily investment, animal welfare, and health and safety.
7. The economic issues of 'investments' and 'profit' were addressed at a significantly higher level of quality within the reports than other non-financial indicators.
8. Both the New Zealand and the international agricultural sustainability reports analysed performed poorly when assessed on the quality of their objectives.
9. Target setting is a major area of attention in sustainability reporting and is currently lacking in quality, particularly in the agricultural

sustainability reports analysed in this research.

10. The Global Reporting Initiative (GRI) reporting framework is currently the dominant approach to sustainability reporting and looks set to be further entrenched as a global standard in sustainability reporting.

Based on the findings of the research, the report makes 12 recommendations, eight of which apply directly to New Zealand agricultural enterprises, and four of which are directed towards the NZSD.

Conclusion

The content analysis conducted on multiple agricultural sustainability reports revealed that agricultural sustainability reporting is not particularly rigorous at present, especially when compared with the reporting practices of other industry types. Additionally, the New Zealand reports lagged behind the international reports both in terms of content and quality, with a couple of notable exceptions (e.g. animal welfare and health and safety). Sustainability reports tend to be unbalanced, dedicating more attention to environmental issues, and more rigour to financial issues. Perhaps the largest weakness of agricultural sustainability reports is their lack of any clear way to assess an enterprise's sustainability performance. Few businesses provide any clear sustainable performance objectives, or set any measurable targets. Sustainability reports instead tend to be a one off snapshot of an organisation's current understanding of sustainability with little attempt to chart the sustainability trajectory of the organisation over time. The setting of clear measurable targets which are assessed and redefined through each subsequent sustainability report is essential to provide an

understanding of an organisations progress towards sustainability. The research has revealed that it is highly unlikely that New Zealand agricultural enterprises are considering all of the issues that are material to them in their sustainability reports. If trends that have been occurring for the last decade or more continue, there will be a growing expectation that agricultural enterprises pay greater attention to their sustainability effects, and communicate their intentions and progress against sustainability issues through increasingly scrutinised sustainability reports.

Next Steps

Little is known about who or what is driving the demand for agricultural sustainability reports, and what their expectations are. Recent decades have seen a heightened interest by consumers in the origins of their food. The majority of large agricultural companies that are undertaking sustainability reporting tend to be located at the retail end of the value chain. It would be beneficial to understand both what consumers as well as downstream agricultural enterprises expect in the way of sustainability reporting from upstream producers. Work streams within the NZSD and through aligned projects are looking at value chains and consumer demands. These work streams will provide greater insights into revealing what content agricultural enterprises should be communicating in their sustainability reports. In addition, the ongoing work within the NZSD around the prioritisation of sustainability indicators continues to provide insights that will aid in reporting sustainability issues that are highly material to an enterprises stakeholders.

Contacts

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Further Information

****reference to longer version of this?***

New Zealand Sustainability Dashboard Website:

<http://www.nzdashboard.org.nz/>

