

It is [and] nobody...  
 be done about it".  
 This rings true with many of the  
 500 New Zealanders who completed  
 the March/April Sustainability  
 Priorities Monitor (SPM) conducted  
 online by AC Nielsen.  
 Some 75 per cent of those

From this and other...  
 as the Perceptive Attitude New  
 Zealand Study, there is a growing  
 level of frustration and even anger at  
 the lack of action on things like  
 environmental degradation, social  
 breakdown and inequity, as well as

then stop buying from you...  
 Take the time to really know what  
 matters to your customers and then  
 change to meet these needs.  
 ■ Nick Jones is a director of Sustainable Advantage.

ing sustainable and...  
 gain trust from customers and  
 employees and create new think-  
 ing and innovation.

with your...  
 ways to listen to them for  
 opportunities.

# The new stage is set for ethics and sustainability

European Commission president  
 Jose Manuel Barroso recently  
 called for a new culture of ethics  
 and responsibility. He stressed the  
 importance of rebuilding trust in  
 business.

Trust, ethics, responsibility –  
 welcome to the new complexion of  
 sustainable business. But without  
 measurement and monitoring, audit  
 and assessment, will this new code of  
 conduct instill the trust that business  
 so desperately needs?

Our ability to measure and offset  
 carbon has dominated much of our  
 sustainable thinking and New  
 Zealand has made strides in adjusting  
 its outlook. Despite many detractors,  
 implementing a well-monitored  
 carbon reduction programme has  
 yielded significant savings.

So can similar savings be made  
 through an independent audit and  
 assessment of "bigger picture"  
 business sustainability challenges?  
 Ethics and efficiency can define  
 high-performing organisations, but  
 this is best served by measuring  
 performance against global standards  
 in responsible business practice.

GoodCorporation, in conjunction  
 with the Institute of Business Ethics  
 in London, has developed a company-  
 wide view of performance that takes  
 into account the experiences and  
 perceptions of suppliers, customers,  
 employees and broader stakeholders.  
 GoodCorporation is an  
 international organisation, set up by a  
 group of former KPMG consultants



Jane Arnott

interested in responsible business  
 management. It gives 5 per cent of  
 profits to good causes.

It is this assessment of ethical,  
 socially responsible and sustainable  
 business practices that cumulatively  
 has offered clients such as GDF  
 SUEZ, Total, Hard Rock Cafe, and  
 Rank Group a strategic and long-term  
 predictive insight into their  
 organisations. Cynics may suggest  
 such audits are a waste of time and  
 money because we all behave

ethically. Well, possibly, but  
 frequently not when influenced by  
 external factors such as cultural  
 mores, short-term financial targets or  
 bonus systems which reinforce  
 behaviour that may not align with  
 wider ethical principles.

Business ethics lie at the heart of  
 sustainable business and measuring  
 ethical performance is in the best  
 interests of shareholders and the  
 broader community.



**Independent audit:**  
 Companies such as the  
 Hard Rock Cafe have  
 undergone global ethics  
 audits.  
 Photo: FAREFX/  
 GLENN HUNT

Within the context of acquisitions  
 and mergers, there is significant  
 value in being able to identify how all  
 stakeholders rank a company and  
 value their relationship – particularly  
 if that relationship is central to  
 business performance and  
 profitability.  
 For example, do employees feel  
 alienated or part of a team? Do  
 suppliers believe terms and  
 conditions are fair and are complaints

being handled appropriately?  
 Such information provides a body  
 of evidence that can strengthen  
 overall business forecasts and  
 provide investors with operational  
 insight that is, at best, meaningful and  
 relevant.  
 Broadening the scope of the  
 financial audit to encompass ethical  
 criteria delivers value and insight in  
 an environment where retailers and  
 consumers continue to set their own

standards irrespective of legislation.  
 A case in point is the decision by  
 British supermarket chain Waitrose  
 not to stock hoki on the basis of  
 bottom trawling – an issue that  
 infringes environmental ethics.  
 The Waitrose case is an example of  
 companies becoming more conscious  
 of the ethical impact of the supply  
 chain. Business reputations can be  
 lost just as quickly through ethical  
 misconduct in any part of their supply  
 chain as through financial  
 misjudgment.

Home improvement retailer  
 Kingfisher, for example, is emphatic  
 about audits of factories that supply  
 goods. More than 70 per cent are  
 audited for compliance with  
 Kingfisher's code of conduct for  
 factory working conditions.

Compare this to a recent annual  
 general meeting where the chairman  
 of an NZX-listed company, in  
 response to written questions, simply  
 stated they amounted to asking  
 whether the business was ethical and  
 he reformed "yes we are".

Both consumers and retailers are  
 driving forces when it comes to  
 demanding more transparency.  
 Ethical consumerism is on the rise,  
 the complexion of sustainability has  
 deepened and the opportunity to  
 reward those redefining ethical  
 standards is the new business stage  
 where the curtain has already lifted.

■ Jane Arnott is the New Zealand country manager for  
 GoodCorporation.