

report of the judges



CERES-ACCA NORTH AMERICAN AWARDS FOR SUSTAINABILITY REPORTING 2004

## objectives

The *Ceres-ACCA North American Awards for Sustainability Reporting* 2004 recognize reports on year 2003 performance that were published in 2004.

The aims of these Awards are to:

- Encourage better reporting on sustainability – economic, environmental and social – performance by corporations and other organizations across North America
- Reward best practice and provide guidance to other entities that are publishing or intend to publish sustainability, environmental and/or social reports, and
- Increase accountability for impacts and responsiveness to stakeholders.

The Awards program identifies and recognizes attempts to communicate corporate performance in a manner that will be effective with a broad range of stakeholders. The judging criteria focus on completeness, credibility and communication. The aim is to reward successful transparency, rather than evaluate performance.

In this third year, Ceres and ACCA expanded coverage to include Mexico as well as Canada and the United States and were pleased that 66 companies submitted sustainability, environmental and social reports for review.

18 reports were shortlisted, and a judges' panel met in January 2005 to select the winners, deciding to present four awards this year for.

- Best Sustainability Report
- Best Small or Medium Enterprise Report
- Commendation for Sustainability Reporting
- Commendation for Social Reporting

## shortlisted

**3M** / [www.3M.com](http://www.3M.com)

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**Baxter International** / [www.baxter.com](http://www.baxter.com)

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**Bristol-Myers Squibb** / [www.bms.com](http://www.bms.com)

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**Citigroup** / [www.citigroup.com](http://www.citigroup.com)

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**Dofasco** / [www.website.com](http://www.website.com)

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**Enbridge** / [www.enbridge.com](http://www.enbridge.com)

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**Ford Motor Company** / [www.ford.com](http://www.ford.com)

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**Gap Inc.** / [www.gapinc.com](http://www.gapinc.com)

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**General Motors Corporation** / [www.gm.com](http://www.gm.com)

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**Hewlett-Packard** / [www.hp.com](http://www.hp.com)

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**McDonalds** / [www.mcdonalds.com](http://www.mcdonalds.com)

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**Placer Dome** / [www.placerdome.com](http://www.placerdome.com)

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**PotashCorp** / [www.potashcorp.com](http://www.potashcorp.com)

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**Seventh Generation** / [www.seventhgeneration.com](http://www.seventhgeneration.com)

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**Talisman** / [www.talisman-energy.com](http://www.talisman-energy.com)

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**TransAlta** / [www.transalta.com](http://www.transalta.com)

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**VanCity Credit Union** / [www.vancity.com](http://www.vancity.com)

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**YSI Incorporated** / [www.ysi.com](http://www.ysi.com)

# judging

## Panel of judges

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### **Hannah Riley Bowles, Assistant Professor of Public Policy**

John F. Kennedy School of Government, Harvard University

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### **John Chibuk, Senior Policy Analyst**

Strategic Policy Branch, Industry Canada

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### **Elizabeth Everhardus, Manager of Communications**

and Senior Project Manager Pollution Probe

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### **Julie Fox Gorte, Director of Social Research**

Calvert Group

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### **David Greenall, Senior Advisor, Governance and CSR**

The Conference Board of Canada

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### **Katie Fry Hester, Senior Advisor and Engaging Stakeholders**

Program Leader SustainAbility

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### **Steve Lydenberg, Chief Investment Officer**

Domini Social Investments

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### **Katharine Partridge, President and Senior Partner**

Stakeholder Research Associates Canada

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## Judging criteria

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The judging panel assessed the applications and focused on the following three key elements of an excellent report:

Completeness

Credibility

Communication

## Examples of indicators in the ACCA criteria

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### **Completeness (40%)**

Corporate context

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Key (direct and indirect) environmental impacts

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Environmental policy and management commitment

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Environmental targets and objectives

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Scope of the report (by entity)

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Reporting and accounting policies

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Report audience identified

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### **Credibility (35%)**

Contingency planning and risk management

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Compliance/non-compliance record

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Environmental impact data

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Environmental financial statements and full cost accounting

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Approaches to stakeholder dialogue

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Third party statement

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### **Communication (25%)**

Layout and appearance

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Understandability, readability, accessibility, appropriate length

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Innovative approaches

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Availability of a summary report and/or executive summary

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Use of internet

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Appropriateness of graphs, illustrations, photos

# winners 2005

## BEST SUSTAINABILITY REPORT

### Hewlett-Packard

#### *2004 Global Citizenship Report*

Identifies early in the report the three material issues for its business: addressing electronic waste, raising standards in HP's global supply chain and increasing access to information technology.

Includes solid coverage of product lifecycle impacts and challenges

Presents goals and targets for 2004-2007 up front, with detailed goals and progress-to-date in each section

Contains diverse external stakeholder perspectives on current performance and areas for improvement

Provides stakeholder engagement table that characterizes the type of interactions with main stakeholder groups

Includes effective graphics that complement the text, with clear indication of web links for additional information

Contains solid coverage of GRI indicators plus additional issues pertinent to sector and company, such as technology access and affordability - "e-inclusion", privacy and identity theft

Includes better coverage than most reports on area of public policy and political donations



2004 Global Citizenship Report



## BEST SMALL AND MEDIUM ENTERPRISE REPORT

### YSI Incorporated

#### *2003 Sustainability Report*

Contains thorough coverage of issues and indicators for a smaller company

Is a pioneering effort in transparency for a private, employee-owned company

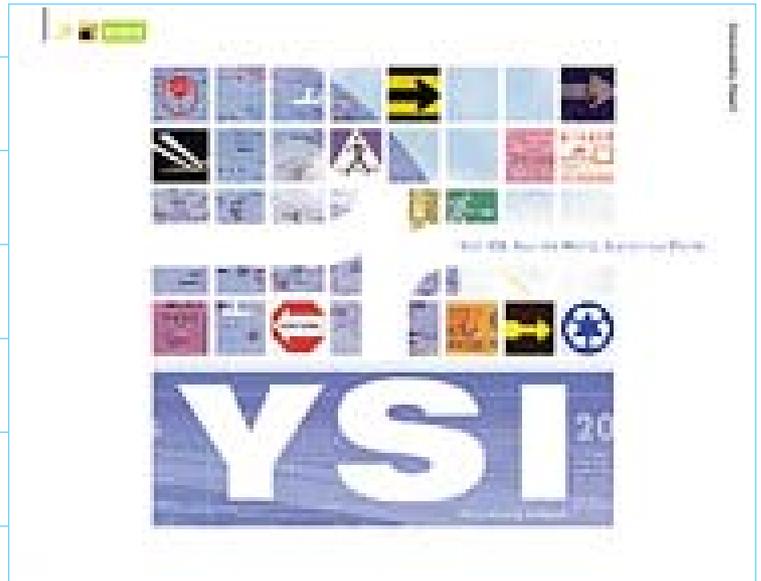
Achieves candid and open tone throughout and includes some external stakeholder voices

Provides transparent profiles of global operations down to the facility level

Explains clearly the company's five improvement priorities for the next five years

Interprets data trends, notes limitations of data and indicates areas where future expansion of coverage will be pursued

Includes a GRI Index of indicators covered and a convenient detachable feedback form in the inside back cover



# winners 2005

## COMMENDATION FOR SUSTAINABILITY REPORTING

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### **VanCity Credit Union**

*VanCity's 2002-03 Accountability Report*

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Achieves appropriate balance of social, economic and environmental accountability for company and sector

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Contains excellent stakeholder engagement elements, including community leader feedback on last report and elements such as stakeholder relevance guide in table of contents

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Presents a sophisticated internal management process for learning and improvement

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References a substantial amount of benchmarking and incorporates triple bottom line into company thinking

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Includes discussion of the value of reporting

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Addresses difficult issues like branch closings

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Includes helpful symbols to differentiate key and supporting indicators, next steps and when additional data is available on website

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Innovates in use of third party social audit statement that incorporates AA1000 assurance

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**The  
Whole  
Story.  
Really.**

VanCity's 2002-03 Accountability Report.



## COMMENDATION FOR SOCIAL REPORTING

### Gap Inc.

#### *2003 Social Responsibility Report*

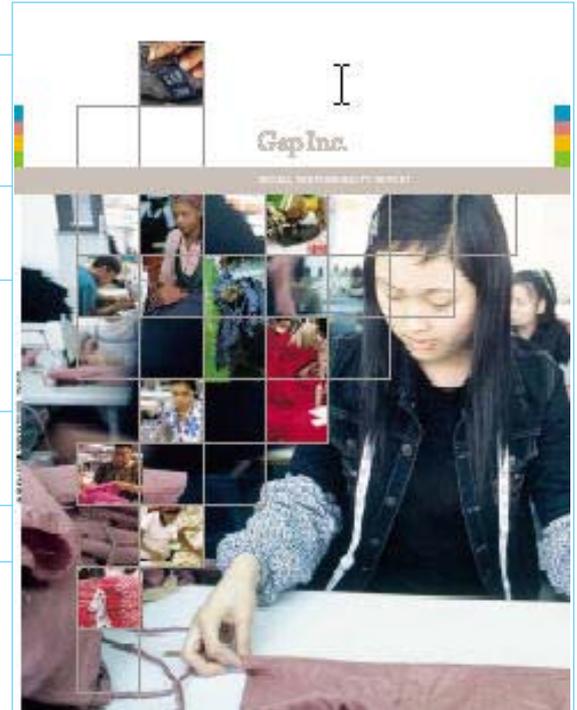
Is open and frank in its communication of progress and challenges in implementing a social responsibility program throughout Gap's retail apparel and garment manufacturing supply chain

References a diverse range of stakeholder partnerships and engagements that inform program implementation

Gains credibility from an external stakeholder statement from a Public Reporting Working Group that has worked with Gap over time to address progress against its stated commitments

Provides limited data on environmental performance, but frames key issues for future disclosure

Achieves high level of readability in both print and web versions



# observations and recommendations

The judges recognize the efforts of all the companies that prepared and submitted reports. These companies are all contributing to the advancement of best practices in sustainability reporting, by stepping forward to identify, quantify and communicate their economic, environmental and social performance.

To supplement the commentary on winning reports, we acknowledge these noteworthy features of this year's reports and areas for improvement.

The following areas are perceived by the panel of judges to require greater emphasis in sustainability, environmental and social reports in North America:

## **Core business issues and impacts not clearly identified or discussed**

Organizations need to assess and disclose up front in the report their core business activities with regard to environmental, social and economic impacts. Without identifying the key primary and secondary impacts, challenges and issues, subsequent performance information in the report is somewhat out of context. Broad coverage of environmental/ social/ economic indicators is not sufficient to help the reader understand the company's performance and priorities.

## **Need to understand what sustainability and/or corporate social responsibility (CSR) means for the business**

The general understanding of the nature of sustainable development and/or CSR is not well communicated by many reporting organizations, which impacts on the type of information reported. This general lack of understanding of sustainability reporting depth varies between reports.

Reports need to explain business' long-term vision and strategy with regard to sustainability, and how the operations, decision-making and products/services of an organization fit into a sustainable development context. Management commitment needs to be demonstrated, such as including a CEO statement, and a corporate governance approach that indicates board level responsibility for CSR issues.

For these first two issues, the Global Reporting Initiative *Sustainability Reporting Guidelines Parts A and B* provide useful guidance that is often overlooked, because reporters tend to place more focus on the performance indicators in *Part C: Report Content*.

### Sustainable development requires target setting

Very few reporters set quantified targets in order to improve their performance over a set period of time; all reporters should be including quantified targets. In addition, the nature of sustainability and sustainable development requires targets to be set for the mid- and long-term; not just the short-term. When included, the majority of targets set are for achievement in the following 1-3 years. The judges would like to see 5 & 10 year targets being set, with a discussion of issues, risks and/or targets for the longer term.

### Increase stakeholder involvement and disclosures

Coverage of stakeholder identification and involvement is particularly weak in reports. In an environmental, social or sustainability report, reporters should:

- Disclose who the key stakeholders are to the organization, and explain how these stakeholders were identified
- Identify which stakeholder groups are the target audience for the report
- Indicate how stakeholders were involved throughout the reporting process
- Explain how stakeholder feedback has changed the reporting process and internal management procedures.

In addition to the comments made concerning the winning reports, Placer Dome and Dofasco also have noteworthy reporting of stakeholder engagement activities.

### Expand external assurance of reports

Some type of assurance process – whether verification of quantifiable data or validation of the reporting approach or progress made – is critical to enhancing the credibility of a report, both to its internal and external stakeholders. Many reports provided no external assurance of either stakeholder engagement processes or verification of data.

Internally, the company can also benefit from the insights provided by the third party process and assurance statement. The assurance statement as well as the ongoing assurance process can provide insights on the gaps, strengths and weaknesses of internal management and reporting processes.

In addition to the quantity, the judges felt that the quality of assurance statements could be improved in a number of ways, including:

- Adding commentary, opinion, recommendations and highlights/lowlights in addition to the 'checklist' approach of defining scope and remit
- Making it clear to the reader which specific parts of the report have been assured
- Making specific reference to the completeness or otherwise of the report being assured

## observations and recommendations

### Improve web-based reporting

In recent years, there has been a noticeable increase in the number of organizations using the Internet as a means of communicating their sustainability performance. The website format (as opposed to a downloadable document) can be a particularly effective medium for communicating both the company's "story" and large amounts of quantified data.

Organizations used the web to varying extents to communicate their sustainability. Some of these different reporting styles included:

- Reporting only via the web
- Production of a print copy summary report with the full report being available on the web, and
- Web links throughout the printed report providing more detailed information on specific issues placed on the Internet.

The web report must be easy to find from the home page and should also be linked to the organization's annual report along with any other relevant reports. Organizations should aim to achieve a clear sense of unity and system. To the extent that sub-sections and links provide substantive support for the web-based report, these should be clearly and logically presented.

The very best web-based reports have considered carefully their choice of layout, font, colors and design, resulting in sites which are easy read and navigate. In addition, web-based reports should be quick to download using a range of browsers, avoid large graphics files and non-standard applications.

## invitation to participate

### next year's awards timetable

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#### September 2005

launch of the 2005 Awards

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#### 5 November 2005

entry deadline

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#### January 2006

meeting of the panel of judges

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#### April 2006

awards ceremonies

## sponsors

PricewaterhouseCoopers LLP is pleased to sponsor the Ceres-ACCA North American Awards for Sustainability Reporting 2004. We congratulate the winners and extend our thanks to all the entrants, the judges and the other sponsoring and endorsing organizations. For more information on PwC's point of view go to: [www.pwc.com/governance](http://www.pwc.com/governance), or [www.pwc.com/sustainability](http://www.pwc.com/sustainability)



Ceres and ACCA would like to thank *Canadian Business* magazine and the Canadian Environment Awards for sponsoring the Ceres-ACCA North American Awards for Sustainability Reporting. Further information on these sponsors can be found at [www.canadianbusiness.com](http://www.canadianbusiness.com) and [www.cangeo.ca/cea2004/](http://www.cangeo.ca/cea2004/)



Ceres and ACCA would like to thank our media partner in the US, Green@Work. We would also like to thank our endorsers for this year's awards, Sustainable Enterprise Academy (SEA) and Canadian Business for Social Responsibility (CBSR).



Rivanna Natural Designs created the recycled glass awards for the Ceres-ACCA North American Awards for Sustainability Reporting. Further information on Rivanna Natural Designs can be found at [www.rivannadesigns.com](http://www.rivannadesigns.com).



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