

report of the judges



Ceres

CERES-ACCA NORTH AMERICAN AWARDS FOR SUSTAINABILITY REPORTING 2006

report of the judges

INTRODUCTION

Since 2000, the Ceres-ACCA North American Awards for Sustainability Reporting have showcased the efforts of companies providing outstanding disclosure of their social, environmental and economic performance.

This annual awards program aims to recognize and encourage exemplary reporting on sustainability performance by corporations and other organizations across the United States, Canada and Mexico. As sponsors of the awards program, Ceres and ACCA believe that recognizing best practice in sustainability disclosure is crucial to driving improvements in sustainability performance: that reporting motivates benchmarking, learning and goal-setting, and builds an accountability mechanism for internal and external stakeholders as well as a platform for engagement.

We were pleased that a record 102 sustainability reports were submitted for review this year. Of these, 19 reports were short-listed, and an expert panel of judges met in January 2007 to select the award winners.

The judges decided to present four awards:

- Best Sustainability Report: Vancity Group
- Runner-Up for Best Sustainability Report: Bristol-Myers Squibb
- Best First-Time Sustainability Report: Green Mountain Coffee Roasters & Mountain Equipment Co-op (co-winners)

What made these reports stand out in a field of over 100 entries? They set ambitious goals, made the business case for sustainability, gave readers a sense of organizational strengths and areas for improvement, and reflected the feedback – both laudatory and critical – of key stakeholders. And while the judges commended all reporters for enhanced disclosure in 2006, they also highlighted several areas for improvement, noting that most reporters still provide inadequate disclosure on climate risk, lobbying activities, and product responsibility (see page 13 for the judges' full observations and recommendations).

Overall, we believe that the judges' findings are grounds for optimism, and a call to action. Sustainability reporting is now clearly a mainstream practice in North America. Ensuring it is a practice that drives performance – improving both business value and the world we inhabit – is the challenge we all must embrace.



Nigel Hall
Sustainability Awards Organizer
ACCA Canada



Brooke Barton
Manager, Corporate Accountability
Ceres

ABOUT THIS REPORT

The aim of this document is to give organizations the tools to assess and improve their own sustainability reporting. It provides a concise discussion of the key features of the winning reports and the judges' observations and recommendations on best practice in sustainability reporting.

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shortlisted 2006

Alcan (CA) www.alcan.com

Baxter International (US) www.baxter.com

Bristol-Myers Squibb (US) www.bms.com

Citigroup (US) www.citigroup.com

General Electric (US) www.ge.com

Green Mountain Coffee Roasters (US) www.gmcr.com

Harwood Products (US) www.harwoodp.com

Hewlett-Packard (US) www.hp.com

Mountain Equipment Co-op (CA) www.mec.ca

Nexen (CA) www.nexeninc.com

PotashCorp (CA) www.potashcorp.com

Shell Canada (CA) www.shell.ca

Starbucks (US) www.starbucks.com

TELUS (CA) www.telus.com

Timberland (corporate) (US) www.timberland.com

Timberland (Dominican Republic facility) www.timberland.com

TransAlta (CA) www.transalta.com

Vancity Group (CA) www.vancity.com

Weyerhaeuser (US) www.eyerhaeuser.com

entrants 2006

3M

Advanced Micro Devices, Inc.

Agrium

Alcoa

Allstate Corporation

Ashland, Inc.

Aspen Skiing Company

B.C. Hydro

Barrick Gold Corporation

Bell Canada Enterprises

BMO Financial Group

Cascades, Inc.

Catalyst Paper Corporation

Catholic Healthcare West

CIBC

Coca-Cola Company

Coca-Cola Enterprises

Con Edison Company of New York, Inc.

Dell, Inc.

Diavik Diamond Mines, Inc.

entrants 2006 (continued)

Domtar, Inc.

Dow Corning Corporation

Enbridge, Inc.

Encana

Entergy Services, Inc.

Exelon Corporation

Export Development Canada

ExxonMobil

Ford Motor Company

Freescale Semiconductor, Inc.

General Mills

Gildan

Goldcorp, Inc.

Greater Vancouver Regional District

Green Mountain Power

Hydro-Québec

INCO Limited

Inmet Mining Corporation

International Paper

Iron Ore Company of Canada

ITT Corporation

entrants 2006 (continued)

Johnson & Johnson

Johnson Controls, Inc.

Kimberly-Clark

Knoll, Inc.

Louisiana-Pacific Corporation

Manulife Financial

McDonald's

Motorola

NB Power

Newmont Mining Corporation

NewPage Corporation

NovaChemicals

Office Depot, Inc.

Ontario Power Generation, Inc.

PetroCanada

Petroleos Mexicanos

PG&E Corporation

Pinnacle West Capital Corporation

PNM Resources

PPL Corporation

Resolution Copper Mining

entrants 2006 (continued)

S.C. Johnson & Sons, Inc.

SaskPower

SaskTel

Scotiabank

Smithfield Foods, Inc.

SSQ Financial Group

St. Lawrence Cement

Staples, Inc.

State Street Coffee

State Street Corporation

Strategic Sustainability Consulting

Sun Life Financial

Syncrude

Talisman Energy, Inc.

TD Bank Financial Group

Time Warner

Vancouver International Airport Authority

White Memorial Medical Center

Wisconsin Energy Corporation

Xerox Corporation

judging

A shortlisting panel of judges considered the entries, evaluating each entrant and developing a list of top reports using the Ceres-ACCA judging criteria. All shortlisted reports were then considered by the broader judging panel for receipt of an award.

The judging panel assessed reports with a focus on the following three elements of an excellent report:

- Completeness
- Credibility
- Communication

For the full judging criteria, please see http://www.accaglobal.com/documents/us06_cri.pdf

judging (continued)

Panel of Judges

Ceres and ACCA wish to thank the judges for contributing their expertise and time to the awards program.

Helena Barton, Chief Executive Officer
Corporate Context

Kathrin Bohr, Vice President,
Member Development & Managing Director
Canadian Business for Social Responsibility

Barbara Bramble, Senior Program Advisor for
International Affairs
National Wildlife Federation

Chantal-Line Carpentier, Head Environment, Economy
and Trade Program
Commission for Environmental Cooperation

John Chibuk, Senior Policy Analyst,
Strategic Policy Branch Industry Canada

Valerie Chort, Partner, Enterprise Risk Services
Deloitte

Elizabeth Everhardus, Director,
Communications & Special Projects
Pollution Probe

Rich Ferlauto, Director, Pension and Benefit Policy
American Federation of State County and Municipal
Employees (AFSCME)

Julie Gorte, Vice President & Chief Social Investment Strategist
Calvert Funds

David Greenall, Principal Research Associate,
Environment and Energy Policy
The Conference Board of Canada

Chris Jochnick, Director, Private Sector Team
Oxfam America

Jennifer Nash, Executive Director CSR Initiative
John F. Kennedy School of Government, Harvard University

Katharine Partridge, Managing Partner
Stakeholder Research Associates, Canada

Heidi Soumerai, Director of Social Research
Walden Asset Management

We also want to thank **Stéphane N'Diaye** from Agiléa for his excellent assistance in the shortlisting process.

winners 2006

BEST SUSTAINABILITY REPORT

Vancity Group
2004-2005 Accountability Report

The report:

Provides a comprehensive dashboard of performance metrics, progress to date towards existing goals and action plans, and new goals for the next 3-year period.

Promotes both corporate and individual accountability by listing the name of each manager responsible for the goals disclosed in the report.

Describes extensive stakeholder engagement efforts, including involvement in report development and feedback.

Is verified by an external auditor and prepared in accordance with the Global Reporting Initiative (GRI).

Discloses Vancity's governance structure in terms of a holistic accountability framework incorporating social, environmental and financial concerns.



FIRST RUNNER-UP – BEST SUSTAINABILITY REPORT

Bristol-Myers Squibb

2005 Corporate Responsibility Report

The report:

Makes excellent use of the web, with easy-to-use navigation allowing readers to quickly drill down to content of interest.

Clearly identifies the material sustainability issues affecting the company: Governance & Compliance, Serious Diseases with Unmet Medical Needs, Intellectual Property and Pricing, Access to Medicines and Healthcare, and Energy & Water Conservation.

Benchmarks Bristol-Myers Squibb's environmental performance against that of its competitors along several indicators.

Applies the GRI's new G3 guidelines, one of the first US reporters to do so.

Discloses political donations made by the company to all political candidates, parties, and political action committees.



CO-WINNER – BEST FIRST-TIME SUSTAINABILITY REPORT

Green Mountain Coffee Roasters

2005 Corporate Social Responsibility Report

The report:

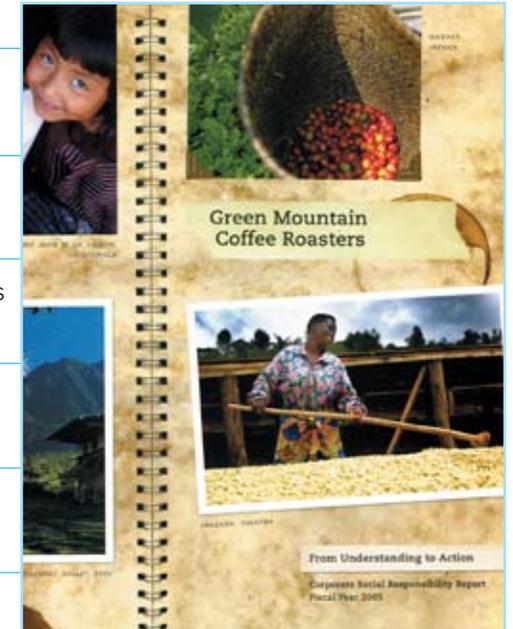
Is written in an engaging tone and discusses the complexities of the company's coffee sourcing activities in a clear and understandable manner.

Was prepared in accordance with the GRI guidelines, a significant feat for a first-time reporter.

Allows the comparison of performance data over 3 years, expressed in absolute figures and also in meaningful percentages and ratios.

Provides a thoughtful analysis of employee compensation, one of the few reports to address this issue.

Includes a CEO letter that gives a clear articulation of the company's vision for integrating sustainability into its operations.



CO-WINNER – BEST FIRST-TIME SUSTAINABILITY REPORT

Mountain Equipment Co-op

2005 Accountability Report

The report:

Clearly conveys the company's commitment to transparency through full disclosure of non-compliance in its supply chain.

Gives a clear articulation of the material issues for the organization in straightforward language that communicates well to the intended audience.

Discusses frankly the dilemmas the company faces with environmental stewardship and how these challenges can lead to business opportunities.

Includes a noteworthy discussion of employee satisfaction, turnover rates and fair compensation, for example using CEO salary to minimum wage as a metric for assessing compensation.

Incorporates feedback from a stakeholder accountability panel made up of members, supply chain representatives and outdoor recreation advocates.



judges' observations and recommendations

The judges commend all the companies that submitted reports for their efforts to identify, quantify and communicate their environmental, social and economic performance in a transparent manner.

The state of the art in sustainability reporting is evolving at a steady pace and this section of the report seeks to provide a snapshot of current best practice and key areas for improvement.

REPORTING ASPECTS

Goal-setting

The judges observed that an increasing share of the top reports (Bristol-Myers Squibb, Starbucks, and Vancity) included absolute and normalized targets, and rigorous timetables for sustainability goal achievement. Although goal-setting is highly valued by stakeholders for providing a clear indication of a company's sustainability trajectory, it is a practice that is still far from universal.

Elevating the focus on materiality

The judges were pleased to see that a growing number of companies refer to measures of materiality in determining the key issues on which they focus their reporting (Alcan, Bristol-Myers Squibb, and Hewlett-Packard). However, few reporters are articulating the criteria and process used to identify these material issues. Doing so is essential for forging credibility with stakeholders and building the strategic business case.

Making the link to the global context

Most reporters failed to make the link between their corporate sustainability strategy and the global context. A company's response to this context – characterized by growing natural resource constraints, globalization-driven shifts in patterns of employment and trade, increasing income inequality, and the rising regulation of greenhouse gases – is critical to evaluating its long-term sustainability strategy. General Electric's report was a noteworthy exception in this regard, with a discussion of its strategic efforts to position its product portfolio to 'solve the big needs' of the coming decades.

Making the business case for sustainability

Sustainability reports are tools for assessing and communicating a firm's strength and viability, yet most reports fail to explicitly address the financial gains made by integrating sustainability into the business. Baxter's report was notable in this regard, providing readers with specific dollar savings associated with a range of environmental initiatives undertaken.

judges' observations and recommendations

Third party assurance

Reports this year included various verification efforts that ranged from independent verification by accountancies of specific portions of reports, to overall report assurance by third party expert consultants, to independent multi-stakeholder committee statements about report content and expectations for the future. The judges recognize that a definitive standard does not yet exist in this area and that external verification may also be seen as an interim step in building broad acceptance and buy-in at all levels of the corporation. The judges appreciate the greater credibility that all these approaches bring to reporting and encourage these trends.

Stakeholder engagement on the rise

The judges were pleased to see an increase in the number of reports showing evidence of stakeholder involvement – both in providing feedback on a company's operations and in giving input on the development of the reports themselves. Nexen, Timberland and Starbucks' reports were notable in this respect, and were characterized by efforts to not only note stakeholder input, but also discuss how this input affected the company's practices and policies.

Communicating to multiple audiences

Overall, the judges found that the best sustainability reports are becoming more accessible, understandable and user-friendly. Companies are beginning to tailor their sustainability communication vehicles to a range of target audiences, including consumers. Timberland's suite of sustainability communications was particularly noteworthy in this respect, with an extensive web-based report, a printed executive summary report, a facility report on its Dominican factory, an in-store brochure and a new labeling initiative that provides a selection of environmental and social 'footprint' indicators on each shoebox.

ISSUE AREAS

Climate change

Several companies, including Baxter, Bristol-Myers Squibb and Weyerhaeuser, provided a strong discussion of their greenhouse gas emissions. Overall, however, the judges noted much room for improved disclosure in this area and highlighted a need for more information on climate-related strategy, goals, as well as more rigorous discussions of the business risks and opportunities posed by global warming. The judges expect improved levels of climate disclosure going forward, and refer reporters to the newly established Global Framework for Climate Risk Disclosure, a multi-stakeholder disclosure standard developed through a partnership of 14 leading investors and the Global Reporting Initiative, as one tool that may be looked to for guidance.

judges' observations and recommendations

Product responsibility

The judges cited a need for more comprehensive disclosure of product sustainability impacts, noting, for example, that it was not sufficient for oil or auto companies to report on the greenhouse gases emitted by their refineries and factories while neglecting to report the much larger footprint of their products. Mountain Equipment Co-op's disclosure on product take-back and Citigroup's discussion of its application of the Equator Principles and other environmental and social screens to its lending portfolio are examples of reports that appropriately expand the scope of their disclosure to address the material impacts of their products.

Governance

It was noted by the judges that considerable progress has been made in this area of reporting in recent years, with more disclosure on governance and management systems, and a growing recognition of the importance of integrating sustainability issues into board-level decision-making. For example, PotashCorp's report discussed the company's governance goals related to sustainability, progress towards these goals, and detailed the process by which the board oversees the company's sustainability performance.

Public policy & lobbying

The judges observed significant room for improvement with regards to disclosing company activities intended to influence government legislation and regulatory activities. Companies should report not only which industry associations they are a part of, and the positions lobbied by those industry associations, but also when their views differ from those of their industry associations. Bristol-Myers Squibb and Starbucks both provided better than average disclosure in this area.

Workforce composition, diversity and pay equity

Overall the judges saw very few reports with thoughtful discussions and comprehensive statistics on diversity, workforce composition and pay equity. Mountain Equipment Co-op and Green Mountain Coffee Roasters did include good, though not fully comprehensive, information in these areas.

about ACCA and Ceres

ABOUT ACCA

ACCA (the Association of Chartered Certified Accountants) is the largest and fastest-growing international accountancy body with 295,000 students and 115,000 members in 170 countries. ACCA's headquarters are in London, and it has an extensive network of nearly 80 offices and other centres around the world.



ACCA has promoted transparency in reporting the impact of business activities on sustainable development since 1991. ACCA is involved in reporting awards in over 20 countries in Europe, Africa, North America and the Asia Pacific region. In addition, ACCA participates in a number of influential organizations, including the Global Reporting Initiative. In recognition of ACCA UK's social and environmental issues programme, ACCA has been awarded a Queen's Award for Sustainable Development.

ABOUT CERES

Ceres' mission is to move corporations, investors and financial markets to advance lasting prosperity by valuing the health of the planet and its people. Ceres brings together the world's largest network of corporate leaders, institutional investors and environmentalists around a shared vision of sustainable prosperity. We work at the highest levels to secure lasting commitments to environmental stewardship, break policy gridlocks, promote full disclosure and reporting and develop viable ways for business to compete more effectively in our resource-constrained world.



In 1989 Ceres created the Ceres Principles, the first independent corporate code of environmental conduct, which has become the model for public commitments to environmental stewardship by companies worldwide. In 1997 Ceres launched the Global Reporting Initiative (GRI), which has become the internationally established standard for corporate reporting on the 'triple bottom line' of economic, social and environmental performance. GRI is now an independent institution, with over 1000 companies using the guidelines around the globe.

sponsors

CORPORATEREGISTER.COM

CorporateRegister.com is a global online directory of CSR and sustainability reports. Founded in 1998, this free site is growing daily, with over 14,000 reports currently profiled. CorporateRegister.com provides the official reporting registers both for reports following the GRI guidelines, and for reports using AccountAbility's AA1000AS assurance standard. With a range of additional services, information and statistics, the site is indispensable for anyone working in the field of CSR reporting.



MEDIA PARTNERS

Ceres and ACCA would like to thank Canadian Business magazine and the Canadian Environment Awards for their support of the Ceres-ACCA North American Awards for Sustainability Reporting. Further information on these sponsors can be found at www.canadianbusiness.com and www.cea.com.



ENDORSERS

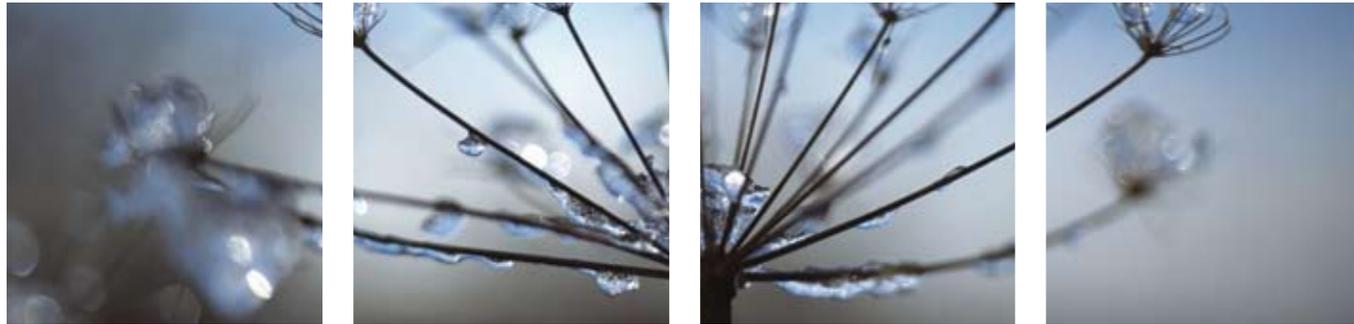
Ceres and ACCA acknowledge the endorsement and support of the awards by Canadian Business for Social Responsibility (CBSR) and Sustainable Enterprise Academy (SEA).



RIVANNA

Rivanna Natural Designs created the recycled glass awards for the Ceres-ACCA North American Sustainability Reporting Awards program. Further information on Rivanna Natural Designs can be found at www.rivannadesigns.com





an invitation to participate

2007 Reporting Awards – Tentative Timeline

September 2007

Launch of 2007 Awards

End of October 2007

Entry deadline

January 2008

Judges' meeting

April 2008

Awards Ceremonies

Printed on 100% recycled paper with soy-based inks

Further Information

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