



CERES-ACCA North American Awards for Sustainability Reporting

Report of the judges 2003

The ACCA logo consists of the letters 'ACCA' in a stylized, white, outlined font, set against a dark blue square background.

WORKING WITH



CERES

Coalition for Environmentally
Responsible Economies

Introduction

The CERES-ACCA North American Awards for Sustainability Reporting 2003 were launched in October 2003. CERES and ACCA solicited applications for reports on year 2002 performance that were published in 2003.

The aims of these Awards are to:

- Encourage better reporting on sustainability – economic, environmental and social – performance by corporations and other organizations across the United States and Canada
- 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 focuses on completeness, credibility and communication. The aim is to reward transparency, rather than evaluate performance.

In this second year, CERES and ACCA expanded coverage to include Canada as well as the United States, and were pleased that 48 companies submitted 52 sustainability, environmental and social reports for review.

21 reports were shortlisted, and a judges' panel met in February 2004 to select the award winners.

The judges decided to present five awards this year:

- Best Sustainability Report
- Best Environmental Report
- Best First-Time Report
- Commendation for Sustainability Reporting
- Commendation for Innovative Reporting

Judging

Panel of judges

CERES and ACCA wish to thank the judges panel for their contribution of time and expertise to CERES-ACCA North American Awards for Sustainability Reporting

Julie Fox Gorte

Director, Social Research, Calvert Asset Management Co. and member of CERES Board of Directors

Katie Fry Hester

Advisor, SustainAbility, Inc.

Brian Kelly

Director, Sustainable Enterprise Academy, Schulich School of Business, York University, Toronto

Steven Lydenberg

Principal, Domini Social Investments LLC

Suzanne Shaw

Director of Communications, Union of Concerned Scientists

Joseph Uehlein

Director, Center for Strategic Campaigns, AFL-CIO and member of CERES Board of Directors

Andrew Wahl

Senior Writer, *Canadian Business* magazine

David Wheeler

Ervin K. Haub Professor in Business and Sustainability, Schulich School of Business, York

Shortlisted Participants 2003

Advanced Micro Devices, Inc. (www.amd.com)

Barrick Gold Corporation (www.barrick.com)

Baxter International Inc. (www.baxter.com)

BC Hydro (www.bchydro.com)

Ben & Jerry's Homemade, Inc. (www.benjerry.com)

Dell Inc. (www.dell.com)

Dofasco Inc. (www.dofasco.com)

Énergie NB Power (www.nbpower.com)

First Environment, Inc. (www.firstenvironment.com)

Ford Motor Company (www.ford.com)

Hydro-Québec (www.hydroquebec.com)

Interface Research Corporation (www.interfaceinc.com)

Kinko's, Inc. (www.kinkos.com)

Royal Bank of Canada (www.royalbank.com)

Shell Canada Ltd. (www.shell.ca)

Suncor Energy Inc. (www.suncor.com)

VanCity Savings Credit Union (www.vancity.com)

Weyerhaeuser Company (www.weyerhaeuser.com)

Wisconsin Energy Corporation (www.wisconsinenergy.com)

Xerox Corporation (www.xerox.com)

YSI Incorporated (www.ysi.com)

For the full list of entries see www.accaglobal.com/sustainability

Winners 2003

WINNER - BEST SUSTAINABILITY REPORT

Suncor Energy, Inc.

2003 Report on Sustainability

The report:

Conveys a solid corporate understanding of and commitment to sustainability in the coverage of vision, policy and management systems, as well as environmental, social and economic performance

Provides an excellent example of a sustainability report prepared "in accordance with" the Global Reporting Initiative (GRI) Guidelines, both for alignment with the GRI reporting principles as well as the specified report content and content index

Has a substantive President's message that describes in detail the results achieved, current challenges and milestones for progress

Presents and interprets the most relevant performance data and targets in body of report and then provides a final chapter that comprehensively addresses all applicable GRI performance indicators.

Includes absolute and normalized data, presented clearly, with five or more years of data for many indicators

Was unique in providing systemic indicators

Has a clearly presented verification process, with excerpts from Auditor's Observations and useful labelling of audited indicators



WINNER - BEST ENVIRONMENTAL REPORT

Dell Inc.

Dell Environmental Report – Creating a Model for Sustainability

The report:

Begins with a substantive CEO message describing Dell's environmental stewardship program and the corporate commitment to continuous improvement in performance as well as stakeholder engagement

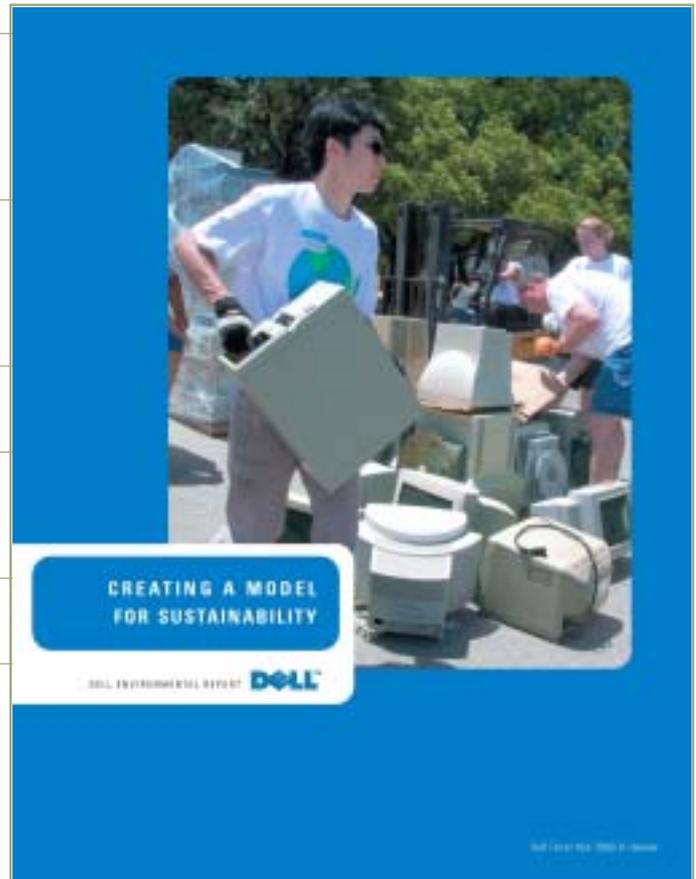
Uses an innovative structure for reporting based on four key stages of product life cycle: Product Concept and Design, Manufacturing and Operations, Customer Ownership Experience and End-of-Life

Presents examples of stakeholder engagement activities by category of stakeholder

Provides detailed information about materials used in products and processes, including goals for reduction or elimination of environmentally sensitive materials

Includes solid coverage of efforts to engage and improve performance of suppliers

References phased-in approach to use of *GRI Sustainability Reporting Guidelines* at front of document with prominent GRI Index next to Table of Contents



BEST FIRST-TIME REPORT

Kinko's, Inc.

2002 Sustainability Report

The report:

Is a pioneering effort by a retail services company

Describes the company's "ecological footprint" with excellent graphics and text

Identifies issues and aspects of performance for future assessment and continuous improvement

Augments technical performance data with "accessible" metrics to show energy saving or waste reduction in measures like landfill space or harvested trees

Uses innovative normalization factors to examine trends, such as revenues per pound of paper used



COMMENDATION FOR SUSTAINABILITY REPORTING

Ford Motor Company

2002 Corporate Citizenship Report

The report:

Includes a candid CEO message that addresses challenges as well as describing progress made toward meeting environmental goals and targets

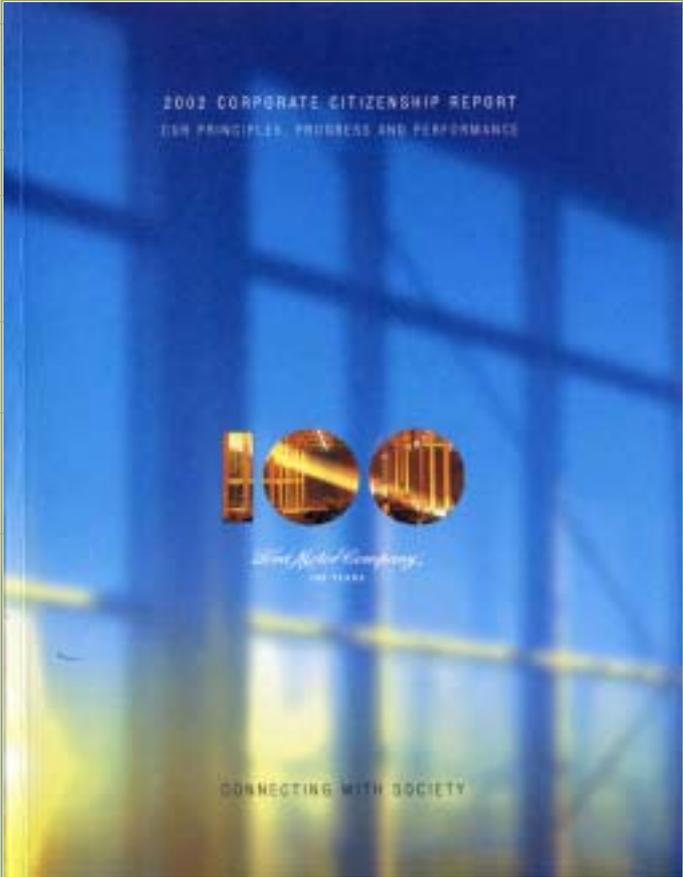
Provides a clear, detailed profile of a large, global company

Addresses business principles and governance, and discusses how these are linked to sustainability performance and stakeholder engagement

Highlights a meaningful set of key indicators and provides a useful summary table of data and results at the start of the report

Covers product impacts extensively, and provides a straightforward discussion of progress made toward meeting climate change commitments

Uses the internet successfully to provide supplemental text and data and provides labels in the GRI Index of the print report to show where additional data is available on-line.



COMMENDATION FOR INNOVATIVE REPORTING

Dofasco Inc.

2002 Annual Report

The report:

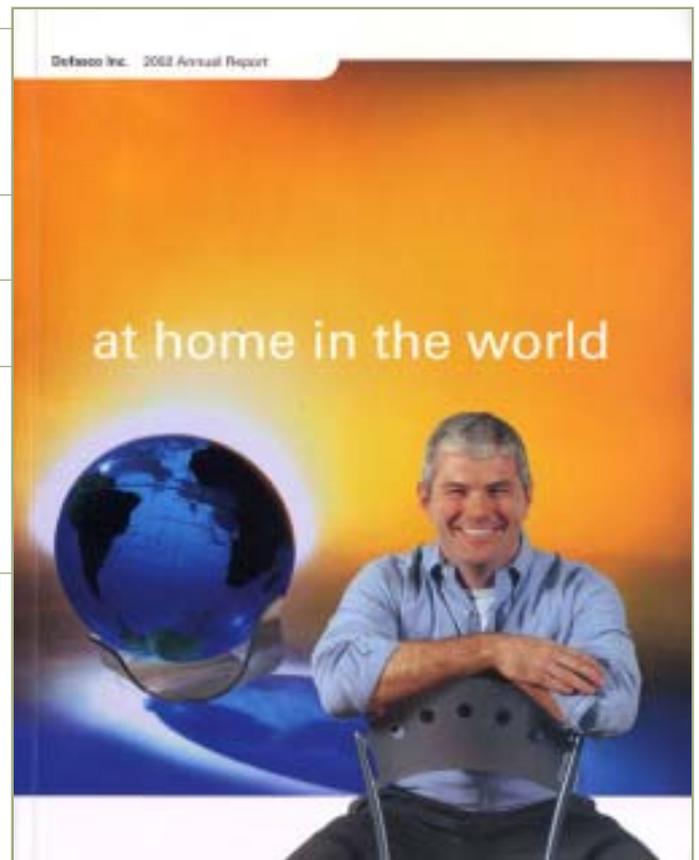
Integrates sustainability reporting with annual financial reporting for the third year in a row, providing substantial financial and sustainability performance information in an effective format

Opens with an exemplary CEO statement that addresses progress and challenges

Presents a profile of key issues and impacts for each major category of stakeholders

Includes an open letter from key community stakeholders who previewed the report and found that, the report “accurately presents useful data and reflects the company’s challenges and successes from the environmental and social perspectives”.

Is complemented by an excellent newsprint summary that is distributed in newspapers where Dofasco operates







Recommendations and observations from the Judges Panel

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

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

Increasing use of GRI Guidelines and the publication of GRI indices adds comparability, without compromising creativity

Increasing numbers of US and Canadian reporters now follow, or use to some extent, the GRI Guidelines. This reflects the increasing global trend of GRI up-take: over 400 organizations now use GRI world-wide.

The GRI 2002 Guidelines requires reporters to include a GRI Index (*'A table identifying location of each element of the GRI Report Content, by section and indicator. The purpose of this section is to enable report users to quickly assess the degree to which the reporting organization has included the information and indicators contained in the GRI Guidelines.'* GRI, 2002). A number of entries included such an index, enabling easy comparison of GRI performance indicators.

The best reports enable the user to capture a picture of performance early and quickly

With the ever-increasing length of reports, it is inevitable that messages may be lost. It is important to include a summary to enable the user to get a fast but accurate picture of the organization's impacts, issues and performance.

A number of companies have included a visual summary of progress/ trends/ performance (e.g. Baxter, Ford, Suncor, Kinko's).

Materiality has emerged as one of the key issues in corporate accountability.

The core debate has revolved around the principle that information is material if its omission or misstatement would lead to an organization significantly misrepresenting itself to stakeholders. Applying materiality tests to reporting processes provides an excellent way for companies to prioritize the large quantities of non-financial data they collect. Furthermore if issues of materiality are explored through stakeholder dialogue, they can significantly strengthen the accountability of these processes and help other stakeholders, internal and external to gain a serious gauge of non-financial risk inside an organization.

Recommendations and observations from the Judges Panel

The judges recommend that, following a transparent process, reporters prioritize the issues most relevant and material to their business, rather than use the report to 'data dump' and overload users with non-significant information.

Integrated sustainability reporting within the annual report is a new trend in this reporting cycle.

A few reporters are starting to integrate reporting of sustainability information and data within the annual report and accounts (e.g. Dofasco, BC Hydro). The inclusion of these aspects in the main annual report will highlight, to shareholders and wider interested stakeholders, the importance of these relevant non-financial issues to an organization and how they are becoming integrated into core business strategy.

Since the information in an annual report is very proscribed and targeted to the shareholder perspective, integrated reports can become overly long and dry or may not address all stakeholder needs. The judges look forward to additional progress and innovation in developing integrated reports that meet diverse stakeholder needs.

Stronger links between corporate governance and sustainability issues are needed

The roles and responsibilities of the Board of Directors are attracting increased scrutiny from stakeholders,

particularly in the light of recent corporate scandals and increased shareholder activism. Stakeholders are increasingly interested in the governance structures within the organization that hold executives accountable for reporting systems.

The convergence of sustainability and Board-level responsibilities, however, is still at the early stages. Despite a small increase in the quantity of governance disclosures this year, the judges hope to see an increasing number of reports develop and improve their disclosures on governance in the future.

Diversity in the approach to reporting

The judges noted that there were a number of innovative reporting approaches adopted to organize performance information. The ones that judges found noteworthy include:

Life-cycle approach e.g. Dell

Ecological footprint e.g. Kinko's

Stakeholder focus e.g. Dofasco

Facility/ site-based e.g. AMD

Web-based reporting on the increase

The proportion of electronic to paper-based reports is increasing steadily. Generally, this is a trend which should be encouraged (resource minimization, reduced distribution costs for reporting companies),

but reporting stakeholders are often frustrated by the overall user-unfriendliness of these reports. The communication aspect of a Web-based report is more important than for its hard-copy equivalent: navigation, accessibility, contents/indices and cross-linking aspects must all be considered and planned for. And recognizing that many users wish to print out a copy or a summary, companies should provide an easily-printable PDF.

Need better disclosure on public policy issues

Few reports disclose the lobbying positions an organization takes on key public policy issues. Even the award winning companies with sustainability reports prepared “in accordance” with GRI had limited disclosure. Better disclosures will demonstrate the level of internal commitment to sustainable development values or principles the organization may have. The degree of internal alignment within the organization will be more transparent. If public policy positions change, these should be disclosed and each change accompanied with an explanation.

Verification statements increase report credibility

The purpose of verification is to add credibility to the report and to instill confidence in the reader: it is difficult to see how statements made in the absence of any under-pinning examination can achieve these purposes. As the Awards’ criteria help explain,

‘External credibility relates to the extent to which there is evidence that, where appropriate, the internal systems and information have been tested and the views of external parties have been incorporated into the report. This includes stakeholder interactions as well as third party statements on the report.’

SME reporters: still low in number but still necessary to report

Few SMEs (small and medium enterprises) report on their social and environmental impacts – as many well-cited barriers remain in their way: lack of resources, lack of finance, lack of demand. The panel of judges, however, believes that all organizations of all sizes and from all sectors should be accountable to their stakeholders – as all organizations have an impact on the environment and society (whether this be directly, indirectly or both). In the next few years, SMEs in the supply chain will likely be affected, as more customers further up the chain begin to exert influence upstream of their operations.

The judges were impressed by the reports of these smaller companies: Ben & Jerry’s, First Environment and YSI (whose report included a GRI content index).



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 and www.cangeo.com/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 Sustainability Reporting Awards program. Further information on Rivanna Natural Designs can be found at www.rivannadesigns.com.



An invitation to participate

Next Year's Reporting Awards – Tentative Timetable

September 2004

Launch of the 2004 Awards

November 2004

Entry deadline

January 2005

Judges' meeting

April 2005

Awards ceremonies

For further information about the CERES-ACCA North American Sustainability Reporting Awards program, please contact:

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