

report of the judges



objectives

The 2005 *Ceres-ACCA North American Awards for Sustainability Reporting* recognize reports on year 2004 performance that were published in 2005. 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, Canada and Mexico,
- 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 fourth year, Ceres and ACCA were pleased that a record 87 companies submitted sustainability, environmental and social reports for review. This year, we received two reports from Mexican companies, and look forward to additional submissions in future years.

Twenty-nine reports were shortlisted, and a judges' panel met in January 2006 to select the award winners. The judges decided to present five awards this year:

- Best Sustainability Report (2 Co-Winners)
- Best Sustainability Report by a Small or Medium Enterprise
- Commendation for Continued Excellence in Integrated Reporting
- Commendation for Continued Excellence in Social Reporting

shortlisted 2005

3M (US) www.3m.com

Alcan (CA) www.alcan.com

AMD (US) www.amd.com

Baxter International (US) www.baxter.com

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

Citigroup (US) www.citigroup.com

Dell (US) www.dell.com

Dofasco (CA) www.dofasco.com

Exelon (US) www.exeloncorp.com

Ford Motor Company (US) www.ford.com

Gap Inc. (US) www.gapinc.com

General Electric (US) www.ge.com

General Motors (US) www.gmresponsibility.com

Hewlett-Packard (US) www.hp.com

Intel Corporation (US) www.intel.com

Nike (US) www.nikeresponsibility.com

Placer Dome Inc. (CA) www.placerdome.com

Potash Corp. (CA) www.potashcorp.com

Industriales Penoles (MX) www.penoles.com.mx

Seventh Generation (US) www.seventhgeneration.com

shortlisted 2005 (continued)

Shell Canada Limited (CA) www.shell.ca

Suncor Energy Inc. (CA) www.suncor.com

Sunoco Inc. (US) www.sunocoinc.com

Syncrude (CA) www.syncrude.com

Talisman Energy Inc. (CA) www.talisman-energy.com

Timberland (US) www.timberlandserve.com

TransAlta (CA) www.transalta.com

Xantera Parks & Resorts (US) www.xanterra.com

YSI Inc. (US) www.ysi.com

entrants 2005

Abbott Laboratories (US)

Alcoa (US)

Applied Materials Inc. (US)

Aspen Skiing (US)

Bank of Montreal (CA)

Bank of Nova Scotia (CA)

BC Hydro (CA)

Bell Canada Enterprises (CA)

Borax (US)

British American Tobacco
Mexico (MX)

Bristol-Myers Squibb (US)

Calvert Group (US)

Cameco (CA)

Cascades Canada (CA)

Catalyst Paper (CA)

Cinergy Corp. (US)

Dow Chemical Canada Inc. (CA)

Dow Corning (US)

Exxon Mobil (US)

Falconbridge Limited (CA)

Gildan (CA)

Greater Vancouver Regional
District (CA)

Green Mountain Power (US)

Hudson's Bay Company (CA)

Hydro Quebec (CA)

Imperial Oil (CA)

INCO Limited (CA)

Inmet Mining (CA)

Interface Inc. (US)

Kennecott Utah Copper
Corporation (US)

Kimberly-Clark Corporation (US)

Louisiana-Pacific
Corporation (US)

Mining Association of
Canada (CA)

National Grid (US)

NB Power (CA)

Newmont Mining
Corporation (US)

Nexen Inc. (CA)

entrants 2005 (continued)

Office Depot Inc. (US)

Ontario Power Generation –
Pickering Nuclear (CA)

PepsiCo (US)

Pinnacle West Capital
Corporation (US)

Plan A (US)

Resolution Copper (US)

SaskPower (CA)

SC Johnson (US)

Smithfield Foods, Inc. (US)

Starbucks (US)

State Street
Corporation (US)

Storaenso (US)

Sun Life Financial (CA)

TD Bank Financial
Group (CA)

Telus (CA)

TXU (US)

UPM-Kymmene Inc. (CA)

Visteon (US)

Weyerhaeuser Company (US)

Wisconsin Energy
Corporation (US)

Xerox Corporation (US)

judging

Ceres and ACCA wish to thank the judges' panel for contributing their expertise and time to the 2005 *Ceres-ACCA North American Awards for Sustainability Reporting*.

A shortlisting panel of judges considers all the entries, evaluating each entrant using the Ceres-ACCA judging criteria. From this analysis a shortlist is created. All shortlisted reports are then considered by a second judging panel for receipt of an award.

Judging criteria

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

- Completeness
- Credibility
- Communication

judging (continued)

Panel of Judges

Brooke Barton Research Associate, Social Enterprise Initiative, Harvard Business School

Kathrin Bohr Director, Member Development Canadian Business for Social Responsibility

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

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

Elizabeth Everhardus Manager of Communications and Senior Project Manager, Pollution Probe

Julie Fox Gorte Vice President and Chief Social Investment Strategist, Calvert Group

David Greenall Senior Research Associate, Governance and Corporate Social Responsibility, The Conference Board of Canada

Steve Lydenberg Chief Investment Officer, Domini Social Investments

Philippa Moore Analyst, SustainAbility

Jennifer Nash Executive Director, Regulatory Policy Program, Corporate Social Responsibility Initiative, John F. Kennedy School of Government, Harvard

Katherine Partridge Managing Partner, Stakeholder Research Associates Canada

Examples of indicators in the Ceres-ACCA criteria

Completeness (40%)

Corporate context

Key (direct and indirect) environmental impacts

Environmental policy and management commitment

Environmental targets and objectives

Scope of the report (by entity)

Reporting and accounting policies

Report audience identified

Credibility (35%)

Contingency planning and risk management

Compliance/non-compliance record

Environmental impact data

Environmental financial statements and full cost accounting

Approaches to stakeholder dialogue

Third party statement

Communication (25%)

Layout and appearance

Understandability, readability, accessibility, appropriate length

Innovative approaches

Availability of a summary report and/or executive summary

Use of internet

Appropriateness of graphs, illustrations, photos

winners 2005

CO-WINNER BEST SUSTAINABILITY REPORT

Hewlett-Packard

2005 Global Citizenship Report

Identifies early in the report the company's three material issues: addressing electronic waste, raising standards in Hewlett-Packard's global supply chain and increasing access to information technology

Presents the company's global reach and performance, in contrast to many reports from global companies that focus on North American issues and impacts

Presents goals and targets in summary format, with detailed goals and progress-to-date in each section

Provides a convincing presentation of strategic alignment between core business and sustainability initiatives

Includes solid coverage of diverse stakeholder engagement efforts

Incorporates a useful summary of non-compliance with audits

Has clear text complemented by effective graphics, with clear notation of web links for additional information

Is effective in all of its varied formats: as a summary document, in its 20- and 100-page versions, and online



CO-WINNER BEST SUSTAINABILITY REPORT

Nike Inc.

2004 Corporate Responsibility Report

Achieves a candid and forward-looking tone, and is very readable even as it presents complex issues

Discloses the names and locations of all its contract factories, which is groundbreaking within its sector

Includes an independent stakeholder statement

Presents a comprehensive environmental discussion addressing product design and manufacture

Candidly discusses challenges and unresolved complexities of monitoring as a mechanism for measuring company and contractor performance

Includes a noteworthy section on political giving

Addresses Nike's power to drive markets for more sustainable products, using the example of organic cotton

Has limited performance data in some areas, but notes where improvements would be made, allowing for future accountability

Weaves the business case for sustainability and corporate responsibility throughout the report



winners 2005 (continued)

BEST SUSTAINABILITY REPORT BY A SMALL OR MEDIUM ENTERPRISE

Seventh Generation, Inc.

Corporate Responsibility Report 2004

Contains thorough coverage of issues and indicators for a smaller company

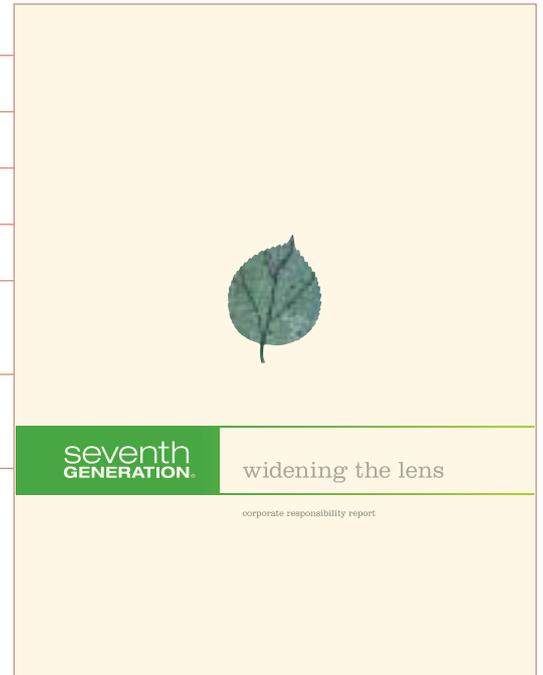
Is a pioneering effort in transparency for a privately-owned company

Achieves an open tone throughout and includes candid employee testimonials

Incorporates effective coverage of how life-cycle analysis affects product design

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

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



COMMENDATION FOR CONTINUED EXCELLENCE IN INTEGRATED REPORTING

Dofasco Inc.

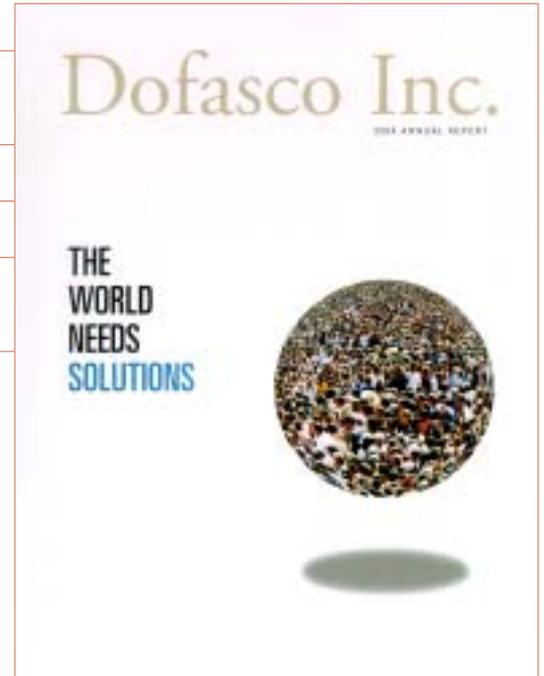
2004 Annual Report

Achieves continuous improvement in a multi-year effort to integrate sustainability reporting elements with the company's annual report

Presents sustainability as a core part of business strategy

Covers performance of subsidiaries and joint ventures

Includes an open letter from community stakeholders about their views on the environment, energy and social well-being sections of the report



winners 2005 (continued)

COMMENDATION FOR CONTINUED EXCELLENCE IN SOCIAL REPORTING

Gap Inc.

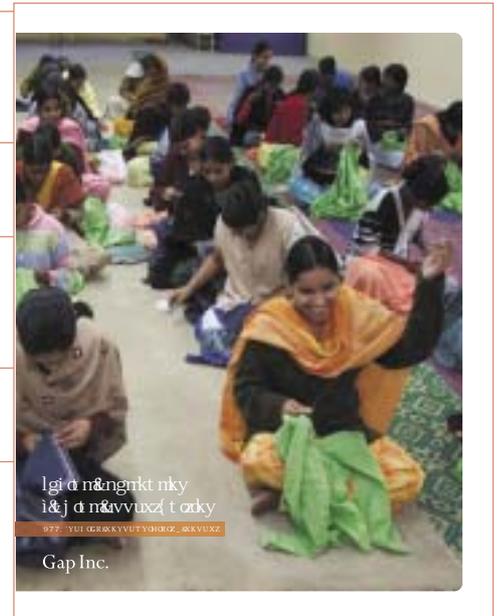
2004 Social Responsibility Report

Continues its open and thorough 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

Demonstrates continuity and thereby gains credibility from having an external stakeholder statement from a Public Reporting Working Group that has worked with Gap over time to address progress against its stated commitments

Achieves high level of readability in both print and web versions, with excellent graphic presentation of global operations and supply chain



judges' 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 noteworthy features of this year's reports and areas for improvement.

Summaries and key performance indicators show that a company can distill and interpret what's most important. Executive summaries make reports much more useful and accessible to a wider audience; this holds true for web-based as well as print reports.

Elevating the focus on materiality

The judges were pleased by the serious approach to materiality demonstrated by a number of reporters, including HP, Nike, Ford, Alcan, and Timberland. However, many companies still take a superficial 'check-list' approach to their reporting, and don't delve deeply enough into the issues most relevant to their company and sector.

Striking the balance between forward- and backward-looking reporting

The judges noted that the best reports included solid performance data with explanatory text, as well as goals and targets that demonstrated a company's direction and intentions for continuous improvement.

Third party verification

Reports this year included various verification efforts that ranged from the 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 current report content and expectations for the future. The judges appreciate the fact that companies are making progress in this area, but also noted that much more was needed to increase the credibility of reporting.

Supply chain accountability is growing

The judges recognized that footwear and apparel companies including Gap, Nike and Timberland have all made important strides with their candid and innovative supply chain disclosure. It is excellent to see that such disclosure is beginning to take hold in electronics as well, as evidenced by the reports in the electronics sector and the development of the Electronics Industry Code of Conduct.

judges' observations and recommendations (continued)

Under-reported topics included public policy and executive compensation

The judges wanted to see more disclosure on political donations and lobbying policies and practices, as well information on executive compensation and anti-bribery policies. General Electric and a few others made some effort in addressing executive compensation, but overall, most reports failed to discuss this issue.

Facility reporting on the rise

The judges were pleased to see that the reports prepared by AMD, Placer Dome, Potash, Sunoco and YSI Inc. incorporated facility-level data in addition to organization-wide or business unit information. This practice allows local stakeholders to understand the performance of facilities that affect them, as well as how they compare with other sites run by the company.

Information layering and multiple report formats

For large, global companies that have many different kinds of stakeholders, the judges appreciated reports that came in multiple formats: the brief information card for a customer, a summary report with a GRI index, as well as a searchable, layered website. The HP, Alcan, Baxter, and Intel reports all performed well in this regard.

Navigability of web-based reports

Most judges still found web-based reports difficult to fully review and use. Transalta's and Baxter's reports were noted as two of the better web reports. Judges wanted web-based reports to be functional for finding specific information quickly, as well as being sequentially readable.

about ACCA and Ceres

ABOUT ACCA

ACCA (the Association of Chartered Certified Accountants) is the largest and fastest-growing international accountancy body with 240,000 students and 110,000 members in 170 countries served by nearly 80 staffed offices and other centres.



ACCA's mission is to provide quality professional opportunities to people of ability and application. ACCA aims to achieve and promote the highest professional, ethical and governance standards and advance the public interest.

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. ACCA's work with business and sustainability also includes a bi-monthly electronic newsletter, dealing with emerging issues via its Committee and working closely with organizations such as FEE and GRI. In recognition of *ACCA UK's* social and environmental issues programme, ACCA has been awarded a Queen's Award for Sustainable Development.

Launching award schemes in a number of countries around the world has helped raise the profile of corporate disclosure issues within those countries and among their national organizations. ACCA Awards serve to encourage non-reporters to publish information on their impacts and, ultimately, help underline the business case for sustainable practices and development.

ABOUT CERES

Ceres is a coalition of 85 environmental, investor, labor and advocacy groups working together to increase corporate responsibility worldwide. Formed in 1989, Ceres created the Ceres Principles, a pioneering 10-point code of corporate environmental conduct that led to widespread adoption of environmental principles by mainstream 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 640 companies using the guidelines worldwide.



sponsors 2005

COVERIS

CoVeris is delighted to sponsor this year's *Ceres-ACCA North American Awards for Sustainability Reporting*. Thanks to the other sponsoring and endorsing organizations, and to all of the companies who participated in this effort. We applaud the winners, and extend our appreciation to the judges who contributed their expertise to this important movement. To find out how CoVeris supports *results from responsibility*, please visit us at www.CoVeris.com, or inquire at info@CoVeris.com.



MEDIA SPONSORS

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/cea2006.



ENDORSERS

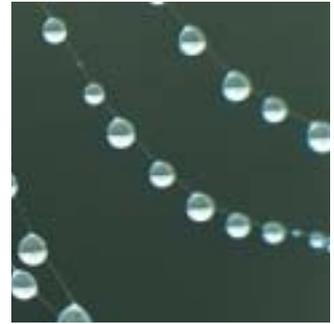
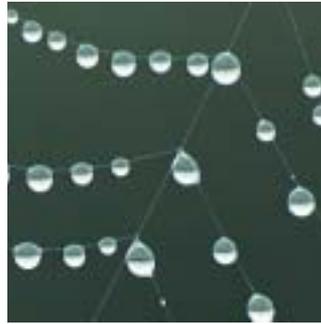
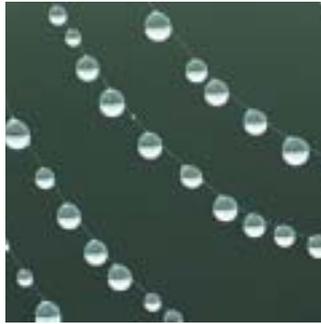
Ceres and ACCA also acknowledge the endorsement and support of the awards by Canadian Business for Social Responsibility (CBSR) and Sustainable Enterprise Academy (SEA).



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

2006 REPORTING AWARDS – TENTATIVE TIMETABLE

September 2006

Launch of the 2006 Awards

November 2006

Entry deadline

January 2007

Judges' meeting

April 2007

Awards ceremonies

Printed on 100% recycled paper with soy-based inks

Further Information

For further information about the *Ceres-ACCA North American Awards for Sustainability Reporting*, please contact:

Al Nierenberg Ceres 99 Chauncy Street 6th Floor Boston MA 02111

tel: 617-247-0700 ext 22 / e-mail nierenberg@ceres.org www.ceres.org

Nigel Hall ACCA Canada 55 St. Clair Avenue West Suite 255 Toronto Ontario M4V 2Y7

tel: 416-966-2225 / e-mail Nigel.Hall@ca.accaglobal.com www.accaglobal.com/sustainability/awards