

CERES-ACCA US Awards for Sustainability Reporting

Report of the judges







Introduction

The CERES-ACCA US Awards for Sustainability Reporting 2002 were launched in November 2002. CERES and ACCA solicited applications for reports on year 2001 performance that were published in year 2002.

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
- Reward best practice and provide guidance to other entities that are publishing or intend to publish sustainability, environmental and/or social reports
- Increase accountability for impacts and responsiveness to stakeholders.

The aim of our Awards Program is to identify and recognize attempts to communicate corporate performance in a manner that will be effective with a broad range of stakeholders. Our aim is to reward transparency, rather than evaluate performance. The judging criteria focused on completeness, credibility and communication effectiveness.

In this first year, CERES and ACCA were pleased that 19 companies submitted sustainability, environmental and social reports for review. A judges' panel met in February to select the award winners.

The judges decided to present awards in three categories this year:

- Sustainability Reporting
- · Environmental Reporting
- · First Time Reporting

A number of sustainability reporters had particularly strong environmental disclosures, and as such were considered alongside the environmental reporters in determining outstanding and commendable "environmental reporting."

This report summarizes the findings and reflections of the judging panel. It also summarizes the strengths of the reports that won awards and provides technical recommendations regarding ways to further improve the standard of reporting in the United States.

Judging

Panel of judges

CERES and ACCA wish to thank the judges' panel for their contribution of time and expertise in this first year of the CERES-ACCA US Sustainability Reporting Awards.

Julie Fox Gorte

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

Amy Muska O'Brien

Director, Corporate Social Responsibility, The Pension Boards, United Church of Christ

Steven Lydenberg

Principal, Domini Social Investments LLC

Hannah Riley

Assistant Professor of Public Policy John F. Kennedy School of Government, Harvard University

Joseph Uehlein

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

Participants 2002

Advanced Micro Devices, Inc.

(www.amd.com)

Agilent Technologies Ltd.

(www.agilent.com)

American Airlines and American

Eagle Airlines

(www.amrcorp.com)

APS

(www.aps.com)

Baxter International Inc.

(www.baxter.com)

Ben & Jerry's Homemade, Inc.

(www.benjerry.com)

Bristol-Myers Squibb Company

(www.bms.com)

Chiquita Brands

International, Inc.

(www.chiquita.com)

Consolidated Edison Company of

New York, Inc.

(www.coned.com)

Ford Motor Company

(www.ford.com)

General Motors Corporation

(www.gmsustainability.com)

Green Mountain Energy Company

(www.greenmountain.com)

Interface Research Corporation

(www.interfaceinc.com)

International Paper

(www.internationalpaper.com)

PPL Corporation

(www.pplweb.com)

Rio Tinto Borax

(www.borax.com)

SC Johnson

(www.scjohnson.com)

Sunoco, Inc.

(www.sunocoinc.com)

Wisconsin Energy Corporation

(www.wisconsinenergy.com)

Winners 2002

JOINT WINNER - OUTSTANDING SUSTAINABILITY REPORTING

Ben & Jerry's Homemade, Inc.

2001 CERES Report

The report:

Continues to set an example for small- or medium-sized companies in the reporting of qualitative and quantitative information about performance

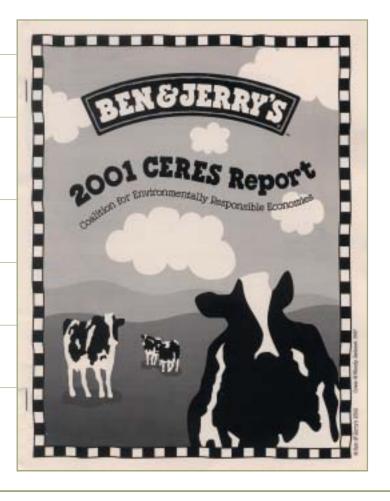
Is comprehensive in scope for any size company — tracking and reporting on an impressive set of indicators and issues, from manufacturing to supplier programs, packaging, distribution, diversity and social performance

Was unique in covering the issue of CEO compensation, and addressing a liveable wage in the context of a developed country

Provides contextual information about the organization, including details of significant changes to it, such as becoming part of the Unilever group

Includes exceptionally thorough reporting on employee relations issues, including wages, benefits, safety, and gender equity

Captures the feel and scope of sustainability, both in the balance of social, environmental and economic coverage, as well as the balance of vision, policy and management systems and performance information.



JOINT WINNER - OUTSTANDING SUSTAINABILITY REPORTING

Chiquita Brands International, Inc.

2001 Corporate Responsibility Report

The report:

Is a pioneering effort by a relatively new reporter

States the company's goals, current status and areas for improvement, and openly discusses the relevant and challenging social and financial issues for their sector and company

Provides detailed information on social performance, including solid coverage of labor practices and the lesser-reported freedom of association issue

Summarizes performance data concisely in tables and graphs, and disaggregates information by country

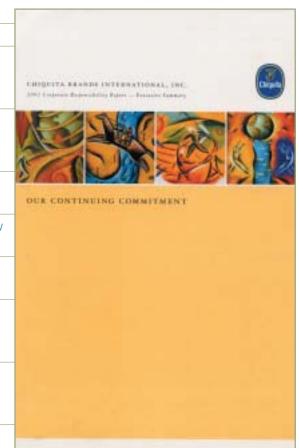
Outlines their financial restructuring of the company debt, including how bondholders, employees and other stakeholders have been affected

Includes quotes from eminent members of relevant external stakeholder groups

Addresses directly the environmental impacts associated with their business, including pesticide use and toxicity, waste management, conservation of water resources and soil conservation

Surveys farm workers and managers about the company's core values: integrity, respect, opportunity and responsibility. Results are displayed by country

Is effective both as an executive summary and as a full-length report.



OUTSTANDING ENVIRONMENTAL REPORTING

Bristol-Myers Squibb Company

2002 Sustainability Report

The report:

Has two verification statements: one to assess the elements and performance of the corporate environmental health and safety (EHS) evaluation process, and the second to assess the systems for collecting and reporting data from facilities world-wide

Is web-based, easy to navigate and has both an effective search engine and index functions

Addresses supplier, customer and contractor issues such as supplier diversity, purchasing guidelines and contractor FHS evaluations

Benchmarks their performance with peer companies in the pharmaceutical sector, and provides comparisons for energy consumption, lost time accident rate, carbon dioxide emissions, and water consumption

Describes extensively their 'Sustainability 2020 goals' that address continuous improvement performance targets as well as environmental stewardship efforts, including EHS research contributions, endangered species sponsorship, and land preservation

Includes detailed facility level reporting, as well as group-level reporting.



COMMENDATION FOR ENVIRONMENTAL REPORTING

Advanced Micro Devices, Inc. (AMD)

2001 Sustainability Progress Report

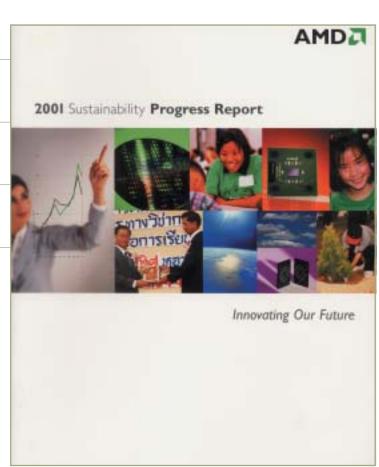
The report:

Discusses the core environmental issues pertinent to their business: climate change, energy conservation, toxic chemicals management and product stewardship

Provides detailed, disaggregated data for each of their facilities/sites, including normalized, absolute and trend data

Provides links to their website, listing further reports which can be found there (such as their annual report, TRI information and global climate protection plan)

Addresses product take-back issues.



OUTSTANDING FIRST TIME REPORTING

Wisconsin Energy Corporation

WEC Performance Report

The report:

Effectively and thoroughly applies the Global Reporting Initiative (GRI) guidelines and includes a GRI contents index for easier location of each GRI indicator

Defines the boundaries of its scope, and provides contact details in case further information is required

Is accessible via the website or CD-rom

Names the staff responsible for oversight, implementation and audit of sustainability-related policies

Identifies who their stakeholders are and explains what their approaches to stakeholder consultations involve

Lists their principal memberships and major changes in operations and locations

Addresses freedom of association and collective bargaining issues, discloses political lobbying activities and contributions, and lists unions that represent employees.

WILLIAM STRUKES AND STRUKEN STRUKEN

2001 PERFORMANCE REPORT



Vision and Strategy
A blessage From
Stehard A Abdoo
Chairman of the Bused, President and CRD

Exemuse performance should not be the adornomous of a business. A tody macroscial company earth a profit tod at the expense of, but while working in the necessis of, the Earth and society.

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The Global Reporting Institutive (GRI), fromted as 1997, has marked caster for companion would side to condust their total performance ... economic, overloomment and social ... and to solid or Republic and choic what they find with their constitutions in it is that sport that WEL offers this first Performance Report, developed using GRI reporting middless.

The GRI philosophy is fully consistent with our becomes strategy and with our vision for the frame. Our success is closely leaked to the success of our home states and communities. This is equally true for our of thy adoldshires, We Energies and Ethica: Saidt Electric, and he can more all by substillation. WHOM Indicates, Manargy, Woperk and Whosest. As we look hash on our performance is recent years, we see that our grounded socioese claims through initiation that integrated connection on immediate and would be notifie.

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Reliable, competitively prical descriptive is extended to committe growth and prospectly lin the late 1990s, signs appeared that the demand for electricity was embedging the capacity to supply it. In 2006, WIC stepped forward to help point the state of Wisconsin toward a smooth creepy forms. After extended computations with a broad strapy forms. After extended consultation, with a broad strapy of internal is business apparaturations, clefts and broad-consultation, with a broad strapy, shortly exceptions, environmental groups. Form groups, manifested and filter, organizated labor, recall manchastic and social ordinates. We attribute provide Factory It in a 57 billion, It years glass to build now power plants in table 2,500 insegments, superior assisting provide plants, that doors other and neighbors provide plants, and represent the description system.

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Global Reporting Initiative update

The Global Reporting Initiative (GRI) is a multi-stakeholder process and independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines. These Guidelines are for voluntary use by organizations for reporting on the economic, environmental, and social dimensions of their activities, products, and services. The GRI incorporates the active participation of representatives from business, accountancy, investment, environmental, human rights, research and labor organizations from around the world.

Started in 1997 by the Coalition for Environmentally Responsible Economies (CERES), the GRI became independent in 2002. It is an official collaborating centre of the United Nations Environment Programme (UNEP) and works in cooperation with UN Secretary-General Kofi Annan's Global Compact. ACCA served on the Steering Committee that guided

the development of the GRI until its June 2002 spin-off from CERES. Both CERES and ACCA have representatives on the GRI Board of Directors.

The June 2000 GRI Sustainability Reporting Guidelines are the version of the guidelines used by many of the reporters in this US first reporting awards program. The second, expanded version of the GRI reporting guidelines was issued in August 2002, just prior to the World Summit on Sustainable Development in Johannesburg (at which GRI received extensive highlevel political support). The 2002 Guidelines represent a significant step forward for sustainability reporting, containing an improved set of environmental indicators alongside much-expanded sets of social and economic performance indicators.

Much of the improvement in the scope and depth of the 2002 Guidelines flowed from GRI's

ability to activate and engage with a much wider variety of stakeholders in their preparation than had been the case for the 2000 version. In particular, labor and the NGO movement contributed strongly to the development of the 2002 Guidelines.

There are many tasks for GRI to complete in the future, including obtaining feedback on the quality of the 2002 Guidelines from preparers, users and verifiers, via the launch of a structured feedback program (which is an essential step in the process of keeping the Guidelines dynamic and evolving). Reviewing GRI's position on assurance issues, widening the program of sectoral supplements and securing a long-term funding base also need to be undertaken.

For more information on the GRI and the 2002 Sustainability Reporting Guidelines, see www.globalreporting.org

Judges recommendations and observations

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 economic, environmental and social performance in industries where many of their peer companies are opaque and silent. These companies are all contributing to the advancement of best practices for sustainability reporting that achieves transparency, completeness and comparability.

The judges offer these observations and recommendations for future reporting:

Make CEO statements more meaningful

The purpose of a statement from the CEO (or other senior employee) is to demonstrate that senior management is committed to economic, social and environmental goals and to explain how those goals align with their business strategy. The CEO statement should include both the achievements and pitfalls of the previous year, and a discussion of the crucial challenges that lay ahead for its organization and sector. Many current statements lack this rigor, tend to focus on good news, and avoid discussing the difficult issues that the core business faces.

Indicate the importance of particular performance indicators and how the company is addressing strategic issues for its sector

A number of reports include data on the many indicators

specified in the GRI guidelines, but do not indicate the relative priority of impacts, particularly the life-cycle impacts of products relative to product manufacturing impacts. Few reporters discuss and report progress on more challenging issues such as climate change. While performance data on carbon dioxide emissions is disclosed, the wider discussion on climate change and its implications for the company and its sector in the future is lacking.

Disclose how stakeholders are involved with reporting process

One of the key underlying principles of the GRI is that reporters will supplement or emphasize coverage of GRI indicators in consultation with stakeholders. Disclosing how stakeholders are involved in the reporting process will help improve the completeness and credibility of reports.

Address how sustainability is or will be taken up as a corporate governance issue

A few companies, such as Baxter International, included a prominent discussion of governance issues. The 2002 GRI Sustainability Reporting Guidelines have a "Governance and Management Systems" section that should help companies address this important sustainability issue in future reports.

Disclose public policy positions

Reports should disclose the lobbying positions an

organization takes on key public policy issues. These disclosures will demonstrate the level of internal commitment to the organization's sustainable development values or principles. The degree of internal alignment within the organization can also be measured. If public policy positions change over time, these changes should be disclosed and accompanied by an explanation.

Expand coverage of social indicators

Social disclosures appear to have an internal bias, with social information on employee data, health and safety and staff surveys being commonly reported. There is often a notable absence in the reports of the company's policies toward and relationship with organized labor. American Airlines included particularly detailed information about its unionized employees.

External social information, such as data covering local community and wider society issues, is lacking in many reports. Reporters should not focus solely on philanthropic activities at the expense of exploring how their core business activities affect communities and society.

Present costs, savings and the business value of environmental and sustainability efforts

Companies that do not wish to disclose detailed financial data are nonetheless urged to provide descriptively how the company is reducing costs and risk or building markets as it achieves its sustainability goals.

Baxter International's report has a noteworthy environmental financial statement that presents the costs and savings associated with its environmental program.

Discuss transitions and how they affect reporting and data quality

Organizations that are undergoing mergers or financial challenges may experience difficulties either maintaining the quality of data in a report, or producing the report at all. The judges acknowledge that periods of change will potentially strain high reporting standards temporarily, but urge companies to follow the example of Ben & Jerry's and Chiquita International in openly disclosing changes underway.

Improve verification statements

The purpose of verification is to add credibility to the report and to instill confidence in the reader that the report is complete and accurate. The judges commend those reports that include statements from independent third parties.

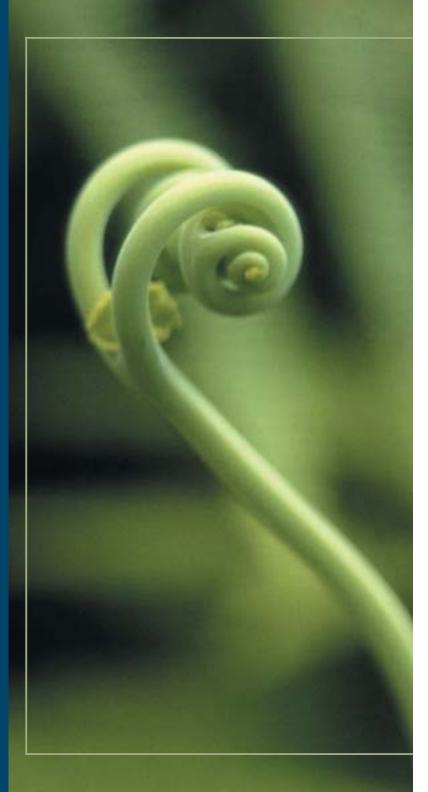
Enhance user friendliness of web-based reports

The judges discussed the merits and challenges of web-based versus printed reports. Global access to information is possible when a report is web-based — but only for those who have Internet access. The judges recommend that web-only reporters should explain how they make their reports available to workers, consumers

and citizens who have limited access to the Internet. Whether web or print, they preferred reports that had summary information clearly presented in one place, as well as effective index functions (or search engines in the case of web-based report). There was general agreement that future applicants for awards should provide at least an executive summary of the report in print form.



CERES and ACCA would like to thank Rivanna Natural Designs for donating the recycled glass awards for the CERES-ACCA US Sustainability Reporting Awards. 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 2003

Launch of the 2003 Awards

November 2003

Entry deadline

January 2004

Judges' meeting

April 2004

Awards ceremony

For further information about the US Awards scheme, please contact:

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