



EUROPEAN
SUSTAINABILITY
REPORTING
AWARDS

2004

REPORT OF THE JUDGES

Introduction

Each year, the winning reports from participating European national schemes may be submitted for the European Sustainability Reporting Awards (ESRA). The ESRA is open to all types of organisation, irrespective of size (large or small) and sector (private or public). In total, 31 reports were submitted in this ninth year. The report entries came from various different industries and organizations. The full list of 15 participating countries in the ESRA scheme and their contact details are given at the back of this report of the judges.

The objectives of the European Sustainability Reporting Awards are:

- to contribute to further and better reporting on environmental and sustainability issues by organisations across Europe
- to reward best practice and provide guidance to other entities that are publishing or intend to publish environmental or sustainability reports
- to encourage organisations to take up public environmental and sustainability reporting
- to increase organisations' accountability and to increase their responsibility to stakeholders

The panel of the judges rewarded the following:

Best sustainability report 2004

Co-operative Financial Services (CFS)

United Kingdom

Commendation for an SME sustainability report 2004

Biosphärenpark Großes Walsertal

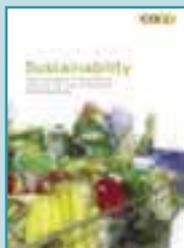
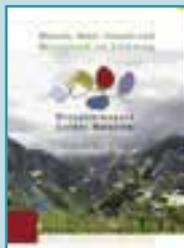
Austria

Environmental reporting

This year both 'environmental only' and 'extended' environmental reports (that include also social and/or economic information) were entered in the ESRA environmental reporting category. When such an expanded report is entered into the ESRA environmental reporting category, the judges only assess the environmental disclosures.

The judges felt that reporters must decide when their environmental report has actually developed into a sustainability report, as the distinction between a full sustainability report and an expanded environmental report becomes less clear.

The judges felt that the quality of the environmental reports showed little to no progress compared to the entrants from last year and that the disclosures in the more expanded environmental reports was deemed better than the environmental-only reports. No award was given this year as none of the reports met the standards for best environmental reporting in Europe.



The ESRA 2004 judging panel

As well as representatives from participating countries, three independent judges also joined the ESRA judging panel.

This year, the judging panel members were as follows:

Judges representing the ESRA 2004 participating countries

Dr Christine Jasch	Austria
Mr Olivier Costa	Belgium
Ms Helle Bank Jørgensen	Denmark
Mr Hannu Koskinen	Finland
Mr Pierre Marcenac	France
Dr F. K. Burk	Germany
Prof Brendan O'Dwyer	Ireland
Dr Nancy Kamp-Roelands	The Netherlands
Mr Sigve J. Aasebø	Norway
Mr Rui Beja	Portugal
Mr Jose M. Moneva	Spain
Mr Gunnar Abrahamson	Sweden
Dr Thomas Scheiwiller	Switzerland
Mr Paul Scott	UK

Independent judges

Mr Dominique Bé	European Commission
Ms Theresa Fogelberg	Global Reporting Initiative (GRI)
Ms Susanne Stormer	Novo Nordisk

Non-voting chair

Mr Job Hottentot

The ESRA judging criteria

The ESRA criteria have been divided into two parts:

Contents (50%) and Reporting Principles (50%)

Contents:

1. CEO (or equivalent senior manager) Statement (5%)
2. Executive summary and key indicators (5%)
3. Profile (5%)
4. Reporting and accounting policies (5%)
5. Vision and strategy (5%)
6. Governance structure and management systems (10%)
7. Performance (15%)

Reporting Principles:

- | | |
|--------------|--------------------------|
| Principle 1. | Relevance (5%) |
| Principle 2. | Reliability (5%) |
| Principle 3. | Clarity (5%) |
| Principle 4. | Comparability (5%) |
| Principle 5. | Timeliness (5%) |
| Principle 6. | Completeness (5%) |
| Principle 7. | Verifiability (10%) |
| Principle 8. | Overall impression (10%) |

For more information about the criteria, please see the Web pages of the sponsoring bodies.



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ESRA 2004 entries

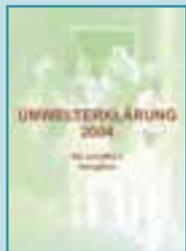
The following reports, all national winners, were submitted into ESRA 2004 from the European countries as listed:

Sustainability reports

Baer (SME)	Switzerland
BASF	Germany
Biosphärenpark Großes Walsertal (SME)	Austria
CESPA	Spain
COOP	Switzerland
Co-operative Financial Services	United Kingdom
Danisco	Denmark
EDP-Electricidade de Portugal SA	Portugal
Heineken	The Netherlands
Kesko	Finland
Neumarkter Lammsbräu (SME)	Germany
Österreichische Kontrollbank AG	Austria
Proventia Group (SME)	Finland
Renault	France
SAS	Sweden
Statoil	Norway
Tinfos Titan & Iron KS (SME)	Norway

Environmental reports

Airbus	France
Berufsschule Kehl (SME)	Germany
BG und BRG 6, Rahlgasse (SME)	Austria
CELBI - Celulose da Beira Industrial	Portugal
Grundfos	Denmark
Musgrave Group	Ireland
Nederlandse Gasunie	The Netherlands
Repsol YPF	Spain
SCA Laakirchen AG	Austria
SLL	Sweden
Stadtwerke Karlsruhe	Germany
Thames Water Utilities Ltd	United Kingdom
Tine BA	Norway
UPM-Kymmene	Finland



Trends and developments in ESRA entries

From reviewing the 2004 entries, the judges identified the following trends and developments in European reports:

Environmental reports are expanding in scope

The scope of environmental reports is widening, increasing their social, and to some extent their economic, content. Reporting organisations are clearly in transition.

Integration of financial and sustainability reports

Some of the reports entered into ESRA 2004 were annual reports that included environmental and/or sustainability disclosures. In the future it is expected that more organisations will choose to integrate their sustainability and more traditional financial information into one report. The EU Modernisation Directive could possibly be a key driver, as it requires companies:

“to the extent necessary for an understanding of the company’s development, performance or position, the analysis shall include both financial and where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters.”

Sustainability reporting is not just a corporate activity

The judges were pleased to see a number of reports entered for ESRA 2004 that were not only from private organisations, but also public organisations including those from two schools.

Increasing role of internet

Reporters increasingly use the internet as a reporting tool in various ways - for example as the primary interactive medium for their report or to provide additional information to supplement their hard copy report.

Best Sustainability Report 2004

Co-operative Financial Services (CFS) United Kingdom

The report:

- Is very comprehensive
- Shows a link between partners, their information needs and the indicators reported on
- Provides symbols to identify the relevant information for each partner
- Includes a description of their approach to reporting
- Links sustainable development to their business drivers
- Provides targets for two years
- Reports on significant risks for the business
- Shows conflicts and turnover that was missed due to non-acceptance because of conflict with the business principles
- Explains trends in the data
- Provides reference to the website for additional information
- Includes benchmark information
- Includes information on CFS that is obtained from internal and external surveys
- Shows their compliance with GRI
- Includes an assurance report on the reliability of the information and in addition opinions of experts on the performance of CFS
- Has a clear structure



European Sustainability Reporting Awards





Commendation for an SME sustainability report

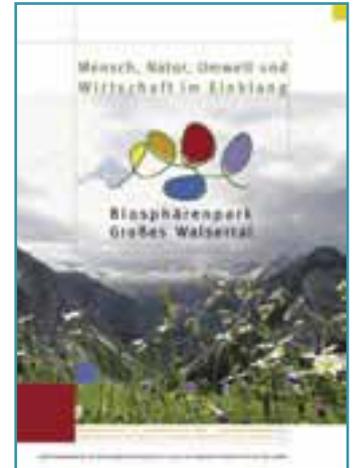
Biosphärenpark Großes Walsertal

(Regionalplanungsgemeinschaft Großes Walsertal im Wirkungsbereich des UNESCO Biosphärenpark Großes Walsertal)

Austria

The report:

- Is an encouraging example to others of how a community initiative can report
- Discusses the relevant themes, related aspects and measures taken for the organisation
- Defines parameters and prioritises them
- Has a logical order in discussing issues



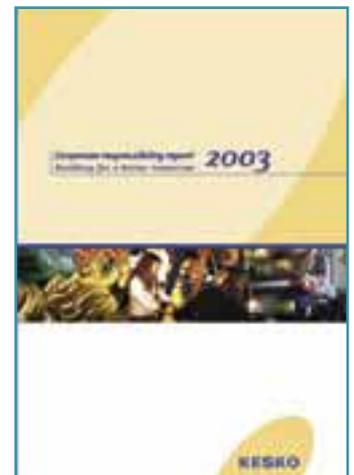
Judges remarks on other sustainability reports

Kesko

Finland

The report:

- Provides a good insight into the business activities and its link with sustainable development
- Provides information on the social quality control of suppliers and of transport
- Illustrates via case studies, making it interesting and relevant to the reader
- Includes clear information on its stakeholder analysis
- Describes its management systems and associated certification, and ways to measure its implementation and embeddedness
- Has a clear structure

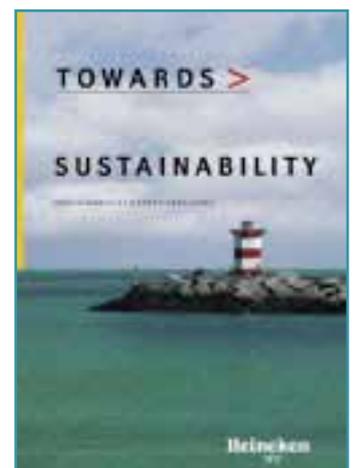


Heineken

The Netherlands

The report:

- Describes the system boundaries of the report and the accounting principles behind it
- Has a clear and focused CEO statement
- Is open and honest about sensitive issues like alcohol abuse and sexual harassment
- Provides an overview of all their operating companies
- Has a clear structure, and is a pleasure to read



Technical recommendations from the ESRA judges

The following areas are perceived by the panel of judges to be areas where greater emphasis is required in environmental and sustainability reports.

Link to the business case

Reports must clearly show their business case for sustainable development.

Reporting principles

Most reports still lack a clear explanation of the reporting principles used, such as the influence of stakeholder engagement, the selection of key performance indicators, the policy in regard to obtaining the data and inherent limitations in the reliability of the data. Reports must also state their scope clearly.

More focus on materiality

Reports must focus on the most significant aspects of an organisation's activities. They must provide information on how they have assessed the materiality of information to be included in the report (for example, by providing a clear link between their business principles and business strategy, or having an appropriate stakeholder consultation which helps to identify the key issues which should be reported on).

Sustainable development as a process

The readers should get an insight in the improvements made in the area of sustainable development. Reports can be further improved by reporting on sustainable development as a process, by disclosing the targets and progress made in the current year, and the targets set for next year. Many reports still lack quantified performance targets.

Views obtained from external stakeholders

Organisations should consider including more information that is obtained from outside the organisation rather than just providing information from the inside. Examples include stakeholder surveys and views of experts.

Information on CSR in developing countries

Organisations that operate in developing countries should include disclosures concerning this. To improve the completeness of the report, affected stakeholders from these geographic areas should be part of their engagement process.

Key performance indicators and their presentation

Information on policy and measures taken should be supplemented by key environmental, social and economic performance indicators. Careful consideration should be given to the presentation of data. Trend data should be provided (with clear explanations), as well as both normalized and absolute figures for a more complete picture of performance. Data should also be placed in both a local and global context. Graphics should be readable and relevant. Where possible these data should be benchmarked, for instance within the sector.

More challenging assurance reports

Assurance reports could be more challenging and could contribute to the quality of sustainability reporting if they would include findings related to particular aspects of the engagement or recommendations for further improvements. Such additional information is clearly separated from the auditor's conclusion and worded in such a manner so as not to affect that conclusion. For an adequate interpretation, the assurance report should include a clear description of the subject matter and objectives of the assurance engagement, the procedures performed and the conclusions, including any uncertainties that have affected the auditor's conclusion.



European Sustainability Reporting Awards



ESRA 2004 contact details

The full list of the ESRA 2004 participating accountancy bodies and countries is:

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European Sustainability Reporting Awards

