

the

50

The 2002
Corporate Knights
**Best 50
Corporate
Citizens**
in Canada
Annual Ranking

On the following pages, you will see which of Canada's companies are leading the charge to a better world. They are not all in step, and sometimes they march backwards, but they're the best we've got.

AT ITS WORST, a corporation can poison the water we drink, prop up brutal dictatorships, assassinate inconvenient indigenous leaders, blow up 3,800 employees (Union Carbide in Bhopal, India, 1984), swindle billions from shareholders and governments through tax and accounting evasion, or bring proud men or women to tears by shattering their job security.

At its best, however, the modern corporation can be an incubator for human progress and wealth creation. A well-run corporation



BEST CORPORATE CITIZENS IN CANADA

by The Corporate Knights

can help sustain the communities that sustain it by contributing to public programs through the payment of its full taxes and even picking up the slack or innovating public goods in space where the government cannot or will not.

Where are these well-rounded companies lurking, and who is the best? In the US, there has been a ranking of the Best 100 Corporate Citizens since 1996. Up to now, no such list existed in Canada. In 1997, the FP 500 took a stab at listing Canada's most responsible corporations. However, they were not ranked and the idea was abandoned after only one year. Now, The 2002 Corporate Knights Best 50 Corporate Citizens in Canada Annual Ranking lists Canada's best 50 well-rounded corporations for everybody to see for the first time in our country's history.

A well-run corporation can be a place where its workers—some of whom spend more waking hours at work than home—not only make a living wage, but a place where they build their self-worth and satisfy the most primordial of human needs: to be part of something bigger than one's self.

A well-run corporation can transfer know-how, capital, and culture to Third-

world nations; a fusion that aids the impoverished and teaches us new perspectives that are essential to our long-term survival.

A well-run corporation not only strives to minimize environmental harm, but can help to wipe out the long trail of environmental degradation by developing new ways of doing things that are environmentally sound, such as fuel cells, wind power, water filtration without chemicals, and organic crop techniques.

A well-run corporation can make life less worrisome by providing products that meet only the highest safety and quality standards, even if it costs a little more in the short-term.

A well-run corporation allows all its shareholders—no matter how small—to propose resolutions by providing transparency on the *Triple-Bottom Line* (financial, social, and environmental), and by compensating people based on the value they bring to the enterprise rather than their proximity to the firm's power brokers.

A well-run corporation rewards prudence by guiding itself in a legitimate way to create long-term value, thus unlocking the awesome power of compound interest to the average Joe.

How we find the Best 50 Corporate Citizens in Canada

1. We take the largest 300 companies on the Toronto Stock Exchange.
2. Michael Jantzi Research Associates (MJRA) Inc. performs extensive research on corporate social and environmental performance, and assigns a score of between -100 and +100 to all 300 companies in six different categories (Community, Employee Relations/Diversity, Product Safety and Business Practices, Environment, International, and Corporate Governance). If a category does not apply to a firm then a neutral score of zero is assigned.
3. Corporate Knights calculates a Share Performance score for the 300 companies between -100 and +100, based on the 5-year total return to shareholders assuming reinvestment of all dividends on a quarterly basis. If a company has less than a 260-week history, it receives a neutral score of zero.
4. A weighting schedule is applied to all the categories based on a stakeholder model, in which there are five stakeholders (shareholders, nature, employees, customers, and citizens). Each category is assigned a weighting on the basis of how strongly it affects the five stakeholder groups. Community: 7.5%. Employee Relations/Diversity: 15%. Environment: 17.5%. Product Safety and Business Practices: 25%. International: 17.5%. Corporate Governance: 5% and Share Performance: 12.5%.
5. The Ideal Company would score 100 in each of the seven categories. Using a distance between two points formula, each company is plotted on a chart using the seven weighted category components as coordinates, to see how far each company is from the Ideal. The closer a company is to the Ideal Company's point, the better its score. To ensure the final list is representative of Canadian industry, we use Standard & Poor's MSCI Global Industry Classification Standard (GICS) applied to the 300 companies to determine how many company slots are allocated from each of the ten GICS economic sectors to the Best 50 list.
6. The 50 companies closest to the Ideal Company's point that fall within the GICS economic sector slots make the preliminary Corporate Knights Best 50 Corporate Citizens in Canada Annual Ranking.
7. The Corporate Knights advisory panel, comprised of leading individuals from business, NGOs, government, and the media, screen the Best 50 to ensure rankings are as fair to the facts as possible.
8. Advisory panel input and findings are submitted to MJRA. In applicable cases, company scores are adjusted. The 50 companies that score closest to the Ideal Company and fall within the GICS Economic Sector slots make The Corporate Knights Best 50 Corporate Citizens in Canada Annual Ranking.

How are Canada's corporations doing? In the past this question was easy to answer. Take a look at a firm's profits or share performance, and presto: the company's value to society was evident. Then questions started to crop up, such as *Who is the best employer? Who has the best board? Who has the best environmental record? Who is the safest company? Who best supports the community? Who keeps a nice front yard without dumping in the back?*

Old school stalwarts—or dinosaurs—like economist Milton Friedman and *Financial Post* editor Terence Corcoran mocked the merit of such questions, fearing that corporations would be derailed from the virtuous path to profit. Others, including management guru Peter Drucker plus top Canadian CEOs such as Tony Comper and Gerry Schwartz, disagree: doing good is not about doing the right thing, it is about long-term profitability.

Then Enron happened. Formerly the seventh largest company in the United States, Enron had a record of poor international dealings in India, had lobbied on behalf of a war criminal (Former Croatian President, Franjo Tudjman) to secure special contracts, opted to cheat the taxman and buy the politicians, paid lavish compensation to top executives, rigged energy prices during the energy crisis in California, and lied to investors. The company that had wooed Wall Street with its cooked-up earnings finally blew up. This was a crushing blow to Enron employees and investors and a giant step forward for those that had placed merit in the value of a well-rounded corporation.

Today's society demands and requires well-rounded corporations, and investors have no choice but to seek these companies out, or risk re-enacting Enronomics. Employees want to work for a company in which they believe. Investors want a company they can trust. Communities welcome companies that bring benefits and reject or even terrorize those that bring discord. Customers shy away from a com-

The 2002 Corporate Knights Best 50 Corporate Citizens in Canada Annual Ranking Advisory Panel

- VALERIE CHORT, Practice Leader, Environment, Health & Safety, Deloitte & Touche LLP
- EDWARD BROADBENT, Co-Chair Canadian Democracy and Corporate Accountability Commission
- MICHAEL JANTZI, President, Michael Jantzi Research Associates Inc.
- DEB ABBEY, CEO and Portfolio Manager, Real Assets Investment Management Inc.
- ADINE MEES, Executive Director, Canadian Business for Social Responsibility (CBSR)
- STEVE KANGAS, Managing Editor, Fundlibrary.com
- FRANCOIS REBELLO, Director, Groupe Investissement Responsable
- PETER CHAPMAN, Executive Director of the Shareholder Association for Research and Education (SHARE)
- ELLEN ROSEMAN, Business Columnist, Toronto Star
- DONALD M. COOPER, Chair, Queen's University Investment Committee

pany they know to be 'bad', and gravitate to products made by companies they respect.

So how did Corporate Canada fare in the first annual ranking of the Corporate Knights Best 50? Far from a sunny day, but there is much to commend that suggests that the clouds may be parting.

Where are the ladies? Weak points for Canadian companies include female representation at senior levels. At the beginning of this year, there was not a single female CEO among any of the TSE 100 companies. Having even 25 per cent female representation on the board of directors is considered astoundingly high.

CSR is not PR For many companies, practicing corporate social responsibility (CSR) is less about substance than it is about public relations. Cynicism is not deflated when an oil company spends millions on a television ad campaign that appears to associate it with pristine pictures of nature, while it is among the worst environmental performers in the country. Talking the talk is not good enough. Canadian companies need to get candid, and walk the walk. Encouragingly, many companies are coming to this realization.

Keep it real Some companies still insist on clinging to their delusional versions of reality about issues that impact the safety of Canadians. Just as tobacco companies long maintained that cigarettes are not addictive, there is at least one large company in the Canadian oil patch that denies global warming is occurring.

Holistic Some companies still have a simplistic view of what being well-rounded means. Several senior managers we spoke with still equate being well-rounded only with charitable donations. As you will note from our Word from the Top feature (p. 25), many of Canada's most powerful businessmen do recognize a fuller meaning of what it means to be a solid corporation.

Time for transparency Finally, there are still problems with disclosure of information. Companies need to increase transparency by disclosing social and environmental performance. There are over 200 social and environmental indicators that firms can track and report. Corporations that are serious about being good citizens should have their social and environmental performance evaluated by standardized procedures and audited by a third party – just like financial statements.

the 50 BEST CORPORATE CITIZENS IN CANADA

2002 Annual Ranking

GICS Economic Sector Company Slots for The Best 50 Ranking

Consumer Discretionary 6

industries from Advertising to
Tires & Rubber

Consumer Staples 3

industries from Agricultural
Products to Tobacco

Energy 6

industries from Integrated Oil &
Gas to Oil & Gas Refining &
Marketing

Financials 7

industries from Banks to
Reinsurance

Health Care 5

industries from Biotechnology to
Pharmaceuticals

Industrials 6

industries from Aerospace &
Defence to Trucking

Information Technology 6

industries from Application
Software to Telecom Equipment

Materials 8

industries from Aluminum to Steel

Telecommunication Services 2

industries from Alternative
Carriers to Wireless
Telecommunication Services

Utilities 1

industries from Electric Utilities to
Water Utilities

TOTAL 50

Sector	Company Name	Rank By Sector	Best 50 Rank	Score [†]
Industrials	Zenon Environmental Inc.	Gold	1	72.6
Industrials	Husky Injection Moldings Systems Ltd.	Silver	2	67.4
Telecommunication Services	Manitoba Telecom Services Inc.	Gold	3	67.2
Financials	RBC Financial Group	Gold	4	66.5
Consumer Staples	Jean Coutu Group (PJC) Inc.	Gold	5	66.4
Health Care	MDS Inc.	Gold	6	65.8
Energy	Suncor Energy Inc.	Gold	7	65.8
Utilities	BC Gas Inc.	Gold	8	65.8
Energy	Petro-Canada	Silver	9	64.2
Financials	Bank of Nova Scotia	Silver	10	63.7
Industrials	G.T.C. Transcontinental Group Ltd.	Bronze	11	63.5
Materials	NOVA Chemicals Corporation	Gold	12	63.2
Consumer Discretionary	Westport Innovations Inc.	Gold	13	63.2
Financials	Canadian Imperial Bank of Commerce	Bronze	14	62.7
Financials	TD Bank Financial Group	4	15	62.4
Financials	Investors Group Inc.	5	16	61.5
Materials	DuPont Canada Inc.	Silver	17	61.5
Financials	National Bank of Canada	6	18	61.0
Consumer Discretionary	Torstar Corporation	Silver	19	60.1
Health Care	QLT Inc.	Silver	20	60.0
Financials	Clarica Life Insurance Company	7	21	59.7
Consumer Discretionary	Thomson Corporation	Bronze	22	58.9
Consumer Discretionary	Four Seasons Hotels Inc.	4	23	58.6
Energy	Paramount Resources Ltd.	Bronze	24	58.2
Industrials	WestJet Airlines Ltd.	4	25	58.0
Health Care	Biovail Corporation International	Bronze	26	57.5
Telecommunication Services	TELUS Corporation	Silver	27	57.1
Consumer Discretionary	Canadian Tire Corporation Limited	5	28	57.1
Information Technology	Zarlink Semiconductor Inc.	Gold	29	56.8
Consumer Discretionary	Cara Operations Limited	6	30	56.1
Industrials	Toromont Industries Ltd.	5	31	55.9
Industrials	Finning International Inc.	6	32	55.1
Materials	Tembec Inc.	Bronze	33	54.4
Consumer Staples	Corby Distilleries Limited	Silver	34	54.1
Materials	Dofasco Inc.	4	35	53.9
Materials	CCL Industries Inc.	5	36	53.5
Information Technology	Creo Inc.	Silver	37	53.1
Health Care	Hemosol Incorporated	4	38	52.7
Materials	Nexfor Inc.	6	39	52.5
Energy	Trican Well Service Ltd.	4	40	51.9
Information Technology	Cognos Incorporated	Bronze	41	51.8
Information Technology	Gennum Corporation	4	42	51.6
Health Care	Glyko Biomedical Ltd.	5	43	51.4
Consumer Staples	George Weston Limited	Bronze	44	51.2
Materials	Falconbridge Limited	7	45	50.8
Energy	Precision Drilling Corporation	5	46	49.7
Materials	Noranda Inc.	8	47	49.6
Energy	ShawCor Ltd.	6	48	49.2
Information Technology	Certicom Corporation	5	49	48.4
Information Technology	Research In Motion Limited	6	50	47.4

[†] Note: The Ideal Corporation would score 100 on the Best 50 Score. Scores have been rounded to one decimal place.

The 2002 Medalists

The top three companies from each sector in the Best 50 Ranking

Consumer Discretionary

GOLD

Westport Innovations Inc. developed a fuel injection technology that allows diesel engines to operate using natural gas without sacrificing performance or fuel economy.

Environment: High-pressure direct injection (HPDI) technology allows natural gas to be used as the primary fuel for compression ignition (diesel) engines, resulting in reduced emissions.

Employees: Bonus program and a share purchase plan.

SILVER

Torstar Corporation publishes books, newspapers, and educational materials. Its holdings include the Toronto Star and Harlequin Enterprises.

Community: Donated \$2.1 million to charity in 2001: 1.3 per cent of its pre-tax profits averaged over past three years (note: all firms' per cent of pre-tax profits are based on past three years).

Employees: Three of the 14 board directors are women. Women occupy two out of a total of eight senior offices.

BRONZE

Thomson Corporation is one of the world's largest digital media firms.

Employees: Internships, scholarships, targeted outreach/recruitment programs for members of disadvantaged groups, including a resource group called Transgender & Friends ERG. Flextime.

Consumer Staple

GOLD

The Jean Coutu Group (PJC) Inc. is a Quebec-based pharmaceutical chain.

Community: Donated \$1.2 million to charity in 2000 (1.2 per cent of profits before tax).

Employees: Four of 16 board directors are women. Six women occupy senior offices (out of a possible 26). On-site daycare and flextime arrangements. Employee participation in decision-making. Forty-five per cent of its employees in Canada are unionized.

SILVER

Corby Distilleries Ltd. is a maker and importer of spirits including Canadian Club rye whisky and Latvian-made Stolichnaya vodka.

Community: Donations program and sponsors a variety of cultural activities.

Employees: One-third of board directors are women, as well as two of seven senior managers including the CEO, Krystyna Hoeg.

BRONZE

George Weston Ltd. makes and sells food through the Loblaws chain of supermarkets.

Community: Targets donations toward education and the environment.

Employees: Nearly one-third of senior managers are women.

Weston's fine record is tarnished by their 61.4 per cent stake in Loblaw Companies Ltd., which has been plagued by ongoing labour disputes and a poor health and safety record.

Health Care

GOLD

MDS Inc. is the largest health and life sciences company in Canada.

Employees: Employee benefits available to both full-time and part-time staff. Two of ten board directors are women. Formal programs for employee consultation and communication. Support Programs to help laid-off employees. Share ownership and deferred profit sharing plans. Flexible work hours to fit employees schedules. 15 per cent of company employees are unionized.

Environment: Environmental management system health and safety policy.

Environmental Health and Safety (EH&S) committee of the board of directors.

SILVER

QLT Inc. makes light-activated drugs that aid in the treatment of cancer and blindness.

Employees: Nearly one-third of senior managers are women. Strong programs to help employees balance work and family life. Employee and family assistance plan. Massage therapy available on Fridays.

BRONZE

Biovail Corporation International manufactures and sells pharmaceutical products, including a strong lineup of generic drugs.

Employees: Formal employment equity policy. All employees who work 30 hours per week have access to a full-service employee assistance program.

Industrials

GOLD

ZENON Environmental Inc. manufactures innovative water filtration systems (membranes) that look like spaghetti.

Environment: One-hundred per cent of its revenue comes from the sale of products that purify water without the use of harmful chemicals.

Community: Donated microfiltration-based drinking water plant to a 200-resident community of the Temagami First Nation in Bear Island, Ontario in 1998.

Employees: Profit sharing available to full and part-time employees. Share purchase plan offered to both full and part-time employees.

Employee parliament that deals with all employee concerns (excluding wages).

SILVER

Husky Injection Molding Systems Ltd. makes among other things, molds for robots.

Environment: Statement of purpose commits company to environmental responsibility.

Community: Donates more than one per cent of pre-tax profits to charity.

Employees: Manufacturing 'campuses' offer fitness and wellness facilities.

BRONZE

G.T.C. Transcontinental Group Ltd. publishes newspapers and magazines.

Employees: Profit sharing plans at 20 of its 30 plants. Two of twelve board directors are women. Twenty per cent of senior officers are women.

Environment: Modified production processes to reduce environmental impact. Vancouver printing plant was first such plant in the world to recycle most of its liquid waste.

Information Technology

GOLD

Zarlink Semiconductor Inc. is a leader in the field of 'seamless connectivity' which allows us, for instance, to send a message from a PC to a Blackberry.

Employees: Formal employment equity policy. Flexible working hours at select locations. Share ownership plan.

Environment: Environmental policy and management program.

SILVER

Creo Inc. creates software for graphic artists.

Employees: Disability management/return to work program. Employee computer purchase program. Health and safety committee.

Environment: Environmental policy and management program.

BRONZE

Cognos Incorporated produces James Bond-style business intelligence software.

Employees: Employee volunteer committee

and corporate volunteerism program. Formal employment equity and personal harassment policies. Health and safety committees.

Community: Donated \$1 million to Carleton University to help establish Canada's first human-computer interaction laboratory in 2002.

Materials

GOLD

NOVA Chemicals Corporation manufactures petrochemical products such as plastic bags and furniture.

Employees: (See silver medal in the category of Employee Relations/Diversity).

Environment: Five main environmental objectives:

1) Minimize the potential environmental risks associated with its products during their life cycle.

2) Conserve resources.

3) Minimize emissions and waste.

4) Proactively manage emerging environmental issues.

5) Achieve a sustainable competitive advantage through the effective use of technology to address environmental issues.

In November 2001, NOVA was fined \$600,000 under the Ontario Environmental Protection Act for two separate toxic releases, placing it among the most heavily penalized companies on the Toronto Stock Exchange.

SILVER

DuPont Canada Inc. is a chemical company that among other things sells synthetic fibres, pesticides, and the CoolMax™ performance fabric in Rollerblade.

Environment: Distinguished by its commitment to carrying on business while caring for the environment (See Gold Medal Environment).

BRONZE

Tembec Inc. is a forestry company that was born when a grassroots movement rose to wrestle control of a mill from a multinational company in Temiscaming, Quebec.

Employees: Vision statement: "A company

of people building their own future." Leonard Robinson, the union president, is on the board of directors. Programs to encourage employee participation in decision-making.

Environment: Forever Green program to integrate sustainable forest management criteria into forestry practices by 2005. Zero Impact program to minimize the environmental impact of Tembec's fibre processing activities by 2005. Works with World Wildlife Fund Canada to certify all its forestry operations to Forest Stewardship Council standards.

Tembec pleaded guilty to discharging contaminants, failing to report the discharges, and exceeding limits on a number of substances between December 1998 and August 2000. They racked up fines of \$100,000 and a victim fine surcharge of \$20,000.

Energy

GOLD

Suncor Energy Inc. is an oil and gas company whose primary commodity is the oil sands near Fort McMurray, Alberta.

Environment: Suncor's vision is "to become a sustainable energy company." Launched a \$100 million investment in alternative and renewable energy projects in 2000.

SILVER

Petro-Canada is a petroleum company with a chain of gas stations spanning the nation.

Environment: Invests in alternative energy projects and ways to reduce its environmental impact.

BRONZE

Paramount Resources Ltd. specializes in natural gas.

Employees: Significant representation of women in senior management and on the board of directors.

Financials

GOLD

RBC Financial Group is Canada's largest financial institution.

Community: Donations totaled \$26.3 mil-

lion or 1.1 per cent of pre-tax profits in 2001. Provided sponsorships totaling \$18 million.

Employees: Three of nineteen board directors are women.

SILVER

The Bank of Nova Scotia is one of Canada's largest and most globally-minded banks.

Employees: 20 per cent of board directors are women.

International: Micro-lending program based in Guyana. Donated \$4 million to endow the Scotiabank Jamaica Foundation Ltd.

BRONZE

Canadian Imperial Bank of Commerce (CIBC) is one of Canada's Big Five banks.

Community: Donated \$40 million in cash to charity in 2001. Made \$1.6 million of in-kind donations in 1999.

Employees: Three of 21 board directors are

The Top 25 Corporate Citizens:

The below list are the 25 companies who scored the best, irrespective of GICS Economic Sector allocation.

1	Zenon Environmental Inc.
2	Husky Injection Moldings Systems Ltd.
3	Manitoba Telecom Services Inc.
4	RBC Financial Group
5	Jean Coutu Group (PJC) Inc.
6	MDS Inc.
7	Suncor Energy Inc.
8	BC Gas Inc.
9	Petro-Canada
10	Bank of Nova Scotia
11	G.T.C. Transcontinental Group Ltd.
12	NOVA Chemicals Corporation
13	Westport Innovations Inc.
14	Canadian Imperial Bank of Commerce
15	TD Bank Financial Group
16	Investors Group Inc.
17	DuPont Canada Inc.
18	National Bank of Canada
19	Torstar Corporation
20	QLT Inc.
21	Clarica Life Insurance Company
22	Great-West Lifeco Inc.
23	Manulife Financial Corporation
24	Thomson Corporation
25	Bank of Montreal

women.

Telecommunication Services

GOLD

Manitoba Telecom Services (MTS) Inc. is Manitoba's telecommunications company.

Employees: Job sharing. Flextime. Almost 84 per cent of employees are unionized.

Environment: Environmental policy. Annual environmental audits. Environmental performance review.

Product Safety and Business Practices: Corporate code of business ethics.

SILVER

TELUS Corporation is Canada's second-largest telecommunications company.

Community: Donated \$10.4 million to charity in 2000. Match employees' and retirees' donation pledges to Canadian charities during annual fall workplace campaigns.

Employees: Employment equity policy. Telecommuting. Job sharing.

Environmental: Environmental policy and objectives in place.

BRONZE

Aliant Inc. is a large Halifax-based telecommunications company.

Community: Aliant Pioneers, a volunteer organization of Aliant employees, retirees, partners and families provides community services.

Employees: Employment equity policy. Extended parental leave. Job sharing. About 39 per cent of employees are unionized.

Environment: Environmental policy. Energy conservation and green buying program.

Utilities

GOLD

BC Gas Inc. is the largest distributor of natural gas in British Columbia.

Employees: (See bronze medal in the category of Employee Relations/Diversity).

Product Safety and Business Practices: Formal health, safety, and environment policy.

Environment: Environmental management system (ISO 14001 standard). Launched pro-

grams in 2001 to encourage energy conservation among its customers.

SILVER

TransAlta Corporation is Canada's largest unregulated power generator.

Employees: Develops employment opportunities for and business relationships with aboriginal communities.

Environment: Committed \$100 million to a Sustainable Development Research and Investment Fund for investments in renewable energy, carbon offsets, and for research and development of new technology. Five million investment in Vision Quest Windelectric Inc., a company that generates power from wind turbines.

In 2001, approximately 73 per cent of the electricity generated by TransAlta was derived from coal-fired power plants, which are substantial emitters of sulfur dioxide, nitrogen oxide, mercury, and other toxic substances.

BRONZE

Enbridge Inc. distributes natural gas.

Product safety and Business Practices: "One Company, One Vision" strategy, company-wide environment, health & safety (EH&S) policy.

International: Adopted voluntary principles on security and human rights to deal with controversy surrounding its operations in Colombia.

Enbridge is the most heavily fined company in its sector. The total of fines it has received ranks among the highest among of all Toronto Stock Exchange firms.

Issue Area Medalists

Community Relations

GOLD

Suncor Energy Inc. is an oil and gas specialist. Donated approximately \$3.3 million to charity (one per cent of pre-tax profits) in 2000. Provides internships and co-operative work experiences for qualified aboriginal students.

Runs career fairs in aboriginal communities. In 1999, the Fort MacKay First Nation negotiated a socio-economic agreement and an environmental agreement with Suncor.

SILVER

Falconbridge Limited produces nickel and copper.

Donated over \$2.5 million to Canadian charities and the Dominican Republic.

Signed an agreement in 1995 with the Makivik Corporation, the organization that represents Inuit people in the northern part of Quebec for development of the Raglan mine. Makivik will receive \$14 million in guaranteed payments and up to \$61 million in profit sharing over an 18-year period. Aiming to achieve 20 per cent Inuit participation in the workforce. Priority given to Inuit suppliers in the bidding process.

BRONZE

EnCana Corporation, the product of a merger between PanCanadian Energy and Alberta Energy Company (AEC), is the world's largest independent producer of oil and gas. Aboriginal affairs department maintains liaisons between aboriginal groups. Signed benefits and access agreements with aboriginal communities in Alberta, British Columbia, and the Northwest Territories. Graduated 53 aboriginal youth from training programs on reserve. Funds Medicine Institute to develop practical uses of Eastern medicine. Matches employees' charitable contributions to the dollar.

This company's ranking in this category is based solely on the performance of its domestic operations. Although the company has several innovative community programs in Ecuador, it has faced significant local opposition to its plans to construct and operate the Oleoducto de Crudos Pesados pipeline.

Employee Relations/Diversity

GOLD

MDS Inc. is the largest health and life sciences company in Canada.

Two of ten board directors are women. Employment equity policy. Formal programs for employee consultation and communication. Employee benefits available to both full-time and part-time staff. Support available for laid off employees. Employee share ownership and deferred profit sharing plans, and flexible work hours. Subsidized fitness and wellness facilities at many facilities.

SILVER

NOVA Chemicals Corporation manufactures petrochemical-based products.

Formal employment equity and anti-harassment policies. Offers diversity training. Supports an internal women's network. Job sharing, telecommuting, and parental leave.

Savings, stock options, and profit sharing plans. Company-wide fitness and wellness programs. Access to tuition support, business start-up grants, and subsidies provided to laid-off employees. Subsidize employees that work with a community organization.

Formal programs for employee consultation and communication.

BRONZE

BC Gas Inc. is BC's main utility provider. Formal employment equity policies. Outreach program recruits underrepresented groups.

Employee share purchase, savings and bonus plans. Makes a charitable donation on behalf of employees who perform an outstanding safety act or reports health and safety risks.

Environment

GOLD (Tie)

DuPont Canada Inc. all-round chemistry whizzes, makers of a plethora of household items. Keeps environmental performance indicators, including emissions, incidents, recycling, and waste. Adheres to Canadian Chemical Producers' Association Responsible Care Program. Reduced total emissions (excluding CO₂) by 85 per cent from 1990-2000. Reduced energy use per unit of production by 25 per cent from 1990-99.

Promised to eliminate packaging waste from its raw materials and products by 2005.

Carpet reclamation project finds uses for old nylon carpets removed from commercial buildings. Stopped producing chlorofluorocarbons (CFCs) three years ahead of the goal of the Montreal Protocol.

GOLD (Tie)

Husky Injection Molding Systems Ltd. makes injection moldings systems for the plastics industry. Environmental, health, and safety (EHS) policy commits it to incorporating environmental considerations into its business. Pressures business partners to strive for high EHS standards. Incorporates environmental considerations into the design of its products and facilities, and in its operational practices. Engineering mandates to make products that are less noisy, require less energy and less materials. Waste minimization program achieved a landfill diversion rate of 95 per cent in 2000 and 2001. Program to reduce use of ozone-depleting substances. Eliminated the use of herbicides, pesticides, and chemical fertilizers by converting 60,000 square metres of grass to a naturalized landscape. Part of Pollution Probe's Clean Air Commute programme. As part of Markets Initiative, promised to shift from ancient forest products to sustainably harvested fibres.

If Husky has one weak point, it is that its disclosure of environmental performance falls short of what one would expect from such a fine company.

BRONZE

Dofasco Inc. is a steel magnate. First company to sign agreement with Environment Canada in 1997, to "use all reasonable efforts" to be more green than laws require. Set specific targets for air quality, waste management, and energy usage. Committed to improve water quality and to reduce emissions to water.

In spite of this agreement, the company remains a major emitter of a variety of pollutants.

Aqua Pura

by Paul Fengler and Toby Heaps

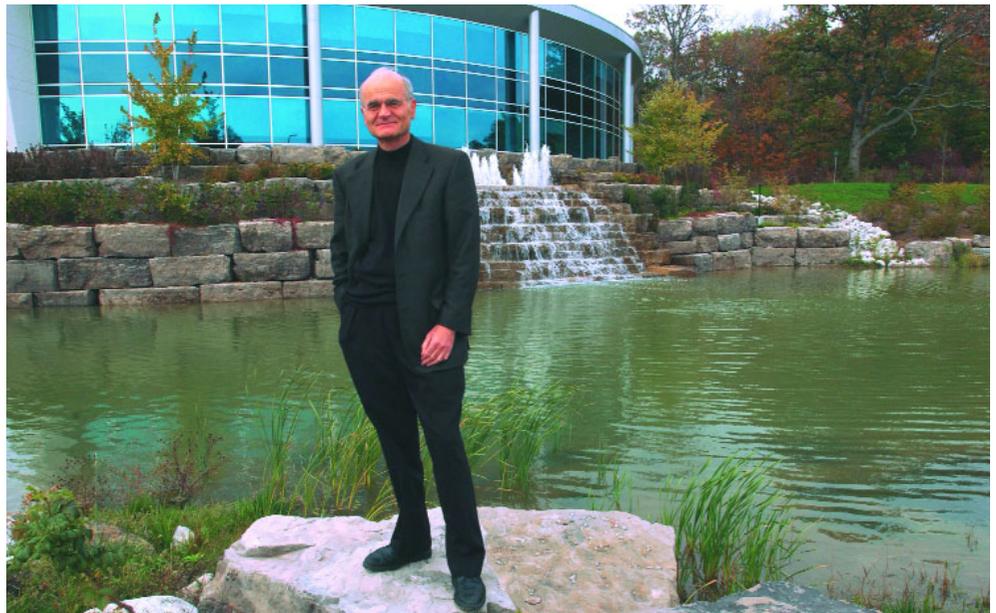
From Budapest with love: Andrew Benedek escaped the Hungarian Revolution in 1956 only to start a new one in his adopted homeland, a revolution in water purification. His company, Zenon Environmental Inc. earned the #1 ranking as Canada's Best Corporate Citizen for 2002.

"I would rather drink my own waste water than the tap water in most U.S. cities," Andrew Benedek, CEO of Zenon Environmental Inc., states. Asked to clarify if he means after the water has gone through his company's filtration system, he replies: "Yes, of course. I'm not that crazy."

Like his father, and his father's father before him, Andrew Benedek was meant to become a shoemaker in the Hungarian capital of Budapest. That was before Soviet Tanks thundered through the streets in 1956. As the Iron Curtain started to close tighter, Benedek made a swift retreat to Canadian shores.

By 14 he was making ballpoint pens in Montreal. Next came a degree in Engineering from McGill University, followed by a PhD from the University of Washington in Seattle. By 1980, the shoemaker's son had stepped up to a professorship at McMaster University in Ontario, but soon grew restless: "I really wanted to make a difference in the world for water purification because I saw tremendous problems that the world would face with water shortages and I thought that these problems could best be solved by membranes," he said. "No one in the world believed that membranes would become a common way of filtering water. I walked up to the Dean before I started Zenon and told him, 'I want to do this, I want to leave.' Then I started my company."

Twelve years later, Benedek's bet on membrane technology has paid off. With a



DR. ANDREW BENEDEK, CHAIRMAN and CEO, ZENON Environmental Inc.

five-year simple return of 236 per cent, Zenon Environmental is filtering water in more than 40 countries with cell membranes that look like plastic spaghetti strands littered with billions of microscopic pores. All \$125 million in revenue Zenon made in 2001 came from the sale of products that purify water without the use of harmful chemicals.

One of Zenon's community contributions is their donation of a microfiltration-based water purification plant to the Temagami First Nation in Bear Island, Ontario. The plant provides a community of 200 with clean drinking water and according to the company, has successfully reduced the high incidences of giardiasis—or 'beaver fever', an intestinal illness caused

by microscopic water-borne parasites—that had plagued the area.

Zenon also ensures a high level of employee involvement; virtually no decision that affects workers is made without their unanimous support in the firm's Employee Parliament. They can't ask for everything, however. In the classic conflict of interest where they raise their hands to wage increases? "Then I might object," Benedek replied, raising his.

Zenon provides one of the most basic of human needs: clean H₂O, while conducting itself in the most chivalrous of fashions. Is it the Ideal Corporate Citizen? For 2002, it's King of the Castle. Benedek is a man willing to put his mouth where his water is.

Word From The TOP

If one person can make a difference, imagine 43 of the most influential business leaders in Canada.

We asked the CEOs of the 100 largest companies in Canada to define Corporate Social Responsibility in the 21st Century. This is what they had to say.

"In the 21st century the successful management team is one that would assume responsibilities toward the employees and shareholders with diligence."

—François J. Coutu, President, The Jean Coutu Group (PJC) Inc.

Tim W. Faithfull

CEO, Shell Canada Limited

"For a business to be consistently profitable and achieve long-term growth, it must provide economic benefits to its customers and shareholders, meet the needs of customers and society (including its employees), conserve the environment for future generations and make a positive social impact. Openness, transparency, and effective communication are critical, and support sound business governance."

Darren Entwistle,

CEO, TELUS Corporation

"We can play an important role in shaping the quality of economic, social and physical life in the communities where we do business. Our emphasis on social responsibility says a lot about who we are: an innovative company. A company with vision. A company that leads by example."

Hank B. Swartout

CEO, Precision Drilling Corporation

"To maintain our quality of life we must be aware of social, economic and environmental impacts of our operations. We recognize our responsibility, not only to shareholders but to the wellbeing of the communities, citizens and employees we serve world-wide."

Ronald A. Brenneman

CEO, Petro-Canada

"Corporate Social Responsibility is really just a case of understanding the need to be a good corporate citizen. We know that consistent financial success can only be achieved with reputable performance on environmental protection, safety, community involvement and employee wellbeing."

Gordon M. Nixon

CEO, RBC Financial Group

"We believe our success is intrinsically connected to the economic and social wellbeing of our community and our country. Individuals, governments, not-for-profit organizations and business are all connected in this mission, for each has a role to play in building and maintaining a civic society. And each stands to benefit from the success of the others."



Richard L. George

Suncor Energy Inc.

"Corporate Responsibility comes to life in the way we communicate and interact with stakeholders and in our recognition of the economic and special needs of neighbouring communities."



Gerald W. Schwartz

CEO, ONEX Corporation

"It's simple. We live in a great community that provides us with the opportunity to operate our business. We want to be able to help build the community so that opportunity is there for others in the future."

Donald A. Stewart

CEO, Sun Life Financial Services of Canada Inc.

"There is a role for corporations to play in their communities beyond maintaining the quality of their products and the price of their stock. We define Corporate Social Responsibility as the operation of our business in a manner that meets or exceeds the ethical, legal, commercial and public expectations of society."



A. Charles Baillie

CEO, TD Bank Financial Group

"Corporations need to help preserve the elements of Canadian life that make us distinct [...] To accomplish that, we must maintain and improve Canadians' standard of living by seeking to increase Canada's competitiveness on the global stage. Only when we do these things, and do them well, will corporations have truly earned a place as leaders in society."

John S. Hunkin

CEO, Canadian Imperial Bank of Commerce

"Innovation and accountability are at the heart of our core values—and go beyond delivering strong financial results to our shareholders. This includes being responsible to our employees, customers, and the communities where we operate."

William C. Fraser

CEO, Manitoba Telecom Services Inc.

"At the most fundamental level, it reflects the principles of accountability, commitment, integrity and respect. When corporations keep social responsibility as a focal point, the benefits for all stakeholders—and society—accrue naturally."

Charlie W. Fischer

CEO, Nexen Inc.

"A solid Social Responsibility program goes hand-in-hand with good business practice. It means considering social and environmental impact, in addition to economics, in every decision made both internationally and locally."

Richard J. Harrington

CEO, Thomson Corporation

"We strive to develop a mutual trust and act in the best interest of our shareholders, employees, customers, and the communi-

ties in which we work and reside as these actions are crucial to our long-term success. This entails a commitment to help people realize their true potential by fostering an environment of diversity, continuous learning and development."

Jay K. Taylor

CEO, Placer Dome Inc.

"Our vision is to leave behind the capacity for a better future for our host communities wherever we operate. I believe we can attain sustainable benefits of mining for communities and governments by helping people to help themselves while adhering to high standards of social justice and fair practice."

"...the business enterprise is the creation of society and an economy, and society or economy can put any business out of existence overnight. The enterprise exists on sufferance and exists only as long as the society and the economy believe it does a necessary, useful, and productive job."

—Peter F. Drucker

David W. Kerr

CEO, Noranda Inc.

"Corporate Social Responsibility means we make certain that economic development for our shareholders is linked to the environmental and social needs of society."



Paul J. Hastings

CEO, QLT Inc.

"To me, Corporate Responsibility can be summed up in two words: common sense. Our goal is to satisfy shareholders that we are doing everything to ensure their investment pays off. One way to do that is to ensure that our employees—the heart, soul, and intellect of our business—are happy and motivated to succeed."

Pierre Choquette

CEO, Methanex Corporation

"Our core values are integrity, trust, respect and professionalism—values that we live by, no matter where we do business around the world...and we believe these values and principles form the basis for Corporate Social Responsibility."

Kwok Yuen (KY) Ho

CEO, ATI Technologies Inc.

"Social responsibility starts at home, by treating employees well and helping them thrive and grow into strong community members. To that end, we strive to be one of the best companies to work for in the Canadian technology industry."

R. Jeffrey Orr

CEO, Investors Group Inc.

"Good corporate citizenship will be even more integral to the success of companies in the 21st Century than it was in the past. Our core values of integrity, quality and responsiveness guide all of our relationships with clients, consultants, employees and shareholders while our mission and code of conduct ensure we carry out our human and business transactions in a responsible way."

Travis Engen

CEO, Alcan Inc.

"We interpret social responsibility as conscientious cooperation with our communities, our employees, and all other stakeholders. This includes providing a safe and healthy work environment, respecting local culture, and working together to achieve mutual benefits for our business and the

communities in which we operate. Our goal is to be a 'company of choice,' no matter what stakeholder group is involved."

Firoz Rasul

CEO, Ballard Power Systems Inc.

"Corporate Social Responsibility means responsible stewardship of our resources, assets and stakeholders, which includes the greater community stewardship of the environment and is a key part of our ethic."

F. Anthony Comper

CEO, Bank Of Montreal

"...After 35 years in the business world, I still can't think of anything more rational and realistic than for corporations to act as good, socially responsible citizens. It doesn't take a whole lot of looking around to establish a direct and compelling link between healthy, successful communities and healthy, successful businesses. [...] What this means is that even if we accept the much-debated premise that the sole purpose of corporations is to maximize shareholder value, contributing to the good of the community continues to be both a sensible and necessary business tactic."



Peter C. Godsoe

CEO, Bank of Nova Scotia

"Corporate Social Responsibility is about creating an atmosphere in which community involvement and caring is encouraged and supported enthusiastically. For us, it involves everything from our environmental policy, to efforts to make our operations more accessible to employees and customers with disabilities, to our commitment to education, health, and arts and culture in communities around the world."

"It's a two-way relationship, really. We are given the chance to create value for our shareholders in the various communities and countries where we do business. In return, we are good employers and good corporate citizens, setting new standards in protecting the environment, and giving back in ways that improve economic and social well-being. In the 21st century, corporations must realize that a strong sense of social responsibility goes hand-in-hand with sustained profits."

—Peter Munk, Chairman, Barrick Gold Corporation

Jean C. Monty

CEO (1998-2002), Bell Canada Enterprises

"Profitability and social responsibility go hand-in-hand. From investing in education and the arts, to preserving the environment, building community infrastructure, fostering the creation of Canadian content and broadcast programming, we're working to enhance the social and economic wellbeing of our society."

John M. Reid

CEO, BC Gas Inc.

"We must deal fairly, openly and honestly with the communities that our business activities bring us in contact with. We must ensure our activities have no lasting ill effects on the environment when we construct new projects, and we try to create an environment where employees can best utilize their talents and achieve goals that benefit themselves and the company."

Robert E. Brown

CEO, Bombardier Inc.

"The pressure on businesses to be socially responsible is increasing, and we must be able to count on them to implement business processes that will produce an overall positive effect on today's global society. As a socially responsible corporation, our goal is to generate positive outcomes for all stakeholders—including employees, customers, communities and investors, while protecting the environment."

Eugene N. Melnyk

CEO, Biovail Corporation

"No successful company works in a vacuum. I think the first step towards corporate responsibility is to recognize how important your operating environment is. That environment includes your employees, your customers, the communities you operate in, your area of business, and many other factors. The next step is to make respect for that environment a part of your corporate culture. The third step is to support that environment through appropriate programs, initiatives and general business practices."

Wayne C. Sales

CEO, Canadian Tire Corporation, Limited

"Social responsibility enriches the lives of our customers, our shareholders and our team. Our commitment to social responsibility, which includes rigorous environmental, health and safety practices, extends to our associate dealers, who are actively involved in the life and charitable work of the communities in which they live and work."

Robert J. Ritchie

CEO, Canadian Pacific Railway

"Corporate Social Responsibility recognizes the balance required between healthy profitability and healthy relationships with our communities of interest — including employees, customers, all levels of government and shareholders. We believe success depends on our ability to operate our busi-

ness and our appreciation of issues that are important to the communities in which we are a part of — issues such as safety, the environment and quality of life."

Eugene V. Polistuk

CEO, Celestica Inc.

"We aim to be a responsible corporate citizen in each of the communities in which we operate. We attribute our success to the drive and capabilities of our employees who strive for quality in their work and in their communities."

Serge Godin

CEO, CGI Group Inc.

"In seeking to realize the dream we are pursuing and in being a responsible corporate citizen, we constantly go back to our solid foundations. We are strong believers in quality and the synergy created by teams working in the right atmosphere. By successfully developing the human resources we need, our society will prosper."



Paul M. Tellier

CEO, Canadian National Railway Company

"Corporate Social Responsibility to all stakeholders is a core value at CN. It is evident in superior returns to shareholders, performance for customers, sharing of productivity gains with employees, and the low environmental impact of operations."

John M. Cassaday

CEO, Corus Entertainment Inc.

"It means creating opportunities for sustainable growth and success by paying attention to the social, environmental and morale impact of corporate decisions and actions. How we conduct business today will set a path for others to follow tomorrow."

Gwyn Morgan

CEO, Encana Corporation

"Successful corporate leaders in the 21st century will understand that there need be no compromise between Corporate Social Responsibility and acting in the best interests of shareholders...strong, vibrant communities are at the core of a strong vibrant country. A set of widely accepted principles and values will form at least the minimum measurements for all companies, and which best-of-class companies can surpass."

Derek Pannell

CEO, Falconbridge Limited

"Social responsibility means being sensitive to the opinions and cultures of the societies and communities in which we do business. This means providing people with the means to live a satisfying life, while maintaining both a healthy balance sheet and a healthy balance with the natural world."

Isadore (Issy) Sharp

CEO, Four Seasons Hotels Inc.

"It involves caring about a cause, believing you can make a difference and actively doing something about it. Our commitment to social responsibility is a reflection of our company's adherence to the Golden Rule: to treat others as we wish to be treated ourselves."

Raymond L. McFeeters

CEO, Great-West Life Assurance Company

"The hallmarks of corporate social responsibility—sound and responsible business practices and strong relationships with stakeholders and within communities—will continue to distinguish the truly excellent corporations and provide them with distinct competitive advantages."

"Management takes full and total responsibility for all its actions, including environmental stewardship, accounting/auditing practice, and human rights issues both domestically and internationally. Management is on the hook for all of these areas."

—Patrick D. Daniel, CEO, Enbridge Inc.

Robert M. Astley

CEO, Clarica Life Insurance Company

"To me, corporate citizenship means conducting all aspects of our business in line with our values of stewardship, partnership and innovation. Communities are vital partners."

Renato Zambonini

CEO, Cognos Incorporated

"It is critical that we do our part to build and enrich the communities in which our employees, customers and partners live and work every day."

John T Mayberry

CEO, Dofasco Inc.

"Our focus on financial strength, environmental stewardship and corporate social responsibility adds up to what some call sustainability. The goal is to improve our shared quality of life. This approach to relationships with customers, shareholders, suppliers, employees and members of our community creates a competitive advantage and contributes to sustainable, superior returns for shareholders."