



This year's list of the Best 50 Corporate Citizens in Canada shows that disclosure rates are on the rise, resource efficiency is improving, and the gap between average worker pay and CEO compensation is slowly shrinking. Bottom line: We're moving in the right direction.



Vancity
CEO Tamara Vrooman
1



Teck Resources
CEO Don Lindsay
2



The Co-operators
CEO Kathy Bardswick
3



Barrick Gold
CEO Jamie Sokalsky
4



MEC
CEO David Labistour
5



Suncor Energy
CEO Steve Williams
6



CN Railway
CEO Claude Mongeau
13



TD Bank
CEO Ed Clark
14



Royal Bank
CEO Gordon Nixon
15



Cenovus Energy
CEO Brian Ferguson
22



Enbridge
CEO Al Monaco
23



CP Railway
CEO E. Hunter Harrison
24

THE BEST 50 CANADIAN CORPORATE CITIZENS



Domtar
CEO John Williams
31



Rogers
CEO Nadir Mohamed
32



HSBC Bank Canada
CEO Paulo Maia
33



BCE
CEO George Cope
34



TransCanada
CEO Russ Girling
35



Husky Energy
CEO Asim Ghosh
36



Enmax
CEO Gianna Manes
43



Ontario Power Generation
CEO Tom Mitchell
44



CIBC
CEO Gerald McCaughey
45



Potash Corp.
CEO William Doyle
46



Loblaw Companies
CEO Galen Weston
47



Transcontinental
CEO Francois Olivier
48

"The 21st century marketplace will require businesses to become a driving force for social, environmental and economic benefits."



Tim Hortons
CEO Paul House
7



Desjardins Group
CEO Monique Leroux
8



Agrium
CEO Michael Wilson
9



Telus
CEO Darren Entwistle
10



Bombardier
CEO Pierre Beaudoin
11



Cascades
CEO Mario Plourde
12



Yamana Gold
CEO Peter Marrone
16



Talisman Energy
CEO Hal Kvisle
17



Intact Financial
CEO Charles Brindamour
18



Inmet Mining
CEO Jochen Tilk
19



TransAlta
CEO Dawn Farrell
20



Stantec
CEO Robert Gomes
21



Sears Canada
CEO Calvin McDonald
25



Hydro-Québec
CEO Thierry Vandal
26



Kinross Gold
CEO Paul Rollinson
27



IAMGOLD
CEO Stephen Letwin
28



Bank of Montreal
CEO William Downe
29



Capital Power
CEO Brian Vaasjo
30



Canada Post
CEO Deepak Chopra
37



EPCOR Utilities
CEO David Stevens
38



Agnico Eagle Mines
CEO Sean Boyd
39



TMX Group
CEO Thomas Kloet
40



Sun Life Financial
President Kevin Dougherty
41



Manitoba Hydro
CEO Scott Thomson
42



Encana
CEO Clayton Woitas
49



Catalyst Paper
CEO Kevin Clarke
50

By Jeremy Runnalls

Strandberg Consulting published a study in April full of surprising findings on executive compensation. It found that 57 per cent of TSX 60 companies now consider sustainability targets in their executive compensation plans, >>>>

"Water, waste and energy disclosure rates continue to rise, suggesting a renewed focus by firms on disclosing more than just greenhouse gas emissions."

➤ one of many changes to Canadian corporate culture that have emerged in the 12 years since *Corporate Knights* first began conducting the Best 50 Corporate Citizens in Canada ranking.

This year has already seen scandals over foreign guest workers and unsafe garment contractors in Bangladesh, demonstrating a growing public appetite for accountability and leadership from companies throughout Canada. Corporate citizenry encompasses an ever-greater set of responsibilities for corporations, from reducing carbon footprints to obtaining a social licence to operate.

For *Corporate Knights*, our vision for corporate citizenship is one that contributes to a cleaner form of capitalism, which means that it is not sustainable to maintain leadership structures that do not reflect the diversity of the marketplace any more than it is sustainable to work in an unsafe environment. The 21st century marketplace will require businesses to become a driving force for social, environmental and economic benefits, and punish companies that neglect these responsibilities.

The leading company this year is Vancouver City Savings Credit Union, a British Columbia-based financial cooperative (see profile on p.36). "Vancity is an organization that lives and breathes sustainability," says Michael Yow, lead analyst with CK Capital, our sister research division. "Even looking beyond the indicators, the company encourages employees to switch to sustainable transit modes, produces preferential banking products for disadvantaged groups and fosters socially responsible investments."

With a turnover rate of 26 per cent, a number of new companies have joined the list this year. These include the iconic Canadian brands Tim Hortons, Telus and Bombardier. Each of these corporations greatly

improved its reporting practices, moving all three into the Top 15.

Cooperative businesses continue to demonstrate a superior commitment to corporate citizenship, with three of the Top 5 firms using this type of membership-based corporate structure (see our spotlight on cooperatives on p.38).

A regional assessment of company headquarters exposes some interesting trends. Ontario has 18 companies on the list, followed by Alberta's 14. Quebec has 10. Ontario companies are dominated by banks and mining companies, while Alberta is mostly represented by oil and gas firms. Interestingly, Quebec is the province with the widest range of industries represented, from media and publishing to aerospace and transportation.

The Best 50 results themselves are encouraging on several fronts. Water, waste and energy disclosure rates continue to rise, suggesting a renewed focus by firms on disclosing more than just greenhouse gas emissions. This change was particularly evident in the materials sector. Companies also improved resource efficiency rates. The revenue per metric ton of waste produced, for example, increased by a third compared to last year. Greenhouse gas productivity doubled.

On the employee compensation front, the average ratio of CEO to average worker pay declined to 73, from 79 in the 2012 ranking. Another positive development came from the number of companies tying executive compensation to sustainability performance, which rose by 8 per cent to 40 firms.


Several changes were made to the ranking this year, including the addition of executive management diversity. Our leadership diversity score now combines female representation rates in executive ranks as well as in the corporate boardroom. Due to

the difficulty of assessing minority and/or aboriginal status, we will no longer be measuring this data point.

Barrick Gold's rise to 4th in the Best 50 this year is likely to cause controversy. The company's Pascua Lama mine, straddling the border between Chile and Argentina, was suspended in April on the Chilean side by court order for "environmental irregularities." Allegations of human rights abuse stemming from mines in Tanzania and Papua New Guinea continue to swirl around the company.

This raises an important point about our various corporate rankings. To ensure an objective, data-driven approach for assessing corporate citizenship, we look only at publicly disclosed data points that can be compared across companies. On this front, Barrick is an industry leader. It has embraced stronger disclosure practices, while becoming more resource-efficient than its peers. Very few workplace safety injuries occur at the company and it has also been working to diversify its workplace.

A growing body of research is demonstrating just how beneficial corporate citizenship is for the bottom line. Studies point to the increased profitability of firms that employ more women in senior management roles, while resource-efficient firms are better equipped to handle swings in commodity prices. Failing to properly incentivize managers to hit safety and sustainability targets can result in disasters like the BP Gulf of Mexico oil spill. In the years leading up to the incident, BP had been hit with more U.S. fines and penalties than its four biggest rivals combined.

This list salutes the Canadian companies that best embrace this new paradigm. The bar is being raised, but there is much more work to do. 



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At Barrick, responsible mining isn't an afterthought. It's fundamental to our business strategy. We want our operations to create meaningful, long-term benefits for our host communities.

Improving education and literacy are key pillars of this approach. In countries around the world, Barrick supports thousands of scholarships, teacher training, new technology in classrooms, and in-school programs for at-risk youth.

In the remote community of Iglesia, Argentina, Barrick is helping to renovate and expand the local library, so that students have access to better educational resources, a modern computer lab with internet access, and a world of opportunities.

This is just one example of mining's potential — when we work together.

www.barrick.com

www.barrickresponsibility.com

www.barrickbeyondborders.com



What makes the best, THE BEST?

Methodology:

To establish the Best 50 Corporate Citizens in Canada shortlist, the research team started with all Canadian companies with revenues of at least \$2 billion and 2,000 employees in 2011. In addition, all constituents of the TSX 60 were included, along with the 10 largest Canadian cooperatives by revenue (2011). Companies in the 2012 Best 50 list were automatically added to the 2013 shortlist.
























The methodology for the 2013 Best 50 is based on 12 key performance indicators (KPIs) covering resource, employee and financial management. All information is derived from publicly disclosed data. All eligible entities are contacted for data verification prior to project completion.

Due to space constraints, only nine of the 12 KPIs used in the Best 50 ranking are listed on the tables featured in this issue.

For more
information visit:

corporateknights.com/best50

GICS Group:

-  Automobiles & Components
-  Banks
-  Capital Goods
-  Commercial & Professional Ser.
-  Consumer Durables & Apparel
-  Diversified Financials
-  Energy
-  Food Beverage & Tobacco
-  Food & Staples Retailing
-  Health Care Equip. & Services
-  Household & Personal Products
-  Insurance
-  Materials
-  Media
-  Pharmaceuticals
-  Real Estate
-  Retail
-  Semiconductors
-  Software & Services
-  Technology Hardware
-  Telecommunications
-  Transportation
-  Utilities

Our Metrics:



ENERGY PRODUCTIVITY

Revenue per gigajoule of energy consumption



CARBON PRODUCTIVITY

Revenue per tonne of direct/indirect GHG emissions



WATER PRODUCTIVITY

Revenue per cubic metre of water withdrawal



WASTE PRODUCTIVITY

Revenue per tonne of waste produced



PERCENTAGE TAX PAID

Taxes paid in cash, as a percentage of EBITDA



LEADERSHIP DIVERSITY

Based on percentage of women on board of directors and in executive management percentile-ranked against peers



CLEAN CAPITALISM PAY LINK

At least one senior executive's compensation tied to clean capitalism-themed performance targets



CEO-TO-AVERAGE WORKER PAY

How much more CEO gets paid (expressed as a multiple) compared to average worker



OVERALL SCORE

Combination of all indicators determines score and overall ranking.



Foreign Corporate Citizens Methodology:

The Top Foreign Corporate Citizens represent corporations with substantial operations in Canada who are leading the way on corporate citizenship and have their main headquarters in another country. Companies must earn more than \$1 billion/year in Canada, and the parent corporations must have qualified for CK's 2013 Global 100 Most Sustainable Corporations in the world shortlist.











































































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RANK ↓											
1	Vancouver City Savings Credit Union		\$10,919	\$813,257	\$22,798	\$11,212,284	4.0%	100%	50%	15	62.42%
2	Teck Resources		\$262	\$3,943	\$98	\$15	18%	91%	100%	80	58.22%
3	Co-operators Group		\$26,064	\$258,570	\$58,780	N/A	22%	90%	100%	N/A	55.53%
4	Barrick Gold		\$262	\$2,845	\$163	\$28	18%	91%	100%	114	53.91%
5	Mountain Equipment Co-op		\$6,235	\$414,419	N/A	\$291,176	1%	100%	50%	N/A	53.35%
6	Suncor Energy		\$154	\$2,147	\$1,009	\$53,828	12%	92%	100%	113	53.00%
7	Tim Hortons		\$13,502	\$124,167	\$39,480	N/A	24%	93%	0%	40	52.89%
8	Mouvement des Caisses Desjardins		\$10,668	\$432,809	N/A	N/A	6%	99%	100%	N/A	51.99%
9	Agrium		\$156	\$4,497	\$737	\$406,699	18%	96%	50%	104	51.30%
10	TELUS		\$2,642	\$28,892	\$9,957	\$2,713,254	4%	81%	100%	190	51.21%
11	Bombardier		\$4,007	\$58,834	\$8,505	\$331,718	6%	94%	0%	110	51.16%
12	Cascades		\$149	\$9,031	\$135	\$13,782	6%	95%	50%	31	51.02%
13	Canadian National Railway		\$153	\$1,838	N/A	\$178,040	12%	91%	100%	106	50.78%
14	The Toronto-Dominion Bank		\$9,174	\$104,059	\$18,445	\$16,006,698	37%	98%	100%	128	50.74%
15	Royal Bank of Canada		\$12,039	\$178,159	\$33,036	\$5,809,915	26%	98%	100%	92	50.74%
16	Yamana Gold		\$495	\$5,513	\$34	\$205,031	13%	91%	50%	N/A	50.68%
17	Talisman Energy		\$155	\$678	\$2,128	N/A	25%	94%	50%	43	50.65%
18	Intact Financial		\$21,553	\$405,045	N/A	N/A	46%	95%	50%	N/A	49.92%
19	Inmet Mining		\$523	\$5,805	\$80	\$38,507	24%	97%	100%	N/A	49.79%
20	TransAlta		\$9	\$102	\$13	\$3,079	2%	81%	100%	43	48.66%
21	Stantec		\$4,019	\$37,801	\$6,217	\$47,330	30%	0%	0%	31	48.24%
22	Cenovus Energy		\$224	\$3,125	\$1,368	\$33,098	13%	87%	50%	65	48.22%
23	Enbridge		\$819	\$3,352	N/A	N/A	6%	95%	100%	69	48.07%
24	Canadian Pacific Railway		\$104	\$1,471	\$3,203	\$49,676	1%	91%	50%	53	47.14%
25	Sears Canada		N/A	\$21,540	N/A	N/A	24%	96%	0%	15	46.93%

RANK ↓		GICS INDUSTRY GROUP 	ENERGY PRODUCTIVITY 	CARBON PRODUCTIVITY 	WATER PRODUCTIVITY 	WASTE PRODUCTIVITY 	PERCENTAGE TAX PAID 	LEADERSHIP DIVERSITY 	CLEAN CAPITALISM PAY LINK 	CEO-TO-AVERAGE WORKER PAY 	OVERALL SCORE 
26	Hydro-Québec		\$275	\$29,668	\$18	N/A	10%	99%	0%	6	45.58%
27	Kinross Gold		\$278	N/A	\$81	\$18	16%	92%	100%	116	45.19%
28	IAMGOLD		\$324	\$5,947	\$35	\$12	18%	50%	100%	104	44.61%
29	Bank of Montreal		\$15,563	\$205,119	\$23,653	\$3,001,835	17%	47%	50%	111	44.56%
30	Capital Power		\$12	\$150	\$47	N/A	2%	77%	100%	17	44.42%
31	Domtar Corp		\$30	\$1,647	\$14	\$17,759	5%	91%	100%	64	44.33%
32	Rogers Communications		\$3,979	\$63,269	N/A	\$3,162,498	1%	92%	50%	131	44.17%
33	HSBC Bank Canada		\$15,254	\$228,536	\$29,982	\$1,827,264	29%	99%	50%	28	43.93%
34	BCE		\$3,737	\$89,724	\$16,434	\$1,037,140	2%	88%	0%	132	43.76%
35	TransCanada		N/A	\$770	N/A	N/A	6%	93%	50%	47	43.39%
36	Husky Energy		\$355	\$2,431	\$698	N/A	15%	95%	50%	49	43.26%
37	Canada Post		\$3,048	\$50,943	N/A	\$454,195	11%	97%	0%	7	43.23%
38	EPCOR Utilities		\$2,051	\$9,618	N/A	N/A	6%	88%	100%	N/A	42.21%
39	Agnico-Eagle Mines		\$277	\$5,356	\$99	\$54	9%	48%	100%	126	41.73%
40	TMX Group		\$64	N/A	N/A	N/A	33%	98%	100%	29	41.24%
41	Sun Life Financial		\$11,287	\$207,836	\$8,448	\$2,023,663	33%	89%	50%	41	41.07%
42	The Manitoba Hydro-Electric		N/A	\$13,008	N/A	N/A	8%	79%	0%	N/A	40.65%
43	Enmax		N/A	\$252	\$2,832	\$188,725	7%	92%	100%	N/A	40.21%
44	Ontario Power Generation		\$105	\$1,172	\$0	\$21,229	3%	88%	0%	N/A	40.16%
45	Canadian Imperial Bank of Commerce		\$10,965	\$223,690	N/A	N/A	20%	48%	100%	97	39.98%
46	Potash Corp of Saskatchewan		\$53	\$853	\$8	\$289	15%	98%	100%	N/A	39.89%
47	Loblaw Companies		\$4,839	\$27,402	N/A	\$257,091	9%	95%	0%	162	39.59%
48	Transcontinental		\$1,089	\$18,046	N/A	\$304,653	11%	97%	100%	54	39.51%
49	Encana		\$232	\$1,408	N/A	N/A	14%	98%	50%	92	39.22%
50	Catalyst Paper		\$26	\$1,105	\$10	\$9,407	0%	49%	100%	26	39.16%



CANADA'S TOP FOREIGN CORPORATE CITIZENS

(In alphabetical order)

ArcelorMittal Canada •  *Luxembourg*
Alcoa Canada Ltd •  *United States*
AstraZeneca Canada Inc •  *United Kingdom*
BASF Canada •  *Germany*
Bayer Inc •  *Germany*
Cisco Systems Canada •  *United States*
Citigroup Finance Canada Inc •  *United States*
Direct Energy Marketing Limited •  *United Kingdom*
Dow Chemical Canada ULC •  *United States*
Electrolux Canada Corp •  *Sweden*
Ericsson Canada Inc •  *Sweden*
General Electric Canada •  *United States*
GlaxoSmithKline PLC •  *United Kingdom*

IBM Canada Ltd •  *United States*
Kia Canada •  *South Korea*
L'Oreal Canada Inc •  *France*
Mercedes-Benz Canada Inc •  *Germany*
Merck Canada Inc •  *United States*
Nestle Canada Inc •  *Switzerland*
Nissan Canada Inc •  *Japan*
Philips Electronics Ltd •  *Netherlands*
SAP Canada Inc •  *Germany*
Shell Canada Ltd •  *Netherlands*
Siemens Canada Ltd •  *Germany*
Toyota Canada Inc •  *Japan*
Unilever Canada Inc •  *United Kingdom*
Vale Canada Ltd •  *Brazil*



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THE PEOPLE'S BANK

*Financial cooperative
Vancity tops CK's 2013
Best 50 on the strength
of its member-based
business model*

By Bernard Simon

"Best Corporate Citizen in Canada" is about the last description that comes to mind for a financial institution in this era of "banksters," the Occupy movement and temporary foreign workers on Bay Street.

Yet the top dog in *Corporate Knights'* annual Best 50 ranking for 2013 is Vancity, Canada's biggest credit union.

Vancity – its full name is Vancouver City Savings Credit Union – has gained an enviable reputation for looking beyond the bottom line as it strives to "redefine wealth," as its vision statement puts it.

"We are a different kind of financial institution," chief executive Tamara Vrooman told *Corporate Knights*. (Full disclosure: Vancity is a minority investor in *Corporate Knights*. It played no role in compiling the Best 50 rankings.)

"We are a financial cooperative and we are owned by the people we serve," says Vrooman. "So we are very much in tune with the needs and desires of our members and the communities in which they live."

Vancity ranked especially high in narrowing the gap between the pay of senior executives and other employees; the strength of its pension fund; and the diversity of its board and senior management. Its weakest points were its relatively high water use and low tax rate, measured as a percentage of the past five years' pre-tax earnings.

Vancity is dwarfed by the big Canadian shareholder-owned banks. Its assets of \$17.1 billion amount to just 2 per cent of the balance sheet of Royal Bank of Canada,

the country's largest financial institution. It has fewer than 2,500 employees, and just 59 branches in Vancouver, provincial capital Victoria and British Columbia's Fraser Valley.

Even so, the credit union has become an outspoken supporter of social and environmental causes. For example, it provided \$2 million in loans to Emmanuel Pentecostal Church in New Westminster, whose activities include a daycare centre for 65 children. On a smaller scale, it financed the start-up of Fairy Cakes, a vegan cupcake bakery.

Financing low-income housing makes up a sizable part of its business. Vegetables grown in a rooftop garden at its head office are delivered to needy residents of Vancouver's downtown Eastside.

"They've certainly carved out a brand and a reputation for being a reliable partner for growing neighbourhoods and the community," said Greg D'Avignon, chief executive of the Business Council of British Columbia. Noting that the co-operative movement has deep roots in B.C., D'Avignon added that "there's a broad respect for the work that Vancity does."

Vancity has not shied away from taking sides on hot-button issues. Two mutual funds that it helps manage sold all their Enbridge shares last August in protest against the pipeline operator's handling of a much-publicized oil spill in Michigan.

Vrooman said in a statement at the time that "Vancity Investment Management's portfolio managers balance risk, return and the impact of all the investments that are made. They believe in engaging with companies to improve their environmental, social and governance performance; however, if companies no longer meet (these) criteria, they will divest the

holdings from the portfolio."

Vancity further burnished its social responsibility credentials two years ago by joining the Global Alliance for Banking on Values (GABV), a Netherlands-based group of 22 financial institutions which, in the alliance's words, "have a shared commitment to find global solutions to international problems – and to promote a positive, viable alternative to the current financial system."

James Niven, a GABV spokesman, said in an email that "we're thorough when assessing who we invite to become members to make sure our network is only made up of values-based banks with a strong commitment to progressing this agenda."

Vancity, Niven added, is "extremely active" in the alliance. Vrooman, who was B.C.'s deputy minister of finance from 2004 to 2007, sits on the GABV steering committee and jointly leads the alliance's advocacy and engagement work. The group held its annual meeting in Vancouver last year.

Vrooman insisted that Vancity's focus on social responsibility "not only builds better communities, but also builds a better bank." She pointed to a study published last year by the GABV and the Rockefeller Foundation which showed that a group of 17 "sustainable" banks outperformed 29 traditional global heavyweights on almost every measure, including return on assets, growth in loans and deposits, and capital strength.

"It's because we're more directly connected to the people we serve," Vrooman said. "We understand what the needs are. We don't grow at a pace that the community can't withstand or the planet can't withstand. As a result, we have lower loan losses and better returns. We don't make money by moving money around."

Spurred by new legislation that clears the way for more federally-chartered credit unions, Vancity is now planning to expand its model to other parts of the country. "We get contacted all the time by not-for-profits, mission-based businesses, foundations who want to do business with us outside of British Columbia," Vrooman said.

Asked about the challenges keeping her awake at night, Vrooman shrugged off the question. "Increasingly, young people in particular want to do business with an organization that isn't just about short-term profits," she replied. "One of the biggest challenges for us is, honestly, keeping up with the demand." 