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50

CORPORATE KNIGHTS • 2004

BEST

CORPORATE CITIZENS

The Best 50 Corporate Citizens in Canada are the large companies that most closely approach the minimum standard of a responsible company in Canada, or what we like to call a Corporate Knight. A Corporate Knight earns money for shareholders, enhances national and local communities, leaves the smallest possible environmental footprint, treats employees well, and keeps customers happy.

It's been three years since we've been ranking Canada's Best 50 Corporate Citizens. What have we learned?

We have learned that corporations care about how well they do in the ranking, and are willing to make some changes to improve their standing. We have learned that assessing a score on something as complex as a corporation's social and environmental performance is still more an art than a science, although forces are pushing it the way of science with initiatives such as the Carbon Disclosure Project, backed by \$10 trillion worth of investors, leading the way.

There are companies that get it, companies that are starting to get it, and those that don't get it at all. 'It,' in this case, is a degree of enlightened self-interest that allows a company to make decisions that maximize its long-term viability without getting too estranged from its peers in the short term.

This year, we have improved our process by: (a) Sourcing our core data from Innovest Strategic Value Advisors, a globally recognized leader in sustainability evaluation. Innovest looks at the link between sustainability and profitability, and this is the crucial link if companies are to be sincere about sustainability; (b) Expanding our coverage to include 10 companies that are outside the TSX top 100 based on nomination from our readership where data could be sourced from Innovest. Seven of these companies, including this year's winner, Zenon Environmental Inc., made the Best 50 ranking; (c) Enhancing the breadth of research captured in the composite score through awarding bonus points for companies that excelled by the standards of other leading sustainability indexes such as the Dow Jones Sustainability Index, FTSE4Good and the Jantzi Social Index.

THE 2004 WINNERS

Does your company measure up?

“The Ethical Funds Company is a pioneer in the investment industry in Canada. They help companies become better by pressing them to tackle social and environmental risks or opportunities. And that's good news for both investor value as well as Canadian values.”

—Toby Heaps, Editor, Corporate Knights

THE CORPORATE KNIGHTS CANADA'S BEST 50 CORPORATE CITIZENS

What gets measured gets managed, the saying goes, with the expectation that what gets managed will be improved.

In this light, measuring corporate social responsibility (CSR) and listing the Best 50 Corporate Citizens is much more than an academic exercise: it's an essential part of the global effort to encourage companies to operate in a manner consistent with the concept of good citizenship.

At The Ethical Funds Company, we're in the business of measuring company performance and the evaluation methodologies now proliferating amongst CSR consulting firms and the socially responsible investment industry. We know that the task is complex. Wes Cragg, at York University's biz school has compiled more than 100 corporate codes of conduct, each suggesting a set of criteria that should be used to evaluate social and environmental performance. A recent OECD report identified 182 codes and an ILO report several hundred.

In other words, the world is awash in ideas on how corporate social and environmental performance should be measured. Indeed, some companies often express frustration over this proliferation and threaten to walk away from the whole exercise.

On one level, we can sympathize. But for CSR old-timers the current situation is a huge departure from the days when talking to companies about social and environmental performance was about as fruitful as talking to Ozzy Osbourne about the dangers of drug abuse and all terrain vehicles.

The flood of CSR codes certainly generates criticism, recalling a quote from Yogi Berra: "It was impossible to get a conversation going; everybody was talking too much." Well, more than ever, investors, NGOs, and companies are talking – and that's progress. With apologies to Yogi, the proliferation of codes and indicators is a crucially important part of that conversation, and points to a dynamic and highly creative field.

Publishing lists like the Best 50 represents further progress. While not everyone will agree with the indicators, the weightings, or the results, the more we talk, the further we all get toward achieving our goal of ensuring that business manages activities to produce an overall positive impact on society. Because what we measure, we improve.

Robert Walker
Vice President, SRI Policy & Research
The Ethical Funds Company

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COMPANY NAME	SECTOR
1 ZENON ENVIRONMENTAL INC.	Industrials
2 MDS INC.	Health Care
3 ALCAN INC.	Materials
4 DOFASCO INC.	Materials
5 TEMBEC INC.	Materials
6 BANK OF MONTREAL	Financials
7 ROYAL BANK OF CANADA	Financials
8 TRANSALTA CORPORATION	Utilities
9 GREAT-WEST LIFECO INC.	Financials
10 SUNCOR ENERGY INC.	Energy
11 ENBRIDGE INC.	Utilities
12 TRANSCANADA CORPORATION	Utilities
13 MANITOBA TELECOM SERVICES INC.	Telecommunication Services
14 HUSKY INJECTION MOLDING SYSTEMS LTD.	Industrials
15 BANK OF NOVA SCOTIA	Financials
16 CGI GROUP INC.	Information Technology
17 HUSKY ENERGY INC.	Energy
18 TERASEN INC.	Utilities
19 FALCONBRIDGE LIMITED	Materials
20 FAIRMONT HOTELS & RESORTS INC.	Consumer Discretionary
21 SNC - LAVALIN GROUP INC.	Industrials
22 NEXEN INC.	Energy
23 NOVA CHEMICALS CORPORATION	Materials
24 NORANDA INC.	Materials
25 SHELL CANADA LIMITED	Energy
26 TRANSCONTINENTAL INC.	Industrials
27 PETROKAZAKHSTAN INC.	Energy
28 CANADIAN PACIFIC RAILWAY LIMITED	Industrials
29 CAMECO CORPORATION	Materials
30 INVESTORS GROUP INC.	Financials
31 KINROSS GOLD CORPORATION	Materials
32 THOMSON CORPORATION	Consumer Discretionary
33 BRASCAN CORPORATION	Financials
34 NEXFOR INC.	Materials
35 DOMTAR INC.	Materials
36 CI FUND MANAGEMENT INC.	Financials
37 MAGNA INTERNATIONAL INC.	Consumer Discretionary
38 COGNOS INC.	Information Technology
39 TELUS CORPORATION	Telecommunication Services
40 BCE INC.	Telecommunication Services
41 QLT INC.	Healthcare
42 ENCANA CORPORATION	Energy
43 CELESTICA INC.	Information Technology
44 ROGERS COMMUNICATIONS INC.	Consumer Discretionary
45 SOBEYS INC.	Consumer Staples
46 RESEARCH IN MOTION LIMITED	Information Technology
47 ALIMENTATION COUCHE-TARD INC.	Consumer Staples
48 WESTON LTD. GEORGE	Consumer Staples
49 COTT CORPORATION	Consumer Staples
50 LOBLAW COMPANIES LTD.	Consumer Staples

NOTE: The category scores range from -100 to +100 (social & environmental scores are relative to global best/worst practices).

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CORPORATE KNIGHTS • 2004
BEST
CORPORATE CITIZENS

INDUSTRY	MKT VAL	COM	EMP	ENV	INT	PRA	GOV	RET%	BASE	JSI	DJSI	F4G	+	SCORE
Commercial Services & Supplies	\$409	90	90	90	95	95	95	4.6	81.7	✓			5	86.7
Health Care Providers & Services	\$2,821	90	90	80	90	90	100	6.4	78.8	✓		✓	5	83.8
Metals & Mining	\$22,153	100	100	90	90	90	25	4.7	75.1	✓	✓	✓	5	80.1
Metals & Mining	\$2,736	80	100	80	70	80	95	12.8	74.3	✓	✓	✓	5	79.3
Paper & Forest Products	\$809	90	70	90	80	90	85	-1.3	73.3	✓			5	78.3
Banks	\$26,783	85	90	80	70	65	95	14.7	70.5	✓		✓	5	75.5
Banks	\$40,553	85	85	95	75	55	85	14.8	70.2	✓	✓	✓	5	75.2
Multi-Utilities & Unregulated Power	\$3,531	85	75	85	80	70	95	1.4	70.2	✓	✓	✓	5	75.2
Insurance	\$20,322	85	85	70	80	90	25	19.8	68.3			✓	5	73.3
Oil & Gas	\$14,627	85	90	80	70	45	100	17.7	67.3	✓	✓	✓	5	72.3
Gas Utilities	\$9,193	70	50	70	80	75	100	10.8	65.4	✓			5	70.4
Gas Utilities	\$13,452	70	80	80	70	60	85	10.5	65.3		✓		5	70.3
Diversified Telecom Services	\$2,708	90	80	90	0	80	100	25.2	63.6	✓			5	68.6
Machinery	\$656	95	90	85	60	80	25	-10.2	63.2	✓			5	68.2
Banks	\$33,254	75	75	70	60	55	95	18.4	62.4	✓		✓	5	67.4
IT Consulting & Services	\$2,984	30	80	70	80	100	25	-13.2	61.3			✓	5	66.3
Oil & Gas	\$9,893	95	90	65	60	70	85	0.0	65.0				0	65.0
Gas Utilities	\$2,711	90	80	80	0	75	95	13.2	58.9	✓	✓	✓	5	63.9
Metals & Mining	\$5,555	75	75	80	60	50	65	7.8	58.8	✓			5	63.8
Hotels, Restaurants & Leisure	\$2,789	60	80	80	50	90	65	0.0	63.8				0	63.8
Construction & Engineering	\$2,557	60	60	65	70	70	85	31.5	63.6				0	63.6
Oil & Gas	\$5,840	55	90	55	60	50	85	18.5	58.6	✓	✓		5	63.6
Chemicals	\$3,048	70	70	50	60	70	85	3.3	57.9	✓		✓	5	62.9
Metals & Mining	\$5,896	60	60	80	60	80	25	2.6	56.8	✓			5	61.8
Oil & Gas	\$16,843	80	90	90	0	60	65	19.2	56.2		✓		5	61.2
Commercial Services & Supplies	\$1,694	70	50	50	90	90	25	24.4	60.8				0	60.8
Oil & Gas	\$2,278	30	50	50	50	50	85	105.3	58.9				0	58.9
Road & Rail	\$5,803	60	75	40	55	65	85	0.0	53.9	✓		✓	5	58.9
Metals & Mining	\$4,215	80	70	40	70	70	65	14.1	58.0				0	58.0
Diversified Financials	\$8,198	75	40	70	70	85	-20	14.5	52.9	✓			5	57.9
Metals & Mining	\$3,493	60	70	55	80	50	85	-4.1	56.6				0	56.6
Media	\$30,813	70	60	55	50	50	85	1.1	51.3	✓		✓	5	56.3
Diversified Financials	\$6,844	50	40	80	60	60	25	18.3	51.0	✓		✓	5	56.0
Paper & Forest Products	\$1,605	90	80	80	0	90	25	17.4	55.4				0	55.4
Paper & Forest Products	\$3,717	-20	10	55	80	80	100	5.5	50.3		✓		5	55.3
Diversified Financials	\$4,150	40	40	65	50	70	85	29.1	55.3				0	55.3
Auto Components	\$9,915	70	90	20	70	80	-20	4.9	49.1	✓		✓	5	54.1
Software	\$3,750	10	70	50	70	30	65	19.7	47.2	✓	✓		5	52.2
Diversified Telecom Services	\$4,946	70	30	100	0	60	85	-5.3	47.1	✓	✓	✓	5	52.1
Diversified Telecom Services	\$26,694	70	50	75	50	20	100	-12.9	47.0	✓			5	52.0
Biotechnology	\$1,687	85	90	65	0	80	-20	1.3	45.4	✓			5	50.4
Oil & Gas	\$23,545	70	70	65	45	35	65	0.0	48.5				0	48.5
Electronic Equipment & Instruments	\$3,625	70	50	90	50	30	-20	-2.6	40.9			✓	5	45.9
Media	\$3,761	60	40	70	50	50	-20	-2.8	39.1	✓		✓	5	44.1
Food & Drug Retailing	\$2,193	70	50	65	0	65	25	10.6	40.9				0	40.9
Communications Equipment	\$6,710	20	60	10	60	10	25	48.6	33.3	✓			5	38.3
Food & Drug Retailing	\$1,630	50	70	40	0	40	25	36.3	36.3				0	36.3
Food & Drug Retailing	\$13,448	80	30	20	10	40	65	10.9	31.6				0	31.6
Beverages	\$2,551	20	20	10	10	60	25	48.0	28.5				0	28.5
Food & Drug Retailing	\$18,369	80	30	30	-60	60	85	9.8	27.0				0	27.0

LEGEND: MKT VAL—Market Capitalization based on outstanding shares; **COM**—Community Relations score; **EMP**—Employee Relations/Diversity score; **ENV**—Environment score; **INT**—International Stakeholder Relations/Human Rights (incl. aboriginal); **PRA**—Business Practices/Product Safety; **GOV**—Corporate Governance score; **RET%**—Five-year total return to April 30, 2004; **BASE**—Subtotal score; **JSI**—Jantzi Social Index; **DJSI**—Dow Jones Sustainability Index; **F4G**—FTSE4Good Index; **SCORE**—Final Score (includes bonus indicated in column '+')

BEST 50

SELECTED HIGHLIGHTS

THE CLEAN DOZEN—The top 12 companies in the ranking range from steel to lumber, from banking to insurance, from water to health care (hopefully not private health care). What is interesting—even if it is explained by the design of our methodology—is that these 12 companies are a good representation of the Canadian economy.

THE ZENON DYNASTY—Zenon has won the top spot in every year in which it was under consideration. Does this mean that no other company in Canada has a chance to de-throne Zenon from the top? After all, the company's business could not be any cleaner: they purify the world's most essential resource—water—without using any chemicals. Maurice Strong, the don of Sustainable Development sits on its board of directors. So does job-maker and former New Brunswick Premier, Frank McKenna. CEO and founder Andrew Benedek has instituted an employee parliament at Zenon; no major decision is made without them on board. While Zenon scored almost perfect in all seven categories, it just takes one misstep to fall from grace. It's not enough to just have a nice environmentally friendly product; you have to be good across the board. We are proud to have Zenon make top spot, as it goes beyond the standard we expect of a Corporate Knight to being part of the restorative economy, a company that instead of leaving footprints is filling them in.

CONSUMER BEWARE—It turns out that the most socially responsible consumer is big business! Most companies that market directly to consumers did not place well in the rankings. A company's practices usually reflect what is most important to its most important stakeholders. The placing of B2B and B2G companies like Tembec, MDS, Alcan, Zenon, Dofasco and TransAlta suggests that the government and industry demand more sustainability than the average consumer.

THE TALE OF TWO BANKS—BMO and RBC scored substantially higher than the other banks in Canada, although Scotiabank also joined them on Best 50 rank-

ing. All the banks had reasonably high community and employee relations scores. The reason TD and CIBC fell from grace can be pinned to their poor scores in the business practices category. This is also the first year that RBC lost their top bank position, albeit by the slimmest of margins. RBC still retains the best environment score for a bank. BMO had a slight edge in employee relations/diversity in the workplace category and business practices, and this was enough to make the difference.

HBC VS SEARS—Both companies finished below the Best 50, partly because Innovest rates them in light of their global competitors, and considers them to be potential laggards. Both companies have been confronted by shareholder resolutions regarding their sourcing practices; the word 'sweatshop' has been tossed around. Sears has a code of conduct for suppliers that stipulates fair wages, but factories (specifically in Lesotho and Vietnam) known to be exploiting workers were found to be producing for Sears and there is no apparent strategy by the company to effectively address this concern. HBC has a vendor conduct code to direct sourcing, but like Sears, was implicated in Lesotho worker abuses. Although HBC scores much higher than Sears (36.6 versus -3.4) and is spearheading the Global Retailing Compact (an ethical sourcing initiative), HBC has still not proven itself as a fair international player. They implemented a Code of Vendor Conduct in 1998, but even up to recently, HBC has significant issues with their suppliers—specifically in Asia—and they are lacking in transparency. HBC is not specific about problems in their suppliers' factories. HBC has been forthright in the media about not cancelling contracts unless there are serious issues within the factories—but we never know what any of the issues are. HBC has made good progress in the past couple of years and is saying the right things publicly, but has yet to publish any of its factory audits (which is a global best practice among its peers).

BELINDA'S RECORD—Belinda Stronach told Canadians that she was qualified to run Canada because she was able to run a successful billion-dollar company.

While Magna made the Best 50, which is a point in her favour, the company lagged in the environment (score: 20) and corporate governance (score: -20), two areas that are at the forefront of this summer's federal election.

BACK TO SCHOOL—Some might notice the irony in the fact that Newmont Mining, whose merchant banking arm is run by Seymour Schulich (who helped finance the Schulich School of Business, one of the world's top business schools for sustainability education), could not rise above the sixth-worst position in our survey.

IVANHOE AND THE SEVEN MINERS—The seven bottom feeders of this year's survey are all mining companies. It doesn't have to be like this. Really, it can't be like this because our country's prosperity is dependent on the mining industry like no other. Unlike a factory, in mining you have to go where the resource is, and that requires permission. In a world of increasingly scarce resources, the licence to operate is the lifeblood of miners. While renewable mining is an oxymoron, companies in this industry can improve their transparency by adopting the 'Publish What You Pay' programme (for operations in developing nations), by bringing in help from trusted third party sustainability auditors (independent verification) to check some of the cowboy tendencies of this prospecting culture. Sunlight is the best disinfectant. The sector's leaders (Alcan, Falconbridge, Noranda, and Cameco) are a good beacon to follow. A higher level of sustainability is in reach today.

So what is the point of the Best 50 ranking? Now that **Report on Business** magazine has committed to doing its own annual corporate social responsibility ranking, is our Best 50 Corporate Citizens in Canada redundant?

A potential downside of multiple rankings is confusion. The upside is that we get closer to the essence of what it is that makes a good overall company. Welcome on board, we are happy to have company in our search for the Holy Grail.

METHODOLOGY

The starting universe for the Best 50 Corporate Citizens in Canada Ranking are the companies listed on the Toronto Stock Exchange.

The first step is to take a non-arbitrary dataset for which good quality social/environmental research exists: The 100 largest companies by market cap. The second step is to determine which companies nominated by our readers outside of this core can be scored by our data provider. This year, 10 of the 57 companies nominated were publicly traded, and Innovest was able to score all 10. Three of the companies from the initial list of 100 were excluded as scores for them were not available, which left us with a grand total of 107 companies to rank.

To make the Best 50, a company must score better than its peers across seven categories. Research for the Best 50 is sourced from Innovest Strategic Value Advisors (www.innovestgroup.com) for five categories (Environment 17.5%, International Stakehold-

er Relations/Human Rights (including aboriginal relations) 17.5%, Product Safety and Business Practices 20%, Community Relations 7.5%, and Employee Relations/Diversity in the Workplace 15%). Companies are scored relative to their global peers. The five categories that Innovest provides scores for are determined by Corporate Knights and are independent of the Innovest Ratings system.

A score for Corporate Governance (10%) is obtained by converting a letter grade from the Board Shareholder Confidence Index published by the Clarkson Centre for Business Ethics & Board Effectiveness. The score for financial performance (12.5%) is determined by the company's five-year total return to April 30, 2004. A bonus score is awarded if a company qualifies for one of the following sustainability indexes: Dow Jones Sustainability Index, FTSE4Good, or the Jantzi Social Index.

Sector slots on the Best 50 are allocated so that the final list of the Best 50 Corporate Citizens in Canada is representative of Canadian industry as a

whole.

This methodology allows for the final scores of companies from different industries to be compared as scores are assessed on a relative basis. What goes into a bank's score is different than what goes into a forestry company's score, but their final tally is a grade of relative industrial performance in the school of corporate citizenship. Using final grades in this manner to compare companies is similar to comparing the GPA of a math major to the GPA of a science major.

Not all scores are current as some sectors are updated throughout the year.

Innovest Strategic Value Advisors is an internationally recognized investment research and advisory firm, specializing in analyzing the competitive and financial impact of companies' performance on environmental, social, and governance issues.

RANKINGS

This table shows the scores (separated by industry) for the complete set of 107 companies evaluated for the Corporate Knights 2004 Best 50 Corporate Citizens in Canada Ranking. These companies span 38 industry groups and include most of Canada's largest publicly-traded companies.

These scores represent a composite of seven categories (see methodology, p. 22)

AEROSPACE & DEFENSE

BOMBARDIER INC. CL 'B' SV 40.1

AUTO COMPONENTS

MAGNA INTERNATIONAL INC. CL 'A' SV 54.1

BANKS

BANK OF MONTREAL 75.5
ROYAL BANK OF CANADA 75.2
BANK OF NOVA SCOTIA (THE) 67.4
CANADIAN IMPERIAL BANK OF COMMERCE 50.7
NATIONAL BANK OF CANADA 50.4
TORONTO-DOMINION BANK (THE) 32.4

BEVERAGES

COTT CORPORATION 28.5
MOLSON INC. CL 'A' NV 17.9

BIOTECHNOLOGY

QLT INC. 50.4

BUILDING PRODUCTS

MASONITE INTERNATIONAL CORPORATION 22.4

CHEMICALS

NOVA CHEMICALS CORPORATION 62.9
AGRIUM INC. 40.0
POTASH CORPORATION OF SASKATCHEWAN INC. 38.8

COMMERCIAL SERVICES & SUPPLIES

ZENON ENVIRONMENTAL INC. 86.7
TRANSCONTINENTAL INC. CL 'A' SV 60.8

COMMUNICATIONS EQUIPMENT

RESEARCH IN MOTION LIMITED 38.3
NORTEL NETWORKS CORPORATION 8.5

COMPUTERS & PERIPHERALS

ATI TECHNOLOGIES INCORPORATED 24.1

CONSTRUCTION & ENGINEERING

SNC - LAVALIN GROUP INC. 63.6

DIVERSIFIED FINANCIALS

INVESTORS GROUP INC. 57.9
BRASCAN CORPORATION CL 'A' LV 56.0
CI FUND MANAGEMENT INC. 55.3
POWER FINANCIAL CORPORATION 39.0
POWER CORPORATION OF CANADA SV 7.4

RANK BY INDUSTRY

DIVERSIFIED TELECOM SERVICES

MANITOBA TELECOM SERVICES INC. 68.6
TELUS CORPORATION 52.1
BCE INC. 52.0
ALIANI INC. 31.8

ELECTRIC UTILITIES

EMERA INCORPORATED 44.5

ELECTRICAL EQUIPMENT

BALLARD POWER SYSTEMS INC. 37.5

ELECTRONIC EQUIPMENT & INSTR.

CELESTICA INC. SV 45.9
ONEX CORPORATION SV 1.7

ENERGY EQUIPMENT & SERVICES

PRECISION DRILLING CORPORATION 29.1

FOOD & DRUG RETAILING

SOBEYS INC. 40.9
ALIMENTATION COUCHE-TARD INC. CL 'B' SV 36.3
WESTON LTD. GEORGE 31.6
LOBLAW COMPANIES LTD. 27.0
SHOPPERS DRUG MART CORPORATION 22.5
METRO INC. CL 'A' SV 14.0
JEAN COUTU GROUP (PJC) INC. CL 'A' SV 7.5

FOOD PRODUCTS

SAPUTO INC. 26.2

GAS UTILITIES

ENBRIDGE INC. 70.4
TRANSCANADA CORPORATION 70.3
TERASEN INC. 63.9

HEALTH CARE PROVIDERS & SERVICES

MDS INC. 83.8

HOTELS, RESTAURANTS & LEISURE

FAIRMONT HOTELS & RESORTS INC. 63.8
FOUR SEASONS HOTELS INC. LV 39.9

INSURANCE

GREAT-WEST LIFECO INC. 73.3
FAIRFAX FINANCIAL HOLDINGS LTD. SV 54.6
SUN LIFE FINANCIAL INC. 30.4
MANULIFE FINANCIAL CORPORATION 23.1

IT CONSULTING & SERVICES

CGI GROUP INC. CL 'A' SV 66.3

MACHINERY

HUSKY INJECTION MOLDING SYSTEMS LTD. 68.2

MARINE

CP SHIPS LIMITED 43.8

MEDIA

THOMSON CORPORATION (THE) 56.3
ROGERS COMMUNICATIONS INC. CL 'B' NV 44.1
SHAW COMMUNICATIONS INC. CL 'B' NV 39.1
TORSTAR CORP. CL 'B' NV 28.7
QUEBECOR WORLD INC. SV 5.8

METALS & MINING

ALCAN INC. 80.1
DOFASCO INC. 79.3
FALCONBRIDGE LIMITED 63.8
NORANDA INC. 61.8
CAMECO CORPORATION 58.0
KINROSS GOLD CORPORATION 56.6
PLACER DOME INC. 36.5
FORDING CANADIAN COAL TRUST UNITS 12.3
WHEATON RIVER MINERALS LTD. J 11.3
GOLDCORP INC. 7.4
MERIDIAN GOLD INC. -2.1
ABER DIAMOND CORPORATION -5.8
NEWMONT MINING CORPORATION -11.0
GLAMIS GOLD LTD. -17.5
BARRICK GOLD CORPORATION -22.4
TECK COMINCO LIMITED CL 'B' SV -25.6
INCO LIMITED -51.1
IVANHOE MINES LTD. -63.8

MULTI-UTILITIES & UNREG. POWER

TRANSALTA CORPORATION 75.2
CANADIAN UTILITIES LTD. CL 'A' NV 59.4

MULTILINE RETAIL

CANADIAN TIRE CORP. LTD. CL 'A' NV 42.3
HUDSON'S BAY COMPANY 36.6
SEARS CANADA INC. -3.4

OIL & GAS

SUNCOR ENERGY INC. 72.3
HUSKY ENERGY INC. 65.0
NEXEN INC. 63.6
SHELL CANADA LIMITED 61.2
PETROKAZAKHSTAN INC. CL 'A' 58.9
ENCANA CORPORATION 48.5
PETRO-CANADA 47.9
PENN WEST PETROLEUM LTD. 39.2
IMPERIAL OIL LTD. 37.0
TALISMAN ENERGY INC. 28.5
CANADIAN NATURAL RESOURCES LIMITED 12.9

PAPER & FOREST PRODUCTS

TEMBEC INC. 78.3
NEXFOR INC. 55.4
DOMTAR INC. 55.3
ABITIBI-CONSOLIDATED INC. 31.7

PHARMACEUTICALS

ANGIOTECH PHARMACEUTICALS INC. 48.0
BIOVAIL CORPORATION 30.8

REAL ESTATE

BROOKFIELD PROPERTIES CORPORATION 13.2

ROAD & RAIL

CANADIAN PACIFIC RAILWAY LIMITED 58.9
CANADIAN NATIONAL RAILWAY CO. 47.3

SOFTWARE

COGNOS INC. 52.2

SPECIALTY RETAIL

RONA INC. 36.4

TRADING COS & DISTRIBUTORS

FINNING INTERNATIONAL INC. 41.4

CORPORATE KNIGHTS 2004 BEST ENVIRONMENTAL CORPORATE CITIZEN: TELUS INC.

"We envision a day when telecommunication will allow us to move ideas and information instead of goods, services and people," says Patricia Mackenzie, Telus' asst. VP, environmental health & safety.

For instance, in 2003, Telus facilities enabled 299,265 teleconferences, avoiding CO2 emissions to the tune of 128,128 tonnes. This doesn't include the increasingly popular web conferencing and net meeting tools that Telus is not currently tracking. People talking on the phone are people not driving down the highway or taking off the runway (unless they have ignored captain's orders with the cell phone use).

Telus (the only North American company in the fixed line communication category to be placed on the Dow Jones Sustainability Index) is one of Canada's leading telecommunications companies with approximately 26,000 employees and revenues of \$7.2 billion in 2001.

Three things help set Telus apart.

First, the environment is not a blue box in

the corner for Telus. While some companies' environment strategy is the purview of the PR or government relations team, Telus puts the environment where the real buck stops: the finance department, and environmental risk and performance reports are given to the Audit committee on a quarterly basis. They also train their staff constantly (over 6000 environmental courses completed in 2003, even amid staff reductions). Telus published its first environmental report in 1997, which was ahead of most other companies in the North American telecommunications sector. Telus also has an online environmental system database, which provides Telus employees 24-hour access to environmental risks, chemical inventories and material safety data sheets (MSDS). The database offers information on about 3,200 sites.

Second, Telus sets hard targets for everything from paper use to water use, number of hazardous chemicals, reclamation activity, energy used, fuel consumption, air emissions, environmental site assessments, spills, and environmental training. They also report transparently and clearly on all of these targets, not trying to sugarcoat the results when they fail to meet the

target. Using a recovery and recycling program, Telus recycled 7,183 metric tonnes of materials that may otherwise have become waste, resulting in a cost avoidance (based on landfill tipping rates of \$70/t) of over \$385,000 in 2003.

Third, and perhaps most inspiring, Telus is actively trying to change the way things are done to reinforce their progress and make it easier for other companies to follow their lead. Telus played a key role in the development of the Communications Environmental Excellence Initiative (www.ceei.org), a North American telecommunications industry collective commitment to improve the sector's environmental accountability. CEEI wrote a charter in 1999 that set out environmental principles or goals for telecommunications companies. With the collaboration of the United Nations Environment Program, seven companies signed the charter in 1999 which requires them to report annually on progress achieved towards the goals set out in the charter. Bell and Telus were the only Canadian companies to sign the original Charter. Each year the companies meet to benchmark performance and share experiences (source: Five Winds International).

HOW DOES COMMUNICATION GROW A COMMUNITY?

It's simple. Where there's communication, there's community. As a company, our business is to create connections. As a corporate citizen, our connections with community partners are focused on new and innovative ways to help them grow. Whether it's our charitable programs, our community development initiatives, or the expertise of our employees, we are committed to enhancing the lives of Canadians and the communities we serve. To find out more about Bell in the community, visit www.bell.ca/responsibility.



Making it simple.™

Telus also uses its leverage as a large purchaser, through its Environmentally Responsible Procurement Policy and Practices, to drive its suppliers to be more environmentally friendly. For example, Telus prefers to buy products that contain the maximum level of post-consumer waste and or recycled content. Paperless invoices for Telus' largest 100 customers saves 9,792 kg of paper a year, the company reports, along with cost savings in envelopes, postage, printers, ink and storage space for records.

Many leading companies try to move the sustainability ball forward through their industry groups or buying practices, but Telus raises the bar. Some of their lobbyists are good guys: they're trying to push the government to: make triple bottom line reporting a requirement for corporate accounting in Canada; create a national website that lets the public see what Canadian companies are up to on the social and environmental fronts; educate the public on the merits of socially responsible investing so that markets can send the right signals to companies; and encourage corporations to develop a CSR screen for capital expenditures.

This last point would have a huge impact on the capital markets. If corporations took into account (from a business case point of view) the potential positive and negative social and environmental impacts of every big chunk of change they outlaid, it would transform the way corporations spend money.

CORPORATE KNIGHTS 2004 BEST INTERNATIONAL CORPORATE CITIZEN: ALCAN INC.

"Alcan has gone further than almost any other corporation in integrating sustainable development into both their business planning and operations. They've got a CEO who's behind their environmental plan and they've integrated that right down to the working level of the company." David Runnalls, President, International Institute for Sustainable Development, says he thinks they're an excellent choice for this award.

Alcan is one of Canada's most international companies, with 88,000 employees worldwide operating in 60 countries. Alcan's international community involvement includes philanthropic investment, volunteer work, charity support and health and education programs. Alcan has provided education and medical support to many communities in developing countries, including several efforts to improve local economic conditions through community development and infrastructure programs. This broad approach is consistently applied in both North America and abroad, reaching Brazil

(free dental care for children), Malaysia ("Micro-Business Network" for students) and Ghana (a reported \$500,000 per year invested in various projects as determined by a community-company stakeholder panel). Considering Alcan's breadth, their consistent record is exemplary, although a group called 'Alcan't in India,' has expressed concern about Alcan's 45 per cent share in a bauxite mine in the Kashipur region of India.

CORPORATE KNIGHTS 2004 BEST EMPLOYER: DOFASCO INC.

For the second consecutive year, Dofasco was designated one of Canada's Top 100 Employers by Maclean's magazine and one of the 50 Best Employers in Canada by Report on Business Magazine. Dofasco's medical team and the employee-led Lifestyle Group were recognized by Canadian Healthcare Manager magazine with a Who's Who in Healthcare Award in 2003 for providing exceptional health services.

Some might consider it odd that a steel company with a non-unionized labour force ranks at the top of an employee relations category. But Dofasco has proved for decades that a company that encourages employee success, on its own volition, is a successful company in turn. Richard Yerema, editor of Mediacorp's guide to Canada's Top 100 Employers (Canada's #1 selling business book according to the Globe and Mail), praises Dofasco's attitude towards its workers. "From a pioneering employee ownership plan that began in 1938, to impressive investments in employee training, to significant efforts to minimize the environmental impacts of its operations, Dofasco has a long history of leadership in its community," Yerema says.

Employees at the Corporation's Hamilton operations and at Baycoat, DJ Galvanizing, Gallatin Steel and Powerlasers are not unionized while most hourly employees at Dofasco Marion, Dofasco de Mexico, Sorevco and Wabush Mines are represented by labour unions.

Dofasco offers employees a profit-sharing plan and a variable compensation plan tied to corporate performance, which, on average, enables them to earn up to 20 per cent bonuses based on business targets related to financial results, health and safety performance, and customer service. The range for the variable component of senior managers' earnings is 30-60 per cent.

Dofasco's employee health and safety program is intensive and recognized as one of Canada's best. Examples of the program

include smoking cessation programs, on-site aerobics, yoga and tai chi programs, Weight Watchers, free foot care programs with chiropractic services, as well as seven baseball diamonds and a golf course.

The only steel company on the Dow Jones sustainability index, Dofasco posted profits in 2003 – a year in which most steel companies lost money and some filed for bankruptcy protection. Dofasco bounced back from a hard year by cutting costs and did it entirely through employee suggestions.

CORPORATE KNIGHTS 2004 BEST COMMUNITY CORPORATE CITIZEN: ALIAN T INC.

It is no exaggeration to say that Aliant has more community impact in Atlantic Canada than any other company does in any other region of Canada.

Aliant's dedication to communities in Atlantic Canada has helped it to shuffle its way to the top spot in this category.

Aliant is responsible for providing phone, Internet and other services to an estimated two million residential customers and 80,000 businesses in Atlantic Canada.

In 2002, Aliant spent close to \$1 billion in goods and services through regional suppliers. Charitable giving totalled more than \$4 million in 2003 to specific areas such as health facilities, educational programs, arts, and sports and recreation.

Aliant Pioneer Volunteers is Atlantic Canada's largest corporate volunteer organization, exceeding 8,000 volunteers, and are part of TelecomPioneers, the largest industry-based volunteer organization in the world.

Bonnie Boyd-Read, Campaign Director for United Way of Halifax, says Aliant "strongly encourages and supports individual philanthropy and volunteerism with all employees. They set a very high standard for corporate and community commitment in the region." Aliant employee volunteers raised more than \$500,000 for charity (separate from the company's \$4 million charitable contributions) and contributed over 185,000 volunteer hours to community efforts in Atlantic Canada last year.

Aliant may be in the good books of the community, but its workers are less ecstatic, at the moment. When this magazine went to print, Aliant was still locked in battle with over 4,000 of its telecommunications workers, who had been on strike for nearly a month. The main issues in the dispute are job security, pensions, benefits and wages. **CK**