

by Corporate Knights  
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**SIXTH ANNUAL CORPORATE KNIGHTS RANKING**

# **BEST 50 CORPORATE CITIZENS 2007**

Izabela Popova on the green roof of Corporate Knights global headquarters in Toronto at the Centre for Social Innovation:

Izabela is a recent International BBA (IBBA) graduate of the Schulich School of Business (York University), where she served on the executive for the Corporate Social Responsibility Society (CSRS) and Net Impact. Izabela also spearheaded a successful student initiative to integrate sustainability into the undergraduate curriculum that resulted in a mandatory International BBA (IBBA) course.

PHOTO: Taso Diplaros



# 50

CORPORATE KNIGHTS • 2007

## BEST

CORPORATE CITIZENS

Can't wait for the results? Go to page 24.

In the following pages you will find our sixth annual ranking, the most detailed so far. These companies are not perfect in every way, but they are doing the best job at fulfilling their end of the social contract and managing their specific environmental, social and governance performance when going head-to-head with their sector peers.

### Highlights from the S&P/TSX 60 companies in the 2007 ranking:

**\$14.7 billion:** the tax gap in 2006

**\$4.9 billion:** increase in the tax gap from 2005

**\$95.7 billion:** corporate income before taxes in 2006

**\$24.6 billion:** increase in corporate income before taxes from 2005

**\$9.4 billion:** the pension gap in 2006

**\$7.3 billion:** decrease in the pension gap from 2005

**1.4 million:** number of employees 2006

**\$72.6 billion:** total profits 2006

**67.1 million:** total emissions (tonnes) of Greenhouse Gases in 2005

**0.8 million:** decrease in total emissions (tonnes) of GHG from 2004

**\$6.6 million:** average CEO total compensation in 2006

**0.54 percent:** profits consumed by total compensation  
of top three paid execs from each firm

**31:** number of companies with SD-related board committees

**10:** companies with no female board members

**51:** companies with no visible minority board members

**0:** female CEOs

## Message from Deloitte about the 2007 Best 50 ranking

*Corporate Knights requested a review from Deloitte to partially verify the baseline indicators for the 2007 Best 50 ranking. While some minor errors were discovered, Deloitte did not find any mistakes believed to have an effect on a company's final ranking.*

**Companies today are** looking beyond financial statements to report on a range of indicators that demonstrate their corporate responsibility (CR) and sustainable development initiatives. They are broadening their conversation with an expanding range of stakeholders through CR reports, interactive websites, and formal stakeholder engagement programs. Through these initiatives, organizations are enhancing their transparency and disclosure practices related to environmental, social and governance issues. The benefits include greater transparency, increased communication with stakeholders, enhanced regulatory compliance, and competitive positioning.

Historically, the pressure to disclose non-financial information was predominantly coming from the NGO community. While that still exists, boards of directors are also tracking non-financial aspects of corporate performance. In a 2007 study (*What many boards and executives STILL don't know about*

*the health of their businesses*, Deloitte 2007) conducted by Deloitte, nearly 79% of surveyed board members felt that financial indicators alone did not accurately capture a company's underlying strengths or vulnerabilities. When asked, boards stated that the four factors driving them to monitor non-financial KPIs are: increasing global competition; growing customer influence; greater awareness of risks to corporate reputation, and; accelerating product innovation.

As the importance of and reliance on disclosure of non-financial information increases, there is a growing trend to add credibility to the information presented through third party validation or assurance. That's why, this year Corporate Knights has asked Deloitte to recalculate a number of their baseline indicators for a random sample of companies representative of each industry included in this survey. Although some errors were identified, none of these errors is

believed to have an effect on a company's final rating. While Deloitte's work does not constitute an audit of the Best 50 Corporate Citizens in Canada, Corporate Knights' request is typical of what organizations that are taking the initial step towards their ultimate goal of obtaining an assurance opinion are doing.

A formal assurance statement from a third party provides greater credibility to a CR report, much like a financial audit provides assurance of a company's financial statements. Moreover, because environmental, social and community issues tend to be measured using non-financial performance indicators, there is a greater need to validate them. Everything from disclosures about greenhouse gas emissions and supply chain issues to employee turnover and hazardous waste production must be adequately scoped, rigorously tested and thoroughly documented to enhance a CR report's reliability.

Congratulations to this year's Best 50 Corporate Citizens in Canada winners.

# What a difference action today can have on tomorrow.

Congratulations to this year's  
Best 50 Corporate Citizens in Canada winners

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# SECTOR DASHBOARD



**The following tables** over the next two pages contain selected highlights from the results collected in the Corporate Citizenship Database™ for the 2007 Best 50 ranking. The tables on this page show selected standardized information from the Baseline Indicators for each sector ranked, and the tables on the next page show selected highlights from the sector Key Performance Indicators (unique to each sector).

## Autos

Average 3-yr tax gap / employee (negative = no gap)	\$(1,557.95)
Average pension fund fair value / employee	\$55,497.63
Average ratio of unfunded pension liability to total assets	1.95%
Total comp. of top 3 paid execs from each firm / profits	n/a
C-suite diversity	0.00%

## Chemicals

Average 3-yr tax gap / employee (negative = no gap)	\$23,059.81
Average pension fund fair value / employee	\$320,297.28
Average ratio of unfunded pension liability to total assets	2.60%
Total comp. of top 3 paid execs from each firm / profits	4.72%
C-suite diversity	0.00%
Avg. direct Cdn. GHG emission ('05 tonnes) / facility empl.	2,874.4

## Communications & Media

Average 3-yr tax gap / employee (negative = no gap)	\$14,477.18
Average pension fund fair value / employee	\$138,312.67
Average ratio of unfunded pension liability to total assets	1.49%
Total comp. of top 3 paid execs from each firm / profits	0.63%
C-suite diversity	6.45%

## Financials

Average 3-yr tax gap / employee (negative = no gap)	\$19,840.48
Average pension fund fair value / employee	\$70,469.02
Average ratio of unfunded pension liability to total assets	0.03%
Total comp. of top 3 paid execs from each firm / profits	0.30%
C-suite diversity	17.95%

## Forestry

Average 3-yr tax gap / employee (negative = no gap)	\$(452.39)
Average pension fund fair value / employee	\$106,235.59
Average ratio of unfunded pension liability to total assets	-0.23%
Total comp. of top 3 paid execs from each firm / profits	1.42%
C-suite diversity	3.70%
Avg. direct Cdn. GHG emission ('05 tonnes) / facility empl.	247.4

## Healthcare

Average 3-yr tax gap / employee (negative = no gap)	\$15,447.63
Average pension fund fair value / employee	\$62,583.73
Average ratio of unfunded pension liability to total assets	0.13%
Total comp. of top 3 paid execs from each firm / profits	1.48%
C-suite diversity	7.14%

## Utilities

Average 3-yr tax gap / employee (negative = no gap)	\$17,753.76
Average pension fund fair value / employee	\$480,569.12
Average ratio of unfunded pension liability to total assets	0.52%
Total comp. of top 3 paid execs from each firm / profits	0.72%
C-suite diversity	8.33%
Avg. direct Cdn. GHG emission ('05 tonnes) / facility empl.	27,472.7

## Industrials

Average 3-yr tax gap / employee (negative = no gap)	\$33,198.05
Average pension fund fair value / employee	\$118,701.76
Average ratio of unfunded pension liability to total assets	n/a
Total comp. of top 3 paid execs from each firm / profits	0.20%
C-suite diversity	2.94%

## Mining

Average 3-yr tax gap / employee (negative = no gap)	\$25,116.20
Average pension fund fair value / employee	\$116,500.23
Average ratio of unfunded pension liability to total assets	1.31%
Total comp. of top 3 paid execs from each firm / profits	0.38%
C-suite diversity	1.96%
Avg. direct Cdn. GHG emission ('05 tonnes) / facility empl.	638.1

## IT

Average 3-yr tax gap / employee (negative = no gap)	\$22,301.94
Average pension fund fair value / employee	\$88,726.32
Average ratio of unfunded pension liability to total assets	1.45%
Total comp. of top 3 paid execs from each firm / profits	0.33%
C-suite diversity	3.03%

## Retail

Average 3-yr tax gap / employee (negative = no gap)	\$(169.07)
Average pension fund fair value / employee	\$9,006.42
Average ratio of unfunded pension liability to total assets	0.16%
Total comp. of top 3 paid execs from each firm / profits	0.51%
C-suite diversity	0.00%

## Oil and Gas

Average 3-yr tax gap / employee (negative = no gap)	\$157,143.55
Average pension fund fair value / employee	\$242,132.77
Average ratio of unfunded pension liability to total assets	0.73%
Total comp. of top 3 paid execs from each firm / profits	0.19%
C-suite diversity	15.38%
Avg. direct Cdn. GHG emission ('05 tonnes) / facility empl.	21,511.0

## Transport

Average 3-yr tax gap / employee (negative = no gap)	\$29,299.31
Average pension fund fair value / employee	\$541,578.54
Average ratio of unfunded pension liability to total assets	1.05%
Total comp. of top 3 paid execs from each firm / profits	0.49%
C-suite diversity	0.00%

Turn to the next page for selected sector highlights from the companies' performance on their sector-specific Key Performance Indicators

## Healthcare

- McKesson has embraced recycling—84 per cent of their waste is recycled—and energy efficient lighting programs, and has recently introduced a re-usable plastic tote program for its shipping
- QLT has done extensive work on generic drugs development, and has made substantial community and social investment in Canada and abroad

## Communications and Media

- Transcontinental has made progress on integrating recycled fibre into its production and every one of its printing plants are assigned an environment coordinator to monitor implementation of Transcontinental's environmental policy
- Telus has a sector-leading environmental management program and has recycled over 20,000 phones this past year in an attempt to reduce the e-waste that is sent to landfills
- BCE issues formal annual environmental reports and continues to lead in terms of putting policy into practice, with priorities on energy efficiency and waste reduction

## Financials

- Since 2003, RBC has executed financial mandates of US\$5 billion for alternative energy projects
- Vancity members and clients have invested \$450 million in socially responsible investment options; Vancity offers Clean Air Auto Loan, a personal loan of up to \$35,000 on the purchase of a new vehicle with interest rates that allow borrowers to save up to \$3,000 over five years
- Sunlife has invested \$1.1 billion in renewable energy development
- GWL Realty Advisors has taken an aggressive role on greening buildings including a commitment to apply LEED standards for all new buildings
- Manulife has \$1.3 billion currently invested in renewable power; and through its subsidiary Hancock Timber is the world's largest manager of timberland investments for private equity investors (all forests certified according to the Sustainable Forestry Initiative and in some cases the Forest Stewardship Council)
- BMO has \$1 billion of business with aboriginal customers, and a technology disposal program which safely disposed of 194 tonnes of e-waste in 2006.
- CIBC has fully integrated environmental risk evaluations into its credit assessment processes, carrying out 320 evaluations in 2006.

## Retail

- The Canadian Tire Advance Green line of energy solutions for conservation, production and storage made the company the first big box to aggressively market decentralized renewable power; Canadian Tire also makes product safety information for chemical products it sells accessible to the public through web-based access to Material Safety Data Sheets (over 61,000 MSDS have been accessed on-line to date)
- Tim Hortons is leading the coffee chains in environmental initiatives; it's the only coffee shop testing biodegradable cups, composting bins and beverage bottle recycling
- Launched in Canada first, Home Depot has labeled more than 2,500 EcoOptions products, including all-natural insect repellents, compact fluorescent lightbulbs, cellulose insulation, front-load washing machines, and certified sustainable forestry products
- Mountain Equipment Co-op is a global leader in ethical sourcing (27 factory audits in 2007 representing a significant portion of products); the ratio of the MEC CEO's salary (excluding bonuses) to all staff salaries (including executives and CEO) is 11:1
- Loblaw's offers the broadest selection of environmentally friendly food of any Canadian grocer, complete with a collection of President's Choice GREEN products, hundreds of President's Choice Organics products, and PC Blue Menu products which are lower in fat, calories and sodium, and higher in fibre

## IT

- IBM committed to investing \$1 billion per year to make data centers more energy efficient
- Dell offers a free recycling program for home computers and printers to consumer customers
- HP has a sector-leading Design for Environment Program and the company reports it has recycled 920 million pounds of product since 1987

## Oil and Gas

- Petro-Canada provided seed capital and is an investor in Iogen Energy Canada, a company which is pursuing a proprietary technology to convert biomass (cellulose) waste into ethanol
- Suncor has 41 MW of installed wind capacity and all Sunoco retail stations sell gasoline containing 10 per cent ethanol
- Syncrude is the most efficient user of water in the oil sands industry using 2.26 cubic metres of water per barrel of production
- Nexen is a 50-per-cent partner in a 70.5 MW wind project opened this year in Alberta

## Autos

- Honda's fleet efficiency adjusted by sales is 29.3 MPG, the best in the auto sector
- Toyota has an overall fleet efficiency of 28.9 MPG and a car recyclability rate of 90 per cent; the company has sold a million hybrid vehicles to date

## Mining

- Alcan has knocked down its Canadian absolute GHGs by 30 per cent since 1990, while increasing production by 50 per cent

## Chemicals

- Potash is the only chemical company that has introduced social policy in its supply chain, by formalizing local purchasing and sourcing whenever possible. On the environmental front, Potash has committed to green energy, and currently one third of its energy consumption comes from green sources and co-generation

## Utilities

- Between now and 2015, Hydro-Quebec will add 4,000 MW of wind generation capacity
- 880,000 of Hydro One's customers participated in one of its conservation and demand management programs and the company is leading the way in deploying smart meters in Ontario homes and businesses
- Manitoba Hydro offers homeowners Residential Earth Power Loans of up to \$20,000 at an interest rate of 4.9% to cover the additional cost of installing a geothermal heat pump, rather than a conventional heating and cooling system

## Industrials

- In the past year, GE sold \$12 billion worth of its environmentally superior ecomagination line of products
- Husky Injection diverted 94 per cent of its Bolton factory waste from the landfill this year

## Forestry

- Every year, Cascades handles 2.7 million short tons of recycled fibre; close to 70 per cent of its product content is from recycled materials, saving 30 million trees annually
- Since 1990, Catalyst has slashed its GHG emissions by about two-thirds and cut its carbon intensity emissions by 71 per cent
- Alpac forests are 100 per cent FSC-certified, and the company generates 100 per cent of its energy from biomass (including selling 2.8 MW of Eco-Logo certified power to the Alberta Grid)

# THE BEST FIFTY CORPORATE CITIZENS

2007 ranking

R	CORPORATION NAME	SECTOR	ASSETS \$M	REVENUE \$M	PROFIT \$M	EMPL.	BASELINE SCORE	POLLUTION SCORE	KPI SCORE	TOTAL SCORE
1	Royal Bank Of Canada	Financials	\$536,780.00	\$36,045.00	\$4,728.00	60,858	80.83	--	89.17	<b>85.00</b>
2	Alcan Inc.	Mining	\$28,939.00	\$23,641.00	\$1,786.00	65,000	87.71	58.82	87.27	<b>84.64</b>
3	Vancouver City Savings C.U.	Financials	\$12,268.26	\$357.00	\$72.00	1,700	83.95	--	84.33	<b>84.14</b>
4	Dofasco	Mining	\$4,669.70	\$914.30	\$216.60	7,000	83.01	82.35	84.95	<b>83.72</b>
5	Hydro-Quebec	Utilities	\$60,432.00	\$10,914.00	\$2,252.00	22,131	73.16	96.15	92.50	<b>83.20</b>
6	Hewlett-Packard Canada	IT	\$81,981.00	\$91,658.00	\$6,198.00	156,000	71.11	--	94.69	<b>82.90</b>
7	Canadian Tire Corporation Ltd.	Retail	\$5,804.60	\$8,269.10	\$354.60	50,000	75.82	--	88.89	<b>82.35</b>
8	Bank Of Montreal	Financials	\$319,978.00	\$18,153.00	\$2,663.00	34,942	85.44	--	78.33	<b>81.89</b>
9	General Electric Canada	Industrials	\$697,239.00	\$163,391.00	\$20,666.00	319,000	71.80	--	90.74	<b>81.27</b>
10	Petro-Canada	Oil and Gas	\$22,646.00	\$18,670.00	\$1,740.00	5,156	86.85	57.69	79.49	<b>80.99</b>
11	IBM Canada	IT	\$103,232.00	\$91,424.00	\$9,416.00	366,486	70.22	--	91.47	<b>80.85</b>
12	McKesson Canada	Healthcare	\$23,943.00	\$92,977.00	\$968.00	2,150	61.67	--	100.00	<b>80.83</b>
13	Mountain Equipment Co-op	Retail	--	\$197.00	\$2.30	1,120	62.06	--	98.61	<b>80.33</b>
14	Potash Corporation Of Sask. Inc.	Chemicals	\$6,217.00	\$3,892.50	\$631.80	4,871	65.00	100.00	93.33	<b>79.83</b>
15	Enbridge Inc.	Utilities	\$18,379.30	\$10,932.60	\$622.30	4,800	70.08	100.00	86.67	<b>79.71</b>
16	Cascades Inc.	Forestry	\$3,911.00	\$3,403.00	\$3.00	15,800	64.25	100.00	93.24	<b>79.42</b>
17	Transcontinental Inc.	Comm. & Media	\$2,274.70	\$2,196.00	\$137.90	14,476	67.40	--	89.09	<b>78.25</b>
18	Sun Life Financial Inc.	Financials	\$188,620.00	\$24,277.00	\$2,137.00	18,210	70.83	--	84.67	<b>77.75</b>
19	Canadian Pacific Railway Ltd.	Transport	\$11,415.90	\$4,589.20	\$796.30	15,675	54.67	--	100.00	<b>77.33</b>
20	Sherritt International	Mining	\$2,553.50	\$1,149.50	\$245.60	800	72.53	79.41	82.37	<b>77.16</b>
21	Nexen Inc.	Oil and Gas	\$17,156.00	\$5,458.00	\$601.00	3,300	66.15	65.38	93.85	<b>77.15</b>
22	SNC-Lavalin	Industrials	\$6,238.99	\$5,190.81	\$158.37	13,300	87.80	--	66.17	<b>76.99</b>
23	Loblaw Companies Limited	Retail	\$13,486.00	\$28,651.00	\$(219.00)	139,000	71.41	--	80.56	<b>75.98</b>
24	Stantec Inc.	Industrials	\$630.48	\$818.00	\$60.18	6,000	64.22	--	87.64	<b>75.93</b>
25	Catalyst Paper Corp.	Forestry	\$2,637.70	\$1,885.60	\$(15.90)	3,600	64.75	87.50	86.44	<b>75.70</b>
26	Hydro One	Utilities	\$4,900.00	\$4,421.00	\$483.00	4,295	83.85	0.00	84.17	<b>75.59</b>
27	Dell Canada	IT	\$23,109.00	\$55,908.00	\$3,572.00	65,200	54.81	--	96.36	<b>75.59</b>
28	Tim Hortons Inc.	Retail	\$1,744.99	\$1,706.46	\$259.60	84,400	73.14	--	77.78	<b>75.46</b>
29	TELUS Corporation	Comm. & Media	\$16,508.20	\$8,693.30	\$1,122.50	30,000	52.70	--	98.18	<b>75.44</b>
30	Suncor Energy Inc.	Oil and Gas	\$18,781.00	\$15,830.00	\$2,971.00	5,150	69.38	88.46	79.23	<b>75.23</b>
31	BCE Inc.	Comm. & Media	\$36,957.00	\$17,771.00	\$2,007.00	61,739	55.90	--	94.55	<b>75.22</b>
32	Domtar Inc.	Forestry	\$4,955.00	\$4,017.00	\$328.00	8,360	74.38	62.50	78.15	<b>74.70</b>
33	Toyota Canada	Autos	\$244,587.00	\$179,083.00	\$11,681.00	285,977	56.25	--	92.69	<b>74.47</b>
34	Bombardier Inc.	Industrials	\$18,577.00	\$14,973.00	\$268.00	56,000	64.30	--	84.29	<b>74.29</b>
35	Great-West Lifeco Inc.	Financials	\$120,463.00	\$27,334.00	\$1,927.00	19,000	74.63	--	73.50	<b>74.06</b>
36	Home-Depot	Retail	\$52,263.00	\$90,837.00	\$5,761.00	247,520	72.61	--	75.00	<b>73.81</b>
37	Manulife Financial Corporation	Financials	\$359,106.00	\$34,194.00	\$3,985.00	20,942	67.56	--	78.17	<b>72.86</b>
38	MDS Inc.	Healthcare	\$2,678.00	\$1,152.00	\$145.00	8,300	83.00	--	62.50	<b>72.75</b>
39	Saskatchewan Power	Utilities	\$4,101.00	\$1,344.00	\$131.00	2,425	72.52	69.23	73.33	<b>72.52</b>
40	TransCanada Corporation	Utilities	\$25,909.00	\$7,699.00	\$1,079.00	2,350	65.92	65.38	82.50	<b>72.50</b>
41	Alberta Pacific Forest Industries Inc.	Forestry	\$88,237.30	\$42,633.20	\$3,091.70	53,738	64.06	68.75	83.38	<b>72.26</b>
42	Goldcorp Inc.	Mining	\$17,965.90	\$1,788.30	\$408.30	9,000	76.41	0.00	84.59	<b>72.04</b>
43	Agrium Inc.	Chemicals	\$3,265.00	\$4,209.00	\$33.00	4,719	70.75	87.50	69.33	<b>71.86</b>
44	Canadian Broadcasting Corp.	Comm. & Media	\$2,083.76	\$536.31	\$(44.19)	6,050	60.67	--	82.73	<b>71.70</b>
45	Honda Canada Inc.	Autos	\$95,145.12	\$89,171.96	\$5,373.29	144,786	47.73	--	95.58	<b>71.65</b>
46	Canadian Imperial Bank Of Commerce	Financials	\$303,984.00	\$20,166.00	\$2,646.00	37,016	61.06	--	80.00	<b>70.53</b>
47	CVRD Inco	Mining	\$60,954.00	\$19,651.00	\$6,528.00	10,973	72.03	88.24	64.02	<b>70.45</b>
48	Husky Injection Molding Systems Ltd.	Industrials	\$810.49	\$937.06	\$25.67	3,052	50.00	--	90.48	<b>70.24</b>
49	Teck Cominco Limited	Mining	\$11,447.00	\$6,974.00	\$2,431.00	7,316	52.59	85.29	86.81	<b>69.55</b>
50	Shell Canada	Oil and Gas	\$13,655.00	\$14,806.00	\$1,738.00	4,793	68.15	80.77	66.92	<b>68.92</b>

## LEGEND:

R: Rank. Baseline Score: The weighted average score in the baseline indicators (see methodology notes on p. 26). Pollution Score: The weighted average score in the GHG emissions and GHG cleanup indicators (only applies to selected sectors). KPI Score: The weighted average score in the Key Performance Indicators (see p. 26) for each sector. Total Score: The aggregate final score for the Best 50 ranking.

## Sector rankings in the indicators being scored (see next page for definitions)

SECTOR COUNT	TAX	PENSION QUALITY	PENSION HEALTH	BOARD GENDER	BOARD MINOR.	C-SUITE DIVERS.	BOARD INDEP.	BOARDSD COM/TEE	C-SUITE PAY	SHARE. CONFL.	LAOUR REL.	WORK STOP.	GHG EMISS.	GHG CLEANUP
19	1	9	14	8	4	1	9	1	8	1	--	No	--	--
18	1	4	14	10	4	2	2	1	4	1	1	No	8	8
19	1	17	9	1	2	1	1	1	--	1	--	No	--	--
18	4	1	13	7	5	2	3	1	--	1	--	No	5	3
14	--	4	1	6	4	3	3	1	--	1	1	Yes	1	2
10	2	3	1	2	2	1	7	10	3	1	--	No	--	--
18	1	--	9	8	6	18	10	1	8	1	1	No	--	--
19	1	5	1	5	6	1	3	1	12	1	--	No	--	--
11	9	1	1	2	1	2	6	1	1	9	1	No	--	--
14	1	4	8	1	2	1	1	1	11	1	1	No	7	6
10	1	2	3	1	1	2	3	10	1	10	--	No	--	--
4	3	1	2	1	1	1	2	4	2	1	1	No	--	--
18	10	--	9	1	6	18	1	1	--	1	--	No	--	--
5	3	3	3	1	2	5	3	1	2	1	1	No	1	1
14	8	9	1	13	5	3	10	1	1	1	1	No	1	1
9	5	8	3	5	4	1	8	1	6	1	1	No	1	1
11	5	9	7	4	3	3	9	1	6	1	1	No	--	--
19	10	4	13	6	7	1	6	1	9	1	--	No	--	--
4	4	2	2	1	2	4	1	1	2	1	1	No	--	--
18	10	10	1	2	2	1	11	1	13	1	1	No	7	2
14	5	9	5	10	2	7	1	1	13	1	1	No	4	7
11	1	4	3	1	3	2	1	1	4	1	--	No	--	--
18	1	4	7	10	6	18	17	1	15	1	1	No	--	--
11	1	--	7	5	3	2	9	11	5	1	--	No	--	--
9	5	5	7	7	2	2	1	1	7	1	1	No	1	3
14	3	1	12	3	3	1	4	1	2	1	1	Yes	--	--
10	6	--	5	3	3	2	4	10	2	1	--	No	--	--
18	1	--	9	12	6	18	3	1	6	1	--	No	--	--
11	7	3	1	10	3	3	2	11	2	1	1	Yes	--	--
14	11	5	9	3	2	1	1	1	6	1	1	No	2	3
11	8	2	9	5	3	3	1	11	1	1	1	No	--	--
9	5	2	6	6	3	2	5	1	2	1	1	No	6	2
5	3	4	3	3	3	5	--	1	--	1	1	No	--	--
11	1	2	6	9	3	2	9	11	3	9	1	No	--	--
19	10	2	1	15	7	6	2	1	1	1	--	No	--	--
18	1	--	9	14	4	18	2	1	7	1	--	No	--	--
19	10	1	1	11	7	6	5	1	7	14	--	No	--	--
4	1	2	1	2	2	2	1	1	2	1	--	No	--	--
14	--	6	8	1	1	3	1	1	--	1	1	Yes	6	4
14	9	5	7	10	5	3	9	1	3	1	--	No	4	7
9	2	4	1	7	1	2	--	9	--	1	--	No	3	4
18	2	--	16	6	5	2	9	1	14	1	--	No	--	--
5	1	5	2	2	2	5	1	1	3	1	1	No	1	2
11	--	1	1	1	1	3	3	11	--	1	1	Yes	--	--
5	4	5	2	3	3	5	--	1	--	1	1	No	--	--
19	1	10	8	3	7	6	4	19	14	1	--	No	--	--
18	12	2	12	12	3	2	1	1	--	1	1	No	1	5
11	5	--	7	4	3	2	11	11	8	1	--	No	--	--
18	14	3	1	11	1	2	13	18	2	1	1	Yes	6	1
14	8	2	7	2	2	1	11	1	10	12	1	No	3	4

**NOTE:** Ikea's KPI score was sufficient to qualify for the Best 50 but the lack of sufficient data in the baseline indicators excluded it from consideration.

**LEGEND:** The numbers in the columns above represent each company's ranking (Olympic style) among its peers in the applicable sector. A 1 means the company had best-of-class performance in the indicator. Work Stoppages Indicator is a penalty indicator. A 'Yes' in this column means the company had points deducted from their baseline score for person-days lost due to work stoppages.

## The methodology used to determine the Best 50 Corporate Citizens in Canada

**The methodology for** the Best 50 Corporate Citizens is based on environment, social and governance indicators found in the public domain. This year, the scoring has been expanded to include baseline indicators (as in previous years), and sector-specific key performance indicators. The baseline indicators are worth 50 per cent of the final score. The KPIs (including pollution for relevant sectors) are worth 50 per cent. The ranking for each indicator is based on each company's sector rank. Where necessary, the most suitable normalizer available was used (throughput, revenues, employees, assets).

There are dozens of Key Performance Indicators (KPIs) which fall under three categories: environment, social, and governance. For each Corporate Knights Sector, the selected most important Primary Key Performance Indicators (including pollution) account for 50 per cent of a company's overall score. For multinational companies with no listing on the TSX, information is used from their global parent company.

The weightings and full details for the baseline and KPI indicators are available for purchase in the form of Sector-Specific Reports on demand by contacting the Corporate Knights Sales Group at [sales@corporateknights.ca](mailto:sales@corporateknights.ca).

### BASELINE INDICATORS

**Tax** — The company's average tax gap over the past 3 years / # of employees. Rationale: When a company obtains a break from their tax bill, in effect the State has invested in that company. It is reasonable to expect a return on that investment in the form of increased social welfare, measured in the number of full time jobs sustained by the company.

**Pension Quality** — The closing fair value of the defined benefit plan / the total number of employees. Rationale: The extent to which a company provides strong pension benefits to the majority of its workforce can influence morale and generate greater loyalty from employees, which helps productivity and reduces turnover rates.

**Pension Health** — The ratio of the company's unfunded pension to total assets. Rationale: This number gives an indication of the company's ability to honour its pension fund obligation.

**Board Diversity and C-Suite Diversity** — The percentage of directors / C-Suite members who are women and/or visible minorities. Rationale: A company that wants to attract and retain the best and brightest must show there are no glass or white ceilings.

**Board Independence** — The percentage of directors who are unrelated and the percentage of key committee(s) (audit and compensation) that are chaired by an independent director. Rationale: A strong independent board can provide valuable perspective and checks that help a company stay focused and steer it away from strategic risks.

**Full or Partial SD Committee** — The number of board level committees tasked specifically with environmental issues, social license to operate, sustainability,

ity, safety, public policy or corporate responsibility. Rationale: Making sustainability part of the formal purview of the board helps to provide oversight over broad stakeholder issues from the company's top leadership, which enhances a company's ability to both manage risk and seek out related strategic opportunities for profit.

**C-Suite Pay** — The mean total salary of top three paid officers divided by the company's profits. Rationale: Companies that divert excessive compensation to just a few executives in relation to the company's earnings may suggest conflicts of interest and sub-optimal resource deployment.

### SECONDARY BASELINE INDICATORS

**Shareholder Conflict** — The number of shareholder resolutions that were withdrawn (resolved) by the filer minus the shareholder resolutions that were omitted by the company or that gained over 7.5 per cent of the vote at the AGM over the past three years. Rationale: Companies that resolve concerns by shareholders demonstrate better stakeholder relations.

**Work Stoppages Penalty** — Person-days lost as a per cent of total employees in most recent year (only counts if more than 500 person-days lost). Rationale: Labour disruptions impose costs on many stakeholders and generally do not increase the goodwill between management and workers. This can lead to delays and lower productivity.

**Labour Relations** — A company receives a score in this category if a significant portion of their employees have a collective bargaining agreement or if no worker strife (not including work stoppages) has been documented in media reports over the past year. Rationale: Companies that have cordial labour relations tend to perform better.

### PRIMARY KEY PERFORMANCE INDICATORS

#### HEALTHCARE

- Strategies for Access to Medicines for the Poor
- R&D Ethics and Marketing

#### COMM. AND MEDIA

- Eco-Design to Minimize Waste / PFBs
- Eco-Social Media Coverage
- Energy / Paper use
- Labour Relations

#### FINANCIALS

- Sustainable Financing
- Environmental and Social Risk Management
- Sustainable Governance / Public Policy Influence
- Green Real Estate / Energy Use

#### RETAIL

- Eco-Social Supply Chain
- Eco-Social Product Offering

#### AUTOS

- Fleet Efficiency
- Energy Efficiency of Production

#### OIL AND GAS

- GHG Intensity
- Water Intensity
- Toxicity Intensity
- Renewable Energy Portfolio
- Human Rights / Aboriginal Relations

#### IT

- Energy Efficiency of Products
- Eco-Social Product Innovation
- Active Technology Transfer to Developing World
- Prevention / Mitigation of Hazardous Substances
- EICC Member

#### TRANSPORT

- Fleet Efficiency
- Accidents

#### CHEMICALS

- Energy Efficiency of Production
- Environmental and Human Toxicity
- Eco-Social Product Innovation

#### MINING

- Energy Efficiency of Production and Green Energy Use
- Environmental and Human Toxicity
- Eco-Social Product Innovation
- Human Rights / Security Understanding
- Accident Rate (Lost Time Accidents)
- Extractive Industry Transparency Initiative (Where Applicable)

#### UTILITIES

- Greenhouse Gas Intensity of Energy Production
- Renewable Energy Portfolio
- Demand Side Conservation Effectiveness

#### INDUSTRIALS

- Waste Minimization
- Energy Efficiency (Products)
- Supplier SD Development Program

#### FORESTRY

- Green power From Biomass (Per Cent)
- Eco-Social Product Innovation
- Accident Rate (Lost Time Accident)
- Forest Management Practices / Supply Chain

### CRITERIA FOR INCLUSION IN THE BEST 50

as of Dec. 31, 2006 to qualify for 2007

- In TSX 60, Top 50 on FP 500 or ROB1000.
- Jantzi Social Index (JSI60), Top 25 holdings of Ethical Canadian Stock Index Fund.
- Publicly available data for at least half of the major indicators.
- Additional companies with significant operations in the following high-impact sectors were also added (communications, chemicals, utilities, retail, mining, oil & gas, finance, forestry).