



the 9th annual

BEST 50

Corporate Citizens in Canada

Research by MELISSA SHIN, TOBY A.A. HEAPS, JEAN-FRANÇOIS OBREGON,

SAM BOURGI, JOHN CAREY, TIMOTHY NASH, and STEFAN PIECH

INSIDE:

THE DEATH OF PHILANTHROPY |

SHOWING UP THE TSX60 ON DIVERSITY |

OUR BEST 50 RANKING |

AND MORE!

Philanthropy is Dead?

Mere “balloons and t-shirts” initiatives just aren’t going to cut it today.

by MELISSA SHIN

If the environment were a bank, we would have saved it already. This amusing yet sobering socialist protest mantra illustrates the misguided view our markets take of the invisible economy—the environmental goods and services like clean air and water that quietly sustain us every day, for “free.”

Slowly, the world is starting to wake up to the reality that if we don’t protect our ecosystem services, we’ll lose them forever and have a huge bill on our hands. As a result, companies are starting to take environmental and social information into account, linking their executive pay to environmental, social, and governance (ESG) criteria (see page 25). Global financial news powerhouse Thomson Reuters has acquired ESG information provider ASSET4—who provided data for this ranking—to integrate its data into mainstream financial analysis. Similarly, Bloomberg’s 250,000-plus data terminals provide access to all the publicly available ESG data of over 3,000 companies, including Carbon Disclosure Project data and renewable energy use.

Retail behemoth Wal-Mart, despite—or perhaps because of—its less-than-stellar labour relations and reputation for “big-boxifying” small communities, is constantly surprising environmentalists with its green announcements, such as its move into organic and local produce, and its purchases of renewable energy. It’s currently working to develop a sustainability index, rating its products that will include life-cycle analysis.

And, SC Johnson, maker of eponymous products like Saran Wrap and Windex,

launched its “What’s Inside” website in March 2009, which has a comprehensive ingredient list. By January 2012, it will list all ingredients on product labels and will reveal fragrance and preservative ingredient information. This required the company to demand comprehensive ingredient lists from its suppliers.

What do these things have to do with the death of philanthropy and corporate social responsibility (CSR)? Everything.

“I define CSR as the discretionary things that companies do to try to engage their communities.

Philanthropy, volunteering, falls under CSR—what we used to call t-shirts and balloons,” says Sandra Waddock, the Galligan Chair of Strategy at Boston College and author of *Total Responsibility Management*. “But corporate responsibility or corporate citizenship is much more about the business model. If a company is just looking at CSR then it’s a second-stage company, and that’s simply not going to be enough in the future.”

CSR is built merely on appeasing various aspects of the “real” economy—reputation improvement, better public relations, tax rebates for charitable donations. But the invisible economy guides decisions around true corporate citizenship, and as we’ve seen, the two economies are beginning to merge thanks to the age of information. So building a CSR veneer isn’t going to last.

“If you’ve got a fundamental problem with your business model, in today’s world, someone’s going to find out,” says Waddock. “Very little that companies do is invisible anymore.”

That fact is especially due to the digital age. For example, the environmental, health, and social information of over 70,000 everyday retail products is available at the touch of an iPhone via GoodGuide.com’s product rating app, which includes everything from product safety to human rights controversies to carbon footprint information. ESG data provider KLD Research, owned by Risk-Metrics Group, powers its rating system.

The Internet’s breadth and depth means that consumers can register their reactions to injustices almost immediately. H&M and Wal-Mart felt the wrath of the Twitterverse in January 2010 when a New York Times article revealed that the retailers had been destroying non-saleable clothing that could have been donated during a particularly cold winter. Twitter users voiced their outrage in droves—it was the second-most popular trending topic the day after the article’s release. That day, H&M released a statement denouncing the practice and promising to investigate.

Awareness and outrage over the BP Deep Horizon spill has been largely aided by social networking. @BPGlobalPR, a satirical Twitter account mocking BP’s attempts to mollify the public, has over 121,000 followers. The oil spill and BP have been trending topics ever since the disaster began.

With issues of this magnitude coming to light, simply throwing money at various charities or serving cake at a “community appreciation day” isn’t going to satisfy the increasingly savvy consumer or investor.

Article continues on pg. 26

- 5**
Transforming
(changing the game of business)
- 4**
Integrated
(pursuing sustainable development)
- 3**
Innovative
(starting to differentiate)
- 2**
Engaged
(pursuing the social license to operate)
- 1**
Elementary
(staying out of jail)

The Five Stages of Corporate Citizenship

SOURCE: BOSTON COLLEGE CENTER FOR CORPORATE CITIZENSHIP

MAKING THE LINK

Even if a company measures its environmental and social progress, getting its leadership on board can still be a matter of cold, hard cash.

by KRISTINE MACPHEE

In the face of economic challenges and countless competing priorities, many companies' sustainability agendas are taking a back seat. So how can organizations hold themselves accountable to their existing environment, social, and governance (ESG) commitments?

An important key is how a company compensates its executives. Linking executive compensation to ESG criteria may be one way to elevate sustainability on the agenda. If you accept that executives are rewarded for their contribution to the achievement of the company's goals, compensation is a way to determine what is important to the company.

So perhaps we need to look beyond the corporate responsibility report to the proxy circular to find out how important sustainability truly is.

When executives are measured on and rewarded for their ESG-based performance, they are motivated to take action. These are not people who are prepared to leave "their" money on the table. And, while employees provide innovation and passion, the tone from the top is the key.

More than 60 per cent of the mining/materials and financial sector companies in

the tsx60 show "link-to-pay" leadership. The other sectors such as consumer products and telecommunications firms, which represent more than one quarter of the tsx60, are not yet making the link.

Where the link exists, the nature of it varies greatly. tsx60 companies rewarded executives based on nine different sustainability "topics." Safety, environment, and people issues are the most common remunerated ESG topics. Most organizations disclosed only that executive compensation was linked, with less than 25 per cent specifically indicating a connection to CEO compensation.

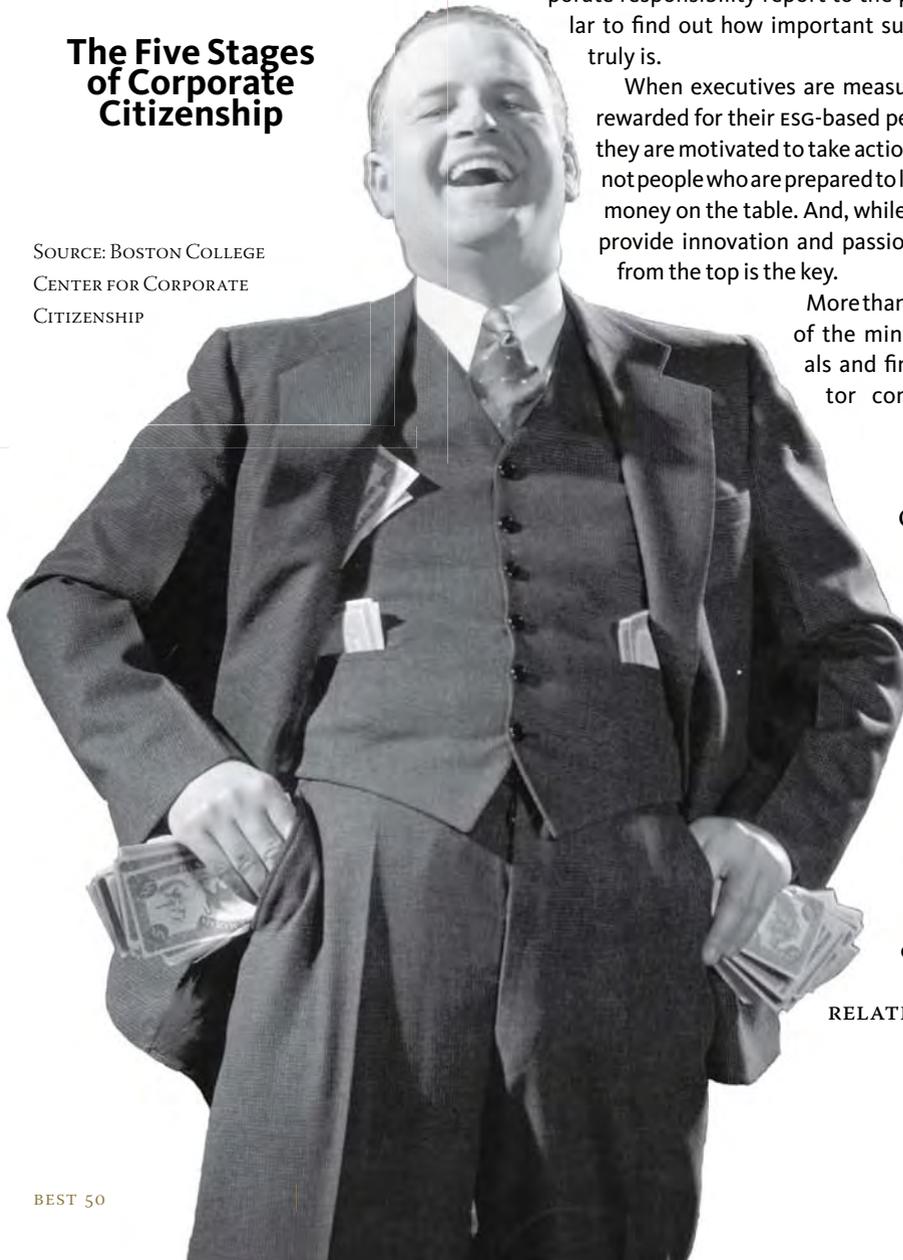
In some instances, lower instead of senior levels of management were financially accountable for ESG performance. This "disconnect" can create challenges for an organization and move ESG issues to the back burner.

The idea of coupling ESG performance with compensation is gaining momentum. In 2009, 35 per cent of tsx60 companies partially based executive compensation on ESG performance. This is an impressive result given only 29 per cent of the FTSE Eurofirst300 listed companies make that link.

Canadian companies can deepen the connection between remuneration and sustainability performance and keep ESG on the top of the agenda, raising the bar for governance and accountability by following the lead of the tsx60 companies.

Is your organization up to the challenge?

Kristine MacPhee is a senior Sustainability and Climate Change practitioner with Deloitte.



OUR TOP 3 CORPORATE CITIZENS ARE CO-OPERATIVES—
OWNED AND OPERATED BY A GROUP OF INDIVIDUALS
FOR THEIR MUTUAL BENEFIT. BUT THESE AIN'T YOUR
MOM AND POP SHOPS: COMBINED THEY GENERATED
OVER \$3 BILLION IN SALES IN FISCAL 2008.

MOUNTAIN EQUIPMENT CO-OP

DESERVES THE HONOUR OF THE TOP CORPORATE
CITIZEN IN CANADA THANKS TO ITS BOARD DIVERSITY,
RELATIVELY LOW RESOURCE USE, EMBEDDED SUSTAINABILITY
MANDATE, AND STRONG SUPPLY CHAIN MANAGEMENT.

Bob Willard, an expert on corporate sustainability strategies, says it would be a “disaster” for companies to simply engage in a cheque-writing exercise to fulfill its societal duties. Chris Jarvis, co-founder and senior consultant of Realized Worth, a company specializing in corporate volunteering, also puts it bluntly.

“Once a company leaves the third stage of corporate citizenship [moving from being innovative to integrative], they no longer do philanthropy. They shouldn’t—it’s regressive,” he says. “It would be like leaving college and using kindergarten tools. Companies leaving stage three don’t use the word philanthropy. They talk about strategic partnerships.”

The charities that vice-president Dr. Cathy Barr deals with at Imagine Canada, a national program focused on promoting public and corporate giving, want to engage with companies on multiple levels so that they can find mutually beneficial goals.

And that way, companies have some skin in the game, according to Jarvis.

“The more self-interested a volunteer or a company is, the more reliable they are, because they’ve tied their well-being to [that of the charity],” he says. “No one wants to be a project. And too often, volunteering and philanthropy objectify the very people we’re trying to help because they become objects to fix or make better. [Instead] we should create some free space so they can understand that they have incredible value.”

Jarvis gives the example of IBM, where Willard spent 34 years.

“IBM has forgone all fiscal giving in order

to put their talent, networks, and skills at play,” he points out. “They’ve moved past giving computers [with strings attached] to giving computers [without strings] that can be used for making your community better.”

Making things better has become the core mantra of many companies that have come of age in the last decade—partly because of the merging of the invisible and real economies.

“Companies like Google have grown up in this new, highly connected technology era. And they have a new set of values,” points out Waddock. “Google’s [unofficial slogan] is ‘don’t be evil.’ It made the tough decision to pull out of China. It’s created a public good with access to information. You’re going to see many more of these companies that are born with these sets of values in them.”

As a result, CSR as executed by a separate department or committee is no longer relevant for these types of companies. In fact, the term CSR shouldn’t exist at all since it identifies a separate initiative for a business instead of being part of a natural, integrated decision-making process, says Peggie Pelosi, author of *Corporate Karma*.

Is this just semantics? While there’s nothing wrong with the activities that happen under a CSR mandate, fifth-stage, transformative companies like Seventh Generation and Patagonia—and arguably our top corporate citizen, Mountain Equipment Co-op—won’t do business if they can’t do it right, says Jarvis.

“The expectations of companies being

more proactive, not only not doing any harm but actually doing good, have become really hard for companies to duck,” says Willard. “Governments and consumers have started to say that companies’ responsibility is to all stakeholders as opposed to shareholders.”

But how does a company reverse-engineer this stakeholder-oriented, integrated mindset? It’s difficult, since companies are limited by the current economic system—the one that still doesn’t fully take into account the invisible economy.

“BP really tried to transform itself to Beyond Petroleum [and failed]. Changing a huge organization is like trying to turn a tanker,” says Waddock. “Even if companies want to make responsible long-term decisions, they’re still under the quarterly microscope. The problem is more than any given company can deal with. It’s a problem of short-termism and the dominance of finance over productive capital.”

If these tankers can’t be turned, they’ll sink. Hope for the future lies in competition-forced transformation.

“The Googles and eBays are creatively destroying [the old paradigms]. Can regular companies keep up? I think you’ll see some social enterprises will succeed and grow bigger and begin to displace the big guys as consumers, investors, and employees turn to them,” says Waddock. “In a sense, it’s a free market process that’s constrained by values that say we want to make the world better, not worse.”

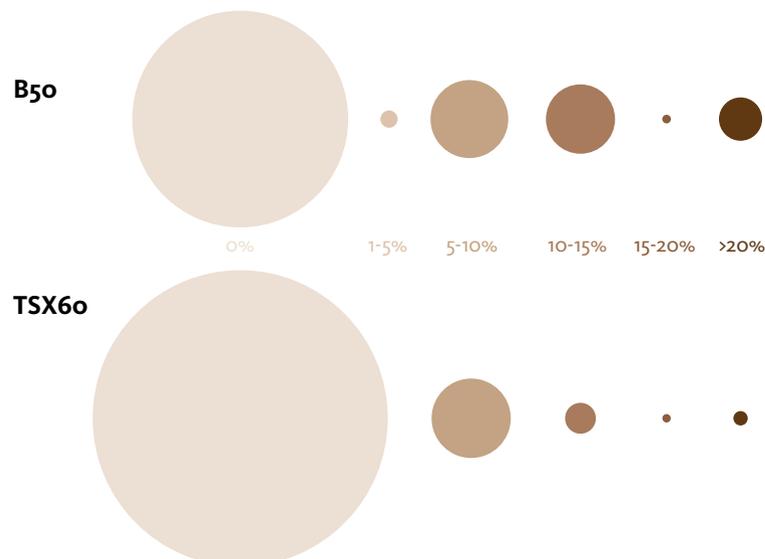
Melissa Shin is the managing editor of *Corporate Knights*.



Visible Minorities or Aboriginals on company boards

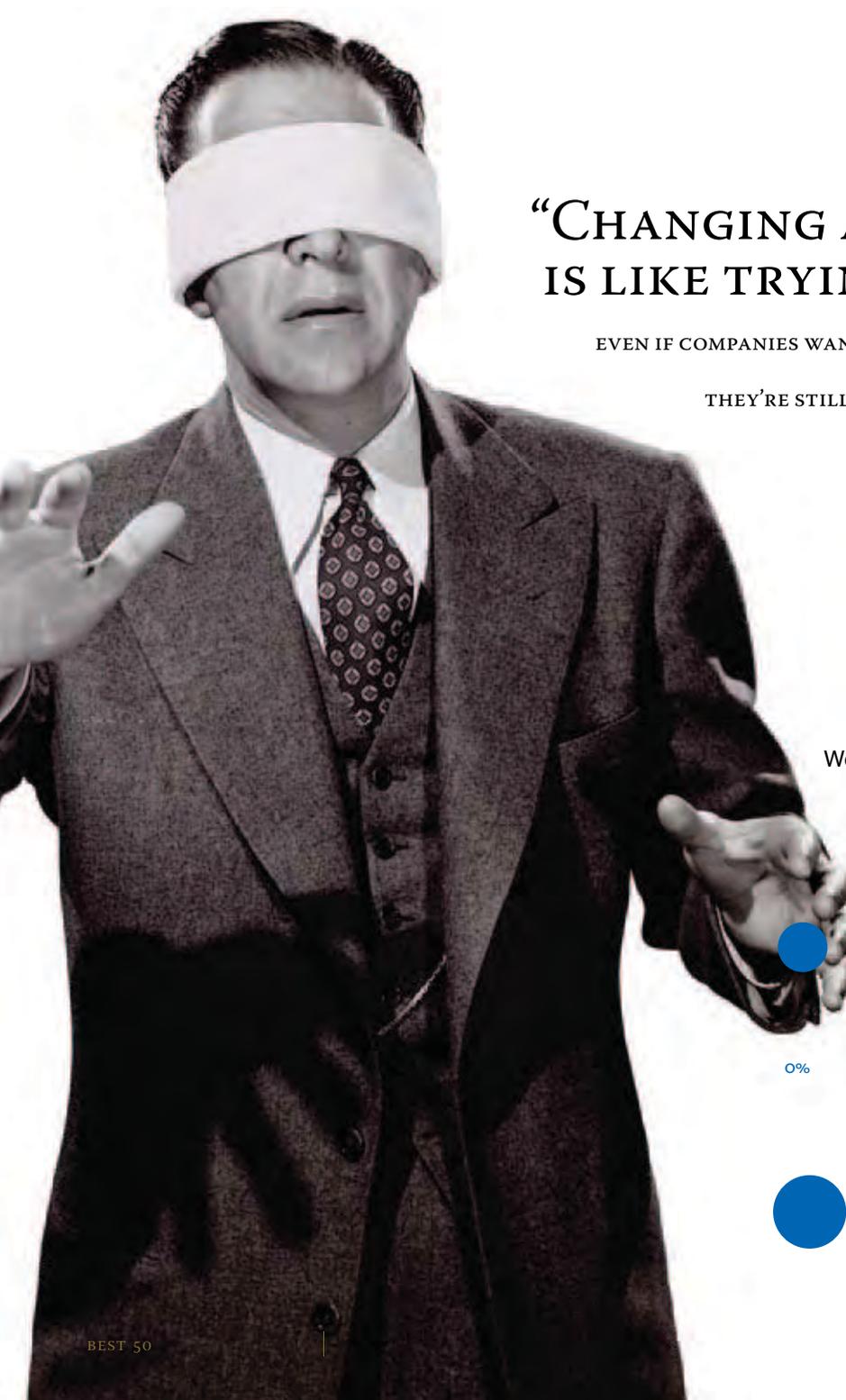
Where is the board diversity?

We’re a far cry from truly diverse boardrooms, but the Corporate Knights Best 50 ranking still outshines diversity in the TSX as well as the Fortune 500, which has 4% female CEOs to our 10% (3 of whom are our top 5 Corporate Citizens).



Top Foreign Citizens

These companies all operate within Canada and top our list as most responsible foreign citizens. Go to page 30 to see what Canadian companies they share their title with.



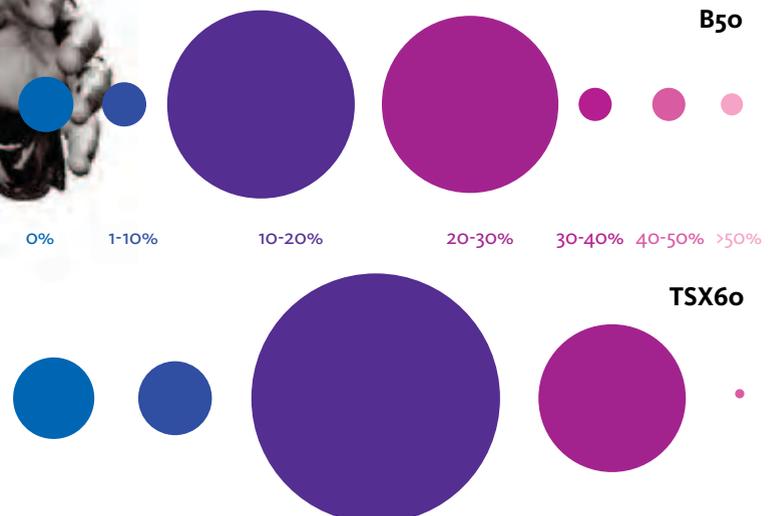
“CHANGING A HUGE ORGANIZATION IS LIKE TRYING TO TURN A TANKER,

EVEN IF COMPANIES WANT TO MAKE RESPONSIBLE LONG-TERM DECISIONS,

THEY’RE STILL UNDER THE QUARTERLY MICROSCOPE.”

ranking continues on page 30

Women on company boards



Rescuing the Invisible Economy

by JON-ERIK LAPPANO

This year's G20 summit in Toronto won't come close to solving the world's economic problems since it ignores too many critical issues. Here are some that should be addressed.

Early this June, Canadian Finance Minister Jim Flaherty announced that the "number one issue" at the G20 summit in Toronto is Europe's increasing debt and overspending.

Now hold on a minute, Jim: what about the other two thirds of the world that have suffered crippling international debt, environmental catastrophes, hunger, disease, and economic trouble this past century? The European crisis is a red herring, steering the conversation away from what it should really be about: creating a just, environmentally and socially sustainable economy for all.

Unfortunately, the crucial discussions of climate change, water scarcity, food security, renewable energy, international aid, and human rights will be relegated into peripheral obscurity at the G20. If we had it our way, there would be a different order of business.

Corporate Knights looked to international thought leaders to gain insights on what needs to change. The consensus is that the modern world's agenda needs a redesign. We need a new model for growth, a new model for value, and a new list of priorities that take into account the neglected issues that are far more powerful and permanent than the almighty dollar.

How do we reconcile the economy with the environment? Here's what they had to say.



SUN LIFE FINANCIAL IS PROUD TO SPONSOR THIS SPECIAL G20 EDITORIAL. AS A CANADIAN FINANCIAL SERVICES ORGANIZATION WITH OPERATIONS AROUND THE WORLD, WE SUPPORT AN INTERNATIONAL VIEWPOINT ON SUSTAINABILITY AND THE FUTURE OF OUR SOCIETIES.



“If we are going to preach globalization in this new wonder world then democracy should have an ultimate concern for people. Right now people are starving while these corporations are making a profit by hijacking the market with cartel price-fixing. How can the world leaders ignore that?”

EUGENE WHELAN, FORMER MINISTER OF AGRICULTURE FOR CANADA AND FORMER PRESIDENT OF THE UN WORLD FOOD COUNCIL

“You can make a lot of money by taking action [against climate change], but what good are the bags of money going to do you when the climate begins to change fiercely. It would be wise to take action on adaptation, not on trying vainly to stop something that we can't.”

DR. JAMES LOVELOCK, SCIENTIST AND AUTHOR OF *THE VANISHING FACE OF GAIA: A FINAL WARNING*



The visible economy

“The sea, the last part of the world where man acts as a hunter-gatherer—as well as bather, miner, dumper, and general polluter—needs management, just as the land does. Economics demands it as much as environmentalism, for the world squanders money through its poor stewardship of the oceans.”

CANADIAN MARINE RESEARCH ECOLOGIST AND CONSERVATION BIOLOGIST DR. BORIS WORM

“Our environment, our economies, and our communities are all connected. The Inuit hunter falling through the melting ice in the Arctic is connected to our actions far to the South: the cars we drive, the policies we create, and the disposable world we have become. So too is that Inuit hunter connected to the small islander fighting to save his home from the rising tides on the far side of the earth. Losing the frozen Arctic, the air conditioner for the planet, is simply too expensive.”

SHEILA WATT-CLOUTIER, INUIT CIRCUMPOLAR COUNCIL CHAIR, 2002-2006

“We need to bring architects, environmental engineers, scientists, clean water specialists, bio-engineers, disaster mitigation specialists, and other experts to the decision-making table by encouraging them to step away from their computers and hold public office. We can no longer rely on lay expertise alone. Having a few more problem-solving professionals in politics will have positive side-effects.”

KATE STOHR, CO-FOUNDER AND MANAGING DIRECTOR, ARCHITECTURE FOR HUMANITY

“Give up the idea of growth and stop using it as the yardstick of economic policy. Changing paradigms is now an imperative, no matter which way you look at it.

DR. VANDANA SHIVA, INDIAN PHILOSOPHER, ECOFEMINIST, ENVIRONMENTAL ACTIVIST, AND CO-LEADER OF THE INTERNATIONAL FORUM ON GLOBALIZATION

“You have to deal both with environmental effectiveness and the fact that people who can't afford [energy and food] will need some help.”

DR. STEPHEN H. SCHNEIDER, CLIMATOLOGIST, STANFORD UNIVERSITY; COORDINATING LEAD AUTHOR IN WORKING GROUP II, THIRD ASSESSMENT REPORT, IPCC

“We should begin shifting the burden of tax systems from things we need to encourage such as income, savings, and investment, to things we must discourage, such as fossil fuels and resources and products with a high environmental impact.”

JIM MACNEILL, SECRETARY GENERAL OF THE BRUNDTLAND COMMISSION ON ENVIRONMENT AND DEVELOPMENT

RANK	COMPANY NAME	RANK 2009	GICS INDUSTRY GROUP	EMPLOYEES	CORE IMPACT QUARTILE	TOTAL SCORE
1	Mountain Equipment Co-op	19	Specialty Retail	1,670	1st quartile	84.89%
2	Co-operators Group	-	Insurance	4,481	1st quartile	84.00%
3	Vancity	4	Commercial Banks	2,564	1st quartile	83.88%
4	Hydro One	1	Multi-Utilities	5,510	2nd quartile	83.72%
5	Loblaw Companies Limited	10	Food & Staples Retailing	138,000	1st quartile	83.26%
6	Sherritt International	23	Metals & Mining	782	2nd quartile	75.20%
7	SNC-Lavalin Group Inc.	14	Construction & Engineering	21,900	1st quartile	74.59%
8	Desjardins	24	Commercial Banks	40,000	1st quartile	74.47%
9	IAMGOLD Corporation	-	Metals & Mining	6,146	3rd quartile	72.59%
10	IGM Financial	67	Capital Markets	3,283	2nd quartile	72.20%
11	MDS Inc.	9	Life Sciences Tools & Services	7,200	2nd quartile	71.43%
12	Nexen Inc.	12	Oil, Gas & Consumable Fuels	4,594	1st quartile	70.95%
13	ENMAX	6	Multi-Utilities	1,620	1st quartile	70.59%
14	Sun Life Financial Inc.	30	Insurance	14,620	1st quartile	69.23%
15	George Weston Limited	-	Food & Staples Retailing	5,500	2nd quartile	68.98%
16	Toronto-Dominion Bank	22	Commercial Banks	65,930	1st quartile	67.95%
17	Canadian National Railway Company	3	Road & Rail	21,501	2nd quartile	67.29%
18	Cameco Corporation	41	Oil, Gas & Consumable Fuels	2,761	3rd quartile	67.18%
19	Rona Inc.	18	Specialty Retail	22,000	1st quartile	65.75%
20	Magna International Inc.	21	Auto Components	72,500	1st quartile	65.15%
21	Sears Canada	39	Multiline Retail	32,626	1st quartile	65.09%
22	HSBC Bank of Canada	84	Commercial Banks	8,400	2nd quartile	64.63%
23	BC Hydro and Power	17	Independent Power Producers	5,200	1st quartile	64.50%
24	First Quantum Minerals Ltd.	90	Metals & Mining	6,500	2nd quartile	64.42%
25	Canadian Broadcasting Corporation	95	Media	9,229	1st quartile	64.39%
26	Catalyst	13	Paper & Forest Products	1,900	2nd quartile	64.25%
27	Canada Post	16	Transportation	71,000	2nd quartile	64.24%
28	Hydro-Quebec	5	Multi-Utilities	23,000	2nd quartile	62.80%
29	Teck Resources Limited	7	Metals & Mining	8,300	1st quartile	62.19%
30	Transcontinental	47	Media	11,000	1st quartile	61.76%
31	Canfor Corporation	92	Paper & Forest Products	5,150	4th quartile	61.54%
32	Husky Energy Inc.	33	Oil, Gas & Consumable Fuels	4,600	1st quartile	60.78%
33	Royal Bank of Canada	26	Commercial Banks	71,186	3rd quartile	60.64%
34	Westport Innovations Inc.	37	Auto Components	221	1st quartile	60.62%
35	Enbridge Inc.	39	Oil, Gas & Consumable Fuels	6,065	3rd quartile	60.42%
36	Norbord Inc.	74	Paper & Forest Products	1,950	4th quartile	60.36%
37	Saskatchewan Power	54	Multi-Utilities	2,600	3rd quartile	59.25%
38	EnCana Corporation	31	Oil, Gas & Consumable Fuels	3,797	3rd quartile	58.76%
39	Kinross Gold Corporation	80	Metals & Mining	5,500	1st quartile	57.90%
39	Power Corp. of Canada	105	Insurance	30,744	1st quartile	57.84%
41	Agrium Inc.	29	Chemicals	11,153	2nd quartile	56.65%
42	Bank of Nova Scotia	55	Commercial Banks	67,802	3rd quartile	56.59%
43	Tembec	70	Paper & Forest Products	5,600	1st quartile	56.30%
44	Cascades Inc.	15	Containers & Packaging	12,400	1st quartile	56.01%
45	Caisse de dépôt et placement du Québec	76	Diversified Financial Services	696	2nd quartile	55.98%
46	Thomson Reuters Corporation	28	Media	55,000	1st quartile	55.69%
47	Suncor Energy Inc.	32	Oil, Gas & Consumable Fuels	12,978	2nd quartile	55.49%
48	Bombardier Inc.	42	Aerospace & Defense	62,700	1st quartile	55.40%
49	Manitoba Telecom Services Inc.	68	Diversified Telecommunication	6,000	2nd quartile	54.33%
50	Canadian Imperial Bank Of Commerce	48	Commercial Banks	41,941	3rd quartile	54.23%

*Ratio is between CEO and lowest-paid employee. Lowest-paid employee's salary is estimated at \$20,800 which is the pay for someone making \$10/hour, working 40 hours/week, 52 weeks/year

**DB = defined benefit. Only DB pension plans with over \$200 million in plan assets are counted, since this implies they are for most employees as opposed to just management.

***Carbon productivity is defined as \$USD sales / tonnes of CO₂e emitted in fiscal 2008, scope 1 and 2.

For more indicators please go to corporateknights.ca/best50

CARBON PRODUCTIVITY***	SUSTAINABILITY-RELATED PAY LINK	CEO SALARY RATIO*	BOARD DIVERSITY SCORE (COMPOSITE)	% TAX PAID (4-YEAR AVG)	DB PENSION FUND: % FUNDED**
	Yes	n/a	100.00%	94.27%	
\$172,063.13	Yes	n/a	45.46%	85.91%	
\$72,041.60	Yes	n/a	100.00%	75.74%	
	Yes	48:1	60.00%	96.17%	95.73%
\$27,728.84	Yes	153:1	30.76%	100.00%	90.18%
	Yes	52:1	25.00%	100.00%	
	Yes	201:1	54.54%	100.00%	
\$186,219.45	No	77:1	43.48%	83.19%	76.18%
\$5,204.63	Yes	98:1	22.22%	100.00%	
	No	84:1	23.52%	95.30%	100.00%
	No	61:1	25.00%	100.00%	100.00%
\$1,953.27	Yes	550:1	16.66%	100.00%	75.98%
\$151,170.04	Yes	n/a	46.14%	100.00%	
	Yes	191:1	61.54%	83.21%	89.62%
	No	103:1	33.34%	100.00%	87.61%
\$126,986.80	Yes	759:1	66.68%	67.22%	100.00%
\$1,876.37	Yes	867:1	36.36%	86.69%	100.00%
\$4,883.74	Yes	210:1	50.00%	68.12%	
	Yes	100:1	33.34%	96.48%	
	No	318:1	60.00%	100.00%	70.32%
	No	89:1	100.00%	100.00%	96.26%
\$114,714.41	No	n/a	66.66%	100.00%	84.41%
\$9,501.67	No	n/a	100.00%		87.13%
\$5,585.01	Yes	69:1	0.00%	53.79%	
	No	25:1	60.00%	100.00%	91.80%
\$1,661.10	Yes	30:1	44.44%	100.00%	66.98%
\$4,355.39	No	32:1	72.72%	100.00%	100.00%
\$51,478.07	No	28:1	93.34%		97.24%
\$2,195.27	Yes	249:1	85.72%	83.13%	91.25%
\$14,482.99	No	113:1	30.76%	100.00%	89.45%
\$5,703.23	No	25:1	0.00%	100.00%	87.40%
\$2,886.66	No	245:1	100.00%	64.73%	84.40%
\$255,319.38	Yes	604:1	53.34%	61.17%	93.51%
\$38,235.76	No	94:1	60.00%	100.00%	
\$2,408.32	Yes	301:1	18.18%	44.61%	100.00%
\$4,408.60	Yes	35:1	44.44%	100.00%	
	No	14:1	90.90%		80.71%
\$2,170.41	Yes	399:1	54.54%	68.06%	90.61%
\$2,004.08	Yes	459:1	22.22%	68.49%	
	No	183:1	21.06%	100.00%	98.20%
	Yes	369:1	72.72%	65.16%	
\$483,592.96	Yes	496:1	85.72%	70.30%	100.00%
	No	44:1	0.00%	6.00%	73.19%
\$4,568.19	No	167:1	15.38%	100.00%	94.15%
	No	45:1	100.00%		
	No	539:1	40.00%	100.00%	96.06%
\$2,427.44	Yes	499:1	28.58%	44.98%	72.57%
\$45,619.07	No	391:1	42.86%	42.98%	71.30%
\$99,483.05	No	113:1	80.00%	0.00%	94.53%
\$236,160.47	Yes	335:1	50.00%	78.17%	100.00%

Methodology



Why the new methodology? Disclosure on resource indicators has finally reached a critical mass for measurement. Now, we can assess companies on their carbon, energy, and water usage as well as the amount of waste they produce. But it's all relative—disclosure rates are still woefully low, especially in non-resource intensive industries like IT and financials. But disclosure isn't everything—some of the best sustainability reports are written by the worst polluters. Companies have to commit to not just reporting the facts, but to making them better in the future.

The methodology for the Best 50 Corporate Citizens is based on environmental, social, and governance indicators found in the public domain. Scores were based on the following indicators when available:

ENVIRONMENTAL

- Energy Productivity: Sales (\$USD) per total indirect and direct energy use in gigajoules
- Carbon Productivity: Sales (\$USD) per total CO₂e emissions in tonnes (scope 1 and 2)
- Water Productivity: Sales (\$USD) per total water use in cubic metres
- Waste Productivity: Sales (\$USD) per total waste produced in tonnes

SOCIAL

- Ratio of CEO remuneration to lowest-paid employee
- Number of injuries and no-lost-time accidents per 1,000,000 hours worked
- Average per cent of statutory taxes paid over the last four fiscal years
- Funded status of defined-benefit plan benefit obligations

GOVERNANCE

- Existence of sustainable development-themed board committee (environment, health, safety, corporate responsibility)
- Existence of a link between sustainability criteria and a senior executive's compensation
- Per cent of women, Aboriginal, and visible minorities on Boards of Directors

TRANSPARENCY

- Existence of a GRI report by company; evaluation based on

adherence level and declaration level

- Percentage of voluntary data points (resource productivity and injuries) reported
- Together the above indicators are worth 85 per cent.

RELATIVE CORE BUSINESS IMPACT

The relative core business impact indicator is worth 15 per cent. It examines companies based on relevant environmental and social impacts that go beyond strict resource use. Examples include sustainability-related assets under management (Financial Sector) and eco-social product differentiation (Retail Sector). For a list of relative core business impact indicators by sector go to:

corporateknights.ca/best50.



ASSET4, a Thomson Reuters business, provided the following data to Corporate Knights for publicly traded companies:

- Total CO₂e emissions in tonnes (scope 1 and 2), fiscal year 2008
- Total indirect and direct energy use in gigajoules, fiscal year 2008
- Total water use in cubic metres, fiscal year 2008
- Total waste produced in tonnes, fiscal year 2008
- Number of injuries and no-lost-time accidents per 1,000,000 hours worked, fiscal year 2008
- Existence of a link between sustainability criteria and a senior executive's compensation

Corporate Knights Research Group gathered the following data:

- Sales in \$USD, 2008 fiscal year. Sales were used to normalize all resource use data.
- CEO remuneration in \$CAD, 2009 fiscal year (via Globe and Mail and company filings)
- Per cent of women, Aboriginal, and visible minorities on Boards of Directors (via Management Information Circulars)
- Existence of sustainable development-themed committee (environment, health, safety, corporate responsibility) on Board of Directors (via Management Information Circulars)
- Average per cent of statutory taxes paid over the last four fiscal years (via annual reports)
- Funded status of defined-benefit plan benefit obligations (\$200 million or higher)
- GRI status (via Global Reporting Initiative database)

Because some companies have not yet reported their ESG data for 2009, the marking is based on 2008 data for environmental and social measures and 2009 data for all data points that fall under regulatory reporting requirements. All regulatory indicators that are reported regularly are from the latest fiscal year available as of June 8, 2010.

The scoring methodology for the 2010 list is modelled from the Global 100 Most Sustainable Corporations in the World methodology. For full methodology go to:

corporateknights.ca/best50

To ensure quality and objectivity of the Best 50 Corporate Citizens in Canada, an external review by Deloitte is completed. The review monitors and maintains the accuracy of the assessment procedures and results.

CRITERIA FOR INCLUSION IN THE BEST 50 CONSIDERATION SET

As of December 31, 2009 to qualify for 2010: In TSX60, Top 50 on FP500 and/or ROB1000. Must be traded on TSX and/or have Canadian headquarters to be considered. Additional companies with significant operations in the following high-impact sectors were also added (communications, financials, forestry, mining, oil and gas, retail, utilities).

CRITERIA FOR INCLUSION IN THE TOP FOREIGN CORPORATE CITIZEN CONSIDERATION SET

As of December 31, 2009 to qualify for 2010: In top 150 on FP500 with headquarters outside of Canada. The Top Foreign Corporate Citizens are the companies in the top ten per cent of the 3,000 companies evaluated for the Global 100 Most Sustainable Corporations in the World. Additional companies with significant operations in the following high-impact sectors were also added (forestry, IT, industrials, mining, retail).

Disclaimer: Thomson Reuters was considered for the Best 50. While data was provided by ASSET4 this had no bearing on the final outcome of the company's rank.