



## Corporate Social Responsibility Report

# DOING BUSINESS THE RIGHT WAY

It wasn't very long ago, just 10 years at the most, when a typical CEO would answer questions about corporate social responsibility by saying that a company's obligations are to make money, create jobs and obey the law. That's it: do business and commit no crimes and you could rightly claim the mantle of good corporate citizen. Needless to say, standards, and attitudes, have changed.

Today, social responsibility means protecting the environment—not just obeying environmental laws. It means providing a dynamic, healthy and rewarding workplace, not just a paycheck. And as big business has globalized, it means respecting human rights and accepting the challenge to be an active force for good in the world. It's a tall order. Amazingly, more and more major companies are living up to those standards.

Over the past year, we have heard from readers that they want more information about the ethical and environmental track records of the companies they buy from and invest in. To that end, *Maclean's*, in partnership with Jantzi Research, this week presents our first-ever ranking of the most socially responsible companies operating in North America. Jantzi Research is an independent investment research firm that evaluates the environmental, social and governance (ESG) performance of global companies, and has emerged as one of the most rigorous and

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respected names in the burgeoning field of such research. Its clients include pension funds, money managers, foundations, religious orders, and now you—our readers.

The rankings are broken down into six industry groups, taking in the vast majority of the public markets and economy. In all, more than 100 companies were evaluated, and those listed here represent leaders in their peer groups. The companies have been assigned a letter grade, from A+ to C-, to correspond with the results on Jantzi's proprietary set of over 100 indicators, grouped under the headings Community and Society; Corporate Governance; Customers; Employees; Environment; and Human Rights. In each area the firm assesses policies and management systems, programs and perform-

ance, relying on information gathered firsthand, and from research providers around the world, including Boston-based KLD Research & Analytics, Inc.

Obviously, it's impossible to describe the entire sweep of a company's commitment to social and environmental responsibility in just a few paragraphs. Instead, we've tried to provide a few of the highlights of the companies listed, and a basic sense of how they approach the key issues of concern to today's investors, employees and customers.

It is also true that no company is perfect. Even these industry leaders have failings and blights on their record. Those weaknesses are reflected in the letter grades received, but not always in the write-ups that appear in the magazine. For more detailed information, we encourage you to go to *Macleans.ca*.

Finally, it's important to remember that any evaluation reflects the priorities and values of the evaluator. Keeping that in mind, *Maclean's* Senior Writer Jason Kirby has provided a toolbox for Canadians interested in doing their own research into corporate social responsibility, starting on page 66, and a guide to the burgeoning world of "socially responsible" mutual funds on page 76. It's more important than ever for Canadians to know not only that their investments are doing well, but that they are doing good. We hope this package of information will help you do just that.

By Steve Maich



## NATURAL RESOURCES

### A Tembec

Tembec stands out among forestry companies for innovation and commitment to environmental stewardship. The company is the world's largest holder of Forest Stewardship Council (FSC) certification, an internationally recognized system of forest management standards. At its manufacturing facilities and forest licence areas, the company has implemented Impact Zero and Forever Green, environmental management programs that aim to promote sustainable operation consistent with FSC standards.

Tembec has also established positive relations with a number of First Nations communities in and near its licence areas, and has likewise engaged with a range of environmental groups, including the World Wildlife Fund, on forestry issues in Canada's boreal forest.

### A Catalyst Paper

- Catalyst has demonstrated an outstanding commitment to sustainability. Corporate social responsibility has been formally enshrined in its core values.
- The company released its line of carbon-neutral paper, Catalyst Cooled, in June. The paper is considered carbon neutral thanks to a 70 per cent reduction in greenhouse gas emissions from 1990 levels and investment in ecosystem restoration.

### A- Kinross Gold

- Kinross has developed a detailed set of CSR guidelines and principles making it a leader in its peer group.
- The company participated in the development of the International Cyanide Management Code for gold producers. This code promotes responsible use of cyanide in metal extraction, to protect human health, and reduce potential for environmental harm.

### A- Teck Cominco

- Teck Cominco's commitment to the environment and community consultation is outlined in its annual sustainability report.
- At its Trail smelter in British Columbia, Teck Cominco has created an electronics waste recycling facility that can recycle up to 20,000 tonnes of e-waste per year. However, local communities have raised concerns over its emissions and violations of the Clean Water Act at its Red Dog mine in Alaska.

### B+ Cascades

- Cascades has made a strong commitment to producing paper from recycled products, and it sources 95 per cent of its virgin paper from forest management certified sources.
- The company has been above average in its level of community donations in past years, and has also invested significantly in employee training, as well as developing several greener versions of existing products: biodegradable plastic food containers,



SUSTAINABILITY, HUMAN RIGHTS and pollution remain the keys in the resource industries

and pig maternity mats made from recycled fibres for use in the agriculture industry.

### B+ Harry Winston

- Harry Winston owns 40 per cent of the Diavik mine (operated by Rio Tinto), which has implemented programs for consulting with and providing jobs and business contracts to Aboriginal people, as well as setting targets for increasing Aboriginal participation in its workforce.
- Harry Winston is exposed to issues concerning "conflict diamonds," and needs to demonstrate its commitment to protect human rights through its supply chain.

### B+ Norbord

- Norbord produces a radiant energy sheathing product, Solar Board, used in roof construction. Solar Board is designed to reflect radiant energy from the sun, thereby reducing the need for indoor cooling in warm climates and conserving energy.
- The company maintains strong work/life programs for employees, such as child- and eldercare referral services, job sharing, flex-time and compressed workweeks. It has an employment equity policy, rare in this sector, and a significant level of gender diversity at senior executive and board level.

### B Canfor

- Canfor's public statement on sustainability recognizes its need to maintain its "social licence to operate," and commits to conducting its community activities, health and safety programs, and environmental management consistently with that concept.
- The company's sustainability report details both positive and negative aspects of its record, showing laudable accountability.

### B FNX Mining Company

- FNX consults with Aboriginal communities affected by its operations. In Ontario, it has signed a memorandum of understanding with the Wahnapiatae First Nation, and is negotiating an impact and benefit agreement prior to going into production.
- The company's safety, health and environment management systems are strong.

### B Lundin Mining

- Lundin Mining gives generously to charity through the Lundin for Africa Foundation and a US\$100-million pledge to the Clinton Giustra Sustainable Growth Initiative, a mining industry effort to fight poverty through Bill Clinton's foundation.
- Lundin's operations recycle a significant portion of water, and the company's waste and tailings management programs are above average.
- Lundin's investment in the Democratic Republic of Congo, a country with an egregious human rights record, is being developed with the guidance of international initiatives working to protect human rights and to promote sustainable development.

### COMPANY TO WATCH Triton Logging

As the global population continues to grow, so does the pressure on the world's forests. While finding an alternative to lumber may seem out of reach, Triton Logging has found an alternative source. This privately owned Vancouver Island company has invented an underwater logging robot, the Sawfish, that allows it to harvest wood in previously untapped areas—forests that have been flooded by dam reservoirs where the trees remain largely intact, preserved by cold water and low oxygen levels.

Operated by remote control, the Sawfish attaches inflatable air bags to the trees, and then cuts them under water with an electric chainsaw. The air bags float the logs to the water's surface, where they are loaded onto barges. This eco-friendly logging method removes no live trees, doesn't pollute the water, and leaves the lake floor undisturbed. The Sawfish runs on an electric motor and uses biodegradable and vegetable oil-based hydraulic fluids.

Creating economic benefits from a "lost" resource and keeping the carbon stored in trees intact, Triton Logging is attracting support from governments, communities and environmentalists alike as it takes this technology to reservoirs around the world.

Gillian Stein and Naeema Bhyat