

Bell

BCE is Canada's largest communications company, providing a suite of communication services to residential and business customers in Canada. Under the Bell brand, the Company's services include local, long distance and wireless phone services, high-speed and wireless Internet access, IP-broadband services, information and communications technology services (or value-added services) and direct-to-home satellite and VDSL (Very-High-Data-Rate Digital Subscriber Line) television services. Other BCE holdings include Telesat Canada - satellite operations and systems management, and an interest in CTVglobemedia - media services.

Governance

Responsibility for overseeing economic, environmental and social risk and performance is divided among three Board committees. Their respective responsibilities include:

- *Audit Committee*: Reviews, reports and, where appropriate, provides recommendations to the board of directors on the company's risk management and environmental risks. The Audit Committee is also responsible for oversight of compliance with the Company Code of Business Conduct.
- *Management Resources and Compensation Committee (MRCC)*: Oversees the company's health and safety, diversity and other human resources related policies and practices. The Chief Talent Officer is responsible for the implementation of these particular policies.
- *Corporate Governance Committee (CGC)*: Oversees the company's community investments. The Executive Vice-President, Communications and Corporate Development, oversees the implementation of community investment policies. This committee also reviews, reports and, where appropriate, provides recommendations to the board of directors on the Code of Business Conduct.

The various board committees receive quarterly reports on the sustainability issues within their mandate, including for example, reviewing key performance indicators (KPIs) related to environmental performance, health and safety and community investment.

At the executive level, there is the Environmental Issues Network,¹ a group of corporate officers (Chief Legal Officer, Senior Vice President Audit and Risk Management, Senior Vice President and Treasurer, Corporate Secretary, President of Operations, Senior Vice President Enterprise Sales and Executive Vice President Communications and Corporate Development) that provide corporate responsibility (CR)/sustainability oversight and guidance, approve policies and key sustainability objectives, and review the company's sustainability strategy. The Director of Corporate Responsibility and Environment holds the secretary functions for this group.

At the general manager level, it is the Sustainability Leadership Team, an operational committee that steers the company in how it addresses sustainability risks and major issues. This team meets quarterly and is made up of the general managers of most major corporate functions (e.g. Human Resources, Labour Relations, Risk Management, Health and Safety, Corporate Responsibility and Environment, Government Relations, Investor Relations, Ethics, Security, Community Investment and Marketing). It is this group that recommends to senior management Bell's sustainability strategy, objectives for the year and KPIs, and proposes major programs and activities to support the objectives set out in the sustainability strategy.

The company has mandated the Corporate Responsibility and Environment (CR&E) department to act as the focal point for all sustainability issues,

¹ This group used to address only environmental issues under Bell's environmental management system (EMS); however, its mandate is currently being revised to formally address all corporate responsibility/sustainability issues (approval expected in June 2007). A new name for the committee is under consideration.

coordinating the company's efforts to support its sustainability vision and strategy. It is this department's responsibility to:

- Develop, implement and maintain the corporate wide sustainability management system and work with business units to:
 - Set corporate objectives
 - Implement strategic plans
 - Monitor progress
 - Report corporate performance and
 - Identify improvement opportunities
- Support business units in the implementation of their specific sustainability programs and initiatives
- Develop sustainability training and provide tools to employees
- Act as the corporate interface with all external stakeholders on sustainability issues (e.g. partnerships with NGOs, responding to surveys, etc.) and promote the sustainability opportunities offered by the company's products and services.

The CR&E department is led by the Director of Corporate Responsibility and Environment and includes 18 staff members. CR&E is part of the Risk Management Group within the company and the Director reports to the Senior Vice President of Audit and Risk Management.

Business Processes

Strategic Planning:

Bell's sustainability vision is:

To contribute to the well-being of society at large by enabling responsible economic growth, connecting communities and safeguarding the natural environment.

Bell's guiding principles support its business strategy and serve as a guide for employees to achieve this sustainability vision. The guiding principles are:

- Deliver strong and sustained economic performance that benefits all stakeholders
- Maintain solid governance principles and oversight systems to monitor compliance, while managing our business with transparency and integrity
- Act responsibly and engage with stakeholders to identify opportunities beyond compliance to create benefits for both society and the company
- Develop leading-edge telecommunication services that contribute to sustainability and demonstrate leadership by successfully applying them.

On an annual basis the Sustainability Leadership Team recommends to senior management Bell's sustainability strategic plan in line with these guiding principles. The plan is supported by the work of the CR&E department who collects information on sustainability issues/risks and opportunities from experts within the company, as well as from external stakeholder engagement processes, such as focus groups and surveys. The CR&E department puts issues forward to the Sustainability Leadership Team who develop the sustainability strategic plan that sets out objectives for the year and KPIs for the company. For each key objective, a member from the Sustainable Leadership Team is identified as the key person responsible to ensure the objective in the plan is met.

The sustainability strategic plan is a high-level plan that also defines the major programs and activities that will support the plan's objectives. As an example, the plan has an objective that 462,000 customers adopt our paperless electronic billing by the end of 2008. A range of programs and/or activities would support achievement of this objective. Another objective related to supply chain management, for example, involves activities such as: developing a supplier self-assessment questionnaire around ethics, human rights, labour conditions, health and safety and the environment; conducting

supplier risk assessments; and delivering training sessions for relevant staff dealing with suppliers.

Business Planning: The objectives set out in the sustainability strategic plan are developed through the planning process of business units that have corporate responsibility responsibilities. For example, the billing department is responsible for implementing the e-billing initiative previously mentioned and is responsible for monitoring and reporting on implementation progress. Billing is supported by other corporate functions, such as Communications in order to successfully achieve the objective.

Other parts of the company are beginning to integrate sustainability into their business planning processes, and it is largely an activity or product focus. For example, businesses such as Service Development are considering how to develop Bell's products and services as solutions to sustainability challenges such as climate change (e.g. the use of teleconferencing services to decrease greenhouse gas emissions) and are incorporating these issues into their plans.

Business Development: Integrating sustainability into business development processes such as mergers and acquisition (M&A) and product development is an important consideration. For example, M&A have systematically integrated environmental site assessment into the due diligence process for many years.

Integration of sustainability factors into new initiatives is exemplified within Bell's plans to build a new workplace campus in Montreal. The team leading this effort is consulting with the CR&E department in order to assess the environmental impacts at the potential site, as well as the social impacts relating to the relocation of employees. Bell is also planning for the building to be LEED certified, an environmental and energy designation for sustainable buildings.

Sustainability is an important feature of many of Bell's products and services such as teleconference services, e-health applications, e-learning, e-government, e-billing, and the product take-back of used phones and batteries. The company is also exploring how to develop new Bell products and services that provide solutions to sustainability challenges such as climate change.

Risk Management: Bell has an integrated Risk Management Group that oversees the governance of enterprise wide risks associated with business operations, capital projects, network security, data privacy, fraud, revenue assurance, as well as risks related to environment, ethics, labor, reputation and health and safety.

Bell is developing a risk matrix for social issues and will assess them by considering the severity and likelihood of occurrence as well as reputation/image impact and financial impact. The company's approach also considers public and employee perception into the overall assessment of those risks. The company's focus is to establish a sound approach to addressing sustainability issues/risks and then to address the most pressing risks.

Project Management: Addressed through the sustainability strategic planning process which identifies specific programs and activities to meet sustainability objectives.

Disclosure: Bell's 2007 Business Update contains a section on CR. CR is also referenced in Bell's annual report under the Accounting Policies section. The role of Bell's Audit Committee related to significant social, environmental and ethical matters is explained. The annual report refers to the full Corporate Responsibility report on Bell's Web site.

Bell's Annual Information Form (AIF) includes a section on the corporation's CR Policy including an overview of the key policies, commitments, and spending on environmental activities. The AIF also discusses sustainability related risks such as renegotiating labour agreements, potential legislation restricting in-vehicle use of cell phones, concerns about radio frequency emissions, etc.

Assurance: Bell utilizes a number of assurance mechanisms to ensure it is meeting sustainability objectives. Environmental Performance Evaluations are conducted, as are Supplier Quality Management (SQM) audits and risk evaluations. Bell is expanding its environmental assessment of suppliers to encompass broader sustainability issues and has plans to conduct five supplier compliance audits in the next year.

To ensure that Bell's management system and each of the programs are effective, internal and external audits are performed on a regular basis. As an example, external auditors are used to certify the company's EMS. Internal Audit reviews many of the company's programs, as well as the company's CR report. The results of the audit led to changes in data processes resulting in stronger controls and approval processes. As an example, the minimum level of sign-off for all sustainability data is now at the Director level within the company.

Stakeholder Engagement

Community Relations: Bell utilizes a number of mechanisms/tools to engage stakeholders such as annual surveys to the community, customers and employees. Bell has also conducted formal research to gauge opinions of governments and community members, and in 2005, conducted research specifically on its stakeholders' attitudes to CR/sustainability issues at Bell. Bell surveyed more than 900 Canadians by phone, and also conducted a number of individual interviews with large customers, government and NGOs, sustainability experts and employees to identify issues and risks for the company. The findings served as a basis for developing the company's sustainability objectives. The company initiated in 2006 a monthly survey that will ask specific CR questions and test the knowledge of Canadians of Bell programs and sustainability products and services such as e-billing and product take-back. The company has participated, with its international telecommunications industry association, in a sustainability stakeholder engagement process that involved NGOs.

Investor Relations: Bell collects investor feedback through the Annual General Meeting and a number of electronic feedback tools. Investor Relations respond to requests from the Socially Responsible Investment (SRI) community with the assistance of the CR&E department, and recently requested help in developing some sustainability content to add to the Investor Relations website.

Human Resources

Recruitment and Orientation: Sustainability aspects, such as labour relations, health and safety, environmental protection and ethics, are incorporated into new employee orientation. Bell's new sustainability strategic plan and a new Intranet site, with a sustainability component, are available to all employees to help them understand and learn about the company's sustainability vision.

Bell conducts regular surveys of employees, including their perceptions on the impact of Bell sustainability programs and activities, and the pride that these kinds of initiatives bring to working at Bell. The company also uses these surveys and other employee engagement tools to identify: opportunities for Bell; potential issues of concern; and how to improve communications about sustainability programs to employees.

Training: Bell offers specialized training to the company's CR&E group and to employees in operations groups either face-to-face or via an on-line application. On-site environmental courses cover topics such as internal environmental evaluation, hazardous residual materials, recyclable materials and environmental incidents. Health and safety training is also offered, as well as mandatory online ethics training. All employees must annually complete an on-line ethics training course and certify compliance with the Corporate Code of Conduct, which also covers diversity. Training for buyers on responsible procurement and how it affects their decision making is in development.

Performance Appraisal and Compensation: At this time there is a link between compensation and the achievement of CR/sustainability performance only for the employees that work in a core function of corporate responsibility such as health and safety, CR&E, Community Investment and Ethics.
