

# Corporate Citizenship Report

2002 SYNOPSIS





## A Matter of Fact

### BCE in 2002

- 61,478 employees (excluding CGI)
- \$3.77 billion in capital expenditures

### Bell Canada in 2002

- 44,849 employees (excluding Aliant)
- \$2.95 billion: corporate and sales taxes paid
- \$8 billion: goods and services purchased
- \$35 million: training and development
- \$600 million: maintenance, enhancement and expansion of wireline and high-speed Internet services for residential customers
- \$17 million: cash, sponsorships and in-kind donations to charitable and not-for-profit organizations

## Contents

A Message from Michael Sabia  
**01**

Reaching Out to Our Communities  
**02**

Helping Canada Prosper  
**05**

Protecting the Environment  
**06**

Responsibility to Customers  
and Shareholders  
**08**

Supporting Employees  
**10**



## A Message from Michael Sabia

# Our Responsibility is Far-Reaching

As a company, we touch millions of people in countless ways every day. As a member of the community, the imprint we leave extends far beyond our products and services. In fact, cultivating strong relationships with all of our stakeholders has been a guiding force throughout our 123-year history.

We recognize and embrace the interdependencies between our business and our stakeholders. After all, we share common goals — a prospering economy, strong communities, satisfied shareholders and motivated employees. It's clear that we're part of a much larger picture.

### Our Commitment

BCE is recognized as one of Canada's leading companies. With leadership comes responsibility and we take ours seriously. That's why Bell Canada contributed \$17 million in cash, sponsorships and in-kind donations to charitable and not-for-profit organizations. Our initiatives help Canadians learn in new ways — by connecting people and technology, and creating knowledge.

But corporate social responsibility is all-encompassing. While we are proud of the pledge we have made to philanthropic initiatives, as a leader and role model, we have set our sights higher. We have made a solid commitment to contribute in even more ways to the communities where we do business, protect the environment, respect privacy, promote diversity, adhere to the highest legal and ethical standards in our conduct and governance, and be an employer of choice.

### Striving for More

I believe we made important strides in 2002, some of which are highlighted in this document. I am especially proud of those initiatives that showcase the kindness and generosity of tens of thousands of BCE employees. I would like to thank them for their exemplary dedication to community service.

Acting responsibly means always looking for ways to improve our performance as a corporate citizen while delivering sound, sustainable results for our shareholders. BCE invests billions of dollars in areas such as new technology, goods and services, and infrastructure. Equally important are the investments we make in our people and our communities, the values we espouse and the way we conduct our business. I believe that by striving for more, we can help build a stronger society with a prosperous future, which will benefit all Canadians.

A handwritten signature in black ink, consisting of stylized, overlapping letters that appear to read 'MS'.

Michael Sabia  
President and CEO  
BCE Inc.



## Community

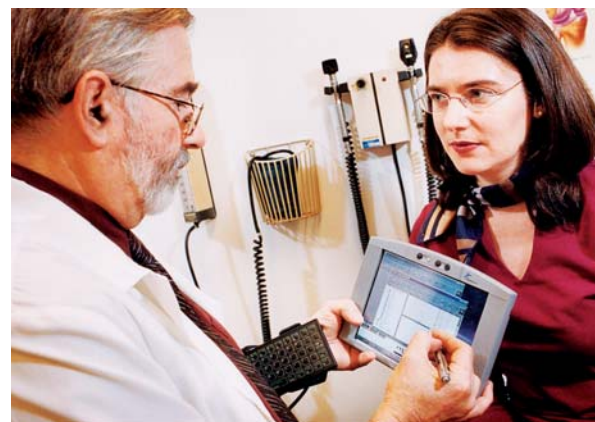
Everyday, approximately 1,000 kids from almost 3,000 Canadian communities call Kids Help Phone or log on to [kidshelp.sympatico.ca](http://kidshelp.sympatico.ca) with questions or concerns about issues like relationships, school, bullying, suicide and abuse. In May 2002, approximately 15,000 Canadians, including many BCE employees, raised more than \$1 million for the cause in the first annual *Bell Walk for Kids*. The 2003 *Bell Walk for Kids* took place in 30 communities across the country on May 4, 2003, and raised \$1.5 million.

# Reaching Out to Our Communities

## Investments

Through our support of education, health care, community development, arts and culture, BCE strives to enhance the quality of life in Canadian communities. Our commitment promotes programs that use communications technology in innovative ways. In 2002, contributions by Bell Canada and our employees included:

- \$6.7 million to registered charities, including \$1.4 million to United Way;
- \$5.7 million in university R&D initiatives;
- \$4.3 million in support of community and cultural sponsorships;
- \$292,000 to 13 Ontario communities drawn from the Bell Canada Community Development Fund, a \$1 million fund over three years that supports local economic and social development projects that utilize leading-edge communications technology;
- \$1 million by employees and retirees to registered charities through payroll deductions including \$616,000 to United Way; and
- At least 226,923 hours of volunteer work by employees and retirees, which translates into an economic contribution of \$3.83 million.



## Education

### Network of Innovative Schools

The Network of Innovative Schools (NIS), a national initiative led by Industry Canada, in partnership with the Canadian Association of School Administrators, identifies and showcases best practices in the educational applications of Information and Communications Technology (ICT) skills. It also distributes information related to successful ICT. Our sponsorship of NIS supports Canada's most innovative schools and expands their roles as national centres of excellence.

## Health Care

### CHEO Telemedicine

Thanks to a Bell Canada donation, the Children's Hospital of Eastern Ontario (CHEO) will have a telehealth network. Part of our commitment to Ontario's Promise, the service links 18 regional hospitals in Eastern Ontario to CHEO, the region's only children's hospital. With this telehealth network, specialists at CHEO will be able to provide remote, real-time consultations and diagnoses to patients and families from across the region, without being in the same room, or even the same city.

## Research and Development

*Point of Care*, one of many research projects supported by Bell Canada's \$5.7 million university R&D investment in 2002, uses technology to put valuable medical information at patients' bedsides, resulting in more accurate diagnoses. This innovative technology is being developed at Bell University Laboratories, an integrated network that links Bell with renowned university researchers and students in Ontario and Quebec.

## Community Development

### Altruvest — BoardMatch

Altruvest Charitable Services offers performance improvement solutions to charities at little or no cost. We support Altruvest's innovative Web-based *BoardMatch* program, which introduces charities to qualified, interested and informed volunteers who can share their expertise and serve on the boards of charitable organizations.

## Aboriginal Support

We value our relationships with aboriginal communities and support an extensive range of initiatives including rebates to First Nations customers, The Canadian Council for Aboriginal Business, and The Conference Board of Canada Aboriginal Relations Committee.

## Arts and Culture

### Quebec Summer Festivals

From comedy to music to high-tech happenings, Bell-sponsored summer festivals throughout Quebec focus on providing world-class entertainment and interactive experiences to customers.

*Just for Laughs*, *Festival International de Jazz de Montréal* and *Québec City Summer Festival* drew hundreds of thousands of people to the province in 2002.



### Governor General's Performing Arts Awards

The awards celebrate Canadian artists who have enriched our lives and who, over a lifetime of achievement, have made an indelible contribution to Canada's cultural life. Each year, six award recipients are selected from the fields of theatre, dance, classical music and opera, popular music, film, and broadcasting. Bell Canada has been a proud supporter of the Governor General's Performing Arts Awards since their inception in 1992.



## Helping Canada Prosper

Every dollar spent in the communities we serve has a ripple effect that fuels the country's economic engine. Bell's 2002 investments include:

- \$3.77 billion in capital expenditures, \$22 billion over the past six years (includes all BCE companies);
- \$8 billion in goods and services in the communities we serve;
- \$2.95 billion in corporate income and sales taxes paid;
- \$600 million spent to maintain, enhance and expand wireline and High Speed Internet services for residential customers.



## 2002 Environmental Performance

During the year, Bell Canada:

- Increased electronic services and transactions such as on-line billing, electronic directories and electronic data interchange.
- Recovered 5,740 tonnes of recyclable materials such as cables and hardware, which were sent to recyclers for secondary markets, and resold equipment in good operating condition.
- Refurbished 16,721 telephone sets and sold or recycled 174,000 sets.
- Recycled 930 tonnes of paper, cardboard, aluminum cans and other packaging materials generated from administrative operations.
- Collected and managed, according to the highest standards, 154 tonnes of hazardous residual materials such as alkaline batteries, aerosol and oil containers.
- Phased out ozone-depleting substances. As part of this initiative, all fire extinguishers containing Halon 1211 were replaced with those containing water, carbon dioxide, or dry chemicals.
- Recycled 998 tonnes of obsolete central office lead-acid batteries and 29,400 fluorescent tubes.
- Recycled tires, used oil, batteries, used oil filters and other residual automotive materials.
- Eliminated the last PCB-bearing telecommunications equipment.
- Completed the replacement of all underground steel storage tanks.



## Protecting the Environment

With our extensive business operations, we must continuously strive to minimize our impact on the environment. We rely on rigorous management, strong control measures and the close monitoring of our activities to achieve sound environmental objectives.

In 2002, we ranked first among telecommunications companies, and in the top 10 overall, for *Corporate Knights'* annual ranking of Canada's Most Environmentally Responsible Companies. In 1999, Bell Canada endorsed the Environmental Charter for the North American Telecommunications Industry, an organization dedicated to promoting sustainable development in the industry.

Bell Canada, BCE's largest subsidiary, has a comprehensive environmental policy and a formal Environmental Management System. You can view Bell Canada's annual Environmental Performance Report at [www.bell.ca/environment](http://www.bell.ca/environment).

### Minimizing Environmental Impact

Our environmental programs touch all areas of business and require strong commitment from everyone.

#### In the Workplace

An Enviro-Line fosters environmental awareness and encourages employee dialogue. Our environmental policy is integrated into the Employee Code of Conduct. Teleworking opportunities enable 21,500 Bell Canada employees to work full- or part-time from home, and help reduce air pollution and energy consumption by eliminating the need to commute.

#### Our Suppliers

Bell Canada suppliers must demonstrate environmental stewardship in their operations, products and services. So far, 150 suppliers have responded to our environmental questionnaire, and annual on-site visits are conducted to verify the results.

#### Training Programs

Since 1996, more than 10,700 employees and selected contractors have participated face-to-face in our extensive environmental training program. We're completing the development and testing of an on-line training tool to improve the program's overall efficiency.

### Environmental Leadership

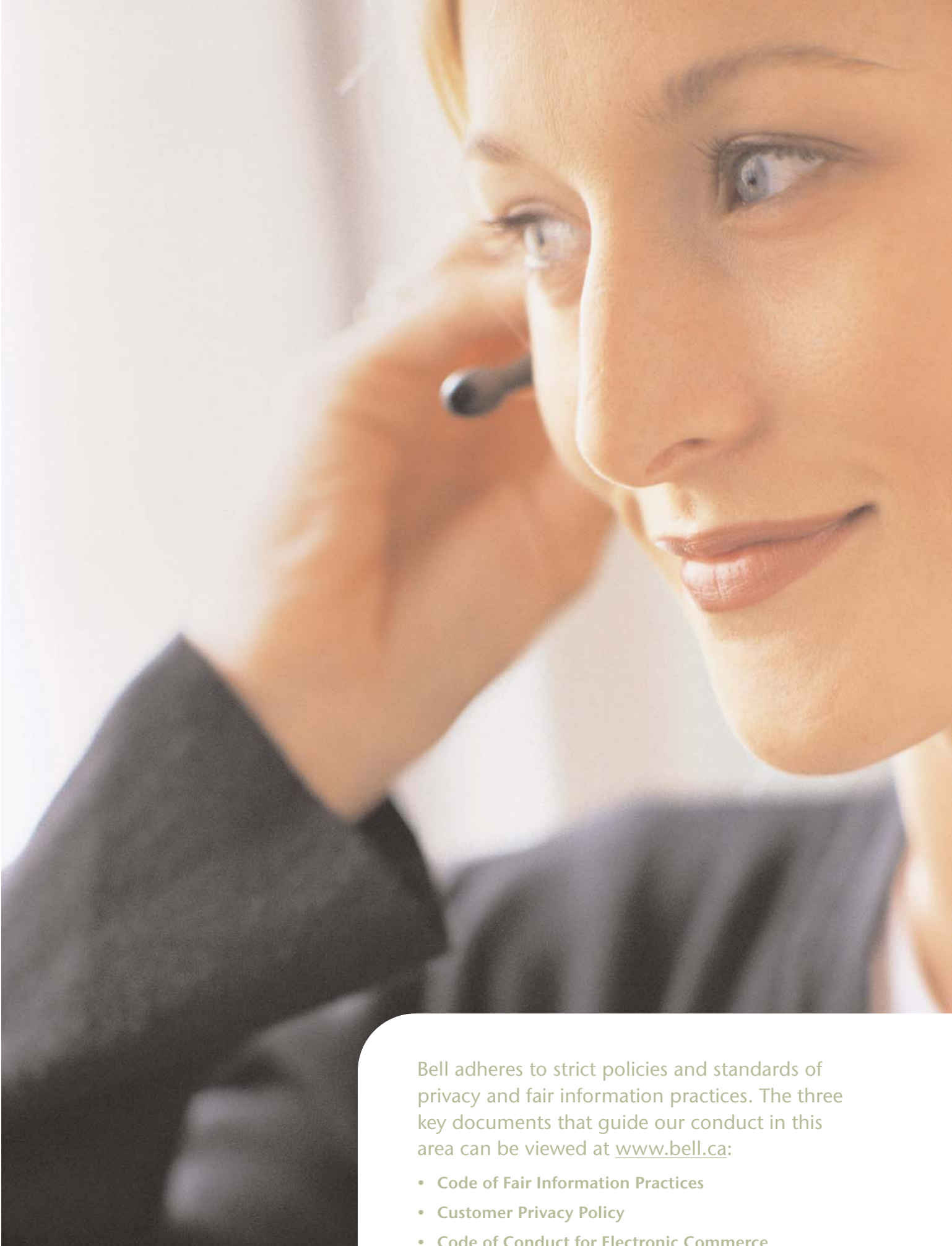
We encourage research excellence in universities by funding environmental studies. Bell Canada actively participates in many environmental associations, including the Business Network on the Environment of the Conference Board of Canada, and the Global e-Sustainability Initiative (GeSI), supported by the United Nations Environment Programme and the International Telecommunication Union.



#### Computers for Schools

Bell Canada donated more than 10,000 computers and screens. We also provided management resources and space to ensure the program's success.





Bell adheres to strict policies and standards of privacy and fair information practices. The three key documents that guide our conduct in this area can be viewed at [www.bell.ca](http://www.bell.ca):

- Code of Fair Information Practices
- Customer Privacy Policy
- Code of Conduct for Electronic Commerce

# Responsibility to Customers and Shareholders

## Customer Satisfaction

### Delighting Customers

In order to truly understand our customers' needs and continuously improve our level of service, Bell measures customer satisfaction every month using a leading-edge approach called Customer Value Management (CVM). According to Dr. Bradley Gale, one of the fathers of CVM, Bell is among the five most advanced users of CVM, which is also used by thousands of leading North American and European companies. Customer research is done by completing more than 15,000 telephone interviews per month to evaluate the quality of our services. The data are used to calculate a monthly Customer Value Index (CVI), which serves as the basis for many business decisions including employee bonuses. Bell's CVI has increased over the past five years and our customer satisfaction levels are among the highest in the industry and in North America.

Bell not only meets but exceeds most CRTC service quality indicators. For example, one quality of service indicator is Customer Access to our Business Offices and Repair 611. Bell answers 80% of these calls in 20 seconds or less.

### Meeting Special Needs

We provide assistance to all customers with special needs. We have customer representatives dedicated to helping customers identify their needs, advise them on special products and services and place orders for special equipment for them. Bell World stores carry some specialized equipment and representatives can refer customers to other suppliers for additional equipment.

## Privacy and Fair Information Practices

All Bell units inform customers of their rights, including the safeguarding of information. We fully comply with the *Personal Information Protection and Electronic Documents Act*. We collect personal information only for the following purposes:

- To establish and maintain a responsible commercial relationship with customers and to provide ongoing service;
- To develop, enhance, market or provide products and services;
- To understand customer needs and develop and recommend suitable products and services;
- To manage and develop our business and operations, including personnel and employment matters; and
- To meet legal and regulatory requirements.

Personal information is not used for any other purpose without customer consent and where possible, we provide opt-outs for sharing of information between companies and from direct marketing.

## Corporate Governance

In 2002, our Board of directors separated the positions of Chairman and CEO to increase accountability to shareholders.

Under current TSX and NYSE guidelines, the Board is composed of independent, unrelated directors excluding the CEO. The Board is examining its structure and committee mandates. We will maintain the majority of our Board, all of our committee chairs and the majority of members of each committee as independent, unrelated directors. The audit committee will be composed entirely of financially skilled, independent and unrelated directors.

We have eliminated the director stock option program and increased the number of director share ownership requirements from 3,000 to 10,000 to better align directors' and shareholders' interests. Directors' fees are payable in deferred share units (DSUs), until a director meets minimum share ownership guidelines.



Teleworking is one of the many flexible work options that help Bell employees achieve more balanced lives. In 2002, 21,500 Bell employees had the opportunity to telework some of the time.

## Supporting Employees

In 2002, BCE companies employed 61,478 people, excluding CGI. Bell Canada's work force was 44,849 strong, excluding Aliant.

### Listening and Responding

Ongoing and open communications and information sharing help both employees and their representatives understand our business and its challenges. An annual employee survey, regular open forums with employees, business forums with our union leaders and joint management and union representatives committees are examples of initiatives that support Bell's commitment to positive relationships.

### Fostering Knowledge, Growth and Ethical Conduct

Lifelong learning is a way of life at BCE. In 2002, we invested more than \$35 million in training and development, with a primary focus on increasing e-literacy. Employees benefit from:

- *Mentor Match*: An on-line matching mentoring program that enables protégés to browse a cross-organizational pool of potential mentors, using a Web-based search tool that generates a list of suitable mentors, based on the information contained in a protégé profile.
- *ILE*: Bell Canada's on-line gateway to employee learning and personal development saw 70,000 on-line registrations and a 745% increase in the use of on-line HR solutions.
- *Click & Learn*: Offers more than 400 on-line learning solutions for employee development.
- *Code of Conduct*: Employees must read and sign Bell's Employee Code of Conduct as part of their annual performance review.

### Career Planning and Advancement

We encourage employees to play a proactive role in planning and managing their careers. Policies and Web-enabled Human Resources tools put valuable information in employees' hands.

- *Bell First*: Our commitment to hire, promote and train Bell employees before hiring externally (introduced in 2003).
- *jobs@bell*: A self-serve career portal housed on Bell's intranet and accessible to management and non-management employees across the Bell family of companies. Employees can search for jobs, apply directly on line and use on-line résumé creation and interview coaching tools.
- *growing@bell*: A Web-based career management tutorial.
- *Go Leadership Edge Attributes*: This definition of what it means to be a leader at Bell today promotes a common understanding and standard across the enterprise through the use of common language and a set of defined behavioural expectations. It is anchored in the performance evaluation process, which promotes execution, partnering, a winning mindset, speed and simplicity among employees.



### Employees Speak, We Listen

In 2002, 88% of Bell Canada employees participated in the Employee Survey. The Employee Value Index (EVI), a key measure of employee satisfaction, rose to 69% from 58% in 1998.

## Flexibility for Greater Personal Choice and Wellness

- *Flexible Work Options*: Teleworking, a reduced work week, additional time off with deferred payroll deductions, personal leave, community leave for volunteer work, and educational leave (introduced in 2003).
- *Omniflex*: A unique, flexible benefit program integrates both a share component and a vacation component. Employees can purchase vacation days and other benefits.
- *Wellness Checkpoint*: A confidential, interactive tool helps employees assess lifestyle and well-being, while obtaining practical suggestions and health information.

## Promoting Diversity

Diversity in the workplace is more than just fulfilling our legal responsibilities under employment equity (EE) legislation. It makes good business sense. By promoting diversity, we reach a broader, more diverse customer base and potential employee pool, improving Bell's chances of success.

A variety of programs are in place to further advance the goals of employment equity and diversity across Bell Canada. A crucial step in moving forward the diversity agenda is the involvement of business units. In 2002, Bell made substantial progress by focusing the attention of business unit leaders on Bell's diversity goals and encouraging them to take on greater responsibility for their results.

Bell Canada's diversity Web site, the resource for information on diversity, employment equity and human rights at Bell, features information on company policies, training opportunities, work force composition, cross-cultural communication and religions across cultures, as well as the legal context and rights and responsibilities of employees and managers.

## Advancement of Women

We've also made significant strides on the status of women at Bell. In 2002, about 44% of Bell's management ranks were women and the management promotion rate for women was over 55%. Females occupied 21% of vice-president positions and above, and 33% of senior vice-president positions.

## Taking Stock

The Bell workforce has a solid stake in the company's success — approximately 80% of eligible employees own BCE shares through an *Employee Savings Plan* in which Bell matches one third of employees' contributions up to 6% of salary.



## Helping Hands, Open Hearts

Bell Canada's Employee Volunteer Program links employee volunteer hours with grants for charities. Last year, 1,110 employees and retirees participated, averaging 155 volunteer hours each. The program generated \$786,000 in matched grants.

## Viewpoints

- Bell Canada is designated by Imagine as a Caring Company and is committed to donating at least 1% of pre-tax profit, including cash, sponsorship and in-kind donations, to charitable and not-for-profit organizations.
- Bell's Computers for Schools program won a 2002 Spirit of the Community Award from Imagine.
- Bell Canada is a member of United Way's Million Dollar Club.
- 85.5% of customers gave a positive rating on Bell's image as a socially responsible company (Bell Customer Value Index research).
- BCE was rated first among telecommunications companies and in the top 10 overall in the *Corporate Knights'* annual ranking of Canada's Most Environmentally Responsible Companies.
- BCE was rated second in terms of Corporate Social Responsibility in the 8<sup>th</sup> Annual Canada's Most Respected Corporations survey, a poll of Canadian chief executive officers conducted by Ipsos-Reid.
- Mentor Match, Bell Canada's Web-based mentoring program has been designated "best in class" by the Corporate Leadership Council (CLC), an international HR research firm.
- Bell's virtual store and its suite of on-line billing tools have earned the WebTrust seal from Ernst & Young LLP, as part of a stringent North American certification program registered with the CICA (Canadian Institute of Chartered Accountants).



For more information, visit [www.bell.ca](http://www.bell.ca)