



just think...

Canada's communications leader

Canada's largest communications company, BCE Inc. (Bell Canada Enterprises) employs 62,000 people and enables 27 million customer connections. Through these connections, we offer a broader range of services than anyone else in Canada, including wireline and wireless communications services, Internet access, data and video services. From our roots in Central Canada we have expanded to the farthest reaches of the country, operating in Atlantic, western and northern Canada, connecting people in thousands of cities, towns and remote communities.

This year Bell Canada celebrates its 125th anniversary as a nation builder. When the country was still young, Bell pioneered telecommunications in Canada, building a telephone infrastructure that brought distant communities closer together. It stimulated commerce, enabled political and social unity. Today, our fibre-optic, wireline, wireless and satellite infrastructure is among the world's most advanced and a key driver of productivity growth in Canada.

As Canada's leading communications company, we have a responsibility to all stakeholders, including customers, employees, shareholders—indeed, to all Canadians—to be a good corporate citizen—economically, environmentally and socially. This report is about how we fulfill that responsibility...

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employees (page 16)

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A Message From Michael J. Sabia

Connecting people and helping to build their communities has been the goal of Bell Canada since our company was founded 125 years ago. This is the core of our business and the foundation of our social citizenship.

As Canada's leading communications company, we know people expect the best of Bell. Especially those who work for Bell. Our commitment to stronger communities begins with our people. They apply the highest professional standards to their jobs. And a deep commitment to community involvement.

We provide technologies that help create and share knowledge and wealth. Our actions touch customers, investors, employees, suppliers and communities across the country. Literally, tens of millions of Canadians. Creating meaningful jobs. Spurring investment. Driving innovation that enables Canadians to connect. To expand their own horizons.

Connecting communities shapes every decision we make. Not only what we do, but how we do it. And how well we do it.

Responsible governance drives everything

Living up to that responsibility starts with governance: the way we conduct business, the ethical standards to which we adhere.

Governance is about having a Code of Business Conduct with teeth. One that reflects our own moral compass. And management systems that advance our economic, environmental and social performance. Because what we do – and how we do it – makes us who we are.

Our performance in these areas has been recognized. In a study by GovernanceMetrics International, BCE was one of just three Canadian companies to score a perfect 10 for governance in 2004. And one of only 34 among 3,220 worldwide. It is the third straight year we have earned that mark.

Supporting economic growth

Innovation is a second critical element in strengthening communities. As we turn ideas into new products and services, we create benefits for customers. Richer connections to people, information and entertainment. Better solutions, enabling businesses to be more productive, more competitive.

In 2004, we increased the number of innovation centres we operate to 10. These state-of-the-art think tanks develop breakthrough applications in everything from voice

recognition and Voice over IP to wireless broadband.

And we continue to extend the network's reach and capacity. Our goal: to provide high-speed services to 85% of residences in the Québec City-Windsor corridor by 2008. The result: more Canadians with access to services that stimulate local economies and enable people to be connected.

Beyond that, we continue to work to deliver the benefits of communications services – including high-speed – to rural, remote and Northern regions of Canada. For example, video conferencing is available for telemedicine in isolated communities of Baffin Island. Telesat launched the Anik F2 satellite last year to provide high-speed Internet access across the country. In Ontario, we are taking land-based broadband service to 10 First Nations communities in the Fort Frances area. And through microwave, fibre optics and satellite, our subsidiary Northwestel is making high-speed service available to more than 90% of the homes in the Northwest Territories.

Protecting the environment

Our responsibility extends to reducing our impact on the environment. In 2004 we sustained our industry leadership. We collected more than 50,000 wireless phones, plus batteries and accessories, for reuse or recycling. Since its launch, this program has diverted more than 37 metric tons of material from landfill sites, the equivalent of approximately 21 cars. The Québec government recognized our corporate recycling efforts with an award for reducing landfill waste by more than 70 percent annually. And we donated 1,500 refurbished wireless phones to the 2nd Stage Program, for use by women leaving shelters to start a new life.

Hydrogen fuel cells, wind turbines and solar panels reduced our dependence on fossil fuels by as much as 95 percent in some locations. Satellite and cellular monitoring of our fleet is reducing fuel consumption and cutting greenhouse gas emissions annually by 3,800 metric tons – approximately 10% of our overall fleet output. We're also working with industry to promote teleconferencing, teleworking and other solutions that can reduce energy-intensive business travel.

Managing change

We also recognize our obligation to our own community of employees. The evolving industry, especially the emergence of Internet Protocol, challenges us to transform our business model radically. In 2004, this contributed to the decision to reduce our workforce by approximately 10%. A difficult decision. However, as part of our commitment to a workplace that is respectful of employees, we made every effort to minimize the impact through an unprecedented voluntary departure program, extensive retraining and career counselling.

Community need meets corporate know-how

Beyond the impact of our business and operations, however, is our commitment – as a company and as individual employees – to be engaged in the communities we serve.

Corporations are members of a larger society. And with that citizenship comes the responsibility to do more than produce goods, services and returns. The responsibility to use the capabilities of the company – its resources, people and know-how – to help communities build the capacity to adapt to a changing world.

It is simply the right thing to do.

Similarly, our own people are deeply involved in their communities. Despite the challenges of 2004, the generosity of spirit demonstrated for generations by Bell employees continues to be exceptional. The willingness of our people to support campaigns such as United Way/Centraide set records once again. They volunteered hundreds of thousands of hours to local groups, from minor sports to women's shelters. These are critical initiatives. By acting locally, we strengthen the neighbourhoods, schools, hospitals and small businesses where opportunity is born.

As well, Bell employees drove our response to the Asian tsunami in a campaign that raised almost a million dollars for the relief fund.

To become even more effective citizens, early in 2005 we launched Connected to Communities – a new approach to our social investment that matches community needs with Bell's resources. Fundamentally, Connected to Communities is about using our national reach and our unique capabilities in technology, partnering and innovation to help more individuals make a real connection with their communities. It's about being not just a benefactor, but a partner. An engaged player, a bridge. Cutting across traditional boundaries. Finding solutions.

We intend to make a meaningful difference by focusing on two areas:

One, initiatives that strengthen the economic and social foundations of communities. Because stronger communities make for a stronger, more competitive country.

Two, programs for the next generation of Canadians. The children and youth who will lead us in the 21st century.

We are also committing to increase our annual budget for community investment from \$19 million in 2005 to \$26 million in 2007.

Bell people have consistently demonstrated a spirit of service since the company's inception 125 years ago. Through world wars and economic depressions, through natural and man-made disasters, they have given generously of themselves... and still do. Every day.

Every day we connect communities. In hundreds, thousands of ways. Because that's what our people are dedicated to.

So as a company – as a citizen of our communities – our path is clear. After all, just think of what's still to be done.



MICHAEL J. SABIA
President and CEO
BCE Inc.

think... investment

Our responsibility: ensure that our actions have a positive economic impact through investments in innovation, people and infrastructure. Shareholders expect this. So do employees, customers and a host of others. They appreciate that everything we do has economic consequences beyond our immediate stakeholders. National consequences for today and tomorrow. We accept that responsibility.



“With broadband now available to my home, we have many more choices about how we access information and entertainment... and how we’re able to do it more economically. I couldn’t believe I was getting TV over my phone line—and I was still able to use my phone! Plus, with Bell providing the service, I know it’s reliable.”

— Gerald Slater, Condo TV Customer

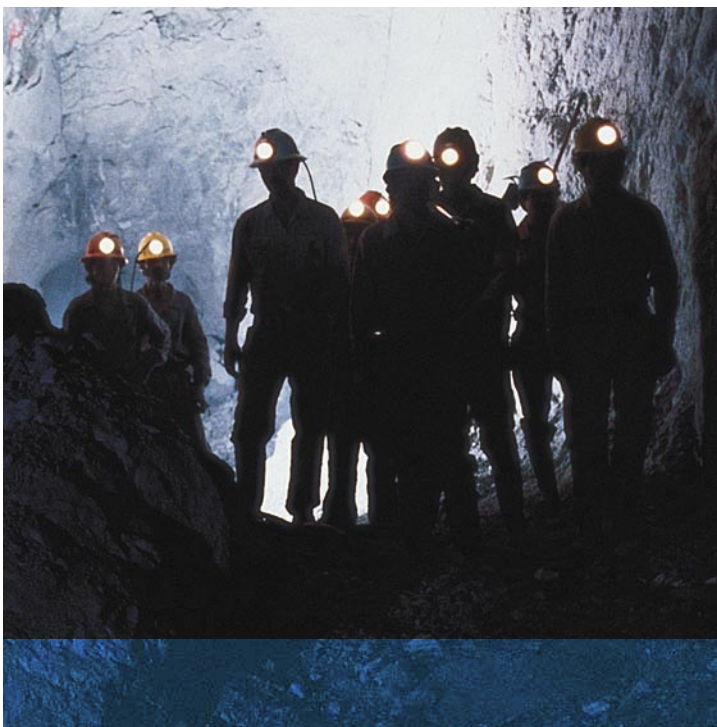
think... investment



Broadband: more bandwidth brings big benefits

In 2004, Gerald Slater and thousands of other Bell customers in Toronto, Ottawa and Montréal got a glimpse of the future. They were among the first to use Bell's VDSL technology, a very high-speed digital subscriber line that delivers a rich array of services including TV. It's the first step in Bell's plan to offer more bandwidth to more people than ever before. Next step? Fibre-to-the-node (FTTN) will deliver blazing fast speeds—a 600% increase by 2006, and more than 1,200% in some new homes—FTTN will give customers in the Québec City to Windsor corridor IPTV (Internet Protocol Television), HDTV (High Definition Television), video-on-demand, digital music and more... all delivered over their phone lines!

Our FTTN architecture uses a combination of new fibre optic lines and existing copper wire. This hybrid approach makes the investment far more cost-effective, so Canadians can benefit sooner. How much sooner? By the end of 2008, 85% of urban households in the “corridor”—or 4.3 million in total—will have access to Bell broadband through FTTN or VDSL. The \$1.2 billion infrastructure investment is once again giving Bell customers a direct line to the future.



Innovation: the real underground economy

New ideas drive the economy. It's how communities become more competitive and prosperous. Take miners in Abitibi-Temiscamingue, Québec. Our Télébec Mobilité Underground Communications Laboratory, in association with the Université du Québec, has invested \$1.6 million to bring wireless services deep underground. And not just voice, but also data and image transmission, so mine managers can improve operations and safety. Ideas like this strengthen Abitibi-Temiscamingue's local economy... and will ultimately improve service and increase data speed six-fold for all Canadians who ride the subway or work and shop below ground.

The lab is just one example of how Bell invests to enhance the future. But then, Bell has always been at the innovation edge—installing its first public phone in 1881 and pioneering packet-switched data service in 1977. Today, we still lead the way with the transition to IP networks and services and this year's planned launch of EVDO (Evolution, Data Optimized), North America's most advanced wireless network.



Small business: new centre creates advanced IP services

If you're a small business owner, it sometimes feels as if you have to wait years before you can benefit from the same technology that larger companies enjoy. That's one reason why Bell and Aliant, our Atlantic Canada partner, founded the Small-Medium Business Innovation Centre in Saint John, New Brunswick. This centre is a place where next-generation IP-based services are created for small business ventures. Services such as point-to-point video, integration with e-mail, click-to-call, find-me-follow-me, instant messaging and multimedia across the enterprise. Definitely exciting. And certainly advanced, given that these services are usually restricted to enterprise customers.

Our Saint John initiative is one of ten strategically located Bell innovation centres across Canada. By investing in innovation, we're doing our part to create knowledge and spur the country's economic growth. Experts estimate that 70% of Canada's recent productivity growth is directly linked to innovation.

think... green

Our environmental responsibility: do everything in our power to leave a cleaner world for the next generation. BCE's environmental impact is shrinking year by year even as our business is growing. The BCE "footprint" will never disappear altogether. But by monitoring the amount of fuel we use, and by recycling and reusing, we've emerged as a North American industry leader.



“Having a cell phone makes a huge difference

in the lives of women in shelters. Bell’s cell phone recycling program is fantastic because it meets a real need for many of these women who are living in poverty and don’t have disposable income for a cellular phone. The fact that it is also good for the environment is a big added bonus.”

— Rhonda Roffey, Executive Director
Women’s Habitat, Toronto

think...
green



Recycling: cell phones provide privacy, security, independence

Bell Mobility's "Recycle, Reuse, Redial" program isn't just diverting tons of serviceable phones from landfill. It's giving women seeking shelter from abusive relationships a way to connect with others safely and privately. Launched in 2003, the program collects used mobile phones, refurbishes them to "nearly new," and donates them to 150 women's shelters. We've given away 6,500 phones since the start of the program.

In addition, we donated 1,498 units in 2004 to the 2nd Stage Program, which supports women leaving shelters to start a new life. With the phones came unlimited local airtime, call display and 911 access.

Apart from its work with women's shelters, "Recycle, Reuse, Redial" also collects batteries and other cell-phone accessories at Bell World/ Espace Bell stores. And the impact? Since the program's launch, 37 metric tons of material have been diverted from landfill. In 2004 alone, we recycled 50,699 mobile phones. It's estimated that more than 15 million used mobile phones in Canada are 96% recyclable... so we've really got our work cut out for us.



Reducing: driving down greenhouse gas emissions

When Canada signed the Kyoto protocol, BCE jumped on board with fresh ideas to reduce its greenhouse gas emissions. One of these initiatives is the TelePod,[™] which we've installed on Lingham Muthiah's Bell vehicle, and on 4,350 others. Using a satellite and cellular interface developed by Bell, TelePods monitor and transmit engine diagnostics, idling time and excessive RPM. Data that's useful in making our vehicles run cleaner.

It's estimated that TelePods could reduce Bell's fuel consumption costs and air emissions by approximately 10% — the equivalent of 3,800 people meeting the "One Tonne Challenge" annually.

In addition, TelePods are used to locate any vehicle, monitor air bag deployments and speed assistance to an employee in an emergency situation. This is why we plan to install the system in 1,000 more Bell vehicles in 2005, as well as on 300 mobile generators.

Other efforts to avert climate change include real estate energy reduction initiatives, our Everyday Kyoto employee awareness program, telework, *flexSpace*, energy efficient hybrid vehicles, and our free bicycle program.

* TelePod is a trademark of Bell Canada

Rethinking: how northern winds push down emissions and costs

Our remote communications towers are, well... remote. Without access to the electricity grid, for decades we've had to truck or fly in diesel fuel to power their generators. Now there's a better way: using combined wind and solar power, this leading Canadian initiative promises to make our northern outposts nearly 100% energy self-sufficient.

At Grande-Baleine, Québec, site of an old Hudson's Bay trading post, two 10-metre, 7.5 kilowatt wind turbines are picking up the load once carried by generators.

At Ossokmanuan, between Labrador City and Goose Bay, we've reduced fuel costs by 95%. And there's so much wind power generated, the surplus often supplements heat in the equipment building. We're burning just a small amount of diesel to power lights, maintenance and diagnostics.

This initiative is saving thousands of dollars in fuel for the generators and fuel transport. More important, it's also removing tons of greenhouse gases from Canadian skies — 50 tons from Québec skies alone. And it's just a start. We plan to install wind turbines and solar panels in 30 sites across the great white north in coming years.

think... solutions

Our responsibility to customers: provide access to safe, reliable and innovative services at a fair price. We strive to make every “customer experience” superior and cost effective. To ensure our network continues to deliver the nation’s most advanced voice, video and data services—even, and especially, in an emergency. And to keep on innovating.



“Telesurgery is the way of the future

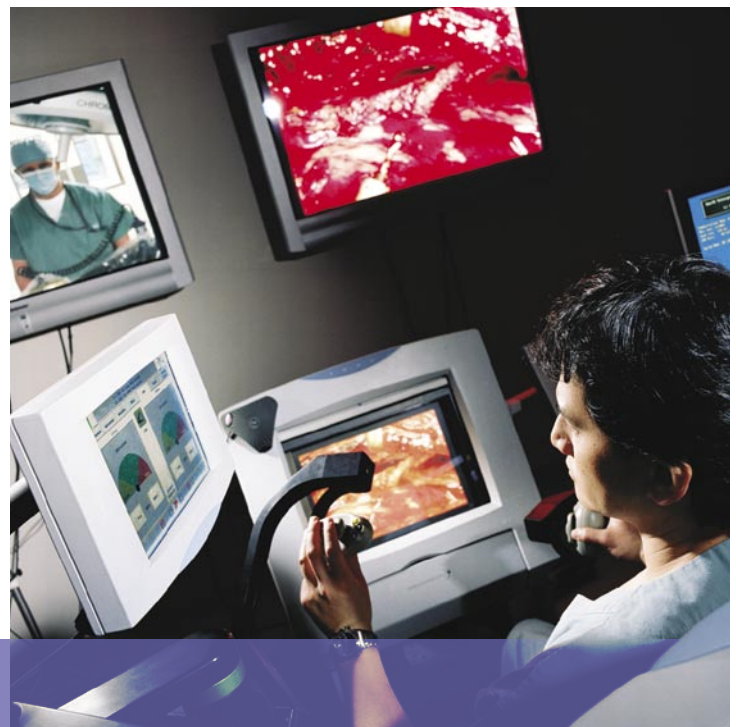
for surgery in Canada, and could become the standard of care. Communication between surgeons from one part of the country to another using telesurgery may occur as often as teleconferencing does today. It’s nice to be involved in the pioneering stages of this exciting technology.”

— Dr. Patrick Luke

CSTAR

(Canadian Surgical Technologies
& Advanced Robotics)

think... solutions



Telesurgery: a surgeon can be in two places at once

Someday soon, a surgeon might save a life in Whitehorse and remove a tumour in Nunavut in a single day... without ever leaving London.

Pioneered at CSTAR (Canadian Surgical Technologies & Advanced Robotics), located at London Health Sciences Centre, robotic telesurgery is emerging as one way to bridge Canada's vast distances. It brings top medical talent to patients anywhere in Canada. Introduces efficiencies that could help to

sustain our health care system.

And also allows telementoring, which enables experienced surgeons to guide colleagues in an operating room halfway across the country... or around the world.

As London Health Sciences Centre's technology partner, Bell's surgical grade network and satellite technology are making all this possible. And since Bell recognizes that telesurgery has national and global promise, we're also continuing to support the research initiative with a total donation commitment of \$800,000 over six years.



Rural access: bringing service where no phone has gone before

Town and city dwellers take their phones for granted. But not Canadians who live and work in remote regions. They know that a phone can mean life or death. It can bring economic opportunity, education and information.

We installed Canada's first phones 125 years ago. Today, our Service Improvement Plan (SIP) is still bringing the first phones to the most isolated homes and businesses of Ontario and Québec.

SIP customers include residential and business property owners where the cost of bringing service amounts to less than \$25,000, and where the customer helps to defray the cost up to a maximum of \$1,000. At year-end 2004, all but 3,000 households in Bell's territory qualified. By the program's end in 2006, Bell will have provided basic phone service, or upgraded radio-telephone, or fixed wireless service, to nearly 18,000 customers in some 2,800 remote communities.

Broadband: levelling the playing field

With the installation of broadband in Fort Frances and surrounding area, residents of ten First Nations communities in northwestern Ontario are now accessing online banking and other services in just milliseconds.

Bell Canada played a part in shrinking the distance from Fort Frances to the rest of the world. Selected as lead vendor for the communities' "Broadband for Rural and Northern Development" project, Bell contributed \$1.56 million toward the \$2.7 million cost, with the balance covered by

Industry Canada and the local First Nations Advisory Services group. Now local people can further diversify their economy and develop their tourism industry. A few short months after the introduction of broadband, the Fort Frances Chamber of Commerce is ramping up its business attraction efforts. Ultimately, residents should benefit from improved business opportunities, dependable access to online learning and health services, as well as entertainment, networking and security applications.

think... employees

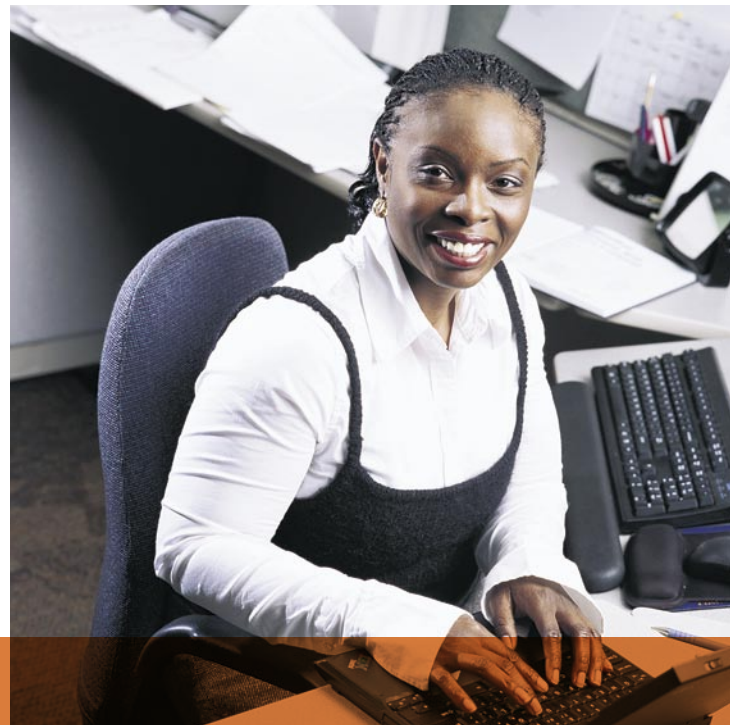
Our responsibility: respect employees and provide a workplace that's safe, fair and satisfying. We support life-long learning, along with training that helps our people reskill and adapt to a competitive, fast-paced and changing world. We also regularly engage them in decision-making that affects our evolving business and workplace. After all, job satisfaction and balance improve productivity, which has everything to do with our shared success.



“Employee knowledge and experience are important to keep within a company. Programs like Bell People First recognize this and help build back your morale and confidence when there’s a restructuring.”

— Alexis Rodney
Bell Canada Resource Associate

think... employees



Bell People First: keeping it in the family

In the business we're in, technologies evolve almost daily and competition is fierce. This means that sometimes, unavoidably, we're forced to restructure work to stay competitive. This doesn't mean, however, that an affected employee's career at Bell is necessarily over. Take Alexis Rodney, whose nine years as a Cost Analyst at Bell might have come to an end. She applied to Bell People First (BPF), and was supported every step of the way, with help on her resumé, with her job search skills and with interview preparation. One month and 12 interviews later, she landed a new job at Bell—*actually a promotion*—as a Resource Associate.

BPF encourages hiring, transferring, promoting and developing Bell employees FIRST, before we look outside the family. In 2004, BPF helped to reassign 860 employees like Alexis Rodney. We also invested \$1.3 million to retrain them and help launch brand new careers.



flexSpace: redefining “office”

At BCE, the innovative impulse is making us rethink everything, including the daily commute and rigid work schedule. Our new and better way to organize the workday is called *flexSpace*.

According to Kitchener’s Dan Magwood, who participated in the pilot project, it works like this: a participating Bell employee can choose to work at home, at a nearby *flexSpace* business centre, or both. Dan books a *flexSpace* office and meeting room when he needs it. The shorter commute saves time and reduces stress. It lowers greenhouse gas emissions. And Bell saves on costly real estate rental.

Bell has been offering flexible work options since the 1980s. Why? Because we believe that a balanced work and home life boosts morale and productivity. By the time *flexSpace* is fully implemented in 2007, we expect 10,000 signed-up employees. Bell spent \$249 million on leases in 2004. If one-quarter of Ontario and Québec employees choose *flexSpace*, the annual savings will add up to \$19 million. Better yet, we’ll have a workplace environment that’s more suited to today’s changing needs and more satisfying to employees.

Ask employees: are you not satisfied, satisfied, or very satisfied?

Angel Ivanchuk never misses a chance to speak her mind. After all, this Bell West employee knows that *People to People*, BCE’s annual employee survey, is the best way of being heard.

Every year, we invite our employees to fill out a confidential questionnaire. *People to People* asks if the employee feels valued. Is the company well managed? How is their immediate leader performing? And what about job satisfaction—or dissatisfaction? All in all, the questions take about 20 minutes to answer online.

So how does Angel Ivanchuk know she’s being heard? Survey results are always shared. Discussions follow. And practical ideas from front-line employees—who often know best!—are implemented. For example, Angel and her workmates have helped simplify and improve customer service in the West by suggesting a single source of “how to” information for two distinct customer-contact departments. The team has also found ways to ramp up efficiency with eastern colleagues, so there’s less duplication and misinformation.

think... community

Our responsibility: help build strong, healthy and vibrant communities. Our “Connected to Communities” program supports projects that strengthen local economies and social foundations, with a focus on children and youth. Healthy, connected communities go hand in hand with economic expansion, creativity and innovation. That’s why we’re increasing our community investment commitment from \$18 million in 2004 to \$26 million in 2007.



“I look at the Internet as both a classroom and a playground. The only problem is, sexual predators are on the loose, and they’re targeting our kids. As a police officer, my sworn duty is to protect the community from these criminals. As a parent, I’m just glad I’m not alone. Through Cybertip.ca, Canadians are giving us information that’s putting more of these predators behind bars.”

— Sergeant Steve J. Colwell
RCMP Officer and parent

think... community



Responsibility: a safer Internet

The sexual exploitation of kids on the Internet has reached alarming proportions. What's to be done? As Canada's leading Internet service provider, Bell has a responsibility to act. That's why we're working with police, industry and interest groups to find solutions. One initiative is Cybertip.ca. With support from Bell, we're helping to make this Manitoba initiative national. Founded to fight child pornography, Cybertip.ca has already shut down 493 web sites and led to ten arrests.

Be Web Aware is another kid-friendly national program. Bell is working with Microsoft Canada and the Media Awareness

Network to ensure kids get the best from the Internet—without exposure to the worst. The program's multimedia campaign offers safety tips for parents and their kids.

And most recently, we donated \$500,000 to launch the Bell Cyber Abuse Research Project at the University of Toronto. The first of its kind, the project targets the sexual exploitation, bullying and stalking of children and youth, and will build a web site where organizations, educators and researchers can share data and action plans.



Volunteering: it runs in the family

Over the past decade, Jean-Paul Brault and daughter Nathalie have raised tens of thousands of dollars for the Mira Foundation, a Québec charity that provides free guide dogs to the visually impaired. According to Nathalie, a Bell employee, “We have been fortunate in life and we decided to share our good fortune with others.” Nathalie says she gets a kick from volunteering with dad, whom she describes as a “role model.” Actually, Jean-Paul is a role model in more ways than one. He worked at Bell for 40 years.

At BCE, we encourage voluntarism and employee-giving... with some inspiring results. Over the past year, employees volunteered more than 275,000 hours — valued at more than \$4 million based on Statistics Canada’s average hourly wage data. We recognize volunteerism with corporate donations to the causes our people support. In 2004, this generated another \$836,000 in charitable grants. We gave an additional \$290,000 to sport groups in 168 communities across Canada, recognizing the volunteer efforts of 469 employees.



Economic development: how some companies now shop for “goods”

Where does a prominent Vancouver law firm buy office supplies? From a Vancouver supplier listed on the Social Purchasing Portal. It’s a business portal with a difference. Every company listed has an opportunity to hire staff through Fast Track to Employment, which opens doors to hard-to-employ individuals. For the law firm, buying through the portal is an act of corporate social responsibility. Their dollars reduce unemployment, poverty and drug addiction in Downtown Eastside and East Vancouver. And all they’re doing is buying products and services they’d purchase anyway.

Vancouver’s portal has already led to 75 hires... with more on the way. The concept received a boost from the Bell Community Economic Development Fund, with a grant to support its replication elsewhere in Canada. So far, similar portals have been set up in Toronto and Winnipeg, with Calgary and Surrey soon to launch. The fund, administered by the Carleton University-based Community Economic Development Technical Assistance Program (CEDTAP), is designed to encourage community economic development with a social purpose. The Social Purchasing Portal is an innovative application generating tremendous social impact at the local level.

facts and figures

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Report Profile

This print report is a summary of BCE's Comprehensive 2004 Corporate Responsibility Report, available on our web site at www.bce.ca/en/responsibility.

Boundaries

The activities discussed in this report cover the period from January 1, 2004 to December 31, 2004. Unless otherwise stated, data is valid as at December 31, 2004.

BCE Inc. is Canada's largest communications company. It consists of many businesses, including subsidiaries and joint ventures. Our primary focus is Bell Canada, which is Canada's leading provider of wireline and wireless communication services, Internet access, data services and video services to residential and business customers. Bell Canada represents the largest component of our business. Our other BCE businesses include our media, satellite and IT (information technology) companies as well as BCE's corporate office.

Unless otherwise specified, the data in this report covers one of three principal groups: BCE Inc., Bell Canada (excluding Aliant) or Bell Canada Consolidated (including Aliant).

Information on BCE Inc. includes consolidated data for all BCE companies. The Bell Canada grouping generally covers our wireline and wireless communications services, Internet access, data services and DTH (Direct-to-Home) satellite television services to residential and business customers. In some cases, we were not able to collect data for very minor portions of Bell Canada. Because these minor portions of the business represent a small fraction of our overall operations, we believe the Bell Canada data is representative of our impact. Bell Canada Consolidated covers all Bell Canada holdings including Aliant.

Global Reporting Initiative

We prepared this report using Global Reporting Initiative (GRI) guidelines. Specifically, we selected subjects on the basis of general GRI content guidelines as well as the GRI telecommunications sector supplement. Our web report includes a GRI content index to help readers access report content using the GRI structure and to help with comparisons to other reporting organizations. To access our GRI content index, visit www.bce.ca/en/responsibility/gri

Data collection

Information for this report was supplied by various BCE groups and collected by two groups within Bell Canada. The Environmental Services team collected all environmental data while our Community Investment team collected all socio-economic data. In both cases, data was reviewed by subject matter experts and BCE's in-house law department.

ENVIRONMENTAL DATA

The process of collecting and verifying environmental data has been refined since Bell published its first environmental report in 1991. As the company moved toward a more systematic approach to identifying and addressing environmental issues, we established reporting mechanisms to obtain yearly results. For the 2004 report, the Environmental Services group reviewed all of the data it collected. As indicated in the text, we differentiate between exact figures and approximations or estimates in our environmental reporting.

SOCIO-ECONOMIC DATA

Some of the data in this report is taken from our 2004 annual report. Most data was collected from and verified by approximately 50 sources within the organization. We took great care to ensure that all data presented in this report are as accurate as possible.

Key performance indicators

In keeping with GRI guidelines, we have identified some key performance indicators. These are highlighted with colour and appear mostly in the margins of the "Facts and Figures" section of this report. We added another step to the process of ensuring the reliability of key performance data. KPI data was reviewed and approved by an internal audit team. The knowledge from this exercise will serve us well as we prepare for external, third party verification in future reports.

Data reliability

All data was reviewed by internal subject matter experts. In addition, key performance indicators were reviewed and approved by an internal audit team. Finally, data for some indicators was collected, calculated and generated by reputable external firms. This includes our Employee Value Index and Customer Value Index.

(See Safe harbour notice on page 27.)

Additional information and resources

BCE's Comprehensive 2004 Corporate Responsibility Report – GRI index > www.bce.ca/en/responsibility/gri

BCE's Comprehensive 2004 Corporate Responsibility Report – Auditor's Letter >

www.bce.ca/en/responsibility/reportprofile/datareliability

Recognition

BCE's reputation is determined in part by what people say about us. This is a partial list of the recognition we have received for our overall Corporate Responsibility initiatives. A sampling of awards received for our efforts in specific areas like the environment, human resources management and community involvement is included on the following pages.

ROB Magazine

BCE ranked number two for overall corporate responsibility and number one for environmental responsibility among Canadian telecommunications companies. Jantzi Research, *The Globe and Mail's Report on Business* (ROB) magazine and GlobeScan teamed up to conduct this second annual ranking of social and environmental performance of major companies in Canada. Companies were scored and ranked based on indicators across six categories:

community and society, corporate governance, customers, employees, environment, and human rights.

Canada's most respected corporations

In this annual survey of Canada's top CEOs, BCE maintained the number two spot for corporate social responsibility (CSR) among Canadian companies. The CSR category covers activities such as charitable giving, employee volunteerism, sponsorships, community involvement, corporate governance and ethical business

practices. The survey is sponsored by KPMG and conducted by Ipsos-Reid.

FTSE4Good Global Index

BCE Inc. is listed on the FTSE4Good Global Index. FTSE4Good is an index for socially responsible investment (SRI) set up by FTSE, the world's leading global index providers. Independently defined and researched, FTSE4Good sets objective global standards for SRI. All FTSE4Good-listed companies must qualify and adhere to the standards.

Additional information and resources

For additional recognition information, please see "Recognition" on the following pages or visit > www.bce.ca/en/responsibility/awards

Safe harbour notice

Certain statements made in this Corporate Responsibility Annual Report are forward-looking statements and are subject to important risks, uncertainties and assumptions. The results or events predicted in these statements may differ materially from actual results or events. Certain of the risk factors which could cause results or events to differ materially from current expectations are discussed in the next paragraph. The forward-looking statements made in this Corporate Responsibility Annual Report do not reflect the potential impact of any non-recurring or other special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after May 2, 2005. The forward-looking statements contained in this Corporate Responsibility Annual Report represent the expectations of BCE Inc. and its subsidiaries (collectively "BCE") as of May 2, 2005 and, accordingly, are subject to change after such date. However, BCE disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Other factors that could cause results or events to differ materially from current expectations include, among other things: our ability to complete within our targeted timeframe, and the impact on our financial results of, the migration of our multiple

service-specific networks to a single IP-based network; our ability to implement our strategies and plans in order to produce the expected benefits and growth prospects; general economic and market conditions and the level of consumer confidence and spending, and the demand for, and prices of, our products and services; the intensity of competitive activity from both traditional and new competitors, Canadian or foreign, including cross-platform competition, which is increasing following the introduction of new technologies such as Voice over Internet Protocol (VoIP) which have reduced barriers to entry that existed in the industry, and its resulting impact on the ability to retain existing, and attract new, customers, and on pricing strategies and financial results; the ability to improve productivity and contain capital intensity while maintaining quality of services; the ability to anticipate, and respond to, changes in technology, industry standards and client needs and migrate to and deploy new technologies, including VoIP, and offer new products and services rapidly and achieve market acceptance thereof; the availability and cost of capital required to implement our financing plans and fund capital and other expenditures; our ability to find suitable companies to acquire or to partner with; the impact of pending or future litigation and of adverse changes in laws or regulations, including tax laws, or in how they are interpreted, or of adverse regulatory initiatives or proceedings, including decisions by the

Canadian Radio-television and Telecommunications Commission (CRTC) affecting our ability to compete effectively, including, more specifically, decisions concerning the regulation of VoIP services; our ability to manage effectively labour relations, negotiate satisfactory labour agreements, including new agreements replacing expired labour agreements, while avoiding work stoppages, and maintain service to customers and minimize disruptions during strikes and other work stoppages; events affecting the functionality of our networks or of the networks of other telecommunications carriers on which we rely to provide our services; our ability to improve and upgrade, on a timely basis, our various IT systems and software; our ability to implement the significant changes in processes, in how we approach our markets, and in products and services, required by our strategic direction; and our ability to retain major customers.

For additional information with respect to certain of these and other factors, please refer to BCE Inc.'s Annual Information Form for the year ended December 31, 2004 (available on BCE Inc.'s site at www.bce.ca) filed by BCE Inc. with the U.S. Securities and Exchange Commission, under Form 40-F (available on EDGAR at www.sec.gov), and with the Canadian securities commissions (available on SEDAR at www.sedar.com).

Governance > Structure

We believe that good corporate governance practices directly create and maintain shareholder value. We are committed to protecting the interests of all stakeholders and are guided by this commitment in managing Corporate Responsibility issues.

General governance structure

BCE has a board of directors composed of 16 members as well as four committees, responsible for corporate oversight and strategies. All members of the board of Bell Canada are also members of the BCE board.* The board regularly reviews its structure, practices and composition. It also initiates changes to improve effectiveness.

Board committees

BCE and Bell Canada have four board committees. The responsibilities of the Corporate Governance Committee (CGC), Audit Committee, Management Resources and Compensation Committee (MRCC), and Pension Fund Committee are described at www.bce.ca/en/governance.

Oversight of corporate responsibility

Responsibility for overseeing economic, environmental and social risk is divided among the Audit Committee, the MRCC and the CGC. Responsibility for oversight, implementation and audit of CR (Corporate Responsibility) policies also rests with these committees.

The Audit Committee reviews, reports and, where appropriate, provides recommendations to the board of directors on the Corporations' risk management and environmental risks. The BCE board also approves the BCE environmental policy and environmental management system. The mandate to review this policy and report on its application by the subsidiaries has been assigned to the Audit Committee of the Board.

The MRCC oversees the Corporations' health and safety policies and practices. BCE's Chief Talent Officer is responsible for implementing these policies.

The CGC is responsible for oversight of the Corporations' community investment policy. The Executive Vice-President, Communications & Corporate Marketing, oversees the implementation of this policy.

Shareholder communications

BCE shareholders can provide feedback in a number of ways including our Annual General Meeting, the shareholder proposal process described in our proxy circular, and our toll-free shareholder inquiries line. Shareholders may also communicate with the board by contacting the Corporate Secretary's Office at corporate.secretariat@bell.ca or (514) 786-3891.

Delegation of authority

The responsibilities of the board and of the President and Chief Executive Officer are set out in BCE's schedule of authorities and in the Bell policy on authorizations. These documents also list the type and dollar-amount limits of transactions that management may carry out without prior approval from the board. Any corporate action that is not specifically authorized or that exceeds the dollar-limits of authority under these schedules requires prior approval from the board.

Expertise of board members

Directors are chosen for their ability to contribute to the broad range of issues that the board must manage.

The CGC addresses questions such as size and composition to ensure that the board and its committees continue to benefit from the range of skills, expertise and experience needed to function effectively. The CGC is also responsible for succession planning and for nominees for election.

Executive compensation link to corporate responsibility

BCE's executive compensation is not directly linked to environmental or social performance. However, it is linked to business objectives, which include attainment of CVI (Customer Value Index) and EVI (Employee Value Index). For details, review the BCE 2005 management proxy circular.

Board independence and alignment with standards

In 2004, BCE and Bell adopted standards of independence for their directors, which are consistent with the TSX guidelines and NYSE rules. Consult BCE's website for details.

Recognition

Every year, the *Institute of Corporate Directors* (ICD) recognizes four directors who have been nominated by their peers and have distinguished themselves by bringing sound governance leadership to Canadian boardrooms. BCE Chairman, Richard J. Currie, was honoured as a 2004 ICD Fellow.

GovernanceMetrics International: BCE is one of 34 companies globally and one of only three Canadian companies awarded a perfect score of 10 in GMI's global corporate governance study of 3,220 companies around the world released in March 2005.

* This information is accurate as of May 2, 2005. Director Thomas Kierans will not stand for re-election as a board member. After our annual meeting on May 25, 2005, the BCE board and the Bell Canada board will each be comprised of 15 directors.

Additional information and resources

BCE's Comprehensive 2004 Corporate Responsibility Report – Governance section > www.bce.ca/en/responsibility/governance
Board members, Committees and Charters > www.bce.ca/en/governance/boardmembers/directors
BCE Notice of annual meeting and Proxy circular > www.bce.ca/en/investors/financials/annualreports/bce
BCE Director Independence Standards > www.bce.ca/en/governance/independencestandards

Governance > Policies, systems & standards

Managing our business responsibly requires a solid governance structure as well as policies, systems and other tools that ensure understanding, consistency and adherence throughout the organization.

Managing ethics and business conduct

We promote an environment that fosters ethical conduct and is intolerant of any breaches. The conduct of directors, officers and employees of most BCE companies is governed by an over-arching Code of Business Conduct (see the Code in full at www.bce.ca/en/governance/codeofconduct) which sets out our various guidelines and principles based on our values, and applicable laws and regulations. It includes topics such as conflicts of interest, use of company assets, confidentiality, workplace issues, and the environment.

Bell Canada employees must review and sign their code annually. BCE and Bell Canada require their principal and senior financial officers to sign a supplementary code of ethics.

Environmental policies and management system

BCE's environmental issues are governed by a single, over-arching policy that was approved by the Board of Directors and adopted in November 2004. The policy sets out principles of environmental protection that all subsidiaries are expected to adhere to. The mandate to review this policy and report on its application by the subsidiaries has been assigned to the Audit Committee of the Board.

Our main subsidiary, Bell Canada, has an environmental policy which was originally adopted in 1993, updated in 1998 and last reviewed in 2003. The Bell policy is regularly reviewed by the Environmental Issues Network (EIN), a committee composed of company Officers.

Bell Canada's Environmental Management System (EMS) is aligned with ISO14001 guidelines. It is essentially an integrated management tool that identifies potential problems or opportunities, reduces risks, ensures continuous improvement through a rigorous feedback process, and controls costs. Moreover, through on-going legal monitoring, which is an integral part of the system, Bell exercises due diligence in managing environmental issues.

Socio-economic policies and management system

Socio-economic issues are governed and managed through a series of policies. Some of the subjects covered in BCE or Bell Canada policies include: disclosure, customer privacy, fair information practices, anti-competitive behaviour, occupational health and safety, corporate security, emergency management, and workplace issues.

Bell Canada's Ethics program is managed centrally by an Ethics and Policy Management Group. Policies are applied and managed by individual business and functional units. Policy breaches result in disciplinary action, up to and including dismissal. In certain instances, they may also result in civil or criminal prosecution.

Standards

BCE subscribes to a variety of voluntary guidelines, standards and codes of practice. Some of the more prominent ones include:

> *Global Reporting Initiative*: a multi-stakeholder international initiative with a mission to develop and disseminate globally applicable sustainability reporting guidelines.

> *Environmental Charter for North American Telecommunications*: a set of sustainability principles developed and adopted by leading North American telecom companies.

> *Imagine Canada*: an organization that encourages Canadian corporations to donate at least one percent of their pre-tax profits to charity.

Affiliations and advocacy

BCE promotes its views through memberships in industry and business associations as well as advocacy organizations. Some of the more prominent affiliations that help govern our conduct include:

> *Canadian Business for Social Responsibility*: a non-profit, business-led, national membership organization of Canadian companies that have made a commitment to operate in a socially, environmentally and financially responsible manner.

> *Global e-Sustainability Initiative (co-chair)*: a collective international voice for Information and Communications Technology (ICT) service providers and suppliers which performs research on how the industry can reduce its sustainability impacts and help societies tackle some of the sustainable development challenges our world is facing.

> *Conference Board of Canada*: an independent organization that builds leadership capacity for a better Canada by creating and sharing insights on economic trends, public policy and organizational performance. Bell Canada co-chairs the Board's Business Network for Sustainability.

Additional information and resources

BCE's Comprehensive 2004 Corporate Responsibility Report – Governance section > www.bce.ca/en/responsibility/governance

Global Reporting Initiative > www.globalreporting.org

Imagine Canada > www.imaginecanada.ca

Canadian Business for Social Responsibility > www.cbsr.ca

Global-e Sustainability Initiative > www.gesi.org

The Conference Board of Canada > www.conferenceboard.ca

Economy > Direct impact

BCE's actions impact the economic circumstances of our various stakeholders. We measure our impact on shareholders using traditional profitability indicators. We use other monetary flow indicators to gain insight into our impact on the economic status of other constituents.

Shareholders

EPS (Earnings per share)

| | \$ |
|------|------|
| 2004 | 1.65 |
| 2003 | 1.90 |
| 2002 | 2.66 |

Customers

Net Sales*

| | Bell Canada | BCE Consolidated |
|-------------|----------------|---------------------|
| \$ millions | | |
| 2004 | 16,692 | 19,193 |
| 2003 | 16,463 | 18,737 |
| 2002 | 16,849 | 18,900 |

*Operating revenues also include inter-segment revenues which are not included in this table.

Suppliers

Cost of all goods, materials and services purchased (BCE)

| | \$ millions |
|------|-------------|
| 2004 | 11,629 |
| 2003 | 11,327 |
| 2002 | 11,516 |

Employees

Total Payroll and Benefits (BCE)

| | \$ millions |
|------|-------------|
| 2004 | 4,150 |
| 2003 | 3,635 |
| 2002 | 3,627 |

Providers of capital

Distributions to providers of capital

| | 2004 | 2003 | 2002 |
|-----------------------|-------|-------|-------|
| \$ millions | | | |
| Interest paid on debt | 1,005 | 1,105 | 1,120 |
| Cash dividends | | | |
| on preferred shares | 85 | 61 | 43 |
| Cash dividends | | | |
| on common shares | 1,108 | 1,029 | 999 |

Increase/decrease in retained earnings at end of period

| | |
|------|---------|
| 2004 | 413 |
| 2003 | 605 |
| 2002 | (6,929) |

Public sector

Income taxes paid (net of refunds)

| | \$ millions |
|------|-------------|
| 2004 | 216 |
| 2003 | (24) |
| 2002 | 1,284 |

Bell Canada donations and community sponsorships*

| | \$ millions |
|------|-------------|
| 2004 | 18.1** |
| 2003 | 15.9 |
| 2002 | 11.3 |

* For a detailed breakdown, see "Community."
** BCE corporate office donated an additional \$845,000 to registered charities in 2004.

Future issues and risks

The risks associated with the on-going profitability and stability of BCE and its subsidiaries are outlined in BCE's Annual Information Form (www.bce.ca/en/investors/financials/annualreports/bce/) for the year ended December 31, 2004 under the headings "About Forward-Looking Statements" and "Risks that Could Affect Our Business." Risks covered include economic and market conditions, increasing competition, productivity and capital intensity expectations, technological change, liquidity, acquisitions, regulatory matters, network events, revenue concentration, and others.

Goals

BCE FINANCIAL

> For forward-looking information on revenue and subscriber growth, consult our guidance at www.bce.ca/en/investors/financials/outlook

COMMUNITY INVESTMENT

> Increase Bell Canada's community investment to \$26 million in 2007.

Additional information and resources

BCE's Comprehensive 2004 Corporate Responsibility Report – Economy section >

www.bce.ca/en/responsibility/economy/directimpact

BCE financial quarterly and annual reports > www.bce.ca/en/investors/financials/annualreports/bce

Economy > Indirect impact

BCE's investments in reliable and innovative communications technology have an indirect but important financial impact on Canadian communities. By bringing robust, secure and advanced communications solutions to consumers and businesses, we help promote Canada's global competitiveness and economic well-being.

Business innovation: Research & Development

\$ millions

| | |
|------|-------|
| BCE | |
| 2004 | 1,484 |
| 2003 | 1,524 |
| 2002 | 971 |

Bell Canada Consolidated

| | |
|------|-------|
| 2004 | 1,451 |
| 2003 | 1,490 |
| 2002 | 888 |

Investments in infrastructure:

BCE Capital expenditures

\$ millions

| | |
|------|-------|
| 2004 | 3,364 |
| 2003 | 3,167 |
| 2002 | 3,709 |

Bell Canada University Research*

\$ millions

| | |
|------|-----|
| 2004 | 8.4 |
| 2003 | 5.4 |
| 2002 | 6.5 |

* Numbers re-stated to include Innovation Fund which was previously reported separately.

Business innovation: Research & Development

\$ millions

| | |
|------|-------|
| BCE | |
| 2005 | 1,528 |
| 2006 | 1,528 |

Bell Canada Consolidated

| | |
|------|-------|
| 2005 | 1,492 |
| 2006 | 1,492 |

Programs & practices

INVESTING IN INFRASTRUCTURE

BCE is committed to making investments to expand and update our networks and to meet customer demand for new services.

NETWORKS

Bell Canada's wireline networks transport voice, data and Internet traffic nationally. Our local access network consists of 12.9 million local telephone lines and our national wireless networks carry voice and data. We provide satellite and VDSL (very high-speed digital subscriber line) delivery of video services. Our extensive fibre-optic network enables us to deliver advanced solutions to business customers in most cities of British Columbia, Alberta, Ontario, Québec, and the Atlantic provinces. We introduced Voice over IP (VoIP) telephony to consumers in certain cities in the first quarter of 2005.

In 2004, we began the rollout of broadband technology that is expected to ultimately bring next-generation services to approximately 4.3 million households in the Québec City to Windsor corridor by 2008. Our 2004 rollout included FTTN (fibre-to-the-node) to 376 neighbourhoods and agreements to bring VDSL to 335 MDUs (multiple-dwelling units).

Bell was the first Canadian company to announce plans to deploy the third generation (3G) of wireless mobile communications which will offer broadband speeds up to six times faster than the speeds that exist today and ultimately up to 2.4 Mbps.

In 2004, a subsidiary of Telesat launched Anik F2, the world's largest commercial communications satellite and the first to fully commercialize the Ka frequency band. This is a breakthrough in satellite communications technology as it enables the delivery of cost-effective, two-way broadband services.

RELIABILITY AND SECURITY

Our robust, self-healing network is available 99.999% of the time. This represents five minutes of down time over an entire year. When a fault occurs, it's automatically detected and quickly resolved. Bell takes great care to protect all of its networks from fraud and other security threats.

INVESTING IN INNOVATION

Innovation is a way of life at Bell. Over the past year, we opened 10 innovation centres to incubate and rapidly develop new ideas based on IP technology. And with more than 200 active patents and patent applications to our name, most of our innovations lead to real products and services that help customers connect in new and better ways.

UNIVERSITY RESEARCH

Our commitment to innovation extends beyond our own walls to universities. We also created Bell University Labs, a unique partnership where universities and industry work together to innovate.

Goals

FTTN

Our plan over the next three to four years is to make a significant investment to expand the reach and amount of bandwidth available to customers.

Our objective is to ultimately deliver up to 26 Mbps to 85% of urban households in the Québec City to Windsor corridor, or approximately 4.3 million households by 2008. By the end of 2005, we expect to reach 1.1 million households with FTTN which we expect will ultimately enable next-generation services such as IPTV (Internet Protocol Television).

EVDO

We intend to deploy EVDO (Evolution, Data Optimized network) in major urban centres across Canada in 2005 and 2006. This will enable wireless broadband speeds six times faster than today's technology and ultimately up to 2.4 Mbps.

IP TELEPHONY

We plan to introduce IP (Internet Protocol) telephony to consumers in 2005.

Recognition

The 2004 *Frost & Sullivan Regional Satellite* operator award was bestowed upon Telesat for its strategy and product innovation, which have given the company a competitive advantage over both regional and global operators.

Additional information and resources

BCE's Comprehensive 2004 Corporate Responsibility Report – Economy Section >

www.bce.ca/en/responsibility/economy/indirectimpact

BCE Innovation page > www.bce.ca/en/community/innovation

BCE: A History of Innovation > www.bce.ca/en/company/history

Environment > Introduction

At Bell Canada, environmental protection has been integral to doing business for the past 15 years. Our environmental programs are focused on minimizing our impact on the environment, reflecting an unwavering commitment to sustainability and the protection of our planet.

At a glance

| | |
|------------------------|---------|
| Vehicles | 7,573 |
| Poles in use | 1.5M |
| Wire & cable | 160M km |
| Manholes | 65,000 |
| Storage tanks | 2,483 |
| Real estate properties | 3,600+ |

62,000 employees, 7,500 vehicles, 3,600 properties, and 13,500 metric tons of residual materials generated in one year... the size of a small community, Bell leaves an unavoidable footprint on the environment through its operational activities.

The Bell community is spread over thousands of kilometres and has a population density of approximately one person per hectare. In connecting Canadians from coast to coast we recognize that our wired, wireless and satellite network infrastructure also has an inescapable impact on the environment.

Water is used by employees for personal needs or to cool buildings; energy provides light and heat for our offices, to operate telecom equipment and to run our vehicles. Materials from computers to pop cans are used, recycled or discarded on a daily basis.

Both inside the company and out, we strive to minimize this impact year after year.

This section reports on Bell's performance in key and emerging environmental programs that have been implemented in the company.

The programs successfully enable us to:

- > understand our overall consumption and reduce our demand on the earth's scarce resources;
- > be proactive in reducing our air emissions, effluents and waste; and
- > minimize the impact of our corporate footprint on the environment.

The programs are anchored by a strong environmental policy and comprehensive environmental management system and are being implemented across all Bell divisions where applicable.



Whether they are related to our network operations, the products or services we deliver to our customers or the community, our environmental initiatives aim to reduce our air emissions, consumption and waste while protecting water quality, flora and fauna.

Environment > Consumption

At Bell, reducing our consumption of energy, water and materials is not only a means to generate cost savings but also a way to help protect natural resources and reduce the burden on our over-worked environment.

Energy

Network & real estate

| | M kWh |
|-------|-------|
| 2004 | 878.6 |
| 2003 | 878.3 |
| 2002* | 814.3 |

Water

| | M Litres |
|------|----------|
| 2004 | 772 |
| 2003 | 852 |

Materials

Paper

| | Metric tons |
|-------|-------------|
| 2004 | 5,686 |
| 2003 | 5,636 |
| 2002* | 4,707 |

* Excludes consumption data from some subsidiaries. See Web report for detailed explanation.

Each year, we make strides to shrink our footprint, from the energy we use for our network and workplace to the consumption of goods and the generation of waste.

Programs & practices

ENERGY

We use energy to power our telecommunications equipment, operate buildings and run our vehicles. In support of Canada's Kyoto Protocol objectives, we strive to increase our use of renewable energy, such as wind and solar, while minimizing our consumption of non-renewable resources.

Energy-saving initiatives in 2004 included:

- > A field trial to study the use of hydrogen fuel cells to power our telecommunications equipment. The initiative was conducted in partnership with the Hydrogen Village project of the Greater Toronto Area.

- > The installation of wind turbines and solar panels at four remote northern sites where energy was previously provided by diesel generators. These hybrid systems will result in a reduction of 9,000 litres of diesel or a saving of approximately 90,960 kWh per year and site – enough energy to heat 45 households.

- > The introduction of the *flexSpace* program to reduce office space and employee travel. Two sites were adapted to accommodate the program and five more will be converted by spring 2005. For these seven sites, *flexSpace* is expected to bring annual reductions in energy consumption of approximately 502,000 kWh.

- > The installation of motion sensors in offices, optimization of heating and cooling systems, the improvement of roofing insulation and other energy saving initiatives in our network and buildings.

- > The use of eight hybrid vehicles that run on gasoline and electricity.

- > The installation of 3,850 TelePod™ systems in company vehicles that are expected to reduce fuel consumption by approximately 10%.

WATER

Water is used by employees for drinking and sanitary purposes and is used at some locations to cool the air in buildings. Although our water consumption is relatively low, we recognize the importance of responsible water usage.

MATERIALS

We rigorously apply Reduce and Reuse principles to improve our consumption. Although we currently do not quantify our material requirements, we have many processes in place that directly reduce the amount of new materials required for business.

Reduction efforts are not tracked or measured at a corporate level. We are currently able to report on our total paper consumption and the quantity of packaging materials used for our consumer market. Full details can be found in the Web version of this report.

Goals

ENERGY

- > Install renewable energy systems such as wind turbines and solar panels in remote company locations.

- > Pursue field trials of hydrogen fuel cells.

- > Participate in government energy-saving incentive programs.

- > Acquire two additional hybrid vehicles and install TelePod systems in 1,000 additional vehicles.

WATER

- > Improve monitoring of our water consumption in order to reduce usage.

MATERIALS

- > Roll out new, simpler customer bill.

- > Develop a reduction plan for product packaging.

Additional information and resources

BCE's Comprehensive 2004 Corporate Responsibility Report – Environment section > www.bce.ca/en/responsibility/environment/consumption

Environment > Emissions

Air emissions are rigorously managed and minimized through a combination of close monitoring and innovative initiatives. We support national programs that address climate change and the protection of the ozone layer and we act to reduce our noise emissions and the release of contaminants into the water.

CO₂e emissions relative to energy consumption

| | g/kWh |
|------|-------|
| 2004 | 202 |
| 2003 | 197 |
| 2002 | n/a |

Vehicle fleet CO₂e emissions relative to mileage

| | g/km |
|------|------|
| 2004 | 469 |
| 2003 | 465 |
| 2002 | n/a |

n/a = Not available

In the course of our operations, we require the use of equipment such as air conditioning and fire extinguishing systems that often contain Ozone Depleting Substances (ODS) like Chlorofluorocarbons (CFCs) and Halon.

Our sizeable network and operations also require a robust consumption of energy that directly and indirectly results in the production of greenhouse gases.

Noise, which can be an environmental pollutant, may come from equipment such as stand-by generators, air conditioners and cooling fans.

Lastly, Bell's 65,000 manholes, most of which are not watertight, often accumulate run-off such as road water and sediment that is sometimes contaminated.

Programs & practices

OZONE DEPLETING SUBSTANCES
Ozone Depleting Substances (ODS), such as Chlorofluorocarbons (CFCs) and Halon, deplete the stratospheric ozone layer that protects the earth from ultraviolet rays (UVB). Ultimately, UVB rays are harmful to the environment, and prolonged exposure can have a detrimental effect on health. CFCs are found in refrigeration and air conditioning systems and were once used as an active agent in aerosols. Halon is used in some portable and engineered fire extinguishing systems.

Our objective is to replace all systems and products that contain ODS with environmentally-friendly substitutes and to minimize their release into the atmosphere. Measures include the use of only CFC-free aerosols and the replacement or conversion of chillers containing CFCs.

We use best practices to recover refrigerants contained in building or vehicle air conditioning systems and ensure employees or suppliers are trained and licensed to operate refrigeration equipment.

Since 1989, we have reduced our use of Halon 1301 by 65%. Very Early Warning Fire Detection systems at key central offices are being tested to replace Halon. When combined with a power-down function, they are expected to provide effective fire protection.

We send recovered Halon 1301 from fire protection systems to an approved external agency for reuse by authorized companies, as per regulations.

We replace portable fire extinguishers that contain Halon 1211 with water, CO₂ or dry chemical extinguishers.

GREENHOUSE GASES

Even though our emissions represent only 0.02% of the total CO₂e emitted in Canada, we recognize the importance of every contribution in preventing climate change.

We document our greenhouse gas emissions and report these annually to the government. We also implement a range of programs aimed at reducing both direct and indirect emissions.

In 2004, we launched Everyday Kyoto to engage employees in the global effort, in partnership with Environment Canada and Québec-based Nature-Action. The comprehensive educational program raises employee awareness of the issues surrounding global warming and of what employees could do to reduce emissions. Program elements included face-to-face and online training, a web-based video, posters, articles and web conferences.

If the commitments of the 1,300 people who pledged online to act are upheld, Bell employees will reduce harmful CO₂e emissions by more than 1,300 metric tons in 2005.

Greenhouse gases

CO₂e emissions

| | Metric tons |
|------|-------------|
| 2004 | 227,427 |
| 2003 | 233,336 |

CO₂e annual reduction

| | Metric tons |
|----------------------|-------------|
| Wind turbines | 50 |
| Energy efficiency | 380 |
| flexSpace | 140 |
| Hybrid vehicles | 18 |
| TelePod | 3,800 |
| Teleworking | 6,000 |
| Teleconferencing | 142,000 |
| Employee initiatives | 1,300 |

E-solutions such as teleworking, teleconferencing and videoconferencing are also contributing favourably to the reduction of greenhouse gas emissions through reduced travel.

Our employees conducted more than 272,000 teleconferences in 2004, each averaging 42 minutes and four participants per conference. Based on a McGill University study of the energy and air emissions saved by teleconferencing, and conservative assumptions about the travel required to attend face-to-face meetings, we estimate that these conferences saved 142,000 tons of CO₂e in 2004. Benefits on a greater scale were also realized from the 2.73 million teleconferences held by our customers in 2004.

Some 15,052 Bell employees were equipped to telework, potentially avoiding 25 million km/year in work commute and reducing approximately 6,000 metric tons of CO₂e a year from the atmosphere.

Our “zero emissions” initiative currently provides 23 free bicycles and helmets at six different sites for employee personal use. Bicycles were taken out on more than 600 occasions between April and November 2004.

Various programs to increase the use of renewable energy and reduce energy consumption are described in the Energy section of this summary.

NOISE

We are committed to minimize noise from our equipment that poses a nuisance.

We have noise guidelines for the installation of new network equipment that specify the maximum noise level at property limits and ways to reduce noise levels when required.

Other techniques to reduce noise, such as the use of variable speed cooling fans and sound enclosures, were tested on existing cabinets, huts and vaults. In 2004, six air-conditioning units and one back-up generator were modified to reduce noise emissions. We also reduced the noise emitted from one back-up generator by improving the efficiency of the muffler.

MANHOLES

Manholes house network components such as cables and splice closures. We strive to prevent the release of contaminated manhole effluents into storm or sanitary sewers. We have a variety of measures in support of this goal, including best practice pumping procedures, training, the use of non-metallic ladders and cable supports in the manholes to prevent or reduce the release of metals into the water, and the installation of new manhole covers without holes. In 2004, 808 of these covers, which limit the infiltration of water and sediment, were installed in Bell territory on new manholes or where contamination was an issue.

Goals

OZONE DEPLETING SUBSTANCES
 > Develop a Halon 1301 phase out plan.

GREENHOUSE GASES

> Continue to raise employee awareness through the Everyday Kyoto program.

> Conduct an anti-idling awareness campaign for employees who use company vehicles.

NOISE

> Continue to reduce noise from equipment located in quiet areas, such as residential neighbourhoods.

MANHOLES

> Continue to install new covers where contamination is an issue.

Additional information and resources

BCE's Comprehensive 2004 Corporate Responsibility Report – Environment section >
www.bce.ca/en/responsibility/environment/emissions

Environment > Land & infrastructure

We recognize that our telecommunications network and operations may have an impact on the environment. Strong environmental programs are enabling us to prevent or minimize the impact, and to act responsibly to address any unforeseen situation.

Petroleum product equipment

Ratio aboveground/
underground tanks

| | |
|------|-----|
| 2004 | 84% |
| 2003 | 73% |
| 2002 | 49% |

Installation of overfill protection
and spill containment for
underground storage tanks

| | |
|------|----|
| 2004 | 16 |
| 2003 | 12 |
| 2002 | 11 |

Site assessments

Assessments and
characterizations

| | |
|--------|-----|
| 2004** | 53 |
| 2003* | 204 |
| 2002 | 33 |

Remediations

| | |
|------|----|
| 2004 | 18 |
| 2003 | 24 |
| 2002 | 35 |

* Includes assessments conducted at Bell Nordiq, Bell West and BCE Nexxia Corp. newly integrated into Bell's environmental management system.

** Assessments conducted at 360networks.

Our network extends over a vast territory that crosses many interconnected ecosystems. As a result, our network planning, construction, maintenance, operating and modernization activities may have an impact on the environment and on human activity.

Our past and current activities, as well as those of former property owners, may have lead to soil and water contamination at certain company sites.

Programs & practices

SITE ASSESSMENTS

We conduct environmental site assessments to assess the environmental conditions of a property. Assessments allow us to exercise due diligence in dealing with contaminated sites or property transactions.

Each time a site's condition requires intervention we proceed with remediation to minimize soil and groundwater contamination. We rely on leading-edge remediation technology and our network to monitor the activity.

By improving the environmental management of our assets, we have reduced the annual number of remediation projects in recent years.

PETROLEUM PRODUCT EQUIPMENT

We have a number of programs to prevent leaks and accidental spills of petroleum products. Underground tanks are replaced by state-of-the-art aboveground tanks wherever possible or replaced with new double-walled, non-corrosive fibreglass tanks equipped with high-tech monitoring and alarm systems.

All storage tanks are inspected annually and preventative maintenance is completed as required. In addition, our databases are verified and updated every month, fuel inventories are rigorously controlled and leak tests are performed. We schedule compliance audits annually for high risk tanks, followed by upgrade and modernization programs when necessary.

When we remove or replace storage tanks, we clean up and restore all surrounding soil that may have been contaminated by petroleum product spills and leaks.

We conduct annual inspections and maintenance of hydraulic hoists and oil/water separators and plan upgrades as required.

VEGETATION

In 2002 and ahead of legislation, we implemented a vegetation management policy under which we stopped using pesticides on our properties for aesthetic reasons. Weeds and other vegetation are controlled using organic lawn care, alternative landscaping and site naturalization. The practice promotes biodiversity as well as water and energy conservation. Prior approval from our Environmental Services group must be obtained if pesticides have to be used on a property.

We continue to provide training to Bell Relay Service managers on the ecological management of vegetation. As part of our on-going partnership with Québec-based Nature-Action, we are developing a long-term vegetation management plan for all company properties.

INTERNAL ENVIRONMENTAL EVALUATIONS (IEE)

IEEs are one tool to help us protect sensitive, natural areas and minimize our environmental impact. They are integrated into our current practices and operating procedures of our wireline and wireless networks.

Vegetation

| | |
|-------------------------------|-----------|
| Alternative landscaping sites | |
| 2004 | 51 |
| 2003 | 22 |

Internal environmental evaluations in 2004

| | |
|----------------------------------|---|
| Cable burying projects initiated | 4 |
| Cable burying projects completed | 5 |

Poles

| | Metric tons |
|-----------------------|--------------|
| Total poles recovered | |
| 2004 | 1,188 |
| 2003 | 980 |
| 2002 | 1,181 |
| Poles recycled | |
| 2004 | 60% |
| 2003 | 51% |
| 2002 | 62% |
| Poles safely disposed | |
| 2004 | 40% |
| 2003 | 49% |
| 2002 | 38% |

The training of employees and contractors on important environmental requirements is key to the program. An environmental training guide and procedures outline the preventative and mitigation measures for network development, construction and removal.

Environmental assessments, impact studies, and fish habitat site inspections are other tools we use to minimize potential environmental impacts and to obtain regulatory approval to conduct our work.

WORKING WITH COMMUNITIES

Bell also pursues initiatives aimed at improving the streetscapes in our communities by taking care to develop and install outside plant equipment that minimizes the visual impact of our network infrastructure. Our Municipal Liaison group has developed community design guidelines to optimize the design and location of equipment, and minimize the impact of construction and maintenance activities. Bell Mobility also pays particular attention to the visual impact of its antennas and towers. In consideration of aesthetics, it may paint its antennas and towers or camouflage them on buildings. These types of initiatives have helped build positive relationships with customers, developers, and municipalities.

Finally, we participate in a Québec government program to bury network cable at tourism, cultural or heritage sites. 174 municipalities have shown interest in this program and 33 projects have so far been announced by the Québec Ministry of Natural Resources. We initiated four heritage protection projects in 2004 and completed five others for a total investment of \$1.2 million.

POLES

Our objectives are to optimize the number of pole storage yards, minimize the risk of contamination by avoiding the use of treated wood poles in environmentally sensitive areas and minimize the number of poles sent to landfill.

We have been proactive in the above areas through initiatives that include standardizing the use of steel and non-treated cedar poles in environmentally sensitive areas and striking a product stewardship agreement with our pole supplier that imposes strict requirements on how poles are treated and repatriated at the end of their useful life. We also actively participate in the Government of Canada's Strategic Option Process (SOP) aimed at developing and implementing best management practices for treated wood.

Our 2004 initiatives included reducing pole storage yards from 52 to 44 and reaching an agreement with our pole supplier to recycle more poles into lumber.

Goals

SITE ASSESSMENTS

> Pursue required remediation activities in 2005.

PETROLEUM PRODUCT EQUIPMENT

> Install automatic overflow protection on 20 aboveground storage tanks larger than 2,500 litres.

> Replace 21 underground tanks with aboveground tanks.

VEGETATION

> Continue to apply new ecological landscaping methods at the 51 sites currently under the program and add two new sites.

INTERNAL ENVIRONMENTAL EVALUATIONS

> Continue participation in the buried network cable program.

POLES

> Upgrade 7 pole storage yards in Ontario to meet the latest SOP criteria.

> Implement a new pole recovery process that will reduce waste to landfill by increasing pole reuse, recycling and energy recovery.

Additional information and resources

BCE's Comprehensive 2004 Corporate Responsibility Report – Environment section >
www.bce.ca/en/responsibility/environment/land

Environment > Residual materials

Bell's various resource and waste minimization initiatives demonstrate that social, environmental and economic goals are not mutually exclusive.

Landfill diversion rate

| | |
|------|-----|
| 2004 | 70% |
| 2003 | 68% |
| 2002 | 70% |

Take-back of used customer telephone sets and cellular phones

| | |
|------|------|
| 2004 | 8.5% |
| 2003 | n/a |
| 2002 | n/a |

n/a = Not available

Residual materials diverted from landfill

| | Metric tons |
|---|-------------|
| Network operations | |
| 2004 | 5,469 |
| 2003 | 5,060 |
| 2002 | 5,740 |
| Central office batteries | |
| 2004 | 1,465 |
| 2003 | 960 |
| 2002 | 998 |
| Hazardous materials | |
| 2004 | 330 |
| 2003 | 192 |
| 2002 | 165 |
| Vehicle fleet | |
| 2004 | 257 |
| 2003 | 286 |
| 2002 | 246 |
| Telephones, cell phones and accessories | |
| 2004 | 168 |
| 2003 | 170 |
| 2002 | 180 |
| Administrative | |
| 2004 | 1,094 |
| 2003 | 831 |
| 2002 | 856 |

Through strict adherence to reuse and recycle principles, the residual materials we generate – such as paper, cardboard, metals, plastics, wood, etc. – are responsibly managed. Every year, we send less material to landfill, save costs and reduce our consumption of valuable resources.

Hazardous Materials must be stored, transported, treated and disposed of in an appropriate way to protect the environment and human health. These materials are collected and managed according to legal requirements and best in-class management practices.

Programs & practices

HAZARDOUS

Our program is designed to prevent, control or reduce the release of hazardous materials into the environment. Residual materials are either returned to inventory or the manufacturer, reused within our operations, recycled or safely eliminated.

In 2004, we diverted 2,052 metric tons of hazardous residual materials from landfill.

Our Centralized Collection Process now includes 273 participating sites and in 2004 collected 330 metric tons of materials.

Central office batteries are sent directly to recyclers. The higher quantity of batteries collected in 2004 was the result of a large number of expired twenty-year-old batteries being replaced.

Almost 257 metric tons of materials from our vehicle fleet from used tires to engine oil were sent to recyclers in 2004. Waste minimization efforts included the recycling of waste anti-freeze directly at some locations and the use of a new biotechnology, water-based solution to replace the use of cleaning solvents.

NON-HAZARDOUS

Over 50,700 old cellular phones (15.2 metric tons) were collected in 2004 under our *Recycle, Reuse, Redial* program which reduces waste to landfill by recycling old phones and reusing them through resale and refurbishment. We donated some 1,540 cellular phones to more than 150 women's shelters and 1,498 units to the 2nd Stage Program that supports women who leave the shelters to start a new life. A donation of \$200,000 from resale revenues was made to the Hospital for Sick Children in Toronto.

Approximately 2.6 metric tons of batteries and 5.2 metric tons of chargers and other cell phone accessories were also collected and recycled under the program last year.

Materials from Bell's network are collected from our work centres and central offices and reused, sold or recycled. Residual materials, such as copper cables, steel hardware and lead sleeves are sent to recyclers for secondary markets and equipment in good operating condition is sold for reuse. The total rate of network residual material diverted from landfill reached 79.5% in 2004.

We help protect the environment and contribute to a good social cause through our continued support of the Québec-based Centre de formation en entreprise et récupération (CFER), a training school that provides useful manual skills to young people who do not have a high school education. The diversity of work provides students with excellent training for mainstream employment.

Our Zero Waste™ program reduces non-hazardous materials generated in our administrative offices and network maintenance centres. We recycled a total of 1,094 metric tons of paper, cardboard, bottles and cans in 2004.

Printer toner cartridges have been collected for years and generate a cost reduction of 30% to 50% through our use of refurbished cartridges. We used 12,194 refurbished units in 2004.

Goals

HAZARDOUS

> Replace six solvent-based cleaning machines with the new water-based technology.

NON-HAZARDOUS

> Increase the visibility of our Reduce, Reuse, Redial program in Bell World stores.

Recognition

Bell was presented with the prestigious Phénix environmental award by the Québec government in May 2004 for our efforts in reducing waste to landfill by more than 70% annually.

Environment > Incidents

From a minor event such as the spill of a litre of oil to a full-blown emergency involving a fire of hazardous materials, we continuously strive to prevent incidents from occurring.

Reported incidents*

| | Number |
|------|--------|
| 2004 | 417 |
| 2003 | 286 |
| 2002 | 134 |

* The growing number of participants in the incident reporting program as well as the systematic reporting of ODS since 2002 has led to an increase in the total number of reported incidents.

When an environmental incident happens, the company must comply with provincial, federal and municipal laws that require it to be reported to authorities and, if necessary, to be remediated.

Programs & practices

Our Incident Management Program trains employees on their roles and responsibilities in the handling and reporting of environment-related incidents.

Following strict procedures, they must promptly report all incidents to the company's Environmental Services group, which can respond on a 24-hour basis. The group determines the best plan of action and also reports incidents to appropriate government authorities.

Response kits and instructions have been distributed to all work centres and central offices and are stored in vehicles equipped with hydraulic systems.

Finally, incidents are analyzed in order to identify root causes, potential trends, and to develop or adapt preventative measures.

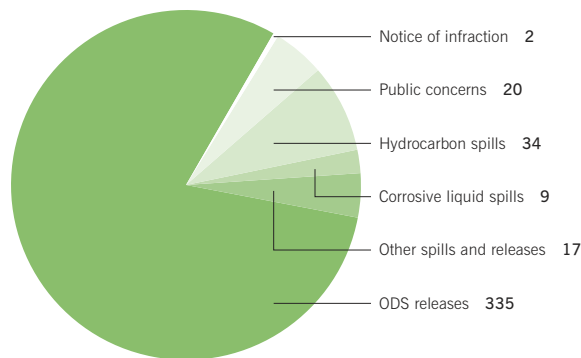
In 2004, 417 environmental incidents, such as complaints, ODS (Ozone Depleting Substances) leaks, oil spills or fires were reported by employees or the public. The significant increase in the number of reported incidents is mainly attributable to the systematic reporting of ODS leaks from cooling systems which we began in June 2002, and to the growing number of participants in the incident management program.

In all cases, we advised the appropriate government authorities of the incidents and began remediation when required.

Goals

- > Continue to train employees and diligently manage environmental incidents.
- > Assess equipment and maintenance procedures to identify root causes of ODS leaks and preventive measures.

2004 Environmental Incidents



Additional information and resources

BCE's Comprehensive 2004 Corporate Responsibility Report – Environment section >
www.bce.ca/en/responsibility/environment/incidents

Customers

Loyal, satisfied customers are the soul of any enterprise, especially in the competitive and rapidly evolving telecommunications industry. Which is why we strive to offer products and services that are easy and intuitive to use, and provide customer interactions as straightforward and hassle-free as possible. We are also committed to providing secure, barrier-free access to our products and services and to extending our service reach.

Bell Canada Customer Value Index (CVI)*

| | % |
|------|------|
| 2004 | 78.8 |
| 2003 | 80.6 |
| 2002 | 80.0 |

* The CVI number represents the number of respondents who gave a score of 7 or more on a 10-point scale.

Customer connections

| | millions |
|------|----------|
| 2004 | 26.6 |
| 2003 | 25.6 |
| 2002 | 24.7 |

Programs & practices

GALILEO

This is a company-wide program to simplify and enhance the customer experience. In the Consumer segment, Galileo aims to unify the customer experience across all product lines and eliminate the costs of complexity associated with multiple systems and processes.

In the Business segment, Galileo aims to deliver to customers a streamlined service offer based on IP, thereby eliminating the costs of multiple data networks and related processes.

Our goal is to face customers as one company, offering a single point of contact and one source for all of our customers' communications – at home, at work, on the go.

CUSTOMER SATISFACTION

Each year, we capture feedback from approximately 120,000 customers in our Consumer and Business Markets and translate it into our Customer Value Index (CVI). A new measurement system, the "Customer Loyalty Measurement" (CLM) will replace CVI in 2005.

SERVICE IMPROVEMENT PLAN

In September 2002, Bell launched a Service Improvement Plan (SIP) to provide basic local telephone service to customers in remote areas of Ontario and Québec at a fraction of what it would otherwise cost.

To date, we have invested \$64 million in capital and expect to continue to make additional investments. When the SIP is completed, we estimate that it will have provided the opportunity to obtain basic phone service or upgraded radio-telephone and fixed wireless phone services to almost 18,000 customers in approximately 2,800 rural and remote areas and communities across Ontario and Québec.

SPECIAL NEEDS CUSTOMERS

Services for customers with disabilities include a Special Needs Centre, Bell Relay Service, alternate formats of bills and bill inserts, free automatic directory assistance call completion, and operator assistance for local and long-distance calls. In addition, we support barrier-free access in our Bell World-Espace Bell stores and offer Mandarin and Cantonese language services through Bell Mobility's call centre.

RESPECT FOR PRIVACY

The *Bell Code of Fair Information Practices and Customer Privacy Policy* spell out the rights of customers regarding the collection, use and disclosure of their personal information in compliance with Canada's private sector privacy law, the *Personal Information Protection and Electronic Documents Act*. We have also developed the *Bell Code of Conduct for Electronic Commerce* to ensure that customers' interactions with us over the Internet are secure and private.

Each year, we ensure that our employees review and sign a Code of Business Conduct that requires the safeguarding and proper use of personal information. We also place strict controls on the protection and use of personal information within our systems and web sites and ensure that our employees are trained to respect customer privacy at all times.

FIGHTING ONLINE CHILD EXPLOITATION

We have greatly enhanced our collaboration with industry, law enforcement, the government and with established non-governmental organizations to battle the online victimization of children.

One such collaborative effort was the launch of Cybertip.ca, Canada's national tip-line for reporting online child exploitation to which

Bell Canada has contributed \$700,000 over three years. Cybertip.ca will allow concerned Canadians to actively engage in the fight against Internet sexual predators who threaten the safety of children.

INTERNET SECURITY

Online safety and security are important concerns for Canadian Internet service providers. We take action on a number of fronts to protect customers from intrusions and to ensure they derive the full benefit from their Internet experience.

> *Be Web Aware* – a national, bilingual, public education program on Internet safety that directs parents to a comprehensive website of information and tools.

> *SPAM* – Bell is represented on Canada's SPAM Task Force that is implementing a nation-wide action plan to reduce and control the amount of unsolicited mail that finds its way into user mail boxes. Bell's own anti-spam activities will include proactive customer education and communication, network-based measures as well as PC, wireless and e-mail measures.

> *Stop Spam Here* – a recently launched public awareness campaign supported by Bell Canada that includes a website of excellent tips for fighting spam and staying safe on the Internet.

> *Customer e-mail policy* – Bell Canada explains how to block fraudulent messages and practices such as "phishing" in which Internet users are deceived into disclosing their credit card or banking information.

> *Web tools* – Bell Sympatico offers security features such as parental controls and pop-up blockers to help parents remain vigilant against Internet abuse.

Special needs customers in 2004

| | |
|---|---------|
| Registered Special Needs | |
| Ontario | 436,508 |
| Québec | 353,508 |
| Total | 790,016 |
| Number of TDD* users among registered customers | |
| Ontario | 2,793 |
| Québec | 2,011 |
| Total | 4,804 |

* Telecommunications Device for the Deaf.

CUSTOMER HEALTH AND SAFETY

Cell phones and health

The safety and security of our customers is a top priority. Mobile phone manufacturers test their products to ensure they meet Health Canada's Safety Code 6 radio frequency (RF) emission guidelines, among the most stringent in the world. All our cellular sites and tower antennas are also tested and frequently found to be hundreds of times lower than the RF emission standard.

Responsible Driving

In collaboration with the wireless industry and its partners, we are committed to helping motorists use their cellular phones safely and responsibly. We continue to promote responsible driving in our customer communications and through a variety of products and services, including hands-free devices and voice dialling either through the handset or as a network feature.

Performance

2004 CUSTOMER

EXPERIENCE MILESTONES

- > 431,000 customers on bundles – a combination of wireless, Internet and video services in one offer
- > 30% reduction in SMB provisioning time
- > Initiatives to simplify processes, improve service and lower costs
- > Migrated key billing system
- > 48-hour installation for ExpressVu
- > 80% one call resolution in 310-BELL
- > Improved in-store selling time by 30%

CUSTOMER VALUE INDEX

Despite reaching some major customer experience milestones in 2004, Bell fell short of meeting its 2004 CVI target of 80.7% due to service issues. In 2005 we are very clearly focused on providing our customers superior product and service experiences.

PROPOSAL TO EXTEND DSL TO RURAL AND REMOTE AREAS

In 2004, Bell filed a proposal with the Canadian Radio-television and Telecommunications Commission (CRTC) to extend its Digital Subscriber Line (DSL) high-speed Internet access service to many unserved rural and remote communities in Ontario and Québec. The three-year initiative, if approved, would deliver the benefits of broadband service – including greater access to educational, business and health care opportunities – to as many as 200,000 additional home and business lines in over 1,100 communities.

CALL CENTRE WAIT TIMES

The CRTC requires that 80% of calls to Bell Canada's Consumer Contact Centres be answered within 20 seconds. In 2004, 81.2% of calls to 310-BELL in Ontario and 81.9% of those to 310-BELL in Québec were answered within 20 seconds.

SPECIAL NEEDS CUSTOMERS

Bell Relay Service customer satisfaction

The year-to-date December 2004 results of our monthly survey of customer satisfaction with Bell Relay Service shows that, on a corporate basis, 96.6% of the company's voice customers and 90.9% of data customers rate the overall quality of BRS in

the range of 7-10, where 1 represents "not satisfied" and 10 represents "very satisfied".

Free Automatic Directory Assistance Call Completion (ADACC)

Effective June 3, 2004, Bell Canada customers with special needs who are unable to use the directory due to an impairment were exempt from paying ADACC charges.

Goals

CUSTOMER EXPERIENCE

- > Launch redesigned Bell.ca site to increase online sales.
- > Serve customers more effectively in order to dispatch fewer trucks so as to eliminate rework.
- > Continue to aggressively market our traditional products and services using innovative marketing techniques.
- > Rollout of new simpler bill.
- > Increase adoption of self-serve services and web-based interfaces by Enterprise customers.

CUSTOMER LOYALTY MEASUREMENT

- > Bell Aggregated 2005 target 80.9% (short-term loyalty measures)
- > Bell Aggregated 2005 target 82.5% (long-term loyalty measures)

EXTENSION OF DSL

Secure a favourable CRTC ruling on Bell's proposal to extend DSL to rural and remote areas.

Additional information and resources

BCE's Comprehensive 2004 Corporate Responsibility Report – People section >
www.bce.ca/en/responsibility/people/customers/customeratisfaction
www.bce.ca/en/responsibility/people/customers/productaccess
www.bce.ca/en/responsibility/people/customers/productresponsibility

Employees > Employment & practices

We want to be known as a good place to work. A company that offers competitive pay and benefits as well as a progressive workplace where knowledge, growth and ethical conduct are fostered. Our human resources practices are focused on supporting employees, during the time they work for us and even in the event they leave.

Employee Value Index

| | |
|---------------------|-----|
| Bell Canada | |
| 2004 | 63% |
| 2003 | 65% |
| 2002 | 69% |
| BCE (all companies) | |
| 2004 | 63% |
| 2003 | 63% |
| 2002 | 66% |
| Best in class | |
| 2004 | 83% |
| 2003 | 81% |
| 2002 | 83% |

Departure programs

| | |
|---------------------------------------|--|
| 2004* | |
| > 5,000 positions eliminated | |
| > 860 additional employees redeployed | |
| > \$1.3M invested in retraining | |
| 2003* | |
| > 1,700 positions eliminated | |
| > 549 additional employees redeployed | |
| > \$1M invested in retraining | |
| 2002 | |
| > n/a | |

n/a = Not available.

* For Bell Canada (excluding Aliant).

Teleworking arrangements

| | |
|------|---------|
| 2004 | 15,052 |
| 2003 | 14,325* |
| 2002 | 15,533 |

* This number has been revised from the 2003 report.

Programs & practices

At the end of 2004, we had 62,000 employees in the BCE family of companies. Bell Canada, with the largest number of unionized employees, successfully negotiated a four-year collective agreement with the Communications, Energy and Paperworkers' Union (CEP), representing technicians, without any work disruption.

PAY AND BENEFITS

As one of the country's largest employers, we continued to offer one of the most competitive salary and benefits packages in the industry, including a flexible benefits program, stock plan, disability programs, group RRSP, and employee discounts on communications products and services. In response to changing employee needs and preferences, we introduced a new more flexible pension arrangement effective January 1, 2005, that gave employees more choice and control over their pension investments.

We also continued to promote programs that help our people strike a healthy balance between work and life. Some of these include a flexible leave program that allows employees to pursue a number of activities including education, community service and political work, and Wellness Checkpoint, a web tool to help employees assess lifestyle and well-being. In addition, a pilot project of *flexSpace* got off the ground, offering employees the opportunity to trade-in their offices for the convenience of working from any number of *flexSpace* Centres.

The centres offer shared workstations or offices and are fully equipped with Voice Over IP technology and other office amenities.

DEPARTURE PROGRAMS

Bell takes all steps necessary to address change constructively and minimize any impact of downsizing on employees by means such as voluntary leaves and the *Bell People First* program which promotes filling vacancies with qualified internal candidates before hiring externally.

AVERAGE TURNOVER

Bell Canada had a turnover rate of approximately 13% in 2003 and 19% in 2004. The 2004 rate was substantially increased due to the elimination of approximately 5,000 positions.

Performance

EMPLOYEE SATISFACTION

The hard decision to eliminate positions at Bell Canada lowered morale and was reflected in its Employee Value Index (EVI), a key measure of employee satisfaction. In 2004, EVI decreased to 63% from 65% in 2003. We did not meet our target of 66%. The key findings were that we must continue to improve customer focus and better communicate the company's direction. We will work hard to improve these areas in the coming months.

Of the over 15,000 Bell employees who were equipped to telework in 2004, all of the approved or permanent teleworkers and the majority of occasional teleworkers had high-speed service. This allowed employees to be much more productive while working away from the office.

Issues and risks

> The pay equity case between Bell and the Communications, Energy and Paperworkers' (CEP) Union remains before the courts. Bell's settlement offer to the CEP in 2002 was not presented to the membership by union leaders. Bell continues to remain open to discussions with the CEP on the issue.

Goals

> Successful renewal in 2005 of the collective agreement between Bell Canada and the Canadian Telecommunications Employees' Association (CTEA), representing clerical employees.

> Work redesign as a result of changes generated by the move to IP.

Recognition

> Career Edge Host award for the largest hiring of student interns in a company – 58 in 2004.

> *Bell People First* recognized as a best recruiting practice by The Corporate Leadership Council, a U.S.-based organization.

> *Bell People First* received a 2005 Optimas award under the "Managing Change" category from U.S.-based Workforce Management.

Additional information and resources

BCE's Comprehensive 2004 Corporate Responsibility Report – People section >

www.bce.ca/en/responsibility/people/employees/employment

www.bce.ca/en/responsibility/people/employees/workplacepractices

Employees > Health & safety

We are committed to ensuring the health and safety of employees across all BCE operations. Bell Canada has made a specific commitment to promote a healthy lifestyle among its employees by providing a health and well-being program in the workplace. The information below applies to Bell Canada.

Lost-time injury rates*

| | |
|---------------|-------|
| Frequency | 0.83 |
| Severity | 27.84 |
| Days per case | 33.47 |

* Frequency, severity and duration for on-duty accidents and occupational diseases.

Frequency = (number of LWC/EQE) × 100

Severity = (number of days lost/EQE) × 100

LWC = Lost Work Cases: the number of new on-duty accident and occupational disease cases. This excludes relapses.

EQE = Equivalent Employees: the equivalent number of full time employees.

Health and safety training*

| | |
|------|---------|
| | \$ |
| 2004 | 358,000 |
| 2003 | 274,000 |
| 2002 | 250,000 |

* Direct investment by Bell Canada wireline group in development of health & safety training material. Includes development costs only, not roll-out and attendance costs.

Direct Cost of all absences*

| | |
|------|------------------|
| 2004 | 4.38% of payroll |
|------|------------------|

* Cost of all absences as a percentage of payroll for incidental, STD, LTD, and Workers Comp. Incidental Absence includes sickness and off-duty accidents with absences of seven consecutive calendar days or less. STD (Short Term Disability) includes sickness and off-duty accidents with absences greater than seven consecutive calendar days. LTD (Long Term Disability) occurs after short term disability expires provided that the person is totally disabled.

Programs & practices

MANAGEMENT

Bell Canada has a formal Health and Safety policy and training program. We track health and wellness data as well as occupational accidents and diseases. Bell has a large number of local Health & Safety Committees for local issues and corporate Health and Safety Committees for company-wide issues.

MEASURES FOR FIELD PERSONNEL

Over the years, Bell has implemented specific practices to ensure the health and safety of field personnel involved in the installation, operation, and maintenance of masts, base stations, laying of cables, and other work related duties. These include: formal risk assessments, written practices, control measures, personal protective equipment, training and verification as well as supervision.

We also have policies and procedures in place to manage industry-related health and safety issues including working at heights, electric shock, exposure to electromagnetic fields (EMFs) and radio frequency fields, and exposure to hazardous chemicals. These include: risk assessment procedures, written practices, control measures, personal protective equipment, training and validation as well as supervision.

ACCIDENT PREVENTION PROCESS

This process is designed to ensure all our employees have the necessary training and supervision to work safely. Bell actively monitors and records health and safety training, as well as supervision and observation of work practices.

WORKPLACE INSPECTION PROGRAM

Local Health and Safety Committee members inspect our workplaces regularly and record and track deficiencies, if any. Our program meets the recent modifications made to the Canada Labour Code Part II.

EMPLOYEE ASSISTANCE PROGRAM

Bell's Employee Assistance Program (EAP) is a free, confidential, voluntary short-term counselling service, available to all employees and family members, 24 hours a day, 7 days a week. The program offers support to employees dealing with stress, grief, addictions, marital problems or emotional difficulties. It also provides financial planning, legal consultation, childcare and eldercare information services and other services.

OFFICE ERGONOMICS

With more than 75% of our employees working regularly at a computer workstation, ergonomic issues are a top priority. In 2004, Bell standardized its furniture ergonomics, and launched internal training and awareness initiatives on the subject.

WELLNESS CHECKPOINT™ & BALANCING ACT

These online educational tools were developed by Bell to help employees assess and monitor their well-being. They provide helpful hints and resources on how to improve health and wellness and stress-management skills.

HEALTH AND SAFETY TRAINING

Bell offers and tracks courses on a number of Health and Safety issues.

Performance

2004 LOST-TIME INJURY RATES
(See margin)

Future issues & risks

Confined space entry is a key Health and Safety risk factor because of Bell Canada's 65,000 manholes. We mitigate this with regular risk assessments, mandatory training, refresher courses, and access to site-specific information.

On any given day, Bell has more than 6,700 company vehicles on the road. We have processes and procedures in place to address the safety of employees who drive company vehicles.

Protection from falls is another risk factor which we address through training, procedures work, methods, and fall protection devices.

Goals

> Maintain best in class rates for absenteeism and accidents

> Continue to reinforce mitigation of identified risks and gaps

> In 2005, Bell will develop and implement an internal program to meet the requirements of the proposed federal prevention program legislation. We will continue to deal with any gaps as they are identified.

Additional information and resources

BCE's Comprehensive 2004 Corporate Responsibility Report – People section >

www.bce.ca/en/responsibility/people/employees

www.bce.ca/en/responsibility/people/employees/healthsafety

Employees > Diversity

Our workplace policies and programs seek to create an open, honest, respectful workplace, where people's differences make all the difference. We value the contributions of all employees in making Bell a good place to work.

Bell Canada* 2004 workforce composition

| Group | WC (%) | EA (%) |
|-------------|--------|--------|
| Women | 48.5 | 40.4 |
| Men | 51.5 | 59.7 |
| PWD | 1.5 | 3.3 |
| Aboriginals | 0.6 | 0.7 |
| MVM | 8.3 | 17.2 |

* Includes wireline business only

WC = workforce composition
EA = external availability
PWD = persons with disabilities
MVM = members of visible minorities

Senior managers

| Women | |
|-------|-------|
| 2004 | 25.0% |
| 2003 | 22.5% |
| 2002 | 22.5% |

| Aboriginal peoples | |
|--------------------|------|
| 2004 | 0.8% |
| 2003 | 0.0% |
| 2002 | 0.0% |

| Persons with disabilities | |
|---------------------------|------|
| 2004 | 3.3% |
| 2003 | 1.7% |
| 2002 | 0.8% |

| Members of visible minorities | |
|-------------------------------|------|
| 2004 | 3.3% |
| 2003 | 1.7% |
| 2002 | 3.3% |

Programs & practices

DIVERSITY/EMPLOYMENT EQUITY

Our belief is that having a diverse workforce that is representative of our customers makes good business sense, enabling us to gain better insight into our customers and for them to conduct business with us. A diverse workforce, in which culture, ethnicity, gender, age, religion, disability, sexual orientation, education and experience are valued, also enables us to develop more meaningful working relationships with each other.

Our diversity policies encompass human rights, reasonable accommodation, respect in the workplace, discrimination, harassment, sexual harassment and workplace violence.

Employment Equity (EE) is an important aspect of Bell's diversity strategy. Focusing on the four designated groups under the federal Employment Equity Act – women, visible minorities, aboriginal peoples and persons with disabilities – Bell complies with EE requirements aimed at removing employment-related barriers in recruiting, retaining and promoting members of the designated groups.

A variety of programs are in place to further advance the goals of employment equity and diversity across Bell Canada, including a dedicated diversity intranet site to raise employee awareness.

Performance

SENIOR MANAGEMENT

Approximately 13.3% of people promoted to or within senior management positions in Bell Canada's wireline business in 2004 were women, compared to 45% in 2003.

In 2004 and 2003, two out of fifteen directors on BCE's Board of Directors were women compared to two out of thirteen in 2002.

DIVERSITY INITIATIVES

> EE targets were embedded in Bell Canada's and Bell Mobility's 2005 Business Plan.

> Bell Canada launched an EE web application that will enable better diversity-related information gathering (e.g., religions, ethnicity and nature of disabilities) and will help business unit leaders monitor and track their EE progress.

> Bell Canada continued work with the Canadian Human Rights Commission on a routine compliance audit to identify and address EE issues, the findings of which will be addressed by Bell's EE plan in the 2005-2008 period.

> Bell Canada continued to promote diversity in the company through various activities, including the creation of a multi-cultural calendar and document on religions in Canada which were posted on its EE website.
> We partnered with the following organizations in 2004 to increase recruitment of designated groups and improve our diversity profile:

- L'Étape and Agence montréalaise pour l'emploi (AMPE) in Montréal; and
- Career Bridge and disABILITY Employment Services in Toronto.

> Bell Canada was represented at the following recruiting events in 2004:

- Abilities (Richmond Hill, Ontario)
- Jobs, Vision, Success (Toronto, Ontario)
- University of Alberta (Edmonton, Alberta)

Future issues and risks

Prevailing business conditions have had an effect on our ability to influence quantitative EE results through external hiring. The net growth in Bell's workforce over the last few years has been minimal. In 2004, for example, there was a net increase of only 218 employees over 2003. Employees who left under Bell's departure program are not included in this figure.

Goals

- > Hiring targets in growth areas at Bell Canada and Bell Mobility.
- > 80% employee participation in the employment equity self-identification questionnaire.
- > 50% of managers with staff to attend diversity training throughout Bell Canada.

Employees > Training & development

Life-long learning is a way of life at BCE. Our award-winning training and development programs are supported by the latest technology and encourage employees to play a proactive role in planning and managing their careers at Bell and afterward.

| Training program | % of registrations in 2004 |
|-------------------------|----------------------------|
| General Business Skills | 29 |
| Telecom/Technology | 38 |
| Computer Skills | 14 |
| Health & Safety | 3 |
| Project Management | 4 |
| Other Courses | 12 |

Programs & practices

ONGOING LEARNING

Career Development Centre: a central, bilingual facility for online learning and career development. Available anywhere, anytime, the service offers one-stop access to several BCE e-learning portals and programs, such as *Click & Learn*.

Click & Learn: offers more than 400 online learning solutions for employee development.

Virtual Leadership Centre is an innovative portal to help employees identify best-in-class practices and become self-sufficient continuous learners. It focuses on such things as change management, innovation, coaching, and executive development. Since its launch in 2003, the portal has received over 700,000 hits by over 20,000 employees.

CONTINUED EMPLOYABILITY

Bell People First is our program to fill vacancies with qualified internal candidates before hiring externally, thereby supporting professional growth and development through career mobility.

jobs@bell: A self-serve career portal housed on Bell's intranet and accessible to employees across Bell Canada. Employees can search for jobs, apply directly online and use online résumé creation and interview coaching tools.

growing@bell: A Web-based career management tutorial.

Mentor Match is our online mentoring program that matches protégés to an appropriate mentor in the organization.

ENVIRONMENTAL TRAINING

Specialized environmental training is provided by our Environmental Services Group to employees in operations groups either face-to-face or via an online application. Our objective is to train new employees within their first six months on the job.

Performance

> In 2004, we invested more than \$32.5 million in training and development, up from \$27.8 million in 2003, with a primary focus on Internet Protocol (IP) training.

> 787 employees received specialized environmental training. Bell implemented a new web-based environmental training tool that allows employees to customize training according to their job requirements or regulatory obligations.

> We launched an Internet Protocol (IP) training series to help reskill our workforce to better respond to the requirements of an IP world.

> 41% of Bell Canada course content was delivered online.

> 11,925 Bell Canada employees registered for a total of 35,363 online courses through *Click & Learn*.

> We expanded leadership training by achieving higher enrolments in our *Leadership in Action* and *Leadership Essentials* programs.

> 3,674 employees moved across business units to embrace new challenges. Over 2,300 promotions took place.

Goals

> Continue to emphasize the acquisition of IP skills across the company.

> Increase face-to-face environmental training to approximately 500 employees and provide online environmental training to approximately 1,600 employees.

> Continue to offer formal training on change management to Bell Canada leaders.

> Maintain current leading-edge career planning programs and add new ones.

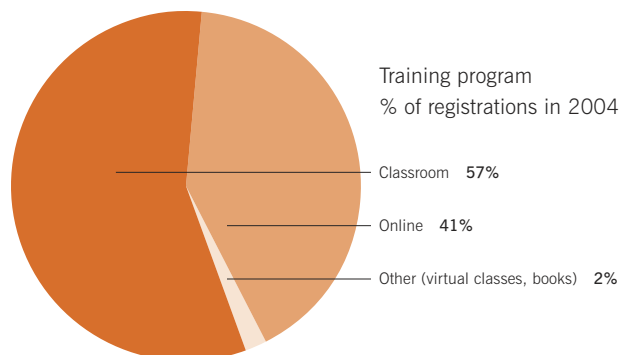
> Continued emphasis on building leadership capacity through targeted programs for executives, front-line and mid- to senior-level leaders.

> Intensify communication and leadership coaching for targeted executives and next generation talent. Expand *Mentor Match*, our online mentoring program.

Recognition

Bell's Virtual Leadership Centre won a Brandon Hall Gold Award for excellence in learning for a second consecutive year, a North American award recognizing outstanding learning throughout the e-learning industry.

Bell People First was recognized as a best recruiting practice by the Corporate Leadership Council, a U.S.-based organization.



Additional information and resources

BCE's Comprehensive 2004 Corporate Responsibility Report – People section >

www.bce.ca/en/responsibility/people/employees/development

Community > Investments

We believe that strong, healthy, connected communities accelerate innovation and growth. That's why we focus our investments on initiatives that encourage community economic development and programs that benefit children and youth. And why we support aboriginal communities through sponsorships and improved access to telecommunications services. Our employees believe this, too. We encourage their generosity, in many cases matching contributions and supporting volunteer work with recognition grants and other programs.

Bell Canada employee giving and fundraising for United Way/Centraide

| | \$ millions |
|------|-------------|
| 2004 | 0.9* |
| 2003 | 1.2 |
| 2002 | 0.6 |

* Employees of BCE corporate office and BCE Corporate Services gave an additional \$153,000 in 2004.

Bell Canada employee and retiree giving to charities other than United Way/Centraide

Donations

| | \$ millions |
|------|-------------|
| 2004 | 1.5 |
| 2003 | 1.3 |
| 2002 | 1.0 |

Volunteer work

| | in thousands of hours |
|------|-----------------------|
| 2004 | 227 |
| 2003 | 218 |
| 2002 | 277 |

Programs & practices

"CONNECTED TO COMMUNITIES" During 2004, we set out to revise our community investment policy with a goal to narrow our focus and deepen our commitment. The result is our board-approved "Connected to Communities" (C2C) social investment program. The program's goal is to focus on projects that encourage economic development and the strengthening of social foundations at the community level, with an emphasis on initiatives that benefit children and youth.

Through C2C, our approach to community investments goes beyond just being a benefactor. We see ourselves as a partner, cutting through silos and across traditional boundaries to find solutions.

COMMUNITY ECONOMIC DEVELOPMENT

We seek partners who share our values, track their results, and have a positive impact on communities. Examples include:

- > The Bell Community Economic Development Fund: our \$1 million commitment was matched by the J.W. McConnell Family foundation and Carleton University's CEDTAP (Community Economic Development Technical Assistance Program) to foster community economic development in up to 100 communities in Alberta, British Columbia, Ontario and Québec.

- > Altruvest Charitable Services and its BoardMatch program which offers performance improvement solutions to prospective board members and charities at little or no cost.

- > Imagine Canada which encourages more Canadian companies to play an active role in the community and to donate a minimum of 1% of their pre-tax profits to charity.

YOUTH

We support youth enrichment, children's hospitals and cyber-safety through select programs that make a difference in the lives of children.

Through partnerships with organizations such as Kids Help Phone, True Sport Foundation, Junior Achievement, All6 Prof and Computers for Schools, we help Canadian children overcome difficulties, build self-esteem, play, learn and grow in new ways.

Our cyber-safety investments address the alarming increase in the amount of sexual exploitation of kids on the Internet. We're working with police, industry, government and interest groups to find solutions. The initiatives we support help educate children and parents, and promote information sharing in order to shut down offensive sites and help put sexual predators behind bars.

ABORIGINAL PEOPLES

Our support for aboriginal communities includes an innovative partnership with the First Nations Buying Group, participation on the Conference Board of Canada Aboriginal Relations Committee, leveraging the federal government Broadband Rural and Northern Development (BRAND) program to build broadband capacity in northern First Nations communities and a variety of youth-focused sport and cultural sponsorships.

We work closely with aboriginal communities in Bell Canada's markets to help improve access to telecommunications services.

Subsidiary Northwestel has partnered with Coral Harbour and Cape Dorset in Nunavut, Fort McPherson and Deline in the Northwest Territories and Wonowon in northern B.C. to bring Sympatico dial-up service to these communities. Through a partnership with Smith's Landing First Nation, Northwestel is investing in the infrastructure needed to serve the community of Fort Fitzgerald, Alberta.

In 2004, we partnered with Industry Canada's broadband pilot project (BRAND program) to bring high-speed Sympatico service to six Yukon communities. We also partnered with BRAND and Pwi-di-goo-zing Ne-yaa-zhing Advisory Services to help deliver broadband service to 10 First Nation communities in the Fort Frances area of northwestern Ontario.

Through Télébec and NorthernTel, Bell Canada subsidiary Bell Nordiq Group Inc. serves a host of regional communities in Québec and Northern Ontario. Communities in this vast territory are connected to the world via an advanced telecommunications network. Representatives from the various communities in its territory—notably the Cree nation—are regularly consulted to determine what they need in terms of communications solutions.

This has led to many community development projects. For instance, new cellular networks now connect the communities of Waswanipi, Mistissini, and Nemaska and Télébec will be connecting Ouje-Bougoumou and Chisasibi in spring 2005. In addition, high-speed Internet services are now available through Télébec services in Mistissini and Eastmain. In spring 2005, we will also connect Nemaska, Waskaganish, and Waswanipi.



Through sponsorships and other funding, we support a variety of aboriginal initiatives focused on economic development, youth, health and culture.

ENGAGED EMPLOYEES

We encourage employees and retirees to participate in the sustainable development of their communities. We match employee and retiree contributions of \$100 to \$3,000 to United Way and to eligible Canadian post-secondary educational institutions. Through our volunteer grant program, we provide funding to eligible organizations that our employees and retirees support through volunteer work. Our Community Sport Volunteer Grant Program recognizes the sports-focused volunteer work of our employees and retirees through grants

that provide direct financial support to the community-based sports groups with which they are involved.

MEASURING SUCCESS

To help ensure that our investments are fruitful, we establish measurable targets and closely monitor results. We ask our program partners to provide interim reports on impact, reach, relevance and overall success. Our Community Investment group regularly reports to Bell Canada's Corporate Governance committee on the performance of the company's community investments.

Goals

Strong, connected communities go hand in hand with economic expansion, creativity and innovation.

That's why we're increasing our community investment commitment from \$18 million in 2004 to \$26 million in 2007.

Bell has joined eleven other leading Canadian companies in rising to the Leadership Challenge. Together, we have committed to supporting Imagine Canada and working to increase the contribution of business to community building in Canada.

Recognition

> *2004 Imagine New Spirit of Community Partnership Award* – recognizing the community benefits that ensue as a result of partnership between private sector and registered charitable organizations. Bell partnered with Altruvest to support their BoardMatch program that helps voluntary boards find qualified board members.

> *Burlington Mayor's Community Service Award* – in recognition of our overall contribution to the city.

> *Oakville Chamber of Commerce Corporate Community Citizen of the Year Award* – for a company with over 50 employees in recognition of our ongoing support of the community.

> *United Way Thanks a Million Award* – for organizations that contribute over \$1 million annually to United Way/Centraide across Canada through combined corporate, employee and retiree giving.

Bell Canada donations and community sponsorships

\$ millions

| Sector | 2004 | 2003 | 2002** |
|--|--------------|-------------|-------------|
| Youth and Education | 7.6**** | 5.2 | 1.6 |
| United Way/Centraide | 1.6 | 1.5 | 1.4 |
| Community Development*** | 0.9 | 4.0 | 4.6 |
| Health | 3.6 | 1.8 | 1.2 |
| Employee programs (company portion only) | 1.7 | 1.4 | 1.4 |
| Other | 2.7 | 2.0 | 1.1 |
| Total | 18.1* | 15.9 | 11.3 |

* BCE corporate office donated an additional \$845,000 to registered charities in 2004.

** Some 2002 numbers were not previously reported.

*** 2004 definition of community development is narrower than 2003 and 2002, reflecting changes made by Imagine Canada.

**** Includes \$2.8 million in-kind contribution to Computers for Schools program.

Additional information and resources

BCE's Comprehensive 2004 Corporate Responsibility Report – Community investments section >

www.bce.ca/en/responsibility/people/community/investments

Bell community investments > www.bell.ca/community

Bell employee involvement > www.bell.ca/employeeegiving

Community investments of BCE subsidiaries other than Bell Canada

Northwestel > www.nwtel.ca/community and www.nwtel.ca/community/commInvest.jsp

Aliant > www.aliant.ca/english/about/aic.shtml

Télébec > www.telebec.com

Imagine Canada > www.imaginecanada.ca

Bell Nordiq > www.bellnordiq.ca

Suppliers

Bell Canada has an obligation to its stakeholders to obtain the maximum value for each dollar spent.

We seek quality products and services through mutually beneficial and ethical relationships with suppliers who respect the environment and demonstrate integrity in the market place.

In 2004:

Bell spent \$4.7 billion on goods and services and had 4,452 active suppliers:

- > 2,295 in Ontario
- > 1,265 in Québec
- > 523 in the rest of Canada
- > 369 in other countries

Programs & practices

SUPPLIER SOURCING

As a general rule, a qualified supplier must have a sound business reputation in the market place and a proven record of good quality and service to support Bell's requirements. Other key attributes which a Bell supplier must possess include:

- > meet established quality certification criteria
- > ability to transact business electronically
- > capacity to hold and manage inventory offsite
- > willingness to engage in continuous improvement
- > demonstrate environmental responsibility

We perform a Supplier Quality Management (SQM) audit as part of the selection process. When more than one proposal meets all of Bell's criteria and when all other things are equal, suppliers who contribute to the Canadian economy through research and development and/or manufacturing will be given preference.

Once the contract is awarded, ongoing supplier performance is monitored through the Bell Canada Supplier Performance Management Program (SPMP). Suppliers are awarded a score in key measurement indicators, such as the use of electronic commerce and on-time delivery.

Sourcing and the environment

In support of the company's environmental policy, we require that suppliers demonstrate strong environmental stewardship in the performance of their operations, products and services and have an

articulated vision of environmental consciousness and protection.

Bell's Procurement group identifies green-friendly suppliers through the regular use of its environmental questionnaire. All new suppliers are asked to complete the questionnaire prior to contract negotiations and survey results are put into a database. When necessary, on-site audits are conducted of key suppliers to verify their responses.

Bell uses an environmental risk evaluation tool for Bell suppliers who provide services related to the transportation, handling, recycling or elimination of residual materials.

TRAINING

We provide training for suppliers and our supply chain managers on Bell's environmental evaluation program and on the diligent management of hazardous and non-hazardous residual materials.

GESI SUPPLY CHAIN WORKING GROUP

Bell is part of the Supply Chain Working Group of the Global e-Sustainability Initiative (GeSI), a voluntary industry initiative in partnership with the United Nations Environment Program and the International Telecommunications Union. The working group will develop information tools, practices, or systems to assist each member company's supply chain to deal effectively with corporate social responsibility issues.

Performance

> In 2004, our procurement organization continued to negotiate significant cost reductions in the acquisition of goods and services while ensuring that we continued to deal with suppliers who respected the environment.

> Some 30 Bell supply chain managers in 2004 attended Everyday Kyoto lunch-and-learn sessions in Toronto and Montréal.

> Since 1997, a total of 502 representatives from 62 supplier companies have received training on Bell's environmental evaluation program and on the diligent management of hazardous and non-hazardous residual materials.

> Environmental questionnaires were returned by all 25 new suppliers to Bell. We ensured that environmental considerations were part of contract negotiations. Survey results for 200 suppliers or their divisions are now included in our database. We strive to have questionnaire information updated every three years.

> The GeSI Supply Chain Working Group established a framework and collected information about corporate responsibility tools currently used by various companies.

> On-site audits were conducted of three key suppliers and one environmental risk evaluation was conducted in 2004.

Goals

> Continue to ensure that all new Bell suppliers complete an environmental questionnaire and that environmental considerations are part of contract negotiations.

> Pursue our work with the GeSI Supply Chain Working Group to build a supplier self-assessment questionnaire that addresses CSR issues.



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