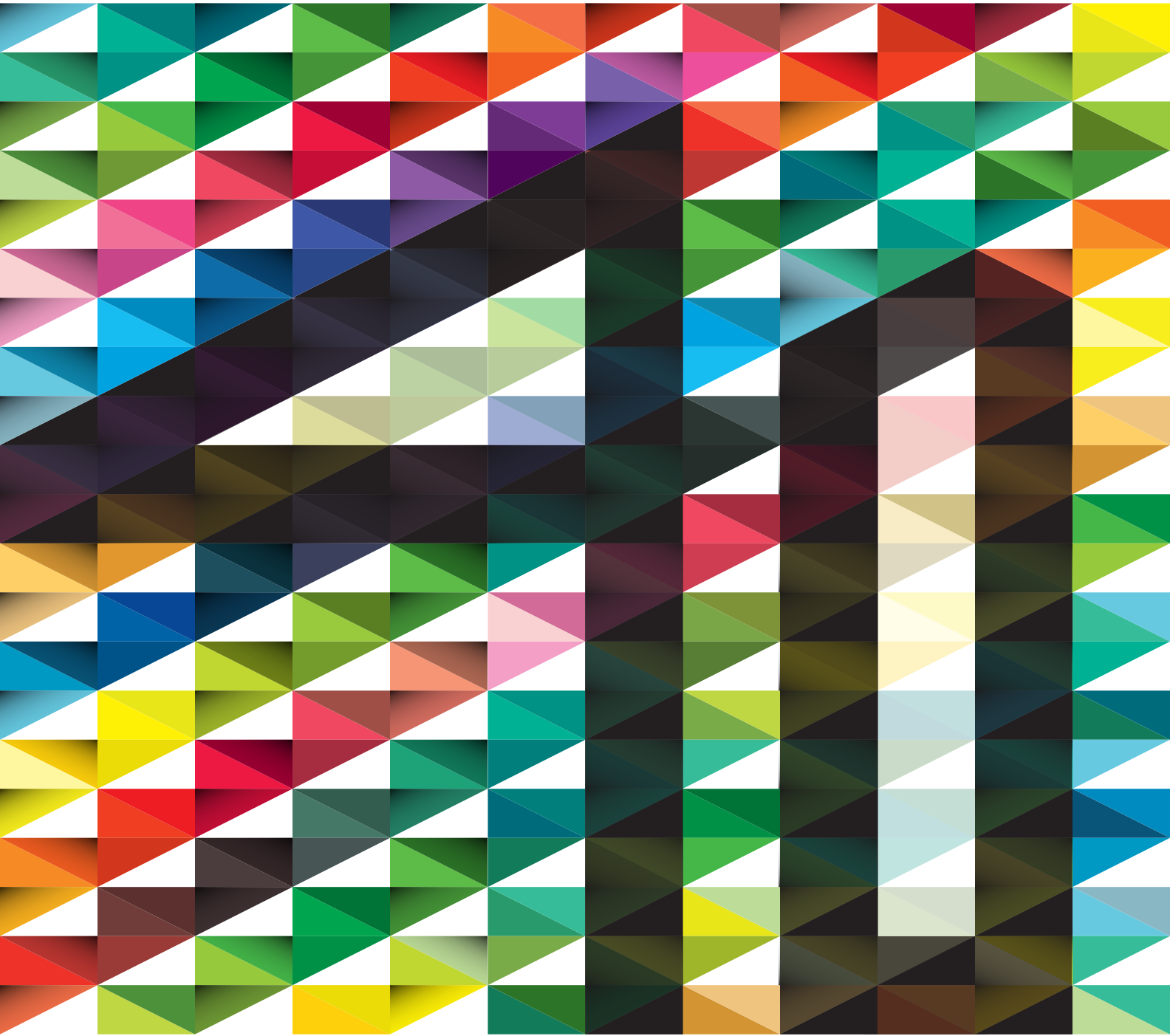


THE FUTURE



RESPONSIBLE LEADERS

CANADA

THE
FUTURE
LOOKS
BRIGHT:

CK'S NEW
FUTURE 40
RANKING
OF SMALLER
CANADIAN
COMPANIES
BUILDS A
FARM TEAM
TO SERVE
BEST 50 BIG
LEAGUES.

LEGEND GICS INDUSTRY GROUP

TR.	TRANSPORTATION
C.S.	CONSUMER SERVICES
R.E.	REAL ESTATE
D.F.	DIVERSIFIED FINANCIALS
C.G.	CAPITAL GOODS
TEL.	TELECOMMUNICATION SERVICES
UT.	UTILITIES
SOF.	SOFTWARE & SERVICES
MAT.	MATERIALS
C.&P.	COMMERCIAL & PROFESSIONAL SERVICES
EN.	ENERGY
BAN.	BANKS
MED.	MEDIA
C.D.&A.	CONSUMER DURABLES & APPAREL
RET.	RETAILING
F.B.&T.	FOOD BEVERAGE & TOBACCO

Thirteen years ago *Corporate Knights* launched its Best 50 Corporate Citizens in Canada ranking, which has since shone a light on companies with the best sustainability and disclosure practices.

But over these years, only the giants have been ranked. That's because the Best 50 only tracks companies with revenues of \$2 billion or more and at least 2,000 employees. While this limits the field, particularly in a country the size of Canada, it was necessary at the time.

Only big companies had the resources to reliably measure some or all of the 12 key performance indicators that *Corporate Knights* tracks, and where there is no measurement we can't begin to talk about disclosure.

The good news is that disclosure rates have steadily increased over the past decade for the giants. Under the radar, however, have been smaller companies. True, they still don't have the same kind of resources as their larger peers. But rising awareness of the importance of resource productivity, good governance and social responsibility seems to be having an impact on all businesses – large and small.

It is for this reason *Corporate Knights* feels the time is right to start showcasing those Canadian corporate leaders that are part of the sub-\$2-billion crowd. We do it in this issue with the launch of our inaugural Future 40 Responsible Corporate Leaders in Canada ranking.

We began with a starting universe of 213 companies. Partly, these are publicly traded companies that disclose environmental, social and governance data that ends up being collected by data aggregators such as Bloomberg. The rest are non-publicly traded companies that submit their ESG reports to the non-profit Global Reporting Initiative, which promotes standards for sustainability reporting.

"It's definitely non-exhaustive," says CK Capital lead analyst Michael Yow, "but there is nothing better out there at the moment."


Out of our starting universe, we found that the disclosure rate for each of the seven "first-generation" sustainability indicators – that is, energy use, GHG emissions, water use, waste production, employee turnover, lost-time injury rate and total payroll – was above 10 per cent. For GHG emissions, the disclosure rate was an impressive 23 per cent.

These may seem low, but Yow argues otherwise. "These are actually fantastic and are very much in line with stats for large publicly listed companies," he says. "So, the idea that sustainability reporting is just a large-cap phenomenon may not be exactly true."

Corporate Knights plans for the Future 40 to be an annual ranking. We see it, to use a sports term, as a kind of farm team that feeds future sustainability leaders into the big leagues of the Best 50. It highlights the up-and-comers to watch, and sends smaller companies a message: How you use resources, how you govern yourself, and how you treat employees and the communities in which you operate matters to investors, customers, suppliers, consumers and citizens.

Last year, *Corporate Knights* launched a mobile app designed specifically to help smaller companies get into the sustainability reporting game. Called CK Ranker, it lets companies build their own profile, enter data across 12 key sustainability indicators, create multiple scenarios, and compare their current or planned performance against larger peers listed on our Best 50 or Global 100 ranking of companies.

You can learn more by going to CKRanker.com, or download the free basic version of the app from Apple's App Store and kick the tires, so to speak. The Pro version, if you decide to go for a serious drive, is only \$10.

Meanwhile, smaller firms already tracking their sustainability performance should report their data to the Global Reporting Initiative. For publicly traded companies, make sure Bloomberg is tracking you. 

1	GREATER TORONTO AIRPORTS AUTHORITY	TR.	\$484	\$15,372	\$907	\$504,272	4%	14:1	20%	100%	70.5%
2	YORK UNIVERSITY	C.S.	\$891	\$19,051	\$931	\$541,596	N/A	5:1	29%	50%	67.2%
3	UNIVERSITY OF CALGARY	C.S.	\$611	\$6,356	\$1,193	\$466,527	N/A	7:1	29%	50%	60.4%
4	PORT METRO VANCOUVER	TR.	\$10,960	\$233,046	N/A	N/A	11%	14:1	36%	50%	56.1%
5	GAZ METRO	UT.	\$5,318	\$40,565	\$103,648	\$26,925,095	N/A	24:1	18%	0%	55.8%
6	FIRST CAPITAL REALTY INC	R.E.	\$1,129	\$15,136	\$429	\$61,417	22%	17:1	22%	0%	54.1%
7	EXPORT DEVELOPMENT CANADA	D.F.	\$27,708	\$344,382	\$70,930	\$16,821,429	N/A	N/A	17%	50%	51.3%
8	WESTPORT INNOVATIONS INC	C.G.	\$2,444	\$56,187	\$31,583	\$778,130	4%	N/A	11%	0%	50.7%
9	HUDBAY MINERALS INC	MAT.	\$168	\$9,240	\$64	\$485	23%	19:1	0%	0%	48.5%
10	MANITOBA TELECOM SERVICES INC	TEL.	\$4,972	\$129,373	N/A	N/A	N/A	60:1	30%	50%	46.7%
11	HORIZON HOLDINGS	UT.	\$11,307	\$177,596	\$49,569	\$41,941,176	15%	N/A	20%	0%	46.3%
12	BORÉALIS	SOF.	\$84,186	\$17,203	N/A	\$16	N/A	N/A	37%	0%	43.4%
13	TORONTO HYDRO CORPORATION	UT.	N/A	\$25,857	N/A	\$699,456	5%	N/A	58%	100%	41.8%
14	NEW GOLD INC	MAT.	\$276	\$3,195	\$137	N/A	25%	31:1	0%	0%	41.3%
15	SOCIÉTÉ DE TRANSPORT DE MONTRÉAL	TR.	\$356	\$8,515	N/A	N/A	49%	N/A	40%	0%	40.9%
16	RITCHIE BROS AUCTIONEERS INC	C.&P.	\$4,932	\$21,085	N/A	N/A	19%	25:1	10%	50%	40.7%
17	SHAWCOR LTD	EN.	\$2,634	\$10,457	N/A	N/A	19%	N/A	23%	50%	40.2%
18	ARC RESOURCES LTD	EN.	\$593	\$1,232	\$1,869	N/A	N/A	27:1	11%	50%	37.2%
19	PAN AMERICAN SILVER CORPORATION	MAT.	\$875	\$3,398	\$154	N/A	21%	44:1	0%	0%	36.1%
20	NEWALTA CORPORATION	C&P	\$344	\$4,841	\$1,959	N/A	1%	16:1	12%	0%	35.8%

RANK

COMPANY

GICS INDUSTRY GROUP

ENERGY PRODUCTIVITY

CARBON PRODUCTIVITY

WATER PRODUCTIVITY

WASTE PRODUCTIVITY

% OF TAX PAID

CEO TO WORKER PAY RATIO

% OF WOMEN ON BOARD

CLEAN CAP. PAYLINK

OVERALL SCORE

21	SASKATCHEWAN RESEARCH COUNCIL	C.&P.	\$595	\$6,489	N/A	\$223,333,333	N/A	N/A	27%	0%	33.0%
22	TERANGA GOLD CORPORATION	MAT.	\$952	\$5,481	\$86	\$19	25%	52:1	0%	0%	32.3%
23	FARM CREDIT CANADA	BAN.	\$18,074	\$133,980	N/A	N/A	N/A	N/A	36%	50%	31.4%
24	COGECO CABLE INC	MED	\$5,325	\$89,905	N/A	N/A	6%	N/A	25%	50%	30.1%
25	LUNDIN MINING CORP	MAT	N/A	N/A	N/A	N/A	25%	N/A	0%	0%	29.1%
26	KEYERA CORPORATION	EN	\$2,450	\$1,752	N/A	N/A	1%	N/A	14%	50%	28.8%
27	INVESTISSEMENT QUEBEC	D.F.	\$39,763	\$516,172	N/A	N/A	N/A	N/A	33%	0%	28.4%
28	SOFTCHOICE CORPORATION	SOF.	N/A	N/A	N/A	N/A	24%	N/A	0%	0%	28.1%
29	GILDAN ACTIVEWEAR INC	C.D.&A	\$443	\$5,824	\$147	\$382,987	5%	271:1	11%	50%	28.0%
30	MORGUARD CORPORATION	R.E.	\$323	\$5,612	\$336	\$75,699	13%	N/A	0%	0%	27.6%
31	IVANHOE CAMBRIDGE	R.E.	N/A	N/A	N/A	N/A	N/A	N/A	23%	0%	26.9%
32	VERMILION ENERGY INC	EN.	\$219	\$2,585	\$3,798	\$15,935	22%	13:1	0%	0%	26.0%
33	LEON'S FURNITURE LTD	RET.	N/A	N/A	N/A	N/A	29%	N/A	12%	0%	24.5%
34	CORUS ENTERTAINMENT INC	MED.	N/A	N/A	N/A	N/A	18%	N/A	55%	0%	24.4%
35	CCL INDUSTRIES INC	MAT.LS	\$23,369	\$221,413	N/A	N/A	12%	N/A	0%	0%	23.9%
36	METHANEX CORPORATION	MAT.	\$14	\$873	\$204	N/A	10%	N/A	20%	0%	23.9%
37	CHARTWELL RETIREMENT RESIDENCES	R.E.	N/A	N/A	N/A	N/A	N/A	N/A	25%	0%	23.8%
38	TOROMONT INDUSTRIES LTD	C.G.	N/A	\$32,611	N/A	N/A	24%	N/A	0%	50%	23.8%
39	CAE INC	C.G.	N/A	N/A	N/A	N/A	5%	N/A	7%	0%	23.7%
40	SUNOPTA INC	F.B&T.	\$957	\$9,101	\$3	\$25,422,671	9%	N/A	10%	0%	23.3%

See page 35 for GICS Industry Group Legend.

For Future 40 Methodology visit corporateknights.com/Future40



FLIGHT PLAN

GREATER TORONTO AIRPORTS AUTHORITY LEADS CK'S 2014 FUTURE 40 RANKING BY AMASSING A STRONG SUSTAINABILITY RECORD MANAGING PEARSON INTERNATIONAL AIRPORT. BY JEREMY RUNNALLS

For two hours last July, the skies opened. Two major thunderstorms dumped 126 millimetres of rain on Toronto, setting an all-time record for the most rainfall in a single day. Over 300,000 residents experienced power outages, while public transit ground to a halt. At Pearson International Airport, however, the flood control plan went off without a hitch.

“We built our runoff infrastructure to withstand the 100-year storm, and it did just that,” says Toby Lennox, vice-president of corporate affairs at the Greater Toronto Airports Authority (GTAA). Pearson, Canada’s largest airport, is owned and operated by the GTAA.

Water running off of the 19 square kilometres of airport property – much of it paved – was diverted into an extensive system of catchment tanks roughly the size of six football fields. Described by Lennox as similar to the lair of a James Bond villain, this cavernous system then ran the water through fuel separators and other filtering technologies before discharging it into a nearby stream in controlled increments.

Torn between working to meet the air travel demands of a growing city and the constant pollution, space and other con-

straints facing airports, the GTAA has emerged as an unlikely standard-bearer for sustainability-minded airports.

Viewed as providing an important public asset, disclosure has proved consequential in cementing the GTAA’s reputation. “People should absolutely know what you are doing, no excuses,” says Lennox. He understands that the cost of compliance for smaller companies can sometimes be tricky, but the data gathered plays a key role when planning for future operations. In 2009, the GTAA began to follow the airport supplement guidelines outlined by the Global Reporting Initiative.

In anticipation of climate change “manifesting itself in more severe weather events,” the GTAA has been working with Engineers Canada to identify potential vulnerabilities and determine where greater adaptation measures are needed. The airport is working towards a 60 per cent solid waste diversion goal, while habitat improvements on the nearby Spring and Etobicoke Creeks are ongoing.

For his part, GTAA president and chief executive Howard Eng has internalized many of the lessons learned in his 12 years as executive director of operations at the airport authority in Hong Kong. Based in a city where air quality concerns regularly generate front-page coverage and water resources remain scarce, companies in Hong Kong can’t afford to treat these issues as second-tier. Many households and businesses have even converted to using seawater for the flushing of toilets, in an effort to reduce the strain on freshwater resources.



"69,000 VEHICLE TRIPS ARE MADE TO PEARSON A DAY, BUT ONLY 2 PER CENT ARE FROM TRANSIT. WE NEED TO DO BETTER."

A system of catchment tanks, roughly the size of six football fields, captures water runoff to prevent flooding on the property.

Some conservation measures have evolved into unlikely revenue sources, including the resale of de-icing fluid. Liners at the Central Deicing Facility capture the glycol-based product, then separate it into high and low concentrations. It is eventually sold as recycled automotive antifreeze. In 2012, 7.6 million litres of fluid was repurposed in this manner. A perforated pipe system under the facility aims to capture any additional liquid that leaks underground.

Aviation currently generates about 2 per cent of global carbon dioxide emissions, while continuing to rise rapidly. Unable to seriously curtail emissions from the aircrafts themselves, the GTAA is working towards the long-term goal of reducing its emissions 20 per cent by 2020. Strategies include pursuing LEED certification for new buildings, expanding efficient heating, ventilation and lighting systems and purchasing more renewable energy.

Lennox concedes that progress has been slow in diversifying transportation choices to and from the airport: "69,000 vehicle trips are made to Pearson a day, but only 2 per cent are from transit. We need to do better." The Union Pearson Express is the first

step, a light rail connecting the downtown to the airport. Currently under construction, it is intended to come online in time for the Toronto Pan Am Games in 2015. Estimates see the train carrying 5,000 people a day.

Eighteen electric vehicle-charging stations have now been installed at the airport for the general public, in addition to the existing facilities for small GTAA vehicles such as baggage carriers.

One big source of congestion and pollution comes from the thousands of employees that commute to work every day. Participation in both the Mississauga and Pearson smart commute programs has had an impact on reducing the number of round trips, but greater investment is needed. The GTAA is now backing civic partners CivicAction and Evergreen in an attempt to elevate transit expansion as a municipal and provincial priority.

The GTAA's emphasis on corporate social responsibility does not negate its continued participation in a carbon- and resource-intensive business. Explains Lennox: "We have these duelling mandates to grow and serve the city, while at the same time minimizing its impact on the community." 