



2005 Green Report

A report on MTS Allstream's Environmental Commitment, Performance, Initiatives and Programs

Company profile

About MTS Allstream

MTS Allstream is one of Canada's leading national communication solutions providers, delivering innovative products and services through its Consumer Markets and Enterprise Solutions divisions. Our Consumer Markets division serves residential and business customers in Manitoba with a full suite of wireline voice, high-speed Internet and data, next generation wireless, directory, digital television, security and alarm monitoring services. Our Enterprise Solutions division provides national business customers with a world-class portfolio of IP-based connectivity, managed network services, and professional services. MTS Allstream's extensive national broadband fibre optic network spans more than 24,300 kilometres, and provides international connections through strategic partnerships and interconnection agreements with other international service providers. Our Common Shares are listed on The Toronto Stock Exchange (trading symbol: MBT). For more information, please visit: www.mtsallstream.com.



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Introduction

MTS Allstream is committed to conducting its business in a manner which reflects concern for the environment and supports the principles of sustainable development.

The foundation for MTS Allstream's commitment to the environment is its Environmental Management System (EMS). With this foundation, the company and its employees bring life to MTS Allstream's environment policy, programs and initiatives. This includes:

- Ensuring compliance with environmental law and regulations.
- Communicating with and providing education for employees.
- Minimizing waste and maximizing the principles of reduce, re-use and recycle.
- Being prepared for emergency situations.
- Using environmentally friendly substances.
- Applying business practices that preserve the environment.
- Undertaking regular environmental reviews to ensure that the EMS is appropriately applied and updated as necessary.

This Green Report describes environmental programs, initiatives and performance for MTS Allstream.

MTS Allstream Environmental Policy

POLICY STATEMENT

MTS Allstream is committed to conducting its business in a manner which reflects concern for the environment and supports the principles of sustainable development.

GOALS

Procedures & Guidelines

- To develop and implement procedures and guidelines which will give effect to the Environmental Policy.
- To comply with applicable laws and regulations regarding the environment and sustainable development.

Communication and Education

- To encourage and foster environmentally sensitive attitudes, knowledge and skills of employees through communication, education and community involvement.
- To provide an annual report to the Executive and to the Board of Directors on environmental matters affecting MTS Allstream.
- To provide reports to the Executive and to the Board of Directors on environmental matters affecting MTS Allstream, whenever the Board has to make decisions.

Waste Management

- To set objectives and seek out measures within all operational groups which demonstrate commitment to sound environmental practices, which minimize the creation of waste and which maximize the principles of reduce, re-use and recycle within MTS Allstream.
- To dispose of waste in an environmentally sound manner.

Chemical Control and Emergency Procedures

- To identify and inventory substances used in MTS Allstream and substitute, wherever practical and reasonable, environmentally friendly substances.
- To develop and monitor environmental emergency procedures and train appropriate staff for emergency situations.

Environmental Initiatives

- To encourage innovative technology, products and services that contribute to preservation of the environment or minimize negative environmental impact.

Environmental Audits

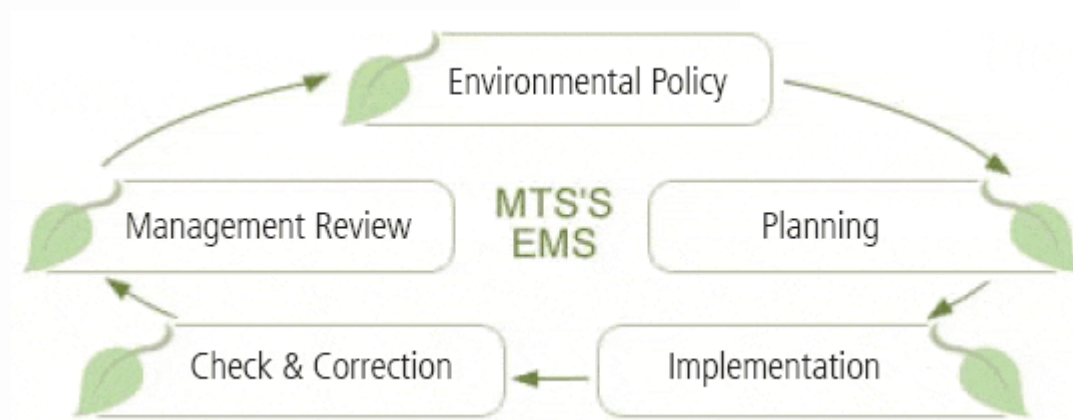
- To monitor procedures for compliance with applicable environmental laws and regulations.

MTS Allstream Environmental Management System

Environmental Management is part of MTS Allstream's approach to management, providing the framework to balance and integrate the economic interests of the organization in society with the requirements of environmental protection. The Environmental Management System ("EMS") reflects the vital importance that MTS Allstream places on the protection of the environment and conservation of natural resources. The objectives of the EMS are formulated based on international standards for environmental management systems as articulated by the International Standards Organization ("ISO") and the Canadian Standards Association ("CSA").

Elements of the MTS EMS

The EMS begins with the MTS Allstream's Environmental Policy. It employs the elements of planning, implementation, checking and correction and management review which may, in turn, result in changes to the Environmental Policy. The elements flow as follows:



Environmental Performance

2005 Environmental Review

Consistent with its commitment to the environment and principles of sustainable development, MTS Allstream conducts an annual review to assess compliance with environmental laws, regulations, licences, approvals, registrations and the Environmental Management System (EMS). Using the existing EMS as a guide, the reviewed covered operations in both the Consumer Markets and Enterprise Solutions Divisions.

Consumer Markets Division

The 2005 review provides a snapshot of the Consumer Markets Division's environmental performance in 2005, including the effectiveness of MTS Allstream policy and procedures. The 2005 review focused on environmental performance for the following:

- Winnipeg Fleetnet sites at Waverley and North End cell sites.
- McGillivray Park.
- 640 Corydon Ave.
- Grassmere FOTS site.
- Operations at 392 Portage and 200 Graham Ave.
- Small to medium size fuel storage.

The review identified the following opportunities for improvements:

- Registering a McGillivray Park Waste Oil Tank with Manitoba Conservation to meet new regulatory requirements. This has been completed.
- Providing emergency response kits and procedures for a fuel dispensing tank at McGillivray Park. This has been completed.
- Doing an inventory and labeling asbestos materials at 640 Corydon. This has been completed.
- Evaluating small to medium fuel storage sites to assess risks and establish any required action plans. This was completed for 51 sites.

Enterprise Solutions Division

The 2005 review focused on assessing Enterprise Solutions Division's progress towards improvements for four risk areas identified in the 2004 Review. The review demonstrated that significant progress has been made against the four risk areas:

- *Fuel Storage:* Improvements were made for registering tanks, maintenance and inspection procedures and record keeping.
- *Emergency Response:* A new Emergency Spill Response Policy was prepared. This includes a spill reporting system, employee training and standard spill kits.
- *Fire Suppression:* Improvements were made on the inventory of Halon Fire Suppression systems, training relevant employees and emergency response procedures.
- *Hazardous & Non-Hazardous Materials:* Improvements were made for maintaining records of materials and training employees.

Conclusion

The focus of the 2005 review was:

- Consumer Markets Division's environmental performance and whether it is complying with environmental regulations and the EMS. Based on the on-site inspections and with implementation of the actions identified in this report, the Review Team has determined that the Consumer Markets Division is complying with applicable environmental regulations. The Review Team concluded that Consumer Markets Division is acting in an environmentally responsible manner.
- Enterprise Solutions Division's progress towards full compliance for the four risk areas identified in the 2004 review. The 2005 review demonstrated that Enterprise Solutions has implemented programs to effectively identify and mitigate environmental risks. This includes demonstrating due diligence in the areas of fuel storage, ozone depleting substances, emergency response, and hazardous materials.

The MTS Allstream EMS needs to continually evolve in order to remain aligned with the corporate structure, the fast-paced changes in the telecommunications industry, and evolving environmental requirements and challenges. This continues to be well served by the annual reviews and implementation of the recommendations flowing from the reviews.

Incidents

In 2005, MTS Allstream had 2 incidents which required governmental reporting.

- One Halon release was reported to Manitoba Conservation for the Cyril River site.
- Enterprise Solutions Division identified that two underground tanks at the Belmont site in Montreal did not comply with provincial legislation. Subsequently, a replacement plan was prepared and approved by the Quebec Department of Environment.

Report on 2005 Environmental Initiatives

Office lighting upgrades

- In 2005, the Consumer Markets Division continued upgrading the office light fixtures at 191 Pioneer and 333 Main St. This efficiency incentive will result in an overall lowering of power consumption for the major office towers.

Site upgrades

- In 2005, Goose Lake Radio Site was upgraded with new efficient operation generators, and an anti-syphon double wall fuel storage tank. The Halon fire suppression system was replaced with an ozone friendly fire suppression equipment.
- Property Services and Fleet Services continued to reduce the likelihood of a fuel spill by installing solenoid valves on fuel storage tanks at 10 locations. The solenoid valve opens only when the diesel generator is operating. Solenoid valves are used on gravity feed systems and will prevent large spills.

“Repair Our Air” fleet challenge

“Repair Our Air” is a national competition among fleets to promote awareness of the extent and pattern of vehicle idling incidence within their fleet. In past years, fleets participating in this challenge have reduced their idling incidence from 35% of operating time to as low as 5% by providing drivers with constant feedback and encouraging changes in driving behavior.

Benefits of reducing unnecessary idling are significant and include:

- Reduction in fuel costs
- Reduction in vehicle maintenance costs
- Reduction in green house gas emissions
- Healthier environment

MTS Allstream was measured against 8 other Canadian utility companies. The competition measured idling time and created a baseline for the fleet. During the 7 week period, the idling time was monitored and improved idling techniques were communicated to drivers.

- In the end, MTS Allstream demonstrated a reduction of idling time of 16% and a 9.9% increase in fuel efficiency.

Overall, the Fleet Fuel Efficiency Improvement Program achieved a driving efficiency improvement of 4.7% in 2005.

Environmental Programs Report

Recycling

Office paper recycling program

Consumer Markets Division paper recycling program collects all clean paper products including newspaper, magazines, envelopes, office paper and cardboard.

Enterprise Solutions participates in office recycling programs throughout the country.

In 2005, MTS Allstream directed 69 metric tonnes of paper products away from landfill.

Shredding program

In 2004, MTS Allstream entered into an agreement for **on-site** shredding of personnel or customer information and competitive or sensitive information which provides a high level of security and reduces internal costs while continuing to support the environment.

- MTS Allstream's shredding program is continuing to grow. Approximately 96 metric tonnes of internal documents were shredded in 2005.

For every metric tonne of shredded paper, 17 trees are saved. MTS Allstream's paper recycling program will save 2737 trees.

Business Directory recycling program

MTS Allstream Media Services operates a business directory recycling program for collecting directories from rural and Winnipeg Businesses.

- In 2005, 330 metric tonnes were collected and recycled.

Directories are recycled into molded food trays, recycled paper products and cellulose insulation.

Cardboard program

Cardboard paper and packaging is recycled at major Winnipeg buildings and compacted at 1750 McGillivray warehouse operations.

- In 2005, 4.9 metric tones of cardboard was collected and recycled in the Winnipeg collection programs.
- In 2005, warehouse operations sent 17.26 metric tones of cardboard for recycling.

Automotive Services recycling

Automotive Services operates a comprehensive recycling program to collect and recycle materials generated from automobile and diesel engine service. Quantities vary based on the number of vehicles in service.

| Material | Quan/05 | Quan/04 | Quan/03 |
|--------------------------------|----------------|----------------|----------------|
| Tires | 135 | 360 | 250 |
| Batteries | 119 | 124 | 146 |
| Oil (litres) | 8900 | 7800 | 7305 |
| Crushed Filters (drums) | 3.2 | 3.0 | 3.5 |
| Plastics (Kg) | 189 | 242 | 186 |
| Antifreeze (litres) | 3485 | 1230 | 2665 |

Investment Recovery recycling program

Investment Recovery is a collection point for equipment and material taken out of service. The materials generated are collected for the metal value and recycled.

| Material | Quan/05 (Kg) | Quan/04 (Kg) | Quan/03 (Kg) |
|----------------------------|-------------------------|-------------------------|-------------------------|
| Lead acid batteries | 68670 | 61580 | 72100 |
| Aluminum | - | 821 | 1424 |
| Steel | 172700 | 116900 | 123000 |
| Precious metal | 15820 | 156800 | 14970 |
| Pic cable | - | 3239 | 37280 |
| Wire | 82740 | 4772 | 12890 |

Reduce

Paper reduction program

In 2003, the Consumer Markets Division sent out a challenge to employees to reduce paper use in operations. It was estimated that a 15% reduction of paper would result in savings of about \$75,000 annually and help preserve our environment.

- A 14% reduction was achieved in 2003, a further reduction of 10% in 2004, and a reduction of 18% in 2005.

The main contributing factors are double-sided printing, on-line purchasing and using electronic communications.

Energy reduction

In 2005, Property Services implemented energy conserving practices to reduce energy consumption and reduce building operating costs.

- An Equipment Environmental Control system was installed in 17 sites in 2005. The project is intended to eliminate unnecessary air conditioning use in small area sites. The balanced system will provide an integrated system of venting and air conditioning.

EcoPass

In 2002, the Consumer Markets Division accepted an invitation by Winnipeg Transit to participate in a program offering employees a 30% price reduction on the cost of Adult Monthly Bus Passes. The EcoPass Employer Sponsored Bus Pass Program is designed to increase transit ridership and help protect our environment.

Employees receive a 30% reduction on the cost of Adult Monthly Passes, with MTS Allstream contributing 20% and Winnipeg Transit contributing the balance.

| | Quan/05 | Quan/04 | Quan/03 |
|---|-------------|-------------|-------------|
| Number of monthly bus passes purchased | 4418 | 3879 | 3906 |

Public transportation saves money, saves fuel, reduces congestion on the roads, and reduces green house gases.

Reuse

Remanufactured toner cartridges

90% of a toner cartridge is recyclable or can be reused. Purchasing recycled toner cartridges is cost efficient with savings of 13% to 74% per unit. Using recycled cartridges saves resources, energy, reduces landfill volumes and supports employment.

| Material | Quan/05 | Quan/04 | Quan/03 |
|--|----------------|----------------|----------------|
| Remanufactured cartridges Purchased | 467 | 463 | 836 |
| Cartridges diverted from landfill (in kg) | 637 | 631 | 1140 |

New life for equipment

The Telephone Volunteers support the Computers for Schools Program. Equipment removed from service at MTS Allstream is donated to the Computer for Schools Program. The Telephone Pioneers repair and refurbish equipment for schools.

- In 2005, the Computers for Schools Program recycled 2288 computers and 242 printers.

MTS Allstream continues to look for business opportunities which are financially sound and have a positive contribution to the environment. Electronic equipment such as telephones, modems and television equipment are repaired, refurbished and returned to service. Listed below are the number of units serviced by the Supply Services Equipment Repair and Resale Department.

| Material | Quan/05 |
|-------------------------------------|----------------|
| Telephone sets refurbished | 32,878 |
| MTS TV equipment refurbished | 25,988 |
| Modems refurbished. | 29,777 |

Programs Introduced in 2005

Cell phone recycling program

Prior to 2005, MTS Allstream in Manitoba recycled cell phones and accessories internally. In 2004, 300 kg of cellular telephones and accessories were recycled. In 2005, the Wireless Product Marketing Team, Community Relations and Connect Stores kicked off a provincial recycling program for cell phones.

Under the new program, used wireless phones and accessories dropped off in the specially-marked bins at any MTS Connect Store throughout Manitoba will be recycled, with all proceeds donated to the Mike Komenda Memorial Skateboard Park.

The cellular phones and accessories gathered by MTS Allstream through this program will be delivered to an equipment recycling company called GREENTEC, which dismantles used cell phones and sorts the pieces into re-usable parts. Any pieces that can't be refurbished are broken down and made into other products.

Greentec also plants 1 tree for every rebated cell phone (41 in 2005). The summary report for 2005 includes:

- 2816 Cell phones collected
- 495 Cell phones refurbished
- 41 Trees donated
- 640 Kg of waste diverted from the landfill and
- \$4755 earned for the Mike Komenda Memorial Skateboard Park

Solvent replacement

Fleet Services replaced the existing solvent based parts washer with a water based detergent parts washer.

Chemical substitution from hydrocarbon based chemicals to less toxic chemicals benefits the health and safety of the employee, as well as the environment.

