

Making An Impact

2008 Green Report



1 our 2007 ranking, in the Canadian technology and media sector, for corporate social responsibility on the *Maclean's* list (tied for first in telecommunications)

100

% increase in the use of environmentally-friendly shopping bags at our MTS Connect retail locations

185 tonnes of paper recycled in 2008

25,536

number of wireless devices reused or recycled between 2006 and 2008, with the proceeds contributed to Resource Conservation Manitoba starting in 2008

8

consecutive years on the Jantzi Research Social Index, a grouping of 60 Canadian companies that pass a comprehensive set of environmental, social and governance screens

85

% of printers in company locations enabled and set for double-sided printing

599

tonnes of GHG emissions reduced through our employee teleworking initiative in 2008

17,700

tonnes of GHG emissions in 2008, a 6% decrease compared to 2006

67,000

estimated kilometres not driven in 2008 by employees who participated in community events to promote alternative transportation options to work

The MTS Allstream 2008 Green Report documents facts and perspectives on the company's environmental performance. It includes comparative data for a three-year period (2006-2008) along with information about our green objectives, priorities and initiatives.

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Our Commitment

We will reduce our impact on the environment and help our customers, employees and stakeholders do the same.

Our Green Objectives

- 1 Reduce our carbon footprint and the environmental impact of our operations.
- 2 Provide our employees with incentives and information to enable them to reduce their personal impact on the environment.
- 3 Help our customers reduce their impact on the environment by providing them with communications solutions and information that enable green behaviours.

Who We Are

MTS Allstream, one of Canada's leading national communications providers, delivers innovative products and services to our customers in consumer markets in Manitoba and business markets across Canada. In 2008, we produced \$1.9 billion in revenues and provided our shareholders one of the highest yields on the TSX. Leveraging the entrepreneurial spirit and skills of our 6,000 employees, our close customer relationships and our national broadband network, we provide a range of communications solutions including high-speed Internet, wireless, digital TV, converged IP and unified communications.

The Green Impact of Innovative Communications

A message from CEO Pierre Blouin

Our 2008 Green Report discloses information in support of our long-standing commitment to environmental responsibility at MTS Allstream.

As a leading national communications solutions provider in Canada, our company operates and maintains a country-wide networking infrastructure and facilities, offices, retail locations, a corporate fleet and other assets that produce environmental impacts and determine the size of our carbon footprint. We are committed to reducing these impacts.

Companies of our size and scope have to not only comply with environmental laws and regulations, we also need to recognize that there is a compelling responsibility to reduce our carbon footprint.

We will improve our environmental performance on the solid foundation of our corporate strategy and policies, operating practices, management systems and green initiatives that involve our 6,000 employees across the country. Our key objectives for 2009 and beyond are to reduce our carbon footprint in the businesses we operate; to help our customers reduce their footprint; and to help our employees reduce their personal impact on the environment.

The green impact of innovative communications

The communications industry has long been at the forefront of reshaping the economic and social context because of developments such as wireless technology, high-speed Internet and other advanced networking capabilities. Now more than ever, there's a need for continued innovation in our industry focused on helping all Canadians – at home, at work, and on the move – to reduce their carbon footprint through new networking approaches that reflect the way people want to work and live today.

Here, MTS Allstream can make a strong contribution:

For businesses, we offer advanced technologies and virtual workplace solutions that enable teleworking strategies, high-definition videoconferencing and collaboration capabilities that give people more flexibility in where and how they work, and to be connected and effective no matter where they are. We are able to drive the benefit of green behaviours into the business world by helping companies shrink their carbon footprint, lower their operating costs and improve workforce productivity.

For residential customers, we provide communication essentials – home phones, mobility services, high-speed Internet – that are increasingly integrated in to domestic realities and social relationships. We enable people to stay in touch and interact with family and friends in new ways – to connect in the real world and in the expanding virtual one. Ultimately, this deepening range of connectivity will give people many more options to adopt green behaviours in how they live.

Leadership in environmental responsibility

Our environmental performance has been a factor in gaining recognition as a socially responsible corporate citizen. We are pleased by this recognition – not as an end point, but as evidence that we are doing the right things.

The way forward

Our reporting criteria and approaches are based on international standards, however, there is room for improvement – for taking disclosure to a higher level. I expect that we will continuously improve our level of disclosure on the greening of our business.

Addressing all our environmental impacts is a long-term challenge with many steps along the way. Measurable, sustainable progress will be the outcome of progressive thinking and disciplined action. But it's more than that: we have a responsibility to report on our progress in a comprehensive and accessible way to all stakeholders – which is the intent of this report.



Pierre Blouin

2006 to 2008 Performance

The data/results presented here, unless otherwise noted, highlight improvements in key green performance areas for the three-year period ending December 31, 2008.

Priority	Key initiatives	Results	GHG impact
1 Reduce, reuse, recycle	<ul style="list-style-type: none"> • Paper • Printing • Decommissioned equipment 	<ul style="list-style-type: none"> • 589 tonnes of paper recycled • 85% of printers duplex-enabled at year-end 2008 • Paper purchased decreased 15% • 978,621 kg of recycled equipment 	Reduced 4,347 tonnes
2 Greening our fleet	<ul style="list-style-type: none"> • Eco-maintenance • National “no-idling” policy • Hybrid/flex-fuel vehicles 	<ul style="list-style-type: none"> • Fuel consumption decreased 3.9% • Recycled 30,615 L of automotive fluids • Recycled 3,000 kg of automotive parts/materials • Recycled over 1,100 batteries and tires • Purchasing program for hybrid/flex-fuel vehicles • Joined City of Ottawa campaign to promote “no idling” • Pilot program in Manitoba to test/evaluate flex-fuels 	Reduced 394 tonnes
3 Energy efficiency	<ul style="list-style-type: none"> • Lighting • HVAC • PCs/data centres 	<ul style="list-style-type: none"> • Nearly 50% of employees working in BOMA¹-certified locations • Installed hydrogen fuel systems instead of diesel generators at 7 sites • Replaced low-efficiency DC power plants at 61 sites • Replaced 2,250 CRT monitors with higher efficiency LCD monitors for PCs • 6,000 lighting fixtures retrofitted with high efficiency lamps 	Required data not readily available
4 Regulatory compliance	<ul style="list-style-type: none"> • Annual environmental compliance review • Spills and incidents reporting • Halon removal from fire suppression systems • Fuel tank upgrades to mitigate risk 	<ul style="list-style-type: none"> • Compliant with applicable laws/regulations • 6 reportable spills, all resolved • Removed 10 Halon systems • Removed, replaced or upgraded 28 fuel tanks 	N/A

2006 to 2008 Performance, continued

The data/results presented here, unless otherwise noted, highlight improvements in key green performance areas for the three-year period ending December 31, 2008.

5 Customer initiatives	<ul style="list-style-type: none">• e-Waste reduction• e-Billing options• Green retailing	<ul style="list-style-type: none">• Recycled 25,536 cell phones• 15,248 consumer customers now receive electronic bills• 24% reduction in paper bills for enterprise customers – over 3,000,000 sheets of paper• Introduced biodegradable and reusable bags at retail stores	Reduced 101 tonnes
6 Employee commuting	<ul style="list-style-type: none">• Teleworking• Alternative transport• Bike compounds	<ul style="list-style-type: none">• 444 teleworkers at year-end 2008• 350-400 employees use company-subsidized monthly bus passes• Expanded bike parking facilities at company locations	Reduced 599 tonnes
7 Education and awareness	<ul style="list-style-type: none">• Industry forums• Community activities• Sponsorships	<ul style="list-style-type: none">• Participant and/or sponsor in community-based green initiatives at international, national, regional and local level• Participated in and organized industry forums on green themes	N/A

MTS Allstream's 2009 priorities support our long-term environmental commitment statement and green objectives.

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New initiatives

- 1 **Complete comprehensive carbon inventory verified by a third party**
 - Establish absolute GHG baseline
 - Establish GHG intensity metric
 - Establish opportunities and reduction targets

This is required to set objectives with quantifiable reduction targets for 2010 and beyond.

- 2 **Enhance reduce, reuse and recycle programs**
 - Expand 3R program at 37 locations
 - Launch upgraded wireless phone recycling program in Manitoba - provide financial proceeds to Resource Conservation Manitoba

- 3 **Reduce energy consumption**
 - Complete migration to higher efficiency LCD monitors for personal computers
 - Increase hybrid/flex-fuel vehicles in fleet
 - Install hydrogen fuel cells at 2 more sites
 - Replace rectifier plants at 30 network sites
 - Complete study on HVAC energy consumption
 - Replace 48 traditional servers with 8 blade servers

- 4 **Create greener locations/sites**
 - Increase BOMA/LEED² certifications

- 5 **Enable greener commuting by employees**
 - Increase number of teleworkers from 444 to 770

- 6 **Employee engagement in green action**
 - Include "environmental leadership" in employee recognition program
 - Develop/promote calendar of "green events" for employee use and encourage their participation in these activities
 - Increase communications on green topics in internal company media

- 7 **Increase customer awareness and influence behaviour**
 - Produce and distribute customer case studies on green themes
 - Produce white papers on the green impact of communications
 - Host webinars, virtual events and presentations on green topics
 - *Allstream Centre* - open one of the "greenest" conference facilities in Canada

Ongoing priorities

- 1 **Reduce, reuse, recycle**
 - Fleet
 - Office materials
 - e-Waste
- 2 **Reduce energy consumption**
 - Retrofits
 - Fleet
 - Computers
- 3 **Enable greener commuting by employees**
 - Alternative transit
- 4 **Increase customer awareness**
 - Promote the green potential of innovative communications
- 5 **Support our communities**
 - Sponsor and participate in green-themed events and programs

² Leadership in Energy and Environmental Design

Management Discussion and Analysis of 2006 to 2008 Environmental Performance

Overview

1 Commitment to social and environmental responsibility

MTS Allstream is a leading national communications solutions provider in Canada that employs approximately 6,000 people. Across the country, the company operates and maintains extensive networking infrastructure and facilities, offices, retail locations, an extensive fleet and other assets that produce environmental impacts and determine the size of our carbon footprint.

The company is recognized today as an environmental leader in its industry and as one of Canada's top socially responsible corporate citizens. MTS Allstream has been a constituent of the Jantzi Social Index since it was formed in 2000. This index, developed by Jantzi Research Inc., consists of 60 Canadian companies that pass a set of environmental, social and governance screens.

In December 2007, the company was ranked by *Maclean's* magazine as one of the top two socially responsible telecommunications companies in Canada in the technology/media sector.

2 The Green Plan

MTS Allstream's approach to environmental responsibility encompasses a strategy with objectives, priorities and green initiatives that constitute a corporate Green Plan. This plan is approved on an annual basis by the Executive Committee of the company and is guided by a statement of commitment to environmental responsibility:

- We will reduce our impact on the environment and help our customers, employees and stakeholders do the same.

The Green Plan has three objectives:

- 1 Reduce our carbon footprint and the environmental impact of our operations.
- 2 Provide our employees with incentives and information to enable them to reduce their personal impact on the environment.
- 3 Help our customers reduce their impact on the environment by providing them with communications solutions and information that enable green behaviours.

3 Environmental Management Systems (EMS)

An important operational mechanism in support of the Green Plan is the company's Environmental Management System (EMS).

The EMS is designed to enable MTS Allstream to meet or exceed environmental regulatory requirements. It functions, practically speaking, as both an operational manual and a reference guide for environmental compliance and management for all employees of the MTS Allstream. It specifies the organizational structure, responsibilities, practices, procedures and resources used in implementing the EMS and for complying with all environmental laws and regulations and corporate policies to that effect. It emphasizes prevention, rather than detection and remediation, of environmental problems by:

- ensuring compliance with existing, new or emerging environmental law and regulations.
- identifying the environmental effects of business operations and the practices and procedures to mitigate these effects.
- being prepared for emergency situations.
- applying business practices that preserve the environment.
- identifying the persons responsible for environmental compliance and management activities.
- specifying internal and external documentation and reporting requirements.
- communicating with and providing environmental training to employees.
- undertaking regular environmental reviews to ensure that the EMS is appropriately applied and updated or improved as necessary.

The company has had an EMS in place since 1995 and an environmental code of practice since 1992. The objectives of the EMS are based on international standards for environmental management systems, as articulated by the International Standards Organization (ISO) and the Canadian Standards Association (CSA). The company's EMS approach – and its related employee training initiatives – has a pivotal role in helping the company to create an operating culture not just focused on compliance – but on proactive activities and innovation towards the goal of being as environmentally responsible as possible.

4 Environmental impacts in the communications sector

The communications-services sector is relatively “low-emissions” compared to other sectors. Even so, the company’s business involves the deployment, maintenance and management of large-scale, electricity-powered communications networks that span great distances and provide service to customers across Canada.

The company’s environmental impacts include:

- Infrastructure – the company’s network infrastructure is built into the landscape – the wires and poles along roads and highways, the fibre under city streets and suburban communities, the networking systems in buildings and at remote sites.
- Fleet operations – MTS Allstream operates a fleet for maintaining network infrastructure and providing customer service.
- Energy/resource consumption – the company’s network runs on electricity from the grid, backed up by generators to provide emergency services in the event of power failures. Energy consumption – for lighting, heating, computers – and carbon footprint size in general must be viewed in the context that the company employs thousands of people in offices that have printers, computers, a water supply, kitchens and washrooms, and a need to recycle and/or dispose of trash.
- Employee commuting – the majority of employees commute to work, many in cars, although a growing number choose alternative, greener modes of transportation.
- e-Waste – MTS Allstream generates e-Waste, including cell phones used by its customers, but also equipment, materials and metals from decommissioned systems, like industrial batteries, which are recycled.
- Corporate travel – as a national business, with customers and facilities all across the country, there is corporate travel to consider – airplanes, trains, automobiles.

5 Environmental results – summary

As of the end of 2008, MTS Allstream was compliant with laws and regulations related to environmental performance. Importantly, the company was on track at year-end 2008 to meet future targets mandated or suggested by regulatory authorities and environmental organizations.

The company continues to make progress on many green initiatives as documented on pages 5-6 of this report. That progress is evident in its GHG emissions performance as measured using Scope 1 and Scope 2 criteria defined by the Carbon Disclosure Project. This criteria include GHG emissions from stationary sources, mobile sources, and purchased electrical power.

GHG reporting (tonnes)	2008	2007	2006
Total GHGs all sources	17,700	15,636	18,855
GHG from mobile sources (fleet vehicles)	9,402	9,065	10,025
GHG from stationary sources	2,686	3,552	4,106
GHG from electricity consumption	5,612	3,019	4,724

In 2008, our carbon footprint was essentially flat against a 2006 base of 18,855 tonnes of greenhouse gases (GHG)³. While our business has grown in areas that have required more energy usage in the past three years, we have achieved a 6% reduction in total GHG emissions.

³ We benchmark against Scope 1 and Scope 2 criteria as defined under the Carbon Disclosure Project guidelines. For more information, please refer to page 12-18 of the Management Discussion and Analysis of 2006 to 2008 Environmental Performance.

6 2009 Outlook: continuous improvement in green performance

The company is committed to sustainable improvements in its environmental performance in line with its long tradition and track record in this area and in the context of many initiatives underway and planned within the company's 2009 Green Plan.

Among the company's green priorities for 2009, a key initiative is the development of an externally verified carbon footprint – a “carbon inventory” – which will be used to establish a new baseline for “absolute” emissions and create a carbon “intensity” metric for the corporation, both expressed as a CO₂ emissions equivalent in tonnes. To create the carbon inventory/intensity metric, we will engage an independent environmental consultant to verify the inventory, which will include an assessment of future carbon reduction opportunities and the associated targets.

Our carbon inventory will include the following areas of GHG emission sources and reduction opportunities:

- Corporate fleet fuel consumption/efficiency
- Corporate travel
- Waste collection and disposal
- Energy consumption at locations/sites
- Recycled wireless devices
- Recycled automotive materials
- Recycled telecommunications equipment and materials
- Paper purchased or consumed
- Volume of paper recycled
- Employee commuting and teleworking
- Procurement and supply management

The ultimate goal of measuring the company's absolute carbon footprint/intensity is to set a verified baseline and identify areas for improvements and reduction targets.

2006-2008 Performance Data

1 Reduce, recycle, reuse

Paper collection and recycling	2008	2007	2006
Tonnes	185	246	158

The company collects and recycles all clean paper products, including newspaper, magazines, envelopes, office paper and cardboard. The results presented here identify the total amount of paper collected in buildings owned by MTS Allstream and leased premises where recycling is tracked by the property manager.

Paper purchased	2008	2007	2006
# of boxes	5,005	5,389	5,902

In 2008, the company purchased 7% less paper than the previous year and some 15% compared to 2006.

Remanufactured cartridges purchased	2008	2007	2006
# of cartridges	422	372	366

Like many office environments, MTS Allstream uses laser printers with toner cartridges. MTS Allstream has had a reuse/recycle program for toner cartridges since 2000. Purchasing recycled toner cartridges is cost efficient with savings of 13% to 74% per unit. Using recycled cartridges saves resources, energy and reduces landfill volumes.

Decommissioned equipment

The company endeavors to recycle as much material as possible from decommissioned equipment from its operations. These materials are reused or recycled. The total amount of decommissioned material for 2006 to 2008 was 978,621 kilograms.

Material from decommissioned equipment (kg)	2008	2007	2006
Lead acid batteries	122,644	68,991	102,777
Metals (aluminum, steel, cable, wire copper, etc.)	144,971	111,159	428,079

2 Greening our fleet

Eco-maintenance

The company operates an eco-maintenance program to collect and recycle materials generated from its fleet of vehicles. At year-end 2008, the company fleet consisted of more than 1,000 vehicles. From 2006 to 2008, fuel consumption decreased by nearly 4%. In addition:

- 30,615 litres of automotive fluids were recycled.
- 3,000 kilograms of automotive parts/materials were recycled.
- Over 1,100 batteries and tires were recycled.

Fleet fuel consumption	2008	2007	2006
Total	3,946,583	3,805,109	4,108,438

Automotive services recycling	2008	2007	2006
Tires	242	160	263
Batteries	231	132	90
Oil (L)	7,600	10,300	7,300
Crushed Filters (kg)	503	838	614
Plastics (kg)	208	231	202
Antifreeze (L)	2,050	2,750	615

National no-idling policy

In 2008, the company implemented a national no-idling policy for its fleet. Employees are required to comply with no-idling procedures to reduce GHG emissions and to reduce fuel costs. Internal company projections estimate that an average idling-time reduction per vehicle of two minutes would decrease annual GHG emissions by approximately 55,000 tonnes and would save some 23,000 litres of fuel and reduce corporate operating costs by approximately \$30,000 per year. As part of its national no-idling policy, the company partnered with the City of Ottawa on a no-idling initiative in 2008. This is mainly an awareness campaign. It included “anti-idling” windshield stickers placed on company vehicles. The company was the first private sector company to join the initiative.

Flex-fuels

In 2008, the company launched a pilot project with the Manitoba government to test E85 fuel on its Winnipeg-based flex-fuel vehicles as a means to reduce GHG emissions. This pilot project enables company vehicles to refuel at the only E85 refueling depot in the province. E85 fuel, which is not yet commercially available in Manitoba, is a blend of 85% ethanol and gasoline. The pilot project was ongoing at the end of 2008 and results will be assessed in 2009.

Hybrid/flex-fuel vehicles

The company has adopted a policy of acquiring hybrid/flex-fuel vehicles in evolving its fleet of vehicles to become more eco-friendly.

Between 2006 and 2008, the company replaced seven vehicles with either hybrid or flex-fuel vehicles. The company’s policy with respect to fleet replacement is to change-out vehicles based on a variety of factors, including length of time in-service, mileage, repair history and the depreciation schedule. In any given year, the company turns over between 6-10% of its corporate fleet.

3 Energy efficiency

From 2006 to 2008, the company was active on many energy efficiency initiatives across its operations. Examples include:

- At year-end 2008, nearly 50% of employees worked in BOMA (Building Owners and Managers Association) green-certified facilities.
- Centralized Manitoba Customer Care operations into a new building. Energy efficient lighting, power distribution and climate control systems were all integrated into the building design.
- Warehouse operations in Winnipeg were moved to a new, more efficient building at McGillivray Park. This eliminated an aging gas-powered boiler system and an energy inefficient building. The new warehouse complex is a combination electric/natural gas system. The new building was constructed with an efficient R-Value building envelope and energy saving construction techniques.
- Completed retrofits such as upgrading light fixtures/ballast systems and envelope/roofing upgrades for buildings.
- Migrated from diesel to hydrogen fuel cell technology for backup power at various sites.
- Replaced low efficiency DC power plants with high efficiency rectifiers at a number of sites.
- Replaced 2,250 CRT monitors for PCs with LCD monitors which use 60% less energy.
- Adopted a policy requiring prospective vendors to provide EPA Energy Star and Electronic Product Environment Assessment Tool (EPEAT) scores in submitting bids on new and ongoing contracts for personal computers.

These measures reduce energy consumption, save on energy costs and reduce GHG emissions.

4 Regulatory compliance

The company annually conducts an environmental compliance review (Environmental Compliance & Management Review) and reports its findings and recommendations to the Audit Committee of the company Board of Directors. At year-end 2008, and at the end of each of the previous two years, the company was compliant with environmental laws and regulations.

In cases where the company was required by law to report spills and incidents, the company took immediate action and resolved all issues to the satisfaction of regulatory/government authorities. Highlights of the last three annual reviews include:

Spills and incidents

From 2006 through 2008, the company had six reportable incidents which were all reported to the relevant regulatory authorities and remediated, where required.

2008

- Approximately 360 kilograms of Halon was released at the Morris site in Manitoba. The cause of the release was high temperature at the site.

2007

- Approximately 300 litres of battery acid leaked from lead acid batteries in Treherne, Manitoba. The site was in the process of being decommissioned. The cause of the leak was freezing temperatures at the site.
- Approximately 1,200 litres of fuel oil was released at Wee Lake, Manitoba. The cause of the spill was a faulty fuel pump.
- At Cyril River, Manitoba, the Halon fire suppression system in the generator building discharged 11 kilograms of Halon. The cause of the release was high temperature at the site. The Halon system was removed from the site.
- At Paungassi, Manitoba, 17.5 litres of battery acid was released due to a cracked battery.

2006

- Approximately 60 litres of diesel fuel was released from a tank at Moon Lake, a Manitoba provincial park. Company personnel discovered the leak and initiated containment actions. The cause of the leak was a faulty hose. Parks Canada approved the company's remedial measures.

Site reviews

As part of the annual environmental review, and to support internal compliance procedures, MTS Allstream conducts site reviews at company locations. For the period 2006 to 2008, the company's Environmental Review Team conducted 39 site reviews, including:

- Vancouver – two compliance issues among the 13 sites in the area. The first related to two underground fuel tanks that were identified as not compliant with best practices. The tank replacements are planned for 2009. The second issue was the lack of formal emergency response procedures at two locations with respect to fire suppression systems, which was rectified in 2008.
- Greater Toronto Area – six environmental compliance issues, all of which were rectified in 2008. The issues were: a need to replace two underground tanks at the 85 Riviera location; a need to install collision protection on a fuel tank at 80 Worcester; an open drain in a diesel room at 151 Front Street; repairs to damaged asbestos material in the diesel room at 40 University; a requirement for emergency response procedures and posters at all sites; and, improvements to reporting logs with respect to Halocarbon regulations.
- East Lake Winnipeg Radio Route – Manitoba Hydro and MTS Allstream shared three radio route sites on the East Lake Winnipeg route. These sites were decommissioned and the structure removed from the sites in 2008. Clean-up of the sites was completed in 2008 as planned. These sites are designated as hydrocarbon-impacted sites. Soil testing showed a significant reduction in hydrocarbons. MTS Allstream will continue to assume responsibility for these sites on Crown land.
- Montreal – The 2005 replacement of two underground fuel storage tanks at 625 Belmont was reviewed in 2006. It was confirmed that the site had been appropriately managed/registered and an operating permit was granted by the environmental authority in Quebec.
- Calgary/Montreal – Testing and maintenance records for air conditioning systems (halocarbons) were not available at 303 9th Ave. SE. in Calgary or 740 Notre Dame in Montreal. This has been remedied by reviewing procedural and reporting requirements with the relevant contractors.

Fuel tank replacement

Fuel storage is the most significant environmental risk for MTS Allstream.

Each province has its own, unique legislation on petroleum storage. The Canadian Council of Ministers of the Environment (CCME) produced the CCME Environmental Code of Practice for Aboveground and Underground Storage Tank Systems Containing Petroleum and Allied Petroleum Products. MTS Allstream views this code of practice as the “gold seal” for storage tank systems.

As part of the 2007 review, the CCME guidelines were used to identify MTS Allstream’s highest risk tanks in the Enterprise Solutions division. The 2007 review identified 24 tanks at 18 sites that fall under the CCME code of practice. The tanks which were identified as not compliant with the CCME code were then further reviewed to determine if they were compliant with the relevant provincial or federal legislation.

The 2007 review demonstrated that 13 existing tanks were not compliant with the CCME code. In 2008, 11 of the 13 tanks were replaced or upgraded to be compliant with the CCME code and regulatory standards. The remaining two tanks will be replaced in the first half of 2009.

Halon replacement

Removal of Halon fire suppression systems is on track to comply with provincial and federal regulations. Six systems were removed from service in Manitoba in 2006 and an additional seven systems were removed in 2008. The eight remaining systems in Manitoba will be removed by the December 31, 2009 deadline for Manitoba. The Enterprise Solutions division has four Halon systems in Ontario and Quebec. In accordance with existing legislation for Ontario and Quebec, these systems will be removed by the end of 2014.

CFC-11 and CFC-12 air conditioning and chiller systems (Chlorofluorocarbons)

Similar to requirements for removing Halon fire suppression systems from service, CFC-11 and CFC-12 systems must be removed from service. MTS Allstream does not have any CFC-12 systems. There are no CFC-11 systems in Manitoba. There are three CFC-11 systems in Montreal and one CFC-11 system in Vancouver. In order to comply with regulatory requirements, MTS Allstream will remove or replace these systems by the end of 2014.

Emergency response

Due diligence for emergency response was increased by distributing updated emergency response procedures to all sites with lead acid batteries, fuel storage and/or fire suppression systems.

This information was also communicated in various company media for the benefit of employees. Additional environmental awareness and emergency response training was provided to all of the applicable people managers and employees.

Emergency generator certificates in Ontario

As of January 1, 2007, a “certificate of approval” is required for MTS Allstream to operate fuel storage sites in Ontario. All fuel tank systems in Ontario were inspected in 2007 and all identified deficiencies were remedied in 2008. A certificate of approval was issued for all of the tanks.

Product stewardship

Manitoba Conservation has indicated that it plans to implement a “Producer Responsibility Model” for e-Waste. This is expected to include wireless devices. The Consumer Markets division already has an active program to responsibly collect/dispose of the wireless devices that it sells even though this is not required by law at the present time. Provincial e-Waste regulations/initiatives are being monitored in all provinces.

The EMS itself

The EMS was updated to apply to both the Enterprise Solutions and Consumer Markets divisions of MTS Allstream. This “2007 Edition” of the EMS was reviewed with external legal counsel specializing in environmental law. The external lawyer concluded that the EMS, if fully implemented and applied, meets the legal requirements on the part of the directors, officers and senior management of MTS Allstream to exercise due diligence in achieving compliance with the environmental laws applicable to the operations of MTS Allstream in Canada.

5 Customer initiatives

e-Waste reduction – cell phone/wireless device recycling

MTS Allstream partners with an external organization to recycle cell phones from its consumer and business customer base in Manitoba. The organization, Greentec, is an ISO-14001 environmentally certified company. Greentec's *Think Recycle* program assures that the cell phones are recycled safely and appropriately, with no devices going to landfill. Financial proceeds from reused devices are donated to Resource Conservation Manitoba, a non-profit environmental organization. As well, the *Think Recycle* program includes a tree-planting initiative whereby one tree is planted for every dozen reused devices.

Manitoba cell phone collection program	2008	2007	2006
Cell phones collected	6,600	7,682	11,254
Trees planted	50	39	102
Waste diverted from landfill (kg)	2,710	1,746	2,558

e-Billing options

The company has undertaken initiatives to encourage customers to migrate from paper-based billing to electronic/digital formats.

The Enterprise Solutions division launched a green bill initiative for business customers in 2007 and has seen positive results including:

- A 24% reduction in printed “bill images” – this represents over 3,000,000 sheets of paper.
- Cost savings of over \$360,000 from reduced paper, printing and postage.

The Consumer Markets division encourages consumer customers in Manitoba to migrate from paper-based billing to electronic/digital formats. At the end of 2008, over 15,000 customers were receiving bills in electronic/digital formats – this represents over 730,000 pieces of paper each year. In addition, MTS Allstream has replaced a growing proportion of direct mail and product incentives with electronic versions.

Green retailing

At MTS Connect locations, one of the company's retail distribution channels for its consumer products in Manitoba, an initiative was completed in 2008 to replace plastic shopping bags with oxo-biodegradable bags which are made from post-consumer recycled waste.

Allstream Centre – A Conference & Convention Centre at Exhibition Place

Announced in 2008, the Allstream Centre in Toronto will be an environmental and technological showpiece when it opens in 2009.

The Allstream Centre is designed to meet LEED Silver Certification. LEED (Leadership in Energy and Environmental Design) is a rating system used by the Canada Green Building Council. LEED provides a suite of standards for environmentally sustainable construction. Among the environmentally-friendly features of the Allstream Centre:

- Sustainable construction practices.
- Low Volatile Organic Compounds (VOC) materials for paints and carpets, plus Green Guard furnishings to improve air quality.
- Dimmable energy-efficient lighting with motion sensors in meeting rooms.
- Maximized natural light with energy-efficient windows.
- High-performance HVAC systems and renewable energy generation for superior energy efficiency.
- Water-efficient plumbing fixtures, plus rainwater harvesting for all washroom facilities.

The Allstream Centre will also be fully equipped with “green” technology like videoconferencing, making it one of the most wired and innovative facilities in the country.

6 Employee commuting

Subsidizing public transport – EcoPass program

In 2002, the company accepted an invitation by Winnipeg Transit to participate in a program offering MTS Allstream employees a price reduction on the cost of adult monthly bus passes (EcoPass). This program was designed to increase transit ridership and to help protect our environment. MTS Allstream employees receive a 30% reduction on the cost of an EcoPass, with the company contributing 20% and Winnipeg Transit contributing the remaining 10%.

EcoPass	2008	2007	2006
Number of monthly bus passes purchased	4,389	4,094	4,741

Teleworking – “Workplace 2.0” program

The company’s Workplace 2.0 teleworking program was launched in 2007 as a pilot with 50 participants who relocated from an office workstation in exchange for a home office. At the end of 2008, nearly 450 employees were enrolled in the program with the majority being from 200 Wellington in downtown Toronto. Company estimates indicate that some 599 tonnes of GHG are reduced – each year – due to this program. This is the equivalent of travelling around the earth 4.5 times.

Carpooling – “The Ride Exchange”

The company’s Ride Exchange Carpool Program was launched in October 2008 based on a suggestion from employees. This company-wide carpooling website is for employees who wish to make arrangements to carpool to work with their co-workers. This new tool supports MTS Allstream’s Green Plan and at the same time helps employees save on fuel and maintenance costs, as well as reduce their impact on the environment with a greener choice for transportation to and from work.

Cycling to work

In 2008, the company completed new bike compounds at two major locations in Winnipeg. These facilities were designed to serve an increasing number of employees and increase security for the employees’ bikes. As well, the MTS Allstream Bicycle Users Group joined commuters from around the Greater Toronto Area as they kicked-off Bike Week by cycling to work. This group received special congratulations from Mayor David Miller for their participation in this environmental initiative.

7 Education and awareness

Allstream Global Forum

In May 2007, MTS Allstream hosted customer events in Toronto and Calgary that focused on issues related to business and the environment. The keynote speaker at these events was environmentalist, Robert F. Kennedy Jr. To off-set

100% of the carbon emissions generated by these events, a donation was made to the Bow Riverkeeper and Lake Ontario Waterkeeper charities to support efforts to protect and win back our waters.

The Economics of Going Green

In 2008, MTS Allstream sponsored and participated in keynote addresses for the Winnipeg Chamber of Commerce’s Economics of Going Green conference.

One Million Acts of Green

One Million Acts of Green is a public-private sector awareness program, introduced by Cisco Systems in partnership with the Canadian Broadcasting Corporation, designed to mobilize Canadians to make changes in their daily lives that have a positive environmental impact. The program goal is to register one million ‘acts of green’ by individual Canadians by June 2009. At year-end 2008, MTS Allstream had the third largest group participating in the initiative.

National Commuter Challenge/Clean Air Commute

In 2007 and 2008, nearly 1,000 employees participated in two high-profile community initiatives: the National Commuter Challenge and the Clean Air Commute in the Greater Toronto Area (GTA). Though primarily awareness initiatives, these employees were responsible for eliminating an estimated 226,000 km of car travel and 64 tonnes in GHG emissions, equivalent to taking 13 cars off the road for a year. Notably, the company was the exclusive telecommunications sponsor of the Clean Air Commute, organized by Pollution Probe for building green awareness in the GTA. The company ranked fifth out of 70 participating companies with 400 or more employees.

The National Commuter Challenge is a national program that encourages Canadians to walk, cycle, take transit, or carpool instead of driving alone to work. The program is based on a friendly competition between companies across Canada to see which has the highest participation during the week. In 2007, more than 800 MTS Allstream employees across Canada participated in the challenge, placing our company fourth overall in the country.

Earth Hour

In 2007 and 2008, the company participated in Earth Hour, a worldwide event intended to raise public awareness on climate change. Millions around the world – including individuals, cities and businesses across Canada – turned off

their lights for 60 minutes as a symbolic gesture in support of promoting action to fight climate change. For Earth Hour, MTS Allstream turned off the lights at buildings it owns across Canada. As well, the company made arrangements to do the same at our leased premises.

Defi Climat

Defi Climat is an awareness/public mobilization program in Montreal and Quebec City to fight climate change, supported by leaders from government, business and the not-for-profit sector. Nearly 25% of employees in Montreal and Quebec City participated in this climate challenge through a variety of activities to show their concern for the environment and, along the way, eliminated 81,000 kilograms of GHG in 2008.

Earth Day

In 2008, employees across Canada were encouraged to recognize and celebrate Earth Day by participating in a cell phone recycling contest. Between April 22 and April 30, a total of 1,200 cell phones were collected at more than 30 offices across the country. All of the wireless devices were sent to our recycling partner, Greentec, for reuse or recycling.

City of Montreal's Sustainable Development Strategy

Montreal's First Strategic Plan for Sustainable Development addresses the importance of sustainable development as a cornerstone on which to build the City of Montreal. The further commitment of the city administration and key organizations, as well as partners in the Plan's 2007-2009 Phase, proves the interest and determination of social and economic players in achieving this goal. A main characteristic of this plan lies in the collective commitment of partner organizations that have committed to take action to help achieve sustainable urban development.

MTS Allstream has been a partner to the City of Montreal's strategy since the beginning of 2007. Through a "Partner Challenge", MTS Allstream has committed to take and report on environmental actions proposed under the strategy.