



What matters to me

Our journey toward sustainability in Atlantic Canada

here.
for you.™



At Aliant, it's building an organization that is both prosperous and sustainable that matters to us. By striking the right balance between economic growth, protection of the environment and the needs of society, we are making progress. Thanks to a sound business strategy and the dedication of our employees, we're helping make the communities we serve better places to live and work, for today and future generations.

“Respecting the environment and living a sustainable life is what matters to me and my family.”

Mark Bujold, Aliant team lead, SMB voice product management

Saint John, New Brunswick

Photo: Mark's daughter Bella Rose feeds a black-capped chickadee, the provincial bird of New Brunswick.





What matters to me

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Message from the CEO

I am pleased to present this year's sustainability report, which highlights our organization's focus on integrating environmental, economic and social considerations into our business operations. This report is provided in the spirit of transparency and integrity.

Throughout 2007, we continued to improve on what we do and how we do it. We remain committed to understanding what it means to be a responsible corporate citizen and we are continuously improving. We can look back proudly on more than a century of support for the communities we serve and know that throughout the years, we have contributed in a responsible and meaningful way to their growth and development.

Our dedication to being environmentally responsible is taking hold in our organization. We realize issues such as climate change are having an impact on our business and the communities we serve. For the first time in 2007, we calculated our carbon footprint. This will be used to set measurable targets for greenhouse gas reductions throughout Aliant. This effort will also help us to quantify the environmental benefits resulting from our many energy efficiency projects undertaken over the past number of years.

We recently renovated work locations in Fredericton, New Brunswick, and Mount Pearl, Newfoundland and Labrador, incorporating many environmental improvements. We were pleased to receive an urban design award for the Mount Pearl renovation.

We also continue to explore, together with our partners, how we can offer more sustainable solutions to our customers. Teleconferencing and paperless billing are just two examples of services that are helping customers reduce their impact on the environment.

Without the support of our employees, none of our economic, social and environmental achievements would have been possible. It is for this reason that we have asked them to help us tell our story in this report. I thank all our employees for their efforts.

I hope you find our 2007 sustainability report informative. To share your thoughts or comments, please e-mail us at environment@aliant.ca.

Yours sincerely,

Stephen Wetmore
President and chief executive officer
July 2008



On November 22, 2007, employees and guests attended the grand re-opening of our Alison Boulevard office in Fredericton, New Brunswick. Together with employees, we created a work environment that focuses on the health and wellness of employees and includes environmentally friendly features, such as energy efficient lighting and heating. (L to R): Anthony Knight, general manager, Fredericton Chamber of Commerce; Mayor Brad Woodside; Stephen Wetmore, president and chief executive officer, Bell Aliant; Hon. Greg Byrne, Minister, Business New Brunswick; Ron Forsythe, regional manager, central New Brunswick, Aliant.



Data collection and validation

The sustainability report team was responsible for the collection and validation of data from various departments and groups within our organization. Subject matter experts were asked to supply and verify data as well as provide sources of information. Senior managers were asked to review and approve content pertaining to policy decisions and corporate initiatives.

We have attempted to use a systematic approach to identifying and addressing environmental issues. Through this process, we established reporting mechanisms to obtain yearly results. For the 2007 report, these mechanisms were also applied to social data, when possible.

in the news

Aliant contributes \$350,000 to 2009 World
Acadian Congress
June 7, 2007

Scope

The activities and data presented in the 2007 sustainability report cover the period from January 1, 2007, to December 31, 2007, unless otherwise stated.

All information contained in this report is for our Atlantic Canada operations.

Business profile

We provide a wide range of innovative and traditional voice and data communications services and an array of consulting, infrastructure management and product fulfillment services to customers in the Atlantic Provinces under the Aliant brand. Communications services we provide include local telephone, long distance, data and Internet, and TV. Through our information technology division, xwave, we provide IT services such as systems integration, application development, local and wide area network installation and management, data centre operations, computer hardware, package software and IT planning services.

Under the Aliant brand, our 7,500 employees work and live throughout Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland and Labrador. Our employees are socially and environmentally conscious people who bring ideas forward every day about how we can make a positive difference in our communities and in the way we do business.

Organizational governance

At Aliant, governance denotes the structure and process employed to oversee, direct and manage the business and affairs of the organization with the objective of ensuring its financial viability and enhancing unitholder value. This structure and process defines the division of power between, and establishes mechanisms for achieving accountability by, the directors, trustees and management. Ways and means of improving board effectiveness are reviewed and modified on an ongoing basis.



Disclosure policy

A disclosure policy was developed to ensure that communications with the investing public are timely, factual, accurate, complete and broadly disseminated in accordance with applicable securities regulations. The goal of this policy is to provide a comprehensive set of rules and procedures that govern our approach to disclosure. The directors and trustees approved an updated policy in November 2007. They conduct a thorough review of the policy at least once a year.

Auditor independence policy

The purpose of this policy is to establish procedures with respect to auditor independence with the objective to govern all aspects of our relationship with the external auditor. The audit committee has adopted this policy in accordance with the relevant Canadian rules and regulations regarding auditor independence.

Complaint procedures policy

This policy has been established to allow for the confidential and anonymous submission of complaints, concerns or other information regarding accounting, internal accounting controls, or auditing matters and other ethical matters. This policy also sets out the procedures for the processing and retention of complaints, concerns or information submitted pursuant to this policy.

Privacy code

We have had a long-standing commitment to the privacy of both customer and employee information. Our privacy code governs how we collect, use and disclose customer and employee personal information. Our privacy code was updated in January 2006.

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Security policies

Our security policies are made available to our employees via our internal corporate security website. These policies relate to administrative and organizational security, personnel, personal security, and information technology security. A balanced approach to security is taken in that levels of safeguards will be complementary and consistent as they are applied to the requirements identified for protecting confidentiality, integrity and availability.



Helping children worldwide

It started several years ago when he volunteered at World Vision's rehabilitation centre for child soldiers in northern Uganda. In 2007, Doug Currie, Aliant team lead, customer services support, Halifax, returned to Africa for the fifth time, working in Sierra Leone with relief and development organizations like CAUSE Canada, the Nova Scotia Gambia Association, World Vision and Red Cross. Each year, Doug helps organize the 12-Hour Night Commute, a unique event designed to create awareness and raise money for children affected by war. Photo: Doug visits with a child in Uganda.



Insider trading policy

In July 2007, we updated our comprehensive insider trading policy. This policy provides guidance and establishes rules in relation to the trading of Bell Aliant units or other securities by Bell Aliant insiders, and employees in general.

in the news

Aliant injects over \$5 million in Nova Scotia's broadband network – Overall investment since 2005 surpasses \$30 million
December 4, 2007

Authorizations policy

This policy is an essential part of our management control framework, as delegated by our directors and trustees. Integral to our policy are signing authority matrices, which detail authority for various types of transactions. This policy was last revised and restated in July 2007.

Code of business conduct and ethics

Our reputation for doing the right thing is the foundation on which our organization is built. To ensure we meet the high expectations of our stakeholders we must demonstrate through our daily behaviour that, while we compete vigorously, we always conduct ourselves and our business in an exemplary manner.

Good governance practices dictate that all employees follow the same fundamental values and ethical standards. Ethical behaviour is a personal responsibility we all share. Our code of business conduct applies to all employees and subsidiary companies. The policy reinforces our commitment to the highest levels of customer service and a working environment in which performance is recognized, people are respected and sensitivity to the needs of the communities we serve is demonstrated.

Ethics helpline

In March 2006, we implemented a web and telephone based helpline where employees can raise anonymous and confidential questions or complaints related to accounting, internal control or ethical issues. Advice may also be sought directly through the ethics group by e-mail at ethics@aliant.ca or by telephone at 1 866 794-6384. All inquiries are handled on a confidential basis.

Our reputation for doing the right thing is the foundation on which our organization is built.

For a complete description of our corporate governance and business ethics policies, check our website at <http://bell.aliant.ca/english/about/cg.shtml>.

Environmental governance

We're committed to minimizing our risk to the environment while at the same time working to create a sustainable future by integrating long-term economic, environmental and social considerations into the way we operate our business. This commitment extends from purchasing, to right-of-way construction, to property management, to network operations. We offer and promote information and communications technology solutions for use in our business and by our customers. These solutions, including e-billing, e-purchasing and teleconferencing, help to minimize our environmental footprint and that of our customers.



quick facts

Role of environmental management system

- Setting environmental policy;
- Conducting planning to ensure success of the policy;
- Implementing practices, programs and procedures;
- Monitoring and measuring to evaluate environmental performance;
- Checking for and correcting identified problems; and
- Periodically reviewing the entire system at a top management level.

Our environment program ensures we comply with regulatory requirements and achieve results that minimize risk to the environment through a continuous improvement process. This commitment is formalized through our environment policy, established in 2002 and updated in 2006. Our complete environmental policy is available at www.bell.aliant.ca.

Our environment program is managed through two processes: environmental governance and an environmental management system (EMS).

We have both an internal and external governance mandate to fulfill. Internally, a formal due diligence and reporting structure is in place, requiring semi-annual reporting to the audit committee of the board of directors and annual environmental assurance reporting to Bell Canada. Externally, we must meet all federal, provincial and municipal environmental laws in the four

Atlantic Provinces. This requires reporting of all contaminant releases as well as scheduled reporting on controlled substances.

In 2005, we began a process to manage our environmental operations through an EMS. Working through our environment council and environmental action team, composed of senior leaders and subject matter experts from key business units, we strategically manage our risks and adopt sustainable practices. The EMS ensures a systematic process for developing policies and practices, monitoring our progress, implementing corrective action and setting improvement targets.

In 2005, we began a process to manage our environmental operations through an environmental management system (EMS).



Most supportive employer

We were extremely proud to have received the 2007 Most Supportive Employer in Canada award from the Department of National Defence. The award honours employers who have shown outstanding support for reservists, who serve part-time in the Canadian Forces while holding civilian employment. Aliant employee Peter Sinnott, an inventory coordinator

in St. John's and a Warrant Officer in the reserves, nominated us for the award.

(L to R): John Craig Eaton, National Chair of the Canadian Forces Liaison Council; Lieutenant-General Walter Natynczyk, Vice Chief of the Defence Staff; Frank Fagan, chief operating officer, Bell Aliant; Warrant Officer Peter Sinnott.



Stakeholder engagement

Our stakeholders are as varied as the communities in which they operate. They include groups that directly or indirectly support, influence or are affected by our activities.

Our key stakeholders include:

- Customers;
- Employees;
- Communities;
- Governments;
- Non-government organizations; and
- Suppliers.

in the news

Aliant and the Greater Moncton Chamber of Commerce bring Arnold Schwarzenegger's environmental advisor, Terry Tamminen, to Atlantic Canada
 August 21, 2007

We engage with stakeholders in a mutually respectful manner to ensure the creation of strong partnerships and long-term commitments.

Listening and responding to stakeholders is fundamental to becoming a sustainable organization and is vital to our ability to serve our customers. We engage customers to better understand their needs and to identify opportunities for collaboration. This engagement happens daily through formal and informal communications channels across our organization, from our

employees' support of local community groups to targeted market research.

We appreciate the important role that each of our stakeholders plays in our success. To maintain strong relationships with Atlantic Canadians, we continue to place an increasing emphasis on expanding our presence and our efforts in our communities. The majority of our 7,500 employees volunteer in their respective communities. There are also hundreds of former employees who, having retired, lend a hand to many worthwhile projects.

In 2007, we increased our efforts to engage our external stakeholders on issues relating to sustainability. One way we did this was through our support of the Atlantic Canada Sustainability Initiative (ACSI). The ACSI is a collaborative project designed to build capacity and momentum around sustainability in Atlantic Canada using the Natural Step framework as a guide. As a charter ACSI member, we are committed to advancing sustainability within our organization and acting as a role model for others in the region.

In 2007, we increased our efforts to engage our external stakeholders on issues relating to sustainability.

We also engaged community representatives, university researchers, and other businesses in discussions around corporate responsibility and business ethics, a key part of sustainability. As part of this engagement, we supported the Canadian Centre for Ethics in Public Affairs (CCEPA). CCEPA promotes the public good through research, consultation and discussion that focuses on ethical issues arising locally and internationally from changes in our society. The centre builds collaboration with community partners. As a supporter, we ensure that CCEPA is able to work with community leaders and policy makers to better integrate ethics into our communities' public practices and policies.



Our operational and sustainability performance is communicated to stakeholders through a number of channels including internal and external media updates, participation in community events and conferences along with our annual report to unitholders and sustainability report. Visit www.bell.aliant.ca to learn more.

Stakeholder groups

Group	Description	Channels
Customers	Residential and business customers; Public and private sector customers, including hospitals, universities and health care professionals	<ul style="list-style-type: none"> • Customer satisfaction surveys and focus groups • Customer recognition (awards) • Customer events
Employees	Approximately 7,500 employees throughout Atlantic Canada	<ul style="list-style-type: none"> • Employee surveys • Employee environment teams • Intranet & dedicated e-mail address • Lunch & learn sessions • <i>Sustainability 101</i>TM course • Code of business conduct course • Ethics helpline • Occupational health and safety committees
Communities	We conduct business in hundreds of communities and more than 1,200 work locations throughout Atlantic Canada	<ul style="list-style-type: none"> • Community organizations and schools • Regional health, emergency and aid organizations • Boards of local not-for-profit organizations
Government	We work with all levels of government to continuously improve the environmental performance of our operations	<ul style="list-style-type: none"> • Municipal, provincial and national governments
Sustainability-related non-government organizations	Canadian Manufacturers and Exporters' Atlantic Environment Committee; Atlantic Coastal Action Program; Advisory Committee of the Eco-Efficiency Centre, Dalhousie University; Center for Corporate Citizenship at Boston College; Conference Board of Canada's Business Council for Sustainability; Canadian Wireless Telecommunications Association; Charter member of the Atlantic Canada Sustainability Initiative; Canadian Centre for Ethics in Public Affairs; New Brunswick Environmental Network; Sustainable Education Network for New Brunswick; Market Research & Intelligence Association	<ul style="list-style-type: none"> • Representation on advisory committees • Meetings, conferences and collaborations • Board and committee meetings • Educational campaigns • Collaborative lobbying on issues of mutual concern
Suppliers	We work with a broad network of suppliers	<ul style="list-style-type: none"> • Green procurement policy and standards • Supplier audits/environmental surveys • Greater utilization of secondary markets • Buy Atlantic strategy • Vendor collaboration on ideas to minimize our environmental impact



Employee engagement

We educate and empower our employees to minimize their impact on the environment at home and at work. By participating in paper reduction initiatives, recycling programs and sustainable community projects, the individual and collective efforts of our employees continue to grow and make a difference. In 2007, we undertook a number of environmental initiatives for the benefit of employees.

quick facts

12 months of employee environmental highlights

- Employees enjoy “An Inconvenient Truth” virtual and physical presentation – January
- Employee grassroots composting program recognized internally – February
- Employees’ children invited to participate in Earth Day contest – March
- Employees launch first office waste recycling system in Saint John, New Brunswick – April
- High schools participate in pilot program to celebrate young environmental leaders – May
- Bilingual, on-line sustainability course and Aliant mobile take-back program launched – June
- Implementation of new print and office equipment policy for employees – July
- Employees’ environmental efforts publicly recognized by daily newspaper – August
- “Get Green” Student Video Contest launched in high schools in Atlantic Canada – September
- Employees participate in ecoRevolution Employee Contest – October
- New internal environment and sustainability website developed for employees – November
- Bilingual code of business conduct on-line course launched for employees – December

Employees enjoy “An Inconvenient Truth” presentation in Saint John, New Brunswick

Employees attended a lunch and learn session entitled “Climate Change 101.” Peter Corbyn, a local environmental speaker, met with employees to share his knowledge on climate change, based on Al Gore’s world-famous presentation.

New environmental program inspired by employees’ passion

Employees from our Millidgeville office in Saint John, New Brunswick, took the initiative to begin an employee-led waste-reduction program. Inspired by their home recycling program, they began sorting their waste at the office. Employees estimate that they reduced their solid waste by 50 per cent and diverted about 20 litres of compost from the landfill every day. We supported their work by arranging for the collection of the separated materials.

Launch of office waste recycling in Brunswick Square

An office recycling and composting program was launched at our Brunswick Square offices in Saint John, New Brunswick. There are approximately 1,100 employees working at this location. Multiple four-stream collection containers were placed on each floor while garbage cans at employee desks were removed.

Employee paperless billing

In 2007, employees who did not subscribe to paperless billing were automatically switched. As a leader in on-line technology, we encourage all customers to sign up for paperless billing. By going paperless, employees helped us reduce the costs associated with

bill printing and mailing, improved our environmental practices and became advocates of the tools and technology we’ve invested in for our customers.

Begin with the end in mind: Our on-line sustainability course

Through our ongoing partnership with The Natural Step Canada, a new on-line and bilingual course called “*Sustainability 101/L’ABC...D de la durabilité*” was launched last year. As one employee said, “the course really highlighted the reasons why we need to promote and use sustainable business practices both in our behavior at work and at home.” The Natural Step Canada is an internationally acclaimed non-profit organization whose objective is to advance the implementation of sustainability.



“Because our organization is financially strong, we are able to help out in the community and protect the environment. That’s what matters to me.”

*Mark Duggan, Aliant community relations manager
St. John’s, Newfoundland and Labrador*

Photo: Mark (left) hikes the East Coast Trail near St. John’s with friends Keith Blundon, Nadine Hogan and Geoff Smith.

Achieving the goals of sustainability would not be possible without economic strength. Although we compete in a dynamic and competitive industry, many of our products and services enjoy a leading share of the market. Our competitive advantage is based on providing a superior customer experience. With a strong balance sheet and stable earnings, we expect predictable, consistent growth in the years ahead.

Economic performance



Competitive landscape

We face a number of competitors throughout our territory, with increasing competition from cable companies continuing to be one of the largest risks we face. Throughout 2007, cable competitors continued to expand their local telephone service and launched aggressive promotional campaigns. In 2007, cable competitors launched new local telephone service areas in Newfoundland and Labrador, and launched or expanded service areas in New Brunswick, Nova Scotia and Prince Edward Island. The cable companies are following a marketing strategy similar to ours, emphasizing bundled services in an attempt to secure the “whole home”. We expect cable companies to continue expanding their service areas. As competition increases, we will remain focused on the successful execution of our strategic priorities.

Also, competition in the Canadian wireless market may further intensify following Industry Canada’s decision to license additional wireless spectrum through a competitive auction process. Portions of this new spectrum will be reserved for new entrants.

In order to combat these competitive pressures, we continue to enhance our products and services, promote our *Value Packages*[™] and innovate with customers to provide complete solutions. We continue to invest in our communities and support activities that are important to our customers and employees.

2007 key events

Telecommunications regulatory developments

Our business is affected by decisions made by the Canadian Radio-television and Telecommunications Commission (CRTC) and the federal government. At the end of 2006, the federal government issued the first ever Policy Direction to the CRTC, calling on the regulator to rely on market forces to the maximum extent feasible and to use regulation that interferes with market forces to the minimum extent necessary. These actions brought about a series of rulings by the CRTC throughout 2007 that resulted in major reforms of the regulatory framework.

Forbearance, when granted, eliminates most regulation, including the need to file and receive CRTC approval for new service features, terms and price changes. In response to the federal government modifying the CRTC’s 2006 forbearance decision on April 4, 2007, and after years of effort, we and TELUS successfully became the first incumbent local exchange carriers (ILECs) in Canada to be granted forbearance for local telephone service. As of March 4, 2008, the CRTC granted forbearance of local telephone service in numerous communities throughout all six provinces where we operate, including 120 exchanges for residential service (three of which are subject to delayed implementation) and 36 exchanges for business service (three of which were also subject to delayed implementation).

The CRTC granted forbearance of local telephone service in numerous communities throughout all six provinces where we operate.

In conjunction with the forbearance announcement and subject to CRTC approval, the federal government asked telecommunications service providers to work together to create an independent, industry-funded agency to handle complaints from consumers and small businesses. On July 23, 2007, the Commissioner for Complaints for Telecommunications Services (CCTS) was launched and its structure and governance have recently been approved by the CRTC.



Other regulatory reforms achieved in 2007 are also significant. For example, the federal government's modifications to the forbearance decision also eliminated the restrictions on incumbents' contact with customers who moved to a competitor (the "winback" restriction), removed restrictions on promotions and permitted the waiver of service charges for residential customers returning from a competitor. Other significant regulatory developments during 2007 include:

- *Review of regulatory measures* – Effective November 23, 2007, the CRTC eliminated certain bundling rule restrictions, allowing for regulated and non-regulated services to be bundled without any filing requirements so long as the price of the bundle at least equals the sum of the rates of all regulated services in the bundle.
- *Wholesale services review* – Following a hearing in December 2007, on March 3, 2008, the CRTC issued a Decision in which it redefined essential services, assigned individual wholesale services to six separate categories, set out the pricing rules for each, and established transition periods leading to forbearance for some. While the balance of our wholesale services remain subject to regulation, certain Competitor Digital Network and Ethernet services, which provide fibre access and transport, as well as certain other services, will ultimately be forborne from regulation in three to five years, depending on the specific nature of the service. This decision is the subject of a number of requests, including some from us, to the CRTC for specific changes.
- *Quality of service* – The CRTC made improvements to the rules governing competitor quality of service indicators related to wholesale quality of service provided by the ILECs.
- The CRTC has adopted a force majeure clause that excuses ILECs from paying penalties in a month where failure to meet the retail or competitor quality of service standard is caused by certain unforeseen events beyond their control, including labour disruptions.

Privatization of BCE

Our significant stakeholder, BCE, announced in June 2007 that it had entered into a definitive agreement to be acquired by an investment group led by Teachers Private Capital, the private investment arm of the Ontario Teachers Pension Plan, Providence Equity Partners Inc., Madison Dearborn Partners, LLC, and Merrill Lynch Global Private Equity. We are not a party to the transaction and cannot predict the effect that a change of ownership of BCE may have on our organization.

For financial information, please consult the investor section of the Bell Aliant website, which can be found at www.bell.aliant.ca/investors.



Community spirit award

In addition to providing world-class communications services to the communities we serve, we also want to help them thrive socially, culturally and economically. With the help of employees like Tara Davison of Prince Edward Island, Aliant customer services manager and 2007 Community Spirit Award winner, we're making our towns and cities better places to live and work. At least one Community Spirit Award winner is selected for each province in Atlantic Canada. Tara was one of 1,156 employees nominated for this award, which honours employees for their community service. Photo: Tara Davison and daughter Brianna.



“Communities matter to me. That’s why I am an Aliant Pioneer Volunteer.”

Anne Marie Hubley-Scott, Aliant customer services manager

Bedford, Nova Scotia

Photo: Anne Marie and husband Charles

Being a good corporate citizen and employer is important to us. Through our \$5 million Atlantic Canada community investment program and the help of the Aliant Pioneer Volunteers, we’re helping create vibrant and caring communities. We’re also promoting the well-being of our employees through initiatives that encourage career development, health and wellness, and on-the-job safety.

Social well-being



Building strong communities

Throughout Atlantic Canada, we're creating opportunities for our customers, in life and business, by connecting them to one another and the world. We're also helping them thrive socially, culturally and economically.

in the news

Aliant and the Aliant Pioneer Volunteers present more than \$90,000 to local charities during annual Christmas campaign
December 24, 2007

In 2007, we invested \$5 million in the communities we serve through charitable donations, sponsorships and volunteer efforts. In addition, the Aliant Pioneer Volunteers, made up of current and retired Aliant employees, contributed more than 165,000 volunteer hours in support of hundreds of worthwhile causes. By giving the highest priority to projects that support children and youth, we're helping create a bright future for tomorrow's citizens and leaders.

Healthy minds and bodies

Throughout the year, we support programs that help keep children healthy and active. Last year, we invested nearly \$100,000 to fund sports programs like KidSport, which operates across Atlantic Canada, the R.E.A.L program in St. John's, Newfoundland and Labrador, and P.R.O. Kids in Saint John, New Brunswick. These organizations provide grants to families in need so all kids have a chance to play organized sports. In addition, we provided 12,000 soccer jerseys to house league teams in Atlantic Canada.

We also support programs that keep families connected during difficult times. In 2007, our support included \$70,000 in long distance calling cards for families staying with their children in hospital at the IWK Health Centre and Janeway Children's Hospital.

Raising money, raising hopes

In 2007, we supported 11 United Way chapters across Atlantic Canada and corporately donated \$130,000. This donation, along with \$266,000 from our employees and retirees, provided the United Way with a total of \$396,000 to support local agencies that provide services to youth at risk, families in need, seniors and many other organizations.

In 2007, we invested \$5 million in the communities we serve through charitable donations, sponsorships and volunteer efforts.



Stories on the Phone

Children from Prince Edward Island now have a new way to listen to stories – by telephone. To promote literacy and entertain young Islanders, we partnered with Friends of the Confederation Centre Library to produce easily accessed, age-appropriate children's stories in English and French. The stories are free to all and can be heard by calling toll free in PEI, 1 888 280-7070. Photo: Children from Spring Park Elementary School, along with Carolyn Bertram (back left), Minister of Communities, Cultural Affairs and Labour, and Patrick Campbell, Aliant community relations manager, listen to a story read by Matt Rainnie of CBC radio.



Going for gold

We are proud to be an Official Supporter of the Canadian Olympic and Paralympic Team, a commitment that began in 2006 and runs until the London 2012 Summer Games. We are also a proud supporter of the Vancouver 2010 Winter Games.

As part of our support for the Olympic Games, in 2007, we launched an exciting program to chronicle the training of four Atlantic Canadian athletes in their quest to compete for Canada at the Beijing 2008 Olympic and Paralympic Summer Games. The Atlantic Canada Contenders Program will be a key Atlantic Canadian connection to the Canadian Olympic and Paralympic Team and the athletes.



Official Supporter

The Olympic and Paralympic hopefuls from each of the four Atlantic Provinces are:

- Kara Grant, Modern Pentathlete (2004 Canadian Olympic Team Member), Prince Edward Island
- Katarina Roxon, Paralympic Swimmer, Newfoundland and Labrador
- Dave Durepos, Men’s Wheelchair Basketball, (2000 to 2004 Paralympic Team member), New Brunswick
- Andrew Russell, C-2 Canoe, Nova Scotia

Aliant Walk for Kids Help Phone support continues all year long

All year long, our employees and retirees support Kids Help Phone with initiatives like the annual Aliant Walk for Kids Help Phone fundraiser. Last year, over 600 employees, retirees and their families raised more than \$80,000 to support this cause. Corporately, we contributed \$60,000, including a special marketing campaign during Mother’s and Father’s Day. Every dollar raised will help ensure Kids Help Phone professional counsellors are there with the support and hope kids need and deserve.

Community boards

Our employees serve as executives and volunteers with many not-for-profit organizations throughout Atlantic Canada. An important part of the concept of sustainability, volunteerism keeps us connected to our customers and helps us identify ways we can lend our support to build stronger communities. Understanding local issues and changing dynamics of the towns and cities we serve is critical to our organization.



Aliant Swing to Beijing

As part of the Aliant Atlantic Canadian Contenders program, in July 2007, we sponsored the Aliant Swing to Beijing golf tournament at Brudenell golf course on Prince Edward Island.

The tournament was held as a fundraiser for Olympic hopeful Kara Grant and will be held again in 2008. More than 140 local representatives from business, community and government organizations joined us and the Olympic and Paralympic hopefuls. (L to R): Heather Tulk, Aliant; Andrew Russell, C-2 Canoe, Nova Scotia; Jamie Korab, Aliant employee and gold medalist curling, 2006 Winter Olympics; Kara Grant, modern pentathlete, PEI; Dave Durepos, men’s wheelchair basketball, New Brunswick; and Mike Roberts, Aliant.



Aliant Pioneer Volunteers – people helping people

Our employees have been active members of their communities for more than 100 years. They give back to the towns and cities where they live and work by supporting grassroots organizations and activities that are close to their hearts.

quick facts

Aliant Pioneer Volunteers – 2007 highlights

- 164,948 volunteer hours
- 489 new members
- 20,002 books donated to support literacy
- 2,432 Hug-A-Bears donated
- 5,699 computers donated
- 3,126 Heart Pillows created
- \$334,173 raised for charity
- 939 Christmas gifts donated
- 3,264 personal care kits donated

Many of our employees lend a hand in the community through the Aliant Pioneer Volunteers. The Aliant Pioneer Volunteers is the largest corporate-based volunteer organization in Atlantic Canada with close to 9,000 members, made up of current and retired employees. An Aliant Pioneer Volunteer lives in virtually every community in Atlantic Canada.

Aliant Pioneer Volunteers help us make a real difference in the communities we serve. They create strong connections between our company and not-for-profit organizations like the Kids Help Phone, Computers for Schools and the Canadian Institute for the Blind. The work of the Aliant Pioneer Volunteers has many benefits for the community as well as environmental and economic benefits for our organization, which, taken together, exemplifies the true meaning of sustainability.

In 2007, the Aliant Pioneer Volunteers donated close to 165,000 hours and raised \$335,000 for communities and partner organizations in Atlantic Canada, helping build stronger communities and better lives through a variety of projects. They were recognized for their hard work in 2007 with a total of 45 international and national awards for their volunteerism and community service. The Aliant Pioneer Volunteers won the Chapter Excellence Award and the Community Impact Award, two of the most prestigious awards presented by the International TelecomPioneers. Only six Chapter of Excellence Awards were presented in North America.



Backpacks for kids

With the help of Aliant Pioneer Volunteers like Jolene Thomas of Saint John, New Brunswick, we made back to school time last year a little easier for kids in need. Jolene, along with other Pioneer Volunteers in Atlantic Canada, filled nearly 2,200 backpacks with \$100,000 worth of school supplies and distributed them to schools across the region.

Jolene is just one of close to 9,000 Aliant Pioneer Volunteers.



The Pioneer Volunteers are helping build strong communities through a number of important programs:

Backpacks for kids

For many children, their families are not able to provide them with the school supplies they need. That's why we teamed up with the Pioneer Volunteers to start Backpacks for Kids. In 2007, our employees and the Aliant Pioneer Volunteers filled nearly 2,200 backpacks with \$100,000 worth of school supplies to make back-to-school time a little easier for children in need.

Employee beverage container recycling program

The Aliant Pioneer Volunteers manage the beverage container recycling programs in many of our work places. These programs help keep beverage containers out of landfills and provide a valuable source of funds to support Pioneer programs.

I Like Me! personalized readers

In 2007, the Aliant Pioneer Volunteers donated close to 2,500 English and French language versions of the *I Like Me!* book to schools across Atlantic Canada. The *I Like Me!* children's book promotes reading skills and a positive self-image for Grade 1 students.

Employees helping their colleagues in need

Four years ago, the Pioneer Volunteers turned a portion of their attention inward, developing an employee assistance program to augment those offered by the organization. H.O.O.P. (Helping Our Own People) was created to provide a financial helping hand to employees experiencing medical hardships. Since its inception, the Pioneers have assisted over 75 employees through H.O.O.P.

Computers for Schools

In partnership with the Government of Canada, Pioneers from across the country, including our Aliant Pioneer Volunteers, have contributed tens of thousands of volunteer hours reclaiming used computers for use by schools and libraries. Since 1993, over 75,000 computers have been refurbished and donated to schools in Atlantic Canada. The work of the Aliant Pioneer Volunteers, however, goes beyond refurbishing. They also disassemble computers, which cannot be re-used, and sell the parts to scrap dealers. By doing this, they divert many tonnes of electronic waste from landfills each year.



Outstanding contribution to Computers for Schools program

In 2007, the Aliant Pioneer Volunteers in Bathurst, New Brunswick, were recognized by the Computers for Schools organization for their outstanding contributions to the continued success of the program. Pioneer Volunteers at the Chaleur workshop –

Front row sitting (L to R): Guy Gallant and Roger Hachey; Back row (L to R): Bryan Stever, Robert Sullivan, Michael Kierstead and Valmond Roy.



Power Up to Read!

Last year, the Aliant Pioneer Volunteers introduced a new bilingual educational program to support their focus on literacy programs. Power Up to Read! is an engaging multimedia program designed to help all levels of students learn reading comprehension strategies. Using the latest research-based approaches to reading instruction, Power Up To Read! helps students improve reading comprehension, builds enthusiasm for reading, and develops essential technology skills. The program is available on-line, in print and on CD. Program content is geared toward Grade 4 and 5 students as they go from the “learning to read” stage to “reading to learn”. Almost 400 students, tutors and volunteers have signed up for the Power Up to Read! program.

in the news

St. Francis Xavier University launches a campus-wide wireless Internet service thanks in part to a \$250,000 donation from Aliant
March 8, 2007

Greeting card recycling

In 2007, volunteers recycled about 5,000 greeting cards. The cards were distributed to community groups and schools for craft making programs. These efforts extended the life of the cards and made additional use of an existing resource.

Connecting remote communities

One of the most effective ways to ensure remote communities continue to thrive and prosper is to provide easy access to the world. That’s why we continue to invest in the expansion of our high-speed Internet service in rural areas.

Having high-speed Internet access helps small communities throughout Atlantic Canada achieve economic success and provides personal and professional development opportunities. In partnership with provincial and federal governments, we are connecting isolated communities and ensuring they have access to education, health care and other services in the same manner as their neighbours in larger urban centres.

Connecting rural communities also has positive benefits for the environment. Carbon dioxide (CO₂) emissions, for example, can be reduced by accessing services like banking on-line, thereby reducing the need for travel.

Rural communities represent special challenges when deploying high-speed Internet service, as large investments are required to service relatively small populations. To help mitigate the costs, we are active partners in joint investment programs with federal, provincial, and municipal levels of government to bring high-speed Internet service to low density, rural communities. We also continue to work with our partners and suppliers using advancements in technology and innovative business models to overcome rural deployment challenges.

We are connecting isolated communities and ensuring they have access to education, health care and other services.



2007 achievements

In 2007, we worked in partnership with the Halifax Regional Municipality (HRM) in Nova Scotia to extend broadband services to 23 new locations in eastern HRM. This \$5 million dollar investment, together with our new hotspot locations, has brought our high-speed Internet service to many more rural communities. Overall, our investment in Nova Scotia’s broadband network since 2005 has surpassed \$30 million.

in the news

Aliant partners with the Atlantic Health Sciences Corporation to help patient recovery throughout New Brunswick with \$45,000 donation for innovative videophone technology
October 2, 2007

Last year in Newfoundland and Labrador, we invested \$10 million to expand high-speed Internet service in St. John’s and surrounding communities.

We also invested \$12 million in the greater Moncton area of New Brunswick to enhance the capacity of our existing broadband network. Our total investment in broadband service in New Brunswick since 2000 has been \$164 million.

Enhancements to our broadband infrastructure in Prince Edward Island have exceeded \$3 million over the past two years.

Labour relations

In Atlantic Canada, the Communications, Energy and Paperworkers Union of Canada, Atlantic Communications Council (CEPACC) represents our 3,630 bargaining-unit employees. Referred to as the “Council”, CEPACC was formed in 2005 by four Communications, Energy and Paperworkers Union (CEP) local member unions to jointly administer all aspects of the common collective agreement.

The current collective agreement expires December 31, 2011. In most respects, it is an extension of the previous agreement that existed between the four unions and Aliant.

Ongoing and open communications and information sharing help both employees and their union representatives understand the business challenges faced by the organization.

Business forums with union leaders and joint management and union committees ensure the unions are kept up to date on the strategic direction of planned business changes.

When issues arise that the unions or the company consider contrary to the collective agreement, they can be resolved in one of two ways. We have recently introduced a common interest forum that is composed of senior executives of the organization and CEPACC. This group will attempt to achieve a resolution through a full exploration of respective interests. The second way to achieve a resolution is through a traditional grievance/arbitration process.

Ongoing and open communications help employees understand the challenges faced by our organization.



Training and development

Sponsored learning policy

Our sponsored learning policy is designed to assist employees with professional development. Available to all employees, the sponsored learning policy encourages and supports professional development that is aligned with our business needs by offering funding for “out of hours” education at accredited universities and colleges. It also applies to training required to perform a job-related role.

Career and development centre

The career and development centre (CDC) is an on-line tool that empowers employees to manage development and career objectives by providing access to thousands of learning activities offered through a variety of methods – on-line courses, classroom courses, books and blended learning solutions. Currently housing more than 5,500 learning activities, the CDC is available to employees from any Internet connection, at home or in the office, 24 hours a day, 7 days a week, in both English and French.

in the news

Aliant and the Barenaked Ladies join together to help support Canadian winter athletes
January 11, 2007

Sustainability: Step by Natural Step

We engaged The Natural Step to produce *Sustainability: Step by Natural Step*.[™] Internally, we refer to this course as *Sustainability 101*. It was made available to all employees through the CDC in May of 2007. The course is an innovative learning experience that provides practical sustainability education. In addition to us, a broad base of business, government and community organizations that are moving

toward more sustainable operations are using the course.

The one-hour, self-paced course has been tailored specifically for us and allows employees to access, understand and apply sustainability concepts in a strategic way. The course is hosted on-line for maximum flexibility, allowing learners to access the material at a personalized pace. Feedback on the course has been positive and, as of December 2007, 126 employees had completed the course. Throughout 2008, we will promote the course to increase the number of employees enrolling.

Health and wellness

Our approach to success begins with our employees. In order for us to achieve our goals, we need a dependable workforce. A dependable workforce is a healthy workforce – allowing it to be engaged, passionate and committed.

A healthy workplace includes healthy workers, proper training and development, equitable implementation of programs and policies, and positive reinforcement of desired behaviour.



We have an independent team devoted solely to the health and wellness of our employees. The team, composed of employees, is dedicated to furthering the health and wellness of every employee. Our health and wellness mandate is to use world-class practices, policies and processes; combining leadership, planning, process management, and a people and outcomes focus, to yield healthier, engaged employees who make positive contributions to the organization. Workplace programs, policies, initiatives and training are the keys to maximizing the health and safety of our employees.

in the news

Through a \$32,000 contribution to Junior Achievement, Aliant helps more than 2,000 Grade 8 and 9 students explore the value of staying in school
March 30, 2007

These programs include attendance support and management, disability management (worker's compensation, short-term disability, long-term disability), wellness initiatives (activity promotion and support, health promotion, employee and family assistance programs, workplace health education), health management, medical assessment, and policy and program administration.

Broad-based workplace programs and policies are designed to apply to all employees, but we recognize that these programs may need to be applied differently based on the unique needs of employees.

Productivity and engagement are directly tied to attendance and disability. Our health and wellness programs are built to maximize employee health, productivity and engagement, and minimize absence from work.

Occupational injury and disease

In spite of an aging workforce and operating in a region of the country with a high incidence of disability following workplace injuries, we continue to display exemplary results. Thanks to our health and safety-focused workplace culture, we continue to improve our ability to prevent injuries and assist employees who have been injured. We work closely with our employees to enact safety policies and health practices, and ensure through regular follow-up that they have a real impact on our employees' ability to work safely and effectively.

We work closely with our employees to enact safety policies and health practices.

Non-occupational injury and disease

We are evolving a culture of ability; that is, a strong focus on what employees can contribute in spite of temporary or permanent limitations in function. Using an internal team of health professionals to manage short-term disability and transitional duties, we are able to maximize the contribution of temporarily disabled employees and create a flexible, safe work environment that speeds recovery.

How we do it

We are able to achieve our goals by remembering that our strength lies in our people. We assist our employees by offering a broad range of programs that help employees make the best use of time, optimize health and provide assistance with personal affairs, when needed. Ensuring our employees are safe and healthy, allows them to focus on delivering service and value in our communities.



Health-Action-Santé

Health-Action-Santé is a rewards-based program offering incentives for health and wellness-related activities, from participating in health screenings and seminars, to practicing good dental hygiene, to running a marathon. This broad-based program offers incentives for achieving personal health objectives. In 2007, over \$9,000 in rewards were earned by the 1,800 employees registered and participating in the program. We are continuing to expand the Health-Action-Santé program by offering new and better awards, including health and fitness activity subsidies, and by extending the program to include rewards for community participation.

in the news

Aliant to track the dreams of four Atlantic Canadian Olympic and Paralympic hopefuls
July 16, 2007

Employee and family assistance program

Throughout our service area, we offer an employee and family assistance program that includes a comprehensive range of services. The program allows our people to get the help they require in times of need, before situations become unmanageable.

With a 98 per cent satisfaction rating, we are confident we are providing the right assistance for employees in times of need.

Health assessments

Our health and wellness team offers health assessments to all employees who require assistance in the workplace due to medical issues or special circumstances. From ergonomic reviews and pre-placement screening for higher risk jobs, to workplace accommodation on medical grounds and management of chronic diseases, the assessments provide an in-house resource to proactively manage and assist employees.

Wellness committees

Because our service area is geographically large and demographically diverse, it is important for us to augment our quantitative measures of health, safety and wellness, with the insight and opinion of our people when developing and implementing programs. To do so, we support and work directly with a number of wellness committees representing work areas, business units and regions to ensure the needs of all employees are met to the greatest extent possible.

Based on direction from the World Health Organization we are preparing for the possibility of a pandemic influenza.

Pandemic planning

Based on direction from the World Health Organization and The Public Health Agency of Canada, we are preparing for the possibility of a pandemic influenza. A team composed of members from across our organization has created a plan to address the impact of a pandemic or other widespread incident on our business and the communities we serve. As we operate and maintain communications infrastructure that is critical to a modern society, it is important for us to be especially well prepared. To this end, we are working closely with public health agencies, other critical service providers and emergency planners. Over 100 continuity plans have been created and are being tested. All of our employee protection policies and plans have been reviewed to ensure our employees, their families and communities are as prepared as possible in case of a pandemic.



Emergency preparedness

We have a responsibility to a variety of stakeholders, including customers and employees, to be well prepared for emergency situations. We also recognize the key role we play in Canada's national infrastructure and our commitment to governments and emergency services organizations (i.e. police, fire, ambulance, etc.) for ensuring continuity of telecommunications services.

in the news

To celebrate volunteer week, Pioneers launch a new bilingual educational program – Power Up To Read
October 30, 2007

To ensure this mandate is fulfilled, we have a rigorous prevention and response program, which covers network, systems, human resources and business operations. For example, we have a robust emergency-planning program, including emergency response centres in each province as well as a corporate emergency operations centre with dedicated primary and back-up sites and facilities.

Our organization has many programs in place that function together to provide an overall business continuity culture. Some of the programs include network resiliency and redundancy, critical building infrastructure assessment, property risk control, business continuity and emergency planning. In addition, we have monitoring and diagnostic procedures for voice, data and IT networks.

The corporate business continuity program, using Disaster Recovery Institute (DRI) International and DRI Canada industry standards, has successfully implemented and tested disaster recovery plans for mainframe and mid-range servers and applications. In addition, this program encompasses the implementation and testing of business continuity plans (BCP) for all areas of the business including a separate pandemic planning program in which over 100 BCPs have been completed. The overall BCP program ensures the protection of our employees and the continuity of processes, facilities, assets, technology and data for the communities in which we operate.

Safety

Providing our employees with a safe and healthy work environment is a priority for us. To do so, the focus of our safety programs is on education and continuous improvement.

Our safety policy is available on our internal website. It is accessible to all employees. We also post our safety results monthly. Additionally, we prepare detailed reports on incidents, which are reviewed by senior management.

We have a diverse and active occupational health and safety process, which consists of three layers of committees:

- 38 local committees spanning the four Atlantic Provinces meet every four to six weeks. Their primary focus is on resolving workplace safety issues. They also help review and implement new safety policies and raise safety awareness by conducting joint safety inspections and audits. In addition, the local committees review safety incidents. Particular attention is paid to understanding how the incidents occurred, what could have prevented them and what safety-related trends are emerging.

Providing our employees
with a safe and healthy work
environment is a priority for us.



- Provincial committees, representing each of the four Atlantic Provinces, are made up of representatives from the local committees. These committees meet quarterly to help the local committees with unresolved issues. If issues can't be resolved, they are forwarded to the policy committee. All members of the provincial committees receive training to help them fulfill their responsibilities.
- A policy committee, composed of representatives from across the organization, is currently co-chaired by the vice-president of regional services and a member of the CEP executive. Subject matter experts also attend the committee's quarterly meetings. The committee is responsible to monitor, participate in the development of, and set safety policy for the organization.

We have a detailed and specific safety program that applies to all employees. Employees are expected to keep their training updated and attend safety meetings. In the past few years, there has been an increased effort to train, inspect and observe our employees working in offices in the same manner as our outside employees.

We put a lot of emphasis on training, which is provided in three main ways:

- On-line training, which is common in our organization;
- Classroom-based training, where we bring employees to a central location for instructor-led courses; and
- Manager and co-worker training. It is usual for new employees and employees that are new to a role to job shadow an experienced employee.

Additionally, all managers are expected to conduct regular observations, inspections and audits of their employees and work areas.

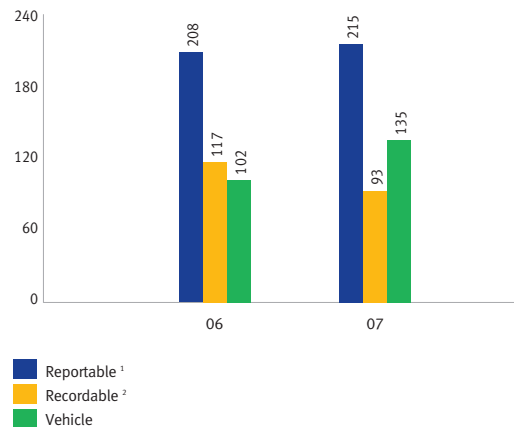
Safety indicators

We measure two key components of safety to determine success or failure.

The first component is compliance, which is a measure used to determine how a team is doing at keeping their training current, conducting observations and inspections, and holding regular meetings with safety-related topics. A formula is used to determine a group's overall compliance. Targets are set for the work group with minimum thresholds. Targets are measured, tracked and reported on a monthly basis for all employees, from front-line managers to the CEO.

The second key safety component we measure is related to incidents occurring in the workplace. One of the top responsibilities of our safety team is to ensure that thorough incident investigations occur in a timely manner with good, sound recommendations on how to avoid future incidents. This is reported to the local, provincial and policy committees.

Employee safety incidents



¹ Incidents reported to our Safety Hotline including near misses
² Incidents requiring medical attention or employee lost time

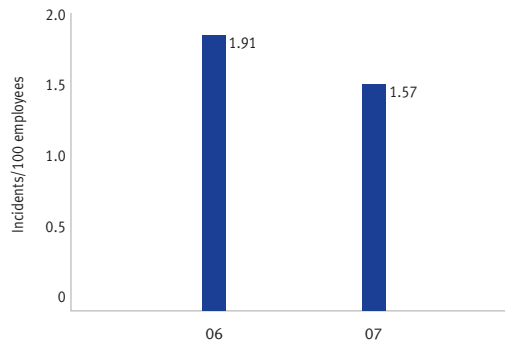
Although our number of incidents resulting in medical attention or employee lost time decreased over 20 per cent in 2007, vehicle incidents increased nearly 25 per cent. To promote safer driving, we are developing a new driver refresher course and implementing other measures.



In 2007, the number of incidents reported to the safety team remained relatively constant while the number of incidents requiring medical attention or lost time dropped substantially. However, our motor vehicle incidents increased nearly 25 per cent compared to 2006. Although the majority of these incidents were minor in nature, i.e. low-speed collisions and incidents not involving a third party, the degree of increase cannot be attributed to a single factor such as weather or driving conditions.

Our safety and fleet managers have increased employee communications related to safe cell phone use, driver distractions and defensive driving. We have shared this upward trend in motor vehicle incidents with senior management, workplace and provincial safety committees and the policy committee. Additionally, we are in the process of developing an internal driver refresher course, which employees will be asked to take, if deemed necessary.

Employee safety (incidents per 100 employees)



We track and report employee safety based on the number of incidents per 100 employees. In 2007, the number of incidents declined more than 17 per cent to 1.57 incidents per 100 employees.

in the news

\$200,000 raised at the Aliant Walk for Kids
Help Phone
May 8, 2007

Safety databases and processes

1) Safety Net is an internal-built solution for keeping track of our employees to ensure their safety. Employees working alone can call an automated system and voice record where they are traveling or working. The system will call the employee back at the number given at a pre-determined time. If the employee doesn't answer, a call is sent to one of our 7/24-staffed operations. The person receiving the automated call will attempt to reach the employee

twice before escalating the case for investigation and resolution.

2) The safety and service hazard database is another internal-built system for tracking potentially hazardous situations for our employees and the general public. Any employee can enter information into the database. Typical entries include poles that are in poor condition or low-hanging cables. The entries are categorized based on the severity of the hazard. Once a hazard is entered into the system it cannot be deleted until it has been rectified. When a hazard is fixed or if any updates are entered, the original person that made the entry is notified of the update.

3) Confined spaces are one of the biggest threats to our employees. A confined space, in simplest terms, is a location that has one way to enter and exit. Typically, in our industry, these are manholes. A serious threat in these spaces is gases and the integrity of the manhole itself. We require all employees to carry and have training on the proper use of gas monitors. Additionally, we have established procedures designed to help protect employees that must be followed when entering and exiting confined spaces.

Our safety databases and processes are intended to help our employees work safely. The Safety Net and service and safety hazard databases are available for the use to all employees.



**“A clean environment
for me and my family –
that’s what matters to me.”**

*Todd Clark, Aliant director of business development, PEI
Charlottetown, Prince Edward Island*

Photo: Todd’s family, (L to R) Lauren, Anna, baby Max and wife Leah

*Our commitment to the environment is evident in the way we run our
business, in the actions of our employees and in the services we offer.
Over the past seven years, we have completed hundreds of energy efficiency
upgrades to our buildings, earning recognition from the federal government
for our contribution to a cleaner environment in Atlantic Canada.*

Environmental stewardship



Energy and resource management

Renewable energy

Renewable energy is derived from “clean” natural resources that are rapidly replaced such as sunlight, wind, tides and geothermal heat. Renewable energy produces little or no pollution as opposed to burning fossil fuels like oil, gas and coal. The location of renewable energy facilities, such as wind turbines, still needs careful consideration to minimize potential negative effects to the surrounding natural environment and the communities where they are situated.

enviro tips

Ten seconds of idling uses more fuel than turning off the engine and restarting it.
Halifax Regional Municipality, 2007

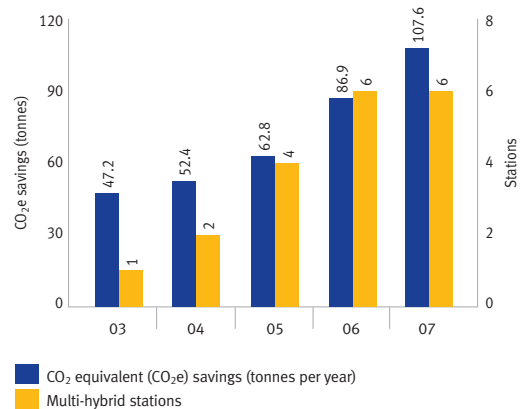
An example of how we were an early adopter of renewable energy technology can be found at our remote radio stations. Photovoltaic (solar) panels were installed at 12 of our 14 remote radio stations in Labrador during the 1990s. The solar electricity generated is stored in batteries, which are used to power the radio stations. Prior to the addition of the solar panels, diesel generators were the only source of power used to recharge the batteries. When the solar panels were installed, diesel run times were lowered by as much as 85 per cent.

Since re-fueling of remote radio stations is only possible by helicopter, reducing diesel generator run times reduces the handling and transportation of fuel thereby lowering costs and decreasing the risk of environmental damage from leaks or spills. Greenhouse gas (GHG) emissions are also lowered both through the burning of less diesel fuel as well as from the reduction in helicopter flights. Another added benefit is increased battery life, which results from the more continuous charging provided by solar panels rather than the full discharge/recharge cycle of diesel generators.

The environmental, economic and operational success of the solar panels at our remote radio sites encouraged us to expand the use of renewable energy technology. In recent years, we have created “multi-hybrid stations” by integrating solar and wind-generated power at six of our 14 remote sites. This growth in our use of renewable energy technologies continues to offset the use of diesel generators and the resulting GHG emissions. However, the demand for communications technology in these remote areas continues to grow and as our network usage grows, so do our power requirements.

While the steady increase in network load is increasing the demand for power, the installation of fibre optic lines in nearby areas would result in the removal of certain remote radio sites. This possibility put wind power upgrades on hold for 2007. If any sites are taken out of service, the solar panels will be redeployed to existing sites. The current plan for 2008 is to install solar panels at our Monkey Hill site, one of only two sites yet to have solar panels. We are also exploring options to deploy a larger 1.9 kw wind turbine, over double the size of any turbines we currently have in operation.

Renewable energy savings



At six of our 14 remote communications sites, we have created “multi-hybrid stations” by augmenting diesel-generated power with solar and wind power. In 2007, these clean energy sources saved more than 107 tonnes of CO₂e emissions.



Buildings

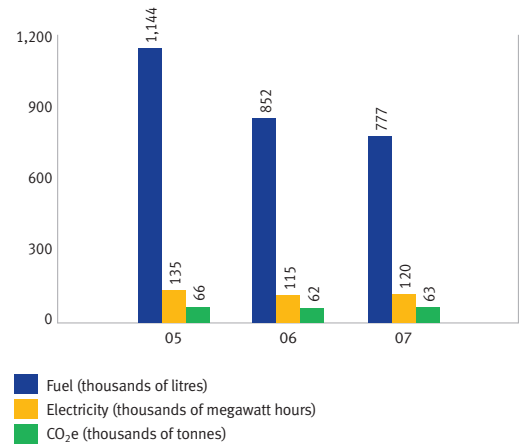
To run our business and provide service to customers, we manage approximately 1,200 buildings and have 7,500 employees working in two million square feet of building space in Atlantic Canada. Significant energy is required to power and cool our telecommunications equipment. Energy is also required to heat and light buildings and power office equipment. Consuming traditional sources of energy, whether it's fuel or electricity, has an impact on the environment, producing carbon dioxide (CO₂) and other greenhouse gases that cause climate change.

We continually strive to reduce our energy consumption and have successfully completed hundreds of energy efficiency upgrades in the past seven years, saving over 22,000 megawatt hours of electricity and 1.6 million litres of diesel fuel. These energy savings have resulted in a reduction of over 15,000 tonnes of CO₂e emissions. In addition to the environmental benefits from reduced GHG emissions, these upgrades have resulted in significant cost savings. In April 2007, Natural Resources Canada recognized our contribution to creating a cleaner environment in Atlantic Canada.

Our efforts to reduce energy consumption are ongoing, whether it is completing a new office renovation or keeping an existing facility operational. The following measures are used to save energy in our buildings:

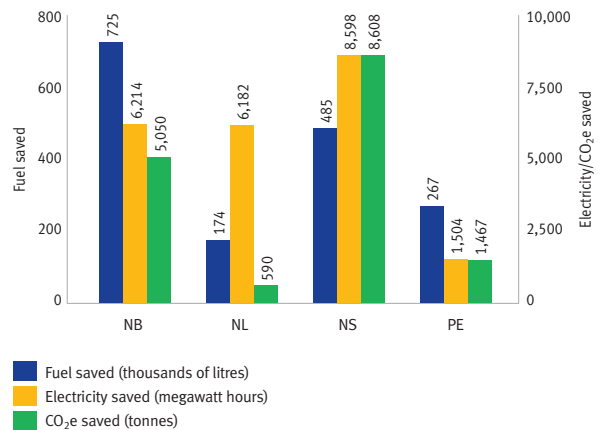
- Use the latest energy efficient materials and practices in new buildings;
- Use the latest technology in heat pumps and economizers for building climate control systems;
- Convert to digital controls, providing remote access capability, monitoring and adjustments;
- Use electronic ballasts and energy efficient light bulbs;
- Use natural daylight, where possible;
- Use motion sensors, where appropriate, to turn lights on and off;
- Improve the efficiency of ventilation, air conditioners and heating systems;
- Use waste heat from network equipment to heat adjoining office space;
- Decommission buildings;
- Shut down old boilers;
- Maximize capacity of network equipment; and
- Reconfigure office space to maximize space efficiency.

Energy consumption – buildings



In 2007, we continued to make energy efficiency upgrades to our buildings, reducing our fuel consumption by almost 9 per cent. In addition to the cost savings, these upgrades help minimize our carbon footprint.

Energy conservation – buildings



As a result of energy efficiency upgrades to our buildings, we have saved over 22,000 megawatt hours of electricity and 1.6 million litres of diesel fuel over the past seven years.



We completed two major office renovations in 2007. We made a \$1.2 million investment in one of our employee offices in Fredericton, New Brunswick, to create a modern, healthy and accessible work environment. The new office focuses on employee health and wellness while using environmentally preferable building products and energy efficient lighting and heating. The lighting system's motion sensors reduce energy consumption during unoccupied periods while the window layout provides natural lighting for most areas in the building.

enviro tips

Downloading and storing music digitally uses less than 50 per cent of the resources required to manufacture, transport and buy a CD at a shop.
Digital Europe Study, 2003

Where possible, office furniture was reused and new furniture was GREENGUARD certified to ensure good indoor air quality. Herman Miller manufactured the office furniture while the carpet was provided by Interface. These companies are leaders in sustainability and were selected after careful consideration by our green procurement team.

For our Mount Pearl, Newfoundland and Labrador, contact centre renovation, we redeveloped a former department store, rather than constructing a new building. This adaptive re-use of an existing building earned us an urban design award. As with the Fredericton, New Brunswick, office great detail was paid to energy efficiency and employee health and wellness, resulting in a building where our employees are proud to work.

Fleet

In 2007, we had a total of 1,414 vehicles in our fleet, an increase of 1 per cent over 2006. We had anticipated the size of our fleet would continue trending downward in 2006, however, with the continued rollout of Aliant TV, it was necessary to add 20 new service vehicles. In addition, several older vehicles we had planned to retire were assigned to employees who had frequently rented vehicles.

Aerial trucks, the largest vehicles in our fleet, have a high fuel consumption rate due to their weight and the need to leave their engines running for long periods of time while the boom is in use. Options to reduce or eliminate this need are being explored. We have reduced the number of aerial trucks in our fleet in an effort to lower emissions and reduce fuel costs. Currently, we have 122 aerial trucks, down from approximately 140 in 2005. There are no purchases planned for 2008. Further reductions in the near future are unlikely due to the special application of these vehicles for cable repair and splicing.



Nicole's new ride

Thanks to a new hybrid vehicle, Nicole Gallant, our regional manager for southeast New Brunswick has a smaller carbon footprint. For road warriors like Nicole, the fuel savings and positive environmental impact can be significant. Hybrid vehicles have both a gasoline and an electric motor. The manufacturer rates the fuel efficiency as 5.7 L/100 km (50 mpg) in stop-and-go traffic. We purchased three hybrid vehicles in 2007 and will monitor their real world performance before adding more to our fleet.

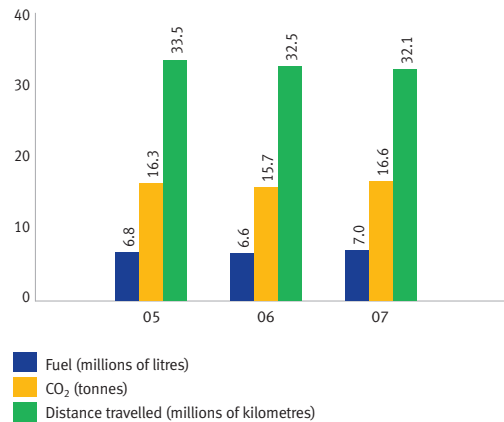


Our entire fleet is equipped with the *Telepod™* Telematics system, which consists of a global positioning system and computer. The *Telepod* system provides valuable data, such as a vehicle's idling time, distance travelled, speed and location, which can be analyzed to make efficiency improvements and reduce fuel consumption. Unfortunately, due to technical difficulties with some of the *Telepods*, we delayed the launch of an anti-idling campaign planned for 2007. Our goal is to start the program in 2008 and reward teams of employees for lowering their CO₂ emissions. We are hoping the program will reduce fuel consumption by at least 5 per cent.

Diligent attention to inspections and preventive maintenance are important factors in achieving maximum fuel efficiency. Oil changes, every three-to-four months or 5,000 kilometres, and regular filter changes ensure our vehicles are running at peak performance.

We are also making a significant annual capital investment in our fleet to ensure older, less efficient vehicles are removed from service as soon as possible. As part of this capital investment, we purchased three Ford Escape hybrid vehicles. Ford rates the fuel efficiency of these vehicles at 5.7 L/100 km (50 mpg) in stop-and-go city driving and 6.7 L/100 km (42 mpg) on the highway. This is a significant improvement over the vehicles the hybrids replaced. We are monitoring their performance to see if we will add more to our fleet. We will also continue monitoring automotive industry trends and look for further ways to reduce our environmental impact.

Fuel consumption – fleet



Fuel consumption and CO₂ emissions by our fleet have been relatively constant over the past three years. With the installation of the Telepod Telematics System in our vehicles and an "anti-idling" campaign, we expect to reduce fuel consumption by 5 per cent in 2008.

enviro tips

Even when turned off, your TV, DVD and VCR continuously leak up to 15 watts of electricity each – so connect them to a power bar and turn it off.
National Geographic, 2008

Emissions

Greenhouse gas emissions

Climate change is one of the most profound threats to people, economies and ecosystems in the 21st century. It is considered by many scientists to be the most serious issue facing Canada and the world today. Greenhouse gases (GHG) emissions are produced primarily by human activities. While there are currently no federal or provincial requirements in Atlantic Canada for us to reduce GHG

emissions, we believe it is important to do so in the best long-term interests of our organization and the communities we serve.

GHGs are emitted directly when consuming fossil fuels and indirectly when consuming electricity that is generated using coal, oil and natural gas. We have completed many projects over the past number of years that have helped us reduce fuel and electricity consumption and consequently GHG emissions. Regardless of these accomplishments, we realized there was a need to develop a comprehensive emissions reduction plan with clear goals and measurable targets.



green notes

Young environmental leaders

We know that educating and inspiring today's youth can help build passion for the environment in tomorrow's leaders. In 2007, we completed the second phase of a pilot program focused on encouraging and celebrating young environmental leaders. Students from Harbour View High School and Rothesay High School in New Brunswick participated in our Young Environmental Leaders High School Sustainability Challenge. The students researched, developed and presented creative ideas for sustainability projects to share with other students. The winning school, Harbour View High School, designed a program to educate Grade 2 students.

In 2007, working with a leading environmental consultant, we began developing a GHG emissions reduction plan. The first step was to establish a baseline from where we could start to track our progress. This "carbon footprint" accounts for all of the energy used to operate our business such as power our networks, heat and cool buildings and move employees from place to place in the performance of their duties.

Determining our carbon footprint was a complicated process as standards are still being developed. As this was the first time we collected and analyzed data for this purpose, new procedures were developed and in some cases, assumptions made. We realize this work will continue to evolve, but having a baseline carbon footprint will help us track the year-over-year improvements we are making.

We determined our 2006 carbon footprint to be approximately 105,000 tonnes of CO₂e emissions. This is made up of both direct and indirect emissions. By identifying the specific areas of our business where emissions are generated, we can make informed decisions on how to reduce them. We can also predict how

business growth in specific areas will impact our emissions profile.

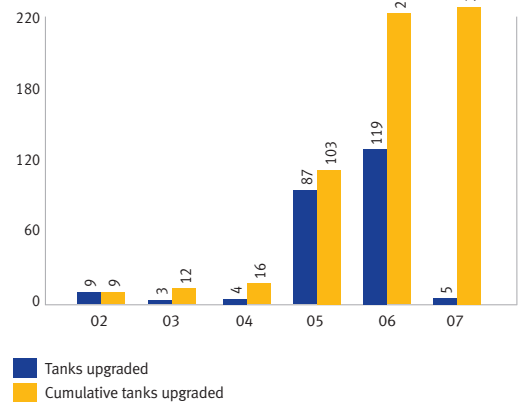
In 2008, we will improve our data collection procedures and calculate our 2007 footprint. Based on our current findings, we will investigate reduction opportunities including the purchase of more energy efficient computer and network equipment, reduced idling and improved vehicle fuel efficiency and reductions in air travel. The next phase of our work also includes the setting of measurable reduction targets that will form the basis of our GHG emissions reduction plan.

Fuel storage

We store fuel for a variety of purposes. Diesel is stored at remote locations for generators, which provide the main source of power or backup for commercial power at critical business locations. Furnace oil is stored for heating purposes at a limited number of locations. We currently have 427 fuel tanks in service, having a total storage capacity of 1,102,843 litres. Of the 427 tanks, 409 (96 per cent) are above ground. The majority of these have the same capacity as standard residential fuel storage tanks, 910 litres.

Our fuel storage operational policy was implemented in 2006. The policy was approved by the environment council in accordance with our environment policy and requires a systematic approach to the management of fuel storage tanks.

Fuel storage tanks



By the end of 2007, more than half of our 427 fuel storage tanks had been upgraded to meet our new fuel storage operational policy, significantly reducing risk to the environment.



We are working diligently to meet and exceed government regulations on registration and installation of fuel storage tank systems. Maintenance personnel inspect tanks and piping systems as a routine part of their monthly building inspection program. Additionally, a full inspection is conducted on an annual basis.

We are reducing risk to the environment through a variety of design and operational measures, such as:

- Right-sizing tanks to minimize the quantity of fuel stored at a site;
- Installing above-ground systems wherever feasible;
- Upgrading tanks to double-walled or fiberglass construction;
- Installing secondary (dyke) containment; and
- Using continuous leak detection and alarm systems.

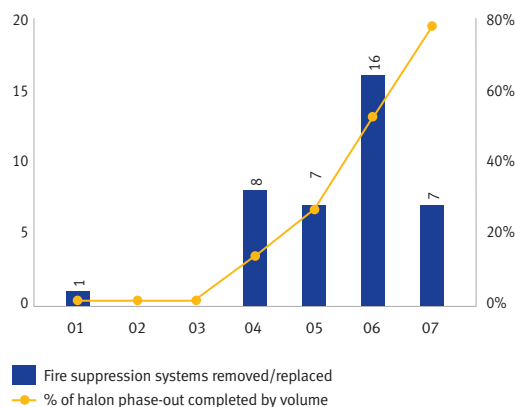
As of the end of 2007, a total of 227 tanks had been upgraded. More than half of our tanks have been replaced or upgraded to meet the standards of our new fuel storage operational policy, significantly reducing the risk to the environment.

Ozone-depleting substances

The ozone (O₃) layer in the atmosphere acts as a shield to protect the Earth's surface from the sun's harmful ultraviolet radiation, helping prevent skin cancer, sunburn and even blindness. This protective layer has been reduced through the release of human-made ozone-depleting substances into the atmosphere. These substances, including chlorofluorocarbons (CFCs), hydrofluorocarbons and halons, have been widely used in air conditioning units, refrigeration systems, and fire extinguishing and suppression systems.

Federal legislation was enacted in 1998 to phase out the use of ozone-depleting substances. At that time, we had 53 fire protection systems charged with halon-1301. This was of particular concern, as halon-1301 has an ozone-depleting potential 10 times that of CFC-11. Accordingly, we have been replacing or phasing out the use of halon-1301. As of the end of 2007, we had only 14 systems left in operation.

Halon phase-out



In 2007, we removed seven halon fire suppression systems from service. When released into the atmosphere, halon is an ozone-depleting substance. Our goal for 2008 is to remove three more systems, completing more than 80 per cent of our halon phase-out project.



Keen to be green

Shawn Harquail, Aliant service quality manager and Pioneer Volunteer, and Mary Sears Sterling, broadband business analyst, recently planted trees in front of our Mapleton Road office in Moncton, New Brunswick. Shawn and Mary are both members of the Moncton "Keen to be Green" employee committee, which promotes environmental initiatives at their work place. Beautifying their work environment with the purchase of a picnic table for outdoor lunches and the planting of trees are only a few of the many initiatives the team has undertaken.



Five halon systems were removed in 2007 and two were replaced with Sapphire fire suppression systems. The fluid in Sapphire fire suppression systems breaks down in just five days and causes no harm to the ozone layer, people or the natural environment.

As of the end of 2007, our halon-1301 phase out program was 78 per cent complete. Three additional systems are scheduled for replacement in 2008. This will leave 10 systems to either be removed or replaced by 2010.

Land and infrastructure

Environmental site assessments

Environmental site assessments are performed primarily to assess the environmental condition of sites, facilities and infrastructure when properties are bought, leased or sold or when contamination is suspected. We formalized this practice in December 2006 through the implementation of an environmental site assessment policy. The policy requires a Phase 1 environmental site assessment to be conducted prior to the purchase, sale, development, or decommissioning of buildings and property.

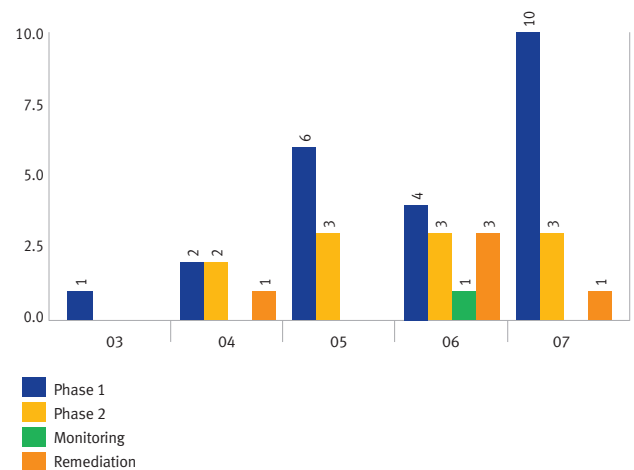
A Phase 1 site assessment consists of a non-intrusive site inspection, review of site records, land-use and information about the property. The results of the Phase 1 site assessment help determine if a Phase 2 site assessment should be performed.

A Phase 2 site assessment includes the collection and analysis of soil, water and ecological features at the site. It provides a comprehensive review of a site or facility to evaluate suspected environmental impairments and the extent of possible surface and subsurface contamination. A Phase 2 assessment is often conducted following a spill.

Remediation is an outcome of a Phase 2 site assessment, which should provide sufficient physical evidence to determine the nature and extent of contamination and mitigation. Monitoring of groundwater and surface water may be required as part of a Phase 2 assessment or may be a requirement of the regulatory process in order to confirm site cleanup.

Independent, third-party environmental consultants perform site assessments while our staff oversees and monitors site activities. Assessments conducted prior to purchase, sale or construction greatly reduce our exposure to environmental liabilities and allow us to exercise due diligence while meeting the requirements of applicable legislation.

Environmental site assessments



Environmental site assessments are undertaken prior to real estate transactions to determine the environmental condition of sites, facilities and infrastructure. The sharp increase in Phase 1 assessments in 2007 is indicative of better environmental practices.



enviro tips

Using a laptop (with LCD screen) instead of a desktop PC can provide 50 to 80 per cent energy savings.

Energy Star, 2007

As of 2007, the number of Phase 1 site assessments completed directly reflects the number of properties or buildings that we bought, sold, developed or decommissioned. Our Phase 2 numbers reflect the need for a more thorough analysis of a site, while monitoring and remediation numbers reflect those cases where contamination was discovered or concerns were raised and cleanup or ongoing observation was required.

Vegetation management

Our vegetation management program guides the maintenance activities undertaken on the grounds surrounding our towers and buildings. The primary objective of this program is to keep vegetation from growing too near critical infrastructure, reducing fire hazard and risk of physical damage, while improving security, safety and the aesthetic appearance of our sites.

In 2004, we completed our phase-out of herbicides, having opted to manage vegetation solely using mechanical means such as cutting, chipping and mulching. Fertilizer and lime may be used when required. We also use organic lawn care techniques, alternative landscaping and site naturalization to manage vegetation. These practices help protect water resources, ecological processes and useful organisms such as earthworms and bees.

Utility poles

It is standard practice to apply wood preservatives to utility poles to preserve their structural integrity, extend their life (from less than 10 years to 40 years) and protect their appearance. However, chemical preservatives have the potential to adversely affect human health and the environment if the treated wood is not properly used and handled. The degree and extent of hazard varies and is dependent on the chemical composition of the wood preservative and site-specific characteristics, such as soil type and climatic conditions.

Together with our power utility partners, we use the registered chemicals pentachlorophenol (PCP) and copper, chromium, arsenate (CCA) to protect and increase the longevity of utility poles. We prefer CCA, as it is more environmentally friendly. In environmentally sensitive areas, such as protected water supplies, only untreated cedar or CCA treated poles are used.



Enough for all forever

It is helping Aliant and its employees make a positive difference for the environment that matters to Marcus Goodick. As our manager of environment and sustainability, Marcus challenges and engages our employees to think about the broader social, environmental and economic costs of their decisions. He is inspired by the commitment of individual employees, our “Keen to be Green” teams, and members of the Aliant Pioneers, who are eagerly embracing the principles of sustainability.



We currently have joint-use agreements with various power utilities throughout Atlantic Canada. These agreements provide guidelines and procedures for installing and replacing poles to ensure all companies can use the same structures. These joint-use agreements exemplify the cooperative spirit we enjoy with our power utilities partners. Minimizing infrastructure duplication, results in fewer poles being placed and therefore less impact on the environment.

enviro tips

Avoid cleaners containing phosphates. When they enter the waterways they cause algae bloom, robbing the water of oxygen and ultimately killing aquatic life. *Environment Canada, 2008*

When poles are removed from service, an evaluation is done to determine re-use opportunities, including as a main line pole, a service or stub pole, or log anchor. If no re-use opportunity is available, poles are disposed of at a licensed solid waste facility.

In recent years, we have gradually divested ownership of pole storage yards. This has been facilitated through our partnerships with the various power utilities. In 2007, we retained ownership of only one pole storage yard, which is located on Prince Edward Island.

Product responsibility

Vendor environmental responsibility

Our efforts to employ environmentally sound practices go beyond our organization. We also encourage our suppliers to embrace environmentally responsible practices.

In 2007, our green procurement team updated our supplier agreement and request for proposal templates. These legal documents now include product responsibility clauses pertaining to environment, health and safety with reference to ensuring compliance, meeting all applicable regulations and managing potential environmental emergencies.

We are also asking major suppliers to complete an environmental vendor survey prior to entering into new contracts. Their surveys are scored and used in combination with other procurement tools during our vendor contract negotiation process. By surveying vendors to assess their level of corporate responsibility and the environmental nature of the products and services they provide us, we can make more informed decisions.

We are asking major suppliers to complete an environmental vendor survey prior to entering into new contracts.

In 2006, we had started surveying existing vendors and building a database of survey results. In 2007, we conducted 20 surveys, along with several follow-up sessions with vendors whose score fell below the desired 60 per cent threshold.

In 2008, we plan to continue to survey our suppliers and will focus our efforts on those vendors with the greatest potential impact on the environment. Our target for 2008 is to complete 20 surveys and initiate follow-up education sessions with all vendors falling below the 60 per cent mark.

Some survey results have shown that companies with greater environmental awareness are achieving lower scores. This occurs because these companies have better knowledge of their true environmental impact and have set higher performance expectations to address environmental concerns such as greenhouse gas emissions. We plan to update our vendor survey in 2008 to improve the comparability of results.



green notes

Urban design award

In 2007, we received an Urban Design Award from the City Council of Mount Pearl, Newfoundland and Labrador for the redevelopment of an old department store into new office space. Our adaptive re-use of the former retail store is a good example of how to bring new life to older buildings and reduce the volume of demolition materials going to landfills. The construction of the new office space considered employee health and wellness issues and our green procurement principles in the purchasing of energy efficient lighting and heating systems, and furniture made from recycled materials.

Green procurement

Our green procurement policy supports the purchase of goods and services that are consistent with our strategic objectives while minimizing the use of natural resources, toxic materials and the creation of wastes and pollutants over the product life cycle. For example, this is accomplished by considering if the product has a long service life, can be economically repaired, is recyclable and energy efficient. This “secondary price tag” or “life-cycle cost” evaluation helps us determine the true cost of a purchase rather than simply purchasing based on the lowest price. It is done on a case-by-case basis when purchasing products to determine which options provide the best economic, environmental and social value.

In 2005, we committed to “greening” at least one product or service a year. In 2007, we worked with our real estate group to green office renovations. This was accomplished in two significant ways.

First, we adopted an open space office concept that made use of reusable, flexible wall panels rather than permanent walls constructed from metal studs and sheetrock. The open space concept minimizes construction and demolition waste while providing energy savings for heating, lighting and air conditioning systems.

Second, office furnishings were purchased from vendors such as Steelcase and Interface who are market leaders in the implementation of sustainability concepts and meet standards consistent with our green procurement policy. The office furnishings we purchased from these vendors in 2007 were durable, had a high percentage of recycled content, used safe and sustainable materials, generated minimal waste and conserved natural resources. In addition, they were GREENGUARD certified to maximize indoor air quality.

Also in 2007, we expanded the purchase of secondary market equipment. This is allowing us to keep older technology in operation longer as the secondary marketplace is often the only source of replacement parts for our legacy network equipment. Without replacement parts, new network equipment would have to be purchased, creating unnecessary electronic waste and resulting in both higher environmental and financial costs.

In 2005, we committed to “greening” at least one product or service a year.

We expect to make even greater use of secondary market equipment in 2008. Our sourcing and repair processes are being revised to include this marketplace. Identifying reliable secondary market equipment also minimizes operational and financial risks by ensuring a consistent supply of used parts at reasonable prices.

Paper reduction

In October 2006, we set an objective to reduce paper consumption in our offices by at least 20 per cent within two years. A number of steps were taken to ensure the achievement of this objective. Older printers, photocopier and fax machines were replaced with new multi-functional devices that provide all of their capabilities, and more, in one machine. A “rightsizing” initiative was part of this replacement project, balancing employees’ print needs with an appropriately sized device. A new print policy that included double-sided printing as the corporate default was also implemented.

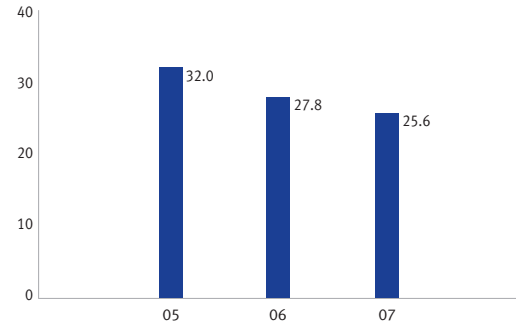


An employee education campaign titled “Think More ... Use Less” encouraged employees to make greater use of electronic alternatives to printing and the physical distribution of documents. The campaign also encouraged employees to be more selective of what and how they print.

By the end of 2007, we had achieved exceptional results with an 18 per cent reduction in paper use since October 2006. Forty new multi-functional devices had been installed and more than 5.6 million sheets of paper saved. This reduced paper consumption resulted in \$35,000 of direct savings. Indirect benefits include the reduced use of toner cartridges (and their disposal), decreased electricity consumption by the new, more energy efficient, multi-functional devices, and reduced use of resources like chemicals, water and fuel to produce the paper and ship it to market.

In 2008, we plan to install tracking software that will monitor printing activities and help us become even more efficient. This, along with continued employee awareness, should put us past our 20 per cent objective before October 2008.

Annual paper usage (million of sheets)



In 2007, we reduced paper consumption by 2.2 million sheets or nearly 8 per cent. Our “Think more . . . Use Less” employee education campaign encouraged employees to make greater use of electronic alternatives to printing.

Recycling

Operations

We are making continuous improvements to our resource recovery practices. These efforts help to reduce the waste of natural resources and limit the environmental effects from mining new raw materials. The collection processes we have in place help us manage the materials used in the construction and maintenance of equipment in our telecommunications operations. These materials, including cardboard, plastic wrap, wooden pallets, batteries and wire/cable, are collected from work centres, central offices and depots and reused, repaired or recycled. By carefully managing these items, we significantly reduce the amount of waste material that is sent to landfills.



Dave Stevenson, über volunteer

Many Aliant employees are community minded, but few more so than Dave Stevenson. Dave is a member of the project management office volunteer team in Halifax, Nova Scotia. In 2007, they gave over 440 hours of community service and raised \$3,300 to fund worthwhile causes. Dave and the team have been involved in everything from highway cleanups, to food drives, to Habitat for Humanity. In 2007, they were recognized with an Aliant Community Spirit Award for their outstanding efforts.



We continue to refurbish telephone sets and components at our inventory recovery centres. Obsolete sets are broken down and the components are recycled. By recycling such things as receiver cords, wall mounts, batteries, user guides, boxes and packaging, these centres have been responsible for a large reduction in waste. Equipment in good operating condition is sold for reuse and any hazardous materials are handled according to environmental legislation.

enviro tips

LCD monitors use on average 50 to 70 per cent less energy than conventional CRT monitors.
Energy Star, 2007

Residual materials from our network operations, including aluminum, copper cables, steel hardware and lead sleeves, are collected from over 50 depots in the Atlantic Provinces for recycling. With the steep rise in metal prices, we have started making changes to how these materials are managed. In 2008, we will be tendering the sale of many of our recycled materials, treating these “wastes” as a resource, which will have positive benefits for both the environment and our bottom line.

Offices

We continue to expand and improve our waste management and recycling programs. Having started with cardboard and paper recycling at our principal office locations, our programs have grown to include the collection of organics, beverage containers, rigid plastics, glass and alkaline batteries. Determining which materials are collected at each location is based on legislative requirements and the availability of local waste recovery facilities. Regional differences prevent the implementation of a standardized company-wide program and make employee education more challenging.

Regardless of these difficulties, our success in recycling office waste has been driven by employees, who are motivated to make a difference. For example, in 2007, the efforts of a group of concerned employees led to the implementation of an innovative recovery program at our Brunswick Square office. The traditional process of emptying garbage cans daily at employee workstations was re-engineered. Desk-side garbage cans were removed and replaced with 4-stream sort stations that can accommodate garbage, beverage containers, organics and plastics. These were placed at convenient locations on each floor.

In 2007, the efforts of a group of concerned employees led to the implementation of an innovative recovery program.

To help with the transition, education sessions were conducted and volunteer floor monitors were designated to answer questions about how to sort materials. The new program raised awareness for the need to separate waste and created equal access to garbage and recycling facilities by integrating their collection. While this program has been highly successful, the upfront capital cost of the 4-stream containers has limited the rollout to other offices.

While our waste management and recycling programs have improved, tracking the amount of waste and recycled materials for reporting purposes continues to pose a challenge. With a large number of office facilities, some owned and some leased, differing types of municipal recycling programs, i.e. blue box, wet/dry, and differing collection methods, accurately reporting tonnage is not possible at this time. Another challenge is that the waste collection industry continues to invoice and track data based on bin size and tipping frequency rather than by weight.



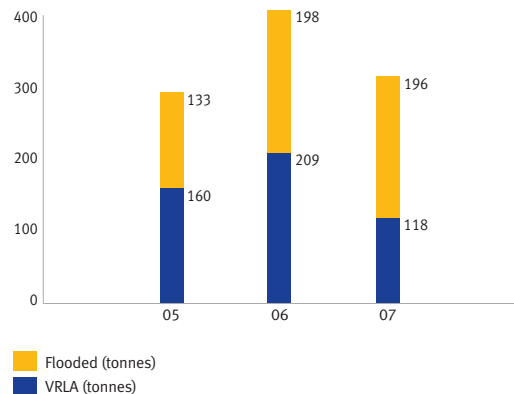
With our increased emphasis on waste reduction, a better measure to track program improvements is tonnes of garbage sent to landfills. One of our new tenders for waste collection includes the provision to provide us with collection data by weight.

Batteries

Lead acid batteries are required to power the electronics used in our networks. They are charged using commercial power from the power utility companies along with wind and/or solar power at all 15 of our remote Labrador stations. The batteries provide essential back-up power ensuring our networks continue to operate during commercial power outages.

We use two types of lead acid batteries: valve regulated lead acid (VRLA) and flooded. VRLA batteries are typically used in smaller applications whereas flooded batteries are used in applications requiring longer reserve times. The most familiar example of a VRLA battery is a 12-volt automobile battery. Flooded batteries typically have a longer life and are preferred for use in larger applications. VRLA batteries are sealed, preventing spills and contact with the internal components, including the electrolyte, during installation and operation.

Lead acid battery recycling



All batteries used to power our networks are recycled when they reach the end of their lives. The reduced number of batteries recycled in 2007 represents normal year-over-year fluctuations and an increased life span of some batteries.

The number of batteries removed from operation varies according to our network capacity and life cycle management activities. Both VRLA and flooded batteries are sent to an approved recycling facility for recovery of all reusable components. The neutralized electrolyte from batteries is either disposed of or reused in the production of sodium sulphate. In 2007, a total of 314 metric tonnes of batteries were removed and 100 per cent of these were recycled. In 2006, 407 metric tonnes were recycled. The significant decrease in battery removal and recycling is indicative of the fluctuations in our life cycle management program and the increased life span of some batteries.

Environmental due diligence

Incidents

An environmental incident is defined as a set of circumstances during which there is, has been or is likely to be, a leak, spill or other escape of a contaminant into the environment. Incidents can be due to the controlled release of substances, such as during the extinguishing of a fire. They may also be due to accidental spills, caused by such things as the breaking of hydraulic lines on company vehicles, rupturing of coolant lines in air conditioning units and the breaking of back-up battery units. Whatever the cause or reason, each environmental incident must be reported according to a predefined procedure that we have communicated to employees and is published on our internal environment and sustainability website.

We train our team members to report all spills and releases to our 24-hour Atlantic network operations centre (ANOC). Working with the ANOC, our environmental team ensures spills are reported to regulators, as required, and investigated to determine the cause.



Overall, our incident rate during the past five years has been exceptionally low considering our employees manage over 1,200 buildings, with numerous fuel tanks and cooling systems, along with more than 1,400 vehicles in our fleet.

Through our environment policy, fuel storage systems operational policy, site inspection and incident response procedures, and our environmental action plan, we are reducing the likelihood of environmental incidents to the greatest degree possible.

In 2007, only eight environmental incidents occurred. All eight were classified as minor. Three incidents resulted in the release of ozone-depleting substances from cooling equipment while three others resulted from ruptured hydraulic lines on vehicles. One of the eight incidents resulted from an overflow of diesel fuel from a fuel storage tank due to thermal expansion and the remaining incident resulted from a transmission leak from a grader not owned by us but parked on our property. Each of the fluid leaks was estimated to be less than 10 litres and all were contained and cleaned up following established protocols.

Audits

An audit provides an independent appraisal of the effectiveness of a company's controls and governance processes. Audits pertaining to the environment include the examination of facilities and processes to ensure adherence to legal requirements, the safety of employees and adequate reporting of results.

The environmental performance of our organization is taken seriously not only by the government and regulatory agencies but also by our stakeholders. Completion of internal audits ensures that we are meeting our due diligence, compliance and regulatory obligations. Management is expected to take corrective action with regard to any identified deficiencies – the status of which is monitored quarterly until successfully resolved.

Environmental incidents



Only eight environmental incidents occurred in 2007. All were classified as "minor". Considering we manage 1,600 buildings and 1,400 vehicles, we have had an exceptional low number of environmental incidents over the past five years.



Get Green Student Video Contest

In 2007, our Get Green Student Video Contest was launched to encourage high school students from across Atlantic Canada to share their ideas, through video, on how businesses and communities can be more environmentally responsible. The winning video from Marystown High School, Newfoundland and Labrador, was showcased at ecoRevolution, an international symposium on the environment held in Moncton, New Brunswick. Shown here in front of thousands of recycled milk cartons are the winners (L to R) Andrew Murley, Adam Green, Andrew Peach, and Josh Brushett along with Marcus Goodick, Aliant manager, environment & sustainability.



The audit conducted in 2006 centered on various systems containing ozone-depleting substances still in use at our properties. The remaining recommendation from this audit that is still “in progress” is the ongoing phase-out of our halon fire suppression systems, which is scheduled to be completed in 2010.

enviro tips

Install programmable thermostats. For every degree you lower your thermostat you can save 2 per cent on your heating bill.

Environment Canada, 2008

The 2007 audit evaluated the process for environmental site assessments (ESAs), which are completed when planned or when anticipated changes to a property may impact the environment, such as the removal of a fuel tank, or during the acquisition, disposition or decommissioning of a property. The audit concluded that ESAs are completed when required by certified external environmental consultants.

The audit, however, identified two issues. The first was the need for a formal process for the reporting and tracking of ESAs from the building engineering/real estate services team to the environment team. This process has now been implemented with monthly updates to a shared on-line file. The second issue identified was the need for documented and approved ESA procedures. ESA procedures supporting the ESA policy had been drafted prior to the audit but had not been presented to the Environment Council for approval. This will take place in 2008.

We are evaluating which environmental aspect of our organization to audit in 2008.

Environmental audits and actions

Year	Aspect	Findings	Recommendations	Actions
2002	Environmental emergency response	Minor control issues	2	2 implemented
2003	Halon systems	Minor control issues	1	1 implemented
2004	See note			
2005	Fuel storage tank system	Control improvement required	6	6 implemented
2006	Ozone-depleting substances	Minor control issues	4	3 implemented 1 in progress
2007	Environmental site assessments	Minor control issues	2	1 implemented 1 in progress

Note: In 2004, a labour disruption prevented us from undertaking environmental audits.



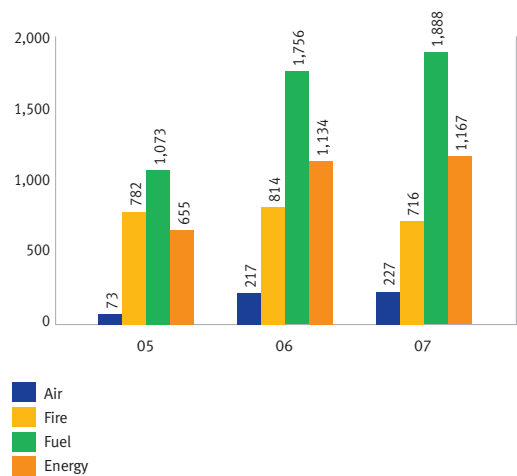
Inspections

Our operations and equipment, including back-up generating systems, fire suppression systems and climate control systems, can pose a risk to our networks and the environment if not properly maintained. We prioritize our inspection efforts based on the probability of risk as determined by the type and age of infrastructure, the potential severity of the impact (pathways to sensitive environmental features), and our regulatory and due diligence requirements.

To assess, monitor and prevent risk to the environment, we conduct site inspections of equipment, operations and systems. Air conditioning systems are inspected to prevent equipment failure and leakage of coolants, which may contain ozone-depleting substances. Fire extinguishing equipment is checked to ensure it will operate correctly in the event of a fire. Halon fire suppression systems, which contain ozone-depleting substances, are checked to ensure the integrity of the systems and to verify there has been no loss of halon. Fuel systems are inspected for possible leaks and alarm systems are tested. Fuel tanks are dipped to ensure there has been no product loss and buildings are inspected to assess energy requirements and conservation measures. A building inspection would typically include checking light timers, weather stripping, heating and ventilation controls and turning off idle equipment.

Our goal is to inspect every site and piece of equipment at least once a year, with some inspections scheduled on a quarterly basis. In 2007, our technical staff conducted 3,998 equipment and site-related inspections. Including the new equipment that is added during the year, they expect to complete over 4,000 inspections in 2008.

Inspections



To minimize risk to the environment, in 2007 we conducted 3,998 inspections. Our goal is to inspect every site and piece of equipment at least once a year.

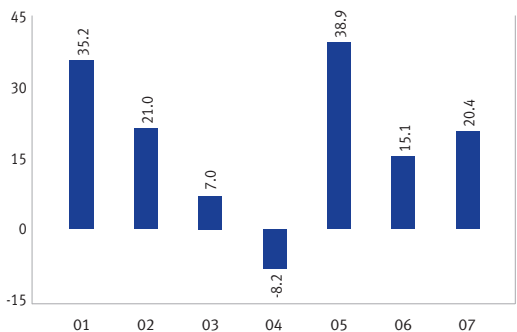
Environmental solutions

Conference services

For both our customers and our organization, teleconferencing and videoconferencing are valuable tools to save time and money, and reduce our impact on the environment.

Many companies realize that much of the time employees spend travelling to and from meetings is unproductive, as well as expensive, when the direct costs for transportation, hotels and meals are considered. Also, when travelling regularly, employees have less time to spend with their families and are often tired and less productive when they return to the office.

Teleconferencing (per cent growth)



Note: Our employees are responsible for approximately 25 per cent of the total annual teleconference minutes. In 2004, teleconference minutes declined 8 per cent due to a labour disruption.

The popularity of teleconferencing services continued to grow in 2007, increasing by five percentage points. More and more people are realizing that by using teleconference services they can save time, money and reduce their impact on the environment.



Today’s teleconferencing and videoconferencing solutions can significantly reduce the need for employees to travel, while also having many environmental benefits. Travelling less means lower greenhouse gas emissions that result from the use of fossil fuels in cars and planes.

The use of teleconferencing services continues to grow with both our customers and our employees. In 2007, conference call minutes increased by five percentage points over 2006. Our employees were responsible for approximately 25 per cent of these calls as part of day-to-day business. With offices located throughout Atlantic Canada, teleconferencing allows us to communicate regularly while minimizing travel.

green notes

The future is in your hands

Small changes can have a big impact on our world.

Sign up today for paperless billing. Here’s how:

1. Go to www.aliant.net
2. Click on “My accounts” on the left-hand side
3. Create a passcode. It’s easy – all you need is either a copy of your last phone bill or your Calling Card PIN/SmartTouch number.
4. Log in using your new passcode and click “Request paperless billing”.

It’s that simple. Once you sign up, you will receive an e-mail each month when your bill is ready to view.

The demand for videoconferencing services also continues to grow. In 2007, 25 sites were upgraded to improve the quality of our service. An additional 10 sites are scheduled for upgrade in 2008. We do not track the number of minutes our videoconferencing services are used as most customers subscribe to an unlimited usage plan.

Paperless billing

We strive to provide products and services that meet the rapidly evolving needs of our customers, while at the same time helping them live in a more environmentally sustainable manner. In 2003, we began a program to transform the way we do business by becoming a model user of electronic forms of communication. More and more of our customer transactions are Internet-based, which provides greater efficiency and reduces the need for paper.

In 2007, we continued to promote the convenience and environmental benefits of switching to paperless billing. This was

promoted to our residential customers by enclosing a small flyer with their bill. In keeping with our green philosophy, the flyer was printed using vegetable-based inks on 100 per cent post-consumer recycled paper in accordance with Forest Stewardship Council Standards. The flyer included instructions on how to sign up for this service. Paperless billing was also promoted at a number of events that we sponsored throughout the summer. As an added incentive, customers who switched to paperless billing at these events received a reusable cloth bag.



Whale of a story

Together with Bell Mobility and researchers at Dalhousie University, we helped develop an innovative whale research initiative called VACATE – Vessel Avoidance & Conservation Area Transit Experiment. Specialized equipment has been installed on cell towers in Nova Scotia near Barrington, Halifax and Glace Bay that allows researchers to collect shipping-traffic statistics along the coast and in critical habitat for the endangered Right whale. The data will be used to identify efficient routing options for ships to minimize the risk of colliding with whales – the highest cause of death for the Right whale.



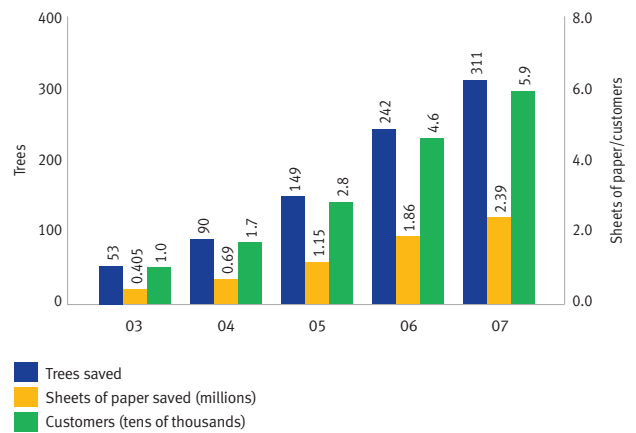
An internal initiative was also undertaken in 2007 to switch eligible employees to paperless billing. Prior to the initiative, 2,000 employees were receiving their bills electronically, with an additional 3,850 being eligible. When the program was announced, 1,321 employees switched. The remaining 2,529 employees were automatically switched as part of a mass conversion in early July. The conversion, however, was not mandatory. Employees had the option of switching back. For a variety of reasons, including not having a computer or Internet access at home, 718 employees had switched back to a paper bill by the end of 2007.

As of the end of 2007, nearly 59,000 residential and mobility customers had switched to paperless billing. Our target for 2008 is to increase the number of residential customers choosing paperless billing by 9 per cent.

Mobile phones

Environmental concerns relating to the management of used and end-of-life electrical and electronic equipment has rapidly become a major policy issue across Canada. Nova Scotia was the first Atlantic Province to implement regulations to deal with electronic waste. Phase 1 of the Electronic Product Stewardship Regulations, which came into effect on February 1, 2008, includes laptop and desktop computers, printers and televisions. Phase 2 of the legislation, coming into effect February 1, 2009, includes telephones, cellular and other wireless devices, audio and video playback and recording systems.

Paperless billing



By the end of 2007, 59,000 customers had chosen our paperless billing option. Last year, this convenient method of receiving monthly bills saved 2,390,000 sheets of paper, the equivalent of 311 trees.

enviro tips

White and bright coloured computer screen backgrounds can use up to 20 per cent more power than black or dark ones. Change your screen display to a darker colour.
U.S. Department of Energy, 2007

We recognize our responsibility for the environmental stewardship of our products throughout their life cycle. In partnership with Bell Mobility, we designed a mobile phone take-back program for both our employees and our dealers, well ahead of the 2009 requirements. The employee take-back program was launched on April 22, 2007, Earth Day, and the customer program was launched in June 2007 at all of our 160 dealer locations in Atlantic Canada.

When customers participate in our mobile take-back program, not only are they protecting the environment, they are also contributing to a good cause. For each mobile phone collected, we donate \$1.00 to the World Wildlife Fund-Canada (WWF) to help fight climate change.

When mobile phones are collected at our dealer locations, they are sent to a central sorting station in Mississauga, Ontario, and tested to see if they can be reused. If the device is acceptable for reuse it is scrubbed, refurbished and redeployed primarily in North America and on occasion, sent abroad in accordance with strict international standards. Phones that cannot be reused are broken down into their component parts and recycled. An incredible 96 per cent of the material in a mobile phone can be recycled.

1,952 mobile phones were collected across our dealer network in 2007 as part of our take-back program. Of those collected 1,429 were recycled and 523 were reused.

Our 2007 sustainability report is not available in print in its entirety.
If you would like to receive a printed copy of highlights, or have
questions or comments, please e-mail us at environment@aliant.ca.

www.bell.aliant.ca

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