

RSI Leadership Exchange Oct. 2, 2012 in Toronto, Canada

Welcome to the second of our Rethink Sustainability Initiatives newsletters highlighting the RSI Leadership Exchange that took place October 2nd, 2012 in Toronto, Canada.

In this issue we shine the spotlight on the keynote speakers, Debbie Baxter and John Beck, who both identify how they apply sustainability and innovation best practices into their respective businesses, and conclude with key learning insights.



Debbie Baxter is the VP of Workplace Services and Chief Sustainability Officer for LoyaltyOne, a global leader in the design and implementation of coalition loyalty programs, customer analytics and loyalty services.

Her presentation highlighted consumer trends and sustainability in the marketplace, and the value of employee engagement.



John Beck is Chairman and CEO of AECON Group, Canada's largest public construction and infrastructure development company. John presented a convincing argument that sustainability can pay bottom-line dividends and said, "We don't just provide sustainability to clients, we live it."

Consumer Trends

Sustainability in the Marketplace

Debbie Baxter, Chief Sustainability Officer, LoyaltyOne



LoyaltyOne is a global marketing company with market reach and insight into what consumers are thinking and the impact on business and environmental sustainability.

For more than 20 years, LoyaltyOne, Inc. has designed, developed and managed loyalty initiatives and is the owner and operator of the AIR MILES® Reward Program, Canada's premier coalition loyalty program, with over 10 million active Collector accounts, representing approximately two-thirds of all Canadian households.

LoyaltyOne is also a recognized leader in the areas of environmental sustainability and Corporate Responsibility programs.

Recent survey data from Ipsos, suggests nearly half of survey respondents are inclined to buy a product if it's environmentally friendly. Other results include:

- 34% say it makes no difference
- 40% will pay more for environmentally friendly products
- College graduates skew high in these numbers
- 25% proactively make homes more energy efficient
- 70% of women are aware that there is environmental information available for products and the adoption rate is 50%

Greenwashing confuses the issue

Consumers really want to vote with their dollars, but are confused or misled by self-designed product labels that allow products to be identified as biodegradable when they would not necessarily qualify if there were standards in place.

Sustainability is a core business priority that is demonstrated through the following initiatives:

- Most communications are electronic or FSC certified
- Most offices are LEED Gold or working towards LEED EB:OM
- 50% of our call centres operate with the agents at home
- We have a sustainable fleet of 3 SMART cars and a Toyota Prius and we are also looking into integrating an electric vehicle and charging stations
- We encourage transit and carpooling through a partnership with SmartCommute, and offer discount incentives for transit that our staff sees as perks
- We focus on new and emerging methodologies
- We keep an eye on research, academia, and companies leading best practices in the market



Consumer Trends

Continued

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We lead by example

When we wanted to install an e-waste collection in our lobby we worked with our property management company to make it a building-wide initiative. It's been a tremendous success!

We used the installation of solar panels at our Mississauga Customer Care Center to encourage awareness. Exposing the inverters was a significant investment, but will cost virtually nothing to operate. We expect the solar array to pay for itself in 10 years.

We consistently work on waste reduction initiatives with our waste haulers and in 2011 worked with TerraCycle, an organization that provides free waste collection programs for hard to recycle materials.

We also turned waste into affordable green products, like coffee packages into park benches and tote bags. The result, last year, our waste diversion rate was over 91%.

Annual Environmental Fair

We have an Annual Environmental Fair for education, communication and entertainment, and that includes competitions such as sorting recyclable materials and garbage.

Incentivizing can be a powerful tool. In this competition, associates who sorted the materials the fastest were entered for a chance to win various prizes, including Apple iPads. The event has had such a positive influence

among staff that they talk about it and look forward to it as an annual event.

Accountability Report

We also publish an online Annual Accountability Report, that highlights interactive videos of our associates, including our CEO, discussing our successes and challenges as an organization. You can view our most recent report at loyalty.com/accountabilityreport.

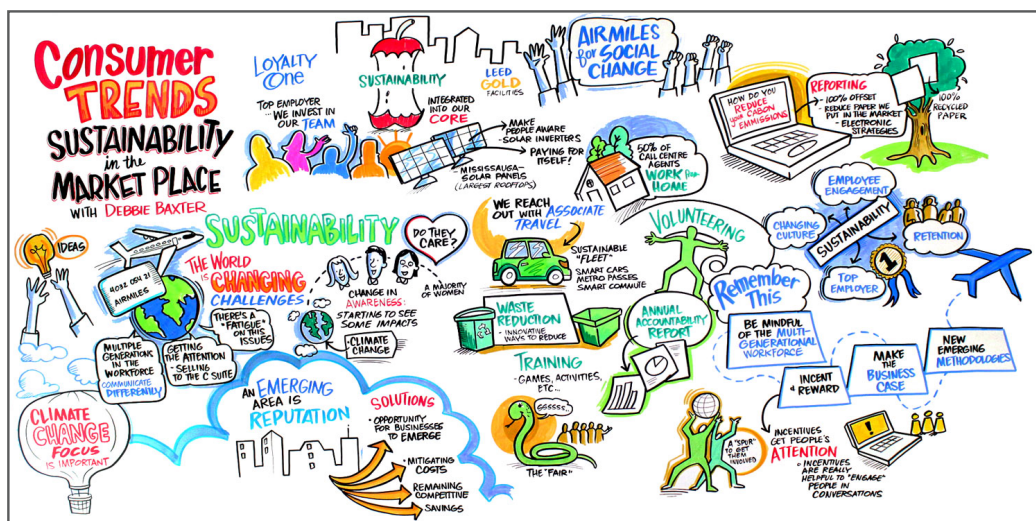
AIR MILES for Social Change

Our AIR MILES for Social Change program works with energy, travel and waste companies. This is where I see our reach can make the most impact. The Ontario Power Authority has a pledge campaign using the currency of AIR MILES as an incentive to drive change.

We incentivize and reward. We have considerable research that indicates small rewards drive behavior, e.g. 10 AIR MILES® for a bottle of wine makes people more likely to purchase that bottle of wine.

Where sustainability has taken Us

The leadership and support of our CEO, Bryan Pearson, Executive Committee and the passion of our associates is critical to the success of our Corporate Responsibility initiatives. As we view Corporate Responsibility as a journey, not a destination, we will continue to look for new ways to drive innovation and change in this area, topics that we are incredibly passionate about.



Sustainability from the Top

Leveraging Sustainability for Global Competitiveness

John Beck, Founder, Chair & CEO, AECON Group Inc



I thought it would be useful for you to hear where my perspective comes from in the construction industry.

I've been with AECON my entire career. Our mission is clear: safely and profitably deliver best of class services and products to meet our customers' construction, development and infrastructure needs in an environmentally sensitive manner.

Recognition

Over the last few years, we have been named one of Canada's top 50 employers and top Eco-employers. This impacts our bottom line, and not in the typical way.

Sustainability is a core value

Our client lists are long and varied. Now more than ever, sustainability is embedded in the values of our clients. The way we deliver must align not only with dimensional specifications, but also the principles of our clients.

We have developed installations and solar parks and key relationships with providers along the solar power chain. For example, a recent contract included over 40,000 solar PV modules on 85 acres of land. Being able to provide these services helps our bottom line.

We have investigated a more efficient use of water in BC hydro dams and maintained our values while we did it. At one point, we took on responsibility to relocate a bear family. Another day we all stopped work to allow a deer fawn to be born, waiting until they moved up to the hill before commencing work.

Working on the 407, I remember some differences: we had bicycle paths everywhere as right of way. There had been a creek crossing 50 years before. It was dry, but there was a possibility that one day there would be fish again so we worked around that.

At the end of the day, clients know we take sustainable development seriously. Progress is important, but we can do it while respecting the environment.

We see a relationship between city health, sustainability and transit. When the Spadina TTC is done, we'll see an easing of congestion from the core to York Region.

Another stakeholder group is our employees. 320,000 new workers will be required in the next eight years with the shift to a new generation. Everyone, from road builders to welders to accountants, wants to work somewhere that takes their CSR policies seriously.

Inspiring energy efficiency

Innovative Steam Technologies (IST) is an example of innovation. We reduce usage of fuels and operating costs. They recover waste heat that is otherwise emitted in the



Sustainability from the Top

Continued

atmosphere. We want to be inspiring the next line of energy efficient products. It's an important part of our talent recruitment and retention strategy.

Our project in Ecuador is helping build the next airport. Our lenders are stringent, they wouldn't have worked with us had we not been committed to sustainable practices, it's written into our contracts. In 2009 the project was awarded the Americas Award for Environmental Sustainability Leadership, founded by the UN Institute for Training and Research.

Shareholders are also very important as a stakeholder. McKinsey & Company say \$2 trillion will be invested in 2020 in the energy efficiency field, looking for a return of 17%. Investors are more discriminating than before, and demanding strong CSR policies.

Walking the walk

Our Cambridge office has a solar installation on a fabrication facility. It generates 320,000 kW of clean power a year and eliminates 65 metric tonnes of carbon. We don't just provide sustainability to clients, we live it.

Not sitting idle

We run one of the largest construction fleets in Canada. We have a fiduciary responsibility and a mandate to

manage them sustainably. We use tracking to ensure a good balance of air ratios, and assess idling times. In doing so, we've identified more than 105,000 idling hours saved and eliminated nearly 700 metric tonnes of carbon. We installed car heaters to aid employee comfort, but overall we save fuel, which goes straight to the bottom line.

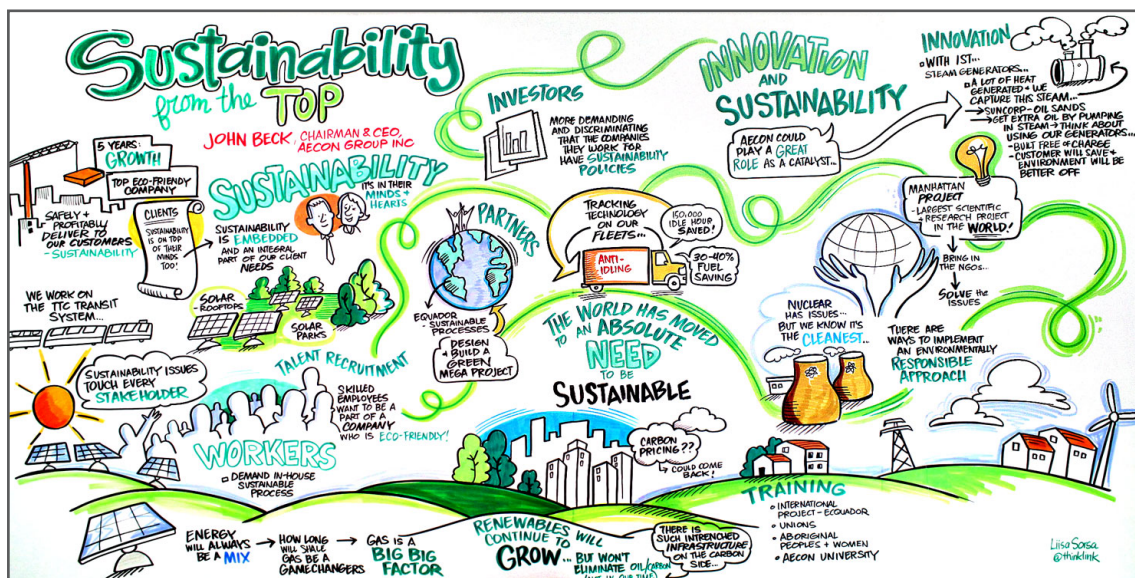
My personal dream

We need to take the discussion about the oil sands up to the emissions level, where it should be. I would like to form a group called the Manhattan Project, focused on trying to solve the world's biggest problem today, which is reducing emissions. We need to change the world scientifically, not politically.

Conclusion

In closing, our approach is one of alignment. We are no more, and no less, than a composite of our key stakeholders, with whom we are totally interdependent. And our key stakeholders put great value on environmental and social needs. We affect our infrastructure, and our infrastructure affects us.

As the world has changed, I have changed, AECON has changed. And certainly one of the most significant changes is the absolute need to be more sustainable.



Key Insights

Summary

Consumer and Marketing Sector Perspective - LoyaltyOne

- To overcome communication issues and fatigue around sustainability, it's important to reach different audiences in ways that are appropriate for them.
- Consumers vote with their dollars, so the value has to be affordable and connect with what matters to them.
- Small rewards drive behaviour change, incentives do work.
- LoyaltyOne is proof that a culture of sustainability can improve employee engagement and retention

Senior Leader and Construction Sector Perspective – AECON Group

- Employees, clients, and stakeholders put great value on environmental and social needs.
- Investing in innovation can help your bottom line, and is an important part of talent recruitment and retention.
- AECON is proof that innovation combined with sustainability can improve Return on Value to key stakeholders - this includes job creation and community revitalization.



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Looking ahead...

In the third newsletter, we will step into the year 2020 and report back on how leaders integrated one or two ideas of sustainability into their core business as a competitive differentiator and value builder. The collective recommendations, based on a diversity of future scenarios, were both inspirational and relevant to what can be put into play today.

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For more information on Rethink Sustainability Initiatives, please visit:
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