

Opportunity lives here

We have an opportunity – an opportunity to build a world that is both prosperous and sustainable. By striking the right balance between economic growth, protection of the environment and the needs of society, we are making progress. Each year, we set our goals higher. Each year, we achieve more. Thanks to a sound business strategy and the dedication of our employees, we are seizing the opportunity to make the communities we serve better places to live and work.



Purple violet, provincial flower of New Brunswick



Message from the CEO

Today's environmental issues are not unique to our region or country. They are the same challenges faced by organizations like ours around the world. To fulfill our responsibility as a good corporate citizen, we must find solutions and seize opportunities that help us co-exist with the environment and the communities we serve.

At Bell Aliant, we embrace the concept of sustainability and we are working toward this ideal by integrating long-term economic, environmental and social considerations into the way we operate our business. Our focus is on the environmental issues we can improve and on the solutions we can implement that will help us and our customers achieve sustainability.

This report contains performance information on how we are contributing to improving the economic, environmental and social conditions within Atlantic Canada. It provides a detailed performance review of the environmental challenges that are important to our business and our many environmental programs. You will read about how we are identifying activities and situations that may potentially harm the environment and how we are implementing positive practices to mitigate the risks.

On behalf of everyone at Bell Aliant, I encourage you to read this report and provide us with your thoughts and comments. Together, we have the opportunity to build a sustainable future.

Sincerely,

Stephen Wetmore
President and chief executive officer
June 2007





Scope

The primary focus of the 2006 sustainability report is on environmental performance. We have also included key information on economic and social topics as we more fully embrace the challenges of sustainability. This year, we began using the Global Reporting Initiative framework to guide our reporting efforts. We have also focused on the concept of materiality, that is, actions and policies that have the most significant economic, environmental and social impact on our stakeholders. The report covers the period January 1, 2006, to December 31, 2006.

With the exception of selected economic performance indicators and descriptions of company-wide policies, the information contained in the 2006 sustainability report is for our Atlantic Canada operations. BCE Inc. continues to provide the sustainability reporting service for our operations in Ontario and Quebec. Its sustainability report can be viewed at www.bce.ca/en/responsibility.

quick facts

Bell Aliant

Our largest operating segment provides 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 and parts of Ontario and Quebec. Communications services we provide include local telephone, long distance, data and Internet, TV, and other products and services. In addition, we provide IT services such as systems integration, application development, local and wide area network installations and management, data centre operations, computer hardware, package software and IT planning services.

Data collection and validation

The sustainability and environmental report team were responsible for the collection and validation of data. Various departments and groups within Bell Aliant supplied information. Subject matter experts were asked to supply and verify data as well as provide sources of information.

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 2006 report, these mechanisms were also applied to social and economic data, when possible.

Global reporting initiative

As we endeavor to improve our sustainability and environmental reporting practices with each report, this year we have chosen to look to the global reporting initiative (GRI)

for reporting guidance. We will be taking an incremental approach to applying the guidelines in that this report would be considered to be in partial adherence to the reporting principles. For future reports, we will be moving toward “in accordance status” with the GRI.

The GRI framework has become recognized as the global standard in sustainability reporting. Organizations from over 60 countries, including our parent company BCE, disclose their sustainability performance with reference to the GRI guidelines. The reporting guidance is provided as a free public good and is intended for voluntary use by organizations of all sizes all around the world. For more information about the global reporting initiative, visit www.globalreporting.org.



Business profile

We are one of North America's largest regional communications providers. We operate in Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island and regions of Ontario and Quebec. We provide customers with innovative information, communications and technology services that include voice, data, Internet, video and value-added business solutions. Through our information technology division, xwave, we provide IT services in Canada and the United States.

quick facts

- Population served: 5.3 million Canadians
- 2006 revenue: \$3.4 billion
- Access to leading technology through relationship with Bell Canada
- Focus on regional markets
- Growth strategy based on providing a superior customer experience

Our 10,000 employees are committed to providing our customers with the highest level of service, choice and convenience.

Organizational governance

At Bell 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 boards of directors/trustees and management. Ways and means of improving board effectiveness are reviewed and modified on an ongoing basis.

Disclosure policy

Our board of directors approved an updated policy in October 2006. The policy was developed to ensure that communications with the investing public about Bell Aliant are timely, accurate and broadly disseminated in accordance with applicable security laws. The goal of this policy is to provide a consistent understanding of our approach to disclosure among the boards, and all Bell Aliant employees.

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. Our audit committee has adopted this policy pursuant to the relevant U.S. and Canadian rules and regulations regarding governance.

Complaint procedures

This policy has been established to allow for the confidential and anonymous submission of complaints, concerns and other information regarding accounting, internal accounting controls, and auditing matters and other ethical matters involving a business unit; and the processing and retention of complaints, concerns and information.



Privacy code

We have had a longstanding 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.

Security policies

Our security policies are made available to our employees via our internal website. These policies consist of 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.

quick facts

Environment policy objectives

- Regard the protection and improvement of the environment as a basic criterion of the service we provide
- Plan and conduct our operations with full regard for their potential impact on the environment
- Work with all levels of government in our operating territory to ensure our operations do no harm to the environment
- Develop and market services and products that assist our customers with innovative solutions to environmental problems
- Encourage employees to become involved in environmental programs both internally and in the community
- Eliminate or reduce waste materials and pollutants
- Purchase products that are environmentally friendly reducing the use of dangerous substances and stimulating sustainable development
- Report regularly to employees and other stakeholders on our environmental status and performance

Insider trading policy

In October 2006, we updated our comprehensive insider trading policy. This policy guides the actions of all employees in buying and selling our units and in the disclosure of material information about Bell Aliant.

Authorizations policy

This policy is an essential part of our management control framework, as delegated by our board of directors. Integral to our policy are signing authority matrices, which detail authority for various types of transactions. This policy was last revised and restated in December 2006.

Code of business conduct and ethics

Early in 2006, we distributed an updated version of our business code of conduct and ethics to every employee. Our code communicates in a friendly and readable format the values of our organization and the guidelines that must shape our personal and business behaviour. In late 2006, we implemented a practice whereby all employees are expected as part of their individual performance appraisal to attest that they are knowledgeable of and understand these ethics principles.



Ethics help line

In March 2006, we implemented a Web-based and telephone access help line where employees can raise anonymous and confidential questions and complaints related to accounting, internal control and ethical issues. In 2006, we received several calls, some of which did not relate to ethical matters and were referred to more appropriate areas for resolution. The remaining complaints were investigated and appropriately resolved. None of the complaints related to employees who had a significant role in internal control over financial reporting. For a complete description of our governance and business ethics policies, visit our website at www.bell.aliant.ca/english/about/cg.shtml.

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
- Periodically reviewing the entire system at a top management level

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 the build out of our networks, to right-of-way construction, to property management, to strategic bid documents. We offer and promote information and communications technology solutions for both our business and our customers, such as e-billing, e-purchasing and teleconferencing, that help minimize impact on the environment.

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.

We have both an internal and external "governance" mandate to fulfill. Internally, a formal due diligence and reporting structure is in place, requiring quarterly reporting to the audit committee of the board of directors and annual environmental assurance reporting to Bell Canada. Externally, Aliant must meet all federal, provincial and municipal environmental laws in the four Atlantic Provinces. This requires reporting of all contaminant releases to the environment as well as scheduled reporting of controlled substances.

In 2005, we began a process to manage our environmental operations through an environmental management system (EMS) following recognized international standards. Working through our environment council and environmental action team, comprised of senior leaders and 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.



Stakeholder engagement

Being a responsible corporate citizen cannot happen in isolation. Like nature itself, our organization relies on many relationships, including relationships with our customers, employees, supplies, communities and unitholders. Contact with these stakeholders is critical. It ensures we keep our communities and the organizations that live there top of mind.

recycling fact

Recycling one tonne of paper saves 17 trees, three cubic metres of landfill, 4,000-kilowatt hours of energy, 29,000 litres of water and 30 kilograms of air pollution effluent.

Recycled facts: Waterford Foundation, St. John's, Newfoundland and Labrador, www.waterfordfoundation.nf.ca

Throughout the year, we are in contact with many groups who have an impact on our business. Through both informal and formal channels, we work together to understand what concerns they have and how we can ensure our actions are as beneficial to those around us.

The production of our 2006 sustainability report is just one of the many ways we share our successes and challenges.

We seek to share our view with others so that they can understand how we are holding ourselves accountable. Through our actions, we intend to show our customers that we understand their priorities, demonstrate to our employees that being socially responsible is important, and build trust with our external community partners, suppliers and other important audiences.

We're fostering sustainability by engaging stakeholders who influence our business, and whose input can help us make better business, social and environmental decisions. Our environment policy directs us to encourage employees to become involved in environmental programs, both in the organization and the community, and report regularly to employees and other stakeholders on our environmental activities and performance.

Stakeholder engagement – initiatives

	2005	2006	2007
Employee initiatives	Complete office waste recycling pilot project (Saint John)	Complete office waste recycling, plus composting, 1,000 employees (Saint John)	Office waste recycling (Halifax)
		Paper reduction 20% challenge	Community cleanup
			Mobile phone recycling
			"An Inconvenient Truth" comes to Bell Aliant
Community initiatives		Young environmental leaders pilot program	Young environmental leaders program (Atlantic Canada)
		Atlantic Canada sustainability initiative, design team	Atlantic Canada sustainability initiative, charter member
	Computers for Schools program	Computers for Schools program	Computers for Schools program
	Pioneer Volunteers spring cleanup	Pioneer Volunteers spring cleanup	Pioneer Volunteers spring cleanup



External engagement

In an effort to positively influence policy in Atlantic Canada, the environment team participates with various stakeholders including the Conference Board of Canada Business Council for Sustainability, the Canadian Wireless Telecommunications Association, the Canadian Manufactures and Exporters, Atlantic Environment Committee, the Atlantic Coastal Action Program, and the City of Saint John Environment Committee. In addition, in 2006, we were asked to serve on the advisory committee of the Eco-efficiency Centre, Dalhousie University; the Citizens Advisory Committee, City of Saint John – Vision 2015; and become a charter member of the Atlantic Canada Sustainability Initiative.

recycling fact

Our Aliant Pioneer Volunteers recycle over 10,000 pop cans each year.

Atlantic Canada is well positioned to play a leadership role in sustainable development. There is already a groundswell of interest among many creative and committed people, businesses, governments, and non-governmental organizations wanting to work toward a sustainable future. As a member of the Atlantic Canada Sustainability Initiative, we are working with partners to build a more sustainable future, both in our

respective organizations and in communities across the Atlantic region.

The Atlantic Canada Sustainability Initiative will be guided by The Natural Step Canada. The Natural Step framework is a science and systems-based approach to organizational planning for sustainability. It provides a practical set of design criteria that can be used to direct social, environmental and economic actions.

As a partner in the Atlantic Canada Sustainability Initiative, we are committing to becoming a leader in sustainable development, advancing sustainability within our organization and acting as a role model for others in the region. In addition to these goals, we are committing to developing and participating in a network of organizations to advance sustainability in Atlantic Canada by engaging citizens, organizations and governments.

As a partner in the Atlantic Canada Sustainability Initiative, we are committing to becoming a leader in sustainable development.

In 2006, for example, through our young environmental leaders program, we launched a year-long sustainability project with two Saint John-area high school environment clubs. Students from Harbour View and Rothesay High Schools were chosen to participate. During the first half of the school year, students learned about sustainability through The Natural Step's award-winning e-learning tool. Members of our environment team held monthly lunch and learn sessions. During the second half of the school year, students designed and implemented a sustainability project.



Internal engagement

Our employees want to make a difference, not just for their benefit but also for future generations. This is increasingly evident in their willingness to get involved and made meaningful changes. In 2003, employees spearheaded our first composting program. And in 2005, our employee stewardship team took on the challenge of introducing a pilot program for complete office waste recycling.

recycling fact

Recycling one aluminum can saves enough energy to run a TV for three hours.

In 2006, employees again demonstrated their commitment by further supporting our inaugural and comprehensive office waste recycling program and our 20 per cent paper reduction challenge.

In early 2007, at the request of employees, we brought in Peter Corbin, who was trained by Al Gore, for a live and intranet presentation of “An Inconvenient Truth”. Also in 2007, in keeping with our environmental action plan, we implemented mobile device recycling, planned a community clean-up project and with the support of employees and “floor stewards” committed to introducing our recycling program at other office locations.

Communications

We communicate our environmental sustainability performance to internal and external stakeholders through our annual sustainability report, which is available on CD and on-line at www.bell.aliant.ca.

We believe every business unit and employee can contribute to making the world more sustainable, striking the delicate balance between economic growth, environmental protection and the needs of society. Engaging our employees begins with communication. In 2006, we highlighted numerous environmental profiles and features with employees via our Intranet.

In 2007, we brought in Peter Corbin for a live and intranet presentation of “An Inconvenient Truth”.

Employee communications highlights

- “An Earth Day Preview from the Children of Aliant” (March)
- “Happy Earth Day” celebration “Think More Use Less” (April)
- New green procurement policy announced (April)
- “This is Environment Week” – 2005 environment & sustainability report released (June)
- Kick-off event, high school environmental sustainability challenge (September)
- 20 per cent paper reduction challenge “Think More Use Less” (October)
- “Young Leaders Learn Tactics to Build Environmental Sustainability” (December)