



Canada's Most
Respected Corporations

2002 Survey Results



Canada's Most Respected Corporations

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Introduction

KPMG is pleased to sponsor the findings of the 8th annual survey of Canada's Most Respected Corporations, conducted by Ipsos-Reid.

Since 1994 this survey has provided a reliable, scientifically based measure of how Canada's leading senior executives—one of the most influential groups in the country—view their peers and the organizations they lead.

Not only does the survey identify the companies that Canada's business leaders respect, but it also highlights the reasons why these leading organizations are so admired by their peers. In this way, it offers a model of respect that shows where Canada's CEOs aspire to take their organizations in the future.

The concept of "Respect" is difficult to define because it has so many dimensions. For that reason, Canada's Most Respected Corporations measures respect in a variety of categories, including financial performance, human resources management, innovation, social responsibility, product/service quality, and long-term investment value.

For 2002, two new categories of "respect"—customer service/relations and corporate governance—were added to the survey at the specific request of KPMG. The corporate governance category is particularly relevant in light of the focus on public accountability in today's environment.

The results of this year's survey reflect how honesty and integrity, key ingredients to the definition of respect, continue to be underscored by business leaders as qualities integral to success. Along with honesty and integrity, trustworthiness and credibility were considered absolute requirements for restoring public confidence in the business community and financial markets.

At KPMG, we believe that respect is a key defining characteristic in the health and success of a business. In sponsoring the survey, we intend to take a leadership role in helping determine what earns the respect of businesses. KPMG is committed to ensuring that what we do as a firm and as a profession is respected, and that we associate with the Canadian companies and leaders that stand out as most respected. We will continue to support initiatives that raise the bar for performance and integrity in corporate Canada.

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"We will continue to support initiatives that raise the bar for performance and integrity in corporate Canada"



The Rankings

In conducting the 2002 survey of Canada's Most Respected Corporations, Ipsos-Reid asked Canada's leading CEOs to name the companies they most admire in eight categories: best long-term investment value, innovation and product/service development, human resources management, financial performance, corporate social responsibility, high quality service/product, corporate governance and customer service/relations. CEOs were also asked to name the company and CEO they most admire or respect overall.

The top ranked companies by category for this year's survey are as follows:

Category	Winner
Best Long Term Investment Value	RBC Financial Group
Innovation and Product/Service Development	Research in Motion Limited
Human Resources Management	RBC Financial Group
Financial Performance	RBC Financial Group
Corporate Social Responsibility	RBC Financial Group
High Quality Service/Product	Bombardier Inc.
Corporate Governance	RBC Financial Group
Customer Service/Relations	Wal-Mart Canada Inc.
Canada's Most Respected Corporation	RBC Financial Group (Royal Bank)

The Most Respected Corporations: 2002 Honour Roll

A progressive ranking system was used, and the total points awarded across all questions determined each corporation's place in the honour roll. Following are the 25 most respected Canadian corporations as ranked by Canadian CEOs:

Rank 2002	Rank 2001	Company	Year- End	Sector	Revenues (000s)	CEO	Head Office
1	2	RBC Financial Group	Oct 01	Financial Services	\$25,522,000	Gord Nixon	Toronto
2	1	Bombardier Inc.	Jan 02	Transportation	\$21,804,400	Paul M. Tellier	Montreal
3	3	BCE Inc.	Dec 01	Telecommunications	\$25,796,000	Michael J. Sabia	Montreal
4	8	Magna International Inc.	Dec 01	Automotive	\$11,121,000	Belinda Stronach	Aurora
5	7	Loblaw Companies Limited	Dec 01	Retail (Food)	\$21,536,000	John A. Lederer	Toronto
6	23	Dofasco Inc.	Dec 01	Steelmaker	\$2,968,200	John T. Mayberry	Hamilton
7	147	WestJet Airlines Ltd.	Dec 01	Air Transportation	\$482,403	Clive J. Beddoe	Calgary
8	6	Research in Motion Limited	Mar 02	Telecommunications	\$319,791	James Balsillie Mike Lazaridis	Waterloo
9	5	TD Bank Financial Group	Oct 01	Financial Services	\$20,918,000	W. Edmund Clark	Toronto
10	13	IBM Canada Limited	Dec 01	Computers	N/A	Ed Kilroy	Markham
11	38	Wal-Mart Canada Inc.	Jan 02	Retail (Depart. Stores)	N/A	Mario Pilozi	Mississauga
12	24	The Bank of Nova Scotia	Oct 01	Financial Services	\$21,054,000	Peter C. Godsoe	Toronto
13	29	Canadian National Railway Company	Dec 01	Rail Transportation	\$5,691,000	E. Hunter Harrison	Montreal
14	9	Power Corporation of Canada	Dec 01	Financial Services	\$18,696,000	Paul Desmarais Andre Desmarais	Montreal
15	25	Microsoft Canada Co.	Jun 01	Computer Software	N/A	Frank Clegg	Mississauga
16	10	Canadian Imperial Bank of Commerce	Oct 01	Financial Services	\$21,387,000	John Hunkin	Toronto
17	18	Suncor Energy Inc.	Dec 01	Integrated Oils	\$4,002,000	Richard L. George	Calgary
18	41	Manulife Financial Corporation	Dec 01	Financial Services	\$16,231,000	Dominic D'Alessandro	Toronto
19	-	EnCana Corporation	Dec 01	Integrated Oils	\$10,098,000	Gwyn Morgan	Calgary
20	14	BMO Financial Group	Oct 01	Financial Services	\$17,222,000	Tony Comper	Toronto
21	82	Le Groupe Jean Coutu (PJC) Inc.	May 01	Retail (Drug Stores)	\$2,924,844	Jean Coutu	Longueuil
22	-	Four Seasons Hotels and Resorts	Dec 01	Hospitality	\$368,244	Isadore Sharp	Toronto
23	30	Canadian Tire Corporation Limited	Dec 01	Retail	\$5,374,759	Wayne C. Sales	Toronto
24	21	GE Canada	Dec 01	Electronic Instruments/ Controls	N/A	Robert T.E. Gillespie	Mississauga
25	43	George Weston Limited	Dec 01	Food Manufacturer	\$24,682,000	W. Galen Weston	Toronto

Best Long-Term Investment Value

The most respected corporations in Canada based on how CEOs perceive their long-term investment value.

2002 Ranking	2001	Company
1	2	RBC Financial Group
2	1	Bombardier Inc.
3	6	Power Corporation of Canada
4	3	BCE Inc.
5	12	Magna International Inc.
6	20	George Weston Limited
7	8	Loblaw Companies Limited
8	13	The Bank of Nova Scotia
9	22	Dofasco Inc.
10	-	EnCana Corporation

Innovation and Product/Service Development

The most respected corporations in Canada based on how CEOs perceive their innovation and product/service development (i.e., percentage of profits/revenues derived from goods and/or services that are less than five years old)

2002 Ranking	2001	Company
1	3	Research in Motion Limited
2	2	Bombardier Inc.
3	5	Microsoft Canada Co.
4	8	Magna International Inc.
5	4	BCE Inc.
6	6	Ballard Power Systems Inc.
7	1	Nortel Networks Corporation
8	10	Loblaw Companies Limited
9	12	IBM Canada Ltd.
10	16	ATI Technologies Inc.

Human Resource Management

The most respected corporations in Canada based on how CEOs perceive their human resources practices (i.e., workplace training, senior-level succession planning, harmonious labour relations, productivity enhancements via TQM, etc.)

2002 Ranking	2001 Ranking	Company	# of employees
1	2	RBC Financial Group	57,568
2	7	Dofasco Inc.	7,200
3	11	Magna International Inc.	67,000
4	7	IBM Canada Ltd.	18,839
5	12	BMO Financial Group	33,842
5	18	WestJet Airlines Ltd.	1,436
6	5	BCE Inc.	75,000
6	-	The Bank of Nova Scotia	46,804
7	1	Bombardier Inc.	80,000
8	4	GE Canada	10,000
9	17	Suncor Energy Inc.	3,307
10	-	Microsoft Canada Co.	400

Financial Performance

The most respected corporations in Canada based on how CEOs perceive their financial performance (i.e., consistent earnings growth, prudent debt management, etc.)

2002	Ranking	2001	Company
1	1		RBC Financial Group
2	5		Power Corporation of Canada
3	7		Magna International Inc.
4	6		Loblaw Companies Limited
4	10		The Bank of Nova Scotia
5	16		Canadian National Railway Company
6	-		EnCana Corporation
7	4		BCE Inc.
7	9		GE Capital Canada
8	15		George Weston Limited
9	22		Le Groupe Jean Coutu (PJC) Inc.
9	14		BMO Financial Group
10	-		Dofasco Inc.
10	13		Manulife Financial Corporation

Corporate Social Responsibility

The most respected corporations in Canada based on how CEOs perceive their commitment to corporate social responsibility (i.e., charitable donations; progressive environmental, product and workplace-safety practices; sensitivity to shareholders' rights issues; trade association leadership; etc.)

2002 Ranking	2001	Company
1	1	RBC Financial Group
2	2	BCE Inc.
3	3	Suncor Energy Inc.
4	4	Canadian Imperial Bank of Commerce
5	7	Dofasco Inc.
6	10	McDonalds Restaurants of Canada Limited
7	8	TD Bank Financial Group
8	-	EnCana Corporation
9	6	Alcan Inc.
9	11	Shell Canada Inc.
10	9	Bombardier Inc.

High Quality Service/Product

The most respected corporations in Canada based on how CEOs perceive the quality of their products/services. (i.e., service or product is of high quality and provides good value for money, etc.)

2002 Ranking	2001	Company
1	1	Bombardier Inc.
2	5	Loblaw Companies Limited
3	4	Toyota Canada Inc.
4	21	WestJet Airlines Ltd.
5	3	BCE Inc.
5	7	Wal-Mart Canada Inc.
6	11	Research in Motion Limited
7	8	RBC Financial Group
7	9	Magna International Inc.
8	6	IBM Canada Ltd.
8	10	Canadian Tire Corporation Limited
9	23	The TDL Group Ltd. (Tim Horton's)
10	12	Dell Computer Corporation
10	12	Four Seasons Hotels and Resorts

Corporate Governance

The most respected corporations in Canada based on how CEOs perceive their corporate governance. (i.e., structure and process, transparency and reporting).

Ranking 2002	Company
1	RBC Financial Group
2	TD Bank Financial Group
3	BCE Inc.
4	Manulife Financial Corporation
5	BMO Financial Group
6	Bombardier Inc.
6	Canadian Imperial Bank of Commerce
7	TransCanada Pipelines Limited
8	The Bank of Nova Scotia
8	Dofasco Inc.
9	Canadian National Railway Company
10	Suncor Energy Inc.
10	EnCana Corporation

Customer Service/Relations

The most respected corporations in Canada based on how CEOs perceive their customer service (i.e., providing exceptional service to customers).

Ranking 2002	Company
1	Wal-Mart Canada Inc.
2	WestJet Airlines Ltd.
3	Four Seasons Hotels and Resorts
4	Loblaw Companies Limited
5	BCE Inc.
5	Fairmont Hotels & Resorts Inc.
6	Dell Computer Corporation
7	RBC Financial Group
8	IBM Canada Ltd.
9	Sears Canada Inc.
10	Canadian Tire Corporation Limited



The Views of the CEOs

Concerning “Respect”

Tellier emerges as most respected leader...

The newly minted CEO of Bombardier (formerly CEO of Canadian National Railway), Paul Tellier, emerges as Canada’s most respected business leader this year, with 6 percent of CEOs personally writing his name in the slot for the CEO they most admire and respect. Other CEOs named include:

CEO	Corporation	%
Jean Coutu	Le Groupe Jean Coutu (PJC) Inc.	3
Paul Desmarais	Power Corporation of Canada	3
Gwyn Morgan	EnCana Corporation	3
Frank Stronach	Magna International Inc.	3
Gerry Schwartz	Onex Corporation	2
Dominic D’Alessandro	Manulife Financial Corporation	2
Peter C. Godsoe	The Bank of Nova Scotia	2
Charles Baillie	TD Bank Financial Group	2
John T. Mayberry	Dofasco Inc.	2
W. Galen Weston	George Weston Limited	2
Clive J. Beddoe	WestJet Airlines Ltd.	2

The qualities that CEOs respect in their peers...

CEOs, reflecting on their corporate experience, indicated that the following attribute was the “first that comes to mind” when they hear that a company or CEO is respected:

- Honest/integrity/trustworthy/credible (53%)
- Successful/financial success/profitable/good growth (14%)

The newly minted CEO of Bombardier (formerly CEO of Canadian National Railway), Paul Tellier, emerges as Canada’s most respected business leader this year, with 6 percent of CEOs personally writing his name in the slot for the CEO they most admire and respect.

Respected companies may enjoy a share price premium...

Respect may be just a word to some, but to a full majority of CEOs it may also have an impact on the bottom line. Eighty-four percent believe that companies that are more respected by the public enjoy a premium in their share price (33 percent strongly believe in this view, compared to only 11 percent who disagree).

CEOs are spending more time building respect...

A majority (64 percent) of CEOs indicate that a greater part of their job these days involves building respect for their company among the general public.

The Outlook for the Economy

Modest optimism on national economy...

A large majority (77 percent) of Canadian CEOs believe that the economy will slow down over the next year, but will continue to have some growth. Eighteen percent indicate that the economy will continue to grow as strongly as in recent years (up from 5 percent in 2001). Only 5 percent believe that the national economy is likely to enter a recession (compared to 8 percent in 2001). CEOs are confident that there will not be a major economic downturn in the next two years; 81 percent have this view (up from 65 percent in 2001).

Interest rates likely to stay about the same...

Seven in ten CEOs (68 percent) believe that the rate of inflation in Canada will stay about the same over the next year (up from 63 percent in 2001). A quarter of CEOs (25 percent) think that there will be an increase in inflation (down from 32 percent in 2001 and 36 percent in 2002). Seven percent indicate that inflation is likely to decrease.

Less faith in federal government's ability to create a favourable business environment...

Under half (46 percent) of CEOs indicate that the federal government has created a business environment that is conducive to economic growth and development. This contrasts with 2001, when 55 percent thought the federal government had created a good business environment (compared to 43% who disagreed).

Globalization and taxes top the CEOs' issues list...

When asked what they think is the most serious issue facing Canadian business, CEOs responded as follows:

Issue	%
Globalization/international competitiveness	23
Taxation	22
Productivity	17
Educated/Skilled Workforce	13
Global market conditions	13

The Outlook for Canadian Corporations

Bullish on competing in the global marketplace...

A full majority (86 percent) of CEOs indicate that their business has what it takes to compete in a global marketplace—up from 76 percent in 2001. Only 12 percent disagree with this point of view. Forty-one percent of CEOs strongly agree that they have what it takes to compete (up from 34 percent in 2001).

Despite enthusiasm for expansion, most CEOs are keeping their powder dry...

While a healthy 40 percent of CEOs believe that it is more important for their company to expand into new markets than to solidify their current market, most (60 percent) believe that it is more important to solidify their current market than to expand. This has been a consistent theme with Canadian CEOs since 1999.

Majority confident that their company will do better than last year...

A majority (71 percent) of CEOs indicate that they will do financially better in 2003 than they did in 2002. This is up from 64 percent in 2001, but continues to be lower than the 85 percent who expressed this view in 2000 and the 75 percent who did so in 1999. Only 8 percent indicate that the financial outlook is likely to be worse than last year (down from 18 percent in 2001) while 21 percent (up from 18 percent in 2001) indicate that the financial outlook will likely be the same as last year.

Good news for workers: expansion continues...

Half of CEOs indicate that they will likely be expanding their workforce in the next 12 months. This represents a continued steady decline in expectations since 1999 when 62 percent indicated expansion plans, followed by 63 percent in 2000 and 57 percent in 2001. As for downsizing, 14 percent of CEOs see this in their plans for next year—almost exactly the same number for the last four years. The bottom line: half expect to hire more, about a third are likely to stay at current numbers of employees and one in ten are likely to trim the ranks.

But workers are still tough to find...

In a business economy that has boomed in the last year and produced some of the lowest unemployment rates in the last number of decades, Canada's CEOs continue to feel the pinch of a scarce employment marketplace. Seven in ten (68 percent) indicate that it is difficult to find people who have the required skills. This is consistent with the trend established in 1999, where 55 percent had this point of view (increasing to 61 percent in 2000 and topping out at 70 percent in 2001). In 2002, 32 percent indicate that they don't have any difficulty finding people compared with 29 percent in 2001, 38 percent in 2000 and 44 percent in 1999.

Increased business spending anticipated...

A near majority (46 percent) of CEOs indicate that they will be increasing their business spending over the next 12 months (slightly down from 52 percent in 2001). Sixteen percent indicate that business spending is likely to decrease (statistically unchanged from 17 percent in 2001). Thirty-seven percent indicate that their business spending will likely remain the same, up from 29 percent in 2001.

The CEOs' top priorities for 2003...

Priority	%
Ensuring the long-term financial health of the company	98
Increasing productivity and performance improvement	93
Attracting and retaining high calibre employees	92
Customer loyalty growth	85
Risk management	72
Ensuring trust from shareholders	71
Increasing short-term profitability	70
Corporate governance	67
Expanding into new markets either inside or outside Canada	64
Expanding into new products or services	60
Transparency and public reporting	58
Growth through merger and acquisition	50



About the Survey

The 8th Annual Survey of Canada's Most Respected Corporations was conducted by Ipsos-Reid between August 6 and November 30, 2002. The survey involved a randomly selected sample of 314 of the leading CEOs in Canada. With a sample of this size, the results are considered accurate to within ± 4.7 percentage points, 19 times out of 20. The margin of error will vary within regions and for other sub-groupings of the survey population.

Survey results are available on the web at www.mostrespected.ca

About the Logo



The logo for Canada's Most Respected Corporations is a visual representation of the dimensions of "respect" as inspired by nature and its four elements: earth, air, water and fire.

- **Earth:** the stylized maple leaf—a graphic symbol of Canada—also represents fruitfulness, vast lands and strong foundations. Its red colour is associated with faith, communication and success.
- **Air:** the light blue swirl above the leaf—a symbol of wind—represents purity, integrity and direction. Its blue colour inspires confidence.
- **Water:** the dark blue curve at the right of the logo represents deep waters, and connotes clarity, honesty and strength.
- **Fire:** The orange strokes at the upper left represent the fire of the sun. The selected colour connotes intensity, heat and energy.



About KPMG

KPMG LLP is the Canadian member firm of KPMG International, the global network of professional services firms whose aim is to turn understanding of information, industries and business trends into value. With more than 100,000 people worldwide, KPMG member firms provide assurance, tax and financial advisory services from more than 750 cities in 152 countries. Visit www.kpmg.ca.

About Ipsos-Reid

Established in 1979, Ipsos-Reid is one of North America's leading market research and public opinion companies. Founded by Dr. Angus Reid, Ipsos-Reid is a \$70 million company that has conducted extensive market and social research in 80 countries and in 40 languages, and serves clients around the world through more than 300 professionals and 1,000 data collection staff in 11 offices. The company is a member of the Paris-based Ipsos Group, ranked among the top ten research companies in the world, with specialties in advertising, media, customer satisfaction, public opinion and market research. Visit www.ipsos-reid.com.

