

METALS

Alcan comes under fire by activists

Company's social responsibility a target

BY BERTRAND MAROTTE

FRIDAY, APRIL 29, 2005 PAGE B7

MONTREAL -- **Alcan Inc.**'s image as a socially responsible corporation was challenged at the annual meeting yesterday by activists, workers and municipal politicians angry about overseas expansion plans, job losses and the company's sale of surplus electricity.

The marathon shareholders' meeting included a battery of tough questions about a controversial megaproject in India, Alcan's commitment to job creation in Quebec and the company's practice of selling electricity from its British Columbia operations.

Sarah Heiberg, of the Alcan's India Solidarity Campaign, said Alcan's good name has been tarnished by the way it has been defending the massive joint-venture project in the Kashipur region of India against protests that have led to a repressive and sometimes violent police crackdown.

Alcan's president and chief executive officer Travis Engen told Ms. Heiberg and other members of her group that the Montreal-based company won't proceed with the project -- under study for more than 12 years -- unless it concludes that all environmental, social and political issues have been addressed to everyone's satisfaction.

Richard Wozney, the Mayor of Kitimat, B.C., said Alcan is hurting the community -- and not helping its image -- by "making huge profits selling off" hydroelectric power from the Kitimat area, instead of using the power to create local jobs.

The District of Kitimat alleges that Alcan has broken its contractual obligations by selling the electricity, derived from generous water rights granted by the province, rather than using it to power new industry in the area.

Alcan, the world's second-biggest producer of primary aluminum, sells power to an agency of British Columbia Hydro and Power Authority in an arrangement that is perfectly legal, Mr. Engen responded.

Claude Patry, a union leader from Quebec's Saguenay region, where Alcan has a long history, asked when a decision would be made on the possible expansion of the Alma facility.

Alcan came under fire earlier this year when it announced the permanent shutdown of its historic Arvida smelter in the Saguenay area.

That closing, coupled with Alcan's growing tendency to expand in distant places such as South Africa and China, has fuelled criticism from unions and non-governmental organizations that the company has abandoned Canada.

Mr. Engen said after the meeting that so-called corporate social responsibility is looming ever larger on the company's agenda.

"One area that's been increasingly important for us to understand is the interface with civil society," in contrast to the more traditional dealings with customers, suppliers and governments, he said.

"It's the growth of the last few years of civil society representatives, which presents opportunities and dilemmas."

Alcan has stuck its neck out billing itself as a socially responsible corporation and must now walk the talk, he added.

"When you stand at a certain point and talk about your aspirations, you're held to the standard of what you just said. When you seem to be falling short, you're then subject to criticism."

In his speech to shareholders, Mr. Engen said Alcan, in 2004, concentrated on the integration of French rival Pechiney SA, acquired for about \$6-billion in late 2003, and the spinoff of its rolled products division.

