



# CLIMATE CHANGE STRATEGY



CANADA POSTES  
POST CANADA

*From anywhere... to anyone*

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# INTRODUCTION

*Responsibility. Leadership. Action.*

At Canada Post, we recognize that our environmental footprint—and the challenges we face to reduce it—are substantial. This is due to the nature of our business, and the size of the operations and fleet we must maintain to meet our mandated universal service obligation to deliver mail to every address in Canada five days a week. However, we remain committed to making significant reductions. Our commitment is driven by our belief that companies have a role to play in tackling this urgent global environmental challenge. We also know that climate change is a priority not only for our business customers, but also for most Canadians.

Our Climate Change Strategy reflects our dedication to implementing energy-conservation strategies, conserving resources and protecting the environment. The strategy is practical and comprehensive, and addresses our approach to sustainability, how we measure our environmental footprint and how we manage greenhouse gas emissions. Our goal is to improve service to customers and meet our mandated universal service obligation, while at the same time reducing our greenhouse gas emissions and lessening our environmental footprint.

The strategy, which provides detailed information on our carbon footprint and outlines management's response and action plan, focuses on four main areas:

- ▶ Our approach to sustainability
- ▶ How we manage greenhouse gas emissions and our targets
- ▶ What we're doing to measure our footprint
- ▶ How we're taking action

## OUR APPROACH TO SUSTAINABILITY

Recent key reports, including the *Stern Review on the Economics of Climate Change* and the *Climate Change 2007* report from the Intergovernmental Panel on Climate Change (IPCC), have helped to build an overwhelming consensus among scientific and business communities that human activity contributes to global warming and climate change. The consequences of these environmental changes are significant. According to the IPCC report: “Global greenhouse gas (GHG) emissions due to human activities have grown since pre-industrial times, with an increase of 70 per cent between 1970 and 2004.”

At Canada Post, we understand the seriousness of climate change and, since 2002, have been implementing concrete measures to meet this global challenge. Reducing greenhouse gas emissions is one of the key goals of our approach to environmental sustainability, which is at the very heart of our

commitment to social responsibility. This commitment is anchored in the belief that our long-term economic sustainability is directly linked to the health and well-being of our employees, our communities and the environment.

Since its inception in January 2008, Canada Post's Corporate Social Responsibility (CSR) program has focused on putting in place the governance structure, systems, tools and processes that will enable it to embed the principles of sustainability into everything Canada Post does. A committee of the Board of Directors responsible for CSR was formed and a senior vice-president was appointed to oversee our CSR strategy. A senior adviser and manager are responsible for ongoing CSR activities and reporting.



### OUR COMMITMENT

We're committed to following leading environmental and ethical business practices, and to continually improving how we conduct our business. Our approach is to:

1. Be economically sound and socially responsible in how we govern and manage our business.
2. Ensure our employees' physical, psychological and social well-being.
3. Strengthen our positive impact on communities.
4. Operate in an environmentally sustainable manner.

## OUR APPROACH TO SUSTAINABILITY (continued)

### OUR ENVIRONMENTAL PRIORITIES

We are dedicated to implementing energy-conservation strategies and recycling programs, and encouraging the purchase and use of supplies that are recycled, recyclable, reusable, renewable or otherwise environmentally sustainable. Our commitment to purchase more fuel-efficient vehicles for our fleet and register all major new buildings for Leadership in Energy and Environmental Design (LEED®) certification is consistent with our efforts to conserve resources, protect the environment, and reduce our greenhouse gas emissions.

Even though our direct GHG emissions account for only 0.04 per cent of Canada's total<sup>1</sup>, we're committed to reducing that amount, conducting our business in an environmentally sustainable manner, and ensuring that future generations inherit a clean, healthy, ecologically sound planet.

Our four environmental priorities are:

- ▶ Greenhouse gas emissions
- ▶ Green buildings
- ▶ The environmental sustainability of the mail stream
- ▶ Landfill waste diversion

<sup>1</sup> Canada's total greenhouse gas emissions were estimated by the Government of Canada to be 747 megatonnes of carbon dioxide equivalent in 2005.



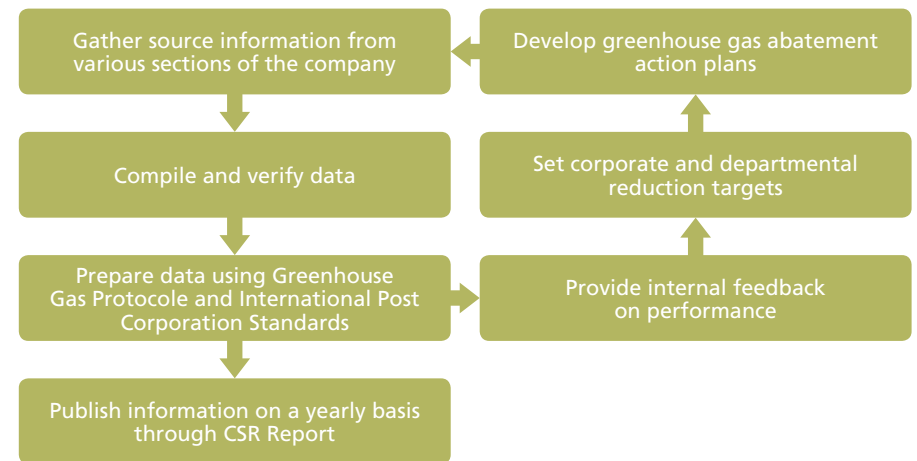
# MANAGING GREENHOUSE GAS EMISSIONS

Our greenhouse gas management plan is an integral part of our Corporate Social Responsibility (CSR) strategy. The CSR department is responsible for publication of our greenhouse gas emissions, in collaboration with the Real Estate and Asset Management, and Fleet Management teams.

## GHG EMISSIONS REPORTING STRUCTURE



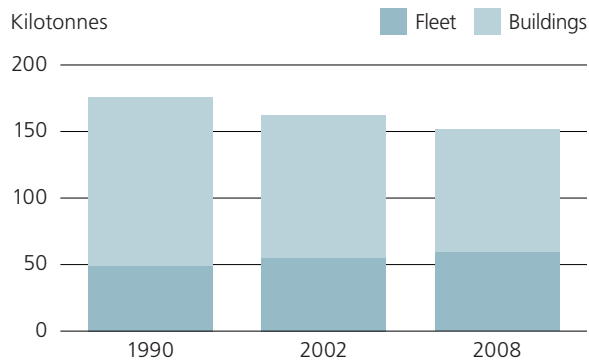
## MANAGEMENT PROCESS



## MANAGING GREENHOUSE GAS EMISSIONS (continued)

### OUR PERFORMANCE TO DATE

We have reduced overall greenhouse gas emissions from our vehicle fleet and buildings by six per cent since 2002 and by 14 per cent since 1990.



### OUR FOOTPRINT IN DETAIL

To provide the most transparent and detailed breakdown of our emissions, we publish our results in three different formats.

**1** To compare our emissions against our 2002 baseline, we provide a breakdown based on the methodology used in our 2007 Corporate Social Responsibility Report, which includes emissions from our fleet, our buildings, and from Rural and Suburban Mail Carriers (RSMCs).

### GREENHOUSE GAS EMISSIONS BY THE NUMBERS

GHG emissions (kilotonnes)

	2008	2002
Buildings	93	107
Fleet	59	55
Rural Delivery (RSMCs)	45	44
Total	197	206
Change From 2002	-4%	-

**2** We also report our emissions based on the Greenhouse Gas Protocol breakdown, from Scope 1 (direct), Scope 2 (electricity) and Scope 3 (indirect).

### Emissions according to the Greenhouse Gas Protocol (kilotonnes)

	2008	2007	2006
<b>Scope 1</b>			
Owned Planes	16.0	-	-
Fleet	58.9	57.9	56.4
Heating	39.4	41.3	39.3

<b>Scope 2</b>			
Electricity	53.2	55.6	56.4

<b>Scope 3</b>			
Business Travel	7.5	10.0	-
Rural Delivery (RSMCs)	45.4	44.3	44.3
Subcontracted Transportation	110.6	110.6	110.6

## MANAGING GREENHOUSE GAS EMISSIONS (continued)

**3** We report our performance based on the International Post Corporation Environmental Measurement and Monitoring System (IPC EMMS) indicators.

### Emissions according to the IPC EMMS Reporting Framework

		All Operations
<b>A</b>	<b>Overall Sector Indicators</b>	
A.1	Total CO <sub>2</sub> in tonnes per 1,000 CDN of revenue	0.0505
A.2	Total CO <sub>2</sub> in tonnes per kg post per km travelled	7.49 x 10 <sup>-13</sup>
A.3	Total CO <sub>2</sub> in grams per item*	14.41
<b>B</b>	<b>Scope 1</b>	
B.1	Owned road fleet efficiency (in tonnes CO <sub>2</sub> per km travelled)	7.74 x 10 <sup>-4</sup>
B.2	Owned air transport efficiency (in tonnes CO <sub>2</sub> per kg post per km travelled)	NC
B.3	Owned rail transport efficiency (in tonnes CO <sub>2</sub> per kg post per km travelled)	NA
B.4	Owned ship transport efficiency (in tonnes CO <sub>2</sub> per kg post per km travelled)	NA
B.5	Building energy efficiency (in tonnes CO <sub>2</sub> per m <sup>2</sup> building floor space)	0.0211
<b>C</b>	<b>Scope 2</b>	
C.1	Purchased electricity efficiency (in tonnes CO <sub>2</sub> per m <sup>2</sup> building floor space)	0.0285

<b>D</b>	<b>Scope 3</b>	
D.1	Subcontracted road transport efficiency (in tonnes CO <sub>2</sub> per km travelled)	9.30 x 10 <sup>-4**</sup>
D.2	Subcontracted air transport efficiency (in tonnes CO <sub>2</sub> per kg post per km travelled)	6.65 x 10 <sup>-4<sup>o</sup></sup>
D.3	Subcontracted rail transport efficiency (in tonnes CO <sub>2</sub> per kg post per km travelled)	1.83 x 10 <sup>-8<sup>t</sup></sup>
D.4	Subcontracted ship transport efficiency (in tonnes CO <sub>2</sub> per kg post per km travelled)	NC
D.5	Emissions from business travel in tonnes CO <sub>2</sub> per employee	0.13
D.6	Emissions from employees commuting in tonnes CO <sub>2</sub> per employee	0.80 <sup>‡</sup>
D.7	Emissions from waste disposed to landfill in tonnes CO <sub>2</sub> equivalent per m <sup>2</sup> building floor space	NC
<b>E</b>	<b>Activity Indicators</b>	
E.1	% of renewable energy used in buildings	29.63%
E.2	% of alternative vehicles in fleet	0.24%
E.3	% of total km travelled that was on foot/bicycle	20.44%

NC: Not Calculated. NA: Not Applicable. \*Scope 1 and 2 emissions only. \*\*Estimated. <sup>o</sup>Source: DEFRA, U.K. <sup>t</sup>Source: [www.cn.ca/en/corporate-citizenship-greenhouse-gas-calculator.htm](http://www.cn.ca/en/corporate-citizenship-greenhouse-gas-calculator.htm). <sup>‡</sup>Calculation based on Statistics Canada, 2006 Census of Population, Commuting Patterns and Places of Work of Canadians.

### INTERNATIONAL POST CORPORATION ENVIRONMENTAL MEASUREMENT AND MONITORING SYSTEM

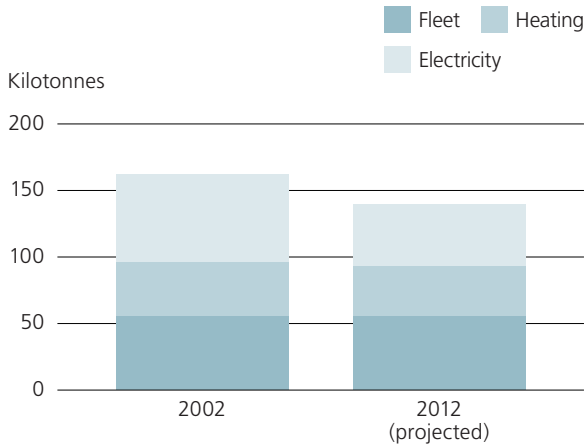
In 2008, a new reporting framework, called the Environmental Measurement and Monitoring System (EMMS), was introduced for the postal industry. Led by the International Post Corporation (IPC), the system is a common reporting framework within which postal administrations can report their environmental management strategies and performance. EMMS provides the postal industry with a transparent, scientific, sector-specific carbon-management and measurement system that is based on the requirements of international best-practice standards. These standards include the Greenhouse Gas Protocol, Dow Jones Sustainability Index (DJSI), FTSE4Good, ISO 14000, and current best practices from the corporate environment.

## MANAGING GREENHOUSE GAS EMISSIONS (continued)

### OUR GREENHOUSE GAS REDUCTION TARGETS

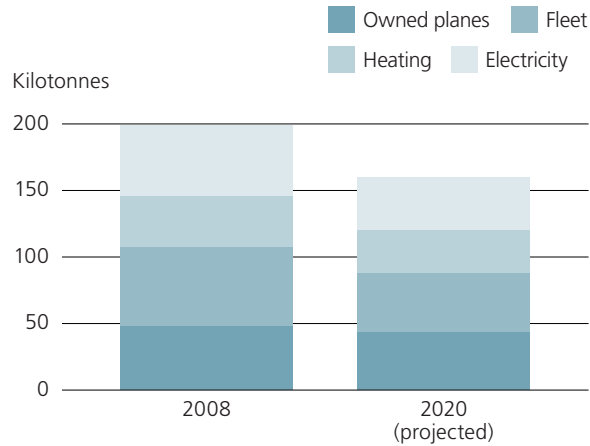
#### Short term:

Reduce emissions from our vehicle fleet and buildings by a total of 14 per cent between 2002 and 2012, from 161 to 140 kilotonnes.



#### Long term:

Reduce emissions from our airplanes, vehicle fleet and buildings by a total of 20 per cent between 2008 and 2020, from 199 to 160 kilotonnes.



## MANAGING GREENHOUSE GAS EMISSIONS (continued)

### HOW WE PLAN TO MEET OUR TARGETS

It will take time and thoughtful action to reduce Canada Post's greenhouse gas emissions and meet current targets. Central to our reduction strategy are the measurement of—and transparent reporting on—our current footprint, and the refining and adjustment of our plans and actions until our commitments for reductions are met.

#### Measurement and reporting

We have conducted a complete life-cycle inventory of the greenhouse gas emissions associated with the entire mail stream. We will also continue to publish a complete and transparent Corporate Social Responsibility Report every year. At the very least, the report will detail all direct emissions (Scope 1 and Scope 2) following the best international and industry standards such as the Greenhouse Gas Protocol and the International Post Corporation Environmental Measurement and Monitoring System.

#### Vehicle fleet

We will purchase more fuel-efficient vehicles. We will also test alternative-powered vehicles, including hybrid and electric vehicles, and optimize our delivery routes to minimize distances. We will work with suppliers to reduce the emissions related to subcontracted transportation.

#### Airplanes

We currently operate two DC-10 airplanes, which we use for domestic air transportation. Improvements in aircraft fuel efficiency will contribute to our reduction efforts. We will also continue to optimize flight patterns.

#### Buildings

We will continue to investigate new energy-efficiency initiatives. All new buildings will be registered for Leadership in Energy and Environmental Design (LEED®) certification.

#### Products and services

We will continue to develop low-carbon print and electronic delivery options, and offer carbon-neutral mailing products.

#### Commuting

We will continue to encourage green commuting through alternative modes of transportation such as walking, cycling and in-line skating, public transportation, and car pooling.

#### Business travel

We will continue to cut travel by employees to a minimum and encourage the use of teleconferencing wherever possible.

## TAKING ACTION

### GREEN BUILDINGS

A large portion of our CO<sub>2</sub> emissions come from our more than 3,000 buildings, which include 21 major mail-processing plants. Reducing those emissions will help to lower our overall energy costs and benefit the global environment. We also strive to improve indoor environmental quality through more integrated and sustainable design, creating a healthier and safer work environment for employees.

In 2007, we announced that all major new building construction will be registered for Leadership in Energy and Environmental Design (LEED®) certification. The LEED Green Building Rating System provides building owners and managers with tools that ensure an immediate and measurable effect on their buildings' environmental performance.

### ENERGY EFFICIENCY

Over the past five years, Canada Post has invested \$10.5 million in more than 250 energy-reduction initiatives. In 2004, Canada Post introduced its Energy Management Strategy outline. Since then, regional energy-conservation teams have been created to work in major plants and on specific portfolios, while a company-wide Energy Conservation Strategies and Solutions Committee oversees related activities.

In 2008, we registered eight buildings across the country for LEED certification, six of which are scheduled for occupancy in 2009. Another three buildings were registered prior to October 2009. LEED-registered buildings include the new Winnipeg mail-processing plant and letter-carrier depots in Alberta, Ontario and Quebec.

We will strive to attain a minimum LEED rating of "Certified" on all our major new construction projects. Under LEED-NC (for new construction and major renovations), this level of certification requires a score of 26 to 32 credit points on top of certain prerequisites. In the case of the downtown Toronto letter-carrier depot, we are aiming for a "Gold" LEED certification to meet municipal expectations.



Artist's impression of the Winnipeg building. May not be as shown.

## TAKING ACTION (continued)



### COMMUTING CHALLENGE

Since 1996, employees at our head office in Ottawa and across the country have been commuting to and from work by non-motorized means as often as possible during the warmer months. In 2008, 146 individuals walked, biked and in-line skated more than 145,000 kilometres. Participants in the Commuting Challenge, which runs from April to October each year, have logged some 1.3 million “green” kilometres since 1996, reducing greenhouse gas emissions by an estimated 330 tonnes.



### CARBON NEUTRAL PRODUCTS

In 2008, we introduced our first carbon-neutral product: new prepaid shipping envelopes for the Xpresspost™ and Priority™ Next A.M. (formerly known as Priority Courier) services. These envelopes are 100 per cent recyclable and include post-consumer recycled content. The carbon emissions associated with the life cycle of the envelopes are offset by carbon credits purchased through Zerofootprint. To select the “greenest” envelopes possible, we rated the environmental friendliness of manufacturers’ envelopes against more than 60 criteria, including the extent to which materials used to create the envelope came from renewable resources and the characteristics of inks and adhesives.



### RAISING AWARENESS

In 2009, Canada Post issued two domestic rate stamps as part of an international postal campaign to raise awareness about the effects of global warming. The theme of the campaign was “Preserve the Polar Regions and Glaciers.” Canada Post’s contribution to this issue focused on the risk to Arctic animal habitats.

Canada Post’s two stamps featured spectacular wildlife photographs. One depicted the regal polar bear, whose habitat is already at risk. The second stamp featured the majestic Arctic tern, which serves as a link between North and South Poles, since it migrates every year between the two.

## TAKING ACTION (continued)

### FUEL-EFFICIENT VEHICLES

Canada Post has a substantial fleet of approximately 7,000 vehicles in addition to the more than 6,700 personal vehicles that are used by Rural and Suburban Mail Carriers (RSMCs). In total, these vehicles consume a large amount of fuel and emit substantial greenhouse gases (GHGs).

Like other postal and courier companies, the vehicles in our fleet must meet specific operational requirements. The likelihood is that our fleet of the future will include a variety of different technologies based on operational necessity. These vehicles will not only need to meet our specific operational requirements and Canada's climate conditions, but might also be powered by a variety of different energy sources.

Our existing fleet has many aged vehicles. Based on sustained funding approval, we plan to replace more than 3,000 of these vehicles over the next five years. Whatever the technology, these new vehicles will be smaller, more fuel efficient and, therefore, more energy efficient than our existing vehicles.

We will also increase the size of our existing fleet considerably as part of our Postal Transformation initiative. Our current delivery model is based on a time of growing lettermail volumes, where mail volume per delivery point made it logical to have letter carriers walk their routes. Our new Postal Transformation delivery model will see a greater percentage of our letter carriers covering their delivery routes in motor vehicles rather than on foot. This "motorization" will enable us to evolve our business and improve the security of the mail by having letter carriers collect mail along their routes and deliver all products, including parcels. Based on projections, we will avoid higher greenhouse gas emissions by sourcing smaller, more fuel-efficient vehicles whenever possible.

As our fleet evolves, we are dedicated to finding the best available technologies to meet our operational and environmental needs, whether it's a vehicle powered by alternative energy, the latest and most fuel-efficient commercial gasoline engine, or a hybrid.



#### FOR MORE INFORMATION ABOUT OUR PERFORMANCE

Our 2008 Corporate Social Responsibility Report contains detailed information on our achievements and current environmental performance as well as open and frank commentary on the challenges we face in adopting sustainable business practices.

Check out our 2008 Corporate Social Responsibility Report at [canadapost.ca/csr](http://canadapost.ca/csr).

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