

Corporate Social Responsibility

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

From supporting communities and charities, to ensuring the health and safety of our employees and reducing our carbon footprint, the ultimate goal of our Corporate Social Responsibility (“CSR”) program is to create a financially sustainable company that provides value to all Canadians, benefits Canadian society and contributes to conservation of the environment. We remain committed to dedicating one per cent of the pre-tax profits of The Canada Post Group to non-profit and registered charitable organizations across the country.

At Canada Post, we have a unique privilege—and responsibility—among Canadian companies: we have a presence on the ground in every community across our country. It’s a privilege we take seriously because it enables us to ensure that our social responsibility efforts make a real difference to customers.

These include people like Douglas Blanchard and Roberta Robbins-Bell. Blanchard left his past, living on the streets, to rebuild his life and pursue a degree in social work at Vancouver Island University. After having three children, Robbins-Bell, a single mother, left her job and enrolled at Camosun College in Victoria, British Columbia, to follow her dream of becoming a community mental-health worker. In 2009, Canada Post awarded Robbins-Bell, Blanchard and 18 other students across the country a Canada Post Aboriginal Education Incentive Award. The \$1,000 awards are for First Nations, Métis and Inuit students who overcame adversity to return to university or community college. In 2010, Canada Post plans to grant 22 such awards.

These are also people like Alison Pepper and Richard Marr who were winners of Canada Post Community Literacy Awards in 2009. Pepper and Marr overcame their circumstances and fought against the odds to improve their literacy—and improve their lives. The Canada Post Community Literacy Awards celebrate the literacy efforts and achievements of adult learners, and those who have helped them learn to read and write. By acknowledging their efforts and achievements, the Awards encourage others to improve their reading and writing skills, and inspire them to reach their personal literacy goals. For many, that means obtaining their Secondary School Diploma or General Educational Development (GED). For others, it means reaching a level of reading and writing proficiency that allows them to participate more fully in the world around them.

Last year, for the fourth year in a row, Canada Post also made a real difference to Canadian troops deployed overseas by providing free delivery of letters and parcels.

In 2009, we devoted \$2.1 million to sponsorships with activities focused primarily on the Canada Post Freestyle Team and literacy programs such as the Canwest Canspell™ National Spelling Bee and La Dictée P.G.L. Our title sponsorship of the Canada Post Freestyle Team continued to provide value last year. We focused primarily on online advertising and also developed prepaid envelopes featuring the team, an Xpresspost envelope depicting freestyle skier Steve Omischl and a *Priority*™ Next A.M. envelope portraying moguls skier Jenn Heil.

We also donated nearly \$384,000 to 64 different registered charities and not-for-profit organizations last year, including a donation of \$165,000 to the Canada Post Foundation for Mental Health. This donation matched the amount of money raised by our employees through the Dime-a-Day campaign and other employee initiatives such as bake sales. As well, we raised \$2.3 million for United Way through employee and corporate donations. An additional 150 organizations received donations thanks to our employees’ volunteering time and our Coaching and Community Involvement Program.

We maintain complete openness and accountability in all of our charitable efforts, and all submissions for donations or sponsorships must meet strict eligibility criteria, as specified in our donations policies and practices.



Leading CSR Report

In 2009, CSR TRENDS, an independent survey published by Craib Design & Communications and PricewaterhouseCoopers, selected Canada Post’s 2008 Corporate Social Responsibility Report from 1,115 company reports worldwide for having the best message to stakeholders in a CSR report.



In 2009, the Canada Post Foundation for Mental Health handed out more than \$1 million to fund projects that directly benefit people affected by mental illness.

(From left) Canada Post President and CEO Moya Greene, Grant Advisory Committee member Joan Parker, and Foundation Trustee Valerie Pringle present a \$64,962 cheque to Karen Engel, Executive Director, Yorktown Child and Family Centre in Toronto, in October 2009.

In June 2008, when the Canada Post Foundation for Mental Health was established, it pledged to do two things: to raise awareness about the plight of those struggling with mental illness; and to build the capacity of organizations, families and caregivers to support those affected.

In 2009, the Foundation lived up to its pledge by handing out more than \$1 million to 19 community-based groups across Canada. The grants, which provided new support to some of the seven million Canadians challenged by mental-health problems, came from money raised through the collective efforts of Canada Post, its employees and the Canadian public. An additional \$1.6 million will be distributed in 2010.

The grants distributed by the Foundation are making a real difference in the kinds of front-line services that agencies, such as the Labrador Friendship Centre, Revivre – Association de Soutien and the Schizophrenia Society of Alberta, can provide. A Foundation grant also made a real difference to the Yorktown Child and Family Centre in Toronto, which is using the money to help transform the way its workers treat children and youth who are experiencing distress or psychological difficulties as a result of a traumatic incident. Laing House in Nova Scotia, which provides young people living with a mental illness with the support they need to rebuild their lives, received a grant from the Foundation to fund its peer support network. The clock was ticking on the Elizabeth Fry Society's ability to continue to offer services when it learned it was among the first recipients of a grant from the Foundation. The money is being used to fund counselling

and support services for women and female youth coming through Adult and Youth Mental Health Courts. A Foundation grant is also helping the Canadian Mental Health Association Northwest Territories Division and Centre for Northern Families to fund a pilot program that supports the parents of children struggling with mental-health issues.

In total, more than 200 grant applications were received by the Foundation, which allocated funding to projects that build front-line capacity and provide community-based support to people affected by mental illness and their families and friends.

In 2009, Canada Post's employees and customers built on the success of the Foundation's first year by raising \$1.6 million for mental health, surpassing the target of \$1.5 million. Canadians reached into their pockets and gave generously when our retail clerks asked them to donate to the cause after every sale. More than \$700,000 was donated in this way. Canada Post also issued a new fundraising Mental Health stamp. One dollar from the sale of each booklet of 10 stamps went to the Foundation. Sales of the stamp raised a total of \$296,000. In addition, Canada Post's employees contributed \$165,000 to the Foundation through the Dime-a-Day campaign and other activities.

In 2010, we've set a higher goal: to raise \$2 million. It's a tall order, but that's what it takes to be a socially responsible corporation: set an ambitious target, hit the target, and then set a higher target. And, by doing this, we can help change the conversation about mental illness in this country, and benefit everyone.

Greening our buildings and our fleet

At Canada Post, we appreciate the enormous effect buildings can have on the environment—and the opportunities for savings that come with more sustainable design.

In 2009, we registered three new building projects for Leadership in Energy and Environmental Design (LEED™) certification, for a total of eleven registered projects across the country. LEED is an internationally accepted benchmark for the design, construction and operation of high-performance and environmentally friendly buildings. Building to LEED Canada criteria helps us reduce greenhouse-gas ("GHG") emissions, lower overall energy costs and help reduce our impact on the environment. It also benefits our employees and our customers

by providing safer and healthier workplaces. Buildings constructed to LEED standards, such as our new mail-processing plant in Winnipeg, opening in 2010, are designed to be more cost effective to operate. The new Winnipeg plant, which is built to cope efficiently with the demands of mail collection, sorting and delivery in the 21st century, will replace a crowded, inefficiently configured building in the heart of downtown—where mail trucks sometimes block traffic—with a modern, efficient, well-laid-out facility close to the airport, where access doesn't disrupt traffic.

In 2010, we remain committed to building for the future, investing in sustainability and ensuring that all major new Canada Post-owned building construction projects will be

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Continued

registered for LEED certification. We want to make Canada Post stronger so we can remain financially viable and continue to deliver an affordable, confidential, secure and universal service to all Canadians for decades to come.

As for our fleet, in 2009, we continued our efforts to reduce our GHG emissions and lower our overall fuel consumption. By optimizing our delivery operations, we were able to remove 140 vehicles from our shuttle and courier network and transfer them into our letter carrier network. This transfer enabled us to avoid having to purchase this number of additional vehicles. We also initiated a pilot program with the purchase of two dual-fuel, gas and propane, cars, which offer a significant reduction in emissions. If the pilot is successful, we will look to expand the number of these vehicles in our fleet. At the end of 2009, we issued a Request for Proposal ("RFP") to replace part of our aging fleet with vehicles that are more fuel efficient, ergonomic and environmentally friendly. Based upon sustained funding approval, we plan to replace more than 3,000 vehicles over the next five years.

Ford Canada won the RFP and 1,175 Ford Transit Connects were ordered early in 2010 with annual purchases planned for the next few years. This vehicle is a fuel-efficient alternative to our larger commercial vehicles as well as being well suited to Canada's extreme weather conditions. We also introduced five new hybrid-electric vehicles from Azure Dynamics™, a Canadian-based company, early in 2010. The addition of these vehicles to our fleet is one more milestone in our drive to advance and adopt new technology that will enable us to achieve our GHG reduction target and improve fuel efficiency by 25 to 30 per cent.

Connecting with our people

During a challenging year, we continued to make employee engagement a priority. We worked to involve employees in our business, improve health and safety in our workplaces, and recognize employees for their contributions.

Our Best of Ops Awards recognized excellence in Operations, and encouraged a team approach to celebrating successes and resolving issues. The President's Awards for Customer Experience recognized 25 front-line employees in both Operations and Retail for their help in improving the customer experience.

We continued efforts to discuss our business with front-line employees and their team leaders. Our President and senior executives met with more than 3,100 front-line employees in 12 Regional Forums and with their 500 team leaders at Operations facilities throughout the country. Senior executives also met with more than 8,000 front-line employees.

We continue to make advances in employee engagement, as evidenced by our employee survey that showed increases in almost every engagement category and an improvement of two per cent over last year's survey results.

In 2009, employees supported many causes such as the Canada Post Foundation for Mental Health.

Employees submitted 119 creative homemade commercials to our internal video contest, viewed worldwide by more than 200,000 people on YouTube™.

Again this year, roughly 11,000 employees and retired employees volunteered their time to answer more than one million letters for Santa.



One of the Best Corporate Citizens in Canada

In 2009, Canada Post appeared on a list of Canada's Best 50 Corporate Citizens as ranked by Corporate Knights™, an independent company that publishes the world's largest circulation magazine with an explicit focus on corporate responsibility.



Four consecutive years on the Top 100

For the fourth year in a row, Canada Post was recognized as one of Canada's Top 100 Employers by Mediacorp. This award recognizes Canada's best places to work.