

# 2007

## Acting Responsibly Social Responsibility Report



## Foreword

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“SOCIAL RESPONSIBILITY HAS BECOME A PRIORITY FOR VIRTUALLY EVERY MAJOR CORPORATION IN CANADA. FOR CANADA POST, IT’S AN ESPECIALLY IMPORTANT COMMITMENT. WE HAVE THE UNIQUE PRIVILEGE OF BEING PRESENT IN EVERY COMMUNITY ACROSS CANADA. FOR THIS REASON, WE FEEL A PARTICULAR SENSE OF OBLIGATION TO ENSURE OUR ORGANIZATION OPERATES AND ACTS RESPONSIBLY.”

Moya Greene, President and Chief Executive Officer, Canada Post



NO COMPANY'S CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVE CAN SUCCEED WITHOUT THE FULL ENGAGEMENT AND SUPPORT OF ITS EMPLOYEES. THE PUBLICATION OF THIS REPORT IS DESIGNED TO INITIATE A CONVERSATION ABOUT SOCIAL RESPONSIBILITY, ONE THAT INVOLVES ALL EMPLOYEES AND HAS RELEVANCE FOR ALL OUR STAKEHOLDERS.

In this, our first CSR Report, we have established clear objectives with regard to employee health, safety and engagement; environmental impact; business practices; and community support. Moving forward, we will further refine these objectives and our mechanisms for measuring them, establishing an ever more robust framework with full transparency and accountability. We do this because, at Canada Post, we believe that our future success depends on our ability to operate in an environmentally and socially responsible manner, creating value and sustainable benefits for our Shareholder, our workforce and the communities in which we operate.

## President's Message



Welcome to Canada Post's first Corporate Social Responsibility (CSR) Report. Although this is our first report, our belief in being a socially responsible company and in sound environmental practices is not new. Our commitment to good governance, ethical conduct and operating in a socially responsible manner has long been core to our way of doing business. Quite simply, as a trusted federal Crown corporation that plays an important economic and social role, we know that Canadians expect us to do the right thing.

This report presents a clear picture of Canada Post's CSR programs, initiatives, targets and results in areas such as financial performance, environmental stewardship, employee relations, including health and safety, and community investment. We have chosen to highlight transparently Canada Post's strengths and its weaknesses. And, while we have much to take pride in, we are also taking action in those areas in which we need to improve. To enable us to measure our improvement, we are setting baselines against which we will measure our future progress.

Wherever possible, we have provided specific quantifiable data, including past performance as well as current targets and achievements. In a few instances, for competitive business reasons, we have limited the data to percentage increases or decreases against a target.

Much of what we report here is positive. For example, we have a good record when it comes to improving the engagement of our people and investing in the community. In other areas, however, including our level of absenteeism and accidents, we still fall far short of Canadian norms.

At Canada Post, our daily operations touch the lives of virtually every Canadian. Every business day we deliver some 40 million pieces of mail across one of the largest geographic expanses on the planet. We provide a vital communications link that enables consumers, and businesses and organizations of every size and type, to conduct transactions that promote their economic success. We are also a part of every community we serve.

As we push ahead to modernize and revitalize our physical and electronic network, we are committed to creating a sustainable Canada Post that is efficient and economically successful, seen as an employer of choice, and of benefit to every community in which it operates. Building a culture founded on sustainable practices makes good business sense. Customers want to use companies that share their values, people want to work for responsible companies that provide healthy and safe work environments, and Canadians want companies that help build strong and vibrant communities.

In the coming year, we will face many challenges as we continue to structure our business to compete more effectively. Our future success depends on our ability to operate in an environmentally and socially responsible manner. This report—and the action plans that drive it—are an important step in inspiring confidence that Canada Post is working to create a sustainable future not only for the Corporation, but also for all Canadians.

Sincerely,

A handwritten signature in black ink that reads "Moya Greene". The signature is fluid and cursive.

Moya Greene

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# Canada Post at a Glance

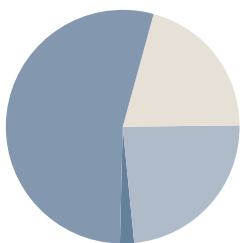
Canada Post Overview	
Status	1981: Canadian postal service became a Crown corporation: Canada Post Corporation
Head Office	Ottawa, Canada
President and CEO	Moya Greene
Chairman of the Board of Directors	Marc Courtois
2007 Unconsolidated Revenue <sup>9</sup>	6.0 billion
2007 Consolidated Revenue <sup>9</sup>	7.5 billion
Workforce	
Full-time Employees (as of December 2007)	52,268
Part-time Employees (as of December 2007)	8,338
Facilities	
Post Offices: Corporate	4,011
Post Offices: Dealers	2,603
Mail Processing Plants	22

<sup>9</sup> Term included in glossary

Points of Contact	Estimated
Number of Canadian Addresses	14 million
Street Letter Boxes <sup>9</sup>	32,000
Total Mail Pick-up Points	1,015,000
Volume	
Daily Volume	40 million pieces
Volume in 2007	11.6 billion pieces
Parcels Delivered in 2007	174 million pieces
Letters Delivered in 2007	5.4 billion pieces
Advertising Mail in 2007	5.5 billion pieces
Publications Delivered in 2007	535 million pieces
Fleet	
Canada Post-Owned Vehicles	7,000
Rural and Suburban Mail Carrier (RSMC) <sup>9</sup> Vehicles	6,562
Subsidiaries/Joint Venture	
Purolator Courier Ltd.	
SCI Logistics Inc.	
Canada Post International Limited (CPIL)	
Innovapost Inc.	

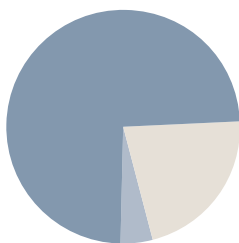
## MORE THAN 11 BILLION PIECES OF MAIL PROCESSED EVERY YEAR

REVENUE PRODUCT VIEW



Transaction Mail<sup>9</sup> 54.0%  
Parcels 20.6%  
Direct Marketing 23.6%  
Other 1.8%

REVENUE SOURCES  
in millions of dollars



Commercial \$4,418  
Retail \$1,292  
International Inbound \$250  
Other (\$5)

95%

Percentage of employees<sup>9</sup> covered by collective agreements

## KEY PERFORMANCE INDICATORS (KPIs), TARGETS AND RESULTS



KPIs	Measurement Source	Unit	2007 Plan	2007 Result	2008 Plan	Further Details
<b>Our Business</b>						
Canada Post Revenue						Page 16
Transaction Mail	Internal*	\$ Millions	\$3,301	<b>\$3,214</b>	\$3,276	
Direct Marketing	Internal*	\$ Millions	\$1,420	<b>\$1,404</b>	\$1,508	
Parcels	Internal*	\$ Millions	\$1,241	<b>\$1,226</b>	\$1,305	
Other	Internal*	\$ Millions	\$116	<b>\$111</b>	\$113	
Canada Post Cost of Operations	Internal*	\$ Millions	\$6,048	<b>\$5,928</b>	\$6,216	
Earnings Before Tax – Canada Post Corporation	Internal^	\$ Millions	\$56	<b>\$78</b>	\$25	
Earnings Before Tax – The Canada Post Group <sup>9</sup>	Internal^	\$ Millions	\$126	<b>\$160</b>	\$127	
Customer Value Index <sup>9</sup>			2007 Target	2007 Result	2008 Target	Page 18
Lettermail™	External*		+2	<b>Partially Achieved</b>		
Parcels	External*		+2	<b>Achieved</b>		
Admail™	External*		+3	<b>Not Achieved</b>		
Delivery Performance – Lettermail	External*	Percentage	96%	<b>96.1%</b>	96%	Page 17
<b>Our Employees</b>			2007 Target	2007 Result	2008 Target	
Fatalities	Internal	Number	0	<b>1</b>	0	Page 22
Accident Frequency	Internal*	Percentage	-20%	<b>8%</b>	-7%	Page 24, 25
Employee Engagement Index	External*	Percentage	54	<b>52</b>	56	Page 28
Pay Defects <sup>9</sup>	Internal*	Percentage	50% reduction	<b>55% reduction</b>	5% overall	
<b>Our Communities</b>			2007 Target	2007 Result	2008 Target	
Pre-tax Profits Donated <sup>9</sup>	Internal	Percentage	1%	<b>1.4%</b>	1%	Page 38
Mental Health Fundraising	–	\$ Millions	–	–	\$1	Page 40, 41
<b>Our Environment</b>			2007 Target	2007 Result	2008 Target	
GHG Emissions	Internal	Kilotonnes	196	<b>200</b>	196	Page 51
Number of Registered LEED™ Buildings	–	Number	–	–	6	Page 55
Landfill Waste Diversion Rate	–	Percentage	–	–	75%	Page 56

^ Results based on audited financial statements

\* Data reviewed by Internal Audit

<sup>9</sup> Term included in glossary

## AWARDS AND RECOGNITIONS IN 2007

	<p>Recognized in Maclean's magazine as a top 100 employer in Canada and in the Ottawa Citizen as a top 20 employer in the National Capital Region.</p>	
<p>Awarded a World Mail Award for customer service.</p>	<p>Won two awards for the implementation and design of the Customer Value Management (CVM)<sup>9</sup> program.</p>	
<p>Was found to be "the most trusted federal institution" in Canada by a national survey conducted by the polling firm Strategic Counsel.</p>	<p>Ranked third among the 150 most-admired businesses in Quebec according to a survey by Léger Marketing.</p>	

## ACCOMPLISHMENTS

13	consecutive years of profitability
0	major labour disruptions in the past 10 years*
1	new collective agreement that ensures the vast majority of employees share in our success
5	percentage point rise in employee engagement in 2007
3%	reduction in GHG emissions from our 2002 adjusted baseline
1.4%	of pre-tax profits donated to registered charities and not-for-profit organizations in 2007
\$2.5+ MILLION	raised for the United Way through employee and corporate donations <sup>9</sup> in 2007

## CHALLENGES

>	Ensuring the safety of our rural delivery personnel
>	Electronic substitution threatens traditional mail
>	Aging infrastructure requires considerable investment to modernize
>	High fuel prices impact profitability
>	Approximately 35% of Canada Post employees will retire in the next 10 years
>	More than 4,000 accidents resulting in lost time in 2007
>	An average of 14.8 days of absence per employee in 2007
>	More than 9,000 employees accommodated with modified duties <sup>9</sup> in 2007
>	More than 200,000 tonnes of greenhouse gas (GHG) emissions in 2007
>	More than 20,000 grievances in 2007

\* Does not include illegal job actions  
<sup>9</sup> Term included in glossary



## KEY PERFORMANCE INDICATORS

### FINANCIAL PERFORMANCE

CONSOLIDATED EARNINGS  
BEFORE TAX

**TARGET:** \$126 MILLION  
**ACHIEVED:** YES

126 MILLION

2007 PLAN

160 MILLION

2007 ACTUAL

### CUSTOMER VALUE INDEX

TRANSACTION MAIL

**TARGET:** +2 **ACHIEVED:** PARTIALLY

PARCELS

**TARGET:** +2 **ACHIEVED:** YES

DIRECT MARKETING

**TARGET:** +3 **ACHIEVED:** NO

### EMPLOYEE ENGAGEMENT

ENGAGEMENT INDEX

**TARGET:** 54  
**ACHIEVED:** PARTIALLY

ACCIDENT FREQUENCY

**TARGET:** 20% REDUCTION  
**ACHIEVED:** NO

PAY DEFECTS

**TARGET:** 50% REDUCTION  
**ACHIEVED:** YES

### DELIVERY SERVICE

LETTERMAIL™

**ACHIEVED**

EXPEDITED PARCEL

**NOT ACHIEVED**

XPRESSPOST™

**NOT ACHIEVED**

PRIORITY COURIER™

**NOT ACHIEVED**

DIRECT MARKETING

**SIGNIFICANTLY ENHANCED**



## About This Report

This is Canada Post's first Corporate Social Responsibility (CSR) Report. The report presents Canada Post's CSR performance for the fiscal year ended December 31, 2007. All monetary amounts are in Canadian dollars, unless otherwise noted.

### MATERIALITY

The information in this report reflects topics and indicators deemed by management to be of significant interest and concern to our company, Shareholder and primary stakeholders. Many of these topics and indicators, which include our economic, social and environmental impact, are the subject of corporate performance targets or require compliance with the regulatory and institutional frameworks in which our company operates. Other information relates to broader social expectations and the extent to which our company influences its employees, customers and suppliers.

Some of the topics and indicators covered in this report require ongoing active management either to ensure we meet self-imposed performance targets or to comply with external regulations. Others are included because of their historical significance or level of importance to our stakeholders. We gauge level of importance by various methods, including employee surveys and regional forums, ongoing communications with our Shareholder, and comments and suggestions received from customers and market research. We intend to conduct a more thorough stakeholder-engagement exercise in 2008 to better inform the relevance of potential report content and associated data in the coming years.

### FORWARD-LOOKING STATEMENTS

This CSR Report contains forward-looking statements that reflect management's expectations regarding the Corporation's objectives, plans, goals, strategies, future growth, results of operations, performance, and business prospects and opportunities. Forward-looking statements are typically identified by words or phrases such as "anticipates," "expects," "believes," "estimates," "intends," and other similar expressions. These

forward-looking statements are not facts, but only estimates regarding future results. The Corporation cannot assure that projected results or events will be achieved. Accordingly, readers are cautioned not to place undue reliance on the forward-looking statements.

The forward-looking statements included in this CSR Report are made only as of the date of this CSR Report, and the Corporation does not undertake to publicly update these statements to reflect new information, future events or changes in circumstances or any other reason after this date.

### STAKEHOLDERS

First and foremost, we are accountable to every Canadian citizen through our Shareholder, the Government of Canada. Our financial success and sustainability depend, to a large extent, on the revenue generated by hundreds of large institutional customers, tens of thousands of small and medium-sized businesses and millions of consumers. As one of Canada's largest employers, we have a direct impact on the lives of our more than 60,000 employees, as well as on their families and the communities in which they live. Finally, our success also depends on the quality of our relationships with our unions and bargaining units, as well as on suppliers, municipal governments and non-government organizations.

### SUSTAINABILITY

Our overall CSR vision, objectives, targets and key performance indicators are a reflection of our senior management's commitment to the principles of sustainability. We intend to conduct our business in a way that "meets the needs of the present without compromising the ability of future generations to meet their own needs\*."

Our approach to social responsibility is anchored in the belief that our long-term economic health is directly linked to the health and well-being of our employees, our communities and the environment. We are committed to following leading environmental and ethical business practices, and continually improving the way we conduct our business.

\* Our Common Future by the United Nations World Commission on Environment and Development. Oxford: Oxford University Press, 1987, p. 43.

At Canada Post, sustainability means that we ensure employees' physical, psychological and social well-being; operate in an environmentally sustainable manner; strengthen our positive impact on the communities in which we operate; and are economically sound and socially responsible in how we govern and manage our business.

### GLOBAL REPORTING INITIATIVE (GRI)

This report is informed by the Global Reporting Initiative's (GRI's) principles and indicators. We intend to further our reliance on the GRI framework in the coming years and expand the number of indicators covered by our Corporate Social Responsibility Report. We also intend to follow some of the relevant guidelines outlined in the Transportation and Logistics sector supplement. Based on our self-assessment, we consider our report to meet GRI reporting level C.

### SCOPE

This report covers the activities of Canada Post Corporation only. Unless otherwise specified, it does not include the performance of our subsidiaries and joint venture, Purolator Courier Ltd., SCI Logistics Inc., Canada Post International Limited (CPIL) and Innovapost Inc.

### INFORMATION INTEGRITY

Canada Post Corporation's management is responsible for the preparation and integrity of the information in this report. We believe the report fairly represents our CSR activities based on internal control systems, including verification by internal business-process owners. The Corporation's Internal Audit Group assisted in establishing the information-gathering procedures and in the data-quality review process for several key CSR performance indicators. Financial results are based on our audited financial statements, as noted in our 2007 Annual Report. Certain operational results have been reviewed by third-party providers.

### BALANCE

We believe that continual improvement will take place only if we adopt an approach that provides a balanced view of current positive and negative impacts. Therefore, whenever feasible, we have provided a list of our challenges and accomplishments in relation to specific topics.

### REPORTING PERIOD

Moving forward, our goal is to report on an annual basis. To show a reasonable view of general trends in recent years, we have opted in this report to cover our various performance indicators for the last three years, where information is available. However, with regard to activities, we focus only on those that took place in 2007.

### CLARITY

We have tried to write this report in clear, simple and understandable language. A glossary is available on page 66 to help explain various industry-specific terms and concepts included in the report. All terms in the glossary are marked with a superscript "g" <sup>(g)</sup>.

### PLANNING AND EXECUTION

Planning, execution and reporting of our CSR activities are coordinated and supervised by Robert Waite, the newly appointed Senior Vice-President, CSR, and by a newly formed CSR Steering Committee, which is comprised of representatives from various departments, including Safety and Health, Environmental Management, Compliance, Human Resources, Finance, Sourcing Management, Communications and each of our three lines of business.

### FEEDBACK AND FURTHER INFORMATION

We welcome feedback on this report. Please email us at [info.csr@canadapost.ca](mailto:info.csr@canadapost.ca). This report is also available online at [www.canadapost.ca/socialresponsibility](http://www.canadapost.ca/socialresponsibility).

## About Canada Post

Every business day, Canada Post plays a significant role in helping Canadians run their companies, ship goods around the world and communicate with one another through a variety of world-class innovative physical and electronic delivery solutions. A profitable company that's a vital part of the Canadian economy, Canada Post is among the 50 largest Canadian businesses in terms of revenue and the 10 largest employers in Canada.

### OUR VALUES

- > We work to earn our customers' business
- > We succeed by working together
- > We take responsibility for our actions
- > We treat each other with fairness and respect
- > We strive to continuously improve
- > We act with integrity in all that we do

### CODE OF CONDUCT

Like any large organization, Canada Post and its employees are often faced with challenging decisions. The company has a Code of Conduct that outlines appropriate behaviour for employees at all levels. At the heart of the Code of Conduct is establishing trusted relationships among employees, as well as with partners, suppliers and the Government of Canada.

Canada Post is committed to creating an open and transparent work environment in which employees are free to report any concerns about wrongdoing in the workplace. Although cases of wrongdoing are rare, we want all employees to feel free to raise issues with their immediate supervisors or senior management.

### Programs and initiatives

#### Whistleblowing Policy

Since January 2005, Canada Post has maintained a corporate policy on the disclosure of improper activities in the workplace. This "whistleblowing" policy meets all the requirements of the Government of Canada's legislation.

#### ClearView Hotline

Canada Post has set up an independently managed, anonymous toll-free hotline to enable employees to report potentially improper activities 24 hours a day, seven days a week. In 2007, the hotline received 90 reports.

### CANADA POST'S BOARD OF DIRECTORS

The role of the Board of Directors is explicitly supported by the statutory framework within which Canada Post operates (the *Canada Post Corporation Act* and the *Financial Administration Act*), the Corporation's bylaws, and its Statement of Board Values and Board Charter.

The Board is responsible for overall guidance on the strategy, business plans and related affairs of the Corporation, and overseeing Canada Post on behalf of the Government of Canada.

### Board composition

Canada Post's Board of Directors is comprised of 11 members, including the Corporation's President and Chief Executive Officer. Traditionally, the position of the Chairman and that of the Chief Executive Officer are separate. The Board and management of Canada Post hold the view that sound and dynamic governance practices are the foundation upon which a quality and successful organization is built. Good corporate governance is essential to the fulfillment of Canada Post's public-policy and commercial mandates, and will contribute to ensuring that all Canadians continue to benefit from a universal and affordable national postal service.

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## A new committee

The terms of reference of the Environment and Occupational Health and Safety Committee were modified to include corporate social responsibility and compliance. The newly renamed Corporate Social Responsibility, Environment and Occupational Health and Safety Committee oversees the Corporation's social responsibility, environmental and occupational health and safety policies, programs, procedures and performance.

## COMPLIANCE

The Board of Directors and senior management are committed to a corporate environment that fosters and demonstrates ethical behaviour at all levels of the organization—without exception. A Compliance Group was formed in June 2007 to bring a new focus to compliance in the areas of access to information, privacy, human rights, employment equity, official languages, anti-money laundering and whistleblowing.

Enhanced compliance contributes to a culture of “doing the right thing,” deters misconduct, provides a mechanism for monitoring the external environment and managing specific operational compliance issues, and helps define and quantify the value of investing in compliance.

## PRIVACY

Canada Post has long held a strong commitment to uphold the privacy of its employees and customers, as well as all Canadians. The security of data and responsible management of personal information have been central to the company's business for more than 150 years.

Every day, Canada Post processes millions of transactions involving personal information, making the administration of privacy a significant challenge. The company's effectiveness at protecting privacy depends on all employees in all functions.

Head office and regional privacy coordinators administer the company's privacy program and work to find solutions to privacy issues when they arise. Privacy coordinators protect customers' and employees' privacy, promoting awareness and understanding, and providing training and advice to ensure the proper use, collection and protection of personal information. The managers of Canada Post's Personal Information Banks are responsible for ensuring the proper collection, use, disclosure and retention rules for their respective databases.

## Adopting a proactive approach

Canadians have a high level of trust in the Canada Post brand. Adopting a proactive, modern approach to privacy is pivotal to maintaining that trust. Canada Post has identified privacy as a specific priority within the organization, and as a key component of the company's ability to achieve its business objectives and realize its vision of the Modern Post.

Experts were brought in at the executive level to create a central focal point for all privacy-related matters. This enabled Canada Post to modernize its approach to privacy while ensuring compliance with the *Privacy Act* and acknowledging the 10 Fair Information Practices for the protection of personal information outlined in federal and provincial privacy laws.

## Programs and initiatives

### Creating clarity and transparency

In 2007, the Board of Directors approved separate policies for customer and employee privacy to remove duplication as well as to provide greater clarity and transparency, and a means by which employees and customers can raise questions or concerns about their personal information.

### Privacy compliance and governance

An independent risk assessment was conducted to evaluate the compliance of Canada Post's customer Personal Information Banks with the *Privacy Act* and Canada's 10 principles of personal-information protection. The result was an action plan to mitigate risk and develop a management framework for privacy compliance and governance.

### Guidelines and procedures

Canada Post revised its guidelines and procedures for responding to privacy enquiries and complaints. The Corporation fielded 4,776 customer and employee access requests and 400 inquiries from customers under the *Privacy Act* in 2007. To be more responsive to customers and provide greater transparency, Canada Post now enables individuals to voice their privacy concerns and put questions directly to the Corporation's Privacy Office.

## OFFICIAL LANGUAGES

In bilingual regions and where there is significant demand, Canada Post is committed to communicating with employees and customers in the official language of their choice. Canada Post is a large and complex organization, and creating a work environment conducive to the use of both English and French, in accordance with the *Official Languages Act*, creates daily challenges. In 2007, 46 official languages complaints were received through the Office of the Commissioner of Official Languages, the lowest number of complaints since Canada Post adopted the *Official Languages Act* in 1969.

Serving Canadians in English and French makes good business sense and we are committed to improving our ability to offer services in both official languages. We operate the largest bilingual retail network in the country with approximately 800 post offices being designated bilingual. Canada Post is also proud to promote linguistic duality and support minority official language communities, mainly through its literacy initiatives. Additionally, various programs, such as annual external and internal audits, enable us to identify and address areas that require improvement.

### An exemplary rating

In 2007, for the third year in a row, the Commissioner of Official Languages gave Canada Post an exemplary rating for the measures the company has taken to support the development of official-language minority communities and promote linguistic duality in Canada.

## PROCEEDS OF CRIME (MONEY LAUNDERING) AND TERRORIST FINANCING

The International Monetary Fund (IMF) has estimated that the aggregate amount of money being laundered in the world could be more than \$2 trillion U.S. every year. The magnitude of this problem around the world makes it crucial for Canada Post to ensure it has a strong regime in place that enables it to detect, prevent and deter money laundering and terrorist financing, and ensure the Corporation complies with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTF).

Canada Post's compliance regime consists of:

- Internal policies and procedures that enable us to detect and deter possible money-laundering and terrorist-financing activities, and comply with customer identification, record-keeping and reporting requirements
- A senior compliance officer, who is accountable for overseeing our compliance regime and reporting to senior management
- A training program that ensures post office counter clerks and other employees, as appropriate, are trained on an ongoing basis to understand the legal requirements of the Act and our compliance regime
- A process by which our compliance regime is reviewed on an annual basis to ensure that it is up to date, and incorporates any changes and updates to the Act.

### Key priorities for 2008

- Continue to develop and enhance our compliance regime
- Provide support for retail automation and money-order redesign
- Deliver ongoing training to increase awareness of compliance requirements
- Strengthen monitoring and forensic analysis tools

## ACCESS TO INFORMATION

For a number of years, Canada Post has been proactively disclosing information to the general public through a variety of corporate documents, including the Annual Report, Corporate Plan Summary and Canada Post website. On September 1, 2007, the Corporation became subject to the *Access to Information Act* (ATIA), which was amended by the *Federal Accountability Act* to include Crown corporations. The Act gives individuals and organizations a broad right to access records, including those under the control of Canada Post.

Records-management and retention initiatives were implemented in 2007 to inform all employees about how to properly manage corporate information. An Access to Information (ATI) Directorate, which is supported by a dedicated team of Offices of Primary Interest and ATI liaison officers across the country, was created to manage incoming information requests and prepare outgoing replies and records.

Canada Post operates in a highly competitive environment and believes it is important to balance a requester's right of access with the protection of commercially sensitive information. We are also committed to protecting the privacy of information received from partners, suppliers and customers. A consultation process ensures that third parties can make recommendations about the disclosure or protection of personal information.

By the end of 2007, approximately 70 ATI requests had been received. We will continue to develop and enhance our ATI programs and initiatives in 2008 to ensure compliance with the new legislative obligations and expedite the release of records to requesters.





## ACTING RESPONSIBLY FOR OUR BUSINESS

CANADA POST IS COMMITTED TO BEING ECONOMICALLY SOUND AND SOCIALLY RESPONSIBLE IN HOW IT GOVERNS AND MANAGES ITS BUSINESS.

In addition to meeting the country's crucial mail, distribution and logistics needs, Canada Post creates significant benefits for our country, including tax revenues for federal and provincial governments and dividends<sup>9</sup> for our Shareholder, the Government of Canada. Canada Post's goal is to continue to offer relevant, valuable services to Canadians, and to put the customer first—always—by upholding high quality standards in all aspects of its business.

### OUR PRIORITIES

#### > A FINANCIALLY STABLE FUTURE

*By building on more than a decade of sustained profitability to deliver continuing job security for our people and dividends for our Shareholder*

#### > TO MEET OR EXCEED

#### DELIVERY STANDARDS

*By continually monitoring, reviewing and improving our delivery processes*

#### > TO CREATE VALUE FOR OUR CUSTOMERS

*By listening to customers and providing the services they need*

# A Financially Stable Future

## FINANCIAL PERFORMANCE

Canada Post is committed to being a top-performing business that continues to operate profitably, increase productivity and offer compelling services to customers. Every year, we take stock, build on the company's past successes, and learn and evolve in ways that will ensure our collective prosperity in the future. Our primary objective for financial performance is to maintain profitability.

## MAINTAINING PROFITABILITY

In 2007, Canada Post recorded a profit for the 13<sup>th</sup> consecutive year, and returned a dividend of \$47 million to its Shareholder, the Government of Canada, based on 2006 net income. The company prides itself on being a well-managed business that does not depend on taxpayer support to carry out its operations.

The Canada Post Group reported a consolidated net income of \$54 million on revenues of almost \$7.5 billion for the fiscal year ended December 31, 2007. This represents a decrease of \$65 million or 54.3% over 2006.

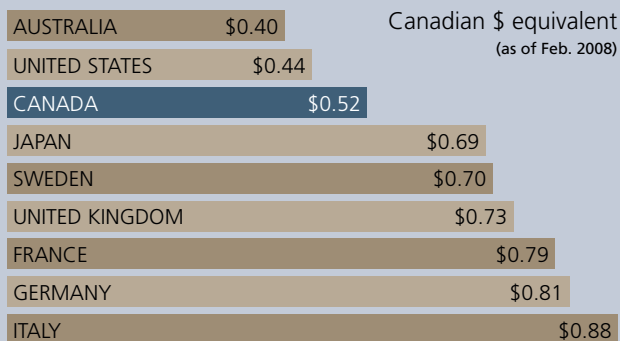
## CONTRIBUTING TO THE ECONOMY

In 2007, the Conference Board of Canada—a leading independent economic research institution—studied the economic impact of The Canada Post Group based on 2006 data. The study found that, as well as meeting the country's crucial mail, distribution and logistics needs, the Group also delivers significant economic benefits, including tax revenues for federal and provincial governments and dividends for our Shareholder.

According to the study, The Canada Post Group's economic contributions include more than:

- \$6 billion in real gross domestic product (GDP)
- 70,000 direct jobs
- 42,000 indirect jobs through expenditures on goods and services, contractors who transport mail on our behalf, and workers in private-sector dealer post offices
- \$10 billion in labour income
- \$1.4 billion in federal personal income taxes
- \$1.1 billion in provincial personal income taxes

## \$434 MILLION: TOTAL DIVIDENDS PAID TO THE GOVERNMENT OF CANADA SINCE 1989



Canada has one of the lowest basic letter rates in the world

## An affordable and reliable Post for all Canadians

The cost of sending a letter in Canada is one of the lowest among the industrialized nations. It costs the same to send a letter from Halifax to Vancouver as it does to send one from Montréal to Ottawa. Since 1982, the basic letter rate has risen significantly less than the rate of inflation, having increased by 22 cents, or 73%, while the Consumer Price Index has risen by 110%.

# Delivery Standards

## EXCEEDING DELIVERY STANDARDS

*Target: 96% on-time delivery for Lettermail™*

Delivering the mail on time continues to be crucial to Canada Post's long-term success. In 2007, we delivered 11 billion pieces of mail to more than a million businesses and institutions and millions of Canadians. We are committed to efficiency, quality and innovation, and continually refine our business practices and develop innovative products and services to ensure our status as a leading provider of physical and electronic delivery solutions. Our primary objective for performance optimization is to exceed delivery standards across the board.

As part of our service-reliability program, we are committed to delivering properly prepared Lettermail in two business days within the same metropolitan area or community; three business days within the same province; and four business days between provinces. In 2007, we achieved an on-time service-performance score of 96.1% for Lettermail.

## Programs and initiatives

### Leading-edge information delivery

In 2007, Canada Post introduced SmartFlow™ Document Management Services, a unique new suite of electronic services that provides end-to-end bill, invoice and statement solutions—electronically and physically. SmartFlow enables customers to reduce their operating costs and increase the effectiveness of their bills, invoices and statements. SmartFlow also enables our customers to respond to the growing demand from their customers for online services.

Other services include Direct Marketing Online™, an electronic tool that helps customers plan, create, produce and distribute advertising mail campaigns, and Borderfree™, a service that facilitates Canadians' purchases from U.S. online sites by providing one unique "landed in Canada" price that includes duty fees and delivery costs.



# Creating Value

## CUSTOMER VALUE MANAGEMENT

At Canada Post, our customers are at the heart of everything we do. Customer Value Management (CVM) is the corporate methodology through which we measure the total customer experience across Canada Post. CVM enables us to understand what customers value and what drives their loyalty as well as measure our performance against that of our competitors. Understanding what customers value is crucial if we are to provide them with the products and services they need, and improve our business and financial performance. Value is the single most important predictor of market share and profitability.

In 2006, Canada Post introduced the Customer Value Index (CVI) as part of the CVM program. The CVI, which measures customer loyalty to Canada Post, uses CVM results to focus corporate initiatives around improving value for customers. CVI targets, which are set in the fourth quarter for the following year, make up part of the Corporate Team Incentive<sup>9</sup> calculation.

Customer Value Index (CVI)	2007 Target	2007 Target Met
Transaction Mail	+2	Partially
Parcels	+2	Yes
Direct Marketing	+3	No

## POSTAL TRANSFORMATION

In 2007, Canada Post announced a modernization program to bring the company's aging infrastructure up to date and ready to meet the demands of today's competitive business environment. The company has already revolutionized its information systems and processes with the introduction of Enterprise Resource Planning. This initiative led to other major business transformations, including the introduction of lean manufacturing principles to various operational processes.

Over the next five years, we could invest up to \$1.9 billion on capital projects, including new and renovated buildings, updated equipment and systems, and upgraded information technology. We also aim to adopt the best tools and practices available to enable us to improve service to customers.



## MAINTAINING GOOD LABOUR RELATIONS

Canada Post is committed to working with all of its employees and their unions and bargaining units to ensure continued labour stability and growth. There have been no major labour disruptions at Canada Post for more than 10 years\*. Over the course of the past two years, we have achieved, without labour disruption, negotiated settlements for three new collective agreements. In 2007, we successfully negotiated a historic four-year contract with our largest union, the Canadian Union of Postal Workers (CUPW). The unions and bargaining units representing Canada Post employees are the CUPW, the Canadian Union of Postal Workers – Rural and Suburban Mail Carriers (CUPW – RSMC), the Association of Postal Officials of Canada (APOC), the Public Service Alliance of Canada (PSAC), and the Canadian Postmasters and Assistants Association (CPAA).

Canada Post and its unions and bargaining units have worked together—and continue to work together—to pilot and implement various new initiatives aimed at improving Canada Post’s business practices.

## PROCUREMENT PRACTICES

Canada Post’s policy is to compete fairly, ensure its marketing and competitive practices respond to customer needs, and comply with all applicable legislation.

As a matter of principle, Canada Post conducts its contracting activities with due regard to applicable laws, regulations, international agreements and conventions, and internal policies and competitive tendering processes. The company does this in such a way as to convey its high standards of professionalism and business ethics to customers, suppliers and all Canadians.

We intend to further enhance our requirements for corporate social responsibility stewardship from all our suppliers by implementing ethical, social and environmental guidelines in all new sourcing requests by the end of December 2008.

## NO MAJOR LABOUR DISRUPTIONS FOR MORE THAN 10 YEARS\*

*\*Does not include illegal job actions.*

### A blueprint for the Modern Post

The Postal Transformation initiative will enable us to modernize our infrastructure and continue to offer Canadians the level of service they expect. Changes being considered under the initiative include:

- New automated processing equipment to extend letter-sorting and sequencing automation
- Upgrades to existing buildings
- Automated processing of Addressed Admail™ mailings and new tools to keep large customers’ Admail lists more up to date
- New coding and reading systems based on full street addresses
- New standardized containers and work processes



# ACTING RESPONSIBLY FOR OUR PEOPLE

THE WELL-BEING OF A CORPORATION IS TIED DIRECTLY TO THE WELL-BEING OF ITS PEOPLE.

Canada Post is committed to creating a culture and work environment that ensures the physical, psychological and social welfare of its more than 60,000 employees across the country.

This commitment begins with listening to and communicating openly with employees through vehicles such as the Regional Forums. In 2007, 22 forums were held in eight cities and attended by approximately 6,500 employees from across the country. Out of this open dialogue with employees came concrete measures that enable us to ensure we recognize the value of people as individuals and as a team.

## OUR PRIORITIES FOR OUR PEOPLE

### > HEALTH AND SAFETY

*Ensuring the safety and security of our workforce*

### > ENGAGEMENT

*Building a culture of respect, inclusion and opportunity*

# Safety

In our business, the workplace can be anywhere: post offices to sorting facilities; the streets and sidewalks of major cities to the back roads of rural communities. Canada Post is committed to making sure its employees are safe, secure and healthy regardless of the job they do, or where they do it. Our primary objective for safety is to reduce our accident frequency rate.

Achieving this goal will improve the work experience for employees and also ensure that Canada Post is operating as efficiently and productively as possible on behalf of its customers and stakeholders.

## ADVANCING SAFETY: GENERAL HIGHLIGHTS FOR 2007

- Hired general manager for health and safety
- Conducted more than 40,000 hours of health-and-safety training for managers and employees
- Involved letter carriers in the testing and selection of anti-slip devices for winter

## ELIMINATING FATALITIES

*Target: Zero*

Nothing is more important to Canada Post than preventing loss of life on the job. Unfortunately, one Rural and Suburban Mail Carrier (RSMC) died in 2007 due to a traffic accident while at work, and a letter carrier died in 2006 due to a fall.

Fatalities	2007	2006	2005
Canada Post Employees	1	1	0
RSMC Helpers <sup>9</sup> , Ergonomic Assistants <sup>9</sup> and Replacements <sup>9</sup>	0	2	0

For the purposes of reporting of fatalities in this report only, we are including non-employee RSMC helpers, ergonomic assistants and replacements who were performing functions related to RSMC operations. In 2006, two fatalities occurred among non employees: one was an RSMC's family member, who was acting as an ergonomic assistant, the other was an RSMC's spouse, who was acting as a replacement.



2008 target: to reduce accident frequency rate by 7%

4,588

Total number of workplace accidents resulting in lost time in 2007

46%

Percentage of lost-time accidents<sup>9</sup> in 2007 caused by slips, trips and falls



## RURAL MAIL DELIVERY: THE SAFETY CHALLENGES

Rural and Suburban Mail Carriers (RSMCs) are at risk because of the nature of their work. Frequent merging in and out of heavy traffic, poor visibility around curves in the road and the absence of safe shoulders all create hazardous working conditions. Basic changes have been made to make RSMCs' vehicles more visible, including the addition of rooftop signs and flashing amber lights, but further steps must be taken.

While trying to ensure the well-being of RSMCs, we are also doing everything possible to preserve traditional lot-line mail delivery in rural areas wherever it is safe to do so.

## Programs and initiatives

### Assessing safety

Canada Post is currently conducting a \$350-million assessment of the safety of delivering to each of the more than 800,000 rural mailboxes across the country.

### Delivery solutions

When safety issues are identified for rural mail-delivery locations, solutions can include moving mailboxes or switching from individual roadside boxes to community mailboxes in safe locations. Because these changes affect a community's mail-delivery service, Canada Post has developed a Community Outreach program. This program ensures that everyone involved—including customers, community leaders, local officials and Members of Parliament—has a clear understanding of the issues and is involved in finding a solution, and that customers are provided with acceptable mail delivery.

**\$350 MILLION: ESTIMATED COST OF ASSESSING THE SAFETY OF DELIVERING TO EACH OF THE MORE THAN 800,000 RURAL MAILBOXES ACROSS THE COUNTRY**



## REDUCING ACCIDENTS

*Target: 7% reduction in our accident frequency rate in 2008*

Canada Post is determined to reduce its accident frequency rate to a level in line with that of other organizations in the transportation and logistics sectors as well as with postal administrations around the world. Last year, 4,588 workplace accidents occurred that resulted in lost time. Although workplace accident rates remained stable and even decreased in some regions, there were marked increases in some of our largest regions such as the Greater Toronto Area. As a result, the Corporation did not meet its goal of a 20% reduction in the accident frequency rate in 2007. In fact, the frequency increased by 8.35% from 2006.

Every injury that results in lost time is of concern for several reasons. First, and most obviously, employee health is affected. Second, the quality of Canada Post operations suffers due to the challenge of having to replace injured individuals. Finally, productivity and profitability are reduced, and employee morale decreases. In 2007, we continued to examine our operations—both in plants and on delivery routes—to identify and address situations in which accidents commonly occur.

## Programs and initiatives

### Baseline assessments

Regional baseline assessments of Canada Post's operations will be undertaken in 2008. The focus of these assessments is to better understand priorities and any subsequent deployment of safety-management-system elements to build and sustain a safety culture and reduce the number of workplace accidents.

### Dog-bite review

Dog bites continue to be a cause of injury to mail carriers. In 2007, we initiated a program to increase public awareness of the need to restrain family pets. A total of 4,476 public-service announcements about dog-bite prevention were made across the country. We also continued to work with municipalities to ensure that animal bylaws are properly enforced.

### Safe-lifting training for employees

In consultation with the CUPW, we have developed and are currently deploying training that teaches employees how to lift and carry equipment and materials safely and avoid injury. We will continue to work with employees to test equipment that might improve ergonomics and provide solutions to lifting and carrying issues.



Lost-Time Accidents	2007	2006	2005
Accidents (excluding RSMCs)	4,378	4,016	4,035
RSMC Accidents	210	231	174
Total	4,588	4,247	4,209

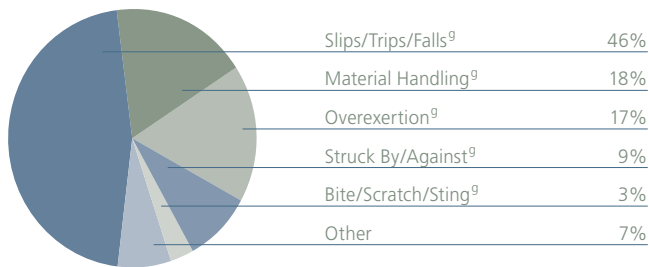
Lost-Time Accident Frequency Rate <sup>9</sup> Comparison	2007	2006	2005
Canada Post (excluding RSMCs)	9.34	8.62	8.65
UPS <sup>1</sup>		2.6	
TNT (Netherland's Postal Operator) <sup>2</sup>		3.1	
Deutsche Post (Germany) <sup>3</sup>		6.9	

<sup>1</sup> 2006 UPS Corporate Sustainability Report

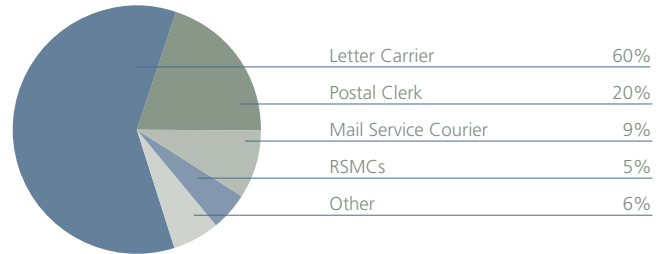
<sup>2</sup> TNT Social Responsibility Report 2006

<sup>3</sup> Deutsche Post World Net Sustainability Report 2006

2007 LOST-TIME ACCIDENTS BY TYPE



2007 LOST-TIME ACCIDENTS BY WORK GROUP



## Slips, trips and falls

At Canada Post, we face some unique challenges, because many employees work in environments over which we have little or no control such as public roads and private paths and driveways. Forty-six per cent of injuries last year were due to slips, trips and falls—many because of snowy and icy conditions.

### Reaching out to homeowners

The Icy Walkways Initiative is a significant public-awareness campaign that seeks to raise awareness of the need to eliminate hazards, such as snow and ice, from paths and driveways.

The campaign included public-service announcements on the radio and The Weather Network™, as well as information cards delivered to residential mailboxes.

### Letter carriers on ice

In 2007, letter carriers and union representatives met at an ice rink to test and rate five different sets of ice cleats. Three sets of anti-slip devices were made available to employees, who were able to choose which cleats to order. More than 16,000 sets of new anti-slip devices were distributed to delivery personnel in 2007.

## Employee Health and Well-Being

Creating a modern workplace is about more than implementing new health-and-safety policies and absenteeism programs, and investing in physical workplace improvements and wellness programs. It's also about building a culture of fairness and respect, and offering a total compensation package.

Canada Post's employees have access to an extensive health-care plan, wide-ranging dental coverage—including orthodontic services—a broad vision and hearing care plan, two retirement-planning options, and life and disability insurance. Our Employee Assistance Program (EAP) provides confidential counselling and referral services.

In 2007, we entered into new partnerships with Manulife Financial and Shepell-fgi. The partnership with Manulife Financial enables us to align our disability-management program with industry best practices and provide employees with high-quality support during times of illness or injury. Shepell-fgi delivers enhanced health-and-wellness services and resources to our employees and their family members. Despite our broad health-care plans, however, absenteeism remains a significant challenge.

### ABSENTEEISM

Based on a number of indicators, absenteeism at Canada Post is higher than the national average as measured by Statistics Canada. The number of days lost per employee (DLE)<sup>a</sup> was 14.8

in 2007 and 14.3 in 2006, compared to an overall national average of 9.7. Approximately 80% of absences were related to sick leave.

Our measure of days lost per employee includes uncertified sick leave, medically certified sick leave, injury on duty and special leave, which includes family and personal-related leave. In 2007, employees used 5.9 million hours of paid time for these types of absences, which amounts to the absence of more than 2,800 full-time equivalent employees every day, at a direct and indirect cost to Canada Post of approximately \$310 million.

### Absenteeism: The challenges

Canada Post is one of only a few commercially oriented companies to have a system of cumulative sick leave in which employees can accumulate unlimited sick-leave days based on length of service. These cumulative sick-leave days cover 100% of an employee's salary during periods of short-term and long-term absence. Employees with long-term illnesses or injuries are required to use up their cumulative sick-leave days before going onto long-term disability plans. This use of banked sick leave artificially inflates our certified sick-leave rates. Canada Post's aging workforce presents an additional challenge as statistics indicate a direct correlation between the age of employees and the level of absenteeism. The average age of employees at Canada Post is 47.3.

\$ 700 M

The cost of managing health and well-being at Canada Post in 2007

\$ 310 M

The 2007 absenteeism-management costs, including salary and benefits for absent employees and their replacements

80%

Percentage of absences accounted for by **33%** of employees in 2007

## Absenteeism: The costs

The cost of absenteeism is far greater than the direct payment of salaries and benefits to absent employees.

Unscheduled absences can also result in:

- Decreased productivity with employees shouldering extra workload and supporting new or replacement staff; employee morale and customer service can suffer as a result.
- Increased direct and indirect costs for overtime and replacement staff, as well as through lost sales. Additionally, costs are incurred due to the time required to hire and train replacement employees or to reassign relief employees.

Absenteeism – Days Lost per Employee (DLE)	2007	2006	2005
Canada Post	14.8	14.3	13.9
<b>Other Sectors<sup>1</sup></b>			
Federal Administration		14.1	
Unionized		13.6	
Transportation and Warehousing		11.6	
Overall – All Sectors		9.7	

<sup>1</sup> Work Absence Rates 2006; Statistics Canada; Catalogue no. 71-211-XIE (latest information available)

## Programs and initiatives

### Reducing unscheduled absences

Canada Post has made it a priority to reduce the number of days lost to short-term unscheduled absences in 2008. To achieve this objective, we will focus on creating a supportive work environment in which employees are engaged and want to come to work.

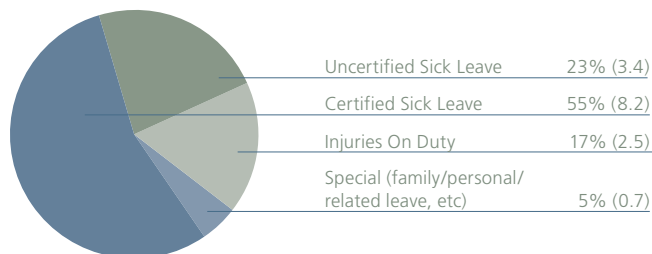
### Reintegrating employees

With respect to longer term leave, we are implementing a number of improvements to our processes to help employees reintegrate into the work environment in a timely, safe and productive way.

Absenteeism – as a percentage of usual hours of work	2007	2006	2005
Canada Post	5.9%	5.7%	–
<b>Other Sectors<sup>1</sup></b>			
Federal Administration		5.7%	
Unionized		5.4%	
Transportation and Warehousing		4.6%	
Overall – All Sectors		3.9%	

<sup>1</sup> Work Absence Rates 2006; Statistics Canada; Catalogue no. 71-211-XIE (latest information available)

## WORK ABSENCES BY LEAVE TYPE IN 2007



# 14.8

The number of days lost per employee in 2007

# Engagement

*Target: Increase employee engagement score from 52 to 56 in 2008*

Canada Post, like many corporations throughout North America today, is encountering change on many levels. Baby boomers are beginning to retire and competition—for business and for talent—is intensifying. At Canada Post, we believe that the best solution is to make sure our workforce is motivated, engaged and satisfied, enabling us to achieve our business results and attract and retain talented people. We want to become the best place to work in Canada, with every employee contributing to and sharing in our success.

Our primary areas of focus with respect to employee engagement are:

- Greater respect and fairness in the workplace with all employees feeling their contributions are valued
- Improved health and safety
- An open dialogue with employees

Addressing key employee frustrations, such as salary errors, is also crucial. Though the efforts of teams across the country, pay defects at Canada Post were reduced by 55% in 2007.

## MEASURING ENGAGEMENT

To measure progress on employee engagement, Canada Post uses an index that is based on anonymous responses to several questions contained in an annual employee survey. Our employee engagement score is based on employee responses to questions about issues such as how valued they feel, how their performance and development is measured, and the level of co-operation among employees. Employee engagement benchmarks account for 25% of the Corporate Team Incentive calculation.

In 2007, employee engagement levels as measured by the index rose by five points. There is, however, substantial room for improvement. When compared to other postal administrations around the world and to major North American companies, Canada Post lags behind in several categories. The goal for 2008 is a further increase of four points in the index to build upon the gains made in 2007 and reinforce areas of emerging strength.

2007		2006
Target	Actual	Actual
54 (+7)	52 (+5)	47



Increase in engagement score in 2007



In 2006 and 2007, Canada Post was recognized in Maclean's magazine as one of the top 100 employers in Canada

72%

Percentage of respondents who reported they were proud to be associated with Canada Post

## EMPLOYEE ENGAGEMENT SCORES

In 2007, for the first time in 10 years, the employee survey showed a marked improvement in how employees feel about working at Canada Post. The results showed a five-point overall increase in the employee engagement index—a significant increase in one year. Additionally, in 2007, we saw a 35% increase in the number of responses.

All categories within the employee survey improved in 2007, with the supervision category, which covers how employees perceive their team leaders, showing substantial improvement. Of the 14 questions in this category, scores for 13 showed significant increases. The survey recorded a five-percentage-point increase in respondents who feel recognized for what they do, with 75% reporting that there is good co-operation between them and their colleagues. Additionally, there was a significant jump in the number of employees who believe the company operates with integrity in its dealings with them, especially with regard to our efforts to improve health and safety in the workplace.

## Programs and initiatives

### Outreach events

As well as Regional Forums, vice-presidents and general managers led more than 450 employee discussion groups with approximately 4,000 front-line employees. Other internal outreach mechanisms include numerous internal communications vehicles and the President's blog.

### Service recognition and Bravo awards

Canada Post's Service Recognition Program provides formal acknowledgement of employee achievements; the Bravo program allows for informal recognition. Recognition tools include an online Leaders Guide to Recognition, Bravo Thank You and Congratulations cards, and a range of e-cards.

## NEW COLLECTIVE AGREEMENT

In April 2007, we signed a new four-year collective agreement with the Canadian Union of Postal Workers (CUPW). Under this historic agreement, employees represented by the CUPW became eligible to participate in the Corporate Team Incentive. This now means that the vast majority of employees share in the company's success, and have an additional financial incentive to help Canada Post achieve or exceed its business objectives.

## Grievances

Employee engagement at Canada Post has increased significantly in the last few years. However, much still needs to be done as is reflected in the high number of grievances at Canada Post. A grievance is a complaint in writing submitted by a union or association when there is believed to have been unfair or unjust treatment of an employee, group of employees, union or association, in violation of a collective agreement. The majority of the more than 20,000 grievances filed in 2007 at Canada Post were because of attendance management, overtime issues and reprimand letters. The grievances filed in 2007 contributed to a total of more than 32,000 grievances still pending at the end of the year.

Due to the number of grievances filed, the Corporation's grievance-resolution process is time consuming and costly. We are working to reduce the number of grievances by creating a more collaborative workplace that ensures issues can be resolved effectively and quickly—and before they escalate into grievances.

## Equity and Diversity

Canada Post works collaboratively with its unions and bargaining units, the Canadian Human Rights Commission (CHRC), employees and other stakeholders to promote workplace diversity. We are committed to creating an inclusive and diverse workplace, and to maintaining human-resources policies and practices that reflect this goal. In 2007, we created a Corporate Employment Equity Plan for 2008 to 2010 to ensure that our workforce reflects the diversity of Canada's population. The plan established hiring, training, retention and promotion targets for the four designated groups: women, members of visible minorities, Aboriginal Peoples and persons with disabilities.

Overall Workforce	2007	2000	Canadian Labour Market Availability <sup>1</sup>
Women	48.9%	40.4%	49.6%
Aboriginal Peoples	1.8%	1.6%	2.5%
Persons with Disabilities	3.7%	3.6%	4.1%
Visible Minorities	10.5%	9.2%	13.0%

<sup>1</sup>Based on Government of Canada Census data, 2001

Collecting accurate information about representation rates is challenging because it relies upon voluntary self-identification. In fact, more than 4,000 employees at Canada Post are currently deemed to be permanently partially disabled, which represents more than 6.5% of our workforce. Only 3.7% of Canada Post workers are registered persons with disabilities. Additionally, turnover is relatively low and our collective agreements require us to post most job openings internally, limiting our ability to recruit externally from members of the designated groups.

To meet our representation-rate objectives in coming years, we will need to increase awareness of the importance of employment equity within all groups involved in recruitment and ongoing human-resources management.

Senior Management <sup>2</sup>	2007	2000	Canadian Labour Market Availability <sup>1</sup>
Women	25.5%	19.6%	25.1%
Aboriginal Peoples	1.8%	2.1%	2.5%
Persons with Disabilities	2.7%	2.1%	2.1%
Visible Minorities	3.6%	5.2%	8.2%

<sup>1</sup>Based on Government of Canada Census data, 2001

<sup>2</sup>General Manager and above

### PERCENTAGE-POINT INCREASE IN OUR WORKFORCE REPRESENTATION RATES FROM 2000 TO 2007

8.5

Women

0.2

Aboriginal Peoples

1.3

Visible minorities

0.1

Persons with disabilities



### *Opportunities for women*

Canada Post continued to improve the overall representation of women in its workforce: from 48.3% in 2006 to 48.9% in 2007.

### *Opportunities for Aboriginal Peoples*

In 2007, Aboriginal Peoples represented 1.8% of Canada Post's workforce, which was unchanged from the previous year. Initial steps were taken in 2007 to continue developing relationships with Aboriginal Human Resource Development Holders (Aboriginal Employment Centres). These efforts will continue in 2008.

### *Opportunities for members of visible minorities*

Visible minorities grew in representation in 2007, from 9.7% to 10.5%.

### *Opportunities for persons with disabilities*

The rate of representation for this employee group remained at 3.7% in 2007, the same as in 2006.

## Programs and initiatives

### *Employment Equity Plan*

The Corporate Employment Equity Plan for 2008 to 2010 provides executives and managers with hiring and representation goals as well as action plans to achieve these goals by 2010. The plan represents a crucial link between analysis of possible shortcomings in human-resources practices and programs, and the creation of fair systems and a representative workforce.

### *Collaboration with the Canadian Union of Postal Workers*

The CUPW, Canada Post and the CHRC have agreed to implement special measures to increase the representation rate of Aboriginal Peoples in 2008.



# Human Rights

Canada Post is committed to providing a respectful, inclusive work environment that is free from discrimination and harassment, as set out in our Code of Conduct, and Equality in Employment and No Harassment Policies, as well as in the *Canadian Human Rights Act*. Our primary objective with respect to human rights is to reduce the number of complaints overall by offering tools, training and dispute-resolution processes that ensure issues can be resolved internally before they escalate.

At Canada Post, we have an exceptional process for dealing with internal and human rights complaints<sup>9</sup>. We aim to continue to improve our performance in three fundamental areas of human rights, the right to:

- Be treated with fairness and respect, without anxiety and fear
- Work without worry of injury or exposure to hazardous conditions
- Feel confident that everyone is sharing fairly in the workload and the rewards

Disability continues to be the most cited ground of discrimination in complaints, followed by complaints relating to sex, race and ethnic origin.

## DUTY TO ACCOMMODATE

The duty to accommodate is the obligation to take all necessary steps to eliminate disadvantage to employees, applicants for employment and customers due to a process, practice or physical barrier. Balancing our duty to accommodate with business requirements, operational commitments and collective agreements is a significant ongoing challenge. Canada Post continues to focus on effective management of all aspects of accommodation, as outlined in its Duty to Accommodate Policy, which was initiated in 2007 and will be implemented in 2008.

### Programs and initiatives

#### Conflict resolution

Canada Post has internal and third-party mediation and conflict-resolution services available to team leaders.

#### Skills development

Managing conflict is fundamental to managing change. To that end, we focus on developing skills that will enable our team leaders to resolve disputes as they occur and better manage the significant changes that the company will see in the coming years. We have ongoing programs to train team leaders and employees on alternate dispute resolution, human rights and managing accommodation. Many of these programs are developed in partnership with our unions.

17%

Percentage of the Canada Post workforce that was on modified duties at some point in 2007

9,318

The number of Canada Post employees who were accommodated with modified duties in 2007

Human Rights Internal Complaints <sup>1</sup>	2007		2006		2005	
	#	%	#	%	#	%
Sex	91	42	47	33	33	27
Disability	62	28	39	28	48	39
Race	24	11	28	20	0	0
National or Ethnic Origin	12	5	16	11	10	8
Colour	7	3	12	8	23	29
Religion	7	3	8	6	3	2
Marital Status	3	1	5	4	0	0
Age	10	5	4	3	4	3
Sexual Orientation	6	3	3	2	8	7
Family Status	13	6	2	1	2	2
Pardoned Conviction	1	1	0	0	0	0
Retaliation	2	1	0	0	0	0

<sup>1</sup>Internal complaints are submitted by employees to human-rights coordinators in each region. If an employee is not satisfied with the outcome of an internal investigation, he or she can submit a formal complaint directly to the Canadian Human Rights Commission. Employees can also file a complaint directly to the Human Rights Commission without first submitting an internal complaint.

Note: The total number of grounds exceeds the total number of complaints because some complaints can be filed on more than one ground.

Human Rights Formal Complaints	2007		2006		2005	
	#	%	#	%	#	%
Sex	9	13	9	11	6	9
Disability	55	79	54	68	53	80
Race	6	9	7	8	3	5
National or Ethnic Origin	3	4	11	14	6	9
Colour	3	4	5	6	0	0
Religion	3	4	3	4	1	2
Marital Status	6	9	1	1	0	0
Age	2	3	7	8	5	7
Sexual Orientation	3	4	3	4	3	5
Family Status	3	4	1	1	1	2
Pardoned Conviction	0	0	0	0	0	0
Retaliation	2	3	5	6	0	0

	2007	2006	2005
Formal Human Rights Complaints	70	88	67
Internal Human Rights Complaints	219	139	122
General Complaints of Harassment	317	–	–

## Modified duties and disability management

A significant challenge at Canada Post is accommodating employees who require lighter or modified duties due to disability or injury. The definition of what constitutes a disability has greatly expanded in the last decade, and continues to expand, imposing ever greater responsibilities on employers. Today, a wide range of conditions, including unspecified pain and stress, are being acknowledged as disabilities by Human Rights Tribunals and labour arbitrators.

Based on the human rights complaints mechanism and the provisions of collective agreements, Canada Post accommodates approximately 17% of its workforce with modified duties on a temporary basis over the course of a year.

# SPOTLIGHT

## Rural Mail Delivery



DELIVERING THE MAIL ALONG CANADA'S BACK ROADS AND RURAL ROUTES CAN BE A DANGEROUS JOB. CANADA POST IS WORKING WITH COMMUNITIES TO PROTECT THE SAFETY OF POSTAL CARRIERS, WHILE MAINTAINING THE HIGHEST POSSIBLE STANDARD OF SERVICE.

Rural mail delivery has changed dramatically in the past few years: what used to be quiet winding two-lane roads are now busy four-lane highways; once rural communities are now part of suburban sprawl. Increasingly heavy traffic volumes, narrow shoulders, and curves and hills that reduce the visibility of Rural and Suburban Mail Carriers (RSMCs) when they are stopped at the roadside are making delivery to rural mailboxes hazardous. In response to complaints brought forward by RSMCs, Human Resources and Social Development Canada has so far handed down more than 40 decisions.

As an employer and corporate citizen, Canada Post has a legal responsibility to ensure the safety of its employees and customers—a responsibility called into action by the decisions handed down by Human Resources and Social Development Canada. At the same time, the Corporation has a legislated commitment to provide every Canadian with one free method of mail delivery. This situation was further complicated when Canada Post received a directive from the federal government instructing the Corporation to maintain rural delivery, while respecting all Canadian health and safety laws.

“WORKING TOGETHER WITH CANADA’S COMMUNITIES, WE ARE COMMITTED TO DEALING WITH THIS IMPORTANT ISSUE FAIRLY AND EFFECTIVELY—FOR TODAY AND THE LONG TERM.”

Moya Greene, President and Chief Executive Officer, Canada Post



“It can be nerve-racking. You’re stopped in your car on a narrow shoulder delivering the mail and another car comes whipping around the corner. The other driver doesn’t have time to react and you have nowhere to go. The dangers are real and, for everyone’s sake, it’s important that we do something. If we’re smart about it, we can find a solution that maintains quality mail service, while ensuring carriers are safe.”

Eric Bondoc, RSMC, Canada Post

## Strategies and actions

Canada Post is responding to rural-delivery safety issues with a comprehensive community-by-community rural mail safety review. Rural Canadians who are accustomed to receiving mail at their homes naturally have had questions about the review and how it will impact the quality and convenience of their mail service. Accordingly, a comprehensive community outreach process, which will ensure Canadians are well informed and invite their participation in developing solutions, is central to the safety review.

To address the safety issues and fulfill its legal and ethical obligations, Canada Post enlisted the help of independent traffic-safety specialists to set criteria for making decisions about the safety of rural mail delivery. Based on those criteria, the Corporation is undertaking an assessment of every rural mailbox in the country. It is estimated that the assessment could cost nearly \$350 million.

Where changes to mail delivery are needed, they will be made—but not in a vacuum. Through a well-defined and proven community outreach process, Canada Post is gathering the input of those affected: carriers, residents, community representatives and politicians.

“The goal is to give everyone a voice, and to strike the right balance of safety and service in each community,” says Marnie Armstrong, Director, RSMC Community Outreach, Canada Post.

To date, Canada Post has addressed every concern brought forward by RSMCs about the safety of rural mail delivery. Outside of the consultation process, the Corporation has taken steps to improve the visibility of RSMC vehicles by equipping them with rooftop signs and flashing amber lights. It also maintains a dedicated toll-free customer service line and distributes written materials that ensure transparency and clear communication.



# ACTING RESPONSIBLY FOR OUR COMMUNITIES

WE BELIEVE WE HAVE A RESPONSIBILITY TO STRENGTHEN OUR POSITIVE IMPACT ON THE COMMUNITIES IN WHICH WE OPERATE.

Being on the ground in virtually every community across the country is a unique privilege for Canada Post. Our local interactions inspire a sense of connection that has always motivated our company to work for the benefit of Canadian communities and contribute to their quality of life. Making such contributions is also a priority for our employees: 92% of those surveyed said they feel it is important for Canada Post to be involved at the community level. We recognize that strong thriving communities benefit all Canadians and Canadian companies—including Canada Post.

## OUR PRIORITIES FOR OUR COMMUNITIES

### > DONATIONS AND SPONSORSHIPS<sup>9</sup>

*Achieving meaningful impact*

### > MENTAL HEALTH

*Implementing a national corporate strategy; fostering a healthy workplace*

### > LITERACY

*Supporting programs that develop literacy skills*

### > DEVELOPMENT

*Supporting diverse initiatives to promote community growth and vitality*

## Donations and Sponsorships

Canada Post is proud of its long-standing community involvement and is committed to giving back to Canadians and their communities through prudently selected donations and sponsorships. The Corporation's large-scale charitable efforts represent investments in the communities where it does business—for the benefit of all Canadians and on behalf of all employees.

### ACHIEVING MEANINGFUL IMPACT

*Target: Donate 1% of pre-tax profits*

Canada Post is committed to dedicating 1% of its pre-tax profits to non-profit and registered charitable organizations across the country. This is a widely accepted, standard target, and is based on a rolling five-year average of pre-tax profits for The Canada Post Group. The donation total incorporates cash and in-kind contributions.

1.4%: PRE-TAX PROFITS DONATED  
IN 2007

Canada Post receives approximately a thousand donation requests every year. In 2007, the Corporation donated \$537,067 to more than 300 different registered charities and not-for-profit organizations. The Corporation also devoted \$2.4 million to sponsorships in 2007. A partial list of organizations supported by Canada Post in 2007 is included on page 64 of this report.

### ENSURING ACCOUNTABILITY

In all of its charitable efforts, Canada Post maintains openness and accountability. A special committee reviews sponsorship and donation opportunities for Canada Post. All submissions must meet strict eligibility criteria, as specified in our donations policies and practices. All contributions exceeding \$250,000 must also be approved by the President and Chief Executive Officer, and the Board of Directors.

\$2.9 MILLION: TOTAL SPONSOR-  
SHIPS AND DONATIONS IN 2007



### Spreading Christmas joy to underprivileged children

In late November 2007, employees at the Calgary Mail Processing Plant showed their Christmas spirit by donating toys for underprivileged children. Two "Angel" trees with numerous labels on them were set up in the plant. Each label was marked with an age as well as with boy or girl. Employees were encouraged to take a label and drop off an unwrapped toy to event organizer, Donna MacEachern. Employees at the plant and staff from letter-carrier depots donated more than 200 toys, which were picked up by the Salvation Army before Christmas.



## Programs and initiatives

### Sponsorship and Cause Marketing Programs

Canada Post's corporate sponsorship programs and donations strategy is shaped through constant dialogue with employees. In response to employee recommendations, the Corporation created a Sponsorship Program and Cause Marketing Program, which support a proactive approach to sponsorships, engage employees and extend Canada Post's community reach.

### The United Way campaign

Canada Post has a long-standing relationship with the United Way. In 2007, we raised more than \$2.5 million for the charity through employee and corporate donations, and became the country's first-ever donor to receive a 16<sup>th</sup> consecutive "Thanks A Million" award. This award recognizes organizations that raise \$1 million or more.

### The Salvation Army

In 2007, for the seventh consecutive year, Canada Post presented The Salvation Army with a donation of \$25,000. In line with our company's new cause of choice, mental health, the money was allocated to The Salvation Army's Suicide Prevention Ministry.

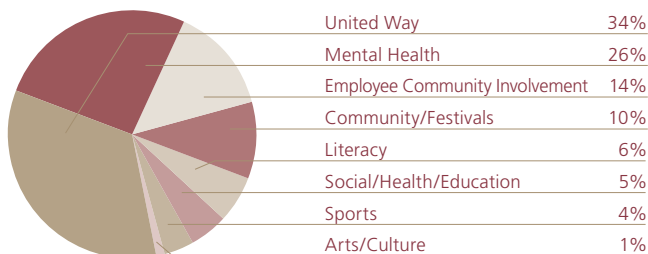
### The Canadian Freestyle Ski Association

Canada Post has been a major sponsor of the Canadian Freestyle Ski Association (CFSA) for the past six years. In 2006, after a review of our sponsorship portfolio, we decided to enter into a discussion with CFSA to develop a new partnership that would meet our new business and sponsorship objectives. The resulting six-year partnership proposal (\$1 M per year) was approved by Canada Post's Sponsorship Committee and the Board of Directors. Our status level as Title Sponsor of Canada's freestyle ski team and all Canadian freestyle ski events began in November 2006 and will run until 2012.

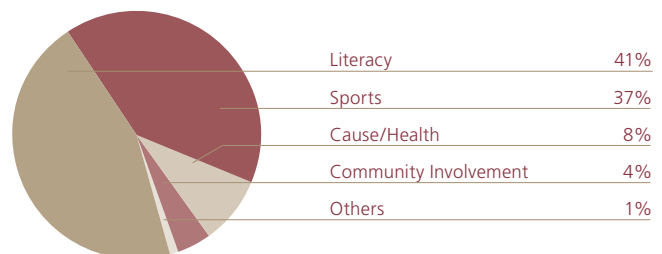
The CFSA and Canada Post will also create a bursary program to recognize athletic excellence and encourage the development of athletes at all levels.

## \$2.5 MILLION: AMOUNT RAISED FOR THE UNITED WAY THROUGH EMPLOYEE AND CORPORATE DONATIONS

2007 DONATIONS



2007 SPONSORSHIPS



## Mental Health

Mental illness affects thousands of Canadians directly—and millions more through its impact on family, friends and co-workers. Mental health is not easily discussed or well understood. After listening to employees, Canada Post chose to adopt mental health as its cause of choice in 2007 to help change the way mental illness is perceived—and to support those suffering its effects. Our primary objectives for mental health are to cultivate a mental-health-friendly workplace and implement a national corporate strategy to:

- Raise awareness of the scope, scale and severity of the impact of mental illness on Canadians and Canada
- Reduce the stigma associated with mental illness so that those afflicted feel more able to discuss their challenges and seek solutions
- Raise funds for research and patient support

### CULTIVATING A MENTAL-HEALTH-FRIENDLY WORKPLACE

In Canada, it is estimated that 3.5 million people suffer from severe stress. More than six in 10 Canadians say they experience a “great deal of stress” at work. The growing phenomenon of workplace depression is forecast to potentially cost the Canadian economy \$30 billion a year, not including treatment and health-care costs. Statistics show that approximately half-a-million Canadians are absent from work each week due to mental-health problems, and 32% of disability claims are for mental illness.

At Canada Post, we are still in the early stages of our campaign to break down the barriers attached to mental illness, which often prevent millions of sufferers from getting the help they need. We are committed to integrating better mental-health practices into our workplace and cultivating a culture of tolerance and understanding in which employees are encouraged to talk about mental-health issues. We are also taking steps to open channels of communication with employees, and provide access to mental-health tools and resources such as workshops given by the Canadian Psychiatric Research Foundation.

32%

Percentage of Canada Post's disability insurance claims due to depression and anxiety in 2007

\$6M

The amount Canada Post spent on depression and mental-disorder drugs for employees, retirees and family members in 2007

\$1M

The amount Canada Post aims to raise in 2008 to fund its mental-health strategy

## AN OPEN ACKNOWLEDGEMENT

Canada Post is proud to be one of the first large companies in Canada to champion mental health as its cause of choice. We want to place mental health front and centre so that people recognize it, understand it and, most importantly, are able to help those who are suffering.

## IMPLEMENTING A NATIONAL CORPORATE STRATEGY

*Target: Raise \$1 million in funds and promote national awareness*

Canada Post hopes to set an example that other companies will follow by implementing a national strategy in support of mental health. This strategy includes promoting awareness of mental-health issues through a variety of activities, as well as raising funds to support mental-health organizations. The Corporation will leverage the collective efforts of its people and the scale of its business to raise \$1 million by the end of December 2008.

## Programs and initiatives

### Sponsorship of Mental Illness Awareness Week

Mental Illness Awareness Week (MIAW) is the annual national public-education campaign of the Canadian Alliance on Mental Illness and Mental Health (CAMIMH). Canada Post has chosen to become the Platinum Plus sponsor of MIAW. This campaign, which takes place from October 5 to October 11 in 2008, helps Canadians appreciate the human cost of mental illness and delivers the message that it can be treated.

### Address Your Stress campaign

In 2007, Canada Post developed a national campaign—Address Your Stress—based on the mental-health-related slogan, “Know it. Understand it. Manage it.” The initiative encouraged employees and Canadians across the country to consider their stress levels—with a particular focus on workplace stress—and identify ways to reduce and manage them. Through the campaign, tools and advice were made available online, including simple stress-solver tips, anti-stress activities and living-with-stress lifestyle choices.



## Mental-health champion

In 2007, Canada Post’s President and Chief Executive Officer, Moya Greene, was recognized as a champion of mental health at the Fifth Annual Champions of Mental Health Awards. The award recognized her commitment to advancing mental-illness and mental-health issues in corporate Canada. A month later, a special presentation scroll was awarded to Canada Post employees by the 2<sup>nd</sup> US-Canada Forum on Mental Health and Productivity. Ms. Greene, who accepted the award on employees’ behalf, is pictured with Bill Mussell, co-chair of the Board of the Canadian Alliance on Mental Illness and Mental Health.

## Literacy

As a company whose fundamental purpose is associated with written communication, Canada Post is a committed supporter of literacy initiatives across the country. Literacy is not only an essential skill, but also a means of empowering adults and young people, building self-esteem and opening doors to opportunity. Our primary objectives for literacy are to:

- Improve essential literacy skills, which will lead to a more productive labour force with higher earnings, more employment opportunities, and greater workplace mobility and adaptability
- Acknowledge the achievements of Canadians who have made a special effort or an important contribution to literacy

### SUPPORTING LITERACY PROGRAMS

Canada Post supports some of the most powerful literacy programs in the country, building continually on its relationships with other corporate sponsors to fulfill its commitment to this cause.

### Programs and initiatives

#### Canwest CanSpell Spelling Bee

For the second year in a row, in 2007 Canada Post lent its support to the CanWest CanSpell National Spelling Bee—a grassroots initiative that engages middle-school students by celebrating excellence in academic achievement and encouraging positive study habits. Some 250,000 students in thousands of schools participated at the entry levels of the competition. Canada Post's involvement provides the opportunity to cross-promote related programs, including the Canada Post Community Literacy Awards, Santa Letter-writing Program, Postal Planet website and Cause Marketing Program.

#### La Dictée P.G.L.

In 2007, Canada Post was proud to continue its support for La Dictée P.G.L., which aims to improve the quality of written French among Canadian youth. More than 1,200 schools and 200,000 students from across Canada participated in La Dictée P.G.L. in 2006-2007.



### Spreading the gift of literacy

"Literacy is the heartbeat that underlies what people need to succeed in society. It's an issue that affects the well-being of every community." So says Diana Villeneuve who, for more than two decades, has been instrumental in initiating and growing literacy programs for Calgarians of all ages, and changing the culture of Alberta's libraries. With a passion for books and lifelong learning, Diana's dedication was recognized in 2007 with a Canada Post Community Literacy Award.

Diana is shown receiving her award from Lorie Semanski (right), a retail business manager with Canada Post in Calgary.

## RECOGNIZING LITERACY ACCOMPLISHMENTS

Canada Post has been supporting literacy since 1989. The program, which began as the Flight for Freedom Awards, has evolved and transformed into the Canada Post Community Literacy Awards. The Awards acknowledge the achievements of adult Canadians who have made a special effort or an important contribution to literacy.

The Literacy Awards encourage thousands of adult Canadians to improve their reading and writing skills, and inspire them to reach their personal literacy goals, for example, obtaining a Secondary School Diploma or General Educational Development certificate in either of Canada's official languages.

Canada Post was pleased to welcome the CanWest Global Communications Corporation as a Presenting Sponsor and the Lowe-Martin Group as the Official Sponsor of the 2007 awards.

## Programs and initiatives

Breaking records, making memories

Every year, thanks to the efforts of more than 11,000 Canada Post volunteers, more than one million letters and 44,000 emails to Santa, from children across Canada and around the world, are replied to each Christmas season—an accomplishment recognized this year by Guinness World Records™. Canada Post employees manage the Santa Letter-writing Program, donating some 170,000 hours of their collective time. Canada Post provides all associated materials and hosts a website with games, activities and a "Write to Santa" email feature.

## MORE THAN ONE MILLION: SANTA LETTERS REPLIED TO EVERY YEAR



## Special delivery

Letter carriers in Halifax, Nova Scotia, made a special delivery to pediatric patients at the IWK Children's Hospital on December 4 to launch the 2007 Santa Letter-writing Program. The letter carriers helped children at the hospital write their Christmas wish lists, and then addressed and stamped their envelopes for immediate delivery to the North Pole.

## Developing Communities

Communities are defined in part by their distinctiveness and diversity. Canada Post respects these qualities and supports a number of programs tailored to the needs of specific regions, communities, and cultural and demographic groups.

### ENSURING COMMUNICATION

The Community Outreach Program fosters open communication with community residents and officials across the country. The program's objective is to address and resolve issues that affect Canada Post's local operations, ensuring that all perspectives are represented in the process of reaching solutions.

### DEVELOPING AND BUILDING RELATIONSHIPS WITH ABORIGINAL COMMUNITIES

Canada's Aboriginal Peoples represent a talent base that Canada Post is determined to draw upon to enhance its workforce and support its operations in cities and rural areas across the country.

Our company is a committed participant in the Progressive Aboriginal Relations (PAR) program developed by the Canadian Council for Aboriginal Business (CCAB) and the National Quality Institute. The employment category within PAR promotes employee development and advancement. Our goals in relation to PAR are to:

- Increase Aboriginal representation within our workforce over the next three years
- Build an internal support infrastructure for Aboriginal employees
- Design a career-development program that will grow our talent pool and provide job diversification opportunities to Aboriginal employees
- Build partnerships with CCAB member companies to exchange best practices on employment and human-performance management

### Programs and initiatives

#### Aboriginal Education Incentive

The Canada Post Aboriginal Education Incentive Award (AEIA) celebrates the hard work and determination of Aboriginal people who have overcome personal, economic or social adversity in their pursuit of learning. Recipients are awarded a cash prize of \$1,000.

*Students from King Edward School, in Winnipeg, Manitoba, enjoy a spot of learning at the local Canada Post sorting office.*



## ENCOURAGING EMPLOYEE INVOLVEMENT

Canada Post recognizes the capacity of its workforce to contribute to positive social change on national and local levels, and engages in efforts to support such contributions.

### Programs and initiatives

#### Coaching and Community Involvement Program

Through the Coaching and Community Involvement Program (CCIP), Canada Post provides donations to support employees' personal community activities outside the workplace. The CCIP is available to full- and part-time employees involved in organizations or projects that benefit the community at large. In 2007, \$53,325 was donated to 149 employees.

#### Heritage Club

Formed in 1989, the Heritage Club fosters a sense of continuing fellowship and support among longer-service and retired employees. Club members uphold the ideals and traditions of Canada Post, and participate in activities that are of service to their communities.



*Captain Steven Jefferys, serving with the Canadian Forces in Afghanistan, enjoys receiving care packages delivered by Canada Post.*

## DELIVERING TO CANADIAN TROOPS

On October 26, 2007, Canada Post began the free delivery of letters from family and friends to Canadian troops deployed in Afghanistan and elsewhere overseas. A free parcel-delivery service was also provided throughout the holiday season to January 11, 2008. Letters continue to be sent postage-free.



### Raising money for breast cancer

In June 2007, Canada Post graphics manager Céline Morisset organized a team to participate in the Weekend to End Breast Cancer Walk. Céline and her team of Canada Post employees each walked 60 kilometres and raised a total of \$17,000 for cancer research. This was the second year Morisset participated in the event, and it keeps getting better. "Last year, we had two people on the team and raised about \$6,000. Next year, we're going to have more people and raise even more money."

Morisset was one of 1,200 participants in the event, who together collected more than \$2.6 million for the Ottawa Regional Cancer Foundation.

# SPOTLIGHT

## Fighting the Stigma of Mental Illness



MENTAL ILLNESS IS OFTEN CALLED “THE INVISIBLE DISEASE,” BUT ITS EFFECTS ARE FAR-REACHING AND DEEPLY FELT. SOME 20% OF CANADIANS WILL SUFFER FROM IT DURING THEIR LIVES. CANADA POST IS COMMITTED TO HELPING CANADIAN COMMUNITIES CONFRONT THIS PERVERSIVE PROBLEM—OPENLY AND WITH TRUE UNDERSTANDING.

Canada Post is working with community organizations across the country to remove the stigma attached to mental illness—helping to make it acceptable to talk about the issues, and contributing to a supportive environment in which people’s needs can be identified and answered appropriately. We recognize that without early intervention and treatment, individual mental-health problems significantly worsen.

Canada Post directs a large portion of its sponsorship efforts toward mental illness causes, and has launched several initiatives to promote mental well-being within its own organization. We partnered with the Canadian Psychiatric Research Foundation last year to deliver workshops to employees, educating them about how to identify symptoms of mental illness and provide effective support to those who are suffering. As a Platinum Plus sponsor of Mental Illness Awareness Week, we helped open up discussion about stress management, with a focus on workplace stress.



"My post-partum depression evolved into psychosis. I wasn't just tired anymore, I barely wanted to live. I had no choice but to be admitted into hospital and treated. For the sake of my son, I'm so glad I got the help I needed, but I was one of the lucky ones. I was really embarrassed when friends and co-workers came to visit me in the hospital. I didn't know how they would react. To my great surprise they were all so supportive and were, in fact, a big part of my recovery. I'm happy to talk about my success story whenever I can—talking about mental illness is the key to overcoming it. "

Patty McGuire, Officer, Employee Relations, Canada Post



"WE ARE PROUD TO LEAD THE CHARGE IN DISPELLING THE PERSISTENT STIGMAS ATTACHED TO MENTAL ILLNESS THAT PREVENT MILLIONS OF SUFFERERS FROM GETTING HELP."

Anthony Wilson-Smith,  
Vice-President, Communications, Canada Post

## Strategies and actions

Canada Post began implementing a national strategy in 2007 to make a material difference in the mental-health arena and improve the lives of all Canadians. Our top priorities are to increase public awareness by raising money to fund research and patient support, promote openness, and begin to eliminate the stigma that surrounds mental illness. We intend to engage our more than 60,000 employees to achieve these aims and create a countrywide awareness network that reflects the reach and role of Canada Post, and which is present in every community.

We are also committed to creating a workplace culture of tolerance, respect and support at Canada Post. We have instituted programs and initiatives to remove stigmas and integrate better mental-health practices into our workplace.

Ensuring good mental health in the workplace benefits both morale and the bottom line. A September 2007 study published in the *Journal of the American Medical Association* found that: "...enhanced and systematic efforts (by employers) to identify and treat depression in the workplace significantly improve employee health and productivity, likely leading to lower costs overall for the employer."

Our comprehensive Employee Assistance Program provides employees and their family members with free confidential crisis counselling, information and referral services as well as direct access to experienced counsellors, social workers and psychologists—24/7. In 2007, we carried out a campaign that helped employees recognize and manage workplace stress while, at the same time, raising the profile of mental-health issues.



# ACTING RESPONSIBLY FOR OUR ENVIRONMENT

CORPORATIONS MUST CHANGE THE WAY THEY DO BUSINESS IF WE ARE TO TACKLE CLIMATE CHANGE AND ENSURE THE FUTURE SUSTAINABILITY OF OUR PLANET.

People around the world take pride in the beauty and grandeur of our planet, and are increasingly aware of the need to protect it. Canada Post is dedicated to conserving resources by implementing energy-conservation strategies and recycling programs, and by encouraging the purchase and use of supplies that are recycled, recyclable, reusable, renewable or otherwise environmentally sustainable. While the battle against climate change presents enormous challenges, it also offers tremendous opportunities for Canada Post to innovate technologically, create economic and environmental benefits, and ultimately improve quality of life for all Canadians.

## OUR PRIORITIES FOR OUR ENVIRONMENT

### > GREENHOUSE GAS EMISSIONS

*Adopting cleaner modes of transportation and ensuring our buildings are more energy efficient*

### > LANDFILL WASTE DIVERSION

*Rolling out a national recycling program*

### > GREEN BUILDING DESIGN

*Making our buildings more sustainable by design*

### > GREEN PRODUCTS AND SERVICES

*Reducing the environmental impact of our parcels, advertising mail and Lettermail™ products*

## Toward a Cleaner Future

At Canada Post, we recognize that our environmental impact is substantial. This is due to the nature of our business, the size of our operations and the printed communications we deliver. As a result, we strive to be proactive in our environmental programs and initiatives. In fact, between 2002 and 2007, we reduced emissions from our buildings and fleet, including rural delivery vehicles, by 3%.

We continue to take significant steps to conserve energy, reduce greenhouse gas (GHG) emissions and improve the performance of our vehicles and facilities. We are committed to complying with current applicable environmental standards and regulations, and establishing an environmental-management structure that will ensure future compliance. Additionally, we are encouraging the increased use of environmentally friendly supplies and materials by our suppliers and customers.

### ENVIRONMENTAL CHALLENGES

While printed advertising, including catalogues, comprises less than 2% of waste diverted to Canadian landfill, Canada Post continues to work with companies to reduce the environmental impact of printed advertising through more accurate addressing and greater use of recycled paper.

### KEY ENVIRONMENTAL ACHIEVEMENTS TO DATE

- Invested \$10.5 million in more than 250 energy-reduction initiatives
- Accommodated the growth in Canadian residential and business addresses over the last four years without increasing our fleet's GHG emissions
- Reduced the number of underground storage tanks by 96%
- Replaced cooling equipment in some of our larger plants with more efficient equipment, reducing the ozone-depleting potential by 89% and global-warming potential by 71%

## 10 YEARS: LENGTH OF TIME WE'VE BEEN INVESTIGATING THE USE OF ALTERNATE-FUELLED VEHICLES



# Greenhouse Gas Emissions

Canada Post supports the Government of Canada's initiatives to reduce greenhouse gas emissions. In 2002, the Corporation set a target to reduce GHG emissions from its buildings and vehicles by 25%, from an initial baseline of 161 kilotonnes, over a 10-year period.

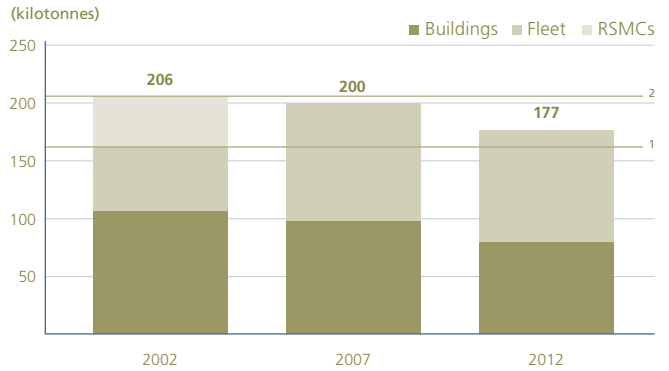
In 2004, a collective agreement was negotiated with Rural and Suburban Mail Carriers (RSMCs), who subsequently became Canada Post employees. RSMCs use their own vehicles when delivering mail. Accordingly, we restated our GHG baseline at 206 kilotonnes to include emissions from the 6,562 cars and vans used by these new employees.

Since 2002, we have reduced emissions from Canada Post-owned buildings and fleet, including rural delivery vehicles, by 3%. We now project a total reduction of 14% by 2012.

Our primary objectives with regard to greenhouse gas emissions are to:

- Continue to build on the success of our national energy-management strategy
- Reduce greenhouse gas emissions from our fleet
- Establish Canada Post's indirect GHG baseline emission level and reduction target

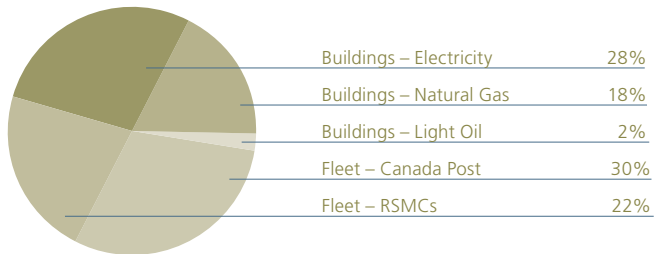
## GREENHOUSE GAS EMISSIONS



<sup>1</sup> Base year emissions: 161 kilotonnes

<sup>2</sup> Adjusted base year emissions: 206 kilotonnes

## GREENHOUSE GAS EMISSIONS BY SOURCE



3%

Canada Post's reduction in GHG emissions since 2002

14%

Projected total GHG emission reduction by 2012

## REDUCING EMISSIONS FROM OUR FLEET

The nature of our business makes us one of the largest users of transportation services in Canada. Our fleet of more than 7,000 vehicles uses in excess of 23 million litres of fuel every year. Accordingly, even the smallest changes to our practices can lead to significant reductions in carbon dioxide (CO<sub>2</sub>) emissions.

For more than 10 years, we have been searching for appropriate environmentally friendly vehicles that will enable us to further reduce our CO<sub>2</sub> emissions. Fuel-efficient vehicles and technology, as well as alternative fuels, have been examined and tested, but none is ready for widespread commercial use.

We are focused on two key strategies to reduce fuel consumption and cut CO<sub>2</sub> emissions in the near term. The first is to purchase vehicles suitable for our delivery operations that have smaller engines and are more fuel efficient. These vehicles are scheduled to replace our larger, less efficient, step vans between 2010 and 2015. The second strategy is to work with manufacturers and after-market outfitters to find viable alternative vehicles, including hybrid vehicles, that will meet our operational needs.

Fleet Performance <sup>1</sup>	2007	2006	2005
Litres of Fuel (in millions)	23.4	22.6	22.3
Number of Kilometres Travelled (in millions)	79.0	77.5	76.6
CO <sub>2</sub> Emissions by Road Vehicles (in kilotonnes)	57.9	56.4	56.1
Total Number of Road Vehicles (in thousands)	7.0	7.0	6.8

Types of Vehicles	Number of Vehicles <sup>1</sup>	Litres of Fuel per 100 KM
Cars – SUV Hybrid	31	10
Fuel-Efficient Light Vehicles	2	17
Light Vehicles (Vans)	1,663	25
Right-Hand Drive (Light)	2,186	24
Step Vans	2,685	30
Medium Trucks	309	33.5
Tractors	23	47.2
Shunts – Yard Tractor	14	47.2

<sup>1</sup> Canada Post-owned fleet (excluding RSMC vehicles)

Peter Martin, manager, Technical Services, with the retrofit lighting.



## Programs and initiatives

### Anti-idling campaign

Canada Post encourages its drivers to reduce vehicle idling time, providing them with awareness kits that emphasize the need to turn off engines whenever possible. The campaign, which is part of the Government of Canada's anti-idling program, helps employees make fuel-efficient decisions while at work—and when driving their own vehicles.

### Hybrid-vehicle pilot project

Canada Post has been involved in the development of hybrid technology since 1999, and was the first company in Canada to adapt the technology into a delivery van. The Corporation was the subject of an 18-month pilot program that involved the in-service testing of five delivery vans retrofitted with hybrid-electric power trains. Through “Smart Energy Management Technology,” these vehicles regenerate energy during braking—potentially reducing fuel consumption by more than 50% and tailpipe emissions by as much as 90%.

## REDUCING EMISSIONS FROM OUR BUILDINGS

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 companywide Energy Conservation Strategies and Solutions Committee oversees related activities. A website providing updates on energy-conservation strategies and solutions supports regional efforts.

Our national energy-management plan consists of an energy-information platform, a demand-side strategy and supply-side management, all of which are essential to achieving our energy-reduction goals.

The energy-information platform, which includes energy-consumption benchmarking, tracking, reporting and analysis, is the foundation upon which our energy-management plan is built. The platform enables us to monitor the success of the energy-management plan.

## Lighten up, reduce energy consumption, improve the workplace—and save money

Imagine a corporate project that makes life better for employees, reduces energy consumption, and pays for itself in about three years. That's what happened when old lighting fixtures were replaced at some of Canada Post's largest mail-processing plants, including Vancouver, Toronto Gateway and Ottawa. The initiative was forecast to deliver energy savings of between 8% and 15%, but those targets were surpassed by more than 10%. The combined annual hydro bill for the plants was reduced by approximately \$1 million.

The demand-side strategy engages local Canada Post energy committees in efforts to achieve operational energy savings at minimal financial expense. The strategy also supports more complex projects that require financing, including measurement projects in which the same measures can be used in multiple buildings, location-specific measurement projects for a given building based on equipment renewal, fuel switching or other relevant circumstances, and energy-management service projects that provide detailed energy audits.

Well-planned supply-side management when procuring natural gas, fuel oil and electricity also contributes to energy savings and is a priority for Canada Post.

### ENERGY CONSERVATION INITIATIVES

A preliminary list of initiatives was developed to help achieve rapid results in a short time frame. An example of one such initiative—still ongoing—relates to operational temperatures and lighting in Canada Post buildings. Standard settings for time of day and time of year were established to reduce energy consumption, while at the same time maintaining a comfortable work environment.

Environmental Performance	2007	2006	2005
Electricity (kWh)	303,788,767	312,707,363	327,429,542
Natural Gas (Gigajoules)	768,784	719,837	758,068
Oil (Litres)	1,087,153	1,209,237	1,266,217
Square Metres	1,888,977	1,863,716	1,916,227
Natural Gas per Square Metre (Gigajoules)	0.41	0.39	0.40
Electricity per Square Metre (kWh)	160.82	167.79	170.87
Regulatory Warnings/Complaints <sup>9</sup>	3	2	2
Halocarbon Releases <sup>1</sup> (number of releases/ ozone-depleting potential)	x38/19.1 kg	x35/21.7 kg	x53/29.8 kg

<sup>1</sup> Canada Post's environmental performance in 2007 was consistent with 2006 in terms of regulatory warnings/complaints and halocarbon releases.

### New state-of-the-art processing facility

In 2007, Canada Post announced that a new environmentally friendly mail-processing plant will be built on a 27-acre parcel of land in Winnipeg, Manitoba. This plant will reflect the Modern Post by being equipped with new technology and ergonomically sound mail-processing equipment, and represents an investment of \$50 million. Once built, the plant, which will be a model for future buildings across the country, will give Canada Post's customers the best possible service and employees a new and efficient working environment with more safety features.



# Green Building Design

*Target: Ensure all major new buildings are registered for LEED™ certification*

As a member of the Canada Green Building Council, Canada Post appreciates the enormous impact buildings can have on the environment—and the opportunities for savings that come with more sustainable design. Sixty-six per cent of the Corporation's CO<sub>2</sub> emissions come from its buildings. Reducing those emissions will not only benefit the environment and help reduce overall energy costs, but also create a healthier work environment for employees.

In October 2007, Canada Post announced a program to modernize its aging infrastructure. Over the next five years, we could invest up to \$1.9 billion on capital projects, including building new and updating existing plants. The objective is to build for the future and invest in sustainability so that we can continue to offer Canadians the level of service they expect and ensure the postal network remains viable. We intend to incorporate green design principles within all of

our new buildings.

Canada Post's integrated design process uses the framework of the LEED™ (Leadership in Energy and Environmental Design) Canada Green Building Rating system. The framework covers sustainable sites, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality, and innovation and design process.

Our corporate design standard, the *Sustainable Design and Construction Guide*, currently requires all building-related service providers to identify project-sustainability objectives according to these categories.

## Programs and initiatives

### Letter-carrier depot modernization

As part of an initiative to better manage corporate assets and adopt greener approaches and systems, Canada Post will begin to upgrade a number of its letter-carrier depots in 2008.

**\$1.9 BILLION: AMOUNT CANADA POST COULD INVEST IN CAPITAL PROJECTS**

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



## Landfill Waste Diversion

Recognizing the need to reduce the pressure on Canada's landfill sites, the Corporation's environment policy details waste-management and prevention plans, and local recycling practices. Recycling in particular must be a collaborative effort if it is to succeed. For this reason, the Corporation will launch an aggressive national recycling program at all of its facilities in 2008. The program will encourage all employees to incorporate sound environmental practices into their everyday activities.

Canada Post is also currently working with its waste-management suppliers to obtain more comprehensive reports on recycling efforts.

### ROLLING OUT A NATIONAL RECYCLING PROGRAM

*Target: 75% landfill waste diversion by the end of 2008*

Many Canada Post facilities already maintain sound environmental practices. The goal of the new program is to phase in additional components relating to reduction, reuse, recycling and recovery in every Canadian municipality—wherever doing so is feasible.

### Programs and initiatives

#### Paper recycling program

Canada Post continued its successful basic paper recycling program in 2007. In effect for some 20 years—with further, select recycling and composting programs active for the past 15 years—the basic paper initiative has benefited from ready access to large-scale waste-diversion opportunities in major urban centres.

Head office employees diverted the following material from landfill in 2007:

- 39 tonnes of cardboard
- 216 tonnes of fine paper
- 85 tonnes of organic waste
- 15 tonnes of cans, glass and plastic



# Products and Services

Canada Post has a number of key initiatives to increase the use of environmentally friendly products and provide electronic services to consumers that reduce the use of paper.

## Programs and initiatives

### Environmentally friendly products

To meet new environmental and social criteria, in 2007, Canada Post began to redesign the paper, board and polyethylene prepaid envelopes sold under the brand names of Priority Courier™ and Xpresspost™. This initiative will continue in 2008.

Additionally, the paper used in our #8 and #10 stamped envelopes was changed to a more environmentally friendly product that carries the Environmental Choice Program seal (of Environment Canada) and a Bio-Gas certification seal. The Bio-Gas seal indicates that the paper-manufacturing process reduces GHG emissions by using gas generated from the decomposition of waste buried in a landfill. The paper used in the envelopes and packages also bears the Forest Stewardship Council (FSC) logo, which signifies that the paper comes from responsibly managed forests.

The Canada Postal Guide and Customer Guides are FSC and EcoLogo certified, and are printed on 100% post-consumer waste recycled paper.

### Electronic services

epost™ service is Canada Post's free online mail-delivery service that securely connects Canadian businesses with their customers. Consumers can opt to have their bills, statements, pay advices, notices and other important communications delivered electronically to a personal online mailbox, where they can view and manage their mail, and pay their bills, online. All mail and transactions are archived for up to seven years.

### Consumer's Choice

Canada Post's Consumer's Choice Program enables customers who do not want to receive unaddressed print advertising to have their wishes respected by placing a note to that effect on the inside of their mailboxes.

## Stop your engines

Since 1996, a group of more than 160 Canada Post employees at head office and across the country have been commuting to and from work by non-motorized means as often as possible during the warmer months. Each year, these individuals walk, bike and in-line skate approximately 175,000 kilometres. Their "green" commuting saves the equivalent of more than 42,000 kilograms of GHG emissions from being pumped into the atmosphere, and helps improve local air quality and reduce global pollution. The 2007—and 12<sup>th</sup>—Commuting Challenge started on April 2 and ran until November 2.

# SPOTLIGHT

## Climate Change



ADDRESSING CLIMATE CHANGE IS BOTH A BUSINESS AND MORAL IMPERATIVE. CANADA POST IS WORKING INTENSIVELY ON SOLUTIONS TO MINIMIZE ITS CARBON FOOTPRINT AND PROTECT THE ENVIRONMENT.

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 (IPPC), have helped to build an overwhelming consensus among the 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 IPPC 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."

With 3.3 individuals per square kilometre, Canada has one of the lowest population densities, dispersed over the second-largest country in the world. This creates a challenge for Canada Post in terms of the fuel that must be consumed to get mail to every address from coast to coast each business day. Even though our GHG emissions account for only 0.03% of Canada's total\*, 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. Since 2002, we have put in place a series of concrete measures to meet this global challenge.

\* Canada's total GHG emissions were estimated by the Government of Canada to be 747 megatonnes of carbon dioxide equivalent in 2005.

Canada Post estimates that the annual indirect greenhouse gas emissions from employees commuting to and from work are at least equal to the total direct emissions from its entire fleet. The Canada Post Commuting Challenge—which completed its 12<sup>th</sup> year in 2007—encourages employees to try active commuting by walking, cycling, running or in-line skating to work. Participants have now logged more than 1.3 million “green” kilometres—equivalent to circumnavigating the globe more than 32 times.



# 1 million

The number of kilometres logged by employees walking, cycling, running or in-line skating to work between 1996 and 2006.

## Strategies and actions

The challenges we face when attempting to reduce greenhouse gas emissions are significant due to the nature of our operations and the size of our fleet. Every business day, we deliver more than 40 million parcels and pieces of mail. To do this efficiently, we rely on an extensive and varied fleet of 7,000 vehicles, and use more than 23 million litres of fuel every year.

To reduce GHG emissions, we have been exploring the use of alternate-fuelled vehicles for close to a decade. However, higher acquisition costs, difficulty in finding vehicles that match our operational requirements, and a lack of product availability have made it challenging for us to add these vehicles to our fleet. We have also been evaluating biodiesel fuel for some of our delivery vehicles, but there are currently not enough refuelling stations across Canada to make this a feasible alternative.

In association with the automotive industry, we have conducted intensive research to develop vehicles powered by hybrid or electric engines. In 2006, we began using five hybrid vehicles for mail delivery in major cities. However, current hybrid technology requires further development before it can truly be a viable alternative for our current mail-delivery vehicles. Since hybrid technology has proven more successful for passenger cars and light vehicles, we are currently testing 18 hybrid vehicles in our non-delivery fleet. Through one of our subsidiaries, we have also been involved in testing vehicles that use fuel cell technology.

We appreciate the potential cost savings associated with energy efficiency, and understand the reputational risk attached to inaction. In continuing to explore ways of reducing the carbon footprint of our fleet, we are motivated by the trust placed in us by our customers, and by the pride employees feel about belonging to an organization where the environment is a priority.

# Global Reporting Initiative Listing

This Social Responsibility Report was developed with reference to the Global Reporting Initiative (GRI) G3 Guidelines. The following table shows the GRI indicators covered in the report.

The GRI has developed the world's most widely used sustainability/CSR reporting framework, which sets out the principles and indicators that organizations can use to measure and report their economic, environmental and social performance. To find out more about the GRI, please visit [www.globalreporting.org](http://www.globalreporting.org).

## STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES

1. Strategy and Analysis			
Profile Disclosure	Description	Page	Extent of Reporting
1.1	President's message	2	Full
1.2	Description of key impacts, risks and opportunities	4, 6	Partial
2. Organizational Profile			
2.1	Name of the organization	4	Full
2.2	Primary brands, products and/or services	4	Full
2.3	Operational structure of the organization	4	Full
2.4	Location of organization's headquarters	4	Full
2.5	Countries of operations	4	Full
2.6	Nature of ownership and legal form	4	Full
2.7	Markets served	4	Full
2.8	Scale of the reporting organization	4	Full
2.9	Significant changes during the reporting period regarding size, structure or ownership		None
2.10	Awards received in the reporting period	6	Full
3. Report Parameters			
3.1	Reporting period for information provided	8	Full
3.2	Date of most recent previous report	8	Full
3.3	Reporting cycle	9	Full
3.4	Contact point for questions regarding the report or its contents	9, 69	Full
3.5	Process for defining report content	8	Full
3.6	Boundary of the report	9	Full
3.7	State any specific limitations on the scope or boundary of the report	9	Full
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	9	Partial
3.9	Data measurement techniques and the bases of calculations	9	Partial
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	8	N/A
3.11	Significant changes from previous reporting periods	8	Partial
3.12	Table identifying the location of the Standard Disclosures in the report	61	Partial
3.13	Policy and current practice with regard to seeking external assurance for the report	9	Partial

4. Governance, Commitments and Engagement				
4.1	Governance structure of the organization		10	Partial
4.2	Indicate whether the Chair of the highest governance body is also an executive officer		10	Full
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body		11	Full
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements), and the organization's performance (including social and environmental performance)		5	Partial
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided		10	Partial
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance, and the status of their implementation		11	Partial
4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses			None
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: • Has positions in governance bodies; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; or • Views membership as strategic			None
4.14	List of stakeholder groups engaged by the organization		8	Full
4.15	Basis for identification and selection of stakeholders with whom to engage		8	Full
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group		8	Partial
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting		8	Partial

## STANDARD DISCLOSURES PART II: DISCLOSURES ON MANAGEMENT APPROACH (DMAs)

G3 DMA	Description	Page	Extent of Reporting
DMA EC	Disclosure on Management Approach EC	16	Partial
DMA EN	Disclosure on Management Approach EN	49	Partial
DMA LA	Disclosure on Management Approach LA	21	Partial
DMA HR	Disclosure on Management Approach HR	21	Partial
DMA SO	Disclosure on Management Approach SO	37	Partial
DMA PR	Disclosure on Management Approach PR	18, 38	Partial

## STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

Economic			
Performance Indicator	Description	Page	Extent of Reporting
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments	16	Partial
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	58	Full
EC3	Coverage of the organization's defined benefit plan obligations	26	Partial
EC4	Significant financial assistance received from government	16	Full
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	16	Full
Environmental			
EN3	Direct energy consumption by primary energy source	54	Full
EN4	Indirect energy consumption by primary source	54	Full
EN5	Energy saved due to conservation and efficiency improvements	50-54	Full
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	50-54	Full
EN16	Total direct and indirect greenhouse gas emissions by weight	51	Full
EN17	Other relevant indirect greenhouse gas emissions by weight	51	Full
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	51-55	Full
EN19	Emissions of ozone-depleting substances by weight	54	Partial
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	54	Full
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	52	Full



Social: Labour Practices and Decent Work			
LA1	Total workforce by employment type, employment contract and region	4	Partial
LA4	Percentage of employees covered by collective bargaining agreements	4	Full
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region	22-27	Partial
LA10	Average hours of training per year per employee by employee category	22	Partial
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	30	Partial
Social: Human Rights			
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	32	Full
HR4	Total number of incidents of discrimination and actions taken	33	Full
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	33	Partial
Social: Society			
SO1	Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting	23	Partial
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	34-35	Partial
Social: Product Responsibility			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	18	Full
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	10, 38	Partial

## Organizations Supported by Canada Post in 2007

*Partial list that includes sponsorships, donations and employee coaching and community-involvement programs*

Aboriginal Potential – AHRDCC	Centre DÉBAT Services d’alphabétisation – Apprends-moi à apprendre	Festival franco-ontarien
Acoustic Neuroma Association of Canada	Centre de soccer de la Voie maritime	Foley Information and Heritage Centre c/o Foley and Area Chamber of Commerce
Action Line Housing Society	Champions for Children Foundation	Fondation d’Aide Directe – SIDA Montréal
Agincourt Canadiens Hockey League Atom Division	CHEO Foundation – 10th Anniversary Trees of Hope	Fondation de l’Association montréalaise pour les aveugles
Alpha-Entraide	Children’s Heritage Fund – Family Literacy Lending Library Fair of the Winnipeg Adult Education Centre	Fondation des Employés(ées) Postaux du Canada
Association de hockey des Cougars de Lasalle	Children’s Mental Health Ontario (CMHO)	Fondation des maladies mentales
Association de soccer de Beauport	Club de basketball Les Vaillantes de Sainte-Victoire	Fondation d’Ottawa-Carleton pour l’éducation – OCRI Lecture Ottawa “J’ai le droit de lire”
Association de soccer de Varennes	Club de curling Celanese	Fondation du Musée d’art contemporain de Montréal
Association de soccer Île-Bizard	Club de football Les Centaures de la Courvilloise	Fondation du Musée de la civilisation de Québec
Association des pompiers volontaires de Godbout	Club de patinage artistique de Lévis	Fondation du Québec pour la recherche sur l’implant cochléaire
Association francophone de Kamloops	Club de Soccer “Les Dragons U-9-A” de Drummondville	Fondation Institut Nazareth
Ateliers d’Éducation Populaire	Club de soccer Lac St-Louis Lakers	Fondation Jeunes-Projet / Rallye Jeunes & Cie
Atout-lire	Club de soccer St-Hubert	Formation Clef Mitis / Neigette
Auburn High School Girls Rugby Team	Club Élite Côte-Nord	Fort Calgary Wheel Runner
Avon River Rats Jr C Hockey	Club numismatique Mauricie	Fort Garry Women’s Resource Centre Inc
Baie Verte Public Library Board / Children’s Corner	Club Optimiste Contrecoeur – Tournoi de golf 5 <sup>e</sup> édition	Francophonie jeunesse de l’Alberta – RAJE 2007
Barracoudettes de St-Jean	Cole Harbour Pee Wee AAA	George Jeffrey Children’s Foundation
Barrington Sea Star Junior C Ice Dogs	Come Fly With Me Foundation / Ryan Blais	Girl Guides of Canada – Ontario Council 264 <sup>th</sup> Brownies
BC Wildlife Federation / Fishing Forever	Comité Alpha-Papineau	Glace Bay School Band
Bicycles Plus Cycling Club	Community Y Mini Girls Basketball Team	Glentworth Midget Boys Hockey Team
Birch Hills Senior Girls Volleyball Team	Corporation des Maîtres photographes du Québec	Global Business and Economic Roundtable on Addiction and Mental Health
Boundary Minor Hockey Association	Correspondance Eastman	Greendell Park Female Bantam Hockey Team – Greendell Community Centre
Bow Valley Riptides Swim Club	Croix-Rouge Canadienne Division du Québec	Groupe d’entraide Iota / 25 <sup>e</sup> anniversaire
Brain Injury Association	Section Montcalm	Habitat for Humanity – 10th Annual Dinner and Auction
Brampton Youth Hockey Association	DaCosta 400 Black Canadian Heritage Society	Halifax Mollyz Softball
Burnaby Minor Lacrosse	Daniel McLellan Memorial Fund	Halifax Rowing Club
Canada Post Freestyle Ski Association	Dare Arts Foundation	Halifax Word on the Street
Canadian Alliance on Mental Illness and Mental Health / Mental Illness Awareness Week / Mood Disorders Society	Dartmouth General Hospital Charitable Foundation / CT Scanner Campaign	Hastings Little League Baseball
Canadian Authors Association	Dartmouth High School Girls Rugby	Heward’s Park and Recreation Board
Canadian Council for Aboriginal Business	Dartmouth Speed Skating Club	Highlander Curling Club
Canadian Mental Health Association BC Division	Dieppe Scouts	Hockey Atome B – Barons de Boucherville
Canadian Parents for French Dauphin Chapter	District 9 Citizens Association	Hockey Beauport – Vautours Atome A
Canadian Psychiatric Research Foundation	Downtown Eastside Women’s Centre	Hockey Boucherville
Canadian Ski Hall of Fame / The Canadian Ski Museum Inc / Musée canadien du ski	D’un couvert à l’autre	Hockey féminin Sud-Ouest (Jeux du Québec)
Canadian Society of Safety Engineering CSSE	Dundalk Slow Pitch	International Society for Adolescent Psychiatry
CanWest CanSpell	East Gwillimbury Amateur Ladies Softball League	Invest in Kids / Imagination Library Program partner
Cape Breton Regional Library / Adopt-a-Book	École Raymond / Concours d’épellation “Les mots de Raymond”	Island Swimming VASC
CARMHA Simon Fraser University, Mental Health	Ensemble vocal Music-O-Choeur	Juvenile Diabetes Research Foundation
Cartier de Québec Midget CC	Evergreen Park School / Hackmatack	Kelowna Ogopogo Football Team
Causeway Foundation / 2007 Card Campaign	Fédération canadienne pour l’alphabétisation	
Centre Alpha du Haut-Saguenay	Fédération sportive 76	
	Festival de littérature jeunesse	

Kings Mutual Century Centre  
 Kingston Literacy Society / 13th annual Great-Groan-UP Spelling Bee  
 Kiwanis Club of Ottawa – Read-o-thon  
 La Dictée P.G.L.  
 La maison de mots  
 La Marée des Mots  
 La Porte Ouverte  
 La Troupe du Roy Berthe Inc  
 Lacombe Special Olympics  
 Lake Country Ladies Softball Team  
 Lambton Shores Minor Hockey Association  
 Laubach Literacy of Canada – Quebec / 2007 Annual Conference  
 Le Centre Culturel Français de l'Okanagan  
 Leamington Skating Club  
 Learning Disabilities Association of Ontario (LDAO)  
 L'Écrit Tôt de Saint-Hubert  
 Leitrim Minor Hockey Association – Leitrim Hawks – Pee Wee A  
 Les Cougars Novice B – Hockey mineur Chicoutimi  
 Les Diabétiques de Québec  
 Les Dynamos Pee-Wee A (Chicoutimi)  
 Les Gymnitours de Lachine  
 Ligue de quilles des sourds de Boucherville  
 Lis-Moi Tout Limoilou  
 Lockview High School Boys Hockey Team  
 Maillardville Junior Bowlers – Pacific Coast 5 pin  
 Making Changes Employment Association of Alberta  
 Manitoba Aboriginal Youth  
 Manitoba Postal Curling Association  
 Manitoba Schizophrenia Society – 17th Annual Journey of Hope Walk  
 McKay Historical Society  
 Metro Toronto Movement for Literacy / Literacy Access Network  
 Milieu éducatif La Source  
 Mindscapes  
 Moncton Badminton Club Inc  
 Mood Disorders Association of Ontario  
 Moosomin Food Bank  
 Mount Pearl Minor Hockey Association  
 Multiple Sclerosis Society of Canada  
 Musée national des beaux-arts du Québec  
 Naramata Girls Fastball Association  
 North Vancouver Youth Band  
 Nova Scotia Junior Womens Curling Team  
 Nova Scotia Postal Employees Curling Association

Orchestre symphonique de Montréal – 70<sup>e</sup> anniversaire des programmes éducatifs  
 Orchestre symphonique de Québec  
 Osgoode Rideau Minor Hockey Pee Wee House B3  
 Osprey Arts Centre  
 Ottawa 67's / Adopt-a-School  
 Ottawa Deaf Centre / 9th Annual Golf Tournament  
 Ottawa Internationals Soccer Club U15 Boys  
 Ottawa Public Library Foundation  
 OWL – Orphaned Wildlife Rehabilitation Centre  
 Palliser Library – Rouleau Branch  
 Peninsula Soccer League  
 Penticton Pen-a-Club Society  
 PGI / Golf Tournament for Literacy NS 2007  
 Pickering Predators Girls Soccer Club  
 Pine Cree Park  
 Pitt Meadows Soccer Club  
 Port Hawkesbury Literacy Council  
 Postal Employees Charity 35th Golf Tournament  
 Powell River 2007 BC Disability Games  
 Project READ Literacy Network Waterloo-Wellington / Send a letter to a loved one postcard campaign for Family Literacy Day 2007  
 Queen Elizabeth II Hospital Foundation – 19th Annual Festival of Trees  
 Red Deer Lacrosse Association – Big Dog Chiefs Midget A  
 Regina & District Food Bank – Community Services Village ACERT program  
 Richmond County Literacy Network  
 Richmond Girls Soccer Association  
 Riverview Atom A Blues Hockey  
 Roland 4-H Home-Ec Club  
 Rolling Hills Public Library  
 Royal Canadian Legion  
 Royal Newfoundland Constabulary Association / RNCA  
 Royal Ottawa Hospital Foundation, Mental Health  
 Royal Ottawa Volunteer Association  
 Royal Ottawa Volunteer Association / Comedy Night, Therapy for the Mid-Winter Blues  
 Rycroft & Spirit River Figure Skating Club  
 Savona Community Association  
 Scouts Canada – Edmonton Operation  
 Scouts Canada 1st Russell  
 Senobe Aquatic Club  
 Service fransaskois de formation aux adultes (SEFFA)  
 Shakespeare In The Ruins (SIR) & Winnipeg Harvest Food Bank  
 Simons Valley Pee Wee  
 Skibec Acrobatique 2003 inc.

Société alzheimer Québec  
 Société canadienne du cancer  
 Société Candiac en rive  
 Société historique de la Saskatchewan  
 Soo Minor Baseball Association  
 South Shore Regional Library  
 Spo7ez Cultural Centre and Community Society  
 Stikine Minor Hockey Association  
 St-John Ambulance – SW Ontario Admin Centre  
 Therapy Dog Program Windsor  
 Stormont Agricultural Society  
 Swift Current United Way  
 Sydney River & Area Kinsmen / Cape Breton Dragon Boat Festival  
 Tate Creek Variety 4-H Club  
 The Arthritis Society  
 The Barrie Literacy Council / Silver Sponsorship of Barrie Spelling Bee  
 The Black Women on the Move Society / 3rd Celestial Debutante Cotillion  
 The Centre for Literacy of Québec Inc  
 The Children's Wish Foundation of Canada – Ontario Chapter  
 The Great North American Wilderness Clean-Up  
 The Learning Partnerships  
 The Underground Gym and Youth Centre  
 Timberlea Titans Football  
 Timmins Therapeutic Riding Association  
 Tour de lire  
 Tournoi de curling Bonne Entente – Alma  
 Tournoi de hockey des Nations  
 Tournoi international de hockey atome de Lévis  
 Trail Curling Association 2008 BC Scotties Tournament of Hearts Committee  
 Triathlon Alpha  
 Tumbler Ridge Sr Girls Volleyball  
 United Way / Centraide  
 University of New Brunswick / A.C. Garrod Scholarship  
 Valentia Heritage Committee  
 Variety the Children's Charity  
 Victoria's Quilts Canada  
 Vikings Weightlifting Club  
 Wesburn Youth Soccer Club U-11 A Team  
 West Hants United Soccer Under 16 Girls  
 Whitby Girls Hockey Association Midget BB Team  
 World Fellowship for Schizophrenia

## Glossary

### Canada Post Group (The)

Canada Post Corporation and its subsidiaries, affiliates, partnerships, joint ventures and alliances.

### Consolidated Revenue

The combined revenues from the activities of The Canada Post Group, which includes Canada Post Corporation and its subsidiaries and joint venture.

### Corporate Team Incentive (CTI)

Annual cash bonus payable to all eligible full-time and part-time employees when certain corporate targets are met or exceeded. These targets are established annually and include financial performance, service performance, customer value indices and employee engagement targets.

### Customer Value Index (CVI)

A measure of customer loyalty to Canada Post. The CVI uses a customer survey to calculate customer loyalty using a 10-point scale where one equals poor and 10 equals excellent.

### Customer Value Management (CVM)

A strategic corporate methodology through which the total customer experience across Canada Post is measured. The CVM is designed to develop and execute value-based business.

### Days Lost per Employee (DLE)

Average rate of absence for full-time or part-time indeterminate employees. Expressed in annual terms.

### Dividend

Share of a surplus given to our Shareholder, the Government of Canada.

### Donation

Gift given to a charity or non-profit organization for charitable purposes.

### Employees

Canada Post full-time and part-time permanent employees.

### Human Rights Complaints

Canada Post, as a federally regulated employer is subject to the *Canadian Human Rights Act*. The Corporation's Equality in Employment and No Harassment policies both support our obligations under this Act. According to our policies, employees can submit written complaints internally to trained human-rights investigators who examine all complaints alleging discrimination based on any one of the 11 grounds under the *Canadian Human Rights Act*.

An employee can also submit a complaint that alleges discrimination or harassment based on any one or more of the 11 grounds of discrimination under the Act, directly to the Canadian Human Rights Commission for investigation.

General harassment complaints are not based on any one or more of the 11 prohibited grounds under the Act; for example, persistently bullying, berating someone, and demeaning or patronizing remarks that may undermine respect in the workplace.

### Lost-Time Accident

An accident that results in an employee having to be absent from work for at least one full day, starting from the day after the accident.

#### • Slips, Trips, Falls

Injury resulting from a slip on a surface, such as an icy walkway or wet leaves, a trip over an object, or a fall down from a higher level such as on stairs or steps.

#### • Material Handling

Musculoskeletal injury from repetition, awkward posture or lifting heavy loads.

#### • Overexertion

Sprains and strains from activities such as heavy lifting, sudden movements and awkward postures.

#### • Struck by/Against

Injuries resulting from being struck by or by striking against an object such as a door opening.

#### • Bite, Scratch, Sting

Animal bite, scratch or insect sting.

#### Lost-Time Accident Frequency Rate

Number of lost-time accidents per 200,000 hours worked. A lost-time accident is an accident that results in an employee having to take at least one full day off, starting the day after the injury.

#### Modified Duties

Work duties or assignments that are modified for a limited period to assist employees who are temporarily restricted from performing their regularly assigned duties due to an injury or a disability.

#### Pay Defects

Mistakes when calculating pay that result in employees being paid incorrect amounts.

#### Pre-tax Profits Donated

A percentage of pre-tax profits based on a rolling five-year average of pre-tax profit for The Canada Post Group. Contributions include charitable gifts, support for employee volunteerism, contributions to non-profit groups, in-kind gifts, community sponsorships and program management (up to 10% of total contribution).

#### Regulatory Warnings/Complaints

Administrative and other general warnings or complaints from Environment Canada and/or provincial ministries.

#### RSMC

Rural and Suburban Mail Carriers.

#### RSMC Ergonomic Assistant

Individual used to assist an RSMC to physically place mail into rural mailboxes. RSMCs are not allowed to get out of their cars to place mail into mailboxes, and leaning out of the car's passenger-side window can cause difficulties. Paid assistants help an RSMC to avoid these difficulties.

#### RSMC Helper

Individual who is used by an RSMC to help keep the RSMC's average work week to within 40 hours.

#### RSMC Replacement

Individual who covers an RSMC's route when the RSMC is absent.

#### Sponsorship

Agreement in which a popular event or entity is funded in exchange for advertising rights.

#### Street Letter Box

A box in which mail can be placed for posting. These boxes are placed at convenient public sites such as street corners, shopping centres and public transit locations.

#### Transaction Mail

Domestic and International Lettermail™, including bills, invoices, notices, statements and Light Packet™ items.

#### Unconsolidated Revenue

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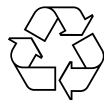
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## Contact

We would like to know what you think about this year's report.

Please email Robert Waite, Senior Vice-President, CSR, at: [info.csr@canadapost.ca](mailto:info.csr@canadapost.ca) or write to us at:

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