

In 2009, we raised \$1.6 million to support mental health, had 22 per cent fewer accidents, and achieved our highest employee engagement score ever.

But that's not all...

...we also further reduced our greenhouse gas emissions—by a total of 16 per cent since 1990.

We continue to work toward becoming a stronger, more sustainable company that provides real value to our employees and all Canadians.

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## MESSAGE FROM THE PRESIDENT AND CEO



“I believe that CSR should be central to everything we do at Canada Post and that a good CSR plan is a good corporate plan, even in tough economic times.”

Looking back, 2009 was one of the toughest years in Canada Post’s history. Revenues fell sharply. If we hadn’t cut \$540 million from planned costs, we would have lost money for the first time in 15 years.

It would have been understandable if we had cut back on our corporate social responsibility activities to focus only on our bottom line. But I believe this doesn’t make good business sense. If we perform to the expectations of society—including how we care for the health and safety of our employees, work with our communities and protect the environment—we will, in the end, improve our bottom line.

Our CSR program helps us to innovate, change our culture, create a safer workplace and better manage risk. Safer and healthier workplaces mean fewer accidents, which is good for our people and also substantially lowers costs for the company. I’m proud to say that we reduced lost-time workplace accidents by 22 per cent in 2009.

Greener buildings, like our new mail-processing plant in Winnipeg, don’t just benefit the environment. They also benefit our employees and our customers by providing safer and healthier workplaces and better service delivery.

Our CSR program isn’t just our Corporation and our people. It’s also about the sustainability of the communities in which we operate. That’s why mental health is our cause of choice. In 2009, we set an ambitious target: to raise \$1.5 million for the Canada Post Foundation for Mental Health by the end of the year. Thanks to the generosity of Canadians and the tenacity of our employees, we beat our target. And, in the fall of 2009, we had the pleasure of giving away \$1 million that we raised in 2008 to organizations that needed it the most. In 2010, we’re aiming to raise \$2 million. It’s a tall order, but that’s what it takes to be a socially responsible corporation: set an ambitious target, hit the target, and then set a higher target.

I believe that CSR should be central to everything we do at Canada Post and that a good CSR plan is a good corporate plan, even in tough economic times. We are continuing to embed CSR into every aspect of how we do business. We’ll do that by investing in our people, our processes and our infrastructure. We’ll do it by becoming more diverse, by working with communities, and by understanding and managing the effect we have on the environment. This begins—and ends—with taking care of our financial health, as well. It is only then that we can make Canada Post stronger so we can continue to serve generations of Canadians in the future.

A handwritten signature in black ink that reads "Moya Greene". The signature is fluid and cursive, with a large, stylized 'G'.

Moya Greene,  
President and Chief Executive Officer

## MESSAGE FROM THE SENIOR VICE-PRESIDENT, STRATEGY



“Becoming a more sustainable company not only improves our bottom line, but also gives our employees a real sense of pride.”

Over the past few years, Canada Post has demonstrated its commitment to corporate social responsibility by actively pursuing social and environmental initiatives, and by implementing a strong CSR program under the leadership of Robert Waite. I was pleased to assume responsibility for CSR upon Robert Waite’s retirement at the end of 2009. Moving the CSR program under Strategy will enable us to further embed sustainability principles into all aspects of our business.

For Canada Post to remain sustainable in the long term, I believe that we have to take a long-term perspective, and find ways to evolve and adapt to the rapidly changing environment in which we operate. We have a term for all the investments we are making to modernize our company and adapt to our changing environment: Postal Transformation. And at its core is social responsibility.

Postal Transformation is enabling us to create a safer, greener and more efficient work environment. All of our new buildings are being built according to Leadership in Energy and

Environmental Design (LEED) standards. Our new vehicles will consume half as much fuel as our current delivery vehicles. Custom-designed mail-processing containers will be 20 to 30 per cent lighter and easier—and safer—to lift. By replacing our aging infrastructure and redesigning our processing and delivery systems, we will maximize our efficiency and eliminate wasted time, energy and resources. More efficient technology and processes will also mean that we won’t have to replace all of the approximately 33,000 employees—nearly 63 per cent of our workforce—who are expected to retire or leave over the next decade and will, in turn, be able to reduce our annual operating costs.

We have accomplished a lot in the past few years. We have reduced greenhouse gas emissions by more than 16 per cent since 1990, decreased water consumption at head office by more than 40 per cent over the past three years, and are currently seeing a 20 to 30 per cent drop in paper consumption thanks to the installation of new printers. We were also

listed among Canada’s Best 50 Corporate Citizens as ranked by Corporate Knights, an independent company that publishes the world’s largest-circulation magazine with an explicit focus on corporate responsibility. However, I know that our CSR journey is just beginning and that many challenges lie ahead of us. I also know that being a good corporate citizen can only be accomplished with the collaboration and dedication of all our employees.

Becoming a more sustainable company not only improves our bottom line, but also gives our employees a real sense of pride because they work for a company that respects their values and concerns, and cares about the health of their communities and the environment.

A handwritten signature in black ink, appearing to read 'Philip Ventura'.

Philip Ventura,  
Senior Vice-President, Strategy

## 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
2009 Unconsolidated Revenue <sup>9</sup>	5.8 billion
2009 Consolidated Revenue <sup>9</sup>	7.3 billion

### Workforce (Canada Post segment)\*

Full-Time Employees (December 2009)	50,564
Part-Time Employees (December 2009)	8,101

### Facilities (Canada Post segment)

Post Offices: Corporate	3,967
Post Offices: Dealers	2,565
Mail-Processing Plants	21

### Points of Contact

Number of Canadian Addresses	14.9 million
Street Letter Boxes <sup>9</sup>	31,600

### Total Mail Pickup Points<sup>9</sup>

Total Mail Pickup Points <sup>9</sup>	994,000**
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### Fleet (Canada Post segment)

Canada Post-Owned Vehicles	7,000
Rural and Suburban Mail Carrier (RSMC) <sup>9</sup> Vehicles	6,900

### Subsidiaries/Joint Venture

Purolator Courier Ltd.  
SCI Group Inc.  
Innovapost Inc.

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

\* Includes paid full-time and part-time employees. Excludes temporary, casual and term employees

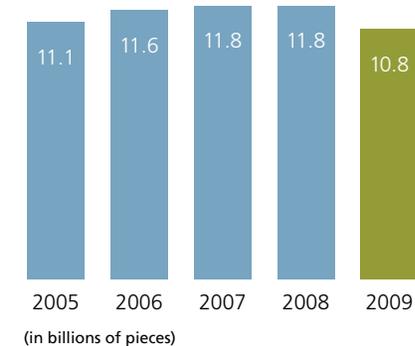
\*\* Includes rural mailboxes (RMBs), which are collection points for customers with this mode of delivery

# 96.4%

### On-time delivery performance

as measured by Research International. A representative sample of fabricated short/long and oversized Lettermail test pieces is weighted according to origin-destination mail volumes.

### VOLUME



## About Canada Post

For more than 150 years, we've had the privilege—and responsibility—of providing Canadians with outstanding delivery, logistics and communications services, and playing a key role in the Canadian economy. It's a privilege we've taken seriously since we issued our first stamp in 1851.

Today, as a financially self-sustaining Crown corporation, we are proud to operate as The Canada Post Group, a group of related businesses that employs more than 70,000 people and operates the country's largest transportation and retail networks.

In 2009, we delivered approximately 11 billion pieces of mail to 15 million residential and business addresses. Our delivery network continues to grow by approximately 200,000 addresses a year. With 6,532 post offices across

the country, we also operate the largest retail network in Canada. However, like most postal administrations, we are experiencing decreasing mail volumes, increasing points of call and demands from customers for more sophisticated services. We are changing to meet our customers' evolving needs. We are undertaking a substantial \$2-billion capital-investment program called Postal Transformation, which is aimed at developing a more efficient mail-delivery model and replacing outdated facilities, equipment and systems.

Community involvement remains exceptionally important to us. In 2009, we raised \$1.6 million for mental health—our cause of choice. We also supported literacy, the Canada Post Freestyle Team and United Way. Each Christmas, a team of employee volunteers helps Santa Claus answer more than one million letters

in 27 languages. We were also proud to have been an official supplier of the Vancouver 2010 Olympic and Paralympic Winter Games.

In 2009, Canadians affirmed the deep roots and strong bonds Canada Post has in communities across the country by naming us the Most Iconic Brand in Canada in a survey by Brand Finance Canada. This means that Canadians associate our brand with the values that represent Canada more than any other brand—a reflection of Canada Post's important place in Canadian history, heritage and culture.



"In 2009, we delivered approximately 11 billion pieces of mail to 15 million residential and business addresses."



## Key performance indicators (KPIs), targets and results

KPIs	Measurement Source	Unit	2008 Result	2009 Plan	2009 Result	2010 Plan
<b>Our Business</b>						
Canada Post Revenue						
Transaction Mail	Internal	\$ Millions	\$3,234	\$3,279	<b>\$3,148</b>	\$3,211
Direct Marketing	Internal	\$ Millions	\$1,431	\$1,547	<b>\$1,308</b>	\$1,354
Parcels	Internal	\$ Millions	\$1,311	\$1,429	<b>\$1,268</b>	\$1,374
Other	Internal	\$ Millions	\$132	\$114	<b>\$116</b>	\$117
Canada Post Cost of Operations	Internal*	\$ Millions	\$6,088	\$6,371	<b>\$5,560</b>	\$6,058
Earnings Before Tax – Canada Post Corporation	Internal▲	\$ Millions	\$66	\$18	<b>\$319*</b>	\$15
Earnings Before Tax – The Canada Post Group <sup>9</sup>	Internal▲	\$ Millions	\$161	\$117	<b>\$379*</b>	\$80
Customer Value Index <sup>9</sup>			2008 Result		2009 Result	2010 Target
Lettermail™	External*		Not Achieved		<b>Achieved</b>	
Parcels	External*		Achieved		<b>Achieved</b>	
Admail™	External*		Achieved		<b>Achieved</b>	
Delivery Performance – Lettermail	External*	Percentage	96.0%	96.0%	<b>96.4%</b>	96.0%
<b>Our People</b>						
			2008 Result	2009 Target	2009 Result	2010 Target
Fatalities	Internal	Number	2♦	0	<b>0†</b>	0
Accidents	Internal*	Percentage	–*	–6%	<b>–22%</b>	–15%
Employee Engagement Index	External*		56	58	<b>58</b>	59
Learning Index <sup>9</sup>	Internal*	Percentage	–	90%	<b>89%</b>	100%
<b>Our Communities</b>						
			2008 Result	2009 Target	2009 Result	2010 Target
Pre-tax Profits Donated <sup>9</sup>	Internal	Percentage	1.6%	1%	<b>1.3%</b>	1%
Mental Health Fundraising	–	\$ Millions	\$1	\$1.5‡	<b>\$1.6</b>	\$2
<b>Our Environment</b>						
			2008 Result	2009 Target	2009 Result	2010 Target
GHG Emissions	Internal	Kilotonnes	196	192	<b>177§</b>	174
Total Registered LEED™ Buildings	–	Number	8	11	<b>11</b>	20
Landfill Waste Diversion	–	Percentage	65%	75%	<b>57%</b>	75%

\* Data reviewed by Internal Audit ▲ Results based on audited financial statements ♦ Results include an unplanned \$271-million reduction in employee future benefits expense relating to the Canada Post segment

<sup>9</sup> Term included in glossary ♦ A fatality under investigation in 2008 was ruled by the Workers' Compensation Board to have occurred in and out of the course of employment † One fatality is under investigation

\* Measure redefined ‡ Restated in June 2009, from \$1 million to \$1.5 million § Result includes a reduction due to a change in the methodology used to calculate emissions related to rural delivery (RSMCs) (see page 50)

# Awards and Recognitions

## One of the best corporate citizens in Canada



In 2009, Canada Post appeared on a list of Canada's Best 50 Corporate Citizens as ranked by Corporate Knights™, an independent

company that publishes the world's largest-circulation magazine with an explicit focus on corporate responsibility.

## Millions of thanks



**United Way  
Centraide**

In 2009, Canada Post again received a "Thanks a Million" award from United

Way. We have received this award, which recognizes organizations that raise \$1 million or more, every year since its inception.

## One of Canada's best diversity employers



**Canada's Best  
Diversity  
Employers 2009**  
PRESENTED BY BMO Financial Group

Canada Post was selected as one of Canada's Best Diversity

Employers by Mediaworld, as announced in McLean's magazine. The award recognizes employers that have developed exemplary diversity initiatives.

## Gold hallmark for Aboriginal relations



**Gold Level Progressive  
Aboriginal Relations**

Canada Post holds the Gold Award for Excellence in Progressive Aboriginal Relations from the Canadian

Business. The award recognizes leadership and sustainability in progressive Aboriginal relations.

## Four consecutive years on the Top 100



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

Canada's best places to work.

## Leading CSR report

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

## Best of mail

Canada Post's 2008 Corporate Social Responsibility Report won the Environmental – Best Management Practice award in the 2009 Best of Mail NAMMU Mailing Industry Awards. The awards recognize values, leadership, innovation and results achieved in making mail as environmentally friendly as possible.

## Achievements and Challenges

### Achievements in 2009

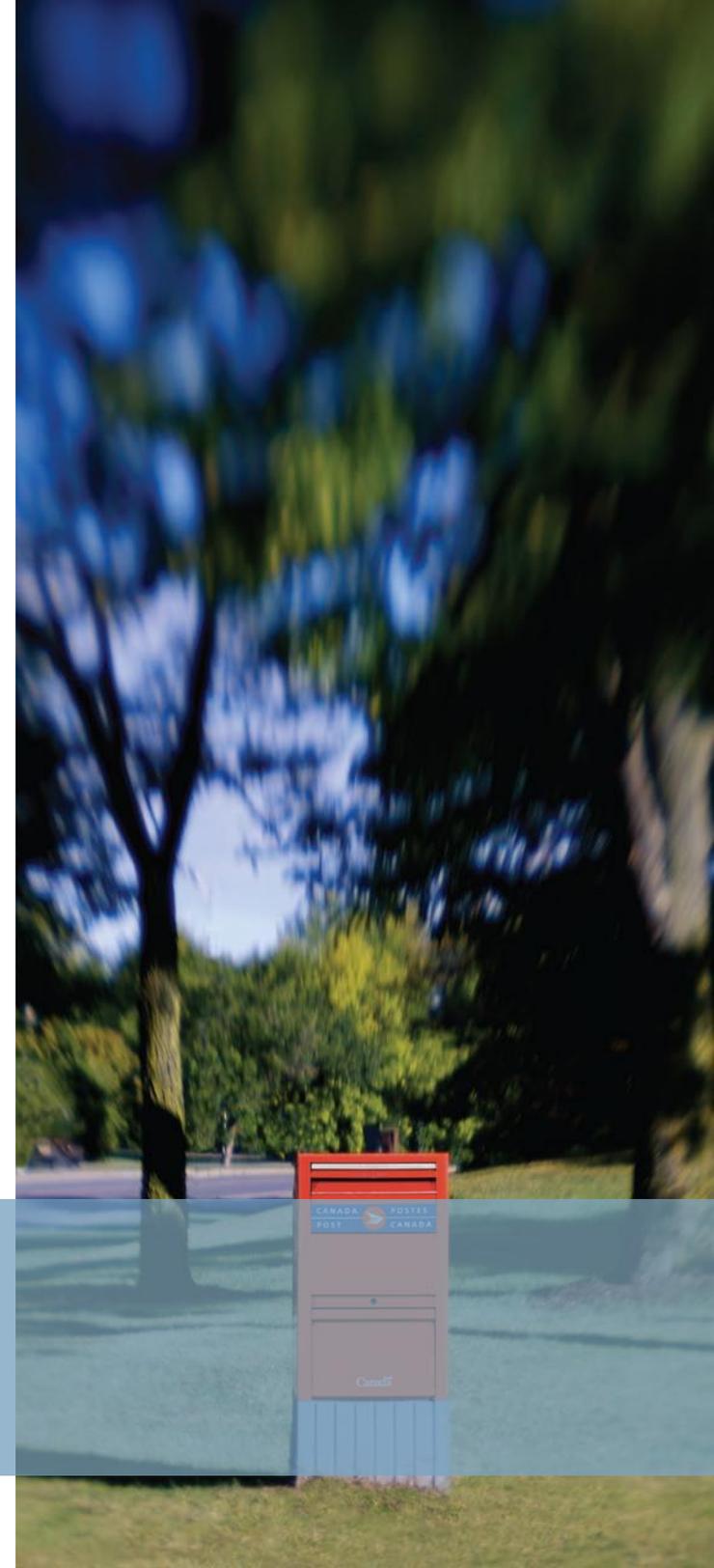
- ▶ Reduced accidents by 22 per cent
- ▶ Raised \$1.6 million for the Canada Post Foundation for Mental Health
- ▶ Employees raised more than \$2.3 million for United Way
- ▶ Helped Santa answer more than 1.14 million letters from children around the world
- ▶ Recorded a profit for the 15<sup>th</sup> consecutive year
- ▶ Cut more than \$540 million from planned costs
- ▶ Highest Employee Engagement Index score ever
- ▶ Exceeded delivery performance standards
- ▶ Exceeded our Customer Value Index target

### Challenges in 2009

- ▶ Revenues were \$528 million below plan and \$268 million below 2008 levels
- ▶ Overall volume decline of 7.8 per cent
- ▶ Absenteeism and grievances remain high
- ▶ Funding for future pension and benefit obligations.

1.14 million letters from children around the world that we helped Santa to answer

\$2.3 million raised for United Way through employee and corporate donations



## ABOUT THIS REPORT



### Scope (Boundary)

To compete more effectively, we operate as The Canada Post Group, a group of related businesses held by Canada Post Corporation. The Canada Post Group includes Canada Post and its subsidiaries Purolator Courier Ltd., SCI Group Inc. and Innovapost Inc., a joint venture. In this report, “Canada Post” or “Canada Post segment” refers to the core service of Canada Post, excluding other interests. Unless otherwise specified, this report covers the activities of the Canada Post segment only and does not include the performance of its subsidiaries.

### Reporting period

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 2009.

### Forward-looking statements

This CSR Report contains forward-looking statements that reflect management’s expectations regarding Canada Post’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 merely 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.

### Clarity

We have tried to write this report in clear, simple and understandable language. A glossary is available to help explain various industry-specific terms and concepts. All terms that are included in the glossary are marked with a superscript “g”(9) within the text of this report. All monetary amounts are in Canadian dollars, unless otherwise noted.



## ABOUT THIS REPORT continued

### Global Reporting Initiative (GRI)

This report is informed by the Global Reporting Initiative's (GRI's) principles and indicators. We intend to continue to further our reliance on the GRI framework in the coming years and expand the number of indicators that our CSR Report covers. Based on our self-assessment, we consider our report to meet GRI reporting level B.

### Information integrity

Canada Post 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. Financial results are based on our audited financial statements, as noted in our 2009 Annual Report. Certain operational results have been reviewed by third-party providers. Canada Post's Internal Audit Group assisted in the data-quality review process for several key CSR performance indicators. This report was also reviewed by our Disclosure Committee, which is responsible for ensuring the complete, accurate, relevant and timely external disclosure of material information about Canada Post.

### Planning and execution

Effective January 1, 2010, Canada Post's Senior Vice-President of Strategy became responsible for the Corporation's CSR activities. Planning, execution and reporting is coordinated by the CSR team with input from a wide range of other teams, including Workplace Safety and Health, Fleet, Real Estate, Legal Affairs, Compliance, Human Resources, Finance, Sourcing Management, Communications and each of our three lines of business.

### Changes from the last report

No significant changes in reporting scope and framework have been made since our previous report. We have added coverage about our workforce profile, the *Canadian Postal Service Charter* and our public-policy programs. We have also expanded our coverage of GRI indicators. In addition, this year's report will be available only in electronic format.

### Feedback and further information

We welcome your feedback on this report. Please email us at [info.csr@canadapost.ca](mailto:info.csr@canadapost.ca).

### Preserving the Poles

In April 2009, we issued two stamps in partnership with 30 countries from around the world. Called "Preserve the Polar Regions and Glaciers," the stamps were part of our commitment to the global community and were issued to raise awareness of the dangers of climate change. The stamps feature the polar bear and Arctic tern.



# CORPORATE SOCIAL RESPONSIBILITY AT CANADA POST

## Our vision

Our corporate social responsibility vision is to become known as Canada's most socially responsible corporation. This vision is supported by our [Corporate Values](#) and by our [Code of Conduct](#).

## Code of Conduct

Our Code of Conduct 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.

## Whistleblowing policy

Canada Post maintains 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.

Canada Post has an independently managed, anonymous toll-free hotline, website and post box to enable employees to report potentially improper activities 24 hours a day, seven days a week.

## Our approach to social responsibility

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



## Our Values

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

## CORPORATE SOCIAL RESPONSIBILITY AT CANADA POST continued

### Our CSR governance and management structure

Since its inception in January 2008, our Corporate Social Responsibility (CSR) program has focused on putting in place the governance structure, systems, tools and processes that will enable us to embed the principles of sustainability into everything Canada Post does.

#### Management

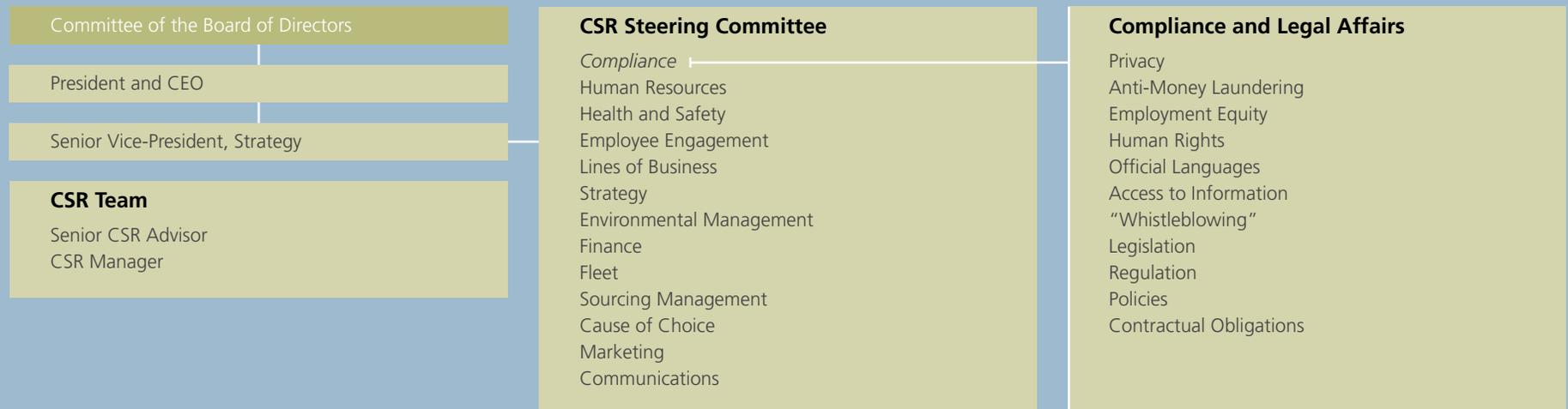
Executive responsibility for CSR now rests with our Senior Vice-President, Strategy. A senior advisor and manager are responsible for

ongoing CSR activities and reporting, and a cross-departmental CSR steering committee guides the strategic direction of the CSR program and provides leadership on CSR issues within each member's department.

#### Governance

The Corporate Social Responsibility, Environment, Health and Safety Committee of the Board of Directors has oversight responsibility for CSR. The purpose of this Committee is to oversee, review, report and

make recommendations on policies, programs, practices, procedures and performance with respect to corporate social responsibility, including the environment and occupational health and safety. Find out more about [Corporate Governance](#) and the Committee's [terms of reference](#).



## CORPORATE SOCIAL RESPONSIBILITY AT CANADA POST continued

### Materiality

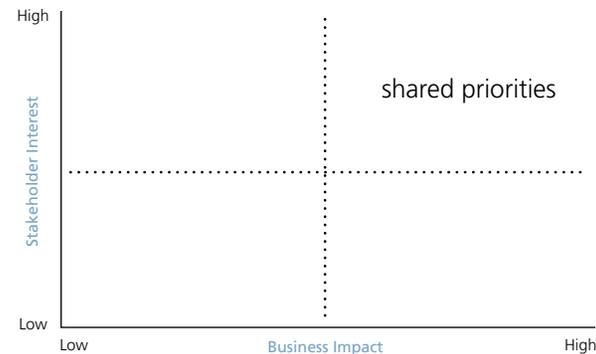
The information in this report reflects topics and indicators deemed by management to be of significant interest and concern to our company, Shareholder and primary stakeholders.

Over the past two years, we have continued to formalize the process by which we identify the issues that matter to Canada Post. Issues are identified and ranked based on our assessment of the degree of stakeholder interest and the potential business impact. Managing these issues is at the heart of our CSR activities; we have structured this report to provide information on our management approach and performance on those issues that we deemed most material.

To help contain costs in 2009, we didn't conduct the CSR-related stakeholder engagement sessions we had planned. In the absence of this exercise, we have had to rely more extensively on other forms of stakeholder engagement, as outlined below.

We have undertaken a three-step process to guide our CSR strategy and better determine

the materiality of various issues for inclusion in our CSR Report. With the help of outside consultants, we first established a list of potential issues. Desk-based research and stakeholder focus groups were then held in 2008 to determine the issues that were of most interest to our stakeholders. Finally, the importance of various issues to Canada Post was also assessed based on their potential business impacts. We aim to conduct a yearly materiality review in order to continuously monitor the importance of various issues. Please visit [canadapost.ca/csr](http://canadapost.ca/csr) and provide us with your own assessment by filling out our materiality questionnaire.



### Material areas of focus

#### Business

- ▶ Financial sustainability
- ▶ Security and privacy
- ▶ Customer value management
- ▶ Delivery performance
- ▶ Governance and compliance
- ▶ Procurement practices
- ▶ Universal service obligation
- ▶ Compliance with the *Service Charter*

#### Employees

- ▶ Health and safety
- ▶ Employee engagement
- ▶ Respect and fairness
- ▶ Diversity
- ▶ Learning and development

#### Communities

- ▶ Mental health
- ▶ United Way
- ▶ Literacy
- ▶ Other donations and sponsorships

#### Environment

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

## CORPORATE SOCIAL RESPONSIBILITY AT CANADA POST continued

### Stakeholder engagement and identification of issues of interest

In 2009, we continued to refine the process of identifying the issues that matter most to our major stakeholders and to Canada Post through the collection of ongoing feedback from our main stakeholders and through more robust enterprise risk assessment. Management of these issues is at the heart of our CSR activities and we have structured this report to provide information on our management approach and performance on those issues.

### Main stakeholders, points of contact and examples of engagement

#### Customers

- ▶ Regular executive account-management sessions
- ▶ Executive Dialogue series
- ▶ Customer Value Management surveys
- ▶ Website and email
- ▶ Retail post offices
- ▶ Ombudsman
- ▶ Customer Advisory Council
- ▶ Customer Service Call Centre

#### Employees

- ▶ Regional Forums
- ▶ Executive front-line visits
- ▶ Employee survey
- ▶ Employee magazine
- ▶ Letters from the President and other communications
- ▶ Intranet
- ▶ Fundraising campaigns
- ▶ Ombudsman



#### Communities, municipalities and elected political representatives

- ▶ Retail post offices
- ▶ Community Outreach program

#### Shareholder

- ▶ Communications with Minister responsible for Canada Post
- ▶ Newsletters

#### Suppliers

- ▶ Letters and other communications

#### Others

- ▶ CEO blog
- ▶ Emails
- ▶ Feedback from our corporate website

## CORPORATE SOCIAL RESPONSIBILITY AT CANADA POST continued

### Risk management

In 2009, we continued to refine our CSR materiality analysis, taking into account risks identified through our corporate risk management process. Key risks identified include the following.

#### Strategic risks

- ▶ Significant revenue declines
- ▶ Pension deficits require significant funding
- ▶ Postal Transformation implementation
- ▶ Inflexible cost structure
- ▶ Culture and processes encumber modernization

#### Operational risks

- ▶ Health and safety
- ▶ Security and privacy
- ▶ Business continuity
- ▶ Environmental sustainability
- ▶ Attrition
- ▶ Legal risks

For more information on risk management and risk mitigation at Canada Post, please review our [2009 Annual Report](#).

### Corporate social responsibility in the supply chain

We are committed to social responsibility, and we strive to deal with suppliers who share this commitment. In 2009, we established Social Responsibility Supplier Guidelines, which outline the principles and standards that we expect our suppliers to uphold. The purposes of the guidelines are to:

- ▶ Develop a supplier community that encourages and exhibits leadership in social responsibility through their activities and provision of goods and services while maintaining a competitive position in the marketplace
- ▶ Embed corporate social responsibility criteria into Canada Post's supply chain procedures, processes and activities, as required
- ▶ Advance a corporate culture at Canada Post that recognizes and places a priority on social responsibility



Canada Post will integrate these guidelines and other applicable environmental and privacy considerations, as required, into the procurement process.

[Find out more](#) about the guidelines by visiting our website.

### Compliance

Our 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. Our Compliance Group oversees 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.

## OUR BUSINESS |

## Financial Performance: The Canada Post Group

This page focuses on the consolidated financial results of The Canada Post Group, which include the accounts of our Corporation, our subsidiaries (Purolator Courier Ltd. and SCI Group Inc.) and our interest in Innovapost Inc., a joint venture.

In 2009, The Canada Post Group ended the year with net income of \$281 million, an increase of \$191 million over 2008. This extends the Group's record of profitability to 15 consecutive years. However, this gain does not truly reflect the underlying weakness in our operating performance or the financial challenges ahead. The economic downturn continued through 2009 and Group revenues were \$829 million below plan. The increase in profitability reflects reductions

of more than \$800 million in planned operating costs as well as an unplanned \$271-million reduction in employee future benefits expense relating to the Canada Post segment. The latter was largely related to an unusual and unplanned high increase in the rate used to discount the Canada Post pension and other future benefits obligations for accounting purposes.

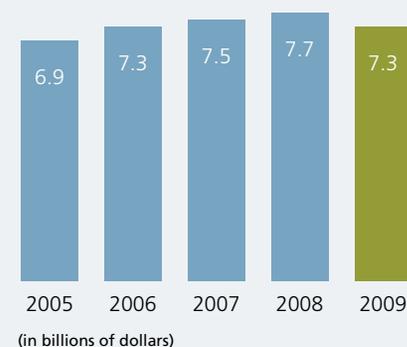
The Group remains marginally profitable, supporting the need to modernize its business model and cost structure to ensure its long-term financial self-sustainability. In recognition of the need for significant capital reinvestment to modernize the postal system, no dividend<sup>9</sup> was paid to our Shareholder, the Government of Canada, in 2009.

### CONSOLIDATED RESULTS FROM OPERATIONS

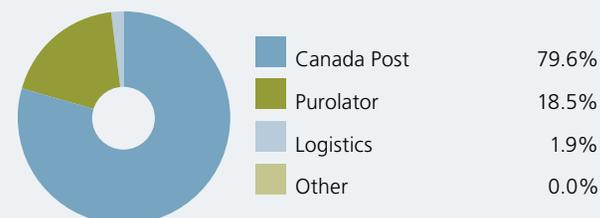
(in millions of dollars)	2009	2008	Change	%
Revenue From Operations	7,312	7,733	(421)	(5.1)%
Cost of Operations	6,955	7,594	(639)	(8.4)%
Income From Operations	357	139	218	115.0 %
Non-operating Income (expense)	22	22	0	1.1 %
Income Before Income Taxes	379	161	218	134.3 %
Income Tax Expense	95	67	28	41.8 %
Non-controlling Interest	3	4	(1)	(30.0)%
Net Income	281	90	191	210.4 %
Return on Equity	17.0%	6.1%	10.9%	

Note: Increases in net income and return on equity were due to the Corporation's ability to offset the revenue shortfall with cost containment, and an unplanned reduction in employee future benefits expense of \$271 million relating to the Canada Post segment.

### REVENUE FROM OPERATIONS



### REVENUE BY SEGMENT



## Financial Performance: Canada Post segment

This page focuses on the unconsolidated financial results of the Canada Post segment of The Canada Post Group. This segment excludes the accounts of our subsidiaries and joint venture.

In 2009, the Canada Post segment generated \$5.8 billion in operating revenue and earned income before income taxes of \$319 million. This performance reflects a \$271-million unplanned reduction in employee future benefits expense. Excluding the unplanned reduction, income before income taxes would have been \$48 million.

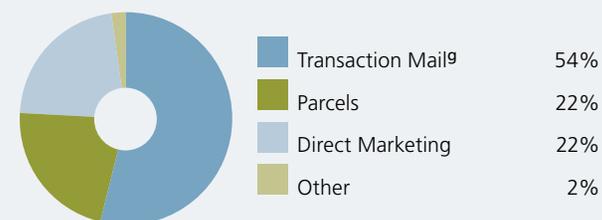
Canada Post overcame severe financial challenges in 2009 by making tough, swift decisions in an extremely difficult operating environment. Each line of business experienced sharp volume declines and revenues fell to \$528 million below plan. By the end of the year, Canada Post had lost the equivalent of almost five years of volume growth. In response, \$540 million was cut from planned costs by reducing management and other staff positions, cutting discretionary spending, increasing productivity and reducing paid hours in operations.

For more information about our financial results, please consult our [2009 Annual Report](#).

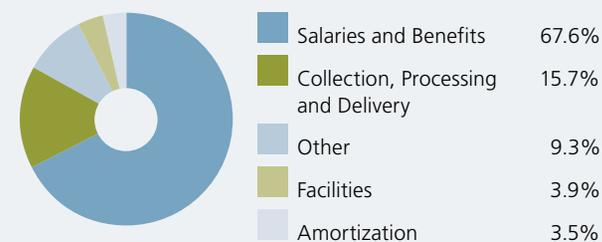
### CANADA POST SUMMARY

(in millions of dollars)	2009	2008	Change	%
Revenue From Operations	5,840	6,108	(268)	(4.0)%
Cost of Operations	5,560	6,088	(528)	(8.7)%
Income From Operations	280	20	260	1,334.8 %
Non-operating Income (expense)	39	46	(7)	(17.0)%
Income Before Income Taxes	319	66	253	384.1 %

### REVENUE BY LINE OF BUSINESS



### COST OF OPERATIONS



## Creating Value and Delivery Standards

### Creating value

We recognize that customer value is the single most important predictor of market share and profitability.

In 2009, we demonstrated the importance we place on improving our customers' experiences by appointing Louis O'Brien as our first Chief Customer Officer.

Through our Customer Value Management (CVM)<sup>9</sup> program, we study our customers' perceptions of the quality and value of our services, products, employees and website. We conduct CVM research through ongoing questionnaires and surveys, and use the results to help us determine which elements of our services customers value most. This research gives us valuable information about our customers' mailing habits and practices; their loyalty to Canada Post; how likely they are to recommend Canada Post to others; and what they think about our products, services, delivery, price, reputation and image, and service culture.

The Customer Value Index (CVI), which is a measure of customer loyalty to Canada Post, is based on CVM program research. The CVI targets for each line of business (Transaction

Mail, Parcels and Direct Marketing) help us to prioritize future customer-value initiatives.

In 2009, all three lines of business surpassed their CVI targets. Transaction Mail and Parcels exceeded their targets by four percentage points each, and Direct Marketing exceeded its target by three percentage points.

### Delivery standards

Our customers expect on-time delivery every time they send or receive a piece of mail and our goal is to deliver on time, every time. To support this, we set delivery standards and measure our performance for some services through an independent third-party agency.

In 2009, we exceeded on-time performance standards in each of our lines of business. Our Lettermail™ service remains one of the most reliable services in Canada. Our standards for Lettermail service require that we deliver items within two business days within the same metropolitan area or community, within three business days within the same province, and within four business days between provinces. In 2009, we delivered 96.4 per cent of Lettermail items on time, exceeding our target of 96 per cent.



Parcels performance targets in 2009 were based on a combination of on-time delivery, and information about the location and status of the customer's item. This information enables customers to confirm that an item was delivered and whether it was on time or not. Direct Marketing performance targets for Admail™ products are based on published service standards.

### The best of the best in operations

Saint John Plant Operations was awarded Best Plant in Canada for 2009. "The Saint John facility might be a small plant," says Dominique Forest, general manager of Regional Operations – Atlantic, "but the employees there are big on safety, productivity and engagement." In 2009, Saint John recorded a 42 per cent reduction in its accident rate. And even with a base of employees just shy of 100, the Saint John plant still managed to save more than 8,000 productive hours.



From left to right: Doug Jones, senior vice-president, Operations; Dominique Forest, regional general manager, Atlantic Region; Dan Hurley, Operations manager, Saint John; Rick Smith, Operations superintendent, Saint John Mail-Processing Plant

## Service Charter



In 2009, the Government of Canada created the *Canadian Postal Service Charter*, which outlines the Government's expectations concerning the service provided by Canada Post. The Charter covers issues such as our universal service obligation, postage rates, delivery expectations, access to postal services, security of the mail, outreach and consultation, and complaint-resolution procedures. The Charter does not modify Canada Post's obligations as set out in the *Canada Post Corporation Act* or any other legislation. To view the full *Service Charter*, please visit [http://www.tc.gc.ca/media/documents/mediaroom/charter\\_e.pdf](http://www.tc.gc.ca/media/documents/mediaroom/charter_e.pdf).

The *Service Charter* lists specific expectations that the Government has of Canada Post and has mandated that we report on our performance against each Charter expectation in our Annual Report. Our 2009 Annual Report contained our first report on the Charter.

The expectations in the Charter include providing convenient access to postal service, and ensuring frequent and reliable delivery. In 2009, we were proud to continue to provide frequent and reliable delivery to all Canadians, regardless of where they lived. Given the

demographics and geography of our country, serving some communities can be challenging because of distances or natural limitations to access. However, in 2009, approximately 88 per cent of Canadian households received postal delivery services to their residence, apartment building, community mailbox or rural roadside postal box via an external delivery agent. Approximately 12 per cent of Canadian households (usually located in smaller rural communities) obtained their mail at a local post office or through postal boxes located in lobbies of community post offices.

We also provided Canadians with an extensive network for accessing postal services in rural and urban Canada. Service to rural areas encompassed a substantial share of our network and infrastructure, and included over 3,800 rural corporate or dealer post offices and more than 7,000 Rural and Suburban Mail Carrier routes. In 2009, we had 6,532 urban and rural post offices, 17,000 retail locations where postage stamps can be bought, in addition to post offices, and approximately 200,000 collection points where postal items can be deposited.

These collection points do not include approximately 800,000 rural mailboxes, which are also collection points.

The moratorium on the closure of rural post offices was reaffirmed by the Government of Canada in 2009. When unforeseen situations that affect service arise in rural communities, we ensure that mail delivery continues and meet with community leaders to explore options that address the postal needs of their communities. From the introduction of the *Service Charter* on September 12 to December 31, 2009, 23 cases were reported as having an impact on post offices covered by the rural moratorium. We resolved 18 cases through staffing actions; five were resolved after consultation with the affected communities and community leaders.

We have also developed information-handling and privacy-protection practices according to the requirements of the federal *Privacy Act* and in acknowledgement of the 10 Fair Information Practices for the protection of personal information outlined in federal and provincial privacy laws. As with every year, we submitted a report on our privacy practices to the Government of Canada.

## Public-Policy Programs

In addition to our universal service obligation and core postal services, we also deliver a number of public-policy programs on behalf of the Government of Canada.

### Food Mail

This Government of Canada program subsidizes the cost of transporting nutritious food and other essential items by air to isolated northern communities that are not accessible year-round by surface or marine transportation. Under an agreement with Indian and Northern Affairs Canada, we are responsible for all transportation services and the related contracting process. In 2009, we shipped almost 20 million kilograms of goods under the Food Mail Program. Revenue attributed to this program was \$75 million (including \$56 million of funding provided by the Government to cover the difference between the postage revenue we collected and the costs we incurred on behalf of the Government). We estimate that the foregone revenue\* amounted to approximately \$11 million.

### Government Mail and materials for the blind

The *Canada Post Corporation Act* allows Canadians and the Governor General, members of Parliament, the Speakers of the Senate and House of Commons, the Parliamentary Librarian, and the Ethics Commissioner to send mail to each other free of charge. Members of the House of Commons can also use our Unaddressed Admail™ service free of charge to mail up to four flyers to their constituents in any calendar year. Additionally, we provide members of Parliament with a deeply discounted postage rate—unchanged since 1995—for Unaddressed Admail mailings over and above the four free mailings per year. In 2009, approximately 21 million letters were sent using Government Mail (excluding mail from constituents to parliamentarians) and MPs mailed approximately 195 million Unaddressed Admail items.

The Act also provides for free mailing of materials for the blind. Thousands of visually impaired Canadians and many libraries across the country are able to send talking books and other materials free of charge throughout Canada and around the world. In 2009, we

estimate that more than two million shipments benefited from this program.

Notwithstanding a Government appropriation of \$23 million to help offset the financial impact of these programs, we estimate that an additional \$17 million in foregone revenue\* resulted from these programs in 2009.

### Library Book Rate

The Library Book Rate enables public and academic libraries to ship books at significantly reduced postage rates—unchanged since 2005—between libraries as well as to and from library users who do not have access to a public library because of geographic constraints or physical limitations. In 2009, a total of 713,000 shipments were made using the Library Book Rate, generating \$772,000 in revenue. The foregone revenue\* for 2009 is estimated to be more than \$6 million. Unlike the other public-policy programs we deliver on behalf of the Government, we receive no appropriation or compensation of any kind from the Government of Canada to offset Library Book Rate discounted postage.

\* *Foregone revenue is the difference between actual compensation and the amount Canada Post would have earned at normal levels of commercial compensation*

## Postal Transformation



In 2009, we continued our Postal Transformation plan, which will enable us to modernize our aging plants and equipment, improve efficiency and productivity, better respond to changing markets, and help keep employees healthier and safer. Last year brought us closer to these goals. Our Shareholder, the Government of Canada, helped us improve our Financial Framework to enable us to pay for Postal Transformation by: increasing our borrowing limit to \$2.5 billion from \$300 million; approving a five-year rate plan; and agreeing to forego dividend payments for several years. Our investment in Postal Transformation will enable us to remain financially self-sufficient and relevant to customers. Without this investment, we risk significant declines in core operational performance and quality—as well as further declines in productivity and competitiveness.

Our Postal Transformation program plan calls for an investment of approximately \$2 billion. Our new infrastructure will give us the ability to enhance our product and service offerings, and defend and grow our core businesses as well as reduce our overall operating costs.

We intend to make sure that our Postal Transformation investments and strategies

meet sustainable environmental criteria and protect our employees' health and safety. A significant milestone in our plan is the Winnipeg City Transformation. In 2010, a new LEED™-registered mail-processing plant—the first in Canada in 20 years—will open in Winnipeg. Postal Transformation will also bring increased motorization, with more letter carriers using fuel-efficient, low-emission vehicles for delivery.

New Lettermail™ sorting equipment will be installed in plants across the country over the next few years. This equipment has been designed to provide better ergonomics for employees and increase productivity. We plan to reduce the amount of heavy equipment needed to move materials within our facilities, which will contribute to a safer environment for employees and help reduce the number of injuries.

In 2009, we used input from employees to design a new “letterflattainer.” This container is used by thousands of employees in our plants, depots and retail locations to help collect, sort and process the mail every day. We took the best design elements from postal services around the world and had hundreds of Canada Post employees try out the new design along with newly designed ergonomic

carts. These efforts helped us create a unique letterflattainer with smaller dimensions that will reduce weight by 30 per cent and make for lighter loads for our employees. The new letterflattainer will be made from recycled polypropylene and will be fully recyclable.

Throughout 2009, we continued our Postal Transformation consultations with our bargaining agents. Numerous meetings were held to discuss health and safety issues as well as the new work methods and standards for delivery. We also involved customers in our plans and continue to work with them to plan a smooth transition.

Our plans for Postal Transformation include investing in equipment modernization and new technology that will:

- ▶ Modernize operational processes and enable us to deliver better and more reliable services
- ▶ Automate Lettermail sequencing so that we can improve productivity and efficiency, and take advantage of high numbers of expected employee departures in the coming years
- ▶ Improve current plants
- ▶ E-enable our physical network to help us meet customer expectations and provide the platform to generate alternative revenue streams

## Labour Relations

In 2009, we engaged in contract negotiations with three of our five bargaining units. Our aim is to negotiate agreements that recognize the need for immediate changes to ensure our long-term sustainability.

Following arbitration, we reached a new five-year collective agreement with the Association of Postal Officials of Canada (APOC), which represents supervisory and sales employees. The agreement, which expires on March 31, 2014, includes wage increases in each year, increases as a result of new job evaluation plans, implementation of the Short-Term Disability Program, and updates to various benefits. The extended life of the collective agreement provides labour stability.

The collective agreement between Canada Post and the Canadian Postmasters and Assistants Association (CPAA), which represents rural post office postmasters and assistants, expired on December 31, 2009. We have been in negotiations since May 2009. In February 2010, the CPAA referred all outstanding matters to an arbitrator for final offer selection. Under this process, there can be no strike or lockout.

We are currently in the sixth year of an eight-year collective agreement with the Canadian Union of Postal Workers – Rural and Suburban Mail Carriers (CUPW-RSMC). This agreement

contains three contractual re-openers prior to its expiry on December 31, 2011. We began negotiating the final re-opener in November 2009. In January 2010, the union exercised its right to refer all unresolved matters to interest arbitration. Neither party has the recourse to strike or lockout.

We are also now in the final year of a four-year collective agreement with the Canadian Union of Postal Workers (CUPW), which will expire on January 31, 2011. Negotiations are expected to begin in the fall of 2010.

### NUMBER OF BARGAINED EMPLOYEES

Bargaining Unit	# of Represented Employees*	Collective Agreement Expiry Date
CUPW <sup>1</sup>	40,372	January 31, 2011
CUPW-RSMC <sup>2</sup>	6,747	December 31, 2011
CPAA <sup>3</sup>	6,299	December 31, 2009
APOC <sup>4</sup>	3,747	March 31, 2014
PSAC/UPCE <sup>5</sup>	1,856	August 31, 2012
<b>Total</b>	<b>59,021</b>	

\* Includes all full- and part-time employees who are represented by a bargaining group as at December 31, 2009; excludes temporary, casual and term employees

<sup>1</sup> CUPW = Canadian Union of Postal Workers

<sup>2</sup> CUPW-RSMC = Canadian Union of Postal Workers – Rural and Suburban Mail Carriers

<sup>3</sup> CPAA = Canadian Postmasters and Assistants Association

<sup>4</sup> APOC = Association of Postal Officials of Canada

<sup>5</sup> PSAC/UPCE = Public Service Alliance of Canada / Union of Postal Communications Employees

## Grievances

Despite our successful efforts to improve levels of engagement among employees, the number of grievances—defined as written complaints filed by a union or association—continues to increase. Canada Post's largest union, the Canadian Union of Postal Workers (CUPW), continues to file the majority of grievances. One-third of the CUPW grievances filed in 2009 dealt with issues surrounding attendance management, reprimand letters and overtime. The number of CUPW national policy grievances decreased, however, from 15 in 2008 to 12 in 2009.

### GRIEVANCES

	2009	2008	2007
Filed	23,829	21,976	20,778
Total Outstanding	41,463	38,878	32,046

## Official Languages

In 2009, for the fifth year in a row, the Commissioner of Official Languages gave Canada Post an exemplary rating in the category Development of Official Language Minority Communities and Promotion of Linguistic Duality – Part VII of the *Official Languages Act*. We received an overall “B” rating on our 2008-2009 report card. Full details can be found at [www.ocol-clo.gc.ca](http://www.ocol-clo.gc.ca).

The number of complaints we received in 2009 is minimal when compared to the millions of interactions our employees have with Canadians every year.

In January 2009, we launched an Official Languages e-learning course, which is mandatory for all non-retail employees in bilingual positions. By the end of December, approximately 2,000 employees—80 per cent

of our target—had taken the course. Follow-ups are being conducted with the remaining employees who are required to take the course. We also developed a communications plan, which was identified as a best practice in Treasury Board’s 2007-2008 Official Languages Annual Report, to promote official languages objectives among employees.

In 2009, our Internal Audit Group conducted a language-of-work audit in Ontario, Quebec and New Brunswick. Its report, tabled in June, included a number of recommendations that will enable us to improve our work environment and make it more conducive to the use of both official languages. Management action plans have been developed and are currently being implemented.

In 2010, we will continue to develop and implement action plans to address the recommendations made by the Internal Audit Group, particularly the availability of training and supervision in employees’ preferred official language. We will also continue to improve services to customers in their preferred official language.

### OFFICIAL LANGUAGE COMPLAINTS\*

2009	2008	2007
43	40	46

\* Received through the Office of the Commissioner of Official Languages



# Privacy and Security

## Privacy

In 2009, the Privacy Office and the Access to Information (ATI) Directorate were merged to create the Privacy and ATI Office. This new Office is structured into two teams. One is responsible for policy, strategy, awareness and training, and the other for legislative compliance. This structure enables process efficiencies and improved compliance.

Throughout the year, we continued to improve the governance of personal information protection through greater accountability among employees who collect, use, analyze and share employee or customer personal information. Additionally, training sessions were delivered to employees and a privacy “reference toolkit” was launched for regional coordinators. We plan to bring training to more employees in 2010 through targeted presentations and e-learning initiatives.

The privacy team worked closely with the Customer Service Network in 2009 to build an effective incident-response process, and work is ongoing to create a cross-functional suite of practices to formalize data-breach and privacy-incident management.

In 2009, 22 breaches of privacy related to employee and customer personal information were reported to the Privacy and ATI Office. These breaches were investigated, corrective measures were taken, and explanations and apologies offered to affected individuals, where appropriate. In total, 20 breaches were related to employees and two to customers. The Privacy Commissioner’s Office also forwarded 11 new privacy complaints to Canada Post and closed 29. A total of 17 investigations remain open. Of the closed complaints, eight were “discontinued,” five were “settled in the course of the

investigation,” 10 were “well founded,” and six were “not well founded.”

## Security

In 2009, Canada Post’s Security and Investigation Services continued with several initiatives to increase mail security. The high-security lock program, which has been ongoing since 2006, resulted in a total of approximately 340,000 locks installed on street furniture and apartment panel boxes by the end of 2009. Additionally, 500 anti-pry kits were installed on community mailboxes in the Port Coquitlam region of British Columbia and a further 5,000 kits were purchased for the Surrey, Maple Ridge and remaining Port Coquitlam regions. By the end of 2009, 650 of these kits had been installed.

We completed enhanced security clearance for approximately 60 per cent of our suppliers



## Privacy and Security continued

and contractors, and aim to have 90 per cent cleared by the end of 2010. We also installed video cameras at a number of plants to enhance employee safety and help with crime prevention. As well, we developed a new security framework, pursued relationships with Northern communities and law enforcement to help prevent prohibited merchandise from reaching these communities through the mail system, and partnered with law-enforcement agencies to combat identity theft and other criminal acts where mail is targeted.

Work continues on initiatives to enhance our bar-coding system to better monitor Lettermail™ performance and develop new technology to better track sensitive documents in the mail.

Efforts to better align IT security, corporate security and privacy remain a priority, and formal internal advisory groups are in the process of being created. Additionally, informal efforts were made to better align Privacy Impact Assessments, Threat and Risk Assessments, and Information Security's Statement of Sensitivity risk assessments.

Aligning our security strategy to meet today's security challenges remains a key objective for 2010. We will continue to collaborate with internal and external partners to meet this objective and continue to protect and safeguard the mail, our employees and corporate assets.



## Money Laundering

In 2009, we continued to enhance our systems to ensure compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

During the year, we successfully implemented the Retail Point of Automation (RPS) project—part of an \$85-million initiative—that saw the elimination of most manual money-order sales. These sales were responsible for the greatest number of compliance weaknesses. The project resulted in the automation of 3,000 post offices, nearly all of them in rural Canada. Another 2,846 dealer and corporate outlets, which were already automated, were upgraded to the new system.

Implementation of the RPS project, increased controls and new forensic tools introduced by our Anti Money Laundering Compliance team in 2009 led to an almost 10 percentage-point

increase in our overall compliance with Financial Transactions and Reports Analysis Centre of Canada's (FINTRAC's) reporting requirements.

In 2010, we will continue to enhance our processes and develop our forensic abilities, including streamlining our Suspicious Transaction Reporting mechanism, which will allow for more effective reporting to FINTRAC.



OUR PEOPLE |

## Our Workforce



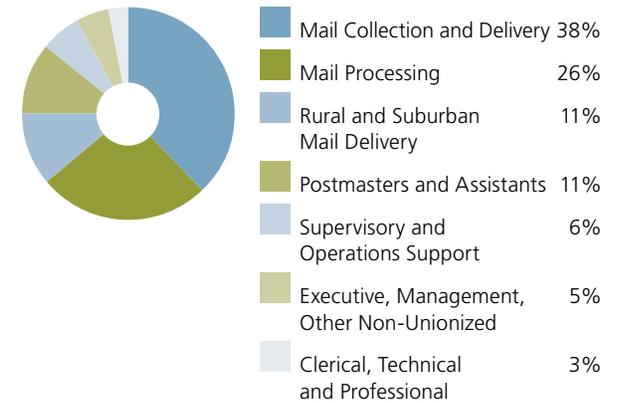
The Canada Post segment employed approximately 59,000\* full- and part-time people across all lines of business in 2009 and in all regions of the country, making it one of Canada's largest employers. Our workforce comprised 53 per cent men and 47 per cent women, and 95 per cent of employees were members of a union. The vast majority of our workforce is responsible for the collection, processing and delivery of mail. Our sustainability depends on our ability to hire the right people with the right skills, and to maintain an engaged and highly skilled workforce.

The difficult economy in 2009 created an enterprise-wide need to control costs, which included staffing reductions and hiring freezes. Despite the current economic downturn, however, the future labour market is expected to be very competitive, particularly for highly skilled workers.

Despite the financial pressures, the organization continued to support activities that are essential to our future success. In 2009, we continued to focus on employee engagement, learning and development, corporate values, talent management, leadership effectiveness, and organizational design. In addition, we continued with several initiatives for talent segmentation, leadership development and succession planning. The enhanced capabilities of e-recruitment and partnerships with suppliers have improved recruitment outcomes for front-line, mid-management and executive-level employees.

Nearly 63 per cent of our full-time workforce—more than 33,000 employees—is expected to retire or leave over the next decade. Recruiting highly skilled personnel will be a challenge for us in 2010, 2011 and beyond, as the economy recovers and employers begin hiring. Many employers are experiencing difficulty in attracting and recruiting suitable candidates for professions in high demand.

### WORKFORCE BY TYPE OF WORK



### WORKFORCE BY REGION

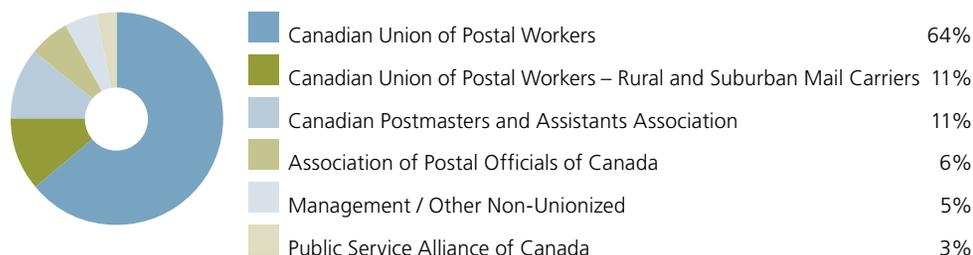
Region	2009
British Columbia and Yukon Territory	12.2%
Prairie Provinces, Northwest Territories, Nunavut	17.0%
Ontario	41.6%
Quebec	21.1%
Atlantic Provinces	8.1%

\* Includes paid full-time and part-time employees. Excludes temporary, casual and term employees

## Our Workforce continued

As more and more Canadians retire and the demand for talented people rises, we must use innovative strategies if we are to attract and retain qualified people. In 2009, we deployed a new talent and succession management solution that enables us to identify, engage and cultivate the people we need to meet our business objectives. We also modified our online e-recruitment tool. Enhanced capabilities now enable us to build and centralize an internal candidate pipeline, resulting in better quality competitions, and enhancing the hiring experience for candidates and managers.

### WORKFORCE BY UNION/GROUP



### FULL-TIME ATTRITION FORECAST RETIREMENTS AND OTHER DEPARTURES



Prepared by Workforce Planning, March 2010

Forecast is based on retirement rates over the five-year period 1996-2000 and an eight-year period 2002-2009, and an average number of other departures (three years average turnover rate plus three years average increase rate); includes only full-time regular employees from a base of 53,191 in January 2010.

## Equity and Diversity

Creating an inclusive and diverse workplace in which our workforce mirrors the Canadian population remained a top priority for us in 2009. Activities included analyzing workforce gaps, and developing and communicating action plans to maintain or increase representation in under-represented designated groups. Attracting and retaining employees in these groups requires investment, and self-identification remains a challenge, especially for persons with disabilities.

To address under-representation, our outreach to members of the designated groups remained a key area of focus in 2009. We set clear objectives with regard to selecting candidates who have self-identified as being members of one of the four designated groups. We also continued to work with the Aboriginal Human Resource Development Agreement Holders and Equitek. We entered into an agreement to join LASI World Skills Immigrant Employer Learning

Partnership's initiative to address hiring policies and workplace practices. Additionally, the 2006 Census data was loaded and tested with success. As of June 2009, our workforce analysis and employment equity hiring objectives have been updated accordingly to align with the new data.

We were proud to be selected as one of Canada's Best Diversity Employers in 2009 and continued to build relationships with Canada's Aboriginal communities through recruitment efforts and the annual Aboriginal Education Incentive Awards program.

Our plans for 2010 include reviewing and updating the 2008-2010 Corporate Employment Equity Plan, and communicating and implementing the 2011-2013 Plan. We will also maintain or expand partnerships with Canada's diverse communities and develop an action plan to maintain our PAR Gold level.

## Diversity

### OVERALL WORKFORCE

	2009	2008	2007	Canadian Labour Market Availability <sup>1</sup>
Women <sup>2</sup>	49.5%	49.2%	48.9%	49.7%
Aboriginal Peoples	2.0%	1.9%	1.8%	2.7%
Persons With Disabilities	3.9%	3.6%	3.7%	4.8%
Visible Minorities	11.5%	10.8%	10.5%	15.4%

<sup>1</sup> Based on Government of Canada Census data, 2006

<sup>2</sup> As required under employment equity reporting rules, the overall workforce base comprises all active and inactive employees (including permanent full-time and part-time, temporary, casual, and other) who worked more than 12 weeks from January 1 to December 31, 2009. Therefore, the percentage of women in the overall workforce differs slightly from that reported in the Our Workforce section

### SENIOR MANAGEMENT<sup>1</sup>

	2009	2008	2007	Canadian Labour Market Availability <sup>2</sup>
Women	28.9%	31.2%	25.5%	24.1%
Aboriginal Peoples	1.7%	0.9%	1.8%	2.5%
Persons With Disabilities	4.1%	2.8%	2.7%	3.3%
Visible Minorities	3.3%	3.7%	3.6%	8.4%

<sup>1</sup> General manager and above

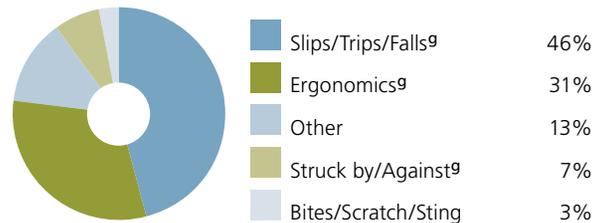
<sup>2</sup> Based on Government of Canada Census data, 2006

# Safety

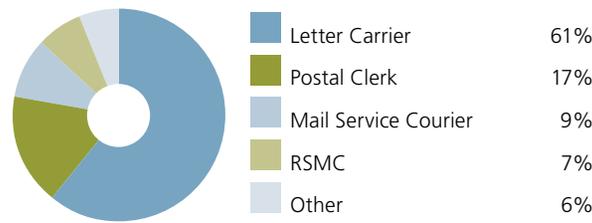
After failing to meet our target for reducing accident frequency in 2008, management and employees continued to focus on improving safety and preventing accidents in 2009 and build on the work of previous years. Among other things, we made sure that our team leaders focused on safety leadership throughout the year, and continued to focus on hazard identification and controls. As a result, our lost-time accidents decreased by more than 22 per cent, including a 21 per cent reduction in slips, trips and falls, and injuries from manual material handling.

To continue to build a safety culture in 2009, safety leadership standards were extended to all levels and made part of the performance scorecard, where applicable. Embedded within the safety leadership standards is the requirement for leaders to be visible during

## 2009 LOST-TIME ACCIDENTS<sup>9</sup> BY TYPE



## 2009 LOST-TIME ACCIDENTS BY WORK GROUP



### Masters of safety

From April 11, 2005, to December 31, 2009, the carriers at the St. James depot in Winnipeg could lay claim to a remarkable accomplishment: not one of them suffered an on-the-job injury leading to time off. "The team achieved its remarkable record because it takes safety seriously," says supervisor Shirley Ogden. When Ogden gets a call from a carrier, she's quick to respond. She does an on-site inspection, calls the animal control department, if necessary, or notifies a homeowner of a potential problem.



Employees at the St. James letter carrier depot in Winnipeg have been accident-free for more than three years.

**22%** reduction in the number of lost-time accidents



Safety  
continued

all operations, perform certain safety tasks on a regular basis and think “safety first” at all times. Safety tasks can include accompanying letter carriers on their routes to identify potential hazards before accidents happen or being on the plant floor ensuring that safety procedures are being followed. In this way, safety is becoming a habit. Additionally, team leaders are conducting timely accident investigations, and providing useful information that can be used to coach employees and ensure that accidents do not happen again. Improved accident reports were effective in bringing a focus to prevention. Supervisors also hold regular safety talks, monitor adherence to safe work procedures, coach employees to perform duties in a safe manner, and address situations where procedures are not followed. Unsafe work behaviours are no longer tolerated within our safety culture.

In 2009, we also improved our external baseline score on health and safety audits conducted by a third party (URS) by 14.2 percentage points, from 53.9 per cent in 2008 to 68.1 per cent.

Safe-lifting training continued through the year and has been key to decreasing musculoskeletal injuries. Efforts continued to ensure that health and safety committees and health and safety representatives within our workplaces are trained and able to carry out their required duties effectively.

In 2010, we will continue to build on our safety management system to improve our safety culture and make safety the first consideration in everything that we do. Our 2010 plan includes a continued focus in the key areas of leadership, hazard identification, prevention and control, training and awareness, and continuous improvement. We will also continue to look for ways to improve the management of Workers’ Compensation claims. We will continue with the safety leadership standards as they have proved an effective way to ensure that safety priorities are addressed, safety visibility is improved, and our safety culture improves.

We have also set targets for continuing to reduce the number of lost-time accidents. Our target for 2010 is to decrease the number of lost-time accidents by 15 per cent, and a further 10 per cent in 2011, 2012, 2013 and 2014.



**FATALITIES**

	2009	2008	2007
Canada Post Employees	0*	2**	1
RSMC Helpers, Ergonomic Assistants and Replacements	0	0	0

\* A fatality is still under investigation

\*\* A fatality under investigation in 2008 was ruled by the Workers’ Compensation Board to have occurred in and out of the course of employment

**LOST-TIME ACCIDENTS**

	2009	2008	2007
Accidents (excluding RSMCs)	3,321	4,277	4,378
RSMC Accidents	249	230	210
Total	3,570	4,507	4,588

**LOST-TIME ACCIDENT FREQUENCY RATE<sup>9</sup>  
COMPARISON (PER 100 FTE\* EMPLOYEES)**

	2009	2008	2007
Canada Post (excluding RSMCs)	7.6	9.3	9.3
TNT (Netherlands Postal Operator) <sup>1</sup>	2.8	2.9	3.2
Deutsche Post (Germany) <sup>2</sup>	7.1	6.6	6.3

\* FTE = full-time equivalent

<sup>1</sup> TNT Annual Report 2009

<sup>2</sup> Deutsche Post DHL Corporate Responsibility Report 2009/10

# A Healthy Workplace

In 2009, our healthy workplace strategy centred on improving health and well-being programs, developing union-management co-operation, and integrating occupational and non-occupational disability management.

## Disability management

In 2009, we extended the Disability Management Program to Rural and Suburban Mail Carriers (RSMCs) and laid the groundwork for a new Occupational-Abilities Management Group, which was introduced on January 1, 2010. The model for the new group consists of a new reporting structure and teams in which each disability manager deals with short- and long-term disability and Workers' Compensation claims. This realignment provides employees with a "one-stop" shop for disability management, integrates occupational and non-occupational disability management for policy, process and service delivery, and makes it simpler for us to provide the assistance employees need when they need it.

We introduced the new Short-Term Disability Program (STDP), effective January 1, 2010, for management and employees represented by the Public Service Alliance of Canada/Union of Postal Communications Employees (PSAC/UPCE) and the Association of Postal Officials of Canada (APOC). The STDP is in line with union-endorsed best practices. We also established joint union/management disability management committees with APOC and PSAC/UPCE to enhance understanding of the Disability Management Program. We are planning to extend these committees to our other bargaining agents.

In 2009, we referred 95.8 per cent of disability management cases to our service providers within 10 business days of the start of an absence or accommodation, surpassing our target of 95 per cent.

We continued working toward a second Consensus Based Disability Management Audit™, which will be conducted in 2010 by the National Institute of Disability Management and Research™. We also increased communications to employees to raise their level of awareness and understanding of the Disability Management Program.

## Modified duties

The number of cases of modified duties increased in 2009, but the percentage of employees needing modified duties after an absence decreased, as did the average number of days an employee spent on modified duties. The increase was largely due to improved management by team leaders, which led to more cases for disability management services being referred within the expected time period.

Our goal for 2010 is to reach industry standards for disability management and ensure that employees who return to work after an absence are healthy and productive.

### MODIFIED DUTIES

	2009	2008	2007
Number of Cases of Modified Duties	6,578	6,015	6,671
Percentage of Cases of Modified Duties Following an Absence	37%	41%	50%
Duration of Modified Duties (average number of days)	76	84	102

*Modified duties refers to all temporary accommodations managed under Canada Post's Disability Management Program. Temporary accommodations includes employees working while awaiting treatment as well as those on structured return-to-work programs following an injury on duty as well as non-occupational illnesses. The duration of structured return-to-work programs (modified duties) for non-occupational illnesses following treatment is 34.9 days, below the industry benchmark of 42 days.*



### Absence management

In 2009, we created new reports to help managers monitor how the attendance-management process is being applied and ensure that follow-up action is taken, when necessary. We also tightened work practices to reduce the number of absences and made conducting attendance-management interviews part of the mentoring program for supervisors.

Days lost per employee (DLE) decreased to 15.1 in 2009, compared with 15.8 in 2008. This is the first decrease since 2004. Sick leave accounted for 76 per cent of absences and injury on duty accounted for 20 per cent.

In 2010, the DLE measure will be replaced with a monthly absence rate and reporting will be aligned with STDP leave types. Compliance with the attendance-management process will be reinforced by including it on operations manager and superintendent scorecards.

### ABSENTEEISM – DAYS LOST PER EMPLOYEE (DLE)<sup>9</sup>

	2009	2008	2007
Canada Post	15.1	15.8	14.8
<b>Other Sectors<sup>1</sup></b>			
Federal Administration	N/A*	16.1	15.0
Unionized	N/A*	13.9	14.0
Transportation and Warehousing	N/A*	12.3	12.2
Overall – All Sectors	N/A*	10.0	10.2

\* Not available at time of publication

<sup>1</sup> Work Absence Rates 2008, 2009; Statistics Canada; Catalogue no. 71-211-XWE

### ABSENTEEISM – AS A PERCENTAGE OF USUAL HOURS OF WORK

	2009	2008	2007
Canada Post	6.0%	6.3%	5.9%
<b>Other Sectors<sup>1</sup></b>			
Federal Administration	N/A*	6.5%	6.0%
Unionized	N/A*	5.5%	5.6%
Transportation and Warehousing	N/A*	4.9%	4.9%
Overall – All Sectors	N/A*	4.0%	4.1%

\* Not available at time of publication

<sup>1</sup> Work Absence Rates 2008, 2009; Statistics Canada; Catalogue no. 71-211-XWE

### WORK ABSENCES BY LEAVE TYPE IN 2009



## Human Rights



In 2009, we continued to work with the Canadian Human Rights Commission (CHRC) on its Maturity Model, a CHRC initiative that will enable employers to rank themselves against a model of human rights excellence. We are one of the key contributors to this initiative, and have been collaborating with other federal institutions and the Commission to develop this model.

A corporate-wide campaign on respect and fairness in the workplace was also introduced in 2009. The campaign's goal is to promote a respectful workplace that is free from harassment and bullying.

During the year, an increase in the number of cases coupled with resource constraints resulted in many prevention initiatives being put on hold. One such initiative was the analysis and review of measures to address the sudden increase of complaints based on Race, National or Ethnic Origin, Colour and Religion, which doubled in 2008. More case analysis will be conducted in 2010 to identify possible systemic issues to be addressed.

In 2010, we will continue to work with the CHRC on the Maturity Model, and will also focus our efforts on developing a revised conflict-resolution framework and updating our Code of Conduct.

### COMBINED HUMAN RIGHTS COMPLAINTS<sup>9</sup>

	2009 <sup>1</sup>	2008 <sup>2</sup>	2007
Formal Human Rights Complaints	92	47	70
Internal Human Rights Complaints	250	267	219
General Complaints of Harassment	308	253	317

### FORMAL HUMAN RIGHTS COMPLAINTS

	2009 <sup>1</sup>	2008 <sup>2</sup>	2007
Sex	7	4	9
Disability	72	35	55
Race	2	4	6
National or Ethnic Origin	1	2	3
Colour	1	2	3
Religion	1	2	3
Marital Status	0	0	6
Age	3	1	2
Sexual Orientation	0	0	3
Family Status	4	1	3
Retaliation	1	1	2

### INTERNAL HUMAN RIGHTS COMPLAINTS<sup>3</sup>

	2009 <sup>1</sup>	2008 <sup>2</sup>	2007
Sex	97	99	91
Disability	99	81	62
Race	23	51	24
National or Ethnic Origin	13	26	12
Colour	3	20	7
Religion	3	14	7
Marital Status	1	3	3
Age	0	6	10
Sexual Orientation	3	12	6
Family Status	7	2	13
Pardoned Conviction	0	0	1
Retaliation	1	2	2

<sup>1</sup> The reporting methodology has been modified for 2009 data to show only the main ground cited within each internal or external complaint. For the 2007 and 2008 data, the total number of grounds exceeds the total number of complaints, reflecting the fact that some complaints were filed on more than one ground

<sup>2</sup> 2008 data has been restated

<sup>3</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

# Employee Engagement

In 2009, we continued to focus on building respect and fairness in the workplace, improving the health and safety of employees, holding face-to-face discussions with our people about our business, and recognizing them when they contribute to our goals.

In the past year, we demonstrated the importance we place on employee development by providing more than 500,000 hours of classroom training to front-line employees and team leaders and by developing a Learning Index that measures employee attendance on training courses. We also involved front-line employees and their team leaders in discussions about our business through more than 425 Regional Forums and front-line visits by our President and senior executives that reached nearly 12,000 employees. Our Best of Ops Awards program recognizes excellence among our Operations employees

and encourages a team approach to celebrating successes and resolving issues. In 2009, we recognized our top Operations teams quarterly, semi-annually and annually. The President's Awards for Customer Experience recognized 25 front-line employees in Operations and Retail for their help in improving the customer experience.

We are encouraged by the customer-service improvements, higher productivity, fewer workplace accidents, higher levels of survey participation and higher levels of employee engagement that we saw in 2009. We increased participation in the employee survey by two percentage points, reached our target of increasing the Employee Engagement Index by two points, and improved in 16 out of 17 survey categories. Additionally, the 2009 survey results revealed a shift in the main drivers of engagement: respect and fairness and employee development remained the

two key drivers, but corporate social responsibility replaced work-unit functioning as the third.

Employees also supported many causes in 2009, including the Canada Post Foundation for Mental Health, and more than 11,000 employees and retired employees volunteered their time to answer more than one million letters for Santa.

Our strategy for 2010 is to continue initiatives that support the key drivers of employee engagement. We will carry on involving employees in discussions about our business through team survey action planning and expanded Regional Forums and executive visits, and we will also continue our efforts to recognize great work, develop our front-line leadership, and improve health and safety.

## EMPLOYEE ENGAGEMENT

	2009	2008	2007
Target	Actual	Actual	Actual
58	58	56	52

**56.3%** participation in employee survey

**11,000** employees and retired employees who volunteered to help Santa respond to letters

## OUR COMMUNITIES |

## Mental Health



When the Canada Post Foundation for Mental Health was established in June 2008, it pledged to do two things: to raise awareness about the plight of those struggling with mental illness; and to build the capacity of organizations, families and caregivers to support those affected. In 2009, the Foundation lived up to its pledge: it handed out approximately \$1 million to 19 community-based groups across Canada. The grants, which provided new support to some of the seven million Canadians challenged by mental-health problems, came from money raised through the collective efforts of Canada Post, its employees and the Canadian public. An additional \$1.6 million will be distributed in 2010.

The grants make a real difference in the quality and range of front-line services that agencies, such as the Labrador Friendship Centre, Revivre – Association de soutien, the Elizabeth Fry Society and the Schizophrenia Society of Alberta, can provide. A Foundation grant also made a real difference to the Yorktown Child and Family Centre in Toronto. The Centre is using the money to help transform the way its workers treat children and youth who are experiencing distress or psychological difficulties as a result of a traumatic incident.

Laing House in Nova Scotia, which provides young people living with a mental illness with support to rebuild their lives, was another that received a grant from the Foundation.

In total, more than 200 grant applications were received by the Foundation in 2009, which allocated funding to projects that build front-line capacity and provide community-based support to people affected by mental illness as well as their families and friends.

In 2009, our employees and customers raised \$1.6 million for mental health, surpassing our target of \$1.5 million. Even in uncertain economic times, Canadians gave generously when our retail clerks asked them to donate one dollar after every sale during our national fundraising campaign in the fall. More than \$700,000 was donated in this way. Canada Post also issued a new fundraising Mental Health stamp in September 2009. One dollar from the sale of each booklet of 10 stamps went to the Foundation. Sales of the stamp raised a total of \$296,000. In addition, Canada Post employees pledged \$153,000 to the Foundation through our grassroots Dime-a-Day campaign. This amount, along with money raised by our employees through unique initiatives, such

as bake sales, weight-loss challenges and fines for using PDAs during presentations, was matched by the company through a \$165,000 donation.

In 2010, we've set a goal of raising \$2 million for mental health. It's another step toward changing the conversation about mental illness to the benefit of everyone.

### Big-time effort from a small-town post office

Employees at the Aldergrove Post Office in B.C. were presented with the first Retail – Area West Mental Health Challenge Cup, recognizing their achievement as one of the top three post offices in the nation to raise funds for the Canada Post Foundation for Mental Health. The team asked every customer to donate to the Foundation, including those who just came to drop off mail.



*From left to right: John Stonehewer, Marilyn Gauthier and Jennifer McKeown of the Aldergrove Post Office are proud winners of the Retail – Area West Mental Health Challenge Cup.*

## Mental Health continued



Find out more about our support for mental health.

In 2009, the Canada Post Foundation for Mental Health handed out more than \$1 million in grants to fund projects of 19 non-profit community-based groups.

### The Canadian Mental Health Association – Northwest Territories Division

**Program:** Multidisciplinary Collaborative Problem-Solving for Children and Youth at Risk

*“It felt like the team working to better the lives of families in our community was suddenly bigger.”*

Sandra Beaton, Executive Director of CMHA – NWT Division

**The impact:** A Foundation grant is helping the Canadian Mental Health Association – Northwest Territories Division and the Centre for Northern Families to fund a pilot program that supports the parents of children struggling with mental-health issues.

### Elizabeth Fry Society of Ottawa

**Program:** Services to Women and Youth Through Mental Health Courts

*“We are thrilled to be a recipient of this grant, not only because we have the honour of receiving the first cheque of this new Foundation, but also because funding for services to individuals coming through Mental Health Court is so needed and very difficult to source.”*

Bryonie Baxter, Executive Director of the Elizabeth Fry Society of Ottawa

**The impact:** The clock was ticking on the Elizabeth Fry Society’s ability to continue to offer services when it learned it was among the first recipients of a grant from the Foundation. The money is being used to fund counselling and support services for women and female youth coming through Adult and Youth Mental Health Courts.

### Revivre – Association de soutien

**Program:** Community Psycho-Educational Follow-Up Care

*“Revivre is thrilled to have been chosen to receive a grant from the Canada Post Foundation for Mental Health. We will be using the money to provide follow-up care to people who suffer from anxiety, depression or bipolar disorder. Like the other projects the Foundation is funding, this money supports a front-line project with an immediate impact.”*

Jean-Rémy Provost, Executive Director of Revivre – Association de soutien

**The impact:** Psycho-educational follow-up care will improve the mix of services offered by Revivre—helping sufferers to better understand their illness. The clients will be better equipped to detect early-warning signs and to prevent relapse, and will have a better understanding of what treatments are available.



### Mental Health

In September 2009, we continued to make good on our pledge to raise awareness of—and eliminate the stigma associated with—mental illness by issuing a new PERMANENT™ domestic rate semi-postal stamp. Proceeds from each stamp’s 10 cent surcharge go to the Canada Post Foundation for Mental Health.

## Literacy



The Canada Post Community Literacy Awards celebrate the literacy efforts and achievements of adult learners who learned how to read and write only later in life, and those who helped them learn. By acknowledging their efforts and achievements, the Awards encourage others to improve their reading and writing skills, and inspire them to reach their personal literacy goals. For many, that means obtaining their Secondary School Diploma or General Educational Development (GED). For others, it means reaching a level of reading and writing proficiency that enables them to participate more fully in the world around them.

Submissions in the Individual Awards category in 2009 told stories of courage and determination as people undertook to better their lives by improving their reading and writing skills. Alison Pepper, Richard Marr, Kaiza Mahamoud, Trelton James, Genéva Léger and Chantal Joubert are just a few of those who overcame their circumstances to improve their literacy—and their lives. For this, they were named winners of Canada Post Community Literacy Awards in 2009.

The Educator category of the Literacy Awards highlights noteworthy contributions of people who have helped to improve the literacy of

others. There were seven winners in this category: Lorna Armstrong, Margaret O’Sullivan, Margaret Harriman, Régis Vaillancourt, Vianne Timmons, Claudia Dubé and Thérèse Bussiè-res-Caya.

Claudia Dubé is a passionate, dedicated and caring teacher who, since 1982, has used literacy training to help improve the lot of former high-school dropouts. These individuals often face problems such as drug addiction, alcoholism and abuse. Through her literacy work, Claudia gives them an opportunity to continue their studies, become more independent and find jobs.

Thérèse Bussiè-res-Caya plays a key role with immigrant women aged 30 to 50, not only as a teacher but also as a psychologist, confidante and guide in situations that arise in their lives. Thérèse’s kindness and commitment have helped hundreds of people integrate successfully into society.

### Literacy achievements change lives

A childhood illness affected Alison Pepper’s ability to speak, read and write, but it wasn’t until she started working that she needed to improve her reading and writing skills. On a friend’s advice, she enrolled in an adult literacy

program and has worked tirelessly with tutors to improve her skills. She’s also become an advocate for literacy, and has helped to develop and lead workshops for other students.

Richard Marr lost many good jobs because he couldn’t read and write, and he became very good at hiding his limited literacy skills. A year ago, Richard joined a learning exchange

### Believing in the power of literacy

For Monique Dumesnil, a manager in the retail program division at Head Office, giving something back to the community has always been important. In 2009, Dumesnil was delighted, once again, to serve as judge in the Canada Post Literacy Awards. “The submissions I read are remarkable and inspirational,” says Dumesnil. “You can feel the energy, commitment and passion in each entry—and I feel honoured to be involved in this amazing program.”



*Monique Dumesnil, a manager in the retail program division at Head Office.*

## Literacy continued

with the goal of earning his General Education Diploma. He's greatly improved his literacy and now enjoys simple things he was never able to do before, like reading to his children.

Genéva Léger had very little schooling and felt unequipped to deal with the challenges she had to face, including raising her children, the death of her mother and her husband's cancer. After enrolling in a literacy program, she feels that she has more control over her destiny. She has founded her own arts and crafts business and a small bakery, and has become more independent.

### Initiatives to support literacy

In 2009, we were involved in several other programs, events and initiatives that support literacy, including those listed here.

#### Santa Letter-writing Program

Keeping the magic of Christmas alive was again a priority for us in 2009 as more than 11,000 current and retired employees, known affectionately as postal elves, volunteered their time and writing skills to help Santa respond to truckloads of letters. In 2009, postal elves replied

to 1.149 million letters and 39,595 emails in the language in which they were received—27 languages in all in 2009, including Braille.

#### Canwest Canspell National Spelling Bee

Our three-year sponsorship of the Canwest Canspell™ National Spelling Bee concluded in 2009 at the Washington Scripps Spelling Bee in Washington, D.C. The Spelling Bee celebrates excellence in academic achievement and encourages positive study habits. In 2009, approximately 250,000 students from 1,700 schools participated in the entry levels of the competition, with 22 heading to Washington.

#### La Dictée PGL

We were proud to continue our support for La Dictée P.G.L. in 2009. La Dictée P.G.L. is an educational project that does an excellent job of promoting the French language across our country. Nearly 1,200 schools and 210,000 students from across Canada participated in La Dictée P.G.L. in 2009.



#### One of Santa's most dedicated elves

Fred Danells, Canada Post Heritage Club member, has been the regional coordinator for the Santa Letter-writing Program for the Pacific region for many years. His dynamic personality and loyalty to the program have made Danells one of the top elves in the country. He has been involved in the program for 13 years—and Santa Claus couldn't be more grateful! "It's a fantastic and exciting way to give something back," he says.



From left to right:  
Gary Wilson, Lois Goon,  
Fred Danells, Margaret  
Shiu, Martha Shiu and  
Ray Goon in Santa's  
Workshop, Vancouver  
Mail-Processing Plant.



Find out more about our  
Santa Letter-writing Program.

## Donations and Sponsorships

We remain committed to dedicating one per cent of pre-tax profits to non-profit and registered charitable organizations across the country. This widely accepted, standard target is based on a rolling five-year average of pre-tax profits for The Canada Post Group. This total incorporates cash and in-kind contributions. In 2009, we donated 1.3 per cent of the Group's profits to non-profit and registered charitable organizations. We are proud to make a real difference to people.

In 2009, we devoted \$2,073,945 to sponsorships with activities focused primarily on the Canada Post Freestyle Team and literacy programs such as the Canwest Canspell™ National Spelling Bee and La Dictée P.G.L. Our title sponsorship of the Canada Post Freestyle

Team continued to provide value. We focused primarily on online advertising and also developed prepaid envelopes featuring the team, an Xpresspost™ envelope depicting Steve Omischl and a Priority™ Courier envelope portraying Jenn Heil. As well, we were an Official Supplier to the Vancouver 2010 Olympic and Paralympic Winter Games. We developed a full range of stamp products to commemorate the Games.

We also donated \$383,700 to 64 different registered charities and not-for-profit organizations in 2009, including a donation of \$165,000 to the Canada Post Foundation for Mental Health. This donation matched the amount of money raised by our employees through the Dime-a-Day campaign and other employee fundraising initiatives. As well, we

### Passionate about United Way

As the central coordinator for United Way fundraising at Canada Post, Anne Larose wears a multitude of hats. In addition to working closely with regional employee campaign coordinators across Canada, Larose also takes care of employee personalized pledge cards and the United Way payroll calendars. In 2009, as in previous years, Larose organized the tremendously popular Pizza Thursdays at Head Office, an event that raised almost \$19,000 for United Way.



Anne Larose serves pizza at a United Way fundraising event at Canada Post's Head Office.



### Abraham Doras Shadd and Rosemary Brown

During Black History Month, we issued a pair of stamps to celebrate two committed individuals who forged new ground and inspired change. Abraham Doras Shadd (1801-1882) devoted his life to the abolitionist movement, including playing a major role in the Underground Railroad. Rosemary Brown (1930-2003) fought for her rights, and those of other women and minorities throughout her trailblazing career.

## Donations and Sponsorships continued

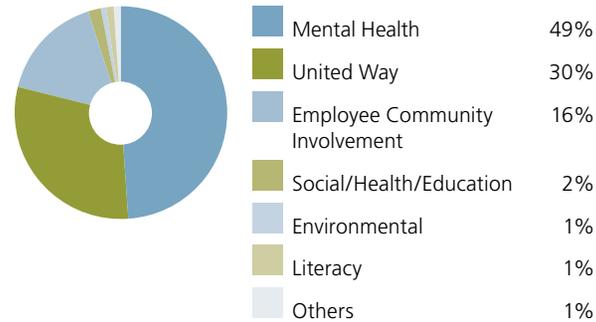
raised \$2,322,433 for United Way through employee and corporate donations, and were proud to receive another “Thanks a Million” award. We have received this award, which recognizes organizations that raise \$1 million or more for United Way, every year since its inception. An additional 150 organizations received donations thanks to our employees’ volunteering time and our Coaching and Community Involvement Program.

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

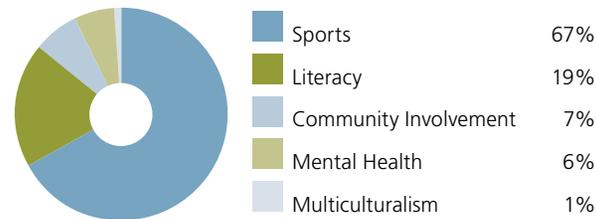


*Find out more about our support for the Canadian Freestyle Ski Team.*

### 2009 DONATIONS<sup>9</sup>



### 2009 SPONSORSHIPS<sup>9</sup>



### Canada Strikes Gold!

As a title sponsor of the Canadian Freestyle Ski Team for four years, we were proud to commemorate Canada’s first-ever Olympic gold medal victory on Canadian soil by issuing a stamp early in 2010 featuring the medal. Plans to issue the stamp just days after this historic event began in 2009 and were kept tightly under wraps.

The stamp was a salute to gold-medal winner Alexandre Bilodeau, silver medalist Jen Heil and all the freestyle skiers of the 2010 Canadian Olympic Team for their incredible performances—past, present and future. Their talent, skill and dedication are a continuing source of pride for all Canadians.



## Community Programs

We show our commitment to being a socially responsible company by making charitable donations and sponsoring individuals and organizations, and also by investing in community programs. In fact, we have a long and proud history of supporting communities across Canada.

In 2009, we continued to support Canadian troops deployed overseas, and their families and friends, by providing free delivery of letters and parcels. This was the fourth year that we have offered this service. The free parcel service was provided from October 26, 2009, to January 15, 2010. Friends and families of deployed troops were able to send letters free throughout the year.

We also remain committed to the Progressive Aboriginal Relations (PAR) program and are working to maintain our Gold Hallmark for Excellence status, which we originally achieved in 2008. The award recognizes our leadership and sustainability in progressive Aboriginal relations as well as our continued commitment to support Aboriginal employees, communities and businesses across the country.

We supported many other community initiatives in 2009, including Mental Illness Awareness Week, Les Rendez-vous de la Francophonie, Les Correspondances d'Eastman, the Canadian Postal Museum, Festival Franco-ontarien, Congrès mondial acadien and Les Impatients. The list includes



### Volunteering with heart

Julien Chouinard might have spent 25 years working for Canada Post in Laval, Que., but he also has a whole other life: volunteering. He's spent 36 years working with Laval's Emergency Measures Brigade—helping victims of fire, accidents, spring floods and the 1998 ice storm—to name only a few activities. In April of 2008, Chouinard received the Governor General's Caring Canadian Award from the Right Honourable Michaëlle Jean.



*Letter carrier assistant  
Julien Chouinard.*



## Community Programs continued

sponsorships, donations, and employee coaching and community-involvement programs.

We are also proud of the charitable efforts of our employees and recognize that they can contribute significantly to positive social change in many ways, from creating a healthier environment to raising money for charity to helping the local community. Employees Teresa Nickerson and Susan Haslan, for example, volunteered to beautify Gateway's grounds by planting some colourful flowers, and employees in the Eastern Townships were presented with an honorary plaque from Centraide Estrie, the local United Way chapter, for their outstanding fundraising campaign. Once a month for the past seven years, three Vancouver letter

carriers—Darrell Phillips, Keitha Coates and Theda Horner—have prepared and served lunch at the South Granville Seniors Centre after finding out that funding for the lunch program at the Centre had been cancelled.

These are just a few of the examples of the kindness and character of our employees, which enable us to build strong ties with the communities we serve.

### A socially minded social club

Since 2005, the employees of Victoria Depot 3 have been doing their part for local charity. In 2009, two fundraising events demonstrated that employees have a lot to give. Through the Breakfast for the Homeless event, the depot was able to fill an entire step van with donated items. At Christmas, the depot donated more than \$3,000 as well as food items to local organizations that provide a vast range of support for single parents.



From left to right:  
Darlene Mooney (retired),  
Karen Farley and Christine  
Pearson stand among the  
boxes of donations raised  
for the homeless.



### International Year of Astronomy

Since the dawn of time, we've gazed up at the heavens in awe and wonder, fascinated by the ever-changing marvels of the cosmos. Our two 2009 International Year of Astronomy stamps were issued to celebrate the amazing achievements of Canadian astronomers and remind us that we all have a responsibility to protect the environment. Each of the stamps pairs an important Canadian observatory with a remarkable image of an outer space marvel.

## Aboriginal Incentive Awards Program

### Helping Aboriginal students follow their dreams

To celebrate success at overcoming adversity in the pursuit of learning, in 2009 we awarded 20 students from across the country with Canada Post Aboriginal Education Incentive Awards (AEIA). The \$1,000 awards are for First Nations, Métis and Inuit students who returned to university or community college to study business, social development or certain trades. In 2010, we hope to grant 22 such awards.

AEIA Award recipients in 2009 included Douglas Blanchard, a 47-year-old Métis and former homeless person who rebuilt his life and pursued a degree in social work at Vancouver Island University, and Roberta Robbins-Bell, a single mom with three children who's enrolled at Camosun College in Victoria and following her dream of becoming a community mental health worker.

For more information about the Canada Post Aboriginal Education Incentive Awards, please visit [canadapost.ca/aboriginal](http://canadapost.ca/aboriginal).



AEIA recipient Douglas Blanchard (left) with Mark Pawlyshyn, local area superintendent, in Nanaimo, B.C.



Award recipients Ashley Watcheston (left) and Nicole Wooley.



Darcey Madam (left) receives an AEIA from Brian Bonia, manager, Employee Relations, Atlantic.



Award recipient Roberta Robbins-Bell (left) with Mark Mebs, local area manager, Vancouver Island, B.C.



Dean Weger (left), local superintendent, Lethbridge, Alb., with AEIA recipient Joey Sugai.



Kelly Gordon (left), award recipient, with Marilyn Grubb, local area manager, Peace Region, Grande Prairie, Alb.



Madeleine Jones (left), Human Resources officer, congratulating AEIA recipient Damian Abrahams in Edmonton, Alb.

## OUR ENVIRONMENT |

# Greenhouse Gas Emissions

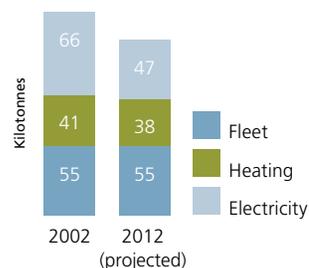
In 2009, we announced that, between 2008 and 2020, our goal is to reduce our direct greenhouse gas emissions by 20 per cent. This is in addition to the 16 per cent reduction in emissions from our fleet and buildings that we have achieved since 1990.

The 20 per cent reduction target is part of an initiative among 20 leading postal administrations around the world that aims to reduce the sector's absolute greenhouse gas emissions to 6.7 million tonnes of CO<sub>2</sub> in 2020 from 8.4 million tonnes in 2008. The yearly CO<sub>2</sub> emissions from our fleet, planes and real estate currently total approximately 193 kilotonnes, which represents two per cent of the sector's total emissions and 0.03 per cent of Canada's total emissions.

## Our greenhouse gas reduction targets

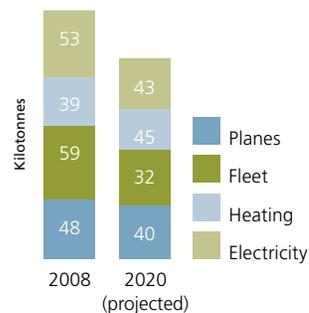
Reduce emissions from our vehicle fleet and buildings by a total of 14 per cent between 2002 and 2012, from 161 to 140 kilotonnes.

### SHORT TERM



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

### LONG TERM



## Reducing our emissions

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

### Vehicle fleet

We will replace part of our aging fleet with much more fuel-efficient Ford Transit Connect™ vans. This replacement started with 1,175 of these vehicles being purchased early in 2010. Annual purchases are planned for the next few years. We will also continue to test alternative-powered vehicles, including hybrid and electric vehicles, and optimize our delivery routes to minimize distances. We will work with suppliers to reduce emissions related to subcontracted transportation.

## Greenhouse Gas Emissions continued

### Airplanes

Two DC-10 airplanes, operated by Purolator, are used for domestic air transportation. Improvements in aircraft fuel efficiency will contribute to our reduction efforts. We will also continue to optimize flight patterns.

### Buildings

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

### Products and services

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

### Commuting

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

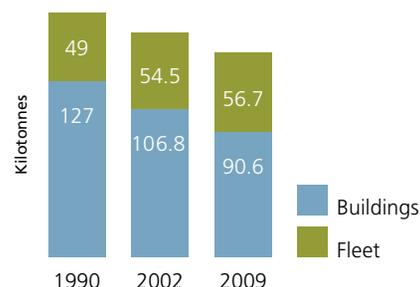
### Business travel

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

## Our performance to date

We have reduced overall greenhouse gas emissions from our vehicle fleet and buildings by nine per cent since 2002 and by 16 per cent since 1990.

### OUR PERFORMANCE TO DATE



## Our footprint in detail

### Performance compared to our baseline:

When including emissions from Rural and Suburban Mail Carriers (RSMCs) in our total, we have reduced our emissions by 6 per cent from our 2002 baseline, from 188.2 to 176.8 kilotonnes. Most of our reductions to date have come from energy-efficiency initiatives.

## GHG EMISSIONS COMPARED TO OUR 2002 BASELINE (kilotonnes)

	2009	2002
Buildings <sup>1</sup>	90.6	106.8
Fleet	56.7	54.5
Rural Delivery (RSMCs) (estimated)	29.5	26.9 <sup>2</sup>
Total	176.8	188.2 <sup>2</sup>
Change from 2002	-6%	-

<sup>1</sup> Covers approximately 88 per cent of the total square metres of our real-estate portfolio. Excludes postmaster-managed buildings

<sup>2</sup> Result includes a reduction due to a change in the methodology used to calculate emissions related to RSMCs

## EMISSIONS ACCORDING TO THE GREENHOUSE GAS PROTOCOL (kilotonnes)

	2009	2008	2007
<b>Scope 1</b>			
Planes	45.4	16.0 <sup>1</sup>	- <sup>1</sup>
Fleet	56.7	58.9	57.9
Buildings: Heating <sup>2</sup>	37.2	39.4	41.3
<b>Scope 2</b>			
Buildings: Electricity <sup>2</sup>	53.3	53.2	55.6
<b>Scope 3</b>			
Business Travel	5.9	7.5	10.0
RSMCs (estimated)	29.5	29.0 <sup>3</sup>	28.4 <sup>3</sup>
Subcontractors (estimated)	91.1	93.8	93.8
Employee commutes (estimated)	46.8	48.1	48.7

<sup>1</sup> Emissions of planes in 2008 are for a period of three-and-a-half months only. Two DC-10s began operating on September 14, 2008. Emissions from subcontracted air transport were not calculated before 2008

<sup>2</sup> Covers approximately 88 per cent of the total square metres of our real-estate portfolio. Excludes postmaster-managed buildings

<sup>3</sup> Result includes a reduction due to a change in the methodology used to calculate emissions related to RSMCs

## Greenhouse Gas Emissions continued

		All Operations
A	Overall Sector Indicators	2009
A.1	Total CO <sub>2</sub> in tonnes per 1,000 CDN of revenue	0.0627*
A.2	Total CO <sub>2</sub> in tonnes per kg post per km travelled	1.06 x 10 <sup>-12</sup> *
A.3	Total CO <sub>2</sub> in grams per item	34.43*
B	Scope 1	
B.1	Owned road fleet efficiency (in tonnes CO <sub>2</sub> per km travelled)	4.45 x 10 <sup>-4</sup>
B.2	Owned air transport efficiency (in tonnes CO <sub>2</sub> per kg of post per km travelled)	2.27 x 10 <sup>-9</sup>
B.3	Owned rail transport efficiency (in tonnes CO <sub>2</sub> per kg of post per km travelled)	NA
B.4	Owned ship transport efficiency (in tonnes CO <sub>2</sub> per kg of post per km travelled)	NA
B.5	Building energy efficiency (in tonnes CO <sub>2</sub> per m <sup>2</sup> building floor space)	0.0229
C	Scope 2	
C.1	Purchased electricity efficiency (in tonnes CO <sub>2</sub> per m <sup>2</sup> building floor space)	0.0329
D	Scope 3	
D.1	Subcontracted road transport efficiency (in tonnes CO <sub>2</sub> per km travelled)	0.000736
D.2	Subcontracted air transport efficiency (in tonnes CO <sub>2</sub> per kg of post per km travelled)	0.0007 <sup>‡</sup>
D.3	Subcontracted rail transport efficiency (in tonnes CO <sub>2</sub> per kg of post per km travelled)	1.83 x 10 <sup>-8</sup> <sup>†</sup>
D.4	Subcontracted ship transport efficiency (in tonnes CO <sub>2</sub> per kg of post per km travelled)	NC
D.5	Emissions from business travel in tonnes CO <sub>2</sub> per employee	0.1171
D.6	Emissions from employees commuting in tonnes CO <sub>2</sub> per employee	0.8037 <sup>‡</sup>
D.7	Emissions from waste disposed to landfill in tonnes CO <sub>2</sub> equivalent per m <sup>2</sup> building floor space	NC
E	Activity Indicators	
E.1a	% of renewable electricity used in buildings	0.00% <sup>§</sup>
E.1b	% of renewable energy used in buildings	0.00% <sup>§</sup>
E.2	% of alternative vehicles in fleet	0.24%
E.3	% delivery km travelled that was on foot/bicycle	21.27%

### Emissions according to the International Post Corporation Environmental Measurement and Monitoring System

In 2008, a new reporting framework called the Environmental Measurement and Monitoring System was introduced for the postal industry. Led by the International Post Corporation, the system is a common reporting framework within which postal administrations can report their environmental management strategies and performance.

NC: Not Calculated

NA: Not Applicable

\* Includes Scopes 1, 2 and 3

‡ Source: DEFRA, U.K. and U.S. EPA

† Source: [www.cn.ca/en/corporate-citizenship-greenhouse-gas-calculator.htm](http://www.cn.ca/en/corporate-citizenship-greenhouse-gas-calculator.htm)

‡ Calculation based on Statistics Canada, 2006 Census of Population, Commuting Patterns and Places of Work of Canadians

§ Excludes renewable electricity from the national grid

## Greening our Buildings



As a member of the Canada Green Building Council, we appreciate the enormous impact buildings can have on the environment. A large portion of our CO<sub>2</sub> emissions comes from our 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 2009, we registered three new building projects—in Kanata, Ont., Winnipeg, Man., and Orleans, Ont.—for Leadership in Energy and Environmental Design (LEED™) certification, for a total of 11 registered projects. In 2010, we anticipate registering another nine sites for LEED certification. LEED is an internationally accepted benchmark for the design, construction and operation of high-performance and environmentally friendly buildings.

Incorporating green technologies and conforming to recognized green building standards enables us to reduce greenhouse gas (GHG) emissions, lower overall energy costs and help protect the environment. It also benefits our employees and our customers by providing safer and healthier workplaces. Buildings constructed to LEED standards, such as our new mail-processing plant in Winnipeg, are designed

to be more cost-effective to operate. The new plant, which took 18 months to construct and is scheduled to open in June 2010, will replace a crowded, inefficiently configured building in the heart of downtown with a modern, efficient, well-laid-out facility close to the airport.

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

### LEED Buildings

	2009
Total Number of Registered Buildings	11
Square Metres of LEED-Registered Buildings	47,660
Percentage of Total Square Metres Registered to LEED	3%



Find out more about Leadership in Energy and Environmental Design (LEED).

### REAL ESTATE ENVIRONMENTAL PERFORMANCE\*

	2009	2008	2007
Electricity (kWh)	294,421,302	291,875,179	303,788,767
Natural Gas (Gigajoules)	660,943	688,017	768,784
Oil (Litres)	1,230,989	1,552,460	1,087,153
Square Metres	1,623,494	1,635,753	1,656,439
Natural Gas per Square Metre (Gigajoules)	0.41	0.42	0.46
Electricity per Square Metre (kWh)	181.35	178.43	183.40
Total Gigajoules per Square Metre	1.09	1.10	1.17

\* Covers approximately 88 per cent of the total square metres of our real-estate portfolio. Excludes postmaster-managed buildings

### REGULATORY WARNINGS AND HALOCARBON RELEASES

	2009	2008	2007
Regulatory Warnings/Complaints <sup>9</sup>	3	7	3
Halocarbon Releases (number of releases/ozone depleting potential)	x19/9.7 kg	x40/16.1 kg	x38/19.1 kg

Note: Reported releases all have low or no ozone depleting potential (ODP). The total ODP of the releases reported in 2009 is 40 per cent less than the ODP of releases reported in 2008

## New Vehicles

### Greening our fleet

In 2009, we issued a Request for Proposal (RFP) to replace part of our aging fleet with vehicles that are more fuel-efficient, ergonomic and environmentally friendly. Based upon sustained funding approval, we plan to replace more than 3,000 vehicles over the next five years.

Ford Canada won the RFP and 1,175 Ford Transit Connects™ were purchased early in 2010 with annual purchases planned for the next few years. The vehicle is a fuel-efficient alternative to our larger commercial vehicles and well-suited to Canada's extreme weather conditions. The lower fuel consumption of these vehicles will enable us to mitigate the environmental effects of our new Postal Transformation delivery model, which will see more letter carriers using vehicles. Fuel consumption is approximately 11.9 litres

per 100 kilometres—less than half the fuel consumption of our current delivery vehicles.

We also introduced five new hybrid-electric vehicles from Canadian-based Azure Dynamics™. Part of a pilot project, these vehicles mark a major milestone in our drive to adopt advanced technology that will help us achieve our GHG reduction target and improve fuel efficiency by 25 to 30 per cent.

### Vehicle performance by the numbers

#### FLEET PERFORMANCE<sup>1</sup>

	2009	2008	2007
Litres of Fuel (in millions)	22.9	23.8	23.4
Number of Kilometres Travelled (in millions)	78.9	76.1	79.0
CO <sub>2</sub> Emissions by Road Vehicles (in kilotonnes)	56.7	58.9	57.9
Total Number of Road Vehicles (in thousands)	7.0	7.0	7.0

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



### TYPES OF VEHICLES

	2009		2008	
	Number of Vehicles	Litres of Fuel per 100 km	Number of Vehicles	Litres of Fuel per 100 km
Cars – SUV	32	10.2	30	11.1
Fuel-Efficient Light Vehicles	2	8	2	15.2
Light Vehicles (Vans)	1,688	25.3	1,720	25.2
Right-Hand Drive (Light)	2,204	24.1	2,172	25.1
Step Vans	2,686	31.6	2,680	33.4
Medium Trucks	297	33.6	309	41.4
Tractors	25	43.5	23	41.4
Shunts – Yard Tractor	94	57.6	94	41.4



## Waste Diversion



### Reduce, reuse and recycle

During 2009, we continued to work toward our goal of reaching 75 per cent waste diversion. We improved capacity and increased recycling activities, including expanding the waste-diversion program to encompass wooden pallets and plastics. We also streamlined our recycling plans to add or remove pick ups based on the needs of individual facilities. Our employee-focused RECYCLE campaign, which was initially launched in 2008, was extended into 2009. Highlights of the integrated campaign include company-wide distribution of awareness-building posters, calendars and articles in our employee magazine.

Our 2009 plans included investigating the feasibility of putting recycling bins into all post office box lobbies. However, after reviewing the business benefits and costs, we have decided not to provide recycling containers in post office box lobbies in the years to come.

Although our landfill diversion rate was lower in 2009 than in 2008—57 per cent as opposed to 64 per cent—the measured volume of diverted waste actually increased by more than 550 per cent. The increase was caused by the introduction of recycling contracts at more of our work sites. However, as new sites were added, contamination of recyclable materials increased. Accordingly, in 2010 we will focus on education and, as employee awareness of and familiarity with our recycling programs increases, we expect contamination to diminish and diversion rates to increase.

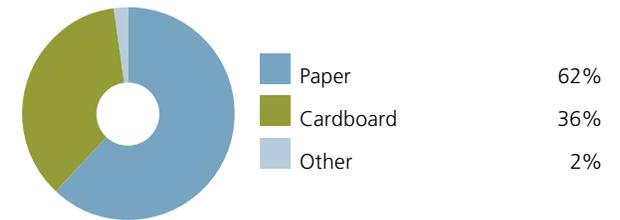
### RECYCLING SUMMARY

Landfill	Recycling	Total	Diversion %	
663	1,226	1,889	64%	2008*
5,310	7,019	12,330	57%	2009

*All measurements are in metric tonnes. The reported landfill waste diversion rate reflects the known weighted volume of waste and recycled material as well as estimated volumes based on a number of assumptions used by waste-management service providers. The actual landfill waste diversion rate might therefore be lower or higher than reported.*

*\* Lower volumes in 2008 reflect the fact that only partial data was available at that time*

### RECYCLED MATERIAL BY CATEGORY



*Note: The percentages reflect the weight of material recycled, by type, in three of our seven regions.*

### The Great Wilderness Cleanup

For letter carrier and wilderness canoeing enthusiast Nancy Maddock, organizing an annual event to keep Mother Earth clean just comes naturally. In May of 2006, Maddock organized a first-time wilderness cleanup event, which resulted in more than 100 bags of garbage being removed from Algonquin Park. Today, [the Great Wilderness Cleanup](#) is an international event that includes five countries—Canada, the U.S., the U.K., Brazil and Finland.



*A volunteer group known as the Wolf Pack cleans up near Algonquin Park.*

## Other Initiatives

### Reducing our energy and paper consumption

In 2009, we launched the Next Generation Print initiative, which will replace all of our printers, photocopiers, fax machines and scanners with new multi-function devices and laser printers. Through this initiative, we will reduce the total number of devices by 65 per cent, which should lead to considerable decreases in energy consumption. Additionally, because all the new devices automatically print on both sides of the paper, we anticipate a reduction in paper use of approximately 30 per cent. We followed leading environmental practices when disposing of our old printers, photocopiers, fax machines and scanners, and ensured that refurbishing and recycling took place within Canadian borders.

The Next Generation Print initiative will enable us to:

- ▶ Reduce waste by ensuring that fewer devices end up in landfill
- ▶ Influence people to use double-sided printing to reduce paper consumption
- ▶ Decrease energy consumption and heat production
- ▶ Lessen the amount of office space needed to house printers, photocopiers, fax machines and scanners

- ▶ Dispose of cartridges in an environmentally friendly manner
- ▶ Provide a quieter working environment
- ▶ Measure and report environmental savings to users

In 2009, we estimate that our offices across the country used approximately 480 tonnes of paper. Our office paper has been certified by a third-party sustainable forest-management certification system and the Next Generation Print initiative should allow us to reduce our office paper consumption considerably in the coming years.

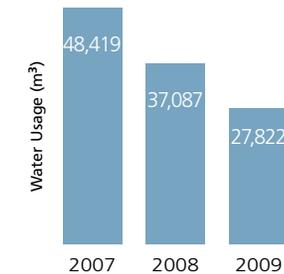
### Water

In 2009, our commitment to conserving our precious natural resources extended to activities aimed at reducing water use.

Over the past few years, we have made significant strides in reducing water consumption at our Head Office. From 2007 to 2009, we reduced water use at Head Office from 50,000 m<sup>3</sup> to 30,000 m<sup>3</sup>—or 41 per cent.

We achieved this reduction by replacing 12-litre toilets with 6-litre low-flow toilets; substituting 1.5-litre aerators on sinks with .5-litre products; fixing, repairing or modifying steam traps; and re-piping condensate lines from drain back to boiler.

### HEAD OFFICE WATER USAGE



### Boundary Waters Treaty of 1909

Many of our country's greatest waterways run along and across the Canada/U.S. border. Disputes over these waterways led to the Boundary Waters Treaty, which provides general principles for Canada and the U.S. to follow when using the water they share. In June 2009, we issued two stamps to commemorate the 100<sup>th</sup> anniversary of this historically significant treaty and create awareness of the vast freshwater resources we share.



## Green Products and Services

### Green products

In 2009, we once again offered consumers greener choices in the form of carbon-neutral products. These included prepaid shipping envelopes for our Xpresspost™ and Priority™ Next A.M. services. Envelopes are 100 per cent recyclable and include post-consumer recycled content. The carbon emissions associated with the life cycle of the envelopes are also offset by purchase of carbon credits.

### Green services



The epost™ service is an online mail-delivery solution that enables Canadians to securely receive, view, pay and store their household

bills and financial statements online, making the service one simple way that people can reduce the amount of paper entering their homes. Currently, the epost service has more than 1.6 million active users.



The SmartFlow™ service is a suite of document management services that helps our customers manage their business processes and communications more efficiently. This suite of automated technologies can improve document workflow and delivery, returned mail management, customer response time and transaction cycle time as well as minimize paper handling.



Find out more about the Canada Post Commuting Challenge.

### Commuting Challenge champs

Since 1996, as part of the Canada Post Commuting Challenge, employees have travelled more than 1.5 million pollution-free kilometres by walking, biking or roller-blading to work. Two employees who have enthusiastically risen to the challenge every year are Kevin Journeau, manager at the Performance Centre at Léo-Blanchette plant in Montréal, and Denis Ladouceur, director, Mechanical and Engineering and Technology. In 2009, Journeau and Ladouceur logged a remarkable 12,000 kilometres bicycling from home to work.



From left to right:  
Kevin Journeau  
and Denis Ladouceur.



### Low Value Definitives: Beneficial Insects

As part of our tribute to the beneficial insects that roam Canada's gardens and marshes, we issued a low value definitive featuring the monarch caterpillar (*Danaus plexippus*). This stamp joins five other stamps that were issued in 2007 featuring beneficial insects.

# GLOBAL REPORTING INITIATIVE LISTING

This Social Responsibility Report was developed with reference to the Global Reporting Initiative (GRI) G3 Guidelines. The table below 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 Number	Extent of Reporting
1.1	President's message	2	Full
1.2	Description of key impacts, risks and opportunities	4-6, 8, 13, 15	Full
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, including main divisions, operating companies, subsidiaries and joint ventures	4	Full
2.4	Location of organization's headquarters	4	Full
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	5	Full
2.6	Nature of ownership and legal form	4	Full
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	5	Full
2.8	Scale of the reporting organization	4, 5	Full
2.9	Significant changes during the reporting period regarding size, structure or ownership	10	Full
2.10	Awards received in the reporting period	7	Full
3. Report Parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	9	Full
3.2	Date of most recent previous report (if any)	9	Full
3.3	Reporting cycle (annual, biennial, etc.)	9	Full
3.4	Contact point for questions regarding the report or its contents	10	Full

**GLOBAL REPORTING  
INITIATIVE LISTING**  
continued

3. Report Parameters (continued)				
3.5	Process for defining report content		13	Full
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance		9	Full
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)		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	Full
3.9	Data measurement techniques and the basis of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols		9-10	Full
	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)			
3.10	<b>Response:</b> Estimates of greenhouse gas emissions related to RSMCs for 2007 and 2008 have been restated based on revised total yearly distances for some routes; 2008 human rights complaints have been restated; the number of fatalities in 2008 has been restated from 1 to 2 following the completion of an investigation.			Full
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report		10	Full
3.12	Table identifying the location of the Standard Disclosures in the report		57-62	Full
3.13	Policy and current practice with regard to seeking external assurance for the report		10	Partial
4. Governance, Commitments and Engagement				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks such as setting strategy or organizational oversight		12	Full
	Indicate whether the Chair of the highest governance body is also an executive officer			
4.2	<b>Response:</b> The positions of Chairman of the Board of Directors and Chief Executive Officer are separate.			Full
	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members			
4.3	<b>Response:</b> See Corporate Governance page on Canada Post website <a href="http://www.canadapost.ca/cpo/mc/aboutus/corporate/governance/default.jsf">http://www.canadapost.ca/cpo/mc/aboutus/corporate/governance/default.jsf</a> .			Full
	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body			
4.4	<b>Response:</b> The Annual Public Meeting is the communications mechanism for employees. The Shareholder provides direction to the Corporation through the Corporate Plan approval process as well as other ad hoc less formal meetings/channels.			Full
	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)			
4.5	<b>Response:</b> Compensation for directors is set by the Government and there is currently no linkage with corporate performance. Compensation for most employees, including all executives, is linked to performance, where rewards are linked to corporate and individual results in a number of areas, including health and safety, training and employee engagement.			Full

GLOBAL REPORTING  
INITIATIVE LISTING  
continued

4. Governance, Commitments and Engagement (continued)			
	Processes in place for the highest governance body to ensure conflicts of interest are avoided		
4.6	<b>Response:</b> The Board has adopted a code of conduct for its members, including an annual declaration by each director of the entities in which he or she holds an interest. Additionally, the Corporation has created a whistleblowing mechanism that is managed by an independent third party to allow employees/suppliers to bring any wrongdoing to the attention of the Corporation without fear of reprisal.		Full
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics <b>Response:</b> The Board has adopted a profile for the selection of directors that has been communicated to the Government. The Board provides recommendations to the Government in respect of the qualifications and/or experience that are required to replace an outgoing director. The Government appoints directors.		Full
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	Full
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles <b>Response:</b> See Corporate Governance page on Canada Post website <a href="http://www.canadapost.ca/cpo/mc/aboutus/corporate/governance/default.jsf">http://www.canadapost.ca/cpo/mc/aboutus/corporate/governance/default.jsf</a>		Full
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance <b>Response:</b> The Board conducts an annual self-assessment through the completion of a survey. The results are reported to the Board and action plans put in place to address any issues affecting the Board's performance.		Full
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization <b>Response:</b> The Corporation has developed an Enterprise Risk Management Framework, which has been presented and discussed.		Full
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or endorses	31, 34, 36, 51, 57	Full
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	51, 52	Full
4.14	List of stakeholder groups engaged by the organization	14	Full
4.15	Basis for identification and selection of stakeholders with whom to engage	14	Full
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	14	Full
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	13	Full

**GLOBAL REPORTING  
INITIATIVE LISTING**  
continued

**STANDARD DISCLOSURES PART II: DISCLOSURES ON MANAGEMENT APPROACH (DMAS)**

G3 DMA	Description	Page Number	Extent of Reporting
DMA EC	Disclosure on Management Approach EC	2, 3, 11-15	Partial
DMA EN	Disclosure on Management Approach EN	11	Full
DMA LA	Disclosure on Management Approach LA	11	Full
DMA HR	Disclosure on Management Approach HR	11	Partial
DMA SO	Disclosure on Management Approach SO	11	Partial
DMA PR	Disclosure on Management Approach PR	11	Partial

**STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS**

**Economic**

Performance Indicator	Description	Page Number	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	39-47	Full
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	49	Partial

**Environmental**

EN1	Materials used by weight or volume	52-55	Partial
EN3	Direct energy consumption by primary energy source	52-53	Full
EN4	Indirect energy consumption by primary source	52	Full
EN5	Energy saved due to conservation and efficiency improvements	49-52	Partial
EN6	Initiatives to provide energy-efficient or renewable-energy-based products and services, and reductions in energy requirements as a result of these initiatives	56	Full
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	49-52	Partial
EN16	Total direct and indirect greenhouse gas emissions by weight	50-51	Full
EN17	Other relevant indirect greenhouse gas emissions by weight	50-51	Full
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	49-55	Full
EN19	Emissions of ozone-depleting substances by weight	52	Partial
EN20	NOx, SOx and other significant air emissions by type and weight	50-52	Partial
EN22	Total weight of waste by type and disposal method	54	Full

GLOBAL REPORTING  
INITIATIVE LISTING  
continued

Environmental (continued)			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	56	Partial
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations <b>Response:</b> In 2009, Canada Post did not receive any material fines or sanctions relating to environmental performance.		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	50-51	Full
Social: Labour Practices and Decent Work			
LA1	Total workforce by employment type, employment contract and region	29-30	Full
LA4	Percentage of employees covered by collective bargaining agreements <b>Response:</b> 95 per cent of Canada Post's employees are covered by collective agreements.		Full
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements <b>Response:</b> 95 per cent of Canada Post's employees are covered by collective agreements, which include provisions for notification of such changes as technical changes, reorganizations or restructures. The Rural and Suburban Mail Carriers' bargaining unit, represented by the Canadian Union of Postal Workers, is covered by the technological change notification provisions under the Canada Labour Code.		Full
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region	33-35	Full
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	31	Partial
Social: Human Rights			
HR4	Total number of incidents of discrimination and actions taken	36	Partial
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights <b>Response:</b> Canada Post operates solely within Canada and 95% of employees are covered by collective bargaining agreements. There were no operations identified in which the right to exercise freedom of association and collective bargaining were at significant risk.		Full
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour <b>Response:</b> Canada Post operates solely within Canada and deems that there is no risk of child labour being used.		Full
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	36	Partial

GLOBAL REPORTING  
INITIATIVE LISTING  
continued

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	20	Partial
SO4	Actions taken in response to incidents of corruption	11	Partial
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions, by country <b>Response:</b> Canada Post is a federal Crown corporation and does not make financial or in-kind contributions to political parties or politicians.		Full
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices, and their outcomes <b>Response:</b> In 2009, Canada Post did not have any legal actions taken against it relating to business practices.		Full
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations <b>Response:</b> In 2009, Canada Post did not receive any material fines or material sanctions relating to non-compliance with laws and regulations.		Full
Social: Product Responsibility			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	19	Full
PR6	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	43	Partial
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes <b>Response:</b> In 2009, Canada Post did not have any incidents of non-compliance related to marketing activities.		Full
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	25-26	Full
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services <b>Response:</b> In 2009, Canada Post did not have any incidents of non-compliance related to products and services.		Full

## GLOSSARY

### **Canada Post Group (The)**

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

### **Consolidated Revenue**

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

### **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.

### **Ergonomics**

Includes overexertion and manual material handling.

### **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.

## GLOSSARY continued

### **Learning Index**

A measure of the training the company provides to its employees, the Learning Index helps us focus on the important role training and development play in helping employees to be safe and successful in the years ahead. The Learning Index covers 15 key learning programs.

### **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.

### **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.

### **Pickup Points (Mail)**

Total number of places where mail can be deposited into Canada Post's collection and delivery system. These places include post offices, street letter boxes, and community and rural mailboxes.

### **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 Carrier.

### **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.

### **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.

### **Struck by/Against**

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

### **Transaction Mail**

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

### **Unconsolidated Revenue**

Revenue from Canada Post Corporation only.

# CREDITS

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Corporate Social Responsibility Management  
Writing and Translation Services  
Graphic Design Services

## Contact

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

Please email us at: [info.csr@canadapost.ca](mailto:info.csr@canadapost.ca)

or write to us at:

Corporate Social Responsibility  
CANADA POST  
2701 RIVERSIDE DR SUITE 1081  
OTTAWA ON K1A 0B1

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