



TRACKING OUR PROGRESS

Social Responsibility Report 2010

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Key Performance Indicators (KPIs), Targets and Results

KPIs	Unit	2008 Result	2009 Result	2010 Plan	2010 Result	2011 Plan
Our Business						
Canada Post Revenue ¹						
Transaction Mail	\$ Millions	\$3,234	\$3,148	\$3,211	\$3,178	\$3,203
Direct Marketing	\$ Millions	\$1,431	\$1,308	\$1,354	\$1,355	\$1,409
Parcels	\$ Millions	\$1,311	\$1,268	\$1,374	\$1,275	\$1,309
Other	\$ Millions	\$132	\$116	\$117	\$121	\$117
Canada Post Cost of Operations ¹	\$ Millions	\$6,088	\$5,560	\$6,058	\$5,719	\$5,966
Earnings Before Tax – Canada Post Corporation ¹	\$ Millions	\$66	\$319	\$15	\$233	\$40
Earnings Before Tax – The Canada Post Group ^{1 9}	\$ Millions	\$161	\$379	\$80	\$307	\$123
Customer Value Index ⁹		2008 Result	2009 Result	2010 Target	2010 Result	2011 Target
Parcels		Achieved	Achieved	—	Not achieved	—
Admail™		Achieved	Achieved	—	Achieved	—
Problem Incidence ⁹ (new)		—	—	—	Not achieved	—
Delivery Performance – Lettermail™	Percentage	96.0%	96.4%	96.0%	95.7%	96.0%
Our People						
		2008 Result	2009 Result	2010 Target	2010 Result	2011 Target
Fatalities	Number	1	0 ²	0	0	0
Number of Lost-time Accidents	Percentage	—	-22%	-15%	Achieved	— ³
Lost-time Accident Frequency (new)	Number	—	—	—	6.5	5.7
Employee Engagement Index ⁴	Percentage	—	—	59	57	60
Learning Index ⁹ (new)	Percentage	—	89%	100%	100%	100%
Our Communities						
		2008 Result	2009 Result	2010 Target	2010 Result	2011 Target
Pre-tax Profits Donated ^{5 9}	Percentage	1.6%	1.3%	1%	1.3%	1%
Mental Health Fundraising	\$ Millions	\$1	\$1.6	\$2.0	\$2.2	TBD
Our Environment						
		2008 Result	2009 Result	2010 Target	2010 Result	2011 Target
GHG Emissions ⁶	Kilotonnes	189	186	183	181	—
Buildings Registered for LEED™ certification ⁷	Number	8	11	20	14	100%
Landfill Waste Diversion	Percentage	65%	56%	75%	62%	65%

⁹ Term included in glossary. ¹ Beginning on January 1, 2011, Canada Post adopted International Financial Reporting Standards (“IFRS”) as the required basis of accounting. Accordingly, the Corporation will report under IFRS for the year ending December 31, 2011. The 2008 to 2010 financial results are based upon Canadian generally accepted accounting principles (“GAAP”) and therefore will not be comparable to 2011. ² A fatality that occurred in 2009 was determined by the Workplace Safety and Insurance Board not to have occurred in and out of the course of employment. This ruling is now being appealed. ³ No longer a corporate target. ⁴ Prior years have been excluded as baseline survey questions were changed for 2010 and result cannot be compared to prior years. ⁵ Starting in 2010, the calculation is based on donations from all Canada Post subsidiaries and the pre-tax profit amount is adjusted for material and/or unusual benefit changes. ⁶ Includes emissions from our vehicle fleet, our buildings and rural delivery (RSMC). 2008, 2009 and 2010 numbers were restated. ⁷ For future years, we will report the figure as a percentage of new buildings registered for LEED certification.

Awards and Recognitions

One of the best corporate citizens in Canada



Canada Post was again chosen one of the Best 50 Corporate Citizens in 2010 by Corporate Knights. Founded in 2002, Corporate Knights Inc. is an independent Canadian-based media company that publishes the world's largest circulation magazine focused on CSR.

Millions of thanks



In 2010, 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 the National Capital Region's Top Employers



Canada Post was selected as one of the National Capital Region's Top Employers for 2011. This is the fifth consecutive year that Canada Post has received this award.

One of Canada's best diversity employers



Canada Post was proud to be selected as one of Canada's Best Diversity Employers for 2011. This is the second time Canada Post has won this award.

Gold hallmark for Aboriginal relations



Canada Post holds the Gold Award for Excellence in Progressive Aboriginal Relations from the Canadian Council of Aboriginal Business. The award recognizes leadership and sustainability in progressive Aboriginal relations.

Official Languages Excellence Award

In 2010, we were proud to win the Official Languages Excellence Award from the Pacific Federal Council Official Languages Committee. The award was presented for our efforts to promote linguistic duality during the 2010 Olympic and Paralympic Winter Games in Vancouver.

Most Innovative Supplier

Canada Post was named "Most Innovative Supplier" for 2010 by Davis + Henderson, a provider of integrated solutions—including cheque printing—to Canadian financial services firms.

Message from the President and CEO

“For me, CSR is the bedrock for the value we deliver to our customers, our employees, our shareholder and the community at large.”

Let me begin by saying that when I joined Canada Post early in 2011, I was glad to join an organization with a long-standing commitment to good governance, ethical conduct and operating in a socially responsible manner. I believe that a large organization like Canada Post has an important role to play in society's well-being, and that our steadfast adherence to the highest standards of business conduct and sustainable development will enable us to power future innovations, retain the talent we need to succeed, and continue to deliver value to our customers, our shareholder and Canadian communities from coast to coast.

We remain committed to an inclusive and diverse workforce, and to comprehensive health-and-safety programs for our employees because when we help our people stay healthy and safe, our organization becomes more efficient and more productive.

We are proud of our community involvement and the real difference our employees and our Corporation are making in the lives of

Canadians, because when we contribute to the well-being of our communities, we also enrich the lives of our employees.

We continue to work toward reducing greenhouse gas emissions and conserving resources, because when we lessen our environmental impact, we contain costs and, ultimately, improve quality of life for all Canadians.

Together, these things not only improve the sustainability of our business and strengthen our position as an industry leader, but also give our employees a sense of real pride in the organization for which they work, build employee engagement and help us to attract and retain the people we need to ensure our continued success.

This report provides an overview of our CSR initiatives in 2010 and outlines our priorities and performance. The report goes beyond traditional business performance indicators because we realize that the true measure of our Corporation's sustainability



comes from the impact we have on our employees, our communities and the environment. Measuring and communicating the various facets of our corporate performance in a complete and transparent manner also helps maintain the high level of trust Canadians put in Canada Post.

I am committed to pursuing Canada Post's long-standing dedication to social responsibility. For me, CSR is the bedrock for the value we deliver to our customers, our employees, our shareholder and the community at large.

I'd like to thank everyone who has helped make Canada Post the successful, socially responsible company it is today and welcome your thoughts on how we can become even more successful and sustainable in years to come.

Deepak Chopra,
President and Chief Executive Officer

Message from the Senior Vice-President, Strategy

“At Canada Post, our ultimate goal is to create a sustainable Corporation that provides value to customers, employees and all Canadians.”



At Canada Post, our ultimate goal is to create a sustainable Corporation that provides value to customers, employees and all Canadians. All of our Corporate Social Responsibility (CSR) initiatives and activities are aimed at achieving that goal.

This report, which details our CSR results, challenges and achievements, demonstrates the degree to which we continue to embed sustainability principles into all aspects of our day-to-day business. Much of what we report here is positive despite the global economic climate and the significant challenges facing our industry.

This is a time of significant change for our Corporation. With our \$2.1-billion modernization program, we are renewing our physical and electronic network—and responding to the needs of customers. Social responsibility is at the heart of this modernization.

In 2010, we opened a state-of-the-art mail-processing plant in Winnipeg—the first new mail-processing plant we’ve opened in almost twenty years. From the beginning

of the process, environmental, ergonomic and safety considerations were embedded into the plant’s design. We also started to introduce a new delivery model that will eliminate the need for several delivery employees to visit the same neighbourhood on the same day to perform different roles, such as delivering letters and parcels, and collecting mail from street letter boxes. Now, all of these jobs will be handled by a single delivery agent.

The new delivery model’s consolidation of routes and the introduction of more fuel-efficient vehicles will enable us to minimize changes in overall greenhouse gas emissions due to an increase in the overall size of our fleet.

The not-so-positive news, however, is that our total number of accidents remains far too high. Our accident frequency in 2010 was more than six lost-time accidents per 100 employees. That’s still much higher than the accident frequency of the best performers among postal administrations in the developed world, which is why we’ve introduced an aggressive multi-year strategy to improve safety performance.

I believe we have reached a point where CSR is well-established within our Corporation. If we are to continue to move forward, we must find ‘win-win’ business solutions that have positive environmental and economic impacts. This can only be accomplished with the collaboration and dedication of all our employees.

The good news is that our employees have already shown through the success of our mental health fundraising and other initiatives just how willing and enthusiastic they are when it comes to Corporate Social Responsibility. That’s probably because they know—as do I—that becoming a more sustainable company not only improves our bottom line, but also engenders a real sense of pride at working for a company that respects employees’ values and concerns, and cares about the health of its people, the communities it serves, and the environment.

A handwritten signature in black ink, appearing to read 'Philip Ventura', written in a cursive style.

Philip Ventura,
Senior Vice-President, Strategy

At a Glance

Canada Post Overview	
Status	Federal Crown Corporation since 1981
Head Office	Ottawa, Canada
President and CEO	Deepak Chopra
Chairman of the Board of Directors	Marc A. Courtois
2010 Revenue – Canada Post segment ⁹	\$5.9 billion
2010 Revenue – Canada Post Group ⁹	\$7.5 billion
Workforce (Canada Post segment)*	
Full-Time Employees (December 2010)	48,733
Part-Time Employees (December 2010)	8,184
Facilities (Canada Post segment)	
Corporate Post Offices	3,945
Dealer Outlets	2,554
Mail-Processing Plants	21
Points of Contact	
Points of Delivery	15 million
Street Letter Boxes ⁹	29,700
Total Mail Pickup Points ⁹	976,000**
Fleet (Canada Post segment)	
Canada Post-Owned Vehicles	7,300
Rural and Suburban Mail Carrier (RSMC) ⁹ Vehicles	7,000
Subsidiaries/Joint Venture	
Purolator Inc.	
SCI Group Inc.	
Innovapost Inc.	

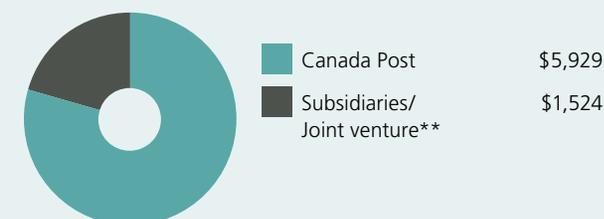
⁹ Term included in glossary

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

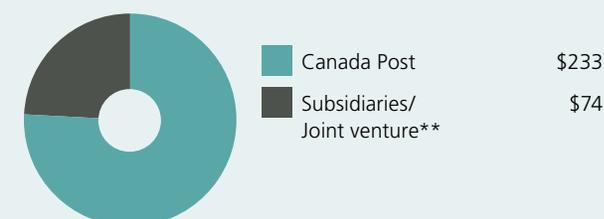
** Includes rural mailboxes (RMBs), which are collection points for customers with this mode of delivery

Canada Post Group – 2010

Revenue*



Income before taxes*

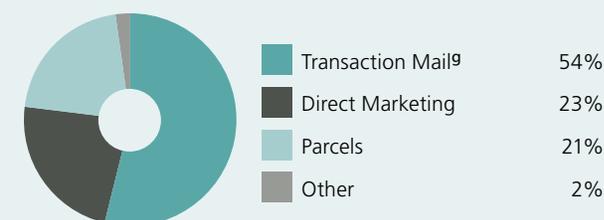


* millions of dollars

** Including consolidation entries

Canada Post segment – 2010

Revenue by market



Revenue by sources*



* millions of dollars

About Canada Post

As a financially self-sustaining Crown Corporation, we operate as The Canada Post Group, a group of related businesses that includes affiliates Purolator and SCI Group, as well as Innovapost (a joint venture with CGI). With about 69,000 employees and almost 6,500 post offices, the Group is one of Canada's biggest employers and maintains the largest retail network in the country. In 2010, we delivered 10.6 billion pieces of mail, parcels and messages to more than 15 million addresses across Canada.

Canada Post has an obligation to deliver to all Canadians (the Universal Service Obligation) and has been given an exclusive privilege to deliver letters up to 500 grams in order to partly finance that obligation. However, Lettermail volumes continued to decline in 2010 while the number of new addresses we have to service has risen by approximately 200,000 per year for the last five years. Together with the impact of the economic slowdown, this has put immense financial pressure on our company.



In 2010, we continued to make the changes necessary to ensure we can redefine our future, meet our customers' evolving needs—and remain relevant in the lives of Canadians. We are introducing a new, more efficient mail-delivery model to much of our network and modernizing our equipment and facilities while protecting or enhancing our service to Canadians. We also purchased 30 alternative-fuel vehicles, including the first all-electric Ford Transit Connects™ in Canada.

We believe in community involvement. In 2010, we raised \$2.2 million for our cause of choice, mental health, and also supported literacy, the Canada Post Freestyle Team and United Way. Each Christmas, a team of employee and retiree volunteers helps answer more than one million letters to Santa.

We have been delivering mail to Canadians for 160 years and we will continue to proudly deliver to every Canadian every business day—in a way no one else can.



Workforce by region

	2010
British Columbia and Yukon Territory	12.0%
Prairie Provinces, Northwest Territories, Nunavut	17.3%
Ontario	41.2%
Quebec	21.2%
Atlantic Provinces	8.2%

Workforce by type of work



“In 2010, we delivered 10.6 billion pieces of mail, parcels and messages to more than 15 million addresses across Canada.”

Corporate Social Responsibility at Canada Post



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 approach to CSR is pragmatic; we aim to conduct business in a way that benefits our company and all our stakeholders.

Embedding CSR and sustainability principles into everything we do helps create a corporate culture that is rooted in strong values and

attaches significant importance to efficiency and performance. Measuring and communicating the various facets of our corporate performance in a complete, honest and transparent manner helps maintain the high level of trust that Canadians have in our company. It can also lead to decreased costs, reduced risk, protection of market share, and attraction, retention and engagement of employees.

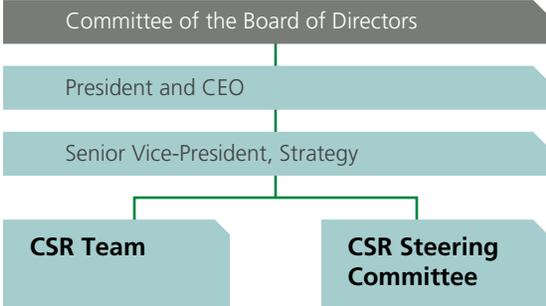
Governance

The Corporate Social Responsibility, Environment, Health and Safety Committee of Board of Directors has oversight responsibility for CSR at Canada Post. The purpose of the Committee is to oversee, review, and report and make recommendations on policies, programs, practices, procedures and performance with respect to corporate social responsibility, including occupational health and safety and the environment. More information about corporate governance and the Committee’s terms of reference can be found at canadapost.ca/cpo/mr/assets/pdf/aboutus/csrehsctteefeb2008_en.pdf.

Management

Executive responsibility for CSR rests with our Senior Vice-President of Strategy. A senior advisor and a 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 committee member’s department.



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. Issues are 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 about our management approach and performance on those issues that we deem most material.

Corporate Social Responsibility at Canada Post continued



Corporate social responsibility in the supply chain

Our Social Responsibility Supplier Guidelines outline the principles and standards that we expect our suppliers to uphold. The purposes of the guidelines are to:

- ▶ Develop a community of suppliers that encourage and exhibit leadership in social responsibility through their activities and the 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.

We will continue to integrate these guidelines and other applicable environmental and privacy considerations, as required, into our procurement process. More information about the guidelines can be found on the [Canada Post 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 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.

Surveying our stakeholders

In 2010, we received more than 350 responses to an online survey in which we asked stakeholders to indicate their level of interest in our areas of focus. An overwhelming majority of responses came from employees. The results of the survey revealed the following priorities among our stakeholders:

Business issues:

- ▶ Customer satisfaction and value
- ▶ Delivery performance
- ▶ Privacy and security

Employee issues:

- ▶ Health and safety
- ▶ Employee satisfaction and engagement
- ▶ Employee development

Community issues:

- ▶ Human rights
- ▶ Literacy
- ▶ Mental health

Environmental issues:

- ▶ The effect of transportation
- ▶ The impact of mail in general
- ▶ Waste and recycling

About this Report

This report covers the period January 1, 2010 to December 31, 2010. Unless otherwise specified, this report covers the activities of the Canada Post segment only and does not include the performance of its subsidiaries.

For the purposes of this report, "Canada Post" or "the Canada Post segment" refers to Canada Post's core services (Transaction Mail, Direct Marketing and Parcels lines of business) and excludes its subsidiaries Purolator Inc. (formerly known as Purolator Courier Ltd.), and SCI Group and joint venture Innovapost. "The Canada Post Group" refers to the company's core services and includes its subsidiaries and joint venture.

All monetary amounts are in Canadian dollars, unless otherwise stated.

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.

Forward-looking statements

This 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 are estimates about future results. The Corporation cannot assure readers that projected results or events will be achieved.

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



About this Report continued

Global Reporting Initiative (GRI)

This report is informed by the Global Reporting Initiative's (GRI's) principles and indicators. Based on our self-assessment, we consider our report to meet GRI-reporting level B. The complete list of GRI indicators covered in the report can be found on page 60.

Information integrity

Canada Post's management is responsible for the preparation and integrity of the information in this report. The CSR team relies on information provided by various departments for the production of the 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 [2010 Annual Report](#). Certain operational results have been reviewed by third-party providers. 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.

Changes from the last report

With the maturing of our data-collection processes, Internal Audit was not involved in reviewing some of the metrics within this report, as in prior years. A short section about road safety has also been added to this report. No other significant changes in reporting scope and framework have been made since our last report.

Feedback and further information

We welcome your feedback on this report. Please email us at info.csr@canadapost.ca.

Rotary International in Canada, 100th Anniversary

On June 18, 2010, Canada Post issued a single domestic rate stamp to commemorate the 100th anniversary of the founding of the first Rotary Club in Canada. This stamp raised awareness of the role Canadian Rotary clubs play in providing humanitarian services and promoting goodwill and peace around the world.

Since the first club outside the United States was formed in Winnipeg, and Rotary became international, the organization has grown into one of the largest and most successful service clubs in the world. Today, Rotary members are volunteers who work locally, regionally and internationally to combat world hunger, improve health and sanitation, provide education and job training, promote peace and eradicate polio.





Our Business

Priorities:

- ▶ **Finances:** Ensuring a financially stable future by investing in our infrastructure and developing new growth opportunities.
- ▶ **Customers:** Creating value for our customers by providing the service and products they need.
- ▶ **Delivery standards:** Meeting or exceeding delivery standards by continually monitoring, reviewing and improving our delivery processes.

Achievements:

- ▶ Achieved 16th consecutive year of profitability.
- ▶ Continued investing in modernizing our plants, delivery operations, equipment, technology and people.
- ▶ Introduced a number of new and innovative products and services.
- ▶ Met customer-value target for Direct Marketing.
- ▶ Attained delivery-standard target for Unaddressed Admail™.

Challenges:

- ▶ Dealing with the continued decline in overall volumes, including a 4.5-per-cent decline in domestic Lettermail™ and a 4.7-per-cent decline in domestic parcels in 2010.
- ▶ Funding future pension and benefit obligations, and reducing pension deficit.
- ▶ Dealing with inflation, including rising fuel prices.
- ▶ Maintaining service levels while implementing modernization initiatives across the country.
- ▶ Missing our on-time delivery-performance target for the Lettermail service for the first time in more than 10 years and failing to meet our targets for the Addressed Admail™ and Parcels lines of business.

Financial Performance: The Canada Post Group

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

The Canada Post Group recorded a net profit for the 16th consecutive year in 2010, with reported consolidated net income of \$439 million—an increase of \$158 million, when compared with 2009. Much of this increase was attributable to a non-cash income tax benefit recorded in the Canada Post segment, and the Group remains in a tight financial situation. Revenue from operations increased by \$141 million or 1.9 per cent in

2010 when compared with 2009 mainly due to price increases offset by volume declines, and cost of operations increased by \$183 million or 2.6 per cent compared to last year. The increase in cost of operations was primarily driven by an increase in employee future benefits expense in the Canada Post segment, offset by cost-containment activities across The Canada Post Group. Non-operating expense increased by \$30 million when compared with 2009 mainly due to accrued interest expense on the \$1 billion long-term debt issue in the Canada Post segment.

No dividend was paid to our Shareholder, the Government of Canada, in 2010 enabling us to continue to reinvest in the business.

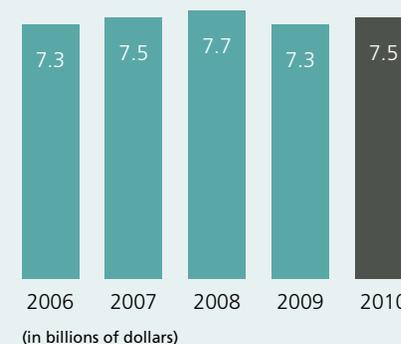
Consolidated income statement

(in millions of dollars)	2010	2009	Change	%
Revenue From Operations	7,453	7,312	141	1.9%*
Cost of Operations	7,138	6,955	183	2.6%
Income From Operations	315	357	(42)	(11.7)%
Non-operating Income (expense)	(8)	22	(30)	(138.0)%
Income Before Income Taxes	307	379	(72)	(19.0)%
Income Tax Expense	(136)	95	(231)	(243.6)%
Non-controlling Interest	4	3	1	19.5%
Net Income	439	281	158	56.3%
Return on Equity	21.8%	17.0%	4.8%	

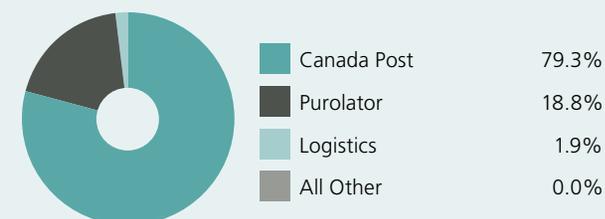
* Adjusted for trading days where applicable.

The Canada Post Group reported consolidated net income of \$439 million in 2010—an increase of \$158 million, when compared with 2009. The main reason for the increase in net income was a non-cash income tax benefit recorded in the Canada Post segment, driven mainly by the release of a \$768 million valuation allowance and hence the recognition of a previously unrecognized future income tax asset.

Revenue from operations – 2010



Revenue by segment – 2010



Financial Performance: Canada Post Segment

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

In 2010, the Canada Post segment generated revenue from operations of \$5,929 million—an increase of \$89 million or 1.5 per cent, when compared with 2009. This increase, which was mainly due to price increases, was comprised of a \$30-million increase in revenue from Transaction Mail, a \$7-million increase in revenue from Parcels, a \$47-million increase in revenue from Direct Marketing, and a \$5-million increase from other services. The Canada Post segment's cost of operations totalled \$5,719 million last year—an increase of \$159 million or 2.9 per cent over 2009.

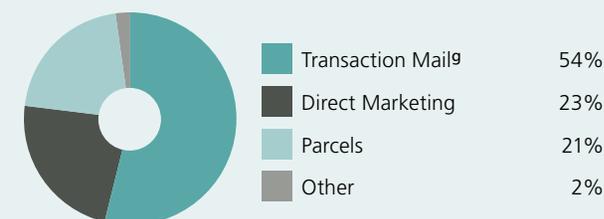
Volumes declined last year by 4.5 per cent in our most profitable business, domestic Lettermail, and by 4.7 per cent in domestic

parcels, while Direct Marketing remained flat. Additionally, the number of addresses keeps growing—by an average of approximately 200,000 a year in the last few years—increasing our delivery costs. To remain financially self-sufficient, we again exerted tight control of our costs. Among other things, we restructured letter carrier routes to preserve efficiency and, since the end of 2008, have reduced the ranks of management by 15 per cent.

We also made a sizeable special payment in 2010 to help offset the large solvency deficit in our pension plan caused by the recent financial turmoil. The scale of our pension plan and funding volatility pose an ongoing risk to the Corporation's cash flow and our ability to fund needed investments in modernization and growth.

For more information about our financial results, please consult our [2010 Annual Report](#).

Revenue by line of business – 2010



Cost of operations – 2010



Canada Post summary

(in millions of dollars)	2010	2009	Change	%
Revenue From Operations	5,929	5,840	89	1.5%*
Cost of Operations	5,719	5,560	159	2.9%
Income From Operations	210	280	(70)	(25.2)%
Non-operating Income (expense)	23	39	(16)	(40.3)%
Income Before Income Taxes	233	319	(86)	(26.9)%

* Adjusted for trading days where applicable.

Delivery Standards

In 2010, we continued to make the major operational changes to our business that will enable us to address the real issue of declining volumes, improve our ability to better serve our customers and meet our commitment for on-time delivery of mail, ensure our competitiveness and sustainability, and provide a platform for growth. While undertaking this modernization, we also delivered 10.4 billion pieces of mail, parcels and messages to more than 15 million addresses across Canada last year. Maintaining delivery standards—while installing new equipment, adopting new processes and continuing to move billions of pieces of mail—is a significant challenge.

In 2010, we posted an on-time delivery performance result for the Lettermail service of 95.7 per cent, missing our target of 96 per cent for the first time in more than 10 years. We also failed to meet our targets for the Addressed Admail and Parcels lines of business. However, we exceeded the targets we set in 2010 to improve parcel-scanning and Unaddressed Admail service delivery performance.

In 2011, we will continue to focus on quality and investment initiatives that support our goal of improved service performance.

Delivering Value to Our Customers

Our customers have choices and we face competitive threats in all areas of our business. Our Customer Value Management program helps us identify and evaluate what drives customer loyalty, and we draw from our customers' ratings of our services, products, employees and website to prioritize where we can make improvements.

The Customer Value Index (CVI) measures customer loyalty for our Direct Marketing and Parcels lines of business. Our CVI targets help us focus corporate initiatives around improving value for customers. Last year, we added a new customer measure—Problem Incidence—to help us concentrate on reducing the number of issues our customers experience.

In 2010, Direct Marketing achieved its CVI target, but Parcels fell short of its goal. We also missed the 2010 Problem Incidence target by one percentage point despite improvements over 2009.

Our customers expect great service and we will focus on improving service levels, meeting our delivery standards, and expanding our product and service offerings.



The Canadian Postal Service Charter



The *Canadian Postal Service Charter* (“the *Service Charter*”) outlines the Government’s expectations of the service provided by Canada Post. The *Service Charter* covers issues such as the universal service obligation, postage rates, delivery expectations, access to postal services, security of the mail, community outreach and consultation, and complaint-resolution procedures.

More information about our performance against the *Service Charter* can be found in our [2010 Annual Report](#).

Universal service obligation

In 2010, we delivered 10.4 billion pieces of mail, parcels and messages to more than 15 million addresses in urban, rural and remote locations across Canada. Service to rural areas was provided through more than 3,800 rural post offices and 7,100 Rural and Suburban Mail Carrier routes.

Frequent and reliable delivery

In 2010, our on-time performance for Lettermail delivery was 95.7 per cent. Approximately 88 per cent of Canadian households received postal delivery services to their residences, apartment buildings, immediate neighbourhoods or rural roadside postal boxes. Of those households, 99.9 per cent received scheduled delivery five business days a week, subject only to unforeseen and temporary day-to-day exceptions. Mail to about 12 per cent of households (usually located in smaller rural communities) was delivered through a local post office or postal box.

Postage rates

We have uniform postage rates for letters of similar size and weight, regardless of delivery distance or destination in Canada. Our basic letter rate continued to be among the lowest in comparison to other major industrialized nations:



Rates as at July 1, 2010; Canadian \$ equivalent; average exchange rate for 2010

The Canadian Postal Service Charter continued

Convenient access to postal services

Last year, we provided postal service through 6,499 post offices and approximately 200,000 collection points⁹ where postal items could be deposited (not including the more than 750,000 rural mailboxes, which are also collection points). Based on our retail outlet network at December 31, 2010, 98.8 per cent of Canadians lived within 15 km of a post office, 90.2 per cent lived within 5 km and 78.8 per cent within 2.5 km.

Secure delivery

We are committed to taking all necessary measures to protect the mail. We continue to work collaboratively with local, provincial and national law enforcement agencies on various investigative strategies to protect the mail and prevent identity-theft-related crimes.

Community outreach and consultation

Of the 15 million addresses we serve across the country, fewer than 22,000 were affected by a change of delivery method in 2010. With respect to postal retail services, 12 urban offices, which are not subject to the moratorium on the closure of rural post offices, were considered for permanent closure, move or amalgamation.



Of these, only one case resulted in a closure and one resulted in a move. In all cases, we consulted with affected customers and considered community input before implementing any change.

Responding to complaints

In 2010, our Customer Service group responded to 3.9 million customer calls and 116,000 customer emails. Should a customer not be satisfied with our complaint resolution, they can appeal to the Canada Post Ombudsman. More information can be found in the Ombudsman's [annual report](#).

Home Children

On September 1, 2010, Canada Post issued a single domestic rate stamp to honour Canada's Home Children and recognize the courageous and sometimes arduous journeys many of them had to make to settle in this country. The arrival of the Home Children from Britain brought with it people who affected the character and landscape of Canada in innumerable ways. The stamp honoured the Home Children and recognized their experiences and courage, as well as the legacies of their descendants.



Public-Policy Programs

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

Food mail

In 2010, we continued to be responsible for all transportation services and related contracting processes for the Government's Food Mail Program, as well as managing customer agreements with shippers and ensuring shipper compliance with the requirements of the program. Last year, we shipped 21 million kilograms of goods under the program and generated revenue of \$80 million, including \$60 million of funding provided by the Government to cover the difference between



actual shipping costs and postage paid by senders. We estimate that the foregone revenue¹ in 2010 amounted to approximately \$12 million.

In 2010, the Government announced that the Food Mail Program would be replaced by a new program, Nutrition North Canada, as of April 1, 2011, which would no longer involve the services of Canada Post.

Government mail and materials for the blind

The *Canada Post Corporation Act* allows for mailing of letters free of charge between citizens and the Governor General, members of Parliament, the Speakers of the Senate and House of Commons, the Parliamentary Librarian, and the Ethics Commissioner. In addition, Members of the House of Commons (MPs) can also send up to four mailings free of charge to their constituents in any calendar year using our Unaddressed Admail service. We also provide MPs with a deeply discounted postage rate—unchanged since 1995—for Unaddressed Admail mailings over and above the four free mailings.

In 2010, approximately 12 million letters were mailed as Government Mail, excluding mail from constituents to parliamentarians. MPs mailed more than 130 million items using the Unaddressed Admail service.

The *Act* also provides for free mailing of materials for the blind. Thousands of visually impaired Canadians and many libraries send talking books and other materials free of charge throughout Canada and around the world. In 2010, we estimate that more than two million shipments benefited from this program.

Notwithstanding a Government appropriation of \$22 million to help offset the financial impact of these programs, we estimate that \$7 million in foregone revenue¹ resulted from these programs in 2010.

Library book rate

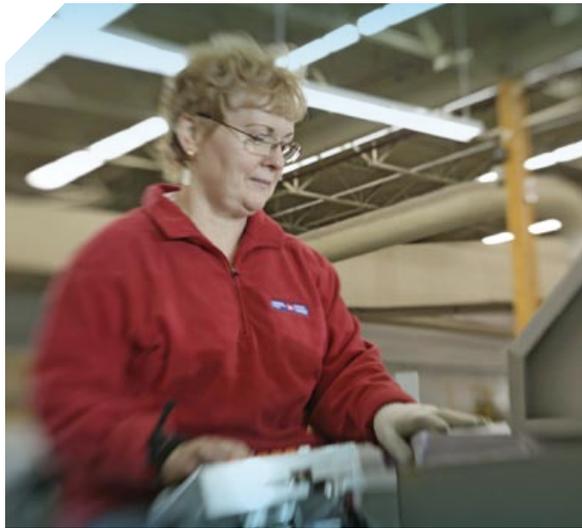
The Library Book Rate enables public and academic libraries to ship books at significantly reduced postage rates—unchanged since 2005—between libraries as well as between libraries and library users who do not have access to a public library due to geographic constraints or physical limitations.

In 2010, a total of 775,000 shipments were made using the Library Book Rate, generating \$842,000 in revenue. The foregone revenue¹ is estimated to be \$8 million. Canada Post receives no appropriation or compensation of any kind from the Government to offset Library Book Rate discounted postage.

¹ Foregone revenue is the difference between actual compensation and the amount Canada Post would have earned at normal levels of commercial compensation.

Labour Relations

The decline in mail volumes continues to have a significant effect on our operations and workforce, and we continue to explore all options to ensure we remain relevant and competitive. By modernizing operations, we are positioning Canada Post and its employees for long-term success.



The Canadian Union of Postal Workers (CUPW)

Negotiations on a new contract with the CUPW began in October 2010 before the existing collective agreement expired on January 31, 2011, and are ongoing. We hope to reach an agreement that recognizes the need for cost competitiveness for what is our largest group of employees, and includes plant and some retail employees, letter carriers and mail service couriers.

The Canadian Union of Postal Workers – Rural and Suburban Mail Carriers (CUPW-RSMC)

Our current eight-year collective agreement with CUPW-RSMC expires on December 31, 2011. We began negotiating the final contract re-opener of the agreement in November 2009 and will continue to meet into 2011 after the union referred all unresolved matters to interest arbitration. Neither party has the recourse to strike or lockout during the life of the collective agreement.



Labour Relations continued

The Canadian Postmasters and Assistants Association (CPAA)

We began negotiating a new collective agreement with the CPAA, which represents rural post office postmasters and assistants, in May 2009 before the agreement expired on December 31, 2009. The majority of the new agreement was negotiated in 2009, with one outstanding issue being referred to an arbitrator by the CPAA for final offer selection. A decision was received in June 2010. The new agreement, which includes wage increases, implementation of the Short-Term Disability Program, and updates to various benefits, will expire on December 31, 2014.

The Association of Postal Officials of Canada (APOC)

Our five-year collective agreement with APOC, which represents supervisory, support and sales employees, will expire on March 31, 2014.

The Public Service Alliance of Canada/Union of Postal Communications Employees (PSAC/UPCE)

Our four-year collective agreement with PSAC/UPCE, which represents employees who perform administrative work as well as technical employees from finance and engineering, will expire on August 31, 2012.

Number of employees covered by collective agreements

Bargaining Unit	number of Represented Employees*	Collective Agreement Expiry Date
CUPW ¹	39,204	January 31, 2011
CUPW-RSMC ²	6,773	December 31, 2011
CPAA ³	6,243	December 31, 2014
APOC ⁴	3,463	March 31, 2014
PSAC/UPCE ⁵	1,684	August 31, 2012
Total	57,367	

* Includes full-time and part-time employees including those on unpaid leave, as at December 31, 2010; excludes temporary, casual and term employees

¹ CUPW = Canadian Union of Postal Workers

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

³ CPAA = Canadian Postmasters and Assistants Association

⁴ APOC = Association of Postal Officials of Canada

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

Grievances

The number of grievances—defined as written complaints filed by a union or association—filed last year decreased slightly, but remains high. The number of national policy grievances increased, however, to 15 from 12 in 2009. Our largest union, the CUPW, continues to file the majority of grievances. Last year, 40 per cent of grievances filed by CUPW dealt with issues surrounding attendance management, reprimand letters or overtime.

Grievances

	2010	2009	2008
Filed	23,749	23,829	21,976
Total Outstanding	51,665	41,463	38,878

Official Languages

As Canada's postal service, we understand our role in contributing to a bilingual society. Serving Canadians in both official languages also makes good business and community sense. We are committed to offering services in English and French, and are proud to promote linguistic duality and support minority official language communities across the country.

With approximately 800 post offices designated as bilingual under the *Official Languages Act*, we operate the largest bilingual retail network in the country. Last year, 36 official languages complaints were received through the Office of the Commissioner of Official Languages. This is the lowest number of complaints received by Canada Post since the *Official Languages Act* was adopted in 1969.

In 2010, we continued to improve our ability to deliver services to customers in their language of choice, employee satisfaction and compliance with the *Act*. The Official Languages Policy and internal processes were updated, making the rules and processes for staffing bilingual positions clearer and easier to understand.

Additionally, 500 employees completed the Official Languages e-learning course that was introduced in 2009 for all non-retail employees in bilingual positions. All non-retail employees in bilingual positions who have not yet taken this course will be required to do so in 2011.

We also continued to take positive measures to support minority official language communities,



mainly through our literacy initiatives such as Les Rendez-vous de la Francophonie, Francophonie jeunesse de l'Alberta, Assemblée de la francophonie de l'Ontario, and Festival Franco-ontarien.

In 2011, we will focus on enhancing services to customers in their language of choice, conducting meetings in both languages, and providing supervision and delivering employee training and professional development courses in employees' preferred official language. Our senior executives are also committed to improving the bilingual capacity within their respective teams.

Official language complaints*

2010	2009	2008
36	43	40

* Received through the Office of the Commissioner of Official Languages

Official Languages Excellence Award

In 2010, we were proud to win the Official Languages Excellence Award from the Pacific Federal Council Official Languages Committee. The award recognizes the outstanding contributions of individuals or groups who supported the advancement of Official Languages in British Columbia during the year.

The award was presented for our efforts to promote linguistic duality during the 2010 Olympic and Paralympic Winter Games in Vancouver. During the 2010 Winter Games, we implemented a multi-faceted plan to promote offices that are designated as bilingual. Services in certain offices, in particular in Vancouver, were enhanced to meet the needs of Francophone clients. The Whistler post office, which is designated as unilingual, was redesignated bilingual for the occasion. In addition, we sent a personalized letter to every hotel concierge in Vancouver to let them know where French-speaking visitors could receive postal services in their language.

Privacy

Our commitment to safeguard and respect the privacy of the personal information entrusted to us by individuals and customers is fundamental to our business reputation and central to the trust Canadians have in the Canada Post brand.

In 2010, we continued to pursue the highest standards of privacy best practices and focused on training and awareness. We delivered 18 training sessions to employees in selected business areas and finalized an e-learning course, which will be deployed in February 2011. We also published a brochure about privacy at Canada Post, which informs Canadians about our privacy practices and is available in all post offices and retail outlets.

Our Privacy Office conducted 19 privacy risk assessments on new and existing programs and services, and investigated 19 privacy incidents in 2010. Of these, 18 were determined to be unauthorized disclosures of personal information and all but one represented a low risk of harm to the individual affected. Appropriate notification was provided in all cases. The Privacy Commissioner's Office forwarded 20 new privacy complaints to Canada Post and closed 22 on a year-over-year basis.

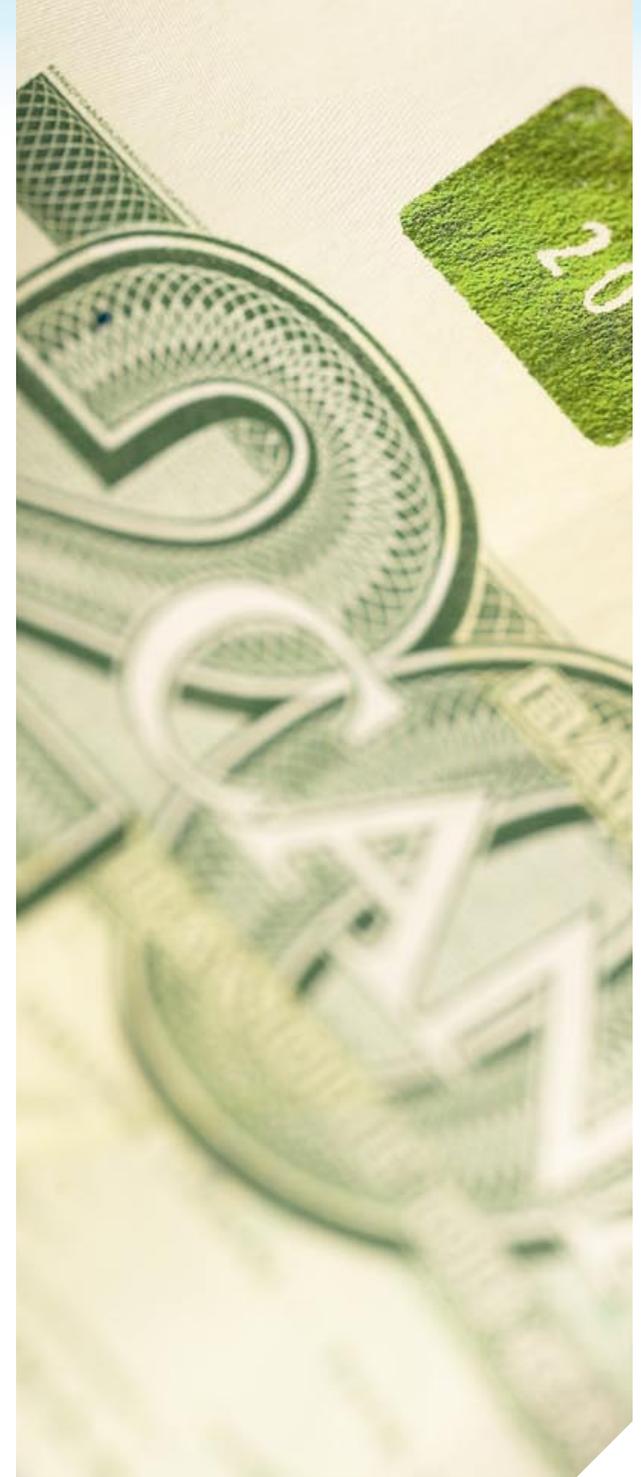
In 2011, we will continue to implement our Privacy Management Framework, with an increased focus on risk management and thought leadership, finalize revision of the Privacy Impact Assessment Practice and increase the amount of awareness materials available to employees.

Money Laundering

The Anti-Money Laundering Compliance group continues to support the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) by providing valuable information to help detect and deter money laundering and terrorist financing activity within Canada.

In 2010, we updated our Suspicious Transaction Reporting mechanism and redesigned our reporting tools. This enables us to more easily identify suspicious transactions and report them to FINTRAC, and identify connections between transactions done at different post offices and between transactions done on different days at the same post office. Last year, we reported a significantly higher number of suspicious transactions than in previous years.

In 2011, we will continue to improve our investigative abilities and techniques, increase automation of analytical tools, and enhance anti-money-laundering reporting. We will develop a risk model to track anti-money-laundering risk for every post office and conduct refresher training for all employees involved in the sale of money orders or money service products.



Security



Our business and reputation are built on the trust our customers have that we will keep the mail secure. In 2010, we adopted industry best practices, developed a four-pronged strategy that includes prevention, detection, investigation and action, and developed a new security framework. We installed security cameras in 17 major facilities and 585,000 high-security locks on community mailboxes across Canada. Additionally, by the end of 2010, approximately 76 per cent of our transportation contractors had received security clearances.

Mail inspections removed prohibited and illegal items valued at more than \$3.5 million from the system last year, and close to 1,000 shipments containing illegal or prohibited mail items were turned over to local and national law-enforcement agencies. These activities help ensure community safety and prevent potential incidents of violence and harassment at dealer and corporate post offices.



A Security and Investigative Services (S&IS), IT and Privacy advisory group was formed in 2010 to help create synergies and communication opportunities among the groups that further build customer trust. An e-learning module for employees on security of the mail was also developed.

In 2011, we will install more cameras, conduct threat and risk assessments of key facilities, and complete the security screening of employees and contractors who handle the mail. We will also enhance and entrench our security screening program, providing greater confidence to our customers by ensuring that all employees and contractors who have access to the mail are appropriately screened.

Keeping the mail—and Canadians—safe

Ensuring the safety and security of employees and customers is of paramount importance, especially during domestic and global events.

Last year, we partnered with the United States Postal Inspection Service to screen more than 30,000 pieces of mail during the Vancouver 2010 Olympic Winter Games. For the G8 and G20 summits in Huntsville and Toronto respectively, we screened more than 7,500 pieces of mail destined to addresses within restricted zones.

Additionally, global terrorist activity in Yemen resulted in new international aviation security measures being implemented, which require special mail-security screening for international outbound mail destined to and through the United States.

New Products and Services

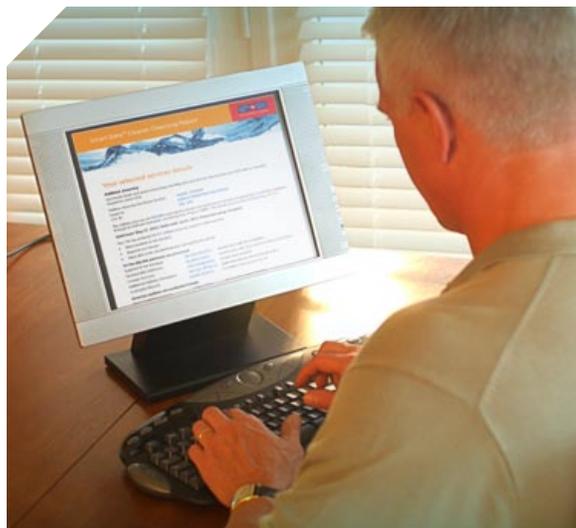
In 2010, we introduced several new and innovative products and services that will allow us to meet the changing needs of our customers and generate new revenues to help secure our future:

Acquisition Admail™

The Acquisition Admail service is a direct-marketing solution that provides our direct-mail customers with access to the most extensive urban address lists in Canada. The service enables businesses to effectively target new prospect by Postal Code^{OM} area, resulting in greater mailing precision, higher response rates and less waste.

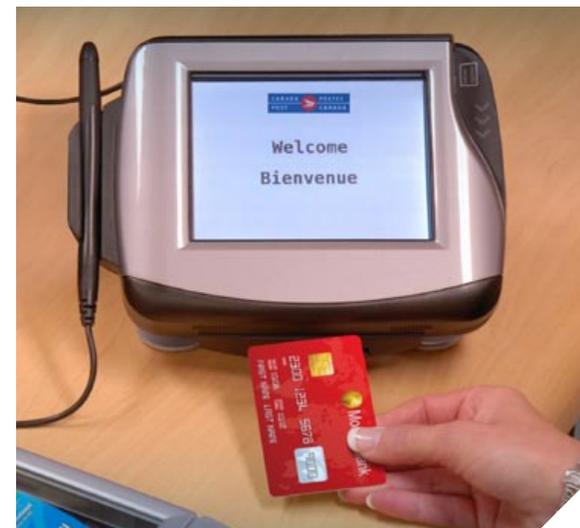
Smart Data™ Cleaner

Smart Data Cleaner is a free online diagnostics tool that enables businesses to identify issues with their address lists (i.e. duplicated, outdated and incorrect addresses), how much it will cost to clean data and the potential savings associated with cleaning it. The tool can help businesses decrease undeliverable mail volume, reduce waste and increase return on investment.



Background check

Canada Post works with background-checking service providers to screen potential hires and volunteers for employers and not-for-profit organizations. Job applicants can visit any one of more than 5,200 post offices across Canada, provide their personal data and present the identification required to complete a background check.



Personal Identification Number (PIN) card services

Canadian financial institutions can offer their customers the convenience of changing or resetting their PINs, and reactivating lost cards at no charge on select chip-enabled cards. The service can help reduce calls to contact centres and eliminate the need for institutions to reissue cards.

New Products and Services continued



Visa™ gift cards

Canada Post-branded Visa gift cards let customers load any amount from \$25 to \$250. Cards are available at 3,000 post offices and are accepted wherever Visa cards are accepted, including online.



Canada Post application for BlackBerry™ and Apple™ mobile devices

This free downloadable application enables our customers to track their packages and find nearby post offices from their BlackBerry, iPhone™, iPad™ and iPod touch™ devices.

Canada Post Comparison Shopper

Comparison Shopper is a one-stop shopping website where consumers can quickly and easily compare offerings based on what is important to them. The website gives shoppers a selection of more than five million products from over 600 Canadian and U.S. retailers. For merchants, the site provides a cost-effective and complementary marketing channel that enables them to introduce their brand and products to a broader base of consumers interested in a more convenient way to research, compare and purchase products online.

Prepaid Registered Mail™/ Government Secure Registered Mail

We now offer our Registered Mail product as a prepaid envelope with a pre-printed bar code. The offering includes all the features of Registered Mail with the added convenience of being able to drop off items in any mailbox. The product is available to our commercial and government customers who mail to Canadian destinations.



Our People

Priorities:

- ▶ **Health and safety:** Ensuring the safety and security of our workforce.
- ▶ **Employee engagement:** Building a culture of respect, inclusion and opportunity.
- ▶ **Customer focus:** Increasing our focus on our customers and the work we need to do to earn their business.

Achievements:

- ▶ Met our accident-reduction target.
- ▶ Successfully deployed safety-leadership criteria to all levels of management.
- ▶ Maintained our employee engagement score.
- ▶ Imbedded a Customer Focus Index within the Corporate Scorecard.
- ▶ Achieved our Learning Index target.

Challenges:

- ▶ Reducing our accident-frequency rate.
- ▶ Increasing our employee survey score in Collaboration and Teamwork, Work Unit Functioning and Customer Focus.
- ▶ Continuing to engage our employees through front-line visits.
- ▶ Keeping our focus on quality and consistency, and on delivering a quality experience for our customers.
- ▶ Meeting the considerable training requirements needed to improve safety and for our Postal Transformation initiative.

Safety

Keeping our people safe remains our primary concern. In 2010, Canada Post met its accident reduction target of 15 per cent. However, our total number of lost-time accidents still remains too high. Our accident frequency in 2010 was slightly more than six lost-time accidents per every 100 employees. That's substantially higher than the accident frequency of the best performers among other postal administrations in the developed world.

Our goal is to become an organization whose people return home from work every day in the same condition in which they arrived. To achieve that, we introduced a five-year accident-reduction strategy last year that focuses on improving leadership behaviours and ensuring we have the best processes and systems to keep employees and

members of the public safe. Key to successfully becoming a safer organization is changing our culture. People in leadership roles must take ownership of safety issues in their workplaces, apply corrective measures and make sure that employees not only know what they need to do to stay safe, but also have the training and skills they need to create a safe work environment.

In 2011, we will change how we report accidents internally to provide our accident frequency, rather than a raw number of total lost-time accidents. This change will help us more accurately compare our safety performance against that of other companies, better assess how each part of the company is performing, and show us where we need to focus our safety efforts.

Five-year accident-reduction strategy

Introduced in 2010, our aggressive five-year strategy is intended to improve safety and reduce the number of accidents.

In 2011: We will concentrate on compliance and coaching our management team to better understand what it needs to do to help keep our people safe. We are launching nine projects to manage life-safety issues and provide extra help to those parts of the company that have higher accident frequencies. The projects cover issues such as working at heights, fall protection, confined spaces, fleet and forklift truck safety, electrical and mechanical systems and machine guarding.

In 2012: Our focus will be on our safety managing system and ensuring that safety rules and procedures are understood and implemented. We will make sure that management understands what effective safety processes look like and how to consistently enforce them, and what safety leadership behaviours need to be demonstrated.

In 2013: We will share best practices and conduct audits in facilities across the country to accurately assess the success of our efforts to reduce accidents and ensure compliance.

In 2014: We hope to have achieved operational excellence with every employee having the personal discipline to do the right thing, the right way, every time.



Safety continued

Fatalities

	2010	2009	2008
Canada Post Employees	0	0*	2
RSMC Helpers, Ergonomic Assistants and Replacements	0	0	0

* A fatality that occurred in 2009 was determined by the Workplace Safety and Insurance Board not to have occurred in and out of the course of employment. This ruling is now being appealed.

Lost-time accidents

	2010	2009*	2008
Accidents (excluding RSMCs)	2,861	3,414	4,277
RSMC Accidents	217	252	230
Total	3,078	3,666	4,507

* Restated.

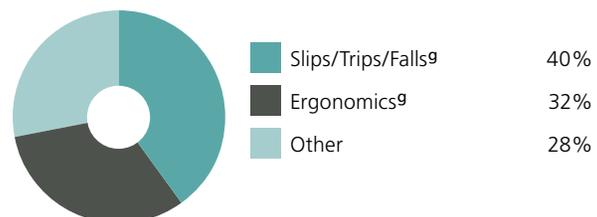
Lost-time accident frequency rates (per 100 FTE* employees)

	2010	2009	2008
Canada Post (excluding RSMCs)	6.7	7.8**	9.3
Canada Post (including RSMCs)	6.5	—	—

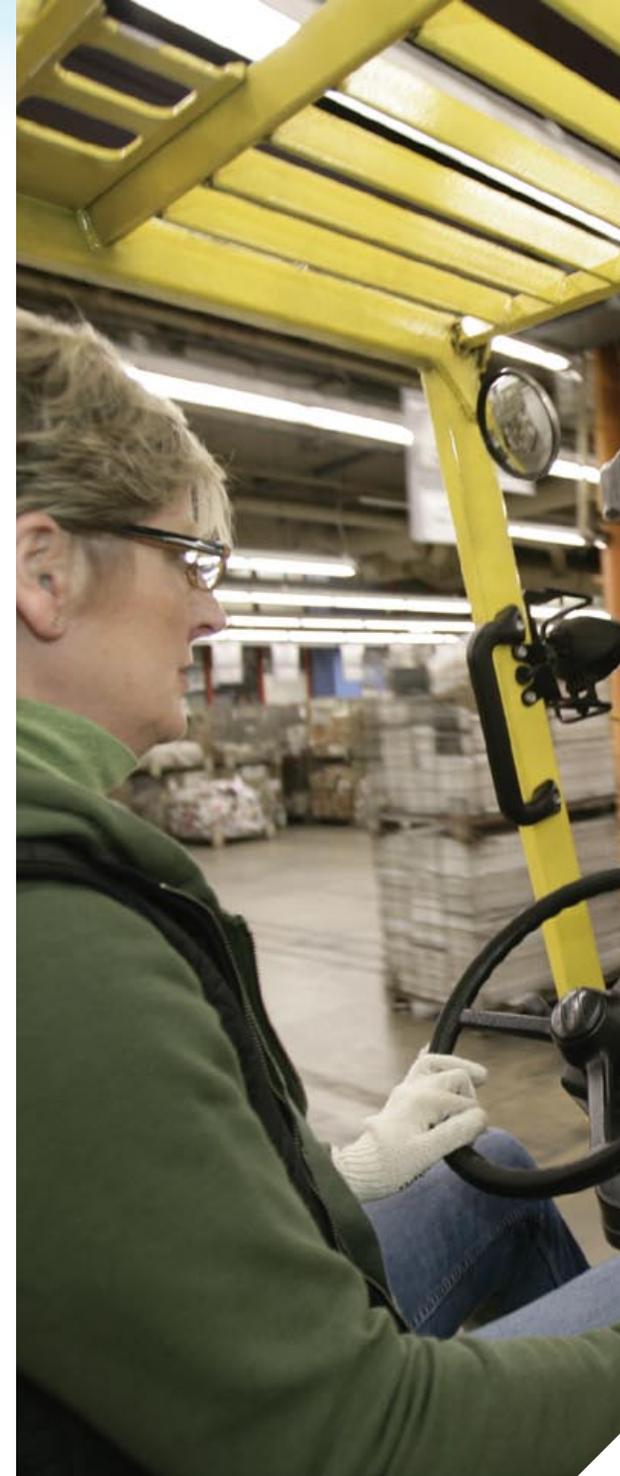
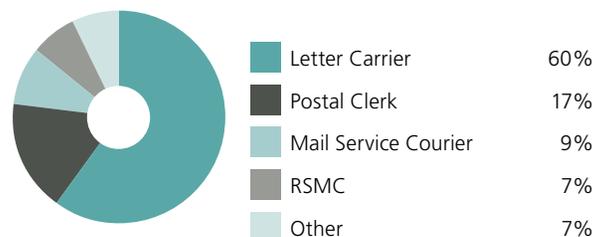
* FTE=full-time equivalent

** Restated.

2010 Lost-time accidents⁹ by type



2010 Lost-time accidents by work group



Safety continued

Road safety

In past CSR reports, we have examined road safety in the context of rural mail delivery. This year, we are including information about the number of motor-vehicle accidents involving the Canada Post-owned fleet. Rural and Suburban Mail Carriers (RSMCs) deliver the mail using their own vehicles, which are not considered part of the Canada Post fleet.

The nature of our business makes us one of the largest users of transportation services in the country. We have one of the biggest delivery fleets in Canada with more than 7,000 corporate vehicles, including 4,000 light vehicles, 2,600 walk-in step vans, 400 medium and heavy vans, and 23 hybrid vehicles. In 2010, our fleet clocked approximately 75 million kilometres in total.

Last year, we introduced a new delivery model, which will see more letter carriers using fuel-efficient vehicles to deliver all mail items, including parcels, and pick up mail from street letter boxes. This change, along with natural network growth, will increase the size of our fleet. We will mitigate any impact of this increase through a number of initiatives including increasing the quality and frequency of training, improving our management of vehicle operator permits and ensuring greater integration of reporting systems.

In 2010, there was a 16-per-cent reduction in the total number of reported collisions. Of these, 72 per cent were deemed to be preventable, 70 per cent involved small step vans or right-hand drive vehicles, and 63 per cent involved a Canada Post vehicle hitting a fixed object or other vehicle.

Performance: Number of motor-vehicle collisions (Canada Post-owned fleet)*

	2010	2009	2008
Total for all vehicle types	1,374	1,714	1,793

Performance: Motor-vehicle collision frequency – per 100,000 km (Canada Post-owned fleet)*

	2010	2009	2008
Total for all vehicle types	1.8	2.2	2.4

* excludes RSMC vehicles.

Rural delivery

Continued urbanization across Canada can make delivering the mail along Canada's back roads and rural routes dangerous and, in 2007, we began a comprehensive community-by-community rural mail safety review. To date, more than half of the rural mailboxes in Canada have been assessed. We have also responded to the ergonomic concerns raised by RSMCs.



A Healthy Workplace

Our employees have access to a total compensation package that includes a health-care plan, dental coverage—including orthodontic services—a vision and hearing-care plan, retirement options, and life and disability insurance. We believe that prevention programs that help employees who are well to stay well are as important as the programs that help them when they are sick or injured.

Prevention and early intervention

Prevention and early-intervention programs last year included an extensive flu-prevention campaign with on-site vaccination clinics, access to on-site fitness facilities and a corporate discount program at a national fitness club. A health-risk awareness and identification program was successfully implemented with 27 health-screening clinics being held across the country. Additionally, we enhanced Employee Assistance Program (EAP) communications to improve awareness among employees of the company-paid services the program offers, which include crisis counselling, health coaching, and smoking cessation, family, legal, financial, naturopathic and nutrition support services.

On January 1, 2010, we introduced the Short-Term Disability Program (STDP) to eligible employees represented by the Association of Postal Officials of Canada (APOC) and the Public Service Alliance of Canada (PSAC), as well as to eligible management and executive employees. The STDP delivers up to seven personal days and consistent income protection to eligible employees regardless of their medical history or how long they have been with Canada Post.

Absence management

Last year, we started to report on absenteeism as a percentage of usual hours worked rather than days lost per employee. We also introduced monthly absence rate reporting to the executive level and reinforced compliance with the attendance management process by including it on the scorecards of our operations managers and superintendents. Our 2010 absenteeism rate was slightly better than the rate in 2009.

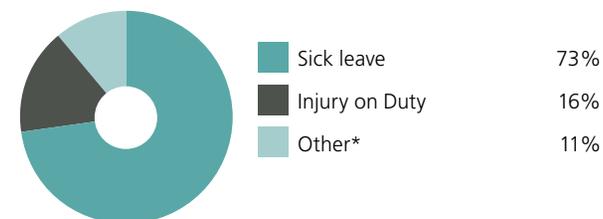
Absenteeism – As a percentage of usual hours of work

	2010	2009*	2008*
Canada Post	6.2%	6.9%	7.1%
Other Sectors¹			
Federal Administration	5.3%	5.5%	6.2%
Unionized	5.2%	5.3%	5.4%
Transportation and Warehousing	4.3%	5.0%	4.8%
Overall – All Sectors	3.6%	3.8%	3.9%

* Canada Post and Statistics Canada data for 2008 and 2009 has been restated

¹ Work Absence Rates 2008, 2009, 2010; Statistics Canada; Catalogue no. 71-211-X

Work absences by leave type in 2010



* Special leave, Family responsibility, Unauthorized leave without pay, Other Employee requested Leave Without Pay

Healthy Workplace continued

Disability management

Our disability-management program is centred on four key pillars that:

- ▶ Encourage a healthy return to work at the earliest opportunity.
- ▶ Lessen the financial impact of an employee’s absence through appropriate income protection.
- ▶ Ensure employees receive the right treatment and the right support at the right time.
- ▶ Help employees reintegrate into the workplace in a timely, safe and productive way.

Our programs start with early intervention. In 2010, we referred 93.9 per cent of disability-management cases to our service provider within 10 business days of the start of the absence or accommodation, slightly short of our target of 95 per cent. Our goal remains to provide employees with the support they need when they need it, and we will continue to work collaboratively with our unions, service providers and employees to meet this goal.

In 2011, we will extend our efforts to build on the strength of our non-occupational programs into occupational illnesses and injuries to ensure appropriate support is provided to employees while bringing our results in line with industry standards.

Modified duties

	2010	2009	2008
Number of Cases of Modified Duties	6,957	6,578	6,015
Percentage of Cases of Modified Duties Following an Absence	40%	37%	41%
Duration of Modified Duties (average number of days)	78	76	84

The term “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 29.3 days, below the industry benchmark of 42 days.



Measuring our performance

In 2010, our second Consensus-Based Disability Management Audit™ was conducted by the National Institute of Disability Management and Research™ (NIDMAR). We scored 77 per cent in the audit, which represents a 13-per-cent improvement over the results of our previous audit. Although we did not meet our target of 80 per cent to qualify for IDMSC™ (International Disability Management Standards Council) certification, we did improve—and scored higher than the Canadian average—in each of the audit’s 16 elements. We also received recognition from NIDMAR for achieving a score of 100 per cent (up from 75 per cent) in the area of Health Promotion and Wellness. Our audit score is the highest of any government agency in Canada and the second highest for a government agency globally. These results are strongly indicative of a significant—and successful—change in the way we are delivering our disability-management programs to employees.

In 2011, we will focus on strengthening our working relationships with our unions and other stakeholders, improving relationships between management and employee representatives, and enhancing our dispute-resolution process.

Equity and Diversity

To help us remain competitive, we need to achieve our goal of having a workforce that reflects the richness of this country's cultural diversity—not only to ensure an inclusive and diverse workforce, but also to be reflective of our customers and the communities we serve. Our commitment begins with our hiring policies and practices and ends with respecting our corporate values.

In 2010, we set clear objectives with regard to selecting job candidates who have self-identified as being members of one of the four designated groups, and developed and communicated action plans to maintain or increase representation in these groups. We continued to reach out to new Canadians, women, Aboriginal peoples, visible minorities and persons with disabilities. Our partnership with LASI World Skills Immigrant Employer Learning Partnerships continued last year, and we continued to collaborate with Equitek Employment Equity Solutions to help establish a diverse and qualified pool of applicants for employment opportunities. Additionally, we

continued to build relationships with Canada's Aboriginal Communities through recruitment efforts, the annual Aboriginal Education Incentive Awards and an action plan to ensure we maintain our Progressive Aboriginal Relations (PAR) Gold level standing. A stronger partnership with Service Canada helped us redirect Aboriginal applicants to Canada Post's careers website.

In keeping with our commitment to employment equity, the eRecruitment platform on the careers website enables candidates to self-identify. The platform also enables us to post job openings on a number of specialty job boards so that we can broaden our reach.

Last year, representation of women at Canada Post reached the Canadian Labour Market Availability rate. We were also proud to be selected as one of Canada's Best Diversity Employers for 2011.

In 2011, we will finalize, communicate and implement our 2011-2013 Corporate Employment Equity Plan.



Equity and Diversity continued



Diversity

Overall Workforce

	2010	2009	2008	Canadian Labour Market Availability ¹
Women	50.5%	49.5%	49.2%	49.7%
Aboriginal Peoples	2.3%	2.0%	1.9%	2.7%
Persons With Disabilities	4.7%	3.9%	3.6%	4.8%
Visible Minorities	12.3%	11.5%	10.8%	15.4%

¹ Based on Government of Canada Census data, 2006

Senior Management¹

	2010	2009	2008	Canadian Labour Market Availability ²
Women	30.0%	28.9%	31.2%	24.1%
Aboriginal Peoples	1.0%	1.7%	0.9%	2.5%
Persons With Disabilities	4.0%	4.1%	2.8%	3.3%
Visible Minorities	6.0%	3.3%	3.7%	8.4%

¹ General manager and above

² Based on Government of Canada Census data, 2006

William Hall V.C

On February 1, 2010, Canada Post celebrated Black History Month with a stamp featuring William Hall.

Born circa 1825, Hall signed on with the crew of an American trading vessel in 1844. In 1852, he joined the British Royal Navy and was decorated with British and Turkish medals for his service in the Crimean War. In 1857, Hall volunteered to help relieve a besieged British garrison and fought against overwhelming odds until it was secured. For this outstanding display of bravery, Hall received the Victoria Cross, the highest recognition for valour "in the face of the enemy" that can be awarded to members of British and Commonwealth armed forces.



Human Rights



We are committed to providing a respectful and inclusive work environment that is free from discrimination and harassment. In 2010, we continued to work with the Canadian Human Rights Commission (CHRC) on its top priority, the Maturity Model, an initiative that will enable employers to measure 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 CHRC to develop a self-sustaining human rights culture that will fully integrate human rights in all our policies, practices and processes. In 2010, an agreement was reached with the CHRC to run a pilot of the Maturity Model in 2011.



We believe that managing conflict is inherent to successfully implementing change and is a necessary core competency if we are to remain sustainable. Our Compliance Team has an overall goal of addressing human rights and general harassment complaints from employees and the CHRC on a timely basis. The team assesses the reasons for complaints and recommends appropriate preventative measures, including communication and awareness campaigns for employees and team leaders, with a view to avoiding future complaints.

In 2010, we introduced two new practices: Accommodating Requests Related to Religion and Accommodating Deaf, Deafened and Hard of Hearing Employees. We also developed an

Plans for 2011

- ▶ Implementing a pilot of the Maturity Model.
- ▶ Developing a plan to improve the accessibility of online services and retail experience for customers who are blind or visually impaired.
- ▶ Implementing an automated reporting system to improve tracking of complaint trends and capacity for root-cause analysis.
- ▶ Continuing to collaborate with our unions to improve and deliver human-rights and conflict-in-the-workplace training.

Human Rights continued

initiative to help transgender employees with the workplace aspects of their transition. To ensure our knowledge and implementation of best practices remain current, we continue to actively participate in and contribute to the Employer Advisory Council (EAC). Led by the CHRC, the EAC provides a forum for federal employers to raise, examine, discuss and act on issues relating to the prevention of discrimination in workplaces and services across Canada.

Internal Human Rights complaints

Internal Complaints	2010
Sex	65
Disability	77
Race	12
National or Ethnic Origin	11
Colour	7
Religion	5
Marital Status	3
Age	6
Sexual Orientation	10
Family Status	4
Pardoned Conviction	0
Retaliation	1
TOTAL	201

Formal Human Rights complaints

Formal Complaints	2010
Sex	6
Disability	69
Race	4
National or Ethnic Origin	0
Colour	0
Religion	0
Marital Status	3
Age	4
Sexual Orientation	0
Family Status	1
Pardoned Conviction	0
Retaliation	2
TOTAL	89

Note: 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 and Retention

Like many organizations, we face the challenge of building and retaining an engaged and highly skilled workforce in the face of an aging population and high numbers of expected retirements in the next decade. To successfully attract and retain such a workforce, we must continue to provide employees with competitive benefits packages, attractive working conditions and continuous learning-and-development opportunities.

We estimate that approximately 31,000 full-time employees—more than 50 per cent of our workforce—will leave the company by 2020, the majority through retirement. These departures will present us with challenges and opportunities.



We are making changes to our operations to increase the efficiency and automation of mail processes and deliver a better level of customer service. The high number of expected voluntary departures will enable us to align our workforce with operational needs while respecting the job-security provisions of our current collective agreements. However, retaining key employees with specialized skills in areas such as information technology, accounting, finance and engineering is essential, especially in a tightening labour market.

While competitive wages and benefits will help attract new employees, career development opportunities, recognition and work environment are important to engage and retain existing employees. Engaged employees are 87 per cent more likely to remain with an employer than disengaged employees.

In 2010, we expanded our “Best of Ops” awards to recognize excellence among retail employees and also launched our Safe Site awards for 3,830 Canada Post facilities that had zero lost-time accidents in 2009. We also held our third annual national Employee Appreciation Week celebrations for all Canada Post employees.



Employee Engagement and Retention continued

Although we fell short of our Employee Engagement Index target for 2010, we did improve our performance by one point year over year. Furthermore, our efforts to recognize great work resulted in a four-point increase in recognition in the 2010 employee survey results.

In 2010, we continued to enhance employee engagement by concentrating on improving respect and fairness in the workplace, involving employees in decisions that affect their work and discussions about our business, recognizing employees' efforts and developing leadership capabilities among our front-line team leaders.

Last year, we organized 12 regional forums for 3,100 employees and 12 separate regional forum discussions with 500 team leaders. We held 411 executive front-line meetings with 8,359 employees.

In 2011, we'll continue with initiatives that support the key drivers of employee engagement. We'll involve employees in team survey action planning and discussions about our business through expanded executive visits. We'll continue our efforts to recognize great work, develop our front-line leadership, improve the safety of our workplaces and help our employees create better customer experiences in everything they do.



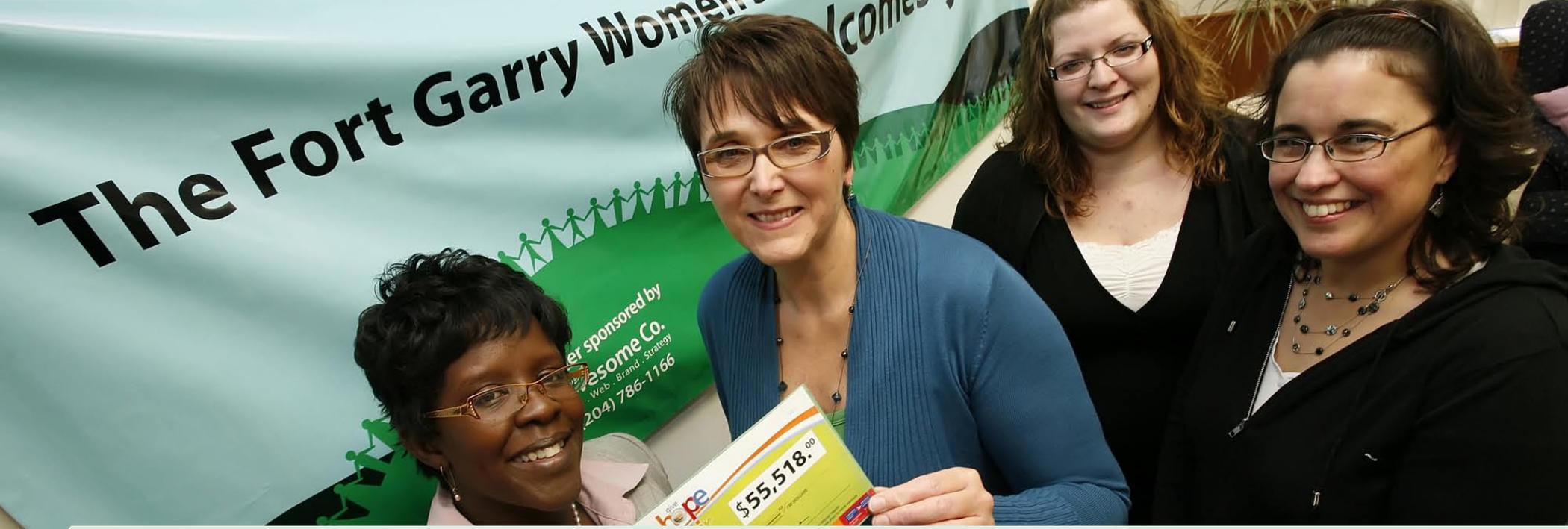
Employee Engagement Index – 2010

	Target	Actual
	59	57

Note: Prior years have been excluded as baseline survey questions were changed for 2010 and results cannot be compared to prior years. The 2010 score represented a one-point increase over the 2009 score if compared based on the same baseline survey questions.

Career development

We delivered more than 550,000 hours of training to front-line employees and their team leaders last year in areas such as human rights, safety, leadership and technical training. Additionally, the Leadership Effectiveness Analysis (LEA) tool continues to be used to assess current leadership practices against a desired profile to support leadership development. In 2010, the deployment process included 360-degree assessments, results debriefing, coaching, orientation and developmental-planning workshops.



Our Communities

Priorities:

- ▶ **Mental health:** Helping front-line organizations build and enhance mental-health programs in every province of the country—and improve the quality of life for people living with mental illness.
- ▶ **Literacy:** Supporting programs that develop literacy skills.
- ▶ **United Way:** Supporting employee fundraising activities.

Achievements:

- ▶ Raised \$2.2 million for the Canada Post Foundation for Mental Health. The Foundation also distributed more than \$1.5 million in grants, from funds raised by Canada Post in 2009, to 32 community groups across the country.
- ▶ Recognized 11 adult learners and educators through our Community Literacy Awards.
- ▶ Raised more than \$2 million for United Way™.

Challenges:

- ▶ Increasing fundraising efforts to match the ever-growing needs of communities across Canada.

Mental Health

Our employees continue to be the backbone of many of our community activities, including support for one of our key efforts: our cause of choice, mental health.

When the Canada Post Foundation for Mental Health was established in 2008, we pledged to raise awareness and build the capacity of community mental-health organizations with direct, front-line programs and services. We pledged to deliver hope and we did—in communities across Canada and in the lives of thousands of people dealing with mental illness.

In 2010, employees helped to raise \$2.2 million for the Canada Post Foundation for Mental Health. More than \$1 million of this was raised by our retail campaign. This critical



Dominique Forest, General Manager of Regional Operations, Atlantic, with Wayne Stremel and the Mental Health stamp.



Find out more about how we're delivering hope

funding, which will be disbursed in 2011, will help a record number of front-line organizations build and enhance mental-health programs in every province of the country—and improve the quality of life for people living with mental illness.

For 2011, we want to continue the fund-raising efforts undertaken in past years. We understand that we have an opportunity to make a real difference in the lives of those suffering from mental illness. This is what drives our employees to work as hard as they do to raise money for the Foundation.

Canada Post and its employees and customers have raised a total of \$4.8 million for the Foundation, which has disbursed funds to more than 50 non-profit organizations, since its formation.



Retail employees in Calgary present a \$55,000 cheque from The Canada Post Foundation for Mental Health to representatives from the Distress Centre of Calgary.

Raising more than money in retail

Across the country, staff in Canada Post's retail offices came up with innovative ways to raise money for the Canada Post Foundation for Mental Health last year—above and beyond asking customers to donate a loonie or toonie during the six-week fall mental-health campaign.

The post office in Arichat, Nova Scotia put customer-donated arts and crafts on display and gave anyone who contributed to the campaign a chance to win them. Staff at the post office in Camrose, Alberta, held a cook-off and a silent auction. In Merritt, British Columbia, customers making donations could guess the number of jellybeans in a jar. The winner collected a hardcover souvenir collection of stamps. By involving their communities, staff at these post offices and many others across the country, raised more than money—they raised awareness about mental health and about the Foundation. In fact, some of these communities are now asking how mental-health organizations in their communities can apply for the Foundation's grants.

Mental Health continued

Going the distance

Like many Canadians, veteran Mail Processing Plant Supervisor Wayne Stremel has been affected by mental illness. In Wayne's case, someone dear to him was hospitalized with schizophrenia at the age of 18. The experience of watching his family cope with his loved one's condition motivated Wayne and his family and friends to do something significant to change the conversation around mental illness, help eliminate the stigma and other barriers that often prevent sufferers from getting effective assistance and support, and, at the same time, raise money for the Canada Post Foundation for Mental Health.

An avid cyclist, Stremel decided that a cross-country bike ride would help educate Canadians about mental illness and change attitudes. And so, the "Out of the Shadows Tour 2010" was born.

Stremel started his cross-country tour in his hometown of Parksville, British Columbia in June. By the time he dipped his bike's front tire in the Atlantic Ocean on September 16 at Neil's Harbour in Cape Breton, Nova Scotia, he'd cycled more than 7,500 kilometres, become a household name among Canada Post employees, and raised around \$30,000 for the Foundation, an amount that was matched by Canada Post.

Along the way, he visited rural post offices and other Canada Post locations, including head office and met with representatives from many local mental-health organizations. He distributed literature, spoke publicly about mental health and his personal experiences, and encouraged donations to the Foundation.

"As well as raising money for the Foundation," says Stremel, "my goals were to reduce the stigma associated with mental illness, help Canadians connect with the mental-health issue and shine a spotlight on the amazing work done by Canada Post for the cause."

"It wasn't unusual to meet people across the country who were willing to share touching stories about friends or relatives with mental illness. I was proud to be able to represent the Foundation and Canada Post in something I feel pretty strongly about."

**Wayne Stremel
Supervisor, Operations,
Mid-Vancouver Island**



Wayne Stremel at the start of his "Out of the Shadows" tour.



Wayne Stremel (far right) with members of the Campbell River Mail Operations team.

Mental Health continued



Saskatoon retail employees present a \$54,085 cheque from The Canada Post Foundation for Mental Health to representatives from the Saskatchewan Prevention Institute.

Making a difference

In the fall of 2010, the Canada Post Foundation for Mental Health distributed more than \$1.5 million in grants to 32 community groups across the country that help people cope with mental illness. The funds were raised by Canada Post employees, customers, suppliers and the general public during the 2009 fundraising campaign.

The organizations that received grants in 2010 vary widely in their missions, targeting everything from suicide prevention and schizophrenia to homelessness, family



Retail employees in Ottawa present a \$65,000 cheque to Ottawa's Dave Smith Youth Treatment Centre.

and youth services, treatment programs for new immigrants and people with addictions. Since the funds must be used within a year of receipt, the impact of the Foundation's effort is immediate in these communities.

The **Kamloops branch of the Canadian Mental Health Association (CMHA)** was among the 2010 grant recipients. The organization provides social rehabilitation, life-skills coaching and advocacy to people with mental illness. It also runs a homeless shelter and provides an outreach service to help people who are disadvantaged and in need of support.

Mental Health

On September 13, 2010, Canada Post issued its third annual fundraising stamp in support of mental health. Canada Post's two previous Mental Health fundraising stamps have generated nearly \$600,000 in funding for non-profit, community-based programming that supports individuals and families coping with mental illness.

At Canada Post, we're proud of what our mental health stamps have—and are—accomplishing.



Mental Health continued

Another grant recipient is the volunteer-driven **Crisis Intervention and Suicide Prevention Centre of British Columbia**. A \$65,000 grant from the Foundation enabled the centre to update its unreliable phone and call-log systems.

“When a suicidal person calls a crisis line, they need to be heard, to be helped,” says Ian Ross, Executive Director at the Crisis Centre. “Imagine the potentially devastating results if the phone line cuts out during the call.”

In Montréal, the community-based **La Société Québécoise de la Schizophrénie** is using Foundation grant money to improve the quality of life of people touched by schizophrenia and related psychosis.

“Schizophrenia isn’t a very ‘popular’ cause in the philanthropy world,” says Francine Dubé, executive director of La Société Québécoise de la Schizophrénie. “It’s still widely misunderstood and there’s a lot of unwarranted prejudice around it. Yet the needs are so big, and people living with the illness should have access to the same quality of life as those affected by other illnesses.”

“For the second year in a row, we received around 200 grant applications in 2010, clearly demonstrating that there is no shortage of mental-health organizations in critical need of financial support. Whether the goal is prevention, treatment or advocacy, the lack of adequate funding is a chronic problem from coast to coast as need continues to outpace available resources.”

**James Roche, Chairman,
Canada Post Foundation for
Mental Health and Mental Illness**



Volunteers from the Crisis Intervention and Suicide Prevention Centre of British Columbia using an improved telephone system to help B.C. residents in need of counselling.

Literacy



At Canada Post, we believe that literacy and education are crucial for personal and economic growth. People who can't read risk becoming isolated from society. Illiteracy affects their ability to find jobs and, ultimately, their very quality of life. We remain a committed supporter of literacy initiatives across the country.

Santa Letter-Writing Program

For years, Canada Post has been promoting literacy by encouraging young children to write and address letters to Santa. Through our Santa Letter-Writing Program, Santa has, since 1982, answered more than 18.5 million letters in 30 languages, including Braille, from children around the world. Since 2002, he's received more than 300,000 emails. Helping Santa are thousands of Canada Post employees and retirees across the country who collectively volunteer more than 190,000 hours each year to act as "Postal Elves" and help respond to the letters and emails.



Letter carrier, Sue Gabriele (left) presenting the Canada Post Trophy to Robert Lahoud, winner of the Windsor Star CanSpell competition.

In 2010, Santa and 9,000 volunteer elves responded to 1.2 million letters and more than 43,000 emails.

CanWest CanSpell Spelling Bee

In 2010, Canada Post once again supported the CanWest CanSpell Spelling Bee program. The CanSpell program is open to students across Canada in grades four to eight. Approximately 1,700 schools and 250,000 students participated in the program this year, with some 1,200 young people advancing to compete at regional spelling bees in 21 cities across Canada. Twenty-one finalists came to Ottawa at the end of March to compete for the Canadian title at the CanWest CanSpell National Final. The winner of the CanWest CanSpell National Final competed internationally at the Scripps National Spelling Bee in Washington, D.C. in May.

Santa's little helper

For more than 15 years, the little post office in Christmas Island, Cape Breton, Nova Scotia, has gotten almost as busy as Santa's workshop during the holidays. That's because it receives thousands of letters from collectors and holiday enthusiasts worldwide wanting the official Christmas Island postmark. On any given day during the holiday season, postmaster Hughena MacKinnon will postmark 1,100 letters—that's 10 times the normal 100 letters she usually processes daily. Letters have come in from as far away as Japan. Not surprisingly, MacKinnon is also a Postal Elf and responds to letters sent by children to Santa.



Hughena MacKinnon cancelling Christmas greeting cards.

Literacy continued

Teaching more than just reading and writing

Karen Cayouette was teaching preschool when she first volunteered her services to the Alma Centre de lecture et d'écriture. The centre subsequently hired her as an instructor. That was five years ago. Since then, Karen has been providing personalized training to people of all ages.

"When it comes to literacy, the instructor's role extends beyond that of teaching reading and writing," says Karen. "Instructors must establish a relationship of trust with students and use a range of projects to create an environment conducive to dynamic learning centred on dialogue, mutual support and independence. This approach helps students acquire skills to move forward in life with confidence."

In 2010, Karen won one of the six Canada Post Community Literacy Awards in the Educator category for the tangible contribution she is making to promote literacy in her community. Her support has extended to helping students complete various projects including creating a website, publishing a recipe book and setting up a co-operative.



Karen Cayouette, instructor at the Alma Centre de lecture et d'écriture.

La Dictée P.G.L.

In 2010, approximately 216,000 students and more than 1,100 schools from across Canada participated in La Dictée P.G.L., an educational project that promotes the French language across our country.

Literacy Awards

Established in 1993, the Canada Post Community Literacy Awards are bestowed upon Canadians to recognize the accomplishments of adults who have learned to read and write, and the individuals and organizations that helped them succeed. There are two award categories:

- ▶ Individual Achievement Awards, which celebrate the achievements of adult learners who have overcome social or economic barriers by improving their literacy or English as a Second Language (ESL)/French as a Second Language (FSL) skills.
- ▶ Educator Awards, which honour English- and French-speaking educators, tutors and advocates who have demonstrated a commitment to adult literacy or adult ESL/FSL training.

In 2010, six awards were given in the Educator category and five in the Individual Achievement category.

Donations and Sponsorships

In 2010, we donated approximately \$328,000 to 177 registered charities and non-profit organizations, including a donation of \$150,000 to the Canada Post Foundation for Mental Health. We also dedicated more than \$1.3 million to various sponsorships. Our sponsorship activities last year focused on the Canada Post Freestyle Team, and literacy programs such as the CanWest CanSpell National Spelling Bee, La Dictée P.G.L., and the Canada Post Community Literacy Awards. In total, we dedicated 1.3 per cent of the Canada Post Group's pre-tax profits¹ to registered charities and non-profit organizations last year.

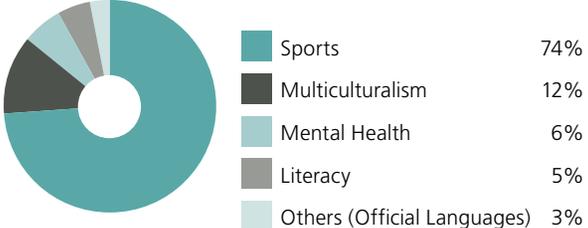
We maintain complete openness and accountability in all our charitable efforts. All submissions for donations or sponsorships must meet strict eligibility criteria, as specified in our donations policies and practices.

¹ Starting in 2010, this calculation is based on donations from Canada Post and its subsidiaries, and the pre-tax profit amount is adjusted for material and/or unusual benefit changes. The calculation of pre-tax profits is based on a five-year rolling average for The Canada Post Group. The amount for total donations and sponsorships includes all donations and sponsorships in support of non-profit and charitable organizations and excludes expenses related to advertising, promotions and business-development activities.

2010 Donations by category



2010 Sponsorships by category



Volunteers from Canada Post head office decorate a Christmas tree for the Children's Hospital of Eastern Ontario (CHEO) Trees of Hope fundraiser.

Donations and Sponsorships continued

A few of the registered charities and non-profit organizations we supported in 2010

Canada Post Foundation for Mental Health

Last year, we made a corporate donation of \$150,000 to the Canada Post Foundation for Mental Health, which showed our continuing commitment to our cause of choice. The donation included an amount to match the money raised by Wayne Stremel through his "Out of the Shadows" cross-country bicycle tour.

United Way

Canada Post employees have been generously supporting United Way for many years and we have been a proud recipient of the "Thanks a Million" award every year since it has been created in 1994. The award recognizes an organization that has collected more than \$1 million during its annual campaign.

Together with our employees, we raised an outstanding \$2.1 million for United Way in 2010, despite the challenging economic situation. More than 240 employees attained "Leadership giving" status by donating more than \$1,000.

The Royal Ottawa Volunteer Association
The Royal Ottawa Volunteer Association (ROVA) contributes countless hours of volunteer support to the Royal Ottawa Hospital and Brockville Psychiatric Hospital. ROVA's mandate is to support and improve the health and well-being of mentally ill patients through community programs, long-term care for seniors with mental-health needs and the veterans' post-traumatic clinic.

Les Impatients

Based in Montréal, Les Impatients offers art-therapy workshops to help people with psychiatric disorders. The organization also hosts "Parle-moi d'amour" ("Talk to Me of Love"), an annual benefit art exhibition and auction, and publishes "Mille mots d'amour" ("A Thousand Words of Love"), a boxed set of love letters and poems written by Les Impatients "patients" as well as renowned authors and actors.



Letter carrier Nicky Addison (right) being presented with a certificate of Recognitions by Base Commander Capt(N) Hallé of the Canadian Forces Base Esquimalt for the work she did to raise funds for United Way.

Donations and Sponsorships continued

Mental Illness Awareness Week

Mental Illness Awareness Week (MIAW) is an annual national public-education campaign that aims to combat the stigma associated with mental illnesses by educating Canadians about the reality and prevalence of mental illness in society. MIAW is coordinated by the Canadian Alliance on Mental Illness and Mental Health (CAMIMH), an alliance of mental-health organizations comprised of health-care providers as well as the mentally ill and their families.



Vancouver counsellor, stand-up comic and author, David Granirer.

Stand-up for Mental Health

Founded in 2004 by David Granirer, a Vancouver counsellor, stand-up comic and author, Stand Up for Mental Health (SUMH) teaches stand-up comedy to people with mental illness as a way of building confidence and fighting public stigma. The organization has groups in Vancouver, Victoria, Chilliwack, Abbotsford, Courtenay, Edmonton, Fort Frances, Guelph, Toronto, Ottawa and Montréal. In 2010, Canada Post became the SUMH National Title Sponsor for the year.



[Find out more about this initiative](#)

The Tourette Syndrome Foundation of Canada

Established in 1976, the Tourette Syndrome Foundation of Canada is the only federally registered, charitable organization of volunteers that helps people affected by Tourette Syndrome and its associated disorders. The Foundation is dedicated to improving the quality of life for those with, or affected by, Tourette Syndrome through programs of education, advocacy, self-help and the promotion of research.

Girl Guides of Canada, 100th Anniversary

On July 8, 2010, Canada Post issued a single PERMANENT™ domestic rate stamp to commemorate the centennial of the Girl Guides movement in Canada. Throughout its history, Girl Guides has provided a place where girls can gain a sense of independence, responsibility, self-assurance and belonging. Today, Guiding continues to enable girls to be confident, courageous and resourceful, and to make a difference in the world.

Guiding started in Canada in 1910, when the first troupe was formed in St. Catharines, Ontario. Within two years, there were troupes in every province and the Canadian Girl Guides Association was formed. In 1961, the organization's name was officially changed to Girl Guides of Canada – Guides du Canada.

This was the third time that Canada Post had honoured the Girl Guides with a stamp. The first was in 1960, for the Girl Guides of Canada's Golden Jubilee, and the second was in 1985, for its 75th anniversary.



Freestyle Ski

Going for Olympic gold

On February 14, 2010, Canadians witnessed a historic performance by Alex Bilodeau as he won not only the men's freestyle skiing moguls event, but also the first gold medal by a Canadian on home soil. In a demonstration of the depth and talent of the Canadian freestyle team, Vincent Marquis finished fourth, missing the podium by the narrowest of margins. Jenn Heil won Canada's first medal of the 2010 Olympics—a silver in the women's freestyle skiing moguls—and 18-year-old Chloé Dufour-Lapointe placed fifth, serving notice that she will be one of the main contenders for Olympic gold in 2014.

The athletes' success was the culmination of years of training, but is also credited to the efforts of countless previous athletes who have paved the way, to the coaches and support teams who prepared them so well, and to their families. Canada Post is proud to sponsor the team and provide the means and support necessary for it to compete at this level on the world stage.



Jenn Heil

The Canadian Freestyle Ski Association

Canada Post has been a proud sponsor of the Canada Post Freestyle Ski Association since 2002 and the Title Sponsor since 2006. Our support provides essential funding for the training activities of more than 2,000 Canadian freestyle skiers from beginners as young as six to elite athletes. From grassroots to the elite National Team, Canada Post touches the careers of many freestyle athletes in the country.

As the Title Sponsor of Canada's freestyle ski team and all Canadian freestyle ski events, we remain committed to the athletes, the team and the sport.

“Canada Post has truly made a difference to freestyle skiing in this country as evidenced by our results at the Vancouver 2010 Winter Olympic Games.”

Peter Judge
Chief Executive Officer
Canadian Freestyle Ski Association

Gold-standard stamps

While Canada was breaking world Olympic records and winning 14 gold medals, Canada Post was breaking records behind the scenes by issuing five million stamps commemorating Canada's first gold medal on Canadian soil within hours of Alex Bilodeau's win. The stamps were available through Canada Post's online store two hours after the win, in the Vancouver area by Monday morning and at locations across the country by Tuesday.



Alex Bilodeau celebrates with Canada Post employees in Vancouver.

Community Programs

Supporting registered charities and non-profit organizations is just one of the ways we show our commitment to social responsibility; investing in community programs—and supporting the charitable efforts of our employees—is another. We have a long history of supporting communities across Canada and are proud of the charitable efforts of our employees who contribute significantly to positive social change in many ways.

Delivering to Canadian troops

In 2010, for the fifth consecutive year, we continued to support Canadian troops deployed in Afghanistan and elsewhere overseas by providing free delivery of letters and parcels from family and friends during the holiday season. More than 25,000 parcels were forwarded to Canadian troops last year, an increase of 23 per cent over the previous year.

Encouraging employee involvement

Through the Coaching and Community Involvement Program, we provide employees with donations in support of their personal community activities. These donations—and our employees' volunteered time—benefited a total of 140 organizations in 2010.

Promoting Aboriginal education

We remained committed to the Progressive Aboriginal Relations (PAR) Program in 2010. The Aboriginal Education Incentive Awards, which celebrate the hard work and determination of Aboriginal people who have overcome personal, economic or social adversity in their pursuit of learning, are part of the PAR Program. In 2010, we were proud to present Aboriginal Education Incentive Awards to 23 individuals. The awards are open to all Aboriginal people in Canada.

Haiti: an outpouring of generosity

On January 12, 2010, a terrible earthquake shook Haiti, killing an estimated 210,000 people and causing catastrophic damage. Within days, employees had contributed more than \$10,000 to the Red Cross through a special Canada Post donation page. By the end of February, the tally had reached \$32,000. On top of the Red Cross campaign, employees organized other fundraising activities, including pizza lunches, concerts and the sale of Haitian foods.

We also continue to work with the Universal Postal Union and the Foundation for the Sustainable Development of Haiti to raise money to build a new post office, which is crucial to enable Haitians to communicate with one another and the rest of the world.



Modesto Guzman (left), Director General of the Dominican Post, a neighbour of Haiti, in front of a flattened post office in Port-au-Prince, Haiti.

Food Banks

Being on the ground in virtually every community in Canada is a unique privilege—and responsibility—for our company and our employees. We are proud of our employees' personal charitable efforts and the many ways they benefit their communities with everything from raising money to fight cancer to helping restock the shelves of local food banks from coast to coast.



Canada Post employees and Heritage Club members in St. John's collect food in a city-wide food drive.

In Newfoundland, Canada Post employees and Heritage Club members in St. John's have joined forces for the past twelve years to carry out a city-wide food drive for the Community Food Sharing Association. The Association collects and distributes food to local food banks throughout Newfoundland and Labrador.

On the day of the food drive, citizens place their donations where their letter carrier can pick them up as they make their daily deliveries. Delivering the mail and collecting tons of food items can be a bit of a balancing act, so each letter carrier is assigned a Heritage Club retiree, who drives along the route and picks up the food. A second group of volunteers at the post office sorts the food as it arrives and a third group prepares lunch for the entire crowd. Thanks to the efforts of employees and retirees, 18 monotainers—or around 18 tons—of food was collected in 2010.

In Prince Edward Island, Summerside residents were invited to put out non-perishable food items, which were collected by Canada Post employees and their families and donated to the Prince County Salvation Army. The food drive is a major fundraiser for the Salvation Army's food bank and soup kitchen.



Canada Post staff, and their family and friends in Estevan, Saskatchewan, during their October food drive.

In Saskatchewan, staff in two Canada Post offices held a friendly competition to see which site could collect the most donations. Employees in Weyburn picked up 3,500 pounds of food for the Salvation Army Food Bank. Staff in Estevan collected 6,200 pounds of food, which was delivered to the food bank operated by the Salvation Army in Estevan.

Food Banks continued



Canada Post relief letter carrier Dominique Fraser (right) during the Calgary, Alberta, food drive.

In Alberta, relief letter carrier Dominique Fraser organized a food drive in Calgary's South Deerfoot Depot. All donations went to the Inter-faith Food Bank.



Canada Post letter carrier Simon Grant (in the truck) hands bags of food to members of the Kelowna Community Food Bank during the 11th annual food drive.

In British Columbia, employees in Kelowna and their families and friends collected 22,000 pounds of food during their 11th annual food drive. The food was delivered to the Kelowna Food Bank and the West Kelowna Food Bank.

Canada Post staff from four Vancouver Island post offices also held food drives to restock the shelves of local food banks. In Lantzville, employees collected 560 pounds of food and



Canada Post staff in Parksville during their food drive.

\$200 for the Loaves and Fishes Food Bank, Nanoose Bay staff collected 500 pounds of food and \$300 for the Community Cupboard, and Parksville and Qualicum Beach employees picked up 7,443 pounds of food and \$1,205 for the local Salvation Army.

Not to be outdone, employees in Nanaimo held a food drive that collected 3,121 pounds of food and raised \$100 for the Loaves and Fishes Food Bank.



Our Environment

Priorities:

- ▶ **Greenhouse gas (GHG) emissions:** Achieving a 20-per-cent reduction in direct emissions from 2008 to 2020.
- ▶ **Green buildings:** Registering all major new Canada Post-owned building projects for LEED certification.
- ▶ **Landfill waste diversion:** Achieving a 65-per-cent diversion rate throughout our network.

Achievements:

- ▶ Reduced GHG emissions from our fleet by five per cent and our buildings by three per cent.
- ▶ Purchased 30 alternative vehicles, including the first all-electric Ford Transit Connects in Canada.
- ▶ Received Leadership in Energy and Environmental Design (LEED™) Silver certification for two of our buildings.
- ▶ Achieved a landfill diversion rate of 62 per cent throughout our network and 75 per cent at Head Office.

Challenges:

- ▶ Sourcing appropriate alternative-fuel technology that meets operational needs.
- ▶ Providing funding for energy-efficiency initiatives.
- ▶ Obtaining reliable data from all waste haulers and service providers.
- ▶ Encouraging employees and maintenance staff to further support our landfill diversion initiative.

Greenhouse Gas Emissions

In 2010, we reduced the overall greenhouse gas emissions from our fleet by approximately five per cent from 56.7 to 53.9 kilotonnes. This reduction was achieved mostly through a reduction in the total number of kilometres travelled and the amount of fuel used.

We also reduced energy consumption in our buildings by approximately five per cent, mostly through capital investments and a number of no-cost and low-cost energy efficiency measures.

Together, these efficiency gains in our buildings and fleet translated into savings of approximately \$3.5 million for the year.

GHG emissions compared to our 2002 baseline (kilotonnes)

	2010	2002	Change
Buildings ¹	97.1	120.4*	-19.34%
Fleet	53.9	54.5	-1.10%
Rural Delivery (RSMCs)	30.3	26.9	12.65%
Total	181.3	201.8*	-10.16%

¹ Covers approximately 76 per cent of the total square metreage of our real-estate portfolio. Excludes postmaster-managed buildings and some of our leased buildings where consumption data is not measured.

* Restated.

Progress toward our targets

Based on our restated numbers¹, we have already achieved our 2012 target. This target was for us to reduce emissions from owned buildings and vehicle fleet by 14 per cent from 2002 levels. In 2010, we reduced emissions to 151 kilotonnes from 174.9 kilotonnes in 2002.

Our long-term target is, by 2020, to have reduced emissions from planes, owned vehicle fleet and buildings by 20 per cent from 2008 levels. To date, we have reduced emissions to 197.7 kilotonnes from 207.9 kilotonnes in 2008. That's equivalent to a five-per-cent reduction.

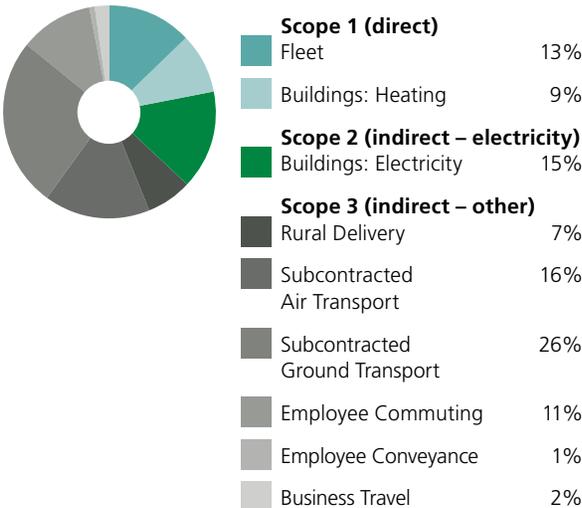
¹ Emissions from electricity consumption in 2002 was previously reported as 65.9 kilotonnes. It has been restated to 79.5.

Overall sector indicators, according to the International Post Corporation

	2010
Total CO ₂ in tonnes per \$1,000 CDN of revenue	0.0682
Total CO ₂ in grams per item	38.8

Includes all Scope 1, 2 and 3 emissions.

Greenhouse gas emissions by source



Greenhouse Gas Emissions continued

Changes to our reporting methodology:

In 2010, we made a number of changes to the way we calculate and report greenhouse gas emissions to improve the accuracy of our data and meet internationally-recognized best practices. Some of the most important changes include:

Scope 1:

▶ We will report emissions from DC-10s in Scope 3 instead of Scope 1, because they are owned by a third party and operated by one of our subsidiaries.

▶ We will include only the share of emissions from our head office that are attributable to Canada Post, because we share this building with other tenants.

Scope 2:

▶ Emissions from use of electricity will be calculated based on provincial conversion factors.

Scope 3:

▶ We will include an estimate for contracted urban delivery under Subcontracted ground transportation.

▶ DC-10 emissions will now be included in Scope 3.

To enable easier comparison with current emissions levels, we have restated a number of our previous years' results to include the adjustments noted above.

Emissions according to the Greenhouse Gas Protocol (kilotonnes)

	2010	2009	2008
Scope 1			
Fleet	53.9	56.7	58.9
Buildings: Heating	35.8	37.2	39.4
Scope 2			
Buildings: Electricity ²	61.4	62.7*	61.6*
Scope 3			
Planes (DC-10s)	46.6	45.4	16.0 ¹
Domestic Air Delivery-other (estimated)	1.4	NC	NC
International Outbound Air Delivery (estimated)	17.0	NC	NC
RSMCs (estimated)	30.3	29.5	29.0
Subcontracted ground transportation (estimated)	101.5	101.5*	101.5*
Business Travel	8.9	8.6*	10.5*
Employee commutes (estimated)	45.8	46.8	48.1
Employee conveyance ³ (estimated)	3.0	NC	NC

¹ Emissions from 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.

² Covers approximately 76 per cent of the total square metreage of our real-estate portfolio. Excludes postmaster-managed buildings and some of our leased buildings where consumption data is not measured.

³ Transportation of letter carriers by various modes of third-party transportation, such as taxis, to and from their routes.

* Restated.

NC: Not calculated.



Understanding the Environmental Impact of Mail

Everything we do, every day, has an impact on our environment. Paper and greenhouse gas emissions are the two separate environmental impacts that are most often identified when discussing the environmental impact of mail. At Canada Post, we understand that mail is an important service to Canadians and we are committed to reducing our environmental footprint.

Paper

When sourced in a responsible manner, paper can be a truly sustainable resource. The production of paper does require the use of energy and fibre, but it is important to note that bioenergy now constitutes more than 60 per cent of the total energy used by the forest industry in Canada. Also, less than one per cent of Canada's forests are harvested annually¹. In addition, 142.8 million hectares of Canada's forests have been certified as being sustainably managed by one or more of three globally-recognized certification standards. That's more third-party certified forest than any other country. Paper is also Canada's most recycled and reused product.

Greenhouse gas emissions

Greenhouse gas emissions associated with the processing and delivery of mail account for only approximately one tenth of one per cent² of a typical Canadian household's total emissions. To put that into perspective, an average daily commute to work emits more CO₂ emissions than the processing and delivery of 100 pieces of mail³. Using one tank of regular gas in a mid-sized car produces more emissions than the processing and delivery of 4,000 mail items⁴—more mail than the average Canadian household receives in four years.

¹ *Natural Resources Canada. The State of Canada's Forest.*

² *Environment Canada. Estimated direct and indirect household GHG emissions.*

³ *Fuel Consumption Rating, Natural Resources Canada, Office of Energy Efficiency – Assumptions: Mid-sized car, 2009 model average, one-way commute of 7.6 km (15.2 km roundtrip).*

⁴ *Based on 12.7 million households and a national total of 10.8 billion pieces, 2009 Canada Post Annual Report.*

The impact of mail in perspective

	2010
Share of Canada's overall greenhouse gas emissions* ¹	0.05%
CO ₂ e emissions per year per Canadian household from mail (tonnes)* ²	0.027
CO ₂ e emissions per capita per year from mail (tonnes)* ³	0.010
Share of total household waste and recycled material attributable to mail ⁴	3.2%

¹ *National emissions: Environment Canada, Canada's 2008 Greenhouse Gas Emissions Inventory.*

² *Number of households: Statistics Canada, 2006 Census.*

³ *Population: Statistics Canada, Population estimates and projections, 2010.*

⁴ *Household Waste: Statistics Canada, Human Activity and the Environment, 2005.*

* Includes all Scope 1, 2 and 3 emissions for Canada Post mail.

Marine Life: Sea Otter and Harbour Porpoise

On May 13, 2010, Canada Post and the Swedish Post jointly issued a pair of stamps that showcase two creatures found in both Canadian and Swedish coastal waters: the sea otter and the harbour porpoise.

The stamps played an important educational and environmental role in both countries by raising awareness about the abundance of marine life indigenous to Canada and Sweden, and the need to protect these creatures and the environment in which they live.



Greening Our Buildings

We are committed to ensuring that all major new Canada Post-owned building projects will be registered for Leadership in Energy and Environmental Design (LEED) certification. Greener buildings don't just benefit the environment. They also benefit our employees and our customers by providing safer and healthier workplaces.

In 2010, three building projects were registered for LEED certification giving a total of 14 registered building projects across the country; 11 of these were occupied by the end of the year. Eight LEED certification applications were submitted to the Canada Green Building Council by the end of 2010. The certification process was completed for two projects: the Woodstock Letter Carrier Depot and Hamilton West Letter Carrier Depot, which both received LEED silver certification from the Canada Green Building Council (CaGBC) in early January, 2011.

Real Estate Energy Performance

	2010	2009	2008
Electricity (kWh)	278,550,719	294,421,302	291,875,179
Natural Gas (Gigajoules)	635,899	660,943	688,017
Oil (Litres)	1,174,392	1,230,989	1,552,460
Square Metres	1,472,625	1,503,567*	1,493,080*
Electricity per Square Metre (kWh)	195.11	195.82*	195.49*
Gigajoules per Square Metres	1.20	1.22*	1.26*

Covers approximately 76 per cent of the total square metreage of our real-estate portfolio. Excludes postmaster-managed buildings and some of our leased buildings where consumption data is not measured.

* Restated

Regulatory Warnings and Halocarbon Releases

	2010	2009	2008
Regulatory Warnings/Complaints	4	3	7
Halocarbon Releases (number of releases/ozone-depleting potential)	x26/14.8 kg	x19/9.7 kg	x40/16.1 kg

LEED Buildings

	2010	2009	2008
Total number of registered building projects	14	11	8
Area of LEED-registered building projects (square metres)	57,336	47,660	—
Percentage of Total Square Metres Registered to LEED	3.1%	2.6%	—



The Woodstock Letter Carrier Depot building



The Hamilton West Letter Carrier Depot building

Greening Our Buildings continued



The Winnipeg Mail Processing Plant



Find out more about how we're greening our buildings

Our largest LEED-registered building project is the new state-of-the-art Mail Processing Plant in Winnipeg, which opened in June 2010. We anticipate that this 24,000 square-metre world-class postal facility will deliver energy savings of 40 per cent versus conventional buildings. During construction, 84 per cent of construction waste was diverted, redirected to appropriate sites or recycled, and 52 per cent of wood used was certified by the Forest Stewardship Council (FSC). The facility has a number of green features including:

- ▶ Water fixtures and fittings that use, on average, 41 per cent less water than conventional fixtures and fittings.
- ▶ Landscaping that uses only native and drought-tolerant plants to eliminate the need for irrigation.
- ▶ A ventilation-system design, filtration and other environmentally-responsive controls that deliver superior indoor-air quality.
- ▶ Skylights that run the full length of the building and introduce daylight into the operations area.

In 2011, we will remain committed to building for the future, investing in sustainability and ensuring that all major new Canada Post-owned building projects are registered for LEED certification.

High-Value Definitives: Blue Whale

On October 4, 2010, Canada Post issued a new high-value definitive stamp featuring the blue whale. Unique, because it is the biggest stamp and the highest stamp denomination Canada Post has ever produced, this issue raised awareness about the largest and one of the longest-lived mammals ever known to have existed: the blue whale.

The blue whale has been hunted by whalers for centuries. In 1966, the International Whaling Committee called attention to the need to protect the blue whales. Known for their grandeur, today only 10,000 to 25,000 of these graceful swimmers are believed to roam the world's oceans.



Greening Our Fleet

In 2010, we reduced greenhouse gas emissions from our vehicle fleet by five per cent compared to 2009. We also reduced fuel use and the number of kilometres driven. We purchased 30 alternative-fuelled Ford Transit Connect vehicles, 10 of which are fully electric. Our fleet now contains 10 natural gas, 14 electric, 19 propane and 26 hybrid vehicles. We replaced 870 vehicles in our fleet last year and, based on sustained funding approval, we plan to replace a further 3,200 vehicles over the next five years.

We began to introduce a new delivery model in 2010, which will see more letter carriers delivering mail using motor vehicles. Letter carriers will be able to act as full-service delivery agents and deliver regular mail items, as well as performing many of the tasks, such as delivering parcels and picking up mail from street letter boxes, that were done by other delivery personnel under the old delivery model.

The new model, along with natural network growth, will increase the size of our fleet. In spite of this significant increase, the gain in fuel efficiency and from consolidation of routes will contribute to minimize changes in overall greenhouse gas emissions from our fleet.

Fleet Performance¹

	2010	2009	2008
Litres of Fuel (in millions)	21.8	22.9	23.8
Number of Kilometres Travelled (in millions)	75.1	78.9	76.1
CO ₂ Emissions by Road Vehicles (in kilotonnes)	53.9	56.7	58.9
Total Number of Road Vehicles (in thousands)	7.3	7.0	7.0

¹ Canada Post-owned fleet (excluding RSMC vehicles)

Types of vehicles

	2010		2009		2008	
	Number of Vehicles	Litres of Fuel per 100 km	Number of Vehicles	Number of Vehicles	Number of Vehicles	Number of Vehicles
Cars – SUV Hybrid	35	8.0	32		30	
Fuel-Efficient Light Vehicles	1,177	13.2	2		2	
Light Vehicles (Vans)	1,153	26.1	1,688		1,720	
Right-Hand Drive (Light)	1,897	24.3	2,204		2,172	
Step Vans	2,667	31.6	2,686		2,680	
Medium Trucks	287	34.4	297		309	
Tractors	24	45.7	25		23	
Shunts – Yard Tractor	13	53.2	14		14	



Find out more about our new delivery model



Find out more about how we're greening our fleet

New Electric Vehicles

Last year, we took delivery of the first of 10 all-electric Ford Transit Connect commercial delivery vehicles—the first of their kind in Canada. Each of these vehicles is expected to reduce CO₂ emissions by three tonnes per year. The remaining nine Ford Transit Connect electric vehicles will begin delivering mail in 2011. We will also take delivery of a number of all-electric eStar™ step vans in 2011.

These electric vehicles are part of our environmental commitment to evaluate and proceed with alternate-fuel technologies—and deliver to our customers in an environmentally-responsible way.

Landfill Waste Diversion

Waste diversion

In 2010, we continued to work with our facility managers to gain a better understanding of recycling data calculations and measurements. Our facility managers undertook staff training on recycling to improve the level of awareness. We established a cost key performance indicator (KPI) to determine value for money per site and conducted a waste audit at our Gateway Mail Processing Plant to identify areas for improvement.

We increased our landfill diversion rate from 57 per cent in 2009 to 62 per cent last year. The measured volume of diverted waste also increased from 7,019 metric tonnes in 2009 to 13,807 metric tonnes in 2010.

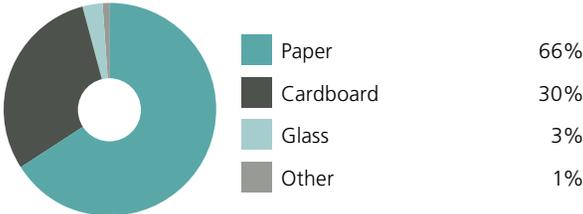
In 2011, we are aiming for a landfill diversion rate of 65 per cent. We will focus on education and, as employee awareness of and familiarity with our recycling programs increase, we expect contamination of recyclables to diminish and diversion rates to increase.

Recycling Summary

	2010
Landfill	8,339
Recycling	13,807
Total	22,146
Diversion%	62%

All measurements are in metric tonnes, as reported by facility management companies. 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.

Recycled material by category



Note: Not all regions reported a breakdown of recycled material by category. The percentages reflect the weight of material recycled, by type, in three of our seven regions. This represents approximately 40 per cent of the total reported volume.

Reducing paper use

As part of the continuing modernization of our IT infrastructure, throughout 2010 we replaced all 5,184 aging printers, faxes and copiers in 586 locations with 1,688 multi-function devices.

All of the new devices automatically incorporate double-sided printing and, now that all of our old printers faxes and copiers have been replaced, we anticipate a reduction in paper use of approximately 30 per cent in 2011.

Current data indicates a 10-per-cent reduction in paper consumption in 2010 compared with 2009 due to the fact that replacement of the devices continued throughout the year.

Paper use

	2010	2009	Change
Kilograms	439,611	489,621	-10.2%



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.

Standard Disclosures Part I: Profile Disclosures

1. Strategy and Analysis			
Profile Disclosure	Description	Page Number	Extent of Reporting
1.1	President's message	4	Full
1.2	Description of key impacts, risks and opportunities	12, 26, 38, 52	Full
2. Organizational Profile			
2.1	Name of the organization	7	Full
2.2	Primary brands, products and/or services	6	Full
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures	6, 7	Full
2.4	Location of organization's headquarters	6	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	7	Full
2.6	Nature of ownership and legal form	6	Full
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	7	Full
2.8	Scale of the reporting organization	6	Full
2.9	Significant changes during the reporting period regarding size, structure or ownership	11	Full
2.10	Awards received in the reporting period	3	Full
3. Report Parameters			
3.1	Reporting period (e.g. fiscal/calendar year) for information provided	10	Full
3.2	Date of most recent previous report (if any)	4	Full
3.3	Reporting cycle (annual, biennial, etc.)	10	Full
3.4	Contact point for questions regarding the report or its contents	67	Full
3.5	Process for defining report content	8, 9	Full
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	10	Full
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)	10	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	10, 11	Full

Global Reporting Initiative Listing continued

3. Report Parameters (continued)			
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	10, 11	Full
3.10	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) Response: Accident data for 2009 was restated based on the results of a partial audit; absenteeism data for 2008 and 2009 has been restated due to the inclusion of some forms of unpaid leave previously excluded; greenhouse gas emissions data has been restated as detailed on page 54; energy performance data for 2008 and 2009 was restated based on more accurate information related to the total square meters of buildings covered in the reported energy data.		Full
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	11	Full
3.12	Table identifying the location of the Standard Disclosures in the report	60-64	Full
3.13	Policy and current practice with regard to seeking external assurance for the report	11	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	8	Full
4.2	Indicate whether the Chair of the highest governance body is also an executive officer Response: The positions of Chairman of the Board of Directors and Chief Executive Officer are separate.		Full
4.3	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 Response: See Corporate Governance page on Canada Post website canadapost.ca/cpo/mc/aboutus/corporate/governance/default.jsf .		Full
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body Response: The Annual Public Meeting is the communication 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
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements), and the organization's performance (including social and environmental performance) Response: 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
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided Response: 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 whistle-blowing 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 Response: 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	8, 9	Full

Global Reporting Initiative Listing continued

4. Governance, Commitments and Engagement (continued)			
	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		
4.9	Response: See the Corporate Governance page on Canada Post website canadapost.ca/cpo/mc/aboutus/corporate/governance/default.jsf		Full
	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance		
4.10	Response: 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
	Explanation of whether and how the precautionary approach or principle is addressed by the organization		
4.11	Response: The Corporation has developed an Enterprise Risk Management Framework, which is presented to the Board twice a year.		Full
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or endorses		Full
	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		
4.13		53	Full
4.14	List of stakeholder groups engaged by the organization	8, 9	Full
4.15	Basis for identification and selection of stakeholders with whom to engage	8, 9	Full
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	8, 9	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	9	Full

Standard Disclosures Part II: Disclosures On Management Approach (DMAs)

G3 DMA	Description	Page Number	Extent of Reporting
DMA EC	Disclosure on Management Approach EC	4, 5, 13, 14	Partial
DMA EN	Disclosure on Management Approach EN	8, 9, 53	Full
DMA LA	Disclosure on Management Approach LA	8, 9, 20	Full
DMA HR	Disclosure on Management Approach HR	8, 9, 27	Partial
DMA SO	Disclosure on Management Approach SO	8, 9	Partial
DMA PR	Disclosure on Management Approach PR	8, 9	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	13, 14, 45	Full

Global Reporting Initiative Listing continued

Environmental				
EN1	Materials used by weight or volume		59	Partial
EN3	Direct energy consumption by primary energy source		56	Full
EN4	Indirect energy consumption by primary source		56	Full
EN5	Energy saved due to conservation and efficiency improvements		53	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		53	Full
EN7	Initiatives to reduce indirect energy consumption and reductions achieved		53	Partial
EN16	Total direct and indirect greenhouse gas emissions by weight		53	Full
EN17	Other relevant indirect greenhouse gas emissions by weight		54	Full
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved		54	Full
EN19	Emissions of ozone-depleting substances by weight		53, 54	Partial
EN20	NOx, SOx and other significant air emissions by type and weight		56	Partial
EN22	Total weight of waste by type and disposal method		56	Full
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation		59	Partial
	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations			
EN28	Response: In 2010, Canada Post did not receive any material fines or sanctions related 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		53-55	Full
Social: Labour Practices and Decent Work				
LA1	Total workforce by employment type, employment contract and region		6, 7, 20	Full
	Percentage of employees covered by collective bargaining agreements			
LA4	Response: 95 per cent of Canada Post's employees are covered by collective agreements.			Full
	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements			
LA5	Response: 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 <i>Canada Labour Code</i> .			Full
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region		28	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		33	Partial

Global Reporting Initiative Listing continued

Social: Human Rights				
HR4	Total number of incidents of discrimination and actions taken		35	Partial
	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			
HR5	Response: Canada Post operates solely within Canada and 95 per cent 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	Response: 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		35	Partial
Social: Society				
SO1	Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting		16, 17	Partial
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions, by country	Response: 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	Response: In 2010, Canada Post did not have any legal actions taken against it related to business practices.		Full
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Response: In 2010, Canada Post did not receive any material fines or sanctions related to non-compliance with laws and regulations.		Full
Social: Product Responsibility				
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction		15, 36	Full
PR6	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship		45	Partial
	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes			
PR7	Response: In 2010, 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		22	Full
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Response: In 2010, 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.

Collection points

see Pickup Points (Mail).

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).

Problem Incidence

Identifies the proportion of customers who have reported at least one problem in a pre-determined time period.

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.

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