



United Parcel Service Canada Ltd.

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Toll Free Consumer Phone line: (800) 737-5511	Ticker Symbol: UPS
President: Ronald Wallace	E-mail: info@ups.com
Employees Canada: 6,500	Employment world wide: 357,000
Ownership: a subsidiary	Founded In Canada: 1975
Percent ownership: United Parcel Service of America Inc.	100 %
Annual Revenue (millions): 29,771	
Banners: Mail Boxes Etc, UPS	
Operations: all provinces and territories	

Mississauga, Ontario-based United Parcel Service Canada Ltd. is a subsidiary of Atlanta, Georgia-based United Parcel Service Inc., the world's largest package delivery company and a leading global provider of specialized transportation and logistics services. The company was founded in 1907 to provide private messenger and delivery services in the Seattle, Washington area. UPS's Canadian division was established in 1975 in Ontario, and built up its infrastructure with the deregulation in 1987. The company delivers packages each business day for 1.8 million shipping customers to six million consignees. UPS operates more than 150,000 delivery vehicles and has 622 company-owned airplanes, rendering it the 11th largest airline in the world. There are 1,700 facilities worldwide. The parent company, United Parcel Service of America Inc. has \$29,771 million in revenue in 2000, up from 1999 revenues of \$27,052 million. Revenues for the Canadian company were not stated in 2005.

Equity and Family Issues

In 2005, UPS Inc., the parent company, had two women on its 13-member board of directors and one woman among 14 senior executives. Specific reference to women on the senior management or executive officers team in Canada wasn't provided.

Boardrooms and executive suites remain in the industry dominated by men. Shipping, piloting, and maintenance work as well as long distance trucking continue to be predominantly male trades.

Major Concern	Average	Strength
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Community Responsibilities

In 2005, the company declined to reveal its giving in Canada. The company is not pledged to the Imagine Canada program. In 2004 the parent company gave \$44.7 million globally.

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Several courier companies are less than forthright about details concerning their charitable donations and community relations practices. This lack of candor may reflect the absence of integrated programs to engage employees and support local communities. While companies espouse voluntarism, few match employee donations. Indeed, where data exists, the amount of employee and retiree donations (such as at Purolator and UPS) may at least double that of the employer. Only FedEx, Laidlaw and Trimac publish guidelines on their web-site about how to apply for grants or donations.

UPS consistently tops its sector in Fortune Magazine as the most admired corporation. The

company has many contacts with government. UPS Canada received \$11 million in subsidies to relocate a call centre to New Brunswick. In 2001, its parent sued the federal government for a NAFTA violation, claiming \$230 million in damages, alleging Canada Post's majority ownership of Purolator was a free-trade-violating subsidy. The argument was that a Crown corporation was using its monopoly on letter carriage to subsidize a courier in which it was a majority owner.

Progressive Staff Policies

UPS of America was criticized by unions and educators for a work program in Kentucky that had college scholarships tied to students working at UPS. No mention is made of whether the company provides full refunds for tuition and books.

Employee Relations

UPS employs 6,500 persons in 2005, up from 6,000 in 2000. The parent company employed over 350,000 people worldwide. These courier companies all operate across the Canada-U.S. border. They range in size from 2,000-3,500 Canadian-based workers at the low end to over 11,500 at Purolator.

Environmental Performance

In 1997, UPS won an award for its liquefied natural gas fuelling station at an Ontario facility. Over the last decade, the parent company reports over 20 independent environmental awards in the United States. In the past five years, UPS has declined to reveal the number and value of fines for environmental, health and safety violations. UPS reports over 20 awards, primarily in the United States. Where prosecutions are levied, like one for \$2,500. they typically are in the \$2,500-10,000 range.

In 1997, UPS of America was awarded the Clean Fuel Quarter Award by the San Bernadino County Association of Governments for its participation in alternative fuels programs and installation of CNG/liquified natural gas fueling station at an Ontario facility.

The parent company reports that it has received 7 Clean Air Awards since 1992, 13 Environmental/Ecological Awards since 1992 and 4 Quiet Airline Awards since 1991.

Environmental Management

No mention is made of when the UPS environmental policy was introduced or updated. Likewise mention about how training on the code is conducted in Canada isn't discussed.

With rising energy prices, technology that optimizes routing and reduces energy consumption assumes increasing importance. No transport company including UPS has described an a proactive, integrated, transportation energy management program, including fleet repair and maintenance, propane or hybrid-fuel conversion, and two-way (supply and recycle) haulage. Leadership is there for the taking.

Ethical Management Practices and Consumer Relations

UPS Canada has a Code of Business Conduct, entitled "Leading with Integrity", which was lntroduced in 1993 but apparently not updated since. In addition to that nine page Code of Business Conduct, translated into 13 languages, UPS has a business ethics questionnaire, and an annual compliance report and sign-off certification process.

The code covers issues such as: Customers, Suppliers, and Consultants; Fair Competition; Conflicts of Interest; Political Activities and Contributions; the UPS Workplace; Environmental Protection; Recordkeeping; Data Protection; Electronic Communication; Investments and Securities Trading; Protecting Assets; Transacting Transnational Business; Transportation Regulations and Asking Questions and Voicing Concerns. A copy isn't posted on the company's website as is the case at Fedex.

Sourcing and Trading

Landings, offices, and letter or package handling are common in repressive regimes like Egypt, Myanmar, and Libya, though not Cuba, which is on an American government embargo list. Courier



companies are active in China—FedEx uses an all out U.S. style aggressive approach versus UPS’s gradual approach there.

The parent company delivers packages to about 200 countries worldwide. There are more than 1,700 facilities worldwide. Recently, UPS announced additional flights into Thailand, and a joint venture with JetAir Ltd., India’s largest General Sales Agent, to provide international express delivery services in India.

UPS was awarded the right to fly directly to China from the United States, beginning six weekly flight segments to Shanghai and Beijing in April 2001. UPS Logistics Group will receive all of the four billion chips manufactured by National Semiconductor in Malaysia and Singapore over the next five years. UPS Logistics group’s global presence was increased through acquisitions of Latin America’s Comlasa and Computer Logistics Services, a leading service parts provider in Asia.

Corporate Governance

The posts of chair and CEO at United Parcel Service of America are held by one person. There are potential areas for improvement of governance. Executives are assessed on narrow economic performance criteria. There are no limits on consecutive terms for directors. More directors at UPS could be nominated individually, rather than by slate.



Candor

In 2001 and again in 2005, UPS Canada did not respond to the draft profile sent for review. Its candor however was not appreciably lower than its competitors who did respond, around 53%, because of more data on its corporate web-site and in the company’s community reports.

Canadian Content

The company is a wholly-owned subsidiary of its American parent, United Parcel Service of America Inc. The year 2000 was UPS’s first year as a public company. The American company’s outstanding class A common stock is about two-thirds owned by employees and retirees, and the remaining class A shares are owned by the founders and their families. These groups continue to own about 90% of the total outstanding shares and control about 99% of the voting power.

Notable Facts

UPS Canada charters its own fleet and has air-hubs at Mount Hope ON, Hamilton ON and Mirabel PQ airports and ground hubs in Concord ON, Lachine PQ, Winnipeg MB and Vancouver BC. The courier provides logistics services, including integrated supply chain management, for major companies worldwide. It claims to be the industry leader in the delivery of goods purchased over the Internet. Employees have owned a majority of United Parcel Service of America stock since 1929.

Sensitive Business Activities

Carriers like UPS Canada confirm that they will work for the Department of National Defence, as with any other client, but not likely would be transporting military goods. With appropriate controls, the company would be able to transport legal, products like pesticides, biological and chemical wastes, or cigarettes. Companies don’t readily answer questions about transport of sensitive products such as weapons, handguns or ammunition.

Rating Summary:

	A	B	C	D		A	B	C	D
EQUITY AND FAMILY ISSUES	F	1	F	F	ENVIRONMENTAL MANAGEMENT	E	2	E	E
COMMUNITY RESPONSIBILITIES	D+	1	E+	F+	MANAGEMENT PRACTICES	B-	1	D-	F+
PROGRESSIVE STAFF POLICIES	D-	2	D-	E+	SOURCING AND TRADING	F+	1	F	F+
EMPLOYEE RELATIONS	E	2	E	E-	CORPORATE GOVERNANCE	F	1	F+	E-
ENVIRONMENTAL PERFORMANCE	F+	1	F+	F					

A: Letter Grade this company B: Rank within sector C: Industry sector group average D: Corporate 1500 Database Average

Sector: courier services **Date Issued:** 2006-01-09 **Number Companies In This Sector:** 3

The above independent assessment is accurate to the best of EthicScan Canada's knowledge. It includes information from the company, unions, advocacy groups, shareholder rights advocates and others. The company had two opportunities to comment upon the research underlying these reports. The grading scheme is described in detail at <www.ethicscan.ca>.

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