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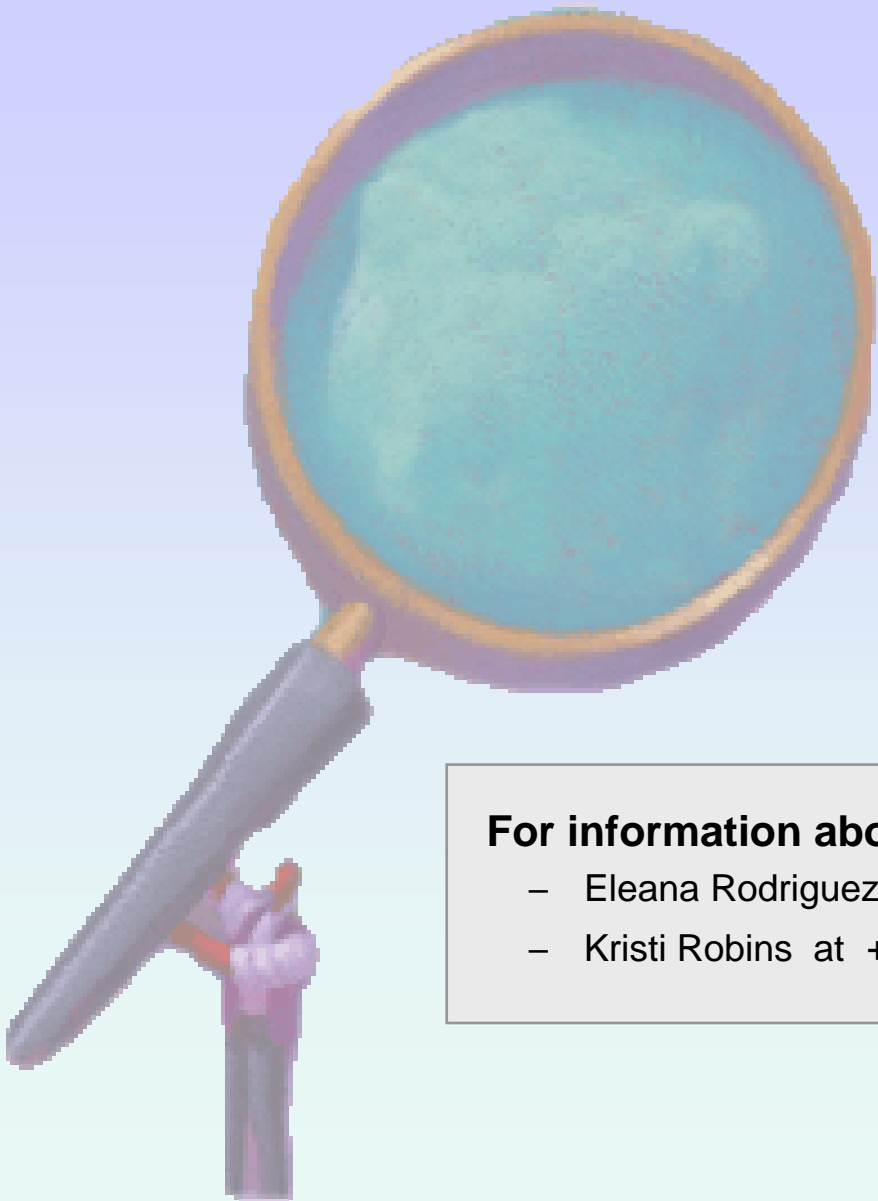
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Mercer SnapShot Survey Gas Price Impact Survey – Canadian Report

September 2008


Table of contents



Survey overview and top themes	3
Detailed Canadian survey findings	7
Canadian participant profile	18
Canadian participant list	21

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Survey overview and top themes



Survey overview

Organizations are struggling with how best to support their workforce in light of rising commuting costs from gas price increases. On the one hand, employers are concerned with attraction and retention, and want to alleviate the impact higher gasoline prices could have on employees deciding to change jobs to shorten or eliminate commutes. On the other hand, however, employers also are asking themselves how long they will be able to make accommodations, about the precedents they would be setting and whether environmental consciousness should become part of their employment value proposition.

This survey investigates what actions, if any, organizations are taking to help employees deal with higher gas prices.

The survey was conducted in the United States and Canada. A total of 367 Canadian firms participated (the complete list can be found on page 19 and 20). These firms covered a wide range of industries, sizes and revenues:

- **Industry** – About 20 different industries are represented. Those representing over 5% of the population include: Manufacturing-Consumer/Durable goods, Retail/Wholesale, Energy/Mining, Not-for-profit, Government, Insurance, Technology/Computer services-software, Finance/Banking, Chemicals/Pharmaceutical/Biotech, Transportation and Professional/Business services
- **Number of employees** – 57% of firms have under 1,000 employees, 28% have 1,000 to 4,999 employees, 10% have 5,000 to 19,999 employees and the remainder have more than 20,000 employees
- **2007 revenues (USD)** – 62% of firms have less than \$500 million in revenue, 24% have between \$500 million and \$5 billion in revenue, and 9% have over \$5 billion in revenue. 5% of firms did not disclose their revenue



Top survey themes Canada

- Half of Canadian companies indicate their employees have requested assistance to ease the burden of rising gas prices – the most common request is for increased mileage reimbursement for business travel
- Half of Canadian firms indicated the average commute for their employees is between 11 – 40 kilometers
- Firms are finding innovative, low-cost and environmentally friendly ways to help employees manage the escalating costs of their work commutes. The most prevalent action firms have made (or are planning to make) to help mitigate the gas price impact on employees are:
 - Increasing mileage reimbursement amounts for business-related travel
 - Increasing the use of both teleconferencing and video conferencing in place of attending live meetings
 - Implementing flexible work schedules
 - Allowing increased telecommuting from home
 - Allowing employees to work from satellite office locations
 - Increasing car allowance amount
 - Organizing ride-sharing or car-pooling programs



Top survey themes, cont'd Canada

- These actions are generally offered to a broad range of employees, and employees who incur non-commuting, business-related expenses
- Before taking any actions many firms consider competitor trends, employee views/opinions and cost impacts
- For most firms, 2008 salary budgets and/or increases have not been impacted by higher commuting costs, and most acknowledge no impact on 2009 expected increases as well. This demonstrates that adopting the programs mentioned above are more practical than raising salaries to cover rising commuting costs from gas price increases



Detailed survey findings

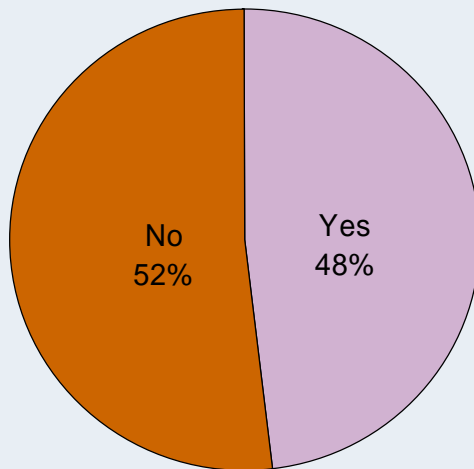


Canadian employee requests for assistance

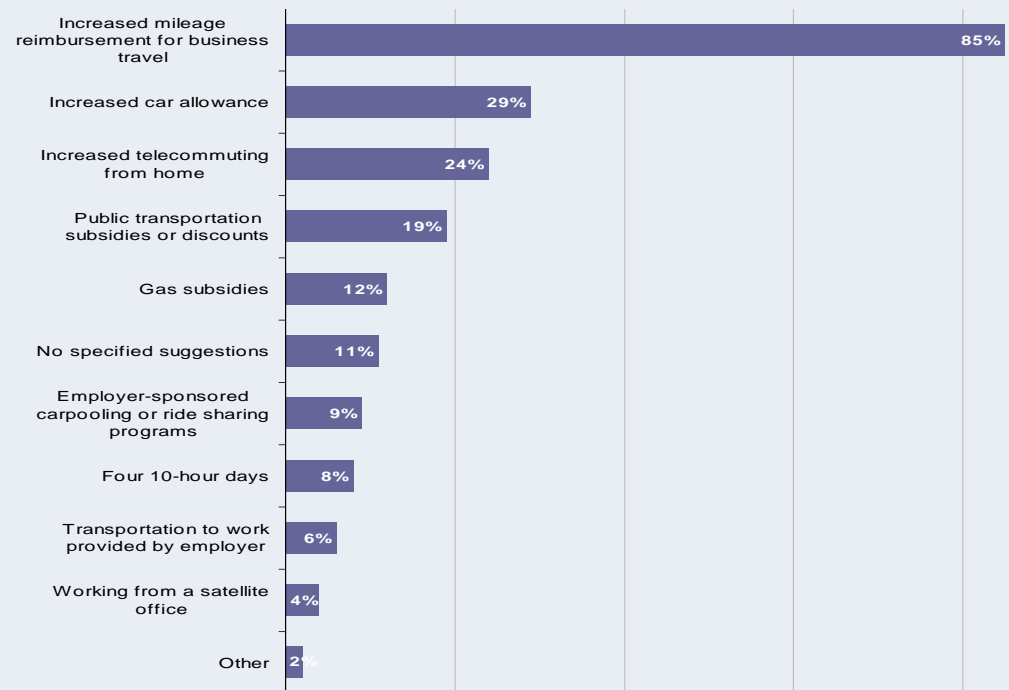
Half of Canadian companies indicate their employees have requested assistance to ease the burden of rising gas prices

- Most common request among Canadian firms is increased mileage reimbursement for business travel (85%)
- In contrast, the most common request among US firms is for four 10-hour days

Portion of employees requesting assistance to ease burden of rising gas prices
(% of firms)
N=367



Type of requests made (% of firms) N=177



Questions:

1. Have employees asked for assistance from your company to ease the burden of rising gas prices?
 - 1a. What have they specifically requested? (check all that apply)

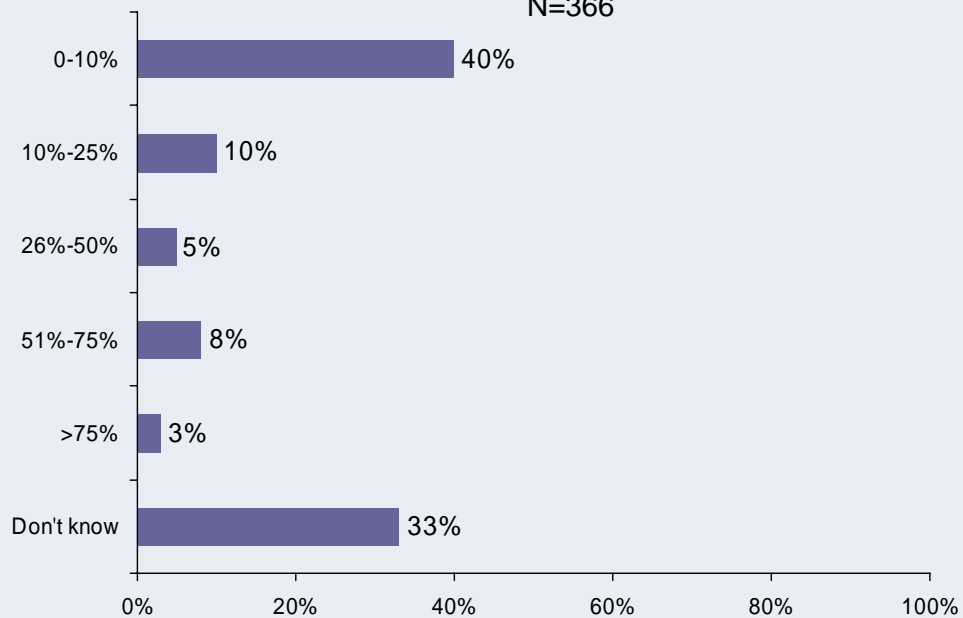


Canadian employee commuting characteristics

- 40% of Canadian firms indicated up to 10% of their employees utilize public transportation
- 48% of Canadian firms indicated the average commute for their employees is between 11 – 40 kilometers

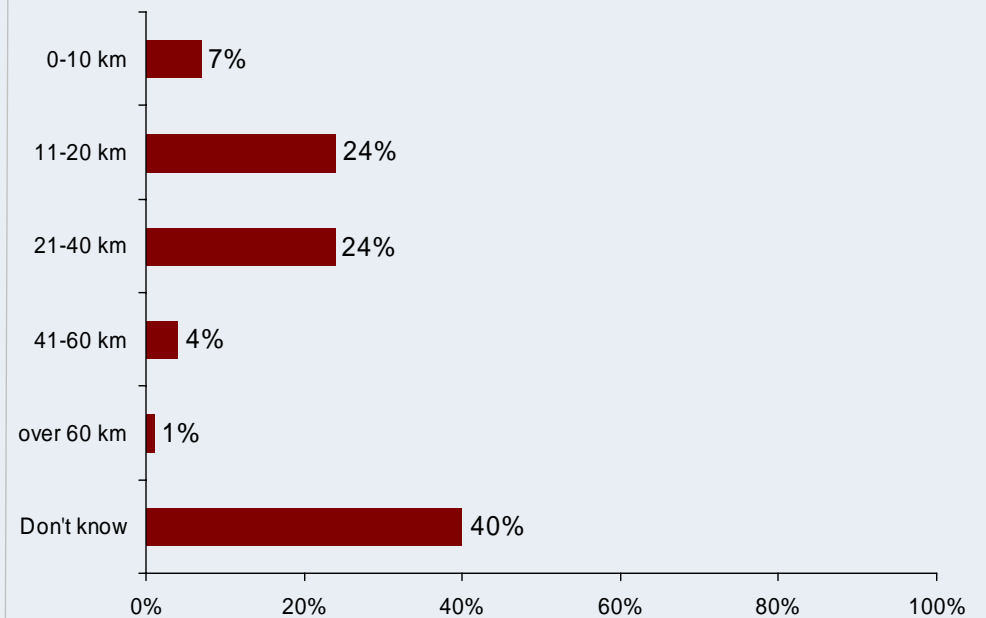
Percent of employees taking public transportation

(% of firms)
N=366



Average employee commute distance (% of firms)

N=365



Questions:

2. What percent of employees take public transportation?
3. What is your employees' average commute?

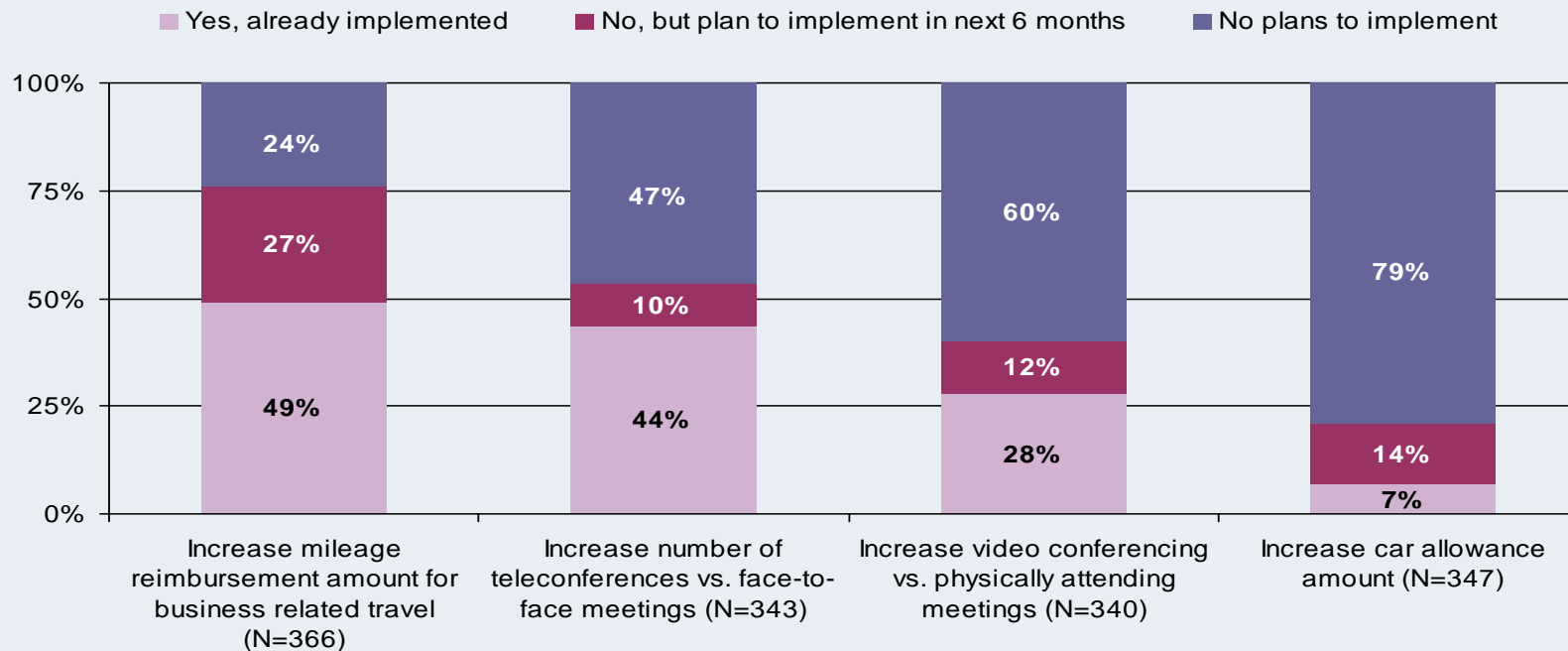


Canadian initiatives to mitigate gas price impacts

76% of Canadian firms have increased, or are planning to increase, mileage reimbursement amounts for business-related travel

- Additionally, 40 - 54% of firms have increased (or are planning to increase) both teleconferencing and video conferencing in place of attending live meetings
- Few Canadian firms have increased car allowance amounts

Initiatives firms are **INCREASING** due to higher gas prices (% of firms)



Question:

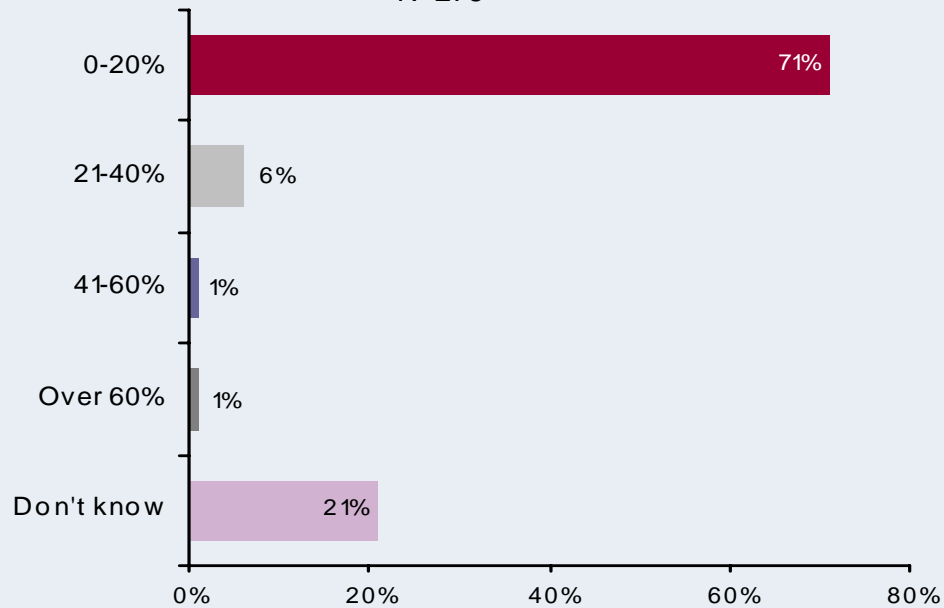
4. Has your company taken any of the following initiatives to mitigate the impact of higher gas prices on your employees?



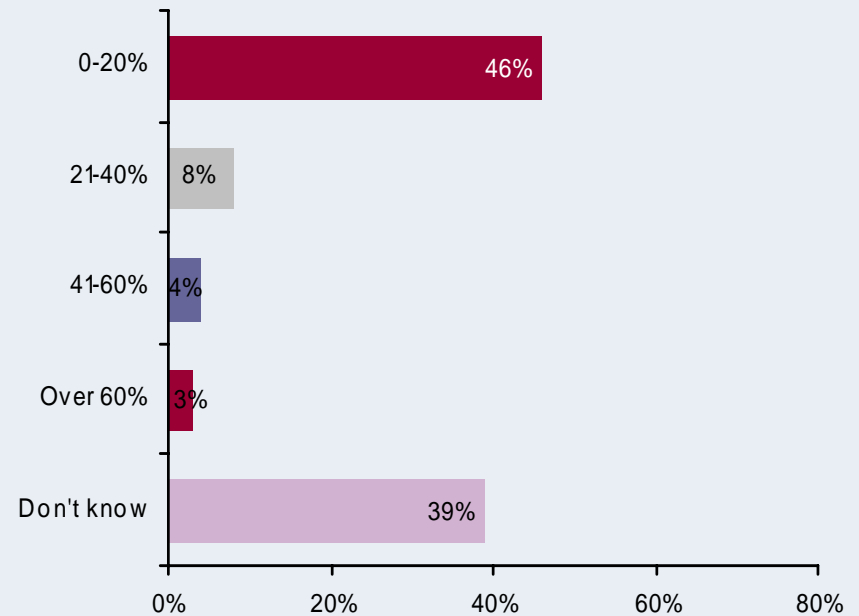
Magnitude of Canadian increases to business travel expenses and car allowances

- Among firms increasing mileage reimbursement for business travel, the majority (71%) are providing increases of up to 20%
- A similar trend exists for the few firms that are increasing car allowances

Percentage increase in mileage reimbursement for business related travel
(% of firms)
N=278



Percentage increase in car allowances
(% of firms)
N=74



Question:

5. If you increased or plan to increase the following provisions due to higher gas prices, what is the percentage increase?

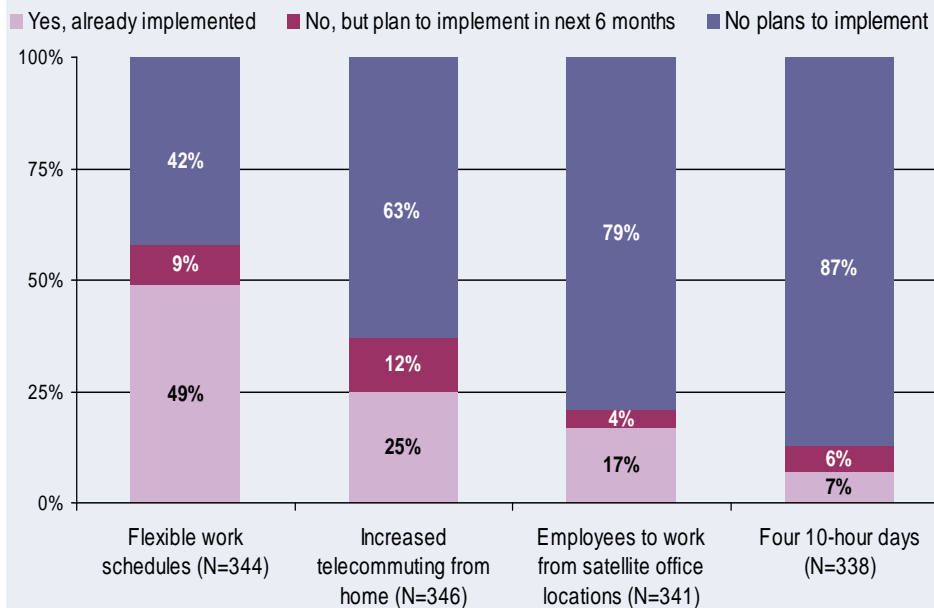


Canadian initiatives to mitigate gas price impacts

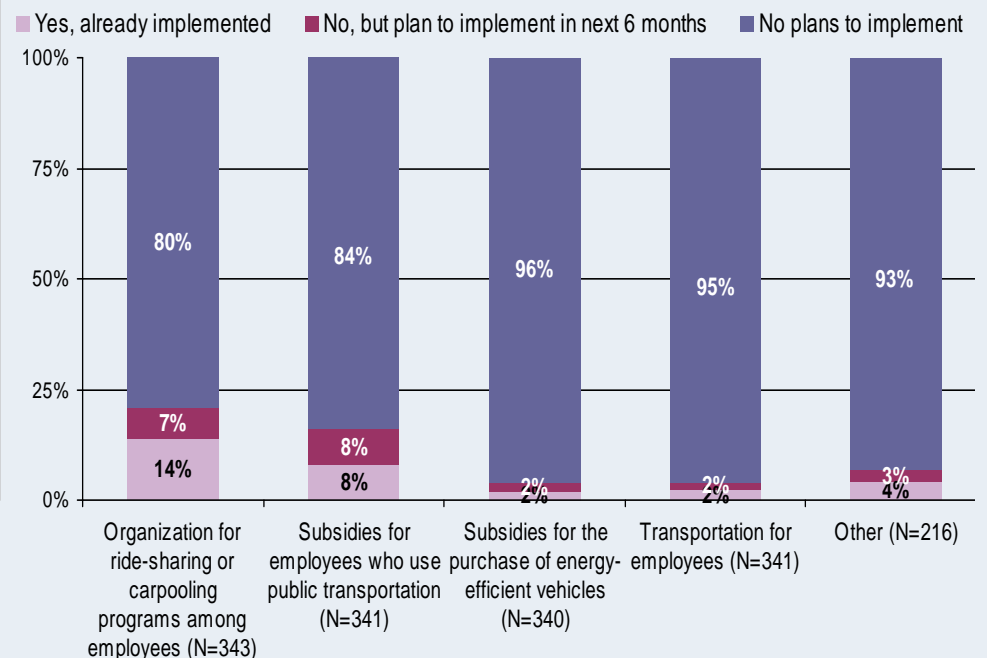
Firms are finding innovative, low-cost and environmentally friendly ways to help employees manage the escalating costs of their work commutes

- The most popular action Canadian employers have implemented (or are planning to implement) are flexible work schedules
- This is followed by increased telecommuting, employees working from satellite office locations and the organization of ride-sharing or car-pooling programs
- To encourage ride-sharing, some companies offer special parking privileges for carpooling, company-funded vanpools, and van services from bus and train stations

Initiatives firms are ALLOWING due to higher gas prices (% of firms)



Initiatives firms are PROVIDING due to higher gas prices (% of firms)



Question:

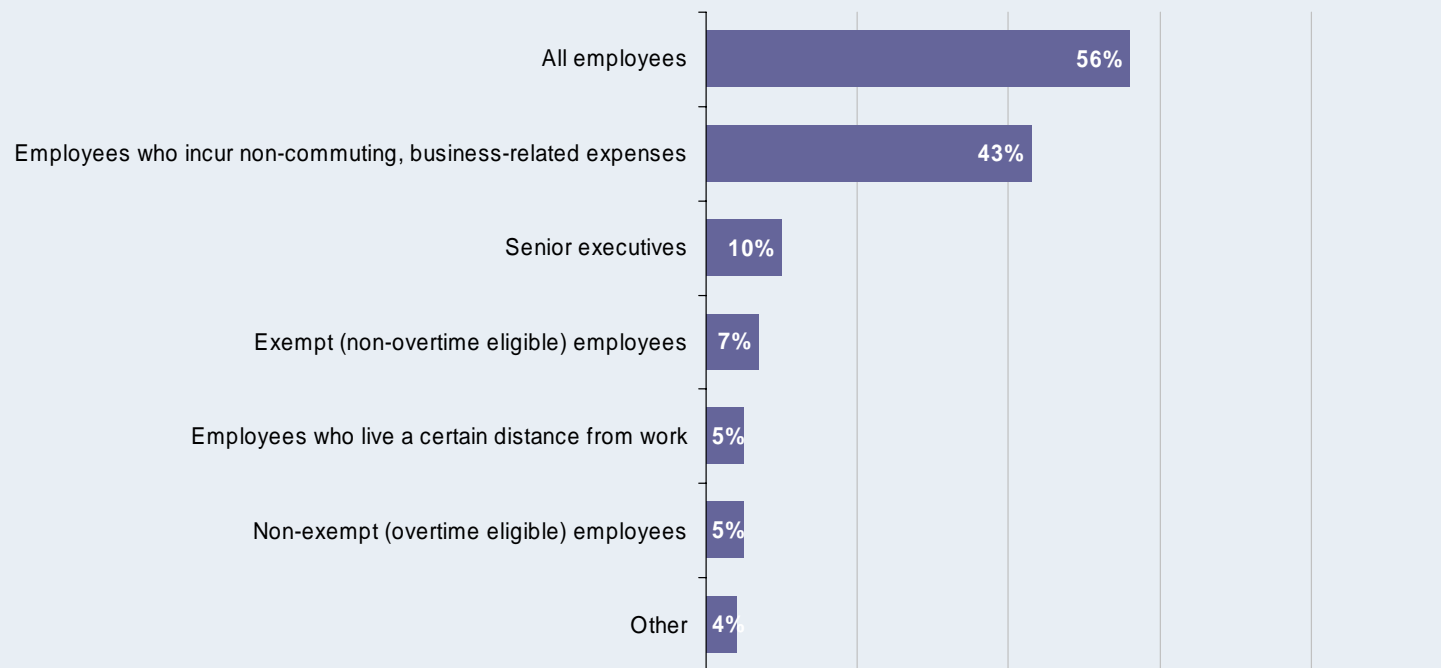
4. Has your company taken any of the following initiatives to mitigate the impact of higher gas prices on your employees?



Canadian employee groups being offered initiatives

- The majority of Canadian firms offer these initiatives to all employees (56%), and to those who incur non-commuting, business-related expenses (43%)
- The trend is less selective in the US, where the previously mentioned initiatives are offered to a broad employee group

Employee groups to which initiatives are offered (% of firms)
N=287



Question:

7. To which employee groups are these initiatives being offered?



Factors Canadian companies consider in deciding what actions to take

- Before taking action to mitigate the impact of high gas prices on employees, the majority of Canadian firms (69%) consider competitor trends, and approximately 35% - 45% of firms consider employee views/opinions and cost impact



Question:

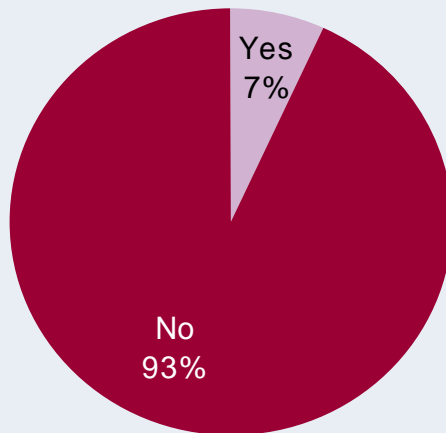
6. How is your company deciding what actions to take?



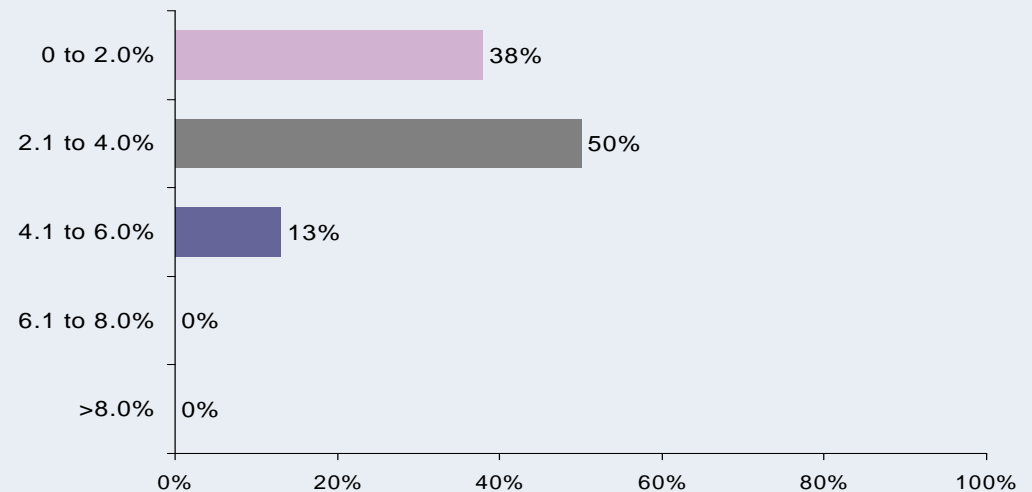
Effects on Canadian 2008 salary budgets/increases due to higher commuting costs

- For most Canadian firms, salary and budget increases have not been impacted by higher commuting costs, suggesting that adopting programs like flexible work schedules, telecommuting, video conferencing and carpool assistance are more practical than raising salaries to cover higher gasoline costs
- For the few firms (24) that have increased salaries and/or budgets, the majority (50%) implemented modest increases (e.g., 2.1 – 4%), while one-third increased by up to 2%

Increasing salary budget or ad hoc increases due to higher commuting cost (% of firms)
N=367



Percentage of increases (% of firms)
N=24



Question:

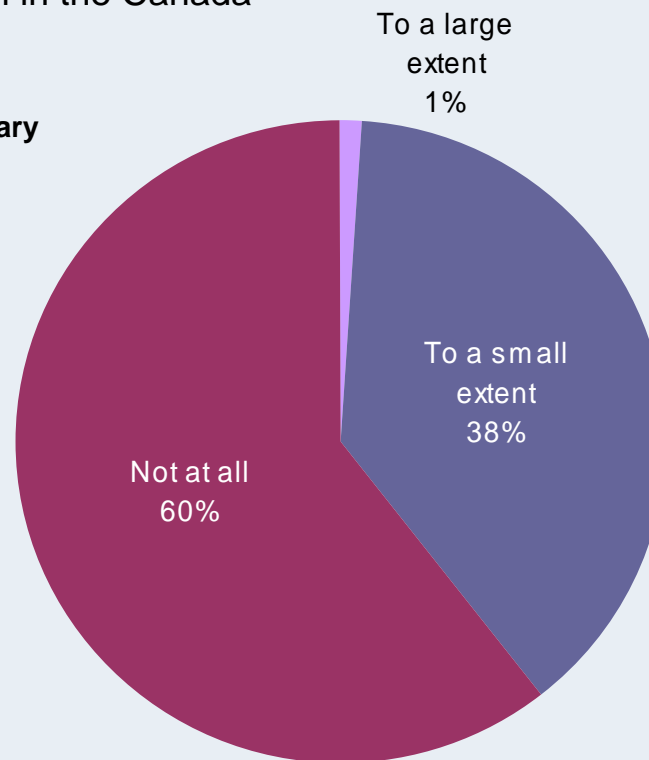
8. Have higher commuting costs prompted your company to increase its 2008 salary budget or consider ad hoc increases?



Effects on Canadian 2009 salary increases due to higher commuting costs

- 60% of Canadian firms responded that higher commuting costs will have no impact on 2009 salary actions, while one-third of Canadian firms indicated a small effect
- Impact in US is expected to be greater than in the Canada

Extent of higher commuting cost on 2009 salary actions (% of firms)
N=359



Question:

9. As you look ahead to your 2009 compensation budget, will higher commuting costs play a part in how much you anticipate increasing base salary?



Mercer's Human Resources Policies & Practices Database

- For more information on Automobile Benefits and Kilometer Reimbursement Policies, consider participating in Mercer's Human Resources Policies & Practices Database (PLC)

- PLC is a rolling database that gives participants year-long, continuous access to comprehensive HR policies and practices benchmarks. With a constantly growing database, you can be assured that you are getting the most current market data on compensation practices, employee benefits, pay premiums, hiring rates, vacation policy, work environment, incentive plans, and much more. Returning participants save time because their previous year's answers are pre-populated in the confidential PLC on-line survey tool

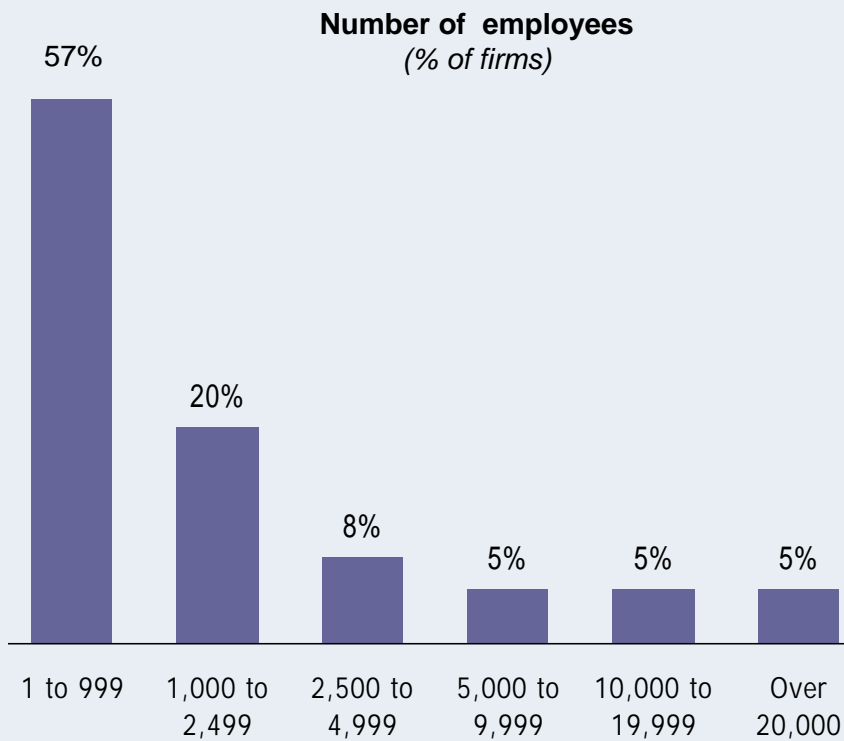
- For more information, please visit the Mercer's Human Resources Policies & Practices Database website:
 - Participants from Canada may visit imercer.ca/policies
 - Participants from US may visit imercer.com/policies

A hand holding a magnifying glass over a globe. The magnifying glass has a blue handle and a gold rim. The globe is blue and white, representing Earth. The text "Participant profile" and "Canadian firms" is overlaid on the globe.

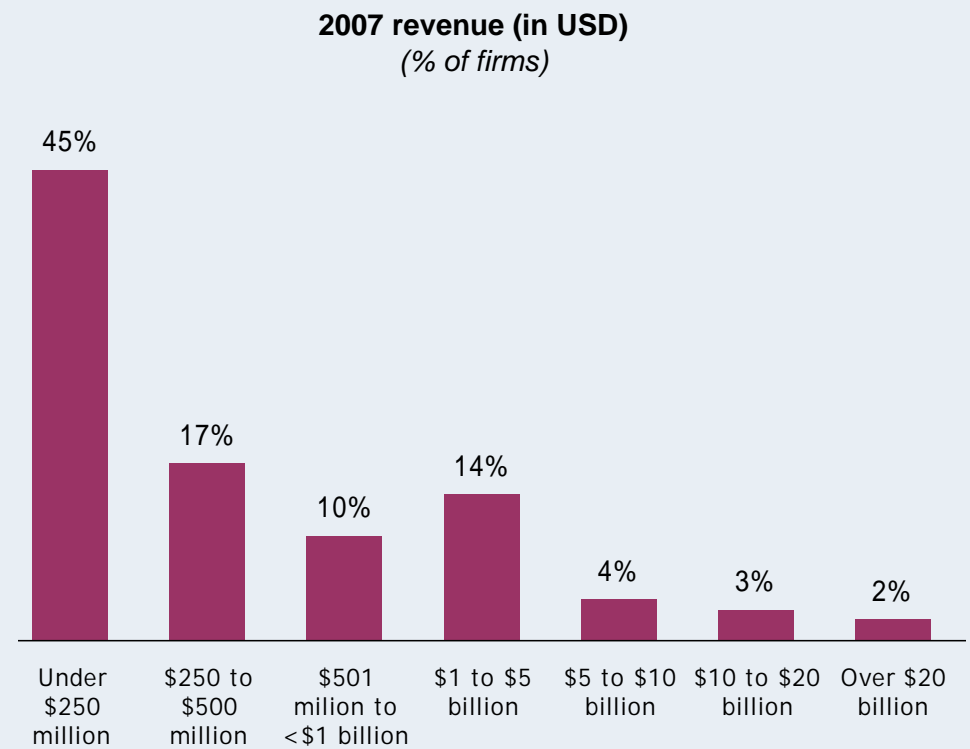
Participant profile
Canadian firms



Profile of participants – Canada Number of employees and revenue



N=367

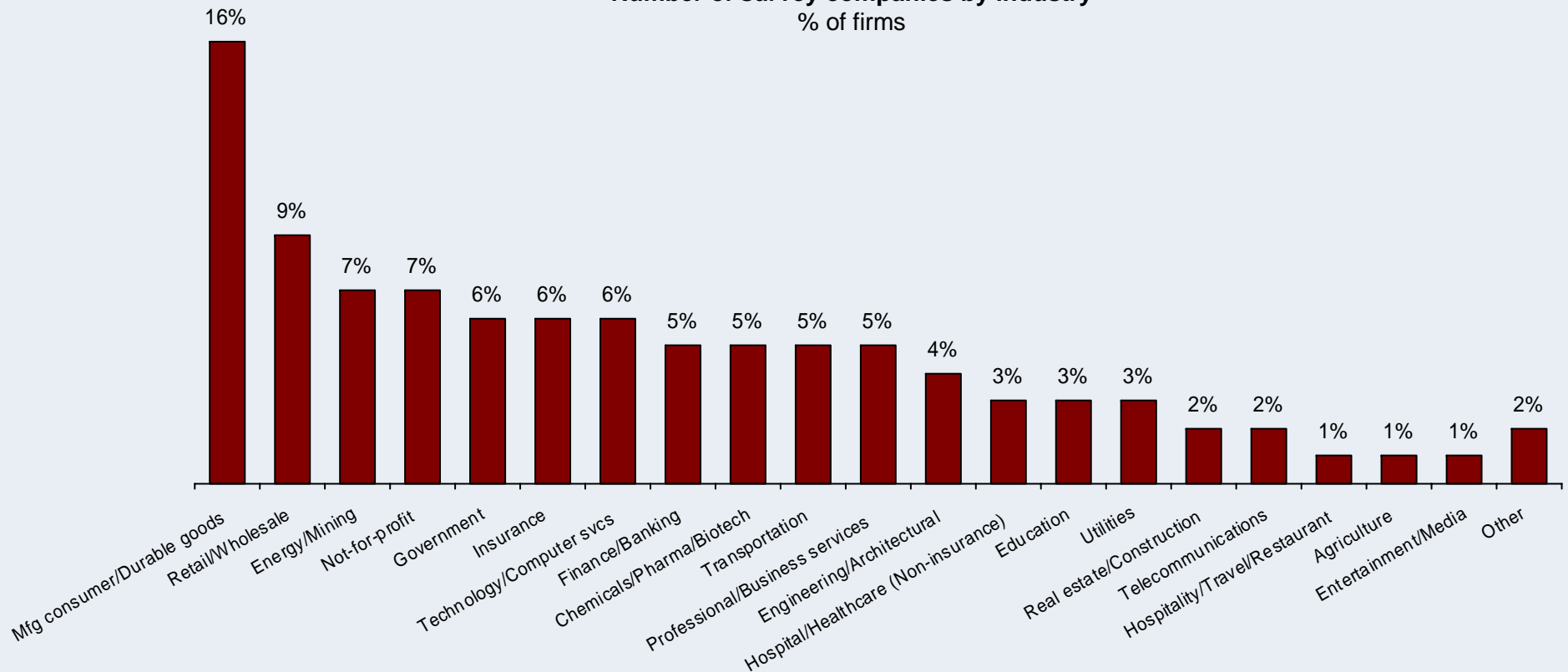


N=367



Profile of participants – Canada Industries

Number of survey companies by industry
% of firms



N=367



Participant list Canadian firms

20 VIC Management Inc.
Abbott Point of Care
ABSA
ACE INA Insurance
ACI Worldwide (Canada) Inc.
ADP Canada
ADP Dealer Services
AEGON Canada Inc
Air Canada
Air Liquide Canada
Ajilon
Aker Solutions
Albert College
Alberta Envirofuels Inc.
Alfagomma Industrial S.p.A.
Alpha Group
AltaGas Utilities Inc.
Anderson Energy Ltd.
Apex Industries Inc.
Apotex Inc.
Apple Canada Inc.
ARISE Technologies Corporation
Arkema Canada Inc.
ATB Financial
ATCO Power
Autoliv Electronics Canada
Aviva Canada
Bata Limited
Baxter Corporation
BC Children's Hospital Foundation
BC Hydro
BCIT
Bechtel Canada Co.
Bell Canada
Bio-Rad Laboratories
Bj Services
Black & Decker Canada Inc
Black Photo Corporation
BMROSS
Boardwalk Rental Communities
Boart Longyear
Boehringer Ingelheim Canada Ltd.
Brewers' Distributor Ltd.
Brighton Beach Power
Brink's Canada Limited
Brookfield Properties Ltd.
Business Council of B.C.
C.W. Carry Ltd.
CAA North & East Ontario
CAA South Central Ontario
CAAT Pension Plan

Calgary Airport Authority, The
Calgary Board of Education
Calgary Health Region
Campbell Company of Canada
Canada Colors and Chemicals Limited
Canada Health Infoway
Canada Post
Canadelle
Canadian Bankers Association
Canadian Forest Products Ltd.
Canadian Health Services Research Foundation
Canadian Medical Association Holdings Incorporated
Canadian Medical Protective Association
Canadian Pacific
Canadian Tire Financial Services
Canadian Western Bank
Canadian Forest Oil Ltd
Canfor Pulp limited Partnership
Canwest
Capilano University
CapitalCare
Carlton Cards Limited
CCS Corporation
CDL Systems Ltd.
CDS Clearing and Depository Services Inc.
CE Franklin Ltd
CFPC
CGI Group Inc.
Chevron Canada Limited
Chubb Insurance
CIBC Mellon
Cintas Canada Limited
Cirque du Soleil
City of Burlington
City of Guelph
City of London
City of Ottawa
City of Richmond
City of St. John's
Clearwater Seafoods
CN
Coca Cola
Cognis Oleochemicals Canada Limited
Colgate-Palmolive Canada Inc.
Community Foundation of Ottawa
Compass Group Canada
Computer Sciences Canada Inc.
Consider Metal marketing
Corporate Express
County of Lennox & Addington
Court Holdings Ltd.

Cowan Insurance
CP
CPI Canada Inc.
Credit Union Central of Manitoba
Calgary Health Region
CROWN Metal Packaging Canada LP
CSA
CSC
CWB Group Industry Services
Danone Inc.
Decommissioning Consulting Services Limited
Derrick Concrete Cutting & Construction Ltd.
District of West Vancouver
DMI - Peace River Pulp Division
Dominion Colour Corporation
DP World Canada
Ducks Unlimited Canada
E. I du Pont Canada Company
Eastern Construction Company Limited
EastLink
Eaton Corporation
EDS Canada Inc.
eFunds Canada Corporation
Elk Valley Coal Corporation
EMD Serono Canada
ENABIL Solutions Ltd.
Enerflex Systems Ltd
Energy Resources Conservation Board
Enerplus Resources Fund
EPCOR Utilities Inc.
Equitable Life of Canada
ESI Canada
Estee Lauder
Evonik RohMax Canada Inc.
Farallon Resources
Federated Cooperatives
Federated Insurance Company of Canada
FedEx Express Canada
First Calgary Savings
Fluor Canada Ltd.
Ford
Form & Build Supply Inc.
FortisAlberta
FortisBC Inc
Fortune Energy Inc.
FPInnovations Paprican Division
Frito Lay Canada
Fugro Airborne Surveys
Gamma-Dynacare
Gap Inc, The
General Mills Canada

Genpharm ULC
Genworth Financial Canada
Getronics Canada Inc
Global Reinsurance Company
Golder Associates Ltd.
Goodrich Landing Gear
Grand & Toy
Great Canadian Gaming Corporation
Groupelement des Assureurs Automobiles
Growmark Inc.
Halcrow Yolles
Halifax Dartmouth Bridge Commission
Halifax International Airport Authority
Halifax Regional Municipality
Hamilton Port Authority
Hershey Canada
Holt Renfrew Ltd.
HSBC Bank
Hudson's Bay Company
Husky Injection Molding Systems
Hydro Ottawa Ltd.
Hydro-Québec
IBM Canada Ltd.
ICBC
IFDS Canada
IKON Office Solutions Inc.
Import Tool Corp.
Industrial Alliance, Insurance and Financial Services inc.
Innovapost
InterfaceFLOR Canada Inc.
Investment Industry Regulatory Organization of Canada
IPEX Inc
ITT Water & Wastewater
Keane Canada
Kellogg Canada Inc.
Kennametal Ltd
Keyera Energy Management Ltd.
KFL&A Public Health
Kinder Morgan Canada
La Senza
Law Society of Upper Canada
Lawson Lundell LLP
LCBO
LifeLabs
Liftow Limited
Liz Claiborne Canada
Loblaw Companies Limited
Lockheed Martin Canada
Lowe's Companies Canada, ULC
Lumec
Maestro Group

Makita Canada Inc.
Mancal Corporation
Maple Leaf Foods Inc.
Marine Atlantic Inc.
Mark's Work Wearhouse
MasterCard Canada
McCormick Canada
McCormick Rankin Corporation
MDA
Medicine Hat Lodge Resort Casino Spa
Meridian Lightweight Technologies Inc
Messier-Dowty
MetLife Canada
Metro Canada Logistics
Metro Inc
Metro Vancouver
Michelin North America (Canada) Inc.
Microsoft Canada
Mitten Inc
Monarch Industries
MSVU
MTS Allstream Inc.
Munich Life Management Corporation
Myron Smarter Business Gifts ULC
NAIT
NAL Resources
National Bank of Canada
National Energy Board
NAV Canada
Navistar Canada, Inc.
NB Power Holding Company
Nestle Canada Inc.
Newalta Corporation
Newell Rubbermaid
Nike Bauer Hockey
Northern Lights College
Novocol Pharmaceutical of Canada
NuVista Energy
Omega Tool Corp.
Ontario Power Generation
Ontario Teachers' Pension Plan
Onyx Construction
OSI Geospatial Inc.
Oxford Properties Group
Pacific & Western Bank of Canada
Panasonic Canada Inc.
Parker Hannifin Canada
Peinture SICO Inc.
Pembina Pipeline Corporation
Penn West Petroleum Ltd.
Perth & Smiths Falls District Hospital



Participant list Canadian firms (cont'd)

Petersen Pontiac Buick GMC Alta Inc
Pfizer Canada Inc.
Pharmasave Drugs (National) Ltd.
PHH
Pioneer - A Dupont Company
Practice Solutions Software
Primus.
Prince Rupert Grain Ltd.
Procter & Gamble
Propak Systems Ltd
Providence Healthcare
Provident Energy Ltd.
Psion Teklogix Inc.
PTAC Petroleum Technology Alliance Canada
Public Service Commission of Nova Scotia
Quebecor Media inc.
QuickPlay Media Inc.
Quixtar Canada Corporation
R.V. Anderson Associates Limited
RB&W Manufacturing LLC
RCPSC
Regent Resources Ltd.
Region of Halton
Region of Waterloo
Reitmans Canada
Research in Motion
RGO Office Products
Rheem Canada Ltd./ Ltee
RJ Engineering Ltd
RMT Robotics Ltd.
Roche Diagnostics
Rogers Communications Inc.
Rona inc
Rotork Controls (Canada) Ltd.
Russel Metal Inc.
Sandoz Canada
Sanofi-aventis Canada Inc.
Schneider Electric
Seaspan International Ltd.
Seaspan Ship Management Ltd.
secrétariat du conseil du trésor
Shaw Canada
Shoppers Drug Mart
Siemens Milltronics
Sleeman Breweries Ltd.
SNC-Lavalin
Societe General Corporate Investment Banking
Sonoco Canada Corporation
Sony of Canada Ltd.
Spherion
St. Joseph's Health Care, London
Standard Life
Stanley Canada
strathcona county
Sun Life
Sun Microsystems
Sun-Rype Products Ltd.
Swiss Re Life & Health Canada
Sykes Assistance Services Corporation
Sympatico/Msn
Syncrude Canada Ltd.
Tarion
Teck Cominco Limited
TELUS
Tenaris
Teva Neuroscience
The Brick Group
The Canadian Chamber of Commerce
The Co-operators
The CUMIS Group
The Dominion of Canada General Insurance Company
The Forzani Group Ltd.
The Home Depot Canada
The Navigators of Canada
The Salvation Army
The Source By Circuit City
The TDL Group Corp.
TMX Group
Toshiba of Canada Limited
Town of East Gwillimbury
Town of Markham
Township of Clearview
Toyota Canada Inc.
TOYS R US
Transcontinental inc
Trillium Health Centre
TSI Terminal Systems Inc.
TSSA
TU Group
TVB.ca
UHN
Ultramar
Unisys Canada Inc.
United Farmers of Alberta Co-operative
Univar Canada Ltd.
Universal Music Canada Inc.
University of British Columbia
University of Western Ontario
VanCity Credit Union
Viking Pump Canada
Vincor Canada
VON Canada
Weir Canada Inc
Winners Merchants International L.P.
Wolseley Canada
WorleyParsons MEG
Xerox Canada Limited
Yukon Government
Yum! Restaurants International (Canada) LP
Zargon Energy Trust
Zircatec Precision Industries Inc
Zurich Canada