

MP Kelly McCauley

- **What is preventing CPC from reaching financial sustainability? What is CPC doing to generate more revenue in high-profit areas? (Ad mail, addressed mail, etc.)**

To address the magnitude and significance of recurring financial losses over the past four years, the Corporation is moving forward with a plan to build capacity, improve service and support small businesses, while investing in our people and protecting the environment. We are also investing to support innovation and grow the business, and are pursuing improved efficiency, productivity and cost competitiveness in our operations.

Canada Post is helping Canadians stay connected through the mail, and helping local businesses connect with existing and potential customers with advertising, offers and promotions. Among our initiatives in 2021:

- Changes that made the Canada Post Neighbourhood Mail™ service more accessible and easier to use for businesses by allowing them to convert postal codes into routes to target with their marketing campaigns.
- Improvements made in 2021 to our Precision Targeter™ tool will make it simpler for businesses to plan and execute direct marketing campaigns. We plan to launch the upgrades in 2022.
- The Canadian Giftbook catalogue shared holiday offers from about 200 retailers with 850,000 Canadian households.
- The Secrets of Direct Mail virtual event, in which industry leaders shared insights about including direct mail in their marketing plans.
- Continuing our Write here, Write Now Campaign. It encouraged Canadians to write cards and letters and send them to the important people in their lives. Personal letters stand out as thoughtful gestures. Our campaign provided fun and easy suggestions, such as personalizing a stamp or creating postcards, to inspire Canadians to get involved.

As the retail economy continued to recover from the pandemic – and Canadians looked to shop local – direct mail, such as coupons and flyers, remained an important tool for businesses. Lettermail – such as letters, cards and postcards – remained an important way for Canadians to stay connected when many people were unable to see friends and family.

We also continued to explore new ways for Canadians to interact digitally and physically with Lettermail and Smartmail Marketing™, such as knowing when specific mail items are being delivered.

- **Was the corporate plan accepted by the government?**

No.

- **When was it last accepted?**

In 2019.

- **Why hasn't it been accepted since 2019?**

Canada Post has submitted its corporate plan to our shareholder and we are working with our shareholder on this file.

- **Why won't the federal gov't accept your plan? When was the most recent corporate plan submitted to the gov't?**

In fall 2021.

- **What's the pension solvency situation?**

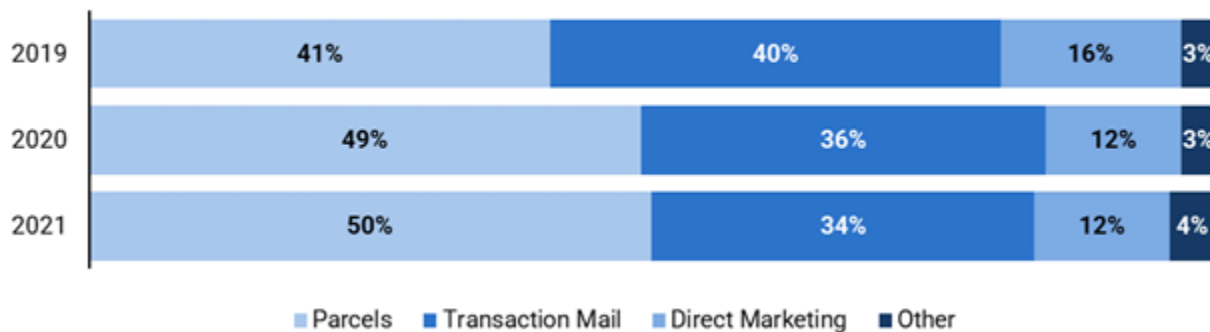
Based on strong asset returns and improved market conditions in 2021, the financial picture improved around the Canada Post Corporation Registered Pension Plan (RPP). The RPP is measured on an Accounting, Going-Concern and Solvency Basis. Based on measurements at December 31, 2021, the RPP was in an asset position of \$1.3B (Accounting), an estimated surplus position of \$4.8B (Going-Concern), and an estimated deficit position of \$4.9B (Solvency – using three-year average). The Solvency deficit using market value of the Plan assets of the Registered Pension Plan at December 31, 2021 was estimated to be \$2.5B.

- **What are forecasted volumes in 2022? How does transactional mail volume compare to parcel volumes?**

In 2021, Canada Post reported the following:

- Parcel volume of 361M pieces or \$3,672M
- Transaction Mail volumes of 2,478M pieces or \$2,494M

Revenue by line of business



- **Is CPC losing or gaining parcel delivery market-share compared to our competitors?**

The widespread adoption of ecommerce, accelerated by the pandemic, has created a highly competitive parcel delivery landscape. There has been a rise in the gig economy and competition continues to intensify from an increasing number of agile companies, which have asset-light delivery models and significantly lower cost structures compared to traditional carriers. Competitors are also expanding their reach to fulfillment and self-

delivery. While revenue from the Parcels line of business is now half of Canada Post's business, in the last five years our market share has decreased.

MP Joanne Thompson:

- **What percentage of goods are sourced from Indigenous partners?**

- Canada Post has publicly committed to purchasing 5% of in-scope goods and services from Indigenous-owned and -managed suppliers by 31 Dec 2015, either directly or indirectly (through our main suppliers' subcontractors). We are making strong progress towards this target and are confident that we will achieve the target together with our Indigenous and non-Indigenous supply chain partners. Spend with Indigenous suppliers is reported annually in CPC's Corporate Sustainability Report released annually in June.
- In the year ending 31 Dec 2021 (most recent year end), 2.4% of in-scope goods and services were purchased directly from Indigenous-owned and -managed suppliers. An additional percentage was purchased from Indigenous suppliers acting as subcontractors to our main suppliers; we are working with our suppliers to quantify this spend, and will report the total once we have completed this process.

We do not monitor the percentage of goods and services, but we rather monitor the spend with Indigenous-owned businesses.

- **How many businesses were supported by the Think Small campaign?**

Our Think Small program, which ran between May 2020 to October 2020, focused on responding to the needs of small businesses during the challenges posed by the pandemic. Throughout the duration of the relief program, more than 105k small businesses were supported by shipping and marketing offers and discounts. Further, more than 100K businesses engaged with our small business content program and access to Partner resources from the program landing page to enable their operations and to develop strategies to adapt to the disruption created by the pandemic.

Vice-Chair MP Julie Vignola

- **Financial services: Why did CPC choose to sole-source TD Bank for its personal loan offerings? What was the decision-making process to reach this decision?**

Canada Post did not sole source TD Bank for the personal loan offering. Canada Post opted to conduct a robust open competition, inviting over a dozen financial institutions of sufficient size, stability and expertise to participate in a multi-phase selection process taking place over several months. Prior to embarking on the journey of selecting a partner, Canada Post made the determination that for reasons including operational complexity and attractiveness to the prospective partners, a relationship with one financial institution would be maximize opportunity for success for all parties.

- **Details on investments on charging stations and their costs and whether it's possible for us to install one in every PO? Have you budgeted for this? How much would it cost to install public EV charging stations for customer use at sites across our network?**
 - Canada Post supports Canada's transition to a low-carbon economy. We have committed to achieving **Net Zero Emissions by 2050** to align with the Government of Canada's climate ambition.
 - While CPC has a robust science based targets initiative (SBTI) in place, following the release of the Intergovernmental Panel on Climate Change's (IPCC) 6th report outlining the inadequacy of current corporate action on climate change, CPC's Board of Directors requested that the Corporation assess the feasibility of enhancing its climate target to a more ambitious 1.5C pathway.
 - The Board of Directors recently approved the following climate target:
 - **A 50% absolute reduction in Scope 1 and Scope 2 GHG emissions by 2030 (2019 baseline);**
 - **A Scope 3 Engagement target that 67% of suppliers (by spend) and 100% of subsidiaries to set a SBT by 2025.**
 - This new reduction goal will require the transformation of our fleet and our buildings – and require an investment of \$1B by 2030. This funding is accounted for in the 2022-23 Corporate Plan.
 - To achieve this reduction, we will need focused action and nimble deployment of building retrogrades, installation of solar equipment, build all new building to the Canada Green Building Council (CAGBC) Zero Carbon standard and transform our fleet of 14,000 vehicles towards electric vehicles.
 - We will also have to ensure that we have charging stations to charge those 14,000 vehicles at our depots across the country. This is a challenge on several fronts – ensuring that our buildings have the required electrical supply to power the fleet and being able to install sufficient chargers between now and 2030, faced with global supply issues and worker shortages.
 - As part of our net-zero commitment, we are working on reducing employee commuting emissions. To support this initiative, a small scale pilot has been launched installing EV chargers at four locations across Canada as well as at both of our community hubs.
 - We are currently working on developing an EV Charger Strategy and roll out plan based on the results of this pilot.
 - To address the issue of public electric vehicle chargers:
 - There are currently 2,540 post offices in our network. Of these, 1747 are owned and 793 are leased.
 - Estimated level of investment (at current cost) is as follows:

- Level 2 chargers (3.9-19.2 kW/2.5-4.5 hours to go from 10% to 80% charge.) Estimated cost \$20K per dual charger unit. Total Investment: \$50M
- Level 3 chargers (250-300kW/ 20-40 minutes to charge from 10-80%) Estimated cost per dual charger unit: \$100K. Total Investment: \$254M.
- Considerations for installation include: Capability of site to support the electricity demand from the charger, adequacy of charging time, parking space availability and carbon intensity of the electricity grid.
- With regards to charging costs, we are currently using an hourly rate that allows Canada Post to recover its costs – but are not creating a profit structure as we would like to offer this service “at cost” for employees. Charging rates vary depending on the electricity grid and province:
 - Ottawa Head Office - \$1.38/hour
 - Leo Blanchette - \$0.45/hour
 - South Central \$1.18/hour
 - Pacific MPP \$0.62/hour
- To build a revenue stream from public charging, the charge out rate would need to be increased to \$1.50-7.00/hour depending on the type of charger and the grid. This would give CPC approximate ten-year payback period provided the demand was sufficiently high. It’s important to note that the above reflects a high-level estimate.

- **Wants to know the costs of community hubs.**

Through discussion with the local communities each Community Hub Pilot will have different products and services introduced based on Community feedback.

In High Prairie, AB (our first Community Hub Pilot) we did a large scale upgrade to our existing Post Office. The Community Hub elements added are as follows:

- EV Charger (level 2)
- Merchandise flat wall in partnership with Staples with a selection of their products intended to support businesses
- Interactive Community Directory that showcases local community business as well as Canada Post services
- Parcel Lockers
- Contactless parcel induction
- Financial Services including a TD ATM
- Customer Wi-Fi throughout
- Mural on exterior of the building done by a local artist

In Membertou, NS (our second Community Hub Pilot) we built a net new corporate Post Office which includes the following above and beyond the core Postal Services:

- EV Charger (level 2)

- Merchandise flat wall in partnership with Staples with a selection of their products intended to support businesses
- Interactive Community Directory that showcases local community business as well as Canada Post services
- Parcel Lockers
- Contactless parcel induction
- Financial Services including a TD ATM
- Customer Wi-Fi throughout
- Business Services Centre that includes access to a computer, copying, shredding, printing, faxing, etc.
- 2 bookable boardrooms and 3 bookable private office spaces
- Local artist work as well as reproduction of woven baskets from the community on the walls within the space

As we continue to finalize plans on our two next Community Hub Pilot locations (Little Current, ON & Fort Qu'Appelle, SK) we will create spaces that are aimed towards improving services for the respective communities. The cost for each of these offices is dictated by numerous factors, therefore each presents a different funding ask.

MP Gord Johns:

- **What impact has the pandemic had on CPC's bottom-line in 2022?**

Our focus during the pandemic was keeping our people safe while providing an essential service to Canadians. During the last two years, that included increased cleaning & sanitization, PPE, vaccine clinics and various leave provisions – for isolation, elder and childcare or those at-risk. We didn't want our employees to have to make difficult choices. We don't have a specific breakdown, but we likely spent an additional \$500M over 2020 and 2021 due to the pandemic.

- **How do we expect automation to impact the workspace for postal workers?**

90% of Canada Post Lettermail product is sorted by automation and currently 65% of parcels are automatically sorted.

Our number source of injury in parcel sorting is MSI (Muscular Skeletal Injury) largely as a result of handling parcel items manually. Increased levels of parcel automation will remove much of the difficult manual handling creating a safer work space for employees. Automation of parcel handling permits the same workforce to safely handle greater volumes of parcels in the same space than would be possible for them with only manual sortation. At times of lower volume the automation would require less staff than equivalent manual sortation, however over time, as the parcel volume grows, additional staff would be required. Automation also permits fewer multiple touches of an item reducing ergonomic effort, congestion and improving the speed of service.

Sortation activities involve members of the Canadian Union of Postal Workers' Urban unit. The collective agreement applicable to that unit provides strong job security

protections, which means that our ability to impact personnel beyond attrition is quite limited.

- **What are is CPC doing to reduce single-use plastic waste?**

- Canada Post has a goal to divert at least 90% by weight of non-hazardous operational waste 2030 and 90% of all construction and demolition waste by 2030.
- We also have a target to eliminating the unnecessary use of single-use plastics in Canada Post operations by 2022.
- In 2021, we diverted 70 per cent of our waste materials from the landfill through recycling and reuse and we are well on our way to meeting our 2030 goals.
- In collaboration with our vendors, we eliminated single-use plastic stir sticks and straws from all our cafeterias and have reduced use in several other categories. We expect to complete the removal of unnecessary single-use plastics from our cafeterias, events and meetings by the end of 2022, in favour of sustainable alternatives.
- In 2021, we installed touchless water fountains at 117 facilities (with more to come in 2022) as part of our ongoing effort to eliminate the need for single-use plastic water bottles.
- We continue to pilot innovative ideas to reduce, reuse and eliminate plastic waste in our operations.
- In 2021, we also began our first zero waste construction project. Our new Ontario East Processing Centre has been guided by industry best practice diversion standards and achieved over 90 per cent diversion for every month of 2021. This is a landmark example of what is possible for construction waste at Canada Post.

- **Does Canada Post target vulnerable communities to reduce non-mailable matter? (Liquor, drugs, etc.)**

Illicit drugs (opioids) take a significant toll on Canadian communities and Canada Post is committed to removing illicit drugs and other non-mailable items from the postal system through disruption activities across the country. With the overdose incidents of opioids across the country, there is a greater need for Canada Post to ensure the non-mailable matter is detected and removed from the course of post.

In 2021, Postal Inspectors inspected and removed 3,457 parcels which were found to contain non-mailable matter with an estimated street value of 14.28 million. The illicit substance ranged from alcohol to illicit cannabis, opioids, ecstasy pills, Methamphetamine and powder substance etc. Out of the 3,457 items detected, 2,200 items were destined for Indigenous and northern communities, resulting in the removal of non-mailable matter with an estimated street value of \$2.8 million.

In addition, as part of our Truth and Reconciliation and A Stronger Canada – Delivered strategy, we launched a very important initiative with a focus on supporting the wellness and safety of Indigenous communities, including working to reduce the non-mailable matter, such as alcohol and illicit drugs, which enter these communities.

- We completed 100 formal outreach and awareness sessions with leaders from Indigenous communities and law enforcement agencies, including leaders from 36 First Nations self-administered police services.
- We have a team of highly-trained Postal Inspectors responsible for conducting a regulatory inspection of mail activities through evidence-based inspections and coordinated inspection projects in our major mail processing facilities.
- Our Postal Inspectors work closely with law enforcement partners and postal employees to exchange real-time information to detect and remove non-mailable matter from the system.

MP Majid Jowhari

- **Wanted to know more about the modernization of our 14k vehicle fleet.**

CPC's new Climate Target will require that CPC reduce Scope 1 and Scope 2 emissions by 50% by 2030. We will in parallel, transition to a fully electric fleet by 2040 (50% by 2030) and streamline the volume of real estate projects to allow for the installation of charging equipment and maximize likelihood of success in the 90 months until 2030.

CPC's Scope 1 and 2 emissions are composed of real estate, owned fleet and renewable electricity.

Real Estate: We are looking to improve the existing Real Estate Portfolio through strategic electrification projects and a selection of high IRR commissioning projects designed to improve the efficiency of our buildings.

We are further committing that all new builds will be built and operated according to the CAGBC's Zero Carbon Ready standard.

Owned Fleet:

Our new zero emission last mile strategy will deliver 7,853 electric vehicles by 2030 (50% of fleet) and 100% Electric vehicles by 2040.

This will be dependent on increased production and market availability of Electric FSCV (Electric Vehicles Step-Vans and other vehicles NLDV medium trucks. We will also look at alternative delivery solutions as they emerge (such as etrikes).

Renewable Electricity: Canada Post will look to increase the amount of renewable electricity available in Canada through strategic Power Purchase Agreements (PPAs) – increasing CPC's use of renewable electricity in its portfolio to 77% by 2030 and 100% by 2050.

The Chair MP Robert Kitchen

- **I'm from Saskatchewan. We're seeing a lot of mailboxes being changed out and all of a sudden we're getting new mailboxes. First of all, were these changes locally contracted out? Secondly, with the design of the new mailboxes, because of the**

old ones there was a lot of concrete being busted up, are they being designed so that should you ever come up with the chance to change your plan, you don't have to keep redoing the cement work? The third part of it is, are those old boxes being recycled? And the last part is, how much is it costing?

Yes, we contract with SNC-Lavalin and they subcontract locally within the Province.

We use existing concrete where possible, and new concrete is required when the existing is damaged.

Yes, the sub-contractors recycle the old community mailboxes (CMBs) where required. In some case, depending on why it is being replaced, the older CMBs are reused for temporary mail delivery situations.

Boxes are changed when they are deemed end of life or extra parcel capacity is required and the cost is incurred by Canada Post, as we are a financially self-sustaining Crown.