Canada Post Corporation

Summary of the 2025 to 2029 Corporate Plan
2025 Operating Budget
2025 Capital Budget

Disclaimer

This document is being submitted in accordance with section 125 of the *Financial Administration Act* and summarizes Canada Post's 2025 to 2029 Corporate Plan (Plan), its 2025 Operating Budget and its 2025 Capital Budget, as approved by Canada Post's Board of Directors on October 28, 2024. Subsequently, the first year of the Plan as well as the 2025 Operating Budget and 2025 Capital Budget were approved by the Treasury Board.

The assumptions, projections and other forward-looking statements included in this document are made only as of October 28, 2024, and do not include the impact of subsequent events. The financials do, however, assume the implementation of measures currently underway to improve Canada Post's financial viability, including the stamp rate increase that took effect January 13, 2025, and the repayable cash injection from the Government of Canada, announced on January 24, 2025, pending further approvals.

The cash injection of up to $1.034 billion in the Government's 2025-26 fiscal year is pursuant to section 31 of the *Canada Post Corporation Act* (the Act). This is a temporary measure that will provide a much-needed financial bridge to ensure Canada Post can continue to serve Canadians while working with the Government on the changes required to ensure the long-term viability of Canada's postal system. As per subsection 32(1) of the Act, "*all amounts placed at the disposal of the Corporation pursuant to section 31 shall be reimbursed to the Minister of Finance from the annual revenues of the Corporation in so far as revenues are sufficient*". Although the cash injection amount is recorded by Canada Post as a liability for accounting purposes, it is not considered a borrowing transaction under sections 28 or 29 of the Act and therefore does not affect Canada Post's current statutory borrowing limit.

Further, borrowing plans outlined in this document require additional approval from the Minister of Finance pursuant to subsection 127(3) of the *Financial Administration Act.* This approval is a separate decision and may differ from the borrowing plan, as the borrowing plan is the upper limit that may be approved under 127(3). Any approved borrowing plans are distinct from the cash injection that has been requested under section 31 of the Act.

Finally, the impacts of the Canadian Union of Postal Workers' national strike that occurred between November 15, 2024, and December 16, 2024, as well as other market changes, have not been reflected. Should amendments to Canada Post's corporate plan and budgets be required, a corporate plan summary reflecting these amendments will be tabled in Parliament, consistent with the *Financial Administration Act*.

Table of Contents

Executive summary

Canada Post is built to serve all Canadians, acting as a connective thread which binds our country and economy. We operate an important publicly owned national infrastructure that delivers to every address in every community – urban, rural and remote – every weekday. While we've reported on our declining financial situation for several years, the current competitive landscape has quickly compounded our challenges, and we have reached a critical point. As the landscape has shifted from mail to parcels, cracks are rapidly appearing in the foundation of the postal system. It is clear that significant change is necessary to modernize and preserve our national postal service. Canada Post is committed to leading that change.

After six years of significant losses and limited increases to our regulated Lettermail™ rates, we are forecasting a loss before tax of $807 million in 2024 and $933 million in 2025 (before any potential cash injections). These losses have forced us to use cash reserves year-over-year in order to continue to address rising costs to meet our universal service obligation, maintain our network, and preserve service to Canadians.

Financial projections for 2025 estimate that Canada Post will completely deplete its cash reserves when $500 million of debt maturing in July 2025 is repaid.

To help preserve our remaining cash in the short term, we continue to cut costs within our control while also focusing on increasing revenue. Our investments in operation-critical initiatives are continuing, but at considerably reduced levels and on much longer timelines. Likewise, our investments in Environmental, Social and Governance (ESG) initiatives have been significantly reduced. These reductions will negatively impact our transformation and put our environmental and social commitments in jeopardy.

It must be stressed that these cost-cutting actions will not be sufficient to address the deficits outlined in this Plan, and we require immediate short-term funding support from the Government to maintain cash solvency.

Understanding that it will take time to approve a longer-term plan to return the Corporation to financial self-sustainability, we again need to move quickly together on several short-term measures, specifically:

- **Regulated Lettermail rate increases in January 2025**
- **Government cash injections**
- **Approval of the Corporation's 2025 to 2029 Corporate Plan**

While these measures will not solve Canada Post's long-term structural concerns, they will provide a temporary financial bridge while Canada Post and the Government work together on a path to secure the long-term viability of a service that millions of Canadians consider essential.

We believe Canadians understand our business model must evolve and will support these essential changes: they can see it in their mailbox and have read about it in the news.

As we work with the Government to chart a new roadmap for a modern national postal service, we will continue to deliver each day, with a focus on the future, and with Canada Post leading the way to ensure we always remain focused on serving Canadians' changing needs.

1 Overview

Guided by the *Canada Post Corporation Act* (Act), our mandate is to provide a high-quality postal service at a reasonable price to all Canadians – rural and urban, individuals and businesses – in a secure and financially self-sustaining manner. We report to Parliament through the Minister of Public Services and Procurement, and have a single shareholder, the Government of Canada (Government). The Government's *Canadian Postal Service Charter* (Service Charter) ensures that postal services remain universal, affordable, reliable, convenient, secure, and responsive to our customers.

Pursuant to the Act, we also deliver certain public policy programs, such as:

- Government mailings free of postage;
- Free mailing of materials for persons who are blind or partially sighted; and
- Reduced postage rates for libraries to move eligible materials between libraries and their patrons.

We also offer a free Regular Parcel service during the holiday season for family and friends of deployed Canadian Armed Forces personnel. We have delivered more than 189,000 parcels to personnel since the program's inception in 2006. We also offer free, year-round, Lettermail service for military families.

Canada Post is a parent federal Crown corporation with a single non-wholly owned subsidiary, Purolator Holdings Ltd. (Purolator), a leading courier and logistics provider. A more detailed overview of the business can be found in the Corporation's 2023 **Annual Report** available on canadapost.ca.

Employees
More than
68,000
Canada Post segment, paid full-time and part-time employees, including temporary, casual and term employees

Addresses served
Almost
17.4 million
addresses in urban, rural and remote locations across Canada

Pieces delivered
Almost
6.5 billion
pieces of mail, parcels and messages

Plants and depots
22
processing plants
462
letter carrier depots

Fleet
More than
14,800
Canada Post vehicles

Retail post offices
Almost
5,800
post offices, corporately owned or managed by authorized dealers

1.1 Aligning with Government expectations

Canadians expect Canada Post and the Government to work together as stewards of the national postal service, ensuring it is keeping pace with their changing needs. By actively engaging with the Government, Canada Post seeks to pave a shared path forward, emphasizing transparency and accountability. Notably, Canada Post is advancing efforts in the areas listed below.

1.1.1 Continuing to be a "service first" organization

Canada Post is committed to being a "service first" organization and continues to deliver on this expectation by executing its purpose and transformation plan: A Stronger Canada – Delivered. We understand that we are an important lifeline for many Canadians and businesses in rural and remote areas, connecting them to the rest of the country and the world. We are focused on better serving Canada's growing need for parcel delivery and have invested significantly in new processing capacity and upgrading our facilities. As a result, in 2023 we recorded some of our best delivery performance numbers ever. We've also become a safer, greener and more inclusive organization that's recognized for demonstrating leadership on many fronts. More about how we're delivering for Canadians through our transformation plan can be found in Section 3.

1.1.2 Spending reductions

Canada Post is collaborating with the Government to pursue spending reductions that were first announced in its 2023 Budget. Throughout this exercise, we've noted the importance of ensuring our targeted spending reductions do not impact our ability to maintain service to Canadians. Canada Post's service requirements are outlined in the Service Charter, which include but are not limited to:

- Maintaining a postal system that allows individuals and businesses in Canada to send and receive mail within Canada and between Canada and elsewhere;
- Delivering letters, parcels and publications to the ever-growing number of Canadian addresses while meeting specific delivery standards;
- Providing an extensive network for accessing postal services that includes retail postal outlets, stamp shops and street letterboxes, as well as access to information and customer service through Canada Post's website, app and call centres.

As a result, we are aiming to achieve ongoing spending reductions through 2028 and beyond.

The spending reductions identified for the purposes of this exercise will not have a direct impact on service to Canadians or vulnerable communities. Canada Post is committed to fulfilling its Service Charter obligations. However, these spending reductions, when coupled with our overall financial challenges, may ultimately **impact our ability to compete.** Additionally, given several uncertainties, including – but not limited to – macroeconomic conditions and ongoing labour negotiations (further discussed below), we anticipate it will be difficult to achieve the scope of reductions sought by the Government. Though challenging, we are committed to achieving the spending reductions over the plan period.

1.1.3 Improving labour-management relations

Canadians count on Canada Post to work collaboratively with its bargaining agents for the benefit of its employees, customers and communities served. We are committed to improving labour-management relations by cultivating positive relationships with our bargaining agents and working together to build a stronger postal service for Canadians. We will continue to support our people and work to meet the changing needs and expectations of Canadians.

Our work with our bargaining agents on joint committees is central to promoting open dialogue. The committees serve as a forum for discussing critical issues, providing business updates and general engagement to improve our relationships. Alongside these committees, we have a consultation and communication process, as outlined in our collective agreements, which ensures our employees and bargaining agents receive timely notice of any relevant announcements or important issues. Further details on our efforts to do right by our people can be found in Section 3.4.

1.1.4 Fostering privacy-responsible direct marketing

Canada Post takes a proactive approach to protecting the privacy of customers and employees. We are trusted to handle Canadians' personal information every day; maintaining that trust with Canadians is critical.

In May 2023, the Office of the Privacy Commissioner of Canada (OPC) released its findings from an investigation into a customer complaint, which raised privacy concerns about the Canada Post Smartmail Marketing™ (SMM) program. While Canada Post maintained that the SMM program has always operated within the requirements of the *Privacy Act*, we respected the broader mandate of the OPC and the expectations Canadians have when it comes to their information. In response, Canada Post conducted an internal review of its SMM products, which resulted in the company taking the following actions:

- We will no longer offer aggregated online shopping trends at the postal code level, or otherwise, to retailers.
- We will discontinue using data from publicly available telephone directories, combined with our operational data, to validate incomplete addresses.
- We will work to further increase transparency and awareness of our Direct Mail marketing program through our almost 5,800 post offices and our digital channels, while providing greater visibility on how individuals can opt out of receiving advertising mail.

In June 2024, the OPC tabled its annual report to Parliament, which included an update on the SMM investigation. Among other things, the report stated that the OPC was satisfied with the measures taken by Canada Post to address the specific concerns that were raised in its investigation. Canada Post is now working on a comprehensive risk assessment of its Direct Marketing business and SMM products, which is expected to be completed at the end of 2024.

1.1.5 Aligning with the Greening Government Strategy

Canada Post is committed to the greener good and protecting the environment for future generations. Our commitment to environmental leadership includes ambitious science-based, emissions-reduction targets, including reducing our operational greenhouse gas (GHG) emissions by 50 per cent by 2030 and achieving net-zero emissions across our value chain by 2050. These targets are aligned with the Greening Government Strategy. To meet these targets, Canada Post has been taking concrete steps to reduce emissions and foster a sustainable future for all Canadians. This includes switching to over 95 per cent renewable electricity in Alberta, the rollout of our first 100 electric vehicles, and the grand opening of our largest and greenest parcel sorting facility, the Albert Jackson Processing Centre. In 2024, we are continuing to make further progress on our emissions-reduction targets with initiatives such as switching to over 90 per cent renewable electricity in Saskatchewan and the continued rollout of our multi-phase GHG reduction program in our facilities.

1.1.6 Supporting the Government's accessibility objectives

With a presence in thousands of communities across the country, Canada Post has a responsibility to provide accessible programs and services to Canadians. Recognizing and delivering on that responsibility is an important part of fulfilling our purpose and the needs of the people and communities we serve. Our Accessibility Strategy, launched in 2021, aligns with the focus areas of the *Accessible Canada Act* (ACA). The strategy was established to adopt a proactive approach to identifying, removing and preventing barriers and to integrate accessibility improvements across our offerings. Our goal is to support the creation of a barrier-free Canada by 2040, and we have made important progress towards doing so. More about how we're delivering for Canadians through our transformation plan can be found in Section 3.3.

1.1.7 Housing

The 2024 federal budget announced a goal of unlocking 250,000 units of housing on public land by 2031, including on Canada Post properties. We continue to closely collaborate with our portfolio department, Public Services and Procurement Canada (PSPC), as well as Canada Lands Company Limited (CLC) and other stakeholder organizations on the federal housing initiative as program details are further defined. Canada Post has made six properties available in the Canada Public Land Bank, published by the Government of Canada in August 2024. These properties are located in Windsor and Port Perry, Ontario; two properties in Fort McMurray and one in Airdrie, Alberta; and in Port Moody, British Columbia. We will continue to support the Government's efforts in 2025 and beyond, while taking important factors into consideration, such as availability, redevelopment potential and cost.

Surplus properties will be prioritized in collaboration with CLC to determine housing potential. A focused approach is being taken to efficiently identify properties of the greatest potential, while keeping these aforementioned important factors in mind.

2 Operating environment

2.1 Canada Post's operating model and financial challenges

While Canada Post is committed to meeting the expectations of Canadians and the Government, the challenges it faces today have put it at a critical juncture.

2.1.1 Our current context

Canada Post provides an important publicly owned national infrastructure, connecting the country by serving all addresses in all communities – urban, rural and remote – every weekday.

In the past two decades, we've seen the acceleration from peak mail to a digital economy – and have recognized the need to transform. A postal system designed to deliver 5.5 billion pieces (our peak mail volume in 2006) cannot be sustained on 2.2 billion pieces, while adding 200,000 addresses each year. In the post-pandemic competitive landscape, Canada Post continues to lose ground to new, privately owned delivery companies that have grown rapidly by leaning on their low-cost-labour business models. These companies are also able to deliver six or seven days a week to align with business and consumer expectations, giving them an advantage and reducing Canada Post's addressable market. Our estimated market share in parcel delivery has quickly eroded by more than half – from 62 per cent in 2019 to 29 per cent in 2023.

These factors, among others, have contributed to Canada Post's six consecutive years of losses, totalling $3 billion before taxes. Canadians expect Canada Post and the Government to work together as stewards of the national postal service. The end goal is a self-sustainable postal system which has the flexibility to modernize and to serve all Canadians. However, in the short term, we require a solution that will address our mounting financial pressures so that we can protect our long-standing role as a vital, publicly owned national infrastructure for Canadians and Canadian businesses.

2.1.2 Support for Canada Post's cash position

Due to the severity of the Corporation's financial situation, postage rate increases alone are not enough to cover the cash shortfall and need to be supplemented with an alternative form of financing. Consequently, along with its 2025-29 Corporate Plan and 2025 Operating and Capital budgets, Canada Post will be seeking final regulatory approval for its proposed regulated rate increases as well as a cash injection from the Government.

2.1.3 The flexibility to respond to change

The *Canada Post Corporation Act* (R.S.C., 1985, c. C-10) sets the framework for the postal system as we know it today. However, the country Canada Post serves today is not the country it served when the Act was revised in 1985. While the mailing and delivery needs of Canadians have changed significantly and continue to evolve, the regulatory and policy approach has not kept pace.

An outdated postal system and regulatory framework impacts those who need it most – consumers in rural and remote areas looking for reliable service, and small businesses needing a delivery partner to help compete against large multinational retailers. Canada Post needs more flexibility in how it delivers, and the flexibility to respond to change. We believe Canadians will support necessary changes to preserve this vital national infrastructure, and Canada Post is committed to leading this change.

2.2 Market update

Like other companies, Canada Post is being impacted by broad economic factors, including lower Canadian GDP growth, inflation, and cost-of-living pressures on Canadians. In many industries, including ours, inflation has led to cost-cutting measures, including company-wide layoffs at some of our competitors. . Meanwhile, digital substitution continues to impact our Lettermail and Direct Marketing volumes and revenues. In our Parcels business, we continue to face increasing challenges as competition intensifies and pricing pressures escalate, including:

- Customers are rate shopping to find the lowest possible shipping cost for every shipment.
- Competitors are accelerating the deployment of new delivery and returns capabilities, including in more areas of the country and expanding their services beyond major cities.
- New low-cost, asset-light delivery companies are offering fast, seven-day-a-week delivery.
- Customers are using third-party intermediaries, such as ecommerce sales and shipping platforms, to manage their relationship with Canada Post.

Amid these pressures, the ecommerce market is expected to remain strong and grow by 10.7 per cent in 2025. Outside the ecommerce market, we continue to see erosion in our Transaction Mail business, while the number of addresses we deliver to continues to grow, increasing the cost of delivery. Today, the average cost of delivery is $178 per year to each address, with door to door ($284) and rural mailboxes ($281) being the most expensive addresses to serve. In our Direct Marketing line of business, digital substitution continues to have an impact on volumes and revenue. Without increased flexibility and significant structural changes, these market forces and Canada Post's current regulatory and policy framework will make it difficult for the Corporation to maintain market share.

2.3 Our lines of business

2.3.1 Parcels

Canada Post's parcels business is comprised of Domestic and International segments.

Domestic

Domestic Parcels volumes increased 5.8 per cent in 2023 due to increased competitive offerings, higher online shopping returns, and additional volume from new and existing ecommerce customers. Improved service performance, the introduction of late induction in key markets such as the Greater Toronto Area, and the 2023 launch of carbon-neutral shipping for ground shipments contributed to domestic volume growth. However, despite an increase in commercial parcel rates, revenue declined by 3.2 per cent as we saw more local and lightweight items moving through our network. A decrease in fuel surcharges also contributed to the revenue decline.

International outbound

Outbound Parcels revenue consists of revenue collected from domestic customers for parcels destined to foreign posts. In 2023, outbound parcel volumes increased by 4.4 per cent, generating a total of $300 million. Revenue decreased by $8 million or 2.3 per cent year-over-year due to a change in the sales channel and country mix.

International inbound

Inbound Parcels revenue includes fees paid to Canada Post by other posts for items originating outside of Canada. In 2023, inbound parcel volumes decreased by 7.5 per cent year-over-year, generating $313 million in revenue. Commercial consolidators are increasingly being used instead of the traditional inbound postal network, resulting in migration of volumes from inbound to domestic channels.

2.3.2 Direct Marketing and Smartmail Marketing

Canada Post's Direct Marketing (DM) business consists primarily of Smartmail Marketing (SMM), which enables businesses and organizations to send offers, promotions and marketing messages to existing and prospective customers in two forms:

- Personalized Mail™, which is an addressed service (one to one); and
- Neighbourhood Mail™, which is unaddressed (one to many)

Our Direct Marketing services allow businesses to send print offers, promotions and messages to their current and prospective customers. The advertising industry is shifting, with new technologies and players affecting our volumes. However, our Neighbourhood Mail service is growing through new customer relationships, sustainable mail formats and expanded distribution.

While our path to financial self-sustainability and our long-term value to Canadian businesses and consumers is primarily tied to parcels, DM is an important revenue generator. It also plays a significant role in maintaining the delivery density of our network as we adapt to the dual challenge of a rapidly evolving ecommerce market and the continued erosion of Transaction Mail.

In 2023, Direct Marketing revenue decreased by 0.4 per cent, while volumes increased by 0.4 per cent, compared to 2022. Total volumes were below pre-pandemic levels. The decline in revenue was driven by economic uncertainty and the continued shift toward digital marketing.

2.3.3 Transaction Mail

We have the sole and exclusive privilege of collecting, transmitting and delivering letters to addresses within Canada. It is a cornerstone of our business, but it has been declining for nearly two decades. Since its peak in

2006, we have lost 60 per cent of our domestic volume, with associated revenue dropping by nearly 30 per cent. This decline is due to digital alternatives replacing print communications such as letters, bills, invoices, notices and statements. Revenue erosion has been worsened by efforts to keep regulated rates steady, causing prices to fall significantly behind inflation. This has had a substantial negative financial impact on this line of business and the Corporation as a whole.

At the same time, a growing Canadian population means that more than 200,000 addresses are added each year to our network. These new addresses, which Canada Post must deliver to five days a week, adds fixed costs to our network.

- In 2023, Transaction Mail revenue and volumes fell 5.2 per cent and 5.0 per cent, respectively, compared to 2022.
- In 2023, Transaction Mail generated $2.3 billion in revenue, $126 million less than in 2022. Results were driven by a continued increase in digital substitution. 2023 also ended with a nearly 60-per-cent reduction in Transaction Mail domestic volumes since its peak in 2006.

2.4 Our retail network

Our extensive retail network of post offices serves as an essential point of contact for Canadians who rely on Canada Post for important services, parcel and mail pickup, induction and product returns. There are nearly 5,800 post offices across Canada, which represent more retail locations than any other business in Canada. Over half of our locations operate in rural and remote areas across Canada.

Most of Canada Post's corporate locations are protected by the 1994 moratorium on rural post office closures Over the past three decades, demographics have changed and urban sprawl has accelerated. Areas that were rural in the 1990s are now urban, as housing developments, retail outlets and other services spread out, creating suburban communities. We respond to these changes every year, expanding our network to serve new addresses and new neighbourhoods. Since 2006, we've added more than three million new addresses to our delivery network.

With Canada expecting an extended housing boom, it's time to update the regulatory and policy requirements put in place in 1994 that cover rural post offices to ensure they reflect the last 30 years of urban sprawl. Today, these requirements apply to many communities that were once rural but are now clearly suburban with more service options nearby.

An updated approach would help the Corporation invest and maintain services, with a greater focus on underserved rural and remote areas, far from the urban centres.

2.5 Other areas of the business

2.5.1 Financial Services

In recent years, we have identified financial needs across Canada that Canada Post is uniquely positioned to address. We are committed to expanding our financial services, especially in Indigenous and rural communities. In 2024, our Financial Services strategy is focused on testing and learning from an expanded portfolio of launches and pilots.

2.5.2 Digital identity

Canadian organizations and government agencies are shifting to digital-first capabilities. To enable such a transformation, there is a need to unlock digital trust and verification capabilities to serve Canadians in a secure and trusted manner. In response to this market need, we are enhancing our digital trust capabilities by piloting Canada Post Identity+, a mobile digital identity wallet that enables Canadians to authenticate and verify themselves with trusted organizations. The service is now available in both Google Play and Apple mobile application stores.

Canada Post has provided identity verification services for Canadian businesses and government agencies since 2014. This is in line with other global postal organizations (Swiss Post, Australia Post, UK Post, and Poste

Italiane), which provide identity verification services. This work supports the growing need for Canadians to participate in a digital economy and to unlock economic value for Canadian organizations and government.

Identity+ Mobile complements Canada Post's existing in-person identity capabilities available across our nearly 5,800 retail locations, which provide an accessible way for Canadians to prove their identity in person.

3 Objectives, activities, risks, expected results and performance indicators

3.1 A Stronger Canada – Delivered

While more change is needed, Canada Post has been steadily taking action to drive the company forward. Over the last three years, we have made significant progress on implementing our transformation plan, A Stronger Canada – Delivered. This includes launching several initiatives across the plan's three pillars: providing a service all Canadians can count on, social and environmental leadership, and doing right by our people.

We remain committed to these three transformational pillars in the long term. However, due to our present financial challenges, it is essential in the short term that we take steps to align our investments and efforts with our near-term priorities.

3.2 Providing a service all Canadians can count on

Canada Post has continued to take action to provide the services Canadians need and expect. We've been executing our transformation plan and have launched major projects to increase capacity and improve service across the country. While our transformation is far from complete, we've made important advancements. We have also invested in technology in our network and launched other new services.

Key highlights/progress

- Delivering great service:
    - **Opened the new Albert Jackson Processing Centre** in 2023, a critical hub for our network, which can handle one million packages a day – and process an incoming parcel for dispatch in less than four minutes. The facility has doubled our capacity in the Greater Toronto Area, where most of Canada's packages originate. It is already improving service for Canadians and businesses across the country.
    - **Modernized services and expanded capacity across our network.** We've invested in automated parcel sorting equipment, upgraded facilities, improved tracking of deliveries, and modernized many of our digital platforms. These critical steps position the company to better compete for parcel deliveries and enable it to process higher volumes faster, enhancing the customer experience.
    - **Launched a weekend delivery service pilot** for local deliveries in Montréal in 2023.
- Enhancing our retail model: In 2024, we are continuing to work toward ensuring all Canadians have access to core postal services and addressing the needs of underserved communities, while while recognizing the need for financial viability. We're achieving this through various initiatives under three pillars: modernize the network; offer more relevant services; and fulfill Retail's social mandate, including by improving services in Indigenous communities.
- Delighting customers: We have enhanced our service performance, expanded late parcel induction in key markets and launched carbon-neutral shipping. In 2023, we deployed photo confirmation of delivery and automatic tracking of returns.
- Delivering high-value information technology (IT): Throughout 2023, we continued to advance technology projects to enhance service and tracking capabilities, strengthen our network and capacity, and deliver outstanding experiences to Canadians, including:
    - Concluded a dynamic routing pilot in Montréal to learn how technology can make our delivery model more flexible.
    - Launched photo confirmation of delivery to meet the evolving expectations of consumers.

  - Completed our three-year program to deploy approximately 11,000 portable data terminals, which enhance cellular connectivity and provide users with maps and other key information to improve delivery services.

Areas of focus during this plan:

During this plan period, our focus will centre on building upon our progress by continuing to deliver great service, enhancing our retail model, delighting customers, and delivering high-value IT solutions.

3.3 Committed to social and environmental leadership

As one of Canada's leading employers with a presence in thousands of communities across the country, Canada Post is expected to assume a broader responsibility that goes beyond its core services. From diversity and inclusion to environmental performance, we embrace these expectations. We are committed to making this country stronger, greener and more inclusive.

Key highlights/progress

- Environmental stewardship
  - **Emissions reductions and decarbonization**: In 2023, we achieved an 11-per-cent reduction in scope 1 and 2 emission levels, and a 16.6-per-cent reduction from 2019 emission levels (our target base year). Our scope 3 emissions declined by 10.5 per cent in 2023, and 10.4 per cent compared to 2019. In 2023, 83 per cent of our electricity consumption was non-emitting.
  - **Sustainable products and services**: 168 million carbon-neutral shipments were sent in 2023; our prepaid envelopes and flat-rate mailing boxes contained 80 per cent and 74 per cent recycled content, respectively.
  - **Zero waste**: We diverted 67.1 per cent of waste from landfill in 2023.
- Accessibility: Achieved 92 per cent digital accessibility across all active digital products, surpassing our target of 90.8 per cent; implemented 2,004 new accommodations for residential customers with functional limits or health conditions who faced barriers to accessing their mail; Albert Jackson Processing Centre certified to Rick Hansen gold standard for accessibility.

Areas of focus during this plan

Over the plan period, we will be committed to advancing our ESG initiatives. We will continue to make meaningful progress in emissions reductions, decarbonization, and our journey toward achieving zero waste. In parallel, we are steadfast in our commitment to accessibility, focusing on the implementation of our accessibility plans, developing targeted engagement strategies, continuing engagement with our Accessibility Advisory Panel and supporting our Delivery Accommodation Program.

A more detailed overview of our ESG efforts can be found in the Corporation's 2023 **Sustainability Report** available on **canadapost.ca**.

3.4 Doing right by our people

With more than 68,000 employees, Canada Post is one of the country's largest employers. It is our responsibility to help maintain the safety of our employees, customers and communities we serve. With a diverse workforce located in nearly every urban, rural and remote community across Canada, we are committed to being a leader in workplace health and safety.

Our four bargaining agents represent more than 96 per cent of our people:

Canadian Union of Postal Workers (CUPW)	Association of Postal Officials of Canada (APOC)	Public Service Alliance of Canada (PSAC) / Union of Postal Communications Employees (UPCE)	Canadian Postmasters and Assistants Association (CPAA)
CUPW-UPO **Expiration of collective agreement:** January 31, 2024 **Notice to bargain**: Received in November 2023 **Number of regular* employees:** 35,800 **CUPW-RSMC** **Expiration of collective agreement:** December 31, 2023 **Notice to bargain**: Received in November 2023 **Number of regular* employees:** 8,953	**Expiration of collective agreement:** March 31, 2025 **Notice to bargain**: Earliest either party could issue is December 2024 **Number of regular* employees:** 4,409	**Expiration of collective agreement:** August 31, 2024 **Notice to bargain:** Received in May 2024 **Number of regular* employees:** 1,413	**Expiration of collective agreement:** December 31, 2023 **Notice to bargain**: Received in November 2023 **Number of regular* employees:** 5,238

*All full-time and part-time employees, including those on unpaid leave, as of December 31, 2023; excludes temporary, casual and term employees.

Key highlights and progress

- Building alignment with our bargaining agents: In 2023, we continued to engage with our bargaining agents through consultation, committees and other mechanisms to address a range of important issues. We also collaborated on several key initiatives, including (but not limited to):
  - The successful opening of the Albert Jackson Processing Centre in Toronto, a direct reflection of joint efforts with APOC and CUPW.
  - Continued our work on the development of an hourly-rate-of-pay model for Rural and Suburban Mail Carriers (RSMCs).
- Embedding health and safety into our culture:
  - Established three councils (Psychological Safety Council, Life Safety Council, and an Executive Safety Council) to accelerate our health and safety strategy.
  - Introduced a mental health strategy and dashboard and videos on work-life balance.
  - Launched the SMITH collision avoidance training for all 10,600 RSMCs, focused on crash avoidance and safe driving behaviours.
  - Introduced a new incident management platform to track all activities related to health and safety incidents. Over 3,000 leaders were trained on the new system.
  - Results:
    - 15.3-per-cent reduction in the lost-time injury frequency rate.
    - 8-per-cent reduction in the total injury frequency rate.
    - 11.9-per-cent decrease in the motor vehicle collision rate.
    - 20.7-per-cent decrease in slips, trips and falls.
- Equity, diversity and inclusion: In 2023, we continued to make progress with our five-year Equity and Diversity Strategy launched in 2021. We rolled out Anti-Racism and Anti-Discrimination Charter pamphlets for retail employees and customers. We also approved the adoption of the UN Women's Empowerment Principles.
  - Results:
    - Increased our Global Diversity, Equity and Inclusion Benchmark Score.
    - Senior management (general manager level and above) included 41.7 per cent women, 20.8 per cent people with disabilities, and 13.9 per cent visible minorities.
- Creating a fair and respectful workplace: In 2023, we were proud to see top favourable scores across our employee engagement survey indicating that employees can communicate in the official language

of their choice (92 per cent favourability), and that Canada Post has created a work environment where people of diverse backgrounds can succeed (80 per cent favourability).

- Renewing relationships with Indigenous Peoples:
    - Opened a new post office in Iqaluit to strengthen our retail network in Indigenous and northern communities.
    - Continued to improve Indigenous representation in our workforce to reflect the country and the communities we serve.
    - Awarded Canada Post's Indigenous Truth and Reconciliation Signature Grant to First Light St. John's Friendship Centre for providing programs and services rooted in the revitalization, strengthening and celebration of Indigenous cultures and languages in the spirit of trust, respect and friendship.
    - Granted 25 Indigenous student awards to help cover the cost of education through the Canada Post Indigenous Student Awards program.
    - Released the second issue of our Truth and Reconciliation stamp series encouraging awareness and reflection on the legacy of residential schools.
    - Results:
        - Achieved 4.0 per cent procurement spend with Indigenous suppliers, surpassing our 2023 target of 3.5 per cent.
        - 3.3 per cent of employees who identify as Indigenous Peoples, surpassing our target of 3.1 per cent.
        - Intercepted non-mailable matter with an estimated street value of over $4.4 million from 3,191 mail items destined to Indigenous and northern communities.
        - Completed 125 formal outreach and awareness sessions with leaders from Indigenous communities and law enforcement agencies.

Areas of focus

Throughout the plan period, our focus will continue to be on building alignment with our bargaining agents, embedding health and safety into our culture, creating a fair and respectful workplace and renewing relationships with Indigenous Peoples.

3.5 Corporate and back-office enhancements

Canada Post is undertaking a significant, multi-year transformation to modernize its outdated technical platforms and processes across the Corporation. This Experience Transformation (XT) project includes new technology solutions and enhances end-to-end processes and experiences for employees and customers.

Key highlights and progress: In 2023, we completed a series of key milestones, including the national deployment of:

- Salesforce, a modern customer relationship management platform that uses process automation and simplification for improved customer and employee experiences.
- BlackLine Solutions, which supports modern account reconciliation and financial period end-closing.
- My Care Connect, a reporting system for human rights case management and employee health and safety.

The XT project will continue its transformational journey with the upgrade to SAP S4/HANA as well as the modernization of technical platforms and processes within various Canada Post functions. Work and key deliverables will continue until Q1 of 2026.

4 Our subsidiaries

4.1 The Group of Companies' evolution

In early 2024, Canada Post took major steps to focus its business and effectively double down on its core mandate of providing a modern postal service. We are transforming our information technology (IT) model to better serve the changing needs of Canadians and businesses, and continue to lead in the dynamic parcel delivery market.

As part of the changes, Canada Post announced plans to divest Innovapost – its IT shared-service provider – to Deloitte Canada. We brought strategic IT capabilities in-house to deliver digital innovations to customers faster. The Innovapost divestiture closed on April 15, 2024. The Corporation also divested SCI Group Inc., a leading Canadian third-party logistics provider, to Montreal-based Metro Supply Chain Inc. The move allows Canada Post to focus its resources on its transformation to better serve Canadians and to position for growth in the ecommerce market. The SCI transaction closed March 1, 2024.

Purolator Holdings Ltd. (Purolator) is Canada Post's only remaining subsidiary.

4.2 Purolator

Purolator is a leading integrated freight, package, and logistics solutions provider with over 60 years of experience delivering packages to, from and within North America. The company is majority owned by Canada Post Corporation. As a leader in Canada's premium courier market with an extensive network and breadth of capabilities, Purolator proudly delivers best-in-class shipping and logistics services to a diversified mix of customers across the business-to-business (B2B) and business-to-consumer (B2C) segments. With one of the largest nationally integrated freight and courier networks, Purolator ensures comprehensive coverage, reaching 100 per cent of postal codes across the country. In addition, with over 25 years of cross-border shipping experience and deep U.S. expertise, Purolator is a trusted provider in both U.S. and international shipping.

5 Financial overview and pension

5.1 Financial overview

The Canada Post segment is forecasting a loss before tax of $807 million for 2024, compared to a loss of $748 million in 2023. This will be our seventh consecutive year of significant losses. Combined, losses from 2018 to 2024 are expected to be close to $3.8 billion. Excluding any Government cash injections, losses are forecasted to exceed $900 million in 2025. Government cash injections will be necessary to ensure Canada Post can cover operational expenses and maintain adequate cash levels.

Parcels volume is forecasted to decrease in 2024 by 11 million pieces compared to 2023, and Parcels revenue is expected to decrease by $126 million to $3.36 billion. These declines are due to general softness in the ecommerce market, intense competition and customer rate shopping. Over this Plan's period, we continue to focus on our growth strategy to win back volumes and capitalize on the ecommerce market, which is expected to more than double over the next decade. Revenue from the Parcels line of business for 2023 was $3.5 billion, a decrease of $91 million or 2.5 per cent when compared to 2022.

For Transaction Mail, we forecast that 2024 revenue will be $2.3 billion, mostly flat versus 2023, with volume erosion of 92 million pieces, or 4.9 per cent, due to the continued adverse impact of digital communications. An increase in postage rates in May 2024 helped partially offset the revenue impact from declining volumes. In 2023, volumes declined by 117 million pieces or 5.0 per cent, while revenue decreased by $126 million or 5.2 per cent, versus 2022.

For Direct Marketing, we forecast that 2024 revenue will be $1.02 billion, an increase of $68 million, or 6.3 per cent, compared to the prior year due to some new customers and product enhancements. In 2023, revenue was $951 million and remained flat compared to 2022.

Expenses are forecasted to increase by $360 million, or 3.8 per cent, in 2024 compared to the prior year. The increase in expense is primarily driven by higher labour and employee benefit costs and non-labour costs, partially offset by lower program expenses. Higher labour costs are mainly due to wage increases. Higher employee benefit expenses are mainly due to a drop in the discount rate used to measure the expense. Higher non-labour costs are primarily due to inflationary pressures while lower program expenses were driven from management decisions to control project spending.

In 2023, expenses were relatively unchanged compared to 2022, as they increased by only $11 million, or 0.1 per cent. Labour costs increased by $242 million mainly due to wage increases, new leave entitlements and cost-of-living adjustments. Non-labour costs grew by $173 million, mainly due to an increase in processing and delivery costs, as well as higher selling, administrative and IT expenses. These increases were mostly offset by lower employee benefit costs, which dropped by $404 million, primarily due to an increase in the discount rate used to measure the expense.

At the end of 2024, our cash position is estimated to be $915 million. This would be a drop of over $250 million compared to 2023, mainly due to operating losses and funding capital acquisitions required to maintain the network and improve service and capacity. Cash in 2024 would have decreased significantly more if not for the divestitures of SCI and Innovapost, which brought in approximately $450 million in cash inflows to Canada Post. Canada Post also benefited from a contribution holiday on defined benefit regular employer current service contributions, estimated at $280 million for 2024. Given our current financial difficulties, cash is projected to be depleted by July 2025, when $500 million of Series 2 Bonds mature and funds are returned to bondholders.

The Plan does not reflect any pension solvency special payments as based on the 2023 funding valuation; the aggregate solvency relief available under federal regulations was sufficient to absorb any such payments during the five-year corporate plan period. The Plan also assumes a contribution holiday for 2025 regular employer current service contributions. However, this is subject to market conditions and the funding valuation results at December 31, 2024 and therefore not yet assured. Further details on the pension can be found in Section 5.2.

5.2 Pension

Canada Post has one of the largest single employer-sponsored defined benefit pension plans in Canada, with more than 105,000 members and assets with a fair value of $30.9 billion as of December 31, 2023. We are required to maintain sufficient funding to finance the pension plan and file annual actuarial valuations with the Office of the Superintendent of Financial Institutions (OSFI) to establish the plan's funded status on a solvency and going-concern basis.

The solvency valuation assumes that the pension plan is terminated on the date of valuation and consequently has a short-term view. The result of the valuation is therefore strongly affected by the long-term interest rates (the discount rate) on that date. The discount rate used to calculate plan liabilities is derived using a replicating portfolio approach, based on a bond portfolio established by the plan actuary and is based on guidance from the Canadian Institute of Actuaries and OSFI. The actuarial valuation, as at December 31, 2023, disclosed a solvency surplus (using the three-year average solvency ratio basis) of $0.6 billion (ratio of 102 per cent) and a solvency surplus of $2.2 billion (using market value of plan assets; ratio of 108 per cent). As a result of the three-year average surplus, no special solvency payments are required for 2024.

The going-concern valuation assumes that the pension plan will continue to operate indefinitely, so this method determines if there are enough assets in the plan for pension benefits to be paid in the future for accumulated service to date. It also assesses whether the level of contributions made by plan members and Canada Post, the plan sponsor, is sufficient to cover the current service cost. The actuarial valuation, as at December 31, 2023, disclosed a going-concern surplus of $7.6 billion (using the smoothed value of pension plan assets; ratio of 131 per cent).

As the going-concern ratio of 131 per cent and the solvency ratio of 108 per cent (using market value of plan assets) exceeds 125 per cent and 105 per cent, respectively, Canada Post is required to use the surplus, and is not permitted to make employer current service contributions for 2024, which is projected to continue for 2025 based on Corporate Plan assumptions. In addition, since the solvency ratio using market value of plan assets of 108 per cent is above 105 per cent, and the three-year average ratio of 102 per cent is over 100 per cent, the cumulative total reduction of 15 per cent of solvency liabilities (aggregate solvency relief available under the *Pension Benefits Standards Act, 1985*) is reset to zero at December 31, 2023. This relief room is sufficient to absorb any projected special solvency payments during the five-year corporate plan period.

Year-over-year changes in discount rates and investment returns are major drivers in determining the financial position and contribution requirements for the pension plan. Discount rates and investment returns cannot be predicted with certainty and can be volatile. Given the size of our pension plan, a discount rate change of half a percentage point (or 50 basis points) would change the solvency obligations by approximately $2 billion.

6 Appendices

6.1 Corporate governance structure

The Board of Directors supervises the management of the business and affairs of the Corporation, including the relationship between the Corporation, its affiliates and the Government. The tables below reflect the current composition of the Corporation's Board of Directors, as well as the most recent full-year (2023) meeting attendance details.

Current Board of Directors composition and terms (as of June 30, 2024)

Members of the Board of Directors	First Appointment Date	Current Term Start Date (if re-appointed)	Current Term End Date
Hudon, André (Chair)	July 1, 2021 (June 18, 2024 – Chair)	June 18, 2024	June 18, 2028
Champoux-Paillé, Louise C.M., C.Q.	October 20, 2022		October 20, 2026
Collinson, Krista	July 1, 2021		July 1, 2025
Cuthbertson, Ron	March 4, 2022		March 4, 2026
Ettinger, Doug (President and CEO)	March 4, 2019 (original term ended March 4, 2023)	March 4, 2023	March 4, 2027
Fontaine, Ricky	April 21, 2023		April 21, 2027
Germain, Claude	May 31, 2018	November 25, 2022	November 25, 2026
MacKenzie, Ann	July 1, 2021		July 1, 2025
Ruth, Tom	April 21, 2023		April 21, 2027
Sonberg, Melissa	April 21, 2023		April 21, 2027

2023 Board of Directors meeting attendance

Members of the Board of Directors	First Appointment Date	Start/End Date if in Year 2023	Attendance[1]
Sanatani, Suromitra (Chair)	May 1, 2018 (July 29, 2020 – Acting Chair) (October 26, 2020 – Interim Chair) (June 1, 2021 – Chair)		24 / 25
Bryant, Lloyd	May 1, 2018	Term ended April 21, 2023	5 / 5
Champoux-Paillé, Louise C.M., C.Q.	October 20, 2022		17 / 17
Collinson, Krista	July 1, 2021		16 / 17

[1] Attendance reflects the number of Board and Committee meetings attended over the number of meetings scheduled for each member. For example, if a member sat on the Audit and Pension Committees as well as the full Board, the number of meetings scheduled would be the total number of Board, Audit and Pension meetings held in 2023.

Cuthbertson, Ron	March 4, 2022		18 / 18
Fontaine, Ricky	April 21, 2023	Term started April 21, 2023	24 / 25
Germain, Claude	May 31, 2018		16/17
Hudon, André	July 1, 2021		16/18
MacKenzie, Ann	July 1, 2021		18/19
Ruth, Tom	April 21, 2023	Term started April 21, 2023	12/13
Sinclair, Jim	May 1, 2018	Term ended April 21, 2023	5/5
Sonberg, Melissa	April 21, 2023	Term started April 21, 2023	13/14

As of December 31, 2023, there are four committees that assist the Board of Directors in fulfilling its oversight and decision-making responsibilities. Below are the primary duties and responsibilities of each committee (including key ESG-related activities) as well as membership in 2023:

Committee	Duties and Responsibilities	Members
Human Resources and Compensation Committee	• Human resources (including HR policies), compensation and development, including recommending to the Minister responsible for Canada Post Corporation the compensation of the President and Chief Executive Officer. • Recruitment and retention. • Various aspects of workplace culture, including equity, diversity and inclusion, employee engagement and desired behaviours. • Collective agreement negotiations and corresponding labour matters, including contingency planning and implementation plans; the relationship between management and the bargaining agents.	André Hudon (Chair), Suromitra Sanatani, Ann MacKenzie, Ron Cuthbertson, Louise Champoux-Paillé (as of March 23, 2023), Melissa Sonberg (as of June 1, 2023)
Environmental, Social and Governance Committee	• Environmental and social responsibility policies, programs, practices, and procedures. • Composition and structure of the Board and committees and terms of reference of all committees; Corporate values and the elements which facilitate Board effectiveness. • Corporate and subsidiary governance.	Lloyd Bryant (Chair until April 21, 2023), Krista Collinson (Chair as of May 10, 2023), Suromitra Sanatani, Jim Sinclair (until April 21, 2023), Louise Champoux-Paillé (as of March 23, 2023), André Hudon (as of June 1, 2023), Ricky Fontaine (as of June 1, 2023), Tom Ruth (as of June 1, 2023)
Pension Committee	• Canada Post Pension Plan (approximately $30 billion). • Corporation's responsibilities as pension plan sponsor and administrator. • Investment decisions in accordance with the Statement of Investment Policies and Procedures and approach to ESG and climate change risk-related matters as they relate to the pension plans. • Pension plan matters and policies, including pension plan liabilities. • Pension plan strategies.	Ann MacKenzie (Chair), Claude Germain, Suromitra Sanatani, Ron Cuthbertson, Melissa Sonberg (as of June 1, 2023)
Audit Committee	• Audit process. • Corporation's financial performance against its corporate plan. • Financial information, which is provided to Parliament and other stakeholders. • Risk management framework. • Systems of corporate controls, which management and the Board have established. • Meetings of the Audit Committee are attended by the President and Chief Executive Officer, the Chief Financial Officer, the Internal Auditor, as well as by the representatives of the appointed external auditors of Canada Post.	Claude Germain (Chair), Suromitra Sanatani, Ann MacKenzie, Lloyd Bryant (until April 21, 2023), André Hudon, Krista Collinson, Ricky Fontaine (as of June 1, 2023), Tom Ruth (as of June 1, 2023)

The following committee was dissolved at the May 25, 2023 Board of Directors meeting, with all relevant oversight absorbed by the Human Resources and Compensation Committee.

Labour Relations Committee (ad hoc)	• Collective agreement negotiations and corresponding labour matters, including contingency planning and implementation plans; the relationship between management and the bargaining agents.	Jim Sinclair (Chair until April 21, 2023), Suromitra Sanatani, Claude Germain, André Hudon, Ron Cuthbertson

6.2 Financial statements

Canada Post Corporation
Pro Forma Consolidated Statement of Financial Position

As at December 31 (in millions of Canadian dollars)	2023 Actual	2024 Forecast	Corporate Plan 2025	2026	2027	2028	2029
Assets							
Current assets							
Cash and cash equivalents	1,109	1,163	678	630	652	732	839
Marketable securities	335	-	-	-	-	-	-
Trade, other receivables and contract assets	963	968	1,020	1,036	1,053	1,078	1,094
Income tax Receivable	6	2	2	2	2	2	2
Other assets	123	135	138	140	143	145	148
Assets of disposal groups held for sale	424						
Total current assets	2,960	2,268	1,837	1,808	1,849	1,957	2,083
Non-current assets							
Property, plant and equipment	3,935	4,159	4,409	4,603	4,742	4,844	4,932
Intangible assets	252	212	192	172	151	131	111
Right-of-use assets	1,285	1,265	1,476	1,464	1,452	1,441	1,458
Segregated securities	398	338	311	280	247	211	172
Pension benefit assets	3,471	3,044	882	1,287	1,730	2,212	2,735
Deferred tax assets	-	181	869	1,040	1,257	1,495	1,766
Goodwill	161	162	162	162	162	162	162
Other assets	55	56	54	52	51	49	47
Total non-current assets	9,557	9,417	8,356	9,060	9,792	10,545	11,383
Total assets	**12,517**	**11,685**	**10,193**	**10,868**	**11,641**	**12,502**	**13,466**
Liabilities and equity							
Current liabilities							
Trade and other payables	880	908	946	965	982	1,000	1,021
Salaries and benefits payable and related provisions	656	724	564	595	614	644	654
Provisions	63	65	66	67	68	69	70
Income tax payable	-	-	-	-	5	15	23
Deferred revenue	172	161	155	147	147	148	148
Loans and borrowings	-	500	-	-	-	-	-
Lease liabilities	94	127	126	125	124	123	124
Other long-term benefit liabilities	56	56	57	58	58	59	60
Liabilities directly associated to disposal groups held for sale	299	-	-	-	-	-	-
Total current liabilities	2,220	2,541	1,914	1,957	2,000	2,058	2,100
Non-current liabilities							
Loans and borrowings	998	498	499	499	499	499	499
Lease liabilities	1,390	1,353	1,594	1,615	1,629	1,645	1,687
Long-term liability		-	709	1,567	2,654	3,843	5,203
Pension, other post-employment and other long-term benefit liabilities	3,118	3,011	3,066	3,119	3,168	3,218	3,269
Deferred tax liabilities	169	55	60	64	69	73	78
Other liabilities	48	50	49	49	51	53	53
Total non-current liabilities	5,723	4,968	5,976	6,913	8,069	9,331	10,788
Total liabilities	7,943	7,508	7,890	8,869	10,069	11,389	12,889
Equity							
Contributed capital	1,155	1,155	1,155	1,155	1,155	1,155	1,155
Accumulated other comprehensive income	4	9	13	13	13	13	13
Accumulated surplus (deficit)	3,337	2,932	1,043	730	294	(176)	(723)
Equity of Canada	4,496	4,096	2,211	1,899	1,463	993	446
Non-controlling interests	78	80	92	100	110	120	132
Total equity	4,574	4,176	2,303	1,999	1,572	1,113	577
Total liabilities and equity	**12,517**	**11,685**	**10,193**	**10,868**	**11,641**	**12,502**	**13,466**

Numbers may not add due to rounding.

Canada Post Corporation
Pro Forma Consolidated Statement of Comprehensive Income

For the year ended December 31 (in millions of Canadian dollars)	2023 Actual	2024 Forecast	Corporate Plan 2025	2026	2027	2028	2029
Revenue from operations	9,786	9,556	10,066	10,192	10,326	10,554	10,775
Cost of operations							
Labour	5,132	5,157	5,250	5,387	5,558	5,687	5,839
Employee benefits	1,182	1,430	1,447	1,701	1,749	1,773	1,813
	6,314	6,587	6,697	7,088	7,307	7,459	7,652
Other operating costs	3,489	3,422	3,498	3,555	3,628	3,716	3,816
Depreciation and amortization	514	510	532	559	578	592	607
Total cost of operations	10,317	10,518	10,727	11,201	11,512	11,767	12,075
Profit (loss) from operations	(531)	(962)	(661)	(1,009)	(1,186)	(1,214)	(1,300)
Investing and financing income (expense)							
Investment and other income	95	395	24	11	10	10	10
Financing costs and other expense	(93)	(88)	(86)	(82)	(84)	(85)	(86)
Investing and financing income (expense), net	2	307	(63)	(70)	(74)	(75)	(76)
Profit (loss) before tax (before any cash injections)	(529)	(655)	(723)	(1,079)	(1,260)	(1,289)	(1,377)
Impact of cash injection	-	-	122	117	118	87	58
Profit (loss) before tax (after any tax injections)	(529)	(655)	(601)	(962)	(1,142)	(1,202)	(1,318)
Tax expense (recovery)	108	(208)	(144)	(234)	(278)	(293)	(321)
Net profit (loss)	**(637)**	**(447)**	**(456)**	**(728)**	**(864)**	**(909)**	**(997)**
Other comprehensive income (loss)							
Items never reclassified to net profit (loss)	(1,227)	56	(1,398)	431	445	458	471
Items that may subsequently be reclassified to net profit (loss)	14	5	-	-	-	-	-
Other comprehensive income (loss)	(1,213)	61	(1,398)	431	445	458	471
Comprehensive income (loss)	**(1,850)**	**(386)**	**(1,855)**	**(297)**	**(419)**	**(451)**	**(526)**
Net profit (loss) attributable to							
Government of Canada	(652)	(461)	(471)	(743)	(880)	(927)	(1,017)
Non-controlling interests	15	14	15	15	16	18	20
	(637)	(447)	(456)	(728)	(864)	(909)	(997)
Comprehensive income (loss) attributable to							
Government of Canada	(1,863)	(402)	(1,870)	(313)	(436)	(470)	(547)
Non-controlling interests	13	15	16	16	17	19	21
	(1,850)	(386)	(1,855)	(297)	(419)	(451)	(526)

Numbers may not add due to rounding.

Canada Post Corporation
Pro Forma Consolidated Statement of Cash Flows

For the year ended December 31 (in millions of Canadian dollars)	2023 Actual	2024 Forecast	Corporate Plan 2025	2026	2027	2028	2029
Cash flows from operating activities							
Net profit (loss)	(637)	(447)	(456)	(728)	(864)	(909)	(997)
Adjustments to reconcile net profit (loss) to cash provided by (used in) operating activities:							
Depreciation and amortization	514	510	532	559	578	592	607
Pension, other post-employment and other long-term benefit expense	406	602	580	795	792	782	774
Pension, other post-employment and other long-term benefit payments	(309)	(215)	(226)	(571)	(591)	(602)	(616)
(Gain) loss on sale of capital assets (and assets held for sale)	-	(4)	(5)	(2)	-	-	-
(Gain) loss on dilution of subsidiary share capital	-	(341)	-	-	-	-	-
Tax expense (recovery) and other items affecting net income tax receivable	108	(210)	(144)	(234)	(278)	(293)	(321)
Net interest expense (income)	(2)	35	96	133	178	227	284
Change in non-cash operating working capital:							
(Increase) decrease in trade and other receivables	97	62	(52)	(16)	(17)	(25)	(16)
Increase (decrease) in trade and other payables	(47)	(1)	38	20	19	19	21
Increase (decrease) in salaries and benefits payable and related provisions	5	46	(159)	31	19	29	11
Increase (decrease) in provisions	6	2	1	1	1	1	1
Net (increase) decrease in other non-cash operating working capital	4	(6)	(3)	(3)	(3)	(3)	(3)
Other income not affecting cash, net	(21)	(53)	(174)	(200)	(234)	(250)	(278)
Cash provided by (used in) operations before interest and tax	124	(19)	28	(215)	(400)	(432)	(533)
Interest received	110	67	32	22	21	20	18
Interest paid	(90)	(88)	(87)	(81)	(82)	(82)	(83)
Tax received (paid)	(43)	(105)	(74)	(76)	(78)	(84)	(94)
Cash provided by (used in) operating activities	101	(145)	(101)	(350)	(539)	(579)	(693)
Cash flows from investing activities							
Net cash inflow (outflow) of securities	750	396	27	31	33	36	39
Cash-injection	-	-	832	975	1,205	1,276	1,418
Acquisition of capital assets	(682)	(573)	(657)	(612)	(574)	(549)	(549)
Proceeds from sale of capital assets	2	5	7	3	-	-	-
Proceeds from the sale of disposal groups held for sale	-	412	-	-	-	-	-
Business acquisitions, net of cash acquired	(56)	-	-	-	-	-	-
Other investing activities, net	(10)	2	2	2	2	2	2
Cash provided by (used in) investing activities	4	242	212	398	667	766	910
Cash flows from financing activities							
Payments of lease liabilities	(130)	(112)	(89)	(89)	(99)	(98)	(100)
Dividend paid to non-controlling interests	(8)	(8)	(7)	(8)	(8)	(8)	(9)
Net cash inflow (outflow) of loans and borrowings	-	-	(500)	-	-	-	-
Other financing activities, net	(4)	-	-	-	-	-	-
Cash provided by (used in) financing activities	(142)	(120)	(596)	(96)	(106)	(107)	(110)
Net increase (decrease) in cash and cash equivalents	**(37)**	**(22)**	**(485)**	**(48)**	**22**	**80**	**107**
Cash and cash equivalents, beginning of year	1,220	1,185	1,163	678	630	652	732
Effect of exchange rate changes on cash and cash equivalents	2	-	-	-	-	-	-
Cash and cash equivalents, end of year[1]	**1,185**	**1,163**	**678**	**630**	**652**	**732**	**839**

Numbers may not add due to rounding.

1. Cash and cash equivalents of $1,109 million presented in the consolidated statement of financial position excludes $76M of cash transferred to the asset of disposal groups held for sale.

6.3 Operating forecast and budget

2024 Operating Forecast
Canada Post Segment - Income Statement

(in millions of Canadian dollars)	2024 Forecast	2023	Better/(Worse) $	% [1]
Revenue from operations	6,899	6,942	(43)	(1.4)%
Cost of operations				
Labour	4,125	3,952	(173)	
Employee benefits	1,171	937	(234)	
Other operating costs	2,476	2,545	69	
Depreciation and amortization	374	353	(21)	
Total cost of operations	8,147	7,787	(360)	(3.8)%
Profit (loss) from operations	**(1,248)**	**(845)**	**(403)**	
Investing and financing income (expense), net	441	97	344	
Profit (loss) before tax	(807)	(748)	(59)	
Tax expense (recovery)	(311)	25	336	
Net profit (loss)	**(496)**	**(773)**	**277**	
Other comprehensive income (loss)	44	(1,176)	1,220	
Comprehensive income (loss)	(452)	(1,949)	1,497	

May not add due to rounding

1. Percentages adjusted for trading/paid days

The Canada Post segment is forecasting a loss before tax of $807 million in 2024 compared to a loss before tax of $748 million in 2023. The $59-million decline is primarily due to lower revenue and higher operating costs, which were mostly offset by income generated from the divestitures of two of its subsidiaries (SCI and Innovapost).

Revenue is forecasted to decrease by $43 million or 1.4 per cent in 2024, versus 2023. Domestic parcel volumes are forecasted to decrease by 3.8 per cent, and revenue is expected to decrease by 5.0 per cent due to continued competition in the ecommerce delivery sector, combined with economic uncertainty and reduced consumer spending. Direct Marketing volumes are expected to grow by 12.6 per cent due to new customer relationships and an upsurge in volumes from existing customers. Domestic Lettermail volumes are projected to decline by 4.9 per cent while revenue is expected to be flat mainly due to the stamp rate increases that were implemented in May 2024 offsetting volume erosion.

Total cost of operations is forecasted to increase by $360 million or 3.8 per cent mainly due to higher employee benefits costs tied to lower discount rates, and higher labour costs due to wage increases. These cost pressures were partially offset by other operating costs being lower, primarily program expense.

Investing and financing income is forecasted to increase by $344 million mostly due to income generated from the sales of SCI and Innovapost in the first half of 2024.

Other comprehensive income of $44 million, a forecasted increase of $1.220 billion compared to 2023, is mainly due to 2023 remeasurement losses on pension and other post-employment plans, due to a decrease in discount rates.

2024 Operating Forecast
Canada Post Corporation Consolidated Income Statement

(in millions of Canadian dollars)	2024 Forecast	2023	Better/(Worse) $	Better/(Worse) % [1]
Revenue from operations	9,556	9,786	(230)	(3.1)%
Cost of operations				
Labour	5,157	5,132	(24)	
Employee benefits	1,430	1,182	(248)	
Other operating costs	3,422	3,489	67	
Depreciation and amortization	510	514	4	
Total cost of operations	10,518	10,317	(201)	(1.2)%
Profit (loss) from operations	**(962)**	**(531)**	**(431)**	
Investing and financing income (expense), net	307	2	305	
Profit (loss) before tax	(655)	(529)	(126)	
Tax expense (recovery)	(208)	108	316	
Net profit (loss)	**(447)**	**(637)**	**190**	
Other comprehensive income (loss)	61	(1,213)	1,275	
Comprehensive income (loss)	(386)	(1,850)	1,464	

May not add due to rounding

1. Percentages adjusted for trading/paid days

The Group of Companies is forecasting a loss before tax of $655 million in 2024, which is $126 million worse than the prior year. The year-over-year decline is attributable to the Canada Post segment, as discussed above.

2025 Operating Budget
Canada Post Segment - Income Statement

(in millions of Canadian dollars)	2025 Plan	2024 Forecast	Better/(Worse) $	Better/(Worse) %[1]
Revenue from operations	7,252	6,899	354	5.5%
Cost of operations				
Labour	4,203	4,125	(78)	
Employee benefits	1,167	1,171	4	
Other operating costs	2,450	2,476	26	
Depreciation and amortization	383	374	(9)	
Total cost of operations	8,204	8,147	(57)	(1.1)%
Profit (loss) from operations	**(951)**	**(1,248)**	**297**	
Investing and financing income (expense), net	18	441	(423)	
Profit (loss) before tax (before any cash injections)	(933)	(807)	(126)	
Income impact of cash injection	122	-	122	
Profit (loss) before tax (after any cash injections)	(811)	(807)	(4)	
Tax expense (recovery)	(221)	(311)	(90)	
Net profit (loss)	**(590)**	**(496)**	**(94)**	
Other comprehensive income (loss)	(1,410)	44	(1,453)	
Comprehensive income (loss)	(2,000)	(452)	(1,548)	

May not add due to rounding

1. Percentages adjusted for trading/paid days

The Canada Post segment is projecting a loss before tax of $811 million for 2025, which is consistent with the 2024 forecasted loss of $807 million.

Revenue is projected to be $354 million or 5.5 per cent better in the 2025 plan versus the 2024 forecast. The increase is primarily driven by a 25-per-cent Lettermail rate action planned for January 2025. Ongoing competitive challenges are expected to continue in the ecommerce market and we expect only modest growth in both parcel revenue and volumes. Direct Marketing volumes and revenue in 2025 are projected to be fairly flat.

Total cost of operations is projected to be $57 million or 1.1 per cent higher in the 2025 plan versus the 2024 forecast. The increase is primarily driven by higher expected labour costs from annual wage increases, partly offset by other operating costs which are projected to decrease mainly due to spending reductions.

Employee benefit costs are expected to be consistent in 2025 compared to 2024. Given the size of the pension plan ($30.9 billion as of December 31, 2023), fluctuations due to pension return and discount rates can have a significant influence on employee benefit costs.

Other comprehensive loss of $1.410 billion, a forecasted decrease of $1.453 billion compared to 2024, is mainly due to remeasurement losses on the pension and other post-employment plans from forecasted discount rate decreases at the end of 2025.

2025 Operating Budget
Canada Post Corporation Consolidated Income Statement

(in millions of Canadian dollars)	2025 Plan	2024 Forecast	Better/(Worse) $	Better/(Worse) %[1]
Revenue from operations	10,066	9,556	510	5.8%
Cost of operations				
Labour	5,250	5,157	(93)	
Employee benefits	1,447	1,430	(17)	
Other operating costs	3,498	3,422	(76)	
Depreciation and amortization	532	510	(23)	
Total cost of operations	10,727	10,518	(208)	(2.4)%
Profit (loss) from operations	**(661)**	**(962)**	**302**	
Investing and financing income (expense), net	(63)	307	(370)	
Profit (loss) before tax (before any cash injections)	(723)	(655)	(68)	
Income impact of cash injection	122	-	122	
Profit (loss) before tax (after any cash injections)	(601)	(655)	54	
Tax expense (recovery)	(144)	(208)	(63)	
Net profit (loss)	**(456)**	**(447)**	**(9)**	
Other comprehensive income (loss)	(1,398)	61	(1,459)	
Comprehensive income (loss)	(1,855)	(386)	(1,468)	

May not add due to rounding

1. Percentages adjusted for trading/paid days

In 2025, the Group of Companies' loss before tax is expected to be $601 million, which is $54 million better than 2024. The year-over-year improvement is primarily due to the Canada Post segment, as detailed above.

6.4 Capital forecast and budget

2024 Capital forecast

The total capital spend for the Canada Post segment is forecasted to be $263 million in 2024.

		2024 Capital Forecast ($M)
STRATEGIC PILLARS *Initiatives to provide a high-quality postal service at a reasonable price and to do so in a manner that is financially prudent and environmentally and socially responsible. Investments are categorized based on their primary pillar; however, many will achieve goals across multiple pillars.* *Timing and breadth of our strategic and transformational investments were reviewed, with several initiatives being deferred or paused due to our financial situation, resulting in a significant decrease in our strategic investments.*		**34**
Doing right by our people	Investments to keep our customers and employees safe, and to ensure our workforce and culture reflect Canada and the priorities of Canadians.	
Providing a service all Canadians can count on	Initiatives to expand our network capacity, improve service and tracking, enhance our retail services, and help Canada stay connected and businesses succeed.	
Committed to social and environmental leadership	Investments to demonstrate environmental leadership, ensure our workplace reflects equity, diversity and inclusion, and foster reconciliation with Indigenous Peoples.	
INFRASTRUCTURE AND OTHER *Initiatives that focus on the replacement of operational assets (e.g., vehicles, street furniture) and other operational equipment. Includes investment to maintain/upgrade facilities.*		**229**
Asset replenishment	Investment to maintain our current sortation and delivery capacity. This includes replacement of operational assets such as vehicles and street furniture, and investment to maintain/upgrade facilities and systems.	
Corporate back office	Investment supporting administrative areas and support roles, including processing and compliance activities, enterprise resource planning (ERP) and other central IT systems.	
Canada Post segment		**263**

May not add due to rounding.

The total capital forecast for the Group of Companies is $573 million, of which $263 million is for the Canada Post segment.

Our subsidiaries' capital spending is forecasted at $310 million. Purolator's capital expenditures are forecasted at $310 million, while SCI (subsidiary up to March 1, 2024) and Innovapost (subsidiary up to April 15, 2024) did not incur any capital spending while they were subsidiaries in 2024.

2025 Capital Budget

The 2025 Capital Budget has been further curtailed and rightsized, allowing us to address our financial challenges while remaining committed to our purpose: A Stronger Canada – Delivered.

Capital investments will largely focus on replacing critical infrastructure throughout the network and ensure replenishment and maintenance of assets, including vehicles, street furniture, and systems and equipment reaching their end of life. Investments to modernize our back office through our Experience Transformation (XT) project are well underway and will bring enterprise-wide benefits that support our strategic plan.

All investment decisions will be guided by this strategy and the needs of employees, customers and Canadians, while continuing our focus on safety, and social and environmental leadership.

		2025 Capital Budget ($M)
STRATEGIC PILLARS		**65**
Initiatives to provide a high-quality postal service at a reasonable price and to do so in a manner that is financially prudent and environmentally and socially responsible. Investments are categorized based on their primary pillar; however, many will achieve goals across multiple pillars. *Timing and breadth of our strategic and transformational investments were reviewed, with several initiatives being deferred or paused due to our financial situation, resulting in a significant decrease in our strategic investments.*		
Doing right by our people	Investments to keep our customers and employees safe, and to ensure our workforce and culture reflect Canada and the priorities of Canadians.	
Providing a service all Canadians can count on	Initiatives to expand our network capacity, improve service and tracking, enhance our retail services, and help Canada stay connected and businesses succeed.	
Committed to social and environmental leadership	Investments to demonstrate environmental leadership, ensure our workplace reflects equity, diversity and inclusion, and foster reconciliation with Indigenous Peoples.	
INFRASTRUCTURE AND OTHER		**235**
Initiatives that focus on the replacement of operational assets (e.g., vehicles, street furniture) and other operational equipment. Includes investment to maintain/upgrade facilities and systems, including back-office activities.		
Asset replenishment	Investment to maintain our current sortation and delivery capacity. This includes replacement of operational assets such as vehicles and street furniture, and investment to maintain/upgrade facilities and systems.	
Corporate back office	Investment supporting administrative areas and support roles, including processing and compliance activities, ERP and other central IT systems.	
Canada Post segment		**300**

May not add due to rounding.

The Group of Companies' 2025 Capital Budget is planned at $657 million, of which $300 million is planned for the Canada Post segment and $357 million is planned for the Purolator segment.

Due to the nature of Canada Post's operating environment, most of the capital proposed for this Plan's period is considered as part of multi-year projects. These multi-year projects, their costs and associated benefits may fluctuate, particularly in the outer years of this Plan. They will be reviewed on an annual basis and will continue to be included in future corporate plans and capital budgets.

Five-year Capital Plan

The Capital Plan for the five-year planning period is set out below (in millions of Canadian dollars). Included in our strategic initiatives are programs associated with increasing parcel processing and delivery capacity across our network. We estimate the capital associated with these projects will cost $65 million in 2025 and $426 million over the course of this Plan.

Timing and breadth of our five-year Capital Plan were also reviewed, with several initiatives being deferred or paused due to our financial situation, resulting in a significant decrease (28 per cent) in our overall investments.

Area of responsibility	Capital projects for 2025 to 2029	2025	2026	2027	2028	2029	Total
Strategic initiatives	Initiatives to provide a high-quality postal service at a reasonable price and to do so in a manner that is financially prudent, environmentally sound and socially responsible.	65	60	85	100	116	**426**
Infrastructure and other	Initiatives that focus on the replacement of operational assets (e.g., vehicles, street furniture) and other operational equipment. Includes investment to maintain/upgrade facilities and systems, including ERP and other back-office systems.	235	240	215	200	184	**1,074**
Canada Post segment		**300**	**300**	**300**	**300**	**300**	**1,500**

Capital Plan – Mandatory disclosure

Based on an assessment using the value of our asset base, no individual planned capital expenditure meets the threshold set out in the guidelines. As a result, no additional disclosure is required.

6.5 Borrowing Plan

Borrowing authority

Our funding activities are governed by:

- Section 28 of the *Canada Post Corporation Act*
- Sections 101 and 127 of the *Financial Administration Act* (FAA)
- *Appropriation Act No. 4, 2009-10*

Under *Appropriation Act No. 4, 2009-10*, we are authorized to borrow otherwise than from the Crown not exceeding from time to time an aggregate outstanding amount of $2.5 billion in accordance with the terms and conditions approved by the Minister of Finance.

In accordance with *Appropriation Act No. 4, 2009-10* and 127(3) of the FAA, we require the approval of the Minister of Finance to enter into any particular transaction to borrow money, including the time and the terms and conditions of the transaction.

The following outlines our Borrowing Plan:

We request:

- **Approval to maintain our existing $100 million line of credit.** This could be used for general corporate purposes, including the issuance of letters of credit, which are essential for supporting changes in our extensive retail network and complying with contractual insurance obligations. Although we do not anticipate drawing on these letters of credit in 2024, they are vital as a payment guarantee when needed.
- **Establish new short-term borrowing facilities up to $1 billion.** The newly established short-term borrowing facilities up to $1 billion will ensure we have the necessary liquidity to meet our obligations if unforeseen circumstances arise.

The actual borrowing mechanism can take various forms and we are currently collaborating with our shareholder to explore and define potential options. Given the volatility of our cash flows — impacted by seasonal revenue variations, substantial payroll obligations, and unforeseen events — we require the flexibility to access additional funds on an immediate basis as required.

Our cash resources are expected to decline and be completely depleted by mid-2025, making it critical for Canada Post to have the ability to access additional funds to manage our liquidities.

The increased borrowing capacity will provide an essential buffer against the financial pressures that could arise from a potential labour disruption.

The Plan does not reflect any pension solvency special payments as based on the 2023 funding valuation; the aggregate solvency relief available under federal regulations was sufficient to absorb any such payments during the five-year corporate plan period. The plan also assumes a mandatory pension contribution holiday; however, this is subject to market conditions and the funding valuation results at December 31, 2024 and therefore not yet assured.

Leases

To sustain operations, we lease industrial buildings, retail stores, administrative buildings, and land. Existing leases by asset class included in the Plan are below. These amounts do not include upcoming possible leases unless there is near certainty they will be executed.

	Estimated lease liability ($M)[2,3]					
	2024	2025	2026	2027	2028	2029
Total	**1,024**	**1,283**	**1,324**	**1,357**	**1,393**	**1,429**

[2] Where it is reasonably certain that the option to renew will be exercised, this option is included in the lease term.

[3] Lease payments were discounted using the incremental borrowing rate (IBR) of the Corporation. The IBR represents Government of Canada bond yields with a spread to adjust for the Corporation's liquidity premium.

6.6 Enterprise risk management (ERM)

ERM framework

Canada Post's ERM practice includes semi-annual reporting to provide an overview of top risks and associated mitigation plans and controls. Updates on key risks are also provided as part of quarterly MD&A (Management Discussion and Analysis) disclosures.

Risk owners and key stakeholders at the senior management level are engaged to develop a comprehensive view of the top risks facing the Corporation and to determine the likelihood of a risk occurring, its impact, and mitigating actions being undertaken for identified risks. The consolidated results, approved by senior executives, are presented to the Management Executive Committee and Board of Directors twice a year and to the Audit Committee once a year.

For details on the risks that could materially affect our business, please review our latest financial reports on canadapost.ca.

6.7 Compliance with legislative and policy requirements

The following section contains information about Canada Post's compliance with legislation, Treasury Board policies, Governor-in-Council and ministerial directives:

6.7.1 Public policy programs

In addition to our universal service obligation (USO) and core postal services, we deliver certain public policy programs on behalf of the Government. We receive an annual appropriation of $22.2 million from the Government for the delivery of parliamentary mail and materials for persons who are blind or partially sighted. This amount has been in place since January 2000 and has since remained constant. It is not linked to changes in volume or cost.

Government (parliamentary) mail: Section 35 of the Act allows for mailing of letters free of charge between citizens and certain parliamentary officials. Members of the House of Commons can also send up to four flyer mailings (through our Neighbourhood Mail service) free of charge to their constituents in any calendar year.

Materials for persons who are blind or partially sighted: The Act, through the *Materials for the Use of the Blind Regulations*, provides for free mailing privileges for certain materials for persons who are blind or partially sighted, such as braille material, talking books and DVDs. These services date back to the 19th century and are part of Canada's obligations under the Universal Postal Union (UPU). The regulations and international agreements extend beyond domestic mail, and cover materials sent internationally.

Library materials: We offer a library materials service that is accessible to recognized public libraries, university libraries, or other libraries maintained by non-profit organizations or associations, and which are for public use in Canada. We receive no appropriation or compensation from the Government to offset the discounted postage.

6.7.2 Canadian Human Rights Act (CHRA)

Canada Post is committed to providing a safe, caring, respectful and inclusive environment for employees, candidates and customers across Canada. To support this, the Corporation adheres to a comprehensive set of policies, practices, guidelines, and other support mechanisms that foster a safe, equitable and respectful environment. We also deliver human rights training to employees and strive to ensure that customer and employee accommodation requests are evaluated on a case-by-case basis, based on individual needs.

6.7.3 Pay Equity Act (PEA)

At Canada Post, we recognize that pay equity is a fundamental human right and that compensation disparity based on gender is unacceptable. We are committed to ensuring that pay equity is embraced in accordance with our corporate values of fairness and respect, while acting with the highest degree of integrity. To this end, we are dedicated to fulfilling our obligations under the new PEA, which introduces proactive requirements to achieve and maintain pay equity.

6.7.4 Employment Equity Act

Workforce representation of the four currently legislated equity groups is measured through voluntary employee participation in the Corporation's Equity Census. As mentioned earlier, our goal is to achieve 80 per cent of the Canadian Labour Market Availability (CLMA) per designated equity group.

6.7.5 Official Languages Act (OLA)

Upholding the country's laws and principles on official languages is essential to providing a service all Canadians can count on. We are committed to fulfilling our obligations under the *Official Languages Act* to ensure we provide high-quality communications and services in both official languages. Our commitment to provide a safe and respectful workplace includes a work environment where the use of both official languages reflects their equal status. Through several initiatives, we also aim to support the development and vitality of official language minority communities and promote the full recognition of both official languages in Canadian society.

6.7.6 Privacy Act (PA)

Our employees, customers and the public expect Canada Post to properly manage and protect the personal information that is entrusted to it. We have consistently demonstrated strong compliance with the PA and continue to evolve our privacy practices to incorporate national and international best practices as well as guidance from our regulators. Canada Post is committed to transparency about how data is collected and used in a responsible manner that ensures adequate protection of the privacy interests of all Canadians.

6.7.7 Access to Information Act (ATIA)

The ATIA gives individuals and corporations in Canada the right to request records under our control (subject to certain exceptions). We are committed to fulfilling our obligations under the ATIA while protecting information received from partners, suppliers and customers. It is of paramount importance to balance requesters' right of access with the protection of commercially sensitive corporate and third-party information. This commitment is fundamental to respecting customer relationships, to retaining the trust customers place in the Corporation, and to protect information that could potentially harm Canada Post's position in the current marketplace.

6.7.8 Conflict of Interest Act (COIA)

Our employees are expected to conduct themselves with personal integrity, honesty and diligence in performing their duties, and to act in ways which preserve and enhance our reputation and business integrity. Our Conflict of Interest Policy reflects requirements under the COIA, ensures awareness of, and compliance to the COIA, and sets out our expectations of employees. All management, APOC and PSAC/UPCE new hires receive training regarding their obligations. Also, members of the executive team must formally verify their adherence to the Conflict of Interest Policy every year. Annual audits are conducted to ensure ongoing compliance.

6.7.9 Fighting Against Forced Labour and Child Labour in Supply Chains Act

Under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, which came into effect in 2024, Canada Post is required to report annually on steps taken during the previous financial year to prevent and reduce the risk that forced labour or child labour is used in its activities and global supply chains. We submitted our first annual report to the Minister of Public Safety on May 29, 2024.

In 2023, we took important strides to enhance the program, specifically through the inclusion of stronger provisions in our Procurement Policy, relevant procurement documents and supplier contracts as well as procuring new and innovative technology to support compliance monitoring and risk assessments. In 2024, we will be rolling out updated training to employees working in procurement, formalizing a monitoring process using the new technology, and engaging more regularly with suppliers' issues of concern specifically related to forced labour and/or child labour. Canada Post will continue to monitor the effectiveness of the program by regularly assessing the risk profiles of suppliers and staying up to date with best practices. Should there be a change to the overall risk profile, we will adjust the training program or other compliance mechanisms in place, as required.

6.7.10 Accessible Canada Act

Canada Post is committed to ensuring that accessibility and inclusion are top of mind when it comes to our customers, employees, buildings, products and services and the partners we do business with. As noted in section 1.1.6, Canada Post's accessibility strategy aligns with the focus areas of the *Accessible Canada Act*. Our goal is to be recognized as a leader in accessibility and inclusion in Canada, and we are committed to our goal of supporting the creation of a barrier-free Canada by 2040. In 2023, we published our first annual progress report. The progress report highlights the advancements we have made in our efforts to improve accessibility, challenges we faced and how we are continuing to apply feedback and lessons learned to achieve our goals. For further details, please refer to our 2023 Accessibility Progress Report.

6.7.11 Trade agreements

Canada Post – as a named government procurement entity, a state-owned enterprise with both monopoly and competitive services, and as a transnational delivery service provider – is keenly aware of the many provisions in the various trade agreements that apply to our business activities. Accordingly, we have teams specifically tasked with ensuring that the Corporation has up-to-date awareness of, and conducts our activities in full compliance with, our and Canada's obligations under the various trade agreements.

6.7.12 Directive for Crown Corporations on Travel, Hospitality, and Conferences

On July 16, 2015, the Governor in Council issued a directive (P.C. 2015-1114) to Crown corporations to align their travel, hospitality, conference, and event expenditure policies with those of the Treasury Board. As of July 2019, Proactive Disclosure reports are posted monthly on our website. We continue to comply with the directive issued.

6.7.13 P.C. 2013-1354

Compensation for our management and exempt employees is subject to *Directive for Setting Terms and Conditions for Management and Exempt Employees* (P.C. 2013-1354 [Bill C-60]), which has applied to Canada Post since 2015. The directive requires us to obtain Treasury Board approval before we can fix the terms and conditions of employment for non-unionized employees who are not appointed by the Governor in Council. Canada Post confirms it is following this Directive.

6.7.14 Office of the Auditor General special examinations

The most recent special examination of Canada Post Corporation was conducted in 2018 by the Office of the Auditor General of Canada and KPMG. It found that good practices were in place to oversee the running of the Corporation and to manage its operations, and that there was reasonable assurance that there were no significant deficiencies in the systems and practices they examined.

6.8 Government priorities and direction

6.8.1 Community investment

Beyond providing a timely and reliable service, Canada Post and its employees strive to make a difference in the lives of children and youth across the country. Since 2012, the Canada Post Community Foundation has granted nearly $13.5 million to more than 1,100 initiatives supporting children and youth nationwide. Funds are raised through customer donations in post offices, voluntary employee payroll deductions and the sale of a special stamp issued each year. A more detailed overview of our community investment efforts can be found in Corporation's 2023 **Sustainability Report** available on **canadapost.ca**.

6.8.2 Canadian Postal Service Charter

The *Canadian Postal Service Charter (Service Charter)* sets out the Government's expectations for our service standards and related activities when providing postal services that meet the needs of Canadians. These expectations are not intended to derogate, nor modify, our obligations under the *Canada Post Corporation Act* or any other legislation. We have reported our performance against each of our expectations in our 2023 Annual Report as required by the Service Charter.

6.8.3 Greening Government Strategy

As noted in section 1.1.5, Canada Post is committed to the greener good and protecting the environment for future generations. Our commitment to environmental leadership includes ambitious science-based emissions reduction targets, including reducing our operational greenhouse gas (GHG) emissions by 50 per cent by 2030 and achieving net-zero emissions across our value chain by 2050. These targets are aligned with the Greening Government Strategy. To meet these targets, Canada Post has been taking concrete steps to reduce emissions and foster a sustainable future for all Canadians.

6.8.4 Transparency and open government

Canada Post's commitment to transparency is demonstrated by the extensive information that is made available to the public. For example, Canada Post publishes a comprehensive Sustainability Report and an Annual Report about its business and financial performance, as well as detailed quarterly financial reports. The quarterly reports include interim financial results, condensed consolidated financial statements, risks and significant changes in relation to operations, personnel and programs. On a monthly basis, travel and hospitality expenses of senior executives and members of the Board of Directors are disclosed; similar corporate statistics are released annually. Through its public disclosures, Canada Post demonstrates openness and transparency with the public about its business and financial performance. It is also imperative that the Corporation protects its proprietary and commercially sensitive information as well as the information of our partners, suppliers and customers. This accountability is fundamental to these relationships and the trust they have in the Corporation. Canada Post continues to balance the important principles of openness and transparency with its business imperatives to remain financially self-sustaining.

6.8.5 Gender-based Analysis Plus+ (GBA Plus+)

Canada Post's gender diversity exceeds our goal of 80 per cent of the CLMA. As a result, there is limited need to leverage the GBA Plus+ process. The Corporation is committed to gender inclusivity and is continuously monitoring the need for additional gender-inclusive practices based on input from employees and all bargaining agents via our Joint Equity and Diversity Committee. Canada Post also monitors for greater gender inclusivity through responsive means under human rights, employment equity, and multiculturalism/diversity. While not a legislated requirement, we provide training (and reporting if applicable) on gender-related matters.

In addition, Canada Post is in the process of supporting inclusive pronoun usage, inclusive language practices, gender-neutral washrooms, and the UN's Women's Empowerment Principles (WEPs). We continue to monitor gender representation to ensure that our numbers remain over 80 per cent of the CLMA, as shown in our **Equi'Vision report**, available on **equivision.services.gc.ca**. Our employee resource groups also work to identify and address barriers.