

Intouch

Retiree pension bulletin
Defined benefit



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Pension | Benefits | Pay and Incentives | Health and Well-Being



A Stronger Canada – Delivered

We are transforming to meet Canadians' changing needs and expectations

Canadians are expecting more from us. We are here to meet their expectations and play a meaningful role in their lives. It starts with this bold plan to transform how we serve our great nation.

The time for transformation is now. The pandemic has fuelled fundamental change in Canada. Consider the accelerated shift to online shopping. The pandemic's economic and social toll is creating a need to build back stronger. For big organizations like ours, there is also the expectation to demonstrate leadership in ways that transcend the services and products we offer.

What Canadians need. Canadians want us to view our responsibility to the country through a wider lens, beyond reliable and timely services. They expect us to reflect and promote Canadians' shared values and goals.

Our comprehensive plan. We will not shy away from our responsibilities – we will embrace them. Our plan will ensure that Canada Post reflects our nation's common values, and responds to Canadians' changing service needs.

(continued page 2)

IN THIS ISSUE

- 5 The Heritage Club
- 6 Quarterly fund performance results

SEND US YOUR FEEDBACK

If you have comments or want to suggest a topic for our next *Intouch* bulletin, please submit your ideas in writing to pension.services@canadapost.ca or CANADA POST PENSION SERVICES, 2701 RIVERSIDE DRIVE, SUITE N0660, OTTAWA ON K1A 0B1

DO WE HAVE YOUR CURRENT ADDRESS?

When you change your address, it's important to inform us: Pension Centre 1-877-480-9220, 1-866-370-2725 (TTY) 613-683-5908 (outside North America). For your post-retirement health and dental benefit plans, contact Canada Life at 1-866-716-1313.

Note: In this publication, "Plan" refers to the Canada Post Corporation Registered Pension Plan, "DB" refers to the defined benefit component. **Disclaimer:** The official Plan text governs your actual benefits from the Plan and is the final authority in any case of dispute. For more information, visit cpcpension.com.



Providing a service all Canadians can count on

From expanded capacity to meeting the needs of underserved communities, we are stepping up.

Expanding capacity

Our multi-year plan will boost the right parcel capacity and improve service across the board. We plan to invest \$4 billion over the next five years to build capacity, improve service, modernize our network, renew our fleet and green our operations. This includes new capacity in delivery, sortation and our fleet.

Improving service and tracking

Canadians want more choice, more convenience, more control and more visibility. At the same time, they expect parcel delivery service that is fast, safe, reliable and affordable – and to know where their parcels are and when they'll receive them. We're introducing better tracking, adding more parcel lockers, and helping customers personalize their deliveries, among other improvements.

Enhancing our retail services

Canadians rely on our retail network of more than 6,000 post offices for important services, parcel and mail pickup and product returns. We are investing more than \$100 million in new retail products and services that will help us continue to meet the diverse needs of Canadians in every corner of the country. Here are some key investments:

Indigenous, northern and rural communities

In 2020, we approved a strategy to improve mail service to underserved Indigenous, northern and rural communities. Some communities will see new full-service post offices. Others will see existing services enhanced. Improved service will provide greater access to the ecommerce economy.

Financial services

We intend to pilot new financial services in some of our post offices.

Community hubs

We're planning to establish community hubs that would offer a wide range of services in rural Canada, including improved financial services and potentially new government and community services. Some services could be tailored to small businesses (such as a "Prep, Pack and Ship" area that includes a self-serve parcel induction option, and bookable meeting rooms) while other possible features like electric vehicle charging stations would help the environment. There are two community hubs in development, both in Indigenous communities. The first pilot was introduced in November 2021. These pilot community hubs will help us determine what services can be introduced in other communities based on their needs.

New point-of-sale technology

To improve the customer experience, we're investing more than \$100 million on modernizing point-of-sale technology in our post offices that will speed up customer transactions and reduce wait times. We've also added a real-time customer feedback tool so we can monitor and measure our customer satisfaction in all our retail outlets. The new technology will start to roll out across our network in 2021.

Other plans for 2021 and beyond

- Investing in new technology to improve **product returns** for consumers and businesses. With the boom in ecommerce, returns through the mail have increased significantly.
- Expanding service at select parcel pickup locations by **allowing consumers and small businesses to induct parcels**. Customers could pick up and drop off parcels, including product returns.
- Offering more **environmentally friendly products** with more recycled content and which are more recyclable, and removing unnecessary plastic from our operations (no more shrink wrap on flat rate boxes).

Helping Canada stay connected and businesses succeed

Parcels and ecommerce

Small and medium-sized businesses are the engine of the economy and have pivoted by introducing online stores or increasing digital sales. They rely on us to connect with customers and compete in markets near and far, so we're investing in our network, operations and products to support them and help them grow:

- We're building the capacity to provide timely service and improved visibility for customers to track their purchases as often as they like, with a level of detail that provides reassurance.
- To directly support businesses, we're investing in a number of key improvements and measures.
- We're launching a new multi-million-dollar cloud-based tracking system in 2021 that will give consumers and commercial customers more visibility on the status of their parcels in our network.
- We're looking at providing more convenient induction options in certain locations, which would give customers a more convenient way to drop off parcels.
- To meet evolving customer needs, we're working to improve interaction and customization around the delivery experience.

- We're planning a centralized global preference platform for consumers and business customers to manage their preferences online.
- We support Canadian businesses in several other ways, for example:
 - ~ Help them get started by connecting them with ecommerce platforms.
 - ~ Provide online shipping tools, audience insights and discounts on shipments in Canada and abroad.
 - ~ Support them with targeted and integrated marketing campaigns.

Direct Marketing and Lettermail™

We're helping Canadians stay connected through the mail, and helping local businesses connect with customers and potential customers with advertising, offers and promotions.

- We're investing in and exploring new ways for Canadians to interact with our Lettermail and Direct Marketing business digitally and physically to improve relevance and value, such as knowing when specific mail items are being delivered to you.
- Lettermail remains an important way for Canadians to stay connected, at a time when many people have been isolated from family and friends. Our *Write here, Write now* national campaign reminded Canadians of the powerful emotional connection created by receiving letters, notes and cards in the mail.
- As the retail economy recovers from the pandemic – and Canadians look to shop local – direct mail, such as coupons and flyers, will be an important tool. It puts a company's message directly into the hands of prospective customers and helps bring people in the door. Marketing mail remains very relevant for Canadian businesses to connect with their customers in local communities.
- We're working to develop innovative physical, data and digital solutions that increase the value and sustainability of the Canada Post Smartmail Marketing™ solution, and extend its reach thanks to industry partnerships.
- We continue to invest in ways for marketers, advertisers, enablers and influencers to improve their targeting efforts and amplify their advertising message by incorporating direct marketing with other media.
- We're also bringing the entire direct marketing industry together to educate, share best practices and increase environmental sustainability.

(continued page 4)

Committing to environmental leadership and social purpose

More than ever, we're building workplaces that reflect equity, diversity and inclusion, protection of the environment, and reconciliation with Indigenous and northern communities.

Embracing equity, diversity and inclusion

Canadians expect us to provide a safe and welcoming workplace that embraces and celebrates our differences. Our workforce will mirror Canada's diversity and provide a safe and welcoming workplace that embraces and celebrates our differences. This will result in more highly motivated and engaged employees and help us become an employer of choice.

Making our environment a priority

We've anchored our efforts in the Environmental Action Plan. This joint project between Canada Post and its bargaining agents sets environmental priorities, goals and targets. It kick-starts our ambitious work together to reduce our environmental footprint. The Environmental Committee is a bi-monthly joint forum to discuss our respective environmental priorities. We're also investing in a leading-edge zero-carbon building, greening other buildings and moving to a more sustainable fleet.

Fostering reconciliation with Indigenous peoples

We're taking concrete action to renew our relationships with Indigenous and northern communities and play a meaningful role in reconciliation. Our Indigenous and northern communities' strategy commits us to taking action in four key areas:

- We'll improve postal services in Indigenous and northern communities with a community-by-community approach over five years. The tailored approach allows for some communities to provide new full-service post offices, while others will see existing services improved. Options include centralized delivery such as parcel lockers and improved access to financial, remittance and government services.
- Our Indigenous procurement policy will redefine our business relationship with Indigenous-owned communities. It will be based on trust, economic reconciliation and good business sense. We formally adopted a target of buying 5% of procured goods and services from Indigenous-owned suppliers or subcontractors, consistent with recommendations from the Canadian Council for Aboriginal Business.

- We'll improve Indigenous employment and retention, working with our unions and Indigenous peoples and their communities.
- We'll support the wellness and safety of Indigenous communities, working with local leaders and law enforcement to serve them safely. This includes working to reduce non-mailable matter, such as alcohol and illicit drugs, which enter these communities.

Doing right by our people

The contributions of our people cannot be overstated. You deserve a workplace that is safe, fair and respectful.

Embedding health and safety

Canadians expect that we put the safety of our people first and that we treat our employees fairly. They want to know we are a welcoming, diverse and inclusive employer.

Building alignment

Canadians count on us to work with our bargaining agents for the benefit of our employees, customers and the communities we serve.

Our bargaining agents bring valuable perspectives and contributions to our company. It's important that we collaborate with them in a spirit of partnership to provide better service and demonstrate leadership on issues that matter to Canadians.

We continue to explore and pursue new ways to work with our bargaining agents to make progress on common interests. This includes making Canada Post a leader in sustainable delivery that embraces its social responsibilities.

Creating a fair and respectful workplace

Canadians expect that Canada Post will embrace equity, diversity and inclusion in its workplaces and operations across the country. We strive to be a workplace of choice where employees are proud of where they work, can build a fulfilling career and pursue opportunities.

- We're modernizing our employee recognition program to reward employees for strong contributions and to help improve engagement.
- We're working on a new leadership development program that's focused on strengthening our workplace culture.

- We're conducting annual employee engagement surveys and acting on the feedback. These surveys provide the company with valuable insights into how employees view their work and overall workplace environment. Our most recent survey saw significant improvements in areas employees had identified and which we focused on – communication and employee well-being.
- We're communicating more with employees through frequent CEO updates, floor chats, team meetings and town halls, and we're regularly informing employees about changes that affect them. This will help engage employees and strengthen workplace culture.
- We're in the early stages of creating and piloting a plan outlining the actions and initiatives needed to create a successful culture shift, with indicators of where we are today and where we plan to be.
- We launched our **Joint National Equity and Diversity Committee** in 2020 with facilitation from the Canadian Centre for Diversity and Inclusion. The committee is focused on creating a more equitable, diverse and welcoming workplace, where employees can feel safe, supported, respected and empowered.
- Our three-tier **Anti-Racism Action Plan** was launched in 2020 through a joint statement with our bargaining agents. It is based on collaboration with bargaining agents and feedback from employees, for example:
 - ~ Investing approximately \$5 million over the next five years in equity, diversity and accessibility programs, and establishing an anti-racism employee resource group, among other measures.
 - ~ Deploying training and awareness tools on several important issues, such as unconscious bias, respect in the workplace and human rights.
 - ~ Leading initiatives to increase representation of racialized people in our workforce, and support career planning and talent development for racialized employees.
- We'll improve Indigenous employment and retention in our workforce so that it reflects the country and communities we serve. We'll do this in partnership with our unions and Indigenous peoples.
- The company is placing greater emphasis on career development planning to prepare employees for leadership positions and support their career goals.
- We've created a website to support employees required to work from home during COVID-19, and in the future.
- We're assessing potential options for flexible work arrangements once employees who are working remotely return to the workplace.

We understand that our company must reflect our country. We're committed to an inclusive and diverse workplace that embraces and celebrates our differences. We're working to engage our employees and ensure their voices are heard. Creating a workplace of choice will help us attract, retain, develop and motivate talent.

This plan is based on the fundamental belief that we can achieve our renewed purpose, A Stronger Canada – Delivered, and reposition the company for long-term success and financial self-sustainability.

The Heritage Club

Reward yourself for your quarter-century of service

If you've contributed 25 years or have retired with 10 completed years in the service of Canada Post, congratulations! You now qualify for membership in the Heritage Club. Part social clubs and part community service groups, there are 25 member-run local Heritage Club chapters across the country. Each year, they add new friendships and countless enriching and rewarding hours to the lives of long-serving and retired Canada Post employees – and they give back to their communities in the process.

A club for members, by members

One of the largest organizations of its kind in the country, the Heritage Club is a national organization with a decidedly local focus. The Heritage Club chapters plan a range of social activities that offer members opportunities to maintain established friendships and strike up new ones. From regular chapter get-togethers, to cultural outings, golf, vacation getaways and other recreational activities, chapter social events can take whatever form their members want and enjoy most.

Contributing to communities

While the primary objective of the Heritage Club is to add fun and friendship to members' lives, the members themselves made the club an important contributor to community and charitable causes. Following the Club motto, "People Helping People," members over the past decade have contributed almost a half million hours of volunteer time and talent organizing and supporting events, and contributing to worthwhile causes. In addition, members are the driving force behind the National Heritage Literacy Project and assist with Canada Post's popular Santa Letter-writing Program.

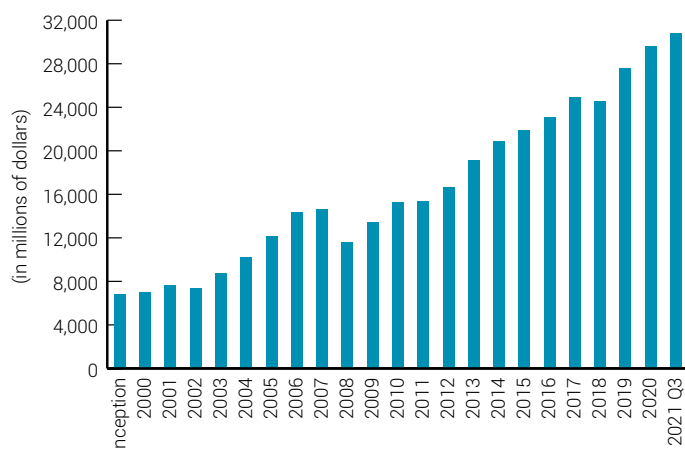
Investment results from July 1 to September 30, 2021

Market conditions

Within the plan, private equity was the best performer in the third quarter, returning 16.72%. Marketwise, S&P/TSX Composite Index was up 0.17%. S&P 500 index was up 2.90%. MSCI EAFE Index was up 1.85%. FTSE Canada Universe Bond Index was down 0.51%. The following table depicts the performance of the Plan's fund (return percentage).

Asset class	Market value (\$ millions)	2021 Q3 (%)	2021 Year to date (%)	2020 Annual (%)	2019 Annual (%)	2018 Annual (%)	2017 Annual (%)	2016 Annual (%)
Fixed income								
Cash and short-term	158.4	0.0	-0.2	0.4	1.6	1.3	0.7	0.7
Bonds	13,168.9	-0.7	-5.2	11.3	10.3	0.5	3.4	3.2
Equities								
Canadian equities	3,794.4	1.0	19.7	1.6	20.4	-8.3	9.3	21.5
U.S. equities	3,232.9	2.7	15.5	15.4	23.9	3.0	14.1	6.3
International equities	3,920.7	-1.0	4.9	10.8	17.1	-8.1	25.4	3.7
Real estate, private equity and infrastructure	6,576.4	8.1	16.4	7.4	11.8	17.4	13.1	10.0
Currency overlay	-6.3							
Total Registered Pension Plan¹	30,845.5	1.48	5.74	9.43	14.69	0.89	10.42	7.93
Benchmark		0.20	3.24	10.25	15.79	-1.94	8.59	6.72

Investment highlights



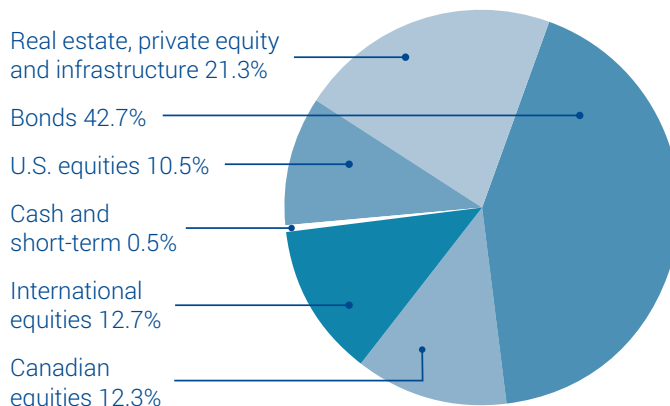
- The fund's third quarter return was 1.48%.
- As of September 30, 2021, the fund held assets of \$30.8 billion.
- The fund had net cash outflows of \$190.7 million in the third quarter.
- We added \$2.5 million to private debt, \$300 million to international equities and \$56.6 million to currency overlay.
- We withdrew \$250 million from Canadian equities, \$150 million from U.S. equities, \$102.1 million from real estate, \$43.5 million from private equity and \$4.2 million from infrastructure.

1. Numbers may not add up due to rounding.

Asset mix highlights

- As at September 30, 2021, 56.8% of assets were invested in equities and alternative investments compared to the asset mix target of 54.9%. These investments were within the allowable range and were made up of 12.3% Canadian equities, 10.5% U.S. equities, 12.7% international equities, 10.9% real estate, 5.7% private equity and 4.6% infrastructure.
- 43.2% of assets were invested in bonds and short-term investments, compared to an asset mix target of 45.1%. This included 10.7% real return bonds, 32.0% nominal bonds and private debt and 0.5% in cash, short-term investments and currency overlay.

Asset mix¹



Investment highlights – data

Date	Value (in millions of dollars)
Inception	6,850
2000	7,024
2001	7,683
2002	7,398
2003	8,797
2004	10,214
2005	12,131
2006	14,349
2007	14,612
2008	11,618
2009	13,466
2010	15,257
2011	15,357
2012	16,712
2013	19,191
2014	20,868
2015	21,919
2016	23,091
2017	24,980
2018	24,610
2019	27,635
2020	29,597
2021 Q3	30,846

[Back to "Asset mix highlights" graph, page 6](#)

Asset mix highlights – data

Asset	Value (in millions of dollars)
Real estate, private equity and infrastructure	21.3%
Bonds	42.7%
U.S. equities	10.5%
Cash and short-term	0.5%
International equities	12.7%
Canadian equities	12.3%

[Back to "Asset mix highlights" graph, page 6](#)