



## **Environmental, Social and Governance Committee Terms of Reference**

### **PURPOSE**

The Environment, Social and Governance (ESG) Committee (the “Committee”) oversees Canada Post’s ethical values standards, with an emphasis on environmental, social, and governance issues. These efforts align Canada Post with the broad priorities of its shareholder, support its customers’ needs and keep it in step with Canadians, while evolving it into a safer, better employer and a more environmentally responsible corporation that serves as a vital link connecting Canadians and communities with one another and the online world. This work assesses the success of the Corporation beyond strictly financial measurements and examines how it impacts broader society.

The Committee performs a regular review of the Corporation's foregoing ethical values and policies and practices, ensuring correct policy and procedure around environmental, social and governance matters.

For the purposes hereof “ESG” includes, but is not limited to, the general commitment areas of sustainability, business ethics, equality rights, diversity, Indigenous issues, employment equity, labour practices, environment, privacy, official languages, stakeholder engagement, and community development.

### **DUTIES AND RESPONSIBILITIES**

Subject to the powers and duties of the Board, the Board assigns to the Committee the following duties and responsibilities to be performed by the Committee on behalf of the Board:

#### **ENVIRONMENTAL AND SOCIAL RESPONSIBILITY**

- (1) Review and make recommendations to the Board for improvements to fundamental policies, programs, practices and procedures pertaining to environmental and social responsibility;
- (2) Receive reports on compliance with environmental and social responsibility policies, programs, practices, procedures and applicable legislation, and report to the Board any significant matter;
- (3) Review and recommend:
  - a) targets related to environmental and social initiatives; and
  - b) annual reporting related to sustainability.
- (4) Monitor performance of key initiatives relating to environmental and social responsibility;

#### **GOVERNANCE**

#### **CORPORATE GOVERNANCE**

- (5) Recommend to the Board enhancements to the Corporation's system for corporate governance;



- (6) Oversee the annual discussion of long-term and strategic planning of the Corporation;
- (7) Review and report on policies surrounding transparency, privacy, and the use of official languages;
- (8) Review and ensure the appropriateness of the Corporation's Enterprise Risk Management policies and assessments;
- (9) Receive reports on any pertinent risks facing the Corporation and work with Management to ensure that such risks are effectively managed;
- (10) Regularly review the Corporation's Code of Conduct and its Statement of Values;
- (11) Perform a regular review of the Standard of Conduct for Directors, recommend to the Board any changes if required, and report any issues regarding compliance with the Standard;
- (12) Review and recommend changes to the delegated authority framework, and the corporate policy framework;

## **BOARD GOVERNANCE**

- (13) Review with the Board, as required, the methods and the processes by which the Board fulfils its duties and responsibilities, including:
  - a) the committee structure and membership;
  - b) the number and content of meetings and the annual schedule of significant issues to be presented to the Board of Directors or its committees;
  - c) the quality and extent of resources and material which is to be provided to the Directors generally and with respect to meetings of the Board and its committees; and
  - d) ensuring there is a proper relationship between the Board and Management.
- (14) Review and recommend to the Board evaluation processes for the Board and its committees and report to the Board on the results of those evaluations;
- (15) Review with the Board, annually or as required, the terms of reference for the committees of the Board, the Standards of Conduct for Directors, and the Statement of Board Values and Board Charter, with a view to maximising their effectiveness;
- (16) Review the orientation program for new Directors and on-going development of existing Board members;
- (17) Oversee annually, and as required:
  - a) the administration of a skills matrix to determine areas of Board member expertise and gaps;



- b) the Board renewal processes, including supporting the selection and appointment process and making recommendations as appropriate.
- (18) Review and recommend to the Board the policies and practices involving Director and Chair compensation and expenses;

## **SUBSIDIARY GOVERNANCE**

- (19) Review and recommend the Annual Slate of Directors for CPC Subsidiaries and provide oversight regarding the governance structure of each of the subsidiaries. The Committee Chair and the Board Chair are jointly authorised to fill any vacancy after the approval of the Annual Slate.

## **GENERAL**

- (20) Meetings of the Committee:
- a) meet regularly, not less than twice a year, and at such other times as may be requested by the Chair of the Committee;
  - b) the Chair of the Committee shall set the agenda and the annual Timeline ("Workplan") which shall then be circulated among the Committee members. Ordinarily, the Chair of the Committee will set the agenda in consultation with the Corporate Secretary; and
  - c) the President and Chief Executive Officer shall have direct access to the Committee and shall receive notice of and may attend all meetings of the Committee, except where the Committee meets in camera with members of senior management or only with members of the Committee;
- (21) Periodically review these terms of reference to ensure they continue to be appropriate and, as deemed necessary, make recommendations to the Board for improvement;
- (22) Review the engagement of any independent counsel and advisors, by a committee or an individual Director at the expense of the Corporation; and
- (23) Advise the Board of any environmental, social or governance issues which the Committee determines ought to be considered by the Board or any of the committees of the Board and recommend to the Board those reports on ESG which it determines to be of benefit to the Board;
- (24) Perform such other functions as assigned by law, the Corporation's By-laws, or the Board.

Effective: August 20, 2020