



We'll make you even better.

2022 Sustainability Report



Table of Contents

Introduction

About SCI	2
Message from the President and CEO	3
Our Role	4
People, Planet and Communities: Our Approach	5
UN Sustainable Development Goals	6
2022 Highlights	7

Our Planet

16

Climate Change and GHG Emissions	17
Waste Management	20
Supporting Sustainable Carbon Reduction	20
On the Horizon	20

Our People

8

Empowering Our People	9
Fostering Our Culture	11
Health, Safety and Wellbeing	13
Occupational Health and Safety (OHS)	14

Our Communities

21

Investing in Our Communities	22
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About SCI

SCI Group Inc. makes North American businesses even better by offering our clients a suite of end-to-end supply chain solutions in the omni-channel retail, technology, health, beauty and wellness sectors. Our deep-rooted, best-in-class logistics, supply chain and transportation management expertise was founded in e-commerce, and we continue to help mid-market clients coast-to-coast and across the border.

Our team is dedicated to understanding the unique intricacies of our clients' businesses, providing end-to-end management of the entire customer experience. We have the North American expertise and experience to deliver on this commitment and keep our clients steps ahead of their customers' expectations.

We pride ourselves on adding value to clients' businesses by removing friction points and seamlessly delivering on their supply chain strategy.

Through continuous improvement processes, business intelligence tools, data-driven insights and progressive technology, our integrated team of experts are committed to reducing costs, risks and complexity within the supply chain. By optimizing supply chain operations, our clients gain the competitive advantage they need to scale their business.

SCI is part of the Canada Post Group of Companies, which has the vision to be a world leader in innovative physical and electronic delivery solutions that create value for customers, employees and all Canadians. Being part of this group affords SCI a unique opportunity to collaborate on our sustainability efforts, discuss best environmental, social and governance (ESG) practices, and share learnings on a larger scale for greater impact.

ABOUT THIS REPORT

SCI's second annual sustainability report shows our ongoing progress on our ESG responsibilities as we continue to evolve our strategies, make investments, and build positive momentum towards our goals. Performance data is company-wide, and all financial values are in Canadian dollars unless otherwise stated. The report content is informed by high-level sustainability pillars to validate our sustainability priorities and help us deliver on our strategic roadmap, while also contributing to the [UN Sustainable Development Goals](#).



Message from the President and CEO

SCI is continuing to make exciting progress toward our goal of becoming a more sustainable company – and I’m proud to say that progress is being driven by our people. I visit all of our facilities and operations over the course of a year. At each one, I’m amazed at the range of ideas for building a more sustainable company that employees share with me. Their enthusiasm extends to every aspect of SCI’s commitment to Our Planet, Our People and Our Communities and is reflected in the achievements shared in this report.

Protecting Our Planet

To help address the challenge of climate change, we are committed to minimizing our carbon footprint by better understanding, measuring and reducing our environmental impact.

We are making SCI more energy efficient and reducing waste generation by upgrading our waste management systems to improve operational processes and performance metrics. Across the company, we are now also tracking our Scope 1, 2 and 3 emissions. These steps will have a positive future impact on our planet while helping Canada meet its goal of achieving net-zero emissions by 2050.

People-First Culture

For the second year in a row, SCI was recognized as one of Canada’s Most Admired Corporate Cultures. From establishing an EDIB Employee Representative Committee to launching our new Leading Indicators program, which has reduced overall workplace injuries by 19%, our continuous focus on our people is evident in our accomplishments.

One of the most critical elements of our culture is listening to our employees – hearing their feedback and implementing changes and improvements based on their opinions. In 2022, we introduced our Row in Unison initiative, where we invited our senior leaders and influencers to multiple off-site group sessions. The forums provided an opportunity for these leaders to share their voices and help us better understand the barriers impeding us from consistently aligning with, and delivering on, our business strategy. I am committed to supporting us all in addressing them and continuing the dialogue.

Throughout the year, we use opportunities like company townhalls, roundtables and site walk-arounds to connect with team members and learn what is on their mind. We also share client feedback and challenges with our employees to make sure they understand and can help drive positive change. Ongoing, open communication helps our team members understand how they contribute to making SCI better, and that helps make SCI a great place to work.

Investing in Our Communities

Across SCI, we proudly help communities through our ongoing partnership with the Canadian Red Cross. In 2022, we provided support through direct contributions and other initiatives. It was inspiring to see our employees’ enthusiastic participation in volunteering and fundraising activities. Thanks to their dedication, SCI surpassed our goals for fundraising dollars and volunteer hours.

Sustainability is at the heart of our business strategy, and this report reflects our commitment to making a positive impact on our planet, people and communities. Moving forward, we will continue to work collaboratively, set ambitious goals and implement thoughtful initiatives to drive positive change. Together, we can build a more sustainable, equitable and prosperous future for all.



Chris Galindo
President and CEO



“This report is a testament to the work and dedication of our employees, partners and clients, who share our vision of a sustainable future.”

Our Role

As Canada's leading supply chain partner, we support the economic, social and environmental issues important to our communities, our employees and the clients we serve.



Reach 94%
of the Canadian population within four hours



Reach 80%
of US customers in less than three days from Canadian hubs



30+
years in business



4M sq. ft.
fulfillment capacity



2,800+
employees



300+
customers



\$1.4B
average inventory on hand per day



70
full-scale and regional distribution centres across Canada



8
specialized transportation hubs



\$50M
invested in new automation and technology since 2018

People, Planet and Communities: Our Approach

By focusing on **Our People**, **Our Planet** and **Our Communities**, we defined our approach to sustainability, which, in turn, informed our ESG strategy. To help us deliver on this strategy, we formed an ESG Committee to oversee the measurable performance of our corporate responsibility efforts and ensure alignment across the business.

Our People are our most important asset

“We’ll make you even better” is our promise to support our employees’ development, total wellbeing and lived experiences. Our approach includes the development of a multi-year equity, diversity, inclusion and belonging strategy. We continue to measure our progress through data and employee feedback.

Our Planet is our responsibility

Understanding the impact our business has on the environment is fundamental to our ESG platform. Our strategies include implementing a multi-year Waste Management Plan to reduce waste generation and improving energy efficiency to carry our business responsibly into the next generation.

Our Communities are what connect us

Supporting local communities, businesses and organizations is what connects and humanizes us. We know that, together, we can make things better for everyone. Our initiatives include supporting the Canadian Red Cross to help make a meaningful difference in the places where we live and work.





UN Sustainable Development Goals

In all our activities, we are committed to contributing to the UN Sustainable Development Goals (SDGs), a roadmap of 17 goals that align the world on a sustainable path to 2030. To ensure the greatest direct influence and impact for a meaningful and transparent contribution, we focus our efforts on five SDGs:



Good Health and Wellbeing

2030 UN SDG GOAL: 3.4

Reduce by one-third premature mortality from non-communicable diseases through prevention and treatment, and promote mental health and wellbeing.

SCI CONTRIBUTIONS

Since 2018, SCI's Healthy Workplace Committee has worked to improve employee health by addressing factors related to:

- Physical work environment
- Individual employee health practices
- Organizational workplace culture and social responsibility

Our partnership with the Canadian Red Cross supports vital humanitarian work across Canada.



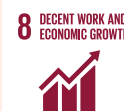
Quality Education

2030 UN SDG GOAL: 4.5

Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, Indigenous peoples and children in vulnerable situations.

SCI CONTRIBUTIONS

SCI aims to cultivate a culture of learning throughout our organization. We support that goal through a range of programs and opportunities, such as making scholarship and educational assistance programs open to all employees. Encouraging lifelong learning is central to SCI's commitment to helping our people realize their full potential.



Decent Work and Economic Growth

2030 UN SDG GOAL: 8.2

Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value-added and labour-intensive sectors.

SCI CONTRIBUTIONS

Over the past five years, SCI has spent more than \$50 million implementing automation solutions that make our operations more efficient and add value to our workforce. We have also upgraded our Warehouse and Transportation Management Systems with integration capabilities and analytics tools that improve operational performance and end-to-end supply chain visibility.



Reduced Inequalities

2030 UN SDG GOAL: 10.3

Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

SCI CONTRIBUTIONS

In 2022, to help integrate EDIB in our culture, we established an EDIB Employee Representative Committee and a calendar showing important holidays across all cultures. This builds on our efforts in 2021, in which we conducted a company-wide survey and held employee focus groups to drive our multi-year EDIB strategy.



Responsible Consumption and Production

2030 UN SDG GOAL: 12.5

Substantially reduce waste generation through prevention, reduction, recycling and reuse.

SCI CONTRIBUTIONS

SCI is on a journey to setting internal Scope 1, 2 and 3 emissions reduction targets that will align in the future with the Science Based Targets initiative (SBTi). We are also exploring external GHG emissions reporting bodies such as GRI, CDP and SASB, and will communicate with our internal and external stakeholders on our chosen reporting body. We commit to target setting and external reporting by 2024.

2022 Highlights

Zero lost time incidents achieved at 79% of SCI facilities




Launched the **Leading Indicators program** to track monthly safety activities throughout all SCI facilities



Raised \$131,500 for the Canadian Red Cross




Launched **EDIB Employee Representative Committee** composed of women, visible minorities, Indigenous peoples and persons with disabilities



Recognized for the 2nd year in a row as one of **Canada's Most Admired Corporate Cultures** by Waterstone Human Capital



Top 25th percentile for exemplary safety results in our industry group, compared to the overall standards from AWCBC*



Our average emissions intensity for electricity is **below** the Canadian warehouse average



Diverted 74% of our waste from landfill



* Association of Workers' Compensation Boards of Canada



Our People

At SCI, every one of our employees contributes to our success. Their collective passion and commitment to our clients and communities make us one of Canada's leading business-to-consumer supply chain partners.



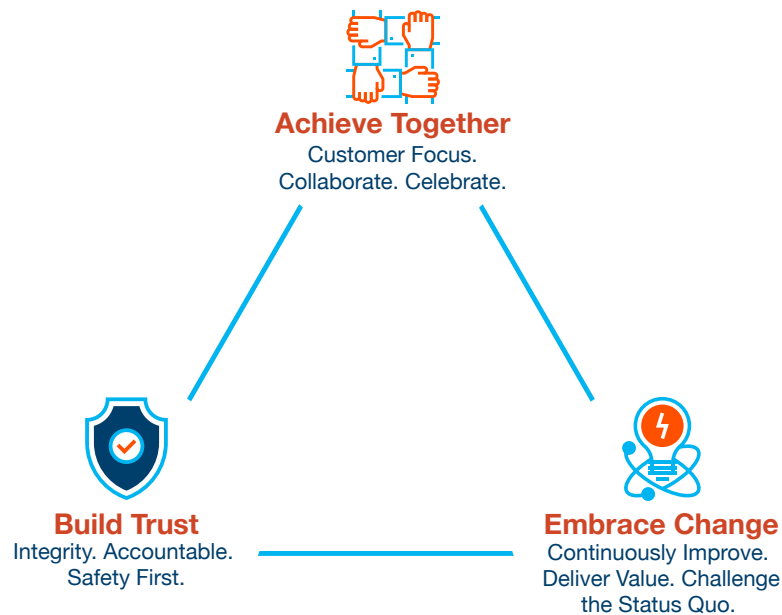
SDG Alignment



Empowering Our People

Keeping communication open between employees and leaders helps us build a strong culture where everyone is aligned to reach our goals and live our values. Our promise to employees is “We’ll make you even better.” Through our policies and programs, we strive to ensure our people feel engaged, empowered and invested in their work so that we can make a positive impact on our clients and our shared communities.

SCI Culture Pillars



Our Culture Pillars

We achieve results by creating a work environment that encourages our team members to be better every day. Our culture connects our people to our values of Build Trust, Embrace Change and Achieve Together.

EMBRACE CHANGE

We challenge the status quo to learn, grow and think differently and make our customers even better by delivering solutions that bring new possibilities and added value to their business. We strive to be better every day in how we think, act and interact through continuous improvements in all areas of our company.

BUILD TRUST

We make the personal safety and wellbeing of everyone our top priority. We do what we say we are going to do and commit to timelines. We are honest, ethical and trustworthy, and we build relationships on a foundation of respect.

ACHIEVE TOGETHER

We listen to our customers, learn about their business and bring value through thought leadership and operational excellence. Internally, collaboration is essential to delivering optimal results. We think and act as one team, share information and learn from one another, and take the time to recognize, appreciate and celebrate one another every day.



We are a people-centric organization that communicates and celebrates its people and culture.

Award-Winning, People-First Culture

We continue to work toward strengthening our values-based culture, and embedding a people-first approach across SCI. In 2022, we were proud when, for the second year in a row, Waterstone Human Capital named SCI one of Canada's Most Admired Corporate Cultures. The national program, now in its 19th year, recognizes Canadian organizations for building and fostering cultures that support people, enhance performance and deliver a sustainable competitive advantage. SCI was noted for:

- Committing to become a people-centric organization that communicates and celebrates its people and culture through events such as CEO Roadshows at each facility location and celebrating Our People & Culture Week.
- Building robust people development and talent management programs like SCI's Leading with Excellence Program, which focuses on equipping senior leaders with the skills to build high-performing teams and cultures.
- Developing EDIB and ESG initiatives with substantial employee involvement, including launching SCI's EDIB Employee Representative Committee to support grassroots EDIB awareness and progress.

Our culture makes us unique. It is who we are and a significant part of why we will continue to succeed and grow. Being honoured with this prestigious award would not have been possible without the driving force of our employees, who continue to bring our culture to life every day to Build Trust, Embrace Change and Achieve Together.



Ethics and Integrity

SCI is committed to creating a corporate environment that fosters and demonstrates loyalty to employees and ethical behaviour at all levels of the organization. We have implemented codes and policies, including:

- Accessibility Policy
- Code of Conduct Policy
- Conflict of Interest Policy
- Drug, Cannabis and Alcohol Policy
- Ethics Reporting Program
- Hygiene and Communicable Disease Policy
- Respect in the Workplace Policy
- General Technology Policy and Procedures
- Media Policy and Guidelines
- Workplace Harassment, Bullying and Violence Policy

Fostering Our Culture

Employee Engagement

For an employee to be engaged, they must be motivated to work hard toward a common goal that aligns with the company’s vision. They must be committed to the values their organization represents and have a clear view and understanding of the objectives of the work they are doing.

Being a people-centric organization means listening to our employees, and ensuring we support their wellbeing and desire to perform and succeed. In 2022, we launched our Row in Unison initiative, through which we engaged our senior leaders and influencers in an ongoing process. Our off-site, in-person sessions were (and will continue to be) a two-way, multi-level forum – providing our people with the opportunity to share their voices. They also help our leadership team better understand what is standing in the way of employees’ success in order to actively support them in finding solutions to overcoming those barriers.

We purposefully shared and clarified SCI’s business and growth strategy and priorities, and discussed how we can refocus, work better together and improve prioritization. The purpose of this multi-year initiative is to share learnings and best practices while listening, engaging and being supportive – ultimately, working together to find ways to “row in unison” so we can deliver on our business strategy with excellence.

Equity, Diversity, Inclusion and Belonging (EDIB)

As an essential step on our EDIB journey, in 2022 we identified EDIB Employee Representatives across all our facility locations. Composed of 21 frontline employees and management-level employees in Operations and Corporate functions, these individuals will be the voice of our employees in our EDIB-focused discussions and will also help us implement measures to move our EDIB commitment forward. Our goal is to seed the conversations and increase awareness around diversity, inclusion and belonging.

In 2022, we continued to support our HR team with EDIB training, in areas that included talent management and the foundational factors of EDIB. The training helped team members to identify their own unconscious biases and provided practical strategies for addressing those biases in order to become allies in the workplace.



CULTURE AND EDIB PRIORITIES FOR 2023

- Deliver training for HR, Leadership Team and Senior Managers to better understand EDIB and show how “belonging” can help foster a culture of high performance and accountability.
- Conduct 2023 Employee Engagement and Belonging-First Survey to evaluate employees’ perceived level of belonging, engagement, leadership effectiveness, and career growth and development. These insights will help us to identify achievements and challenges by measuring results against the 2021 survey as a benchmark.
- Continue our “Row in Unison” dialogue through multiple touchpoints and working sessions to consistently share, learn and collaborate.

EDIB Committee Representation





Performance and Recognition

Recognition matters. By acknowledging our employees for going the extra mile to deliver outstanding service, we reinforce our values of Build Trust, Embrace Change and Achieve Together. We have formal recognition programs to let our employees know they are valued and appreciated, such as our monthly, quarterly and annual awards.

We also celebrate “small wins” and provide employees with the means to acknowledge their peers’ accomplishments by sending a recognition card through our Kudos program. Hundreds of Kudos cards are given to employees – by employees – every year, helping to celebrate and recognize all the incredible work done by SCI employees every day.

Learning and Development

SCI is committed to unlocking its employees’ potential and offers various opportunities to support individual development needs, such as job shadowing and mentorship programs, education reimbursement plans and formal leadership training.

In the spirit of continuous improvement, SCI is always looking for ways to advance and expand programs and opportunities to support our employees’ development. We identify these opportunities by listening to our employees.

From the feedback to our 2021 employee engagement survey, we identified an opportunity to support our employees’ development by providing them with online, self-paced training. In 2022, we launched SCI’s partnership with LinkedIn Learning, which gives our employees 24/7 access to thousands of online training courses.



800+
courses completed
on LinkedIn Learning



24,000+
hours of Health & Safety
training completed



51
participants in the Emerging
Leaders program, which
prepares employees to take
on leadership roles



186
internal promotions
in 2022

Health, Safety and Wellbeing

At SCI, the health, safety and wellbeing (HSW) of everyone is our top priority. We are continually looking for new ways to support our employees, such as optimizing existing HSW activities, increasing awareness around workplace safety, providing regular and comprehensive training, and enforcing comprehensive HSW protocols.

The success of this approach shines through in our regulated safety metrics. We're proud that since 2019, SCI has remained in the top 25th percentile for exemplary safety results within our industry group, the Association of Workers' Compensation Boards of Canada (AWCBC), and our lost time injury (LTI) frequency consistently outperforms the industry benchmark.

We also take overall employee wellbeing seriously. Our Healthy Workplace Committee helps promote fundamental total wellness practices, including ensuring that our facilities are a healthy, safe and supportive place to work for all employees. We also encourage all employees to participate in healthy workplace programs and initiatives.

We're proud that since 2019, SCI has remained in the top 25th percentile for exemplary safety results within our industry group.

To help our team members make smart, informed choices about their health, we publish a bi-monthly healthy workplace newsletter that highlights mental and physical health, healthy eating habits, seasonal indoor and outdoor activities, promotion of our annual health and safety week, mental health month and the many benefits of giving back to the community.

Designing a People-Friendly Workplace

In August 2022, we launched our Ergonomic Program to prevent occurrences of work-related musculoskeletal disorders at all SCI warehouses and offices, and encourage continuous improvement in ergonomics for the efficiency, comfort and wellbeing of all employees. Through a team effort involving management and employees, the program informs employees about job-related risks and ergonomic solutions.



79%
of SCI's facilities achieved **zero lost time incidents** in 2022



19
ergonomic assessments (14 warehouse and 5 office spaces) were completed in 2022



Occupational Health and Safety (OHS)

Targets for 2022

To align our health, safety and operational practices across all of our divisions, we set warehousing and field service targets based on our complex structure. Our facilities are encouraged to develop site-specific goals to build upon these targets, to drive completion. Health and safety targets for 2022 included:

0.92 Lost time injury frequency*	18.2 Days lost injury severity*	3.7 Total injury frequency*
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We also track and measure the following leading health and safety (H&S) indicators by facility:



Employee Participation

97% of employees completed “tool-box talks,” which are five-minute safety-focused talks
(Target: 100%)



Employee Training

92% of employees completed OHS training via OSG portal and on-site H&S training matrix
(Target: 100%)



Workplace Inspections

95% of facilities completed monthly Joint Health and Safety Committee inspections and bi-weekly manager/supervisor inspections
(Target: 100%)

* Targets are based on annualized 200,000 employee hours worked.

Leading Indicators

We are proud of our best-in-class health and safety results. Our focus on continuous improvement means we never stop trying to be even better. Introducing our Leading Indicators program is raising the bar on our health and safety performance to an even higher standard:

- Preventing workplace injuries, illnesses and fatalities;
- Reducing costs associated with incidents;
- Improving productivity and overall organizational performance;
- Optimizing health and safety performance; and
- Increasing worker participation in health and safety initiatives.

2022 OHS Highlights

19%
reduction in claims
(65 reported in 2022 versus 80 in 2021)

17%
reduction in lost time claims
(24 reported in 2022 versus 29 in 2021)

Health and Safety Recognition Program

Individual health and safety recognition is our way of demonstrating to our employees that their wellbeing at work is vitally important to us; it also helps build a sense of security in their value to the company. Facility awards acknowledge the collaboration required to achieve outstanding health and safety performance in the workplace at a group level. All winners must achieve 100% compliance with our Environmental Occupational Health and Safety (EOHS) Audit Report.



19

facilities were recognized for the 2022 Zero Lost Time Award



9

facility and individual health and safety awards



Safety Star Award Winner

Melany S.



FACILITY AND INDIVIDUAL AWARDS

Milestone Award

One million hours worked with zero lost time

365 Award

365 days worked with zero lost time

Small Facility Award

<100,000 hours worked with zero lost time

Medium Facility Award

>100,000 hours worked with zero lost time

Large Facility Award

>250,000 hours worked with zero lost time

Quarterly Awards

A quarter worked with zero lost time incidents

Facility Health and Safety Award

Zero lost time incidents in each facility

Safety Star Individual Award

Exceptional contributions to health and safety in the workplace above and beyond requirements of their role

Individual Health and Safety Award

Successful completion of all training courses, leading by example, and taking on improvement initiatives to improve EOHS



Our Planet

SCI contributes to the global fight against climate change by investing in energy efficiency and process improvements to minimize our carbon footprint and reduce our GHG emissions. By carefully monitoring and mitigating our environmental impact, we help Canada achieve its goal of net-zero emissions by 2050 while continuing to serve our customers and communities effectively and responsibly.

SDG Alignment



Climate Change and GHG Emissions

To avoid the drastic environmental, economic and social challenges driven by climate change, the [Intergovernmental Panel on Climate Change](#) (IPCC) advises that we must keep global warming to no more than 1.5°C. Businesses must act now to reduce their carbon footprint and help achieve net-zero emissions by 2050. As part of actively managing our GHG impact, we developed a GHG inventory that provides a better understanding of the sources of our emissions and advances our progress toward reaching or exceeding our operation-wide emissions reduction targets.

OUR AREAS OF FOCUS INCLUDE:



Scope 1 Emissions

Direct GHG emissions that occur from emission sources that are controlled or owned by SCI (e.g., boilers, furnaces, vehicles).

SCI GOAL

Reducing emissions generated by existing facilities and terminals by sourcing energy-efficient equipment.



Scope 2 Emissions

Indirect GHG emissions associated with SCI purchasing electricity and steam.

SCI GOAL

Reducing emissions generated by electricity, and through the heating and cooling of our facilities.



Scope 3 Emissions

Indirect GHG emissions that result from SCI activities but occur at sources owned or controlled by other entities within SCI's value chain.

SCI GOAL

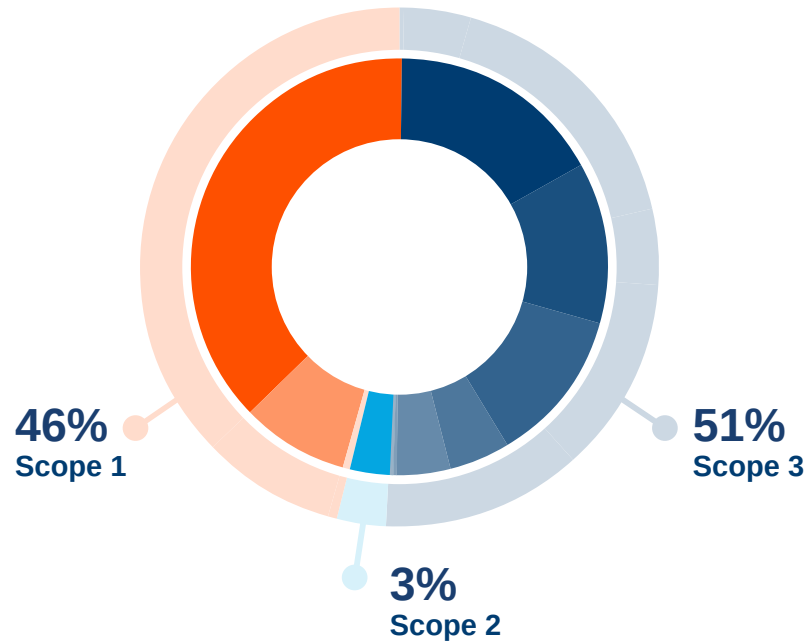
Engaging with suppliers and clients to reduce Scope 3 emissions and eliminate waste in our operations. Improving our waste diversion plan to reduce the amount of waste directed to landfill and incineration.

SCI's GHG Emissions Inventory Approach

SCI's GHG emissions inventory was designed and developed to align with the World Resources Institute's (WRI) and World Business Council for Sustainable Development's (WBCSD) [GHG Protocol: A Corporate Accounting and Reporting Standard](#). The "Corporate Standard" is the industry standard for preparing organizational GHG emissions inventories.

Across SCI, we focus relentlessly on continuous improvement and diligently optimizing operations to drive reductions in our carbon footprint.

2022 GHG Inventory Results



We retained a globally recognized climate change consultancy to develop our GHG baseline inventory, based on the international standard ISO 14064-1, and the [World Resources Institute's](#) and [WBCSD's Greenhouse Gas Protocol](#). A GHG emissions inventory accounts for the annual GHG emissions that result from an organization's activities. GHG emissions are grouped into three scopes, seen above.

Emissions by Source (MTCO₂e)

SCOPE 1 EMISSIONS: 11,481

Stationary combustion	9,258
Mobile combustion: owned fleet	2,084
Refrigerants	139

SCOPE 2 EMISSIONS: 780

Purchased electricity (location-based)	780
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SCOPE 3 EMISSIONS: 12,497

Purchased goods and services (purchases and third-party fleet)	4,174
Employee commuting	3,057
Fuel- and energy-related activities	3,003
Waste generated in operations	1,150
Capital goods	1,019
Business travel (air, train, personal vehicles)	48
Upstream transportation and distribution	46

24,758 MTCO₂e
Total Emissions

Informational items:

Purchased electricity (market-based): 3,207 MTCO₂e; HCFC refrigerant use: 12 MTCO₂e; MTCO₂e: million tonnes of carbon dioxide equivalent

Calculating Our Carbon Footprint

We now calculate our carbon footprint based on Scope 1, Scope 2 and, for the first time, Scope 3 emissions (see "Emissions by Source" chart to the left).

"Fuel- and energy-related activities" refers to emissions from the transportation of energy we purchase and use. For this disclosure, our emissions are attributed only to natural gas, which is, by far, the most utilized fuel across SCI's operations.

We are providing these as initial estimates based on internal methods, knowing that they may evolve as we update our approach.

The first step toward broader management of GHG emissions across our value chain is to measure and report on emissions, collecting quantitative and qualitative data across all Scope 3 categories and focusing on the most material ones.

While the GHG Protocol Scope 3 standard recognizes the importance of intermediate products that have a variety of downstream applications, it also acknowledges the complexity of calculating each of the downstream applications, and thus allows these emissions to be excluded from the GHG inventory.

Addressing Scope 3 Emissions

Our business provides many opportunities to support system-wide carbon reductions. The opportunity to influence these emissions is driven by data availability and our ability to take mitigating actions, which can be limiting.

“Purchased goods and services” is the most material category of Scope 3 emissions for SCI.

We will work with our suppliers, service providers and other business partners to reduce Scope 3 emissions, including in the areas of:

- Capital goods (category 2)
- Fuel- and energy-related activities (category 3)
- Upstream transportation and distribution (category 4)
- Waste generated in operations (category 5)
- Business travel (category 6)
- Employee commuting (category 7)

To address Scope 3 emissions, we are improving our Scope 3 accounting process – developing appropriate metrics and targets that will enable us to track emissions performance and manage our exposure to risk while looking for opportunities to scale up our current activities to drive emissions reductions.

SCI is on a journey to setting internal Scope 1, 2 and 3 emissions reduction targets in 2024 that will align with SBTi targets by 2030.

2022 Climate Change and GHG Emissions Key Takeaways

TOTAL EMISSIONS

Overall emissions were higher in 2022 than in prior years due to the **inclusion of Scope 3 emissions for the first time.**

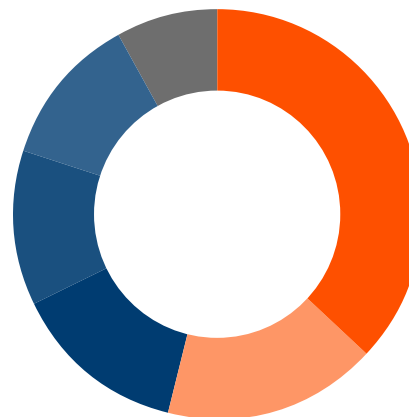
AVERAGE EMISSIONS INTENSITY – ELECTRICITY

The average emissions intensity for electricity was **well below the Canadian warehouse average.**

AVERAGE NATURAL ENERGY INTENSITY

The average natural energy intensity was **in range of the Canadian average for warehouses.**

Primary Contributors to Emissions in 2022



SCOPE 1

- Stationary combustion
- Mobile combustion

SCOPE 3


- Purchased goods and services
- Employee commuting
- Fuel- and energy-related activities
- Other

Waste Management

We upgraded our waste management systems to improve operational management processes and performance metrics while reducing waste generation and improving energy efficiency. We are developing and plan to roll out a multi-year Waste Management Plan.

2022 WASTE GENERATION RESULTS

 **Waste Diversion**
74% of waste (by weight) is diverted from landfill

 **Waste Generation**
4,592 tonnes, based on 85% reporting and an estimated employee average for the remainder*

 **Waste per Employee**
2.6 tonnes of waste per employee
 Equal to **0.55 MTCO₂e** per employee

* Natural gas combustion and purchased electricity

Supporting Sustainable Carbon Reduction

SCI has invested \$50 million in industry-leading operational automation as part of our commitment to contributing to solutions and sustainable practices that help reduce our carbon footprint, support our employees, and share the benefits of smart task completion.

Our box-on-demand (BOD) automation solution delivers a 25% carbon footprint reduction and significantly impacts dunnage (waste) for all orders run through the BOD solution.

On the Horizon

SCI is on a journey to setting internal Scope 1, 2 and 3 emissions reduction targets in 2024 that will align with SBTi targets by 2030. We are also exploring external GHG emissions reporting bodies such as GRI, CDP and SASB, and will communicate with our internal and external stakeholders on our chosen reporting body. We commit to target setting and external reporting by 2024.

Scope 1 and 2 emission reduction strategies:

- Exploring “green energy” programs for our facilities through Renewable Energy Certificates

Scope 3 emission reduction strategies:

- Exploring “green” programs for employee commuting and business travel
- Expanding our waste management plan to include:
 - Organics
 - Mixed recyclables
 - Single-use plastics
 - Energy from waste initiatives



Our Communities

By partnering with organizations focused on local impact, we can help build stronger, healthier, more resilient communities and make a positive difference in the lives of people in those areas while driving employee engagement everywhere we operate.

SDG Alignment



Investing in Our Communities

The vital humanitarian work of the Canadian Red Cross helps people across the country. SCI supports the Canadian Red Cross in three areas – community health and wellness, emergency preparedness and response, and Indigenous communities – that align strongly with our values.

In 2022, through a variety of events and initiatives, SCI and our employees raised \$131,500 for the Canadian Red Cross. The breakdown below shows how those funds were used to provide support, resources and humanitarian aid:

Supporting People Across Canada



- **\$20,000** for community health and wellness initiatives – HELP in Atlantic Canada
- **\$48,000** for Indigenous programs in Ontario
- **\$63,500** for emergency preparedness and response efforts in Canada



\$131,500
raised for the Canadian Red Cross in 2022

SCI employees have also fundraised to support Canadian Red Cross emergencies, including British Columbia Floods and Fires Appeals, the Ukraine Humanitarian Crisis Appeal and the Hurricane Fiona in Canada Appeal.

Community Health and Wellness

The Canadian Red Cross Health Equipment Loan Program (HELP) provides health equipment to individuals recovering from illness or injury and empowers people to live with independence and dignity. Through SCI’s contribution, additional support was provided to the program in the Atlantic provinces, including New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador.



“The short-term loan of free health equipment has allowed our mum to live at home safely while recovering from her surgery. It has meant the world to us knowing we had access to this service through the Canadian Red Cross.”

– Client of HELP in Atlantic Canada



Indigenous Communities

When disasters strike, Indigenous communities are often hit the hardest and take the longest to recover. Thankfully, a safer future is possible. With a commitment to reconciliation, the Canadian Red Cross works alongside Indigenous communities on their path towards wellness and safety. SCI's contribution to the Creating Safe Environments program has supported eight communities across Ontario.

In Attawapiskat, SCI contributed to the Neeganiway Attooskaywin Volunteer Committee and its programs, which focus on social and health issues.

Our help extended to three conferences, where we provided resources, virtual staff and brainstorming support for discussions that included:

- Bringing Our Children Home
- Every Child Matters
- Our Culture Matters
- Anti-human trafficking
- Women's wellness retreat

IMPACT HIGHLIGHTS

SCI raised \$48,000 for Indigenous programs, which helped to support the following:



8
Indigenous communities supported through Creating Safe Environments program



2
Stay Safe courses
15 youth,
2 adults reached



1
babysitting course
12 youth,
2 adults reached



15
jerseys purchased
Mushkegowuk Cup Youth Hockey Tournament



132
youth trained in bullying prevention



1
Water safety training course
15 grade 7 & 8 youth and
2 adults reached

Emergency Management

With support from SCI, the Canadian Red Cross can make sure that those affected by climate-related emergencies like Hurricane Fiona receive the help they need. After Hurricane Fiona, more than 96,000 eligible households benefited from the help of the Canadian Red Cross. Assistance was provided in the form of lodging, clothing, food, clean-up kits, cots, blankets and hygiene kits, as well as information and referrals, psychosocial and wellbeing support, and emergency financial assistance.

IMPACT HIGHLIGHTS

SCI raised \$63,500 for emergency preparedness and response, which was distributed to support families as follows:



\$20,000

Provides baby products for approximately 444 infants



\$20,000

Provides approximately 91 families (4 people per family) with weekly emergency groceries



\$23,500

Provides emergency lodging for approximately 138 families (4 people per family)

“The opportunity to partner with the Red Cross gave our team the ability to work towards an aggressive target that was meaningful and helps out members of our community. This was truly a team effort that all SCI members can be proud of!”

– Jenelle Hutchison, General Manager





Employee Volunteering

In a successful partnership, both partners have to bring their best to the table. In 2022, SCI employees brought their best to support our partner, the Canadian Red Cross. SCI employees ran a three-month-long fundraising event over the fall – built around activities like jersey days, a prize raffle, 50/50 draws and a silent auction – that raised close to \$28,000 for the Canadian Red Cross.

Over the course of the year, 17 employees from the GTA lent a hand, working in shifts to pack food hampers for people in need of support. The Canadian Red Cross Toronto-Region Branch Mobile Food Bank delivers food to people who, due to permanent or temporary disability, are unable to access traditional food banks. In addition to packing food, our employees also donated 10 boxes filled with non-perishable food to the facility.

COMMUNITY PRIORITIES FOR 2023



- Continue to increase employee engagement and drive participation in support of the Canadian Red Cross. Our goal is to surpass our previous year's goals in fundraising dollars and volunteer hours.
- Ensure all our employees have opportunities to support our local communities throughout the year, through ongoing challenges and goals set up for each facility nationally, and internal contests for added incentives and excitement.

IMPACT HIGHLIGHTS



37 employees participated in a Be Ready session



17 employees volunteered

51 hours packing



10 boxes of food donated

298 food hampers packed



\$26,712 donated during a variety of fundraising events across the country



79 buildings mapped by SCI employees taking part in Missing Maps event



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