



March 8, 2024

RE: Canadian Federal Carbon Tax - Carbon Levy Recovery

On April 1st, 2024, the Government of Canada is increasing the base tax rates of the Carbon Levy by \$15/tonne as part of a continued Climate Change Initiative. This increase to the Federal Carbon Tax will continue to elevate the daily costs of all fossil-based fuels that emit greenhouse gases when combusted.

This increase to the Carbon Tax per tonne has further impacted the costs of fuels used in our facilities and to power our equipment. We have carefully evaluated the impacts of the increase to the Federal Carbon Levy and have concluded that we must introduce a Carbon Tax Surcharge for the first time. Based on the mileage accumulated and the facility infrastructure we maintain, effective April 1, 2024, the rate applied to all base-line Freight Charges and warehouse/storage will be 2.80% and apply to all shipments (and warehouse/storage) originating in and/or destined to points within Canada. As a company we will continue to evaluate the impacts of these increased costs on our business and re-evaluate the Carbon Levy prior to the next scheduled federal increase in April of 2025. At this time customers will be advised in writing of any changes that are necessary to this fee moving forward.

<https://www.canada.ca/en/environment-climate-change/services/climate-change/pricing-pollution-how-it-will-work/carbon-pollution-pricing-federal-benchmark-information/federal-benchmark-2023-2030.html>

Our intent is to pass through this carbon levy based on averages over the diversity of our operating divisions. The fee will be shown as a separate line item for all invoices applicable.

If you have any questions regarding the application of the 2024 Carbon Levy Recovery increase, please email sales@siemenstransport.com.

Sincerely,

Kindersley Transport Ltd.