



Canadian Tire Corporation

Climate Policy Engagement Disclosure





Introduction

The Corporate Knights Action Declaration on Climate Policy Engagement (the “**Action Declaration**”) is a voluntary commitment by companies to take steps towards aligning to emerging climate policy engagement standards. The Action Declaration outlines how companies in the movement to decarbonize the economy will work with policymakers to support ambitious action to reduce emissions by closing what is referred to as the say-do gap. This is achieved through commitments to:

1. Support climate action aligned with the Paris Agreement when engaging with policymakers.
2. Work with their major trade associations to advance alignment with the Paris Agreement.
3. Monitor and disclose climate policy alignment for their company and major trade associations.

Canadian Tire Corporation (CTC), like many other companies, is on a journey to decarbonize its operations and transition to a lower-carbon economy. This is no small feat and requires companies as well as trade associations to jointly demonstrate their commitment to working alongside governments to advance climate action that will help achieve the goals of the Paris Agreement.

Summary of CTC’s Climate Positions and Activities

CTC is committed to reducing its environmental impact and is actively taking steps to decarbonize its operations. We are making ongoing investments to reduce our operational emissions as well as continually seeking new opportunities to collaborate with our value chain partners to enable significant reductions across our entire footprint. CTC has publicly committed to reducing its Scope 1 and Scope 2 greenhouse gas emissions by 40% by 2030 relative to our 2020 baseline (please see our latest ESG Report for more details). CTC also prioritizes energy efficiency, building net zero ready buildings, supporting renewable energy development in Canada, and offering sustainable alternatives to our customers to help them make their own eco-conscious decisions.

While we are also conscious of the Scope 3 emissions that come from the combustion of gasoline sold at our gas bars, we continue to expand our electric vehicle charging network to contribute to the global shift towards lower-carbon forms of transportation and support owners of combustion vehicles through this transition.

As outlined in our ESG Report, CTC is committed to supporting the circular economy of the future. This is especially true with respect to our products and packaging, where we are focused on using renewable resources, minimizing the use of virgin non-renewable materials and creating circular and lower-impact products and packaging.

All our climate-related initiatives align with our brand purpose: *We are Here to Make Life in Canada Better*. Through reducing greenhouse gas emissions, improving product circularity and building a more robust electric vehicle charging network, we are actively working towards reducing the environmental impacts of our products, packaging and operations.

Review of CTC’s Major Trade Associations’ Climate Policy Positions and Influencing Activities

CTC values its memberships with trade associations because they provide a platform for industry-wide engagements that create a powerful and concerted voice when working with policymakers.



CTC's Approach to the Assessment

To assess the policy positions and influencing activities of CTC's trade associations, we leveraged the following procedure:

1. Evaluated all of CTC's trade association memberships globally and applied the following criteria to develop a list of the major trade associations that were in scope (the "**Major Trade Associations**"):
 - I. CTC was a member in 2022.
 - II. The trade association was active in climate-related policy.
 - III. The trade association advocates on behalf of its membership.
2. Reviewed each Major Trade Association's climate-related statements, positions and advocacy actions through the following processes:
 - I. Information was gathered from websites, publicly available reports, social media, public statements, media and lobbying registrations.
 - II. Information was examined for positions that acknowledged the risks of climate change and expressed support for the goals of the Paris Agreement and for activities related to each of the following topics: carbon pricing, carbon capture, circular economy, hydrogen, energy efficiency and renewable power, decarbonized fuels, decarbonized shipping, decarbonized building heating, and zero-emission vehicles (see **Table 1** for additional details).
3. Based on the analysis described above, the Major Trade Associations were assessed as aligned, partially aligned, or misaligned with the Paris Agreement.

Table 1: Summary and details of assessment criteria

Assessment Criteria
Paris Agreement Support for the Paris Agreement (limiting warming to well below 2°C above pre-industrial levels).
Carbon Pricing Support a direct price on carbon as part of a framework to reduce emissions.
Carbon Capture Support policy mechanisms to accelerate deployment of carbon capture utilization and storage (CCUS).
Circular Economy Support policy that drives a circular economy.
Hydrogen Support policies that accelerate the deployment of decarbonized hydrogen (hydrogen produced using renewable energy).
Energy Efficiency and Renewable Power Support policies that help improve energy efficiency and renewable energy development.
Decarbonized Fuels Support policies that enable renewable fuels adoption (road (light-, medium-, and heavy-duty), air, and marine transport).
Decarbonized Shipping Support policies that accelerate decarbonized shipping. In particular, supporting the development of a net-zero roadmap for maritime shipping.
Decarbonized Building Heat Support policies that enable electrification of building heating (air source heat pumps, electric boilers, etc.).
Zero-emission Vehicles Support policies that facilitate pathways to zero-emission vehicles.



Assessment Considerations

- Criteria set out in **Table 1** were selected in consideration of CTC's own sustainability and climate change priorities.
- If a Major Trade Association did not publicly state positions in support of the Paris Agreement, we considered this to be a misalignment.
- If a Major Trade Association stated support for the Paris Agreement, but this was not evident in the positions it took on relevant pieces of climate policy, this was also considered a misalignment.
- If a Major Trade Association did not state a position on any other criteria in **Table 1** and we considered the issue relevant to the trade association, we would find this to be a misalignment.
- If a Major Trade Association did not state a position on any other criteria in **Table 1** and we did not consider the issue to be relevant to the trade association, we would not find any alignment or misalignment.
- Where a Major Trade Association did not have a stated position but took credible action to advance the intention of the **Table 1** criteria for its membership, this was considered an alignment. For example, if there were no publicly disclosed policy positions on pathways to zero-emission vehicles, but the trade association in question actively worked with provincial governments to carry out demonstrations to better understand the capabilities and limitations of zero-emission vehicle technologies, we would consider this to be aligned.

Framework for Addressing Misalignments

If a misalignment is identified, we have an established response mechanism:

- We will work constructively with the trade association to improve the alignment. This includes:
 - Raising the issue with the trade association and engaging in discussions to improve alignment. This could include requests to develop a position or refrain from advocacy in certain areas.
 - As change is most effective when initiated from within, CTC will strive to install a representative on working groups, committees, or the board to improve the alignment.
- If there is no action/improvement in 12 months, CTC will do an internal risk assessment regarding continued membership in the trade association. Our requests will be reiterated at this time in renewed communications with the trade association.
- If misaligned for two consecutive years, the issue is to be brought to the attention of the CEO, who will assess counteractions, which may include withdrawing participation and funding from the trade association.



Results and Next Steps

Of the 10 Major Trade Associations that we reviewed, we determined that:

- 10 were **aligned**.
- 0 were **partially aligned**.
- 0 were **misaligned**.

For more details, see **Table 2**.

Table 2: Summary of findings

Alignment Classification	Major Trade Association
Aligned	<ul style="list-style-type: none">- Canadian Business for Social Responsibility- amfori- Circular Innovation Council- Business Renewables Centre Canada- Retail Industry Leaders Association- Canadian Council of Chief Executives- Hydrogen Business Council- American Apparel & Footwear Association- Canadian Energy Marketers Association- Retail Council of Canada
Partially Aligned	None
Misaligned	None

CTC's Commitment

As part of our Action Declaration commitment to monitor and disclose climate policy alignment for our company and our major trade associations, we intend to:

1. Monitor the actions of our Major Trade Associations and engage as necessary where misalignments arise.
2. Conduct due diligence on all prospective trade associations for alignment with the Paris Agreement.
3. Formally review our Major Trade Associations every two years and publish an updated assessment report.