



Canadian Tire Corporation

2022 ESG Report Summary



CEO Message

WE ARE HERE TO MAKE LIFE IN CANADA BETTER



At Canadian Tire Corporation, the year 2022 was one to remember. We celebrated the hundredth birthday of Canadian Tire Retail and announced our evolved Brand Purpose, Core Values, and *Better Connected* strategy. Despite the challenges of the pandemic, we emerged as a stronger, more resilient company, with a clear focus on building a better future and fulfilling our environmental, social and governance (ESG) commitments. Our ESG journey has been one of progress over perfection, and I am proud of what we have achieved so far.

Our second ESG report is not just a reflection of past accomplishments and future plans; it's a testament to our commitment to transparency. As a data-driven organization, we believe progress is made by making decisions based on what we know, not what we think we know. To that end, we are now reporting against the SASB (Sustainability Accounting Standards Board) standards, empowering us to identify ESG priorities that demand greater attention while providing relevant, reliable, and comparable metrics to assist you in making well-informed decisions and assessing our progress against your values and expectations. Moreover, as part of our stringent ethical standards and commitment to transparency, we assessed over 1,200 factory audits internationally in 2022.

In this report, you will also learn about our environmental sustainability progress, including our plans to attain a 40% reduction in our Scope 1 and Scope 2 greenhouse gas emissions by 2030 relative to our 2020 baseline. The acceleration of extreme weather events, including devastating forest fires here in Canada, reinforces the threat of climate change – a risk we take very seriously. In addition to protecting our planet, building a better future means supporting the people who live on it, and we remain committed to stepping up for our communities. In 2022, we raised \$26.7 million for Jumpstart Charities, took a definitive stance on gender equity in sports, and as we have for a century, assisted during crises, from helping those affected by Hurricane Fiona to donating more than \$1.4 million to the Red Cross Ukraine Humanitarian Crisis Appeal.

Internally, we embrace our Core Value, Inclusion is a Must, and in 2022, translated our vision for Diversity, Inclusion and Belonging (DIB) into action. As part of our commitment to truth and reconciliation, we opened our first-ever Legacy Space in partnership with the Gord Downie and Chanie Wenjack Fund to help us learn, acknowledge, reflect on, and honour Indigenous history, culture, and experiences. We are proud to see our DIB efforts resonating with our team members: in 2022, more than 8,400 employees attended our DIB events, and in our annual employee survey, we saw increases across both our inclusion and belonging scores. We also made progress by reporting on our enterprise-wide gender and racial metrics for the first time.

The progress outlined in this report is the direct result of our teams' dedication, innovation, and hard work. I want to thank our team members for their commitment to the process and our Executive ESG Council and Board of Directors for their steadfast support and advocacy. Finally, I want to thank all our stakeholders for placing their enduring trust in us as we continue making life in Canada better – for today and tomorrow.

Best,

Greg Hicks
President and CEO
Canadian Tire Corporation



LAND ACKNOWLEDGEMENT

We acknowledge that long before Canada was a country, strong nations and cultures existed here — and continue to exist. The Canadian lands on which CTC operates have been the site of human activity for 15,000 years. Today, these lands and lakes continue to be home to many First Nations, Inuit and Métis communities from across Turtle Island, also known as North America.

Our head office, located in what is currently known as Toronto, is situated on the traditional territory of the Anishinaabeg, Huron-Wendat and the Haudenosaunee Nations. This location is covered by Treaty 13, signed with the Mississaugas of the Credit, and the Williams Treaties, signed with multiple Mississauga and Chippewa bands. We are grateful that we can live and work here, and we are committed to building and sustaining a relationship with Indigenous peoples based on respect, dignity, trust and cooperation.

At CTC, we know that land acknowledgments mark a small but important step in the journey of confronting the truth and working towards reconciliation with Indigenous peoples. We are in the early stages of our journey. As we look ahead and live our Core Values, we are committed to acknowledging the truth and advancing reconciliation.

Truth & Reconciliation at CTC

CTC is committed to acknowledging the experiences and histories of Indigenous communities in Canada to ensure that we can meaningfully move towards reconciliation. Led by courageous Indigenous leaders inside and outside of our organization, our focus has been on building community and opportunities for education and awareness through events and programming. In 2022, through our partnership with the Gord Downie & Chanie Wenjack Fund, we also launched our first Legacy Space, a safe physical place for employees to learn about, reflect on and honour Indigenous cultures.



Legacy Space education corner –
2180 Yonge Street, Toronto, Ontario

2022 Highlights



~500

electric vehicle charging stations at more than 120 Canadian Tire stores and Canadian Tire Gas+ gas bars (including ONroute locations)



SASB

Published our first Sustainability Accounting Standards Board (SASB) Index in alignment with the SASB standards¹



\$26.7 million

in total donations raised for Jumpstart by CTC, our Dealers, employees, vendors and customers



8,400+

employees attended diversity, inclusion and belonging events



89%

waste diversion rate at our corporate distribution centres



1,261

factory audits assessed within our global supply chain of factories manufacturing owned brand products



\$1.4 million

in donations for the Canadian Red Cross' Ukraine Humanitarian Crisis Appeal



~25,000

employees participated in eVoice², our employee engagement survey, representing roughly 71% of eligible employees at the time of the survey

An Enterprise-Wide Effort

At Canadian Tire Corporation (CTC), we are advancing our environmental, social and governance (ESG) strategies across our entire enterprise, from our consumer-facing brands to our financial services division. Here is a snapshot of some of the initiatives our banners and businesses implemented in 2022:



Collected over 1.1 million batteries and nearly 250,000 automotive parts for recycling, totalling 42.5 million lbs of material

SPORT CHEK



Committed to supporting restoration projects across Canada by pledging to plant one million trees by the end of 2023

Mark's

Diverted almost 102,000 lbs of flexible plastics (e.g., shrink wrap and poly bags) from landfills, contributing to a waste diversion rate of almost 90% at corporate-operated Mark's stores



Announced the development of our first net zero³ energy and carbon project, a 350,000 square foot distribution centre in Calgary, Alberta



Received the 2022 Impact Award from Convenience Store News Canada for our commitment to diversity, equity and inclusion



Launched a pilot with TrusTrace to improve material tracing capabilities and gain greater visibility to upstream product processes



About Our Business

From its origins as a single auto garage, to a national chain of over 1,700 retail stores and gas bars, CTC has proudly served customers across Canada for over 100 years. As it has grown, CTC has consistently been at the forefront of retail innovation, with products and services designed to make life better for customers from coast to coast.

OUR BRAND PURPOSE

As a brand with deep roots in this country, we owe it to Canada to make it a better place for today's generation of Canadians and for generations to come. **We Are Here to Make Life in Canada Better.** [Learn more about us.](#)

OUR CORE VALUES

Our Core Values help to guide our actions in pursuit of our purpose

We are **innovators** and **entrepreneurs** at our core.

Outcomes drive us.

Inclusion is a must.

We are **stronger together.**

We take **personal responsibility.**



OUR BUSINESS

CTC's enterprise comprises over 34,000 employees across 13 banners and businesses. Together with our Dealers and franchisees, our size and reach enable us to make a meaningful difference in communities, both big and small, across the country and around the world. Here is a glance at who we are:⁴

1,700+

retail stores and gas bars

100+

owned brands

14

Canadian distribution centres across three provinces

7

domestic corporate offices

480+

Dealers operating 504 Canadian Tire stores and 65 Party City stores

2,500+

vendors from whom we source our retail products

~500

electric vehicle charging stations

11 million+

Triangle Rewards members

\$17.8 billion+

in revenue generated and \$750 million+ of capital returned to shareholders

190+

franchised locations under our Sports Experts, Atmosphere, Mark's/L'Équipeur, Hockey Experts, and Sports Rousseau/L'Entrepôt du Hockey banners and Helly Hansen

50+

Helly Hansen retail stores across North America and Europe with a corporate office in Norway and distribution centres in the United States and the Netherlands

An international sourcing presence

with offices in China (Hong Kong, Shanghai and Shenzhen) and Bangladesh (Dhaka and Chattogram)



About This ESG Report Summary

This ESG Report Summary provides a high-level overview of Canadian Tire Corporation's (CTC) approach to environmental, social and governance (ESG) issues, our actions and initiatives for our most important ESG topics, and key highlights. More detailed information about our ESG philosophy, as well as our approach and actions for each of our most important ESG topics, can be found in our full ESG Report which is available on our [website](#).

This year also marks our first time reporting against the standards of the Sustainability Accounting Standards Board (SASB), an independent standards-setting organization. The SASB standards, which are organized by industry, provide comparable sustainability metrics for public companies to disclose information that is useful for investors to make decisions. For our first SASB index, we are reporting against the Multiline and Specialty Retailers & Distributors industry standard, which SASB identifies as our primary industry, along with select metrics from the Apparel, Accessories & Footwear and Consumer Finance industry standards. As we continue to build on our ESG reporting maturity, we will consider additional industry standards for future reporting. Our 2022 SASB Index can be accessed online [here](#).

SCOPE

Our 2022 ESG Report is focused on the activities and outcomes of CTC and all entities controlled by it during the 2022 fiscal year (January 2 to December 31, 2022), and unless otherwise indicated, information in this ESG Report should be read as applying to that period. Given the timing of its publication, this report also includes some updates that occurred in 2023, primarily resulting from significant work completed in 2022. Where relevant and appropriate, we have also included stories and achievements from Canadian Tire Jumpstart Charities, Dealers, franchisees and agents.

Unless otherwise indicated, all references to employees across our ESG reporting include full-time and part-time employees of CTC, and do not include employees of Dealers, franchisees or agents.

ASSURANCE

We received limited third-party assurance with respect to our [2022 Climate Data Supplement](#) claims and assertions which are explained further in this [limited assurance statement](#). We did not seek or receive external assurance from third parties with respect to other information.

FORWARD-LOOKING INFORMATION

Certain statements made in our ESG Report, including those related to our ESG targets and strategies, may constitute forward-looking information within the meaning of applicable securities laws. Such statements include, but are not limited to, the Corporation's 2030 GHG emissions reduction target. The Company is not required under securities laws to prepare or file this ESG Report, and the information contained herein should therefore not be read as necessarily rising to the same level of materiality of disclosure required in our securities law filings. These statements are being provided for the purposes of assisting readers in understanding our approach to key ESG topics, strategies and initiatives, and in obtaining a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

Although CTC believes that the forward-looking information in this ESG Report is based on information, assumptions and beliefs that are current, reasonable and complete, this information is necessarily subject to a number of factors, risks and uncertainties, which could cause actual results to differ materially from management's expectations and plans as set forth in such forward-looking information. For more information on the risks, uncertainties and assumptions that could cause CTC's actual results to differ from current expectations, refer to section 11.0 (Key Risks and Risk Management) of the Company's 2022 Management's Discussion and Analysis as well as CTC's other public filings, available at www.sedarplus.ca and at <https://investors.canadiantire.ca>.

Unless otherwise indicated, the forward-looking information contained in this ESG Report describes our current expectations and, accordingly, is subject to change after the initial publication of this ESG Report on September 6, 2023. CTC does not undertake to update any forward-looking information, whether written or oral, that may be made from time to time by the Company, or on its behalf, to reflect new information, future events or otherwise, except as is required by applicable securities laws.

REPORT ARCHIVE

We issued our first enterprise-wide ESG Report in 2022, covering fiscal year 2021. Prior to the publication of that report, we issued stand-alone community impact and environmental sustainability reports. Those reports can be accessed online [here](#).

For our Glossary, which sets out definitions of capitalized terms and acronyms that are not otherwise defined in this ESG Report Summary, and notes on trade names, trademarks and service marks, please see page 26.



Our Approach to ESG

OUR APPROACH TO ESG TOPICS

Our approach to managing ESG topics shapes our business practices and proactively addresses the challenges facing our industry and country. It builds on our strengths, creating a competitive edge that positions us as leaders and underscores our dedication to a better future for all Canadians.

For over a century, we have been committed to providing high-quality products and services that meet the needs of our customers and contribute to the well-being of communities across Canada. This commitment is shaped by an understanding that our country faces significant environmental, social and economic challenges that demand our attention. Addressing these challenges is not only a responsibility; it is imperative for securing the long-term success of our business and ensuring a prosperous future for Canadians.

Investing in ESG initiatives is central to our commitment to maximizing long-term value for all our stakeholders. These initiatives focus on delivering value and convenience to our customers, strengthening communities, developing our

employees and supporting our Dealers. Our ESG approach enables us to manage risks, foster innovation, drive new revenue streams such as environmentally and socially responsible products, and strengthen the fundamental environmental and social systems on which our business depends. Most importantly, our approach to ESG builds a relationship of trust with our customers, employees and communities, empowering us to continue being a reliable partner for Canadians for years to come.

ESG OVERSIGHT & MANAGEMENT

CTC's ESG strategies are led by our CEO, overseen by the Board of Directors and brought to life by employees serving the various banners and functions across our group of companies. At the Board level, primary oversight of our strategies and risk management is the responsibility of the Brand and Corporate Responsibility Committee, which coordinates with the other committees of the Board as needed, while executive oversight of our ESG program is the responsibility of the Executive ESG Council. More information about our ESG oversight practices can be found [here](#).

PRIORITY ESG TOPICS

We prioritize and focus our efforts on the ESG topics that offer the greatest potential for positive impact on both our business and society. These topics rank high in terms of importance to our Brand Purpose, impact to key stakeholders and our ability to leverage our enterprise capabilities to create meaningful change.

In 2021, we engaged in a rigorous process to assess and determine our most important ESG topics. This included external research and benchmarking, a focused stakeholder engagement process, internal analysis and discussion, and alignment with senior leaders in our business. This assessment resulted in the identification of our most relevant ESG topics, which we have organized into four pillars:

Environment

- Climate Change
- Circularity: Packaging, Product & Operational Waste

People & Community

- Talent & Culture
- Diversity, Inclusion & Belonging
- Community Impact

Responsible Sourcing

- Sustainable Supply Chain Management
- Human Rights & Social Responsibility
- Product Safety & Quality

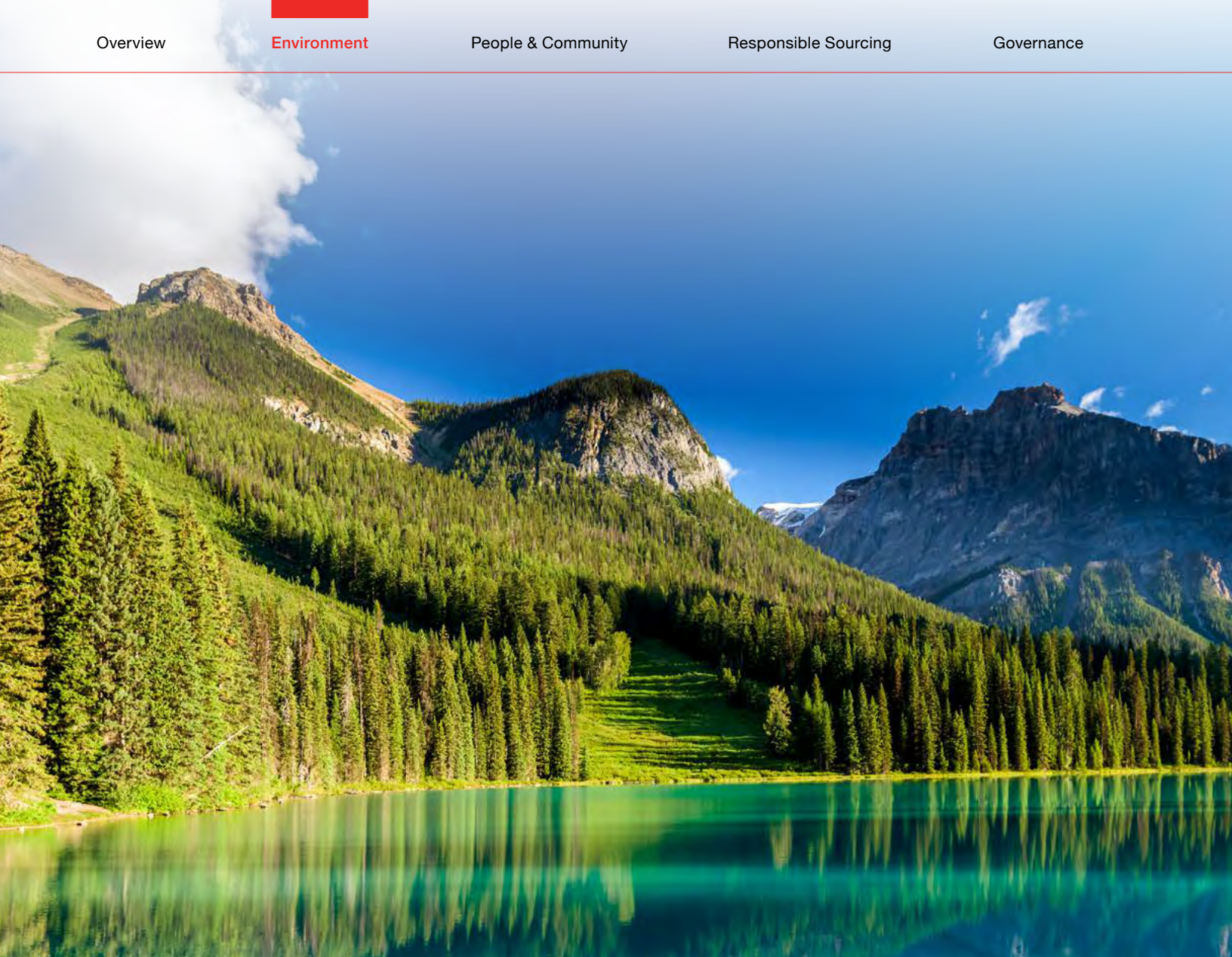
Governance

- Corporate Governance
- Business Ethics
- Privacy & Data Security



LEARN MORE ABOUT OUR APPROACH TO ESG





ENVIRONMENT

As an iconic Canadian retailer, we can lead change not only by reducing greenhouse gas emissions within our business but also by leveraging our knowledge, innovations and relationships to empower our partners and customers to reduce their environmental impact. We know that breaking the link between consumption and waste is imperative to future-proofing our business in a resource-constrained world. At CTC, we believe that tackling plastics, waste and our products' circularity is both a responsibility and an opportunity.

Climate Change

We are committed to reducing our environmental impact by decarbonizing our operations and empowering our customers to make informed decisions.

We are making ongoing investments to reduce our operational emissions as well as seeking new opportunities to collaborate with our value chain partners to enable significant reductions across our entire footprint. By understanding the business risks of climate change, we will be better positioned to adapt to the future, mitigate those risks and identify opportunities that will arise as new technologies and products emerge.



We Are Here to Make Life in Canada Better by reducing our greenhouse gas emissions, championing innovative products that will support emissions reductions for our customers, and facilitating collaborative action with our vendors and other stakeholders.

OUR APPROACH

We have been measuring and reporting the GHG emissions of our business with increasing scope since 2010. Our reporting

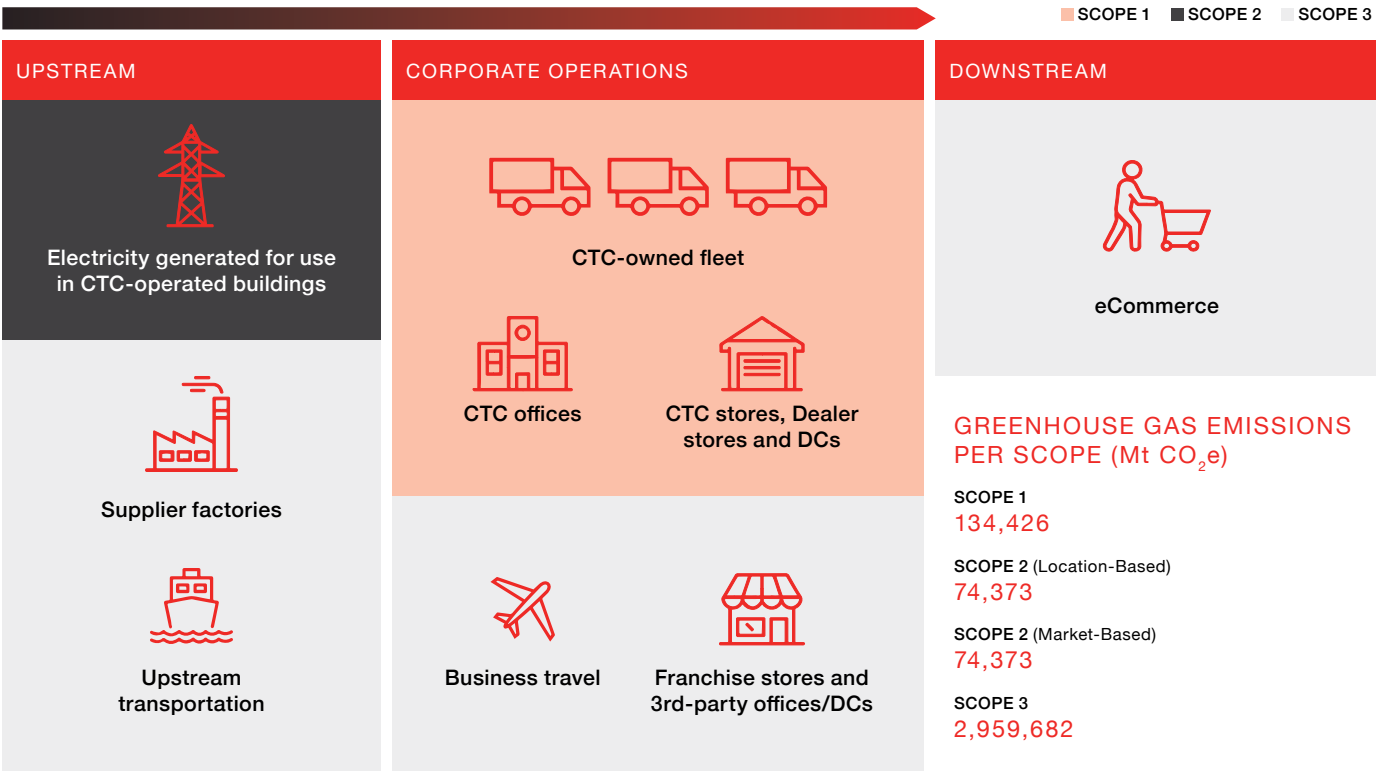
accounts for the GHG emissions across our value chain under three scopes: Scope 1, Scope 2 and Scope 3. An archive of past reports that speak to our historical emissions is [available online](#). To learn more about our 2022 GHG reporting, including a full description of our organizational boundaries and methodology, please read our [2022 Climate Data Supplement](#).

Decarbonizing our operations

In 2022, we set a new target to reduce our Scope 1 and 2 GHG emissions by 40% by 2030 relative to our 2020 baseline, including those of our Dealer-operated Canadian Tire stores. To achieve this target, we have built a robust plan that includes investing in the electrification of our assets and expanding our use of renewable energy.

Our 2030 emissions reduction goal is the starting point of our decarbonization journey. The Scope 1, Scope 2 and Dealer store emissions included in our target represent a smaller fraction of our overall footprint than our Scope 3 emissions. While we have more direct control over decarbonizing our Scope 1 and 2 emissions, we must also address our Scope 3 emissions – those that arise primarily from the manufacture and use of our products. In 2022, our Scope 3 emissions equated to approximately 2,959,682 tonnes of CO₂e.

FOOTPRINT AT A GLANCE



Prioritizing energy efficiency

GHG emissions from our stores, distribution centres and offices represent more than 80% of the scope 1 and scope 2 emissions covered by our 2030 target. To achieve our emissions reduction target, we are focusing on retrofitting our stores and incorporating energy-efficient designs into our store prototypes. Air-source heat pumps are more efficient and rely on electricity to generate heat instead of natural gas, resulting in less carbon emissions. In 2022, we began planning a 2023 pilot to transition two stores to air-source heat pumps for their heating needs. By 2030, we plan to have heat pumps installed at over 30% of our Canadian Tire retail stores. Starting in 2024, we aim to build new Canadian Tire stores to our net zero ready prototype. These net zero ready stores will be significantly more energy efficient than previous prototypes and will have the capacity to become fully net zero with the addition of on-site solar panels.

Supporting renewable energy development in Canada

As one of Canada's largest retailers, we recognize the part we can play in supporting renewable energy development in Canada. This will be done, in part, by supporting electrification and partnering with organizations that support the growth of renewable energy generation, like [Business Renewables Centre Canada](#), which we joined in 2022. Our future plans include developing a strategy and target for incorporating renewable energy into our ongoing consumption. In the meantime, with continued reliance on grid electricity, we look to governments to meet increased electricity demands in a clean and renewable manner as the economy transitions to a lower-carbon future.

Making it easier for customers to reduce their own GHG emissions

As a retailer, we know that we play a crucial role in supporting and enabling our customers to reduce their environmental impact. We offer sustainable alternatives to help our customers make eco-conscious decisions, and we are determined to expand our assortment of these products. We are also continuing to build our electric vehicle charging network. In spite of supply shortages, which caused us to fall short of our goal to install 300 new electric vehicle chargers, we were able to expand our network by 194 electric vehicle charging stations at 40 Canadian Tire stores and Canadian Tire Gas+ gas bars (including ONroute locations) in 2022. This brought our electric vehicle charging network to almost 500 stations at more than 120 locations.



Electric vehicle charging station at Agincourt Canadian Tire Store, Scarborough, Ontario

Planting 1 million trees and kelp plants with veritree

In 2022, SportChek and Atmosphere pledged to plant one million trees and kelp to help restore Canada's forests and oceans by the end of 2023. In partnership with veritree, a technology platform that connects nature-based solutions with sustainably minded companies, we have access to ground-level data to track and verify the project's regenerative impact over time. Our in-store SportChek and Atmosphere customers are also able to contribute to our goal through donations at check-out. Learn more [here](#).



LEARN MORE ABOUT OUR APPROACH TO CLIMATE CHANGE



Circularity: Packaging, Product & Operational Waste

As the Canadian retail market transitions from “take-make-dispose” to “reduce-reuse-recycle”, we are committed to being a leading retailer in the circular economy of the future.

We are committed to being part of the solution to reduce landfill waste and pollution in Canada and to drive economic opportunities for Canadian businesses to develop Canada's circular economy. 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.



We Are Here to Make Life in Canada Better by actively working towards the reduction of the environmental impacts of our products, packaging and operations.

OUR APPROACH

Increasing the sustainability of our product assortment

As one of the largest retailers in Canada, we recognize that most of our impact on the planet comes from the products and services that we provide to Canadians. For the products that we design, the choices we make regarding how they are composed, manufactured, packaged and transported to stores have corresponding environmental impacts.

At CTC, we are starting our journey towards creating fully circular products by first capturing sustainability-related information from the wide assortment of products that we offer. This data capturing process includes tracking information such as which products use lower-impact materials or were manufactured in a less resource-intensive way. We plan to leverage this data to set specific goals related to the sustainability of our product assortment and track our progress towards a circular product assortment.

Our Owned Brand teams are on a journey to expand our assortment of products that include recycled materials and safer chemical alternatives, and that follow design principles that enable reuse and recycling. To drive access to more recycled materials and to better support the Canadian circular economy, we actively work with partners to recover more materials that can be recycled into new products for us to sell in our stores or use in our operations.

Increasing the sustainability of our packaging

In collaboration with our owned brand vendors, we have reduced the amount of plastic packaging by adopting more recyclable materials and accelerating the elimination of PVC, multi-laminated plastic packaging, expanded polystyrene and polyvinyl chloride from many of our products' packaging. Additionally, we are working to distribute used plastics to companies who can reuse them, including packaging manufacturers who can develop and produce packaging made from recycled content.

Continuing our partnership with the Canada Plastics Pact (CPP)

We are proud to be a founding member of the CPP, a growing partnership of over 80 businesses that is committed to keeping plastics in the economy and out of the environment. The CPP is part of the Ellen MacArthur Foundation's Plastics Pact Network, which connects us with international plastics pacts to share learnings and advance collective efforts. Learn more at the [CPP website](#), along with the progress reported in their [2021 Annual Report](#).

We are collaborating with our partners to drive progress against the CPP's 2025 targets. At CTC, we are advancing this work by:

1. Defining a list of our owned brand plastic packaging that is designated as problematic/unnecessary and taking measures to eliminate those materials by 2025
2. Designing 100% of our owned brand plastic packaging to be reusable, recyclable, or compostable by 2025
3. Ensuring an average of 30% recycled content in our owned brand plastic packaging by 2025

Increasing recycled content in packaging

In collaboration with our owned brand vendors, we have reduced the amount of plastic packaging by adopting more recyclable materials and accelerating the elimination of PVC, multi-laminated plastic packaging, expanded polystyrene and polyvinyl chloride from many of our products' packaging. Additionally, we are working to distribute used plastics to companies who can reuse them, including packaging manufacturers who can develop and produce packaging made from recycled content.



Spotlight on Our Owned Brands

Spotlight on **Forward With Design**



Forward With Design (FWD) is our active-styled apparel and accessory brand created for a life in motion. Each year, we increase our use of recyclable and recycled packaging, environmentally conscious dyes and dyeing processes, and fabrics made from recycled and repurposed materials. For example:

- Our **Push FWD men's** short collection is made with a minimum of 88% Global Recycling Standard-certified recycled polyester derived from post-consumer plastic bottles
- Our FWD fabric dyes have been tested and proven to be free of harmful levels of harmful substances

Spotlight on **WindRiver**



Offered at Mark's, WindRiver is a leading brand that outfits Canadians for a life of adventure. Many of our WindRiver products make use of recycled materials, fabrics and packaging. For example:

- Our WindRiver outerwear features fabric with 30%–90% polyester from recycled plastic
- The paper-based packaging of our WindRiver products is made from materials certified by the **Forest Stewardship Council**

Spotlight on **Premier**



Premier is our line of quality paint and accessories that help you bring your spaces to life. In 2022, we launched Premier Clean, a high-quality paint with a lower environmental impact. Premier Clean paints are made without many volatile organic compounds, glycols, or other harsh chemicals and are Greenguard GOLD Certified. Premier Clean paint cans are made from 90% recycled materials, while also featuring a label made from 100% recycled materials.

Spotlight on **type A**



Launched in 2018, type A is our leading brand for organization. With a focus on thoughtful and innovative solutions, type A's core home products are designed with sustainability in mind. This includes incorporating sustainable materials, minimizing packaging, improving reusability and providing sustainable end-of-life solutions. For example:

- Our 2022 collection of **type A Household Cleaning Tools** incorporates Forest Stewardship Council–certified bamboo handles, composite rice husk and recycled polypropylene plastics
- Our **type A Reusable Sponge Cloths** promote reuse and are compostable

Spotlight on **CANVAS**



CANVAS is our home décor brand for style-conscious Canadians. We offer customers trendy, quality products that are produced in thoughtful ways. This includes incorporating the use of sustainable materials, meeting or exceeding industry and environmental manufacturing and finishing standards, minimizing packaging and improving the recyclability of products at end-of-life. For example:

- Our **CANVAS Hastings Floor Lamp** has a wooden tripod frame made entirely from Forest Stewardship Council-certified wood
- Our CANVAS Backyard Living 2022 collection features Forest Stewardship Council–certified wood on our **Kingsmere 10' x 10' Single Tier Gazebo**

Spotlight on **Helly Hansen**



Helly Hansen is our professional-grade sportswear and workwear brand that helps people stay and feel alive in the harshest environments. Operating for over 140 years, Helly Hansen knows that long-term success can only be achieved by respecting and promoting responsible sourcing and environmental protection. Through the application of a holistic decision-making model, Helly Hansen strives to make products that last for generations. For example:

- The **Kids' Rider 2 Insulated Ski Bib** is designed to be adjustable and durable enough to be passed from child to child, with extendable legs and an elastic waist
- **Workwear products** have features to promote longevity, including reinforced heavy-use areas, optional leg extensions, removable sleeves and hoods and removable hanging pockets for tools and belongings



Building an ecosystem for textile recycling in Canada

In 2021, with financial support from Environment and Climate Change Canada, SportChek and Canadian Tire partnered with Fashion Takes Action on one of the first textile recycling pilots in Canada. The pilot aimed to establish an end-to-end Canadian supply chain for recycling textiles into consumer goods.

Together with our partners, we collected and processed over 950 kgs of polyester clothing that became material inputs for our newly designed **type A felt laundry hamper** sold in our Canadian Tire stores in 2023. As part of the project, we also produced a guide with our learnings for other retailers, manufacturers and the public to help drive scalable solutions towards a circular economy.





Location	Step	Company
London, ON	Collection of unwanted activewear from customers	SportChek
London, ON	Sorting and cleaning of materials	Goodwill
Montreal, QC	Defiberization of materials	Jasztex
Quebec City, QC	Creation of a non-woven fabric	Alkegen
Toronto, ON	Product development using the created fabric, resulting in the laundry hamper	CTC
Toronto, ON	Production of the laundry hamper	CTC (suppliers)
Toronto, ON	Sale of the laundry hamper	Canadian Tire

Reducing our operational waste

When it comes to managing our operational waste reduction strategy, the diverse nature of our business poses some challenges. Our ability to divert waste also depends on our level of control around waste collection. In 2017, we developed a target to divert 90% of our operational waste from landfill annually by 2022. We are proud of the significant progress made at our distribution centres, but we experienced some challenges at our retail stores and gas bars. Our challenges related primarily to unanticipated market and supply chain shifts that occurred during the COVID-19 pandemic, difficulty in finding solutions for hard-to-recycle waste streams, and learning how best to support and motivate customers to properly sort their waste at our gas bars.

OUR OPERATIONAL WASTE FOOTPRINT⁵

Just over half our operational waste is generated at our corporate-operated stores, primarily our SportChek and Mark's stores, as well as our Canadian Tire Gas+ gas bars. The remaining operational waste is generated at our distribution centres, with less than 1% of our operational waste generated at our corporate offices.

Waste Diversion	2022 (Tonnes)
 Waste Generated	34,300
 Waste Diverted	28,000
 Waste Landfilled	6,300
 Diversion Rate	81%

In 2022, we achieved an 89% diversion rate at our distribution centres and a combined 76% diversion rate at our retail stores and gas bars, which include SportChek, Atmosphere, Mark's, PartSource, Pro Hockey Life and our Canadian Tire Gas+ gas bars.

Developing better waste diversion targets

We remain committed to developing and implementing innovative and sustainable waste solutions in our operations. Given the diversity of our business operations, our various banners and functions move at different paces for waste reduction. Moving forward, we will set waste diversion goals at a banner or function level. By 2025, we endeavour to:⁶

- Achieve a 90% waste diversion rate at our distribution centres
- Achieve a 90% waste diversion rate at our SportChek, Atmosphere, Mark's, PartSource and Pro Hockey Life retail stores
- Achieve a 60% waste diversion rate at our Canadian Tire Gas+ gas bars

Determined to find a solution for flexible plastics, a material rarely recycled in Canada and most prevalent in our stores' waste streams, we partnered with EFS-plastics. Through this partnership, we launched a national program across various SportChek, Mark's and PartSource stores, resulting in over 110,000 lbs of flexible plastics being diverted from landfill in 2022.

 **LEARN MORE ABOUT OUR APPROACH TO CIRCULARITY:**
PACKAGING, PRODUCT & OPERATIONAL WASTE



PEOPLE & COMMUNITY

People are at the heart of our communities and our successful businesses. Their talent and dedication are the driving forces that bring our Brand Purpose to life. We are committed to serving their needs, providing support for growth and giving back during challenging times. By working together, we create stronger, more resilient societies that foster long-term success.

We endeavour to use our enterprise capabilities to advance diversity and inclusion, invest in our people and strengthen the communities we serve, as they are essential to the ongoing success of CTC.

Talent & Culture

We are committed to being a retailer that attracts and retains the best talent because our people are proud of the work they do and the community they are a part of.

Our Company is only as strong as our people. Our long-term success is anchored in our consistent ability to attract, develop and retain dedicated individuals of all backgrounds, abilities and skill sets. We are committed to designing and delivering an inclusive and meaningful employee experience that empowers our employees to achieve their fullest potential. This includes providing opportunities for growth and development and cultivating a healthy pipeline of talent while leading through new ways of working. We know that investing in our employees' financial, physical and mental well-being is the best way to support both them and our business.



We Are Here to Make Life in Canada Better by offering a wide variety of attractive and fulfilling employment opportunities across the country, fostering an inclusive work environment where belonging thrives, and investing in our employees' personal development.

OUR APPROACH

Bringing our Core Values and Brand Purpose to life

Our Core Values are a representation of our fundamental beliefs.

- We are **innovators** and **entrepreneurs** at our core.
- **Outcomes** drive us.
- **Inclusion** is a must.
- We are **stronger together**.
- We take **personal responsibility**.

Our Core values are embedded within our talent practices and all aspects of our employee experience to drive awareness and engagement. This includes our new performance management program, where employees' performance ratings are grounded in both the achievement of goals and how they embody our Core Values every day.

Creating an inclusive and meaningful experience for current and prospective talent

Our organization's success is anchored in our people. For that reason, it is important for us to attract top talent with inclusive and meaningful work experiences. In our 2022 eVoice survey, sentiment regarding excitement for CTC's future was 73, up two

points from the previous year. When employees are excited about the future of CTC, they feel their work is more meaningful and are more likely to stay. We also ensure that our Total Rewards offering to employees, which includes compensation, benefits, retirement and savings plans and more, remains competitive in the talent market and meets the talent attraction and retention needs of our different business areas.

Our 2022 eVoice² results

The voice of our employees informs our people and culture priorities

~25,000
employees participated

77
our 2022 engagement score, a record high and a four-point increase over 2021

74
our "Intent to stay"⁷ score



A variety of resources and tools are available to enable the development of all our employees, including targeted development opportunities, self-assessment tools, 360-degree feedback and personal coaching. Our Triangle Learning Academy offers 12,000 learning programs and on-demand learning experiences that employees can access for upskilling and reskilling, developing new capabilities, and becoming better leaders. In 2022, we had over 1,150 instances of employees engaging with our leadership development programs.

Supporting our employees' well-being

At CTC, we prioritize employees and their families, as they are the foundation of our organization. We continually introduce and evaluate programs and tools to ensure they serve our employees' and their families' wellness. For instance, for our Canadian employees, we harmonized the Flex Days Program in 2022, offering eligible employees eight paid days off a year. Employees can take the time when it's important and best supports them to address personal illness, focus on personal well-being and disconnect from work, address family emergencies, or recognize a culture day of significance. We also updated our Triangle Flex benefits offering to expand mental health resources, and launched our Wellness Month which provided employees with resources to support their physical, financial and mental well-being.



LEARN MORE ABOUT OUR APPROACH TO TALENT & CULTURE



Diversity, Inclusion & Belonging

We are committed to creating a culture where belonging thrives and diversity, inclusion and equity are infused into everything we do.

At CTC, we are committed to confronting and breaking down barriers so that diversity, inclusion and belonging (DIB) is an authentic, valued and embedded part of our Company. In 2020, we began to formalize our DIB activities and, since then, have made meaningful progress with integrating DIB into our enterprise strategy. While many employees⁸ have embraced this work, we know we are just getting started. We understand the importance of taking thoughtful action to create authentic, measured, meaningful and sustainable change. We are committed to using our enterprise capabilities to advance equity for all – both inside and outside our walls.

Read our [2022 Diversity, Inclusion and Belonging \(DIB\) Year in Review](#).



We Are Here to Make Life in Canada Better by prioritizing the needs and perspectives of employees, customers and communities from equity-deserving backgrounds, in service of our organization's effort to eliminate systemic barriers and cultivate belonging for all

OUR APPROACH

Increasing diversity and embedding inclusion across the enterprise

We are expanding our partnerships with organizations that work with top talent from equity-deserving backgrounds, while enhancing the cultural competency of our hiring team and deploying tools to reduce biases during recruitment. This ensures a sustainable pipeline and development activities for prospective candidates from equity-deserving backgrounds. Through these efforts, we are helping to improve representation in our industry and in Canada.

Representation at CTC

We measure employee diversity data and DIB sentiment through an annual DIB Survey⁹ administered by an independent third-party partner, collecting insights on demographics and belonging.

7% 2SLGBTQIA+	20% Visible Minority	3% Indigenous
7% Have a Disability	53% Female	

In addition to attracting talent from diverse backgrounds, we make a concerted effort to create an inclusive and welcoming workplace to ensure that equity-deserving employees thrive in their roles and choose to stay with CTC long term. We have initiatives and opportunities to support the retention of employees from equity-deserving backgrounds, including:

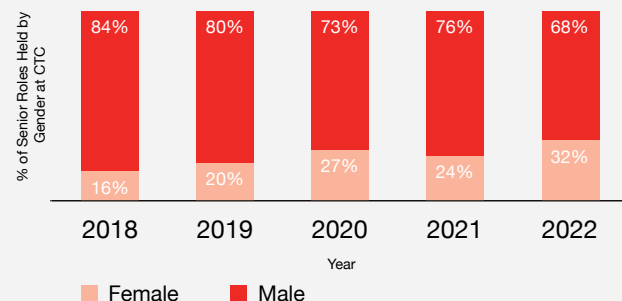
- CivicMatch, which connected 16 senior leaders with 79 rising leaders from equity-deserving backgrounds for mentorship, networking and coaching in 2022
- We also expanded the Connected Leaders Academy programs for employees who self-identify as Black, Asian or Hispanic/Latino, with 165 employees participating in 2022.

Advancing gender equity at CTC

Women often face specific barriers in the workplace that can hinder their career progression. The average percentage of women in senior roles across Canada is 31%¹⁰, which is disproportionate considering that women comprise 47%¹¹ of the Canadian workforce. At CTC, we are working to increase gender diversity in leadership roles by focusing on minimizing systemic barriers through efforts including:

- Focused leadership development, skills-building and networking opportunities
- Expanded sponsorship and coaching opportunities
- Partnerships with Conscious Economics, and the Women's Executive Network
- Intersectional programming through our Employee Resource Groups
- Dedication from our Senior Leadership Committee to driving gender diversity succession through programs and practices

Gender Representation in Senior Roles¹² over 5 years at CTC



Cultivating greater belonging

To support a sense of belonging, we work with our employees to establish networks for ongoing connection and we equip them with tools to create inclusive work environments across the enterprise, including:

- 18 DIB-related events, with over 8,400 attendees
- almost 300 learning workshops
- 10 Employee Resource Groups (employee-led groups to help employees build community among people with shared cultures, identities and experiences)

 [LEARN MORE ABOUT OUR APPROACH TO DIB](#)

MEASURING BELONGING ACROSS THE ORGANIZATION

Through our annual DIB pulse survey, we collect insights and measure the feeling of belonging across the organization. In 2022, our survey was voluntarily completed by 53% of eligible employees, and we achieved the following scores out of 100:

<div>77</div> <div>BELONGING SCORE⁹</div> <div>+3 over previous year</div>	<div>78</div> <div>INCLUSION SCORE⁹</div> <div>+7 over previous year</div>	<div>82</div> <div>AUTHENTICITY SCORE⁹</div> <div>-1 over previous year</div>
<div>79</div> <div>CAREER OPPORTUNITIES SCORE⁹</div> <div>+3 over previous year</div>	<div>84</div> <div>MANAGER SUPPORT SCORE⁹</div> <div>+1 over previous year</div>	<div>81</div> <div>NON-DISCRIMINATION SCORE⁹</div> <div>+1 over previous year</div>



Maple leaf made from hockey sticks at Canadian Tire Store, Edmonton, Alberta

Community Impact

We are committed to supporting opportunities for all by investing in the communities in which we operate.

The communities we serve are an integral part of our identity and values. Our objective is to make Canada a better place for all by actively engaging our employees and store networks to partner with community organizations, governments and other businesses. We aim to promote community growth and development through these initiatives.



We Are Here to Make Life in Canada Better by strengthening communities through the provision of economic opportunities, national- and local-level giving, and meaningful engagement.

OUR APPROACH

Strengthening local economies across Canada

Together with our Dealers, we support communities in Canada by providing good jobs, working with an extensive collection of local vendors to grow our product assortment and supporting families in their day-to-day lives. Based on an Economic Impact Report we commissioned in 2022, it is estimated that CTC and our Dealers have contributed approximately \$150 billion to the Canadian economy in the ten years preceding 2022. The assessment also found that CTC and our Dealers have employed an estimated one in twenty Canadians, including 380,000 first-time job seekers.

In March of 2022, we announced our \$3.4-billion *Better Connected* strategic investment plan. As part of the plan, we intend to invest \$1.2 billion in our Canadian Tire store network to better connect our digital and physical channels, modernizing and creating a more contemporary experience for customers and making the Triangle brand a trusted source for the products and services customers need. We plan to refresh about 50% of the 2021 Canadian Tire store retail square footage and increase our total store network square footage by almost 10%.

Supporting Jumpstart in achieving its mission

Since 2005, Canadian Tire Jumpstart Charities (Jumpstart) has been helping kids overcome financial and accessibility barriers to sport and play. CTC is proud to be Jumpstart's biggest supporter, providing funding for all general administrative expenses to ensure that 100% of donations go directly towards helping kids in need. Our customers, employees, Dealers, vendors and other CTC business partners also contribute through fundraising and volunteering to advance Jumpstart's mission. Together in 2022,

we collectively raised \$26.7 million, helping Jumpstart reach an impressive milestone: providing over three million opportunities for kids across Canada to participate in sport and play since 2005, including a record 440,000 in 2022 alone¹³. Learn more about Jumpstart's work in its [2022 Annual Report](#).

Driving inclusion in sport

As part of our Brand Purpose to make life in Canada better, we proudly support efforts that foster equity and inclusion in sport. We believe that all people – regardless of culture, race, ability or identity – deserve equitable opportunities to participate and succeed through sport.

Aligning our sponsorship activities with our Core Values

In October 2022, after careful consideration, we made the difficult decision to end our partnership with Hockey Canada. As an organization, CTC remains committed to supporting hockey and sports that are inclusive and safe for all Canadians, and we continue to work closely with all our partners to drive positive change. In 2022, we supported numerous organizations and initiatives to help level the playing field for all Canadians and foster positive change in sport, including: Women's Para Hockey of Canada, The Hockey Diversity Alliance, The Carnegie Initiative, Professional Women's Hockey Players' Association, Premier Hockey Federation.

Helping local communities

We are proud to support communities across Canada through donations of products, services and resources. In 2022, we supported over 60 organizations, formalized our long-standing partnership with the Canadian Red Cross and joined the Red Cross Disaster Relief Alliance. Our dealers, who are independent entrepreneurs, also support their communities through hundreds of activities, donations and sponsorships. [Learn more about how CTC and our Dealers support local communities.](#)

In addition to monetary and product donations, we know that volunteering our time, skills and expertise can help support local communities. In 2022 we launched Community Changemakers, an enterprise-wide employee volunteer program that provides eligible employees with the opportunity to use 10 hours of paid time off per year to support Jumpstart, Jumpstart beneficiaries and other community partners like the Canadian Red Cross.



[LEARN MORE ABOUT OUR APPROACH TO COMMUNITY IMPACT](#)



A large container ship is docked at a port. The ship's hull is dark blue with a red stripe at the bottom. It is loaded with numerous colorful shipping containers in shades of orange, blue, and white. Above the ship, there are large gantry cranes with blue vertical supports and red horizontal beams. The sky is clear and blue.

RESPONSIBLE SOURCING

Our global supply chain is how we deliver durable, safe and value-driven products to our customers. However, we recognize that many environmental and social impacts occur within our supply chain. We have a responsibility to work with our vendors and their factories to generate continuous improvements regarding safe working conditions, human rights protection, fair compensation and environmental impacts, both in Canada and worldwide.

Sustainable Supply Chain Management

We are committed to reducing the environmental impact of our sourcing practices through ongoing collaboration with our suppliers and enhancing traceability throughout our supply chain.

To deliver world class products to our customers through our sourcing and design capabilities, we start by determining the quality, value and performance of the product, and then secure the best suppliers to help bring our vision to life. Our ability to achieve our business objectives demands that every link in our supply chain be strong and built with a long-term view.

Given our global sourcing approach, we must have the right policies, processes and partnerships in place to ensure the availability of quality products at the right time to meet customer needs, while also balancing the environmental impacts of the operations. Progress towards the sustainability of our supply chain requires a relationship with our vendors that is grounded in honesty, integrity and respect.



We Are Here to Make Life in Canada Better by providing customers with the products they want, in a way that respects the environment.

OUR APPROACH

Managing the environmental impacts in our supply chain

We are diligently working to develop our plans to reduce the environmental impacts in our supply chain. Our current focus is on gaining visibility into the greenhouse gas emissions that arise from activities like the raw material extraction and manufacture of our products before they arrive in our distribution centres (these contribute to CTC’s overall “Scope 3 emissions,” which you

can learn more about in our [Climate Change section](#) and our [2022 Climate Data Supplement](#)).

Given that these activities are outside of our direct control, measuring and reducing these emissions must be achieved in collaboration with our vendors, taking into consideration their own climate commitments, carbon footprints and emissions-reduction initiatives.

Within our apparel and footwear supply chain, we are leveraging the industry-leading Higg Facility Environmental Module (Higg FEM) program developed by the Sustainable Apparel Coalition, which gives us a clearer picture of our Scope 3 emissions along our value chain. It also facilitates conversations with our supply chain partners to make improvements to their own environmental impacts. In 2022, 13 of Helly Hansen’s Tier 1 supplier factories and 53 of Helly Hansen’s Tier 2 supplier factories completed a Higg FEM assessment. In 2023, we will continue to gather Higg FEM data from factories manufacturing our owned brand products across more of our banners.

Sustainability challenges across retail and consumer goods supply chains are systemic and complex, requiring cross-sector collaboration to facilitate progress. We leverage our network to support sustainable development throughout our business and across Canada. Some of the ways we collaborate are through the memberships we hold in the [Retail Industry Leaders Association](#), the [Canada Plastics Pact](#), and the [Circular Economy Leadership Canada](#).

We also work closely with our transportation partners to minimize fuel consumption and emissions by optimizing loads and routes through initiatives such as using long combination vehicles, eliminating unnecessary round-trip journeys and applying cube optimization.

 **LEARN MORE ABOUT OUR APPROACH TO SUSTAINABLE SUPPLY CHAIN MANAGEMENT**

TIER 1 SUPPLIERS AND BEYOND

Our global sourcing network is made up of a series of suppliers who each play a role in the sourcing, production and manufacturing of products before they arrive on our store shelves. The factories that supply the finished owned brand goods directly to CTC are referred to as our Tier 1 suppliers (these may be owned or subcontracted by our vendors). The suppliers who transact directly with our Tier 1 suppliers are referred to as Tier 2 suppliers, and so on.

Our efforts to improve the environmental impacts of our supply chain are primarily focused on our Tier 1 suppliers because we have the most influence over them. However, we are also working to improve the transparency of our supply chain networks and ensure that supplier facilities beyond Tier 1 meet our rigorous standards.

Tier 4

Suppliers who extract raw materials

Tier 3

Suppliers who process raw materials into components

Tier 2

Suppliers who manufacture the final product using component pieces

Tier 1

Suppliers who assemble and package the final product

CTC

Sale of product



Human Rights & Social Responsibility

We are committed to upholding human rights and working conditions across our supply chain, and collaborating with industry leaders to ensure our global partners meet our rigorous standards.

Our global sourcing model allows us to provide products to our customers at the best possible price, but it also means we must responsibly manage all underlying supply chain, procurement and quality control processes. As a retailer, we do not own or operate the manufacturing facilities where the products we sell are produced; however, our suppliers are a critical part of our operations, and we are invested in advancing social and environmental standards throughout our supply chain. All vendors that produce our owned brand products, as well as those that produce nationally branded products, are held to our responsible sourcing standards and must commit to our [Supplier Code of Business Conduct](#), which is scheduled for a comprehensive refresh in 2023, or an approved equivalent standard. Our owned brand vendors are also subject to factory capability assessments, risk assessments and periodic factory audits.



We Are Here to Make Life in Canada Better by providing customers the products they want, in a way that respects human rights.

OUR APPROACH

Upholding and continuing to support workers' rights and working conditions across our supply chain

Our auditing and compliance efforts include monitoring for adherence to international labour standards on workers' health, safety and human rights. This is primarily accomplished through our partnership with the amfori BSCI, a globally recognized audit and continuous improvement program. The amfori BSCI platform brings together over 2,400 retailers, importers, brands and national associations to collaborate to improve the ethical behaviour towards workers and the political and legal framework for international trade in a sustainable manner. As part of our partnership with amfori BSCI, we work with certified global audit firms to conduct ongoing factory inspections against the amfori BSCI standards.

We employ various mechanisms to ensure compliance with our labour standards and applicable laws, including a robust audit strategy. First, we aim for 100% of our Tier 1¹⁴ owned brand supplier facilities to have been audited to a satisfactory labour code of conduct within the last two years. By the end of 2022, 93% of our Tier 1 owned brand supplier facilities were audited, with the gap primarily due to certain regions being placed on hold for audits (such as high COVID-19 regions and Ukraine), or timing delays with audits that have been scheduled in early 2023. We also conduct ad-hoc audits in alignment with our risk assessments or where previously obtained audits have expired. In 2022, we assessed 1,261 audits of factories manufacturing our owned brand products, either through globally recognized third-party audit firms, virtual audits or shared audits that meet our standards.

Enhancing transparency with our owned brands

We sell products under more than 100 owned brands, and we are proud of our partnerships with our owned brand vendors across the globe. In addition to meeting our strict sourcing standards, our vendors work with us to continually innovate and improve their social and environmental impacts. Click here to see a list of our Tier 1 owned brand apparel and footwear [vendor factories](#).

Addressing non-conformances with our owned brand vendors

We have adopted a risk-based approach to auditing factories that celebrates strong performance, encourages improvements and remedies any non-conformance against our standards. When we identify areas that can be improved, our Responsible Sourcing team works with the vendors and factory management to develop a continuous improvement plan.

In 2022, our audit program uncovered six priority non-conformance incidents related to our Supplier Code of Business Conduct: five related to bribery and one related to physical abuse. In each instance, we worked with the vendor to understand the situation and develop a corrective action plan, and our Responsible Sourcing team verified that the plans were implemented to address the issue.

 [LEARN MORE ABOUT OUR APPROACH TO HUMAN RIGHTS & SOCIAL RESPONSIBILITY](#)

OUR 2022 FACTORY AUDIT RESULTS

1,261

Number of audits assessed (amfori BSCI audits, shared audits and virtual audits)

24

Number of countries in which audit assessments were completed

6

Number of priority non-conformance incidents reported

0.5%

Percentage of audits with priority non-conformances

100%

Corrective action rate



Product Safety & Quality

We are committed to continually improving product quality and durability to ensure that our products live up to our customers' expectations.

The reliability of our products is the bedrock of our past, present and future success. Our product safety and quality controls factor in evolving stakeholder priorities and consumer trends. As more Canadians question the impact of their products and attribute value to purchases that support them in their sustainability journeys, we are increasing our focus on methods of extending a product's life cycle. Through our product safety and quality efforts, we avoid costly operational inefficiencies, risks and losses by employing experts in engineering, design and compliance; listening to our customers' feedback in product reviews and return claims; keeping on top of regulations and recalls; and meeting – and often setting – best practices in Canada within our industry.



We Are Here to Make Life in Canada Better by providing dependable products that allow Canadians to enjoy the jobs and joys of life, safely and effectively.

OUR APPROACH

Providing customers with quality products that meet their needs

Product quality has been an area of focus for our Company for many years, and we are proud of our continual progress and success. We make use of many tools, processes and strategies, including construction specifications, new products assessment protocols, root cause analysis measures for defective products and validation processes for corrective action plans.

DELIVERING QUALITY PRODUCTS TO CUSTOMERS

Our focus and attention on product quality has resulted in some of the lowest defective claim and product return rates in the industry. At Canadian Tire stores, our 2022 defective claim rate¹⁵ was 0.9%, and we have consistently achieved defective claim rates below 1% over the last five years. Our customer product return rate¹⁶ at Canadian Tire stores in 2022 was 3.1%. In 2022, approximately 1,200 customer complaints were reviewed by our Product Quality team, 10% fewer complaints than in the prior year.¹⁷



0.9%

Defective claim rate¹⁵



3.1%

Customer product return rate¹⁶

Our process of investigating complaints and analyzing issues with products often includes working with product developers and vendors directly to share our data and solutions. For example, in 2022, we reduced our defective claims of Christmas lights by 17% compared to 2021 by analyzing consumer returns, sharing our engineers' analysis with our vendors and developing product designs and manufacturing techniques that resolved the product failures.

Ensuring that our owned brand products are safe for our customers

CTC offers over 100 owned brands, including familiar names such as Mastercraft, Motomaster and Woods. In 2022, we spent over 3,300 person-days in our manufacturing partners' factories assessing facility capabilities and monitoring production within our supply chain. Some of these facilities that produce our owned brand products are also ISO 9001 certified, a quality management standard with principles on strong customer focus and continual improvement.

For our owned brand products, we perform in-house and third-party testing and product evaluations during the development and prototype stages. This testing includes chemical, material, safety, performance, functionality and durability evaluations. We rely on a risk framework to assess all our product categories, which includes third-party testing for all our high-risk owned brand products. We also perform random testing during the product life cycle to ensure manufacturing and design consistency.

Keeping harmful chemicals out of our products

We work diligently to ensure that our products remain safe and do not pose a risk to health or the environment when used and disposed of as directed. For more than a decade, we have been going beyond government requirements by choosing safer alternatives for substances and chemicals in our products where there is scientific evidence of health or environmental risks. We maintain a [Safer Chemicals Policy](#) and continue to make updates based on our comprehensive data gathering and collaboration with industry safety associations and committees.

When the unfortunate situation of a product recall with one of our vendors or products occurs, we immediately work to relay the message to customers who may have purchased that product. In addition to amplifying the manufacturer's message, we use our available Triangle Rewards membership data to reach customers directly so that we might prevent them from experiencing any potential harm. Out of our thousands of owned brand products sold through CTC in 2022, six were involved in a consumer recall, a small decrease from seven in 2021.¹⁸



LEARN MORE ABOUT OUR APPROACH TO PRODUCT SAFETY & QUALITY





GOVERNANCE

Our success in operating with accountability and transparency is directly tied to our governance practices. With sound principles and standards reflected throughout the enterprise, our foundation of good governance ensures that we are able to protect our most valuable asset – the trust of our stakeholders.

We believe that good governance starts with an engaged Board of Directors, a strong code of ethical conduct and values, and other policies that address key areas of governance and risk management within the organization, such as privacy and cyber security. With effective leadership and systems in place, we can: achieve sustainable growth; remain resilient in the face of ongoing changes and challenges; and continue to serve our shareholders, customers, employees, partners and communities.

Corporate Governance

We are committed to strong corporate governance standards.

Good governance is the foundation of living up to our Brand Purpose and it begins with, and is led by, the Board, which is responsible for the stewardship of the Company. The Board acts in the best interests of the Company and its shareholders, and it is committed to working with management to achieve long-term, sustainable growth for the Company.

The Board's actions are guided by CTC's Core Values, and the Board has developed operating principles that support these values and facilitate an aligned culture throughout the organization. For more details about our approach to corporate governance, see our [2023 Management Information Circular](#).



We Are Here to Make Life in Canada Better by conducting business in a way that is rooted in accountability and integrity, fostering shareholder confidence and promoting responsible long-term growth.

OUR APPROACH

Effectively overseeing the management of the Company

Our Board oversees and makes decisions with respect to the Company's strategy, financial objectives, capital allocation, relationship with Dealers, executive compensation, talent development and succession planning, growth opportunities, financial reporting and disclosure, fundamental policies and systems, the control environment, enterprise risk management, the safeguarding and enhancement of the Company's brand, and ESG matters. In carrying out its duties, the Board considers the financial, risk, competitive, human resource and brand implications of strategies, tactics and transactions proposed by management.

The Board has delegated a number of its responsibilities to its four standing Committees, as permitted by law, to enable the Board to operate more efficiently and spend more time on priority matters while empowering its Committees to focus on key areas of accountability. Board oversight of how management is addressing the Company's priority ESG topics and the resulting impacts on the Company's brand and reputation is the responsibility of the Board's Brand and Corporate Responsibility Committee. Management oversight of our ESG strategies and related initiatives is the responsibility of the Executive ESG Council.

Ensuring our Board is independent and reflects a diverse mix of experiences, skills and personal characteristics

The Board dedicates significant time and effort towards renewal to ensure the Board is well-balanced and well-positioned to fulfill its responsibilities. The Governance Committee, which is composed of independent directors, makes the recommendation to the Board on each director's nomination for election or appointment, after

having considered the skills matrix, the Board diversity policy, the results of director performance assessments, director tenure, succession planning, independence considerations and other legal requirements, the overboarding policy, interlocking directorships, and the results of due diligence reviews.

In 2022, the Governance Committee developed a skills matrix to ensure that the highest priority skills for effectively overseeing the management of the Company are represented on the Board. The Board also adopted a written diversity policy codifying its commitment to diversity and **set a target that it be comprised of at least 30% women by the 2023 Annual Meeting of Shareholders and thereafter**. At the 2023 Annual Meeting of Shareholders, the shareholders elected five women to the Board, achieving this target. For more information on the composition of our Board, please see our [2023 Management Information Circular](#).

Instituting strong risk management policies and frameworks

The Board and the Audit Committee have joint accountability for ensuring that management develops and implements a comprehensive Enterprise Risk Management (ERM) Policy and Framework, Risk Appetite Statement and other policies designed for identifying, assessing, monitoring, mitigating and reporting on the Company's key and emerging strategic, operational and financial risks. The Company has also established an Enterprise Risk Committee, an executive management committee that meets at least quarterly and provides direct oversight of all key and emerging risks faced by CTC.

Through its delegated authority, the Audit Committee reports to the Board on management's assessment of key and emerging risks, including mitigation plans and risk ratings. The Board conducts an annual review of the Company's ERM processes and, assisted by the review of the Audit Committee, approves the Company's risk disclosures.

The Board has also delegated oversight over certain key risks to its other standing Committees, with the Management Resources and Compensation Committee overseeing talent risk and the Brand and Corporate Responsibility Committee overseeing brand risk related to ESG topics. The Board directly oversees the Company's top strategic risks.

Maintaining open communication with our shareholders

We believe that maintaining open lines of communication with our shareholders on key matters is of critical importance. Our Board and management are always interested in their views, and we have worked to develop a trusted relationship with the investment community. The Governance Committee actively oversees management's approach to shareholder engagement and reviews the Board's processes in order to strengthen its connection with shareholders.



LEARN MORE ABOUT OUR APPROACH TO CORPORATE GOVERNANCE



Business Ethics

We are committed to maintaining our place as one of Canada's most trusted companies by embracing clear ethical conduct standards across our operations and ensuring that our culture prioritizes operating with integrity.

Our current and future success relies on the diligence we have demonstrated over the decades to earn and preserve the trust Canadians have in us. Foundational to this are the high standards of business conduct set out in our [Code of Conduct \(the Code\)](#), which governs how we meet our goals as a Company and ensures we do so while building and protecting our reputation with employees, customers, suppliers and other stakeholders. While the majority of our subsidiaries are bound by the standards set forth in the Code, some of our subsidiaries maintain their own codes of conduct, including [CT REIT](#) and [Helly Hansen](#). Our standards of business conduct apply to all employees¹⁹, directors and independent contractors, from the CEO to corporate-operated store employees across the country and even employees that work abroad as part of our global sourcing operations.



We Are Here to Make Life in Canada Better by growing the trust that Canadians have in our brand by operating with honesty, integrity and respect.

OUR APPROACH

Maintaining a culture of integrity

The Triangle Ethics Office is run by a team of employees dedicated to updating, communicating and overseeing compliance with the codes of conduct for CTC and its subsidiaries (apart from Helly Hansen²⁰), with executive oversight and reporting obligations to the Board's Audit Committee.

Our onboarding process requires new employees, directors and independent contractors to review and sign off on their respective codes of conduct and complete training on harassment and discrimination, prevention of workplace violence, and occupational

health and safety. All current employees and directors are also expected to review and acknowledge any updates to their respective codes of conduct annually and complete a training module every other year. In 2022, 97% of our employees²¹ and 100% of our Canadian Tire Bank and CT REIT directors completed the annual sign-off of their respective code of conduct.

Engaging in fair competition

Our reputation and long-term success are influenced by the way we conduct our business and our competitive practices in the marketplace. As such, we have an established competition law compliance governance structure, which includes a Competition Law Corporate Operating Directive and Compliance Manual that sets out operational expectations that must be complied with across the Company. We also conduct ongoing training to assist employees in identifying situations where competition law issues may arise and knowing how to address those situations and when to seek legal advice.

Setting ethical standards for our vendors and other business relationships

It is important to us that our values be shared among those with whom we do business. We believe we can achieve the best outcomes by agreeing that specified ethical standards will apply across our value chain and will govern our business relationships before we start doing business with a new supplier or other third party. As a Company with global relationships, this can result in going above and beyond local compliance requirements to ensure that we are consistently embodying our values of honesty, integrity and respect across our value chain.

All our vendors are required to demonstrate and attest to their understanding and compliance with the standards set out in our [Supplier Code of Business Conduct](#), which is reviewed regularly. We also have programs in place to audit our vendors against our standards. Learn more about our responsible sourcing practices [here](#).



[LEARN MORE ABOUT OUR APPROACH TO BUSINESS ETHICS](#)

OUR VALUES IN ACTION: WE TAKE PERSONAL RESPONSIBILITY

The commitments outlined in our Code of Conduct reflect our values and form the foundation for how we go about business and interact with internal and external stakeholders.

Commitment 1:

We treat others as we would like to be treated.

Commitment 2:

We safeguard our Company assets, information and reputation.

Commitment 3:

We conduct our business honestly and with integrity.

Commitment 4:

We contribute to the communities in which we operate.



Privacy & Data Security

We are committed to protecting and building the trust that Canadians have in our use and protection of data.

Our business increasingly uses data, analytics and technology to provide Canadians with improved customer experiences, including products and services they need and want, and convenient and customized offers. We curate analytics-informed offerings that are designed to save customers time, effort and money all while improving our operational efficiencies. Our conduct is firmly anchored in a priority that has been a part of CTC since its beginning: earning and safeguarding customer trust. In this case, we do so by investing in people, processes and technology to protect customers' personal information and our Company's digital assets.

Risks and responsibilities related to data privacy, the ethical use of data and the management and security of that data extend to our employee, supplier and corporate information, especially as it concerns our stewardship of data at Canadian Tire Bank. We believe that our data use and protection policies and practices help mitigate risks and contribute to upholding the brand trust that so many Canadians have placed in us.



We Are Here to Make Life in Canada Better by ethically and responsibly leveraging the power of technology and data to provide Canadians with superior customer and workplace experiences.

OUR APPROACH

Promoting a culture and awareness of trust, transparency and privacy

Our privacy program is embedded in all areas of the business, working closely with the first-line recipients of data to ensure it is collected in a way that is easy to understand. Annual training for all employees reinforces the importance of our privacy

practices and ensures that an awareness and respect for privacy is at the forefront of our everyday activities. In 2022, 99.9% of our Canadian corporate employees completed this training. Additionally, we publish and honour an Employee Privacy Policy, which also covers employees of CT REIT. To learn more about how we collect, use, disclose and protect personal information from our customers, please see our [Privacy Policy](#). Some of our subsidiaries also maintain privacy policies of their own, including [CT REIT](#).

In 2022, CTC successfully marked another year without fines or penalties from privacy-related regulatory compliance enforcement actions. As the expectations of our customers, employees, stakeholders and regulators continue to evolve, so too will our work to iterate and improve upon our program.

Building strong cyber security practices to safeguard technology and data

CTC has a robust threat management and intelligence program that identifies cyber security threats and mitigates risks. To enhance our awareness of emerging cyber security threats, we collaborate with government, information-sharing organizations and regulatory agencies, and take part in external events to stay on top of industry trends. We continuously monitor our environment using sophisticated tools and techniques to detect, respond to and recover from potential cyber security issues. CTC's "defence in depth" strategy provides many layers of cyber security controls, integrating people, technology and operational capabilities to establish barriers across multiple layers of defence.

As a result of our sustained commitment to cyber security, CTC did not experience any material breaches or incur any cyber security-related regulatory compliance enforcement actions in 2022. We continue to innovate and evolve our cyber security program to mitigate legacy cyber security risks and progress on our long-term cyber security strategy for the future.



[LEARN MORE ABOUT OUR APPROACH TO PRIVACY & DATA SECURITY](#)

CYBER SECURITY PROGRAM HIGHLIGHTS

- We maintain strong cyber security leadership and talent through our recruiting and retention strategies and focus on staff skills development.
- We use an agile operating model that enables our team to effectively adapt to changes in the threat landscape.
- We produce risk-based cyber security performance analytics and reports to provide visibility and oversight to the CTC Enterprise Risk Committee, CTC Audit Committee, CTC Board and the Canadian Tire Bank Cross-Functional Risk Committee governing bodies.
- We are committed to strengthening the cyber security community by sharing information with other organizations and regulatory agencies.
- Our cyber security risk assessment process is embedded in our business, enabling the identification and communication of cyber security risks, and allowing the organization to identify, mitigate and increase visibility to third-party cyber security risks.
- Our remote access model, which allows employees to work virtually, leverages secure solutions to facilitate safe external access into our digital business environment.
- Our data protection capabilities are in place to identify sensitive information, facilitate protection and reduce the risk of data loss.
- We conduct regular and extensive testing both internally and with multiple external organizations with the purpose of continuously improving our overall cyber-risk posture.



Glossary

TERM	DEFINITIONS
Board	Refers to the CTC Board of Directors
Canadian Tire	Refers to the general merchandise retail and services business carried on under the Canadian Tire name and trademarks
CT REIT	Refers to the business carried on by CT Real Estate Investment Trust and its subsidiaries
CTC or the Company	Refers to Canadian Tire Corporation, Limited, its predecessor corporations and all entities controlled by it and their collective businesses, unless the context otherwise requires
Dealers	Refers to independent third-party operators of Canadian Tire and Party City stores across the country
DIB	Refers to diversity, inclusion and belonging
ESG	Refers to environmental, social and governance, and encompasses the range of issues a company manages that are related to sustainable development, including environmental protection, social responsibility and good governance
Helly Hansen	Refers to the international wholesale and retail businesses carried on under the Helly Hansen and other related names and trademarks
Jumpstart	Refers to Canadian Tire Jumpstart Charities
Mark's	Refers to the retail and wholesale businesses carried on by Mark's Work Wearhouse Ltd. under the Mark's and L'Équipeur names and trademarks
Party City	Refers to the party supply business that operates under the Party City name and trademarks in Canada
supplier	Refers to a party that provides goods or services anywhere within our value chain
vendor	Refers to suppliers along our value chain from whom we directly purchase goods or services

Note on trade names, trademarks and service marks


This ESG Report contains trade names, trademarks and service marks of CTC and other organizations, all of which are the property of their respective owners. Solely for convenience, the trade names, trademarks and service marks referred to herein appear without the ® or TM symbol.

Endnotes

- The SASB standards are industry-specific reporting standards that provide comparable sustainability metrics for public corporations to disclose decision-useful information to investors. Visit [SASB's website](#) to learn more about the standards.
- The eVoice survey is conducted each year to help us understand the health of our culture and the effectiveness of our talent strategies. In 2022, it was open to all full-time and part-time employees of CTC on a voluntary basis and had a participation rate over 70%.
- CT REIT's net zero development project meets the specifications of the Canada Green Building Council both with respect to its design and construction, and its operational performance.
- All facts and figures are as at the end of fiscal 2022.
- While we endeavour to track and measure all of our operational waste, the scope of our operational waste footprint does not include waste from Dealer- and franchisee-operated stores, our international operations, and 36% of our corporately-operated stores (including Helly Hansen), primarily due to lack of control over those waste management programs. It also does not include any waste managed directly by CT REIT.
- The following targets cover only those locations where we have control over the waste management programs. Please refer to the previous footnote for more detail on what our operational waste program encompasses.
- This question asked employees if they planned on working at CTC 12 months from the time of the survey.
- All references to employees in this section exclude employees of Helly Hansen.
- The DIB Survey is administered annually in March and April by an independent third-party partner to collect diversity metrics, insights and measure the feeling of belonging across the organization. In 2022, it was open to all full-time and part-time employees of CTC and its subsidiaries (not including Helly Hansen) on a voluntary basis and had a participation rate of 53%. CTC will continue to review how to incorporate all employees into future DIB surveys.
- Catalyst, [Women in Management](#), 2022.
- The World Bank, [Labour Market Assessment](#), 2022.
- Senior Roles at CTC refers to leaders of the organization responsible for operations, profitability, significant Business Units and functional oversight at the SVP, EVP and C-suite Level.
- Based on the total number of opportunities in sport and recreation provided through Jumpstart's Individual Child, Community Development, Parasport Jumpstart Fund Grants, Sport Relief Fund, Play from Home, and Strategic Partnerships since 2005.
- Our Tier 1 owned brand suppliers are the factories that supply the finished owned brand goods directly to CTC. For more information on how suppliers are categorized across our supply chain, please see the [Sustainable Supply Chain Management section](#).
- Defective claim rate is calculated by dividing defective claims by sales.
- Product return rate is calculated by dividing product returns by sales. Product returns refers to the number of units returned by Canadian Tire retail customers.
- This metric covers all of our retail operations excluding Helly Hansen.
- Each recall covers one product but includes all of the product variations (sizes, colours, styles, etc.).
- Unless otherwise indicated, all references to our employees across our ESG reporting include full-time and part-time employees of CTC, and do not include employees of Dealers, franchisees or agents.
- Our Helly Hansen subsidiary currently manages the sign-off and compliance of its code of conduct outside of the Triangle Ethics Office through its human resources department. As an enterprise, we are working to bring Helly Hansen's ethics operations within the management of the Triangle Ethics Office to ensure we have enterprise alignment and cohesion in how the business conducts itself.
- Our Pacific Rim offices and international subsidiaries are currently not included in the Triangle Ethics Office's annual code of conduct sign-off process, but we have plans to integrate these in the future.





 [LEARN MORE ABOUT OUR ESG EFFORTS](#)