



Canadian Tire Corporation

ESG REPORT SUMMARY

2021



CEO MESSAGE



WE ARE HERE TO MAKE LIFE IN CANADA BETTER

At Canadian Tire Corporation (CTC), this is our Brand Purpose. It guides every decision we make, from the products we sell to the services, support, and shopping options we provide. It informs how we show up for our customers, communities and each other. It serves as our North Star for our Better Connected strategy, through which we are investing \$3.4 billion over four years across five Strategic Pillars. We built environmental, social and governance (“ESG”) directly into the pillars of our strategy because we are committed to the work – and not simply because it’s “the right thing to do.” We know our ESG initiatives are critical to fulfilling our Brand Purpose, achieving our financial aspirations, and creating a better, stronger Canada – for today’s generation and generations to come. Our first-ever ESG Report outlines 12 topics that we believe will help us achieve just that.

As we mark Canadian Tire Retail’s centennial, we are embarking on our next 100 years with a steadfast commitment to furthering our ESG initiatives. The concept itself is not new to us: we have a century-long history of supporting community and social programs, starting with our founder A.J. Billes’ belief in “striving always to make things better.” Our founders were known for their spirit of giving, which inspired the inception of the Canadian Tire Child Protection Foundation and continues today through the work of Canadian Tire Jumpstart Charities. What started as a charity dedicated to helping kids in financial need participate in sport and recreation has since expanded its mandate to address accessibility, gender, and other systemic barriers that prevent kids from experiencing the benefits of sport and play. Even throughout the challenges of COVID-19, Jumpstart continued to uphold the Billes brothers’ conviction of building stronger communities, disbursing \$24.9 million through the Jumpstart Sport Relief Fund to help more than 1,600 community sport organizations keep their doors open. Now, Jumpstart is shifting its focus from saving sport to building sport back through a recovery phase while, at the same time, making phenomenal progress on its Inclusive Play Project – and CTC is a proud supporter and champion of Jumpstart’s continued efforts. By the end of 2022, Jumpstart is on track to have completed the construction of 33 accessible play spaces, which will provide approximately 500,000 square feet of space where kids of all abilities can play together. Jumpstart’s momentum is set to accelerate – in 2022, Sport Canada announced Jumpstart as one of the first two national recipients of their Community Sport for All Initiative. This \$6.8 million grant enables Jumpstart to help an

additional 50% more sport organizations rebuild and increase sport participation rates through programs that are affordable, results-oriented, focused on organized sport, green, and accessible.

Jumpstart’s charitable work is an obvious example of making life in Canada better – but it’s not the only example. CTC remains committed to our diversity, inclusion and belonging (“DIB”) journey so we can foster a culture where everyone feels seen, heard, and that they belong. From recruiting, training, and promoting employees to the education and mentorship programs we offer, we are taking a thoughtful, methodical approach to DIB to ensure we create long-term, systemic change that makes life better not only for our CTC team members but also for the customers and communities we serve. Our ESG Report tells the story of the specific steps we’ve taken on this journey – and where we plan to go from here.

We are also making progress on our sustainability initiatives. We are a founding member of the Canada Plastics Pact, which was formed in 2021 to help tackle the plastic waste challenge. Our commitment to climate change also includes our ongoing efforts to reduce our GHG emissions, and moving forward, we are retiring our previous GHG emissions reduction targets and taking a new approach. Starting in 2022, we are setting a new target to reduce our Scope 1 and Scope 2 GHG emissions – which include our Dealer-operated Canadian Tire stores – by 40% by 2030 relative to a 2020 baseline. Although we don’t yet have a roadmap to net zero and believe it would be disingenuous to commit to a hypothetical net zero target before we do, our capabilities give us confidence in our ability to achieve a considerable reduction. We continue to innovate to reduce our GHG emissions; using the hydrogen produced at our Bolton distribution centre, we will begin piloting a hydrogen-fueled truck. The data accumulated throughout the pilot will be key to determining if hydrogen fuel cell vehicles are a viable option to replace diesel fleets in the future.

We understand that our ambition to reduce our GHG emissions must be matched by an unwavering commitment to driving sustainable economic growth. There’s no question we have long been part of the foundation of this nation – from providing jobs and supporting entrepreneurs and other businesses with whom we partner, to benefitting Canadian communities. As recently outlined in Public First’s Economic Impact Assessment of CTC, we, together with our Dealers, generated an estimated \$150 billion in economic impact over the last decade. In 2021, our gross value added was \$18 billion, which is equivalent to supporting 160,000 jobs. And as we continue to emerge from the pandemic, we know we have



a role to play in not only providing jobs for Canadians but also in expanding and aiding the recovery of Canada's economy. After all, it is economic growth that allows Canadian companies – including ours – to further invest in new and innovative climate solutions that enable a feasible path to net zero by 2050. We recognize that getting this right is critical, and we are doing our part through our Better Connected strategy, which is aimed at driving economic growth. We are focused on sustainable growth that enables us to seek out innovation and new technologies that support a low-carbon economy.

From helping three million kids participate in sport and play through Jumpstart to our progress on our DIB journey and sustainability initiatives, we have achieved significant milestones. But we are committed to being better while embracing progress over perfection. This report doesn't simply tell the story of how far we've come and what we've achieved. It's an honest assessment of our journey ahead, which we know includes setting clear and firm targets. We are committed to holding ourselves accountable to a standardized, reputable framework, as well as preparing for the future of regulatory reporting.

We are approaching ESG not as a box-checking exercise but as an integrated strategy to be embedded into everything we do.

That takes time. We are committed to bringing our ESG initiatives together into an integrated strategy that drives shared value and fulfills our Brand Purpose. Achieving this requires a strategic, thoughtful approach and leadership from the top, which at CTC is driven by our Executive ESG Council. It also requires collaboration with, and accountability from, the Board of Directors. And at CTC, this happens through our Board's Brand and Corporate Responsibility Committee. On behalf of CTC, thank you to our Executive ESG Council and the Board of Directors for championing this critical work.

We are committed to furthering our ESG priorities – because anything less would be contrary to our Brand Purpose. I hope you find our inaugural ESG Report informative and inspiring. We look forward to continuing to share our progress with you: our valued stakeholders.

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 home 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 acknowledgements 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 our reconciliation journey.

A CENTURY IN THE MAKING

We have been living our Brand Purpose, that **We Are Here to Make Life in Canada Better**, for the past 100 years:

1922

The Billes brothers purchase **Hamilton Tire and Garage Ltd.** in Toronto, the predecessor for what we now know as Canadian Tire Corporation.

1931

CTC was the first company in Canada to launch an unconditional guarantee on tires, extending their useful life. The Company would **repair damaged tires at no cost** in this early take on road hazard insurance.

1957

A.J. Billes implemented a **profit-sharing plan for corporate employees** who worked at the head office and distribution centre.

1961

Canadian Tire Money made its first appearance, providing additional savings to loyal customers. In 1995, Canadian Tire Money was launched nationally, and it remains Canada's oldest loyalty program.

2004

The **Supplier Code of Business Conduct** was established to set expectations for CTC vendors, such as provisions for lawful compensation, protection of human rights and safe conditions for their workers.

1999

A precursor to Canadian Tire Jumpstart Charities, **The Canadian Tire Foundation for Families**, was launched to provide a helping hand to families and to ensure that life's basic needs were met.

1983

The CTC Board of Directors created a **Social Responsibility Committee**, expanding CTC's philanthropic budget with renewed emphasis on charities benefiting children.

1982

CTC opened its **first offshore office in Hong Kong**, enabling employees to work more closely with vendors and factories to ensure ongoing compliance and adherence to product quality requirements.

2005

Canadian Tire Jumpstart Charities was established to help equity-deserving kids in financial need participate in organized sport and recreation by providing funds to help offset the costs associated with playing sports, such as registration fees, transportation and equipment.

2011

Mark's began a partnership with **CottonConnect** to support farmers in India and improve yields of cotton while using less water and fewer pesticides.

2017

The 1.4 million-square-foot Bolton distribution centre opened. Built with many ground-breaking, environmentally sustainable features in mind, **the state-of-the-art facility achieved LEED Gold Certification by the Canada Green Building Council** in 2018 – a rare feat for a distribution centre of its size.

2018

CTC acquired Helly Hansen, a leading activewear global brand with a strong history of environmental sustainability.

2020

Amid COVID-19 lockdowns, CTC created a \$5 million **COVID-19 Response Fund** to support organizations such as the Canadian Red Cross and United Way Centraide Canada.



2021 HIGHLIGHTS



Achieved our buildings and operations-related GHG emissions reduction target



79%

waste diversion rate across our operational waste footprint



36,951 GJ

energy generated from solar installations on store rooftops



\$36.7 million

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



1,000+

employees participated in our Courageous Conversations program to discuss their experiences of belonging at CTC



787

social compliance audits conducted within our global supply chain of factories manufacturing owned brand products



Founding partner

of the Canada Plastics Pact



Almost

600,000

tires collected and recycled in Ontario



Invested in developing a sustainable apparel line, Forward With Design



Continued deployment of our

\$5 million

COVID-19 Response Fund, first established in 2020.



2021 BANNER HIGHLIGHTS

We are advancing our ESG strategy 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 2021:



CANADIAN TIRE

Applied new sustainable product packaging standards for our owned brand products.



SPORTCHEK

With our partners, piloted synthetic textile recycling across 9 stores in Ontario.



MARK'S

Diverted the equivalent of roughly 4 million plastic bottles from landfills by emphasizing the use of recycled polyester in products.



CANADIAN TIRE FINANCIAL SERVICES

Celebrated ten years of community service; each Canadian Tire Financial Services employee can volunteer up to 10 paid hours in their local community annually.



PARTSOURCE

Transitioned almost 20% of our PartSource operational fleet to plug-in hybrid electric vehicles.



CANADIAN TIRE PETROLEUM

With our partners, expanded our electric vehicle charging station network to almost 300 charging stations across 83 locations.



HELLY HANSEN

Certified to the Responsible Wool Standard, with the first certified products to be made available in the 2022 Fall/Winter season.



PADERNO

Continued investing in our Paderno Made in Canada cookware line; sales of this line have doubled between 2017 and 2021.



CANVAS

Reduced the environmental impact of our CANVAS Christmas product assortment by launching the "Thoughtfully Sourced" collection made from responsible materials.



YARDWORKS

Launched WasteNot gardening gloves which are made from post-consumer recycled plastic bottles, resulting in over 55,000 plastic bottles diverted from landfill.

ABOUT OUR BUSINESS

For a century, Canadian Tire Corporation has proudly been here to provide Canadians with the products, services and support they need for life in Canada. Guided by our founders' innovative and entrepreneurial spirit, CTC has grown from a single garage to one of the country's most recognized and respected group of companies.

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**.

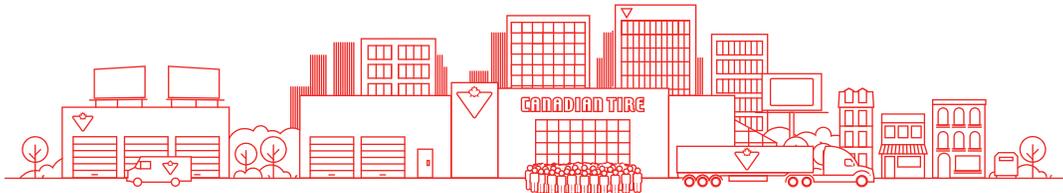
WE TAKE **PERSONAL RESPONSIBILITY**.

OUR 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.**

OUR BUSINESS

Throughout our enterprise, CTC is committed to supporting the communities in which we live and work. Here is a glance at who we are¹:



Almost 34,000

CTC employees

13

banners and businesses

100+

owned brands

1,400+

stores

14

Canadian distribution centres across three provinces

7

domestic corporate offices

480+

Dealers operating over 560 Canadian Tire and Party City stores

190+

franchisees operating Sports Experts, Atmosphere, Mark's, L'Équipeur, Hockey Experts and Sports Rousseau/ L'Entrepôt du Hockey stores

2,600+

suppliers from whom we source products

11 million+

Triangle Rewards members

\$402 million

shareholder capital returned

\$16 billion+

in revenue generated

An international footprint

including a Helly Hansen office in Norway; retail sourcing offices in Hong Kong, Shanghai, Shenzhen, Vietnam and Bangladesh; and two international distribution centres in the United States and the Netherlands

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

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 at <https://corp.canadiantire.ca/>.

SCOPE

This ESG Report Summary is focused on the activities and outcomes of CTC and all entities controlled by it during the 2021 fiscal year (January 1 to December 31, 2021), and unless otherwise indicated, information in this ESG Report should be read to apply to that time period. Where relevant and appropriate, we also included stories and achievements from our Dealers, franchisees and agents, all of whom we have close working relationships with despite operating independently.

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 CT REIT, Dealers, SportChek franchisees, Mark's franchisees and Canadian Tire Petroleum agents.

ASSURANCE

We received external third-party assurance with respect to our [2021 Climate Data Supplement](#) claims and assertions, and certain waste metrics, 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.

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 29](#).

FORWARD-LOOKING INFORMATION

Certain statements made in this ESG Report Summary, including those related to our ESG targets and strategies, may constitute forward-looking information under applicable securities laws. Such statements include, but are not limited to, the Corporation's 2030 GHG emissions reduction target and 2022 operational waste diversion target. The Company is not required under securities laws to prepare or file this ESG Report Summary, 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 Summary 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 10.0 (Key Risks and Risk Management) of the Company's 2021 Management's Discussion and Analysis as well as CTC's other public filings, available at www.sedar.com and at <https://investors.canadiantire.ca>.

Unless otherwise indicated, the forward-looking information contained in this ESG Report Summary describes our current expectations and, accordingly, is subject to change after the publication of this ESG Report Summary. 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.

OUR APPROACH TO ESG

OUR PHILOSOPHY

We Are Here to Make Life in Canada Better

Our approach to managing ESG topics shapes how we do business while proactively addressing the challenges facing our industry and country. It builds on our successes and will continue to serve as a point of competitive differentiation.

Over the past century, we have responded to customer needs, provided a broad assortment of high-quality products and services, and supported communities from coast to coast. However, we know that our country faces many pressing economic, social and environmental challenges that are critical to address to ensure a sustainable and prosperous future for all Canadians. We recognize that being part of the solution is not just a responsibility, but also an imperative to ensure the long-term success of our business.

We believe that investing in ESG initiatives will maximize our long-term value by addressing the social and environmental impacts of our business, thereby making life in Canada better for all our stakeholders. This includes consistently delivering value and convenience to our customers, strengthening communities and developing our employees and Dealers.

Investment in ESG initiatives drives long-term value for our stakeholders by managing risk, fostering innovation, generating new revenue streams and strengthening the foundational environmental and social systems on which our business relies. Above all else, it builds a relationship of trust with our customers, employees and communities so we can continue to be here for Canadians for years to come.

ESG OVERSIGHT

CTC's ESG strategy is led by our CEO, overseen by the Board, and brought to life by employees serving the various banners and functions across our group of companies. At the Board level, oversight of our ESG strategy and risk management is the responsibility of the Board's 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](#).

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

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 12 ESG topics that we have organized into four pillars:

PEOPLE & COMMUNITY

- [Community Impact](#)
- [Diversity, Inclusion & Belonging](#)
- [Talent & Culture](#)

ENVIRONMENT

- [Climate Change](#)
- [Circularity: Operational Waste](#)
- [Circularity: Packaging & Product Waste](#)

RESPONSIBLE SOURCING

- [Sustainable Supply Chain Management](#)
- [Human Rights & Social Responsibility](#)
- [Product Safety & Quality](#)

GOVERNANCE

- [Business Ethics](#)
- [Corporate Governance & Risk Management](#)
- [Privacy & Data Security](#)



PEOPLE & COMMUNITY

People are at the heart of strong communities and businesses alike. Our current and future talent is imperative to bringing our Brand Purpose to life. We also understand that businesses and communities help each other thrive, and that investing in our communities builds strong and resilient societies.

We are committed to using 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.

COMMUNITY IMPACT

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

As one of Canada's largest retailers, we believe that we owe it to Canada, which has given us so much as a Company, to make it a better place for all Canadians. We need to work hand in hand with community partners, all levels of government and other businesses to strengthen our communities collectively.



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

We help strengthen local economies across Canada

Together with our Dealers, we support communities in Canada by providing good jobs, catalyzing an extensive supply chain of small businesses and supporting families in their day-to-day lives.

Based on a recent [economic impact assessment](#), it is estimated that CTC² and our Dealers have contributed approximately \$150 billion to the Canadian economy over the last decade. The assessment also found that CTC and our Dealers generated an estimated \$18 billion in gross value added – equivalent to supporting 160,000 Canadian jobs or 1% of the Canadian economy – in 2021 alone. For more information about how CTC supports Canadians and contributes to the national economy, visit the [Canadian Tire Corporation Economic Impact Report](#).

We provide kids with access to sport through Canadian Tire Jumpstart Charities

Since 2005, Canadian Tire Jumpstart Charities has been helping kids overcome financial and accessibility barriers to sport and recreation to provide inclusive play for kids of all abilities. CTC is proud to be Jumpstart's biggest supporter, providing funding for general administrative expenses to ensure that 100% of donations go directly towards supporting kids in need. In addition, our customers, employees, vendors and other CTC business partners support Jumpstart's work through events like our annual Jumpstart Month, an all-hands-on-deck effort that raised over \$6.4 million in 2021!

To date, Jumpstart has helped over 2.7 million children gain access to sport and play. More information on Jumpstart's impact on Canadian kids can be found in its [Annual Report](#).

We support Canadians during emergencies and disasters and are there to lend a hand in recovery

We leverage our vast network of stores, our superior supply chain processes and our engaged management to bring immediate assistance when the unexpected happens. For example, in 2021, we supported the response to the floods and wildfires in British Columbia by collecting \$233,000 in customer donations for the Canadian Red Cross, and partnered with various trucking associations donate toys to families who experienced significant losses. We also supported Afghan newcomers by donating more than \$260,000 in essential products as well as gift cards through our Mark's banner.

Supporting communities during the COVID-19 pandemic

In 2020, we established a \$5 million COVID-19 Response Fund, giving \$1 million to both the Canadian Red Cross and United Way Centraide Canada, as well as donating \$3 million dollars of product, including sanitizer, masks, shields and scrubs, to frontline workers and vulnerable communities. In 2021, we assisted with the rollout of vaccines by turning our Laval, Quebec event facility and Brampton, Ontario distribution centre into vaccine clinics.

We provide support to local causes and organizations

We are proud to support communities across Canada through donations of products, services and resources. Much of our work is done with the aim of "levelling the playing field" – both through sport and beyond. For example, in 2021, 142 SportChek stores donated to 427 different community organizations across the country. We also provided support for numerous charitable events and organizations including WickFest (the annual Female World Hockey Festival), the Holland Bloorview Kids Rehabilitation Hospital, the Canadian National Institute for the Blind and Canadian Forces Morale and Welfare Services.

We work with our Dealers to strengthen communities coast to coast

No one understands Canadian communities quite like our Dealers. Annually, Dealers support their communities through hundreds of activities, donations and sponsorships. In 2021, this included everything from Belleville, Ontario Dealers donating \$100,000 to the Belleville General Hospital to a Dealer in Chilliwack, British Columbia distributing coats and boots to hundreds of young people through Project Warm. For stories about how CTC and Dealers are investing in communities, click [here](#).

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

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) are an authentic, valued and embedded part of our Company. In 2020, we took the step to formalize and create more structure to organize our DIB activities. While many employees have embraced this work, we know we are just getting started.



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

We host Courageous Conversations across the organization, listen to our employees and drive change

We elevate employee voices and leverage diversity data to ensure workspaces and practices are welcoming, open and barrier-free for team members.

In 2021, more than 1,000 employees from across our offices, stores and distribution centres, including CT REIT employees, came together as we hosted Courageous Conversations, which are meaningful discussions about broader issues of diversity and inclusion. These important conversations, challenge the status quo, and provide invaluable feedback which we used to inform our DIB roadmap and long-term strategies.

Through our annual DIB Pulse Survey, we collect insights and measure the feeling of belonging across the organization. In 2021, out of a total of 100 points, the following scores were achieved:

74

BELONGING

+1 vs. previous year

74

GROWTH

+4 vs. previous year

74

INCLUSION

+2 vs. previous year

We empower our employees and help them build community across the organization

When people feel like they belong, they are not afraid to share, connect and learn – they feel seen and heard. Our Employee Resource Groups (ERGs) bring these spaces of connection and visibility to life. Some examples include: The Asian Canadian Pacific Islander Network, The Women's Leadership Network, and The Black Employee Network. Our ERGs are voluntary employee-led groups that not only build communities among people with shared identities and experiences, but also provide advice and guidance for leaders which is leveraged for diverse and authentic insights and decision making.

We work with organizations and community leaders who help us drive change

Our growth depends on listening to, and learning from, those with various perspectives, life experiences and expertise. In doing so, we are building a connected, informed and respectful culture. For example, on September 30, 2021, CTC hosted a Company-wide learning event to mark Canada's inaugural National Day for Truth and Reconciliation. This event featured inspiring Indigenous leaders who shared their stories and knowledge about the Indian Residential School system and offered their personal perspectives on meaningful reconciliation.

We work collaboratively to design inclusive practices that improve customer experience

Our Canadian Tire stores are the most public reflections of where our Brand Purpose comes to life. Together with Dealers, we are committed to developing resources, experiences and programs to embed inclusive practices into our stores. CTC regularly examines and improves our processes to ensure products are culturally sensitive and respectful of the diversity of our customers. For example, in 2021, we established a set of guidelines on avoiding cultural appropriation in our product assortment, reinforced with training.

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

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 of which they are a part.

Our Company's long-term success is anchored in our people and our consistent ability to recruit and retain dedicated individuals of all backgrounds, abilities and skillsets. We are committed to enacting our Core Value "inclusion is a must" as part of our recruitment and retention strategies, ensuring equity and diversity are infused into everything we do.



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 growth and development.

OUR APPROACH

We are cultivating a talent development and learning ecosystem that supports our people to achieve their highest performance and fullest potential

Our people development and learning ecosystem supports all our employees to achieve their highest performance and fullest potential in a way that brings our Brand Purpose and Core Values to life and enables the achievement of our business goals.

At CTC, we encourage our employees to take personal ownership for their development with the support of people leaders and a variety of resources and tools such as: targeted development opportunities, self assessment tools, 360 feedback, personal coaching and over 12,000 learning programs offered through our ever-evolving virtual learning hub, Triangle Learning Academy. These opportunities support our employees' personal and professional growth while also building a strong pipeline of talent with the skills and capabilities that are critical to our future success.

Our teams love learning

In 2021, there were over 84,000 employee interactions with 3,453 unique pieces of learning content within our learning platform.

We are building a workplace for the future

At CTC, we are embracing a flexible work environment that, where the role permits, leverages a combination of working in-person at

a CTC campus and virtually, from home or elsewhere. Determined by managers, decisions around work location are made based on business and team needs.

Employees recognize the effectiveness of our flexible work environment approach

84% of employees surveyed strongly believe that a flexible work environment is the best way to continue achieving our outcomes. Additionally, a strong majority of employees surveyed indicated that they have been able to continue collaborating effectively – beating the global retail benchmark by 3 points.

We are creating a culture that emphasizes employees' well-being so that we can be stronger together

We believe that to attract and retain the best, we need to offer the best. We reward our employees' contributions through fair pay, valuable benefits, and paid time off. Our Total Rewards program supports the holistic wellness of our employees, focusing on their physical, mental and financial well-being. CTC is dedicated to fostering a workplace that reinforces positive and healthy behaviours and work-life balance.

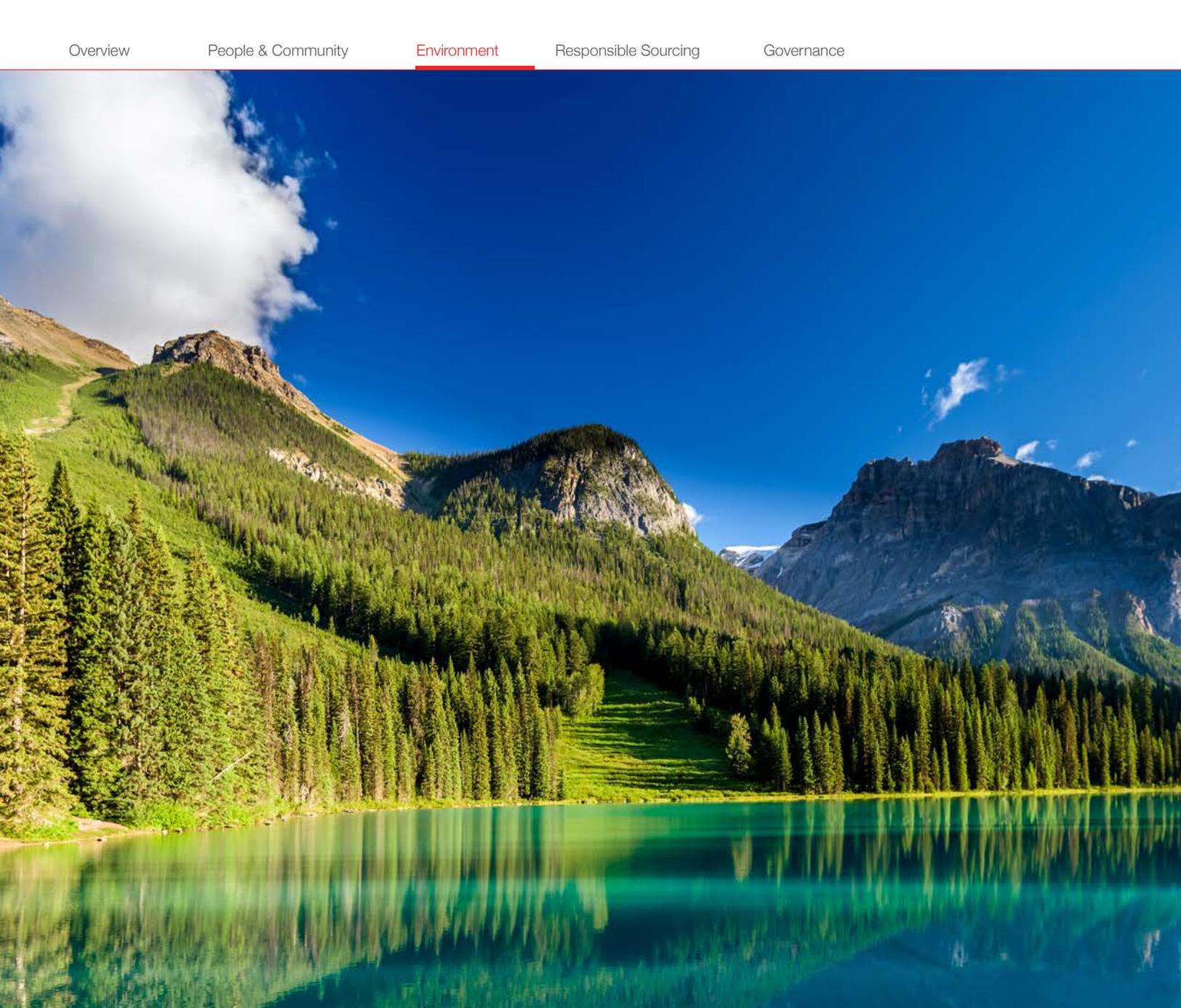
We offer competitive salaries and wages to our employees, as well as store discounts and Canadian Tire Profit Sharing and retirement and savings programs for eligible employees. Medical, dental and mental health benefits are also provided including access to services such as virtual healthcare and employee assistance programs. Acknowledging the impact that COVID-19 has had on mental health, we also recently introduced expanded mental health benefits for benefits-eligible employees which include tools and resources for supporting and managing stress and wellness.

We prioritize the health and safety of our team

The health and safety of our employees is, and always has been, our top priority. We have strict policies, processes and training that work to address and prevent the potential hazards related to different job functions.

Throughout 2021, our stores, contact centres and distribution centres worked hard to ensure we met our customers' needs safely, despite the varied measures in place from one province or region to the next. In addition to paid sick leave, CTC provided all of our employees with paid time off to receive their COVID-19 vaccines, and in the summer of 2021, set up our own COVID-19 vaccination clinics at two of our buildings.

 [LEARN MORE ABOUT OUR APPROACH TO TALENT AND CULTURE](#)



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 also know that breaking the link between consumption and waste is imperative to future-proof 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 integrating climate change considerations into our decision-making processes to support the reduction of greenhouse gas emissions in our operations.

We are investing in reducing our operational greenhouse gas (GHG) emissions and finding new ways to work with our value chain partners to enable emissions reductions across our entire footprint, including the emissions associated with the wide assortment of products we sell. By understanding the business risks of climate change, we are better positioned to adjust to the future, mitigate those risks and assess the opportunities that will arise as new technologies and products emerge.

We quantify and report our GHG emissions in accordance with the GHG Protocol. Our GHG emissions are reported in CO₂e or carbon dioxide equivalent, which expresses all such emissions in a common unit, describing their global warming impact relative to that of CO₂. For a full description of our reporting boundaries, methodology, please refer to our [2021 Climate Data Supplement](#). An archive of all [our past reports](#) is also available online.



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

OUR APPROACH

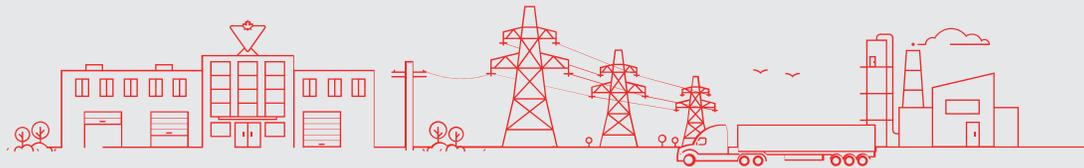
In 2017, we set five-year GHG emissions reduction targets related to our buildings, operations, and product transportation activities. Setting targets to the end of 2022, CTC’s 100th anniversary year, drove us to take actions that would otherwise not have been made and enabled us to understand and articulate new risks and assumptions that have informed future actions.

An update on our progress against these 2022 targets can be found in the buildings and transportation sections below. In 2022 we set a new target to be reached by the end of 2030. Our pathway to the 2030 target includes new investments and builds on our learnings to date as we continue to support Canadian and global efforts to fight climate change.

Our commitment to climate change includes our ongoing efforts to reduce our GHG emissions. We are retiring our previous GHG emissions reduction targets and taking a new approach for the future. Starting in 2022, we are setting a new target to reduce Scope 1 and 2 GHG emissions, which will include our Dealer-operated Canadian Tire stores, by 40% by 2030 relative to a 2020 baseline³.

Our plans to meet this goal focus on two key areas: switching sources for heating and cooling our buildings and switching to vehicles that operate on alternative fuels. Our pathway to reducing our heating and cooling emissions relies largely on proven technologies, with any gaps to be filled through the implementation of new technologies and, as necessary, investments in third-

What are “Scope 1”, “Scope 2” and “Scope 3” emissions?



SCOPE 1

Scope 1 emissions are direct emissions from the combustion of on-site and mobile fuels that occur at, or are associated with, buildings and operations under CTC’s operational control.

SCOPE 2

Scope 2 emissions are indirect emissions that occur off-site from the production of energy, such as electricity, which is then purchased for use at buildings and operations under CTC’s operational control.

SCOPE 3

Scope 3 emissions are other indirect emissions from CTC’s value chain that are not under corporate control (e.g., CT REIT properties with non-CTC tenants, and the manufacture and transportation of our products by third parties).

party efforts to reduce emissions (for example, power purchase agreements). In our transportation network, we will continue decarbonizing our PartSource fleet by purchasing lower carbon alternatives to replace our internal combustion vehicles, where feasible.

We have also started to analyze our supply chain for opportunities to reduce the environmental impact of the manufacturing of our products, with the intention to focus on areas where we have greater influence or can work collaboratively with others to create the scale needed to influence larger change. This will allow us to provide customers with options to purchase products that are manufactured with fewer emissions, enabling greater participation in global efforts to fight climate change.

We are reducing the GHG intensity of our buildings

We are decarbonizing buildings that we own or lease, including our offices, stores and distribution centres within Canada, and planning to build new net zero-ready stores as part of our store expansion program.

We have achieved our previous GHG emissions reduction target

In 2017, we set a goal to reduce GHG emissions from our buildings and operations by 22% by 2022, compared to our 2011 baseline. This target covered our corporate and non-corporate buildings: distribution centres, offices, stores⁴, and Dealer- and franchise-operated stores. As of the end of 2021, our investments in reducing GHG emissions from our buildings and operations, together with the purchase of renewable energy certificates, enabled us to achieve our goal.

Our building-related GHG reduction activities have been particularly focused on energy-reducing initiatives such as lighting and building upgrades. For example, we have been investing in LED lighting, retrofitting our HVAC systems, and improving the thermal resistance of our building envelope. We also purchased a quantity of renewable energy from wind farms in Saskatchewan and British Columbia.

We are reducing transportation emissions

Building on previous efforts, we continue to use both proven and new tactics to curb emissions of our transportation fleet, engage in strategic partnerships to optimize our operations, and explore innovative solutions to bring to scale.

In 2021, we acquired a 25% equity interest in Ashcroft Terminal, a transload facility in British Columbia. This investment reduces our GHG emissions around the Greater Vancouver Area by enabling

our products to be shipped directly by rail from the port without the need for an intermediate trucking stop. In 2021, we also announced a partnership with NuPort Robotics, a Toronto-based autonomous trucking technology developer. The partnership will see our diesel-powered and electric semi-tractor trailers retrofitted with features such as automated driving capabilities, high-tech sensors, obstacle and collision avoidance technology, and touchscreen navigation. We also continue to ramp up our long combination vehicle operations, growing the fleet that can haul our larger 60-foot containers to nearly 1,000 vehicles, operating in four provinces.

Update on our previous GHG emissions reduction target

In 2017, we set a goal to keep GHG emissions across our entire product transportation footprint flat by the end of 2022, compared to our 2011 baseline. In 2021, emissions from product transportation were 10% higher than the baseline, but 6.4% lower than emissions in the prior year. Our overall increase in emissions compared to the baseline year of 2011 reflects the significant growth in our e-commerce business, which was unanticipated when we originally set our target. While we will continue to invest in the decarbonization of our product transportation network, we are retiring this 2022 stand-alone target. We are focusing on decarbonizing our buildings as this is where we believe we will have the greatest impact, and have set a new target to reduce our Scope 1 and 2 emissions by 40% by 2030 relative to a 2020 baseline.

We are 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. In particular, we are focused on expanding our assortment of energy-saving products to help our customers reduce their energy costs and impact on the environment. This includes products such as solar panel kits, electric scooters, composters, LED lighting, and more. We offer environmentally-friendly products across many of our banners, and are beginning to group these products in a centralized location on their respective online stores to make it easier for our customers to find and access.

 [LEARN MORE ABOUT OUR APPROACH TO CLIMATE CHANGE](#)

CIRCULARITY: OPERATIONAL WASTE

We are committed to transforming our waste into resources as part of the global movement towards circularity.

Reimagining operational waste starts with waste prevention, then shifts to capturing more of our materials for recycling and finding second lives for those recycled materials in our value chains or other markets. To do so, we have embraced more sustainable processes and materials within our operational and production activities, and we are collaborating with partners to find new uses for materials to drive towards a circular economy.

In 2017, we set a goal to divert 90% of our operational waste by the end of 2022⁵.

In 2021, we achieved a waste diversion rate of approximately 79%. While we are seeing some promising progress, we anticipate ending 2022 below our ambitious 90% waste reduction target, with the final result to be communicated in 2023. We are continuing to pilot new waste programs and remain committed to working towards our target and developing and implementing innovative waste solutions throughout our operations.

Our 2021 Operational Waste Profile⁶

Waste Diversion	2021	2020
 Diversion Rate⁷	79.0%	77.6%

While Dealer- and franchisee-operated stores are not included in our corporate waste footprint, as we do not control their waste operations, we are actively working to collaborate and share learnings to ensure as much waste is diverted from landfill as possible. We aspire to work together on a collective waste goal in the future.



We Are Here to Make Life in Canada Better by being part of the solution to reduce landfill waste and pollution in Canada and drive economic opportunities for Canadian businesses to lead in the circular economy.

OUR APPROACH

We reduce waste created at the store level

We diverted an average of just under 73% of operational waste from our stores in 2021 – a roughly 2% improvement since 2020. We are continually improving waste reduction practices in our operations, including our stores, by generating hundreds of service and operational optimizations that focus on reducing waste and finding solutions for hard-to-recycle materials. For example, in

2021, Canadian Tire Petroleum ran a pilot program in over 90 Gas+ and ONroute locations across Ontario and Quebec to recycle windshield wiper fluid bottles. Approximately 62,000 used bottles were recycled, resulting in the pilot being expanded.

We optimize for waste reduction at our distribution centres and corporate offices

In 2021, our distribution centres achieved a waste diversion rate of 89%, diverting over 12,000 tonnes of waste. Further, the Resource Recovery Centre, our recycling hub for products that are not saleable in our stores, processed approximately 1,600 tonnes of material resulting in an impressive waste diversion rate of approximately 95%.

While among our lowest generators of operational waste, we also have programs to manage waste at our corporate offices. Our Central Waste Collection Program, among other initiatives, helps all employees reduce waste in our day-to-day operations.

We champion a culture of waste awareness and prevention

We recognize the importance of educating our employees on waste reduction strategies and empowering them to implement best practices within their individual roles. In 2021, we launched various waste related workshops and webinars and also continued to invest in and support our Zero Waste Warriors, an employee-led volunteer group that is determined to drive grassroots change.

We innovate and collaborate to create circularity

We work directly with our on-the-ground employees to identify improvement areas, and often work with partners to execute. For example, after learning that 47% of our Mark's store waste consists of "flexible films" such as shrink wrap and polybags used to protect products, we developed a flexible plastics recycling program for all of our Mark's stores. We also have been working to reduce textile waste that arises from damaged and unsaleable clothing. Select Mark's stores have been working with [TerraCycle](#), an innovative recycling company, to collect and recycle damaged clothing. In 2021, we collected over 1,500 kilograms of clothing that were then sent to TerraCycle for fibre and textile recycling.



LEARN MORE ABOUT OUR APPROACH TO CIRCULARITY: OPERATIONAL WASTE

CIRCULARITY: PACKAGING & PRODUCT 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.

A significant portion of consumer waste consists of packaging, and companies like ours that make and ship products can reduce how much waste ends up in landfill by reducing packaging, making products more recyclable and increasing the use of recycled materials.

CTC is actively engaged in over 80 provincial extended producer responsibility programs that manage our customers’ products at end of life. Additionally, we participate in governance organizations for the stewardship of paper and packaging, tires, electrical appliances, power tools, paint, used oil and automotive materials to drive increased recovery rates, improved accessibility for customers and greater operational efficiencies.

We are channeling our entrepreneurial strengths to implement key strategies that: address waste at the root cause by focusing our efforts on product design for our owned brands; capture more materials for recycling; develop circular opportunities for more materials to increase the reusability and recyclability of our products and packaging; and provide Canadians with even more convenient opportunities to participate in recycling.



We Are Here to Make Life in Canada Better by actively working towards the reduction of product and packaging waste, and finding new lives for the materials in them, by collaborating with our customers and others.

OUR APPROACH

We are committed to sourcing and designing our products with circularity in mind

We select and design products focused on customers’ expectations for durability, performance and value. Our Product Development and Merchandise teams are on a journey to continually improve our owned brand assortment to include recycled materials, safer chemical alternatives and follow design principles that enable reuse and recycling. For example, in 2021, our Mark’s team reduced the use of virgin polyester resulting in the reduction of 105 tonnes of CO₂e GHG emissions.

We foster industry and vendor collaboration

By working towards shared environmental goals with our peers,

suppliers and other partners, we are discovering best practices and helping to set high national and international standards regarding plastics, packaging and circularity.

We are proud to be a founding member of the Canada Plastics Pact (CPP). The CPP is designed to foster aligned innovation and investment by all participants in the plastics value chain. In addition, we are also members of the Circular Economy Leadership Canada, and the Circular Innovation Council.

Spotlight on Helly Hansen

Helly Hansen, acquired in 2018, is our professional-grade outdoor and workwear brand. Through the application of a holistic decision-making model, Helly Hansen strives to make products that last for generations and has embedded environmental sustainability in all that they do. Learn more about Helly Hansen’s sustainability goals and actions [here](#).

Spotlight on Forward With Design

Forward With Design (FWD) is our active-styled apparel and accessory brand with a strong commitment to sustainability. This includes working to increase our use of plant-based and naturally-derived ingredients, non-toxic formulas and materials, recyclable packaging and/or recycled packaging, environmentally-friendly dyes and dyeing processes, and fabrics made from recycled and repurposed materials. Some current examples of sustainability in our products include our Push FWD Bras & Leggings, which are made with at least 70% recycled nylon and our Push FWD Men’s Training Shorts, which are made with 88% recycled polyester.

Spotlight on CANVAS

CANVAS is our home decor brand for style-conscious Canadians. We have been working to incorporate the use of sustainable materials, meet or beat industry and environmental manufacturing and finishing standards, minimize packaging, and improve the recyclability of products at end of life. For example: both our CANVAS Christmas 2021 “Thoughtfully Sourced” Collection and CANVAS Backyard Living collection featured items made from responsible materials including recycled rubber, Forest Stewardship Council certified paper, and sustainable bamboo.

Partnering with the Canada Plastics Pact

In September 2021, the CPP released the most comprehensive and ambitious action plan to reduce plastic waste in Canadian history. As a founding member, we are working collaboratively with other members towards these key 2025 joint targets:

- 100% plastic packaging designed to be reusable, recyclable or compostable;
- 50% of plastic packaging is effectively recycled or composted;
- 30% recycled content across all plastic packaging; and
- defining a list of plastic packaging that is to be designated as problematic or unnecessary and taking measures to eliminate them.

Visit the CPP's [Roadmap to 2025](#) to learn more.



We are developing better packaging

We are reducing and improving the packaging of products in our stores, while maintaining their protection and safe transportation. In 2021, we introduced new sustainable product packaging standards for our owned brand products. These standards, which have been shared with all internal departments and vendors that produce our owned brand products, focus on five key priorities:

- reduce unnecessary packaging;
- move from non-recyclable materials to recyclable materials;
- eliminate packaging materials that are difficult to recycle, such as Polyvinyl Chloride (PVC) and Polystyrene (PS);
- improve ease of customer recycling by switching to single-material packaging; and
- support the recycling materials markets and lower the costs of recycled material.

Our values in action: we take personal responsibility

In 1992, our Quebec Canadian Tire Dealers launched the Go Eco Program, recycling automotive maintenance materials for our auto service and DIY automotive customers. In 2021, Go Eco recycled over 2.8 million litres of used oil, 130,000 kilograms of used oil filters, 240,000 kilograms of used oil containers, and additional aerosol containers and fluids. As a step in our circular journey, we launched a hydraulic fluid product made from Canadian recycled oil in 2020.

Partnering with customers on circularity

In partnership with Fashion Takes Action, and the support of our local supply chain partners Goodwill, Jasztext and Alkegen (formerly Texel), SportChek launched a textile recycling pilot program in 2021. Select SportChek stores in Ontario collected customers' previously worn athletic clothing made from 100% polyester during the month of November. Together with other pilot partners, over 950 kilograms were collected and sent to our recycling partner Jasztext. Traditional textile recycling would shred such garments to create building insulation and other non-consumer facing products. This pilot aims instead to upcycle the used clothing to create a new, consumer-facing end product to be sold in 2023, building the business case for local textile recycling in Canada.

We reduce consumer waste by making it easier for customers to recycle old products

End-of-life recycling is an important step to reducing the creation of waste and enabling recycled materials to replace the use of virgin materials. At CTC, we are focused on increasing the recyclability of our products and packaging to ensure our customers are well-positioned for their own waste reduction efforts.

To help our customers recycle end-of-life products, we continue to work with stewardship programs to enable the collection of materials for processing. Where safe for our employees to do so, we also manage programs that have collections at stores, including our Ontario Used Tire Recycling program, battery recycling and Go Eco in Quebec. For example, in 2021, we: collected and recycled almost 950,000 automotive batteries through our partnership with East Penn Canada; partnered with Recochem and RPM eco to collect nearly 62,000 windshield wiper fluid bottles from over 90 Gas+ and ONroute locations; and collected and recycled almost 600,000 tires in Ontario.



LEARN MORE ABOUT OUR APPROACH TO CIRCULARITY:
PACKAGING AND PRODUCT WASTE



RESPONSIBLE SOURCING

Our 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 in safe working conditions, human rights protection, fair compensation and environmental impacts, in Canada and worldwide.

SUSTAINABLE SUPPLY CHAIN MANAGEMENT

We are committed to continuously improving the sustainability of our sourcing practices by working collaboratively with our suppliers and enhancing traceability within our supply chain.

Our supply chain is critical to the success of our retail business. In 2021, we worked with over 2,600 suppliers around the world to bring products to our store shelves. Our ability to achieve our business objectives demands that every link in our supply chain is 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. Our approach is rooted in strong partnerships with both merchandise and transportation vendors. We have a long-standing commitment to work directly with both domestic and offshore vendors in order to consistently deliver products that reflect our ethics and values.

Sourcing from Canadian vendors

In 2021, almost \$4 billion worth of inventory purchased for Canadian Tire, PartSource, Party City and corporate-operated SportChek and Mark's stores was sourced from vendors in Canada.



We Are Here to Make Life in Canada Better by providing Canadians access to products that are reliably available and responsibly made.

OUR APPROACH

We set and maintain rigorous environmental and social standards, starting with our Supplier Code of Business Conduct

Throughout our global supply chain, we work with suppliers to ensure our products are sourced, manufactured and transported according to the standards outlined in our [Code of Conduct](#) and [Supplier Code of Business Conduct \(SCBC\)](#). Our SCBC is designed to ensure that suppliers clearly understand how we expect to conduct our business, including standards and policies on labour, work conditions, wages, health and safety, and the environment. Our Sourcing, Product Quality Assurance and Ethical Sourcing teams work together to rigorously vet prospective suppliers, sharing best practices and monitoring ongoing improvement plans. To

learn more about our approach, see our [Human Rights & Social Responsibility section](#).

We are reducing emissions in our supply chain

Sustainability is a priority across our supply chain, and we work closely with our transportation partners to secure supplies, ensuring our customers have access to our products. Our efforts to optimize loads and routes, through initiatives such as using long combination vehicles, eliminating unnecessary round-trip journeys, and cube optimization, have resulted in both cost efficiencies and reductions in fuel use and emissions.

While the stronger than anticipated growth of our e-commerce business drove our transportation-related emissions higher than our 2022 emissions-reduction target, we continue to explore lower carbon alternatives for moving product within our business and are developing strategies to reduce GHG emissions within our owned fleet as well as our third-party transportation network. Visit our [Climate Change section](#) to learn more.

We partner with others to drive sustainable change

Collaboration with all players in a supply chain, including other brands and retailers, is a critical step to raising sustainability standards. Sustainability improvements across retail and consumer goods supply chains are systemic and complex, requiring cross-sector collaboration to facilitate progress. We are leveraging our network to support sustainable development both throughout our business and across Canada.

For example, we are a member of the [Retail Industry Leaders Association](#), a founding member of the [Canada Plastics Pact](#), and a founding member of [Circular Economy Leadership Canada](#). Our banners and brands also work closely with partners, like Helly Hansen's efforts with bluesign, an independent authority that supports standards for sustainable textile production, and Mark's teamwork with CottonConnect, an organization that works to improve sustainability practices in the cotton supply chain.



LEARN MORE ABOUT OUR APPROACH TO SUSTAINABLE SUPPLY CHAIN MANAGEMENT

HUMAN RIGHTS & SOCIAL RESPONSIBILITY

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

We source our owned brand products – which we design and develop specifically for life in Canada – from countries around the world. As a retailer, our vendors are a critical part of our ecosystem and we are invested in advancing social and environmental standards throughout our supply chain.



We Are Here to Make Life in Canada Better by providing a broad assortment of products to our customers while maintaining their trust that the rights of workers in our supply chain are respected.

OUR APPROACH

Our values are reflected in the standards we set for the treatment of workers within our supply chain

The first step in our responsible sourcing process is to carefully vet potential vendors to ensure they treat their workers with respect, compensate them fairly, and provide a safe work environment.

CTC's Merchandising, Sourcing and Product Quality teams select the vendors and factories throughout our global supply chain to manufacture our owned brand products, and work with those suppliers to ensure that the products are sourced, manufactured and transported according to the standards of our [Supplier Code of Business Conduct](#), international labour standards we adopt, and applicable local laws. Examples of the standards we expect of suppliers include:

- **Fair**, in that compensation is paid on time, excessive overtime is not allowed, workers are free from harassment and abuse, and workers do not have to pay for their employment;
- **Safe**, meaning that the workplace – including dormitories and other worker spaces – are healthy and safe, and fire action plans exist and are practised; and
- **Respectful of human rights**, where absolutely no child labour, forced labour or discrimination is allowed and where workers have freedom of association and can engage in collective bargaining.

We collaborate with our suppliers on continuous improvement

While we do not own or participate in the manufacturing or production of the goods we purchase, we maintain and comply

with the highest international labour standards to protect workers' health, safety and human rights. This is primarily accomplished through our partnership with the amfori Business Social Compliance Initiative (BSCI), a globally recognized audit and continuous improvement program. We encourage all our vendors to maintain BSCI certification and take a zero-tolerance approach to any critical infractions.

Social compliance audits

In 2021, we conducted 787 audits of factories manufacturing our owned brand products through globally recognized third-party audit firms. As a result of these audits and using our other channels of communication, we investigated 14 different reports of critical infractions, including five attempted bribes, five instances of physical abuse/harassment and four significant safety issues. Our investigations and resolution work involved factory management, the Triangle Ethics Office and the Merchandising Senior Leadership team.

We build alliances within our industry to create improvements

Operating in different countries and holding others accountable is an ongoing effort. Our collaboration with industry peers and other organizations is a critical and effective way to raise workers' standards around the world. To reduce the administrative burden and audit fatigue on factories, we conduct our audits periodically with other brands and retailers that also have operations at those locations. By pooling our resources and influence, we are often better able to demand, monitor and achieve improvements for workers.

Partnering with Nirapon

In 2019, we partnered with 25 brands and retailers to establish Nirapon, a members-led organization that supports a culture of workers' safety in Bangladesh, where some of our owned brand products are manufactured. With Nirapon and its members' collaboration, we have helped these factories maintain a safe work environment, support ongoing workers' participation in factory safety, and provide training and helplines for workers so they can have a voice in their rights, health and safety.



LEARN MORE ABOUT OUR APPROACH TO
HUMAN RIGHTS & SOCIAL RESPONSIBILITY

PRODUCT SAFETY & QUALITY

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

We invest the resources necessary to protect the safety and satisfaction of our customers. We understand and value the fact that Canadians trust us to provide goods they can confidently use on the road, with their children, around their pets and on the job. It is a responsibility we take seriously.



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

We work with internal teams, suppliers and industry partners to meet and improve standards every year

We take a multi-faceted approach to product safety and quality that aims to ensure that everything we sell meets our quality and safety expectations. Our efforts integrate the expertise of merchants, buyers, product developers and designers; mechanical, electrical and industrial engineers; and quality control and compliance analysts. We also actively participate in several product safety associations and committees as well as various standards development organizations that focus on product safety and sustainability standards.

The greatest indicator of how well our product teams have done their jobs is in our defective claim rates and our product return rates, which are some of the lowest in the industry. At Canadian Tire stores, our current defective claim rate⁸ is 0.85%, and we have consistently achieved defective claim rates below 1% over the last five years. Our customer product return rate⁹ is 3.11%.

Out of the tens of thousands of products sold through CTC in 2021, 30 were involved in a consumer recall, a small increase from 29 in 2020.

We perform continuous and rigorous product testing

For our owned brands, we perform in-house and third-party testing and product evaluations during the development and prototype stages. We also perform testing randomly during the product life cycle to ensure manufacturing and design consistency.

We rely on a risk framework based on the product, vendor and brand in order to implement a testing and inspection plan targeting the highest risk and most impactful products. In 2021, we engaged in close to 13,000 third-party product tests, over 10,000 pre-shipment inspections and more than 11,000 sample reviews before production started.

TESTED for Life in Canada

Our Canadian Tire banner's TESTED for Life in Canada program tests thousands of products using qualified testers who understand and share the same needs as our customers. These testers use and examine our products in real-life settings, examining every feature and function to ensure that these products are suited for life in Canada. Only products that have an average rating of 4+ stars earn our "TESTED" badge. Learn more about our TESTED for Life in Canada program [here](#).

We actively seek safer and more durable materials

Our customers share our concerns about the safety and durability of our products. That is why we continue to work diligently to ensure our products remain safe and do not pose a risk to health or the environment when used and disposed of as directed. For example, for more than a decade, we have been adopting safer alternative substances and chemicals to replace materials 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 involvement in international industry safety associations. Some actions we are focusing on to improve the health and safety of our customers include removal of phthalates and heavy metals from food-contact products, removal of volatile organic compounds from all paints, and adoption of the European Union's REACH chemical restrictions for apparel under our Helly Hansen banner.

 [LEARN MORE ABOUT OUR APPROACH TO PRODUCT SAFETY & QUALITY](#)



GOVERNANCE

How an organization demonstrates the principles of responsibility, fairness, accountability and transparency is directly tied to its governance. A business must be built on a foundation of good governance, with sound principles and standards reflected throughout its operations to protect its most valuable asset—the trust of its stakeholders.

We believe that an engaged Board, a strong code of ethical conduct and values, and innovative and entrepreneurial strategies can help us be successful. With such leadership, we can achieve lasting growth, remain resilient in the face of ongoing changes and challenges, and be of the best service to our investors, employees, customers, partners and communities.

BUSINESS ETHICS

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

Our efforts to foster emotional connection, brand recognition and customer loyalty have allowed Canadian Tire to become one of Canada's Most Trusted Brands¹⁰. We are not only proud of this achievement, but also consider it to be a significant competitive advantage. Our current and future success is partly due to the diligence we have demonstrated over the decades to earn and preserve the trust Canadians have in us.

To maintain trust, we have adopted high standards of business conduct. Conducting business in accordance with these standards builds and protects our reputation with employees, customers, suppliers and our other stakeholders.



We Are Here to Make Life in Canada Better by maintaining the trust that Canadians have in our brand.

OUR APPROACH

We foster a culture of integrity across our operations

We believe it is vital that everyone on our team has a shared understanding of what it means to act with honesty, integrity and respect. We achieve this through our Triangle Ethics Office, codes of conduct and compliance programs. These resources are supported by our leadership commitment to our [Code of Conduct \(the Code\)](#) and CTC's Core Values, which drive a culture of integrity in our operations.

Our Canadian Tire 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.

Our standards of conduct apply to all employees, directors and independent contractors, from the CEO to corporate-operated store employees across the country and employees that source products globally. Our employee onboarding approach requires new employees and contractors to review and sign-off on the Code. All current employees are also expected to review and acknowledge updates to the Code.

Our Triangle Ethics Office is responsible for overseeing compliance with the codes of conduct for CTC and our Canadian subsidiaries, and also responsible for executive oversight and reporting obligations to the Board's Audit Committee. In 2021, the Triangle Ethics Office reviewed the Code and related protocols to confirm our processes were operating effectively and efficiently.

We engage in fair competition

Our reputation and long-term success are based not only on how effectively we serve our customers and how successful we are at increasing shareholder value, but also on 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, how to address those situations and when to seek legal advice.

We set ethical standards for our business relationships

It is important to us that our values are shared among those with whom we do business. As a Company with global relationships, we know we must be aware of and in compliance with the various – and changing – laws and regulations of the countries in which we operate. For example, all of our suppliers are required to demonstrate, and attest to their understanding and compliance with the standards set out in our [Supplier Code of Business Conduct](#).



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

CORPORATE GOVERNANCE & RISK MANAGEMENT

We are committed to growing sustainably and responsibly.

We believe in strong corporate governance standards, as reflected in our policies and practices, and strive to ensure that they are comprehensive, relevant, effective, and transparent. CTC's ability to be successful, achieve sustainable growth, and remain resilient and competitive in the face of ongoing changes and challenges is directly connected to the strength of our corporate governance.

Our approach to corporate governance is led by the Board, which is responsible for the stewardship of the Company. The Board acts in the best interests of CTC and is committed to working with management to achieve long-term, sustainable growth for the Company. With the full support of our controlling shareholders, Martha Billes and Owen Billes, the Board and management are empowered to focus on long-term growth and value creation, including the Company's ESG strategy and initiatives.

ESG Governance

Oversight of our brand and ESG strategies and risks is the responsibility of the Board's Brand and Corporate Responsibility Committee, which coordinates with the other Committees of the Board as needed. Management oversight of our ESG strategies and risks is the responsibility of the Executive ESG Council. More details on how we manage and oversee ESG strategies and risks can be found in the [Our Approach to ESG](#) section of this ESG Report Summary.

For more details about our approach to corporate governance, see our [2022 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

Our Board Governance

Our Board oversees significant corporate actions and makes decisions relating to, among other things, strategic planning, financial objectives, capital allocation, the relationship with Dealers, succession planning, talent management and development, growth opportunities, financial reporting and disclosure, fundamental

policies and systems, the control environment, the management of enterprise risk, the safeguarding and enhancement of our brand and corporate responsibility, including with respect to ESG topics.

The Board fulfills its duties directly, and through delegated responsibilities to its Audit, Management Resources and Compensation, Governance, and Brand and Corporate Responsibility Committees.

COMMITTEES



AUDIT COMMITTEE

Financial statements and related disclosures; internal control over financial reporting and disclosure controls and procedures; enterprise risk management; and internal and external auditor oversight.



MANAGEMENT RESOURCES AND COMPENSATION COMMITTEE

Human resources strategies, plans, policies and procedures; talent management; succession planning; workforce diversity and inclusion; and compensation for senior management and executives.



GOVERNANCE COMMITTEE

Corporate governance policies and practices; Board and Committee composition; Board performance assessments; and director education and orientation.



BRANDS AND CORPORATE RESPONSIBILITY COMMITTEE

Brand purpose and brand trust; ESG topics, strategy development and reporting; and risks related to ESG topics, brand and reputation.

Our Board Composition

We strive to maintain a Board comprised of talented and dedicated directors who possess the skills, expertise and experience required at any given time. The Board is comprised of a majority of directors who are independent and is led by an independent, non-executive Chairman. Having an independent Board is one of the ways we ensure that the Board is able to operate independently of management and make decisions in the best interests of the Company.

The Governance Committee, as the Board's nominating committee, considers the competencies, experience and skills that are necessary for the Board, as a whole, to possess.

The Board is committed to diversity, including with respect to gender, age, race and ethnicity, and is actively working to increase the diversity of its directors, while ensuring the necessary competencies, experience and skills are represented on the Board.

BOARD DEMOGRAPHICS¹¹



75%

Twelve of the directors of the Board are independent



19%

Three of the directors of the Board are women

Enterprise Risk Management

Risk-taking is an integral part of conducting business, enabling us to achieve our strategic objectives and business goals. Balanced risk-taking and effective risk management creates valuable business returns and shareholder value, market opportunities and competitive advantages, all of which support growth. The effective management of risk is a key priority for the Board and management.

The Board and the Audit Committee have accountability to ensure 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 risks.

The foundation of our ERM Framework is a governance approach that includes a committee structure and a comprehensive set of policies approved by the Board. Of particular importance is our Enterprise Risk Committee (ERC), an executive management committee that meets at least quarterly, and provides direct oversight of all key and emerging risks faced by CTC. The ERC assists the CEO in ensuring that strategies are in alignment with CTC's risk appetite, recommending risk-related policies for the Board's approval and evaluating the effectiveness of CTC's risk mitigation processes and controls.

Management oversight of risk

We regularly assess our businesses to identify and assess key risks that could have a significant adverse impact on our brand, financial performance, and/or ability to achieve our strategic objectives. We approach the mitigation and management of risk holistically, with a view to ensuring all risk exposures are considered. Examples of risks assessed include strategic risks, financial risks and operational risks.

Additional details about the Board's oversight of enterprise risk can be found in our [2022 Management Information Circular](#).

Shareholder Engagement

We believe in maintaining open lines of communication with our shareholders on key matters. Our Board and management are always interested in their views, and we have worked to develop a trusted relationship with the investment community. We are committed to comprehensive and transparent reporting on matters of importance to our shareholders.

In 2021, our shareholder outreach included the following activities:

- In-person meetings between the President, CEO, CFO and significant institutional investors to address topics of interest
- Four virtual industry conferences
- 111 institutional investor meetings with management and the Head of Investor Relations

On March 10, 2022, CTC hosted an Investor Day to unveil our strategic priorities and new financial aspirations. Access the full Investor Day webcast and presentation [here](#).



LEARN MORE ABOUT OUR APPROACH TO CORPORATE GOVERNANCE & RISK MANAGEMENT

PRIVACY & DATA SECURITY

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

We believe the trust Canadians have in our brand is our competitive advantage. This trust extends to our use of data, analytics and technology, especially as we increasingly invest in these areas to deliver on our Better Connected strategy of enhancing the omnichannel customer experience. 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.

CTC, through our Canadian Tire Bank subsidiary, has a long and successful history of managing the sensitive data of millions of Canadians. This tradition of keen awareness to privacy and security has been infused in all of CTC's operations as we focus even more on data-driven solutions in our businesses. 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

We diligently protect personal information and are transparent with our customers

CTC maintains enterprise-wide policies, procedures, standards and guidelines to help protect the personal information of our stakeholders.

Corporately, we publish and honour an Employee Privacy Policy, which also covers employees of CT REIT, and a [customer-focused Privacy Policy](#). These policies explain how we collect, use, and disclose, and protect personal information. We maintain clear and easily accessible policies and practices so stakeholders can find answers about how we manage their information.

We also ensure that training on our risk management and cybersecurity programs are part of our employee onboarding process. Because our processes are always evolving, all employees are required to review the policies and take part in a training module annually.

We consider cybersecurity a critical business imperative

CTC acknowledges that cybersecurity is more than just a technology challenge, but a business imperative with ultimate accountability residing with the CEO. Each senior executive plays a role in ensuring the Company maintains constant vigilance.

How we operate is critically dependent on our technology and data, and so we ensure that our systems remain resilient against cyberattacks. In addition to cybersecurity policies that guide and govern our practices, our Information Governance team has established standards and controls related to data classification and records retention, and our cybersecurity program is subject to internal, external and regulatory audits to validate control design adequacy and operating effectiveness.

Cybersecurity Program Highlights:

- Our cybersecurity training and awareness programs continually evolve to update users and keep them informed of cybersecurity risk, current threats, and expected cyber secure behaviors. To maintain resiliency against phishing attacks, we keep up to date on current research and update our simulation phishing program accordingly. Through the program, our employees are made aware of phishing risk and actions to take when faced with real phishing attempts.
- We engage in extensive research on emerging and prevalent cybersecurity threats to continually increase the effectiveness of our threat intelligence program.
- Our cybersecurity risk assessment process, which we continue to evolve, is embedded in our business, enabling the identification and communication of cybersecurity risks, and allowing the organization to make risk-based decisions.
- We have a third-party cybersecurity risk management framework to identify, mitigate and increase visibility on third-party cybersecurity risks associated with digital crown jewels.
- Our remote access model, which allows employees to work virtually, leverages secure solutions to ensure safe external access into our digital business environment.
- We have data protection capabilities in place to identify sensitive information, ensure protection and reduce risk of data loss.
- We conduct regular and extensive testing both internally and with multiple 3rd party external organizations with the purposes of continuously improving our overall posture.

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

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.
Canadian Tire Financial Services	Refers to the business carried on by the Company's financial services subsidiaries, namely Canadian Tire Bank.
Canadian Tire Petroleum	Refers to the retail petroleum business carried on under the Canadian Tire and Gas+ names 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.
ERGs	Refers to employee resource groups.
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 that operate under the Helly Hansen and Musto brands.
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.
PartSource	Refers to stores operated under the PartSource name and trademark.
Party City	Refers to the party supply business that operates under the Party City name and trademarks.
SportChek	Refers to the retail business carried on by FGL Sports Ltd., including stores operated under the SportChek, Sports Experts, Atmosphere, National Sports, Sports Rousseau and Hockey Experts names and trademarks.

Note on trade names, trademarks and service marks

This ESG Report Summary 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

¹ All facts and figures are as at the end of fiscal year 2021.

² CTC's Economic Impact Report did not include CT REIT, as it was not included in the scope of the third party assessment.

³ Our GHG emissions reduction target is based on a 2020 baseline of approximately 200,000 tonnes of CO₂e.

⁴ Our buildings GHG emissions reduction target did not include Helly Hansen or Party City retail stores or office sites as those locations were acquired after we set this target.

⁵ While we endeavour to track and measure all of our operational waste, the scope of our operational waste target does not include waste from Dealer- and franchisee-operated stores, any waste managed directly by CT REIT, our international operations, and 39% of our corporately-operated stores (including Helly Hansen), primarily due to lack of control over those waste programs.

⁶ Please see our previous footnote for a description of the scope of our operational waste. Additionally, note that in July 2022, we updated our methodology for calculating our operational waste profile, which is reflected in these waste figures.

⁷ Our diversion rate is calculated by taking the percentage of waste diverted away from landfills relative to the total waste generated. Diverted waste could be recycled, composted or re-used.

⁸ Defective claim rate is calculated by dividing defective claims by sales. Defective claims refer to the number of unit claims made by Canadian Tire stores. Sales refers to the number of point-of-sale units of all goods sold to retail customers at Canadian Tire stores.

⁹ 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. Sales refers to the number of point-of-sale units of all goods sold to retail customers at Canadian Tire stores.

¹⁰ University of Victoria, Gustavson School of Business. 2021. "Gustavson Brand Trust Index". Retrieved: <https://www.uvic.ca/gustavson/brandtrust/assets/docs/final--gbti-2021-main-report.pdf>.

¹¹ These figures reflect the composition of the Board following the election of directors at the 2022 Annual Meeting of Shareholders.



 [LEARN MORE ABOUT OUR ESG EFFORTS](#)