CANADIAN TIRE CORPORATION

2020 Sustainability Performance Report

Our Approach

Canadian Tire Corporation (CTC) is committed to operating as a sustainable Canadian brand. We recognize that climate change poses a serious risk to the health of our planet and, as a Company, we have made it a top priority to be more energy efficient, use fewer resources, produce less waste, and provide our customers with more options to reduce their own impact on the environment.

As one of Canada's most trusted brands, our sustainability strategy focuses on innovations throughout our business that create positive environmental and social outcomes for Canadians while delivering productivity gains and economic benefits.

Across our family of companies, we:

Ensure the **products** we sell are safe, well-made and responsibly packaged while offering our customers a growing number of products that are better for the environment.

Continuously improve the energy efficiency of our **buildings** by incorporating innovative technologies into our store prototypes.

Drive efficiencies across our **transportation** network and find new ways to transport more goods using less resources and energy.

Implement solutions that reduce the **waste** we generate to lower our impact on the environment.

SUSTAINABLE PRODUCTS

ENERGY EFFICIENT

REDUCE RESOURCES

REDUCE WASTE

2020 Sustainability Performance

Canadian Tire Bowmanville, Store #170

In partnership with provincial utilities and the Government of Canada, CTC offers rebate incentives on hundreds of energy and water efficient household products. As of December 2020, the rebate program has helped customers save over $308 million on energy bills.

As we continue to make progress on our sustainability journey and transition to a lower-carbon, resource-efficient economy, we have identified a number of initiatives across our family of companies that enhance productivity while reducing our environmental footprint. These initiatives result in economic benefit to our Company, our Dealers, and franchisees. Also, we have initiatives that enable our customers to save money and reduce their environmental impact.

This report discloses the economic and environmental benefits of these initiatives, in terms of Energy Use Avoidance, Low-Carbon Energy Generated, GHG Emissions Avoidance, Waste Avoidance, and Waste Diverted.

$67.28 M
TOTAL NET
NEW ECONOMIC BENEFIT

ECONOMIC BENEFIT
results from energy costs avoided due to efficiency projects or income generated through finding secondary markets for resources that normally would have been sent to landfills.

212,588 GJ
TOTAL ENERGY USE AVOIDED

ENERGY USE AVOIDED
is the electricity or fuel saved from an efficiency project, such as a lighting retrofit.

39,236 GJ
ENERGY GENERATED

LOW-CARBON ENERGY GENERATED
is the amount of renewable electricity fed back to the Ontario grid from rooftop solar installations at our stores.

8,125 t CO_2e
TOTAL GHG AVOIDED

GHG EMISSIONS AVOIDED
is the total amount of emissions that would have otherwise resulted from the consumption of electricity or fuel that was saved by an efficiency project.

22,684 t
WASTE AVOIDED

23,982 t
WASTE DIVERTED

WASTE AVOIDANCE
is the total weight of waste that would have been sent to landfill if not for the sustainability initiative, while

WASTE DIVERSION
is the amount of waste that was generated but was kept out of landfill.

The tables on the following page disclose the net new economic and environmental benefits that CTC and its stakeholders realized in 2020 from our sustainability initiatives. These initiatives realized economic benefits of $67.28 million as well as environmental benefits, including the avoidance of 8,125 tonnes of greenhouse gas (GHG) emissions, 212,588 gigajoules of energy, and 22,680 tonnes of waste. Our corporate stores and distribution centres (DCs) realized a combined diversion rate of 77%, and our Greater Toronto Area DCs continued to maintain a best in class 90% diversion rate for the fifth consecutive year.

CTC also measures the lifetime economic benefit of our sustainability initiatives. Lifetime economic benefit is the benefit realized since 2011 – our baseline year —for the entire useful life of the initiative. Each initiative has a unique useful life ranging from 1 to 25 years. In 2020, the lifetime economic benefit from sustainability initiatives completed since 2011 amounted to $541.6 million. For a complete description of initiatives, disclosure of measurement gaps and glossary of terms, refer to Appendices 1 and 2 respectively.

SUSTAINABILITY COST AVOIDANCE INITIATIVES

Net new cost avoidance and environmental benefits realized in 2020, and the lifetime economic benefit realized since our baseline year of 2011:

INITIATIVE	ECONOMIC BENEFIT ($)	ENERGY USE AVOIDANCE (GJ)	LOW-CARBON ENERGY GENERATED (GJ)	GHG EMISSIONS AVOIDANCE (t CO_2e)	WASTE AVOIDANCE (t)	WASTE DIVERSION (t)		LIFETIME ECONOMIC BENEFIT* ($)
TRANSPORTATION & HANDLING OPTIMIZATION	640,131.97	11,623.78	-	835.17	105.96			39,746,019
DC ENERGY EFFICIENCY UPGRADES	387,579.39	10,289.48	-	92.97	-			10,055,630
BUILDING UPGRADES	369,677.21	18,666.88	-	1,485.36	-			17,714,439
BUILDING CONTROL UPGRADES	131,960.99	3,766.48	-	157.66	-			25,564,730
LIGHTING UPGRADES	1,060,036.97	31,151.96	-	1,352.28	-			35,969,112
FLYER REDUCTIONS	16,361,968.09	-	-	-	5,182.60			45,682,962
SEASONAL SIGNAGE REDUCTIONS	716,658.08	-	-	-	49.21			3,894,518
PAPER REDUCTIONS	3,402,491.20	-	-	-	70.31			29,932,464
CORPORATE WASTE MANAGEMENT	13,147.54	-	-	-	-	15,721.00	70%	1,719,120
TOTAL	**23,083,651.44**	**75,498.58**	**0.00**	**3,923.44**	**5,408.08**	**15,721.00**	**70%**	**210,278,994**

SUSTAINABILITY INCOME GENERATION INITIATIVES

Net new income earned and environmental benefits realized in 2020, and the lifetime economic benefit realized since our baseline year of 2011:

INITIATIVE	ECONOMIC BENEFIT ($)	ENERGY USE AVOIDANCE (GJ)	LOW-CARBON ENERGY GENERATED (GJ)	GHG EMISSIONS AVOIDANCE (t CO_2e)	WASTE AVOIDANCE (t)	WASTE DIVERSION (t)		LIFETIME ECONOMIC BENEFIT* ($)
AFTER SALES SERVICE PROGRAM	3,073,281.84	-	-	-	977.72	-	-	79,371,757.80
UTILITY PARTNERSHIP REBATE EVENTS	6,821,310.17	137,089.30	-	3,846.76	-	-	-	57,987,255.87
AUTOMOTIVE PARTS TAKE-BACK	18,098,769.61	-	-	-	12,476.14	-	-	119,538,636.56
AS-IS SALES PROGRAM	14,238,987.03	-	-	-	3,821.56	-	-	58,673,391.96
DC WASTE MANAGEMENT	491,644.34	-	-	-	-	8,261.25	90%	3,102,812.21
ROOFTOP SOLAR INSTALLATIONS	1,472,459.04	-	39,236.22	354.53	-	-	-	12,665,880.08
TOTAL	**44,196,452.03**	**137,089.30**	**39,236.22**	**4,201.29**	**17,275.42**	**8,261.25**	**90%**	**331,339,734.48**
GRAND TOTAL	**67,280,103.47**	**212,587.88**	**39,236.22**	**8,124.73**	**22,683.50**	**23,982.25**	**77%**	**541,618,728.68**

*Measured against a 2011 baseline

Appendix 1

CTC SUSTAINABILITY PERFORMANCE GLOSSARY

METRICS	DEFINITIONS	DATA SOURCES
ECONOMIC BENEFIT	Expressed as the annual value in CAD of costs avoided or income earned by the Corporation, its Dealers, franchisees, and agents. The benefit is measured against the baseline, defined as 'what would most likely have occurred in the absence of the sustainability initiative'. Sustainability initiatives reported represent a sampling of key projects within various operational areas across CTC.	May include the business group(s) responsible for the implementation of the initiative, as well as those involved in the reporting of the sustainability initiative, such as Finance, Business Sustainability and third party consultants.
LIFETIME ECONOMIC BENEFIT	Economic benefit to the Corporation, its Dealers, franchisees and agents realized since our baseline year of 2011 for the entire useful life of the initiative (e.g. in-store lighting upgrades completed in our baseline year of 2011 will continue to reap benefits every year for the expected lifetime of the asset). Each initiative has a unique useful life ranging from 1 to 25 years. Economic benefit includes both cost avoidance and income earned.	May include the business group(s) responsible for the implementation of the initiative, as well as those involved in the reporting of the sustainability initiative, such as Finance, Business Sustainability and third party consultants.
ENERGY USE AVOIDED FROM SUSTAINABILITY INITIATIVES	Realized annual energy avoided by the Corporation, its Dealers, franchisees, and agents, and/or in some cases its value-chain partners such as vendors or customers, in comparison to 'what would most likely have occurred in the absence of the sustainability initiative'. Examples of energy use avoidance include electricity and natural gas avoidance. Values are reported in gigajoules (GJ).	May include the business group(s) responsible for the implementation of the initiative, as well as those involved in the reporting of the sustainability initiative, such as Finance, Business Sustainability and third party consultants.
LOW-CARBON ENERGY GENERATED FROM SUSTAINABILITY INITIATIVES	Realized annual energy generated that has a lower Greenhouse Gas (GHG) emissions intensity than energy generated from fossil fuel sources. Examples of low-carbon energy generation include electricity generated from on-site solar installations. Values are reported in gigajoules (GJ).	May include the business group(s) responsible for the implementation of the initiative, as well as those involved in the reporting of the sustainability initiative, such as Finance, Business Sustainability and third party consultants.
GHG EMISSIONS AVOIDED FROM SUSTAINABILITY INITIATIVES	Realized annual GHG emissions avoided by the Corporation, its Dealers, franchisees, agents, and/or in some cases its value-chain partners such as vendors or customers, in comparison to 'what would most likely have occurred in the absence of the sustainability initiative'. Values are reported in metric tonnes of carbon dioxide equivalents (t CO_2e).	GHG emission factor sources: Environment Canada's National Inventory Report 1990-2018; US Environmental Protection Agency Emission Factors for Greenhouse Gas Inventories, March 9, 2018; International Marine Organization (IMO), Second GHG Study 2009; and IPCC's 5th Assessment Report Global Warming Potentials (GWPs).
WASTE AVOIDED FROM SUSTAINABILITY INITIATIVES	Realized annual waste avoided by the Corporation, its Dealers, franchisees, and agents, and/or in some cases its value-chain partners such as vendors or customers, in comparison to 'what would most likely have occurred in the absence of the sustainability initiative'. Examples of waste avoidance include end-of-life waste from products, packaging and in-store decor. Values are reported in tonnes (t).	May include the business group(s) responsible for the implementation of the initiative, as well as those involved in the reporting of the sustainability initiative, such as Finance, Business Sustainability and third party consultants.
WASTE DIVERTED FROM SUSTAINABILITY INITIATIVES	Realized annual waste diverted from landfill, in comparison to 'what would most likely have occurred in the absence of the sustainability initiative'. Values are reported in tonnes (t) and as a percentage of total waste (%).	May include the business group(s) responsible for the implementation of the initiative, as well as those involved in the reporting of the sustainability initiative, such as Finance, Business Sustainability and third party consultants.
EQUIVALENT TO POWERING THIS MANY HOMES ANNUALLY	Calculates the number of average Canadian homes that could be powered for a year by the realized annual avoided energy use or low-carbon energy generated resulting from sustainability initiatives. Energy used by the average Canadian home includes natural gas, electricity, heating oil, propane and wood use.	Natural Resources Canada, Residential Secondary Energy Use by Energy Source and End-Use, 2013 Energy Intensity (GJ/household).
EQUIVALENT ANNUAL HOUSEHOLD WASTE	Equates the realized annual avoided waste resulting from sustainability initiatives to the number of average Canadian households it would take to generate the equivalent amount of waste in a year.	Source of waste per capita: Statistics Canada, Waste Management Industry Survey: Business and Government Sectors (2010). Source of Household size: Statistics Canada (2011).

CTC CURRENT SUSTAINABILITY INITIATIVES, INCLUDING MEASUREMENT GAPS

INITIATIVES	DEFINITIONS	BUSINESS GROUPS INVOLVED	MEASUREMENT GAPS
TRANSPORTATION AND HANDLING OPTIMIZATION	These sustainability initiatives measure: 1. The impact of transportation packaging and supply chain handling improvements on a product's damage rate (damage discovered in transport from vendor to store and by customers). Cost avoidance is derived from damage cost avoidance. Waste avoidance is derived from avoided disposal of damaged products. 2. The reduction in energy use between the use of two single trucks vs. the use of one LCV truck. LCVs are two 53-foot trailers attached to a specially equipped truck with a total vehicle length of 127 feet. The cost avoidance is derived from the reduced fuel consumption and labour cost. Energy and GHG emissions avoidance is derived from the reduction in fuel consumed by one LCV truck compared to two standard trucks. 3. The reduction in energy use associated with reducing the number of round-trip journeys leaving the Calgary DC by shipping an increased percentage of truck loads using one-way carriers. The cost avoidance is derived from reduced transportation cost. Energy and GHG emissions avoidance is derived from the reduction in fuel consumed. 4. The reduction in energy use associated with enhancing the outbound cube utilization efficiency in trailers for CTR DC shipments. The cost avoidance is derived from reduced transportation and labour costs. Energy and GHG emissions avoidance is derived from the reduction in fuel from shipping fewer trailers. 5. The reduction in waste associated with using rubber bands to wrap pallets instead of using plastic shrink wrap. The cost avoidance is derived from the reduced shrink wrap usage. 6. The reduced freight cost, energy and GHG avoidance resulting from a reduction in the size and/or weight of a product and/or a product's consumer packaging. (Assumption: reductions in product volume always result into container loading efficiency). Waste avoidance is derived from the reduced weight of product at end-of-life.	Product Quality, Transportation, Business Sustainability	GHG and energy avoidance from reduction in raw material and product manufacture.
DC ENERGY EFFICIENCY UPGRADES	These sustainability initiatives measure the reduction in energy use, GHG emissions, and costs from the installation of energy-saving equipment at the DCs including: 1. Energy efficient lighting. 2. Computer room air conditioning (CRAC) units.	Supply Chain, Transportation, Business Sustainability	No known measurement gaps.
BUILDING UPGRADES	These sustainability initiatives measure the reduction in energy usage, GHG emissions, and costs from: 1. The construction of new buildings in areas where there was no existing Canadian Tire store. The baseline comparison is the most recent prototype used prior to the current prototype. Proto C size average per square foot energy consumption is assumed except for small market stores. 2. The replacement of an existing Canadian Tire store. The baseline comparison is the prototype store replaced. Proto C size average per square foot energy consumption is assumed except for small market stores. 3. The expansion of an existing Canadian Tire store. The baseline comparison is the prototype store replaced. Proto C size average per square foot energy consumption is assumed except for small market stores. 4. The installation of higher R-value roofing on Canadian Tire stores and the resulting reductions in electricity and natural gas use. R-value is a measure of thermal resistance used in construction industry. 5. The design energy, cost, and GHG savings resulting from the construction of Bolton DC to LEED Gold certification.	Real Estate Design & Construction, Third Party Consultant, Business Sustainability	No known measurement gaps.

CTC CURRENT SUSTAINABILITY INITIATIVES, INCLUDING MEASUREMENT GAPS (CONTINUED)

INITIATIVES	DEFINITIONS	BUSINESS GROUPS INVOLVED	MEASUREMENT GAPS
BUILDING CONTROL UPGRADES	These sustainability initiatives measure the reduction in energy use, GHG emissions, and costs from the installation of: 1. Demand Control Ventilation (DCV) units – carbon dioxide sensors which allow the rooftop ventilation units to bring in additional fresh air based on carbon dioxide demand. 2. New energy efficient HVAC units in Canadian Tire stores and the resulting reductions in electricity and natural gas use. 3. Energy Recovery Ventilator (ERV) units at Canadian Tire stores and the resulting reductions in natural gas use, net of electricity use increases.	Real Estate Design & Construction, Third Party Consultant, Supply Chain, Business Sustainability	No known measurement gaps.
LIGHTING UPGRADES	These sustainability initiatives measure the reduction in energy use, GHG emissions, and costs from the upgrade to more energy efficient lighting equipment including: 1. Interior relamping to lower wattage T8 bulbs at Canadian Tire stores. 2. Exterior LED retrofits at Canadian Tire stores. 3. Interior LED or T8 retrofits at Mark's stores. 4. Interior LED installations at SportChek new build stores. 5. Interior LED relamping for track lighting at SportChek stores. 6. Interior and exterior LED retrofits at Petroleum locations. The difference between the baseline and the post-implementation energy use is calculated based on the lamps' wattage consumption and number of hours used.	Real Estate Design & Construction, Mark's Store Design, SportChek Sports Store Design, Petroleum, Supply Chain, Business Sustainability	No known measurement gaps.
FLYER REDUCTIONS	These sustainability initiatives measure the reduction in paper use and costs as a result of: 1. The reduction of SportChek and Atmosphere paper flyers. The cost avoidance is derived from material, printing, shipping and distribution costs. 2. The discontinuation of PartSource commercial paper flyers and the reduction of retail paper flyers. The cost avoidance is derived from production, material, and distribution costs. Waste avoidance is derived from reduced paper use.	SportChek, PartSource Marketing, Business Sustainability	No known measurement gaps.
SEASONAL SIGNAGE REDUCTION	This sustainability initiative measures the reduction in cost and waste from discontinuing and reducing printing quantities of in-store seasonal signage. Cost avoidance is derived from reduced product cost. Waste avoidance is derived from the reduced weight of disposed signage at end-of-life.	Store Design, Business Sustainability	GHG and energy avoidance from reduction in raw material, product manufacture and product transport.
PAPER REDUCTIONS	These sustainability initiatives measure the reduction in paper use and costs as a result of: 1. Financial Services credit cardholders' conversion to an e-statement from traditional paper statements. 2. Financial Services transitioning to electronic as opposed to paper applications for MasterCard customers. 3. Financial Services credit cardholders receiving an enhanced statement with Balance Transfer marketing materials vs. a separate Balance Transfer marketing mailing. The cost avoidance is derived from material, distribution and processing costs. Waste avoidance is derived from reduced paper use.	Financial Services Marketing, Financial Services Customer Acquisition, Business Sustainability	No known measurement gaps.

CTC CURRENT SUSTAINABILITY INITIATIVES, INCLUDING MEASUREMENT GAPS (CONTINUED)

INITIATIVES	DEFINITIONS	BUSINESS GROUPS INVOLVED	MEASUREMENT GAPS
CORPORATE WASTE MANAGEMENT PROGRAM	This sustainability initiative measures the waste diverted from landfill and cost savings from implementing a centralized waste management solution for all corporate locations.	Product Environmental Stewardship, Third Party Waste Management Company, Business Sustainability	No known measurement gaps.
AFTER SALES SERVICE PROGRAM (ASSP)	This sustainability initiative measures the waste avoided from product disposal, the enterprise margin reversal, and the non-recoverable cost avoidance resulting from customers seeking call centre support and warranty parts replacement instead of returning the products to the store.	Product Quality, Finance,	No known measurement gaps.
UTILITY PARTNERSHIP REBATE EVENTS	This sustainability initiative measures customer energy use and GHG emissions avoidance from the incremental sale of energy efficient products resulting from in-store rebate events run in partnership with local utilities in 9 provinces. The Corporation's incremental retail gross margin earned through these events is also reported.	Business Sustainability	No known measurement gaps.
AUTOMOTIVE PARTS TAKE-BACK	This sustainability initiative measures the amount of waste diverted and the recovery dollars from the recycling of automotive parts.	Finance, Business Sustainability	No known measurement gaps.
AS-IS SALES PROGRAM	This sustainability initiative measures the waste avoided and the additional revenue earned by Canadian Tire Dealers for the sale of defective products to customers at a discount. Only products that would otherwise have been disposed of at the store are included in the program.	Finance, Business Sustainability	No known measurement gaps.
ROOFTOP SOLAR INSTALLATIONS	This sustainability initiative measures the low carbon energy generated from on-site solar installations. To be considered "low carbon", the GHG emissions associated with the energy generated must have a lower impact than power generated from fossil fuel sources. GHG emissions avoided refer to the emissions avoided in the local economy (low carbon energy generated is sent to the grid). Revenue generated refers to rent collected by CTC.	Real Estate Design & Construction, Finance, Third Party Consultant, Business Sustainability	No known measurement gaps.
WASTE DIVERSION PROGRAM - GREATER TORONTO DISTRIBUTION CENTRES	This sustainability initiative measures the amount of industrial solid waste diverted and the recovery dollars from the recycling of several waste streams (e.g. cardboard, metal, wood, plastic) and the salvaging of damaged products.	Supply Chain, Business Sustainability	No known measurement gaps.

Appendix 2

GLOSSARY OF TERMS
SUSTAINABILITY TERMS

TERM	DEFINITIONS
BUSINESS SUSTAINABILITY	An innovation strategy that aims to achieve productivity gains and economic benefits from enhanced environmental and social outcomes by integrating sustainability into business operations. Through its Business Sustainability strategy, the Company aims to serve its customers, communities, employees and shareholders, both now and in the future.
CARBON DIOXIDE EQUIVALENTS (CO_2e)	Carbon dioxide equivalent expresses all greenhouse gases in the measurement of carbon dioxide by adjusting other types of greenhouse gases (methane, nitrous oxide, sulphur, hexafluoride, hydrofluorocarbons, and perfluorocarbons) to their carbon dioxide equivalent based on their relative Global Warming Potential (GWP). In this report, CO_2e is measured in either tonnes (t, or t CO_2e) or kilograms (kg, or kg CO_2e).
EMISSION FACTORS	Calculation factor used to measure greenhouse gases (GHG) released from the production/ use of raw material/energy.
GLOBAL WARMING POTENTIAL (GWP)	Calculation factor used to measure the environmental impact of different greenhouse gases. A relative measure of how much heat a greenhouse gas traps in the atmosphere.
GREENHOUSE GAS (GHG)	Represents one or a combination of the following gases: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), sulphur hexafluoride (SF_6), hydrofluorocarbons (HFCs), and perfluorocarbons (PFCs).
INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)	The leading international body for the assessment of climate change established to provide the world with a clear scientific view on the current state of knowledge on climate change and its potential environmental and socio-economic impacts.

OTHER TERMS

TERM	DEFINITIONS
"CTC", "COMPANY", "CORPORATION", "ENTERPRISE"	Canadian Tire Corporation, Limited.
CANADIAN TIRE	Refers to the general merchandise retail and services businesses carried on under the Canadian Tire name and trademarks.
CANADIAN TIRE REAL ESTATE LIMITED (CTREL)	A wholly owned subsidiary of CTC.
CT REIT	Refers to the business carried on by CT Real Estate Investment Trust ("CT REIT" or the "REIT") and its subsidiaries, including CT REIT Limited Partnership ("CT REIT LP").
DC	Distribution Centre.
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.
FINANCIAL SERVICES	Refers to the business carried on by the Company's Financial Services subsidiaries, namely Canadian Tire Bank ("CTB" or "the Bank") and CTFS Bermuda Ltd. ("CTFS Bermuda"), a Bermuda reinsurance company.
GIGAJOULES (GJ)	A unit of measurement for energy use.
HELLY HANSEN (HH)	Refers to the international wholesale and retail businesses that operate under the Helly Hansen and Musto brands.
kg	Kilogram - the International System of Units base unit of mass.
MARK'S	Refers to the retail and commercial wholesale businesses carried on by Mark's Work Wearhouse Ltd., and "Mark's stores" including stores operated under the Mark's, Mark's Work Wearhouse, and L'Équipeur names and trademarks.
PARTSOURCE	Refers to stores operated under the PartSource name and trademark.
PETROLEUM	Refers to the retail petroleum business carried on under the Canadian Tire and Gas+ names and trademarks.