OVERVIEW

For 95 years, Canadian Tire Corporation has provided customers with everything they need for the Jobs and Joys of Life in Canada. No other company understands the needs of Canadians quite like Canadian Tire. We are Canada’s store, and it’s a responsibility we do not take lightly. In virtually every community across this country, Canadians look to us to be there for them.

We are a part of the fabric of this nation, and we understand that our actions have the power to positively impact the environment, our customers and the communities in which we operate; that’s why we never stop looking for ways to integrate new and innovative sustainable practices into our business strategy. Since 2008, we have focused our efforts to bring more sustainable solutions and innovations to our business and retail operations.

“At Canadian Tire, innovation is part of our heritage and our future. Our innovations allow us to be more sustainable – more productive, more environmentally responsible, and more relevant to our customers and our communities. A sustainable approach to our business activities means that our iconic Canadian company, and our stakeholders, play a part in building a better country for all Canadians and a sustainable world for future generations.”

Stephen Wetmore,
President and Chief Executive Officer
Canadian Tire Corporation
OUR FAMILY OF BUSINESSES

We are a family of businesses that includes Canadian Tire retail stores, Canadian Tire Financial Services, FGL Sports (Sport Chek, Hockey Experts, Sports Experts, National Sports, Intersport, Pro Hockey Life and Atmosphere), Mark’s, PartSource, Gas+, CT REIT and Canadian Tire Jumpstart Charities. With approximately 1,700 retail and gasoline outlets and tens of thousands of employees across the country, we are part of communities and neighbourhoods from coast to coast. We share the values of Canadians. No one knows Canada or understands the needs of Canadians like we do.

AWARDS AND RECOGNITION

Our sustainability leadership and efforts have been recognized by several industry groups this year. We are proud of our accomplishments and the work of our teams.
Canadian Tire started out as a single store in 1922, and since then has grown to include approximately 1,700 retail outlets from coast to coast. Our retail network is supported by a sophisticated global logistics chain that allows us to make tailored purchasing decisions in order to meet the continuously evolving needs of our local customers. We make sustainability a priority in our retail network and at every stage of this supply chain.

To manage our environmental footprint, we continue to work with each of our business units to develop strategies that make our business more productive and energy-efficient. By doing so, we have reduced our greenhouse gas (GHG) emissions, consume fewer resources and produce less waste.

MANUFACTURING

ELIMINATING HARMFUL CHEMICALS

Canadians know they can rely on us to ensure that the products they buy at each of our banners are safe and well made. We remain committed to ensuring everything we sell meets or exceeds government safety standards.

“We put the customer at the centre of everything we do. From sourcing products, to ensuring we meet and exceed all product safety and compliance requirements, we advocate for our customers every step of the way.”

Kimi Walker, Associate Vice-President, Product Stewardship Canadian Tire Corporation

NEONICOTINOID PESTICIDES AND BEE HEALTH

At Canadian Tire, we care about our pollinator population and are carefully following the discussions around what role Neonicotinoids (“Neonics”) play in the decline of these populations. Along with our primary vendors, Canadian Tire sources garden plants from hundreds of regional growers across the country to provide our customers with truly local assortments. We do not sell pesticides that include Neonics and approximately 80% of our plants have not been treated with Neonics.
TRANSPORTATION

IMPROVING TRANSPORTATION OF GOODS

Canadian Tire has one of the largest ground transportation networks in the country, moving more than 100,000 different types of products to our 500 stores from coast to coast. Making sure that the flow of goods from around the world to our store shelves is as efficient as possible is key to our business strategy and our sustainability performance. Our creative, forward-looking team is constantly looking to find new efficiencies and productivity gains in our supply chain and transportation network.

Innovation plays a key role in reducing our carbon footprint and identifying new strategies that will make our transportation network even more sustainable. When it comes to transporting products over great distances, larger containers are more cost-effective and more fuel efficient. In 2016, Canadian Tire partnered with American Intermodal Container Manufacturing, Max Atlas, Canadian Pacific Railway and the Ontario Ministry of Transportation to launch the next innovation in intermodal transportation – North America’s first 60-foot intermodal container. Developed by Canadian Tire’s Transportation team, this new configuration – an additional 7-foot from the current 53-foot containers – allows us to increase the amount we ship per truck by 13%, which ultimately allows us to carry more goods per trip, reducing our carbon footprint.

“When it comes to transportation, ‘sustainability’ means efficiency. When you’re efficient, you’re spending less on fuel and saving on costs, while lessening the impact of your operations on the environment. That is what we are driven to do every day at Canadian Tire. Our customers demand nothing less.”

Neil McKenna,
Vice-President, Transportation
Canadian Tire Corporation

In April 2017, CTC and Canadian Pacific Railway deployed North America’s first 60-foot intermodal container
UNDERTAKING ROAD-TO-RAIL CONVERSION

Since 2011, Canadian Tire has optimized the transportation of products by undertaking a major road-to-rail conversion within Eastern Canada. Product transportation in Western Canada has been done exclusively by rail for quite some time. In addition to avoiding significant costs, this change reduced greenhouse gas emissions by over 60%, which is the equivalent of taking 2,500 cars off the road each year.

Canadian Tire transports products from its Distribution Centres to our 500 stores across Canada, travelling enough distance each year to go to the moon and back more than 10 times! By working collaboratively with CN Rail, Distribution Centres in Brampton and Montreal are taking advantage of railroad access so that inbound and outbound shipments to and from Nova Scotia are now transported by road only 12% of the time and by rail the remaining 88% of the time. It is quite an impressive statistic when compared to the previous transport ratio of 45% road and 55% rail. This is another example of how the supply chain team is innovating while saving money and improving efficiency.

SMART COMMUTE PROGRAM FOR EMPLOYEES

Did you know that the average commuter spends approximately $7,000 getting to and from work each year? In addition to hurting our wallets, driving to work impacts our environment by burning fuels that contribute to climate change. To reduce these impacts, Canadian Tire’s Toronto Distribution Centres invite employees to join the Smart Commute Brampton–Caledon Program each year. Smart Commute encourages sustainable transportation alternatives like carpooling or taking public transit. The goal is to make the commute for our employees cheaper, quicker and cleaner by sharing costs, easing gridlock and reducing greenhouse gas emissions.

SMART COMMUTE PROGRAM

In 2016, 245 employees participated in the carpooling challenge. Together, they avoided two million vehicle kilometres from being driven – the same distance as driving around the world 50 times! The greenhouse gas emissions avoided were the equivalent of taking 140 cars off the road! In 2016, CTC was awarded with the Smart Commute silver Workplace designation for the continued success of the program and for increasing carpooling program metrics.
DISTRIBUTION

INNOVATING IN CLEAN TECHNOLOGY

At Canadian Tire, we are always on the lookout for sustainability innovations that can help improve our business practices. In 2015, we undertook a pilot project to generate clean energy to power heavy equipment at our Brampton Distribution Centre using hydrogen produced by water electrolysis. This process is by far the cleanest method for generating hydrogen. The pilot has been a technical and operational success and CTC continues to support the development and commercialization of hydrogen energy by hosting academic tours and supporting community awareness. Not only is the installation now viewed by experts as a model implementation of hydrogen energy within the industry, but our positive results with the project have inspired our team to expand this clean technology to our Bolton Distribution Centre, opening in 2017. We are now working with the Hydrogen Business Council of Canada in an effort to explore other sustainable hydrogen energy initiatives through key industry and government partnerships.

IMPROVING PRODUCT PACKAGING AND SHIPPING SOLUTIONS

Part of ensuring our fleets are sustainable is making sure that the products we are shipping arrive in the best possible condition, so that they can find their way onto our store shelves and into the homes of Canadians. When a product is damaged during transport, or arrives at one of our Distribution Centres or stores in an unsellable condition, it means the resources that went into making and shipping the product have been wasted.

To prevent this kind of in-transit damage, a cross-functional team worked together to find better packaging and shipping solutions to increase efficiency, minimize handling and significantly reduce damage.

That’s why in 2015, the structural packaging test (SPT) was revised to reflect the current supply chain handling process. Products and their packaging are put through a series of rigorous tests to minimize damage during shipping, handling and storage. Thanks to the SPT, we are able to quickly identify any potential issues with a product’s packaging or handling process, and work with our suppliers and partners to make improvements.

In 2016, over 500 SPT tests were conducted with the majority of products passing the structural criteria. Products that did not pass were sent back to the vendor for packaging improvement and retesting before they could be sold in our stores. CTC continues to partner with its vendors to share knowledge and provide guidance on packaging and handling changes that will yield economic and environmental benefits across the supply chain. In 2016, we worked directly with 15 vendors to reduce damage rates, launched a pilot program for managing damage criteria for bikes and engaged vendors on packaging improvement opportunities. We also provided SPT criteria education to groups across merchandising, supply chain and quality functions, who share guidance on how to develop packaging with structural integrity with our off-shore vendors.
VIBRATION TEST
TO TEST THE PACKAGING’S ABILITY TO WITHSTAND PRESSURE OR FORCE FROM ALL DIRECTIONS DURING TRANSPORTATION

CLAMP COMPRESSION TEST
TO TEST THE PACKAGING’S ABILITY TO WITHSTAND COMPRESSION FROM A CLAMP TRUCK USED TO MOVE THE BOX

STACK COMPRESSION TEST
TO TEST THE PACKAGING’S ABILITY TO WITHSTAND STACKING IN A WAREHOUSE OVER LONG PERIODS OF TIME AND VARYING ATMOSPHERIC CONDITIONS
At Canadian Tire Corporation, we are dedicated to creating innovative new retail experiences for Canadians, with world-class flagship stores and exciting in-store technologies. That same innovation is driving our efforts to improve our energy efficiency and reduce our environmental impact across the enterprise. The current Canadian Tire store design is 50% more energy-efficient than our prototypical store built in 2010, and 90% more efficient than our stores built in 2006.

Using some of the most advanced technologies available, new Canadian Tire stores are sustainability leaders in our industry.

We continue to introduce new Canadian Tire stores that are LEED® certified and built to the highest standards of energy efficiency and carbon reduction. To date, two Canadian Tire stores have achieved LEED® Gold certification and five are LEED® Silver certified. Additionally, our 20 ONRoute service centres, found along Ontario’s 400 series of highways, are all LEED Gold or Silver certified. We are proud to say these are the first gas bars in Canada to receive this distinction.
GENERATING LOW-CARBON ENERGY

Canadian Tire believes we all must play a role in finding renewable sources of energy. Across Ontario, 36 Canadian Tire stores are already using rooftop solar panels to generate renewable energy, which is fed directly back to the provincial electricity grid, reducing the emissions intensity of electricity for all Ontarians. Since 2012, the low-carbon energy we have generated this way is equivalent to the energy used by nearly 3,300 Canadian homes.

INNOVATION IN STORES

At Canadian Tire, we pride ourselves on incorporating innovative and energy-saving features into our stores, including:

**AUTOMATIC HEAT SHUT-OFF AT DOORS:**
When overhead doors are open, local unit heaters automatically turn off so they don't pump heat out of the building; heating resumes when the doors are closed.

**REGIONAL MATERIALS:**
Many of the materials used to build our prototype stores were extracted, manufactured and shipped within an 800 kilometre radius from each store’s location.

**RECYCLED CONSTRUCTION MATERIALS:**
Each building contains over 25% recycled content, reducing both the need for new materials and the energy and emissions associated with the extraction and processing of those materials.
Canadian Tire has partnered with AddÉnergie and Natural Resources Canada in a pilot project to install fast-charging electric vehicle charging stations at Canadian Tire Gas+ locations across Ontario. The first installation of the pilot was completed at the Milton Gas+ location in March 2017 and we are excited to expand to about 25 locations across Ontario throughout 2017 and 2018.
MANAGING OUR ENVIRONMENTAL FOOTPRINT

Most of the energy used and GHG emissions produced across our network are the result of the resource extraction, processing and manufacturing required to make the products we sell. While these activities are outside our direct control, we still accept responsibility and work with our vendors to help them find efficiencies and improve their environmental performance.

CTC’S GHG INTENSITY (TONNES CO2e PER UNIT REVENUE) DECREASED 5% IN 2016. OUR SUCCESS IN ACHIEVING BUSINESS GROWTH OUTPACED OUR ENVIRONMENTAL IMPACT AND OUR ABSOLUTE EMISSIONS DECREASED

TOTAL GREENHOUSE GAS EMISSIONS BY BUSINESS SEGMENT

PRODUCT & PACKAGING

87%

PRODUCT TRANSPORT

7%

BUSINESS & RETAIL OPERATIONS

6%

PROVINCIAL UTILITY REBATE PROGRAMS

Since 2013, Canadian Tire has built strong partnerships with provincial utility companies across Canada. This allows us to offer rebates on energy-efficient products, helping our customers make choices that reduce their energy costs and carbon footprints at home. Over the lifetime of the products purchased in 2016, our customers will save $165 million in energy costs from over 4.5 million GJ of avoided electricity use. This translates to over 200,000 tonnes of GHG emission reductions, the equivalent of taking almost 110,000 Canadian homes off the grid!

For more information on our environmental performance, please refer to CTC’s Environmental Performance and Footprint Reports.
MANAGING WASTE

REDUCING WASTE AT CANADIAN TIRE

Did you know that Canadian Tire’s Toronto Operations group has a facility dedicated to recycling damaged products and customer returns that aren’t fit for sale in stores? This centre is located at our Melanie Drive Resource Recovery Centre in Brampton, Ontario. Years ago, all of these products were thrown away and we would pay for their disposal. Today, products with minimal damage are sold in a re-sale shop benefiting Canadian Tire Jumpstart Charities and the rest are taken apart and sold for recycling into new products, allowing us to earn revenue for our waste.

At Canadian Tire, waste reduction is a key component of our sustainability efforts. Sourcing, shipping and selling millions of products every year will inevitably create waste. But our commitment to minimizing our environmental footprint ensures we are continually looking for ways to reduce or repurpose that waste.

Thanks to initiatives like our Melanie Drive Resource Centre, we have been able to significantly increase the waste-diversion and recovery rate at our Distribution Centres from 63% to 92% over the last three years.

IMPROVING WASTE DIVERSION ACROSS CANADIAN TIRE CORPORATION

One of the cornerstones of Canadian Tire’s Sustainability strategy is its ongoing effort to reduce waste and find efficiencies across the organization. In 2013, we implemented a new waste management initiative that now helps reduce waste at more than 690 Corporate locations, including FGL Sports, Mark’s and PartSource retail stores, and Canadian Tire Petroleum retail gas outlets and distribution facilities.

In 2016, we were able to increase the waste diversion rate across Canadian Tire by 2% over the previous year.

WASTE DIVERTED FROM CORPORATE SITES

For more information on our environmental performance, please refer to CTC’s Environmental Performance and Footprint Reports.
SOCIAL RESPONSIBILITY

As Canada’s store, we are a part of Canadian communities. We know that our reputation for integrity and the trust Canadians have for our brands depends on the way we conduct our business, and this is reflected in our commitment to ethical sourcing and our efforts to ensure worker safety at our operations and those of our suppliers around the world.

ETHICAL SOURCING

Canadian Tire Corporation sources goods and services from approximately 90 countries around the world. Throughout our entire 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, our Supplier Code of Business Conduct (SCBC), FGL Supplier Code of Business Conduct and the Business Social Compliance Initiative (BSCI) requirements.
OUR SUPPLIER CODE

Integrity, honesty and respect are Canadian values, and they are at the core of what makes Canadian Tire Corporation a trusted company. Through our Supplier Code of Business Conduct, which clearly outlines our expectations for ethical business conduct, we aim to ensure that our values are not only understood, but also shared by the vendors with whom we work around the globe. All of our vendors must sign our Supplier Code, and our expectations for ethical conduct drive the efforts surrounding our vendor-management process. We also contract third party world-class auditing firms to monitor factory compliance to ensure they meet our standards.

In 2016, we completed 613 Supplier Code factory audits. In 2016, only 29 critical infractions were reported – split between bribery attempts and safety issues. 26 of these issues were quickly remedied by the vendors – with measures that included improved policies and training to ensure sustained change – and confirmed as resolved by follow up audits.

We are a founding member of the Alliance for Bangladesh Worker Safety since its inception, demonstrating our commitment to sustainable change. In 2016, three factories were suspended by the Alliance for Bangladesh Worker Safety due to lack of progress remediating identified safety gaps. CTC no longer purchases from these factories.

Audits provide us with much more than a means for noting infractions and ensuring compliance. We see them as a way of helping our vendors find new ways to meet emerging challenges, solve problems and make sustainable improvements in their practices and performance.
SUSTAINABLE STEWARDSHIP

Canadians believe in accountability. They want to know about the sources of the products they buy, and want to be sure that all the materials used in those products are produced, sourced and manufactured in an ethical and environmentally responsible way.

In 2015, we were asked if the wood used in our outdoor patio furniture sets was responsibly harvested from sustainable forests. To provide a clear answer to this question, we launched a pilot project designed to certify where the wood in our CANVAS outdoor patio furniture was sourced from, and that our sources were engaged in forest stewardship programs and had established protections for old-growth forests. We are exploring further opportunities for putting these requirements in place for all of our products that source raw materials from forests.

Formaldehyde emission risks posed by manufactured/engineered wood such as plywood/composite wood and veneer finishes is well known. While there are no regulatory requirements in Canada yet to reduce these risks, Canadian Tire recognized that children are exposed to every product in a home, so in 2015, we eliminated the risk of formaldehyde in all manufactured/engineered wood furniture products we sell in our stores by requiring suppliers to meet California’s CARBII requirements. In so doing, we are eliminating risks for our customers, and minimizing potential environmental harm in the places where the raw materials for our products are produced.

PARTNERING WITH COTTONCONNECT

Since 2011, Mark’s has partnered with CottonConnect, an organization that delivers business benefits to retailers and brands by improving the sustainability of cotton supply chains. Together, we have worked to teach cotton farmers about sustainable practices that will not only decrease their dependence on chemical fertilizers, but will also reduce water usage, contribute to improved air quality and, ultimately, help enhance their livelihoods by growing better-quality cotton.

Mark’s has sponsored 1,500 farmers in India, one of our major sources of cotton. With our support, these farmers were able to produce an annual sustainable cotton yield equal to the amount of cotton that goes into Mark’s products annually.

We have made a long-term commitment to drive industry change and achieve a sustainable farm-to-garment cotton supply chain.

Learn more about CottonConnect.

SUSTAINABLE GROWTH

Mark’s plans to invest more than $1 million in our CottonConnect partnership by 2018 and has started helping farmers in China employ sustainable approaches.

By 2018, we expect that close to double the amount of cotton used annually in Mark’s apparel will be sustainably produced through our CottonConnect partnership.
SUPPORTING SAFETY IN BANGLADESH

In 2013, Canadian Tire Corporation was one of the founding members of the Alliance for Bangladesh Worker Safety, a five-year initiative designed to improve building and workplace safety in Bangladeshi ready-made garment (RMG) factories.

Our Family of Businesses sources garments from 61 factories in Bangladesh, and through the Alliance, we have completed structural, electrical and fire inspections at each of these locations. These factories are now doing the hard work to remediate any gaps that were identified. We no longer source products from 13 factories that have been suspended by the Alliance due to older factories being closed or lack of commitment by the factory to remediate identified gaps.

In 2016, we continued to support factories in their remediation efforts, to refresh training and to establish employee participation in safety committees. According to the Bangladesh Fire Service and Civil Defense, fires in the country's RMG factories have dropped by close to 90% since 2012.
“We’re a founding member of the Alliance for Bangladesh Worker Safety, and from the beginning, we wanted to make a positive difference in people’s lives by improving workplace safety. We believe our efforts will help to establish an enduring culture of safety that extends across the entire garment industry.”

Robyn Collver,  
Senior Vice-President, Risk and Regulatory Affairs  
Canadian Tire Corporation

Read more about the Alliance and its commitment to the workers of Bangladesh.
COMMITMENT TO COMMUNITIES

At Canadian Tire, we’re committed to being good neighbours, and to giving back to Canadian communities. Across Canada, we’re helping children from families in financial need get into sport and recreation through Canadian Tire Jumpstart Charities. Our commitment to communities defines our purpose in this country. We continue to support local charities and minor sports, and we are by far the biggest corporate supporter of the Canadian Armed Forces.

CELEBRATING CANADIAN TIRE JUMPSTART CHARITIES

Since inception in 2005, Canadian Tire Jumpstart Charities has helped more than 1.3 million kids from families in financial need participate in organized sport and physical activity.

In 2016, Jumpstart helped more kids in a single year than ever before. Supported by customers, vendors, Associate Dealers and CTC employees across the country, we disbursed more than $22 million to help 220,922 kids get off the sidelines and into the game.

“\nIn 2016, Jumpstart continued its mission to help remove the financial barriers that prevent kids from getting in the game. Through new partnerships, specialized programming, and the unwavering support of the Canadian Tire Family of Companies, we are finding new ways to reach more kids than ever before."

Landon French, President
Canadian Tire Jumpstart Charities
SUPPORTING OUR COMMUNITIES DURING EMERGENCIES

As a company with strong roots in communities across Canada, we quickly provided support to those impacted by the severe flooding which took place in the spring of 2017 in parts of Southern Quebec and Eastern Ontario. To support these communities, Canadian Tire, Mark’s and FGL stores provided the Canadian Red Cross with over $300,000 in donated cash and product in support of flood relief.

Canadian Tire Corporation also worked closely with local officials to provide assistance to the thousands of people affected by the Fort McMurray wildfires in May 2016. Along with our Dealers in the province, we worked directly with the local emergency task forces and the Canadian Red Cross to donate supplies to help with this emergency. We donated $260,000 in gift cards to those in need, 330,000 bottles of water to emergency shelters, and over 18,000 clothing items from Mark’s and sports equipment, on behalf of Jumpstart Charities, to the Northlands evacuation Centre to keep kids staying there active. Our Alberta Dealers also donated approximately $200,000 in product from their stores and provided truckloads of vital items like pet food, camping equipment, portable power and snacks to residents and first responders.