

## SUSTAINABILITY PROJECTS

Realized benefits year to date Q4 2014 (reflect the benefits of 2013 projects in the 12-month period following their implementation)

	Cost avoidance \$ 000	Energy use avoidance (GJ)	GHG emissions avoidance (tonnes CO <sub>2</sub> e)	Waste avoidance (tonnes)	Water avoidance (m <sup>3</sup> )
<b>Product and Packaging</b>					
Reductions in energy use from transportation of optimized product and packaging as well as waste reductions.	679	6,062	435	1,107	0
Canadian Tire - Product & Packaging Right-Sizing	679	6,062	435	1,107	0
<b>Product Transport</b>					
Reductions in energy and resources use from increased fuel efficiency in transportation modes, vehicles and distribution centres.	751	13,695	524	10	2,100
Canadian Tire - Damage Reduction	129	0	0	10	0
Canadian Tire - Long Combination Vehicles (LCV)	230	2,917	204	0	0
Canadian Tire - Distribution Centres Lighting Retrofits	388	10,778	320	0	0
Canadian Tire - DC Exterior Irrigation System Retrofit	4	0	0	0	2,100
<b>Business and Retail Operations</b>					
Reductions in energy and resources use in buildings and their operations through efficiency initiatives.	3,137	153,073	7,515	26	0
Canadian Tire - Net New Builds	10	506	21	0	0
Canadian Tire - Replacement Builds	186	10,310	312	0	0
Canadian Tire - Demand Control Ventilation (DCV) Retrofits	1,196	106,454	5,223	0	0
Canadian Tire - Relamping Project	471	15,081	778	0	0
Canadian Tire - Store HVAC Upgrades	74	2,234	154	0	0
Canadian Tire - Roofing Retrofits	43	3,772	193	0	0
Canadian Tire - In-Store Decor Right-Sizing	124	54	4	2	0
Mark's - Lighting Retrofits	204	6,151	252	0	0
Petroleum - Cooler Retrofits (eTemp)	107	3,322	173	0	0
Petroleum - Lighting Retrofits	121	3,467	346	0	0
Financial Services - E-statement conversions	599	1,723	60	24	0
<b>TOTAL</b>	<b>4,567</b>	<b>172,830</b>	<b>8,474</b>	<b>1,143</b>	<b>2,100</b>



The energy avoidance is equivalent to powering 1604 Canadian homes for a year

The waste avoidance is equivalent to the annual waste generation from 1710 Canadian homes

## SUSTAINABILITY PROGRAMS

Realized benefits year to date Q4 2014

	Revenue Generated \$ 000	Low-Carbon Energy Generated (GJ)	GHG emissions avoidance (tonnes CO <sub>2</sub> e)
Canadian Tire - Solar PV - On Grid	1,840	37,421	1,111



The low-carbon energy generation is equivalent to the annual electricity use from 918 Canadian homes

	Recovery Generated \$ 000	Waste diversion rate (% of total waste)	Waste diverted (tonnes)
GTA DCs Waste Diversion Program	393	90.6%	7,516



The waste diversion is equivalent to the annual waste generation from 11244 Canadian homes

Please refer to the glossary for initiatives, metrics and equivalency definitions.

## GLOSSARY & DEFINITIONS

<b>GLOSSARY OF TERMS</b>	
<b>SUSTAINABILITY TERMS</b>	
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 Disclosure Project (CDP)	International initiative to accelerate solutions and enhance decision making related to climate change and water management. Increases visibility to investors related to corporate and policy initiatives. The aim is to set reduction targets and make performance improvements. Over 3,000 organizations in some 60 countries around the world now measure and disclose their greenhouse gas emissions, water management and climate change strategies through CDP. CTC participates in CDP.
CO <sub>2</sub> e	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).
Emission Factors	Calculation factor used to measure GHG released from the production/use of raw material/energy.
Greenhouse Gas Emissions (GHG)	Represents one or a combination of the following gases: carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ), nitrous oxide (N <sub>2</sub> O), sulphur hexafluoride (SF <sub>6</sub> ), hydrofluorocarbons (HFCs), and perfluorocarbons (PFCs).
GHG Protocol	A multi-stakeholder collaboration facilitated by the WBCSD and the WRI to establish and promote business standards for GHG accounting and reporting. CTC's Sustainability Reporting follows the GHG Protocol Corporate, Project and Value-Chain (Scope 3) Accounting Standards.
Global Warming Potential (GWP)	Calculation factor used to measure CO <sub>2</sub> e from different greenhouse gases. A relative measure of how much heat a greenhouse gas traps in the atmosphere.
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 climate change and its potential environmental and socio-economic impacts.
Solar Photovoltaic Energy	The generation of electricity using sunlight by converting solar radiation into direct current electricity.
Stock Keeping Unit (SKU)	A unique numerical code identifying a specific stock item (i.e. product) in Canadian Tire's inventory.
Transport GHG model	Created by Canadian Tire's Transportation team, the Transport GHG Emissions Model calculates tonnes of CO <sub>2</sub> e produced based on direct emissions from Canadian Tire's own fleet of trucks and indirect mobile emissions produced from transport of goods by third party carriers for all modes of transport (including water, rail, road and air). The methodology used for this model follows a distance and weight approach for third party carriers and an actual fuel use approach for Canadian Tire's internal fleet, and reflects guidelines created by Environment Canada and the WRI, known as the Greenhouse Gas Protocol.
USA Environmental Protection Agency	A branch of the United States' federal government in charge of protecting human health and the environment, by writing and enforcing regulations based on laws passed by Congress.
World Business Council for Sustainable Development (WBCSD)	A CEO-led, global association of some 200 companies dealing exclusively with business and sustainable development, providing companies a platform to explore sustainable development, share knowledge, experiences and best practices.
World Resource Institute (WRI)	A global environmental think tank that works with governments, companies, and society to build solutions to urgent environmental challenges.

OTHER TERMS		
"CTC", "Company", "Corporation", "Enterprise"	Canadian Tire Corporation, Limited.	
Canadian Tire	Refers to the Company's general merchandise retail business.	
Financial Services	Refers to the business carried on by the Company's financial services division, including Canadian Tire Bank and Glacier Credit Card Trust.	
Petroleum	Refers to the Company's retail petroleum business.	
Canadian Tire Real Estate Limited (CTREL)	A wholly owned subsidiary of CTC.	
FGL Sports	Refers to the Company's retail business carried on by FGL Sports Ltd. a	
Mark's	Refers to the Company's retail business carried on by Mark's Work Wearhouse Ltd.	
PartSource (PS)	Refers to the Company's specialty automotive retail business.	
Gigajoules (GJ)	A unit of measurement for energy use.	
YTD	Year-to-Date	
PERFORMANCE MEASUREMENT TERMS		
1. STANDARD TERMS		
METRICS	DEFINITIONS	DATA SOURCE
Annual realized benefits from sustainability projects	Values express a 12-month measurement of the realized project benefits. Benefits are measured against the project baseline which is defined as 'what would most likely have occurred in the absence of the sustainability project'. Multi-year benefits beyond this 12-month measurement will likely be reported going forward. Sustainability projects 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 project, as well as those involved in the reporting of the sustainability initiative, such as Finance, Business Sustainability and third-party consultants.
Costs avoided from sustainability projects	Realized annual costs saved for the Enterprise (the Corporation and the dealers, franchise and agents) in comparison to 'what would most likely have occurred in the absence of the sustainability project'. Examples of cost avoidance reported include freight and energy cost. Values are reported in Canadian Dollars (CAD).	May include the business group(s) responsible for the implementation of the project, 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 projects	Realized annual energy saved by the Enterprise and/or in some cases its value-chain partners such as vendors, in comparison to 'what would most likely have occurred in the absence of the sustainability project'. Examples of energy avoidance are electricity and natural gas avoidance. Values are reported in gigajoules (GJ).	May include the business group(s) responsible for the implementation of the project, 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 projects	Realized annual GHG emissions saved by the Enterprise and/or in some cases its value-chain partners such as vendors, in comparison to 'what would most likely have occurred in the absence of the sustainability project'. Values are reported in metric tonnes of CO <sub>2</sub> e.	GHG emissions sources: Environment Canada's National Inventory Report 1990-2012, EPA Climate Leaders Optional Emissions from Commuting, Business Travel and Product Transport May 2008, and IPCC's global warming potentials.
Waste avoided from sustainability projects	Realized annual waste saved by the Enterprise and/or in some cases its value-chain partners such as customers and vendors, in comparison to 'what would most likely have occurred in the absence of the sustainability	May include the business group(s) responsible for the implementation of the project, as well as those involved in the reporting of the sustainability initiative,

	project'. Examples of waste avoidance includes end-of-life waste from products, packaging and in-store decor. Values are reported in metric tonnes.	such as Finance, Business Sustainability and third-party consultants.
Water avoided from sustainability projects	Realized annual water usage savings by the Enterprise, in comparison to 'what would most likely have occurred in the absence of the sustainability project.' Values are reported in cubic metres.	May include the business group(s) responsible for the implementation of the project, 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 per year	Calculates the number of average Canadian homes that could be powered for a year by the realized annual avoided energy use resulting from sustainability projects. 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, 2011 Energy Intensity (GJ/household)
Equivalent annual household waste	Equates the realized annual avoided waste resulting from sustainability projects 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). The household average size for 2010 is not available, census are done every 5 years only.
Equivalent annual household water consumption	Equates the realized annual avoided water resulting from sustainability projects to the number of average Canadian households it would take to consume the equivalent amount of water in a year.	Source of water use per capita: Environment Canada - Residential water use Indicator data (2011) Source of Household size: Statistics Canada (2011).
Equivalent number of light vehicles annual fuel consumption	Equates the realized annual avoided energy resulting from sustainability projects to the number of average passenger automobiles it would take to consume an equivalent amount of fuel in a year.	Transport Canada, Table RO4 of 'Transportation in Canada Addendum 2010' Report.

## 2. CURRENT SUSTAINABILITY PROJECTS

PROJECTS	DEFINITIONS	BUSINESS GROUPS INVOLVED	GAPS
Product and Packaging Right-sizing	This sustainability project measures the reduction in size and/or weight of a product and/or a product's consumer packaging for each project. Cost avoidance is derived from reduced cube resulting in reduced freight cost. Energy and GHG emissions avoidance is derived from reduced weight and cube resulting in reduced energy use from transportation. (Assumption made: reductions in product volume are always translated into container loading efficiency). Waste avoidance is derived from the reduced weight of product end-of-life.	Product Quality Group, Transportation Group, Business Sustainability	GHG and energy avoidance from reduction in raw material and product manufacture.
Product Damage Reduction	This sustainability project measures 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 concealed damage). Cost avoidance is derived from the damage cost avoidance. Energy use and GHG emissions avoidance are derived from avoided transportation to return the damaged products to the vendors. Waste avoidance is derived from avoided disposal of damaged products.	Logistics Group, Transportation Group, Business Sustainability	For changes in shipping/handling product packaging, the increase or decrease in materials used is not taken into consideration.
Long Combination Vehicles (LCV)	This sustainability project measures 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 specialised equipped truck with a total vehicle length of 127 feet. The cost avoidance is derived from the reduced fuel consumption and labour cost. The energy and GHG emissions avoidance is derived from the reduction in fuel used by one LCV truck as compared to two standard trucks.	Transportation Group, Business Sustainability	No known gaps
Net New Builds	This sustainability project measures the reduction in energy use, GHG emissions and costs from 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.	Design & Construction Group, 3rd party consultant, Business Sustainability	No known gaps
Replacement Builds	This sustainability project measures the reduction in energy use, GHG emissions and costs from 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.	Design & Construction Group, 3rd party consultant, Business Sustainability	No known gaps
Relamping	This sustainability project measures the reduction in energy use, GHG emissions and costs from the upgrade to more energy efficient lighting equipment in Canadian Tire stores. The difference between the baseline and the post-implementation energy use is calculated based on the lamps' wattage consumption and number of hours used.	CTREL Design and Sustainability, Business Sustainability	No known gaps
Heating, Ventilation and Air Conditioning (HVAC) Upgrades	This sustainability project measures the reduction in energy use, GHG emissions and costs from the installation of new energy efficient HVAC units in stores	Real Estate Services Group/3rd party consultant, Supply	No known gaps

	and the resulting reductions in electricity and natural gas use.	Chain Group, Business Sustainability	
Roofing Retrofits	This sustainability project measures the reduction in energy use, GHG emissions and costs from the installation of higher R-value roofing on stores and the resulting reductions in electricity and natural gas use. The R-value is a measure of thermal resistance used in the building and construction industry.	Real Estate Services Group, Business Sustainability	No known gaps
Demand-Control Ventilation (DCV) Retrofits	This sustainability project measures the reduction in energy use, GHG emissions and costs from the installation of carbon dioxide sensors which allows the rooftop ventilation units to bring in additional fresh air based on carbon dioxide demand.	Real Estate Services Group, Business Sustainability	No known gaps
In-Store Decor Right-Sizing	This sustainability project measures the reduction in size and weight of in-store decor signage. Cost avoidance is derived from reduced time to install signage at store level, reduced product quote cost and reduced freight cost. Energy and GHG emissions avoidance is derived from reduced weight and cube resulting in reduced energy use from transportation to stores. Waste avoidance is derived from the reduced weight of product end-of-life.	Store Design, Transportation Group, Business Sustainability	GHG and energy avoidance from reduction in raw material and product manufacture.
Cooler Retrofits (eTemp®)	This sustainability project measures the reduction in energy use from the installation of eTemp® thermostats at Petroleum coolers. eTemp® technology simulates food and beverage thermal qualities and automatically relays this information to the existing thermostat or telemetry. Cooling cycles are reduced which reduces electricity consumption. Energy and GHG avoidance are based on reduced electricity consumption. Cost avoidance is based on reduced electricity cost.	Petroleum, Business Sustainability	No known gaps
Lighting Retrofit	This sustainability project measures the reduction in energy use, GHG emissions and costs resulting from the installation of energy efficient lighting (such as T8 or LED). This includes lighting retrofits for Canadian Tire and Marks stores, Petroleum canopy and stores and Distribution Centres.	Marks Store Design, Petroleum and Business Development, Supply Chain Major Projects, Business Sustainability	No known gaps
E-statement Conversions	This sustainability project measures the reduction in paper use, embedded energy and greenhouse gas emissions as a result of Financial Services credit cardholders' conversion to an e-statement from the traditional paper statements.	Financial Services Marketing, Business Sustainability	No known gaps
Canadian Tire Distribution Centre Irrigation System Retrofit	This sustainability project measures the reduction in water use and cost as a result of an irrigation system hardware upgrade and the installation of smart controllers.	Supply Chain Group Business Sustainability	No known gaps

### 3. CURRENT SUSTAINABILITY PROGRAMS

METRICS	DEFINITIONS	BUSINESS GROUPS INVOLVED	GAPS
On-site low carbon energy generation	Low carbon energy generation from on-site installations. May include solar PV, solar thermal, wind, geothermal, hydrogen or waste-derived energy generating installations. To be considered "low carbon", the GHG emissions associated with the energy generated must be lower impact than the traditional means of power generation. Reported in GJ.	CTREL, Business Sustainability	No known gaps
Revenue generated from low carbon energy generation	Year-to-date revenue generation is reported when the energy generated is connected to the municipal grid. Revenue may include management fees and rent revenue. Reported in CAD.	Finance team, Business Sustainability	No known gaps
GHG Emissions avoided from low-carbon energy generation	Year-to-date greenhouse gas emissions avoided from on-site installations of low carbon energy generation. This may include GHG emissions avoided by the Corporation (when the energy is used on-site) or GHG emissions avoided in the local economy (when the energy is sent to the grid). Reported in tonnes of CO <sub>2</sub> e.	CTREL, Business Sustainability, and Third Party Consultant	No known gaps
GTA Distribution Centres waste diversion program	The year-to-date amount of industrial solid waste diverted and recovery dollars as a result of the recycling of several waste streams (e.g. cardboard, metal, wood, plastic) and the salvaging of damaged products.	Supply Chain Group, Business Sustainability	No known gaps
Funds contributed to regulated recycling organizations	Year-to-date product stewardship payments for programs by CTC based on net POS sales or shipments. Select retail products have regulatory obligations under product stewardship and recycling programs such as blue box, tires, batteries, oil, paint, fertilizers, and electronics. In Canada, this includes over 60 stewardship programs across all provinces. Reported in CAD in the Management Discussion and Analysis (MD&A).	Finance team, Business Sustainability	No known gaps