



## Our Approach to Environmental Sustainability

Our environmental sustainability strategy engages each of Canadian Tire Corporation's retail banners and its financial services division. The strategy focuses on innovation and aims to achieve productivity gains and economic benefits from enhanced environmental and social outcomes by integrating sustainability into business operations.

Our sustainability strategy has four imperatives:

- **Optimize Productivity:** drive product and operations value chain improvements;
- **Develop Innovation:** create and reinvent better processes, products and services;
- **Enhance the Brand:** protect and enhance banner brands and corporate reputation; and
- **Drive Company Engagement:** engage employees through integration of sustainability practices into everyday business operations.

## Reading Our Report

In this report, we often refer to Canadian Tire Corporation, Limited as "CTC" or the "Company". When we use the words "we" and "our", we are similarly referring to Canadian Tire Corporation, Limited. Acronyms or other terms that are capitalized in this document are defined the first time they are used or in the Glossary of Terms found in Appendix 5.

## Our Report for 2016

This report outlines:

- **Our 2016 Sustainability Performance:** realized benefits from the implementation of business sustainability initiatives that aim to reduce the Company's environmental footprint; and
- **Our 2015 Environmental Footprint:** progress made in tracking the Company's environmental footprint, which provides a view of the environmental performance of the Company and its extended value-chain, and our current footprint.

## Highlights of Our Report

In 2016, sustainability initiatives that improve the quality or extend the useful life of the products we sell yielded economic benefits amounting to nearly \$40 million. These initiatives lessen the percentage of damaged product and excess packaging that enter the waste stream. In 2016, nearly 20,000 tonnes of waste was avoided, which is equivalent to the annual household waste generated by nearly 30,000 Canadian homes.

CTC partners with local utility providers to offer customers rebates on the purchase of energy efficient products. In 2016, customers received \$14 million worth of rebates and will save approximately \$165 million on their electricity bills over the products' lifetime. In addition, annual electricity use equivalent to usage of over 6,200 Canadian homes will be avoided, reducing the demand on provincial electricity grids and avoiding over 200,000 tonnes of greenhouse gas emissions.

CTC's absolute emissions decreased 10.2 percent in 2015 compared to 2014. The primary reason was a reduction in the Company's footprint in the area of raw material acquisition and product manufacturing from our retail banners. Product and packaging impacts are calculated using a model based on US dollars. Fluctuations in foreign exchange that reduce the purchasing power of the Canadian dollar translate to a reduction in the product and packaging impact metrics. CTC's Business & Retail Operations footprint also became less emission intensive due to a warmer 2015 winter resulting in less fuel used to heat buildings.

We continued to expand our waste program and achieved a 9% increase in our diversion rate. Distribution Centres (DCs) in the Greater Toronto Area run an impressive waste diversion program and achieved a 92% diversion rate in 2015.

DNV GL Business Assurance USA, Inc. has carried out an independent verification of CTC's environmental footprint claims and assertions. Their limited assurance statement is available [here](#).

Additionally, an independent review of selected environmental sustainability initiatives and the environmental footprint of the Company was conducted by the Delphi Group and Corporate Knights. Their letter of review is available [here](#). The purpose of this review was to provide stakeholders with assurance that appropriate due diligence is in place to ensure accurate public disclosures, and also to benchmark the Company's greenhouse gas (GHG) and energy use against that of industry peers.

## 2016 Sustainability Performance

CTC measures the benefits realized from sustainability initiatives in the 12-month period following an initiative's completion date, and continues to measure benefits for two subsequent years. For a complete description of initiatives, disclosure of measurement gaps and glossary of terms, refer to Appendices 4 and 5 respectively.

This report discloses realized economic benefits of \$61.5 million in 2016 from sustainability initiatives implemented since 2013. Cumulatively, these practices resulted in over 39,000 tonnes of waste avoidance, a diversion rate of 68% at our corporate store locations and distribution centres, and the avoidance of over 27,000 tonnes of greenhouse gas emissions in 2016.

### Sustainability Cost Avoidance Initiatives

Cost avoidance and environmental benefits realized in 2016 (reflects the benefits realized in 2016 of initiatives completed in 2013, 2014 and 2015)

Retail Banner	Initiative	Cost avoidance (\$ 000)	Energy use avoidance (GJ)	GHG emissions avoidance (t CO <sub>2</sub> e)	Waste avoidance (t)	Waste Diversion (t) (%)	% cost avoidance from net new 2015 projects	
<b>Product and Packaging</b>								
Reductions in energy use from transportation of optimized product and packaging as well as waste reductions		1,621	7,251	511	2,177	-	39%	
Canadian Tire	Product and Packaging Right-Sizing	1,621	7,251	511	2,177	-	39%	
<b>Product Transport</b>								
Reductions in energy use from increased fuel efficiency in transportation modes, vehicles and distribution centres (DCs)		2,423	25,971	568	63	-	27%	
Canadian Tire	Damage Reduction	1,451	-	-	63	-	38%	
Canadian Tire	Long Combination Vehicles (LCV)	29	439	31	-	-	0%	
Canadian Tire	DC Lighting Retrofits	943	25,532	537	-	-	12%	
<b>Business and Retail Operations</b>								
Reductions in energy use in buildings and business operations		11,341	294,985	13,329	3,577	8,910	26%	
Canadian Tire	Net New Builds	137	6,771	500	-	-	37%	
Canadian Tire	Replacement Builds	832	37,470	2,262	-	-	63%	
Canadian Tire	Demand Control Ventilation (DCV) Retrofits	1,288	106,454	5,154	-	-	0%	
Canadian Tire	Relamping Project	1,339	37,331	545	-	-	15%	
Canadian Tire	Store Heating, Ventilation and Air Conditioning (HVAC) Upgrades	295	8,606	489	-	-	36%	
Canadian Tire	Roofing Retrofits	127	10,881	560	-	-	12%	
Canadian Tire	Energy Recovery Ventilator (ERV) Installs	21	2,686	94	-	-	0%	
Mark's	Lighting Retrofits	749	20,624	1,183	-	-	1%	
FGL Sports	LED Lighting New Builds and Renovations	60	1,643	134	-	-	26%	
FGL Sports	Relamping Project	172	4,634	123	-	-	100%	
FGL Sports	Atmosphere and SportChek Flyer Reductions	n/a	-	-	3,132	-	n/a	
PartSource	Flyer Reductions	468	-	-	83	-	100%	
Petroleum	Cooler Retrofits	124	3,405	153	-	-	1%	
Petroleum	Lighting Retrofits	606	16,644	818	-	-	48%	
Canadian Tire	In-Store Decor Right-Sizing	51	2.1	0.2	0.7	-	100%	
Canadian Tire	Shelf Signage Right-Sizing	184	-	-	216	-	100%	
Canadian Tire	Seasonal Signage Reduction	668	-	-	46	-	100%	
Financial Services	Electronic Statement (e-Statement) Conversion	1,619	5,097	177	71	-	33%	
Financial Services	Electronic Credit Card Application Conversion	736	1,060	37	6.0	-	100%	
Financial Services	Balance Transfer Program	1,597	31,677	1,100	22	-	100%	
All banners except Canadian Tire	Corporate Waste Management Program	268	-	-	-	8,910	56%	
<b>TOTAL</b>		<b>15,385</b>	<b>328,207</b>	<b>14,408</b>	<b>5,817</b>	<b>8,910</b>	<b>56%</b>	<b>35%</b>

## Sustainability Income Generation Initiatives

Income earned and environmental benefits realized in 2016

Retail Banner	Initiative	Income Earned (\$ 000)	Energy use avoidance (GJ)	Low-carbon energy generated (GJ)	GHG emissions avoidance (t CO <sub>2</sub> e)	Waste avoidance (t)	Waste diversion rate (%)
<b>Product and Packaging</b>							
	Reductions in energy use from reverse-flow transportation of product and packaging as well as waste reductions	44,215	256,485	-	11,375	17,301	-
Canadian Tire	After Sales Service Program	13,345	-	-	-	4,465	-
Canadian Tire	Utility Partnership Rebate Events	8,248	256,485	-	11,375	-	-
Canadian Tire	Automotive Parts Take-Back	17,169	-	-	-	11,177	-
Canadian Tire	AS-IS Sales Program	5,453	-	-	-	1,659	-
<b>Business and Retail Operations</b>							
	Reductions in waste sent to landfill from CTC buildings	1,864	-	41,527	1,233	7,363	92%
Canadian Tire	Rooftop Solar Installations	1,473	-	41,527	1,233	-	-
Canadian Tire	Waste Management Program, Distribution Centre	391	-	-	-	7,363	92%
<b>TOTAL</b>		<b>46,079</b>	<b>256,485</b>	<b>41,527</b>	<b>12,608</b>	<b>24,664</b>	<b>92%</b>

## 2015 Environmental Footprint

Each year, CTC measures its energy, carbon, water and waste footprint across its own buildings, operations and parts of its extended value chain. The data collection and subsequent review exercise for determining the Company's environmental footprint is a rigorous one that is completed after the close of the previous calendar year. Accordingly, the results reflected in this report portray CTC's environmental footprint for the 2015 calendar year.

### 2015 Summary Results

The following tables summarize the Company's 2015 environmental footprint as compared to a 2014 baseline. Additional detail on the energy and GHG portion of the footprint can be found in Appendices 1 through 3. For a complete list of measurement gaps and glossary of terms refer to Appendices 4 and 5, respectively.

#### ENERGY CONSUMPTION



	2015 Energy Use (GJ)	2014 Energy Use (GJ)*	Change (B) / W
Product & Packaging	48,300,768	53,355,666	(9.5%)
Product Transport	3,611,173	3,720,531	(2.9%)
Business & Retail Operations	4,730,973	4,969,323	(4.8%)
<b>TOTAL</b>	<b>56,642,914</b>	<b>62,045,520</b>	<b>(8.7%)</b>
Intensity (GJ / \$1,000 revenue)	4.61	4.98	(7.3%)

Overall, 2015 energy use decreased 8.7% and energy intensity, measured as gigajoules (GJ) per \$1,000 of revenue, decreased 7.3%. For a detailed breakdown of energy use and intensity by business segment, refer to Appendices 1 and 2, respectively.

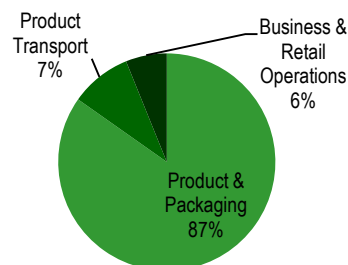
\*Baseline energy use has been restated. See Appendix 3 for details.

#### GREENHOUSE GAS (GHG) EMISSIONS



	2015 GHG Emissions (t CO <sub>2</sub> e)	2014 GHG Emissions (t CO <sub>2</sub> e)*	Change (B) / W
Product & Packaging	3,387,597	3,786,568	(10.5%)
Product Transport	254,450	268,955	(5.4%)
Business & Retail Operations	245,038	275,102	(10.9%)
<b>TOTAL</b>	<b>3,887,084</b>	<b>4,330,624</b>	<b>(10.2%)</b>
Intensity (kg CO <sub>2</sub> e / \$1,000 revenue)	316.5	347.5	(8.9%)

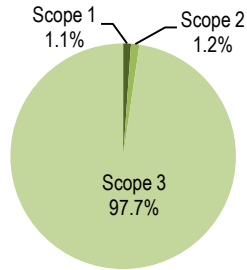
Overall, 2015 GHG emissions decreased 10.2% and emissions intensity, measured as kilograms of carbon dioxide equivalents (kg CO<sub>2</sub>e) per \$1,000 of revenue, decreased 8.9%. For a detailed breakdown of emissions and intensity by business segment, refer to Appendices 1 and 2, respectively.



\*Baseline emissions have been restated. See Appendix 3 for details.

## GREENHOUSE GAS (GHG) EMISSIONS (cont'd)

CTC's greenhouse gas footprint is prepared in accordance with the GHG Protocol Corporate and Scope 3 Standards. CTC follows the operational control organizational boundary approach, defined as 'having the full authority to introduce and implement operating policies at the operation'. As shown in the figure below, the vast majority of emissions are from activities outside of the Company's operational control. For a complete breakdown of emissions by GHG Protocol category, refer to Appendix 2.



	2015 GHG Emissions (t CO <sub>2</sub> e)	% contribution
Scope 1	48,200	1.1%
Scope 2	46,528	1.2%
Scope 3	3,797,357	97.7%

## WATER CONSUMPTION



	2015 Water Use (m <sup>3</sup> )	2014 Water Use (m <sup>3</sup> )	Change (B) / W
Product & Packaging	55,703,725	63,554,451	(12.4%)
Intensity (m <sup>3</sup> / \$1,000 revenue)	4.5	5.6	(19.0%)

In 2015, CTC measured the water consumption embedded in its products and packaging. In that period, water use decreased 12.4% and water intensity, measured as cubic metres (m<sup>3</sup>) of water per \$1,000 of revenue, decreased 19.0%.

## WASTE GENERATION



	2015 Waste Generated (t)	2014 Waste Generated (t)	Change (B) / W
Corporate Locations & Greater Toronto DCs	24,156	26,313	n/a*
Intensity (t / site)	36.1	40.0	(9.7%)
# locations measured	669	658	1.7%
Diversion Rate	67%	61%	8.6%

In 2015, CTC continued to expand upon its waste recycling program for corporate locations launched in 2013. In 2015, the scope of the program expanded from 658 corporate locations to 669. The program continues to see positive results, with the average waste generated per site decreasing 10% in 2015, and the diversion rate improving 9%. Total waste generated at the Greater Toronto Distribution Centres (DCs) decreased 5% from 8,300 tonnes (t) to 7,861 t.

\*Year-on-year performance cannot be compared due to expanded scope and data coverage.

## Appendix 1

### CTC's Corporate and Supply Chain Energy Use and GHG Emissions Footprint by Business Segment

		2015 Energy Use (GJ)	Baseline Year (2014) Energy Use (GJ)	Change (B) / W		2015 GHG Emissions (t CO <sub>2</sub> e)	Baseline Year (2014) GHG Emissions (t CO <sub>2</sub> e)	Change (B) / W		Comments
				(GJ)	%			(t CO <sub>2</sub> e)	%	
PRODUCT & PACKAGING	<b>Sub-Total (Canadian Tire, PartSource, Mark's, FGL Sports, Petroleum)</b>	<b>48,300,768</b>	<b>53,355,666</b>	<b>(5,054,897)</b>	<b>(9.5%)</b>	<b>3,387,597</b>	<b>3,786,568</b>	<b>(398,971)</b>	<b>(10.5%)</b>	<b>Energy use and GHG emissions from product &amp; packaging are calculated using a model based on US dollars. Fluctuations in foreign exchange that reduce the purchasing power of the Canadian dollar translate to a reduction in the product and packaging impact metrics.</b>
PRODUCT TRANSPORT	Corporate - CTC Fleet and PartSource Commercial Deliveries	188,888	190,699	(1,811)	(0.9%)	13,386	13,515	(129)	(1.0%)	Corporate transport energy use decreased slightly due to increased fuel consumption and distance travelled.
	Third Party Road, Rail, Ocean and Air (Canadian Tire and Petroleum)	3,422,285	3,529,832	(107,548)	(3.0%)	241,063	255,440	(14,377)	(5.6%)	Energy use and GHG emissions decreased primarily due to a reduction in distance travelled by road, a reduction in product weight shipped by ocean and a lower emission factor for products shipped by rail.
	<b>Sub-Total</b>	<b>3,611,173</b>	<b>3,720,531</b>	<b>(109,358)</b>	<b>(2.9%)</b>	<b>254,450</b>	<b>268,955</b>	<b>(14,505)</b>	<b>(5.4%)</b>	<b>Overall product transport energy use and GHG emissions decreased due to efficiencies in road, ocean and rail transportation at Canadian Tire.</b>
BUSINESS & RETAIL OPERATIONS	Offices and Distribution Centres (DCs) (Canadian Tire, PartSource, Mark's, FGL Sports, Petroleum)	720,677	808,922	(88,245)	(10.9%)	35,449	42,182	(6,732)	(16.0%)	A warmer winter resulted in decreased energy use and GHG emissions at offices and DCs due to reduced heating demand.
	<i>Corporate</i>	523,157	602,239	(79,083)	(13.1%)	23,272	28,810	(5,539)	(19.2%)	
	<i>Third Party Operated Offices and DCs</i>	197,521	206,683	(9,162)	(4.4%)	12,178	13,372	(1,194)	(8.9%)	
	Stores (Canadian Tire, PartSource, Mark's, FGL Sports, Petroleum)	3,899,840	4,054,799	(154,960)	(3.8%)	198,122	213,893	(15,772)	(7.4%)	A warmer winter resulted in decreased energy use and GHG emissions in stores due to reduced heating demand.
	<i>Corporate</i>	844,357	852,131	(7,774)	(0.9%)	53,070	55,213	(2,143)	(3.9%)	
	<i>Dealers, Franchises and Agents</i>	3,055,482	3,202,668	(147,186)	(4.6%)	145,52	158,680	(13,629)	(8.6%)	
	CTREL and Petroleum investment properties	46,577	41,058	5,519	13.4%	1,699	1,782	(83)	(4.7%)	Energy use increased due to an increase in square footage. Despite increased energy use, GHG emissions decreased due to a lower electricity emission factor in Ontario where the majority of investment properties are located.
	Emissions related to electricity transmission and distribution (T&D) loss	N/A	N/A	N/A	N/A	5,428	12,859	(7,431)	(57.8%)	GHG emissions from T&D losses decreased due to a lower emission factor in Ontario where the majority of electricity is consumed.
	Emissions related to business air travel	63,879	64,543	(664)	(1.0%)	4,340	4,385	(45)	(1.0%)	Slight decrease in energy use and GHG emissions from business air travel due to small reduction in passenger-kilometres.
	<b>Sub-Total</b>	<b>4,730,973</b>	<b>4,969,323</b>	<b>(238,350)</b>	<b>(4.8%)</b>	<b>245,038</b>	<b>275,102</b>	<b>(30,064)</b>	<b>(10.9%)</b>	<b>Overall energy use and emissions in buildings decreased due to a warmer winter season resulting in less fuel used for heating.</b>
<b>TOTAL</b>	<b>Corporate and Supply Chain</b>	<b>56,642,914</b>	<b>62,045,520</b>	<b>(5,402,605)</b>	<b>(8.7%)</b>	<b>3,887,084</b>	<b>4,330,624</b>	<b>(443,540)</b>	<b>(10.2%)</b>	<b>The primary driver to overall energy and GHG emission reductions was emissions from product and packaging which were affected by the value of the Canadian dollar.</b>

## Appendix 2

### CTC's Corporate and Supply Chain Energy and GHG Contribution and Intensity by Business Segment

	Energy Contribution & Intensity	2015	Baseline Year (2014)	Change (B) / W	GHG Contribution & Intensity	2015	Baseline Year (2014)	Change (B) / W
PRODUCT & PACKAGING	Energy use as % Total Corporate & Supply Chain Energy use	85.3%	86.0%	(0.8%)	GHG emissions as a % of Total Corporate & Supply Chain Footprint	87.2%	87.4%	(0.3%)
	Energy use per \$1,000 banner revenue <sup>1</sup> (GJ / \$1,000 revenue)	3.9	4.7	(16.3%)	GHG emissions per \$1,000 banner revenue <sup>1</sup> (kg CO <sub>2</sub> e / \$1,000 revenue)	275.2	332.9	(17.3%)
PRODUCT TRANSPORT	Energy use as % Total Corporate & Supply Chain Energy use	6.4%	6.0%	6.3%	GHG emissions as a % of Total Corporate & Supply Chain Footprint	6.5%	6.4%	2.7%
	Energy use per cubic metre shipped (GJ / m <sup>3</sup> )	0.56	0.75	(-24.9%)	GHG emissions per cubic metre shipped (kg CO <sub>2</sub> e / m <sup>3</sup> )	39.6	54.1	(26.8%)
	Energy use per tonne-kilometre (GJ / tkm)	0.000344	0.000339	1.2%	GHG emissions per tonne-kilometre (kg CO <sub>2</sub> e / tkm)	0.0242	0.0245	(1.4%)
BUSINESS & RETAIL OPERATIONS	Energy use as % Total Corporate & Supply Chain Energy usage	8.4%	8.0%	4.3%	GHG emissions as a % of Total Corporate & Supply Chain Footprint	6.3%	8.4%	(24.5%)
	Energy use per square metre (GJ / m <sup>2</sup> )	0.810	0.861	(5.9%)	GHG emissions per square metre (kg CO <sub>2</sub> e / m <sup>2</sup> )	42.0	47.7	(12.0%)
<b>TOTAL</b>	<b>Energy use per \$1,000 CTC consolidated revenue (GJ / \$1,000 revenue)</b>	<b>4.61</b>	<b>4.98</b>	<b>(7.3%)</b>	<b>GHG emissions per \$1,000 CTC consolidated revenue (kg CO<sub>2</sub>e / \$1,000 revenue)</b>	<b>316.5</b>	<b>347.5</b>	<b>(8.9%)</b>

### CTC's Corporate and Supply Chain GHG Footprint by Greenhouse Gas

Scope 1 & 2 Emissions by Gas:

	2015	Baseline Year (2014)	Change (B) / W
Carbon Dioxide (t CO <sub>2</sub> )	88,714	96,474	(8.0%)
Methane (t CH <sub>4</sub> )	4.69	4.60	1.8%
Nitrous Oxide (t N <sub>2</sub> O)	2.87	3.05	(5.9%)
Carbon Dioxide Equivalent (t CO <sub>2</sub> e)	89,728	97,538	(8.0%)

### CTC's Corporate and Supply Chain GHG Footprint by GHG Protocol Category

Total Emissions by Scope:

	2015	Baseline Year (2014)	Change (B) / W
Scope 1 Emissions (t CO <sub>2</sub> e)	43,200	48,644	(11.2%)
Scope 2 Emissions (t CO <sub>2</sub> e)	46,528	48,894	(4.8%)
Scope 3 Emissions (t CO <sub>2</sub> e)	3,797,357	4,233,087	(10.3%)

<sup>1</sup> Only revenue from banners included in the Product & Packaging Energy Use and GHG Emissions Footprint is included (Canadian Tire, FGL Sports, Mark's and Petroleum).

Breakdown of Emissions by Scope:

	Description	Methodologies and factors used	Percentage of primary data used	2014 GHG Emissions (t CO <sub>2</sub> e)	Justification of measurement gaps	
CORPORATE EMISSIONS	Scope 1	Emissions from fuel used by 85 fleet trucks and 407 PartSource commercial delivery vehicles. Emissions from on-site fuel used by 685 corporate stores, 29 offices and 28 DCs, depot or storage facilities.	Business & Retail Operations calculations are derived from a sampling strategy. A statistically representative sample of energy data was collected by business unit, type of building and regional area to estimate the overall Business & Retail Operations energy usage. Where no actual data is readily available, energy usage is estimated based on building size and type. Canadian Tire fleet and PartSource commercial delivery vehicle calculations are derived from a fuel volume based methodology.	32%	43,200	Hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs) from refrigeration units; deemed immaterial.
	Scope 2	Emissions from electricity used by 685 corporate stores, 29 offices and 25 DCs, depot or storage facilities.	Emission factors from the Environment Canada National Inventory 1990-2014 Report were used. Intergovernmental Panel on Climate Change (IPCC) 5th Assessment Report, 100 years, Global Warming Potentials (GWP) were used.	84%	46,528	No known measurement gaps.
UPSTREAM EMISSIONS (Scope 3)	Purchased Goods and Services	Emissions associated with the extraction, production and transportation (cradle-to-gate) of products sold at Canadian Tire, FGL Sports, Mark's, Petroleum and PartSource stores.	Canadian Tire, PartSource, FGL Sports and Mark's calculations are derived from the Economic Input-Output Life Cycle Analysis (EIO-LCA) Model developed by Trucost. Petroleum calculations are derived from the US Department of Energy Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation (GREET) 2015 Model ( <a href="http://greet.es.anl.gov">http://greet.es.anl.gov</a> ) and the GHGenius 4.03 Model ( <a href="http://www.ghgenius.ca">http://www.ghgenius.ca</a> ). IPCC 5th Assessment Report, 100 years, Global Warming Potentials (GWP) were used.	0%	3,387,597	Financial Services, Gas+ kiosk and Canadian Tire non-corporate products; deemed immaterial.
	Capital Goods	Emissions associated with the extraction, production and transportation (cradle-to-gate) of capital goods purchased.	n/a	n/a	n/a	Capital goods are not included due to data unavailability and immateriality.
	Fuel and Energy related activities (not included in scope 1 & 2)	Emissions associated with the extraction, production and transportation of a) fuels consumed b) electricity consumed c) electricity transmission and distribution loss	Electricity transmission and distribution loss is calculated based on electricity consumption and emission factors from the Environment Canada National Inventory 1990-2014 Report. IPCC 5th Assessment Report, 100 years, Global Warming Potentials (GWP) were used.	49%	5,428	Items a) and b) are not included due to data unavailability.
	Upstream Transportation and Distribution	Emissions associated with third party transportation of products from tier 1 suppliers to distribution centres and from DCs to stores. This category also includes emissions from third party operated DCs.	Canadian Tire and Petroleum third party transportation calculations are derived from a distance-weight methodology. Emission factors from (i) the US Environmental Protection Agency Emission Factors for Greenhouse Gas Inventories, Nov. 19, 2015, (ii) the International Marine Organization (IMO), Second GHG Study 2009, and (iii) Environment Canada National Inventory 1990-2014 Report. Energy conversion factors were also used for pipeline transportation from the National Energy Technology Laboratory; Development of Baseline Data and Analysis of Life Cycle Greenhouse Gas Emissions of Petroleum-Based Fuels. Third party operated DCs fall under the Business & Retail Operations segment and therefore follow the same methodology when energy use data is unavailable. See methodology on Scope 1 & 2 emissions for further detail. IPCC 5th Assessment Report, 100 years, Global Warming Potentials (GWP) were used.	100%	253,031	Emissions from FGL Sports, Mark's, Gas+ kiosk, less than 10% of Canadian Tire activity, Canadian Tire non-corporate products, some Canadian Tire packaging weight (e.g. pallets), HFCs and PFCs from pipeline leakages and refrigerated trucks are not included due to data unavailability.
	Waste Generated in Operations	Emissions from third party disposal and treatment of waste generated through business operations.	n/a	n/a	n/a	Emissions from waste generated in operations are not included due to data unavailability.



UPSTREAM EMISSIONS (Scope 3) (Cont'd)	Business Travel	Emissions from business air travel.	CTC business air travel emissions are derived from a distance-passenger (passenger-kilometre) methodology. Emission factors from the World Resources Institute GHG Protocol tool for mobile combustion, version 2.6 (2015) were used. IPCC 5th Assessment Report, 100 years, Global Warming Potentials (GWP) were used.	100%	4,340	Emissions from business travel using modes other than air.
	Employee Commuting	Emissions from employee commuting.	n/a	n/a	n/a	Emissions from employee commuting are not included due to data unavailability.
	Upstream Leased Assets	Emissions associated with the operation of three leased offices which do not fall under the Company's operational control.	Upstream leased assets fall under the Business & Retail Operations segment and therefore follow the sampling strategy methodology. See methodology on Scope 1 & 2 emissions for further detail.	3%	210	HFCs and PFCs from refrigeration units; deemed immaterial.
DOWNSTREAM EMISSIONS (Scope 3)	Downstream Transportation and Distribution	Emissions associated with the transportation of sold products from retail stores to customers' homes.	n/a	n/a	n/a	Emissions from downstream transportation and distribution are not included due to data unavailability.
	Processing of Sold Products	Emissions associated with the processing of sold products.	n/a	n/a	n/a	Not applicable.
	Use of Sold Products	Emissions associated with the usage of sold products that directly consume energy.	n/a	n/a	n/a	Emissions from downstream use of sold products are not included due to data unavailability.
	End-of-Life Treatment of Sold Products	Emissions associated with the disposal of consumer products sold at all business units.	n/a	n/a	n/a	Emissions from downstream end-of-life treatment of sold products are not included due to data unavailability.
	Downstream Leased Assets	Emissions associated with 66 investment properties (buildings owned but not operated by CTC).	Downstream leased assets fall under the Business & Retail Operations segment and therefore follow the sampling strategy methodology. See methodology on Scope 1 & 2 emissions for further detail.	0%	1,699	HFCs and PFCs from refrigeration units; deemed immaterial.
	Franchises	Emissions associated with the operations of 1,042 non-Corporate stores including Canadian Tire, Mark's, FGL Sports and Petroleum agent sites.	Franchises fall under the Business & Retail Operations segment and therefore follow the sampling strategy methodology. See methodology on Scope 1 & 2 emissions for further detail.	70%	145,052	HFCs and PFCs from refrigeration units; deemed immaterial.
	Investments	Emissions associated with equity and debt investments and project finance.	n/a	n/a	n/a	Emissions from investments are not included due to data unavailability and immateriality.

## Appendix 3

### CTC's Corporate and Supply Chain Energy Use and GHG Emissions Footprint Baseline Recalculation and Restatement

CTC's recalculation and restatement policy is as follows:

- "The recalculation of base year environmental impacts is triggered if one or the cumulative effect of the following causes for recalculation modifies the business segment (Product & Packaging, Product Transport and Business & Retail Operations) by +/- 10%.
- Causes of recalculation: structural changes, changes in methodology, measurement gap closings and corrections.
- Timing of recalculation: at the release of the new Environmental Footprint."

Although the restatement outlined in the below table does not result in a material change (+/- 10%), they are reflected in the baseline energy and emissions data reported above to ensure accuracy and transparency.

	Published Feb. 2017 2014 Energy Use (GJ)	Published Feb. 2016 2014 Energy Use (GJ)	Change (B) / W	Published Feb. 2017 2014 GHG Emissions (t CO <sub>2e</sub> )	Published Feb. 2016 2014 GHG Emissions (t CO <sub>2e</sub> )	Change (B) / W	Justification of recalculation
PRODUCT & PACKAGING	53,355,666	53,355,666	0.0%	3,786,568	3,786,568	0.0%	No restatement
PRODUCT TRANSPORT	3,720,531	5,652,389	(34.2%)	268,955	406,613	(33.9%)	Restatement primarily due to 51% reduction in Product Transport Emission Factor for Medium- and Heavy-Duty Trucks, as provided by US EPA Center for Corporate Climate Leadership GHG Emission Factors Hub, due to methodology change by EPA based on improved data.
BUSINESS & RETAIL OPERATIONS	4,969,323	4,934,943	0.7%	275,102	273,406	0.6%	Restatement due to corrected energy use figures for some locations.
<b>TOTAL</b>	<b>62,045,520</b>	<b>63,942,998</b>	<b>(3.0%)</b>	<b>4,330,624</b>	<b>4,466,587</b>	<b>(3.0%)</b>	

## Appendix 4

### CTC Environmental Performance Glossary

METRICS	DEFINITIONS	DATA SOURCES
Annual realized benefits from sustainability initiatives	Values express a 12-month measurement of the realized benefits. Benefits are measured against a baseline which is defined as 'what would most likely have occurred in the absence of the sustainability initiative'. Ongoing benefits beyond this 12-month measurement are also reported where relevant. 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.
Costs avoided from sustainability initiatives	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 initiative'. Examples of cost avoidance reported include freight and energy cost avoidance. Values are reported in Canadian Dollars (CAD).	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.
Income earned from sustainability initiatives	Realized annual income earned 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 initiative'. Examples of income earned include revenue, incremental retail gross margin and recovered costs. Values are reported in Canadian Dollars (CAD).	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 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 initiative'. 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 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 generation from sustainability initiatives	Realized annual energy generated that has a lower GHG emissions intensity than energy generated through traditional means of power generation. 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 initiative	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 initiative'. Values are reported in metric tonnes of carbon dioxide equivalents (t CO <sub>2</sub> e).	GHG emission factor sources: Environment Canada's National Inventory Report 1990-2014; US Environmental Protection Agency Emission Factors for Greenhouse Gas Inventories, Nov. 19, 2015; International Marine Organization (IMO), Second GHG Study 2009; and IPCC's global warming potentials.
Waste avoided from sustainability initiative	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 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).

METRICS	DEFINITIONS	DATA SOURCES
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). The household average size for 2015 is not available, census are done every 5 years only.

### CTC Current Sustainability Initiatives, including Measurement Gaps

INITIATIVES	DEFINITIONS	BUSINESS GROUPS INVOLVED	MEASUREMENT GAPS
Product & Packaging Right-sizing	This sustainability initiative 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: reductions in product volume are always translated 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.
Damage Reduction	This sustainability initiative 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 by customers). Cost avoidance is derived from the damage cost avoidance. Waste avoidance is derived from avoided disposal of damaged products.	Logistics, Transportation, 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 initiative 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, Business Sustainability	No known measurement gaps.
Net New Builds	This sustainability initiative 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.	Real Estate Design & Construction, Third Party Consultant, Business Sustainability	No known measurement gaps.
Replacement Builds	This sustainability initiative 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.	Real Estate Design & Construction, Third Party Consultant, Business Sustainability	No known measurement gaps.
Demand Control Ventilation (DCV) Retrofits	This sustainability initiative measures the reduction in energy use, GHG emissions and costs from the installation of carbon dioxide sensors which allow the rooftop ventilation units to bring in additional fresh air based on carbon dioxide demand.	Real Estate Design & Construction, Business Sustainability	No known measurement gaps.
Relamping	This sustainability initiative 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.	Real Estate Design & Construction, Business Sustainability	No known measurement gaps.

INITIATIVES	DEFINITIONS	BUSINESS GROUPS INVOLVED	MEASUREMENT GAPS
Store Heating, Ventilation and Air Conditioning (HVAC) Upgrades	This sustainability initiative measures the reduction in energy use, GHG emissions and costs from the installation of new energy efficient HVAC units in Canadian Tire stores and the resulting reductions in electricity and natural gas use.	Real Estate Design & Construction, Third Party Consultant, Supply Chain, Business Sustainability	No known measurement gaps.
Roofing Retrofits	This sustainability initiative measures the reduction in energy use, GHG emissions and costs from 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.	Real Estate Design & Construction, Business Sustainability	No known measurement gaps.
Energy Recovery Ventilator (ERV) Installs	This sustainability initiative measures the reduction in energy use, GHG emissions and costs from the installation of Energy Recovery Ventilators at Canadian Tire stores and the resulting reductions in natural gas use, net of electricity use increases.	Real Estate Design & Construction, Business Sustainability	No known measurement gaps.
Lighting Retrofits	This sustainability initiative measures the reduction in energy use, GHG emissions and costs from the installation of energy efficient lighting. This includes lighting retrofits for Mark's stores, FGL stores, Petroleum canopy and stores and Distribution Centres.	Mark's Store Design, Petroleum, Supply Chain, Business Sustainability	No known measurement gaps.
Light-Emitting Diode (LED) Lighting New Builds & Renovations	This sustainability initiative measures the reduction in energy use, GHG emissions and costs from the installation of LED lighting in new builds and store renovations.	FGL Sports, Business Sustainability	No known measurement gaps.
Cooler Retrofits	This sustainability initiative measures the reduction in energy use, GHG emissions and costs from the installation of eTemp <sup>®</sup> product temperature sensors in Petroleum coolers. eTemp <sup>®</sup> technology simulates the thermal qualities of food and beverage and automatically relays this information to the existing thermostat or telemetry. Cooling cycles are reduced which reduces electricity consumption.	Petroleum, Business Sustainability	No known measurement gaps.
In-Store Decor Right-Sizing	This sustainability initiative measures the reduction in size and weight of in-store decor signage. Cost avoidance is derived from reduced labour time to install signage at store level, reduced product cost and reduced freight cost. Energy and GHG emissions avoidance is derived from reduced weight and cube resulting in reduced energy use to transport to stores. Waste avoidance is derived from the reduced weight of product at end-of-life.	Store Design, Transportation, Business Sustainability	GHG and energy avoidance from reduction in raw material and product manufacture.
Shelf Signage Right-Sizing	This sustainability initiative measures the reduction in cost and waste from cancelling store signage and size and substrate changes to remaining store signage. Cost avoidance is derived from reduced product cost. Waste avoidance is derived from the reduced weight of product at end-of-life.	Store Design, 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 seasonal signage in store. Cost avoidance is derived from reduced product cost. Waste avoidance is derived from the reduced weight of product at end-of-life.	Store Design, Business Sustainability	GHG and energy avoidance from reduction in raw material, product manufacture and product transport.
Electronic Statement (e-Statement) Conversion	This sustainability initiative measures the reduction in paper use, embedded energy, GHG emissions and costs as a result of Financial Services credit cardholders' conversion to an e-statement from traditional paper statements.	Financial Services Marketing, Business Sustainability	No known measurement gaps.
Electronic Credit Card Application Conversion	This sustainability initiative measures the reduction in paper use, embedded energy, GHG emissions and costs as a result of Financial Services transitioning to electronic as opposed to paper applications for MasterCard customers.	Financial Services Customer Acquisition, Business Sustainability	No known measurement gaps.
Balance Transfer Program	This sustainability initiative measures the reduction in paper use, embedded energy, GHG emissions and costs as a result of Financial Services credit cardholders receiving an enhanced statement with Balance Transfer marketing materials vs. a separate Balance Transfer marketing mailing.	Financial Services Marketing, Business Sustainability	No known measurement gaps.

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 and the enterprise margin reversal and non-recover cost avoidance resulting from customers seeking call centre support and warranty parts replacement instead of returning the products to the store.	Product Quality, Finance, Business Sustainability	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 7 provinces. The Corporation's incremental retail gross margin earned through these events is also reported.	Finance, 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.	Automotive Merchandising, 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 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 be lower impact than the traditional means of power generation. 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 revenue 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.
Provincial Product Stewardship Programs	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 77 stewardship programs across all provinces. CTC reports annual product stewardship payments by CTC based on net Point of Sale (POS) sales or shipments.	Product Environmental Stewardship, Finance, Business Sustainability	No known measurement gaps.

CTC Environmental Footprint Glossary, including Measurement Gaps

AREA OF MEASUREMENT	DEFINITIONS	MEASUREMENT GAPS
Corporate and Supply Chain Environmental Footprint	Environmental impacts and resources used throughout CTC's extended value-chain from raw material acquisition, product manufacturing, product transportation, buildings operations, business travel, product use and product end-of-life disposal. Metrics currently measured are energy, carbon and water from raw material acquisition to buildings operations.	Emissions related to non-retail products and waste; Employee commuting; Product use and product end-of-life.
Energy used and GHG emissions from Products	Energy used and GHG emissions from raw material acquisition and processing, transport to manufacturing site and manufacture of retail products. This includes all consumer units of Canadian Tire, PartSource, Mark's and FGL Sports retail products received in a given year by a store, distribution centre or third party warehouse on the Company's behalf. Includes energy used and GHG emissions from crude oil extraction, transport to refining sites and refining of fuels sold at Petroleum sites in a given year.	Gas+ kiosk products, Canadian Tire non-corporate products (products ordered directly from vendors by stores), Financial Services products, FGL Sports Corporate product shipped direct to stores.
Water used from Products	Water consumed from raw material acquisition and processing, transport to manufacturing site and manufacture of retail products. This includes all consumer units of Canadian Tire, PartSource, Mark's and FGL Sports retail products received in a given year by a store, distribution centre or third party warehouse on the Company's behalf.	Petroleum, Gas+ kiosk products, Canadian Tire non-corporate products (products ordered directly from vendors by stores), Financial Services products, FGL Sports Corporate product shipped direct to stores.
Energy used and GHG emissions from Product Transport	Energy used and GHG emissions from Canadian Tire fleet trucks and vehicles for the transport of Canadian Tire and PartSource products. Energy used and GHG emissions from third party vendors to transport Canadian Tire and PartSource retail products from the manufacturing vendor (Freight-on-Board (FOB) Point) to the store. Energy used and GHG emissions from third party vendors to transport Petroleum fuels from refining sites to stations.	FGL Sports, Mark's and Gas+ kiosk product transport. Less than 10% of Canadian Tire transport activity. Canadian Tire shipping packaging weights. Canadian Tire non-Corporate product transport. Hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs) from pipeline leakages and refrigerated trucks.
Energy used and GHG emissions from Business & Retail Operations	Energy used and GHG emissions from the operation of CTC's buildings and business air travel. This includes all operations across Canada including offices, distribution centres (DCs), Corporate/Franchise/Dealer/Agent stores within Canadian Tire, PartSource, Financial Services, Mark's, FGL Sports, Gas+ sites and Investment Properties.	HFCs and PFCs from refrigeration at Corporate and non-corporate locations. Canadian Tire and Petroleum fuel leakages.
Waste Generated at Corporate Locations & Greater Toronto DCs	Waste generated from the operation of Corporate locations and Greater Toronto Distribution Centres for which waste data was available. This includes offices, Petroleum, PartSource, Mark's, FGL Sports stores and Greater Toronto DCs.	Canadian Tire stores, Sport Expert and Mark's franchise locations, retail locations found in shopping malls where waste is consolidated, some Petroleum locations. Hazardous waste at the DCs, waste at non-Greater Toronto DCs.
Diversion Rate	Percentage of total waste disposed of in a manner excluding landfill. This includes recycling, incineration and organic waste composting.	No known measurement gaps.
Scope 1 emissions	Direct emissions from the combustion of on-site and mobile fuels that occur at, or are associated with, facilities and operations under the Company's operational control.	HFCs and PFCs from refrigeration units.
Scope 2 emissions	Indirect emissions that occur off-site from the production of energy, such as electricity, which is then purchased for use at facilities and operations under the Company's operational control.	No known measurement gaps.
Scope 3 emissions	Other indirect emissions from the Company's supply chain, such as emissions from non-corporate locations (Dealer/Franchise/Agent stores), product transport by third party and product manufacture by third party.	See Energy used and GHG emissions from Product, Product Transport and Business & Retail Operations comments in rows 3, 5 and 6 of this table.

## Appendix 5

### 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 <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). In this report, CO <sub>2</sub> e is measured in either tonnes (t, or t CO <sub>2</sub> e) or kilograms (kg, or kg CO <sub>2</sub> e).
Cradle-to-gate	The stages of a product's life cycle from raw material extraction (i.e. cradle) to the factory gate (i.e. before it is transported to CTC).
Emission Factors	Calculation factor used to measure greenhouse gases (GHG) released from the production/use of raw material/energy.
GHG Protocol	A multi-stakeholder collaboration facilitated by the World Business Council on Sustainable Development (WBCSD) and the World Resources Institute (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.
Greenhouse Gas (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).
Heating Degree Day (HDD)	The number of degrees that a day's average temperature is below 65° Fahrenheit (18° Celsius), the temperature below which buildings need to be heated.
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.
Tier 1 Supplier	A manufacturer that provides products directly to CTC.
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

TERM	DEFINITIONS
"CTC", "Company", "Corporation", "Enterprise"	Canadian Tire Corporation Limited.
Canadian Tire	Refers to the Company's general merchandise retail business.
Canadian Tire Real Estate Limited (CTREL)	A wholly owned subsidiary of CTC that manages CTC's real estate portfolio.
Change (B) / W	A negative change indicates a reduction in energy use and/or GHG emissions which is an improvement and indicated as Better (B), versus a positive change which indicates an increase in energy use and/or GHG emissions and is indicated as Worse W.
DC	Distribution Centre.
FGL Sports	Refers to the Company's retail business carried on by FGL Sports Ltd.
Financial Services	Refers to the business carried on by the Company's financial services division.
Gas+	Petroleum operates under the banner "Gas+".
Gigajoules (GJ)	A unit of measurement for energy use.
kg	Kilogram - the International System of Units base unit of mass.
m <sup>2</sup>	Square metres - the International System of Units measure for area.



TERM	DEFINITIONS
m <sup>3</sup>	Cubic metres - the International System of Units measure for volume.
Mark's	Refers to the Company's retail business carried on by Mark's Work Wearhouse Ltd.
PartSource	Refers to the Company's specialty automotive retail business.
Passenger-kilometres	A measure of distance-passenger calculated as the distance travelled by passengers in kilometres multiplied by the number of passengers on the journey. Used in the calculation of the business travel carbon and energy footprint.
Petroleum	Refers to the Company's retail petroleum business.
Square metres	Measurement of the buildings functional area. Canadian Tire retail store functional area includes ground coverage, mezzanine areas, other floors, and second level racking system. Garden Centres are excluded. For Canadian Tire Petroleum stations this includes convenience kiosks, gas bar canopies, car washes, and Pit-Stops. For Mark's, FGL Sports, PartSource and Financial Services locations, functional area is the equivalent of the gross leasable area.
t	Tonne (metric ton) - a unit of mass equal to 1,000 kilograms.
Tonne-kilometres	A measure of distance-weight calculated as the distance travelled from vendor to stores in kilometres multiplied by weight of products and related equipment in tonnes. Used in the calculation of the product transport carbon and energy footprint.