

CBSR Viewpoint: Canadian Tire 2011 First Quarter Report

As documented in the first-quarter 2011 business sustainability results, Canadian Tire demonstrated strong performance on the company's three core areas of sustainability: energy and climate, packaging and waste, and products and services. Canadian Tire continues to quantify the impacts of its business sustainability initiatives through forecasted annual avoided costs, energy use, greenhouse gas (GHG) emissions, and reductions in products and packaging waste. We commend Canadian Tire on its third consecutive quarterly report integrating the company's business sustainability and financial performance.

Canadian Tire made significant progress on the performance of its products and packaging, with 2011 first-quarter results outperforming those of the fourth-quarter in 2010. In particular, improvements were attained through right sizing of products and packaging and product damage reduction, estimated to avoid over \$600,000 and 300 tonnes of GHG emissions; and central energy management (CEM) system retrofits estimated to avoid over \$270,000 and 600 tonnes of GHG emissions over the year. Through influencing supply chain performance, Canadian Tire's ambitious business sustainability strategy reaches beyond its own operations (and into suppliers, vendors and transportation and logistics partners).

According to the Q1 report, Canadian Tire is proactively addressing the recommendations expressed by CBSR in previous quarterly reviews on target setting and capacity building in the supply chain. The Senior Vice President of Merchandising and Vice President of Global Sourcing launched an initiative involving over 400 vendors with the objective to reduce material use and size of products and packaging, fuel consumption of transported goods and costs. Performance targets to support these objectives were set for the 2011 operating plans. Collaborating with suppliers on reduction and optimization projects enables stronger performance results across its operations. Canadian Tire's business sustainability strategy is also shaping new governance initiatives within the corporation, where sustainability performance results are now linked with employee performance evaluations and incentive programs of buyers and the Senior Leadership Team.

In future quarterly results, CBSR recommends that Canadian Tire share information on estimates versus actual results for selected projects when sufficient data and observation time permit. This will validate the current valuation methodologies to produce estimates of forecasted savings. Further, it is advisable to provide a description of internal control processes underlying the documented data in order to provide stakeholders with additional confidence in the accuracy of reported figures.

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Canadian Business for Social Responsibility