Corporate Responsibility Plan

2016-2020

metro

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About Metro

Metro is a leader in the food and pharmaceutical distribution sectors in Québec and Ontario, where it operates a network of over 856 food stores and drugstores under several banners.

During the 2014 financial year[1]

Sales of
$11.6 billion

Adjusted net earnings of
$461 million

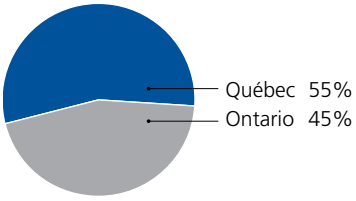
Over 4 million customers shop at our food stores on a weekly basis

RETAIL NETWORK (SEPTEMBER 2014)

Food sector

	Québec	Ontario	Total
Supermarkets	**207** METRO METRO PLUS	**141** METRO	**348**
Discount stores	**86** SUPER C	**122** FOOD BASICS	**208**
Partners	**6** ADONIS **23** PREMIÈRE MOISSON	**2** **1**	**8** **24**
Total	**322**	**266**	**588**

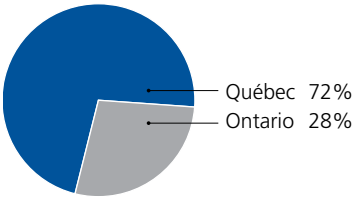
DISTRIBUTION OF FOOD STORES



Pharmaceutical sector

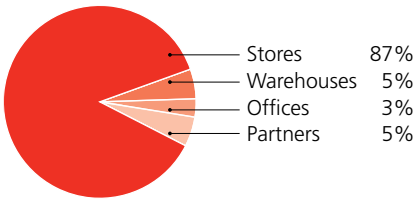
	Québec	Ontario	Total
Drugstores	**194** BRUNET BRUNET PLUS BRUNET TARGET BRUNET CLINIQUE CLINI PLUS	**74** METRO PHARMACY DRUG BASICS	**268**

DISTRIBUTION OF DRUGSTORES



65,000
employees[2]

FOODS STORES EMPLOYEES



1 2014 Annual Report, Company Profile, Financial Highlights
2 Including Metro's employees and those of its merchants

Message from the President and Chief Executive Officer

NEW STRENGTH FROM GREATER MATURITY IN SUSTAINABILITY

Work towards the same vision

Contribute to the fight against food insecurity
Promote responsible practices across our supply chain
Foster local purchasing and develop the communities in which we operate
Support healthy eating for the health of our customers

In 2010, when we launched our first corporate responsibility (CR) roadmap, we made the commitment to improve our CR performance. Driven by a serious and thoughtful approach, we ensured that our actions were in line with our business strategy and part of a broader social project.

It is with great pride that I look back very positively on this initial step. In recent years, our teams have focused their efforts on structuring our approach, mobilizing the employees in our vast network, supporting and raising awareness among our suppliers and creating strong ties with the organizations around us in order to make Metro a more responsible company.

From the very start, we knew that ours was a long-term process that is certainly not complete. Still, we are convinced that we have built a very solid foundation to support our future actions. We are therefore implementing our new corporate responsibility plan with new strength derived from our greater maturity in sustainability and more extensive knowledge of our impacts on society and the environment. We are also attuned to the business context in which we find ourselves, with intense competition, increasing consumer demands and more extensive regulations.

Metro has consistently adapted and we believe that our corporate responsibility approach now constitutes an asset that helps us forge ahead in an ever-changing environment. Setting out a formal plan supported by the executive team and board of directors enables us to structure our approach, prioritize our actions and make real, structural progress in terms of our social and environmental performances.

In the initial implementation phase of our corporate responsibility approach, we targeted Metro's food sector activities in Québec and Ontario. We are now ready to expand the scope of our strategy and have included two new entities in our approach: our partner Première Moisson, in which we acquired a 75% stake in August 2014, and our pharmaceutical activities. This integration will be gradual, in keeping with the realities of each group.

Together, we will continue to work towards the same vision: delighting our customers, respecting the environment, strengthening communities through our actions and empowering our employees. Several initiatives have been set in motion to attain these objectives. Some represent unique opportunities for us to make a real difference and maximize the social benefits: the unsold food we recover through our network contributes to the fight against food insecurity; our responsible procurement approach fosters best social and environmental practices throughout our supply chain; our local purchasing program creates development levers for the communities in which we operate and our extensive network enables us to help consumers make healthy eating choices, benefitting their overall health. We plan to focus more particularly on the development and implementation of these major initiatives.

We approach our next corporate responsibility plan with the same determination that has contributed to Metro's performance.

Eric R. La Flèche

Message from the Senior Director of Corporate Affairs

A SPRINGBOARD TO LAUNCH TRANSFORMATIONAL INITIATIVES

The presentation of our new CR plan is a very exciting step, as we reflect on our journey so far and plan for the future. Helping to make Metro a more responsible corporation is a stimulating challenge. We must remain aware of issues that could impact our activities and of opportunities that could generate benefits for society. Taking part in structuring initiatives in our industry and cultivating ongoing relationships with our key stakeholders are among some of our key approaches to reach this goal.

This new CR plan is driven by many of our employees, who work daily to ensure that our business practices are in line with our corporate responsibility commitments and objectives. Our teams see to the implementation of the plan in all of our business sectors. With the support of management, we have developed a series of tools to continue to structure our approach. This work enables us to ensure the consistency of our actions and ultimately create value for all of our stakeholders.

We are confident that the 2016-2020 Corporate Responsibility plan will help us further enhance our business practices in the years to come.

Marie-Claude Bacon

Corporate responsibility at Metro

At Metro, corporate responsibility is driven by:

- **consideration of the economic, social and environmental aspects of sustainable development**
- **the adoption of responsible and ethical business practices as part of structured initiatives**
- **our executives' commitment to implementing the plan and ensuring corporate accountability**

Metro's strategic vision

METRO INC.

VISION

THE BEST CUSTOMER EXPERIENCE IN EACH OF OUR BANNERS

MISSION

Exceed our customers' expectations every day to earn their long-term loyalty

PILLARS

CUSTOMER FOCUS | **BEST TEAM** | **EXECUTION** | **EFFICIENCY**

CORPORATE RESPONSIBILITY

PROFITABLE GROWTH

We intend to fulfill our responsibility to society through these commitments:

Our commitments					
Ensuring Metro's financial strength and delivering the returns that our shareholders expect	Treating our employees fairly and creating an ethical and stimulating work environment	Offering customers fairly priced products that meet their needs and requirements while implementing responsible procurement practices	Building solid business relationships with our suppliers	Enabling communities to benefit from Metro's activities	Demonstrating to the whole of society that Metro carries out its activities in an ethical and environmentally responsible manner from a sustainable development perspective

Highlights of Metro's CR

Driven by the leadership of its executives and employees, mergers, acquisitions and innovations, Metro has been making steady progress since 1947. The corporation has also spearheaded structuring projects that constitute milestones in its corporate responsibility approach.

1947 2015

METRO **MAJOR MILESTONE**		CORPORATE RESPONSIBILITY **KEY INITIATIVES**
Founding of the corporation when a few food retailers join forces to create a buying group	**1947**	
The organization becomes a publicly traded company	**1986**	Twelve years before the Tobacco Act came into effect, Brunet was the first chain to remove tobacco products from its shelves
Acquisition of McMahon Distributeur pharmaceutique inc.		
	1989	Brunet became the first chain to stop selling products containing chlorofluorocarbons (CFCs), the principal cause of ozone layer destruction
Entry into the Ontario market when Metro acquires 42 Loeb supermarkets	**1999**	
Consolidation of Metro's position in Ontario with the acquisition of A&P Canada	**2005**	
	2006 January	Metro becomes the first food retailer to introduce reusable bags in stores in Canada
	2009 September	Launch of the Metro *Green Apple School Program* to fund environmental initiatives in schools
	2010 June	Implementation of the Sustainable Fisheries Policy
	2010 September	Introduction of Metro's corporate responsibility roadmap
Partnership agreement with Marché Adonis and Phoenicia	**2011** October	
	2012 April	Publication of Metro's first corporate responsibility report
	2012 June	Metro's first participation in Équiterre's community-supported agriculture project
		Launch of the collection of organic waste program in Metro and Super C stores
	2012 September	Realignment of the Metro *Green Apple School Program*'s mission to encourage students develop healthy eating habits
	2013 May	Publication of the corporate responsibility report update
		Adoption of Metro's Local Purchasing Policy
	2013 October	Launch of *My Healthy Plate with Metro*, a program which helps consumers make healthy eating choices
	2014 April	Winner of the sustainable development – large corporation award at the Gala des Mercuriades presented by the Fédération des chambres de commerce du Québec
	2014 June	Publication of the second annual corporate responsibility report update
Partnership agreement with Première Moisson Bakery to acquire majority interest	**2014** August	Start of the roll out of the food recovery program in Metro stores in collaboration with Moisson Montréal and Moisson Québec
	2015 May	Publication of the corporate responsibility report update
	2015 November	**Unveiling of the 2016-2020 Corporate Responsibility Plan**

Governance

We have set out the following principles to ensure the implementation of our corporate responsibility plan:

- **integrate CR into the corporate decision-making process**
- **proactively determine priority issues based on their importance to Metro**
- **maintain ongoing relations with our external stakeholders**
- **mobilize and support our internal teams in the achievement of our CR objectives**

Responsibilities

Corporate responsibility governance is an integral part of the corporate management structure, making it possible to implement and follow up on governance and control mechanisms in order to ensure the prudent and consistent management of CR issues at Metro.

Board of directors	• Metro's board of directors (BOD) is elected by the shareholders and is responsible for the management of the affairs of the corporation in all respects. • In 2010, the BOD approved Metro's first corporate responsibility roadmap. • The current 2016-2020 Corporate Responsibility Plan was approved by the BOD in November 2015. • The BOD approves annual corporate responsibility reports and updates.
Management committee	• The management committee is responsible for the day-to-day management of the corporation's operations. • Management ensures that CR priorities are in line with the corporation's business strategy and follows up on the attainment of the corporate objectives. • Every member of the management committee is responsible for a priority outlined in the CR plan.
Senior director, corporate affairs	• The senior director of corporate affairs defines the CR strategy in keeping with the business strategy. • She reports to the management committee on the activities and progress regularly.
Senior CR advisor	• The senior CR advisor ensures compliance with guidelines and oversees the management of the CR plan. • She coordinates internal teams, thematic committees and stakeholder relations
Initiative leaders and thematic committee members	• Each initiative in the CR plan is led by a Metro employee, who ensures its advancement and reports to the senior CR advisor. • Ad hoc committees are created for specific projects. Currently, there are three thematic committees: local purchasing, sustainable fisheries and environment.

Stakeholder relations

All corporate activities influence society. For a food retailer such as Metro, these activities impact a significant number of people. It is therefore understandable that our ways of doing business would interest those within and outside the corporation who are concerned with our decisions.

We have worked to determine and prioritize our stakeholders and are developing a series of means to maintain ongoing productive relationships with them.

External
Beyond the company, in addition to being attuned to the stakeholders that engage us, we are adopting an increasingly proactive approach towards them that enables us to better grasp their concerns and work in collaboration with them to set out opportunities for improvement.

Internal
Within the company, we aim to inform our employees and merchants of our CR commitments and the ways in which they can contribute to help us reach our objectives. Their mobilization is key to the success of our projects.

Stakeholder	
Internal	• Employees • Merchants
External	• Shareholders • Customers • Suppliers • Program partners • Agri-food sector actors • Industrial associations • Interest groups • Governments

Means to support dialogue
• Thematic questionnaires • Surveys • Individual and group meetings • Information sharing • Training • CR activity reports (annual and ad hoc)

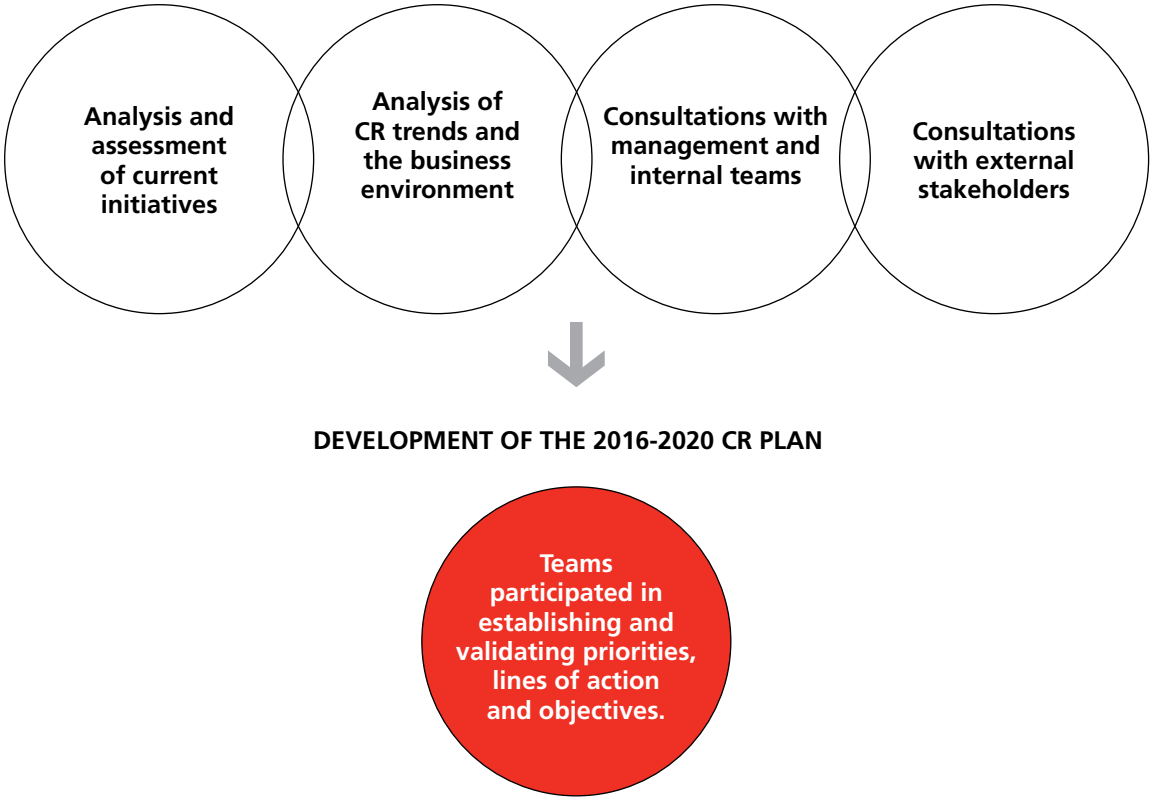
Approach to develop the 2016-2020 CR Plan

The development of the 2016-2020 Corporate Responsibility Plan was an opportunity to look back on the road we have traveled since the launch of our first CR roadmap in 2010 and reflect on our best options to continue our progress.

As we do for every structuring initiative we set forward, we have adopted a rigorous approach and taken the time required to build a solid foundation for the new plan. The approach was developed over several months, during which we assessed our current projects and results and identified our successes and challenges. As part of this exercise, we also focused on determining the needs of our internal and external stakeholders. We engaged in discussions with our teams, identified industry-wide issues and analyzed corporate responsibility trends.

In doing so, we gained better knowledge of the environment in which we are evolving and are better able to prioritize our future actions, especially targeting those that are important to our corporation.

Approach leading to the adoption of our 2016-2020 CR Plan



CR action plan

Our 2016-2020 CR Plan builds on our previous initiatives. The results of our approach confirmed that the four pillars that currently constitute the foundations of our CR approach – delighted customers, respect for the environment, strengthened communities and empowered employees – remain relevant.

Scope of the action plan

Metro's first roadmap focused on the corporation's activities in the food stores in Québec and Ontario (Metro, Super C and Food Basics banners) and targeted all of our stores (corporate, franchised and affiliated).

With the 2016-2020 plan, we are expanding the scope of our CR initiatives to our partner Première Moisson and to our pharmaceutical activities (Distribution McMahon and the Brunet network of drugstores). The same comprehensive CR approach that structures the Metro banners in the food sector will also apply to Première Moisson and McMahon. CR initiatives in these activity sectors will be progressively launched. We will assess current projects and spearhead new actions based on each group's business realities.

The action plan that we are presenting targets Metro's food sector. Specific activities by our partner Première Moisson and our pharmaceutical group were also integrated.

Delighted customers

Meeting the needs and expectations of customers is at the core of Metro's business strategy. We aim to offer choices that meet our customers' criteria in terms of freshness, cost and wellbeing. Beyond this, we are working towards making our supply chain more responsible and more committed to the adoption of leading practices and standards.

Priorities	Lines of action	Objectives	Target dates
1 **Ensuring food quality and safety**	Food safety certification for Metro suppliers	Aim for 100% of Metro's private brand suppliers having a certification recognized by the GFSI[1]	2020
		Aim for 100% of Metro's fruit and vegetable suppliers having a certification recognized by the GFSI[1]	2020
		Document current voluntary standards and certifications for other product categories	2017
	Quality control of the products sold by Metro	Aim for 100% of Metro's private brand products being quality controlled by the internal quality assurance department	2019
	Première Moisson Certification for Première Moisson plants	• Baie-D'Urfé plant: maintain GFSI[1] SQF[2] Level 3 certification • Dorion plant: meet the requirements of the GMP[3] audit and receive HACCP certification • Implement the HACCP system for bakery production	Annual basis 2016 2018
2 **Promoting health**	Offer of private brand products that foster healthy eating	Increase by 10% the number of private brand products in the lines that foster healthy eating	Annual basis
	Promotion of food products that foster healthy eating	Review the criteria to select the good choice and great choice product options in the *My Healthy Plate with Metro Program*	2016
		Improve the process to identify good choice and great choice product options in stores	2016
	McMahon Support for patients in the management of their health by providing products and advice through our network of drugstores	Provide pharmacists with professional programs focused on patient health	Ongoing
		Provide customers with advice on healthy eating, physical activity and psychological wellbeing	2016
3 **Offering responsible products**	Responsible purchasing practices	Release the responsible purchasing framework and initiate its implementation	2016
		Première Moisson Implement the purchasing criteria set out in the responsible purchasing practices guide	2016
	Supplier code of conduct	Review the supplier code of conduct based on the responsible purchasing framework	2016
		Implement the supplier code of conduct in keeping with the scope of the framework	2016
	Local purchasing (see the Strengthened communities pillar)		
	Sustainable fisheries	Review the Sustainable Fisheries Policy and initiate its implementation	2016
	McMahon Profile of boutique-sector purchases in the drugstore network	Compile private brand product purchases and determine issues and levers	2016

1 GGFSI: Global Food Safety Initiative. 2 SQF: Safe Quality Foods program, 3 GMP: Good Manufacturing Practices

Respect for the environment

The continual improvement of Metro's environmental performance is driven by the rigour of its processes and the optimization of its practices. Through the company's environmental management system (EMS) and the implementation of structuring projects, Metro ensures that its teams focus on the aspects that most contribute to the company's environmental footprint or relate to recognized international issues and for which their efforts could yield the most significant benefits.

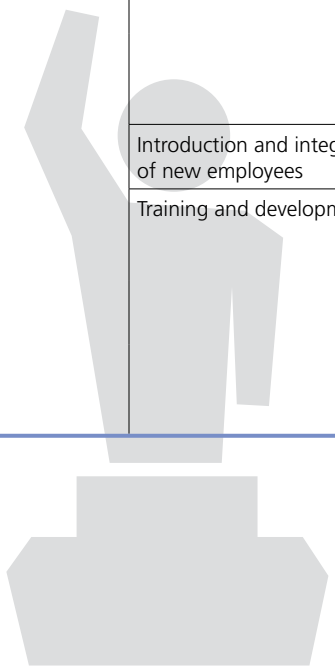
Priorities	Lines of action	Objectives	Target dates
1 **Optimizing the energy consumption of our buildings**	Reduction of our energy consumption (electricity and natural gas)	In new constructions, integrate efficient features and equipment to increase building energy efficiency by 5% or more as compared to stores built in 2010	Ongoing
		Select, audit and retrocommission ten stores to increase their energy efficiency by 5 to 10% as compared to their original performances	Annual basis
		Enhance outdated mechanical systems when major renovations are undertaken	Ongoing
		Pursue efforts to raise awareness in stores by providing additional employee tools	Ongoing
		Première Moisson Replace equipment at the end of its life cycle with less energy-intensive options	Ongoing
2 **Managing our waste**	Organic and multimaterial (cardboard, paper, plastic, glass, metal) recovery	Develop a specific waste management plan for corporate stores and franchises in Québec and Ontario	2020
		Strive to achieve zero waste to landfill according to the U.S. Zero Waste Business Council's Zero Waste program (90% waste diversion rate) in the corporate stores and franchises in Québec and Ontario enrolled in the recovery programs.	2020
	Construction waste recovery	Optimize construction waste management	2020
	Première Moisson Multimaterial and organic waste recovery	Implement the program across the network	2017
3 **Enhancing the energy efficiency of our merchandise transport**	Adoption of leading practices in energy-efficient transport fleet operations	Reduce the number of empty runs on delivery returns	2018
		Use the most energy-efficient equipment when renewing contracts	2018
4 **Optimizing packaging and printed materials**	Packaging and printed materials optimization	Release the packaging and printed materials optimization policy	2016
		Implement the packaging component of the optimization policy at Metro and McMahon	Metro: 2016 McMahon: 2017
		Première Moisson Ensure the implementation of its packaging optimization guide	2016
		Implement the printed material component of the optimization policy at Metro and McMahon	Metro: 2016 McMahon: 2017

Strengthened communities

For over 65 years, we have contributed to the economic and social wellbeing of the communities in which we are present. Our corporate responsibility approach stems from these values and serves to further structure and systematize our community involvement today. Through our actions, we aim to make positive contributions to communities by expanding the scope of our approach and the benefits for those around us.

Priorities	Lines of action	Objectives	Target dates
1 **Investing in the communities in which we are present**	Food security	Implement the food recovery program across Québec (based on partner availability)	2020
		Begin implementation in Ontario	2016
	Promotion of healthy eating habits in the community through the *Green Apple School Program*	Target the scope of the program to increase fruit and vegetable consumption in young people	2016
	Corporate philanthropy	Pledge 1% of Metro's average net profits in the last three financial years	Annual basis
2 **Support local suppliers**	Local purchasing program	• Implement the Local Purchasing Policy across Québec • Launch the Ontario component of the Local Purchasing Policy	2017 2016
		Première Moisson Foster the local purchase of high-volume ingredients	2020

Empowered employees

The 65,000 people who make up the Metro team in Québec and Ontario are the company's driving force. They are at the core of our client approach, which is focused on the quality and commitment of the members of our team. Our culture aims to ensure a balance between employee wellbeing and organizational effectiveness. Just like the customer experience, the employee experience is a priority for Metro. Our goal is therefore to offer a work environment in which our employees' talents and aspirations are recognized and supported.

Priorities	Lines of action	Objectives	Target dates
1 **Ensuring occupational health and safety (OHS)**	Activities of the OHS committee • Prevention and training • Communications • Program management	• Reduce accident frequency and severity over previous year • Reduce the number of lost days over previous year • Increase the number of modified duty days over previous year • Monitor CSST/WSIB costs	Ongoing Annual basis
2 **Promoting an ethical and respectful work environment**	Conflicts of interest and professional ethics policy	Review and launch the policy	2016
	Policies to continue to foster an ethical and respectful work environment	Review and launch the policies	2016
	Employee assistance program	Review and update employee assistance program	2016
3 **Offering a work environment focused on positive relations**	Fair pay	Update and implement a revised total compensation program	2018
	Open and positive corporate culture	Update how the contributions of longstanding Metro employees are highlighted	2019
		Reinforce open communications within the company by leveraging technology	Ongoing
		Maintain positive employee relations	Ongoing
	Diversity (women, people with disabilities, ethnic groups, aboriginal, etc.)	Draft and implement a diversity policy	2016
		Foster the integration of new immigrants in the Québec job market	Ongoing
		Foster career development for women to access management positions	Ongoing
4 **Developing talent**	Recruitment	Increase new grads hiring (colleges and universities) 10% more than 2014 by end of 2016	2016
		Offer internships to high school, college and university students to foster skills development and support them in their career choices	2019
	Introduction and integration of new employees	Review and implement the orientation program	2016
	Training and development	Create a leadership development program for all employees with people responsibilities (develop one module per year)	2019
		Foster internal mobility: 80% of promotions are awarded to internal candidates	Ongoing
		Review performance assessment process and tool to ensure they support employee needs and foster the development of each employee	2017