

Methodology for reporting our GHG emissions

Update
December 2022

metro



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Section 1: Our Commitment

Climate change is one of the biggest challenges facing the world today and METRO understands that it is not immune to its effects. We must all play our part to limit the consequences and METRO is committed to taking action to minimize its environmental impacts.

To understand our contributions to climate change, METRO calculates its greenhouse gas (GHG) emissions to determine the impact of its activities and to support METRO’s annual public disclosures, METRO’s corporate responsibility report, internal GHG reporting, and GHG target setting. We use the results of the annual GHG emissions inventory to track and communicate progress against our short and long-term emissions targets and assess the impact of implemented reduction initiatives. In addition, a GHG inventory allows us to better manage our GHG related risks and identify further reduction opportunities for future action.

1.1 Our Baseline Year Emissions

Our baseline year refers to the GHG emissions from our fiscal year 2020 (October 2019 to September 2020) operations. However, we will be disclosing our GHG emissions based on a new reporting period occurring from July-June for a given year. Although a change in our reporting period has occurred for future years, we have determined that there is no significant change in our emissions for our baseline year, which is expressed below based on the fiscal reporting period.

Table 1 – Fiscal Year 2020 GHG Inventory

Emission Source	GHG Emissions (Tonnes CO2e)	% of Total Emissions
Scope 1		
Stationary Combustion	80,676	17.56%
Mobile Combustion	19,918	4.34%
Refrigerant Leakage	170,163	37.04%
Volatile Organic Compounds	4	<0.01%
Scope 1 Total	270,761	58.94%
Scope 2		
Electricity	17,872	3.89%
Scope 2 Total	17,872	3.89%
Scope 3		
Business Travel	1,031	0.22%
Waste	53,924	11.74%
Upstream Transportation and Distribution	59,549	12.96%
Franchises	56,266	12.25%
Scope 3 Total	170,769	37.17%
Overall Total	459,402	100%

Section 2: Our Methodology

METRO’s approach to calculate its GHG inventory, including the calculations, boundaries, methodologies and assumptions are described below. Our GHG inventory is reported in metric tons of carbon dioxide equivalents or tCO₂e. This methodology is based on the principles of the [GHG Protocol Corporate Standard](#) and associated guidance documents.

2.1 Organizational boundary

METRO uses the operational control approach to define its organizational boundary, where it is required to account for all of the GHG emissions from operations over which it has the authority to introduce and implement operating decisions and policies. Using this approach, we assessed each of our banners, subsidiaries, and operations to determine their inclusion within our boundary of reporting.

Table 2 – Summary of METRO’s organizational structure and operational control

Category	Banner/Subsidiary/ Operation	Applicable geographies	Ownership Type	Operational Control?
Food	Metro corporate stores	Ontario & Québec	Wholly owned	Yes
Food	Metro franchise stores	Québec	Partially owned	Yes
Food	Super C stores	Québec	Wholly owned	Yes
Food	Adonis stores	Québec & Ontario	Wholly owned	Yes
Food	Central Kitchen production facility	Québec	Wholly owned	Yes
Food	Food Basics stores	Ontario	Wholly owned	Yes
Food	Phoenicia Group production facility & distribution centres	Québec & Ontario	Wholly owned	Yes
Food	Première Moisson production facilities	Québec	Wholly owned	Yes
Food	Première Moisson – METRO corporate retail bakeries	Québec	Wholly owned	Yes
Food	METRO corporate distribution centres	Québec & Ontario	Wholly owned	Yes
Food	JBS foods – METRO-dedicated production facility in Belleville	Ontario	Associated entity (consolidated in financial accounts)	No
Food	Metro affiliate stores and Richelieu affiliate stores	Québec	Store operated by an affiliate retailer under an affiliate agreement	No
Food	Metro franchise stores	Ontario	Store operated by a franchisee under a franchise agreement	No
Food	Première Moisson - affiliate retail bakeries	Québec	Partially owned and operated by an affiliate under an affiliate agreement	No
Food	Affiliate convenience stores (e.g. Ami, Gem)	Québec	Store operated by an affiliate retailer under an affiliate agreement	No
Food	METRO-specific private brand product production facility	Québec & Ontario	Not owned by METRO	No
Pharmacy	Groupe Jean Coutu/ McMahon corporate DCs	Québec & Ontario	Wholly owned	Yes

Category	Banner/Subsidiary/ Operation	Applicable geographies	Ownership Type	Operational Control?
Pharmacy	Groupe Jean Coutu franchise pharmacy stores	Québec, Ontario & New Brunswick	METRO subsidiary The Jean Coutu Group (PJC) Inc. is franchisor and wholesaler of PJC banner pharmacies	No
Pharmacy	Brunet franchise pharmacy stores	Québec	METRO subsidiary McMahon is franchisor and wholesaler of Brunet banner pharmacies	No
Pharmacy	Metro Pharmacies	Ontario	Wholly owned	Yes
Pharmacy	Food Basics Pharmacies	Ontario	Wholly owned	Yes
Pharmacy	Pro Doc production facility	Québec	Wholly owned	Yes
Real Estate	METRO-owned shopping centres (common areas)	Québec & Ontario	Wholly owned	Yes
Real Estate	METRO-owned shopping centres (leased areas)	Québec & Ontario	Wholly owned but leased	No
Real Estate	METRO leased or owned office buildings/space	Québec & Ontario	Multiple: Wholly owned OR Not owned but have an operating lease	Yes

2.2 Operational boundaries

As per the GHG Protocol Corporate Standard, GHG emissions are separated into three categories: Scope 1, Scope 2, and Scope 3.

The GHG Protocol requires the inclusion of all material Scope 1 and Scope 2 emissions in a GHG inventory. Reporting on Scope 3 emissions is optional under the GHG Protocol, though it is best practice to include Scope 3 emissions sources that are material or significant to a company's operations.

The activities and sources of emissions which we currently report include:

- Scope 1 emissions:** Direct emissions from sources owned or controlled by METRO. Sources of Scope 1 emissions includes fuel combustion from both stationary and mobile sources, fugitive emissions from the leakage of refrigerants, and volatile organic compounds (VOCs). Note that although the GHG Protocol recommends disclosing non-Kyoto gases separately from emissions reporting, METRO decided to include non-Kyoto gas refrigerants (i.e. CFC/HCFC) in our emissions inventory as these gases represent a sizable portion of refrigerants used in our operations. METRO is phasing out non-Kyoto gases, and believes reporting on emissions from these gases enables greater transparency throughout our phase-out plan and continued emission reduction plan.
- Scope 2 emissions:** Indirect emissions from the consumption of purchased grid electricity and other similarly distributed energy types such as steam, hot water and chilled water. Sources of Scope 2 emissions from our operations only includes electricity consumption; METRO does not purchase heat, steam or chilled water.
- Scope 3 emissions:** Other indirect emissions within our value chain. Please see the list of Scope 3 categories reported on and their associated activities in table 3. Additional Scope 3 categories are currently being assessed and will be reported on in the future, if deemed relevant.

Table 3 – List of Scope 3 categories currently being reported

Scope 3 Category	Activities
Franchises	Emissions from franchise stores, including the following banners: Metro franchise stores, Marché Richelieu, Première Moisson independent stores, Jean Coutu and Brunet pharmacies
Upstream Transportation and Distribution	Emissions from third-party transportation and distribution services purchased by METRO, including outbound distribution between METRO's own facilities (excluding storage of purchased products).
Waste Generated in Operations	Emissions from the disposal and treatment of waste from retail stores and distribution centres. Waste generated from offices is not included because it is deemed immaterial compared to waste generated throughout stores and distribution centres.
Business Travel	Emissions from the transport of employees for business-related activities in vehicles not owned or operated by the company. This includes transportation by air travel, rail travel, and business travel in personal vehicles and taxis.

2.3 Exclusions

Due to data gaps and/or challenging data collection procedures, several emissions sources/activities that are within METRO's organizational and operational boundaries have not been quantified in the current GHG inventory. As our reporting progresses, we will continue to improve the quality and coverage of our data and will work to obtain actual data for these sources in the future.

2.3.1 Exclusions from Scope 1

- The consumption of propane from the use of forklifts and floor machines in warehouses is excluded from the inventory. Most forklifts are battery powered. Omissions of propane emissions from floor machines are expected to be immaterial to the overall GHG inventory;
- Emissions of refrigerant leaks from transport trailers are also excluded due to data gaps; refrigerant leaks from HVAC (heating, ventilation, air-conditioning) equipment are also excluded as the leakage from these sources are deemed immaterial based on an internal assessment;
- Due to limitations in data collection for stationary combustion, the following sources are excluded from METRO's Scope 1 emissions calculations:
 - Any office that is not located in a warehouse and for which energy consumption is not monitored.
 - Any owned common spaces in shopping centres or office buildings for which energy consumption is not monitored.

2.3.2 Exclusions from Scope 2

- Due to limitations in data collection for electricity, the following sources are excluded from METRO's Scope 2 emissions calculations:
 - Any office that is not located in a warehouse and for which energy consumption is not monitored.
 - Any owned common spaces in shopping centres or office buildings for which energy consumption is not monitored.

2.3.3 Exclusions from Scope 3

- Due to limitations in data collection for upstream transportation, METRO does not currently include the following in its upstream transportation:
 - Transportation and distribution of products purchased between METRO and its tier 1 suppliers in third-party vehicles due to challenging data collection requirements.

- Storage of purchased products predominantly occurs at METRO-owned distribution centres; where storage in third-party warehouses occurs, these spaces are typically shared with other retailers. For these reasons, emissions are considered negligible.
- The following Scope 3 categories in Table are not currently included in METRO’s GHG inventory.

Table 4 – Scope 3 categories not calculated

Scope	Category	Description
Scope 3	Purchased Goods and Services	Relevant, not yet calculated
Scope 3	Capital Goods	Relevant, not yet calculated
Scope 3	Fuel- and Energy-Related Activities not included in Scope 1 or Scope 2	Relevant, not yet calculated
Scope 3	Employee commuting	Relevant, not yet calculated
Scope 3	Upstream leased assets	Not relevant; METRO incorporates upstream leased assets in scope 1-2
Scope 3	Downstream transportation and distribution	Relevant, not yet calculated
Scope 3	Processing of sold products	Not relevant
Scope 3	Use of sold products	Relevant, not yet calculated
Scope 3	End-of-life treatment of sold products	Relevant, not yet calculated
Scope 3	Downstream leased assets	Relevant, not yet calculated
Scope 3	Franchises	Emissions from Affiliate convenience stores (Ami, Gem, Servi-Plus)
Scope 3	Investments	Not relevant

2.4 Data collection

The input data used to calculate our GHG emissions, such as fuel consumption, is collected and managed by the relevant departments. During the reporting year, the Environment and Technical Risk Management Department liaises with internal data providers to gather and compile the required data to build the inventory. Once the data has been compiled, the inputs are entered into our GHG inventory calculation Excel tool by the Environment and Technical Risk Management Department to calculate our CO₂e emissions.

2.5 Data gaps and estimations

Although METRO can obtain data for a large portion of our operations, there are some operations for which we do not yet have the resources in place to capture the necessary data and so require estimations. Where appropriate, we will estimate the emissions from these gaps using the most appropriate data and assumptions available (e.g. estimated fuel consumption based on available literature).

Table 5 – Data gaps and estimation methodology applied

Emitting Activities Under our Operational Control	Estimation Methodology Applied
Stationary combustion (for stores where quantifiable data is not available)	Based on average consumption intensity derived from an internal study of stores with similar operations and geographic locations
Propane (floor burnishers)	Based on average consumptions provided by subcontractors
Diesel stationary combustion (generators)	Based on data from an internal study
VOC consumption	Based on calculation from American Energy Alliance Energy and Environment (2007) and data inputs from internal operations and the Safety Data Sheet of the solvent
Refrigerant leaks (in stores)	10% leakage rate for stores based on data from an internal study
Electricity (for stores where quantifiable data is not available)	Based on average consumption intensity derived from an internal study of stores with similar operations and geographic locations
Waste (for stores where quantifiable data is not available)	Based on average waste intensity derived from an internal study of stores with similar operations and geographic locations
Emitting Activities not Under our Operational Control	Estimation Methodology Applied
Franchises (Stores - Scope 1 and Scope 2 emissions)	Based on average energy consumption intensity derived from stores with actual data with similar operations and located in similar geographies

2.6 Emissions factors

Emissions factors used in the calculation of our GHG inventory are presented in Table 6 [Table 6 – Emission factor sources](#) below. Emission factors are sourced from reputable third-party organizations, typically government reports. Emissions factors are updated on an annual basis.

Table 6 – Emission factor sources

Emissions source	Emissions factor sources
Natural Gas	Canada National Inventory Report 1990-2019; Published in 2022 Part 2, Annex 6; Table A6.1-1 and A6.1-2
Propane/diesel	EPA Emission Factors for Greenhouse Gas Inventories, April 2021, Table 1
Fleet/mobile combustion	Canada National Inventory Report 1990-2019; Published in 2022 Part 2, Annex 6; Table A6.1-14
Refrigerants	IPCC AR6 Climate Change 2021: The Physical Science Basis; Published in 2021 Chapter 7; Table 7.SM.7
Electricity	Canada National Inventory Report 1990-2019; Published in 2022 Part 3, Annex 13; Table A13-6 and A13-7
Waste generated in Operations	EPA Emission Factors for Greenhouse Gas Inventories, April 2021, Table 9
Business Travel	EPA Emission Factors for Greenhouse Gas Inventories, April 2021, Table 10
Upstream Transportation	Canada National Inventory Report 1990-2019; Published in 2022 Part 2, Annex 6; Table A6.1-14

2.7 Approach for baseline restatements

METRO uses fiscal year 2020 as the base year for its emissions calculations and target setting. We will recalculate our baseline emissions when one or multiple events result in a significant change to GHG emissions. Significant events that may trigger a recalculation include structural changes, methodological changes, or errors.

A structural change involves the transfer of ownership or control of emissions-generating activities or operations from one company to another. While a single structural change might not have a significant impact on the base year emissions, the cumulative effect of multiple minor structural changes can result in a significant impact. Structural changes include:

- Mergers, acquisitions, and divestments
- Outsourcing and insourcing of emitting activities

In addition to structural changes, the GHG Protocol requires that significant methodological changes or error identification shall also trigger recalculation of base year emissions, such as:

- Changes in calculation methodology or improvements in the accuracy of emission factors or activity data that result in a significant impact on the base year emissions data
- Discovery of significant errors, or multiple cumulative errors, that are collectively significant.

METRO will assess its emissions relative to its base year at the end of each fiscal year. METRO will adjust its base year if structural changes, methodological changes, or errors result in a significant change in emissions, classified as changes equal or greater than 10%. Nevertheless, METRO may choose to adjust its base year because of any changes it deems material, even if those changes do not result in a +/- 10% change in emissions from its base year.

2.8 Reporting and next steps

METRO will continue to report on its GHG inventory on an annual basis along with its progress against its commitments through its GHG Annual Report, Corporate Responsibility Report, [GHG Emissions Infosheet](#) and other disclosures (such as the CDP). METRO will also disclose progress against its GHG target annually through one or more of its aforementioned reports.