

2016 Corporate Responsibility Report

For 2015 fiscal year



metro

Company profile

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With annual sales of over \$12 billion and over 65,000 employees, Metro is a leader in food and pharmaceutical distribution in Québec and Ontario, where it operates or supplies a network of 590 food stores under several banners, including Metro, Metro Plus, Super C, Food Basics, Adonis and Première Moisson, as well as 254 drugstores under the Brunet, Metro Pharmacy and Drug Basics banners.

RETAIL NETWORK

	Québec	Ontario	Total
Stores	207 METRO METRO PLUS	136 METRO	343
Discount stores	89 SUPER C	124 FOOD BASICS	213
Partners	7 ADONIS 24 PREMIÈRE MOISSON	2 ADONIS 1 PREMIÈRE MOISSON	9 25
Total	327	263	590
Drugstores	181 BRUNET BRUNET PLUS BRUNET CLINIQUE CLINI PLUS	73 METRO PHARMACY DRUG BASICS	254

STORES

metro

metro
PLUS

PARTNERS

MARCHÉ
ADONIS
Un univers de fraîcheur

P
PREMIÈRE
MOISSON

DISCOUNT STORES

super C

food
Basics

DRUGSTORES

Brunet

CLINI PLUS

metro
pharmacy

food
Basics
Pharmacy



Message from the President and Chief Executive Officer

POSITIVE RESULTS OF OUR FIRST IMPLEMENTATION PHASE

Concrete reduction of our environmental footprint
Implementation of responsible procurement practices
Development of a comprehensive approach to health
Launch of concrete projects in the communities in which we operate

The work carried out this past year has been very enriching. We came to the end of our first corporate responsibility (CR) roadmap (2010) and set out a new 2016-2020 CR plan (November 2015). Building on these solid foundations, we look ahead with confidence.

The process has shown us that our approach is firmly anchored within our entire organization. Our employees are engaged around common priorities.

We had set ambitious objectives for this first phase. The programs and initiatives implemented by our teams have been successful. We draw up a positive statement.

Respect for the environment

Our waste management and energy consumption targets were demanding:

- Reduce our landfilled waste by 25% as compared to 2010
- Reduce our energy consumption by 10% as compared to 2010

I am very proud of the work carried out by our teams to not only achieve but exceed these objectives. Our landfilled waste generation rate decreased by **25.5%** and our energy consumption by **10.1%**.

We were most notably able to reach the targets by implementing a broad waste management program in all of our franchised and our corporate stores in Québec and corporate stores in Ontario.

We also took several actions to curb our energy consumption. For instance, we updated several of our lighting and heat recovery systems. We also carried out major renovations to upgrade our mechanical systems and renew the equipment in certain buildings.

Delighted customers

Because our procurement activities generate most of our environmental and social impacts, it was crucial for us to devote significant efforts to give them a prominent place in our approach. In doing so, we developed our Sustainable Fisheries Policy (2010) and Local Purchasing Policy (2013). We also introduced an approach to develop a responsible procurement framework focused on the main issues associated with our purchasing.

As part of our health strategy, we launched *My Healthy Plate With Metro*, which aims to provide a range of products and programs to promote healthy eating. We also eliminated all artificial colours and flavours from our *Irresistibles Life Smart* and *Irresistibles Organic* brand products. We will continue to monitor scientific research results and best practices in an effort to provide our customers with products that best address their concerns.

Strengthened communities

In recent years, we have worked with determination to develop and deploy the Food Recovery Program in Supermarkets (RPS), in which over 40 stores are enrolled. In 2015, we redistributed 310 tonnes of food to food banks through Moisson organizations across Québec and helped over 3,000 families. In collaboration with local stakeholders in Ontario and in Québec, we will pursue our efforts as part of the RPS to take tangible steps to reduce food insecurity.

As a leading food retailer, we are aware of the impacts of our activities and believe that a structured CR approach will enable us to develop our practices, and innovate and set ambitious goals.

The pages in this report detail our key achievements this past year.

I am very proud of our progress and remain confident in the next steps. Our CR approach is integrated and truly aligned with our business strategies. I would like to congratulate all the colleagues who contributed to the success of these many projects.

Eric R. La Flèche
President and Chief Executive Officer

Metro's strategic vision



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	Having solid business relationships with our suppliers	Enabling communities where we are established 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

Four pillars

In recent years, we have structured our CR approach and based our priorities and objectives on four pillars, which purposefully define our actions and demonstrate the coherence between our initiatives and business strategies.



- Ensuring food quality and safety
- Promoting health and nutrition
- Providing responsible product offerings



- Rethinking packaging
- Taking part in the effort to fight climate change
- Managing waste



- Investing in our communities
- Supporting local suppliers



- Creating ethical, healthy and safe work environments
- Supporting the professional development of employees and rewarding performance
- Stimulating engagement and organizational effectiveness

To draft our new 2016–2020 CR plan, the pillars were reviewed to confirm their relevance. Some priorities were also revised and adjusted to reflect our new business realities. Next year’s CR report will be developed based on these new priorities.

Corporate responsibility governance

Metro's CR governance has been integrated into the corporation's management structure to ensure seamless CR issue management. The aim is also to ensure that the priorities and initiatives that are undertaken are in line with Metro's business strategy and values.

BOARD OF DIRECTORS

- The board of directors approves the CR plan, reports and yearly updates.

MANAGEMENT COMMITTEE

- The management oversees the day-to-day management of the corporation's activities.
- The management defines the CR strategy, ensures that priorities are aligned with the business strategy and monitors progress towards corporate goals.

SENIOR DIRECTOR, CORPORATE AFFAIRS

- The senior director of corporate affairs implements the CR strategy in accordance with the business strategy.
- She reports on the activities and progress to the management committee on a regular basis.

SENIOR CR ADVISOR

- The senior CR advisor ensures compliance with guidelines and oversees the management of the CR Plan by coordinating internal teams, the work of the thematic committees and stakeholder relations.

INITIATIVE LEADERS AND THEMATIC COMMITTEE MEMBERS

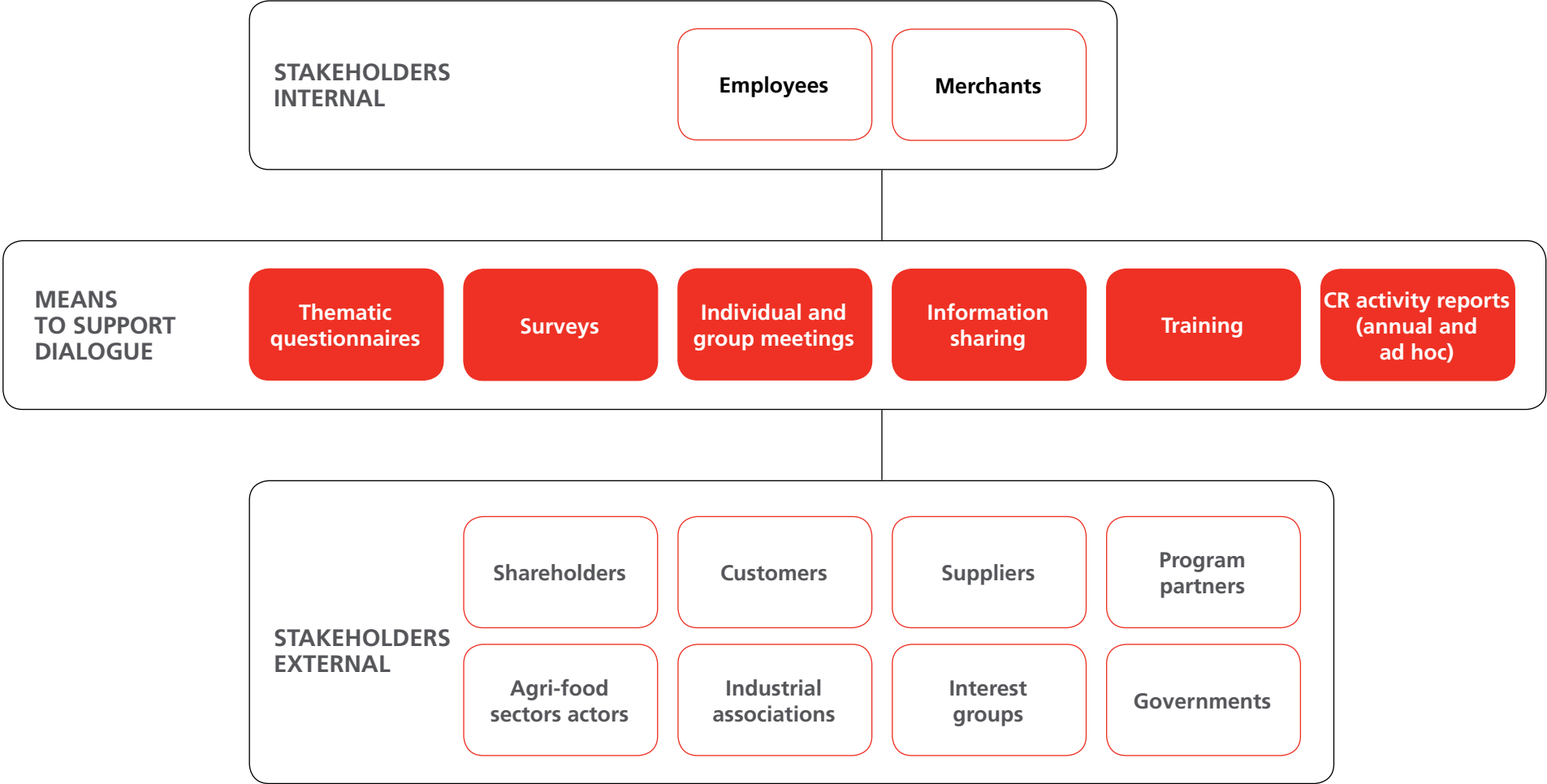
- Each CR initiative is led by concerned Metro employees, who ensure its progress and report to the senior CR advisor.
- Ad hoc committees are created for specific projects. Currently, there are three thematic committees: local purchasing, sustainable fisheries and environment.

ABOUT THIS REPORT

Unless otherwise indicated, this CR report covers the 2015 fiscal year: a period of 52 weeks that ended on September 26, 2015. It is focused on the corporation's activities in the food stores in Québec and Ontario (Metro, Super C and Food Basics banners). The next report will include the CR initiatives of our partners and of our pharmaceutical activities (McMahon Distributeur pharmaceutique Inc. and the Brunet network of drugstores). The report was reviewed by our Internal Audit Service but has not been audited by an external firm.

Ongoing stakeholder relations

Our CR approach reflects the corporation’s key priorities and the outcomes of the ongoing dialogue with our stakeholders. These exchanges are critical to help Metro determine potential issues and recognize levers and opportunities for improvement. This dialogue is carried out on several platforms, which enable us to better understand stakeholder concerns and follow up on developments in specific areas.





Delighted customers

Our customers are increasingly concerned with their food choices and the quality of the products they consume. It remains just as important to us to be able to guarantee that the products we sell meet high standards in terms of quality and freshness. Metro is stepping up initiatives and programs to provide more products that support healthy eating habits. We also want to take into consideration the issues related to the products' economic, social and environmental aspects to ensure that our procurement practices are responsible.

OUR PRIORITIES

- 1. Ensuring food safety and quality**
- 2. Promoting health and nutrition**
- 3. Offering responsible product offerings**

1. Ensuring food safety and quality

Metro has procedures to ensure that the products meet high food safety standards, thus reducing the risks related to food production and processing.

Metro asks private brand and fruits and vegetables suppliers to obtain certification under Global Food Safety Initiative (GFSI) standards.

Metro's quality assurance department ensures that private brand products meet the corporation's quality standards and comply with regulatory requirements for these products.

As part of its activities, the quality assurance team carries out attribute tests on aspects including the organoleptic (i.e. related to appearance, scent, taste, texture and consistency), physical and functional requirements of foods and beverages.

QUALITY CONTROLS CARRIED OUT ON PRIVATE BRAND PRODUCTS

by Metro's Quality Assurance department

TOTAL SAMPLES TESTED



The increase was brought about by a review of recognition methods carried out by Metro's Quality Assurance department.

PERCENTAGE OF METRO SUPPLIERS CERTIFIED UNDER A STANDARD RECOGNIZED BY THE GFSI

Results from December 2013 to December 2015



ABOUT THE GFSI

By adhering to the standards recognized by the Global Food Safety Initiative (GFSI), a food industry company agrees to respect high food safety standards that apply to its activities.

The GFSI is an international initiative created by industry stakeholders for the continuous improvement of food safety assurance systems throughout the processing and distribution phases.

2. Promoting health and nutrition

As a food distributor, Metro has always considered food to be much more than just a source of nourishment. Because food is at the very core of our activities, we focus our effort on promoting healthy eating habits.



In 2013, Metro created the *My Healthy Plate with Metro!* program to meet consumer expectations in terms of healthy eating and well-being. Metro counts on the services of a team of experts to support the corporation in its approach: nutritionists, the McGill Centre for the Convergence of Health and Economics with which Metro entered into a partnership in 2013 and a scientific advisory board. The program includes the following elements:

1 **Improve our product range to promote healthy eating**

In the past year, Metro has pursued its efforts to develop its private brands in order to provide more products that are trans fat free, reduced in sodium and without artificial colours or flavours.

PRODUCT OFFERINGS THAT PROMOTE GOOD NUTRITION

	2013	2014	2015
IRRESISTIBLES LIFE SMART	244	326	289
IRRESISTIBLES GLUTEN FREE	36	46	50
IRRESISTIBLES ORGANIC	91	84	72
PRIVATE BRAND IRRESISTIBLES AND SELECTION WHOSE SODIUM CONTENT WAS REVISED	390	661	554
PRODUCTS WITH A NUTRITIONAL ATTRIBUTE (LESS FAT, TRANS FAT FREE, LESS SALT):	300	565	569

The decrease in 2015 stems from the recategorization of products under any or all of the different Metro brands.

100% of the *Metro Irresistibles Life Smart* and *Metro Irresistibles Organic* lines and **90%** of *Metro Irresistibles* products contain no artificial colours or flavours.

In February 2015, our *Irresistibles* Greek yogurts were recognized by *Protégez-Vous* magazine as the best choice in their category, with a special mention for the plain Greek yogurt, which came in first of the top three for the simplicity of its ingredients list, its zero fat and its high calcium content.



2. Promoting health and nutrition (cont'd)

2 Help consumers select healthy food products

We wanted to simplify the shopping experience for consumers and help them identify the healthiest products in their category more easily. With the *smiles* system signaling healthy products, the qualification of *good* or *great* choices is indicated directly on the shelf price tags of products selected based on specific nutritional criteria according to the product category. These criteria were determined by Metro's team of nutritionists in order to simplify the shopping experience for consumers seeking to make healthy food choices.

In the past year, we enhanced our smile price tags by making the smile more visible and added the "good choice" or "great choice" mentions to ensure that customers better understand the smiles system. These new tags will be displayed in stores as of March 2016.

Over 400 new smiles



2,561
GOOD CHOICES



1,130
GREAT CHOICES

FOR A TOTAL OF 3,691

3 Provide access to healthy products at affordable prices

HALF YOUR PLATE TO MAKE A HEALTHY CHOICE CAMPAIGN



In January 2015, Metro announced its participation in the new *Half Your Plate to make a healthy choice* campaign launched by the Canadian Produce Marketing Association. The program aims to attain the same objectives as our *My Healthy Plate with Metro* initiative since it encourages Canadians of all ages to eat more fruits and vegetables for their health and sets out simple ways to add a variety of fruits and vegetables to any snack or meal.

We therefore launched an in-store campaign to promote fruits and vegetables through the *Half Your Plate to make a healthy choice* initiative. The campaign was also promoted in our weekly flyers.

This past year, Metro led a series of activities to promote healthy product options:

- promoting healthy products at lower prices (*Healthy Savings options*) in stores
- launching a health contest to win one year of free groceries with the purchase of healthy products
- developing a campaign to identify the nutritionists' choices during the month of March in flyers
- identifying good choices and better choice options in our flyers
- creating a health game on metro.ca for customers to test their knowledge of the in-store selection of healthy products



3. *Offering responsible product offerings*

Purchases are the company's main source of economic, environmental and social impacts. In recent years, we have carried out several initiatives pertaining to responsible procurement, including the publication of our sustainable fisheries (2010) and local purchasing (2013) policies and the development of criteria for specific issues such as packaging and palm oil.

ANIMAL WELFARE

Expectations and knowledge with regard to animal welfare have evolved considerably in recent years. The industry's efforts to proactively update and implement codes of practice for the care and handling of farm animals, the adoption of the law on the improvement of the legal status of animals in Québec and consumer demands for more information on the products they buy all attest to the social changes that the issue has brought about. As a retailer, Metro is part of the value chain and has set out initiatives to guide its meat procurement practices.

This past year, we implemented an approach for our meat suppliers to obtain a comprehensive portrait of their practices to ensure animal welfare. In doing so, we are able to determine potential issues and collaborate with our suppliers from an ongoing improvement perspective.

PORK

As a member of the Retail Council of Canada (RCC), Metro has made the commitment to source fresh pork products from sows reared according to the Code of Practice for the Care and Handling of Pigs (planned conversion of housing practices by 2022).

Through the RCC, Metro is also a member of the National Farm Animal Care Council (NFACC), which brings together representatives from government agencies, veterinary and producer associations, stakeholders and industry organizations such as the RCC to develop codes of practice based on scientific data to set out best practices for animal welfare and rearing.

VEAL

Metro supports the Fédération des producteurs de bovins du Québec in its commitment to implement new cattle housing by 2018.

In 2015, we pursued the development of our responsible procurement approach, which will provide a more strategic framework for our practices and optimize their integration within the corporation. Our responsible procurement policy framework will be released in 2016.



SUSTAINABLE FISHERIES

• Choosing healthy species

In 2015, no new species were added to the list of species removed for the preservation and survivability of seafood products. A total of 16 species or groups of species remain on this list. We also continued to track the scientific assessments of species statuses throughout the year in an effort to monitor the types of fish sold in Metro stores and pursue our continuous improvement efforts.

3. *Offering responsible product offerings* (cont'd)

• **Promoting sustainable operating methods**

In an effort to foster sustainable operating methods, we maintained our procurement criteria for the wild and farm fish species targeted for continuous improvement and continued to rely on eco-certifications as follow-up tools for a range of species including the salmon farmed in open net cages, imported farmed fish and farmed tropical shrimp.

In 2015, Metro's purchasing specifications for BAP (Best Aquaculture Practices)-certified farmed tropical shrimp were strengthened to ensure the continuous improvement of procurement criteria for products of this species sold under both private and national brands.

Whenever possible and applicable, information on BAP certification was included on private brand product packaging to help our customers better identify responsible fishery product.

A series of projects to assess national canned tuna brands sold in stores and develop product procurement criteria have been set in motion.



The BAP certification standards are set out by the Global Aquaculture Alliance and aim to promote responsible and sustainable practices in the aquaculture industry.

• **Ensuring product traceability**

Updates are regularly conducted with our suppliers on product traceability so that we may communicate information on the provenance of the species (scientific name, type of fishing and area) on in-store scale labels and on the packaging of many private brand fish and seafood products.

We carried out a more in-depth follow up with our suppliers with regard to the amount and quality of information received on the traceability chain. In doing so, we were able to obtain more detailed information, specifically on product certification.

Periodic reports were produced on an ongoing basis to monitor and assess the progress made to date in terms of the key principles of the Sustainable Fisheries Policy.

For the third consecutive year, DNA analyses were conducted by an independent laboratory on several of our products and on various fish and shellfish and enabled us to validate the accuracy of the information we received.

PALM OIL

Palm oil has largely been used in the agri-food sector and its production is raising serious environmental concerns. It is associated, among others, with deforestation which contributes significantly to climate change. Oil palm production can also cause conversion of lands among the richest on the planet in terms of biodiversity, leading to an irreversible loss of this biodiversity.

Aware of these stakes, Metro has pursued its efforts to increase its procurement of sustainable palm oil. We have also maintained our collection and communication processes during calls for tenders and product development completion. We currently have 61 private brand products containing sustainable palm oil. This represents a 15% increase compared to last year. We are currently working towards the implementation of a new system that will enable better traceability of our private brand products. This tool will provide us with the information necessary to improve our product offerings, mainly those containing sustainable palm oil.



Respect for the environment

We are aware that our business activities generate environmental impacts. In recent years, we have identified key levers on which to focus our efforts to reduce our environmental footprint as much as possible. For this reason, we have set out three priorities: rethinking packaging, taking part in the effort to fight climate change and managing waste. We therefore implemented a performance assessment system to better target our actions, developed structuring programs and worked in collaboration with suppliers and partners to determine avenues for improvement and remain up to date on best practices.

OUR PRIORITIES

- 1. Rethinking packaging**
- 2. Taking part in the effort to fight climate change**
- 3. Managing waste**

1. Rethinking packaging

In recent years, several actions were implemented to structure our approach to optimize the packaging of our private brands and reduce their environmental impact. We are collaborating with suppliers to select more ecological materials, optimize the packaging/product ratio and choose options with better recyclability. We rely on a comprehensive database to continue to document and enhance all our packaging elements. In addition, we developed a new set of criteria for print materials and techniques to guide our suppliers. The new tool will be integrated into our calls for bids in 2016.

To help consumers recycle private brand packaging, we established a set of icons printed on packaging. Now, over 300 products include specific sorting instructions based on packaging type for each province whenever required.



Example of sorting instructions

Here are examples of optimization initiatives to reduce the environmental footprints of our packaging:

All **Selection** brand 500-ml plastic spring water bottles, which were made of PET (polyethylene terephthalate), are now made from 100% RPET (recycled polyethylene terephthalate), which is a recycled material.

We reduced the weight of the plastic bottles by 0.6 g, which decreased our plastic consumption by 78.6 tons without impacting the quality of the packaging.

We eliminated the cardboard tray included in our packages of 12 and 24 500-ml **Selection** brand spring water bottles, curbing our cardboard consumption by 221 tons.

We eliminated the plastic seal on our **Selection** ice cream packaging, which was made of low-density polyethylene (10.9 g).

We removed the self-adhesive label on our 540-ml cans of 100% pure **Irresistibles** no.1 medium Canadian maple syrup.

We reduced the height of our **Selection** foam dish packaging and the thickness of the plastic bag by 40%.

2. Taking part in the effort to fight climate change

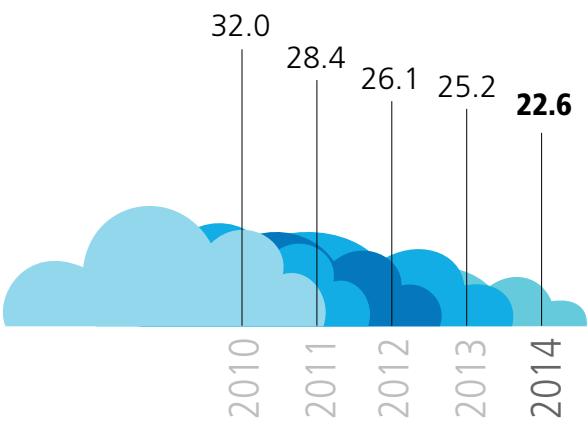
GREENHOUSE GAS EMISSIONS (GHG)

Most of our GHG emissions are generated from building energy consumption, transport, refrigeration and waste disposal.

We rely on the recognized **Greenhouse Gas Protocol** (GHG Protocol) calculation method developed by the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD) to determine the GHG emissions of our corporate and franchise stores in Québec and Ontario. Calculated in 2015, our 2014 emissions totalled 22.6 kg eq. CO₂ / ft².

INTENSITY OF ANNUAL GHG EMISSIONS

In kg eq. CO₂ / ft²



Intensity of annual GHG emissions (Volatile organic compound (VOC) emissions) were added to our GHG emission inventory in 2015.

The reduction in the intensity of our 2010-2014 emissions for our franchised and corporate stores in Québec and Ontario is equivalent to taking approximately 32,544 vehicles off the road for one year

(Source: EPA, Greenhouse Gas Equivalencies Calculator).

IMPROVE OUR ENERGY PROFILE

In an effort to improve our energy profile, significant measures were implemented to reduce the energy consumption of our buildings by integrating more energy-efficient equipment and mobilizing managers and employees to foster sound on-site energy management. A measurement system was developed to quantify these initiatives and led to the attainment of our objective to reduce our energy consumption by 10% by the end of the 2015 fiscal year as compared to 2010.

OBJECTIVE

Reduce our energy consumption by 10% as compared to 2010

RESULT: EXCEEDED

10.12%

Here are the key projects conducted in the past five years to reach our objective:

- In-store lighting: several upgrades were made through a major conversion program to LED (light-emitting diode) lighting and its systematic integration into the design of new stores for certain uses:

Installation of LED spot lights on almost all sites in Québec and Ontario to reduce energy consumption.

Installation of refrigerated counters lighting (replaced fluorescent lamps with LED fixtures) in 95% of Ontario stores. Conversion underway in certain Québec stores, specifically as part of major renovations and in new buildings.

- Heat recovery: the heat recovery equipment of the refrigeration systems in over 100 buildings in Ontario was upgraded, leading to reduced energy consumption for heating.
- Major renovation projects: significant investments were made to refresh and modernize the mechanical systems and obsolete equipment in stores in Québec and Ontario.
- Awareness in stores: we launched a program to reduce our energy consumption through the implementation of simple and efficient in-store measures involving employees and managers. The program was carried out in all corporate and franchise stores in Québec and Ontario.

2. Taking part in the effort to fight climate change (cont'd)

Refrigerants

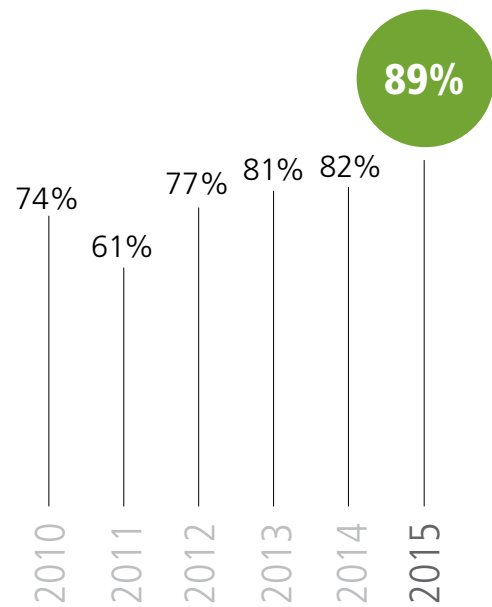
- As part of major renovations and new constructions, we use refrigerant gases that are more environmentally sound than reference refrigerants (R404a), curbing our climate change impacts by approximately 50% in comparison with the reference refrigerants.

TRANSPORT

We are pursuing our efforts to adopt practices to reduce the environmental impact of our transport activities. In 2015, Metro put out a call for tenders to acquire transport management software to determine the most relevant performance indicators and orient our actions.

CARBON DISCLOSURE PROJECT

For the eighth consecutive year, we communicated our carbon footprint to the **Carbon Disclosure Projects** (CDP). We were awarded a score of 89% for our 2015 declaration on our 2014 carbon emissions. In terms of reporting, the results have made Metro a leader in its sector since its first declaration in 2010.

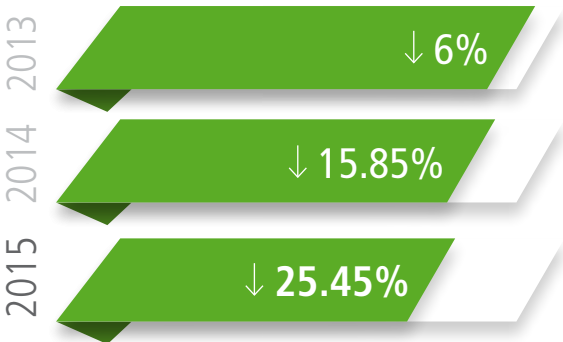


3. Managing waste

As part of our first CR roadmap, we set the objective to reduce our waste disposal by 25% by the end of the 2015 fiscal year (corporate and franchised stores). In an effort to attain this objective, we focused our efforts on three activities: organic waste recovery, multi-material recovery and employee awareness. The implementation of a series of programs enabled us to exceed our objective and reduce our waste by 25.45% as compared to 2010.

REDUCTION OF OUR WASTE DISPOSAL

Objective: reduce our waste disposal by 25% as compared to 2010



OBJECTIVE EXCEEDED BY **25.45%**

As part of RECYC-QUÉBEC's *ICI ON RECYCLE!* waste management program, 80 corporate and franchised stores in Québec were awarded level-2 program certification, which recognizes our merchants' efforts to implement reduction, reuse, recovery and valorization measures.

Even with the expansion of our retail network, our waste generation rate remained similar to the one registered in 2010 and we increased the amount of waste recovered annually. Our average waste conversion rate rose from 46% in 2010 to 60% in 2015.

ORGANIC WASTE (PLANT AND ANIMAL ORIGIN)

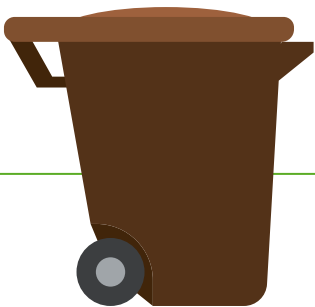
Our program to recover organic waste of plant and animal origin has been in effect across our network of corporate and franchised stores since 2014 (where facilities are available). In 2015, we worked on continuous improvement, specifically through the application of the 3R-V (reduction, reuse, recovery and valorization). We decreased our food losses through better procurement management and the redistribution of surpluses to food banks.

16,520 tons of organic waste were recovered in 2015: some 4,500 tons more than in 2014.

ANNUAL RECOVERY OF ORGANIC WASTE OF PLANT ORIGIN (IN TONS)

2010	5,100
2011	4,930
2012	5,270
2013	5,600
2014	12,100
2015	16,520

tons



310 tons is the annual average food consumption of 456 adults (average daily consumption of 1.87 kg/day for an average North American)

Here are a few examples of the programs to reduce losses and recover organic material:

- Loss reduction program
Implementation of an order suggestion system in certain departments to propose product amounts to be ordered for optimal control and fewer losses

Loss reports for each department and store in order to target levers for improvement
- Recovery Program in Supermarkets (RPS): we pursued the implementation of the RPS in some 40 stores, leading to the recovery of 310 tons of food in 2015. *Moisson Montréal, Moisson Québec* and *le Comptoir alimentaire de Sept-Îles* were in charge of redistributing the products to food banks.
- Program to recover organic material for animal feed
- Pilot projects to recover packaged organic material in 25 stores in Québec and Ontario (energy production from biogas)
- Pilot projects to recover waste unsorted at source in two stores

3. Managing waste (cont'd)



Left to right: Eric Gladu, Metro; Vanessa Bonanno, Metro; Andrew Siegwart, CCCD; Alexis Fortin, Metro



The Retail Council of Canada presented Metro with the 2015 *Excellence in Retailing Award* in the environment category in recognition of the company's environmental management.

We promoted our organic waste recovery program to employees through internal platforms (intranet, in-house newsletter) and to customers through social networks including Facebook* and LinkedIn* and in stores.

*Facebook is a registered trademark of Facebook, Inc.
*LinkedIn is a registered business name of LinkedIn Ireland Limited.

MULTI-MATERIAL RECOVERY

We finalized the implementation of the multi-material recovery program in Ontario stores. The program is therefore in effect in our corporate and franchise stores in Québec and Ontario (where facilities are available).

WASTE RECOVERED IN CORPORATE AND FRANCHISED STORES IN QUÉBEC AND ONTARIO IN 2015

CARDBOARD	57,600
ANIMAL-BASED ORGANIC WASTE	8,130
PLANT-BASED ORGANIC WASTE	16,520
PAPER	200
PLASTIC WRAP	1,680
MULTI-MATERIAL RECYCLING (plastic, metal, cardboard and unwaxed cardboard)	8,380
TOTAL	92,510

tons

MULTI-MATERIAL RECOVERY PROGRAM: WASTE RECOVERED SINCE THE LAUNCH OF THE PROGRAM IN 2013 (IN TONS)

2013	1,200
2014	5,200
2015	8,380

tons

As part of our continuous improvement efforts, we evaluated our waste management equipment and characterized eight trash compactors installed in our stores to optimize current programs.

EMPLOYEE AWARENESS

We maintained our employee awareness program in an effort to ensure constant communication.

- In-store environmental program leaders were appointed in each store
- Ongoing training on the recovery programs was made available
- Quarterly waste management performance reports were generated for each store and follow up actions were carried out. Stores now receive four reports on their waste management results each year and can compare their scores with those earned by other stores based on Metro's objectives.

Between 2010 and 2015, over 2,400 Metro employees followed training on the recovery programs.



Strengthened communities

Our network of over 850 stores across Québec and Ontario enables us to play a positive role in the communities in which we operate. The links that we create with communities take several forms, including our employees' commitments to various causes and the implementation of programs that make tangible social and economic differences for communities.

OUR PRIORITIES

- 1. Investing in our communities**
- 2. Supporting local suppliers**

1. Investing in our communities

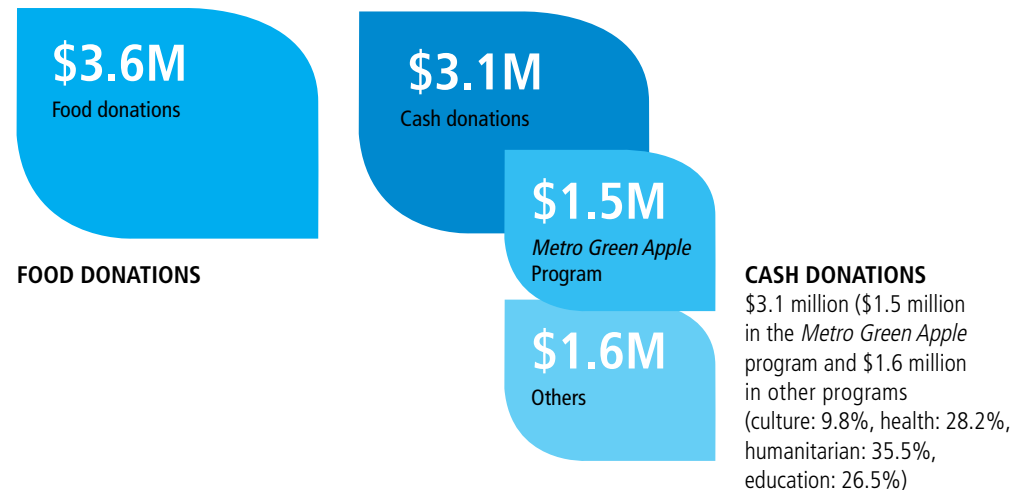
Our community investment program is based on two pillars: food accessibility and the promotion of healthy eating habits. By focusing our efforts on these two principles, we are tangibly impacting communities.

We participate in major fundraising campaigns (health, education, culture, fight against poverty, etc.).

Every year, Metro aims to invest an amount equal to 1% of its average net earnings over the last three fiscal years in the program.

In 2015, we made cash and product donations totalling over 6.7 million: 1.23% of the average net profit of the past three years (2012, 2013 and 2014).

METRO'S CONTRIBUTION IN 2015 \$6.7 million



Metro received the special mention – *Certificat de reconnaissance, Don en denrées – catégorie prestige* – from Moisson Montréal in recognition of its exceptional commitment to the fight against hunger through significant ongoing contributions.

RECOVERY PROGRAM IN SUPERMARKETS (RPS)

The 2014 pilot project conducted in collaboration with *Moisson Montréal* in 11 stores in the Greater Montréal area confirmed that the food recovery model is sustainable and beneficial to every link in the local food supply chain.

In collaboration with *Moisson Montréal*, *Moisson Québec* and *le Comptoir alimentaire de Sept-Îles*, Metro implemented its food recovery program in some 40 Metro and Super C stores on the island of Montréal and the South Shore in 2015. Some 40 community organizations received over 10,000 kg of food on a weekly basis, including meat, and were able to cook meals and redistribute food to thousands of people in need every week.



We are determined to expand the project to as many stores as possible across Québec based on the Moissons capacity in different regions. Pilot projects are currently underway with *Moisson Québec*, *Moisson Estrie*, *Moisson Mauricie*, *Moisson Outaouais* and *Moisson Beauce*.

RPS IN ONTARIO

The store food recovery program has also been implemented in 30 Metro stores in Ontario, specifically those in the Greater Toronto area. In the next year, we aim to formalize our program and deploy it in more stores. We will collaborate with local organizations based on their capacities to develop the program.

DOUGLAS INSTITUTE EATING DISORDERS PROGRAM (EDP)

Because we believe in a holistic approach to healthy eating, it is important to us to support the Douglas Institute Eating Disorders Program (EDP) for people suffering from anorexia nervosa and bulimia. The day program involves activities that include store visits to purchase items to cook healthy, balanced group meals. Metro made a donation in the form of gift certificates for the next three years to the Douglas Mental Health University Institute Foundation.

1. Investing in our communities (cont'd)



SOCIAL REINTEGRATION: LE MIEL DE BONNEAU

Metro has joined forces with *Accueil Bonneau* and become actively involved in supporting and developing the *Miel de Bonneau* reintegration initiative. Thanks to Metro, which has contributed to the organization for over 15 years, *Miel de Bonneau* apprentice beekeepers installed 44 beehives on the roofs of 8 stores and of Metro's produce and dairy products distribution centre in Laval.

METRO GREEN APPLE SCHOOL PROGRAM



For the fourth consecutive year, Metro and the representatives of Metro, Super C and Food Basics stores, awarded \$1.5M in scholarships (\$1,000) in elementary and high schools across Québec and Ontario.

MORE FRUITS, MORE VEGETABLES

For the very first time, the 2015 edition of the program, which was launched in September, aimed to encourage young people to eat more fruits and vegetables.

Through the *Metro Green Apple school* program, Metro aims to show young people that eating well can be simple, fun and delicious and help them adopt a healthy lifestyle and habits they will take with them into adulthood.

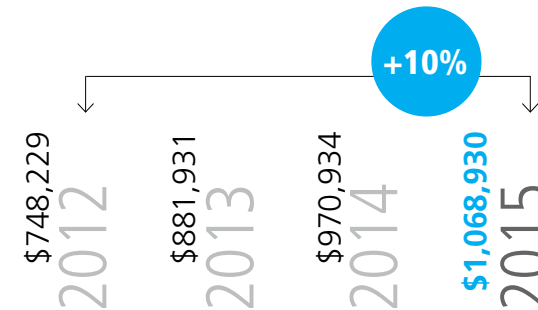
Support at home is crucial to maintain the new habits and continue to enjoy the discoveries that the Green Apple program initiates over the long term. In collaboration with the McGill Centre for the Convergence of Health and Economics, Metro developed more stringent and rigorous eligibility criteria, including a parent-school feedback component. Project leaders must also carry out a range of activities throughout the project period and assess fruit and vegetable consumption before and after the project.

EMPLOYEE COMMITMENT

Centraide Québec campaign



The *Centraide* campaign was an unprecedented success thanks to the contribution of Metro employees. In the Greater Montréal area, a total of \$707,359 was raised—an increase of 8.4% as compared to the previous year. This amount includes the revenues of Metro franchised and Super C stores.



For all of Québec, the donation totalled \$1,068,930 – an increase of 10.1% as compared to the previous year.

Through the campaign, Metro helped fund some 360 organizations and 500,000 people in need in one of the four following areas: supporting youth success, taking care of essentials, breaking social isolation and building communities.

In April 2015, Metro received a *Solidaire* Campagne Leader award for its participation in **Centraide's 2014 campaign in Greater Montréal**.

Mr. Eric La Flèche is co-chairman of **Centraide of Greater Montréal's** 24th fundraising campaign, which was launched on September 29, 2015.

The initiative is among the critical annual fundraising activities held in Québec to break the cycle of poverty and social exclusion. Mr. La Flèche will lead the campaign cabinet, which is made up of some 30 leaders from the business, institutional and labour sectors.

1. Investing in our communities (cont'd)

Several initiatives were undertaken in collaboration with our suppliers and customers.

Sainte-Justine Christmas Tree campaign

For the second consecutive year, Metro pledged its support as a major partner in the Sainte-Justine Christmas Tree campaign. Customers and employees in our Metro and Metro Plus stores from Québec helped

raise over \$200,000 to set almost 40,000 tree lights aglow in front of the hospital centre. The donation will enable the *CHU Sainte-Justine Foundation* to achieve its aim to mobilize the community and support the hospital in its pursuit of excellence and commitment to provide the children and mothers of today and tomorrow with one of the highest levels of healthcare in the world.



Ontario

In Ontario, employees contribute to several causes through the Metro Full Plate payroll deductions program. In 2015, Leukemia, United Way, Second Harvest, Ontario Food Bank and Breakfast Clubs of Canada shared \$175,282.

Full Plate

Metro Ontario's 2015 charity golf tournament was held in July and raised \$136,000 for Metro's Full Plate program. Close to 300 Metro employees and several suppliers took part in the event.

Campbell program

For the sixth consecutive year, Metro Ontario partnered with Campbell Canada to help fight hunger in our communities through the *Help Hunger Disappear* program and raised \$85,726 for the Ontario Association of Food Banks thanks to residents who took part in local events and Metro customers who supported local food banks by making a donation during a visit to our stores.



Left to right: Gordon Shand, United Way; Myriam Brisebois, Breakfast Club of Canada; Sharon Lee, OAFB; Jennifer Verschraegen, Second Harvest; Carmen Fortino, Senior Vice President, Metro Ontario Inc.

Toonies for Tummies to fight hunger

An initiative of The Grocery Foundation, Toonies for Tummies supports local breakfast programs for children in our communities. Metro and Food Basics customers helped raise \$495,700 in February 2015.



2. Supporting local suppliers

Since the launch of our local purchasing policy in May 2013, with the first phase being implemented in Québec, we have worked to implement concrete initiatives to help make Québec's agri-food sector stronger and more competitive. Metro is one of the rare Canadian food distribution companies to have its head office in Québec. By offering as many regional products as possible in our stores and increasing their visibility, the local purchasing program helps support regional socioeconomic development and meet the demands of our customers, who are increasingly seeking local options.

The program is based on three pillars:

1 A unique showcase for regional products

Metro believes in the importance of supporting local producers in their development and therefore established a framework to support suppliers until their products are introduced in our stores. Marketing initiatives led by Metro were also developed to promote products, including in-store program displays with the region's brand image and colours, M point offers, tastings, in-store radio advertisements and announcements on social networks and regional public relations campaigns.

At the end of the 2015 fiscal year, the local purchasing program had been deployed in the Lanaudière, Chaudière-Appalaches, Centre-du-Québec, Estrie, Bas-Saint-Laurent and Outaouais regions, bringing over **765 new fresh and grocery products** from **117 suppliers** to Metro stores in their region. In October and December 2015, the Laurentides and Montérégie regions joined the program, increasing the number of **products to 842** and the number of **suppliers to 133**.

2 A partner of choice of Aliments du Québec, an organization devoted to promoting Québec agri-food products

Metro considers it important aims to provide the Québec agri-food products sought by an ever increasing number of customers and therefore relies on two certifications that guarantee that the products are of Québec origin: Aliments du Québec and Aliments préparés au Québec.



Throughout the year, we provided support for Québec products through our *Le Québec on en mange* program and promoted themes including the pleasures of the fall season (apples, squash and potatoes) and the summer campaign (lobster, strawberries and corn from Québec) in stores and on our different thematic platforms.

We also support Québec products through different partnerships, including the Sélection Caséus competition, which has increased the reach of Québec's cheese industry for over 15 years.

3 The main ally of innovative Québec suppliers

Metro is constantly seeking suppliers who stand out for their production methods and original products and who want to increase their productivity and distribution potential. Our local purchasing program therefore gives us the opportunity to meet with small suppliers with the capacity for development and support them in their efforts to gain wider distribution. Among them are Allegria, a gluten-free pasta supplier, *Les Ensachages bio-org inc.*, an organic flour company which is now distributed in over 80 stores and *Les Produits de nos grands-mères* dipping sauces, which are available throughout stores of the network. With Metro's support they were able to expand their businesses and distribution networks.



We also entered into an agreement with young entrepreneur Émile to purchase his entire pumpkin production, which we distributed in four of our Lanaudière stores. Through this initiative, he was able to purchase equipment to increase his production for summer 2016.



2. Supporting local suppliers (cont'd)

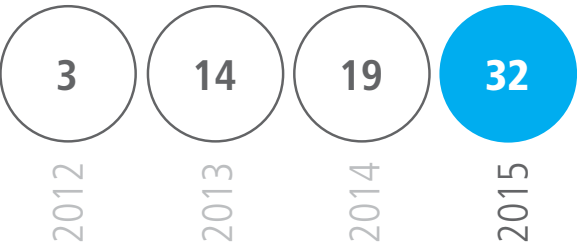
ÉQUITERRE LOCAL BASKETS



Metro is proud to support local farmers by distributing their vegetable baskets. Across Québec, 31 Metro stores and one Super C welcomed each week family farmers, members of the Équiterre network, in 2015.

The fourth edition of the partnership between Équiterre and Metro, which is the only one of its kind, was developed to facilitate access to locally grown fruits and vegetables by creating delivery points in locations where keen consumers who seek local products shop. It also enables merchants to provide their customers with complementary services thanks to Québec farms—an increasing number of which are choosing to make Metro stores one of their delivery points.

STORES OFFERING LOCALLY GROWN PRODUCTS



ONTARIO

Metro has begun to develop its Ontario local purchasing program. This past year, we analyzed Ontario’s agri-food profile and carried out consultations with internal and external stakeholders including Foodland Ontario, the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA), agricultural fédérations and other key actors in the province’s agri-food industry. This rigorous exercise enabled us to determine key industry actors, understand the institutional context and determine levers that will help us ensure effective implementation. We plan to officially launch the program in 2016.



FOODLAND ONTARIO PROGRAM

Metro is proud to be part of the *Foodland Ontario* program for the past several years. Implemented by the Ontario Ministry of Agriculture, Food and Rural Affairs, the initiative aims to foster the promotion of Ontario’s fresh and processed farm products. Throughout the year, our stores have featured products with the Foodland Ontario logo, which helps consumers identify the products more easily.



At the 2015 Foodland Ontario Retailers Awards, Metro earned 48 out of 68 prizes. The winners were selected based on criteria for excellence in creating store displays, promoting Ontario products, integrating the Foodland Ontario brand image in its stores and developing global marketing campaigns. These initiatives also enable us to fulfill our promises to our customers, specifically by providing products of superior quality and freshness.



Empowered employees

The 65,000 members of the Metro team in Québec and Ontario are at the core of our customer-focused business strategy, whose success rests on the quality and commitments of our team members with regard to our five customer promises. To succeed, we rely on a strong corporate culture driven by the implementation of programs and initiatives to mobilize and engage our employees and an ethical, healthy and safe work environment in which our employees can grow and thrive.

OUR PRIORITIES

1. Creating ethical, healthy and safe work environments
2. Supporting professional development and rewarding performance
3. Stimulating engagement and organizational effectiveness

1. Creating ethical, healthy and safe work environments



1. Great quality fresh products
2. The people are great
3. It's easy to shop
4. Customers get what they want
5. Prices are good

Our occupational health and safety policy guides the initiatives undertaken in our stores, distribution centres and administrative offices to ensure employee safety and the prevention of workplace illnesses and injuries.

In 2015, we focused our efforts on the implementation of our strategic occupational health and safety plan, which applies to both provinces. The focus of the strategic plan is to determine best practices in three areas: prevention and training, communications and program management.

We carried out an analysis of current procedures and standards in each province in an effort to target best practices and determine a harmonization possibilities in these areas. A similar evaluation of the occupational health and safety (OHS) training programs and the elements and mechanisms to communicate OHS information was conducted.

In 2016, we will seek to harmonize the auditing approaches in the retail sector and implement a new OHS training program for store managers.

In addition to the training that employees receive when hired, specific training sessions were made available to manage residual operational risks in our stores and warehouses. Such training programs include:

ANNUAL OHS TRAINING – ONTARIO

570 employees trained:
Training for managers to provide information on action plans to be implemented during the year.

RISK ASSESSMENT TRAINING – QUÉBEC

71 employees trained:
Training for managers and workers on a quantitative risk assessment method to prioritize actions based on risk significance.

SPECIFIC TRAINING ON SAFE WORK PROCEDURES AND SAFE MATERIAL HANDLING

3,731 employees trained:
Training sessions on safe work procedures for employees

This past year, our key performance indicators continued to improve.

In the past five years, the numbers of lost time accidents have been reduced by 37.5%.

There were no lost time accidents in 206 of our establishments – an increase of 28 over 2014.

Also in the past five years, the accident severity rate has been reduced by 29.1%.

2. *Supporting professional development and rewarding performance*

Training enables employees to excel in their duties and prepare for responsibilities to be assumed later on within the company. By investing in employee training and development, we can increase our overall capacity—which will enable us to attain our business objectives.

TRAINING PROGRAMS

Another pilot department manager training program was completed in Québec. The initiative aims to develop new generations of store employees who will take on first-level supervisor roles, update the key skills of new department managers and enhance the use of management tools. The program will continue over the course of the coming years to provide training to an additional 30 managers annually in Québec.

Significant efforts were invested to provide all of our Food Basics and Metro Ontario store managers with the tools needed to mobilize employees around our five promises. The program includes communication tools to foster exchanges between the members of the different operational support teams.

We trained over ten in-store customer service ambassadors to replace those who left the company. The five promises were translated into observable behaviours that were communicated to employees.

PERFORMANCE ASSESSMENT

We are still working to enhance our performance assessment system to extend its use as a diagnostic tool to assess our employees' career development needs. The system will enable our employees to organize more frequent skills development discussions with managers throughout the year and support their professional development by better targeting development opportunities and enabling employees to put their leadership skills into practice. Implementation is planned for the beginning of the 2017 year.



3. Stimulating engagement and organizational effectiveness

Metro believes in the importance of contributing to the development of all of its employees in different ways. We work to provide individuals with a work environment in which their talents and aspirations are recognized, promoted and valued.

METRO WOMEN’S NETWORK

With this in mind, we created a women’s network in Québec and Ontario, which is made up of women executives and professionals from all of Metro’s sectors who come together to discuss the issues that are important to them. It provides women at Metro with a privileged circle in which to explore business questions and focus on activities to share experiences, and transfer knowledge, develop their skills and expand their professional networks. **Since its launch, the group has held meetings at which 400 employees debated various issues and opportunities for women in business.**

MENTORING AND DEVELOPMENT PLANS

We successfully completed **our pilot mentoring project in Québec, which was designed to give impetus to the career development of key individuals who could be our future leaders.** The initiative helped participants expand their leadership and management skills and knowledge of the company’s operations. It also served to ensure the sustainability of Metro’s corporate culture and emphasized the know-how of our experienced executives. The project was a great success and will be extended to more participants. A first group was also launched in Ontario.

Development plans are now in place for each employee who possesses strong skills and the potential to become a manager. The whole process to identify and ensure the development of these individuals was redefined and reinforced.

IN-STORE PROGRAMS

A program to create an employee experience upon hiring was developed last year in corporate and franchise stores across Québec. It aims to provide store managers with the tools to improve hiring, the integration of new employees and the quality of their training. The initiative enables us to increase our store employee retention and commitment rates and provide an unparalleled customer experience.

This will enable us to increase the retention level of in-store employees and to ensure their better commitment while further improving customer service.

We also launched a program through which franchise and affiliate store employees can express their interest in pursuing their careers in the company’s other sectors. In total, 60 applications were assessed thanks to this program. These applications are of great value to Metro since they were submitted by skilled, mobilized employees with extensive retail knowledge.

FOR FURTHER INFORMATION

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