

2017 Corporate Responsibility Report

For the 2016 fiscal year



metro

CORPORATE PROFILE

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 942 food stores under several banners, including Metro, Metro Plus,

Super C, Food Basics, Adonis and Première Moisson, as well as 258 drugstores, chiefly under the Brunet, Metro Pharmacy and Drug Basics banners.

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RETAIL NETWORK

	Québec	Ontario	Total
Supermarkets	204 Metro Metro Plus	134 Metro	338
Discount stores	93 Super C	125 Food Basics	218
Neighbourhood stores			
Marché Richelieu	59		
Marché AMI	187		
Marché Extra	104		350
Partners	9 Adonis 24 Première Moisson	2 Adonis 1 Première Moisson	11 25
Total	680	262	942
Drugstores	184 Brunet Brunet Plus Brunet Clinique Clini Plus	74 Pharmacy Drug Basics	258



ABOUT THIS REPORT

This corporate responsibility report covers the 2016 financial year: the 52-week period that ended on September 24, 2016. This report was published in May 2017 and significant events that occurred between the end of the 2016 financial year and the end of February 2017 were therefore also included in this report.

This report is focused on our food-related activities in Québec and Ontario (supermarkets, discount stores and neighbourhood stores), our pharmacy-related activities (McMahon Distributeur

pharmaceutique Inc. and Brunet drugstore network) and the activities of our partner Première Moisson.

In this report, "METRO" refers to the corporation and "Metro" refers to our store banner.

The report was reviewed by the internal audit team but was not audited externally.

MESSAGE FROM THE PRESIDENT AND CEO



I am pleased to present our latest report, which highlights the achievements of the first year of our 2016–2020 Corporate Responsibility Plan. Our performance this past year attests to our growing maturity in corporate responsibility (CR).

We have always aimed to make CR a shared value within the company and I am especially proud of the level of mobilization that we reached this year and the ownership that our teams have taken of our programs.

Structuring projects for METRO and society

The agri-food sector plays a key role in society: it provides the food we need and is an important engine of our economy. It must remain strong and we feel that METRO has a role to play in this regard. We know that the agri-food sector currently faces a number of challenges. Simply consider the impacts of climate change, the pressures on resources and the vulnerability of workers in certain regions around the world. All of the activities in the supply chain are impacted, including our own business activities.

When we unveiled our 2016–2020 CR Plan, I explained that we had developed a serious, considered approach to ensure that our activities were in line with our business strategy and contribute to the common good.

It was in that vein that we undertook a number of structuring projects in 2016. They help us better respond to current economic, social and environmental issues and prepare us for the future with solid foundations that we continue to build upon.

In early 2017, we released our Responsible Procurement Framework and Supplier Code of Conduct—two tools to better manage our supply chains that constitute a key lever to provide our customers with the responsible products they seek. This is in line with our vision of being the retailer offering the food experience best adapted to the needs of consumers in years to come.

Through the years, we have seen our customer's expectations change. Our customers want to find the products they need at a fair price but also expect businesses to respect their personal values. They are increasingly well informed, have a better understanding of the impacts of industrial activities and want products that are manufactured in conditions that are respectful of people and the environment. We have adopted a business strategy that places the customer at the core of our activity and we intend to provide them with the best possible experience in every one of our banners. We firmly believe that our corporate responsibility strategy will contribute to the achievement of this objective.

That is how the integration of corporate responsibility into our business plan takes on its full significance. In fall 2017, METRO will mark its 70th anniversary and corporate responsibility will remain a solid foundation for our business as we move forward. I am convinced that this commitment will contribute to METRO's strong reputation as a successful company that is stimulating to work for and a brand that inspires trust and respect.

In closing, I would like to thank all the colleagues who resolutely and thoroughly contributed to launching, developing and assuring the sustainability of these programs, along with our suppliers and other stakeholders.

A handwritten signature in black ink, appearing to read 'Eric R. La Flèche'. The signature is fluid and cursive, written over a thin horizontal line.

Eric R. La Flèche

MESSAGE FROM THE SENIOR DIRECTOR OF CORPORATE AFFAIRS



A collective effort

2016 was marked by the close collaboration between our teams to implement our new corporate responsibility (CR) plan. When we developed the 2016–2020 strategy, we intended to establish clear priorities and align our CR commitments and business practices. After a full year of implementation, we are able to assert that this culture of corporate responsibility is increasingly integrated into our activities. Of course, there is still much work to be accomplished but we continue to progress and reach major milestones.

Our responsible procurement initiative is a good example of what we have achieved. Through the project, I had the pleasure of seeing how determined teams were to better understand the workings of our supply chains and how genuinely committed METRO executives were to integrate the approach into our business practices. With the release of our Responsible Procurement Framework and Supplier Code of Conduct, we sought to share our direction and give a clear signal to our industry. We hope that the initiatives will encourage other organizations to do the same and further develop their responsible practices. We believe that collective efforts throughout the supply chain will lead to real progress.

In early 2016, we implemented a new employee code of conduct, which served as a reference for our supplier code of conduct since we could not require our suppliers to adopt practices that we had not implemented ourselves. We also released our diversity policy. We each come to work with a different background, abilities and values and METRO respects, values and benefits from these differences and the skills of each of its employees.

In terms of our commitment to our communities, for several years, we have been working to counter food insecurity through the Récupartage/One More Bite food redistribution program. This past year served as a springboard for the program: we donated over 1 000 tonnes of products to community organizations—double the amount we gave last year.

Now that we have attained the objectives set out in our first roadmap, we aim to establish new levers to enhance our environmental performance. Therefore, in 2016, we pursued our longstanding programs, such as our waste management efforts, and especially focused on reducing food waste. We also launched new programs to reduce our GHG emissions in key sectors such as energy consumption, refrigerants and merchandise transport.

The coming year will enable us to further structure our approach and work toward the implementation of our programs to ensure that they continue to yield value for the corporation, for our customers and for communities. Today, we have in place the competent and skilled teams that we will continue to educate and mobilize in order to reach these objectives.

A handwritten signature in black ink that reads "Marie-Claude Bacon". The signature is stylized and cursive.

Marie-Claude Bacon



OUR APPROACH TO CORPORATE RESPONSIBILITY

METRO aims to provide the best customer experience in each of its banners. This vision is anchored in a rigorous business plan and great discipline throughout its implementation. It is also supported by our firm intention to be an exemplary corporate citizen through the adoption of ethical business practices and the strong commitment of our executive team to our corporate responsibility approach.

We recognize that we, as a corporation, have a duty to society. We intend to assume these responsibilities through the following commitments:

- Ensure METRO's financial strength and deliver the returns that our shareholders expect
- Offer customers fairly priced products that meet their needs and requirements through responsible procurement
- Build solid business relationships with our suppliers
- Demonstrate to society that METRO carries out its activities in an ethical and environmentally responsible manner from a sustainable development perspective
- Treat our employees fairly and provide an ethical and stimulating work environment
- Enable the communities in which we do business to benefit from METRO's activities

OUR FOUR CR PILLARS

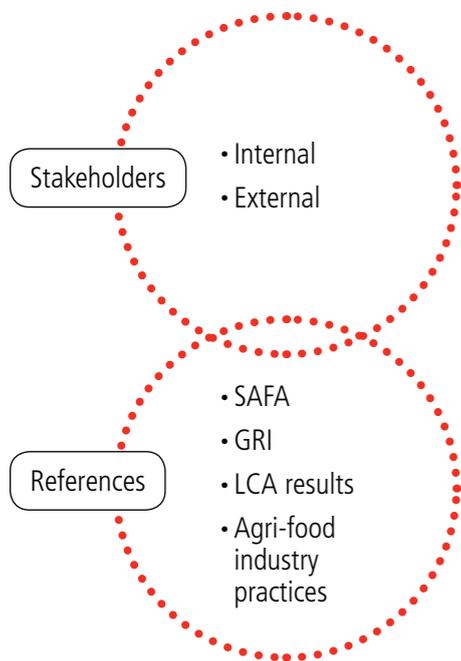
METRO's approach to corporate responsibility is based on four pillars under which priorities were selected according to the corporation's most significant economic, social and environmental impacts.



OUR MATERIALITY ANALYSIS

Approach to Materiality

In this report, METRO provides an account of its achievements with regard to the objectives set out in its 2016–2020 Corporate Responsibility Plan. In order to determine what key issues must be considered under its CR approach, METRO conducted a materiality analysis based on internal and external stakeholder concerns, credible sources of information on best industry practices and recognized agri-food methodologies.



SAFA | Sustainability Assessment of Food and Agriculture Systems

An initiative by the Food and Agriculture Organization of the United Nations to evaluate the sustainability of agricultural and food systems

GRI | Global Reporting Initiative, An internationally recognized sustainable development accountability standard

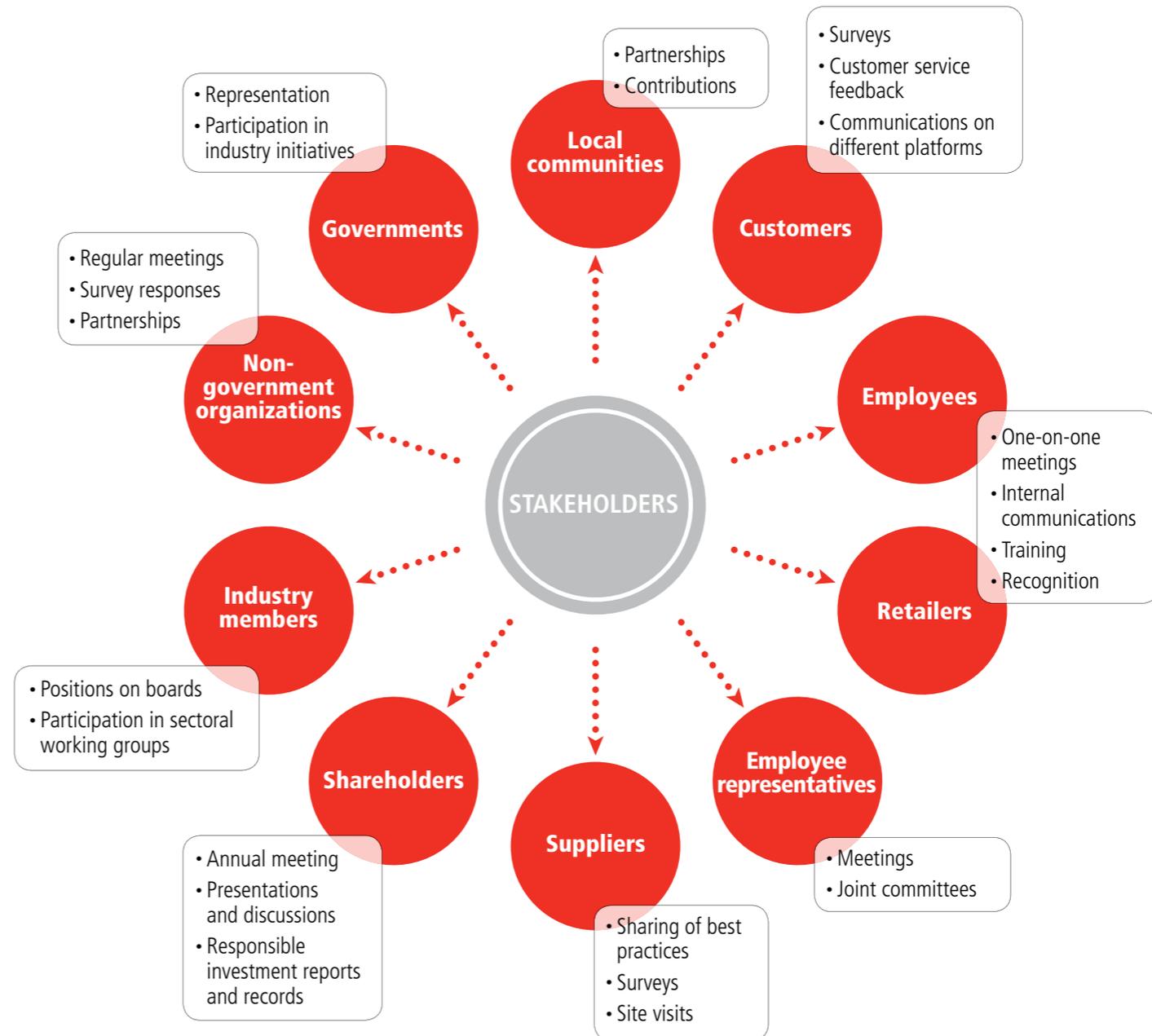
LCA | Life Cycle Analysis, A method to evaluate the overall environmental impacts of a product or service

Accounting for our stakeholders interests

The ongoing dialogue with our internal and external stakeholders enables us to target and confirm certain major issues and helps us determine levers and means for improvement with regard to the implementation of

our programs. We maintain these relationships through a range of channels and on a frequency that is appropriate to each stakeholder.

Dialogue with our stakeholders



OUR PRIORITY ISSUES

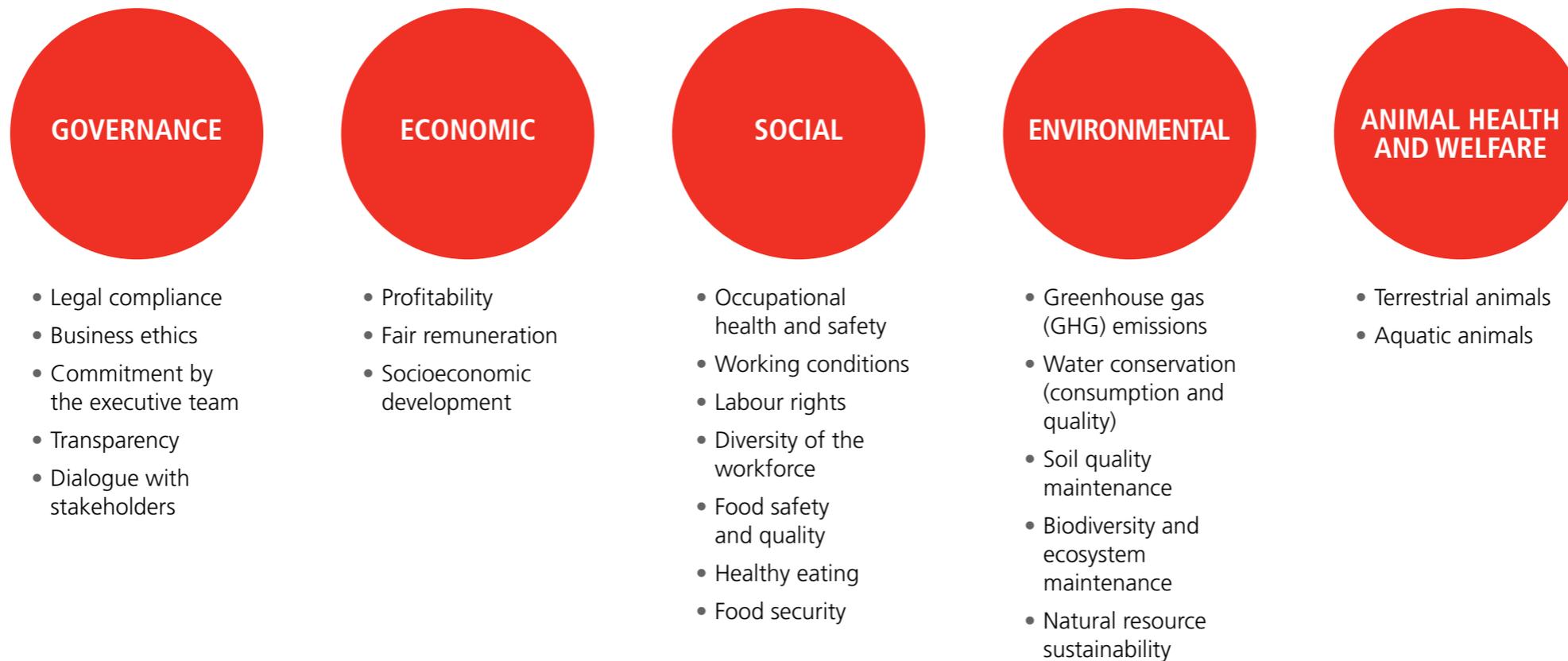
Our materiality analysis led to the establishment of the economic, social, environmental and government issues that we must address, as well as to the development of major workstreams under our CR plan.

The identification of these issues reflects the results of our research and analysis and the areas of interest of our stakeholders. While the impacts vary from one activity

sector to the next and are of different levels of concern for our stakeholders, we consider that they all have a place in our CR approach in light of their relevance as we move toward best practices.

We adopted a holistic approach to tackle these issues, which means they may therefore be accounted for under several of our CR pillars. For example, respect for workers is addressed

under our Delighted Customers pillar as part of our Responsible Procurement Framework, as well as in our Empowered Employees pillar as it pertains to METRO employees. The issue of GHG emissions is addressed under our Respect for the Environment pillar and also under our Delighted Customers pillar as part of responsible procurement and under our Strengthen Communities pillar as part of our local purchasing.



OUR GOVERNANCE

Corporate responsibility management has been integrated into METRO’s governance structure and involves key individuals in each decision-making and implementation phase. The approach leads to the effective consideration of CR issues in our activities and ensures that the priorities are in keeping with METRO’s business strategy and values.

CR management at METRO

BOARD OF DIRECTORS

- Approves the CR plan, reports and yearly updates

MANAGEMENT COMMITTEE

- Confirms the CR strategy and ensures that priorities are in line with the business strategy

SENIOR DIRECTOR, CORPORATE AFFAIRS

- Defines the corporate CR strategy
- Reports on the CR activities and progress to the management committee

SENIOR CR ADVISOR

- Implements the CR strategy based on the business strategy
- Oversees the management of the CR plan: coordinates the work of internal committees and manages external stakeholders

IN-HOUSE TEAMS

- Ensure the advancement of the projects based on objectives and targets

Resources
CR plan initiatives

VPs who oversee activities
under the CR plan

Sectoral committees:
Environment
Responsible procurement

AWARDS AND RECOGNITION

Kim Bédard earns the 2016 Generation NEXT Award



Kim Bédard is one of the eight rising stars in the food distribution industry who were honoured at the Golden Pencil Award Gala, which was held in November 2016 in Toronto. Handed out by Canadian Grocer magazine, the Generation NEXT award recognizes individuals under 40 who have shown leadership and commitment to the industry or their community.

Kim is a member of the team led by Éric Côté, Vice-President of Central Procurement, who received the award last year.

Kim joined Metro in 2001 as an intern on the IT systems team. Now the director of central procurement, she oversees the development of the healthy choices, organic and gluten-free lines.

Our organics waste recovery program earns the EnviroLys award

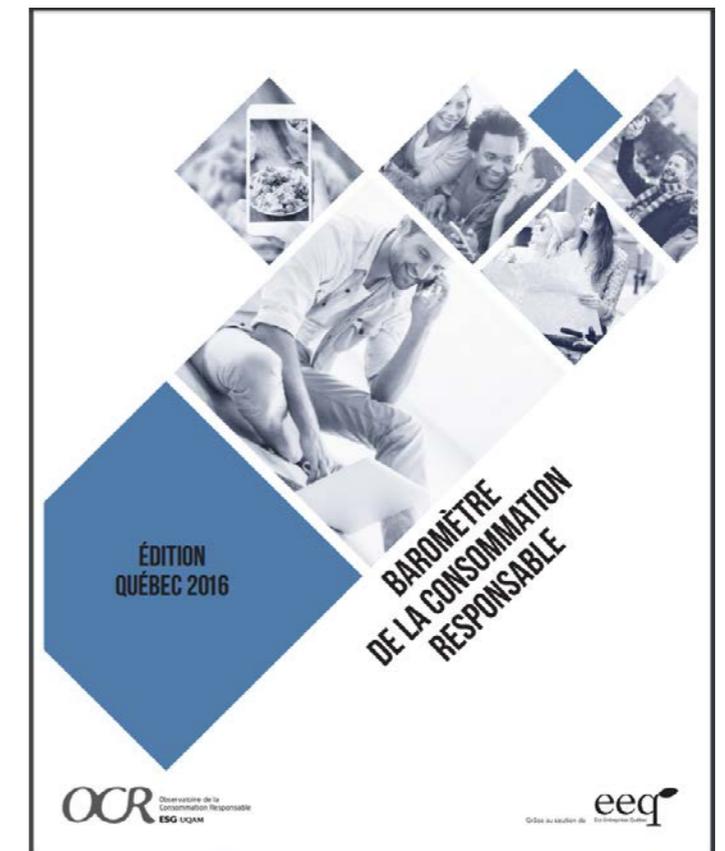
METRO received the EnviroLys award in the ICI+ green project category for its organics waste recovery program. Presented by the Conseil des entreprises en technologies environnementales du Québec (CETEQ), the EnviroLys award recognizes institutional, commercial and industrial (ICI) organizations whose direct activities are not in the environment sector, but which still contribute to environmental protection through the implementation of innovative sustainability projects that are in line with their missions.



Left to right: Marc H. Plante, Member for Maskinongé, Québec Liberal Party, and Parliamentary Assistant to the Minister of Sustainable Development, the Environment and the Fight Against Climate Change; Alexis Fortin, Environmental Advisor—Québec, METRO; Vanessa Bonanno, Environmental Advisor—Ontario, METRO; Éric Gladu, Director, Environment and Risk Management, METRO; Stéphanie Aubin, Director, Public and Government Relations at the Retail Council of Canada; Tanya Karagopian, Environmental Technician, METRO, and Dany Michaud, President and CEO, Recyc-Québec.

METRO, Québec's second most responsible business

The Québec edition of the 2016 *Baromètre de la consommation* revealed that METRO is the second most responsible business in the province.



DELIGHTED CUSTOMERS

Responding to our customer's needs and expectations is at the core of METRO's business strategy. We aim to offer our customers choices that meet their expectations, whether that's freshness, cost or wellbeing. Beyond these criteria, we want to move toward a more responsible supply chain that is committed to the adoption of sustainability practices and standards of the highest level.



DELIGHTED CUSTOMERS

PRIORITIES

Ensure food quality and safety

Promote health

Offer responsible products

2016 HIGHLIGHTS

RELEASE OF OUR RESPONSIBLE PROCUREMENT FRAMEWORK

A key tool to communicate the social and environmental purchasing criteria to which we will be giving more weight.

RELEASE OF OUR SUPPLIER CODE OF CONDUCT

Applies to all our goods and services suppliers and enables us to respond to the challenges in our supply chain.

3,820 PRODUCTS IDENTIFIED AS GOOD AND GREAT CHOICES FOR BETTER NUTRITION

To help our customers identify better choice products.

252 IRRESISTIBLES AND SELECTION PRIVATE LABEL PRODUCTS NOW LOWER IN SODIUM

For 80% of these products, sodium levels are below the Health Canada guidelines.

94% OF IRRESISTIBLES PRIVATE LABEL PRODUCTS NOW CONTAIN NO ARTIFICIAL COLOURS OR FLAVOURS

This is also the case for 100% of *Irresistibles Life Smart* and *Irresistibles Organic* products.

LAUNCH OF THE ACTIVE HEALTH CHALLENGE IN BRUNET DRUGSTORES

An interactive tool to help Québeckers manage their health.

DELIGHTED CUSTOMERS

1. ENSURE FOOD QUALITY AND SAFETY

The pleasure of eating well depends first and foremost on the confidence that consumers have in the quality and safety of the food products they purchase. This is why METRO has always made this a priority within its operations. By introducing rigorous certification, inspection and quality control systems, we can attest to product quality and make sure to manage the potential risks associated with the safety of the products sold in our stores across the supply chain to protect the health of consumers.

In recent years, we have seen a steady increase in the number of suppliers whose facilities are certified by a GFSI-recognized standard or another accepted certification. This improvement is due to several factors, including regular follow-ups by our teams, and confirms that the trend among our suppliers is to formalize their practices. Still, METRO acknowledges that delivering on these standards can present challenges for businesses. In these cases, we ensure that their facilities meet our standards and still continue to favour suppliers with GFSI certification.



The GFSI is a recognized international initiative for continuous improvement of food safety assurance across the supply chain.

FOOD SAFETY

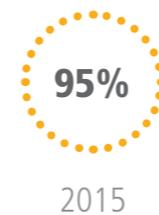
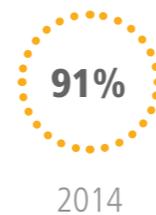
OUR OBJECTIVE

METRO aims to ensure that all private brand and all fruits and vegetables suppliers obtain certification recognized by the GFSI.

OUR ACHIEVEMENTS

SUPPLIERS CERTIFIED BY A STANDARD RECOGNIZED BY THE GFSI

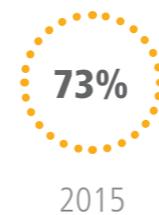
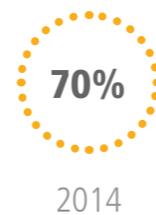
PRIVATE BRANDS



SUPPLIERS CERTIFIED BY A FOOD SAFETY STANDARD

Suppliers certified by a standard recognized by the GFSI:

FRUITS AND VEGETABLES



+ 11% in the process of obtaining food safety certification

81% certified by a recognized food safety standard

+ 12% with another recognized certification
+ 7% in the process of obtaining food safety certification

92% certified by a recognized food safety standard

+ 9% with another recognized certification
+ 7% in the process of obtaining food safety certification

95% certified by a recognized food safety standard

DELIGHTED CUSTOMERS

1. ENSURE FOOD QUALITY AND SAFETY

QUALITY CONTROL

OUR OBJECTIVE

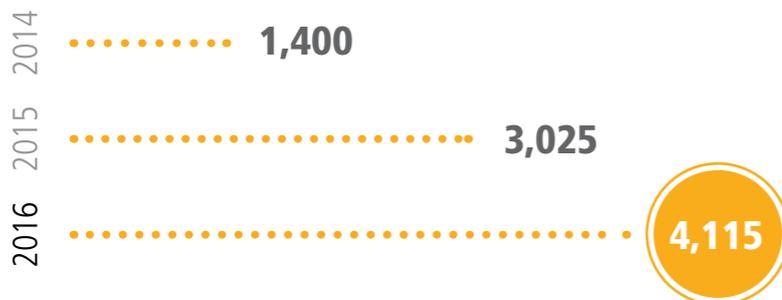
METRO aims to ensure that all private brand products are subject to quality control by Metro's quality assurance team by 2019.

OUR ACHIEVEMENTS

METRO's quality assurance (QA) team works to ensure that private brand products meet the corporation's quality standards and comply with applicable regulatory requirements. As part of its activities, the QA team conducts attribute tests on aspects including the physical, functional and organoleptic requirements of foods and beverages (i.e., tests related to appearance, scent, taste, texture and consistency).

To monitor the products at the appropriate frequency, we select items to be tested based on criteria including sales volumes, potential risks and consumer feedback. All product categories are assessed and a specific product may undergo several quality checks per year. By the end of 2016, METRO had tested over 90% of its private label products (4,115 out of 4,565).

QUALITY CONTROL TESTING CARRIED OUT ON PRIVATE BRAND PRODUCTS



PREMIÈRE MOISSON AIMING FOR THE HIGHEST FOOD STANDARDS

OUR OBJECTIVE

METRO aims to obtain certification for Première Moisson plants.

OUR ACHIEVEMENTS

Première Moisson is experiencing steady growth and continues to pursue the continuous improvement of its operational standards. The company therefore invests in innovation to optimize the efficiency and quality of its processes. For example, in 2016 two major initiatives were carried out in the Baie-D'Urfé plant: the installation of a

PRODUCTION PLANTS

Baie-D'Urfé	Breads and baked goods	Certified GFSI SQF Level 3 · The highest level of GFSI SQF certification, includes safety and quality
Dorion	Breads and pastries	Compliance with requirements of Good Manufacturing Practices (GMP) audits · Including the implementation of the Hazard Analysis Critical Control Point (HACCP) system two years earlier than planned

new production line to meet greater customer demand and the implementation of an new software to manage quality assurance documents.

"As a food manufacturer, quality and safety are at the centre of our day-to-day activities. We aim to set the highest standards for our plants and are especially focused on the needs of our customers. We are attuned to market trends and new practices. Because we work in a highly regulated industry, in which codes of practice often vary, ongoing employee training and development is key."

Josée Patenaude,
Coordinator, Regulatory Affairs and Certification



DELIGHTED CUSTOMERS

2. PROMOTE HEALTH

Consumers are constantly looking for ways to stay healthy, including through a nutritious diet. A 2016 customer survey conducted by METRO revealed that the vast majority of respondents (close to 80%) felt it was important that food retailers help them make healthier choices. To that end, we have invested in our My Healthy Plate with Metro program to continue to enhance our better-for-you product offerings and implement initiatives to simplify the shopping process for customers who want to make healthy choices for themselves and their family.



PRIVATE LABEL BRANDS WITH A FOCUS ON HEALTH

OUR OBJECTIVE

Each year between now and 2020, we plan to increase the total number of better-for-you private label products by 10%.

OUR ACHIEVEMENTS

Enhancing our product offering

Interest in better-for-you products has risen significantly in recent years and the sector is evolving. Because the customer is at the core of our concerns at METRO, day after day, we work to provide them with the products they are looking for.

We are therefore continuing our effort to enhance our private label portfolio by focusing on improving certain attributes, including: lowering sodium levels and eliminating artificial colours and flavours.

BETTER FOR YOU PRIVATE LABEL PRODUCTS

End of	2014	2015	2016
	Number of products		
<i>Irresistibles Life Smart</i>	326	289	228
<i>Irresistibles Gluten Free</i>	46	50	61
<i>Irresistibles Bio</i>	84	72	48
<i>Irresistibles and Selection reduced sodium</i>	661	554	252
Products labelled as having a positive nutritional attribute (low-fat, trans fat-free, reduced sodium)	565	569	533

In 2016, there was a decrease in our product offering for certain of our better-for-you brands. This temporary situation is explained by the fact that we have spent the past few months working to update our strategic plan for these brands. We intend to return to our growth objectives as early as next year.

We have reduced the sodium content of 252 *Irresistibles* and *Selection* products. Now, 80% of these products have a sodium content that falls below Health Canada's guidelines.

94% of *Irresistibles* products now contain no artificial colours or flavours, compared with 90% last year and 100% of the *Irresistibles Life Smart* and *Irresistibles Organic* products have no artificial colors or flavours.

In June, the *Irresistibles Life Smart Smoothie* was recognized at the Canadian Grand Prix New Products Awards in Toronto. The jury assessed presentation and packaging, overall benefits and product features and innovation. The award substantiates the interest in health-conscious products, including in terms of flavour, and METRO's capacity to meet customer expectations.



DELIGHTED CUSTOMERS

2. PROMOTE HEALTH

HIGHLIGHTING BETTER FOR YOU PRODUCTS IN STORE

OUR OBJECTIVES

Review the selection criteria for *good* and *great* products under the *My Healthy Plate with Metro* program and improve the process to identify *good* and *great* products in stores

OUR ACHIEVEMENTS

Nutrition criteria

In 2013, METRO launched the *My Healthy Plate with Metro* program in order to respond to consumers' health and wellbeing concerns. This simple, and fun program supports customers in their effort to eat better and is based on rigorous criteria set out by our nutrition experts.

We use smiles on price labels throughout our stores to identify our nutritionists' choices. Consumers can quickly spot the best options in a given category.

When the program was launched in 2013, METRO had defined nutrition criteria for its *good* and *great* choice products based on recommendations by Health Canada and *Canada's Food Guide*. Our team of nutritionists has further developed specific criteria for ingredients lists of each product category.

METRO had explored the possibility of reviewing the evaluation criteria in 2016 and has chosen to postpone the exercise. The current criteria are still relevant and are based on up-to-date nutrition and healthy eating recommendations by Health Canada and *Canada's Food Guide*. In the coming years, our criteria may be further developed to ensure that they stay in line with the latest findings in nutrition research, with a particular view to the new edition of *Canada's Food Guide* planned in October 2018.

Identifying products in stores

In May 2016, new labels were implemented in stores to ensure better visibility for healthier product options at the shelf-level. Yellow smile labels and good and great choice indications now appear on labels to help customers find better for you products in stores.

PRODUCTS IN STORE

	2014	2015	2016
Good choice	2,240	2,561	2,621
Great choice	1,044	1,130	1,199
Total	3,284	3,691 + 12%	3,820 + 3.5%



Promoting the program to consumers

This year, we launched a marketing campaign to facilitate access to affordable healthy product options and promote healthy eating, including:

- the release of four short videos in collaboration with our nutritionist Linda Montpetit showing how easy it is to eat well: explanation of how smiles are used in stores, healthy snack ideas, tips to eat more fruits and vegetables and the debunking of health-related myths
- the identification of good and great choice products in flyers
- the implementation of a poster campaign in March and April to help customers make healthier choices
- the offering of free fresh fruit for children to eat while their parents shop in over 150 stores

DELIGHTED CUSTOMERS

2. PROMOTE HEALTH

PHARMACEUTICAL ACTIVITIES

SUPPORTING PATIENTS IN THE MANAGEMENT OF THEIR HEALTH



OUR OBJECTIVES

Offer professional programs for pharmacists focused on patient health and provide customers with advice on nutrition, physical activity and psychological wellbeing.

OUR ACHIEVEMENTS

For Brunet, health is holistic and encompasses the wellbeing of mind and body. Health is more than the medication a person takes.

Programs for pharmacists

In order to provide patients with advice to help them manage their health, the pharmacists affiliated to our drugstore network in Québec benefit from a range of tools:

- Professional programs including vaccination and travel health programs for customers
- Professional support to promote the new activities of pharmacists following the adoption of Bill 41 to expand their role
- Training program for pharmacists and technical assistants to provide them with better professional tools

Health tips for consumers

Brunet has created the Active Health Program. Based on three themes, the program provides tips and tools for consumers to help them take charge of their health.



NUTRITION



PSYCHOLOGICAL
AND PHYSICAL
WELLBEING



PHYSICAL
ACTIVITY

The tips were developed by experts: nutritionists, exercise specialists, beauty experts and pharmacists. Also, in spring 2016, Brunet launched the **Active Health Challenge** to help Québeckers take charge of their health.



3. OFFER RESPONSIBLE PRODUCTS

In 2016, two key tools were developed to provide an overall strategic procurement framework at METRO: the **Responsible Procurement Framework** and the **Supplier Code of Conduct for responsible procurement**.

The development of these two structuring documents is the outcome of a rigorous process driven by an issue analysis across our supply chain, best industry practices, recognized standards and the consideration of our internal and external stakeholders. In January, both documents were approved by the corporation's Board of Directors and they were made public in February 2017.

The Responsible Procurement Framework and Supplier Code of Conduct is based on four principles:

- Business ethics
- Respect for works and contribution to socioeconomic development
- Protection of the environment
- Respect for animal health and welfare

RESPONSIBLE PROCUREMENT

OUR OBJECTIVES

Release the Responsible Procurement Framework and initiate its implementation

OUR ACHIEVEMENTS

Responsible Procurement Framework

Since the release of its first corporate responsibility roadmap in 2010, METRO has carried out a series of responsible procurement initiatives, including the development of purchasing policies (sustainability fisheries and local purchasing) and criteria for specific sectors and issues (packaging, palm oil). These ad-hoc projects were undertaken in response to sector- and issue-based challenges and in consideration of stakeholder expectations.

In 2016, METRO set out its Responsible Procurement Framework to structure its approach and define priority purchasing criteria for its teams and suppliers. This initiative also makes it possible to provide an even better response to consumers' increasing interest in the products they consume in terms of their health impacts and the social and environmental conditions in which they are produced.

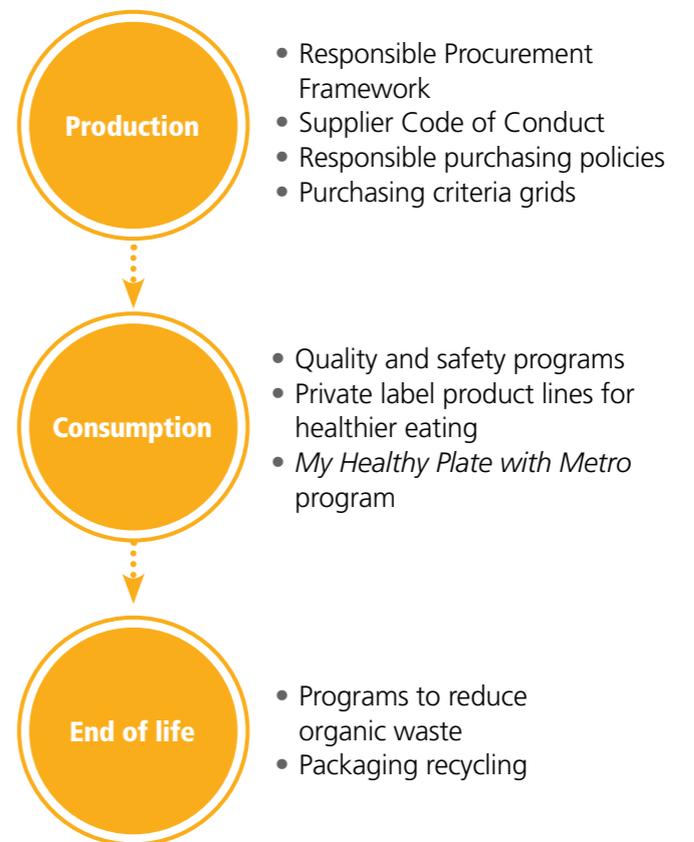
Scope

As a first step, the Framework is focused on METRO's food-based activities. As a retailer, Metro recognizes that the purchase of grocery products sold in our stores is our most significant activity given it represents our main source of spending and impact. More specifically, the Framework is applied to all products sold in METRO supermarkets, discount stores and neighbourhood stores in Québec and Ontario.

METRO intends to expand the Framework to its other business areas as a second phase of its strategy that will unfold in 2017.

RESPONSIBLE PROCUREMENT: OUR VISION

METRO takes a holistic approach to responsible procurement. We consider all the issues that are related to a product and its packaging throughout its life cycle, to the consumer. METRO has therefore implemented a series of initiatives that impact the key phases in a product's life cycle: production, consumption and end of life.



Responsible procurement consists of integrated ethical, social and environmental criteria into our current purchasing criteria (e.g., cost, availability and quality).

3. OFFER RESPONSIBLE PRODUCTS

Our commitments

To ensure success, METRO has made a series of commitments with regards to the implementation of the framework including the promotion of the Code of Conduct to suppliers, training employees to apply the Framework and monitoring the evolution of environmental and social issues which impact our supply chain. METRO has also specific commitments to enhance its responsible product offering.

We will actively work to meet these commitments from now until 2021.

PHARMACEUTICAL ACTIVITIES

Purchasing overview

A responsible procurement framework for our pharmaceutical sector will be developed in 2017. Originally planned for 2016, the project was postponed to ensure its harmonization with METRO's new Responsible Procurement Framework. The first phase of work will involve a review of procurement priorities and the prioritization of the issues the company will focus on.

Commitments—responsible product offering

1. Ensure that meat, poultry, egg, milk and dairy product suppliers apply, at minimum, the Codes of Practice for the care and handling of farm animals.
2. Develop a private brand product line of meat raised without growth hormones.
3. Encourage meat, poultry, egg, milk and dairy product suppliers to ban the use of antibiotics used on humans for prevention and growth promotion purposes.
4. Develop a private brand line of organic chicken products.
5. Ensure that 100% of private brand *Irresistibles* chicken products are purchased in Québec and Ontario.
6. Expand our offers of fair-trade cocoa, coffee, tea and herbal tea products.
7. Expand our offer of organic products every year.
8. For aquaculture shrimp: ensure that 100% of the shrimp for our private label products is BAP-certified (Best Aquaculture practices).
9. For aquaculture salmon: ensure that 100% of the salmon for our private label products is Best Aquaculture Practices (BAP) certified.
10. Ensure that 100% of our private label canned tuna is from a sustainable supply.



PREMIÈRE MOISSON

OUR OBJECTIVE

Implement purchasing criteria set out in our guide for responsible purchasing practices

OUR ACHIEVEMENTS

Guide for responsible purchasing practices

At Première Moisson, we have paid particular attention to our procurement since the company's origins in 1992. The search for authentic quality products, local purchasing, and our close, long-standing relationships with suppliers are the foundations of Première Moisson. To formalize its responsible procurement strategy, the company developed a guide to responsible purchasing practices in 2014 that it continued to implement this past year.

The principles that drive the *Guide de Première Moisson* are in line with those set out in METRO's Responsible Procurement Framework. The provenance of ingredients used in Première Moisson products constitutes a key element on which the company's purchasing criteria are based.

3. OFFER RESPONSIBLE PRODUCTS

SUPPLIER CODE OF CONDUCT

OUR OBJECTIVES

Review the Supplier Code of Conduct based on the Responsible Procurement Framework and release the Code.

OUR ACHIEVEMENTS

Supplier Code of Conduct for responsible procurement

METRO actively seeks to do business with suppliers that share its commitment to corporate responsibility and proactively integrate responsible practices into their activities. METRO is implementing its Responsible Procurement Framework with a view to continuous improvement and aims to collaborate with suppliers in a context of transparency to adopt ethical business practices that are socially appropriate.

In 2011, we implemented a Supplier Code of Conduct that specifically targeted food product suppliers. The new Code now targets all METRO goods and services suppliers throughout the supply chain.

The Code of Conduct provides a framework for the business practices expected by METRO. It also constitutes a risk management tool—in particular in the event of supplier non-compliance—and is in line with the new Responsible Procurement Framework.

METRO expects all suppliers to take all means necessary to adopt behaviours and practices that are consistent with the following principles.

Business ethics

METRO suppliers must:

- comply with all applicable laws, regulations and guidelines
- refrain from engaging in any form of corrupt practice, including extortion and fraud
- ensure the protection of the personal and confidential information they receive from METRO and use it only as part of their business relationship with the corporation
- respect intellectual property rights pertaining to the products and services they provide to METRO
- never place a METRO employee in a situation that could compromise his/her ethical behaviour or integrity or create a conflict of interest
- disclose any real or potential conflict of interest to METRO
- disclose any behaviour by a METRO employee deemed unethical to METRO

Respect for workers

- Child labour
- Forced and compulsory labour
- Freedom of association and the right to collective bargaining
- Discrimination in employment
- Compliance with obligations arising from the work relationship
- Occupational health and safety
- Working hours
- Wages and benefits

Protection of the environment

- Greenhouse gas emissions
- Water
- Soils, biodiversity and ecosystems
- Natural resources

Respect for animal health and welfare

- Terrestrial and aquatic animals
- Prevention of all types of abuse against animal health and welfare
- Requirement to meet the psychological and behavioural needs of animals

DELIGHTED CUSTOMERS

3. OFFER RESPONSIBLE PRODUCTS

SUSTAINABLE FISHERIES

OUR OBJECTIVES

Review the Sustainable Fisheries Policy and initiate its implementation.

OUR ACHIEVEMENTS

Initially implemented in 2010, the Sustainable Fisheries Policy is being updated to consider current concerns, scientific knowledge and enhancement measures and ensure the integration of the principles and standards set out in the recently released Responsible Procurement Framework and Supplier Code of Conduct.

The first phase of the project has ended and the ongoing work has demonstrated that the principles set out in the current policy remain relevant and are in line with the principles of our overall approach. We intend to finalize the updating of the policy within the next few months for release in 2017.

We will also pursue the implementation of best practices in fisheries and aquaculture for our fresh, frozen and canned products.

Selecting healthy species

METRO only offers species whose abundance has been confirmed by scientific consensus and whose capture enables population renewal. Since the implementation of the Responsible Fisheries Policy, METRO has removed 16 species groups from its stores as they are facing major issues that put their populations at risk. Should the species' conditions improve sufficiently, METRO may reintroduce them in stores. Species are subject to ongoing monitoring and evaluation.

In addition, certain species are part of a specific monitoring program because they raise concerns with regard to stocks and fishing methods. While still available in stores, these species are subject to specific procurement requirements under which suppliers must demonstrate the use of best practices and the full traceability of their products.

Fostering sustainable fisheries



In 2016, METRO continued its initiatives to ensure that the fisheries and farms from which it purchases its stock, can demonstrate that they rely on sustainable methods.

For wild products, METRO fosters the use of selective fishing techniques to reduce the volume of bycatch (unwanted species fished accidentally) and promotes a preventive approach to ensure the protection of the seabed (innovative techniques and risk analysis). METRO therefore prefers products with a recognized certification (e.g., Marine Stewardship Council (MSC)).

With regard to aquaculture products (farmed products), METRO fosters sustainable innovation practices that minimize the impacts on biodiversity and natural resources. The company prefers certified products (e.g., Best Aquaculture Practices (BAP) and Aquaculture Stewardship Council (ASC)).

Product traceability

In 2016, we continued our close collaboration with our suppliers to document the traceability of products and map the supply chain, from the fishing zone to the consumer.

We aim to provide our customers with transparent labelling and continue to increase the amount of information that is provided, as well as its quality. In this regard, we have invested considerable effort in our private label products in recent years. All private label products now include a table with traceability information when space permits.



RESPECT FOR THE ENVIRONMENT

Continuous improvement of METRO's environmental performance is driven by the rigour of our processes and the optimization of our practices. Through our environmental management system (EMS) and the implementation of structuring projects, METRO ensures that its teams focus on aspects that will contribute the most to reducing METRO's environmental footprint.



RESPECT FOR THE ENVIRONMENT

PRIORITIES

Optimize our buildings' energy consumption

Manage our waste

Enhance the efficiency of our merchandise transport

Optimize our packaging and printed materials

2016 HIGHLIGHTS

IMPROVED **GHG** EMISSIONS REPORTING

In our 9th report to the CDP, the information will be made public for the first time.

LED LIGHTING IN A NEW SUPER C STORE

An innovative pilot project based on the use of a technology recognized for its low energy consumption.

HIGHER WASTE RECOVERY RATE

109,420 tonnes of waste were recovered: an average diversion rate of 64% and an increase of almost 7% over last year.

LOWER ENERGY CONSUMPTION IN **PREMIÈRE MOISSON** PLANTS

New LED lighting system in the Baie-d'Urfé plant and energy-efficient gas ovens in the Dorion plant.

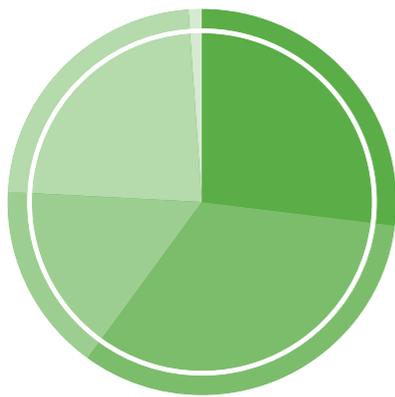
RESPECT FOR THE ENVIRONMENT

OVERALL APPROACH

CARBON FOOTPRINT

For several years, METRO has been working to reduce its greenhouse gas (GHG) emissions. Our teams have focused their efforts on the most strategic sectors of our carbon footprint, as demonstrated under this pillar.

METRO'S SOURCES OF GHG EMISSIONS



- Buildings' energy consumption (electricity and natural gas) 27%
- Refrigerant leaks 33%
- Merchandise transport 16%
- Waste disposal 23%
- Business travel 1%

"Our team is dedicated to the ongoing search for new ways to enhance our practices and support our colleagues through the network, across Québec and Ontario. In 2016, we revised the environmental management guide for stores, to add new aspects such as employee training and awareness building and expanded the scope of our EMS."

Éric Gladu
Director, Environment and Risk Management

REDUCTIONS IN ANNUAL GHG EMISSIONS INTENSITY AS COMPARED TO REFERENCE YEAR 2010

Corporate stores and franchises in Québec and corporate stores in Ontario

2010	2011	2012	2013	2014	2015*
N/A	- 9%	- 3%	- 6%	- 15%	- 19%

* 4% reduction as compared with the previous year
19% reduction since 2010

Calculated according to the Greenhouse Gas Protocol (GHG Protocol) methodology.
Each year's emissions were reported the following year.

METRO annually declares its greenhouse gas (GHG) emissions to the CDP, and the data sent show the company's carbon budget for the year prior to this statement. The most recent data available for publication is from 2015. 2010 represents our baseline for evaluating our performance.



For the ninth straight year, METRO reported its carbon footprint to the CDP, a recognized international platform. Because we always seek to improve our practices, we expanded our report to include business travel and took an important step in publicly releasing our report for the first time.

RESPECT FOR THE ENVIRONMENT

1. OPTIMIZE OUR BUILDINGS' ENERGY CONSUMPTION

The strategy that guides the teams working to increase the energy efficiency of our buildings involves the optimization of the electromechanical systems in our current facilities and new constructions through the integration of innovative technologies, as well as the mobilization of all METRO employees to optimize energy efficiency through everyday actions.

REDUCED ENERGY CONSUMPTION

OUR OBJECTIVES

- By 2020, integrate efficient features and equipment into our new constructions to increase building energy efficiency by at least 5% as compared with stores built in 2010.
- Select, audit and retro commission ten stores to increase their energy efficiency by 5 to 10% as compared with their baseline performance.
- Upgrade outdated mechanical systems when major renovations are undertaken.
- Raise awareness in stores by providing additional tools for employees.



OUR ACHIEVEMENTS

La Prairie Super C - Energy Efficient



The new Super C store that was inaugurated in La Prairie in June 2016 benefitted from METRO's energy optimization program for new buildings. This pilot project reduces the store's environmental footprint as compared with that of older stores through two major initiatives.

First, the building is equipped with a CO₂ refrigeration system that, in case of leaks, considerably reduces GHG emissions as compared with standard synthetic refrigerants: for every pound of gas released into the atmosphere, the CO₂ is nearly 4 000 times less damaging than the widely used refrigerant (R404a). In addition to its improved energy profile, the refrigeration system releases heat that is recovered to adjust in-store temperatures.

Also, the Super C store in La Prairie has innovated by being the first in the Metro network to be entirely lit with LED (light-emitting diode) lighting—technology that is recognized for its low energy consumption. From the refrigerated displays to the store lights (modulated according to store traffic for more energy savings) to lighting in the parking lot, the systems were designed to ensure an enjoyable shopping experience and maximum energy savings.

Retro-commissioning stores in Québec

In 2016, we launched our store retro-commissioning program. The first phase of the project was undertaken in Québec, in seven Metro supermarkets and three Super C discount stores. Site audits were conducted and detailed reports were produced to guide future work. The site visits made it possible to determine the current operating conditions and detect deficiencies. Now that we have identified what improvements are required, a more extensive analysis of the investment required is being carried out to establish an action plan to enhance the energy efficiency of our network of stores.

Our goal is to carry out this exercise in ten stores a year in Québec and Ontario between now and 2020 in an effort to identify our priorities for our entire network.

DID YOU KNOW?

Retro-commissioning: The analysis, audits and corrective actions that are periodically undertaken to offset the decline in the mechanical and electrical systems in large buildings and to reduce energy consumption by optimizing the ventilation, air-conditioning and heating systems.

RESPECT FOR THE ENVIRONMENT

1. OPTIMIZE OUR BUILDINGS' ENERGY CONSUMPTION

Improvements as part of major renovations

In the past year, several sites in Québec and Ontario underwent key improvements to their mechanical and electrical systems as part of major renovation and expansion projects, which constitute good opportunities to carry out such initiatives. Work was conducted on refrigerants and lighting: important elements to improve environmental performance.

- Refrigeration: replaced the systems at the Metro Hull and Metro Jean-Talon (Montréal) stores and refurbished the systems as part of the conversion of the Super C in St-Romuald.
- Lighting: replaced the current lighting system for more efficient LED lighting in almost ten Metro and Food Basics stores across Ontario.

We also implemented a new procedure to facilitate the technical analysis and business case of the optimisation opportunities of major renovation projects to merge environmental and economic performance.



Team awareness building

"Providing information and training for our teams is critical to the success of our energy efficiency projects since our employees' behaviours make all the difference. We therefore deploy extensive efforts to provide them with personalized support and tools that are adapted to each site. Close collaboration between managers and employees is the key to foster the adoption of responsible practices."

Bianca Ellyson

Director, Mechanical Design and Energy

Our program to reduce our energy consumption is increasingly effective with the mobilization of the network and the regular presence of an environmental teams in stores to validate the implementation of best practices and determine which projects require more support,

In addition to the hundreds of personalized follow-ups in stores, specific initiatives—including the development of communication tools—were carried out this year.

PREMIÈRE MOISSON LOWERING ITS ENERGY CONSUMPTION (electricity and natural gas)

OUR OBJECTIVE

Replace equipment at end of life by more energy-efficient options

OUR ACHIEVEMENTS

Baie-D'Urfé plant

The lights in the production area were over 25 years old. They were replaced with LED lights that consume less energy. The new bulbs require 45% less electricity than the old ones.

Dorion plant

The large, old rotating bread oven was replaced by four new ovens that are more energy efficient. The new ovens also provide more flexibility to bake a range of different products and use 15% less gas.

RESPECT FOR THE ENVIRONMENT

2. MANAGE OUR WASTE

Waste management helps reduce the environmental impacts of disposal, including GHG emissions. Overall, waste management also fosters materials recovery through a range of recycling outlets and generates revenue from the materials that are recovered and sold to recyclers. METRO's network of stores generates the vast majority of the corporation's waste.

2016 OVERVIEW

RECOVERED WASTE (METRIC TONNES)

Corporate and franchised stores in Québec and Ontario

Animal-based organic waste*	9,227
Plant-based organic waste**	19,794
Cardboard	66,956
Mixed paper	474
Plastic wrap	1,616
Mixed bundle (plastic, paper, metal, waxed cardboard and cardboard)	11,353
Total	109,420 tonnes

* Waste from butchery, cooking oils and fat traps transformed into various common use products.

** Products for composting or bimethanation, unsold non-perishable products donated to food banks and unsold perishable products donated through the Récupartage/One More Bite program.

OUR OBJECTIVES

- 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 US Zero Waste Business Council's Zero Waste (90% waste diversion rate) in corporate stores and franchises in Québec and Ontario enrolled in the recovery programs (2020).

OUR ACHIEVEMENTS

In recent years, METRO has made key progress in its waste management. A comprehensive strategy was set out, new programs were created and network employees received information and training. Last year, we reached and even surpassed our goal to reduce our waste for disposal by 25% by 2010.

Building on this success, we are pursuing our efforts. The next step involves determining a specific, adapted plan for each corporate store and franchise in Québec and Ontario and valuing the practices that are already in place. This ambitious program takes us one step further in the operationalization of our *zero waste* goal.

Waste management plans

In 2016, our teams studied a series of waste management plan (WMP) models and laid the foundations for a model plan for all sites.

The program was first implemented in Ontario to ensure that it was in line with provincial legislation, which calls for the segmentation of recyclable materials in large areas.

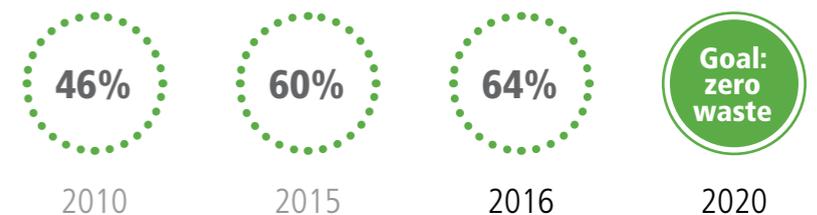
The second component of the project aims to set out the same type of plan for the store network in Québec. The formalized plan for Québec will be based on the Ontarian model. The knowledge that is acquired will facilitate the plan's management and serve to optimize our approach. Until then, store teams rely on the environmental management guide, which provides the information they need to effectively manage their waste.

OBJECTIVE: ZERO WASTE TO LANDFILL

As the store network has continued to expand, METRO has ensured a steady increase in its materials recovery rates, from 46% diverted waste in 2010 to 60% in 2015. And we are already aiming for zero waste in 2020. Some of our most efficient stores have already reached diversion rates of over 80%. The diversion rate is the share of waste that is not landfilled.

AVERAGE WASTE DIVERSION RATE

Corporate stores and franchises in Québec and Ontario



ZERO WASTE: 90% VS. 100%

According to the internationally recognized U.S. Zero Waste Business Council and Zero Waste International Alliance, an organization may declare that it generates zero waste when it reaches a diversion rate of 90% since certain materials still do not have a recycling outlet and must be eliminated.

RESPECT FOR THE ENVIRONMENT

2. MANAGE OUR WASTE

THE 3 R-R PRINCIPLE

To achieve a waste diversion rate of 90%, we are focused on the 3R-R approach—reduce, reuse, recycle and reclamation—rather than disposal in landfills or incineration with no energy recovery. Among the key initiatives in 2016:

Loss reduction

- Order suggestion system to propose optimal amounts to order.
- Loss reports produced by each department and store to target levers for improvement.

Organic waste recovery

- Optimization of the current program to recover organic waste including packaging through a mechanical packaging separation process to increase recovery rates.
- Ongoing implementation of the METRO's key Récupartage/One More Bite project to donate perishable food products to organizations in Québec and Ontario. The program is further detailed in the Strengthened Communities section.

SOUND MANAGEMENT AND ONGOING IMPROVEMENT

We are also focused on sound management and ongoing improvement to optimize our performance. Our key achievements this year include:

- Environmental management system (EMS) monitoring
- Environmental audits in Québec and Ontario.
- Waste compactor audits of service suppliers.
- Support for the least efficient stores.

Employee training

- After training over 2,470 employees on the recovery program between 2010 and 2016, we are now targeting strategic moments to pursue team training: store openings and stores that are not progressing as they should be.
- In 2016, over 70 employees were trained in Québec and Ontario as part of the initiative.

External collaborations

- Participation in university projects to identify new means for improvement.
 - HEC Montréal: in-store packaging study.
 - Polytechnique Montréal: study on the amount of expanded polystyrene (Styrofoam) generated by a Metro and a Super C store.

ORGANIC WASTE FLOWS

29,021 TONNES RECOVERED

Plant-based 19,794 tonnes			Animal-based 9,227 tonnes
Material for composting and biome- thanation	Unsold non- perishable products donated to food banks	Unsold perishable products donated as part of the Récupartage/ One More Bite program	Materials processed into common use products
17,249 tonnes	1,517 tonnes	1,028 tonnes	9,227 tonnes

PREMIÈRE MOISSON RECOVERY (MULTIMATERIAL AND ORGANIC WASTE)

OUR OBJECTIVE

Implement the program in 100% of new network stores



ENGAGEMENT MISE EN ŒUVRE PERFORMANCE

OUR ACHIEVEMENTS

In late 2016, 17 Première Moisson stores (nearly 68% of the network) had already implemented a waste recovery program and received level 2 attestation under the ICI ON RECYCLE! program led by RECYC-QUÉBEC.

To obtain level 2 certification, the teams had to apply measures to reduce, reuse, recycle and reclaim (3R-R) materials in at least three waste categories and carry out information and awareness-building activities in their organizations.

Overview of some of the initiatives undertaken in 2016

- Recyclable materials collection in 14 stores
- Organic waste collection in 17 stores
- Training on themes including new container recycling and composting for production and customer service employees
- Signage (10 signs per store, on average) to raise awareness among employees and customers of recycling and composting

RESPECT FOR THE ENVIRONMENT

3. ENHANCE THE ENERGY EFFICIENCY OF OUR MERCHANDISE TRANSPORT

OUR OBJECTIVES

- Reduce the number of empty runs on delivery returns.
- Use the most energy-efficient equipment when renewing contracts.

OUR ACHIEVEMENTS

In 2016, METRO acquired transportation management system (TMS) software to manage and optimize its transport. We are currently testing the program and defining key performance indicators, including GHG emissions. The software is expected to launch in late July 2017 in Ontario and in late September 2017 in Québec.

4. OPTIMIZE OUR PACKAGING AND PRINTED MATERIALS

OUR OBJECTIVES

Launch the packaging and printed materials optimization policy and implement it in METRO and McMahon stores

OUR ACHIEVEMENTS

In recent years, many initiatives were carried out to optimize METRO's packaging and printed materials, especially those used in private brand and flyers products in our different banners. METRO now intends to set out a packaging and printed materials optimization policy for all activity sectors to provide the corporation with a joint framework and guide the actions by METRO teams and suppliers.

The policy, which was originally intended for released in 2016, was postponed until 2017 to ensure that it is in line with the new Responsible Procurement Framework. Still, the basis of the policy was developed in 2016 and is in keeping with current practices, which are based on best industry practices.

PACKAGING OPTIMIZATION

METRO's packaging optimization vision is based on the life cycle approach, which considers all phases in the packaging's life cycle, from the selection of the raw materials from which it is manufactured to the end of the packaging's service life at the consumer's.

This approach is firmly implemented in the packaging optimization efforts for our private brands. Our initiatives are driven by the following key strategies.

- Select more ecological materials.
- Optimize the packaging/product ratio to avoid overpackaging and preserve the integrity of the product.
- Opt for materials with greater recyclability.
- Help consumers recycle packaging materials by including directions on the packaging itself.

In addition, last year, we developed a new criteria grid for materials and printing techniques for our suppliers.



In 2015, over 300 private brand products included sorting instructions that were specific to each province (whenever required) to optimize packaging recovery by consumers. In 2016, we increased this figure to 500 products: over 10% of private brand items.

RESPECT FOR THE ENVIRONMENT

4. OPTIMIZE OUR PACKAGING AND PRINTED MATERIALS

CASE STUDY

Fostering best practices within the industry

Again this year, we added a new optimization case study on Éco Entreprises Québec's OptimEco web portal, which aims to share positive initiatives to help other organizations progress and foster best corporate practices.

Water packaging makes up a significant portion of the private label packaging options offered by METRO, and its optimization was therefore a priority. We innovated in order to provide our customers with more responsible packaging: reduced packaging weight, use of 100% RPET (recycled plastic) and enhanced palletisation to eliminate cardboard trays.



Example: Optimization of the packaging/product ratio

We optimized the packaging of our individual portion private label Greek yogurt by eliminating the cardboard over-packing, leading to a 77% reduction in the weight of the printed packaging (31 grams less per product).



Before



After

Less food waste

The optimization of packaging improves its environmental footprint and that of the product. If a packaging does not enable the complete use of the product, there will be product loss. This is why we changed the packaging of our jars of private label salad dressing to eliminate food waste and ensure the maximum use of the product in the jar.

"These packaging optimization initiatives would not have been possible without the very close collaboration of our suppliers."

Marie Horodecki Aymes

Director, Design & Packaging, Private Label

Optimization of printed materials

An optimization policy for the printed materials sector is currently under development and will be launched next year. It will first target our flyers, which are a widely used tool across all METRO banners. The best practices that are already in effect will continue to be put forward.

The marketing team will focus on flyer optimization from two different angles:

1. Reduce the amount of paper used through different means including more targeted distribution areas.
2. Use recycled materials and certified paper sourced from responsibly managed forests (PEFC, FSC, certifications).

PREMIÈRE MOISSON PACKAGING OPTIMIZATION GUIDE

OUR OBJECTIVE

Ensure the implementation of Première Moisson's packaging optimization guide

OUR ACHIEVEMENTS

In 2014, Première Moisson implemented an in-house packaging optimization guide (Guide d'optimisation des emballages). Like Metro's packaging optimization approach, the packaging strategy set out by Première Moisson's considers the entire life cycle of the packaging in order to provide a comprehensive view of the brand's packaging options. For the brand, packaging means:

- using the right material
- in the right amount
- in the right place

To ensure the operationalization of these principles, brand purchasers received training and Première Moisson's main packaging supplier was informed of the optimization criteria that were set out.

In 2016, Première Moisson evaluated all the packaging it markets to determine whether the choice of materials was still relevant and establish avenues for improvement. The results of the initiative will be released in 2017.



STRENGTHENED COMMUNITIES

For the past 70 years, METRO has contributed to the economic and social wellbeing of the communities that we serve. Driven by these values, our corporate responsibility approach serves to further structure our community involvement today. Through our activities, we aim to make a positive contribution, expand the scope of our impact and increase the benefits to communities.



STRENGTHENED COMMUNITIES

PRIORITIES

Invest in the communities that we serve

Support local suppliers

2016 HIGHLIGHTS

LAUNCH OF THE LOCAL PURCHASING PROGRAM IN ONTARIO

Launched in Ottawa as a pilot project for further expansion across Ontario, the program aims to promote local products to make them more accessible to Metro and Food Basics customers.

EXPANSION OF THE RÉCUPARTAGE PROGRAM IN QUÉBEC

1,000 tonnes of food was recovered from our participating stores and donated to 140 organizations: the equivalent of 2,210,920 meals

OVER \$11 MILLION TO SUPPORT COMMUNITIES

Including METRO's cash and food donations: 1.6% of the corporation's average net income of the past three years, employee donations and funds raised through our network

THE CROQUE SANTÉ/ GREEN APPLE SCHOOL PROGRAM: BRINGING PEOPLE TOGETHER

Over 225,000 children took part in the most recent edition of the Croque Santé/Green Apple school program through 1,600 projects.

A UNIQUE SHOWCASE FOR REGIONAL PRODUCTS IN QUÉBEC

Over 900 products from 150 suppliers in the eight regions where the program is implemented are now available in 130 Metro and Super C stores.

STRENGTHENED COMMUNITIES

1. INVEST IN THE COMMUNITIES THAT WE SERVE

PHILANTHROPY

Year after year, METRO makes significant contributions of money and food. We also believe in the importance of sharing our skills and expertise to strengthen communities through the people who live there and the organizations that support them.

In the first year of our 2016–2020 plan, we continued to focus our efforts in the areas that are closest to our hearts: food security, nutrition and support for local suppliers.

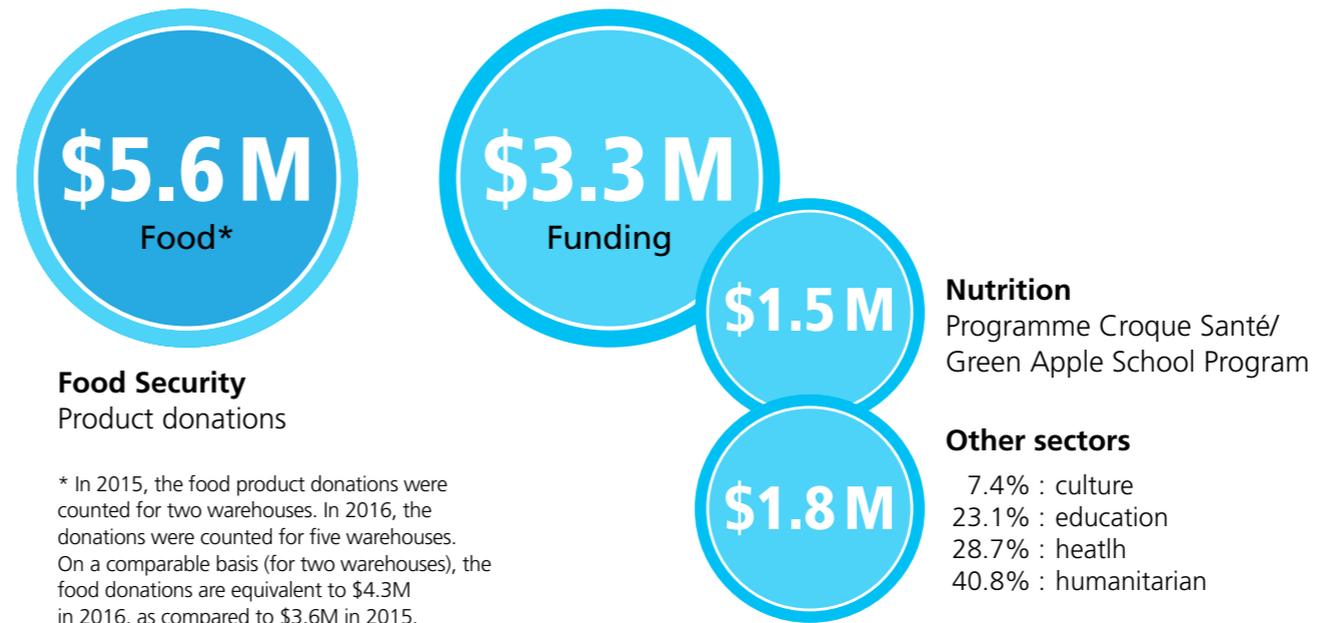
OUR OBJECTIVE

Pledge an amount equal to **1%** of METRO's average net income over the past three years.

OUR ACHIEVEMENTS

\$8.9 million
1.6% of the average net income over the past three years

METRO'S CONTRIBUTION IN 2016 \$8.9 MILLION



STRENGTHENED COMMUNITIES

1. INVEST IN THE COMMUNITIES THAT WE SERVE

PROMOTION OF HEALTHY EATING HABITS IN THE COMMUNITY

OUR OBJECTIVE

Target the scope of the Croque Santé/Green Apple school program to encourage young people to eat more fruits and vegetables.



OUR ACHIEVEMENTS

Croque Santé/Green Apple school program

Created in 2012, Metro's Croque Santé/Green Apple school program aims to encourage young people to adopt healthy eating habits through projects focused on promoting better nutrition that yield positive impacts on families, schools and communities. Every year, METRO awards 1,500 scholarships of \$1,000 to elementary and high schools across Québec and Ontario to create gardens, healthy recipe books, cooking workshops and culinary discoveries and thousands of hours of sharing and learning.

For the program's fourth edition, from September 2015 to June 2016, METRO and the McGill Centre for the Convergence of Health and Economics (MCCHE) worked together to develop specific and rigorous project eligibility criteria, including an element that allowed for parent-school feedback. Project leaders were tasked with ensuring the inclusion of a range of activities (for a minimum of eight weeks) and assessments of pre- and post-project fruit and vegetable consumption within their initiatives. The program results are currently being compiled and will be released in 2017.

BRINGING PEOPLE TOGETHER



In 2015–2016, over 225,000 children took part in the program through 1,600* eligible projects. The success of the initiative is largely attributable to the commitment of teachers, who did not hesitate to mobilize their students beyond their own classrooms and lead activities to bring people together within their schools.

*Exceptionally, for the fourth edition, AIR MILES donated \$100,000 that made it possible to award 100 more scholarships

"We are very grateful to you since it's thanks to the Croque Santé scholarship that the little ones have the chance to take part in all these activities. Many thanks!"

Joane Larouche

Elementary school teacher in an international education program in Trois-Rivières

METRO AND ÉQUITERRE: 5 YEARS OF PARTNERSHIP

"Our partnership with METRO is a winning formula. Small scale farmers are grateful to be welcomed by an increasing number of METRO and Super C stores and deliver the vegetables that their seasonal subscribers purchase week after week. Équiterre is also pleased to have worked with METRO for the past five years!"

Colleen Thorpe

Director, Educational Programs and Services | Équiterre

Created in 2012, the partnership between METRO and Équiterre is unique and aims to foster access to locally grown organic products by creating practical and accessible drop off points for those who join Équiterre's family farmers network. By the same token, the program also enables participating Metro and Super C stores to provide their customers with a complementary service thanks to Québec farms, which are increasingly opting for these delivery locations.

This community and culinary experience that facilitates access to fresh local vegetables grown without pesticides or synthetic fertilizers is now available in 10 regions across Québec: Montréal, Mauricie, Montérégie, Centre-du-Québec, Estrie, Québec, Lanaudière, Laurentides, Chaudière-Appalaches and Laval.



Number of stores enrolled in the project

2012	3 (pilot projects)	Équiterre's mission is to contribute to building a social movement by encouraging citizens, organizations and governments to make ecological and socially responsible choices.
2013	14	
2014	19	
2015	32	
2016	45	

STRENGTHENED COMMUNITIES

1. INVEST IN THE COMMUNITIES THAT WE SERVE

CONTRIBUTIONS OF THE METRO NETWORK

In addition to making contributions, METRO supports local communities through its network, including employee donation programs and fundraising activities in stores and as part of store operations.

Our employees



CENTRAIDE CAMPAIGN IN QUÉBEC

2014	2015	2016
\$970,934	\$1,068,930	\$1,313,000 An increase of almost 23% as compared to last year



Centraide Solitaires Coup de coeur award. Left to right: Geneviève Bich, Vice President, Human Resources; Jacques Thibault, Director, Planogram and Retail Execution; Hélène Silicani, Director, Financial Services.

In 2016, METRO led its 19th annual Centraide campaign. Through direct contributions and the activities organized by our employees, a total of \$1,183,000 was raised. METRO also provided a \$130,000 corporate donation.

Centraide collects funds and makes local investments to support dynamic organizations that bring people together and provide support, hope and dignity to our communities. The investments are based on the specific needs of each neighbourhood and aim to enhance the quality of life of community members and their families.



The Metro Full Plate program—METRO's employee donation program in Ontario—supports four organizations: Ontario Association of Food Banks, Second Harvest, Breakfast Clubs of Canada and United Way. In 2016, over \$150,000 was donated to provide food products to those in need.



Support from suppliers and customers

Our suppliers and customers also help support local communities through their contributions at events and store fundraisers. METRO was therefore able to create partnerships with the organizations that have received its donations for the past several years. Organizations appreciate this type of longer-term commitment since it provides them with a certain degree of financial stability. In 2016, over \$900,000 was distributed to organizations in Québec and Ontario.

2016	\$921,000
Sainte-Justine Tree of Lights campaign Campaign to support the Montréal hospital, which provides health care of the highest level to children and their mothers.	\$216,000
Toonies for Tummies An initiative by the Grocery Foundation to provide breakfast for young people in Ontario	\$513,000
Help Hunger Disappear An initiative by Campbell's to support food banks in Ontario	\$57,000
Events	\$135,000

STRENGTHENED COMMUNITIES

1. INVEST IN THE COMMUNITIES THAT WE SERVE

FOOD SECURITY

OUR OBJECTIVES

Launch our food recovery program across Québec in 2016 (based on partner availability) and expand implementation to Ontario

OUR ACHIEVEMENTS

Recupartage/One More Bite program

The very nature of our business inevitably leads to food waste in our stores and we are always looking for ways to reduce the volume of food that is lost. Our goal is to ensure that unsold food products in our stores are redistributed to and consumed by those in need—and not wasted—whenever possible. This is how the Récupartage/One More Bite program was developed.

Récupartage/One More Bite is our food recovery program in our Metro, Metro Plus, Super C and Food Basics stores. Unsold products (e.g. meats, prepared foods, dairy products and baked goods) are collected by regional Moisson organizations across Québec and Food Banks in Ontario and redistributed to community organizations that use them to cook healthy meals for their clientele.

We recognize that food insecurity (when a person does not have access to sufficient, safe and nutritious food) is a key issue. Recent data indicates that close to 12% of households in Québec and Ontario experience marginal, moderate or severe food insecurity. This data strengthens our conviction with regard to the importance of pursuing the program's implementation across all our stores.

Expanding the scope of the program in Québec

récupartage

METRO aims to expand the Récupartage program to as many stores as possible across Québec, according to the availability of the Moisson organizations in different regions. In 2016, the program was a tremendous success.

Récupartage - Québec

2016 Results

80

Number of participating stores:

- Metro, Metro Plus and Super C
- 2x more stores than in 2015
- new stores added especially in Beauce, Mauricie, Abitibi and Outaouais
- 2015 results: 40

1,000

Food distributed

- (tonnes)
- over 1M kg (or 2,210,920 meals)
- approx. 20,000 kg/week
- 2015 results: 500

140

Number of recipient organizations

- 3.5x more recipient organizations
- 65% with Moisson Montréal
- 2015 results: 140

Program expansion in Ontario

onemorebite

The One More Bite food recovery program was implemented seven years ago in Ontario, in partnership with Second Harvest, Canada's largest food program. In the Toronto area, 233 community organizations received food from our 29 participating Metro stores.

In 2016, we expanded the One More Bite program in Ontario through the Ottawa Food Bank, which has had deep roots in the community for over 30 years. The food drives got underway in mid-December in three stores (two Metro and one Food Basics).

In Ontario, approximately 160 kg of products are recovered each month in each of our 32 participating stores.

Toronto area

29 participating stores
233 recipient organizations

Ottawa region

3 participating stores
1 recipient organization

"Our partnership with METRO is very beneficial to us. Funding is an issue for all charities. When we started out seven years ago, we helped 125 women. Today, the number of women we support has tripled."

Patricia Beard

Food Services Coordinator, Sistering, Toronto

STRENGTHENED COMMUNITIES

1. INVEST IN THE COMMUNITIES THAT WE SERVE

CARROTS FOR HOPE



METRO joined forces with Regroupement Partage on the Cultiver l'Espoir project. Since 2015, the city of Montréal has lent them five hectares of undeveloped agricultural land in the West Island to grow organic vegetables. METRO committed to sell 50% of the organic carrot production in its Metro and Super C stores to ensure that the project is self-funding and enable Regroupement partage to distribute the other 50% to food banks, including Mission Bon Accueil, Moisson Montréal and Sun Youth.



PREMIÈRE MOISSON PARTNERSHIP WITH LA TABLÉE DES CHEFS



Since 2012, Première Moisson has worked in partnership with La Tablee des chefs, an organization that feeds families in need and educates future generations by developing their food self-sufficiency. Our commitment is built around two themes.

1. Food recovery

We implemented an initiative to collect unsold food at the end of each day in stores that were not yet working with a community organization. The stores that were already involved in solid partnerships continued their efforts. The network's aim is to provide unsold food to accredited organizations that will then redistribute them to those in need.

2016 results

14

Number of participating stores
14 of 25 stores take part in food recovery through La Tablee des chefs

336,258

Portions recovered
Equal to over 100 tonnes of food (bread, baked goods and prepared foods)

29

Number of recipient organizations

2. Funding for culinary brigades

Through in-store funding activities, including monetary rebates on the sale of certain products, we help create culinary training programs in underprivileged schools in Montréal and Québec.

STRENGTHENED COMMUNITIES

2. SUPPORT LOCAL SUPPLIERS

METRO has deep roots in the socioeconomic fabric of the Québec communities in which it operates thanks to the commitment of its employees and its extensive network. In recent years, this was even further developed through the corporation's local purchasing policy. Launched in 2013, in Québec, the policy has become a fully integrated program to meet the needs of our customers and play an active role in the development of local agri-food businesses.

LOCAL PURCHASING PROGRAM

OUR OBJECTIVES

Implement the local procurement policy across Québec in 2017 and launch the Ontario component in 2016

OUR ACHIEVEMENTS

In Québec

A unique showcase for regional products

It is important for METRO to support local producers in their development. We therefore established a framework to support suppliers in the process leading up to the introduction of their products in our stores.

Since late 2016, the local purchasing program has been implemented in eight regions across Québec: Lanaudière, Chaudière-Appalaches, Centre-du-Québec, Estrie, Bas-Saint-Laurent, Outaouais, Laurentides and Montérégie. In the past year, we began working with 20 more suppliers and providing 50 more products. In total, in 2016, over 900 products from 150 suppliers were on the shelves of some 130 Metro and Super C stores in the target regions.

The next step involves expanding the program to other regions in Québec: Saguenay, Québec and Montréal. We expect to complete the program's implementation in 2017–2018.

A partner of choice for Aliments du Québec



In order to provide visibility for Québec agri-food products in Metro and Super C stores, we also support four certifications that ensure product origin: Aliments du Québec, Aliments préparés au Québec, Aliments du Québec BIO and Aliments préparés au Québec BIO.

Throughout the year, we supported Québec products and suppliers through our *Le Québec on en mange* campaign. In stores and on our various platforms, we focused on specific themes including the joys of fall with apples, squash and potatoes and the summer season with lobster, strawberries and Québec corn.

We also support Québec products through a range of partnerships. In 2016, we sponsored the Sélection Caseus cheese competition, which recognizes the finest products from Québec. The finalists and winners of the 2016 edition are promoted in Metro stores across the province and on our various platforms.

Strong ally of innovative suppliers in Québec

METRO is always seeking to collaborate with suppliers that stand out for their production methods and original products and want to increase their productivity and distribution potential. Our local purchasing policy therefore provides the opportunity to find small suppliers with the capacity to grow and support them as they expand their distribution. In 2016, we pursued our business relationships with two such suppliers.

- Le Rang 4 is a family-owned pork producing business that raises hogs without antibiotics or growth hormones and closely monitors each step in the production process, from farming to marketing. METRO first distributed Le Rang 4 products in Lanaudière. In 2016, the availability was expanded to the Laurentides region. Ten very distinctive artisanal products are currently available in some 30 stores.
- 12-year-old Émile Gariépy is passionate about agriculture. In 2015, METRO announced that it had partnered with the young entrepreneur, who appeared on *Les Dragons* (The Dragon's Den in Québec), to purchase and distribute his entire pumpkin production in four Metro supermarkets in Lanaudière. A year later, METRO and Émile Gariépy entered into an exclusive five-year distribution partnership that provides him with financial stability and advice from METRO experts and will help him develop a more long-term vision.



STRENGTHENED COMMUNITIES

2. SUPPORT LOCAL SUPPLIERS

In Ontario

In June 2016, METRO launched its local agri-food product purchasing program in Ontario to optimize and promote local products and make them more accessible in Metro and Food Basics stores.

Based on the development and pursuit of close collaborations with industry stakeholders, the program is driven by three guiding principles:

1. **A unique showcase for regional products** focused on increasing the presence and visibility of regional products in stores
2. **A key partner in Foodland Ontario and sectoral agri-food associations that promote Ontario products**
3. **A key ally for innovative Ontario suppliers**

Like the initiative carried out in Québec, the approach in Ontario will be based on customer needs with regard to freshness, quality, availability and price, supplier offers and METRO's business practices.



The Ontario Minister of Agriculture, Food and Rural Affairs, Jeff Leal, along with Joe Fusco, Senior Vice-President, Metro, and Paul Bravi, Senior Vice-President, Food Basics, at the Front Street Market Metro.

Collaboration with Foodland Ontario

Pilot projects are underway in a number of areas to ensure the program's effective implementation. The process got underway in Ottawa early in 2017 and we will soon turn our focus toward the markets in London and Windsor. Our aim is to find suppliers and provide regional products at competitive prices.

Based on the results of the pilot projects, we will work to implement the project across Ontario. We are therefore working in close collaboration with Foodland Ontario in order to benefit from the organization's in-depth knowledge of the province's agri-food sector.



"We are very pleased to be able to count on METRO's support to facilitate product identification in its stores and weekly flyers using the Foodland Ontario logo. By stepping up its efforts to promote Ontario products, METRO is making local purchasing simpler for its customers."

Denise Zaborowski
Manager, Foodland Ontario

PREMIÈRE MOISSON LOCAL PURCHASING



OUR OBJECTIVE

Foster the local procurement of high-volume ingredients

OUR ACHIEVEMENTS

At Première Moisson, we purchase 80% of all our flours in Québec. Flour represents close to half of our raw materials procurement, making it the most purchased ingredient in this category.

To achieve this result, we work in close collaboration with farmers and our miller to ensure that enough wheat is grown each year and that the varieties that are planted are appropriate for the products we offer.

We must also ensure that the wheat is grown in different regions across Québec to protect against weather events and other natural factors that could impact crop yields.

EMPOWERED EMPLOYEES

The 65,000 employees who are part of the METRO team are our driving force. They are at the core of our client-centric approach, which is focused on the quality and commitment of our team members. Our culture aims to ensure the balance between employee wellbeing and organizational effectiveness. Just like our customer experience, our employee experience is a priority for METRO. Our goal is therefore to provide a work environment in which our employees' talents and aspirations are recognized and supported.



EMPOWERED EMPLOYEES

PRIORITIES

Ensure occupational health and safety (OHS)

Promote an ethical and respectful work environment

Offer employees a work environment focused on positive relationships

Talent Development

2016 HIGHLIGHTS

IMPROVED OCCUPATIONAL HEALTH AND SAFETY INDICATORS

2% reduction in the frequency rate and 6% reduction in the severity of workplace accidents through awareness building and training in the workplace.

IMPLEMENTATION OF THE DIVERSITY POLICY

To build a team that represents the great diversity of our customers and the communities in which we live and work.

RELEASE OF THE NEW EMPLOYEE CODE OF CONDUCT

To reflect our commitment to respect and promote the highest standards of ethics and integrity in all our relations with stakeholders.

PROGRAMS TO HIRE INTERNS AND NEW GRADUATES

40 interns hired at METRO and an increase of 40% in new graduate hires.

INTERNAL MOBILITY

72% of promotions posted were awarded to internal applicants.

EMPOWERED EMPLOYEES

1. ENSURE OCCUPATIONAL HEALTH AND SAFETY (OHS)

METRO is committed to preventing occupational illness and injury in the workplace by providing its employees with a healthy and safe work environment. We are also committed to providing the public with a safe shopping experience. Focusing on strategic initiatives enables us to reach our goal to maintain a robust health and safety program and a positive health and safety culture.

ACTIVE OHS COMMITTEES

OUR OBJECTIVES

- Keep our employees safe and free from injury.
- Reduce the number of days lost to injury.
- Contribute to profitability by reducing health and safety risks.

OUR ACHIEVEMENTS

All of METRO's corporate facilities have a functioning joint health and safety committee that conducts workplace safety inspections as well as health and safety meetings to eliminate and prevent workplace hazards and injuries. In addition, METRO has a dedicated health and safety department that develops, implements and promotes safety programs and procedures. Our Operations health and safety teams also perform routine safety audits of METRO's workplaces.

Prevention and training

Occupational health and safety is front and centre for METRO and remains a priority at all levels of the organization. Our training programs are designed to cover key aspects of and reach employees across the corporation.

In addition to new employee training and the ongoing work by managers to raise awareness of safety issues and challenges, specific training sessions are held for employees. In 2016, the following key activities were conducted by our teams :

- Annual health and safety standards training for over **900** store and distribution centre management employees
- New health and safety store supervisor training program for over **2,400** employees
- Prevention of ergonomic-related injury training for over **1,400** workers in our distribution centres
- Risk assessment training for target distribution centre employees as part of an annual risk elimination and evaluation activity.



Injury frequency rate
(lost time)
2% decrease versus prior year



Injury severity rate
(lost days)
6% decrease versus prior year



Lost days
4% decrease versus prior year

Communications and program management

Good communication practices support effective program implementation. In 2016, we continued to improve our tools and processes. We developed a health and safety dashboard that provides consistent quarterly information for senior management. Reaching out to employees is another key component of our programs. Our team has implemented improved safety boards for a more professional and consistent presentation of safety information across locations.

At METRO, we are committed to continuously improving our health and safety programs. To that end, in 2016, we achieved our goal of harmonizing our health and safety audit processes. We also aligned and implemented contractor safety programs, which ensure our contractors meet safety and legislative requirements in both provinces.

EMPOWERED EMPLOYEES

2. PROMOTING AN ETHICAL AND RESPECTFUL WORK ENVIRONMENT

In order to reflect the constant evolution of our business, we review our processes on a regular basis to ensure their relevance and effectiveness. It is in this context that we strive to provide our employees with a work environment that reflects our commitment to respect and promote the highest standards of ethics and integrity.

CORPORATE POLICY OPTIMIZATION

OUR OBJECTIVES

- Review and implement the Policy Regarding Conflicts of Interest and Professional Ethics.
- Review all policies that foster an ethical and respectful work environment.

OUR ACHIEVEMENTS

Following a comprehensive policy review, we set out two new policies: the Code of Conduct of METRO Employees and the Policy on Communications and Public Activities.

Code of Conduct for Metro Employees

METRO's new Employee Code of Conduct came into effect in November 2016. It is aimed at all employees and replaces the 2012 Policy Regarding Conflicts of Interest and Professional Ethics.

The new framework serves to clarify certain points and underscore others. More specifically, the Code:

- stresses each employee's duty of due diligence and loyalty and of providing the necessary time and effort to meet his/her obligations toward METRO.
- specifies that all employees must act with care, honesty, efficiency and fairness in METRO's best interest.
- reasserts the obligations of all employees with regards to issues such as the workplace, occupational health and safety, employee privacy and the rules pertaining to accounting, controls and audits.

- reinforces the rules pertaining to conflicts of interest and gifts, favours and privileges.
- clarifies the consequences should an employee fail to comply with the Code.
- The Code has been communicated to all managerial, professional and support staff and will be communicated to our unionized employees over the coming year.

Policy Regarding Conflicts of Interest and Professional Ethics

The Policy Regarding Conflicts of Interest and Professional Ethics applies to all employees. It replaces the 2004 policy and now includes social media. The tool helps foster coherence in corporate communications and ensures that our public interventions reflect METRO's objectives and are in line with the corporation's image, reputation and work environment.



EMPLOYEE ASSISTANCE PROGRAM (EAP)

OUR OBJECTIVE

Review and update our employee assistance program.

OUR ACHIEVEMENTS

An employee assistance program (EAP) aims to prevent, recognize and resolve personal issues that have a negative impact on work performance. As its name suggests, the program is focused on the employee and their family and contributes to restoring an employee's wellbeing.

Voluntary and confidential, METRO's EAP provides different types of support for employees and the family members of eligible employees, including immediate access to crisis support, personalized health and wellbeing resources kits and management coaching.

New program development

In 2016, we updated and expanded our program to better meet current needs and provide competitive services. We also took the opportunity to align our practices and offer a similar program for eligible employees in Québec and Ontario.

The program is currently aimed at METRO employees in Québec who are covered by a group insurance plan (some 90% of employees). In Ontario, we are currently launching the program. In the medium term, our objective is to explore the options to develop a range of approaches in order to extend the program to a greater number of employees.

EMPOWERED EMPLOYEES

3. OFFERING EMPLOYEES A WORK ENVIRONMENT FOCUSED ON POSITIVE RELATIONS

The grocery industry is a unique and stimulating universe. But it is also a highly competitive one that faces staff retention and recruitment issues. Workplace satisfaction and the work atmosphere therefore constitute key factors when choosing an employer. This is why we put such emphasis on creating work environments in which the talents and aspirations of our employees are recognized and valued.

FAIR PAY

OUR OBJECTIVE

Update and implement a revised total compensation plan by 2020.

OUR ACHIEVEMENTS

Pay equity is intended to identify and eliminate gender-based discrimination in compensation practices. It consists of paying jobs traditionally held by women wages that are equal to the wages of jobs traditionally held by men, even if these jobs are different, provided that they are of the same or comparable value to the company.

In Quebec, our pay equity programs are maintained and reviewed every five years. The last review was completed in 2015. In Ontario, pay equity programs are reviewed regularly.

OPEN AND POSITIVE CORPORATE CULTURE

OUR OBJECTIVES

- Update how the contributions of longstanding METRO employees are highlighted by 2019.
- Reinforce open communications within the corporation by leveraging technology.
- Maintain positive employee relations.

"We adopt a proactive management approach to develop a strong workforce and provide solutions when challenges arise. We have the privilege of counting on a solid foundation of experienced staff and new employees to ensure continuity. Providing a work environment that is based on an open and positive culture is an effective way for us to value these employees and their professions. We believe that this is what they seek, regardless of how many years of experience they have behind them."

Lucy Rodrigues

Director, Talent Management and Training

Maintaining positive employee relations

In order to maintain positive employee relations, METRO works to create a work environment that fosters direct and respectful communication through three key channels:

- Creating a work environment that is ethical, sound and safe.
- Implementing sound management practices.
- Ensuring good talent management.

Relations with our union partners

A large segment of METRO's direct employees are covered by collective agreements. We attach special importance to these agreements and aim to maintain positive working relationships with our union partners. In 2016, a series of sector initiatives were undertaken, including the annual presentation of our issues and business priorities to union leaders and our participation in a preventive mediation exercise ahead of the renewal of agreements in certain establishments.

To preserve the positive work environment within our organizations, we work to ensure that all stakeholders are able to communicate with each other on a regular basis through ongoing improvement and labour relations committees, which are assembled in stores with managers, human resources and union representatives.

EMPOWERED EMPLOYEES

3. OFFERING EMPLOYEES A WORK ENVIRONMENT FOCUSED ON POSITIVE RELATIONS

DIVERSITY

OUR OBJECTIVES

- Draft and implement a diversity policy.
- Foster the integration of new immigrants on the job market.
- Foster career development for women to access management positions.

OUR ACHIEVEMENTS

Diversity policy

Diversity is all that distinguishes a group or person. It calls for the respect and recognition of differences such as ethnicity, gender, age, nationality, disability, sexual orientation, education and religion.

Diversity is a key societal issue that is central to METRO. METRO's Diversity Policy was released in late 2015 and implemented in 2016.

METRO values, respects and benefits from the differences and skills of all its employees from all walks of life. Through the new Diversity Policy, METRO is strengthening its objective to build a team that represents the extensive diversity of its clientele and the communities in which we work.

Integration of new immigrants

METRO has implemented a program to foster the integration of new immigrants on the job market that is currently in effect in Québec. Our teams have developed partnerships with specialized organizations and take part in many events. These close ties with different communities enable us to integrate new talent into our workforce. Below is an overview of some of our initiatives.

- Participation in job fairs aimed at groups including Indigenous peoples and people over 50.
- Internships to provide a first work experience.
- Open house events in our distribution centres to present the different types of positions available in the sector.

In addition to initiatives for women and new immigrants, METRO's Diversity Policy is the subject of issue tables and partnerships:

- Industrial Adjustment Service (IAS) Committee, for the integration of people with disabilities into the work place.
- Priorité jeunesse Montréal-Nord and the Centre jeunesse emploi de Montreal-Nord, to encourage diversity when hiring.
- Talks on employability with members of certain organizations (e.g., with the Muslim community of Montreal-North).

Women at Metro

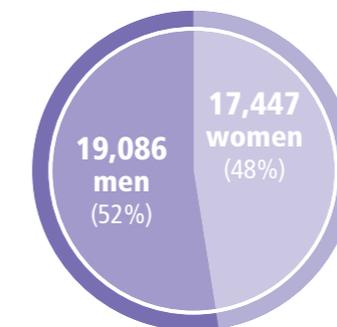
METRO's women's networks are made up of women executives and professionals in all sectors. The networks provide a space to discuss business issues and highlight activities that foster experience, knowledge sharing and skills development.

In 2016, the Réseau des femmes (Québec) organized several activities: skills workshops, breakfast seminars, training and networking cocktail events. The activities explored themes including career development, women's influence, the work-family balance and customer service.

The aim of the approach is to foster the development of women so that they may access management positions. Moreover, at METRO, at least one woman must be considered among the finalists in the process to fill a management position, whenever possible.

Women at Metro

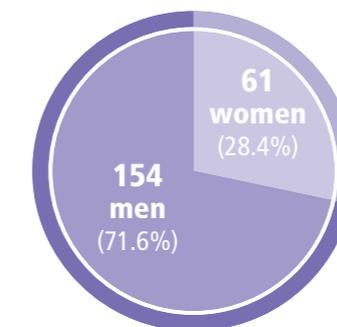
BREAKDOWN OF EMPLOYEES



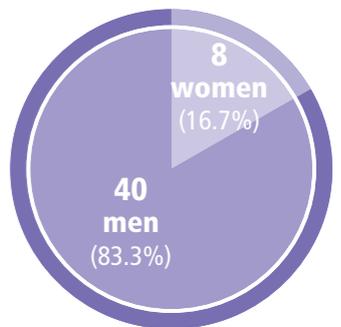
These figures do not include affiliated store, franchise, Adonis or Première Moisson employees.

MANAGERIAL STAFF

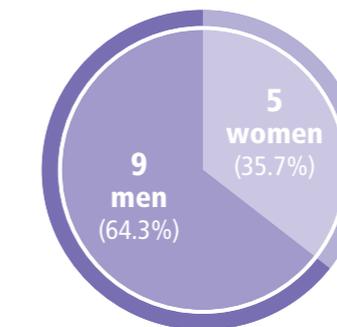
management positions



executive positions



BOARD OF DIRECTORS



METRO recognizes the value of diversity, especially in terms of experience, expertise and the representativeness of women and men on the board of directors. In 2016, METRO increased its male/female board representation target from 25 to 30%. Currently, five women (35.7%) sit on the board of directors.

EMPOWERED EMPLOYEES

4. TALENT DEVELOPMENT

By providing our employees with a framework for the development of their skills and helping them excel in their positions we are creating a springboard that will lead them to take on new responsibilities within the organization. By investing in training and development, we are fostering our employees' wellbeing and giving ourselves the means to achieve our business objectives.

RECRUITMENT

OUR OBJECTIVES

- Hire 10% more university and college graduates than in 2014 by the end of 2016.
- Create internships for high school, college and university students.

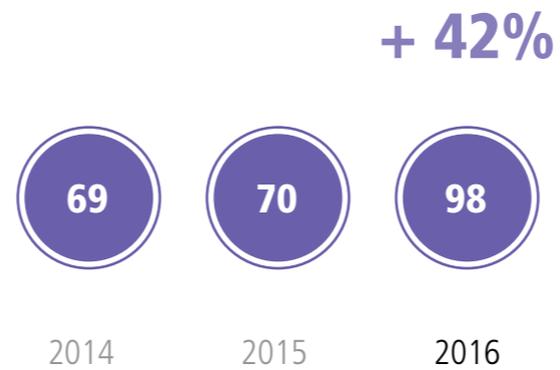
OUR ACHIEVEMENTS

Positions for new graduates

This past year, we increased the number of activities to recruit new graduates. We took part in 42 job fairs and were very active in the university network, granting 11 scholarships, becoming involved in events such as the Jeux du commerce and university competitions and speaking at conferences.

Our efforts proved successful: we far exceeded our objective to raise the number of new graduates hired by 10%, with an increase of over 40%.

NEW GRADUATES HIRED IN 2016 QUÉBEC AND ONTARIO



Internships

Providing internship opportunities for high school, college and university students fosters skills development and supports young people in their career choices. It also enables METRO to see talented people who will bring value to the team in action. In 2016, much progress was made in this sector and METRO intends to pursue these efforts.

40 interns in 2016

Interns hosted in several METRO departments:

- Purchasing
- Legal Affairs
- Accounting
- IT
- Engineering
- Logistics
- Store
- Merchandising
- Marketing
- Human Resources

EMPOWERED EMPLOYEES

4. TALENT DEVELOPMENT

TRAINING AND DEVELOPMENT

OUR OBJECTIVES

- Create a leadership skills program for all employees who manage a team.
- Foster internal mobility.
- Review the performance assessment process and tool.

OUR ACHIEVEMENTS

We create training and skills development programs to capitalize on our employees' full potential and meet corporate needs. These structured programs help hone the skills of current employees and of those in a new position.

Leadership training

Organizations are increasingly seeking to stand out through the quality of their leaders. Beyond the development of technical skills—which remain essential to operations in a corporation such as ours—METRO is very focused on the development of its employees' leadership skills.



Initially aimed at employees who manage teams, the program was expanded in 2016 to include all employees based on their potential to guide and inspire their colleagues.

In 2016, we developed two new modules to be implemented in early 2017. Our objective is to create a new module each year until 2019 on themes including the characteristics that define a leader and communication with employees, colleagues and supervisors.

Mentoring at METRO

METRO launched a mentorship program to foster the acquisition of knowledge and skills by employees, who will benefit from the support and advice of a mentor chosen for his/her expertise and leadership.

In 2016, 40 pairings were established in Québec and Ontario.

INTERNAL MOBILITY

At METRO, we consider it very important to foster internal mobility. Through this approach, we will preserve organizational memory, ensure knowledge transfer within the corporation and be able to count on increasingly versatile employees. METRO supports lateral mobility (positions of the same level) to give employees the opportunity to develop new skills. We aim for an 80% promotion rate. We are currently at 72% and will continue to develop initiatives to reach this ambitious target figure.

To do so, we created career paths in most METRO departments. The initiative helps employees understand the opportunities that are available to them and shape their own career.

In addition, a formal succession plan has been in place for several years. The approach involves the identification of employees with significant potential and the creation of tailored development plans. Over 80 employees in Québec and Ontario have been given this type of plan.

We also launched a program to enable Super C and franchise employees to demonstrate their interest in pursuing their career in another METRO sector. To date, over 60 applications have been assessed through the program. For METRO, these applicants are of significant value since they are skilled and mobilized and have extensive knowledge of the retail sector.

2016 HIGHLIGHTS

DELIGHTED CUSTOMERS

RELEASE OF OUR RESPONSIBLE PROCUREMENT FRAMEWORK

A key tool to communicate the social and environmental purchasing criteria to which we will be giving more weight.



RELEASE OF OUR SUPPLIER CODE OF CONDUCT

Applies to all our goods and services suppliers and enables us to respond to the challenges in our supply chain.

3820 PRODUCTS IDENTIFIED AS GOOD AND GREAT CHOICES FOR BETTER NUTRITION



To help our customers identify better-for-you products.

RESPECT FOR THE ENVIRONMENT

IMPROVED GHG EMISSIONS REPORTING

In our 9th report to the CDP, the information will be made public for the first time.



LED LIGHTING IN A NEW SUPER C STORE

An innovative pilot project based on the use of a technology recognized for its low energy consumption.

HIGHER WASTE RECOVERY RATE

109,420 tonnes of waste were recovered: an average diversion rate of 64% and an increase of almost 7% over last year.



STRENGTHENED COMMUNITIES

LAUNCH OF THE LOCAL PURCHASING PROGRAM IN ONTARIO

Launched in Ottawa as a pilot project with a view to expansion across Ontario, the program aims to promote local products to make them more accessible to Metro and Food Basics customers.

EXPANSION OF THE RÉCUPARTAGE PROGRAM IN QUÉBEC

1,000 tonnes of food was recovered from our participating stores and donated to 140 organizations: the equivalent of 2,210,920 meals.



OVER \$11 MILLION TO SUPPORT COMMUNITIES

Including METRO's cash and food donations: 1.6% of the corporation's average net income of the past three years, employee donations and funds raised through our network.

EMPOWERED EMPLOYEES

IMPROVED OCCUPATIONAL HEALTH AND SAFETY INDICATORS

2% reduction in the frequency rate and 6% reduction in the severity of workplace accidents through awareness building and training in the workplace.

IMPLEMENTATION OF THE DIVERSITY POLICY

To build a team that represents the great diversity of our customers and the communities that we serve.

RELEASE OF THE NEW EMPLOYEE CODE OF CONDUCT

To reflect our commitment to respect and promote the highest standards of ethics and integrity in all our stakeholder relations.