



# Corporate Responsibility Report

2018 fiscal year



# Corporate profile

METRO – a food and pharmacy leader in Québec and Ontario

Sales of  
**\$16**  
billion  
annualized

Network of over  
**1,600**  
stores

Nearly  
**90,000**  
colleagues

Founded in  
**1947**

Food				
947 food stores				
Québec 679	199 Metro Metro Plus 10 Adonis	97 Super C	57 Marché Richelieu 250 Marché Ami 40 Marché Extra	26 Première Moisson (Partner)
Ontario 268	134 Metro 2 Adonis	131 Food Basics		1 Première Moisson (Partner)
Total	345 Supermarkets	228 Discount stores	347 Neighbourhood stores	27 Première Moisson (Partner)

Pharmacy	
669 drugstores	
Québec 560	380 PJC Jean Coutu PJC Santé PJC Santé Beauté 180 Brunet Brunet Plus Brunet Clinique Clini Plus
Ontario 81	9 PJC Jean Coutu PJC Santé 72 Metro Pharmacy Drug Basics
New Brunswick 28	28 PJC Jean Coutu PJC Santé PJC Santé Beauté
Total	669 Drugstores

## About this report

This corporate responsibility report covers the 2018 fiscal year: the 52-week period ending on September 29, 2018. The significant events that occurred between the end of the fiscal year and late December 2018 were also included. In this report, METRO refers to the corporation and Metro refers to the store banner. The report was reviewed by internal auditors but was not audited externally.

## Forward-looking information

Throughout this report, we used statements that may constitute forward-looking information. In general, any statement in this report that does not constitute historical fact may be considered a forward-looking statement. The forward-looking statements that may be set out in this report refer to hypotheses in the Canadian food and pharmacy industries, targets, the economy in general and our 2016–2020 corporate responsibility plan.

These forward-looking statements do not provide any guarantees as to the future performance of the Corporation and are subject to known and unknown risks and uncertainties that could cause the outcome to differ significantly. We believe these statements to be reasonable and relevant at the date of publication and represent our expectations. METRO does not intend to update any forward-looking statements contained herein.

## For more information

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Cover: METRO Week of Caring in Québec and Ontario

# Messages

## Optimizing the implementation of our plan

There is no doubt that 2018 was a crucial year for METRO with the acquisition of the Jean Coutu Group in May. Our company, which provides employment to close to 90,000 people, now brings together over 1,600 grocery and drugstores and several banners in Québec, Ontario and New Brunswick.

We are better positioned than ever to meet the needs of customers and continue to grow, even in our highly competitive business environment and the changing retail industry.

Legal frameworks are shifting, and our customers, employees, suppliers and investors are changing. Each in their own way, they express their expectations for the consideration of social, environmental and governance-related factors in our business practices. We noticed the start of the transformation some time ago, and the trend continued this past year.

Unquestionably, the context presents a particular set of challenges. Even so, we are convinced that we have established the right plan and programs and secured the commitment of our leaders and employees to successfully advance our corporate responsibility approach.

In the past year, we continued to improve our methods and remained focused on the goals set out for our four pillars: delighted customers, respect for the environment, strengthened communities and empowered employees. We also make it a point to remain at the forefront of emerging issues and new practices to help optimize our actions and anticipate the risk that may arise.

I am pleased to present our corporate responsibility report for the 2018 fiscal year. More than halfway through our 2016–2020 plan, we are satisfied with the progress we have made.

We continued to integrate corporate responsibility into our business practices by working in close collaboration with our teams. A number of initiatives set in motion a few years ago are now yielding positive results, including organic material recovery, food donations to those in need, responsible procurement, the promotion of products and habits that support a healthy lifestyle and the new building standards for our stores to ensure better environmental performances.

We also have a clear vision of the work that lies ahead to fulfill the commitments of each of our pillars and implement our programs in the pharmacy domain. In collaboration with our new colleagues, we are currently investing efforts that will remain ongoing in 2019.

I would like to conclude by thanking our teams for their diligent work. Across the METRO network, we recognize the importance of doing business ethically and responsibly. Our combined efforts make us a trustworthy organization that creates value for society.



A handwritten signature in black ink, reading "Eric R. La Flèche".

**Eric R. La Flèche**  
President and  
Chief Executive Officer

## Close collaboration between teams

The ongoing mobilization of our employees, managers and executives is key to our corporate responsibility approach. Their expertise and leadership make it possible for us to successfully integrate the elements of our corporate responsibility plan into our activities, contributing to the attainment of our business goals.

In the past year, we held work sessions with all our sectors to follow up on our plan and identify levers for improvement. I am pleased to report that among our accomplishments is the early release of this corporate responsibility report, several months ahead of schedule, to coincide with the annual general meeting and thus create even greater cohesion between our business and corporate responsibility plans. The engagement of all those involved was a decisive factor in the success of this project, and I would like to thank all the colleagues who helped us meet the challenge.

Moreover, 2018 was marked by the continuity of our relationships with external stakeholders—an approach we adopted when we first set out our plan nearly a decade ago. Recently, we perceived a growing interest in obtaining information on our strategy and practices to integrate environmental, social and governance (ESG) factors into our business management, including from the financial community. Our teams' tireless collaboration enables us to communicate the extent of our actions.

We are embarking on the 2019 fiscal year with a great deal of enthusiasm. The implementation of our corporate responsibility plan in the pharmacy domain and the completion of the final steps to attain our 2016–2020 objectives are at the core of the work that lies ahead next year.



A handwritten signature in black ink, reading "Marie-Claude Bacon".

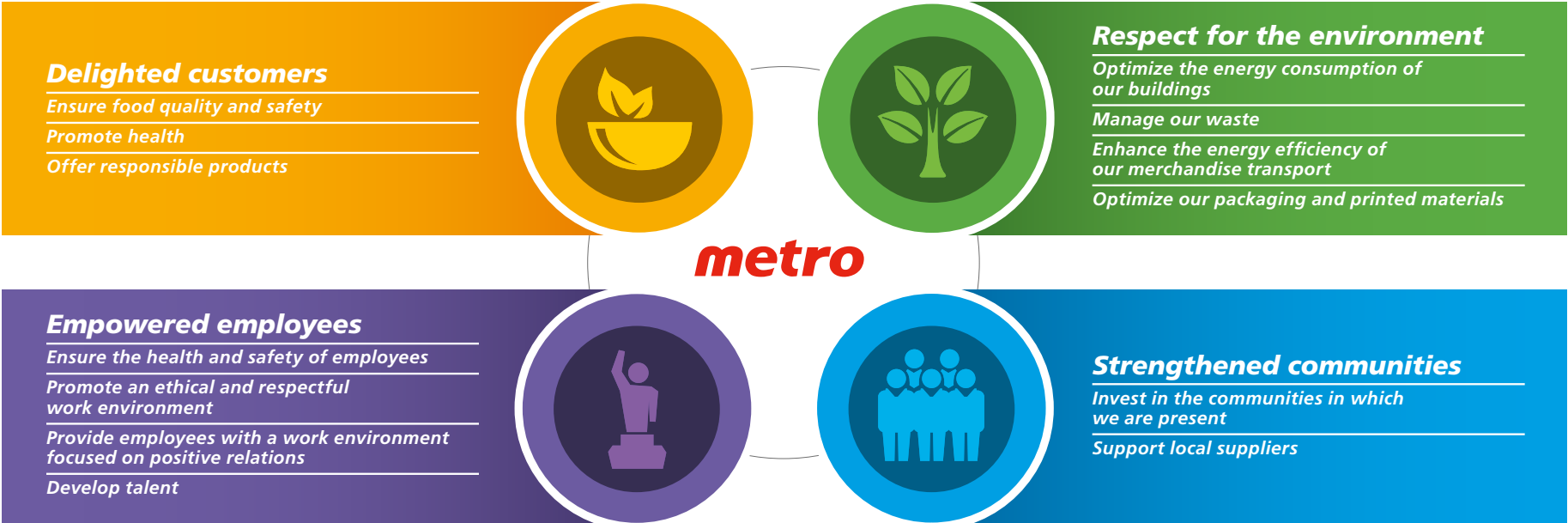
**Marie-Claude Bacon**  
Vice President  
Public Affairs and Communications



# Corporate responsibility at METRO

## Approach

METRO’s corporate responsibility approach is built on four pillars. Priorities were set out for each pillar based on the corporation’s significant economic, social and environmental impacts.



## Governance

At METRO, corporate responsibility (CR) governance is part of the corporation’s management structure and involves key individuals at each decision-making and implementation stage.

Board of Directors	Approves CR policies, plans and reports
President and Chief Executive Officer	Approves the CR strategy and ensures that the priorities are in line with METRO’s business strategy
Vice President, Public Affairs and Communications	Defines the strategic CR directions and reports on progress to the management committee
Senior Advisor, Corporate Responsibility	Oversees the implementation of the CR plan: coordinates the work of in-house teams and external stakeholder relations
In-house teams	Reporting to their respective vice presidents, ensure the advancement of the projects as part of the four pillars based on the objectives and targets that were set



# 2018 Highlights



## Delighted customers

### Increasing interest in Irresistibles Naturalia and Irresistibles Organics

71% rise in the number of products under these private brands

### Promotion of a healthy lifestyle

Growing number of initiatives to support products and habits for healthy living: tips, recipes and promotions to better serve our customers

### Implementation of responsible procurement

- Sustainable fisheries and aquaculture: policy updated and released in June 2018
- Fruits and vegetables: signing of an international ethical charter on responsible labour practices for produce



## Respect for the environment

### Energy efficiency: new building standards

Integration of LED lighting and CO<sub>2</sub> refrigeration systems in our new stores resulted in an average reduction in our energy consumption of approximately 25% as compared to 2010

### 65% waste diversion rate

Close to 70 stores reported waste diversion rates over 80%, including 6 stores that have already reached or exceeded 90%

### Close to 110,000 tonnes of materials recovered in our stores

- 32% organic material
- Close to 10% improvement in the volume of food waste recovered



## Strengthened communities

### One More Bite program: 3,200 tonnes of food recovered in our stores

Recovered food used by community organizations to prepare more than 6 million meals

### Employee volunteering

Launch of METRO's first Week of Caring: 98 employees spent 340 hours taking part in food-related activities to support 14 organizations in Québec and Ontario

### Local purchasing on the rise

- 50% increase in the number of regional products available in stores, from 1,161 to 1,742 items
- Increase in the number of stores and suppliers enrolled in the program



## Empowered employees

### Improvement in our workplace health and safety indicators

Compared to 2017, 3.7% decrease in the frequency and 14.2% decrease in the severity of injuries and 15.2% drop in days lost

### Flexible work options

Implementation of a flexible work schedule program to help employees better balance their professional and personal obligations

### Ongoing recruitment efforts

126 interns, 500 people at our open house events, partnerships and participation in conferences and employment fairs

## Delighted customers



Meeting our customers' needs and expectations is at the core of METRO's business strategy. We aim to provide consumers with products that meet their expectations and we work toward a more responsible supply chain that is committed to the adoption of best practices.

### OUR 2016–2020 PRIORITIES

Ensure the quality and safety of food products

Promote health

Offer responsible products

## Food quality and safety

Ensuring the quality and safety of food products is among a food retailer's most important responsibilities. Our teams implement rigorous monitoring systems and conduct regular follow ups with our suppliers so they can formalize their practices.

Key objectives	2018 accomplishments	Status
Aim for 100% of private brand and fruit and vegetable suppliers to be certified by a standard recognized by the GFSI	In 2018, we updated our supplier certification documentation system. The new tool will enable us to improve our annual supplier follow-up processes.	
Carry out quality controls for 100% of our private brand products	A specific plan was set out for each private brand product to conduct a series of tests on key attributes (e.g. odour, taste, texture). The frequency of the tests depends on key factors (e.g. volume, change in supplier, customer feedback). In addition, all customer feedback submitted through our call centres and social media platforms is assessed. When appropriate, quality follow-ups are carried out.	
Première Moisson production plants: obtain target certifications for both plants (breads, baked goods and pastries)	<ul style="list-style-type: none"> <li>Baie-D'Urfé: SQF (Safe Quality Food), Level 3</li> <li>Dorion: compliance with Good Manufacturing Practices (GMP) and implementation of Hazard Analysis Critical Control Point (HACCP) system</li> </ul>	

Goal reached

Project on track | Ongoing

Initial phase of the project

### Suppliers certified by a standard recognized by GFSI (Global Food Safety Initiative)

#### Private brands

2018	98.6%
2017	97.0%
2016	96.0%

#### Fruits and vegetables

2018	82.0%*
2017	79.0%
2016	79.0%

\*Representing the vast majority of purchases, over 95%

## Health promotion

Key objectives	2018 accomplishments	Status
Product offer: increase the number of private brand products in the lines that foster healthy eating by 10% each year.	In 2018, we increased the healthy product offer by 7%, mainly due to the growing interest in the Irresistibles Organics and Naturalia lines.	
Product promotion: review selection criteria and enhance the good and great choice product identification process	This objective was revised to better represent and broaden the scope of METRO's holistic approach to promoting health.	
Pharmacy: set out professional programs focused on patient health for pharmacists and provide customers with health tips.	In 2018, we innovated by leading joint initiatives through our Metro and Brunet banners to provide even better health support for our customers.	

Goal reached

Project on track | Ongoing

Initial phase of the project



## Health promotion

### Holistic approach

Consumers' perspectives regarding the adoption of healthy eating habits have evolved in recent years. We noted a sharp increase in demand for products that are organic, more natural and less processed with shorter and simpler ingredients lists. Our customers are also seeking specific product attributes: reduced sodium and sugar, non-allergenic and trans fat free.

In sum, consumers want to eat a well-balanced diet and understand the foods they consume. They seek products that are in line with their aspirations and values.

To better meet these expectations, we further developed our approach to health, which was mainly based on the My Healthy Plate with Metro program, to be more holistic in its promotion of the adoption of a healthy lifestyle in terms of our product offer, the means by which we promote it and the ways we support consumers.

### Private brand products that foster healthy eating habits

	2015 Reference year	2016	2017	2018
Irresistibles Life Smart	289	228	257	228
Irresistibles Gluten Free	50	61	43	44
Irresistibles Organics	72	48	65	103
Irresistibles Naturalia			12	28
Total	411	337	377	403

Representing over 10% of our private brand food products

**Irresistibles**  
**Organics**  
**Biologique**

**Irresistibles**  
**NATURALIA**

## Improving the profiles of our private brand products

► 98% of Irresistibles products contain no artificial colours or flavours, as compared to 97% last year.

- Note that this is the case for 100% of Irresistibles Life Smart, Irresistibles Organics and Irresistibles Naturalia products.

► Over 1,000, or nearly one-third, of private brand products indicate a nutritional attribute (e.g. fat free or reduced fat or salt).

- To achieve this performance, we analyze products on an ongoing basis. In 2018, we reduced the fat, trans fat or sugar content of nearly 200 Irresistibles and Selection products.

## Wide range of initiatives

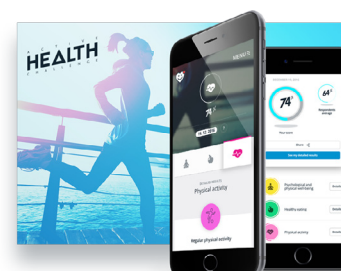
We are committed to supporting our customers as they adopt a healthy lifestyle through relevant, appealing and affordable means.

Our many platforms—stores, websites, flyers, newsletters, social media accounts, advertising, videos, sponsorships and partnerships—make it possible for us to effectively reach consumers and provide them with information, tips, recipes and promotions throughout the year.

The strength of our network of grocery and drugstores also enables us to provide even broader support for our customers.



Special online booklet in a major Québec media outlet.



Brunet's Active Health Challenge and Metro's My Healthy Plate Program have come together to offer our clients healthy lifestyle support.



Initiatives to promote products that contribute to a healthy lifestyle.





## Responsible product offer

Key objectives	2018 accomplishments	Status
Release the Responsible Procurement (RP) Framework and begin its implementation phase	The <u>RP Framework</u> was released in February 2017. In 2018, its implementation was completed in the food area and remains ongoing in the corporate non-food domains.	
Revise the Supplier Code of Conduct and complete its deployment	The <u>Supplier Code of Conduct</u> was released in February 2017 and communicated to our suppliers. Its implementation continued in 2018.	
Revise the sustainable fisheries and aquaculture policy and begin its implementation phase	The <u>policy</u> was updated and released in June 2018. Its implementation, which has been well established since 2010, continued.	
Begin the responsible procurement approach in the pharmacy domain	The approach is in its early phase in the pharmacy domain in view of the acquisition of the Jean Coutu Group in May 2018.	

Goal reached

Project on track | Ongoing

Initial phase of the project

### Implementation in the food domain

In 2018, we placed much emphasis on implementing measures that will enable us to reach our objectives. Our teams also worked together to develop the tools required to monitor the advancement of our commitments to eventually point to our progress.

Current data indicate that we are making steady progress on each of our commitments and have reached our objectives for two:

- Aquaculture shrimp: 100% of private brand shrimp are BAP-certified (Best Aquaculture Practices)
- Canned tuna: 100% of private brand canned tuna is sourced through sustainable fisheries.

We also pursued our training program for the purchasing teams. More than 75 employees took part in the second part of our responsible procurement workshops. In addition, representatives from over 100 stores participated in our fish counter clinics to become more familiar with our sustainable fisheries and aquaculture policy.



## Recognition for our products

### RCC Canadian Grand Prix New Product Awards

In May 2018, at the 25th annual Grand Prix New Products Awards held by the Retail Council of Canada (RCC), METRO received five awards, more than any other nominee. Indeed, two products from the Irresistibles Organics line were recognized: lactose-free Swiss cheese (dairy products category) and grain-fed chicken (meat, eggs and seafood category).



### PLMA Salute to Excellence 2018

The Irresistibles Naturalia granola with coconut flakes and hemp seeds stood out among breakfast cereals at the 2018 Private Label Manufacturer Association's (PLMA) Salute to Excellence awards. Handed out in Chicago, the awards recognize innovation and quality in North American private brand programs.



### METRO signs the Ethical Charter on Responsible Labor Practices for fruits and vegetables

METRO is among the some 60 organizations that have signed the Ethical Charter on Responsible Labor Practices covering produce and flowers adopted by the Produce Marketing Association (PMA) and United Fresh Produce Association (United Fresh). The Charter was released in July 2018.

This international initiative is based on guiding principles and values to set out an industry-wide frame of reference based on labour law, good management systems and sound practices in occupational health and safety that is also in line with METRO's Supplier Code of Conduct.

# Respect for the environment



The continuous improvement of METRO's environmental performance is built on the rigour of the organization's processes and the optimization of its practices. Through the environmental management system (EMS) and implementation of core programs, our teams give priority to the factors that most contribute to the environmental footprint of METRO's activities.

## OUR 2016-2020 PRIORITIES

*Optimize the energy consumption of our buildings*

*Manage our waste*

*Enhance the energy efficiency of our merchandise transport*

*Optimize our packaging and printed materials*

## Management of our carbon footprint

For a third consecutive year, our carbon footprint has remained relatively stable in terms of the intensity of our greenhouse gas (GHG) emissions.

Moreover, the outcomes of the programs implemented in recent years suggest interesting future prospects through means including the adoption of new practices and upcoming technological advances.

### Carbon footprint

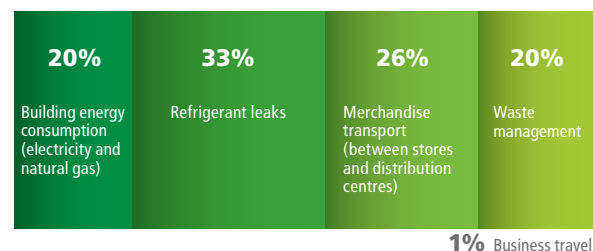
Corporate and franchised stores – Québec and Ontario

Fiscal years ending at the end of September

<b>2017</b>	Intensity: <b>25.63</b> kg CO <sub>2</sub> eq./sq. ft.
<b>2016</b>	Intensity: <b>25.31</b> kg CO <sub>2</sub> eq./sq. ft.
<b>2015</b>	Intensity: <b>25.85</b> kg CO <sub>2</sub> eq./sq. ft.

METRO submitted its 11th carbon footprint to CDP. The data filed with CDP reflect the results of the previous year: the data for 2017 were reported in 2018 based on the Greenhouse Gas Protocol (GHG Protocol) methodology. Click [here](#) to read the report.

## Sources of our GHG emissions



## Optimization of our buildings' energy consumption

Key objectives	2018 accomplishments	Status
Integrate efficient features and equipment into new buildings to improve their energy efficiency by at least 5% as compared to 2010 constructions	The initiatives spearheaded since 2016 have led to confirm, in 2018, a sharp improvement in the energy consumption of our new stores.	
Select, audit and recommission 10 existing sites to improve their energy efficiency by 5 to 10% as compared to their initial performances	Audit of 10 stores to identify measures to improve the lighting and refrigeration systems and standard employee practices	
Enhance outdated mechanical systems as part of major renovation projects, when applicable	A specific study was conducted prior to every renovation project undertaken in 2018. Efficient LED lighting and more efficient mechanical equipment were recommended when current systems required replacement.	
Première Moisson: replace equipment at the end of its life cycle with less energy-intensive options	Energy efficiency is now a selection criterion for replacing and purchasing new equipment for both production plants.	

Goal reached

Project on track | Ongoing

Initial phase of the project



### Key component: our employees

In addition to the installation of more efficient equipment, our teams' behaviours are determining factors of our environmental performance.

For this reason, throughout the year, we work to provide employees and managers with information and support. Our programs to build awareness of energy consumption and waste management are based on three directions:

*Development of personalized performance reports for stores*

*Presence in stores to meet with employees and network managers*

*Production of information tools such as equipment guides and newsletters containing tips and advice*



### New buildings

The integration of CO<sub>2</sub> refrigeration and LED lighting systems in our new stores, which began in 2016, has already proven its value.

The sites' energy consumption data for the past year reveal that our current construction standards are far more efficient. Indeed, an approximately 25% average reduction in energy consumption as compared to 2010 was observed. This result is more significant than anticipated, on account of factors including technological developments in both sectors. This improvement in energy efficiency serves as a lever to lower our GHG emissions.

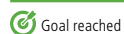
### Levers for improvement in stores

Under our recommissioning program, which was launched in 2016, analyses of the performances and operations of ten stores are conducted annually to optimize the mechanical and electrical systems and implement corrective measures to address operational and equipment issues. The stores are selected based on their energy performance, obsolescence and improvement potential.

First, we aim to pinpoint the issues that are simple to resolve through better practices, for example by adjusting temperature set points. In-store audits also help identify the equipment to be replaced. The program component got underway in 2018, and we estimate that this type of investments could lead to approximate energy savings of 10%, in addition to the 3% improvement generated through the implementation of best operating practices.

## Waste management

Key objectives	2018 accomplishments	Status
Set out a specific waste management plan for every corporate and franchised store	The program was completed in 2018. All corporate and franchised stores in Québec and Ontario now have a plan.	
Aim for zero waste to landfill as established by the U.S. Zero Waste Business Council (90% waste diversion rate) for the corporate and franchised stores in Québec and Ontario enrolled in recovery programs	The diversion rate slightly decreased in 2018 to 65% for the corporate and franchised stores in Québec and Ontario enrolled in recovery programs.	
Optimize construction waste management	In 2018, in addition to the current programs, a pilot program was initiated in a store in Québec to optimize gypsum sorting at the source and ensure the material's recyclability.	
Première Moisson: implement the waste recovery program across the entire network	The program is implemented in 24 of 27 stores. Première Moisson is pursuing its efforts to complete the implementation process in its three other stores. Actions are also underway toward better waste management at the Baie d'Urfé plant.	



Goal reached



Project on track | Ongoing



Initial phase of the project

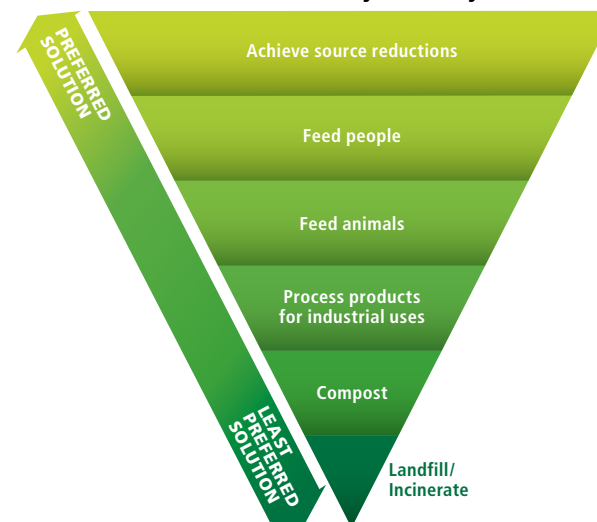
### Measures to increase our efficiency

Despite sustained efforts, we ended 2018 with a slight decrease in our diversion rate, which is 65%. We noted that our programs did not progress as planned owing to a number of factors, including service availability and frequency, current infrastructures and regulations and certain less optimal operational practices.

The efforts focused on raising awareness, following up on programs and leading the ongoing search for better collection methodologies enabled us to substantially increase our volume of food waste recovery by close to 10%, from 32,131 to 35,262 tonnes.

During the course of next year, in addition to allocating resources to equipment, we will specifically direct our efforts toward supporting stores, as in-store behaviours have concrete impacts on performance. So as to devote all the time required to undertake this important initiative, in 2018, we developed a waste management software to increase the efficiency of store performance follow-ups and automate data entry tasks.

### Food recovery hierarchy







## Waste management

### Diversion rate

The waste diversion rate represents the portion of waste that is not sent to landfill.

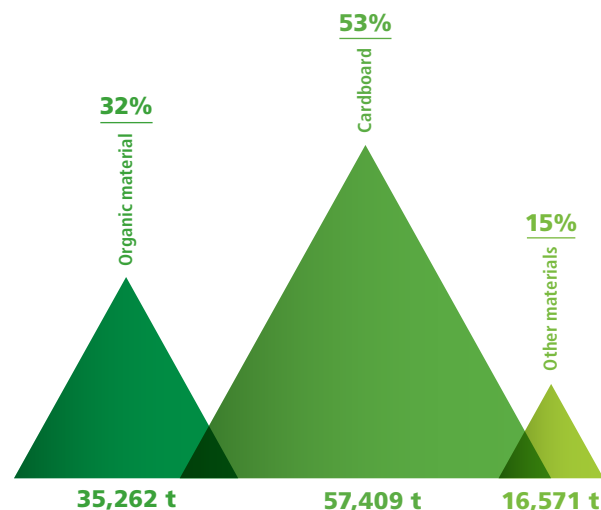


The overall rate for all stores is 65%, while certain stores have delivered strong individual performances: 68 stores in Québec and Ontario posted a diversion rate of over 80%, including 6 stores that divert 90% or more of their waste. These success stories demonstrate the network's potential to improve its performance.

### 2018 at a glance

#### Waste recovered (tonnes)

Corporate and franchised stores – Québec and Ontario



**Organic material:** 35,262 t (food waste)

Products to composting and methanization: 21,870 t

Non-perishable products donated to food banks: 2,012 t

Perishable products donated under the One More Bite program\*: 3,214 t

Waste from butcheries and cooking (materials processed into common use products): 8,166 t

**Cardboard:** 57,409 t (for recycling)

**Mixed paper:** 79 t (for recycling)

**Plastic film:** 1,610 t (for recycling)

**Other mixed materials:** 14,882 t (plastics, paper, metal, waxed cardboard and cardboard – for recycling)

**Total:** 109,242 t

\*Including the affiliate stores participating in the program

## Energy efficiency of transport

Key objective	2018 accomplishment	Status
Adopt best operating practices in energy efficiency for the transport fleet	In 2017, a transport management system (TMS) software was implemented. In 2018, we began developing key performance indicators, which are expected to be available in 2019.	

Goal reached

Project on track | Ongoing

Initial phase of the project

## Optimization of our packaging and printed materials

Key objective	2018 accomplishment	Status
Launch and deployment of the packaging and printed material optimization policy	Packaging and printed material characterization and optimization principles were developed in 2018. We intend to finalize and release the policy in the first half-year of 2019. Optimization practices continued to be deployed throughout the year.	

Goal reached

Project on track | Ongoing

Initial phase of the project



### ECORESPONSIBLE attestation

In October 2018, METRO earned level 1 Ecoresponsible™ attestation in packaging ecodesign for its approach and packaging for its 5-lb. bag of potatoes. The recognition was granted as part of a pilot project under the program developed by the Conseil des industries durables in collaboration with RECYC-QUÉBEC and Éco Entreprises Québec. The initiative aims to recognize efforts to develop more responsible packaging options and attributes from an ecodesign perspective.



## Strengthened communities



We play a part in the economic and social well-being of the communities in which we operate. Through our actions, we seek to make a positive contribution and expand the reach and benefits for them.

### OUR 2016–2020 PRIORITIES

*Invest in the communities in which we are present*  
*Support local suppliers*

## Investments in communities

Year after year, METRO remains actively committed to the communities in which it is present through significant monetary and food contributions and supports local suppliers in Québec and Ontario.

Key objectives	2018 accomplishments	Status
With regard to philanthropy, dedicate an amount equal to 1% of METRO's net income in the last three fiscal years	Considering its financial contributions and food donations, METRO achieved this objective in 2018.	
Foster food security through the implementation of a food recovery program in Québec and Ontario	We recovered 3,200 tonnes of food from nearly 200 participating stores through the Récupartage/One More Bite program, making it possible for community organizations to distribute over 6 million meals.	
Promote healthy eating habits through the Green Apple program	For a sixth consecutive year, METRO and its merchants awarded 1,500 scholarships valued at \$1,000 to elementary and high school students in Québec and Ontario to support projects that promote healthy eating habits.	

Goal reached

Project on track | Ongoing

Initial phase of the project

## Contributions in 2018

In 2018, we achieved our objective to allocate a total amount equal to 1% of METRO's average net income for the past three fiscal years. The result accounts for our financial contributions and food donations.

This year, we focused on analyzing and documenting our processes to collect and release information on our food donations. Seeing as donations are expected to increase in the years to come, we want to have a fair balance between our financial and food donations. We therefore intend to increase the share of financial contributions, always taking into consideration the relevance of the activities to support. We also intend to assess the formula used to evaluate our food donations, which is currently based on the retail value of the merchandise. This exercise is in line with our work to continuously improve our accountability methods.



## Financial contributions

Corporation\*: \$3.1M

- Green Apple program: \$1.5M
- Other sectors: \$1.6M



Employees: \$1.5M

- In Québec, METRO took part in Centraide's annual campaign for a 21st consecutive year.
- In Ontario, the METRO Full Plate employee donation program supported four organizations: Ontario Association of Food Banks, Second Harvest, Breakfast Clubs of Canada and United Way.

Customers and suppliers: \$1.3M

Our customers and suppliers supported their local communities by taking part in in-store fundraising events including:

- Sainte-Justine Tree of Lights campaign to support the children's hospital in Montréal
- Toonies for Tummies to feed young people
- MIRA to support guide dog training

Food donations: \$33.7M

This amount represents the donations made through our distribution centres (DCs) and stores. Until last year, we only reported the monetary value of the food donations from our DCs. The addition of store products explains the difference as compared to the amount of \$6.5 million reported in 2017.

\* This amount includes the contributions by the Jean Coutu Group as of May 11, 2018, the date on which METRO acquired the Jean Coutu Group.



## Investments in communities

### Employee volunteering

The very first METRO Week of Caring was held in Québec and Ontario from May 28 to June 1, 2018. Employees spent half a day of volunteering with a charitable organization affiliated with Centraide of Greater Montréal or United Way Greater Toronto.

Employees spent this time (paid as regular hours) supporting different organizations through food-related activities (e.g. baskets, gardening, meal preparation).



### Food security

In 2018, our Récupartage / One More Bite food recovery program experienced significant growth, providing communities with the equivalent of over 6 million meals. More than 3,000 tonnes of food were recovered: an increase of 90% as compared to last year.

The program's implementation is made possible by our partners:

- Food Banks of Québec, which oversees the Moisson centres that collectively support some 1,200 community organizations across Québec
- In Ontario, Second Harvest and the Ontario Association of Food Banks (OAFB)

Under the program, our partners receive unsold quality products such as meat, prepared foods and dairy and bakery items from our Metro, Metro Plus, Super C and Food Basics stores in Québec and Ontario. This important initiative helps address the problem of food insecurity by providing diverse and healthy food for those in need.

récupartage  
onemorebite

#### Participating stores

2018	193
2017	146
2016	112

#### Food donated (kg)

2018	3,200,000
2017	1,680,000*
2016	1,075,000

#### Equivalence of meals

2018	+ 6.4 M
2017	+ 3.3 M
2016	+ 2.1 M

\*Excluding Ontario – data unavailable



### Community support by Première Moisson

For eight years, Première Moisson has worked in collaboration with La Tablée des Chefs to recover unsold products and redistribute them in the community. In the past year, 21 stores took part in the program: a 50% increase as compared to 2017. Collectively, the stores donated over 84 tonnes of mostly bread, pastry and prepared foods to be donated to 46 community organizations.

In addition, Première Moisson organizes annual in-store fundraising activities. Among its flagship initiatives is the donation of \$20 for each Signature log sold during the holiday season. In 2018, sales of The Glory log helped raised \$20,000 for the Montréal Canadiens Children's Foundation to encourage disadvantaged youth to be physically active and adopt a healthy lifestyle.





## Support for local suppliers

Key objectives	2018 accomplishments	Status
Roll out the local purchasing policy in Québec and Ontario	The program expanded significantly in 2018. It is currently in effect in 300 stores, mobilizes 304 suppliers and provides 1,742 local products for our customers.	
Première Moisson: support the local purchasing of high-volume ingredients	Flour is among Première Moisson's highest volume purchases, and 80% of all the flours purchased are sourced locally.	

Goal reached

Project on track | Ongoing

Initial phase of the project

### Local purchasing program

In the past year, the reach of our local purchasing policy grew significantly in Québec and Ontario in our Metro, Metro Plus, Super C and Food Basics stores. In 2018, we increased our regional product offer by 50%, from 1,161 to 1,742 products, as well as the number of participating stores and suppliers.

Launched in 2013 in Québec and in 2016 in Ontario, the program aims to provide as many regional products as possible in stores and raise their visibility to meet the expectations of our customers, who are always searching for more local products. The initiative also aims to support suppliers in their efforts to make their products available to consumers in a large retail network.

Québec					Ontario			
Year	Regions	Stores	Suppliers	Products*	Regions	Stores	Suppliers	Products*
2014	3	30	51	301				
2015	7	80	118	710				
2016	9	129	143	823				
2017	11	142	175	1,013	2	67	41	148
2018	11	164	205	1,279	5	136	99	463

\*Fresh and grocery products



### Innovating supplier

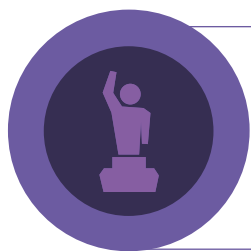
#### Cricket flour pasta now available at Metro

Since October 2018 in Mauricie-area Metro stores, Mélio offers its pasta made from cricket flour—an option for consumers who want to lower the environmental impacts of their consumption. Crickets are a source of protein, and its production has been shown to generate fewer greenhouse gas emissions and require less water than other types of livestock. The partnership is part of METRO's local purchasing program, which establishes a guiding principle that makes METRO a key ally of innovative suppliers.

### Première Moisson flours

For more information on the quality wheat grown in Québec that Première Moisson relies on, you can read two articles: [Wheat harvest happiness](#) and [The purpose of agriculture raisonnée](#) in edition no. 2 of Les Carnets de Josée Fiset.





## Empowered employees

We aim to support METRO's business objectives and help provide a quality experience for our employees throughout their professional lives, from attraction, recruitment and integration to development, advancement and retirement.

While the customer experience is at the core of our mission, the employee experience drives our human resource management approach.

### OUR 2016–2020 PRIORITIES

Ensure occupational health and safety (OHS)

Promote an ethical and respectful work environment

Offer a work environment focused on positive relationships

Develop talent

## Occupational health and safety (OHS)

METRO is committed to preventing occupational illness and injury in the workplace and providing the public with a safe shopping environment.

Key objective	2018 accomplishment	Status
Improve our performance regarding the frequency and severity of work-related accidents and the number of lost days	In 2018, our key performance metrics improved significantly as compared to the previous year and past five years	

Goal reached

Project on track | Ongoing

Initial phase of the project

### Main initiatives in 2018

#### Prevention and training

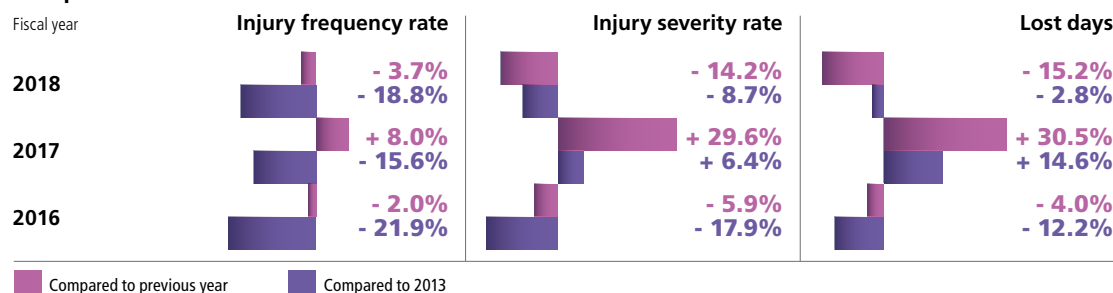
- In addition to new employee training and the ongoing efforts by managers to raise awareness of safety issues, specialized training was provided across the network.
- In 2018, store and distribution centre employees and managers followed training on a range of topics, including:
  - management responsibilities
  - equipment safety
  - the Workplace Hazardous Materials Information System (WHMIS)

#### Program management and communications

- Completed the strategic review of HS policies, practices and controls through a third-party assessment
- Developed an annual re-training program for members of the joint health and safety committee
- Continued the roll-out of new WHMIS requirements and training

### Our performance

Fiscal year



After a challenging 2017 year from the OHS perspective, we devoted particular attention to the situation in 2018. The key performance metrics for the past year have therefore seen significant improvements. We are pleased to report a positive trend stemming from the continued focus of our management teams and employee groups and various initiatives rolled out this year. The safety of our employees and customers remains a priority, and we will pursue the action plans and initiatives required to deliver continuous improvement.

## Ethical and respectful work environment

To reflect the constant evolution of our business context, we work to create a work environment that echoes our commitment to promoting high standards of ethics and integrity.

Key objectives	2018 accomplishments	Status
Review and launch the conflicts of interest and professional ethics policy	METRO's <u>Employee Code of Conduct</u> came into effect in 2016.	
	The policy came into effect in 2016.	
Review and launch the communications and public interventions policy	The program was updated in 2016. Ongoing efforts are invested to promote it and focus on prevention, especially in situations of change. In 2018, we held training sessions for our human resource and union partners to provide them with better prevention and crisis management tools. The sessions were the opportunity to further the understanding of the program by key stakeholders in our different establishments.	
Review and update the employee and family assistance program (EFAP)		

Goal reached

Project on track | Ongoing

Initial phase of the project



## Work environment focused on positive relationships

An especially stimulating sector, retail remains highly competitive and faces significant staff retention issues. Employees' satisfaction with their work and workplace are determining factors for retaining employees. We therefore aim to create a work environment that recognizes and values the talent and aspirations of our employees.

Key objectives	2018 accomplishments	Status
Update and implement a total compensation program	Efforts to align the compensation practices of our different areas will continue into 2020.	
Renew our actions to recognize the contributions of long-serving employees	Following an assessment of the program, the objective was withdrawn. It was agreed that the program would stand since it remains in line with our objectives.	
Reinforce open communications within the organization	This past year was marked by the acquisition of the Jean Coutu Group. Clear and transparent communications issued on a regular basis were a key component of the strategy to combine the teams.	
Maintain positive employee relations	There were no labour disputes in the fiscal year. METRO considers its work relations to be satisfactory.	
Draft and implement a diversity policy	The <u>Diversity Policy</u> was released in late 2015 and implemented in 2016.	
Foster the integration of new immigrants in Québec's job market	The program is rooted in the recruitment strategy. A range of initiatives were set in motion in 2018.	
Foster career development of women to access management positions	The activities organized as part of the WIN program seek to optimize women's professional development earlier in their careers by preparing them to take on leadership roles.	

Goal reached

Project on track | Ongoing

Initial phase of the project

Objective withdrawn



### Flexible work options

This year, METRO implemented a flexible work program to help employees better balance their professional and personal obligations. The first phase of the program focused on the summer schedule. In October 2018, the option to work flexible hours was added.

The program is aimed at management, professional and non-union administrative staff. Working committees were assembled and have begun to consider creating a program that is adapted to the realities of other groups within the organization.

## Women in the workplace at METRO

Launched in 2015, the WIN (Women's Inspirational Network) program includes activities to foster the career development of women within the organization by focusing on the exchange of ideas, experiences and contacts.

In addition to hosting skills development workshops, lunch and learn presentations, networking and volunteering activities, the program was expanded in 2018. A group of women from METRO took part in a workshop organized by the Women's Y of Montréal on the sensitive social issues women face. The initiative enabled our employees to expand their knowledge and speak with professionals from other companies.

METRO also seeks to encourage women to take on positions at more senior levels. Whenever possible, at least one woman must be considered among the finalists in every management-level recruitment process.

### Women at METRO



### Executive positions\*



### Management positions\*



### Board of Directors



Gender balance target for the Board of Directors: 30%

\* These figures do not include employees in affiliated, franchised or neighbourhood stores, Adonis, Première Moisson, MissFresh or Brunet, CliniPlus and Jean Coutu drugstores.





## Talent development


The aim of our talent management program is to provide all our employees with the means to reach their full potential throughout their careers at METRO with the support of a range of resources, including mentoring, training, career development, lunch and learn events, a library, career co-development and success stories.

Actions such as creating a setting that fosters skills development and helping our employees excel in their positions constitute a springboard for them to undertake other responsibilities within the organization.

Key objectives	2018 accomplishments	Status
Hire 10% more new graduates as compared to 2014 by late 2016	This objective was attained, and the approach remains part of our integration strategy.	
Offer student internships	In 2018, 126 student interns joined METRO teams. Since 2016, 270 internships have been undertaken in our different departments.	
Review and implement the orientation program	Breakfasts held to welcome new employees facilitated their integration. The newcomers learned more about METRO and had the opportunity to meet with a senior executive and speak with their new colleagues.	
Create a leadership development program	The LEAD program was launched in 2016. Since then, seven modules have been implemented, including three in 2018.	
Support internal mobility Target: award 80% of promotions to internal candidates	In 2018, 66% of positions were filled by current employees, including promotions and lateral changes.	
Review the performance assessment process and tool	Implemented in 2017, the development of the tool continued in 2018 with the launch of the first interactive training video to add practical exercises to the current content.	

 Goal reached

 Project on track | Ongoing

 Initial phase of the project

## Sustained recruitment efforts

At METRO, there are a range of very interesting career prospects. We are deploying sustained efforts—especially given the current labour shortage—to identify quality applicants and make METRO their first choice.

This past year, our team actively worked to attract the best talents:

- ▶ 33 job fairs including a virtual event
- ▶ 7 conferences led in education institutions
- ▶ Partnerships with a number of university student associations
- ▶ Presentation of an academic case at the Commerce Games and participation of senior executives as judges
- ▶ Support for students undertaking academic work on METRO as part of their study programs
- ▶ Support for 126 high school, college and university interns (many of whom were then hired)
- ▶ Open house days that welcomed 500 people to our three Montréal-area distribution centres
- ▶ 5 breakfasts for new employees and 5 lunch and learn events



Academic competition at DeGroote School of Business, McMaster University, Ontario.



A team of women heads METRO's private brand department.



Participation in a job fair in Montréal, Québec.