

***2023 REPORT UNDER
THE FIGHTING AGAINST
FORCED LABOUR
AND CHILD LABOUR
IN SUPPLY CHAINS ACT***

April 23, 2024

metro

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1. About this report

This report has been prepared pursuant to the Canadian *Fighting against Forced Labour and Child Labour in the Supply Chains Act* (the **Act**) and sets out the measures taken by Metro inc. (**METRO**) and the entities mentioned in the table below (the **Metro Subsidiaries**) during fiscal 2023 to prevent and reduce the risk of forced labour or child labour in its operations and supply chain. When used in this report, the terms "forced labour" and "child labour" have the meanings ascribed to them by the Act.

The table below shows the Metro Subsidiaries, the province in which they mainly operate and the jurisdiction under which they are incorporated or organized:

	Legal form	Ownership	Jurisdiction of incorporation
Québec			
Metro Richelieu Inc. ("Metro Richelieu")	Corporation	100% METRO INC.	Canada
McMahon Distributeur pharmaceutique Inc. ("McMahon")	Corporation	100% Metro Richelieu	Canada
Adonis Group Inc. ("Adonis Group")	Corporation	100% Metro Richelieu	Canada
Phoenicia Inc. ("Phoenicia Group")	Corporation	100% Metro Richelieu	Canada
Première Moisson Group Inc. ("Première Moisson Group")	Corporation	100% Metro Richelieu	Canada
Metro Brands G.P.	General Partnership	99,9% METRO INC. and 0,1% Metro Richelieu	Québec
The Jean Coutu Group (PJC) inc. ("Jean Coutu Group")	Corporation	100% METRO INC.	Québec
RX Information Centre Ltd	Corporation	100% Groupe Jean Coutu	Canada
Pro Doc Ltée ("Pro Doc")	Corporation	100% Groupe Jean Coutu	Québec
Ontario			
Metro Ontario Inc. ("Metro Ontario")	Corporation	100% METRO INC.	Canada
Metro Ontario Pharmacies Limited ("Metro Pharmacies")	Corporation	100% Metro Ontario	Canada

This report is a joint report for all businesses included in the Metro Group. The information contained in this report applies to all Metro Group entities, unless otherwise indicated. This report covers the structure, operations and supply chain of the Metro Group's activities for the fiscal year that ended on September 30, 2023. Unless the context indicates otherwise, the use in this Report of the terms "our", "we", "us" and "Metro Group" collectively refers to METRO, the Metro Subsidiaries, or, depending on the context, to one of them.

2. Structure, activities and supply chain

2.1 Our structure

Founded in 1947, METRO is a leader in the food and pharmacy retail industry with more than 1,600 retail outlets in Canada. With annual sales of more than \$20 billion, the corporation directly or indirectly employs more than 97,000 people. METRO is a corporation governed by the *Business Corporations Act (Quebec)* and is a Canadian public issuer whose shares are traded on the Toronto stock exchange (TSX) under the MRU symbol. METRO is a holding company that carries on business through its subsidiaries and affiliates, including the Metro Subsidiaries. All Metro Subsidiaries are wholly owned, directly or indirectly, by METRO as of the date of this report.

2.2 Our activities

The Metro Group operates, as a retailer, franchisor or distributor, different grocery banners in the conventional supermarket and discount segments. These grocery banners operate under the Metro, Metro Plus, Marché Richelieu, Super C, Food Basics and Adonis banners. The stores are owned either by the Company, or by franchisees or affiliated merchants of the Metro Group. The Metro Group also acts as a distributor for independent convenience stores.

The Jean Coutu Group acts as franchisor and distributor for pharmacies operating under the PJC Jean Coutu, PJC Santé and PJC Santé Beauté banners in Quebec, New Brunswick and Ontario. McMahon acts as franchisor and distributor for pharmacies operating under the Brunet Plus, Brunet, Brunet Clinique and Clini Plus banners in Quebec. All these pharmacies are owned by pharmacist owners. Metro Pharmacies also operates pharmacies in Ontario under the Metro Pharmacy and Food Basics Pharmacy banners. The Metro Group is also present in generic drug distribution with Pro Doc Ltée.

Centre RX offers various IT services to pharmacies in the Jean Coutu Group and McMahon networks.

The Première Moisson Group specializes in premium quality artisan bakery, pastry, and deli products. The Première Moisson Group sells its products to the Metro Group's stores, to restaurants, various chains, as well as directly to consumers through stores operating under the Première Moisson banner.

The Metro Group buys and sells national brand products. The Metro Group also buys and sells products under several of its own private brands, including Irresistibles, Selection, Personnelle and Life Smart. These products are currently available in most of the stores and pharmacies in its networks. Irresistibles, Selection and Life Smart products include a wide range of food and non-food products while Personnelle products include beauty and cosmetic products, over-the-counter medications as well as personal care products.

We have companies that are not "entities" within the meaning of the Act. One of them, Metro Manufacturing Group Inc., operates a plant that produces food products sold to the Metro Group's stores, while two others, Metro Québec Real Estate Inc. and Metro Ontario Real Estate Limited, own buildings in which the Metro Group's food stores, distribution centres and pharmacies are operated.

2.3 Our supply chain

In its supply chain, the Metro Group mainly sells products, including private label products, which it acquires from suppliers. The Metro Group also does business with service providers. As a result, the Metro Group maintains business relationships with a large number of international, national and regional suppliers.

The Metro Group sources fruit and vegetables from at least 23 different countries, spread across the Americas, Asia, Africa and Europe. For certain perishable products, such as meat, fish and seafood, fine cheese and bakery products, frozen foods and prepared meals, we source from at least 26 different countries spread across the Americas, Asia, Europe and Oceania. Our sourcing documentation process for these categories does not allow us to identify the most commonly used region or country.

The provenance of our private label food products reflects the diversity and breadth of our business partnerships. Our sourcing for these products includes at least 24 different countries. North America, and Canada in particular, is the most frequent region for the location from which our private label food products are sourced or produced.

For other products, we do not systematically document their provenance.

3. Policies, processes and due diligence

The Metro Group is committed to respecting and promoting the highest standards of ethics and integrity in all its dealings with employees, customers, affiliated and franchised stores, suppliers, shareholders and the communities in which we live and work.

The Metro Group's approach to human rights is supported by its [Employee Code of Conduct](#) (the **Employee Code**) and its [Supplier Code of Conduct for Responsible Procurement](#) (the **Supplier Code**), both of which are publicly available on Metro's [corporate website](#). It is also supported by its [2022-2026 Corporate Responsibility Plan](#).

It is possible for any person to report any breach of the above-mentioned codes on a confidential basis, in accordance with the procedures set out below. Reports are handled by an independent firm.

- By telephone at 1-877-800-7867 (toll-free)
- By mail (with the reference Confidential), to Metro inc., Senior Director, Corporate Security and Resilience, 7151, Jean-Talon street East, 9th floor, Montréal, Québec H1M 3N8
- By e-mail to speakup@metro.ca
- On the following website: timetospeakup.ca.

3.1 Governance

The Metro Group's corporate responsibility governance, including the principles designed to fight against child and forced labour, is integrated into its management structure, led by the executive team. It relies on specific individuals throughout the decision-making and implementation processes, all under the oversight of the Board of Directors.

The corporate governance process at the Metro Group is characterized notably by the following processes:

- The METRO Board of Directors oversees the Company's activities and disclosure related to corporate responsibility, including ESG (environmental, social and of governance) matters through the Governance and Corporate Responsibility Committee. The Board approves corporate responsibility plans and reports. The Board of Directors, on the recommendation of the Governance and Corporate Responsibility Committee, has approved this report.

- The Executive Committee, made up of the Company's senior executives, approves the corporate responsibility strategy and ensures priorities are aligned with the Corporation's business strategy and that objectives are met.
- The Vice Presidency Public Affairs and Communications, develops strategic corporate responsibility directives and reports on progress to the Executive Committee and to the Governance and Corporate Responsibility Committee.
- Reporting to the Vice Presidents responsible for the programs in the corporate responsibility plan, the teams assigned to the initiatives ensure continuous progress by working toward established and measured goals and targets.

3.2 Employee Code of conduct

The health and well-being of our colleagues underpin the Metro Group's purpose and ensure its organizational effectiveness. The Metro Group focuses on occupational health and safety, respectful labour relations, sound talent management, and an equitable, diversified and inclusive work environment.

The Metro Group provides a rigorous framework for the conduct of its employees and executives. The [Employee Code](#) guides and clarifies the behaviours that must be adopted in corporate life.

The Employee Code applies to all Metro Group employees in the performance of their duties, as well as in all situations where they could be considered representatives of the Metro Group. Under the terms of the Employee Code, each employee must respect the Metro Group's commitment to provide a workplace free from violence, harassment and discrimination, which respects human rights and where each employee is treated with dignity and respect. The Employee Code also states that ensuring a safe and healthy workplace is of paramount importance to the Metro Group, and is a responsibility shared with employees, who are responsible for their own health and safety, for protecting the health and safety of others, and for complying with all legal and Metro Group's standards. Any Metro Group employee who breaches the provisions of our Employee Code is subject to immediate disciplinary action, up to and including dismissal, and to legal action to recover any loss suffered by the Company as a result of the breach. Any breach of the provisions of our Employee Code, which is also a breach of the law, may result in prosecution of the Metro Group employee by the appropriate authorities.

The updating and application of the Employee Code are the responsibility of the Human Resources Department, which reports to the Human Resources Committee of METRO's Board of Directors on compliance with the Code.

3.3 Supplier Code of Conduct

The Metro Group is determined to carry out its activities lawfully and ethically by adopting responsible social and environmental practices. The Metro Group's supply chain is a critical component of the Company's business life and plays a key role in its success. In an effort to constantly improve its performance in terms of corporate responsibility, the Metro Group actively seeks to conduct business with suppliers that share the Company's commitment and proactively integrate responsible practices into their activities. The Metro Group implements its responsible procurement approach as part of a continuous improvement strategy and aims to collaborate with suppliers within a framework of transparency to adopt ethical and respectful business practices.

The Metro Group's [Supplier Code](#) was originally adopted in February 2017 and updated in January 2022. It is aimed at all the Metro Group's suppliers of goods and services. Under this Supplier Code, the term supplier refers to the Metro Group's direct suppliers as well as to their own suppliers across the supply chain.

The Supplier Code is integral to our business agreement with suppliers. This means that by signing their business agreement with any Metro Group entity, suppliers and related parties accept the provisions of the Supplier Code and undertake to comply with its requirements.

To ensure that its Supplier Code is respected and applied, the Metro Group reserves the right to follow up with its direct and indirect suppliers using various implementation tools. Should a supplier fail to comply with the Supplier Code, the Metro Group reserves the right to require corrective actions. METRO favours a continuous improvement approach and will monitor its suppliers' progress in terms of respect for workers. In the case of a serious failure to comply, the Metro group may reconsider its business relationship with the supplier.

The Metro Group's Supplier Code is based on four key principles, one of which is the respect for workers. This principle covers all workers in the Metro Group's supply chain, regardless of their status (seasonal, casual, part-time, full-time; local or migrant). The Metro Group considers it important to guide the practices of its suppliers to ensure respect for workers in its supply chain. To this end, the Metro Group draws on recognized international standards, in particular the labour principles and rights outlined by the International Labour Organization (ILO).

The Metro Group also expects its suppliers to provide products and services that are based on practices that ensure that workers are treated with dignity, respect and equity in a healthy and safe work environment that provides decent conditions and is free of abuse.

Pursuant to its Supplier Code, the Metro Group expects its suppliers not to use child labour. The Metro Group considers it important to foster the complete physical and mental development of children and to aim to eliminate all forms of child exploitation.

Pursuant to its Supplier Code, the Metro Group expects its suppliers not to use forced or compulsory labour; an employee may not work under threat of punishment or sanction. According to the Supplier Code, all work must be performed voluntarily.

Freedom of association and the right to collective bargaining, the prevention of discrimination in employment, respect for obligations under work relationships, occupational health and safety, working hours and wages and benefits are other elements covered by the Supplier Code.

3.4 Corporate responsibility plan

The Metro Group's [2022-2026 Corporate Responsibility \(CR\) Plan](#) (the **CR Plan**) also includes a specific objective pertaining to working conditions, namely to require suppliers to respect working conditions across the supply chain, as set out in our Supplier Code, for the private brand, meat, poultry, fish, seafood, fruit and vegetable products.

3.5 Due diligence

In 2023, the Metro Group partnered with [SupplyShift](#), a cloud-based platform supported by a team of ESG experts, to collect and analyze data from its suppliers to assess their performance against all the principles of its Supplier Code, including respect for workers.

The assessment process consists of a questionnaire accessible by the supplier via the SupplyShift cloud platform. The supplier accesses the platform and completes the questionnaire.

This questionnaire has been developed in collaboration with the SupplyShift team. The questions cover the general policies and procedures in place at our suppliers, including standards relating to forced and child labour. The questionnaire is sent to suppliers via the SupplyShift platform who confirms the existence and the content of the documents submitted by the suppliers in response to the questionnaire. The Metro Group plans to share its performance results with suppliers on a regular basis. This feedback will foster a better understanding of their strengths and weaknesses, stimulating opportunities for continuous improvement within our supply chain. For the time being, this program is deployed with our direct suppliers (tier 1) only.

An action plan was developed and implemented in fiscal 2023. As part of this action plan, the Metro Group launched the assessment process, targeting over 1,000 suppliers representing a diverse range of commodities, including meat and poultry, fish and seafood, and fruits and vegetables. These categories and all our private label products are our priority commodities. The process was also extended to encompass at-risk commodities for working conditions, such as cocoa and coffee, as well as to suppliers with whom the Metro Group has significant purchase volumes.

30% of our purchases have been assessed, and it was found that the vast majority of these purchases are made from suppliers who meet the Company's expectations, including in terms of working conditions. Although some suppliers do not meet the compliance threshold set by the Metro Group, this does not necessarily mean that they do not have good business practices, or that they use forced or child labour. As this is a self-assessment questionnaire, the non-compliances obtained may in some cases constitute a risk indicator. However, we must also take into account the comments received from some of our suppliers, who pointed out that some of the questions in our evaluation did not give them enough flexibility to properly represent their practices. An analysis of the responses received also suggests that some questions were not well understood. In response to these observations, we will be making changes to the assessment to provide greater clarity and flexibility where appropriate. As a result, all suppliers who did not meet the minimum compliance threshold, as well as those who did not participate, will be reassessed in 2024. We will extend the assessment process to other suppliers over the next few years. For full details of remediation and non-conformities, please refer to Section 5 of this report.

4. Risk assessment and identification

In preparation for its 2022-2026 CR Pan, the Metro Group conducted a materiality assessment to identify the ESG issues on which we could take action and have the greatest impact on our business, society and our external stakeholders, thus enabling us to determine the directions of the new plan.

The assessment was carried out through a desktop review of the practices implemented by our peers and other retailers worldwide and the expectations of our stakeholders.

The exercise was conducted in collaboration with an external consulting firm, in accordance with internationally recognized sustainability standards.

The following frameworks were considered:

- Global Reporting Initiative (GRI)
- Sustainability Accounting Standards Board (SASB)
- AA1000 SES (Stakeholder Engagement Standard) by AccountAbility
- United Nations Sustainable Development Goals (SDGs)

This exercise enabled us to identify the ESG issues on which to base our plan. The materiality analysis identified responsible procurement as a priority for the CR Plan 2022-2026.

To complement this exercise, the Metro Group also conducted a review of responsible procurement issues that included an analysis of current events, industry best practices, stakeholder concerns, legal requirements, and scientific literature. This focused on the Metro Group's procurement activities and helped identify working conditions as a significant issue and risk in its supply chain. As part of this approach, we have identified priority commodities on the basis of specific criteria, i.e., potential risks in terms of working conditions according to product type, their purchasing volume and strategic importance. Although we don't systematically document the provenance of all the products we sell, our analysis has shown that this is also an important factor. These commodities, mainly from agriculture, livestock, fisheries and aquaculture sectors, include fruits and vegetables, meat and poultry, fish and seafood, as well as our private label food and non-food products. We used a variety of resources, including Sustainalytics, Engage the Chain, World Vision, the US Department of Labor, and Know the Chain, to support our analysis.

In terms of measures to assess and manage the risk of recourse to forced or child labour, and as mentioned above, the Metro Group has set a specific target for compliance with working conditions at its suppliers in its 2022-2026 CR Plan. This objective is to require suppliers to respect working conditions across the supply chain, as set out in our Supplier Code. The partnership signed with SupplyShift in 2023 makes it possible to assess the compliance of its suppliers and consequently manage the risk.

5. Remediation and corrective measures

5.1 Measures taken to remedy any use of forced or child labour

The remediation process is based primarily on the results of the supplier's assessment using the questionnaire available on the SupplyShift cloud platform. Our approach is based on transparency, open dialogue and proactive cooperation. We provide feedback on their performance to all our suppliers, with a view to encourage them to improve both their practices and the quality of their responses. Non-compliant suppliers are reassessed in the following year. In the event of non-compliance with the requirements and principles stipulated in our Supplier Code following this reassessment, we will work with our suppliers to develop effective action plans. The scope of the action plans will depend on the nature and severity of the non-conformities detected. METRO favours a continuous improvement approach and will monitor its suppliers' progress in terms of respect for workers. As indicated in section 3.3, in the case of a serious failure to comply, the Metro Group may reconsider its business relationship with the supplier.

Quarterly monitoring of performance indicators, incorporating the results of our assessments and corrective actions, enables us to continually adjust our practices. This approach ensures continuous improvement, in line with our responsible sourcing objectives.

5.2 Measures taken to remedy the loss of income for the most vulnerable families caused by any measures to eliminate the use of forced labour or child labour

The Metro Group does not document the financial impact of its measures to eliminate the use of forced and child labour. As a result, the Metro Group has not taken steps to address the loss of income for vulnerable families resulting from measures taken to eliminate the use of forced or child labour in our operations and supply chains.

6. Assessment of measures effectiveness

As described below, we have put in place a structured process to measure the effectiveness of our initiatives on issues related to forced labour, child labour and working conditions. This process includes a regular review of our policies and procedures, transparent data collection, performance and monitoring indicators, ongoing dialogue with suppliers and annual reporting.

6.1 Regular review of our policies and procedures

The Metro Group regularly reviews its policies and procedures. The first edition of our Employee Code was published in 1988. The Employee Code was last updated in 2016. This policy is periodically revised. The Supplier Code was published in 2017 and updated in 2022. Developing and adopting five-year corporate responsibility plans also enables us to make any necessary adjustments to our priorities and public policies.

6.2 Data collection

Our approach is data-driven. This approach builds trust and enables us to objectively assess our performance. We therefore implemented various data collection systems to gather information from our suppliers, including SupplyShift's cloud-based platform. At the same time, we rely on credible sources such as Sustainalytics, World Vision and Know the Chain for additional information on forced and child labour.

6.3 Performance indicators and monitoring

The Metro Group has defined key performance indicators (KPIs) to enable it to assess the effectiveness of its measures. These KPIs cover aspects such as the number of suppliers assessed and the supplier compliance rate. Quarterly monitoring of these indicators provides a real-time view of our progress, while semi-annual presentations to the relevant vice-presidencies ensure strategic oversight.

6.4 Reporting

The Metro Group has been reporting on its corporate responsibility efforts for the past 13 years in the form of an annual public CR report. Our [2023 CR Report](#) details our most recent activities in a number of areas, including responsible sourcing and respect for workers. In addition, reports on the progress of our CR efforts are made periodically to the Governance and Corporate Responsibility Committee of METRO's Board of Directors, which oversees the Metro Group's CR activities.

7. Training

In 2023 fiscal, the Metro Group informed its Quebec employees of the terms of the *Act respecting the regulation of work by children* adopted on June 1, 2023 by the Québec government. Between August 17 and September 1, 2023, we identified and met with employees under the age of 16 to inform them and promote perseverance at school.

The Metro Group has concrete plans to develop a responsible sourcing training program in 2024. This program will focus on raising our employees' awareness of the principles set out in our Supplier Code. It will be mandatory and offered in priority to employees of our national procurement and merchandising teams.

8. 2023 achievements

In 2023, the Metro Group partnered with [SupplyShift](#), a cloud-based platform supported by a team of ESG experts, to collect and analyze data from our suppliers to assess their performance against all the principles of our Supplier Code, including respect for workers and the principles set out therein regarding child and forced labour.

We initiated the surveying process, targeting more than 1,000 suppliers representing a diverse range of commodities, including meat and poultry, fish and seafood, and fruits and vegetables. These categories and all our private label products are our priority commodities. Additionally, we extended our survey to encompass at-risk commodities for working conditions, such as cocoa and coffee, as well as suppliers with whom we have significant purchase volumes. 30% of our purchases have been assessed, and it was found that the vast majority of these purchases are made from suppliers who meet the Company's expectations, including in terms of working conditions.

We have informed our Quebec employees of the terms of the *Act respecting the regulation of work by children* adopted on June 1, 2023 by the Québec government. Between August 17 and September 1, 2023, we identified and met with employees under the age of 16 to inform them and promote perseverance at school.

We believe in fostering lasting partnerships based on transparency and continuous improvement. Looking ahead, we will provide performance feedback to all our suppliers, in order to prompt them to improve both their practices and the accuracy of their responses. All non-compliant suppliers will undergo reassessment in the upcoming year, while we also expand the scope of this assessment to other suppliers.

9. Attestation

This report has been approved in accordance with the provisions of section 11(4)(b)(ii) of the Act by the Board of Directors of METRO as the joint report of all entities of the Metro Group for the fiscal year ending September 30, 2023.

In accordance with the requirements of the Act, and in particular section 11 thereof, I certify that I have reviewed the information contained in the report for the entity or entities listed above. To the best of my knowledge and having exercised due diligence, I confirm that the information contained in the Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year referred to above.

I make the above attestation in my capacity as director of METRO for and on behalf of the Board of Directors of METRO.

I have authority to bind METRO.

A handwritten signature in black ink, appearing to read "Eric R. La Flèche", with a horizontal line underneath the signature.

Eric R. La Flèche
President and Chief Executive Officer and Director of Metro inc.
April 23, 2024