2024 TCFD REPORT
ON CLIMATE-RELATED RISKS AND OPPORTUNITIES

December 2024

metro

Forward-Looking Statement

We might use, throughout this report, different statements that could, within the context of regulations issued by the Canadian Securities Administrators, be construed as being forward-looking information. In general, any statement contained herein that does not constitute a historical fact may be deemed a forward-looking statement. The use of the future tense as well as expressions such as "will", "may", "could", "plan", "expect", “projected to”, “potential”, “objectives”, “targets” and other similar expressions are generally indicative of forward-looking statements. The forward-looking statements contained herein are based upon certain assumptions regarding the Canadian food and pharmaceutical industries, the general economy, our annual budget, as well as our 2025 action plan, and our 2022-2026 Corporate Responsibility Plan. These forward-looking statements do not provide any guarantees as to the future performance of METRO and are subject to potential risks, known and unknown, as well as uncertainties that could cause the outcome to differ significantly. We believe these statements to represent our current expectations and to be reasonable and pertinent as at the date of publishing this document. METRO does not intend to update any forward-looking statement contained herein, except as required by applicable law.

Introduction

As a food and pharmacy leader in Québec and Ontario, METRO takes risks related to climate change seriously, while also considering associated opportunities. Climate change may pose risks to current business models, however, it also creates opportunities for companies that act decisively in a competitive environment. METRO is stepping up to contribute to a sustainable future, while transparently reporting our progress. In 2022, METRO became the first Canadian food and pharmacy retailer to publicly support the Task Force on Climate-related Financial Disclosures (TCFD).

In an era of rapidly advancing climate change and its wide-ranging implications, METRO recognizes the critical importance of addressing climate-related risks and seizing opportunities for a sustainable future. As part of our commitment to transparency and responsible corporate stewardship, we present our climate strategy—a comprehensive framework that outlines our approach to managing climate-related risks and capitalizing on the opportunities arising from the global transition to a low-carbon economy.

Our climate strategy is based on mitigation and adaptation. A combined approach to climate change mitigation and resilience will create value for all of our stakeholders and for society in general.

This report describes how climate change may impact our business and how we can successfully transition to a lower-carbon economy. Our understanding of the challenges around climate change continues to evolve and we will update our mitigation plans accordingly.

By adopting the recommendations of the TCFD and using its framework, METRO's objective is to structure its approach to climate adaptation around each of the four (4) pillars: Governance, Strategy, Risk Management, and Metrics and Targets. This report sets out our current understanding of the strength and resilience of our strategy and business model under different climate scenarios.

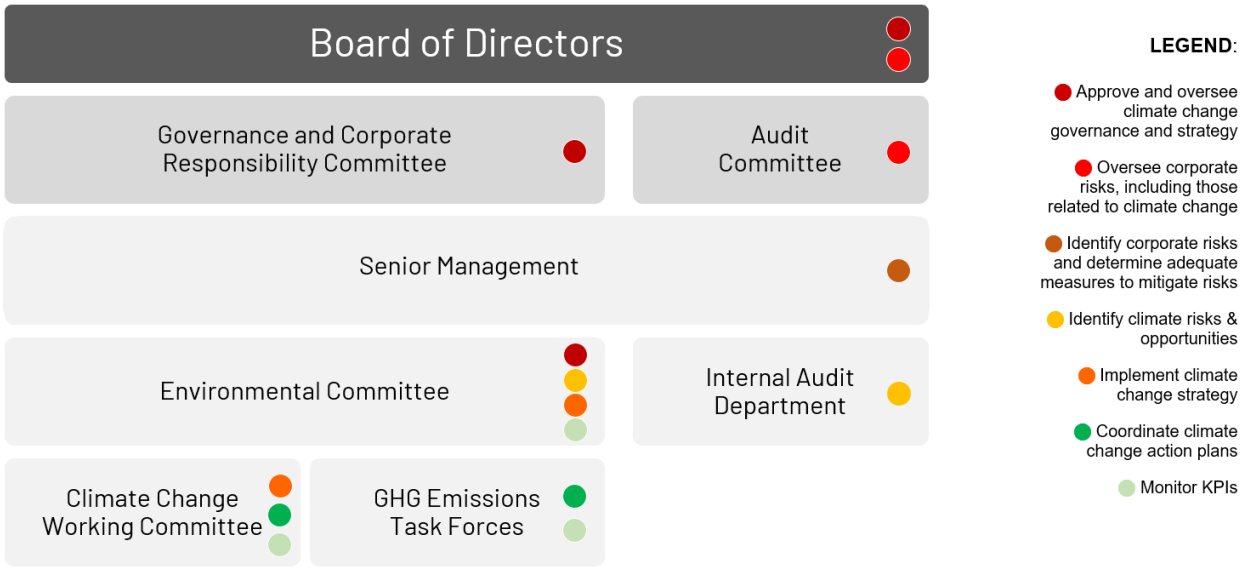
Summary of our alignment with TCFD recommendations

TCFD pillars	Recommended disclosures	METRO's alignment
1. Governance	a) Describe the board's oversight of climate-related risks and opportunities	Section 1.1
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Section 1.2
2. Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long-term	Section 2.1
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	Section 2.1
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Section 2.2
3. Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks	Section 3.1
	b) Describe the organization's processes for managing climate-related risks	Section 3.2
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	Section 3.1
4. Metrics and targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Section 4
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gases (GHG) emissions, and the related risks	Section 4
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Section 4

Section 1: Governance

Governance of our public actions and commitments to act on climate change sits at the highest level of our company. Our governance of climate change is evolving in recognition of its growing significance in society and our increasing understanding of its impact on our business.

Figure 1 – Overview of climate governance



1.1 Board's oversight of climate-related risks and opportunities

Board of Directors

The Board of Directors of Metro Inc. (the "Board") responsibilities include the oversight of the Company's activities with respect to the Company's corporate purpose and corporate responsibility, which includes environmental, social and governance matters (ESG), including climate change, and the approval of the Company's Corporate Responsibility Plan and related disclosure. In accordance with its mandate, the Board oversaw and monitored the Company's climate strategy.

Governance and Corporate Responsibility Committee

The primary objective of the Committee is to assist the Board in fulfilling its responsibilities by:

- Overseeing the Company's activities with respect to the Company's corporate purpose and corporate responsibility including climate strategy; and
- Reviewing the Company's disclosure on corporate responsibility and environmental, social and governance ("ESG") matters, including on climate change; and
- Reviewing the Company's corporate responsibility plans and reports, including those pertaining to climate change.

Audit Committee

One of the responsibilities of the Audit Committee is to review all material risks identified by management, including climate change risks, and to examine the effectiveness of the measures put in place to manage these risks. In order to do so, the Audit Committee regularly receives from the Internal Audit Department risk assessments with respect to various business units of the Company. These assessments contain a description of the material risks that could affect any given business unit, and the measures put in place to manage such risks.

1.2 Management's role in assessing and managing climate-related risks and opportunities

Senior Management

Senior management proactively identifies and assesses the primary risks that the Company faces, including climate risks, and develops appropriate measures to manage them effectively. Senior management also approves the corporate responsibility strategy, including climate strategy, and ensures the priorities are in line with the Company's business strategy and that objectives have been achieved. In addition, senior management prepares and recommends to the Board policies pertaining to climate risks.

Internal Audit Department

Senior management identifies the main risks to which the Company is exposed and also determines adequate measures to manage these risks in a proactive way. The Internal Audit Department has the mandate of monitoring the identification and evaluation of corporate risks and ensuring mitigation measures are in place to reduce these risks, including climate risks, as well as all insurance activities that are carried out in connection with these risks. Every three (3) years, each major sector of activity is subject to a review or an audit to ensure that control measures have been put in place to address the business risks associated to such sector of activity. The Internal Audit Department is also responsible for reviewing the corporate responsibility data, including GHG emissions, before it is published.

Environment Committee

The Environment Committee has the mandate to oversee the implementation of the Company's Environmental Policy, which includes GHG emissions, and ensure progress on the three (3) environmental priorities that are part of the 2022-2026 CR plan, which includes climate change. Additionally, the Committee is responsible for reporting annually to the Governance and Corporate Responsibility Committee of the Board of Directors on the compliance with the Policy, any recommended changes to the Policy, and the Company's environmental performance. With respect to climate change, the GHG reduction performance and action plan progress are reported and presented to the Environment Committee members on a quarterly basis.

Climate Change Working Committee

The Climate Change Working Committee brings together multiple departments of the company to develop a common vision and robust roadmap to address climate change issues for the company by establishing an action plan to identify, quantify and manage the various climate-related risks and opportunities. This helps us improve our performance on an ongoing basis, and further integrates our commitment to climate action and corporate responsibility to our business activities. The Climate Change Committee reports back to METRO's Environment Committee. If they are assessed as material, climate-related issues are brought to the Board of Directors' attention by the Internal Audit Department or Management.

Greenhouse Gas Emissions Task Forces

To manage the implementation of our decarbonization plan, two (2) task forces focus on GHG emissions reductions: one for energy and refrigerants, and the other for transportation. The task forces bring together groups of individuals from relevant departments of the Company to prepare and implement action plans for greenhouse gas emission reductions. Guided by the overarching vision and roadmap of the Climate Change Working Committee, the task forces collaborate to integrate and manage new systems and projects in energy, refrigerants, and transportation to optimize our reduction strategy and realize reductions in emissions.

Section 2: Strategy

At METRO, we acknowledge that climate change may present both transition and physical risks that can significantly impact our operations, value chain, and broader stakeholder interests. Transition risks arise from the evolving regulatory landscape, market shifts, and changing social expectations. Physical risks, on the other hand, stem from the direct and indirect consequences of climate change, including extreme weather events, sea-level rise, and disruptions to ecosystems. By addressing these risks head-on, our objectives are to enhance our resilience, protect shareholder value, and contribute to a sustainable and prosperous future.

A climate scenario analysis serves as a valuable tool for understanding the potential impact of climate change on our company, although it does not provide definitive predictions about the future. By using scenario analysis, we can enhance our comprehension of how climate change may affect us, enabling better strategic planning, risk management, and evaluation of our strategic resilience. In 2022, we initiated a comprehensive qualitative climate modeling initiative across our value chain to evaluate the resilience of our assets under varying external conditions. The outcomes of this modelling exercise confirmed that, in the foreseeable future, METRO will need to take into consideration certain transition risks.

2.1 Climate scenario parameters

Physical risk parameters for analysis

The Shared Socioeconomic Pathways (SSPs) model shows how socioeconomic factors such as population, economic growth, education, urbanization and technological development may change over the next century. These scenarios were considered to evaluate physical risks for METRO.

Table 1 – Selected SSP scenarios

Time horizon	Short term	Medium term	Long term
	2030	2050	2090

	SSP1-2.6	SSP2-4.5	SSP3-8.5
	Low Climate Change Scenario	Medium Climate Change Scenario	High Climate Change Scenario
Trajectories	Aggressive mitigation scenario in which total greenhouse gas emissions are reduced to net zero by 2050, resulting in global average temperatures rising by 1.3-2.4 °C by 2100, consistent with the goals of the Paris Agreement.	Strong mitigation in which total greenhouse gas emissions stabilize at current levels until 2050 and then decline to 2100 and average temperatures rise by 2.1 -3.5°C by 2100	Low mitigation scenario in which total greenhouse gas emissions triple by 2075 and global average temperatures rise by 3.3-5.7 °C by 2100.

Transition risk and opportunity parameters for analysis

The Bank of Canada (BoC) developed a set of scenarios to outline risk outcomes that would impact the Canadian economy and financial system. These scenarios were considered to evaluate transition risks and opportunities for METRO.

Table 2 – Selected policy scenarios

Time horizon	Short term	Medium term
	2030	2050

	2019 Policies (business as usual (BAU) scenario)	1.5°C Policies
Bank of Canada scenarios	Outcomes are defined based on current climate policies, which results in a rise in emissions and average global temperature in the range of 2.9–3.1°C by 2100. 2019 Policies scenario is aligned with SSP2-4.5.	Outcomes are defined based on cohesive global action to limit the rise of average global temperature by 1.5°C. Current net-zero commitments by countries are considered in the scenario. Net Zero (1.5°C) scenario is aligned with SSP1-1.9.

2.2 Climate-related risks and opportunities identification and impacts

Within this section, you will find a comprehensive summary of METRO's climate-related risks, pertaining to both physical and transition risks, extending until 2050.

The analysis considers three (3) SSP scenarios for physical risks and two (2) Bank of Canada scenarios for transition risks. These insights have been derived from the climate scenario analysis conducted by our consultants, encompassing potential benefits that may arise from climate changes. The identification of climate-related risks and opportunities and their impacts rest on assessments and forecasts. They therefore constitute forward-looking information, and the reader should refer to the "Forward-looking information" section at the beginning of this report.

Physical risks

Table 3 – Climate-related operational risks (time horizon: 2050)

Risks assessed (shortlisted)	SSP1-2.6	SSP2-4.5	SSP3-8.5	Results[1]	Impacts on METRO
Sea level rise	🟢	🟢	🟢	Not significant to METRO overall. Score indicates very low risk across all time horizons & scenarios	None expected
Flooding	🟠	🟠	🔴	Risk heightens in 2050; 2090 time horizons for all RCP scenarios, most significantly for RCP4.5 and 8.5	• Potential damage to METRO assets • Potential interruption of operations in METRO assets • Health and safety implications for customers and METRO staff
Wildfire	🟠	🟠	🟠	Risk heightens at the 2050- and 2090-time horizons for all RCP scenarios.	
Tropical cyclone	🟢	🟢	🟢	Not significant to METRO overall. Very low risk for all assets across all-time horizons and RCP scenarios	None expected
Extreme heat	🟠	🟠	🟠	Risk is heightened in an RCP4.5 and RCP8.5 scenario at the 2050 and 2090 horizons	Potential impact on refrigeration capacity
Extreme cold	🟢	🟢	🟢	Low risk for METRO overall as extreme cold events are projected to decline	None expected
Water stress	🟢	🟢	🟢	Not a significant risk for METRO overall. Unlikely to affect assets or business	None expected

LEGEND - Risk level: Very Low, Low, Medium, High, Very High

[1] Representative Concentration Pathways (RCPs) are GHG concentration trajectories describing different climate futures depending on the volume of GHG emitted in the future and do not take the different socioeconomic profiles into consideration. The four (4) RCPs used by the Intergovernmental Panel on Climate Change (IPCC) for the Fifth Assessment Report (AR5) are: RCP2.6, RCP4.5, RCP6.0, and RCP8.5. The additional RCPs that have been developed for the Sixth Assessment Report (AR6) are RCP1.9, RCP3.4 and RCP7.

Table 4 – Climate risks in the supply chain (time horizon: 2050)

Risks assessed (shortlisted)	Time horizon	Scenario	Suppliers' Exposure
Sea level rise	2050	SSP3-8.5	Low
Flooding	2050	SSP3-8.5	Low
Wildfire	N/A	N/A	Low to High
Tropical cyclone	N/A	N/A	Low to High
Extreme heat	2050	SSP3-8.5	Low to High
Water stress	2050	SSP3-8.5	Low to Medium

LEGEND - Risk level: Very Low, Low, Medium, High, Very High

Transition risks

Table 5 – Climate risks in transition (horizon: 2050)

Risks assessed (shortlisted)			Bank of Canada scenarios	
			2019 policies (BAU scenario)	Net-Zero (1.5)
	Policy & Legal	Carbon price		
		Refrigerant/Gas emerging regulation		
	Technological	Transition to lower emissions technology		
	Market	Price/supply shocks in the energy markets		
		Price/supply shocks to construction products & commodities		
	Reputational	Investor expectations		

LEGEND - Risk level: Very Low, Low, Medium, High, Very High

Opportunities

Table 6 – Climate-related opportunities (horizon: 2050)

Opportunities assessed (shortlisted)			Bank of Canada scenarios	
			2019 policies (BAU scenario)	Net-Zero (1.5)
	Products and Services	Creation/development of local initiatives		
		Creation/development of new sustainable products		
	Resilience	Procurement policy to support sustainable producers		
	Energy sources	Participation in carbon markets		

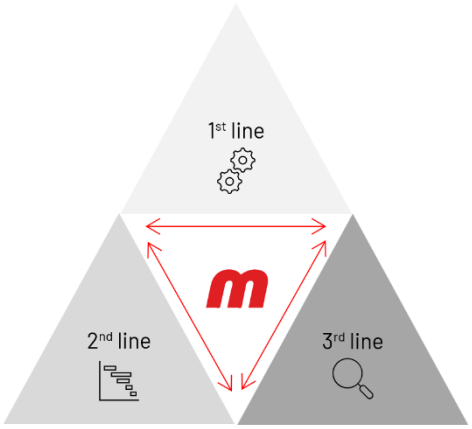
LEGEND - Opportunity level: Very High, High, Medium, Low, Very Low

Section 3: Risk management

3.1 Processes for identifying, assessing and integrating climate-related risks

Climate risks are integrated into our comprehensive Enterprise Risk Management (ERM) Framework, and reported in our 2024 Annual Report among the various risks the Company is exposed to (See the “Crisis and climate change management” section in the 2024 Annual Report).

METRO manages climate risks through a three-line defense approach. The first line includes operational teams addressing daily risks, the second line comprises risk management teams overseeing and supporting these efforts, and the third line features the internal audit department and the audit committee.



Our actions are driven by the climate scenario analysis we conducted in 2023 to identify and understand the material risks associated with climate change.

First line of defense: Operational teams

Through this climate scenario analysis, METRO has gained insights into the specific risks our organization may face. Armed with this knowledge, in 2024, we educated the teams whose activities will be the most impacted by climate change in the future, positioning them as the first line of defense in our climate risk management strategy. In 2025, more resilience plans tailored to effectively address these identified risks will be developed with National Procurement and Engineering & Real Estate teams. These plans will enable us to enhance our capacity to withstand and adapt to the challenges posed by climate change.

Second line of defense: Risk management teams

The Risk Management teams, including the Environment and Technical Risks team, the Treasury, Insurance and Risk Management team and Corporate Security & Resilience team, serve as the second line of defense. They oversee and support operational teams by developing climate risk management strategies, among other responsibilities. They play a critical role in educating on climate risks, informing the organization about emerging trends, and organizing the development of resiliency plans to enhance the company’s ability to adapt to climate impacts.

Third line of defense: Internal Audit Department, Audit Committee and Governance & Corporate Responsibility Committee

The Internal Audit Department is responsible for monitoring the identification and evaluation of these risks, and ensuring that mitigation measures are in place to reduce corporate risks, including climate risks, as well as overseeing insurance activities related to these risks. The Internal Audit Department reports to management and the Audit Committee. This ensures that the Company maintains robust risk management practices across its operations, including addressing climate-related risks in a comprehensive manner.

For its part, the Audit Committee reviews the material risks identified by the Company's management, including climate risks. It oversees the effectiveness of measures implemented to manage these risks by

engaging in discussions with management to understand how the risks are being addressed. More specifically, the Committee examines reports on material risks, including climate risks, which provide a description of the material risks and the measures as well as action plans put in place to manage such risks. Additionally, the Committee seeks input from management regarding the robustness of the risk management systems and acceptable risk thresholds. It ensures that management provides reasonable assurance regarding compliance with such systems.

The Governance and Corporate Responsibility Committee periodically reviews the policies pertaining to climate risks, such as the Environment Policy, as recommended by the management of the Company.

3.2 Processes for managing climate-related risks

Business continuity and resilience

METRO recognizes the importance of its activities to provide the daily needs of patients and customers of its pharmacy and food banners. Consequently, METRO has implemented and maintained for more than 20 years a business continuity management program to ensure an appropriate state of readiness for coordinated and effective response in case of emergencies and to continue its operations in the event of incidents that may impact them.

The program underwent a revamp in 2020, resulting in the consolidation of a unified governance applied to all its functions and operations, as well as the systematic development and implementation of a combination of continuity solutions, contingency plans, specialized plans, and emergency response plans.

Following METRO's support for the TCFD, the Business Continuity and Resilience team embarked on a project to strengthen our resilience to climate change, in order to mitigate future impacts on our operations and supply chain.

Crisis management

As climate change exacerbates the frequency and severity of natural disasters, METRO recognizes the importance of proactive action to reduce the risk and potential impacts of these events. Our teams have developed several Emergency Response Manuals, covering our critical operations such as distribution and production centres, retail stores, and all of our other activities. These manuals detail protocols for responding to natural disasters impacting our sites, employees, suppliers and potentially our systems. By outlining specific actions to take in these scenarios, METRO ensures that all teams are prepared to manage these emergencies and maintain the continuity of its various operations.

Supply chain

Another climate-related risk we have identified is the potential disruption of our supply chain. To address this, National Procurement team is developing strategies to enhance supply chain resilience. These strategies aim to ensure that customers have continuous access to a diverse range of products throughout the year, despite any climate-related challenges. By strengthening our supply chain, we seek to maintain uninterrupted product availability and support operational stability.

Section 4: Indicators and targets

We are committed to establishing meaningful and realistic metrics and targets, and to successfully meet our greenhouse gas reduction targets.

4.1 Climate-related metrics

Reliable data will serve as a fundamental building block to determine our objectives and their achievement. We are continuing our efforts to enhance our calculation tool, ensuring its robustness and accuracy in quantifying emissions.

Table 7 – Absolute gross GHG emissions generated (metric tonnes of CO2 equivalent)

2024	FLAG[2] emissions	Non-FLAG emissions	TOTAL
Scope 1	0	264,354.3	264,354.3
Scope 2	0	19,573.4	19,573.4
Scope 3	7,164,423.7	3,169,422.3	10,333,846.0
TOTAL	7,164,423.7	3,453,349.9	10,617,773.7

Our greenhouse gas emissions have been measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). For details on our measurement approach, inputs and assumptions we used, please refer to our Methodology for Reporting our GHG Emissions.

4.2 Climate-related targets

Following its commitment in October 2022 to rigorously evaluate the feasibility and costs of achieving the Science Based Targets initiative (SBTi) Net-Zero Standard, we have reviewed and adjusted the scope of our existing objective by committing to set near-term company-wide greenhouse gas (GHG) emission reduction targets in line with the SBTi Standard.

METRO's new near-term science-based targets (SBT), which have yet to be approved by SBTi, are consistent with the level of decarbonization required to keep global temperature increases to 1.5°C compared to pre-industrial temperatures. Our targets with a 2023 base year consist of:

- Reducing absolute scope 1 and scope 2 GHG emissions by 42% by 2030;
- Having 45% of our suppliers by spend with science-based targets by 2028;
- Reducing absolute scope 3 GHG emissions from purchases of goods and services by 25% by 2030;
- Reducing absolute scope 3 GHG emissions from downstream transportation and distribution by 25% by 2030; and
- Reducing scope 3 FLAG GHG emissions by 30.3% by 2030.

Our targets are currently being validated by SBTi.

Please refer to our 2024 Corporate Responsibility Report for more details on our decarbonization plan, our GHG Emissions Infosheet and our Methodology for Reporting GHG Emissions for more details on METRO's GHG methodology, metrics calculation and targets.

[2] GHG emissions originating from 'forest, land and agriculture' (FLAG)