

The background of the entire page is a photograph of a grocery store's produce section. In the foreground, there are large wooden crates filled with various types of apples, including red, yellow, and green varieties. In the background, other produce like tomatoes, cucumbers, and leafy greens are visible on shelves. The Metro logo is overlaid on a red rectangular area in the top left corner.

***metro***

**2014  
Corporate  
Responsibility  
Report**

**FISCAL 2012-2013**



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## Company Profile

With annual sales of over \$11 billion and more than 65,000 employees, Metro is a leader in food and pharmaceutical distribution in Québec and Ontario, where it operates a network of 566 food stores under several banners including Metro, Metro Plus, Super C, Food Basics and Adonis, as well as 257 drugstores mainly under the Brunet, Pharmacy and Drug Basics banners.

## Retail Network

	SUPERMARKETS	DISCOUNT STORES	TOTAL	DRUGSTORES
<b>Québec</b>	<b>217</b> METRO METRO PLUS ADONIS	<b>85</b> SUPER C	<b>302</b>	<b>184</b> BRUNET BRUNET PLUS BRUNET CLINIQUE CLINI PLUS
<b>Ontario</b>	<b>148</b> METRO ADONIS	<b>116</b> FOOD BASICS	<b>264</b>	<b>73</b> PHARMACY DRUG BASICS
<b>Total</b>	<b>365</b>	<b>201</b>	<b>566</b>	<b>257</b>

Supermarkets



Discount stores



Partner



Drugstores



## Message from the President and CEO



*Metro's business strategy places the customer at the centre of all its decisions. We must therefore listen to our customers in order to provide them with the products and services they need, and our CR process reflects this commitment.*

### Tangible and structuring progress with respect to Corporate Responsibility

Since 1947, we have been acting in a responsible way towards customers, employees, shareholders and the communities in which we are present. We decided however to intensify our efforts, and to take measures to become an even more responsible company. Just over three years ago, we made a commitment to tangibly improve our performance in matters of Corporate Responsibility (CR). We chose a focused and carefully considered approach. This has enabled us to develop a plan and initiatives, structured in a manner that links CR commitment and our business goals and strategy. As a result, we have built a solid foundation to achieve our CR objectives.

Since publishing our first CR report two years ago, we have successfully completed a significant number of projects. However, the most valuable result of our work during this period is the continuous improvement we have gained with respect to CR. We have an even greater understanding of the issues facing our company and industry. We now have a better grasp of our impact, influence, challenges and levers to change and improve things. We are also better able to target our actions and maximize the effectiveness of our actions.

By establishing our CR priorities, governance structure and goals, nurturing our relationships with stakeholders and capitalizing on the knowledge we have acquired while working on relevant projects, we now have a clear framework to support us as we move forward.

Metro's business strategy places the customer at the centre of all its decisions. We must therefore listen to our customers in order to provide them with the products and services they need, and our CR process reflects this commitment. In 2013, we launched two important new initiatives that specifically meet consumers' growing expectations: our local purchasing policy and the *My Healthy Plate with Metro* program to promote health and nutrition.

# Message from the President and CEO (continued)

We undertook our CR process with an awareness of our obligation to implement practices that better harmonize our business activities with major social issues. Thus, in the coming years, we will focus specifically on our supply chain. Since it represents a significant part of our impact, we want to dedicate every effort to strengthen it. We have already set up strategic initiatives with respect to responsible procurement, and we now want to establish a global approach.

Our team has worked tirelessly over the past year, and our contributions have led to great achievements. I would like to take this opportunity to thank the various working committees who, along with our suppliers and other stakeholders, showed innovation and determination in dealing with these new business imperatives. We are proud of the work we have done.

As we broaden our financial success, we will continue to adopt responsible business practices and play an active role in our communities.



ERIC R. LA FLÈCHE  
President and CEO

## GOAL

**TO BE  
THE BEST PERFORMING  
FOOD RETAILER IN CANADA**

## MISSION

*To satisfy our customers every day  
and earn their long-term loyalty*

## PILLARS

**CUSTOMER  
FOCUS**

**STRONG  
EXECUTION**

**BEST  
TEAM**

**SHAREHOLDER  
VALUE**

**CORPORATE RESPONSIBILITY**



# Our Vision of Corporate Responsibility

An approach based on four pillars

Priorities reflecting key societal issues  
and our business practices



# 2012-2013 Highlights

## DELIGHTED CUSTOMERS

Implementation of the innovative *My Healthy Plate with Metro* program to help customers make good choices.

Enhancement of product offering to promote good nutrition.

## RESPECT FOR THE ENVIRONMENT

Reduction of carbon footprint of our corporate and franchised stores.

Launch of new waste recycling programs to reach our waste reduction goal.

## STRENGTHENED COMMUNITIES

Development of a local purchasing policy to promote and provide optimized access to local products.

Launch of the new *Nourishing for Growth* community investment program.

## EMPOWERED EMPLOYEES

Fewer lost-time accidents in Québec and Ontario for a sixth consecutive year.

Continued development of training programs focused on customer experience for employees and managers.

# Our Approach and Action Plan

In 2010, Metro adopted a structured approach to make Corporate Responsibility an integral part of its business practices.

We have determined that the foundation of our approach rests on four pillars and developed specific goals, orientations and implementation plans for each of them.

- › Delighted Customers
- › Respect for the Environment
- › Strengthened Communities
- › Empowered Employees

## Structural pillars

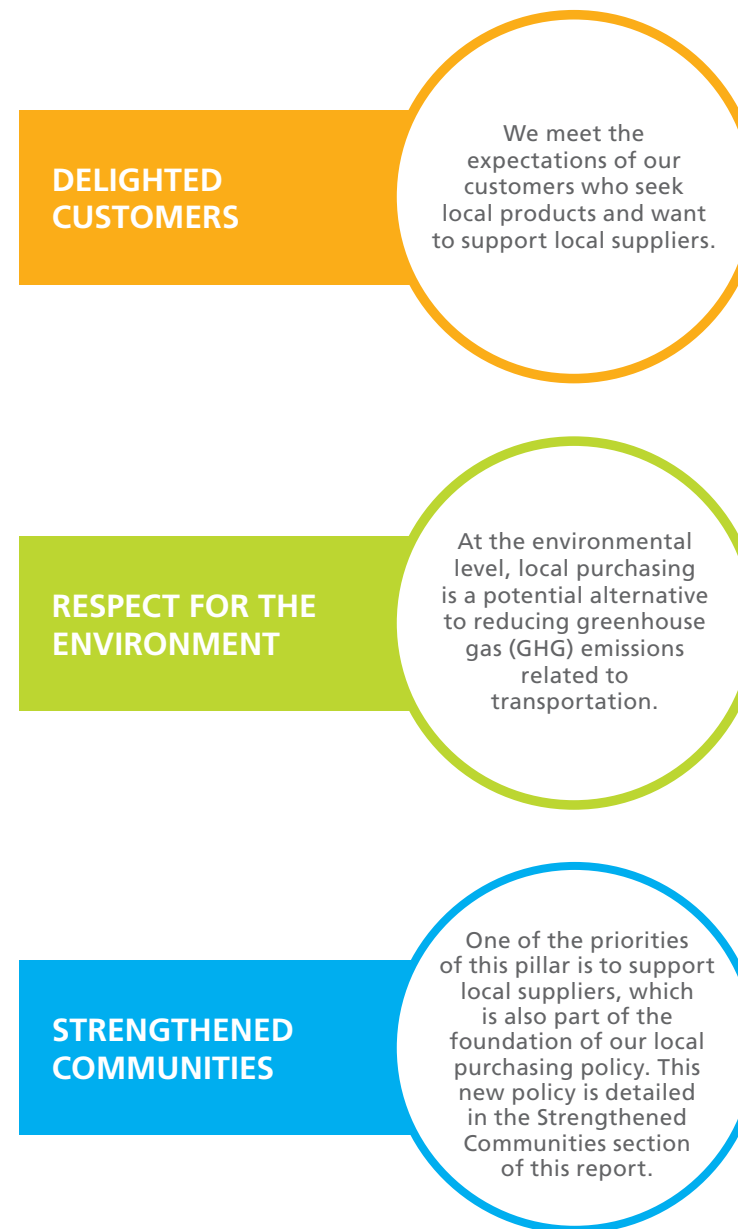
Three years after their launch, these pillars remain relevant. Our customers' needs and ever-growing CR expectations towards companies confirm our strategic direction.

From the start, we established action plans for each of the pillars taking into account our business goals, the expectations of our stakeholders and our industry's practices and trends. This led to the implementation of initiatives that have enabled us to make considerable progress as a responsible corporation, as this report clearly demonstrates.

## A global approach

Our approach rests on four distinct pillars that are closely linked. Metro approaches CR through a comprehensive approach to integrate the various facets of its activities.

For example, **three of our pillars** support our new local purchasing policy.



# Governance with Respect to Corporate Responsibility

Governance with respect to Corporate Responsibility (CR) is integrated into the responsibilities of the entities already in place, dealing with Metro's corporate governance.

## CR Governance Structure



## The Corporate Responsibility Committee

The mandate of this multidisciplinary working group is to lead the implementation of the CR action plan and monitor the advancement of the work leading to the goals being reached. It also identifies trends and issues to be considered during the action plan update process. It also reports to the Management Committee on the progress made.

## Thematic Committees

The CR Committee also serves to create links between the various committees set up to deal with the specific issues relating to CR.

- › Local Purchasing
- › Packaging
- › Environment
- › Palm Oil
- › Sustainable Fisheries

### MEMBERS OF THE CORPORATE RESPONSIBILITY COMMITTEE

#### HEAD OF THE COMMITTEE

**Marie-Claude Bacon** Senior Director > Corporate Affairs

#### COMMITTEE COORDINATOR

**Lisa Lemay** Senior Advisor > Corporate Responsibility

#### COMMITTEE MEMBERS

Yves Vézina	National Vice-President > Logistics and Distribution
Louisa Furtado	Vice-President > Human Resources, Metro Ontario Inc.
Denis Brisebois	Vice-President > Retail Operations, Metro Banner, East (Québec)
Éric Gladu	Director > Environment and Risk Management
Jean-Claude Khangi	Senior Director > Procurement and Buildings
Marie-France Gibson	Vice-President > Corporate Brands
Nancy Roy	Internal Auditor
Robert Cardin	Senior Director > Legal Department and Assistant Corporate Secretary
Kathleen O'Hara	Director > Marketing and Communications, Metro Ontario Inc.

#### AD HOC COMMITTEE MEMBERS

Bianca Ellyson	Director > Mechanical Design & Energy
Caroline Larocque	Senior Director > Distribution, Québec
Marie Horodecki-Ayme	Director > Design and Packaging

### ABOUT THIS REPORT

This Report on Metro's Corporate Responsibility covers the 2012-2013 fiscal year, which is defined as the 52-week period ending September 28, 2013.

This report focuses on the food store activities in Québec and in Ontario, which represent the major portion of our sales. It covers the elements that are of significance to Metro, defined as those that influence our sector and activities. Descriptions of the priorities, initiatives, and progress achieved for each of the four CR pillars constitute the core of the report.

This report was created based on the guidelines of the **Global Reporting Initiative (GRI)**. Unlike the Corporate Responsibility Report for the 2010-2011 fiscal year, it was not subject to the GRI certification process. The Corporation is confident that this approach satisfies the current expectations of its stakeholders. It was the object of an internal review from our Internal Audit Service but was not audited by an external firm.



# Ongoing Relationships with our Stakeholders

At Metro, we recognize that our activities have an impact on society and that they affect a large number of people. As such, we understand that people who are affected by our business decisions are interested in the way we do things, our use of resources and our efficiency.

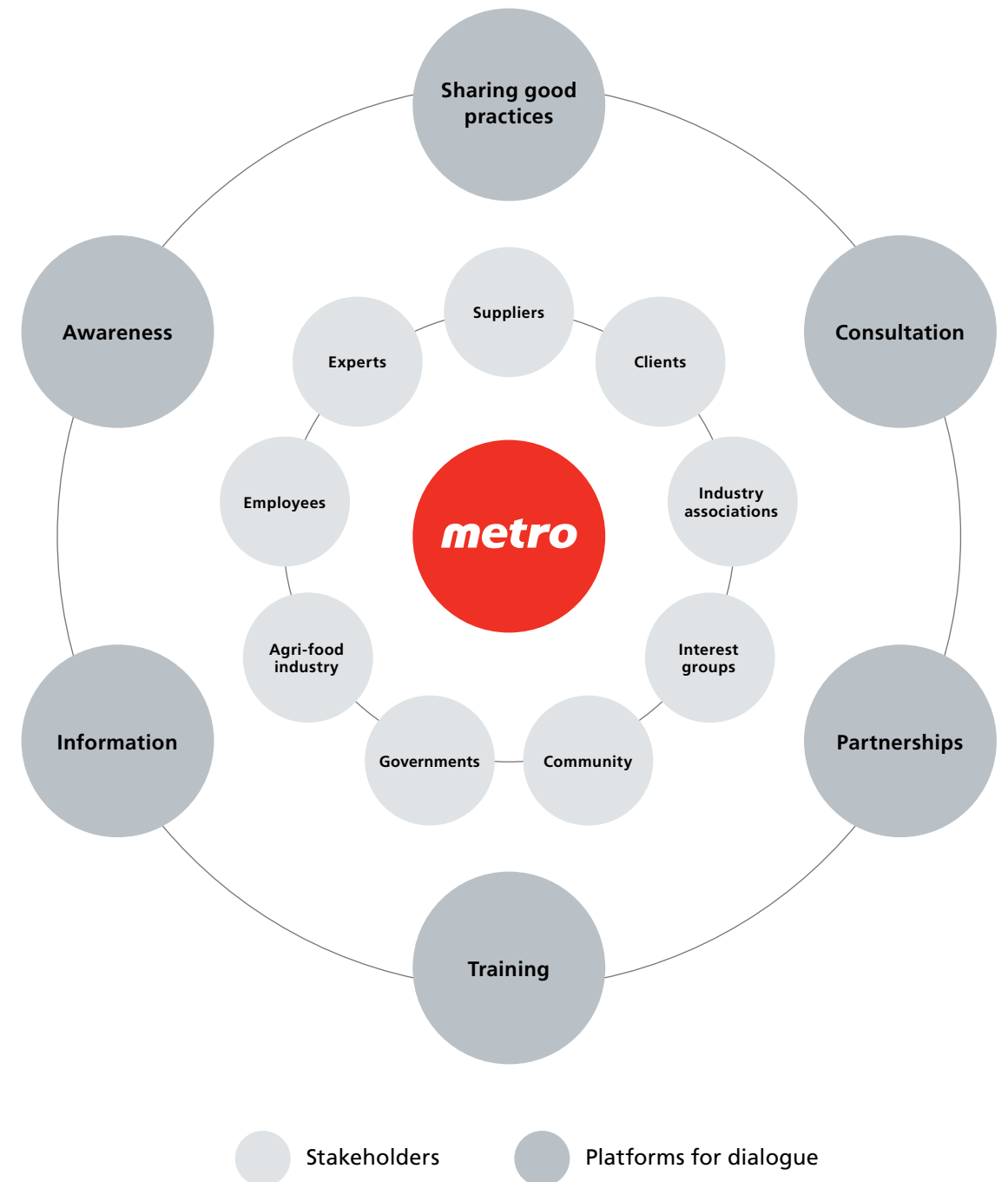
We also know that we have a lot to learn from our stakeholders and strongly believe that it is our duty to listen to them. Their points of view are vital information which we can use to better understand the issues and target our actions. This enables us to keep on top of concerns and trends, and identify best practices.

## A year rich in dialogue with our stakeholders

New initiatives implemented as part of our CR Plan are opportunities to consolidate or broaden our relationships with our stakeholders. Our Local Purchasing Policy is a prime example. Consulting stakeholders was at the heart of the project's development. It enabled us to base it on the realities of the agri-food industry and then mobilize all of the players for its implementation. In this area, the partnership with the environmental group *Équiterre* opened up an additional avenue for our efforts with respect to local purchasing.

Dialogue with our employees, suppliers, merchants, shareholders and other groups, including some NGO (non-governmental organization), continued throughout 2013.

Maintaining regular and constructive relationships with stakeholders is an essential practice and constitutes one of the foundations with respect to CR governance. This process enables us to focus our efforts on the right priorities and adjust according to the evolution of the issues. It also ensures that our actions are transparent to everyone, which creates favourable conditions for obtaining the desired results. In other words, it is a matter of considering all the potential risks and obstacles, and finding the appropriate solutions. Building relationships has become a key element of our CR approach and we intend to continue to improve our practices in this area.



# ***Delighted Customers***

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## ***Our Priorities***

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

## A man with short brown hair, wearing a plaid shirt, is shown in profile, looking at and reaching for fresh produce in a grocery store. The shelves are stocked with various items like lettuce, tomatoes, and bell peppers.

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- A man with short brown hair, wearing a plaid shirt, is shown in profile, looking at and reaching for fresh produce in a grocery store. The shelves are stocked with various items like lettuce, tomatoes, and bell peppers.

Retail – and food retail in particular – is known to be complex. Most of the time, several stakeholders are involved in the process of transforming a basic food item into a grocery store product. To create a supply chain that is as responsible as possible, we are committed to continuous improvement, based on knowledge sharing between business partners in order to set out a clear and rigorous action plan.



Offering quality, safe products has always been of paramount importance to Metro. We have continued to implement best practices recommended by government and industry. Also, we have developed a comprehensive program to monitor the quality and safety of our private brand products and ensure that our suppliers' facilities meet the highest standards.

GFSI is a standardized, globally accepted program which provides Metro with a level of confidence that can be applied across all of the private label categories. Unlike other commodity groups (i.e. meat / seafood) where specific food safety programs exist, produce required a universal food safety program and GFSI met that requirement.

Our teams regularly monitor suppliers who did not obtain certification in 2013. Based on discussions with these suppliers, we are working to establish an action plan and implementation schedule.

## ABOUT THE GFSI

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

## 2011

2012

2013

1,400



Studies show that more and more Canadians are adopting habits that promote proper nutrition and well-being. Because it's at the heart of our customers' priorities, as are the joys of eating, we have developed a unique program aimed at simplifying the lives of customers who want to make the right choices.

## A bowl of fresh cherry tomatoes sits on a wooden surface. To the right, a yellow circular logo features the text "my healthy plate with metro" in a red, cursive-style font, with a red smiley face graphic below it.

Based on a comprehensive approach to health, the program merges existing initiatives and an entirely new way to locate products in store. It is driven by four commitments.

- › Improve our product range to promote healthy eating
- › Help our customers select healthy food products
- › Provide access to healthy products at affordable prices
- › Promote healthy eating habits in the community  
(for more information on the *Metro Green Apple School* Program, please see the 'Strengthened Communities' section.)

Over the past fiscal year, we have continued to develop product lines that promote nutrition. In addition, the *Irresistibles Organic* line is currently under review in order to ensure that it evolves according to customer expectations.



## Promoting Health and Nutrition (continued)

### Easy to locate, rigorous selection

To help customers choose healthier foods, we have implemented smile icons on price tags throughout the store, enabling them to locate 'good' and 'great' choices in the various grocery categories. The system identifies products recommended by Metro dietitians for their nutritional value.

The approach to determine the good and great options is based on rigorous and specific nutritional criteria for each product category. Category specificity is important since each food item has its own benefits.

Smile icons on the price tags is a simple and effective way for our customers to find what they're looking for. In addition to the signage, consumers can access tips and advice, developed specifically by Metro registered dietitians Linda Montpetit and Cara Rosenbloom, in stores and on metro.ca.

The program was developed according to a rigorous product evaluation method and is based on a fun approach that helps raise awareness and facilitates the selection process for consumers.

#### RIGOROUS PRODUCT-SELECTION METHOD

##### EVALUATION CRITERIA

- › Amount of fibre, vitamins and minerals, fat, trans-fats and sodium and ingredients such as hydrogenated oil, artificial trans-fats, shortening and sugar substitutes

##### TRANSPARENCY WITH RESPECT TO METHODOLOGY

- › The product evaluation process is detailed on the metro.ca website

##### EXPERT SUPPORT

- › Creation of a scientific advisory committee of Canadian health and nutrition experts
- › Among the contributors: the McGill Centre for the Convergence of Health and Economics, a team of nutritionists and a head chef

#### EASY CONSUMER PROCESS



In 2013, Metro took part in the *Eat Well* Campaign, a joint project led by the Retail Council of Canada and Health Canada. This collaborative retail initiative was implemented in all Metro stores in Québec and Ontario.

In-store communications were based on four themes to promote healthy nutrition: New Resolutions (January), Nutrition Month (March), New Eating Habits (summer) and Back to School (September).



## Providing Responsible Product Offerings

Responsible procurement is a key element of our CR approach. In addition to ensuring that our product offering meets the needs of our customers with respect to freshness, quality, availability and price, we also consider the socio-economic and environmental aspects of the items we source.

In recent years, we have invested significant effort in implementing responsible procurement practices. Until 2013, we had focused on promoting sustainable fisheries and the responsible use of palm oil. In 2013, a significant component was added to our responsible procurement approach: a local purchasing policy (for more information, please see the 'Strengthened Communities' section).

In 2014, we will be focusing on developing a responsible procurement policy framework, in order to develop principles that will apply to all of our product categories.

### Sustainable fisheries

The initiatives undertaken as part of our sustainable fisheries policy, which was implemented in 2010, have been ongoing. The policy is based on broad principles that led to major progress in 2013.

#### › Choosing healthy species

Since implementing our policy, we have removed 14 species or groups of species that did not meet our criteria. No species were eliminated in 2013.

#### › Promoting sustainable operating methods

In 2013, we continued to implement procurement criteria for wild and farmed species targeted by a continuous improvement program: the implementation of strict requirements for the demonstration of good practices for major migratory species such as tuna, marlin and swordfish, the introduction of eco-certified tropical shrimp, and a new pole-caught (low by-catch rate) canned tuna product in the *Irresistibles* line that has enabled us to develop our expertise in the procurement of tuna from alternative fishing methods.

#### › Product traceability

Product traceability is an important concept because it provides the customer with information on a product's origin, such as the geographical area and the type of fishing method. Traceability information is now listed on most price tags and private brand product labels. Furthermore, in order to verify the integrity of certain species for potential substitution, Metro established a species verification protocol using DNA analysis.



Now that Metro has established a policy for wild and farmed seafood products (fresh and frozen), our goal is to extend the scope of our sustainable fisheries policy to our private brand grocery products. Implementing the policy requires constant collaboration with our stakeholders: training employees on a regular basis, providing information to our customers, and consulting with recognized third parties.

### Palm oil

The increasingly widespread use of palm oil as an alternative to hydrogenated oils and oils containing high levels of trans-fats raises significant issues given the environmental impact of current production practices. We conducted an inventory of palm oil use in our private brand products in order to fully understand the situation and undertake an approach to improve our practices.

As a result, all of our calls for tenders require that suppliers specify the type of palm oil they use. We will promote the use of sustainable palm oil whenever financially and logistically feasible.

Working with our suppliers, we will continue to document the origin of the palm oil that goes into our private brand products.

Wherever possible, both from an economic and logistics point of view, we will encourage the use of sustainable palm oil.

### Selection Eco

Offering more environmentally friendly cleaning products is also part of Metro's objectives.

The Eco-Selection line covers 22 types of home cleaning, dishwashing and personal hygiene products, as well as energy-saving light bulbs.

In 2013, eight new products were added to the line, bringing the total to 40.





# Respect for the Environment

## Our Priorities

- › Rethinking packaging
- › Taking part in efforts to fight climate change
- › Managing waste

As part of its business activities, Metro is committed to taking measures to reduce its environmental footprint as much as possible.

In order to do so, we established three priorities: **rethinking packaging, taking part in efforts to fight climate change** and **managing waste**. Why target these aspects? Because they are the most significant contributors to our environmental

footprint, and the efforts we invest will have the most impact. From packaging to energy consumption to waste, we seek to find solutions that will lead us to more responsible choices.



## Rethinking Packaging

In recent years, Metro has adopted practices to guide its actions to improve its packaging options. **Our main goal is to optimize the packaging of our private brand products, and, once again, we made great progress over the past fiscal year.**

Packaging serves an essential function: it provides protection for products during shipping and handling, preserving quality and integrity until the items are purchased by the customer. Our efforts are therefore aimed at optimizing packaging by using the right amount of the right material. We also seek to promote the recyclability of all packaging options.

Our optimization approach is based on comprehensive knowledge of our private brand products and their packaging. In fall 2013, we developed a database of the characteristics of our private brand packaging. As a result, we now have access to information on some 4,930 products from 315 suppliers and are better able to target items that require improvement.

For this initiative to succeed, we rely on working closely with our private brand product suppliers. We will use the packaging optimization criteria in our calls for tenders and invite the suppliers who have not yet integrated such practices to improve their performance in this area.

### Environmentally responsible alternatives

The packaging optimization strategy will vary according to the characteristics of the product and the options available on the market. Here are a few examples of our optimization efforts in 2013.



- › Our stores in Québec and Ontario introduced the first Styrofoam tray made from recycled content in North America (EVOK™ by Cascades) to replace conventional trays to package meat, poultry, fish and fresh produce. Reducing the use of virgin raw material and fostering the integration of 25% recycled material reduces the environmental footprint of the tray.



- › We replaced the non-recycled plastic sleeve (open-ended protective cover that may contain one or several products) with one made of 100% recycled and recyclable cardboard in the 650 g metal boxes of *Irresistibles* European Cookies.



- › We reduced the thickness of the 25 L bags of *Selection Garden Soil*, *Selection Black Earth* and *Selection 3-way Mix Topsoil*, which represents a 6.25% reduction in the amount of plastic used, for a total of 803 kg in 2013.

### Sharing our projects

Metro was one of the first companies to sign the Voluntary Code for packaging optimization set out by Éco Entreprises Québec (ÉEQ) and continues to collaborate with the organization. In fact, Metro presented one of its optimization approaches (replacing rigid PVC bottles of liquid stock with recyclable PET bottles) on the new OptimEco.ca portal, an online tool containing information on packaging optimization to promote best practices.



#### INITIATIVES FOR THE UPCOMING YEAR

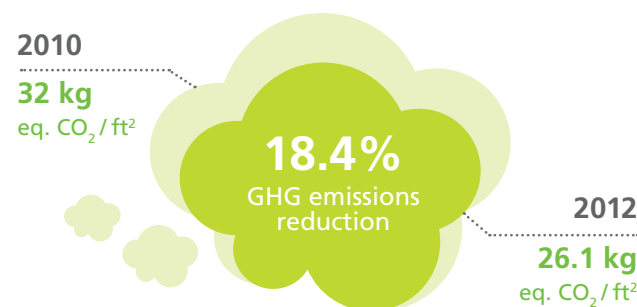
In 2014, we will continue to implement measures to optimize the packaging of our private label products and focus on updating our database, which provides us with a comprehensive view of the situation at all times. We will also review our packaging policy and its implementation plan to reflect the best current practices. The underlying goal of these initiatives is to support our approach over time. This improved framework will facilitate our collaborative relationships with our suppliers to target packaging containing certain plastics such as PLA (polylactic acid) and PVC (polyvinyl chloride) and enable us to develop improvement plans.



## Taking Part in the Effort to Fight Climate Change

As a leader in the food retail industry, we are aware that our activities contribute to greenhouse gas (GHG) emissions. By implementing measures to reduce our energy and fuel consumption, contain refrigerant gas leaks and decrease our waste, we are helping to lower our GHG emissions and taking part in the fight against climate change.

In calculating the GHG emissions of our corporate and franchised stores in Québec and Ontario, we used the *Environmental Sustainability Initiative* (ESI) calculation methodology. According to the results obtained, our 2010 emissions reference would be 32 kg, eq. CO<sub>2</sub>/ft<sup>2</sup>. Still using that calculation methodology, our 2012 emissions, which were calculated in 2013, would come to 26.1 kg, eq. CO<sub>2</sub>/ft<sup>2</sup>, which would translate into a reduction of 18.4%.



Our main sources of GHG emissions for our corporate and franchised stores in Québec and Ontario are the energy consumption of our buildings and the disposal of our waste. In light of these findings, we chose to focus our efforts on these two sectors, which account for over 60% of our GHG emissions.

**Disposal of our waste**  
 +  
**energy consumption of our buildings**  
 =  
**over 60% of our GHG emissions**  
 (corporate and franchised stores in Québec and Ontario)

### GHG emissions from buildings

Our main commitment to **reduce our GHG emissions consists in lowering our level of energy consumption by 10% by 2016 as compared to 2010. At the end of 2013, we achieved a cumulative decrease of 5.25% from 2010.** The reduction stems from our efforts to reduce our electricity and natural gas consumption. We are, therefore, well on our way to reaching our goal.

Among the projects carried out that contributed to reducing our energy demand, we must point to the lighting conversion in our Ontario stores (an investment of over \$11M): fluorescent lighting of the refrigerated/frozen counters converted to DEL; upgrading of inefficient lighting such as replacing T12 fluorescent tubes with T8 tubes; menu-board lighting converted to DEL. We must also mention the program to upgrade the heat recovery systems in over 100 sites in Ontario (an investment of over \$1.25M).

Sensitive to the summer problem of peak electrical consumption in Ontario, we also contribute to reducing demand through our voluntary 'LightsOut' program, which consists in reducing our lighting load in our stores, for close to 100 days during the summer.

### Transportation

In Québec, a pilot project is underway to reduce the fuel consumption of ten hybrid trailer refrigeration units (electricity and diesel).

We have also continued to implement measures to reduce the number of empty runs when our trucks return to distribution centres in Québec and Ontario. Our goal is to increase goods collection from our suppliers by 8% when the trucks return to the warehouses, in order to avoid driving empty trucks.

### Managing refrigerants

We continue to decrease the impact of refrigerants by relying on refrigerant gases that have an environmental impact of 50% less than those we currently use.



#### REFRIGERANT PROJECT: CO<sub>2</sub> AS A REFRIGERANT GAS

The new distribution centre in Laval, which opened in April 2013, uses a refrigeration system that works with natural refrigerants with almost no impact on global warming. Ammonia is used as a refrigerant in the mechanical room, and CO<sub>2</sub> is used in the produce storage area. These systems have much smaller carbon footprints than traditional refrigerant systems.

## Taking Part in the Effort to Fight Climate Change (continued)

### Carbon Disclosure Project

For the sixth consecutive year, we submitted our carbon footprint to the Carbon Disclosure Project (CDP). We received a mark of 81% for the 2013 declaration on our 2012 carbon emissions. In terms of accountability, the result makes Metro a leader in the sector.



The CDP is an independent international organization that aims to document the climate change impact of listed companies. It contacts organizations on behalf of institutional investors, asking them to declare their GHG emissions and climate change strategies. The CDP therefore plays an important role in promoting transparency and environmental communication.

## Managing Waste

Waste reduction helps curb the environmental impact of waste disposal and GHG emissions and promotes better materials recovery throughout the recycling systems.

**In 2010, Metro made the ambitious commitment to reduce the amount of waste disposal by 25% by 2016.** In 2013, we began developing new recycling programs. After just a few months, these programs have contributed to our reaching of 24% of our reduction goal. The recycling programs aim to recycle organic waste, plastic, glass, metal and waxed cardboard in all of our corporate and franchised stores in Québec and Ontario. They will be implemented company-wide in 2014, and we are confident that we will reach our reduction goal by 2016.



*Organic waste recovery for biological treatment (composting and methanization).*

### To reach this objective, we are focusing on three key areas of intervention

- › Multi-material recycling
- › Organic waste recovery for biological treatment (composting and methanization) or food brokerage purposes
- › Increased employee awareness

#### EXAMPLE OF ORGANIC WASTE TREATMENT (METHANIZATION)

Part of the organic waste recovered in our stores is sent to methanization plants. This natural process uses microorganisms that transform organic waste into biogas in the absence of oxygen. The biogas, a renewable energy, can then be used to produce electricity or heat or serve as fuel.

#### EXAMPLE OF WASTE RECOVERED IN STORES

In 2013, we began to implement an in-store multi-material recovery program that includes waxed cardboard, which is problematic for recycling because few sorting centres can process it. To avoid disposal, part of our waxed cardboard is recovered to manufacture ecological logs for fireplaces.

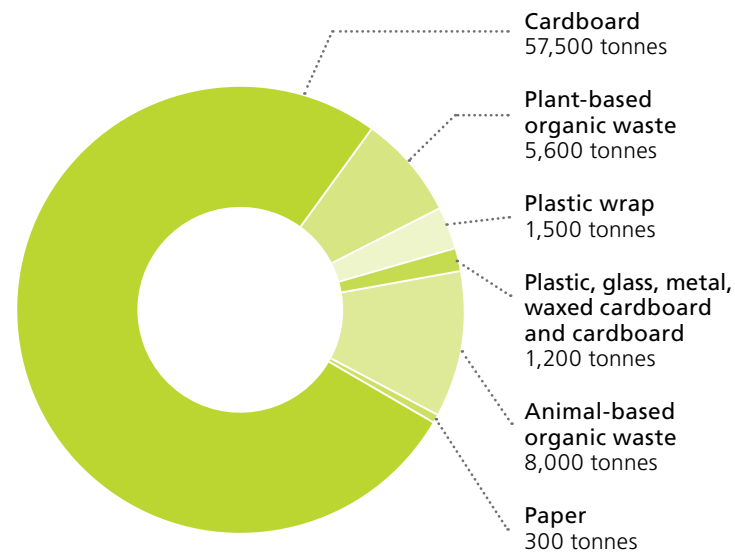
Our efforts also involve raising awareness in our employees on an ongoing basis and encouraging them to play an active role in our programs to ensure their success. We have selected employees in each corporate and franchised store to follow up on the action plan and help increase our success rates.

While in 2011 only half of our corporate and franchised stores had implemented a recyclable waste management plan, today, all of our retail outlets have one.

## Managing Waste (continued)

### Multi-material recovery program for recycling

**WASTE RECOVERED IN 2013 IN CORPORATE AND FRANCHISED STORES IN QUÉBEC AND ONTARIO: 74,100 TONNES**



In 2013, we continued to implement our multimaterial recycling program in Québec, where it has been adopted by 47% of corporate and franchised stores. The program is still in its early stages in Ontario, and the goal is to complete the implementation this year for complete deployment in both provinces in 2014.



### Recovering plant-based organic waste

To avoid the disposal of our plant-based organic waste, we have focused our efforts on two options: biological treatment (composting and methanization) and sustainable food brokerage (food donations). These two options can prevent the disposal of organic waste. In 2013, we were able to avoid the disposal of 5,600 metric tonnes of plant-based organic waste.

#### Biological treatment (composting and methanization)

Launched in June 2012, the plant-based organic waste collection program enables us to send unsellable produce, processing waste from cut fruit or prepared dishes, and unsold bakery products to organic waste treatment sites in Québec. The program is implemented in 51% of our stores in Québec (86 stores) and 72% of our stores in Ontario (189 stores). In late 2014, the program will be implemented in all corporate and franchised stores in both provinces. The program's success rests, in part, on the commitment of our employees: in 2013 over 1,675 Metro employees received program-related training.



### Food brokerage

In Québec in November 2013, we launched a 12-week pilot project in 12 Metro and Super C stores in the greater Montréal area to redistribute food surpluses to community organizations and food banks. As a result, each week, approximately 165 kilos of food were recovered in each store, avoiding the disposal of 23.8 tonnes of organic waste. The results of the pilot project are currently being assessed and will be considered in planning the next steps (for more information, please see the Strengthened Communities section).

#### PROSPECTS FOR THE FUTURE

Efforts to reduce our disposal rates will continue throughout our network in 2014 so that we may reach our goal of a 25% reduction in 2016. We will therefore pursue our efforts to categorize the waste we generate in order to maximize the recovery rates in our corporate and franchised stores in Québec and Ontario.



# Strengthened Communities

## Our Priorities

- › Investing in our communities
- › Supporting local suppliers

Contributing to the economic and social well-being of the communities in which we operate has been part of our values for over 65 years. Our Corporate Responsibility approach serves to structure and regulate our community involvement.

In order to fulfill our role to promote the well-being of communities, we are pursuing our **community investment efforts** through our new *Nourishing for Growth* program. Metro has worked with **local suppliers**, since its beginning,

creating strong links within the very communities in which it operates. The Corporation’s new local purchasing policy aims to strengthen these existing ties and build new ones – an effective means to promote community development.



## Investing in our Communities

In fall 2013, we unveiled our new community investment program, an initiative that stems from a process of several months to determine ways to improve the management of our activities in order to generate more benefit for the community.



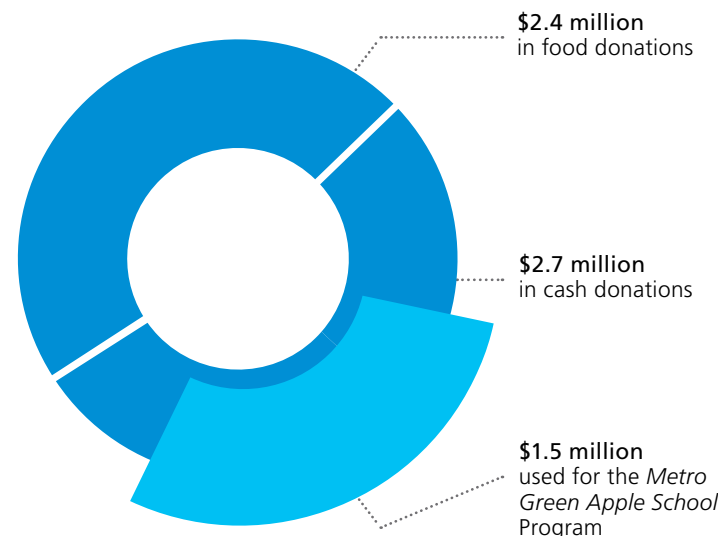
Our approach led to the *Nourishing for Growth* program, which allows for an integrated approach to community investment and serves as a reference point for our actions. The program supports initiatives through cash or food donations – an approach that is in line with our business activities: along with donations to helping those in need, we also avoid the landfilling of significant amounts of food. Every year, Metro aims to invest an amount equal to 1% of its average net earnings over the last three fiscal years in the program.

The activities of the *Nourishing for Growth* program revolve around two priorities.

- › Access to food, through the Sustainable Food Brokerage Program and the partnership with *Les Banques alimentaires du Québec* (Québec food banks).
- › To promote healthy eating, through the *Metro Green Apple School Program*.

The Corporation is also committed to supporting causes related to education, culture, health and the fight against poverty in the form of financial contributions.

### METRO'S CONTRIBUTION IN 2013



In 2013, the community investment program led to company donations in cash and products of \$5.1 million, the equivalent of 1.2% of the average net earnings of the 2010, 2011 and 2012 fiscal years, according to the following breakdown.

- › \$2.4 million in food donations to various organizations, many of which assist low-income families, including food banks.
- › \$2.7 million in cash donations presented to organizations including foundations and university research centres including the following.
  - \$1.5 million used for the *Metro Green Apple School Program*, a contribution that Metro and its merchants have invested annually since 2012.

## Investing in our Communities (continued)

### Sustainable food brokerage

For the past several years, Metro has sought to ensure the optimized disposal of its perishable products. The distribution centres in the Montréal and Québec areas distribute the food to community organizations.

In doing so, we aim to ensure that our community investment actions lead to tangible benefits in terms of food access. A pilot project was therefore carried out in November 2013 in 12 Metro and Super C stores in the greater Montréal area in an effort to redistribute our food surpluses to community organizations and food banks.

The *La Tablée des Chefs* organization acted as a liaison between the participating stores and the organizations that redistribute food to those in need. The Welcome Hall Mission on the Island of Montréal and *Action Nouvelle Vie* on the South Shore carried out the collection in the stores that took part in the pilot project. The initiative made it possible to recover approximately 165 kilograms of food (550 portions) per store per week. The experience clearly demonstrated the relevance of expanding the project to more stores in 2014.

We plan to carry out several initiatives in 2014, including the first one to be launched in February, namely a joint project with *Les Banques alimentaires du Québec*.



(Left to right): Jean-François Archambault, General Manager and Founder of *La Tablée des Chefs*; Marie-Claude Bacon, Senior Director, Corporate Affairs Department for Metro; Cyril Morgan, Chief Executive Officer of the Welcome Hall Mission.

Though we constantly seek to minimize our food losses, they remain an unavoidable consequence of our activities. We are therefore very pleased to collaborate with an organization like *La Tablée des Chefs*, which safely redistributes the food to those in need.



**La Tablée  
des Chefs**



## Investing in our Communities (continued)

### Promoting healthy eating with the Metro Green Apple School Program

The second edition of the *Metro Green Apple School Program* was held in 2013 to provide elementary and high schools in Québec and in Ontario with an opportunity to receive a \$1,000 scholarship for projects to promote healthy eating habits to young people. Each year, Metro and its merchants invest \$1.5 million in the program.

The initiative has been a great success. Some 3,000 scholarship applications were submitted in Québec and Ontario.



#### THE 'D'où vient ta collation' (where does your snack come from?) PROJECT BY ÉCOLE JACQUES-BUTEUX IN TROIS-RIVIÈRES, MAURICIE

Kindergarten students visited a community garden and then a grocery store, to understand where food comes from and to develop their sense of taste. The children then created a 'roots and seeds' museum to better understand the cycle and origin of different foods. They sampled lesser known fruits and vegetables grown in the school garden and cooked in class. The young students learned about the importance of eating 'fresh', and discovered new tastes.



#### 'Let's cook!' A PROJECT BY THE ARTHUR FORD SCHOOL IN LONDON, ONTARIO

Through supervised cooking workshops, students learn about the importance of the Canada Food Guide and how easy and how much more nutritious homemade snacks and meals are as compared to prepared foods. They learn to read labels to recognize healthy foods and six basic recipes.

### Engagement of our employees and customers

In addition to company donations, Metro's contributions extend to the community engagement of its employees and its customers.

#### Employees

Our employees contribute voluntarily to different initiatives through salary donations and their participation in fundraising activities for organizations that are close to their hearts.



For a 15<sup>th</sup> consecutive year, Metro employees in Québec took part in the Centraide campaign, which supports a vast network of community organizations that help people and families living in poverty. In 2013, \$881,931 was presented to this leading organization, including \$596,188 to Centraide of Greater Montréal.

#### METRO'S CONTRIBUTIONS TO CENTRAIDE HAVE CONTINUED TO INCREASE

		ANNUAL YEARLY INCREASE
2009	\$528,948	—
2010	\$546,490	3.32%
2011	\$637,435	16.64%
2012	\$748,229	17.38%
2013	\$881,931	17.87%

In Ontario, employees contribute to several causes by taking part in the *Metro Full Plate* salary deductions program. In 2013, the program provided over \$292,000 to four organizations: *Breakfast Clubs of Canada*, *Ontario Association of Food Banks*, *Second Harvest* and *United Way*.

## Investing in our Communities (continued)

### In partnership with our customers and suppliers

Through its vast retail network, Metro remains in contact with thousands of committed citizens. We use this important lever to lead fundraising campaigns in collaboration with our customers.

In Québec, the tragic train derailment in Lac-Mégantic in July 2013 affected us all. Metro's support for the suffering city, in which Metro Alain & Valiquette had operated for over 30 years, took several forms. A few hours after the derailment, Metro sent a refrigerated truck full of basic fresh and grocery items for evacuees. We also donated \$20,000 in Metro gift cards to the Canadian Red Cross. Just a few days later, an in-store collection was underway, and our customers were remarkably generous. On behalf of its Metro, Metro Plus and Super C customers in Québec, Metro presented \$662,430 to the Canadian Red Cross for the Lac-Mégantic Support Fund – an amount that was raised in just one week.

In our 85 Super C stores, customers made donations totaling \$202,102 for the MIRA Foundation, an organization that aims to increase the autonomy of disabled persons and foster their social integration by providing them with dogs trained to meet their disability and rehabilitation needs.



A fundraising campaign held in our 209 Metro supermarkets in Québec from August 15 - September 1, 2013, raised \$153,500 for the Léger Foundation's *Feed a Child* program.



In Ontario, Metro and Campbell Canada launched a program to invite in-store customers to support local food banks. The *Campbell's Help Hunger Disappear* program raised \$191,000 for *Breakfast Clubs of Canada* and the *Ontario Association of Food Banks*.

As our business partners, our suppliers also contribute to our community involvement. In Ontario, a golf tournament with 238 Metro suppliers and 50 Metro employees raised \$135,000 for organizations supported by Metro in Ontario.

## Supporting Local Suppliers

Through local procurement, Metro ensures that products from Québec and from Ontario are featured in its stores, an effective way to support regional socio-economic development and promote local products to customers.

In 2013, our approach culminated in the development of a purchasing policy to structure local sourcing, confirming Metro's long-standing commitment to supporting local producers.

### Local purchasing policy

In May 2013, Metro adopted a local purchasing policy to optimize the accessibility and promotion of local products. The Corporation has been present across all of Québec for over 65 years, and local purchasing has always been part of our day-to-day activities. With this new policy, we are seeking to structure and strengthen our commitment. We also clearly communicate what we want to accomplish for the agri-food sector and local economy.

Local procurement involves a series of criteria and definitions, and we have undertaken a thorough process to assess current structuring practices to set out our policy and a clear definition of what local procurement is for Metro to our stakeholders. We consider local procurement as a means to encourage regional socio-economic development and an avenue that could contribute to reducing greenhouse gas (GHG) emissions.

Our local purchasing policy rests on three guiding principles to make Metro the following.

- › A unique showcase for regional products.
- › A partner of choice of *Aliments du Québec*, an organization devoted to promoting Québec agri-food products.
- › The main ally of innovative Québec suppliers.

Our relationships with our stakeholders are a key component of the project's success. We want to mobilize our employees, managers, partners and suppliers to facilitate access to local products. As a major food distributor, we are convinced that we can make a real difference for producers and meet our customers' needs.

### NEXT STEPS

The first phase was launched in May 2013 and will continue over a two-year period until April 2015. The policy will then be reviewed with the stakeholders, based on our Corporate Responsibility roadmap. The project was first implemented in Québec and will be adapted for the Ontario market.

### BENEFITS OF THE LOCAL PURCHASING POLICY IN 2013 HIGHLIGHTS

#### A unique showcase for regional products

- › A pilot project was carried out in three regions in Québec: Lanaudière, Chaudière-Appalaches and Centre-du-Québec. As a result, four Metro stores and two Super C stores in Lanaudière are offering more than 75 products from 12 regional agri-food producers.
- › Partnership with Équiterre's *Paniers bio* (organic produce baskets) to set up 14 delivery points in Metro stores to distribute baskets of certified organic fresh vegetables prepared by farmers who are members of Équiterre's network of family farmers.

#### A partner of choice of *Aliments du Québec*



- › Agreements with suppliers in order to increase the number of *Aliments du Québec* and *Aliments préparés au Québec* products: Green Mountain Coffee Roasters for the addition of *Irresistibles* brand K-Cup® coffee pods to the Keurig® one cup at a time infusion system and Decacer for the preparation of six *Irresistibles* brand maple products.
- › Metro was the first banner to introduce new labels for Québec organic products in all of its stores, namely *Aliments du Québec BIO* (ORGANIC) and *Aliments préparés du Québec BIO* (ORGANIC)
- › Over 60% of merchants registered for the *Les Aliments du Québec dans mon panier* contest held by l'Association des détaillants en alimentation du Québec were Metro merchants.
- › The *Le Québec on en mange* campaign continued in stores and through promotional tools to showcase Québec products based on market availability (including lobster, apples, squash, strawberries, corn, cheeses and other dairy products).

#### The main ally of innovative Québec suppliers

- › Québec's first greenhouse peppers by VÔG and greenhouse organic lettuce by *Les Serres Lefort* were added to the in-store produce offering.
- › Distribution of the winter strawberry, *La Frissonnante*, produced by Serres René Fontaine in the Les 5 Saisons gourmet food stores, which are part of the Metro network.



## Supporting Local Suppliers (continued)

### Partnership with Foodland Ontario

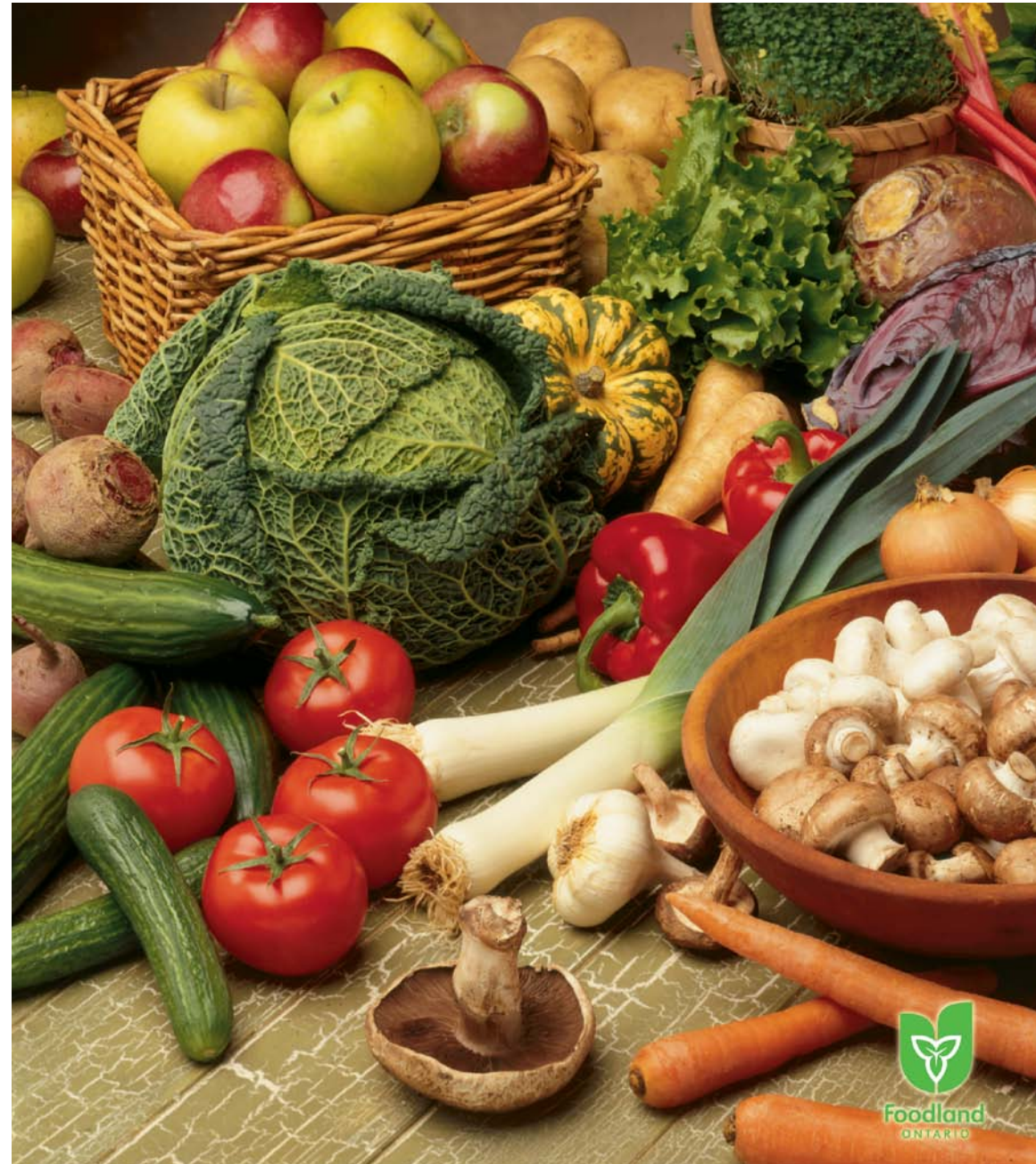
Our stores promoted products from Ontario with large displays of *Foodland Ontario* brand items. Along with the in-store signage, customers were able to easily locate local products and new arrivals.

Why do we support *Foodland Ontario*? It's one of the most well-known brands in Ontario, and consumers understand and support it. Our customers want to support Ontario farmers for different reasons, especially since they believe that the consumption of local products leads to positive economic and environmental benefits. For many customers, local products also mean fresher products. Like consumers, Metro wants to support Ontario farmers and encourage the consumption of their products.



#### 2013 FOODLAND ONTARIO RETAILER AWARDS

At the 2013 Foodland Ontario Retailer Awards, Metro Ontario won 52% of all the awards handed out to retailers. For the second consecutive year, Metro won the Vision Award, which recognizes a retail business that supports local purchasing.





## Empowered Employees

### Our Priorities

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

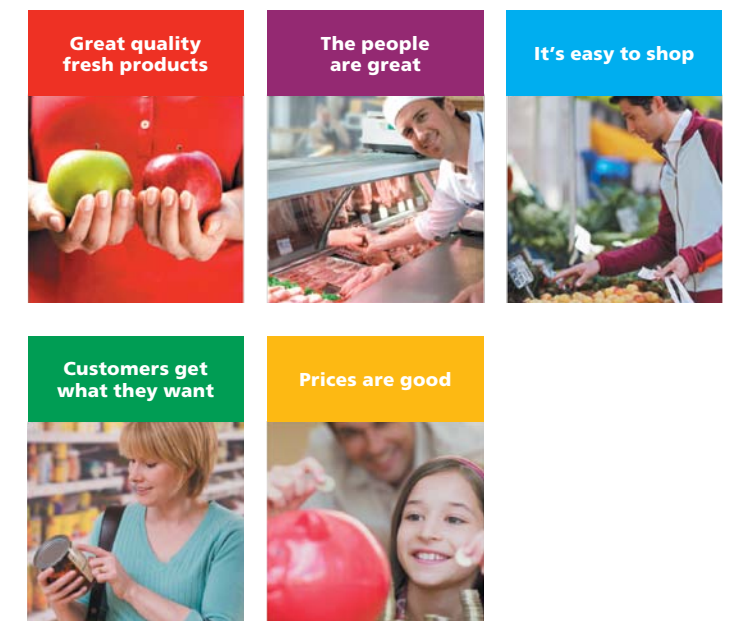


The 65,000 people who are directly or indirectly part of Metro's teams in Québec and Ontario are one of our greatest strengths. Because our customer approach is driven by the quality and commitment of our team, we make it a point to recruit, train and retain the very best people. That's why we provide an **ethical, healthy and safe work environment that promotes professional development and rewards performance, thereby stimulating engagement and organizational effectiveness.**

The key to achieving these results is our culture, which rests on four shared values: customer focus, results orientation, teamwork and innovation. They translate into an environment in which respect, diversity, excellence, collaboration and commitment prevail and where performing employees feel valued and can choose from a range of career opportunities available to them.

These values also permeate and inspire *Our Five Customer Promises*, which are at the heart of our strategy, guiding all of our decisions while driving employees' engagement.

The way we work with, and care for, our people at Metro did not start with the implementation of our 2010 Corporate Responsibility (CR) plan. This initiative, however, did strengthen our commitment: Our CR principles are fully integrated into all activities that have an impact on our employees.



## Creating Ethical, Healthy and Safe Work Environments

Metro recognizes that one of its key obligations as a responsible employer is to create the conditions for employees to carry out their tasks in an ethical, healthy and safe manner. As such, it is an integral part of the way we do business every day. Along with raising awareness and training employees, we expect our managers to act as ambassadors so that health and safety remain a constant priority.

In practice, it is a matter of eliminating the risk of occupational injuries and illnesses in our stores, distribution centres and office, and increasing the well-being of our employees at work.

We are proud of the fact that in 2013, for the sixth straight year, we recorded a decrease in the number of lost-time accidents in Québec and Ontario.

In addition, there were no lost-time accidents in 152 establishments.

### KEY ACHIEVEMENTS

- › 232 managers received training on the proactive behaviours to adopt in order to create a safer workplace, including topics such as accident investigations, the lock-out/tag-out procedure, WHMIS and H&S risk management.
- › 1,175 employees took part in the annual health and safety training standards program.
- › Over 700 store and distribution centre employees took part in training on the safe use of power equipment for merchandise handling.
- › Over 270 new distribution centre employees were trained on manual handling, and 365 employees were trained on WHMIS and lock-out/tag-out and safe equipment operating procedures.
- › Our orientation program for new hires in Québec, includes up to 40 hours of safety and safe equipment operating procedures training, and in Ontario, a health and safety training video was integrated into the orientation program for new employees.
- › Supervisors carried out individual interventions with over 5,000 employees on safe conduct and the importance of complying with safety guidelines.
- › 3,200 Deli employees trained on the safe use of operating equipment.
- › The health and safety measures for pizza ovens were updated, and 400 employees received training.
- › Members of health and safety committees (1,500 employees) took part in training on their roles and responsibilities.

In 2014, we will continue to develop training programs on the safe use of different types of equipment and work safety standards. Our efforts will also focus on developing, implementing and monitoring health and safety action plans in stores and distribution centres and training program for managers, in addition to updating and enhancing contractor safety procedures.

Metro advocates a culture based on diversity and has adapted its human resources practices to attract, develop and retain women. Women currently represent 49% of Metro's total workforce and 29% of management employees.



*Winner of the CSST Montréal Award in the Innovation for Prevention category in recognition of the excellence of the facilities for safe snow removal from trailer tops at our distribution centres.*



## Supporting the Professional Development of Employees and Rewarding Performance

We exercise our profession with the aim of satisfying every customer. It is essential to be able to count on a team that possesses the knowledge and ability required to understand and meet the needs of our customers. As such, recognizing the excellence of the work that has been accomplished is critical in order to maintain very high levels of employee motivation and engagement.

We therefore develop and provide training programs on various aspects of our job on an ongoing basis and invest in leadership development.

The customer is always our utmost concern, and we have continued to expand training programs based on the customer experience.

A total of 2,973 employees took part in training, and 8,261 employees were provided with orientation to raise awareness of the actions and behaviours specific to their department.



In addition to these programs, which were specifically developed to promote behaviour that enhances the customer experience, we invest in the skills of our leaders. We are convinced that a better customer experience is a tribute to the quality of the employee experience. We established a diagnostic of people practices for stores in order to improve the employee experience. As part of a pilot each store in Québec developed a personalized action plan in this regard. Common findings are leading to further analysis of our hiring process and onboarding experience. Upon completion of this analysis, best practices will be applied within our network.

We also tested two new training programs aimed at management to improve their change management and conflict resolution skills. In total, 597 employees took part in classroom or online training, for a total of 8,600 hours.

To support our focus on the development of our future leaders, a mentoring program pairing our senior leaders with our best talent has also been established, in addition to a structured coaching program for current and future executives.

As we continue to implement current programs such as *Our Five Customer Promises*, we deploy initiatives including a development program on performance management, recruitment and selection of new employees, communicating with impact and managing multiple projects. In Ontario, 280 employees took part in these programs for a total of 1,058 hours.

Our performance management system is integrated with our remuneration and awards programs. Our goal is to retain and reward our best talents and our program design provides the necessary flexibility to do that.

## Stimulating Engagement and Organizational Effectiveness

Employee commitment is first and foremost expressed through *Our Five Customer Promises*. Regardless of their position, employees must be empowered to provide the best service possible to all in-store and internal customers. Because we strive to hire and train people who are autonomous and proactive, we make sure that they have access to the knowledge and tools required to work confidently and efficiently, while, at the same time, maintaining a professional and welcoming attitude towards our customers. The Metro network is vast, and it is important for every employee to act in keeping with the Corporation's mission to satisfy our customers every day and earn their long-term loyalty.

In other words, our actions must enable each employee to develop a strong feeling of belonging and fully adhere to our business vision and the goals we pursue.

These actions must take root in a continuous dialogue with colleagues and executives. We have therefore set up a structured survey mechanism on mobilization to assess our employees' evolving points of view on their tasks, work environment and company. Most importantly, we determine the factors that influence their opinion, and this information is highly useful to properly target our actions to promote the ongoing commitment of our employees.

We also ensure that leaders have the tools to foster fruitful relationships with their teams, which is key to maximizing effectiveness and commitment.

### OUR ACHIEVEMENTS

- › The pursuit of the recognition program based on overall customer satisfaction and the value of the customer's basket, which is increasingly appreciated in all our stores.
- › The implementation of health-related initiatives: a pilot project for workplace healthcare services and an annual flu vaccination program for office employees at the Montréal headquarters as well as an annual flu vaccination program at the Metro Ontario head office.

In 2014, we plan to train store managers and implement action plans related to *Our Five Customer Promises* in all our stores. The goal is to carry out adapted action plans based on each store's specific needs.



Metro's head office in Montréal was one of the first to provide employees with onsite daycare. Our daycare centre cares for 52 children.



#### **FOR FURTHER INFORMATION**

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#### **FORWARD-LOOKING INFORMATION**

We have used, throughout this report, different statements that could be construed as being forward-looking information. In general, any statement contained in this report that does not constitute an historical fact may be deemed a forward-looking statement. The forward-looking statements contained in this report are based upon certain assumptions regarding the Canadian food industry, targets, the general economy, as well as our 2014 action plan.

These forward-looking statements do not provide any guarantees as to the future performance of the Corporation 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 be reasonable and relevant at the date of publication of this report and represent our expectations. Metro does not intend to update any forward-looking statement contained herein.