

WASTE DIVERSION INFOSHEET

Update
December 2024

metro

Forward looking statement

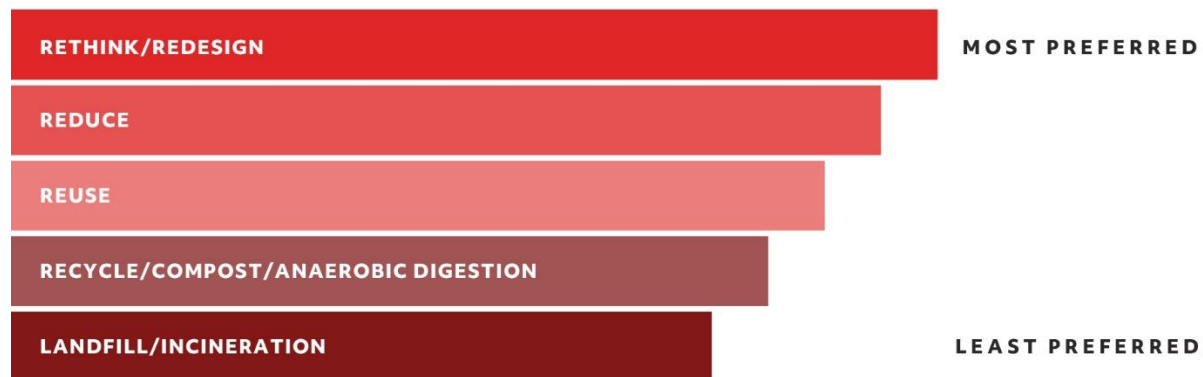
We might use, throughout this infosheet, different statements that could, within the context of regulations issued by the Canadian Securities Administrators, be construed as being forward-looking information. In general, any statement contained herein that does not constitute a historical fact may be deemed a forward-looking statement. The use of the future tense as well as expressions such as "aim to", "may", "will", "intend", 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 recognizes its responsibility towards contributing to an improved recycling system and the circular economy. That's why METRO has established key performance objectives and metrics to reduce our waste generation and improve management within our own activities and our supply chain. We recognize the need to collaborate with supply chain partners to capture opportunities to rethink our waste.

Our approach to waste is guided by Total Resource Use and Efficiency ([TRUE](#)), the [Zero Waste International Alliance](#) and the Zero Waste Hierarchy, shown below.

Zero waste hierarchy



It is METRO's ambition to optimize the Zero Waste Hierarchy in our waste management activities, with particular focus on reducing, reusing, and recycling/composting.

Section 1: Our target for waste diversion

Our ambition is to avoid residual materials generated by our activities going to landfill or incineration, with a view to achieving zero waste. Zero waste to landfill or incineration is defined by Total Resource Use and Efficiency ([TRUE](#)), and the [Zero Waste International Alliance \(ZWIA\)](#) as diverting more than 90% of the ~~our~~ wastes we generate from landfills and incinerators.

METRO strives towards zero waste within its store, and distribution and production centre (DCs) operations and has set the following objectives within its [2022-2026 Corporate Responsibility \(CR\) Plan](#): Improve the average diversion rate of all our establishments compared to 2020.

Corporate and franchise food stores objectives:

- Achieve zero waste in 25% of stores
- Achieve 80-89% diversion in 25% of stores
- Achieve at least 50% diversion in all stores

DCs objective:

- Achieve zero waste

Section 2: Our impacts

As a food and pharmacy retailer, METRO is committed to minimizing waste generation and mitigating the associated environmental and social impacts across our operations. METRO has multiple inputs, internal activities, and outputs that result in waste generation that requires waste management to mitigate our waste-related impacts.

2.1 Waste generation

Inputs that generate waste and require waste management result from our purchasing activities, in which waste management occurs upstream and within METRO:

- **Purchasing our saleable products.** METRO purchases food, pharmaceutical, and general grocery products for sale in its stores and pharmacies, as well as raw ingredients for use in its production centres. Upstream food or product waste is generated where our products are grown, processed, and/or manufactured. In addition, the products we purchase may generate their own transport packaging waste through the upstream supply chain resulting in waste management practices upstream of our organization. Eventually, these products are delivered to METRO – either directly to stores or to our DCs – and must be handled and managed within our organization. In this manner, the products, their packaging, and any transportation packaging act as inputs into our business that require management by METRO.
- **Purchasing food packaging.** For our own private label products, METRO purchases food packaging to ensure our products are retail ready. Upstream waste results from the manufacturing and production of the purchased food packaging. Once the food packaging is delivered to METRO, it arrives with additional transportation packaging. This transportation packaging is considered an input into our business that requires management by METRO.

Our internal activities also generate waste and require waste management by our organization:

- **Receiving products.** Saleable products from our suppliers arrive at our METRO locations (either DCs or stores directly) and require the removal of transportation packaging so the products are ready for storage, further transport, or sale. On occasion, our locations receive products that are unsaleable which must be managed responsibly by METRO.
- **Transporting products.** When products are shipped from our DCs to our retail store network, transportation packaging is added to product packaging to ensure safe transport in which the quality of the products is maintained. As above, once the products arrive at stores for the purpose of sale, the transportation and any additional product packaging must be removed so the product can be stored and sold at our store locations.

- **Storing products (inventory).** Despite inventory management efforts to reduce food loss and waste, food waste occurs when products pass their best before date or are damaged.
- **Producing products.** METRO has a network of three (3) production centres that produce food products for sale. METRO stores also prepare food in various departments. During food production processes, food waste occurs that requires effective reduction and management by METRO.

And lastly, the sale of our products generate waste and requires waste management downstream of our organization:

- **Sale of our products.** Our outputs include that of food/grocery items, pharmaceutical products, and their packaging to our customers. Downstream of our business is where our customers, who are also the consumers of our products, may generate additional waste. Waste would occur from product packaging and any unconsumed food or pharmaceutical product.

2.2 Waste management

Due to METRO's role within the food and pharmacy supply chain, METRO influences the generation of waste upstream, within our own operations, and downstream. As such, METRO plays a key role in ensuring the effective management of waste generated within our operations and through our supply chain. Here are some areas in which METRO is taking an active role in reducing and managing waste:

- **Single-use plastics in our own activities.** METRO is committed to decreasing the use of single-use plastics. Please refer to the Packaging and Printed Materials section of our [2024 CR Report](#) for more details on our efforts to decrease the use of single-use plastics in our activities.
- **Packaging in our upstream supply chain.** Packaging of our private brand products follows the principles of our [Packaging and Printed Materials Management Policy](#). Please refer to the Packaging and Printed Materials section of our [2024 CR Report](#) for more details on our initiatives to improve packaging.
- **Reuse and recycling.** METRO has reuse programs in place with vendors and in our own operations to support a circular economy. This includes but is not limited to reuse of pallets, metal racking for garden centre displays, and milk crates. We also use reusable containers to transport select products from DCs to stores.

Within our operations, we have implemented various recycling solutions to prevent recyclable materials from becoming garbage. These include recycling of cardboard, plastic film, mixed paper, light rigid plastics, metal cans, waxed cardboard, coroplast boxes, as well as Styrofoam sheets and boxes used in transport. In 2024, we continued our efforts to recover broken wood at select DCs. In addition, we continued to explore solutions to recover fibre and plastic pallet corners at select DCs that produce these materials. With regards to reuse, we have implemented various measures such as using reusable plastic containers for select product transport, such as certain produce items in Ontario. METRO continues to actively explore opportunities for reuse and recycling of our residual materials to support a circular economy.

- **Food loss and waste.** At METRO, we follow the food recovery hierarchy to ensure we first reduce the generation of food loss and waste in our operations, then either reuse, sell at discount, or donate to make sure food is consumed by people and finish off with recovery if food is no longer edible. Please refer to the Food Loss and Waste section of our [2024 CR Report](#) and our [Food Loss and Waste Infosheet](#) for more details on our initiatives to prevent food loss and waste (including information regarding our Too Good To Go and FoodHero partnerships).

2.3 Organics recovery

With regards to food that is no longer edible for people, we strive to recover as much as possible through partnerships with local farms and organics recovery service providers. In late 2023, we launched the organics recovery program at DCs, which aims to recover organic material no longer fit for human consumption. The program has successfully been deployed at select locations among our network of food DCs. This program has successfully diverted several tonnes of organic material from landfills.

- **Residual materials.** Non-hazardous waste generated in our activities is managed by third parties – METRO does not process its waste on-site. Contractual clauses require these third parties to comply with all applicable laws and regulations. In addition to establishing general compliance in its contracts, METRO also occasionally visits third party sites to observe processes, and requests documentation such as receiving facility tickets to ensure that waste was delivered to the intended facilities. This helps METRO ensure its service providers are managing its waste with prioritization to recycling and organics recovery wherever possible. Through this type of feedback and engagement, METRO better understands the waste it generates, and for which end destination processing it is eligible, which helps us optimize our recycling and recovery programs to support the circular economy.

Although METRO generates small quantities of hazardous waste through its activities, we consider this to be immaterial. Where hazardous waste is generated in our activities, it is managed by third parties in accordance with applicable laws and regulations.

- **Preventing downstream waste generation.** METRO participates in extended producer responsibility (EPR) programs in all provinces in which we operate. EPR programs include but are not limited to printed paper and packaging as well as batteries. METRO is a founding member of [Circular Materials](#), a producer responsibility organization established to support producers in building more efficient recycling systems across Canada. In addition, our Québec stores participate in the province's bottle return program through providing customers access to bottle deposit return machines.

Section 3: How we quantify waste diversion

To assess our progress towards meeting our objectives, METRO captures our waste diversion as a metric. In 2024, METRO retained a consultant to provide third-party expertise on a project to update our waste diversion rate methodology to include reuse and reduction measures, in alignment with [TRUE](#)'s certification program requirements. The purpose of doing this was because reuse extends the life of products and materials, reducing the demand for new resources. By accounting for reuse, the overall effectiveness of waste diversion efforts is more accurately represented, highlighting a more comprehensive strategy for sustainability. Though the updated diversion rate calculation methodology increased diversion rates for select DCs, it had a minimal impact on both store specific, and overall store diversion rates.

The diversion rate is a calculation that determines the proportion of material reused, reduced, and diverted from landfills and incineration compared to total waste, and materials reused and reduced, generated.

Weight data from service providers, vendors, and internal departments are used to calculate the diversion rates (with estimates applied when required). The weight data is collected using monthly, quarterly, or annual reports, as well as invoices. Once received, data is reviewed for quality assurance/quality control in which follow-ups are conducted as required to ensure data validity and accuracy. We collaborate with our service providers and vendors to understand their methodologies for calculating tonnages (and

estimates if applicable). An internal audit is conducted annually prior to external data publication to ensure data integrity.

Diversion streams do not apply to all stores and DCs. For those stores and DCs to which they apply, they generally include:

- Organic material - edible by humans (food donations, food surplus programs)
- Organic material - inedible by humans (organics recovery programs, Animal Feed program)
- Cardboard (for recycling)
- Plastic film (for recycling)
- Mixed recyclable materials (light rigid plastic, paper, metal, waxed cardboard, and cardboard, plastic corners)
- Broken wood (for upcycling)
- Garbage (waste going to landfill or incineration)

In addition to our diversion streams, below are some of the reuse materials now included in our diversion rate calculation.

- Reusable plastic containers, including [IFCO](#) containers (replace single-use boxes)
- Reusable metal egg crates (replace single-use boxes)
- Reusable bins used at our ecommerce DC (replace single-use boxes)




As we implement more reuse and reduction initiatives into our operations to reduce single-use materials, these efforts will be factored into our diversion rate.

Section 4: How we are doing

4.1 Corporate and franchised stores

METRO's overall 2024 store diversion rate is 72% compared to 66% in 2023¹. Table 1 below shows our progress toward diversion rate range objectives.

Table 1 – Percentage of stores within diversion rate objective ranges

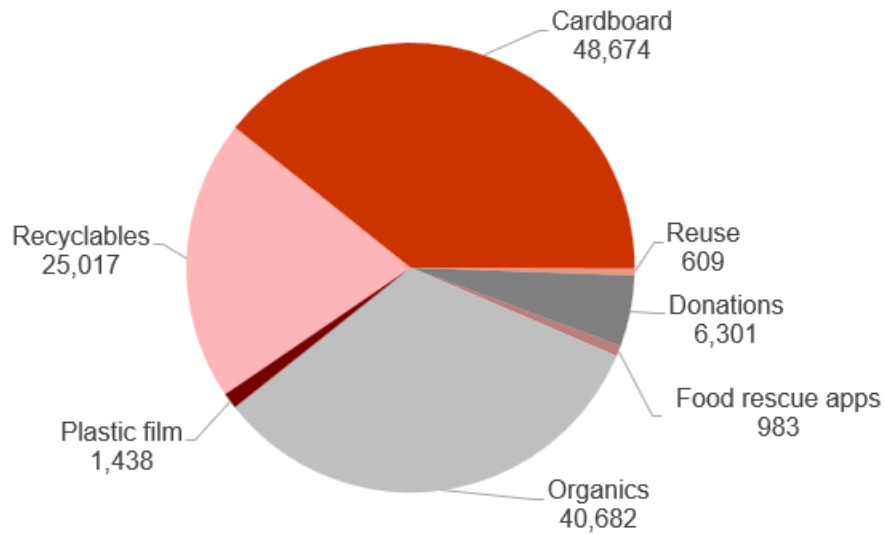
Objective	% of Stores (2023)	% of Stores (2024)	Objective Status
Achieve zero waste in 25% of stores	1.5%	7.5%	 Progress with challenges
Achieve 80-89% diversion in 25% of stores	15.5%	27.2%	 Achieved
Achieve at least 50% diversion in all stores	89.1%	96.7%	 Progress as planned

Our total waste generated by stores for the reporting period is comprised of 47,910 metric tonnes sent to landfill/incineration and 123,704 metric tonnes recovered through diversion, reduction and reuse programs (123,096 metric tonnes when excluding reuse and reduction measures). For the last reporting period (2023), the total was comprised of 57,457 metric tonnes sent to landfill/incineration and 111,587 metric tonnes recovered through diversion programs (reuse and reduction not included in 2023). Overall waste sent to landfill generated by our store activities has decreased relative to 2023, while our overall diverted/reuse/recovered materials increased relative to 2023.

¹ Reporting period 2024: July 2023 to June 2024

Key to diversion are our recycling and recovery streams. Graph 1 below shows weights of material recovered during our 2024 reporting period (in metric tonnes (MT)).

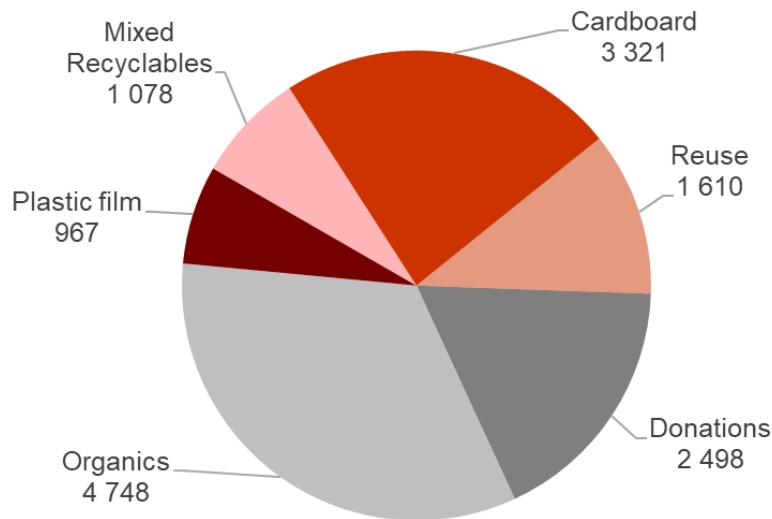
Graph 1 – Corporate and franchised stores diversion stream quantities (MT)



4.2 DCs

METRO's overall waste diversion for DCs was 82%. Graph 2 below shows weights of material diverted during our 2024 reporting period (in metric tonnes).

Graph 2 – DCs diversion stream quantities (MT)



Our total waste generated by DCs for the reporting period was 17,354 metric tonnes, which is comprised of 3,132 metric tonnes to landfill/incineration and 14,222 metric tonnes to diversion streams including reuse measures. This differs from last year, in which the total waste generated was 14,773 tonnes - a lower overall quantity - comprised of 4,960 metric tonnes to landfill/incineration and 9,813 metric tonnes to diversion programs (not including reuse and reduction measures). In general, we captured a significantly larger quantity of materials in our diversion programs compared to last year.

In 2024, DCs donated 2,498 M metric tonnes of food, a significant increase from the previous year, thanks to an improved data collection system, and diverted 3,321 metric tonnes of cardboard, reflecting an increase driven by enhanced training and awareness among teams following leadership education.

Table 2 – Waste diversion rates per province and DC type





Province	DC Type	Waste Diversion Rates 2023	Waste Diversion Rates 2024	Objective Status
ON	Food DC	43%	74.3%	 Progress with challenges
	Pharmacy DC	87%	91.5%	 Progress as planned
QC	Food DC	78%	83.6%	 Progress with challenges
	Pharmacy DC	89%	92.6%	 Progress as planned

Table 3 – Number of DCs reaching zero waste (90% diversion)

Province	DC Type	Zero Waste Attained	In progress
ON	Food DC	2	5
	Pharmacy DC	1	0
QC	Food DC	3	7
	Pharmacy DC	1	1

Section 5: Our strategy in action

5.1 Stores

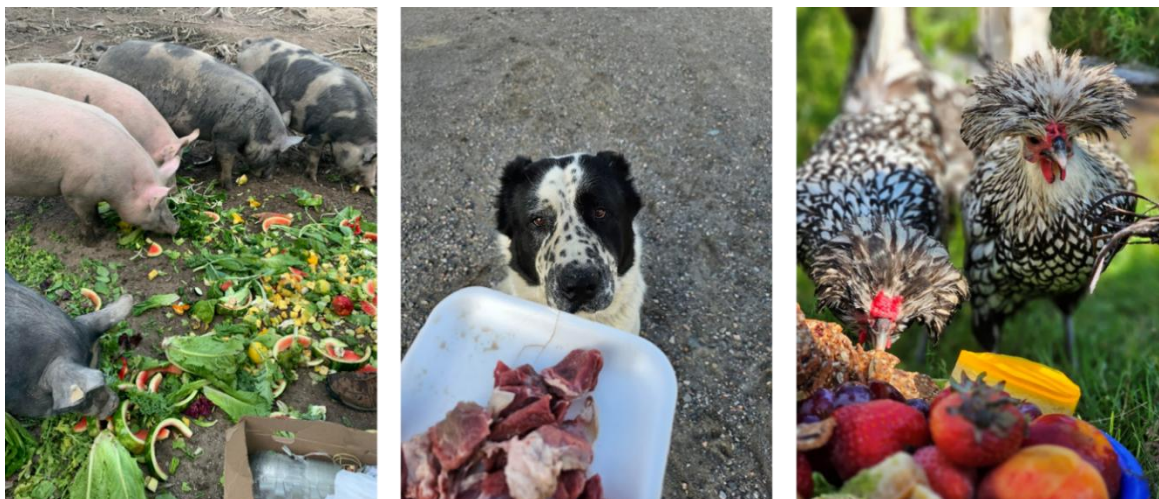
Increasing waste diversion continued to be a priority this year. One way in which we endeavoured to increase diversion was to build awareness around performance and programs. To do so, we developed and implemented store-specific Diversion Improvement Plans (DIPs) across Metro Quebec (corporate and franchise), Metro Ontario (corporate), Food Basics, Adonis, and Super C stores, prioritizing stores with diversion rates below 50%. This involved conducting a root cause analysis to understand reasons for low diversion rates and identifying and enacting store-specific measures to increase the diversion. Additionally, to build awareness at the store level regarding recovery programs, we rolled out revamped in-store diversion program signage.

Beyond building awareness, we engaged in extensive collaboration with various cross-functional departments and external service providers to strategically enhance existing programs and introduce new initiatives. Following successful pilot projects last year with Loop Resource Ltd., and wildlife rescue centres, we rolled out the Animal Feed Program to additional stores. Across our corporate store network, 39 stores have partnered with farms for organic recovery, four (4) stores with wildlife rescue centres and one (1) store with a local zoo.

Despite challenges experienced with an artificial intelligence pilot project last year, we launched a new pilot project this year with a different technology to provide us with insight into types of recoverable materials being disposed in the pilot project store's garbage compactor. The pilot results will be evaluated to inform the decision on whether to expand to additional stores.

- **Supporting local farmers.** In 2024, we formalized our partnership with Loop Resource Ltd. which connects select grocery stores with local farms. This partnership, which involve the collection of organics inedible to humans, has allowed us to expand our support to farms in the communities in which we operate, support a circular food system, and keep food out of landfill.

- **Nourishing the health and wellbeing of our wildlife communities.** In 2024, the Granby Zoo, located in Quebec, was connected with its local Super C store. The store has been providing discarded fruits and vegetables – unfit for human consumption – to the animal conservation organization.



- **Cultivating an environmental sustainability culture.** In 2024, we kicked off the pilot project of an enhanced Environmental Ambassador program, beginning with Food Basics and Super C. Through this initiative, the Environment team aims to hold virtual meetings with Ambassadors to facilitate the sharing of best practices across stores and establish direct communication with the Environment team. Along with Store Managers, Ambassadors are the reference person for store colleagues on all sustainability matters. They execute regular checklists to ensure every department actively participates in diversion programs

Please refer to the Food Loss and Waste section of our [2024 CR Report](#) and our [Food Loss and Waste Infosheet](#) for more details on diversion efforts pertaining to directing surplus food to people.

5.2 Distribution and production centres (DCs)

This past year, METRO put particular focus on two aspects of our DCs waste management: data acquisition processes, and program optimization. Similar to last year, METRO continuously improves our data collection and data integrity by working diligently with our various collaborators to ensure our data is being captured and represented on our invoices and reports. Internally, METRO has set up new streams to acquire data from internal stakeholders using automated and streamlined processes.

In addition to improving data collection itself, METRO continues to analyze its performance via waste characterization audits, which assess the types of materials entering our garbage stream.

By improving our data, METRO can more confidently identify gaps in its performance. For instance, we can see which programs and which locations are underperforming by analyzing their data. In doing so, METRO will update DC-specific DIPs for low-performing DCs to ensure their leadership team is aware of their performance and how to implement best practices among their activities.

In large part, improvement of our DCs' performance resulted from ensuring DCs have the necessary diversion programs in place in order to optimize their waste diversion and keep recoverable materials from being landfilled.

In 2024, METRO implemented a recycling program for plastic pallet corners that come on shipments of merchandise at select DCs, which significantly contributed to reducing landfill waste.

In addition, METRO developed a partnership with a national service provider in order to offer an organics recovery program specially designed for the needs of our DCs. Through consultations with our DCs, METRO was able to identify the challenges of organics recovery, and successfully implement an organics recovery program that caters to their needs without compromising efficiency. This program launched in October 2023.

In fiscal 2024, a new DC Waste Task Force was launched in order to identify challenges and opportunities, and to create a common space to share best practices among DC leadership.