

GHG EMISSIONS INFOSHEET

Update
December 2023

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 "anticipate", "intend", "expect" 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 2024 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 responding to this questionnaire. METRO does not intend to update any forward-looking statement contained herein, except as required by applicable law.

Introduction

Climate change, being one of the most important global challenges, will exert its influence on how we conduct our business in the years ahead. METRO acknowledges that it is not exempt from its repercussions and is determined to proactively address this issue to mitigate our environmental footprint. We are aware that each of us has a role to play in minimizing the consequences of climate change.

Section 1: Our Target

METRO has set a GHG emission reduction target of 37.5% by 2035 compared to 2020 emissions in its Scope 1, 2 and specific Scope 3 activities, as noted in the table below. Please see our GHG methodology document with more details on our approach [here](#).

Scope	Emissions Source
Scope 1	Stationary combustion
	Mobile combustion
	Refrigerant leakage
	Volatile organic compounds (VOCs)
Scope 2	Electricity consumption
Scope 3	Business travel
	Waste generated in operations
	Upstream transportation and distribution

Section 2: Our Reporting Year Emissions

METRO continues to improve its data collection and calculations since setting its baseline emissions in its 2020 reporting year. As it was the case in 2022, we have modified our reporting period for 2023 to reflect our activities from July 1, 2022 to June 30, 2023; we did not modify the reporting periods from our past reporting years (2020 and 2021) – there was no significant changes in the final data resulting from a shift in reporting period. We compare our GHG emissions performance relative to our baseline year: 2020.

Please find the inventory of GHG emission sources included in our 37.5% reduction target for each reporting year in table 1.

Table 1 – 2020 (baseline), 2022, and 2023 GHG Inventories in tonnes of CO₂e

Emission Source	2020 (baseline year)	2022	2023
Scope 1			
Stationary combustion	80,676	78,481	78,714
Mobile combustion	19,918	20,555	18,624
Refrigerant leakage	170,163	167,592	173,128
VOC	4	4	4
Scope 1 Total	270,761	266,632	270,470
Scope 2			
Electricity consumption	17,872	14,785	15,605
Scope 2 Total	17,872	14,785	15,605
Scope 3			
Business Travel	1,031	483	686
Waste generated in operations	53,924	52,285	49,956
Upstream transportation and distribution	59,549	61,405	60,785
Franchises	56,266	59,674	59,663
Scope 3 Total	170,769	173,847	171,090
Overall Total	459,402	455,264	457,165

In 2023, METRO calculated all the relevant Scope 3 categories for the very first time. This exercise enabled us to conclude that nearly 98% of our emissions are indirect, with the majority coming from category 1 - Purchase of goods and services. In addition, METRO took the opportunity to revisit the methodology and exclusion applied for upstream transport, waste and franchise, which led to slight variations in values with those calculated in 2022.

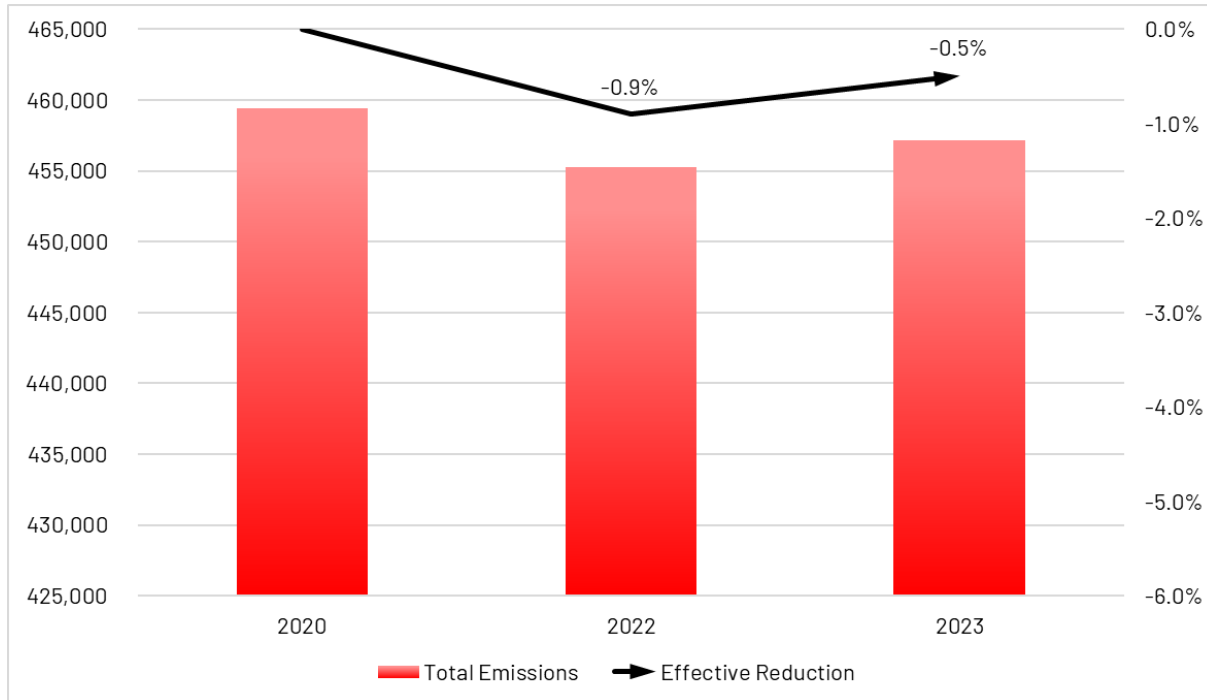
Table 2 — Scope 3 GHG inventories for 2022

	Category	GHG Protocol Methodology	GHG emissions in 2022	
			Tonnes of CO ₂ e	% of scope 3
1	Purchased goods and services	Spend-based data	10,197,253	89.07%
2	Capital goods	Spend-based data	109,105	0.95%
3	Fuel- and energy- related activities (not included in scope 1 or 2)	Average-based data	26,484	0.23%
4	Upstream transportation and distribution	Fuel-based data	80,165	0.70%
5	Waste generated in operations	Waste-type-specific data	51,948	0.45%
6	Business travel	Distance-based data	483	<0.01%
7	Employee commuting	Average-based data	84,383	0.74%
8	Upstream leased assets	Average-based data	498	<0.01%
9	Transportation and distribution of sold products	Distance-based data	431,357	3.77%
10	Processing of sold products	Non-applicable	NA	0.00%
11	Use of sold products	Indirect use-phase data	155,357	1.36%
12	End-of-life treatment of sold products	Waste-type-specific data	246,091	2.15%
13	Downstream leased assets	Average-based data	6,006	0.05%
14	Franchise	Average-based data	59,680	0.52%
15	Investments	Non-applicable	NA	0.00%
Overall Total			11,448,810	100%

Section 3: How We Are Doing

METRO has maintained its emission levels for the third consecutive year, despite our business's growth and operational changes. This continued emission intensity underscores METRO's commitment to mitigating emissions in spite of our expanding operations. It's a positive indicator that the company has a solid foundation on which to build as it transitions to more ambitious reduction targets and a more aggressive mitigation strategy. It's worth noting that we recognize the non-linearity of emissions reduction, as exemplified by the anticipated availability of electric truck fleet technology, which may not materialize until post-2027.

Graphic 1 – Total emissions per year relative to the reduction compared to 2020 in tonnes of CO₂e



This year, METRO has continued to strengthen its commitment to climate action. Building on our work of recent years, we have developed our internal capabilities in several critical areas. Notably, we've achieved a significant milestone by quantifying Scope 3 emissions from all relevant sources throughout our value chain. This provides us with a comprehensive view of our company's environmental footprint. Lastly, our commitment to the more ambitious Science Based Targets initiative (SBTi) near-term targets is the result of meticulous internal work and feasibility assessments. This diligent process has resulted in a solid, detailed plan that will guide METRO's actions for years to come.

Section 4: Our Strategy in Action

As described in our [FAQ Climate Change](#) document, METRO focuses GHG reduction efforts in the following areas:

4.1 Refrigerants

Noting that refrigerant leaks are the largest single activity contributing to our direct emissions (Scope 1 and 2), METRO has prioritized converting high global warming potential (GWP) refrigerant systems into low GWP gas systems whenever possible. METRO has used this past year to analyze the feasibility of expediting these conversions by capitalizing on existing renovation projects.

In addition, as per our construction standard, all newly constructed stores and certain major renovations will have ultra-low GWP refrigerant gases in their systems – in particular, natural refrigerants like CO₂ gas or ammonia. Investing in natural refrigerants is crucial for METRO to reduce GHG emissions because they offer a sustainable alternative to synthetic refrigerants, significantly lowering the carbon footprint of cooling systems in line with our climate goals.

4.2 Transportation

This year, METRO has continued to build upon the foundation laid last year, further developing our internal strategy to facilitate GHG reduction within our merchandise transportation operations and corporate-owned passenger car fleet.

In particular, our merchandising transportation division has incorporated climate-related considerations in its approval processes, further identifying climate change as a key factor when strategic planning takes place. METRO continued to invest in electric purchases, such as purchasing electric shunt trucks to replace a portion of our diesel-powered shunt trucks in Quebec. In addition, METRO is engaging with third party service providers to pilot electric Class-8 tractors, which due to acquisition delays, METRO aims to pilot this upcoming year. Over the short- and medium-term, METRO aims to allocate capital investment towards the integration of electric transportation into our distribution operations, while continuing to monitor other opportunistic technologies as they become available to the market.



As METRO also provides corporate vehicles for use by certain employees, METRO has provided comparative information on vehicle performance to eligible employees to actively promote the use of hybrid, plug-in hybrid, and electric vehicles. In addition, METRO has embedded a new budget system, in which plug-in hybrid and electric vehicles are more accessible to senior-level employees. This has increased the uptake of plug-in hybrid and electric vehicles by employees since its inception in April 2023. By directly engaging and educating employees, METRO is and expects to continue seeing buy-in by employees to support vehicle electrification.

4.3 Energy Efficiency

In the areas of energy management, METRO continues to pursue energy-saving projects within our buildings such as LED lighting retrofits, equipment maintenance, and heat exchange optimization from refrigeration units. METRO's focus on energy management is expected to reduce our emissions, more so in Ontario where the electricity grid is higher-emitting than in Quebec. To aid METRO's pursuit in constructing and maintaining efficient buildings, METRO performed an analysis to understand how to construct new stores to optimize energy efficiency - this modelling will be used for new construction projects over the long-term.

In addition, in 2023, METRO has analyzed opportunities to strategize investments in renewable energies, such as consuming renewable natural gas or purchasing renewable energy credits. METRO continues to capitalize on opportunities to manage its energy internally and investigate clean energy alternatives.

4.4 Waste Management

METRO has improved its data collection processes, as well as its waste management programs to aid in its waste diversion. In doing so, we have reassessed our processes and identified innovative opportunities for waste diversion improvements – details can be found in the [Waste Diversion Infosheet](#).

4.5 Suppliers

METRO recognizes that it is not the only one responsible for addressing climate change and its impacts. We actively engage our suppliers to take climate change into consideration when providing us services and products via our [Supplier Code of Conduct for responsible procurement](#). Details can be found in the [2023 Corporate Responsibility Report](#).

Section 5: What is Next

To reduce our GHG emissions at a pace consistent with the level required to keep global temperature increase to 1.5°C, METRO has developed a robust decarbonization plan that encompass all significant sources of emissions.

This upcoming year, METRO intends to develop and integrate a climate mitigation strategy over the short- and medium-term time horizons. In fact, METRO has developed multiple internal task forces - the Energy and Refrigerants Task Force and the Transportation Task Force - to optimize its approach and strategy to mitigate emissions in its operations while building resilience to the changing climate.

With these task forces, METRO will focus on embedding climate mitigation into its systems and processes to enable the transition to less emission-intensive technologies and operations. In addition to system changes, METRO intends to continue to innovate and experiment with improved technologies, including piloting electric class-8 tractors for its merchandising transport, and determining a strategy to convert to low-GWP refrigerant systems. Building on the analysis of this past year, in which current emission reduction technologies were identified and analyzed for effectiveness, METRO is ready to adapt its systems and strategy to integrate these best practices into our business. METRO plans to continue to find opportunities to build momentum to pursue less emission-intensive technologies, and build a resilient future for our business and our communities.

Additionally, METRO is aiming to make strategic and methodological advancements. We are working to calculate our Scope 3 emissions for 2023 and 2024 by year-end. This will transform Scope 3 quantification into an annual practice, allowing us to comprehensively revisit and revamp our quantification methodology.

Additionally, METRO intends to introduce more operational Key Performance Indicators (KPIs) to closely monitor the progress of our emission reduction initiatives. These KPIs will play a vital role in enhancing internal communication, facilitating data-driven decision-making, and strengthening our overall commitment to reducing emissions. As we continue to evolve our approach to climate change management, these strategic and methodological improvements will reinforce our commitment to build a resilient future for our business and the communities we serve.