

# ***LOCAL PURCHASING POLICY***

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***metro***

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## 1 Vision

As a leader in food distribution in Québec and Ontario, Metro seeks to align its business activities with key social issues. Resting on four pillars—delighted customers, respect for the environment, strengthened communities and empowered employees—our corporate responsibility commitments reflect our aim.

Closely linked to our business strategy, our corporate responsibility approach was developed following a consultation process to identify the internal and external issues and trends that impact our sector and activities and is also based on their significance to our stakeholders. Local purchasing is among the priority issues and trends identified by Metro as part of this approach.

Local products and suppliers are important to our clientele, employees and communities where we operate, as well as to agri-food industry actors, and local purchasing contributes to Québec and Ontario socioeconomic development. From the environmental perspective, they constitute a potential pathway to reducing greenhouse gas (GHG) emissions associated with transport. Local purchasing is therefore considered to be a responsible procurement lever.

In line with its commitment to facilitate access to the products sought by customers and which meet their needs in terms of freshness, variety and quality-price ratio, Metro has developed a dedicated local purchasing policy that falls within our responsible procurement approach—a priority of our corporate responsibility plan.

We aim to mobilize our employees, merchants, partners and suppliers so that they may facilitate access to local products in Québec as well as in Ontario.

## 2 *Scope*

This local purchasing policy pertains to Metro's agri-food activities in Québec and Ontario and includes two distinct programs: one for Québec and another for Ontario. The two programs allow us to take into account the particularities of the two provinces' markets with regard to their agri-food profiles, business realities and stakeholder expectations and perceptions about to local purchasing.

The policy targets the purchases of food products offered in our corporate, franchised and affiliated Metro, Metro Plus, Super C and Food Basics stores.

## 3 *Period of application*

The local purchasing policy was unveiled in May 2013 when its implementation started in Québec. In June 2016, Metro launches its local program in Ontario and updates its policy.

## 4 *Responsibilities*

The implementation of the policy and the continued improvement of its results is being overseen by two provincial committees.

In Québec, the committee is led by the executive vice-president and Québec division head and the senior vice-president, national procurement and corporate brands.

In Ontario, the committee is led by the executive vice-president and Ontario division head and the senior vice-president, national procurement and corporate brands.

The senior director of corporate affairs oversees the approach, which is coordinated by the senior advisor, corporate responsibility.



## 5 Guiding principles

The local purchasing policy is driven by three guiding principles that will enable Metro to optimize the accessibility and promotion of local products in Québec and Ontario. The approach will be carried out in alignment with Metro's business practices and based on customer needs and supplier offerings.

The three major principles that guide local purchasing at Metro are:

- support for the regional producers and processors with which our merchants have developed direct ties
- support for provincial producers and processors
- support for innovative suppliers

These principles are common to both provincial programs and are applied according to the specific realities of Québec and Ontario.

### 5.1 Program in Québec

Guiding principle 1

#### A unique showcase for regional products

This guiding principle aims to ensure the presence and visibility of regional products in Metro and Super C stores. It is anchored in the regional identities that have been developed and which are carried by, among others, recognized third parties whose mission is to identify and facilitate the marketing of agri-food products in their region.

Metro therefore seeks to ensure that a distinctive selection of regional products is available at competitive prices for its customers. Metro is also pursuing the direct in-store delivery of certain summer produce (fruits and vegetables) in an effort to optimize the freshness and preservation of the products.

The products will be distributed at the regional level in our Metro and Super C stores and there will be a limited number of intermediaries between the supplier and the store. Among the products identified by regional third parties, Metro will seek varied and differentiated products whose freshness, quality, availability and quality-price ratio meet our customers' expectations.

The suppliers that are targeted by this principle are those whose operations are carried out in the region relevant to the regional identification. In the context of this policy, they are considered regional suppliers.

Guiding principle 2

#### A key partner of *Aliments du Québec* and sectoral agri-food associations that promote Québec products

This guiding principle is aimed at promoting the Québec agri-food products sought by a large part of our clientele across Québec. It is based in particular on the *Aliments du Québec* organization and its four certifications (*Aliments du Québec*, *Aliments préparés au Québec* and their corresponding organic certifications) that guarantee Québec origin of the product. These certifications are supported by the *Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec* and recognized by the province's agri-food industry.

As part of this guiding principle, we will pursue our ongoing relationship with *Aliments du Québec*. We also aim to continue to be a key partner for the various sectoral organizations that promote the Québec origin of agricultural and agri-food products.

The guiding principle targets provincial products that can be distributed across Québec. They must be registered *Aliments du Québec* (85% ingredients of Québec origin) or *Aliments préparés au Québec* (products entirely processed and packaged in Québec and whose main ingredients are from Québec if they are available in sufficient quantity here). Among the products that meet these criteria, Metro seeks varied and differentiated options whose freshness, quality, availability and quality-price ratio meet our customers' expectations.

The principle is aimed at suppliers, including those that meet the *Aliments du Québec* certification criteria and whose production and distribution capacity enables them to supply the entire Metro network in Québec. In the context of this policy, they are referred to as provincial-scale suppliers.

The principle also applies to Québec products with identifiers of origin granted by sectoral associations. Seafood (e.g., lobster, shrimp), meat (e.g., pork, poultry, veal) and produce (e.g., apples, strawberries, raspberries) are among the sector collaborations that will be fostered under this principle.

### Guiding principle 3

## The main ally of innovative suppliers

This guiding principle is aimed at strengthening and enhancing the relationships between Metro and its innovative Québec suppliers seeking to maintain or to increase their market shares.

For Metro, an innovative supplier is one who offers a product that stands out for its originality, packaging, recipe, ingredients or function, one that originates from environmentally sound production practices or one grown through practices that provide added value in terms of appeal (e.g., taste, shape, colour, conservation, exclusivity, etc.) or market availability.

Metro therefore seeks to affirm its interest in Québec suppliers that possess the drive and capacity to continuously develop their products or production and have the potential to increase their distribution.

In collaboration with our partners—and especially our regional partners—we intend to ensure that our teams identify these suppliers and products, provide guidelines to optimize our relations with them and promote our joint actions.

## 5.2 Program in Ontario

### Guiding principle 1

## A unique showcase for regional products

This guiding principle aims to ensure the presence and visibility of regional products in Metro and Food Basics stores. Several regional initiatives are aimed at identifying and promoting regional products, often at the county level. Whenever applicable, regional designations may be used as references for product selection.

In doing so, Metro seeks to ensure that a distinctive selection of products, available in a region, and with strong consumer recognition, is available at competitive prices for its customers.

The products will be distributed at the regional level in our Metro and Food Basics stores and there will be a limited number of intermediaries between the supplier and the store. Metro will seek varied and differentiated products whose freshness, quality, availability and value meet our customers' expectations.

The suppliers that are targeted by this principle are those whose operations are carried out in the vicinity of our stores. In the context of this policy, they are referred to as regional suppliers.

### Guiding principle 2

## A key partner of Foodland Ontario and sectoral agri-food associations that promote Ontario products

This guiding principle is aimed at promoting the Ontario agri-food products sought by a large part of our clientele across Ontario. It is based on two brands to identify Ontario origin: Foodland Ontario and its corresponding organic sub-brand. These brands are the property of the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) and are recognized by the province's agri-food industry.

As part of this guiding principle, we will pursue our ongoing relationship with Foodland Ontario, which oversees the two brands.

The principle targets provincial products for distribution across Ontario. They must be registered Foodland Ontario and correspond to approved Ontario food product designations available for numerous major product categories (beef, turkey, pork, chicken, lamb, eggs, wheat flours, honey, maple syrup, fruits and vegetables, milk and dairy products and cheese). The principle also applies to processed products that are processed within Ontario using a majority of ingredients that meet the individual Ontario commodity definitions. Among the products that meet these criteria, Metro seeks varied and differentiated options whose freshness, quality, availability and value meet our customers' expectations.

The principle is aimed at suppliers who are licensed or who are eligible to be licensed with Foodland Ontario and whose production and distribution capacity enables them to supply the entire Metro network across Ontario. In the context of this policy, they are referred to as provincial-scale suppliers.

In addition, the principle targets Ontario products with identifiers of origin granted by sectoral associations. Meat (e.g., pork, poultry, veal) and produce (e.g., apples, berries, greenhouse vegetables) are included in the sector collaborations that will be fostered under this guiding principle.

### Guiding principle 3

## The main ally of innovative suppliers

This guiding principle is aimed at strengthening and enhancing the relationships between Metro and its innovative Ontario suppliers seeking to maintain or to increase their market shares.

For Metro, an innovative supplier should offer a product that stands out for its originality, packaging, recipe, ingredients or function, one that originates from environmentally sound production practices or one grown through practices that provide added value in terms of appeal (e.g., taste, shape, colour, conservation, exclusivity, etc.) or market availability.

Metro therefore seeks to affirm its interest in Ontario suppliers that possess the drive and capacity to continuously develop their products or production and have the potential to increase their distribution.

In collaboration with our partners—and especially our regional partners—we intend to ensure that our teams identify these suppliers and products, provide guidelines to optimize our relations with them and promote our joint actions.

## 6 **Implementation approach**

### Objectives

Building on the knowledge it has acquired and the progress made since the launch of the local purchasing policy in 2013, Metro has set out the following objectives to structure the implementation of the guiding principles (GPs) in its Québec and Ontario programs.

### Program in Québec

#### Guiding principle 1

### A unique showcase for regional products

- Pursue the implementation of the program across Québec (it is currently in effect in 8 of 12 regions).
- Support suppliers in their development through cooperation from the time the products are selected up until they are introduced in stores.
- Carry out initiatives to promote products in stores and on Metro's regional communications and marketing platforms.

#### Guiding principle 2

### A key partner of *Aliments du Québec* and sectoral agri-food associations that promote Québec products

- Foster an increase in the number of *Aliments du Québec* certified products in our stores.
- Ensure that *Aliments du Québec* and *Aliments préparés au Québec* products are easily identifiable in stores.
- Further develop partnerships with sectoral associations.
- Carry out initiatives to promote products in stores and on Metro's various communications and marketing platforms.

### Guiding principle 3

## The main ally of innovative suppliers

- Identify current Metro suppliers that qualify as innovative.
- Maintain communication channels through which regional suppliers that qualify as innovative may submit their products.
- Continue to initiate projects that enable regional suppliers to strengthen their production or distribution capacity.
- Carry out initiatives to promote products in stores and on Metro's various communications and marketing platforms.

## Program in Ontario

### Guiding principle 1

## A unique showcase for regional products

- Conduct a pilot project in certain regions to identify suppliers and provide regional products at competitive prices; implement the program across Ontario based on the pilot project results.
- Provide a framework for suppliers to develop collaborations with Metro from the time the products are selected up until they are introduced in stores.
- Carry out local initiatives to promote regional products.

### Guiding principle 2

## A key partner of Foodland Ontario and sectoral agri-food associations that promote Ontario products

- Foster an increase in the number of Foodland Ontario products in our stores.
- Further develop partnerships with sectoral associations.
- Carry out initiatives to promote products in stores and on Metro's various communications and marketing platforms.

### Guiding principle 3

## The main ally of innovative suppliers

- Identify current Metro suppliers that qualify as innovative.
- Implement communication channels through which regional suppliers that qualify as innovative may submit their products.
- Initiate projects to enable regional suppliers to strengthen their production or distribution capacity.
- Carry out initiatives to promote products in stores and on Metro's communications and marketing platforms.

## Implementation and continuous improvement

In order to implement and ensure the continuous improvement of this policy, three directions will govern our team's actions.

### ■ Ongoing relations with our stakeholders

Metro consults, interacts and collaborates with its stakeholders on a regular basis and especially with its suppliers and the groups or authorities involved in local purchasing.

### ■ Team mobilization

In order to implement this policy, the teams in each of Metro's divisions and various banners in which the program is being implemented must be committed to the process. Metro makes sure to provide the information and tools required for optimal program implementation to its employees and the members of local purchasing committees.

### ■ Monitoring of results

Performance indicators have been identified to document the impacts of the local purchasing policy for Metro and its stakeholders and ensure the continuous improvement of its programs and the reporting.

## 7 Reporting

A report on the implementation of this policy, its objectives and its results will be included on an annual basis in Metro's corporate responsibility report and communicated to the stakeholders concerned.