

***REPORTING OUR
GHG EMISSIONS
METHODOLOGY***

Update
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metro

Section 1: Our Commitment

To understand our contributions to climate change, METRO calculates its greenhouse gas (GHG) emissions to determine the impact of its activities and to support METRO's annual public disclosures, METRO's corporate responsibility report, internal GHG reporting, and GHG target setting. We use the results of the annual GHG emissions inventory to track and communicate progress against our short and long-term emissions targets and assess the impact of implemented reduction initiatives. In addition, a GHG inventory allows us to better manage our GHG related risks and identify further reduction opportunities for future action.

1.1 Our Baseline Year Emissions

Our baseline year refers to the GHG emissions from our fiscal year 2020 (October 2019 to September 2020) operations. However, like last year, we will be disclosing our GHG emissions based on a reporting period occurring from July-June. Although a change in our reporting period has occurred for future years, we have determined that there is no significant change in our emissions for our baseline year, which is expressed below based on the fiscal reporting period.

Table 1 – Fiscal Year 2020 GHG Inventory

Emission Source	GHG Emissions (tonnes CO₂e)	% of Total Emissions
Scope 1		
Stationary combustion	80,676	17.56%
Mobile combustion	19,918	4.34%
Refrigerant leakage	170,163	37.04%
Volatile organic compounds (VOC)	4	<0.01%
Scope 1 Total	270,761	58.94%
Scope 2		
Electricity consumption	17,872	3.89%
Scope 2 Total	17,872	3.89%
Scope 3		
Business travel	1,031	0.22%
Waste generated in operations	53,924	11.74%
Upstream transportation and distribution	59,549	12.96%
Franchises	56,266	12.25%
Scope 3 Total	170,769	37.17%
Overall Total	459,402	100%

Section 2: Our Methodology

METRO's approach to calculate its GHG inventory, including the calculations, boundaries, methodologies and assumptions is described below. Our GHG inventory is reported in metric tons of carbon dioxide equivalents or tCO₂e. This methodology is based on the principles of the [GHG Protocol Corporate Standard](#) and associated guidance documents.

2.1 Organizational boundary

METRO uses the operational control approach to define its organizational boundary, where it is required to account for all of the GHG emissions from operations over which it has the authority to introduce and implement operating decisions and policies. Using this approach, we assessed each of our banners, subsidiaries, and operations to determine their inclusion within our boundary of reporting.

Table 2 – Summary of METRO's organizational structure and operational control

Category	Banner/Subsidiary/ Operation	Applicable geographies	Ownership Type	Operational Control?
Food	Metro corporate stores	Ontario & Québec	Wholly owned	Yes
Food	Metro franchise stores	Québec	Partially owned	Yes
Food	Super C stores	Québec	Wholly owned	Yes
Food	Adonis stores	Québec & Ontario	Wholly owned	Yes
Food	Central Kitchen production facility	Québec	Wholly owned	Yes
Food	Food Basics stores	Ontario	Wholly owned	Yes
Food	Phoenicia Group production facility & distribution centres	Québec & Ontario	Wholly owned	Yes
Food	Première Moisson production facilities	Québec	Wholly owned	Yes
Food	Première Moisson – METRO corporate retail bakeries	Québec	Wholly owned	Yes
Food	METRO corporate distribution centres	Québec & Ontario	Wholly owned	Yes
Food	JBS foods – METRO-dedicated production facility in Belleville	Ontario	Associated entity (consolidated in financial accounts)	No
Food	Metro affiliate stores and Richelieu affiliate stores	Québec	Store operated by an affiliate retailer under an affiliate agreement	No
Food	Metro franchise stores	Ontario	Store operated by a franchisee under a franchise agreement	No
Food	Première Moisson - affiliate retail bakeries	Québec	Partially owned and operated by an affiliate under an affiliate agreement	No
Food	Première Moisson - franchise retail bakeries	Québec	Store operated by a franchisee under a franchise agreement	Yes
Food	Affiliate convenience stores (e.g. Ami, Gem)	Québec	Store operated by an affiliate retailer under an affiliate agreement	No
Food	METRO-specific private brand product production facility	Québec & Ontario	Not owned by METRO	No

Category	Banner/Subsidiary/ Operation	Applicable geographies	Ownership Type	Operational Control?
Pharmacy	Groupe Jean Coutu/ McMahon corporate DCs	Québec & Ontario	Wholly owned	Yes
Pharmacy	Groupe Jean Coutu franchise pharmacy stores	Québec, Ontario & New Brunswick	METRO subsidiary The Jean Coutu Group (PJC) Inc. is franchisor and wholesaler of PJC banner pharmacies	No
Pharmacy	Brunet franchise pharmacy stores	Québec	METRO subsidiary McMahon Distributeur pharmaceutique Inc. is franchisor and wholesaler of Brunet banner pharmacies	No
Pharmacy	Metro Pharmacies	Ontario	Wholly owned	Yes
Pharmacy	Food Basics Pharmacies	Ontario	Wholly owned	Yes
Pharmacy	Pro Doc production facility	Québec	Wholly owned	Yes
Real Estate	METRO-owned shopping centres (common areas)	Québec & Ontario	Wholly owned	Yes
Real Estate	METRO-owned shopping centres (leased areas)	Québec & Ontario	Wholly owned but leased	No
Real Estate	METRO leased or owned office buildings/space	Québec & Ontario	Multiple: Wholly owned OR Not owned but have an operating lease	Yes

2.2 Operational boundaries

As per the [GHG Protocol Corporate Standard](#), GHG emissions are separated into three categories: Scope 1, Scope 2, and Scope 3.

The GHG Protocol requires the inclusion of all material Scope 1 and Scope 2 emissions in a GHG inventory. Reporting on Scope 3 emissions is optional under the GHG Protocol, though it is best practice to include Scope 3 emissions sources that are material or significant to a company's operations.

The activities and sources of emissions which we currently report include:

- Scope 1 emissions:** Direct emissions from sources owned or controlled by METRO. Sources of Scope 1 emissions includes fuel combustion from both stationary and mobile sources, fugitive emissions from the leakage of refrigerants, and volatile organic compounds (VOCs). Note that although the GHG Protocol recommends disclosing non-Kyoto gases separately from emissions reporting, METRO decided to include non-Kyoto gas refrigerants (i.e. CFC/HCFC) in our emissions inventory as these gases represent a sizable portion of refrigerants used in our operations. METRO is phasing out non-Kyoto gases, and believes reporting on emissions from these gases enables greater transparency throughout our phase-out plan and continued emission reduction plan.
- Scope 2 emissions:** Indirect emissions from the consumption of purchased grid electricity and other similarly distributed energy types such as steam, hot water and chilled water. Sources of Scope 2 emissions from our operations only includes electricity consumption; METRO does not purchase heat, steam or chilled water.
- Scope 3 emissions:** Other indirect emissions within our value chain. See Table 3 for a list of Scope 3 categories associated with the 2022-2026 Corporate Responsibility Plan reduction 37.5% target. Table 4 lists all relevant categories calculated for the first time during the year. These categories will be associated with our new emissions reduction commitment.

Table 3 – List of Scope 3 categories included in METRO's 37.5% objective

Scope 3 Category	Activities
Franchises	Emissions from franchise stores, including the following banners: Metro franchise stores, Marché Richelieu, Première Moisson independent stores, Jean Coutu and Brunet pharmacies
Upstream transportation and distribution	Emissions from third-party transportation and distribution services purchased by METRO, including outbound distribution between METRO's own facilities (excluding storage of purchased products).
Waste generated in operations	Emissions from the disposal and treatment of waste from retail stores and distribution centres. Waste generated from offices is not included because it is deemed immaterial compared to waste generated throughout stores and distribution centres.
Business travel	Emissions from the transport of employees for business-related activities in vehicles not owned or operated by the company. This includes transportation by air travel, rail travel, and business travel in personal vehicles and taxis.

2.3 Exclusions for the 2022-2026 Corporate Responsibility Plan GHG Reduction Target

Due to data gaps and/or challenging data collection procedures in the past, several emissions sources/activities that are within METRO's organizational and operational boundaries have not been quantified in the current GHG inventory. However, during the year 2023 METRO calculated the full scope 3 for 2022 and will include this exercise in its annual quantification process in the future.

2.3.1 Exclusions from Scope 1

- The consumption of propane from the use of forklifts and floor machines in warehouses is excluded from the inventory. Most forklifts are battery powered. Omissions of propane emissions from floor machines are expected to be immaterial to the overall GHG inventory;
- Emissions of refrigerant leaks from transport trailers are also excluded due to data gaps; refrigerant leaks from HVAC (heating, ventilation, air-conditioning) equipment are also excluded as the leakage from these sources are deemed immaterial based on an internal assessment;
- Due to limitations in data collection for stationary combustion, the following sources are excluded from METRO's Scope 1 emissions calculations:
 - Any location used for office purposes for which energy consumption is not monitored.
 - Any owned common spaces in shopping centres or office buildings for which energy consumption is not monitored.

2.3.2 Exclusions from Scope 2

- Due to limitations in data collection for electricity, the following sources are excluded from METRO's Scope 2 emissions calculations:
 - Any location used for office purposes for which energy consumption is not monitored.
 - Any owned common spaces in shopping centres or office buildings for which energy consumption is not monitored.

2.3.3 Exclusions from Scope 3

- Due to limitations in data collection for upstream transportation, METRO does not currently include the following in its upstream transportation:
 - Transportation and distribution of products purchased between METRO and its tier 1 suppliers in third-party vehicles due to challenging data collection requirements.
 - Storage of purchased products predominantly occurs at METRO-owned distribution centres; where storage in third-party warehouses occurs, these spaces are typically shared with other retailers. For these reasons, emissions are considered negligible.
 - The transportation and distribution of products from one METRO-operated site to another METRO-operated site by means of transportation by a third party in a vehicle with a load not exclusive to METRO.
- The following Scope 3 categories in Table 4 are not currently included in METRO's GHG inventory.

2.3.4 Categories of Scope 3 calculated for the first time

Table 4 – Scope 3 categories relevant and calculated

Category	Description	Explanation
1	Purchased goods and services	Relevant and calculated for 2022 -
2	Capital goods	Relevant and calculated for 2022 -
3	Fuel- and energy- related activities (not included in scope 1 or 2)	Relevant and calculated for 2022 -
4	Upstream transportation and distribution	Relevant and calculated -
5	Waste generated in operations	Relevant and calculated -
6	Business travel	Relevant and calculated -
7	Employee commuting	Relevant and calculated for 2022 -
8	Upstream leased assets	Relevant and calculated for 2022 -
9	Downstream transportation and distribution	Relevant and calculated for 2022 -
10	Processing of sold products	Not relevant This category is not relevant for METRO as we do not sell intermediate products.
11	Use of sold products	Relevant and calculated for 2022 -
12	End-of-life treatment of sold products	Relevant and calculated for 2022 -
13	Downstream leased assets	Relevant and calculated for 2022 -
14	Franchise	Relevant and calculated -
15	Investments	Not relevant This category is not applicable to METRO

2.4 Data collection

The data used to calculate our GHG emissions, such as fuel consumption, are collected and managed by the relevant departments. Over the course of the year, this activity data is centralized and compiled. Once compiled, the data is entered into our Excel-based GHG inventory tool to calculate our annual carbon footprint.

2.5 Data gaps and estimations

Although METRO can obtain data for a large portion of our operations, there are some operations and emission sources for which our only current option is estimation. Where appropriate, we will estimate the emissions from these gaps using the most appropriate data and assumptions available (e.g. estimated fuel consumption based on available literature).

Table 5 – Data gaps and estimation methodology applied

Emitting Activities Under our Operational Control	Estimation Methodology Applied
Stationary combustion (for stores where quantifiable data is not available)	Average-based data
Propane (floor burnishers)	Average-based data
Diesel stationary combustion (generators)	Average-based data
VOC consumption	Average-based data
Refrigerant leaks (in stores)	Average-based data
Electricity (for stores where quantifiable data is not available)	Average-based data
Waste (for stores where quantifiable data is not available)	Waste-type-specific data
Emitting Activities not Under our Operational Control	Estimation Methodology Applied
Purchased goods & services	Spend-based data
Capital goods	Spend-based data
Fuel and energy related activities	Average-based data
Business travel	Distance-based data
Employee commuting	Average-based data
Upstream leased assets	Average-based data
Downstream transportation and distribution	Distance-based data
Use of sold products	Indirect use-phase data
End-of-life treatment of sold products	Waste-type-specific data
Downstream leased assets	Average-based data
Franchise	Average-based data

2.6 Emissions factors

Emissions factors used in the calculation of our GHG inventory are presented in Table 6 below. Emission factors are sourced from reputable third-party organizations, typically government reports. Emissions factors are updated on an annual basis.

Table 6 – Emission factor sources

Emissions source	Emissions factor sources
Natural Gas	National Inventory Report 1990-2021, Part 2, Annex 6; Table A6.1-1 and A6.1-2; Published in 2023
Propane/diesel	EPA Emission Factors for Greenhouse Gas Inventories, Table 1, 2023
Fleet/mobile combustion	National Inventory Report 1990-2021, Part 2, Annex 6; Table A6.1-14; Published in 2023
Refrigerants	IPCC AR6 Climate Change 2021: Chapter 7 Supplementary Material, Table 7; Published in 2021; The Climate Registry, Default Emission Factors, Table 5.1; Published in 2022; California Air Resources Board, High-GWP Refrigerants
Electricity	National Inventory Report 1990-2021, Part 3, Annex 13; Table A13-5, Table A13-6 and A13-7; Published in 2023
Waste generated in Operations	EPA Emission Factors for Greenhouse Gas Inventories, Table 9, 2023
Business Travel	EPA Emission Factors for Greenhouse Gas Inventories, Table 10, 2023
Upstream Transportation	National Inventory Report 1990-2021, Part 2, Annex 6; Table A6.1-14; Published in 2023

2.7 Approach for baseline restatements

METRO uses fiscal year 2020 as the base year for its emissions calculations and target setting for the target established in the 2022-2026 Corporate Responsibility Plan. We will recalculate our baseline emissions when one or multiple events result in a significant change to GHG emissions. Significant events that may trigger a recalculation include structural changes, methodological changes, or errors.

A structural change involves the transfer of ownership or control of emissions-generating activities or operations from one company to another. While a single structural change might not have a significant impact on the base year emissions, the cumulative effect of multiple minor structural changes can result in a significant impact. Structural changes include:

- Mergers, acquisitions, and divestments;
- Outsourcing and insourcing of emitting activities.

In addition to structural changes, the GHG Protocol requires that significant methodological changes or error identification shall also trigger recalculation of base year emissions, such as:

- Changes in calculation methodology or improvements in the accuracy of emission factors or activity data that result in a significant impact on the base year emissions data;
- Discovery of significant errors, or multiple cumulative errors, that are collectively significant.

METRO will assess its emissions relative to its base year at the end of each reporting year. METRO will adjust its base year if structural changes, methodological changes, or errors result in a significant change in emissions, classified as changes equal or greater than 10%. Nevertheless, METRO may choose to adjust its base year because of any changes it deems material, even if those changes do not result in a \pm 10% change in emissions from its base year.

2.8 Reporting and next steps

METRO will continue to report on its GHG inventory on an annual basis along with its progress against its commitments through its [Corporate Responsibility Report](#), [GHG Emissions Infosheet](#) and other disclosures (such as the [CDP](#)). METRO will also disclose progress against its GHG target annually through one or more of its aforementioned reports.