

METHODOLOGY FOR REPORTING OUR GHG EMISSIONS

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metro

Forward looking statement

We might use, throughout this document, 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", "will", "intend", "expect", "targets", "may" 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 this document. METRO does not intend to update any forward-looking statement contained herein, except as required by applicable law.

Introduction

METRO believes that accurately calculating greenhouse gas (GHG) emissions is crucial for tracking progress and driving effective actions to reduce our carbon footprint. Equally important is ensuring the robustness of these calculations to uphold credibility and support informed decision-making. This document provides detailed information on our methodology for GHG emissions reporting.

Section 1: Our commitment

To understand our contributions to climate change, METRO calculates its 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 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 reporting year 2023 (July 1, 2022, to June 30, 2023) operations.

Table 1 – Fiscal year 2023 GHG inventory in metric tons of CO_{2e}

| Emission Source | 2023 | % of Total Emissions |
|----------------------------------|------------------|-----------------------------|
| Scope 1 | | |
| Stationary combustion | 78,713.5 | 0.79% |
| Mobile combustion | 18,623.9 | 0.19% |
| Refrigerant leakage ¹ | 173,128.1 | 1.73% |
| VOC | 4.3 | 0.00% |
| Scope 1 Subtotal | 270,469.8 | 2.71% |
| Scope 2 | | |
| Electricity consumption | 15,605.2 | 0.16% |
| Scope 2 Subtotal | 15,605.2 | 0.16% |
| Scope 1 & 2 Subtotal | 286,075.0 | 2.87% |

| Scope 3 | | |
|--|--------------------|---------------|
| Purchased goods and services (including FLAG emissions) | 9,080,802.1 | 90.99% |
| Capital goods | 91,464.5 | 0.92% |
| Fuel- and energy-related activities (not included in scope 1 or 2) | 25,382.5 | 0.25% |
| Upstream transportation and distribution | 87,388.2 | 0.88% |
| Waste generated in operations | 49,865.2 | 0.50% |
| Business travel | 774.5 | 0.01% |
| Employee commuting | 79,927.3 | 0.80% |
| Upstream leased assets | 808.8 | 0.01% |
| Downstream transportation and distribution (optional) ² | 434,457.3 | 0.00% |
| Processing of sold products | NA | NA |
| Use of sold products | 2,912.3 | 0.03% |
| End-of-life of sold products | 210,646.7 | 2.11% |
| Downstream leased assets | 5,630.9 | 0.06% |
| Franchises | 58,103.1 | 0.58% |
| Investments | NA | NA |
| Scope 3 Subtotal | 9,693,706.1 | 97.13% |
| Scopes 1-2-3 Total | 9,979,781.1 | 100% |

¹The estimation of GHG emissions associated with refrigerant leaks in stores is based on an average leak rate of 10%, a value derived from an internal study based on a sample of stores.

²Downstream transportation and distribution emissions reported in this table are related to our customers travelling to and from our stores and they are not included in the overall or scope 3 totals. According to the [GHG Protocol Corporate Standard](#), they are optional emissions and presented here for the benefit of our SBT4 target.

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. This assessment covers all the provinces where we operate New Brunswick (NB), Ontario (ON) and Québec (QC).

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

| Category | Type of Site | Applicable provinces | Ownership Type | Operational Control? |
|-------------|---|----------------------|--|----------------------|
| Food | Metro corporate stores | ON & QC | Wholly owned | Yes |
| Food | Metro franchised stores | QC | Store operated by a franchisee under a franchise agreement | Yes |
| Food | Super C stores | QC | Wholly owned | Yes |
| Food | Adonis stores | ON & QC | Wholly owned | Yes |
| Food | Metro Manufacturing Group | QC | Wholly owned | Yes |
| Food | Food Basics stores | ON | Wholly owned | Yes |
| Food | Phoenicia Group production facility & distribution centres | ON & QC | Wholly owned | Yes |
| Food | Première Moisson production facilities | QC | Wholly owned | Yes |
| Food | Première Moisson – METRO corporate retail bakeries | QC | Wholly owned | Yes |
| Food | METRO corporate distribution centres | ON & QC | Wholly owned | Yes |
| Food | JBS foods – METRO-dedicated production facility in Belleville | ON | Associated entity (consolidated in financial accounts) | No |
| Food | Metro affiliate stores and Marché Richelieu affiliate stores | QC | Store operated by an affiliate retailer under an affiliate agreement | No |
| Food | Metro franchise stores | ON | Store operated by a franchisee under a franchise agreement | No |
| Food | Première Moisson - affiliate retail bakeries | QC | Store operated by an affiliate under an affiliate agreement | No |
| Food | Première Moisson - franchise retail bakeries | QC | Store operated by a franchisee under a franchise agreement | Yes |
| Food | Affiliate convenience stores (e.g. Ami, Gem) | NB & QC | Store operated by an affiliate retailer under an affiliate agreement | No |
| Food | METRO-specific private brand product production facility | ON & QC | Not owned | No |
| Pharmacy | Groupe Jean Coutu/ McMahon corporate DCs | ON & QC | Wholly owned | Yes |
| Pharmacy | Groupe Jean Coutu franchise pharmacy stores | NB, ON & QC | Store operated by a franchisee under a franchise agreement | No |
| Pharmacy | Brunet franchise pharmacy stores | QC | Store operated by a franchisee under a franchise agreement | No |
| Pharmacy | Metro Pharmacies | ON | Wholly owned | Yes |
| Pharmacy | Food Basics Pharmacies | ON | Wholly owned | Yes |
| Pharmacy | Pro Doc production facility | QC | Wholly owned | Yes |
| Real Estate | METRO-owned shopping centres (common areas) | ON & QC | Wholly owned | Yes |
| Real Estate | METRO-owned shopping centres (leased areas) | ON & QC | Wholly owned but leased | No |
| Real Estate | METRO leased or owned office buildings/space | ON & QC | 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 include 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 include electricity consumption; METRO does not purchase heat, steam or chilled water.
- **Scope 3 emissions:** Other indirect emissions within our value chain. METRO calculates, includes and discloses all material and relevant emissions to the company's operations. See the following table for more information regarding calculated scope 3 categories.

Table 3 – Scope 3 categories relevant and calculated

| Category | Description | Explanation |
|----------|--|---|
| 1 | Purchased goods and services | Relevant and calculated - |
| 2 | Capital goods | Relevant and calculated - |
| 3 | Fuel- and energy-related activities (not included in scope 1 or 2) | Relevant and calculated - |
| 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 - |
| 8 | Upstream leased assets | Relevant and calculated - |
| 9 | Downstream transportation and distribution | Relevant and calculated Emissions in this category represent our customers travelling to and from our stores. They are optional and are presented separately from our scope 3. |
| 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 - |
| 12 | End-of-life treatment of sold products | Relevant and calculated - |
| 13 | Downstream leased assets | Relevant and calculated - |
| 14 | Franchise | Relevant and calculated - |
| 15 | Investments | Not relevant This category is not applicable to METRO |

2.3 Exclusions of emissions in our inventory

Due to data gaps and/or challenging data collection procedures in the past, several emissions sources and/or activities that are within METRO's organizational and operational boundaries have not been quantified in the current GHG inventory. According to the best practices, METRO uses the best available information to estimate the intensity of excluded activities and ensure they do not exceed the permitted exclusion threshold of 5% of the total scopes 1 and 2 emissions or for scope 3, 5% of total scope 3 emissions.

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.

2.3.2 Exclusions from scope 2

- METRO doesn't exclude any known activities generating emissions under the scope 2.

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.

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).

The table that follows presents the calculation methodology used to quantify our main emission sources. Methodology is aligned with the [GHG Protocol Corporate Standard](#) recommendations per category and we use activity data multiplied by a documented emission factor. These factors are calculated ratios relating GHG emissions to a proxy measure of activity at an emissions source. This is the most common approach for calculating GHG emissions.

Table 4 – Methodology to quantify emission sources

| Emitting Activities Under Scope 1 & 2 | Calculation Methodology |
|---|--|
| Stationary Combustion | Primary data |
| Mobile Combustion | Primary / Secondary (industry average) data |
| Refrigerant Leakage | Primary / Secondary (sampling average) data |
| VOC | Secondary (industry average) data |
| Emitting Activities Under Scope 3 | Calculation Methodology |
| 1- Purchased goods and services | Primary (product-specific) / Secondary (financial) data |
| 2- Capital goods | Secondary (financial) data |
| 3- Fuel- and energy-related activities (not included in scope 1 or 2) | Secondary (national average) data |
| 4- Upstream transportation and distribution | Primary (distance) / Secondary (industry average) data |
| 5- Waste generated in operations | Primary (material-specific) / Secondary (industry average) data |
| 6- Business travel | Supplier specific / Primary (distance) / Secondary (industry average) data |
| 7- Employee commuting | Secondary (national average) data |
| 8- Upstream leased assets | Secondary (industry average) data |
| 9- Downstream transportation and distribution | NA |
| 10- Processing of sold products | Average-based data |
| 11- Use of sold products | Secondary (industry average) data |
| 12- End-of-life treatment of sold products | Primary (material-specific) / Secondary (financial) data |
| 13- Downstream leased assets | Secondary (industry average) data |
| 14- Franchise | Secondary (sampling average) data |
| 15- Investments | NA |

2.6 Emissions factors

Emissions factors used in the calculation of our GHG inventory are presented in Table 5 below. Emission factors are sourced from reputable third-party organizations, typically government reports. They are updated on an annual basis.

Table 5 – Emission factor sources

| Emissions source | Emissions factor sources |
|---|--|
| Natural Gas | National Inventory Report 1990-2022, Part 2, Annex 6; Table A6.1-1 and A6.1-3; Published in 2024 |
| Propane/diesel | EPA Emission Factors for Greenhouse Gas Inventories, Table 1, 2024 |
| Fleet/mobile combustion | National Inventory Report 1990-2022, Part 2, Annex 6; Table A6.1-15; Published in 2024 |
| Refrigerants | IPCC AR6 Climate Change 2021: Chapter 7 Supplementary Material, Table 7; Published in 2021; The Climate Registry, Default Emission Factors, Table 5.2; Published in 2023; California Air Resources Board, High-GWP Refrigerants; ASHRAE Addendum f to Standard 34-2019, Table 4-2; Published in 2019 |
| Electricity | National Inventory Report 1990-2022, Part 3, Annex 13; Table A13-5, Table A13-6 and A13-7; Published in 2024 |
| 1- Purchased goods and services | ADEME AGRIBALYSE v.3.1.1; Mérieux NutriSciences Agri-Footprint v.6.3; EPA USEEIO v.2.0 |
| 2- Capital goods | EPA USEEIO v.2.0 |
| 3- Fuel- and energy-related activities (not included in scope 1 or 2) | UK Government GHG Conversion Factors for Company Reporting; Published 2024; GHGenius v.5.02a; National Inventory Report 1990-2022, Part 3; Published in 2024 |
| 4- Upstream transportation and distribution | |
| 5- Waste generated in operations | EPA Emission Factors for Greenhouse Gas Inventories, Table 9, 2024 |
| 6- Business travel | EPA Emission Factors for Greenhouse Gas Inventories, Table 10, 2024; UK Government GHG Conversion Factors for Company Reporting; Published 2024 |
| 7- Employee commuting | UK Government GHG Conversion Factors for Company Reporting; Published 2024 |
| 8- Upstream leased assets | National Inventory Report 1990-2022, Part 2, Annex 6; Table A6.1-1 and A6.1-3; Published in 2024 |
| 9- Downstream transportation and distribution | NA |
| 10- Processing of sold products | NA |
| 11- Use of sold products | National Inventory Report 1990-2022, Part 3, Annex 13; Table A13-5, Table A13-6 and A13-7; Published in 2024 |
| 12- End-of-life treatment of sold products | EPA WARM v.16 |
| 13- Downstream leased assets | National Inventory Report 1990-2022, Part 2, Annex 6; Table A6.1-1 and A6.1-3; Published in 2024 |
| 14- Franchise | See Natural Gas, Propane/diesel, Fleet/mobile combustion, Refrigerants & Electricity |
| 15- Investments | NA |

2.7 Approach for baseline restatements

METRO uses its 2023 inventory as the base year for its emissions calculations and targets setting as stated in our [public commitment](#) back in November 2023. 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 5%. 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 $\pm 5\%$ 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 [2024 Corporate Responsibility Report](#) and [GHG Emissions Infosheet](#). METRO will also disclose progress against its GHG target annually through one or more of its aforementioned reports.