

**CSR AT LOBLAW** 

TARGETS AND ACHIEVEMENTS

RESPECT THE ENVIRONMENT

**SOURCE WITH INTEGRITY** 

MAKE A POSITIVE DIFFERENCE IN OUR COMMUNITY

REFLECT OUR NATION'S DIVERSITY

BE A GREAT PLACE TO WORK

# The Way We Do Business

# 2010 Corporate Social Responsibility Report

We are proud of our progress and of our colleagues who carry out our corporate social responsibility commitments every day, in communities across Canada. Our 2010 report outlines this year's strategies, achievements and challenges.



SUSTAINABLE SEAFOOD

EWER PLASTIC BAGS





FOOD SUSTAINABILITY



REDUCED SODIUM LEVELS

Targets and Achievements



### Be a Great Place to Work

Every day, more than 136,000 Loblaw colleagues work hard in our corporate and franchised stores, distribution centres and store support offices to serve our customers. We appreciate everything they do. We make sure

that they are recognized for their contributions and supported in their career aspirations.



# Chairman's Message

As Canada's largest grocery retailer, Loblaw feeds Canadians, creates jobs and makes a positive difference in our communities from coast to coast.









Home > CSR at Loblaw > Chairman's Message

Print this Page



# Chairman's Message

As Canada's largest grocery retailer, Loblaw feeds Canadians, creates jobs and makes a positive difference in our communities from coast to coast. Our commitment to corporate social responsibility (CSR) is part of that difference. Our goal is to meet the needs of today while preparing for challenges facing Canada in the future.

We have made significant progress. In fact, many of our CSR initiatives and changes in our own behaviours have inspired other retailers to follow suit. They have also encouraged positive change in the behaviours of our customers and partners in our supply chain.

- . On the environment front, our waste reduction, energy conservation and energy efficiency programs have delivered measurable improvements. We are especially proud of our results in reducing plastic shopping bag use with a pay-for-bag approach. In 2010, our customers used 73% fewer plastic shopping bags than they did before we implemented the five-cent-per-bag charge. Since 2007, we have reduced the number of plastic bags from our stores by 2.5 billion.
- . When it comes to food safety, customers' confidence in the food they buy from Loblaw is well founded. We signed up early to the Global Food Safety Initiative (GFSI) and are the first Canadian grocery retailer to require that our control brand suppliers comply with GFSI safety standards. By year-end 2010, all vendors supplying ready-to-eat foods had been audited and certified to GFSI standards.
- · Sourcing with integrity is central to our ability to continue giving our customers great products at great prices. We have made firm commitments to source 100% of our seafood from sustainable sources by year-end 2013. Additionally, we continue to support Canadian farmers. Our goal is to have high-profile consumer education and marketing campaigns in these areas as well as partnerships and research initiatives that are intended to have a significant effect in terms of awareness, research advances and sales of Canadian products.

Despite the progress made, there is a lot more work to be done - on our own and with others.

As I mentioned in last year's message, there are a number of long-term trends and challenges facing us. These include the availability of safe food around the world, global population growth and climate change. Perhaps the most important, from the perspective of a grocer - one that feeds roughly one-third of Canadians each week - is the imminent challenge of increasing healthcare costs and the connection between diet, health and nutrition.

Diet is a driving factor in the four leading chronic health conditions (heart disease, obesity, diabetes and cancer), which are placing a worrisome financial burden on our healthcare system, and impacting quality of life.

We believe that Loblaw can and should be a meaningful part of the solution.



Never before have Canadians had access to such an assortment of food. In recent decades, selection has increased dramatically in large part due to the effectiveness and efficiencies of our network of suppliers and stores. By offering healthier food options, by stocking our shelves with fresh and wholesome Canadian produce, by providing education and understanding of nutritional values, and by promoting active lifestyles, we can help improve the health of Canadians. At Loblaw, we intend to lead by facilitating further change in our stores. While we have been busy improving the selection and availability of fresh, healthy products from Canada and around the world, we aim to do more.

We have established a health and wellness team to focus on these issues. We are ramping up our emphasis on nutrition by building our *Blue Menu* product line, reducing the amount of sodium in our control brands, eliminating trans fats, and increasing the fibre, vitamins and other healthier elements in a wide range of products. We will also help our customers understand how to improve their diets through the introduction of in-store dietitians and nutritionists and by partnering with organizations such as the Canadian Diabetes Association to raise awareness of the seriousness of diabetes, providing diabetes risk assessments and education programs.

These approaches are important building blocks of a long-term vision. We want to collaborate with governments, researchers, educators, food producers and not-for-profit organizations to develop long-term food production strategies. We believe there is a need for a national food strategy.

Canada is one of the world's leading agricultural exporters. At home, more and more Canadians are looking to make local choices when it comes to food – but they want to pay competitive prices. Our country must decide what kind of agricultural self-sufficiency it aspires to and understand how we can deliver it. A national food strategy would set out a vision for what our food system should look like and how to get there.

To further research, dialogue and progress in this important area, Loblaw has established three key partnerships:

- We have a long-standing relationship with University of Toronto nutritional specialists, Dr. David Jenkins and his
  research team, to create appealing products with healthy food ingredients, such as our *Blue Menu* product line. Dr.
  Jenkins has conducted groundbreaking research into the effects of diet on chronic disease and is a strong advocate
  for nutritional labelling.
- In 2010, we announced a \$3 million gift to the University of Guelph to establish the Loblaw Companies Limited
  Chair in Sustainable Food Production. We believe that over time the university will be recognized as a global centre
  of excellence in food sustainability.
- Also in 2010, Loblaw took a leading role in the development of The Conference Board of Canada's Centre for Food
  in Canada, which aims to develop a framework for a national food strategy.

With the support of our colleagues and customers, Loblaw can make a real, positive difference to our communities, to our country and to our planet. Through our commitment to our five pillars of corporate social responsibility, we are ensuring that our values will continue to be at the heart of how we do business for many years to come.

Galen G. Weston Executive Chairman





Home > CSR at Loblaw > About Loblaw



# About Loblaw

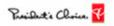
Every day, more than 136,000 full-time and part-time Loblaw colleagues and franchise employees serve customers in more than 1,000 corporate and franchised stores from coast to coast. Together with its franchisees, Loblaw is one of Canada's largest privatesector employers. Loblaw is committed to being socially responsible by respecting the environment, sourcing with integrity, making a positive difference in the communities it serves, reflecting the nation's diversity and being a great place to work.

#### Our Mission

Loblaw's mission is to be Canada's best food, health and home retailer by exceeding customer expectations through innovative products at great prices.

### **Our Control Brands**

Loblaw offers customers high-quality products and great value through Canada's strongest control label program with famous brands including President's Choice (PC). Blue Menu, no name and Joe Fresh. The Company also offers Canadians innovative financial products and services under the President's Choice Financial brand, including President's Choice Financial MasterCard® and the PC points loyalty program.















### Where to Find Us

WEST















banners cross

the country

corporate and

franchised stores from coast to coast

Company and

third-party-operated distribution centres service our stores

More than

million

Canadians shop with us every week

\$30,997 million in sales



ONTARIO **Loblaws** Zefus MARKETS. valu-mart. 大統華丁&丁 Independent Superstore Latter NGCASH&CARRY nofrills. QUEBEC club entrepôt provigo 🙋 Loblaws maxi maxi ATLANTIC **Dominion** SaveEasy [] nofrills. Atlanta Casha Carry

\$681 million in net earnings

More than 136,000 full-time and part-time Loblaw and franchise colleagues





Home > CSR at Loblaw > CSR Overview



# **CSR Overview**

Loblaw takes a values-based approach to doing business. Our CSR commitments link to our business through five pillars: Respect the Environment; Source with Integrity; Make a Positive Difference in Our Community; Reflect Our Nation's Diversity; and Be a Great Place to Work. Operations are reviewed and assessed against these pillars, and performance is reported through vehicles such as this CSR report.

### Respect the Environment

Our strong commitment to reducing the environmental impact of our products and operations is put into action every day, across our organization. Our CSR priorities:

- · Reduce our carbon footprint by targeting electricity and fuel consumption, refrigerant leak reduction and waste reduction.
- · Divert waste from landfill by reducing, reusing and recycling in our stores, distribution centres and store support
- Expand the PC G.R.E.E.N product line to give customers a growing array of green product options.
- Support municipal recycling programs such as the blue box and blue bag recycling programs across the country.

### Read more

### Source with Integrity

Sourcing with integrity means working with our vendors to provide customers with quality products while also taking into account the economic and social impacts of those products. Our CSR priorities:

- · Source close to home to support local, regional and national Canadian producers and to give our customers fresh, wholesome food.
- · Source ethically from Canadian and international vendors who share our values and uphold high standards of quality, integrity and social responsibility.
- · Work to ensure the health and vitality of our food sources, including our oceans.

# Read more

### Make a Positive Difference in Our Community

We want to be active in our communities. In fact, we view it as integral to Loblaw's long-term success. Our CSR priorities:



- Help Canadians make healthier food choices by providing healthy meal options and nutrition information.
- Give generously to community programs in the areas of President's Choice Children's Charity, healthy active kids, feeding our neighbours and greening our communities.
- Encourage Loblaw stores and colleagues to get involved in local charitable causes through our Colleague Volunteer Grant Program.

### Read more

# Reflect Our Nation's Diversity

We strive to reflect Canada's diversity in the products we sell, the people we hire and the workplace culture we create. Our CSR priorities:

- · Expand our range of new and unique products that reflect our nation's evolving cultural mosaic.
- · Reflect the diverse customers we serve at all levels of the business.
- Create an inclusive, respectful work environment that values the range of perspectives, backgrounds, abilities, orientations and skills that our colleagues bring.

#### Read more

### Be a Great Place to Work

More than 136,000 Loblaw colleagues and franchise employees work hard in our corporate and franchised stores, distribution centres and store support centres to serve our customers. We aim to recognize them for their contributions and provide support in their career aspirations. Our CSR priorities:

- Build a culture that welcomes colleagues and encourages them to voice opinions, ask questions and contribute ideas that will make Loblaw more successful.
- · Maintain a safe workplace.
- Give colleagues the training they need to do their job well and to serve customers the way they would want to be served.
- · Recognize and reward excellent contributions by our colleagues.

#### Read more





Home > CSR at Loblaw > Governance



### Governance

The Loblaw CSR Committee is responsible for championing corporate social responsibility across the Company. Committee members represent various areas of our business and bring unique perspectives and abilities to the table.

With input from customers and colleagues, committee members develop the priorities, metrics and accountabilities within the Company's five CSR pillars. Each member also works with his or her executive sponsor and is responsible for integrating CSR into our culture, ensuring our commitments are met. Loblaw management, colleagues and the CSR Committee work together to develop and achieve measureable goals.

The Committee is chaired by the Vice President of Corporate Affairs, who reports directly to the Executive Chairman and to the President & Deputy Chairman.

# Strategic Governance at Loblaw

The Board of Directors and management of Loblaw are committed to sound corporate governance practices and believe they contribute to the effective management of the Company and its achievement of strategic and operational objectives.

Our website, loblaw.ca, sets out key governance information including the following:

- Company Overview
- Corporate Governance
- Board of Directors
- · Code of Business Conduct
- Supplier Code of Conduct
- Environment Policy





Home > CSR at Loblaw > About This Report

Print this Page



# About This Report

The 2010 CSR Report details the corporate social responsibility (CSR) performance of Loblaw Companies Limited for the year ending December 31, 2010. It reports on CSR activities within Loblaw, covering all corporate stores, store support centres and distribution centres.

We have aimed to provide a complete and balanced view of our CSR performance that is tailored to the expectations and interests of our key stakeholders - namely, customers, colleagues, governments, non-governmental organizations (NGOs), partners, suppliers and investors. We engage with these stakeholders through meetings, presentations, customer service surveys and reports such as this.

The CSR Report is also guided by the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines. Although we have not included a rating against the GRI, the guidelines are used as a benchmark in the selection of performance indicators and reported content.

This is the fourth year in which we have published a CSR Report. The last report was published in April 2010. There have been no significant changes in the scope of our reporting or the data measurement methods applied since that report.

### **CSR Materiality Assessment**

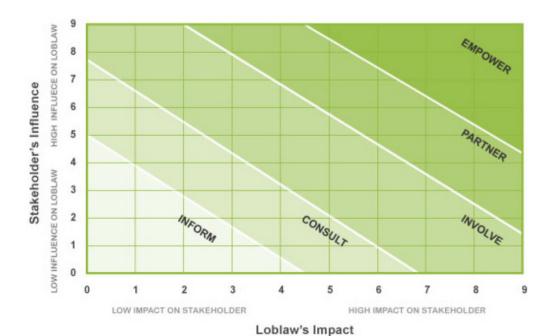
When we set our CSR strategies and targets, we are guided by a materiality process to ensure our focus areas capture priorities that are relevant to our business and are of interest to our stakeholders.

As a first step, issues are determined through stakeholder engagement initiatives conducted internally and by the Canadian Business for Social Responsibility (CBSR). We then map these issues according to Loblaw's potential impact on the issue and the nature of our stakeholders' influence. The outcomes of this process are used to direct our CSR strategy, set new commitments and select the topics in this report. We also use the materiality process to help steer our ongoing stakeholder engagement.

"CBSR is proud to support Loblaw's progress in embedding CSR into business strategy. A Canadian company with significant influence, Loblaw is raising the bar on supplier performance, monitoring and managing key issues affecting the Company and its stakeholders, while reporting on performance."

Andrea Baldwin VP Membership and Advisory Services CBSR





Report Assurance

All CSR plans and stated goals, targets and objectives are reviewed and approved for publication by Loblaw's Legal, Investor Relations and Internal Audit departments for accuracy and validity.

# External Stakeholder Review

CBSR has assessed Loblaw CSR Reports in pre-publishing stages, as well as post-publishing, against the 10 Global Reporting Initiative Principles for defining quality and content. In addition, CBSR has conducted stakeholder outreach on behalf of Loblaw to solicit feedback on the company's report, conveying stakeholder recommendations to the Loblaw senior leadership team.





Home > CSR at Loblaw > Partnerships

Print this Page



# Partnerships

Loblaw partners with a wide range of stakeholders in an effort to meet our CSR obligations and drive responsible business practices. Key partners include the following:







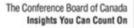










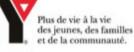






























**YMCA** 







Home > CSR at Loblaw > Awards

Print this Page



# Awards

We were privileged to receive these honours, among others, in 2010:

The Association of Fundraising Professionals Greater Toronto Chapter Philanthropy Awards for Outstanding Corporation: The Association of Fundraising Professionals Greater Toronto Chapter Philanthropy Awards recognize the outstanding contribution of time, leadership and financial support made by organizations and individuals.

Canada's 10 Most Admired Corporate Cultures™ (Central Region): This award, given by Waterstone Human Capital, recognizes leading Canadian organizations for having a culture that has helped them enhance performance and sustain a competitive advantage.

Canada's Greenest Employers: Recognizes employers that lead the nation in creating a culture of environmental awareness in their organizations.

Canada's Top 100 Employers: Recognizes companies and organizations that are leaders in attracting and retaining employees.

Canada's Top Employers for Young People: Recognizes Canada's leaders in attracting and retaining younger employees to their organizations.

Corporate Knights' Best 50 Corporate Citizens (5th place): Corporate Knights recognizes responsible businesses in Canada.

Financial Post's 10 Best Companies to Work For: Recognizes companies in Canada that offer tremendous career advancement opportunities together with leading-edge perks and benefits for employees.

















Globe and Mail's Corporate Social Responsibility Rankings: A joint effort between the Globe and Mail and Corporate Knights, the Corporate Social Responsibility Survey examines the balance between the price of top talent and good corporate citizenship.

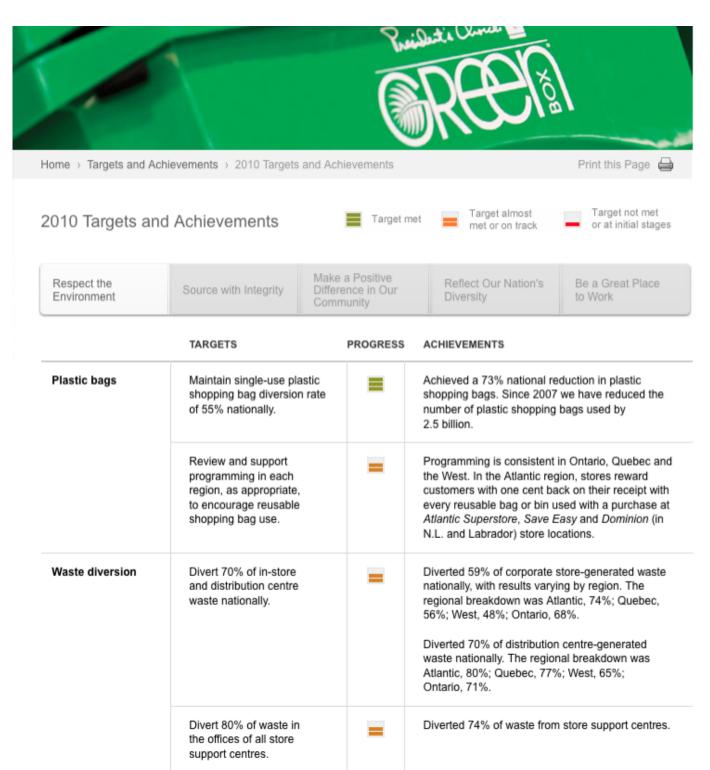
**Greater Toronto's Top Employers**: Recognizes the Greater Toronto employers that lead their industries by offering exceptional places to work.



Jobs West Employer of the Year Award: Received by our Real Canadian Superstores in Burnaby and Vancouver, B.C. The award recognizes employers who make significant efforts to support and employ people with developmental disabilities.

Ontario Waste Minimization Award: This award, given by the Recycling Council of Ontario, recognizes companies that commit to sustainable environments.







	Work with suppliers and governments to identify opportunities to increase organic recycling.		We have had great success working with suppliers in Quebec and Ontario who have built an infrastructure for managing organic waste. In Quebec, organics from select corporate stores are sent to local farms to be converted into compost.  In Ontario, we have made great progress with all our corporate stores diverting grease and select corporate stores diverting organics to farm-based biogas facilities.  We continue to explore organic diversion opportunities in the West and the Atlantic region in 2011.
	Continue to expand biogas initiatives with our partners by sending organic waste to Ottawa and London, Ontario, facilities.	≡	In Ontario, we began sending organic waste from select corporate stores to farm-based biogas facilities in Ottawa and London.
	Expand organics diversion program into distribution centres.		We did not meet this target; however, we will continue to explore organic waste diversion opportunities at corporate distribution centres in 2011.
Carbon footprint	Review our long-term capital plans to establish an achievable carbon footprint target which will be identified in our 2010 CSR Report.		We have chosen to focus on the major contributors to our carbon footprint by targeting electricity use, fuel consumption, refrigerant leak reduction and waste reduction.
Energy efficiency	Reduce corporate stores' electricity use by 1% per square foot.	=	Achieved 3.2% reduction per square foot relative to 2009. Results are above target largely because of store conversions.
	Reduce carbon emissions associated with electricity consumption by 1.5%.		Achieved 3.2% reduction per square foot relative to 2009.
	Reduce refrigerant leaks by 5% relative to 2009.	≡	Reduced refrigerant leaks by 5.1%.
Transportation	An additional 2% improvement in fleet fuel efficiency.		Achieved a 2.3% improvement primarily through continued driver training and equipment upgrades.
	Increase fuel economy by testing and investing in truck reefer hybrid technology.	=	Began investigating diesel-free reefer technology for our refrigerated trailers, and testing a Class 8 hybrid truck. Learn more



	Conduct fuel efficiency training for all drivers.	=	Focused on minimizing idle time and using progressive shifting. Progressive shifting saves fuel by efficient use of gears and by shifting at the lowest possible engine RPM.
Renewable energy	Execute four pilot rooftop photovoltaic (PV) projects in Ontario. Assess the projects and determine a roll-out plan based on test results.	=	In 2010, in partnership with Northland Power we installed PV panels on the rooftops of two Ontario stores - <i>Loblaws</i> in Toronto and the <i>Superstore</i> in Ajax. We will add two more <i>Superstore</i> locations in Whitby and Orleans, Ontario, in 2011. Testing is ongoing.
Construction	Continue to utilize sustainable construction standards to guide the design and construction of all future Loblaw company stores and distribution centres.	≡	All new store and distribution centre construction projects have a budget allocated for sustainable technologies.
Packaging reduction	Reduce packaging of control brand products by 5% over five years.	=	Progress is slightly behind where we want to be by year two. Significant reductions were achieved by removing corrugated trays from cases of PC water bottles.
	Continue to drive non-recyclable packaging from control brand products to achieve 50% reduction by 2013.	=	We have implemented programs to achieve this target; however, we need to test new types of recyclable packaging and work with municipalities to get them to accept a broader range of packaging for recycling.
	Establish a target level for the use of recycled materials in control brand packaging.	-	Initiative was deferred due to limited availability of cost-effective, recycled materials suitable for packaging. Continue to work towards using the highest possible amount of recycled materials.
	Work with industry partners to establish common metrics for packaging reduction and recycling.	=	We are participating in an industry initiative, called the Global Packaging Project, which aims to establish common packaging indicators and metrics.
PC G.R.E.E.N	Introduce six new PC G.R.E.E.N products	≡	We introduced 37 new products including newborn diapers plus a range of pet accessories and stationery items made from 100% post-consumer recycled plastic/paper. Products include dog collars, leashes, beds, carriers, notebooks, paper, pencil cases, binders, etc.

Back to top





Home > Targets and Achievements > 2010 Targets and Achievements

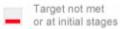
Print this Page



# 2010 Targets and Achievements







Respect the Environment

Source with Integrity

Make a Positive Difference in Our Community

Reflect Our Nation's Diversity

Be a Great Place to Work

	TARGETS	PROGRESS	ACHIEVEMENTS
Local sourcing	Continue to work with regional Canadian growers and governments to further increase volume of Canadian produce sold.	=	Held five regional produce grower meetings and meetings with the ministers of agriculture in nine provinces, and made numerous presentations at agricultural events.
	Execute programming in promoting Canadian-grown produce.	=	Successfully ran the Grown Close to Home campaign for the third straight year.
	Develop Canadian sourcing policy.	_	Started draft in 2010. Working on finalizing the policy in 2011.
Safety and quality management	Continue process of ensuring vendors sign the Loblaw Standard Terms and Conditions (STC) and roll out the STC to include direct store delivery (DSD) supplying vendors.	=	Completed the process for vendors to sign the Loblaw STC. This includes DSD supplying vendors.
	Ensure 100% CSR compliance in active offshore factories.	=	Ninety-nine per cent of active offshore factories are CSR compliant through audit. Follow-up and corrective action underway.



Sustainable seafood	By the end of 2013, 100% of Loblaw seafood will be sourced from sustainable sources.	=	On track to achieving 2013 year-end target.
	Implement a decision tree for sustainable seafood procurement.	-	Draft complete; however, development of a formal, documented procedure was deferred. An informal managing process is being followed.
	Continue to monitor and create a plan of action for at-risk species.	<b>=</b>	Launched our national public awareness campaign, changed procurement practices for swordfish, and developed a plan of action for East Coast cod. Review other species of concern with Dr. Jeff Hutchings on a quarterly basis.  Learn more
	Determine a plan of action for farmed Atlantic salmon.	<b>=</b>	Introduced WiseSource Atlantic salmon at select stores in Ontario and Quebec. Continued investigation of closed-containment-grown salmon on the West Coast. Participated in the Salmon Aquaculture Dialogues.  Learn more
	Implement customer education and feedback programs.	=	Implemented a program in which secondary schools showed the <i>End of the Line</i> documentary to students.  Launched www.oceansfortomorrow.ca website and the Sustainable Seafood Facebook page.
	Double the number of Marine Stewardship Council (MSC)-certified products in line with the progression of MSC certifications.	=	Increased the number of MSC-certified products on our store shelves from 14 in 2009 to 22 in 2010.

Back to top





Home > Targets and Achievements > 2010 Targets and Achievements



# 2010 Targets and Achievements



Target met



Target not met or at initial stages

Respect the Environment

Source with Integrity

Make a Positive Difference in Our Community

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	TARGETS	PROGRESS	ACHIEVEMENTS
President's Choice Children's Charity (PCCC)	Assist more than 1,500 families and 2,500 nutrition programs across Canada.	=	Assisted 1,987 families through PCCC grants and supported 5,000 nutrition programs through Breakfast for Learning.  Learn more
	Increase support of Breakfast for Learning to \$2.6 million.	=	Increased our support for Breakfast for Learning to \$7.2 million over four years, of which \$2.6 million was awarded for the 2010/2011 school year.  Learn more
	Grant more than \$9.5 million to families with children with physical or developmental disabilities.	=	Granted \$10.1 million.
	Increase the connection between PCCC and Loblaw stores.	=	All PCCC grants are given out by Loblaw corporate and franchised stores. Room for progress on engaging stores in the PCCC granting process.
Corporate sponsorships	Provide \$3.5 million in sponsorships, including Alpine Canada Alpin, gift cards and Save-A-Tape program.	=	Provided \$4.4 million in sponsorships.



	Refine gift card program to support fundraising efforts of local charities.	=	Refined national gift card program in our stores and rolled out program nationally to support fundraising efforts of local charities.
Community investment	Invest \$5.4 million in national initiatives associated with focus areas of PCCC, healthy active kids, feeding our neighbours, greening our communities, education and research.	≡	Invested \$5.5 million in initiatives such as the Loblaw After-School Grant, Food Banks Canada, YMCA Canada and PCCC. Learn more
	Develop two initiatives with WWF to mobilize Canadians to take action on the environment.	<b>=</b>	Partnered with WWF on three initiatives: the Great Canadian Shoreline Cleanup, National Sweater Day and the Green CommUnity School Grants Program. Learn more
	Establish a Chair in Sustainable Agriculture.	E	Announced a \$3 million gift to the University of Guelph towards the establishment of the Loblaw Companies Limited Chair in Sustainable Food Production, which we expect will become a global centre of excellence on this subject.
	Strengthen our commitment to addressing hunger in Canada through Extra Helping national food drives.	E	Spearheaded two Extra Helping national food drives in addition to making a \$250,000 donation to Food Banks Canada.
Local investment	Invest \$2.6 million in local community initiatives.	<b>=</b>	Donated \$2.8 million to local community programs initiated by our stores and other areas of the business.
	Partner every store with local food bank and Breakfast for Learning student nutrition programs.	=	All stores are connected with local food banks.  Most, but not all stores are connected with  Breakfast for Learning student nutrition programs.
	Make available \$100,000 for colleagues who volunteer for good causes in their community.	=	Increased awareness of the Colleague Volunteer Grant Program with a donation of \$67,500 to local charities and organizations on behalf of colleagues. Learn more



Fundraising	Facilitate the donation of \$15 million across Canada.	≡	Exceeded our target, raising \$22.4 million.
	Raise \$1 million to support local charities through Give a Little, Help a Lot campaign.		Just shy of target. Raised \$734,000 for local charities, including YMCA Strong Kids, KidSport, SickKids, IWK Health Centre Foundation, Janeway Children's Hospital Foundation and others.
	100% of stores to support local food banks.	=	All stores support local food banks.
Blue Menu products	Continue to expand Blue Menu product offering.	=	Developed 80 new Blue Menu products.
	10% sodium reduction for 150 reformulated control brand products.		Reduced sodium in 132 control brand products, with an average reduction of 19%.

Back to top





Home > Targets and Achievements > 2010 Targets and Achievements



# 2010 Targets and Achievements

Target met

Target almost met or on track Target not met or at initial stages

Respect the Environment

Source with Integrity

Make a Positive Difference in Our Community

Reflect Our Nation's Diversity Be a Great Place to Work

	TARGETS	PROGRESS	ACHIEVEMENTS
Reflect Our Nation's Diversity	Ensure our stores reflect the communities in which they are located by recruiting locally.	=	We continue to increase visibility of the importance for our stores to reflect the communities they serve.
	Leverage opportunities to learn from T&T Supermarket Inc.	=	The Inclusion Council Working Committee met with T&T. Best practices were shared. Scope and timing are to be determined with respect to broader strategies for our top ethnic stores.
	Increase the percentage of female store managers to 25%.	=	We increased the percentage of female store managers by 5.3% over 2009 to 21.7%. Room for progress to achieve 25%.
	Launch women@Loblaw initiatives aimed at developing and connecting female leaders.	=	Rolled out events and a Facebook site to kick off the women@Loblaw network. Involved female colleagues in professional development breakfasts with the Women's Executive Network and a fundraising event for the Canadian Women's Foundation. Learn more
	Hire more people with disabilities.	=	We have many partnerships with organizations that support businesses working to hire more persons with disabilities.
	Launch the Inclusion Toolkit nationally.	=	Completed the national roll-out of the toolkit to help hiring managers and recruiters recruit, hire and onboard more diverse candidates.





Home > Targets and Achievements > 2010 Targets and Achievements



# 2010 Targets and Achievements

Target met



Target almost met or on track



Target not met or at initial stages

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	TARGETS	PROGRESS	ACHIEVEMENTS
Colleague engagement	Conduct monthly colleague Tell it as it is surveys.		Surveys are conducted monthly on a rolling basis. Each colleague has two opportunities a year to participate.
	Increase colleague engagement over the 2008 baseline by 2%.	=	Engagement increased by 3%.
	Reduce colleague turnover by 5%.	=	Colleague turnover declined by 11.5% in our corporate stores, distribution centres and store support centres, with the most significant improvement in our stores.
	Increase colleague recognition and reward through programs such as Above and Beyond the Call of Duty (ABCD) to recognize excellent customer service and Great Place to Work week.	=	Rolled out the ABCD recognition program and Great Place to Work Week. Learn more



Training and development	Implement Best Store Leadership initiative to support the development of store managers as business leaders.	≡	Various tools and programs came together under this initiative, including 18 development centres for more than 300 participants.
	Ensure consistent use of national orientation program across stores, distribution centres and store support centres.	≡	Program is in place and available to all stores, store support centres and distribution centres.
Health and safety	Reduce workplace injuries by 15% over the next three years.	=	Reduced workplace injuries by 18.6% in 2010.
	Implement wellness initiatives as per 2010 wellness plan, including the development of a three-year strategy.	=	Plan was developed in 2010 and includes specific actions for each of the next three years.
	Celebrate National Health, Safety and Wellness Week.	=	Rolled out Health, Safety and Wellness Week from May 3–9. Moving forward, this will be an annual Loblaw initiative taking place during the first week of May to coincide with the North American Occupational Safety & Health Week.

Back to top





Home > Targets and Achievements > 2011 Targets

Print this Page 🚔



# 2011 Targets

Respect the Environment

Source with Integrity

Make a Positive Difference in Our Community

Reflect Our Nation's Diversity

Be a Great Place to Work

#### **TARGETS**

### Waste

### **Waste Reduction**

- Achieve 75% waste diversion from landfill at all corporate distribution centres.
- · Achieve 70% national waste diversion from landfill at corporate stores.
- · Achieve 80% waste diversion from landfill at store support centres.
- Launch in-store organic diversion program in 30 Ontario stores.
- · Move towards E-stubs paperless paystubs at store support centres.

#### Construction Standards

 Continue to utilize sustainable construction standards to guide the design and construction of all future Loblaw stores and distribution centres.

### **Packaging Reduction**

- · Progress toward overall 5% packaging reduction of control brand products by end of 2014.
- · Move to a single plastic type for all clamshell packaging.
- Work with industry partners to contribute to municipal recycling of clamshell packaging and other rigid plastics in Ontario and other regions wherever possible.

### **Carbon Footprint**

### Energy Reduction - Electricity and Alternative Sources

- Reduce total energy consumption by 3% per square foot in existing stores.
- Reduce energy consumption by 10% in renovated stores in Western Canada.
- · Validate business model to roll out future solar power projects in Ontario.
- Reduce refrigerant leaks by 5% relative to 2010.
- Complete lighting retrofits at 70 corporate stores across Canada.
- · Complete lighting retrofits at five corporate distribution centres.



# Fuel Reduction and Fleet Efficiency

- · Reduce fuel consumption by 5%.
- Work with industry partners to create a plan to add infrastructure in Ontario and Quebec for Liquid Natural Gas (LNG) technology.
- · Design and pilot a non-diesel-burning unit for all reefer trailers.
- · Introduce driver incentives to reduce fuel emissions.
- · Continue to consolidate travel to reduce empty miles.

Back to top





Home > Targets and Achievements > 2011 Targets



# 2011 Targets

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Reflect Our Nation's Diversity

Be a Great Place to Work

#### **TARGETS**

# Sourcing

### Seafood

- Accelerate momentum toward achieving goal of 100% sustainable seafood by year-end 2013.
- Increase the number of MSC-certified products by 100%.
- Introduce Marine Stewardship Council (MSC) and Aquaculture Stewardship Council's (ASC) certified fish into our fresh counters.
- Continue our focus on responsibly sourced farmed salmon and the roll-out of WiseSource Salmon in Eastern Canada.

### Beef and Pork

Source 100% of all beef and pork from Canada by end of 2012 (excluding hard discount).

### Fresh

· Continue to escalate our commitment to local sourcing in produce and meat categories.

### Cage-Free

· Work with industry to transition all PC eggs to 100% cage-free.

# Quality Assurance and Food Safety

- Achieve 100% Global Food Safety Initiative (GFSI) certification for control brand vendors.
- · Launch an industry-leading ingredient traceability system for our control brands.

### Vendor Audits

- All Loblaw vendors to sign the Loblaw Supplier Terms and Conditions.
- All direct import offshore factories to be CSR audited, at a minimum of once a year, and to adhere to the Loblaw Supplier Code of Conduct.





Home > Targets and Achievements > 2011 Targets



# 2011 Targets

Respect the Environment

Source with Integrity

Make a Positive Difference in Our Community

Reflect Our Nation's Diversity

Be a Great Place to Work

#### **TARGETS**

### **Health and Wellness**

### Health

- Implement new health and wellness strategy and programming which includes:
  - Introduce a pilot for consumer nutrition scorecard system.
  - Establish a partnership with the Canadian Diabetes Association implementation of CDA Get Checked Now program to drive diabetes awareness and solutions in-store.
  - Add in-store dietitians pilot in 10 Ontario stores.
  - Introduce Corporate Wellness online program for colleagues.

#### Sodium

- Convert all control brands to meet the federal government's recommended maximum sodium requirements by 2016.
- Reduce sodium in 200 existing control brand products by 50% as part of the federal government's 2016 targets.

# Community Giving

### President's Choice Children's Charity (PCCC)

 Implement new PCCC children's health strategy with a focus on children with disabilities and children's nutrition.

### **Greening Our Communities**

- In partnership with WWF, grow three primary programs that inspire Canadians to take action on a few simple, selected behaviours in a way that yields measurable environmental benefit.
- Review of WWF relationship and determine next steps in 2012.

### **Healthy Active Kids**

 Contribute to reducing the incidence of childhood obesity by supporting national/local programs encouraging active living and healthy eating habits.



# **Feeding Our Neighbours**

- . Help lead The Conference Board of Canada's Centre for Food Project.
- Selection and installation of Dr. Ralph Martin as the Loblaw Companies Limited Chair in Sustainable Food Production at the University of Guelph.
- Grow partnerships between our stores and local food banks across Canada by raising \$1.2 million in funds and 1.2 million pounds of food during our national Extra Helping food drives.

### **Local Investments**

- Through money contributed ourselves, funds raised by customers and colleague/employee volunteer efforts, we continue to support our local communities.
  - Fundraising efforts at store level include PCCC, our Give a Little, Help a Lot campaign and our national Extra Helping food drives - \$15 million.
  - Local investments made by our stores and sponsorships \$5.8 million.
  - Loblaw donations including PCCC, WWF, University of Guelph, Food Banks Canada, Tree Canada and YMCA Canada - \$5.3 million.

Back to top





Home > Targets and Achievements > 2011 Targets



# 2011 Targets

Respect the Environment	Source with Integrity	Make a Positive Difference in Our Community	Reflect Our Nation's Diversity	Be a Great Place to Work
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### **TARGETS**

### Inclusion

- · Develop and implement an Aboriginal colleague recruitment plan.
- · Increase female store managers to 25%.
- · Mirror local community demographics in our colleague base.
- · Welcome more colleagues with disabilities.
- . Broaden recruitment targeted activities to include older workers (50+).

Reflect Our Nation's

Diversity





Make a Positive

Community

Difference in Our

Home > Targets and Achievements > 2011 Targets

Source with Integrity

Print this Page

Be a Great Place to

Work



# 2011 Targets

Respect the

Environment

	TARGETS
Embed CSR	<ul> <li>Increase colleague awareness scores of CSR by 2% by end of 2011.</li> </ul>
	<ul> <li>Roll out CSR colleague educational tools at all operations.</li> </ul>
Health and Safety	Reduce workplace accidents by 10%.
Colleague Engagement	Launch new national scholarship program for colleagues and customers.
Training and Development	<ul> <li>Continue to focus on and increase colleague engagement through action planning programs such as Great Place to Work Week and continuation of the ABCD recognition program.</li> </ul>
	<ul> <li>Conduct monthly colleague Tell it as it is surveys.</li> </ul>
	<ul> <li>Implement Best Leadership initiatives to support the development of leaders in critical roles and to increase the pool of leadership talent.</li> </ul>
	<ul> <li>Continue to design, deliver and encourage participation in the Loblaw Virtual Learning Centre (LVLC) programs.</li> </ul>





**FEWER PLASTIC BAGS** 

Reduced the number of plastic shopping bags from our stores by

.5 billion

REDUCED PACKAGING

IMPROVED FUEL EFFICIENCY

NEW PC G.R.E.E.N PRODUCTS

Home > Respect the Environment

Print this Page



Loblaw was rated one of Canada's Greenest Employers for 2010 in a competition organized by the editors of the Canada's Top 100 Employers project. Our strong commitment to reducing the environmental impact of our products and operations is put into action every day, across our organization.

### **Our Priorities**

Lower our carbon footprint by targeting electricity and fuel consumption, refrigerant leak reduction and waste reduction. Divert waste from landfill by reducing, reusing and recycling in our stores, distribution centres and store support centres.

Expand the PC G.R.E.E.N product line to give customers a growing array of green product options.





Home > Respect the Environment > Waste Diversion

Print this Page



# Waste Diversion

We are reducing waste and are on track to divert from landfill 70% of waste from our stores and distribution centres. Additionally, we aim to divert 80% of waste from our store support centres.

#### Stores

Our results in reducing plastic shopping bag use with a pay-for-bag approach speak volumes. In 2010, our customers used 73% fewer plastic shopping bags than they did prior to the pay-for-bag approach. Since 2007, we have reduced the number of plastic shopping bags from our stores by 2.5 billion. When laid flat on top of each other, 2.5 billion plastic shopping bags is equivalent to 130 CN Towers stacked one on top of the other. We also introduced two new bagless stores where plastic shopping bags are not available, bringing our total bagless stores across Canada to seven.

When it comes to other types of store-generated waste, results vary by region, depending largely on the availability of accessible diversion options. Significant progress was made in Western Canada with the launch of a multi-stream recycling program. We have expanded our diversion program to include paper, hard and soft plastics and waxed cardboard from 52 stores, which originally had only corrugated cardboard diversion available.

#### Distribution Centres

Waste generated at our distribution centres includes white wood pallets, corrugated cardboard, plastic film wrap, metal, food waste and other packaging materials, most of which we aim to recycle. We were pleased to achieve our 70% waste diversion target in 2010.

### Store Support Centres

In 2010, we implemented a robust system for tracking waste diversion data at our store support centres. Performance varied by location but averaged 74% nationally, which was short of our 80% target and will require more work. The types of waste recovered include paper, beverage containers and organic waste from cafeterias and kitchens.

Diverted

of waste nationally in 2010

Diverted of waste nationally in 2010

### Other Initiatives

National Sweater Day Garden Recyclables PC G.R.E.E.N Products







Home > Respect the Environment > Waste Diversion > Packaging

Print this Page



# Packaging

Packaging plays a critical role in protecting and preserving our products so that they reach our customers in the best possible condition. It also provides important information on product nutrition, preparation, usage, storage and safety. We want to ensure that both the amount and the type of packaging we use minimize the environmental impacts of our products and packages - without compromising the quality of food and quantity of information that consumers need to make decisions.

We are working towards two key targets:

Reduce the total amount of packaging used on our control brand products by

5% by the end of 2014.

Reduce non-recyclable packaging on control brand products by

50% by the end of 2013.

In 2010, we made good progress on the first target, primarily by removing the corrugated tray used to support cases of PC water bottles. We found that shrink-wrap alone was strong enough to hold cases of 12, 15, 24 and 30 water bottles without the tray, so we made the change. We also eliminated the cardboard sleeves on no name lasagna and no name pizza and put the paper labels directly on the shrink-wrap. Our efforts resulted in a reduction of 2.3 million kilograms of packaging in 2010. Most of this was in paperboard packaging allowing us to save fibre that would have come from 18,000 trees - the equivalent of nine hectares of forest.

We made some inroads on reducing non-recyclable packaging on control brands, but there is much more work to be done. In order to reach our target, we need to test new types of recyclable packaging and work with municipalities to accept a broader range of packaging for recycling. We are on our way on both counts. We continued to work on removing wax from frozen product cartons so that they can be recycled; this year, we focused on PC Veggie Burgers, PC Meatballs, PC Hors d'Oeuvres and PC Mini Chefs products. In addition, plastic cartons for PC Free Run eggs were replaced with fibreboard units.

### Other Initiatives

National Sweater Day Garden Recyclables PC G.R.E.E.N Products





Loblaw is also involved in a global initiative called the Global Packaging Project (GPP), which involves a wide range of retailers and consumer goods manufacturers from around the world. The project aims to set industry-wide standards for how packaging sustainability should be measured. We believe that this will facilitate better decision-making, which will in turn reduce our environmental impact and costs. The goal is to input key metrics into a single database that can be used by all Canadian retailers for stewardship reporting and for measuring sustainability. For more information, please visit <a href="http://globalpackaging.mycgforum.com/">http://globalpackaging.mycgforum.com/</a>.





Home > Respect the Environment > Waste Diversion > Packaging

Print this Page



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Home > Respect the Environment > Waste Diversion > Organic Waste

Print this Page



# Organic Waste

We strive to minimize the amount of organics that ultimately end up as waste, and have made progress by working with local suppliers to increase capacity for organic waste diversion.

We have made major strides to reduce the amount of organic and grease waste sent to landfill. For example, in Ontario, the grease collected in all corporate stores is mixed with organic waste, collected at select corporate stores, to feed farm-based biogas facilities. Produce and other food-related waste is liquefied in an in-store granulator, resulting in a slurry, which is discharged into a holding tank and later transported by a vacuum-operated truck to the biogas facility. At the facility, the slurry and the grease from corporate stores are mixed together and fed into anaerobic digesters to generate renewable energy in an environmentally responsible way. Last year we sent 6,530 metric tonnes of organic and grease waste to farm-based biogas facilities. This represents 6% of our total organic waste diverted in Ontario.

In Quebec City, eight corporate stores are participating in a pilot program to divert organic waste into compost. The waste is sorted and isolated in the stores and then picked up and sent to local farms where it is converted into compost. The program enables local farms to replace chemical fertilizers with an all-natural organic fertilizer. We plan to expand this program into more stores throughout Quebec in 2011.







Other Initiatives





Home > Respect the Environment > Reducing Our Carbon Footprint

Print this Page

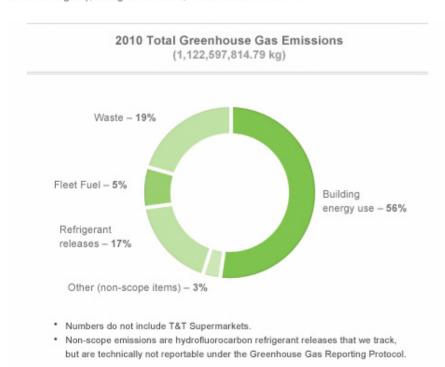


# Reducing Our Carbon Footprint

We believe that retail businesses can play an important role in tackling climate change, and we are determined to do our part. The greatest opportunities for Loblaw to reduce its carbon footprint are in the way we use energy and reduce waste. In 2010, we continued to make inroads by improving energy efficiency in our stores and transportation fleet and piloting advanced renewable energy technologies.

Our greenhouse gas emissions (GHGs) totalled 1,122,597,814.79 kilograms for the year. The contributors were primarily a result of energy consumption (electricity, gas and heating oil), refrigerant leaks, fleet fuel and waste.

### Other Initiatives







Home > Respect the Environment > Reducing Our Carbon Footprint > Refrigeration and Energy Efficiency Print this Page 🖨



# Refrigeration and Energy Efficiency

Minimizing energy consumption and refrigerant leaks in our stores are among our top priorities for reducing our carbon footprint.

We are working to decrease refrigerant leaks by 5% a year, and have achieved great improvements over the past two years. At many of our stores, we have incorporated alternative refrigeration system designs that significantly reduce refrigerant requirements and potential refrigerant leaks. We have also updated our refrigerant policies and procedures and established a strict policy on leaks. Diligent checking for leaks is part of our standard operating procedures.

We are deploying new refrigeration systems in some of our stores. This change involves moving portions of compressor systems closer to the refrigerated display cases, which reduces the amount of refrigerant circulating between display fixtures and refrigeration systems, thereby lowering the potential for leaks.

New stores and renovations also present the opportunity to improve energy efficiency. In major store renovations we are able to reduce our energy consumption by about 10%. During renovations we typically increase the refrigerated space for our customers. However, through technological advancements, we are still able to reduce energy consumption by replacing open freezers with closed-door units, thereby reducing the amount of air that escapes; adding pull-down curtains to refrigerated cases; and installing automated energy management systems to reduce lighting and energy use when stores are closed.

For example, through the renovation of our Superstore in Kelowna, British Columbia, we reduced electricity consumption by 12% by building a new energy management system, upgrading store lighting fixtures and store refrigerating systems, and adding more refrigerated cases.

#### Other Initiatives





In 2010, we embarked on a refresh program for *President's Choice Financial* (PCF) pavilions in our stores. New light-emitting diodes (LED), pot lights and track lights were installed in 71 pavilions, reducing lighting by 50%.





Home > Respect the Environment > Reducing Our Carbon Footprint > Renewable Energy

Print this Page



# Renewable Energy

In 2010, in partnership with Northland Power, we installed photovoltaic (PV) panels on the rooftops of two Ontario stores, Loblaws in Toronto and the Superstore in Ajax, as pilot projects to generate clean, renewable power. The panels convert sunlight into electricity, offsetting a portion of the power that we draw from the provincial electricity grid. PV panels require minimal maintenance and operate silently, making photovoltaic energy a clean and safe method of power generation.

Together with Northland Power, we will add two more Superstore locations in Whitby and Orleans in Ontario in 2011. If the pilots are successful, we will expand to more stores in the future.

### Other Initiatives





Home > Respect the Environment > Reducing Our Carbon Footprint > Transportation

Print this Page



# Transportation

We have made great strides in reducing our fuel consumption and carbon emissions by rolling out integrated transportation management systems to reduce empty miles, developing driver training programs and investing in new equipment that includes anti-idling and hybrid technology. We are pleased to report that we are getting results.

For the past three years, we have improved the fuel efficiency of our transport fleet. In 2010, we achieved a 2.3% improvement in fuel efficiency - enabling us to avoid emitting approximately 791,671 kilograms of CO2-equivalent. This equates to approximately 18 trips around the world in a Class 8 transport truck.

There are three primary contributors to the improvement:

- We completed the roll-out of an integrated transportation management system which, among other things, will enable us to reduce empty miles - decreasing the number of empty trailers on the road.
- · Driver training and behavioural changes We have improved fuel efficiency by training our drivers to minimize idling times and use progressive shifting (up-shifting as early as possible when accelerating).
- . Equipment upgrades We have invested in new tractor units with side fairings to reduce drag; multi-axle trailers that pull more weight from the same truck; low-rolling-resistance tires; and bunk heaters, which keep drivers warm in the cold winter months without running the truck.

## Hybrid Truck Technology

In 2010, we began upgrading our fleet to the lowest-emission trucks on the market including testing a Class 8 transport truck run by hybrid technology. Loblaw became the first Canadian retailer to undertake such a pilot. The truck looks like most other transport trucks on the road but the key difference is the hybrid system that helps the truck accelerate from idling. When the truck engages its braking system, electricity is created and stored in the battery to power the truck. Many Loblaw stores are located in urban areas where there are many deliveries requiring starts and stops in traffic ideal conditions for testing this new technology. The outcome of the pilot will determine the number of trucks in our fleet that can be replaced with hybrid technology in coming years.

#### Other Initiatives



## Reefer Technology

We also initiated a test of non-diesel-burning technology for our refrigerated trailers. Options are becoming available to refrigerate a trailer using ice slurry and nitrogen rather than a diesel reefer unit.

We continue to investigate alternative technology in the transportation industry so that we can continue to reduce our greenhouse gas emissions and be less reliant on fossil fuels.





At Loblaw, we want to buy and sell our products responsibly – so our customers know that everything they buy is safe, supports the Canadian economy where possible, and promotes the health and vitality of our food sources.

## **Our Priorities**

Source close to home to support local, regional and national Canadian producers and to give our customers fresh, wholesome food.

Source ethically from Canadian and international vendors who share our values and uphold high standards of quality, integrity and social responsibility. Work to ensure the health and vitality of our food sources, including our oceans.





Home > Source with Integrity > Sustainable Seafood

Print this Page



## Sustainable Seafood

Loblaw is Canada's largest buyer and seller of seafood. To help protect our oceans from overfishing and other detrimental impacts, we have committed to source 100% of the seafood sold in our stores from sustainable sources by the end of 2013. By "sustainable seafood", we mean that a species is fished using techniques that will ensure the health and availability of supply for generations to come.

This commitment cuts across our entire business, not just for our own control brands but for all national brands across all categories. Additionally, because some keys to the success of this policy lie outside our direct control, we work diligently with stakeholders to achieve our goals.

We made impressive progress in 2010 and are on track to meet our 2013 targets:

- · Public awareness and education campaigns One of our highest-profile initiatives was our national campaign, in which empty trays at the seafood counter replaced fish that we had identified as "at risk", such as orange roughy, Chilean sea bass, shark and skate.
- Procurement practices for fresh swordfish At participating stores, we sell fresh swordfish caught only using pole and line or harpoon. When compared to the traditional long-line catch method, pole and line and harpooning reduce the bycatch of species like seabirds, sharks and turtles.
- · Advanced salmon aquaculture initiatives We introduced WiseSource Salmon, a more responsibly sourced farmed Atlantic salmon, at our stores in Ontario and Quebec. WiseSource will become our new control brand for fresh sustainable seafood products. We are also investigating closed-containment-grown salmon on the West Coast, and we are participating in the Salmon Aquaculture Dialogue, a WWF initiated roundtable focused on minimizing the negative environmental and social impacts of salmon farming.
- . Marine Stewardship Council (MSC) certified products We have increased the number of these products on our store shelves to 22. The products include a wide range of President's Choice and SeaQuest shrimp, scallops, varieties of salmon, cod, halibut and tuna products.

For more information, please visit www.oceansfortomorrow.ca or our Facebook page.

#### Other Initiatives

Algoma Orchards Canadian Plants and Flowers

WiseSource Salmon

#### Related Links

Sustainable Seafood Commitment (PDF - 2.4 KB)

Sustainable Seafood Commitment (Video - 17.5 MB)

> Visit us on Facebook









Home > Source with Integrity > Safety and Quality Management

Print this Page



# Safety and Quality Management

Loblaw aims to be the leader in Canadian retail for food safety and quality management. We were the first national grocery retailer in Canada to insist that our control brand suppliers comply with safety standards under the Global Food Safety Initiative (GFSI). We want our customers to have every confidence that the food they buy from us is safe.

GFSI (www.mygfsi.com) is an international alliance started by eight of the world's largest food retailers. GFSI has benchmarked the leading global food safety schemes and integrated them so that when a manufacturer is compliant with a GFSI-benchmarked scheme, it is automatically accepted as equivalent to all other corresponding GFSI-recognized standards.

All vendors supplying ready-to-eat foods (such as cheese, deli and salads) to Loblaw were required to be audited and certified compliant with applicable GSFI-recognized standards by December 31, 2010. We are pleased to report that the objective was achieved. By year-end 2011, all of our control brand vendors will be compliant with these standards.

Under our new policy, every facility manufacturing or packing product for Loblaw control brands must be audited annually, at the vendor's expense, by an independent accredited certification body. To assist vendors with these standards, we hold webinars to connect them with certification bodies.

### Vendor Audits

In 2010, we continued a process of ensuring that all new and existing vendors sign the Loblaw Standard Terms and Conditions (STC), which spells out the standard requirements of working with us.

We also continued CSR audits of direct offshore vendors, including factories, mills, packing houses and growing locations. In 2010, 828 third-party CSR audits were conducted, of which 727 were fully compliant with our standards and 95 required corrective action and follow-up. The CSR audits ensure that products are being manufactured in a socially responsible way, including no child harassment, abuse or forced labour; fair pay and benefits; and health and safety aligned to applicable regulations.

### Other Initiatives

Algoma Orchards Canadian Plants and Flowers WiseSource Salmon





BREAKFAST FOR LEARNING

President's Choice Children's Charity awarded to Breakfast for Learning

SUSTAINABLE FOOD PRODUCTION

NEW BLUE MENU PRODUCTS

REDUCED SODIUM LEVELS

Home > Make a Positive Difference in Our Community

Print this Page



We are proud of our heritage and are committed to Canada's prosperity. With grocery stores from coast to coast, Loblaw plays a leading role in helping feed Canadians. We also provide jobs, support community programs and get involved in local events.

### **Our Priorities**

Help Canadians make healthier food choices by providing healthy meal options and nutrition information.

Give generously to community programs in the areas of President's Choice Children's Charity, healthy active kids, feeding our neighbours and greening our communities. Encourage Loblaw stores and colleagues to get involved in local charitable causes through our Colleague Volunteer Grant Program.





Home > Make a Positive Difference in Our Community > Economic Impact





# **Economic Impact**

Loblaw annually injects millions of dollars into the Canadian economy. We are one of Canada's largest private-sector employers along with our corporate stores and franchisees employing more than 136,000 colleagues. We are also one of the largest purchasers of Canadian goods and services.

For most Canadians, Loblaw's impact is mainly felt through our stores. Besides meeting customers' everyday household demands, our stores provide good, rewarding jobs for people in the community. We support local causes and work with local suppliers. We also contribute to the vitality of local communities.

We invested more than \$700 million directly into our stores in 2010, touching more than 200 stores from coast to coast. We created thousands of jobs in the process by tendering construction contracts to Canadian contractors.

Here is our major project count for the year:

new stores

stores converted to different Loblaw banners

store renovations

new Joe Fresh

standalone store

in Vancouver

#### Other Initiatives

Loblaw Companies Limited Chair in Sustainable Food Production

La grande guignolée des médias in Quebec

After-School Grants

Cooking Schools

KidSport™

President's Choice Children's Charity (PCCC) Donations Made to Children's Hospitals



For more information on Loblaw's economic performance, please see our 2010 Annual Report.





Making lives easier.

Home > Make a Positive Difference in Our Community > President's Choice Children's Charity

Print this Page 🖨



# President's Choice Children's Charity

We created *President's Choice* Children's Charity (PCCC) more more than 20 years ago to empower our stores, colleagues, franchisees and their employees to support families in the communities where we have stores. One of the largest corporate charities in Canada, PCCC is dedicated to improving children's health with a focus on children with disabilities and childhood nutrition.

In 2010, PCCC granted \$10.1 million to more than 1,900 Canadian families. Grants typically supported the purchase of assistive devices, vehicle adaptations, developmental and physical therapy, camp tuition, home improvements and respite care. Grants are presented to recipient families by our stores in their respective communities.

PCCC also awarded \$2.6 million to Breakfast for Learning to fund 5,000 programs across Canada for the 2010/2011 school year. The donation provided 2,300 programs with direct child nutrition grant funding that aim to give students access to healthy breakfasts, lunches and snacks. The additional 2,700 programs received support through education materials and access to registered dietitians and nutritionists. For more information, please visit www.breakfastforlearning.ca.

The funds for PCCC are raised through corporate support from Loblaw, vendor contributions and many fundraising initiatives organized by our stores, distribution centres, store support centres and individual colleagues, including the following:

- The twice-annual in-store icon fundraiser campaign raised more than \$3.4 million thanks to the generosity of our customers and colleagues who donated toonies at check-out in our stores.
- Our colleague donation campaign, which included colleague pledge donations and activities, raised more than \$1.9 million.

#### Other Initiatives

Loblaw Companies Limited Chair in Sustainable Food Production

La grande guignolée des médias in Quebec

After-School Grants

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KidSport™

President's Choice Children's Charity (PCCC) Donations Made to Children's Hospitals





Home > Make a Positive Difference in Our Community > Supporting Our Communities

Print this Page



# Supporting Our Communities

We want to be active in our communities. That is why, as a member of Imagine Canada, we have pledged to donate at least 1% of our pre-tax profit per year to charitable and non-profit organizations.

We support our focus areas of healthy active kids, feeding our neighbours and greening our communities through four main channels:

### Corporate Sponsorships

In 2010, Loblaw invested \$4.4 million in corporate sponsorships such as Alpine Canada Alpin, corporate gift cards and the Zehrs Save-a-Tape program to support non-profit organizations in local Zehrs communities.

### Community Initiatives

We invested almost \$5.5 million in a number of national initiatives, including the following:

- PCCC We donated \$1.8 million to PCCC to help children who are physically or developmentally challenged and for children's nutrition as the leading supporter of Breakfast for Learning.
- Loblaw After-School Grant \$250,000 was awarded to after-school programs that help kids develop healthy, active lifestyles.
- WWF Using a portion of the proceeds of the pay-for-bag charge at our stores, we
  partnered with WWF to mobilize Canadians to take action on the environment in
  initiatives such as National Sweater Day, the Green CommUnity School Grants
  Program and Great Canadian Shoreline Cleanup. We have made a commitment of
  \$3 million over three years.
- Food Banks Canada We made a \$250,000 donation to Food Banks Canada in addition to spearheading two Extra Helping national food drives at our stores.
- YMCA Canada We contributed \$100,000 for children, teens and families who are unable to afford the full cost of participation in a YMCA program or activity.
- Colleague Volunteer Grant Program Loblaw colleagues can apply for a \$500 donation to an organization where they volunteer at least 40 hours a year.

#### Other Initiatives

Loblaw Companies Limited Chair in Sustainable Food Production

La grande guignolée des médias in Quebec

After-School Grants

Cooking Schools

KidSport™

President's Choice Children's Charity (PCCC) Donations Made to Children's Hospitals



- University of Guelph \$3 million gift to the University towards the establishment of the Loblaw Companies Limited Chair in Sustainable Food Production.
- The Conference Board of Canada Loblaw has taken a leading role in the development of The Conference Board of Canada's Centre for Food in Canada, which aims to develop a framework for a national food strategy.

Back to top

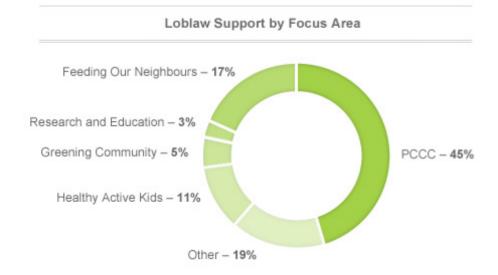
#### Local Investment

Local investments totalling \$2.8 million went towards community programs initiated by our stores and other areas of the business.

Back to top

## Fundraising

With more than 14 million customers shopping in our stores every week in communities across Canada, we are well positioned to help raise funds for charities and non-profit organizations. In total, we facilitated the donation of \$22.4 million to help raise funds for charities, organizations and causes like PCCC, food banks, Haiti relief, clothing collections, YMCA Strong Kids, SickKids Hospital and many other worthy causes. We also raised \$1.2 million in funds and collected 1.2 million pounds of food for food banks across Canada through our national *Extra Helping* food drives.



Back to top





Home > Make a Positive Difference in Our Community > Healthier Eating

Print this Page 📮



# Healthier Eating

We give our customers a wide variety of healthy products to choose from – ranging from fresh vegetables, fruits, meat, whole grains and dairy products to an expanding array of foods that address different health and lifestyle choices. By making healthy eating easy, affordable and delicious, we believe that Loblaw can play a key role in improving the health and well-being of Canadians – and we are stepping up our efforts in this area.

In 2010, we developed 80 new *Blue Menu* products. Each product is designed to be healthier than the *PC* alternative, for the same great price. For a product to be part of the *Blue Menu* product line, it must meet at least one of the following nutritional criteria: 1) more omega-3 polyunsaturated fats, 2) more fibre, 3) fewer calories, 4) less fat, 5) more soy protein, or 6) lower sodium. Now there are more tasty choices than ever within each of these important pillars of good nutrition.

### Sodium Reduction

A key focus in 2010 was sodium reduction. We are working to achieve Health Canada's sodium reduction targets, which require about a 1/3 reduction of sodium in consumers' diets by 2016, to a population average of 2,300 mg of sodium per day. Towards this goal, we reformulated 132 control brand products in 2010, reducing sodium levels by an average of 19%. Products include *Blue Menu* Soy Beverage, *PC* French Baguette and *no name* Sliced Turkey Dinner.

Furthermore, we developed more than 300 new control brand products in 2010 that met our internal guidelines for responsible sodium content (as established by our team of nutrition researchers, registered dietitians and nutritionists following Canada's Food Guide). The control brand product list includes the 80 *Blue Menu* products developed last year.

We continue to work with nutritional specialists and research teams to create products that are healthy and nutritious and that have low sodium content without compromising taste.

#### Other Initiatives

Loblaw Companies Limited Chair in Sustainable Food Production

La grande guignolée des médias in Quebec

After-School Grants

Cooking Schools

KidSport™

President's Choice Children's Charity (PCCC) Donations Made to Children's Hospitals





Canadians originate from all parts of the world. Loblaw recognizes this diversity as a source of national pride and strength. We strive to reflect this diversity in the products we sell, the people we hire and the workplace culture we create.

### **Our Priorities**

Expand our range of **new** and **unique products** that reflect our nation's evolving cultural mosaic. Reflect the **diverse customers** we serve at all levels of the business. Create an **inclusive**, **respectful work environment** that values the range of perspectives, backgrounds, abilities, orientations and skills that our colleagues bring.





Home > Reflect Our Nation's Diversity > Our People

Print this Page



# Our People

We firmly believe in the benefits that a diverse workforce can bring in providing perspective on changing customer needs and in offering new solutions to evolving business challenges.

### Recruiting

In 2010, we completed a national roll-out of our Inclusion Toolkit to help managers and recruiters recruit and hire candidates with diverse backgrounds. The toolkit includes advice and tools for recruiting through non-traditional methods, screening and interviewing objectively, and helping new employees get started at Loblaw.

We are also using interactive tools developed in-house and by the Canadian HR Grocery Council to better understand the demographics of the communities we serve and to connect with job seekers from among immigrants, persons with disabilities, older workers, and women seeking management careers. The tools enable store managers to obtain census data to help them better understand the ethnicity of their local community.

### Advancement of Women

We have set a target of increasing the percentage of female store managers in our corporate stores to 25%. Although we achieved a slight increase in 2010, from 20% to 21.7%, there is still room to improve.

One of the initiatives we have introduced to help women progress is women@Loblaw, which brings female colleagues together for professional development and networking. Participants also take part in external events organized by the Women's Executive Network and the Canadian Women's Foundation, and in volunteer activities.

Other Initiatives

Chinese New Year Diwali



#### Welcoming Persons with Disabilities

Increasing our hiring of people with disabilities continued to be a focus at Loblaw, and many stores have partnered with community organizations to do this. For example, the *Atlantic Superstore* in Grand Falls, N.B., offered a five-week training program for persons with disabilities. Participants worked in various store departments and conducted a variety of tasks throughout the store. Several of our stores in Ontario worked with the Ottawa-Carleton Association for Persons with Developmental Disabilities (OCAPDD) and Community Living Toronto to offer training programs for potential colleagues with disabilities before hiring them. To date, 13 colleagues have been employed through OCAPDD in Ottawa and 16 through Community Living Toronto. In partnership with Career Edge Organization, Loblaw has been launching the careers of graduates with disabilities through the Ability Edge paid internship program. In 2010, our Brampton store support centre hired a full-time employee through the Ability Edge program.

## **Ethnic Merchandising Team**

Loblaw strives to reflect the diversity of our country in the range of products we offer our customers. We have a dedicated ethnic merchandising team, led by a senior vice president who reports to the executive team, committed to delivering foods from around the world, across all areas of the business from fresh to grocery.





INCREASED COLLEAGUE **ENGAGEMENT** 

Colleague engagement score has risen by 3% since 2008

FEWER WORKPLACE **ACCIDENTS** 

REDUCED TURNOVER

CANADA'S TOP 100 EMPLOYERS

Home > Be a Great Place to Work

Print this Page



Every day, more than 136,000 Loblaw colleagues and franchise employees work hard in our corporate and franchised stores, distribution centres and store support centres to serve our customers. We appreciate everything they do. We make sure that they are recognized for their contributions and supported in their career aspirations.

### **Our Priorities**

Build a culture that welcomes colleagues and encourages them to voice opinions, ask questions and contribute ideas.

Maintain a safe workplace.

Recognize and reward excellent contributions by our colleagues.

Give colleagues the training they need to do their job well and to serve customers the way they would want to be served.





Home > Be a Great Place to Work > Colleague Engagement

Print this Page



# Colleague Engagement

We recognize the importance of engaging our colleagues and helping them reach their full potential. Over the past few years, we have introduced a broad range of tools and processes specifically designed to improve colleague engagement and align actions around the right priorities.

Based on the feedback we received in 2010, it seems that we are on the right track:

- Our overall colleague engagement score has risen by 3% since 2008. Engagement
  is measured through our *Tell it as it is* feedback surveys. Each colleague has two
  opportunities a year to participate in the survey. Participation rates remain high at
  86% nationally. Among notable 2010 results, scores for a question on overall
  enjoyment rose by 4% in our corporate stores. In our distribution centres, we saw a
  4% improvement in scores for questions on recognition, praise and
  inspirational leadership.
- Colleague turnover declined by 11.5% in our corporate stores, distribution centres and store support centres with the most significant improvement in our stores.
- Loblaw was named one of Canada's Top 100 Employers for the second year in a
  row, and one of the Top Employers for Young People in 2010. Some of the initiatives
  that helped us earn our place on Canada's Top 100 Employers list in 2010 were
  morning huddles (short daily meetings to discuss what's going on in the business),
  the new Above and Beyond the Call of Duty recognition program in which
  colleagues can nominate one another for recognition, and the grad@Loblaw
  program for recently graduated university and college students.

#### Other Initiatives

Morning Huddles
ABCD Recognition Program
Employee Kudos
Great Place to Work Week





Home > Be a Great Place to Work > Health and Safety

Print this Page 🖨



# Health and Safety

We want and need our colleagues to be safe at work. We set a target of reducing workplace injuries by 15% from 2010 to 2013.

While we will not be fully satisfied until we achieve zero harm, we were pleased to achieve our goal in the first year, with an 18.6% reduction in accidents. Since 2007, when we started standardizing safe-operating procedures and introduced more rigorous reporting systems, we have reduced accidents by 42%. We continue to refine our management systems and recently introduced a national health and safety audit to assess compliance with operating procedures.

The focus in 2010 was on reducing strains, sprains and cuts. To get the message out, we created "ergo cards" specific to each store department, which provided practical techniques for reducing musculoskeletal injuries. The cards were distributed by our safety team during store visits and discussed in safety talks and daily huddles. Ergonomics was also the theme of our national health, safety and wellness week in May.

## Wellness

We developed a three-year wellness program for our colleagues that will include a web platform, internal wellness ambassadors, programs for specific health conditions and incentives and rewards.

To encourage colleagues and their families to get fit, they can join a GoodLife Fitness Club at a discounted corporate membership rate after six months of continuous service with Loblaw. Many GoodLife Fitness Clubs are located inside Loblaw stores, making it even easier for colleagues to work out.

Other Initiatives

Morning Huddles ABCD Recognition Program Employee Kudos Great Place to Work Week





Home > Be a Great Place to Work > Training and Development

Print this Page



# Training and Development

Loblaw has many on-the-job opportunities for colleagues to learn new skills and try different things. We also offer a variety of training programs to support colleagues at every stage of their career.

In 2010, we launched the Best Store Leadership initiative to support the development of store managers as business leaders. Various tools and programs came together under the initiative, including 18 development centres for more than 300 participants. At the centres, participating store and assistant store managers complete online assessments, behavioural interviews and simulation exercises to evaluate their leadership strengths and development needs. They each receive a personal feedback report, which is then linked to their individual professional development plans.

Other initiatives include role clarity sessions between managers and senior leaders to clarify what store managers should be doing every day to improve customer satisfaction, colleague engagement and costs.

To monitor progress after Best Store Leadership training, we completed a check-in after 30, 60 and 90 days to see how the tools and programs were being applied. Best Category Leadership (BCL) was also implemented during the year, focusing on the critical role of category managers. All category managers attended the BCL development centres to accelerate personal development and performance.

### Other Initiatives

Morning Huddles **ABCD Recognition Program** Employee Kudos Great Place to Work Week