



# The Way We Do Business

## 2011 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 2011 report outlines this year's strategies, achievements and challenges.

## CSR at Loblaw



### OVERVIEW

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

Corporate social responsibility (CSR) supports our mission and is critical to our overall business success. The way we see it, by making positive contributions in our community and minimizing negative impacts on our environment, we become the preferred choice of our customers and the preferred partner of our vendors. This in turn drives strong business performance and gives us the means to make those contributions as a responsible corporate citizen

### OUR CSR COMMITMENTS

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**

**Be a Great Place to Work**

## Chairman's Message



The link between diet and health has become increasingly apparent. It is also clear that our society will be challenged in the future to provide sustainable health care for its citizens. Our intention to be part of the solution to this challenge can be seen in our stores, which are rapidly becoming health and wellness destinations. We are adding products, resources and programs to empower customers to make healthier choices and lead healthier lifestyles. At many of our stores, customers have access to in-store experts such as dietitians and pharmacists and health-care providers. For example, as part of an innovative collaboration with the Canadian Diabetes Association, our pharmacists now perform personalized diabetes risk assessments. More than 19,000 such assessments were completed in 2011. Our dietitians are available to help with nutrition information, answer health-related questions about food choices and assist with menu planning. At the end of the year, we prepared for the launch of the *PC Blue Menu* package redesign which makes it easier to see a product's nutritional attributes. And we will roll out the innovative *Guiding Stars* nutrition scorecard system to more stores across the country in 2012.

Since publishing the first CSR Report five years ago, one of our first major initiatives was a commitment to reduce plastic shopping bags going to landfill by one billion by 2009. I am very pleased to report that by year-end 2011, 3.8 billion plastic shopping bags had been diverted from landfill.

In 2009, we took a stand on seafood, committing to source 100% of our seafood from sustainable sources by 2013. We are making good progress and are collaborating extensively with WWF (World Wildlife Fund), the Marine Stewardship Council, seafood scientists, government and our many seafood vendors to achieve this goal.

Since the inception of *President's Choice* Children's Charity in 1989, more than \$72 million has been raised and granted to children and families in communities across Canada. I am very pleased that in 2011 alone, \$10.6 million was granted to children with disabilities and an additional \$2.75 million to children's nutrition programs.

"With ambitious action plans and multi-year targets, we will continue to push the limits of what is possible. I personally want to thank all our customers and colleagues for embracing corporate social responsibility and helping us become a powerful force for positive change."

Galen G. Weston  
Executive Chairman

We are also making progress in packaging reduction, one of the key priorities that our customers tell us they want to see action on. In 2011, we took steps to increase the recyclability of many of our products' packaging. We spearheaded an industry project to remove obstacles to recycling thermoformed clamshell packaging and now have more than 250 control brand products packaged in a single plastic resin (PET) that is increasingly being recycled. Many of our competitors are following suit and helping to make a big difference in how much packaging is diverted from landfill.

As Canada's largest food retailer, Loblaw has a clear interest in the long-range issues facing our food supply and we believe we can be a powerful part of the solution to some of these challenges. In 2011, we became the first in Canada to adopt the Global Food Safety Initiative (GFSI) ensuring our control brand food vendors apply the highest food safety standards to our products. We have taken a leading role in The Conference Board of Canada's Centre for Food in Canada, which aims to develop a national food strategy. Our \$3 million gift to the University of Guelph established the Loblaw Companies Limited Chair in Sustainable Food Production, the goal of which is to establish a global centre of excellence, bringing the best minds together to make Canada a world leader in sustainable food production.

Finally, in 2011, we took a big step forward in the evolution of our CSR journey, with the development of a CSR long-range plan (LRP). The LRP affirms our focus on food and our commitment to taking the lead on issues of importance to Canadians and our business where we can have the greatest impact. With ambitious action plans and multi-year targets, we will continue to push the limits of what is possible. I personally want to thank all our customers and colleagues for embracing corporate social responsibility and helping us become a powerful force for positive change.

Sincerely,

Galen G. Weston  
Executive Chairman

## About Loblaw

Loblaw Companies Limited is Canada's largest food retailer and a leading provider of drugstore, general merchandise and financial products and services.

### LOBLAW AT A GLANCE

At Loblaw, providing an exceptional shopping experience starts with understanding our customers' needs. Our two-division structure supports a deeper understanding of different customers and dedicated expertise, which help us deliver the right products, to the right place, at the right time and at prices that our customers expect to pay whether in our conventional supermarkets or discount grocery stores. Whether conventional or discount, we have large and small, corporate and franchise stores across the country to help us meet the specific needs of our customers.

#### 22 banners across the country

#### 584 corporate and 462 franchised stores coast to coast

#### 23 Company and 11 third-party-operated distribution centres service our stores

### CONVENTIONAL

#### CORPORATE



#### FRANCHISED



### DISCOUNT

#### CORPORATE



#### FRANCHISED



### OUR CONTROL BRANDS



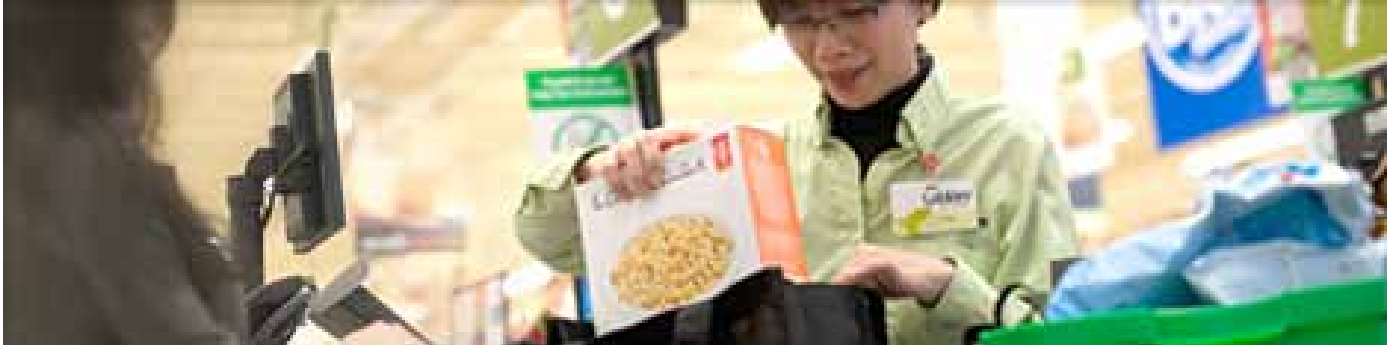
Loblaw offers customers high-quality products and great value through Canada's most respected control label program with famous brands including *President's Choice*, *no name* and *Joe Fresh*. The Company also offers Canadians innovative financial products and services under the *President's Choice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

**Our *President's Choice* and *no name* control brands are the number one and number two consumer packaged goods brands by sales in Canada, respectively.\***

\*source: AC Nielsen MarketTracker, 52 weeks ending December 17, 2011



## About This Report



The 2011 CSR Report details the corporate social responsibility (CSR) performance of Loblaw Companies Limited (Loblaw) for the year ending December 31, 2011. It reports on CSR activities within Loblaw, covering all corporate stores, corporate distribution centres and store support centres.

In preparing for this report, we have aimed to provide a 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, vendors and investors. We engage with these stakeholders through meetings, interviews, customer 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 fifth year in which we have published a CSR Report. The last report was published in May 2011. There have been no significant changes in the scope of our reporting or the data measurement methods applied since that report.

### CSR MATERIALITY ASSESSMENT

Our assessment of materiality is based on a range of factors including basic expectations expressed in international standards and agreements, feedback from stakeholder engagement initiatives conducted internally and by the Canadian Business for Social Responsibility (CBSR), customer surveys, public policy, regulations, media coverage and the work of leading sustainability organizations such as the GRI. Our 2011 report is also informed by the research and analysis conducted during the development of our long-range CSR plan.

### REPORT ASSURANCE

All CSR plans and stated goals, targets, objectives and results are reviewed by Loblaw's Disclosure Committee and by our Legal and Internal Audit departments.

### EXTERNAL STAKEHOLDER REVIEW

CBSR has assessed Loblaw CSR Reports against the ten Global Reporting Initiative Principles for defining quality and content. In addition, CBSR has conducted stakeholder outreach on behalf of Loblaw to solicit feedback and recommendations on the Company's report and convey stakeholder recommendations to the Loblaw senior leadership team.

**“CBSR is pleased to be a part of Loblaw’s sustainability journey. Loblaw has made genuine progress over the years, particularly in waste management, expanding healthier food choices, and sustainable sourcing. We are delighted to see Loblaw’s fifth sustainability report, which demonstrates transparency and commitment to its stakeholders.”**



## Governance



The Loblaw Corporate Social Responsibility (CSR) Committee is responsible for championing CSR 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, CSR 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.

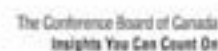
The CSR Committee is chaired by the Senior Vice President of Corporate Affairs and Communication, who reports directly to the Loblaw Executive Chairman and to the President.

### 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 its strategic and operational objectives.

## Partnerships

Loblaw is proud to partner with a wide range of stakeholders in an effort to meet our corporate social responsibility objectives and drive responsible business practices. Some of our key partners include:



## Long-Range Plan



Our aim is to use our scale and influence as a force for positive change on the issues that matter most to our customers, colleagues and business. We developed our five pillars of corporate social responsibility (CSR) to do just that. The pillars frame our approach to CSR and help instill greater discipline around target setting, action plans and measurement.

In 2011, we took a deeper look into our CSR pillars and identified specific issues that have a long-term impact. From this, we developed our Loblaw CSR long-range plan (LRP) – new initiatives to contribute to a sustainable society. Our annual targets will continue to be reported based on our five CSR pillars and we will report our progress along with these new long-term initiatives in future reports.

We assessed a range of issues in terms of their importance to Canadians, their relevance to our business, the potential for Loblaw to take a leadership position on the issue, and the urgency of the issue. Four priority themes emerged and they form the basis of the LRP.

### HEALTH AND WELLNESS

- Empowering Canadians to make healthier food choices and supporting them on their journey to a healthier lifestyle through:
  - Integrated health programs with the assistance of our in-store dietitians and pharmacists
  - Partnerships with health-oriented organizations

### ENVIRONMENTAL FOOTPRINT

- Collaborating with stakeholders to develop waste reduction programs with a focus on food waste, recycling and packaging
- Focusing on operational efficiencies to lower our carbon footprint – primary sources: energy use, electricity and fuels
- Managing our water footprint

### RESPONSIBLE SOURCING

- Supporting local and regional Canadian vendors
- Working with industry associations, experts and our vendors to establish animal welfare best practices and standards
- Strengthening our commitment to local sourcing, animal welfare, sustainable seafood and palm oil

### FOOD STANDARDS AND SAFETY

- Using our size and influence to raise the overall level of food safety and quality standards throughout our supply chain

For each of these priorities, we are establishing multi-year action plans and targets along with appropriate management and measurement processes.



## Highlights



### ENVIRONMENT

- Since 2007, reduced the number of plastic shopping bags from our stores by 3.8 billion.
- Diverted 78% of waste from corporate distribution centres.
- More than 250 control brand products packaged in a single plastic resin (PET) to improve recyclability.
- Generated 222,780 kilowatt hours of clean carbon free energy with photovoltaic (PV) rooftop solar panels installed in four Ontario corporate stores.
- Converted more than 36,000 light fixtures to fluorescent technology resulting in energy savings sufficient to power 4,700 homes for a year.

### SOURCING

- 30% of the produce sold in our stores sourced from Canadian growers.
- Added more than 50 new Marine Stewardship Council (MSC)-certified wild-caught seafood products in our stores.
- All control brand food vendors audited and certified compliant with applicable Global Food Safety Initiative (GFSI) recognized standards.
- Doubled the number of Ontario beef farmers supplying us with Ontario Corn Fed Beef.

### DIVERSITY

- Appointed 21 new diversity champions to spearhead diversity initiatives within their divisions.
- Increased the percentage of female store managers by 6.4% over 2010 to 23%.
- Increased the number of ethnic produce items and Halal meat products in our stores, with 92% of stores carrying some of these products.

### COMMUNITY

- *President's Choice* Children's Charity granted more than \$72 million to more than 10,000 families and nutrition programs across Canada since its inception in 1989.
- Together with our colleagues, customers and vendors, donated more than \$38 million to charities and non-profit organizations across Canada in 2011.
- Launched *Guiding Stars* nutrition scorecard.
- Reformulated 208 existing control brand processed products, reducing sodium by an average of 19%.
- Added 11 in-store dietitians in 24 corporate stores.

### GREAT PLACE TO WORK

- Launched the Loblaw Scholarship Program, making 200 scholarships of \$1,500 each available to colleagues, family members, friends and customers for post-secondary diploma or degree programs.
- Achieved a 19% reduction in workplace accidents.
- 49,257 colleagues received Loblaw retail training at our 16 Learning Centres.
- Named one of Canada's Top 100 Employers for the third year in a row, and one of Canada's Top Employers for Young People for the second consecutive year.



## Respect the Environment

As our plastic bag reduction initiative demonstrates, Loblaw's actions on environmental issues can alter behaviour by our customers and throughout our industry. We are committed to reducing the environmental impacts of our day-to-day operations and to leading the way on issues where we can have the greatest impact.

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**Since 2007, reduced the number of plastic shopping bags from our stores by 3.8 billion.**

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**Diverted 78% of waste from corporate distribution centres.**

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**More than 250 control brand products packaged in a single plastic resin (PET) to improve recyclability.**

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**Completed more than 36,000 lighting retrofits saving enough energy to power 4,700 homes for a year.**

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**Generated 222,780 kilowatt hours of clean carbon free energy from rooftop solar panels at four stores.**

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**Since 2008, recapped more than 20,000 tires in our fleet saving more than 1.1 million litres of oil.**

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### WASTE DIVERSION

With each passing year, our waste diversion programs are gaining ground. Since 2007, when we first committed to reducing plastic shopping bag use in our stores, the number of bags diverted from our stores has reached 3.8 billion. When laid flat on top of each other, 3.8 billion plastic shopping bags is equivalent to 199 CN Towers stacked one on top of the other.

We are committed to reducing the amount of non-recyclable waxed corrugated cardboard by transitioning to Reusable Plastic Containers (RPC) for shipping produce from growers to our distribution centres to our stores. In 2011, 3.5 million cases of produce were shipped in RPCs. The response from produce managers, product specialists, our distribution centres and our quality assurance team was overwhelmingly positive, citing improved product quality and reduced damage. RPCs are used, sanitized and reused many times over. Compared to wax corrugated cardboard boxes, RPCs use less energy and produce less solid waste and greenhouse gas (GHG) emissions.



## Respect the Environment (continued)

In 2008 we introduced Canada's first and only national recycling program for gardeners. Exclusive to Loblaw stores, gardeners across the country can drop off their used plastic pots and flats which are not accepted by Blue Box programs. The plastic products are then recycled to create new pots and flats for the next season. Gardeners can also return used pots and flats purchased at any garden centre to Loblaw stores. Through our unique program, we diverted 4.1 million pounds of pots and flats from landfill from 2008 to 2011. In 2011, the expansion of organic waste programs was the primary driver of improved diversion results in our corporate stores and distribution centres.

### CORPORATE STORES

In 2010, we set a target of 70% waste diversion in our corporate stores, and we are making progress toward this every year. In Ontario, we enhanced our organic mills in 28 existing corporate stores and installed two new organic mills in our *Loblaws* at Maple Leaf Gardens® and *Loblaws* Queen & Portland stores in Toronto. The mills liquefy produce and other food-related waste for shipment to biogas facilities, where the liquid slurry is combined with grease collected in our corporate stores and fed into anaerobic digesters to generate renewable energy.

In Western Canada, we expanded our multi-stream recycling program to 54 corporate stores. In addition to cardboard and paper, the program accepts traditionally non-recycled materials such as hard and soft plastics and waxed corrugated cardboard. In addition to our existing organic diversion programs in two *Real Canadian Superstore* locations on Vancouver Island, we implemented new organic diversion programs in 15 *Real Canadian Superstore* locations in the Greater Vancouver area. In total, in 2011 we diverted 2,050 metric tonnes of organic waste from the 17 corporate stores to commercial compost operations in the West.

Although improvements were made in other geographic markets, results were hampered by the limited availability of cost-effective diversion options.

### DISTRIBUTION CENTRES

We made progress at our corporate distribution centres, achieving a 78% diversion rate, primarily by expanding our organic waste program. We focused on separating organic waste and recyclables from pure waste wherever possible. We introduced organic waste bags and new janitorial carts for separating waste at the source; switched to clear garbage bags; posted recycling reminder signs, and trained colleagues in order to increase recycling awareness. We also increased rigour around waste diversion through improved measurement and waste audits.

### STORE SUPPORT CENTRES

We achieved a 75% diversion rate at store support centres, where recovered waste typically comprises paper, beverage containers and organic material from cafeterias and kitchens. Organic waste diversion programs were added in three Ontario offices and one Quebec office. To drive improvement, we also conducted waste audits which identified issues and opportunities, and implemented action plans to increase colleague awareness.



### PACKAGING REDUCTION

We want to minimize the environmental impacts of packaging while also protecting the products they contain and providing information that consumers need to make informed decisions. Our long-term goals are to:

- Reduce non-recyclable components on control brand packaging by 50% by year-end 2013
- Reduce the total amount of packaging on our control brand products by 5% by 2015

We made significant strides toward achieving our 50% reduction goal by removing polyvinyl chloride (PVC) in rigid plastics used primarily in control brand health and beauty products – a major advance in terms of reducing non-recyclable packaging components. To date, this affected 115 products.

By year-end, we were roughly one-third of the way toward achieving our overall 5% reduction goal. Some of the changes made in 2011 included:

- Reducing the paperboard carton size of *PC Organics* cookies and *President's Choice Cool Delight* drink mixes
- Switching from glass to polyethylene terephthalate (PET) bottles for our *President's Choice Smokin' Stampede* BBQ sauces
- Switching from cartons to bags for *President's Choice* cookie mixes

In total, we reduced the amount of packaging in 19 control brand products by 356,000 kilograms in 2011.

Furthermore, we spearheaded an industry project to remove obstacles to recycling thermoformed clamshell packaging. Grocers like clamshells for packaging produce, baked goods, nuts and dried fruit because they improve food safety and keep products fresher for longer. Customers like seeing the product inside. The main issue is that most municipalities cannot recycle them because they lack the technology to distinguish between PET and other commonly used resins.

To improve recyclability, Loblaw converted to a single plastic resin, PET, for all clamshells in our stores (with the exception of hot case items). By year-end 2011, we converted 34 control brand products to PET packaging. In total we use PET packaging for more than 250 control brand products, primarily in our bakery and produce categories. We also joined with industry partners to initiate a new test protocol for recycling adhesives and labels used on clamshells.



## Respect the Environment (continued)



### REFRIGERATION AND ENERGY EFFICIENCY

Loblaws is committed to action on climate change and we have worked diligently for many years to reduce GHG emissions resulting primarily from energy consumption, refrigerant leaks, transportation and waste.

In 2011, we completed lighting retrofits in 112 corporate stores resulting in more than 36,000 light fixtures being converted to new fluorescent technology, which uses less electricity. The reduction is equivalent to powering approximately 4,700 homes in Canada for one year. We also advanced light-emitting diode (LED) lighting retrofits in our frozen food and dairy doors. LED lights last up to 2.5 times longer and use as much as 56% less electricity than standard fluorescent lights. In addition, lighting retrofits were completed in three corporate distribution centres in Ontario, Quebec and Alberta.

At the new *Loblaws* at Maple Leaf Gardens® we installed an advanced refrigeration system that uses a natural refrigerant, carbon dioxide (CO<sub>2</sub>), which has a carbon intensity that is 3,900 times less than the synthetic refrigerant used in conventional stores. The store makes use of the energy reclaimed from the refrigeration system to heat the underground parking garage, thereby further reducing the overall carbon footprint of the store.

Across the organization, we reduced the total amount of refrigerant leaked by 9.7% in 2011 through the installation of cutting-edge refrigeration systems and continued improvement in our leak checking program.



### SOLAR POWER

In 2011, in partnership with Northland Power, we completed the installation of photovoltaic (PV) solar panels on the rooftops of two *Real Canadian Superstore* locations in Ontario – Whitby and Orleans. This is in addition to the two solar panel projects completed in Ontario in 2010.

All four rooftop projects were in commercial operation in 2011. By year-end all four corporate stores generated 222,780 kilowatt hours of clean carbon free energy. This is equivalent to powering 23 homes in Canada for one year.

The panels convert sunlight into electricity, offsetting a portion of the power drawn from the provincial electricity grid. Solar panels require minimal maintenance and operate silently, making solar energy a clean and safe method of power generation.

As we build a business case for future installations, we are investigating how well the panels perform through the winter and their impact (if any) on store operations and the rooftops themselves. If results are favourable, we plan to expand solar panel projects at other Ontario stores.



### FLEET EFFICIENCY

Over the past several years, we have undertaken a number of initiatives to reduce the environmental impact of our transport fleet. Actions range from replacing our older trucks with newer, more efficient models; driver training on fuel economy and idle time improvement; equipment upgrades such as truck/trailer skirts, bunk heaters and auxiliary power units (APUs); and finally, the introduction of a new transportation management system that helps reduce “empty miles”.

**Trucks** – In 2011, we reduced our overall fuel consumption by 2%. Unfortunately, we did not achieve our 5% target due to expanding our corporate fleet and increasing the mileage of our older fleet for the better part of the year. We did, however, make great strides in reducing our carbon footprint by adding 52 newer, more efficient trucks, mainly sleeper cabs, to our fleet at the end of the year. This brought our total to 135 new trucks on the road at the end of 2011. All our new trucks comply with the rigorous U.S. Environmental Protection Agency (EPA) 2010 emission standards.

Our 135 new trucks alone provided a fuel economy improvement of 9% by end of 2011, with a corresponding 95% reduction in soot and nitrogen oxide emissions when compared to our older trucks. The improvement in fuel efficiency enables us to reduce our CO<sub>2</sub> footprint by nine kilograms per 100 kilometres driven.

All sleeper cabs purchased are U.S. EPA-designated SmartWay™ certified and outfitted with equipment to significantly reduce fuel use and emissions. The truck units include idle reduction technologies, low rolling resistance tires and aerodynamic features such as integrated sleeper cab roof fairings, aerodynamic mirrors and bumpers, cab side extenders, fuel tank fairings, bunker heaters and APUs. Additionally, all new trucks are equipped with several innovative safety features including automated transmissions to increase driver safety and reduce fatigue; driver-side airbags; adaptive cruise control; traction control, and an anti-rollover system.

## Respect the Environment (continued)

We plan to add more new trucks, mainly sleeper cabs, to our fleet over the next couple of years. The sleeper cabs will be used primarily for long-haul highway driving which will enable us to reduce our carbon footprint significantly.

Furthermore, through our driver training programs and our investment in anti-idling equipment, we reduced idle time throughout our corporate fleet by 20% at the end of 2011. It has been four years since we first introduced our tire recap program. We are happy to report that from 2008 to year-end 2011 we recapped more than 20,000 tires in our fleet saving more than 1.1 million litres of oil.

**Trailers** – Where possible, all trailers purchased in the last two years are U.S. EPA-designated SmartWay™ certified and equipped with low rolling resistance tires and side skirts to help improve fuel efficiency.



### FUEL ALTERNATIVES

**Long-Combination Vehicles** – We expanded the number of long-combination vehicles (LCV) in our fleet. LCVs can pull more weight using the same power source – leading to fewer trucks on the road, improved fuel efficiency and a reduced carbon footprint.

In 2011, we piloted two double 53-foot trailers in Ontario. We also worked with the provincial government in Saskatchewan and piloted two triple 53-foot trailers in the province. Being able to deliver goods in three trailers with only one truck means we are able to reduce fuel consumption by more than 100,000 litres per truck annually compared to hauling single trailers the same distance. This enabled us to reduce our CO<sub>2</sub> footprint by more than 280,000 kilograms annually.

**Liquefied Natural Gas** – We are exploring Liquefied Natural Gas (LNG) as a low-emission alternative to diesel for long-haul trucks. While the infrastructure to support LNG is not yet available, when it is, we will be ready.

**Intermodal Transportation** – We are one of the largest users of intermodal transportation in Canada, primarily in Western Canada. However, to help reduce the number of trucks on the road, we are exploring opportunities to increase our use of intermodal transportation, specifically in Ontario and Quebec. In 2011, more than 22,000 loads of product were shipped by rail.

**Lift-a-Deck System** – Loblaw is always looking for ways to make better use of shipping space as a means of increasing fuel efficiency and reducing emissions. In 2011, we invested in an ANCRA Lift-a-Deck system in Ontario that provides an extra “shelf” for transporting products within a trailer. In this double-decker system, crossbeams are mounted in a precision machined track to hold cargo and can be adjusted to any height. The system enables us to nearly double the load volume of a trailer.

**Reduce Empty Kilometres** – In 2011, to reduce empty kilometres we maximized our load volumes through increasing our cube per load and shipped more than 6.8 million cases of product to stores in 4,106 fewer trips. We also increased the number of backhauls from 136,989 trips in 2010 to 163,379 trips in 2011.



### REDUCING OUR CARBON FOOTPRINT

In an effort to reduce our carbon footprint, we monitor greenhouse gas (GHG) emissions using a grocery industry-developed calculator that is compliant with the World Resources Institute (WRI) Greenhouse Gas Protocol.

While we have made strides in reducing waste, our absolute carbon footprint rose in 2011. The increase is primarily attributed to our continued growth resulting in more square footage in stores and distribution centres and increases in energy consumption in corporate stores due to weather conditions. The increase also reflects improvements in our tracking and reporting processes.

### 2011 TOTAL GREENHOUSE GAS EMISSIONS

(1,153,542,762.39 CO<sub>2</sub>-equivalent kilograms)



\* Numbers do not include T&T Supermarkets.

\* Non-scope emissions are hydrochlorofluorocarbon refrigerant releases that we track but are technically not reportable under the Greenhouse Gas Reporting Protocol.





### DIESEL-FREE REEFER TECHNOLOGY

In 2011, we tested diesel-free technology for refrigerating trailers and the results were promising. The system uses ice slurry, and replaces traditional diesel reefer units, greatly reducing the cost and environmental footprint of transporting perishable goods.



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

It has been more than 20 years since we introduced our first *PC G.R.E.E.N* products. Today the product line crosses a variety of categories including home, pet accessories and baby. Some of the new products launched in 2011 include:

- *PC G.R.E.E.N* Express Cycle Dishwasher Detergent – These new mini dishwasher tabs perform just as well in a dishwasher's economy cycle as the leading national brand performs in the longer regular cycle.\* They dissolve easily and go to work quickly, requiring 31% less chemicals to clean dishes.\*\* The water-soluble film wrapped around each tab dissolves in the wash cycle and is biodegradable.
- *PC G.R.E.E.N* Multi-Use Produce Shopping Bags – Made with 66% post-consumer recycled plastic from water and beverage bottles, these bags do the same job as thin plastic produce bags. The bags are reusable and machine-washable too.

\* The product was tested in a 24-in. built-in dishwasher of the most popular dishwasher brand in Canada. Test conditions: water hardness, 125 ppm; water temperature, 53°C+/-3°C.

\*\* Compared to *PC* Max Dishwasher Detergent.



### GREEN COMMUNITY SCHOOL GRANTS

Using a portion of the proceeds from the national charge-for-plastic shopping bag program in our stores, we donated \$3 million over three years to WWF to mobilize Canadians to take action on the environment. It is all part of our plastic shopping bag reduction program, which by year-end 2011 reduced 3.8 billion bags from our stores. The Green CommUnity School Grants program is one of the initiatives supported by these funds. The program fosters innovation for the environment among Canada's youth by providing grants of up to \$5,000 to Canadian elementary and secondary schools working on conservation projects. Sixty-two grants were awarded in 2011.



### GOODBYE TO PAPER PAYSTUBS

As of 2011, Loblaw store support colleagues receive their pay notices through a secure, password-protected website. The move to electronic paystubs eliminates the need to mail almost 300,000 paper paystubs each year.



### TREE CANADA DONATION

In celebration of Earth Week and on behalf of our colleagues, Loblaw donated \$50,000 to Tree Canada in 2011. The donation facilitated the planting of more than 12,500 trees in communities across Canada.



## Source with Integrity

We know that our customers expect us to buy and sell our products responsibly. They also expect that we will take the necessary actions to promote the health and vitality of our food sources, ensure product safety, support the Canadian economy, and require our vendors to uphold the right values in areas ranging from labour conditions to animal welfare. We expect the same of ourselves and are doing our utmost to live up to the highest standards of responsible sourcing.

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**Added more than 50 new MSC-certified seafood products in our stores.**

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**Sourced 30% of the produce sold in our stores from Canadian growers.**

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**All control brand food vendors certified compliant with recognized Global Food Safety Initiative standards.**

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**Doubled the number of beef farmers supplying us with Ontario Corn Fed Beef to 500.**



### SUSTAINABLE SEAFOOD

We believe that healthy oceans are vital to a healthy planet, and that sourcing sustainable seafood, fish and shellfish, whether wild-caught or farm-raised, requires greater protection of aquatic habitats and more attention to careful harvesting.

We set an ambitious goal of sourcing 100% of the seafood sold in our stores from sustainable sources by the end of 2013. Our efforts are focused on increasing the number and availability of responsibly sourced seafood and products with seafood ingredients, educating consumers, and collaborating with industry stakeholders.

We made progress on all counts in 2011:

- The total number of Marine Stewardship Council (MSC)-certified wild-caught seafood products in our stores rose from 22 in 2010 to 73 by year-end 2011. This included MSC-certified fresh fish in the seafood counters at select corporate stores in the Greater Toronto Area. Our plan is to expand both the number of species available and the number of stores offering MSC-certified fresh fish in 2012.
- On the heels of a successful launch in 2010, *WiseSource* Salmon was expanded to additional stores in Ontario and Quebec and introduced in Atlantic Canada.
- Recognizing the importance of dialogue and collaboration in the area of responsibly sourced farmed salmon, we continued our participation in the global salmon aquaculture dialogues. We also worked with Canadian partners and vendors to address closed-containment aquaculture.
- We implemented a vendor questionnaire to assess and manage our seafood buying process. The questionnaire helps improve seafood traceability and serves as a guide for our vendors to meet our sustainable seafood objectives.

## Source with Integrity (continued)

We participated in meetings convened by The Prince's Charities International Sustainable Unit (ISU), established by His Royal Highness The Prince of Wales. The ISU is working to facilitate a consensus on how to resolve some of the key environmental challenges facing the world, specifically food security, ecosystem resilience and the depletion of natural capital. The ISU seeks to advance possible solutions by convening the public and private sectors and non-governmental organizations (NGOs). In 2011, representatives from Loblaw participated in a global roundtable discussion on sustainable seafood.



### LOCAL SOURCING

In 2011 we developed our “Canadian First” commitment to local sourcing and supporting local vendors when it comes to our fresh products. “Canadian First” is a testament to how we operate as a food retailer and to the importance of building long-lasting relationships with vendors.

#### CANADIAN FIRST

*At Loblaw Companies Limited (Loblaw), we are committed to buy Canadian first, placing a priority on local and regional fresh products when the safety, quality, availability and value are right for our customers. As the largest grocery retailer and food distributor in Canada, Loblaw is proud to offer safe and healthy foods from across the country.*

*Since our inception in 1919, we have taken pride in working with local farmers, fishermen and producers, helping them grow their businesses and contributing to the growth of local economies. Loblaw enjoys long-standing, deep relationships with a wide assortment of Canadian suppliers and we are proud to continue the tradition and commitment to buy Canadian first.*

#### GROWN CLOSE TO HOME AND SAVOUR THE SEASON

Among the most visible symbols of our commitment to local sourcing are the annual *Grown Close to Home* and *Savour the Season* campaigns. The campaigns, which feature wholesome, summer-fresh produce grown by Canadian farmers, were once again embraced by Canadians. We also worked to maximize the amount of fresh Canadian-grown produce available year-round in our stores. As a result, 30% of Loblaw's annual produce purchases were Canadian. Furthermore, up to 40% of produce sold in our stores during the peak growing season was sourced from Canadian growers.

### LAWN AND GARDEN

Continuing our commitment to source locally, each year we partner with more than 25 Canadian growers from across the country for our Garden Centres. We have worked with some growers for more than two generations. A majority of their products are featured in our *Lawn and Garden President's Choice Insider's Report* which is published every spring. At Loblaw, we value the expertise of our growers, who travel the world for emerging trends. In many cases our growers act as advisors and help us to select the products that will best suit our Canadian climate and customer preferences.

### BEEF AND PORK

We are committed to helping the Canadian industry build its inventory so that we will be able to meet our commitment to source 100% of the beef and pork sold in our stores from Canada by the end of 2012.

In 2011, our evolving relationship with the Ontario Cattle Feeders Association (OCFA) led to an increase in the number of Ontario beef farmers supplying us with Ontario Corn Fed Beef from 240 to approximately 500. The OCFA's signature beef brand is marked with a special logo to make it easy for customers to find product grown in Ontario.

#### PRESIDENT'S CHOICE FREE FROM MEAT

We introduced our *PC Free From* line of beef, pork and poultry in 2009. These products are raised without the use of hormones or antibiotics, and the beef and poultry are grain fed. What makes this product line extra special is the emphasis on local farmers, many of whom are showcased on the package. All of our *PC Free From* poultry and pork is sourced exclusively in Canada. *PC Free From* beef is sourced from both Canada and the United States.

## Source with Integrity (continued)



### QUALITY ASSURANCE AND FOOD SAFETY

Loblaws customers should have every confidence that the food they buy from us is safe. Our commitment is to ensure that we deliver a consistent approach to provide safe and high-quality products to our customers and that our processes are also safe and compliant. We have put in place rigorous safety management standards and operating procedures, which apply both to our operations and to our vendors.

As of year-end, we achieved our goal of having all control brand food vendors audited and certified compliant with applicable Global Food Safety Initiative (GFSI) recognized standards. This follows certification of vendors of ready-to-eat foods in 2010.

We also introduced an industry-leading online ingredient traceability database that traces the origin of ingredients in all our control brand food products.

As part of our ongoing commitment to improve food safety standards and to strengthen our relationships with new and existing control brand food vendors, we are developing a Loblaws Academy in partnership with the Canadian Research Institute for Food Safety, University of Guelph. The Loblaws Academy is an innovative program that will provide a professional development environment to increase vendors' understanding of Loblaws safety and quality expectations, develop professional and technical skills in the area and offer networking opportunities. We plan to pilot the Loblaws Academy next year with select control brand food vendors.



#### THE GLORY OF PC GREEK YOGURT

Our *PC* Greek Yogurt was a hit soon after it arrived on store shelves. It not only tastes great, but many of the products are also fat free and have twice the protein of our regular yogurt. A lesser-known fact is that most of our *PC* Greek Yogurt is produced by Skotidakis Goat Farm. Before supplying *PC* with Greek Yogurt, Skotidakis Goat Farm was a relatively small Canadian dairy operation. Now, with the tremendous success of our *PC* Greek Yogurt, this small Ontario family-owned business has grown in its commercial capability and success.



#### PRESIDENT'S CHOICE FRASER FIR TREES

Keeping with our commitment to source locally and sustainably, our *PC* Fraser Fir Trees are sourced from environmentally responsible tree growers in Quebec. A key concern when considering the purchase of a real tree for the holidays is the impact on our natural forests and the environment. In fact, the *PC* Fraser Fir Trees, which are grown and harvested specifically for this purpose, minimize the impact on the environment. As many as five to six million Christmas trees are grown on farms each year in Canada.



#### CENTRE FOR FOOD IN CANADA

Recognizing food's critical role in Canadian society and anticipating complex challenges ahead, Loblaw has taken a leading role in The Conference Board of Canada's Centre for Food in Canada (CFIC). The twin purposes of the Centre are to raise public awareness of the importance of the food sector to Canada's economy and society, and to develop a framework for a national food strategy. It is a subject that we are passionate about and want to influence for the benefit of all Canadians. For more information, please visit the CFIC website.



#### 2011 GREENPEACE SUSTAINABLE SEAFOOD RANKING

Loblaw ranked number one in Greenpeace's Sustainable Seafood Ranking of major Supermarkets in Canada. Our sustainable seafood commitment and achievements landed us at the top of the list. We increased our overall score by 19% from the previous year.





## Make a Positive Difference in Our Community

For most Canadians, Loblaw's impact is mainly felt through our stores. In addition to meeting customers' everyday household needs, our stores provide good jobs, contribute to social programs and offer health and wellness services. Beyond local communities, Loblaw is also a major contributor to national programs designed to promote the health and wellness of Canadians of all ages and to preserve our natural environment.

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**Added 11 in-store dietitians in 24 stores.**

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**Launched *Guiding Stars* nutrition scorecard.**

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**Reformulated 208 existing control brand processed products, reducing sodium by an average of 19%.**

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***President's Choice* Children's Charity has granted more than \$72 million to more than 10,000 families and nutrition programs since 1989.**

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**Together with our colleagues, customers and vendors, donated more than \$38 million to charities and non-profit organizations across Canada.**



### ECONOMIC IMPACT

Loblaw plays an important role in the Canadian economy. We are one of the biggest purchasers of Canadian goods and services. We are also one of Canada's largest private-sector employers and real estate owners in the country. Together, our 1,046 corporate and franchised stores provide rewarding jobs for 135,000 colleagues and employees across the country.

Here are some of our economic performance details for the year:

- Opened 22 new stores
- Completed 78 major store renovations
- Operated 12 stand-alone *Joe Fresh* stores in Canada and 20 *T&T Supermarket* stores
- Percentage of corporate store real estate owned – 72%
- Percentage of franchise real estate owned – 46%
- Sold \$31.3 billion worth of products and services in Canada

For more information on Loblaw's financial performance, please see our 2011 Annual Report.

## Make a Positive Difference in Our Community (continued)



### HEALTH AND WELLNESS

As Canada's largest food retailer, there is a lot that we can do to empower Canadians to make healthier food choices and to support them on their journey to a healthier lifestyle. Consumers look to us for fresh, wholesome vegetables, fruits, meat, whole grains and dairy products. Our *PC Blue Menu* line offers a wide range of healthier food products and we have continued to expand on it year after year.

Food is just the beginning of a long list of products, resources and programs now available in our stores as part of our new health and wellness strategy. In 2011, we launched *Guiding Stars* in four corporate stores in Ontario. *Guiding Stars* is an in-store tool that rates all food products from zero to three stars based on their nutritional value to help guide customers to healthier food options. Loblaw is the first Canadian retailer to introduce the program. More than 20,000 food products in our stores were independently audited using the proprietary *Guiding Stars* nutrition rating system to determine their star rating. Products were credited for having vitamins, minerals, dietary fibre, whole grains and omega-3s, and debited for saturated fats, trans fat, added sodium and added sugars.

We focused on initiatives to raise awareness of diabetes and to help Canadians manage the disease. Our *Get Checked Now* program, developed in collaboration with the Canadian Diabetes Association (CDA), offers personalized computerized diabetes risk assessments under the direction of a Loblaw pharmacist and educational programming delivered by CDA volunteer community presenters. By year-end more than 19,000 assessments were completed.

We added 11 in-store dietitians in 24 corporate stores in Ontario, as part of a pilot initiative. The dietitians are available to customers for menu-planning advice, food label-reading tours, food demonstrations, health education and cooking classes. Dietitians also team up with in-store pharmacists and other health professionals to offer integrated health programs that can help customers prevent and manage specific chronic conditions.

In collaboration with the CDA, we developed monthly national diabetes education sessions at participating stores. The classes educate Canadians about diabetes, and offer grocery store tours with in-store dietitians, pharmacy tours with pharmacists and cooking classes in our *President's Choice* Cooking Schools with CDA approved recipes.

Other integrated health programs included a partnership with Anaphylaxis Canada to introduce the personalized Food Allergy Management Assessment program, which helps parents and allergy patients better manage potentially life-threatening food allergies. In collaboration with the Becl Centre for Heart Health, Loblaw pharmacists conduct free Healthy Heart Checks at participating stores. The 20-minute check provides customers with a personalized picture of key cardiovascular disease risk factors.

### PC BLUE MENU PACKAGE REDESIGN

Another key project in 2011 was the *PC Blue Menu* package redesign in preparation for a 2012 launch. The healthier attributes of *PC Blue Menu* products help customers manage their intake of omega-3, fibre, fat and sodium, as well as calories, sugar, probiotics and more. As part of the redesign, we added plus (+) and minus (–) symbols on the packaging to make it easier for customers to see a product's nutritional attributes.



### SODIUM REDUCTION

Sodium is an essential nutrient found in salt and many foods. Our bodies need sodium to be healthy, but too much can lead to high blood pressure, a major risk factor that contributes to stroke and heart disease.

For the past two years, we have made it a priority to lower the amount of sodium in our processed control brand foods. This effort is part of our commitment to help Canadians lower their sodium consumption. In 2011 we set an internal target of reducing sodium in 200 existing control brand processed products by at least 50%. The challenge in reformulating products is to lower the amount of sodium without compromising flavour, food safety, shelf life or performance.

By year-end we had reduced the sodium in 208 existing control brand processed products by an average of 19%. This means that almost 43 metric tonnes less sodium will be consumed in the coming year. We also developed 288 new control brand processed products that met our target. These included products in our *PC*, *PC Blue Menu* and *no name* product lines.

In addition to product reformulations to reduce sodium, our in-store dietitians offer Healthy Eating and Healthy Heart tours and one-on-one nutrition check-ups for our customers. During our dietitian in-store food label-reading tours, we often refer to Health Canada's Nutrition Fact Table campaign to help educate our customers on how to read the nutrition fact table on product packages to determine how much the product contains of a particular ingredient, like sodium.

## Make a Positive Difference in Our Community (continued)



### PRESIDENT'S CHOICE CHILDREN'S CHARITY

*President's Choice Children's Charity* (PCCC) is one of the largest corporate charities in Canada, committed to helping children across Canada live their lives to the fullest potential. The Charity focuses on children with disabilities and childhood nutrition. Since its inception in 1989, PCCC has donated more than \$72 million to more than 10,000 families and to nutrition programs across Canada.

In 2011, PCCC granted \$10.6 million to more than 1,800 Canadian families. Grants were typically used for specialized equipment, home accessibility, respite care, developmental and physical therapies and accessible vehicles. Grants are personally presented to recipient families by colleagues from stores in the communities where the recipients live.

PCCC believes that nutrition is fundamental to children's health and aims to provide the resources to help fuel a better learning environment. In 2011, PCCC donated \$2.75 million to fund more than 4,000 nutrition programs across Canada.

The funds for PCCC are raised through corporate support from Loblaw, vendor contributions, and many fundraising initiatives organized by colleagues in our stores, corporate distribution centres and store support centres. Through these events, more than \$11 million was raised for PCCC in 2011.



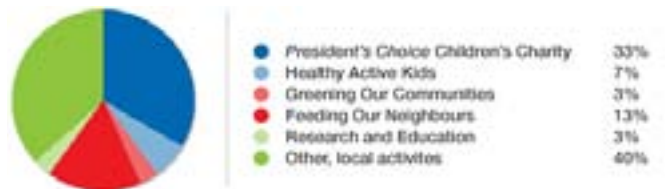
### CORPORATE GIVING

Our corporate giving efforts (both financial support and programs) focus on *President's Choice Children's Charity* (PCCC), healthy active kids, feeding our neighbours and greening our communities.

In 2011, we invested \$5.3 million in many initiatives including:

- PCCC – Donated \$1.8 million to PCCC to help children who are physically or developmentally challenged and to fund child nutrition programs.
- Loblaw After-School Grant – Awarded \$250,000 to 112 after-school programs that help kids develop healthy, active lifestyles.
- WWF – Donated \$3 million to WWF over three years, 2009 to 2011. Using a portion of the proceeds from the national charge-for-plastic shopping bag program at our stores, we partnered with WWF to mobilize Canadians to take action on the environment in conservation initiatives such as *National Sweater Day*, the Green CommUnity School Grants program and the *Great Canadian Shoreline Cleanup*.
- Food Banks Canada – Donated \$250,000 to Food Banks Canada's National Food Sharing program in addition to spearheading two *Extra Helping* national food drives at our stores.
- University of Guelph – Donated \$3 million to the University toward the establishment of the Loblaw Companies Limited Chair in Sustainable Food Production.
- The Conference Board of Canada – Donated \$50,000 to establish the Centre for Food in Canada and donated \$25,000 to the Canadian Alliance for Sustainable Health Care.

### LOBLAW SUPPORT PRIORITIES



## Make a Positive Difference in Our Community (continued)



### COMMUNITY GIVING

#### SPONSORSHIPS AND LOCAL INVESTMENTS

In 2011, our corporate and franchised stores contributed \$1.9 million to support local community causes and organizations. For example, when a powerful tornado hit Goderich, Ontario, the local *Zehrs Markets* store became a hub for disaster relief efforts. In addition to store colleagues pitching in to help, we contributed reefer trucks for storing refrigerated supplies, an ice cream truck with \$5,000 worth of ice cream products, a beef truck containing 400 pounds of beef, *President's Choice* and *Joe Fresh* gift cards, water and other miscellaneous supplies, as well as a \$5,000 corporate donation. The total value of Loblaw's contribution was more than \$20,000.

We also invested \$4.5 million in corporate sponsorships such as Alpine Canada Alpin, the *President's Choice* Community and Corporate Gift Card program and the *Zehrs* Save-a-Tape program to support non-profit organizations in local communities.

### FUNDRAISING

More than 14 million customers shop in our stores every week in communities across Canada. We try to help charities and non-profit organizations in our communities and make it easy for our customers to give by holding fundraising campaigns at checkouts and store entrances. In 2011, more than \$23 million was raised for *President's Choice* Children's Charity, disaster relief and many other worthy causes.

For example, to help residents of Slave Lake, Alberta, who were forced from their homes after a devastating fire, *nofrills*, *Real Canadian Superstore* and *Extra Foods* stores in Western Canada joined together to raise funds for relief efforts. In total, customers and franchise owners contributed more than \$264,000 to the Red Cross Western Canada Severe Weather Fund. The Fund enabled disaster teams to respond immediately to the fire by mobilizing personnel and emergency supplies to assist displaced residents.

We also raised \$1.4 million in cash donations and collected 1.5 million pounds of food for local food banks across Canada through our national *Extra Helping* food drives. A unique twist in the year-end holiday drive was our specially designed *Extra Helping* boxes of *PC Blue Menu* Deluxe Cheddar Macaroni and Cheese Dinner sold in stores in Ontario, Western Canada and Atlantic Canada. The product was priced at \$5, which covered a \$1 cash donation and \$4 made up of non-perishable food items (including the box of macaroni and cheese). All proceeds and food went to local food banks across the country.





### INAUGURAL CHAIR IN SUSTAINABLE FOOD PRODUCTION

A leader in building agricultural research and knowledge networks, Professor Ralph Martin was appointed the Loblaw Companies Limited Chair in Sustainable Food Production at the University of Guelph (U of G). Martin, a former plant and animal sciences professor at the Nova Scotia Agricultural College, was also the founding Director of the Organic Agriculture Centre of Canada, the only institution of its kind in the country.

The Chair, funded by a \$3 million gift from Loblaw, forms the foundation of U of G research on strengthening food production systems. A Canadian first, this position will lead change in food production systems through education, research, practice and outreach within the context of the essential elements of sustainability, the environment, communities and the economy. The goal is to establish a global centre of excellence, bringing the best ideas and minds together to make Canada a world leader in sustainable food production.



### HABITAT FOR HUMANITY CANADA

As part of a multi-year partnership, we introduced the Everyday Essentials brand specially designed fundraising items in our stores across the country to benefit Habitat for Humanity Canada. The first product, launched in 2011, was a set of striped porcelain mugs housed in a hat box, which sold for \$10. The net proceeds were donated to Habitat for Humanity Canada to support the building of affordable housing for low-income Canadian families through programs like the 360 Built Smart Partnership. Our colleagues are also taking an active role in this partnership by volunteering their time and energy to help build Habitat homes.



### HELICOPTER BALL DROP

Every year the Dominion and SaveEasy stores in Newfoundland and Labrador hold a fundraiser to sell tickets for the Helicopter Ball Drop. Proceeds of the ticket purchases go towards Janeway Children's Hospital Foundation. From the tickets sold, 1,600 tickets are randomly drawn and numbered. Organizers of the ball drop then number 1,600 golf balls according to the tickets drawn. The golf balls are dropped from a helicopter onto a community golf course and the ball closest to the selected hole on the course wins a prize. Last year, the Dominion and SaveEasy stores in Newfoundland and Labrador raised more than \$29,000 for the Janeway Children's Hospital Foundation.



### TRANS CANADA TRAIL BIOKITS

The Trans Canada Trail has captured the imagination of Canadians. It is a vast network of local trails spanning more than 16,500 kilometres, developed and promoted by a non-profit registered charity and maintained by proud volunteers across the country. The goal is to fully connect the Trail from coast to coast by 2017, the 25th anniversary of the Trail and the 150th anniversary of Confederation. Loblaw supports both the Trail Care Crew and the BioKit programs. The BioKits help children learn more about nature and their country while on the trail, using an engaging explorer theme.





## Reflect Our Nation's Diversity

We have made it a priority to reflect Canada's evolving ethnic diversity in the products we sell, the people we hire and the workplace culture we create.

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**Increased the number of ethnic produce and Halal meat products in our stores, with 92% of our stores carrying some of these products.**

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**Appointed 21 new diversity champions to spearhead diversity initiatives within their divisions.**

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**Increased the percentage of female store managers by 6.4% over 2010 by 23%.**



### CELEBRATING FOODS FROM AROUND THE WORLD

At Loblaw we continue to expand our product offering to reflect the diversity of our country. We want to ensure that we offer our customers the best selection of products that reflect the taste, quality and traditions from their home countries and from around the world.

A key focus in 2011 was to broaden our fresh offering by adding more ethnic produce and Halal meat products in our stores, as well as enhancing our existing control brand ethnic product lines. By year-end, more than 200 ethnic produce items and more than 160 Halal meat products were made available, with 92% of our stores carrying some of these products. Selection varies by store banner, location and the ethnicity of the community.

We currently have three authentic and affordable control brand ethnic product lines:

*Rooster Brand* – 17 East Asian and South East Asian products ranging from rice and noodles to sauces, milk and broth. *Rooster Brand* is now the number one selling brand of rice in Canada.

*Suraj* – 75 South Asian products including spices, rice, flour, beans, oils, breads and tea.

*Azami* – nine Japanese products including rice, noodles, snacks, sauces, seaweed and wasabi paste.

Furthermore, we continue to celebrate holidays from around the world including Chinese New Year, Ramadan, Passover and Diwali. Every year we stock our shelves with authentic foods to help our customers find their favourite products from their home countries and to help them share these holidays and traditions with family and friends.

## Reflect Our Nation's Diversity (continued)



### INCLUSIVE WORKPLACE

Each year, we strive to make our workplace a more welcoming and inclusive place for people of different ethnicity, ages, abilities, orientations and skills. Here are some of the initiatives implemented in 2011:

- 21 colleagues were appointed diversity champions, after going through a selection process that included a written application and interviews by Loblaw's Inclusion Council. Diversity champions receive training on diversity awareness and are responsible for spearheading diversity initiatives within their division, including participating in community events. They are expected to spend eight to ten hours a month on diversity work.
- We expanded the number of reflection rooms in our corporate stores and store support centres. A reflection room is a quiet place where colleagues are invited to go for prayer, reflection or meditation.
- We continued to advance our partnerships with organizations that help people in specific demographics find employment and integrate into the Canadian workplace, often through paid internships. For example, we have created many paid internship opportunities through our partnership with Career Edge Organization, a non-profit that operates three programs: Career Edge for recent graduates, Ability Edge for graduates with disabilities and Career Bridge for internationally qualified professionals.
- We developed and piloted Life's Next Steps, a program for colleagues who will retire within five years. The program helps colleagues prepare for the changes they will experience upon retirement.

### WOMEN AT LOBLAW

In 2011, we increased the percentage of female store managers by 6.4% to 23% by year-end. We made great progress in Quebec, and are happy to report that 31% of store managers in our conventional stores in the province are women.

One of the initiatives introduced to help women progress is women@Loblaw. This is an ongoing initiative that brings female colleagues together for professional development and networking. In April 2011, more than 125 women participated in the first women@Loblaw National Conference. Loblaw colleagues from assistant store manager to executive vice president levels brainstormed business improvement ideas together.



### IMPROVING ACCESSIBILITY

Service standards for persons with disabilities became the law in Ontario as of January 1, 2012. However, we decided to apply the same standards across our entire Company. Phase one involved improving the shopping experiences of customers with disabilities. We produced a toolkit to educate our colleagues on various types of disabilities and gave them tips and tools for helping customers. Phase two will focus on improving accessibility within the workplace.



### BEST EMPLOYER FOR NEW CANADIANS

We were honoured to be named among the Best Employers for New Canadians in 2011 by Mediacorp Canada Inc. Among the reasons why Loblaw was selected were:

- In partnership with the University of Toronto, we offered international pharmacy students internships for a period of four months while they completed their courses; once students were fully licensed, they were considered for permanent positions.
- Our work with Access Employment and Career Bridge matched the resumes of new Canadian job-seekers to vacancies within the organization.
- We sponsored "Talent Oyster", a Canadian job board that is available in 11 different languages.
- In partnership with Immigration Settlement and Integration Services (ISIS), we prepared an "English in the workplace" video for job-seekers who are new to Canada in the Atlantic Region.



### INTERN OF THE YEAR

What started out as a short-term contract internship turned into something great for Fenella Chiu and Loblaw. Thanks to Ability Edge, Fenella secured full-time employment and we gained a great colleague. Ability Edge works with organizations to place potential job candidates with disabilities and supports the candidate and organization through the recruitment process and employment. At the interview stage, Fenella was asked what assistance she would need, and that support continued through her orientation process, right through to today. In 2011, Ability Edge recognized Fenella as Intern of the Year 2010–2011 for her outstanding contribution and performance in her internship position. Congratulations, Fenella!



### MICROSKILLS

MicroSkills is a non-profit organization that serves communities in Toronto and surrounding areas to help provide settlement, employment and self-employment services to individuals, with priority to the needs of immigrants, youth, visible minority people and low-income women. Loblaw has partnered with MicroSkills on three corporate social responsibility research projects over the past two years.



## Be a Great Place to Work

We firmly believe that Loblaw's success hinges on the ideas, talents and contributions of our people. It is critical for us to engage our colleagues and ignite their passions for their work, their communities and the millions of people they interact with every day. Open communication, rewards and recognition, ongoing learning, a safe and energizing work environment, and a strong commitment to corporate social responsibility help us achieve these goals.

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**Named one of Canada's Top 100 Employers for the third year in a row, and one of Canada's Top Employers for Young People for the second consecutive year.**

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**Launched the Loblaw Scholarship Program, making 200 scholarships of \$1,500 each available for post-secondary education.**

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**19% reduction in workplace accidents.**

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**49,257 colleagues received Loblaw retail training at our 16 Learning Centres.**

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### COLLEAGUE ENGAGEMENT

Over the past few years, we have implemented various tools and processes designed to promote a culture of close-knit, informed and engaged teams.

Colleague tell it as it is survey findings provide a valuable indication of how well we are doing in this regard. Each colleague has two opportunities a year to participate in the survey. Participation rates remain high at 86% nationally. Among notable 2011 results, national scores for questions on learning and developing new skills and working for a company that reflects the diversity of the community

increased by 2% in comparison to 2010. In our store support centres, scores on questions relating to receiving constructive feedback and recognition and praise improved by 7%.

External recognition reinforces that we are on the right track and that the goals and behaviours that we aspire to as a company resonate with our colleagues and customers. We were pleased to be recognized as having one of Canada's 10 Most Admired Corporate Cultures of 2011 by Waterstone Human Capital Inc. Loblaw was the only grocery retailer on the list.

Loblaw was also named one of Canada's Top 100 Employers for the third year in a row, and one of Canada's Top Employers for Young People for the second consecutive year.



## Be a Great Place to Work (continued)



### TRAINING AND DEVELOPMENT

Helping colleagues advance their careers and reach their full potential is a priority for us. We offer training programs for every stage of a colleague's career.

In 2011, we announced the Loblaw Scholarship Program, making 200 scholarships of \$1,500 each available to Loblaw colleagues, family members, friends and customers for post-secondary diploma or degree programs. The Scholarship Program served a dual purpose of recognizing community volunteer work and promoting higher education through financial support. Of the 200 awards in 2011, 88% were given to Loblaw colleagues or their relatives.

grad@Loblaw is a unique program that continues to grow in popularity. The program creates opportunities for recent university and college grads to get their foot in the door, and gives them an up-close-and-personal feel for our business as they rotate through different areas, including our stores and merchandising departments, before ending up in their destination department (the job they applied for).

We continued to advance Best Store Leadership (BSL) and Best Category Leadership (BCL) initiatives, holding 16 development centres in 2011 for more than 242 participants. Development centres offer online and in-person exercises that help assess participants' skills and motivations and provide input for individual professional development plans and career progression. BSL and BCL help lay the foundation for leadership and people development at Loblaw. We are expanding the concept to other key roles in our business.

Loblaw continues to provide colleagues with opportunities to learn new skills and to further enhance existing skills. Last year, we trained 49,257 colleagues at our 16 Learning Centres, which are fully equipped training facilities connected to a store. Through our Loblaw Virtual Learning Centre, we introduced 35 new e-learning courses for colleagues, bringing the total to 249 courses by year-end. In 2011, colleagues completed 24,094 e-learning courses. Additionally, through our Training and Development department, colleagues attended 67,149 instructor-led sessions.



### HEALTH AND SAFETY

We are on a path to zero accidents. Over the past several years, a sustained focus on safety has enabled us to steadily lower the number of accidents in our workplace and to nurture a culture of safety. In 2011, we surpassed our annual target once again, achieving a 19% reduction in accidents nationally. Since 2007, when we started standardizing safe-operating procedures and introduced more rigorous reporting systems, we have reduced accidents by 51%.

Improvements can largely be attributed to managers better managing safety – insisting on safe work practices, understanding and monitoring hazards better, coaching and training colleagues, offering early and safe return to work duties, and holding people accountable for their own and their co-workers' safety. We have also implemented some engaging and highly effective safety programs:

- The Young Worker Safety Program in our corporate distribution centres targets young colleagues during the heavy summer vacation period. It includes innovative components such as new colleague identification buttons; a buddy system in which young colleagues are paired with experienced colleagues for follow-up in key areas such as safe lifting techniques, safe equipment operation and respect for safety rules; young colleague huddles; weekly audits focused on young colleagues' assembly techniques and machine handling; and accident investigations, among other things. The 2011 results were outstanding, with a 34% reduction in young worker injuries.
- The "Accident Free" initiative challenges all corporate stores and distribution centres to remain accident free and focuses on celebrating colleagues and their day-to-day efforts to remain accident free. Colleagues are encouraged to follow safe operating procedures and to work together to reduce accidents. We installed an "Accident Free Challenge" board in corporate stores and distribution centres, which tracks the number of days the facility remains accident free. Progress toward this initiative is communicated to colleagues through daily huddles and celebrated when each 30-day milestone is achieved.
- Our National Health, Safety & Wellness Week is directly aligned with the North American Occupational Safety & Health (NAOSH) week, where we recognize health and safety in a big way through fun events, guided discussions and a national safety game contest, all aimed at raising safety awareness across the business. In 2011, Loblaw received one of the Achievement Recognition Awards from the BC/Yukon Region of the Canadian Society of Safety Engineering (CSSE). We won the award in the retail category for our Young Worker Safety Program in our corporate distribution centres.





#### 60-DAY WELLNESS CHALLENGE

Our colleagues' health and wellness is important to us, which is why we ran a 60-Day Wellness Challenge at select store support centres and corporate distribution centres in the fall of 2011. Whether they wanted to lose weight, become more physically fit or a combination of the two, our colleagues looked at the Challenge as the perfect start to living an active and healthy lifestyle. In teams of two to ten, participants recorded their weekly weight loss and activity minutes online in order to compete for prizes. The results were encouraging – 854 colleagues participated in the challenge, losing more than 2,700 pounds over the 60-day period and logging more than 1.5 million total activity minutes. Given the overwhelming positive response, we plan to run it again in 2012.



#### GREAT CANADIAN SHORELINE CLEANUP

The *Great Canadian Shoreline Cleanup*, presented by Loblaw in partnership with WWF and the Vancouver Aquarium Marine Science Centre, is an annual week-long conservation initiative that encourages Canadians to keep our waters clean for the wildlife and the communities that depend on them. The event celebrated its 18th anniversary in 2011 with people across the nation including our own colleagues lending a helping hand. More than 40 stores, two corporate distribution centres and two store support centres showed their support for the environment by cleaning up litter around shorelines. The *Great Canadian Shoreline Cleanup* is made possible through partial proceeds from Loblaw's national charge-for-plastic shopping bag program.
















#### BIKE TO WORK DAY

Once a month from May to October, dozens of colleagues at our Provigo office in Montreal bike to work, as a means of reducing the number of cars on the road and encouraging exercise. On each Bike to Work Day, colleagues park their cars at designated lots in and around the city and join a volunteer guide and others on the trek to the office.

# Targets and Achievements









## Respect the Environment

TARGETS	ACHIEVEMENTS	PROGRESS
<b>WASTE REDUCTION</b>		
Achieve 75% waste diversion from landfill at corporate distribution centres.	Diverted 78% of corporate distribution centre-generated waste nationally, with results varying by region. The regional breakdown was Atlantic, 84%; Quebec, 86%; Ontario, 74%; West, 76%.	
Achieve 70% national waste diversion from landfill at corporate stores.	Diverted 60% of corporate store-generated waste nationally, with results varying by region. The regional breakdown was Atlantic, 69%; Quebec, 57%; Ontario, 69%; West, 51%.	
Achieve 80% waste diversion from landfill at store support centres.	Diverted 75% of store support centre-generated waste nationally. Although we did not achieve our target we made significant improvements by adding organic waste diversion programs in three offices in Ontario and one in Quebec. Additionally, we completed waste audits and action plans to drive further improvement.	
Launch in-store organic diversion program in 30 Ontario stores.	In Ontario, we enhanced our organic mills in 28 existing corporate stores, and installed two new organic mills in our <i>Loblaws</i> at Maple Leaf Gardens® and <i>Loblaws</i> Queen & Portland stores in Toronto.	
Move toward e-stubs – paperless paystubs – at store support centres.	Loblaws eliminated the need to mail almost 300,000 paper paystubs each year by enabling colleagues to receive pay notices online.	
<b>CONSTRUCTION STANDARDS</b>		
Utilize sustainable construction standards to guide the design and construction of all future Loblaws corporate stores and distribution centres.	All new corporate stores and distribution centre construction projects include sustainable technologies to reduce energy and water consumption (i.e., refrigeration controls, motion sensor lighting, low volume faucets, etc.).	
<b>PACKAGING REDUCTION</b>		
Reduce non-recyclable packaging on control brand products by 50% by year-end 2013.	We removed polyvinyl chloride (PVC) in rigid plastics used primarily for our health and beauty control brand products. In total, this affected 115 products.	
Progress toward overall 5% packaging reduction of control brand products by end of 2015.	We are roughly one-third of the way toward our 2015 goal. We made significant advancements in 2011 by reducing the amount of packaging in 19 control brand products by 356,000 kilograms.	
Move to a single plastic type for all clamshell packaging.	All clamshells used in our stores, except for hot case items, are now made from a single type of PET resin, better enabling recycling through curbside collection. In 2011, we converted 34 control brand products to PET bringing our total to more than 250 control brand products primarily in our bakery and produce categories.	
Work with industry partners to contribute to municipal recycling of clamshell packaging and other rigid plastics in Ontario, and other regions wherever possible.	Helped lead an industry project to remove obstacles to recycling thermoformed clamshell packaging and joined industry partners to initiate a new test protocol for recycling adhesives and labels used on clamshells.	
<b>ENERGY REDUCTION</b>		
Reduce total energy consumption by 3% per square foot in existing corporate stores.	Achieved 1% reduction per square foot relative to 2010. Results were below target due to lighting retrofits taking place later in the year and unanticipated increases in energy consumption primarily in Ontario and Atlantic Canada. We have put in place a process to manage energy increases in corporate stores where neither retrofits nor renovations occur.	
Reduce energy consumption by 10% in renovated stores in Western Canada.	Achieved 14% reduction in energy consumption in renovated corporate stores in Western Canada.	
Validate business model to roll out future solar power projects in corporate stores in Ontario.	In 2011 our four rooftop solar projects were in commercial operation. By year-end all four corporate stores generated 222,780 kilowatt hours of clean carbon free energy.  We are currently assessing the performance of the panels through the winter. If results are favourable, we plan to expand solar panel projects at other corporate stores in Ontario.	

 TARGET MET
  TARGET ALMOST MET OR ON TRACK
  TARGET NOT MET OR AT INITIAL STAGES

## Targets and Achievements (continued)

### Respect the Environment (continued)

TARGETS	ACHIEVEMENTS	PROGRESS
<b>ENERGY REDUCTION (CONTINUED)</b>		
Reduce refrigerant leaks by 5% relative to 2010.	Reduced refrigerant leaks by 9.7% in 2011 – primarily attributed to a new improved leak checking program and leak reporting protocols.	
Complete lighting retrofits at 70 corporate stores across Canada.	Completed lighting retrofits in 112 corporate stores.	
Complete lighting retrofits at five corporate distribution centres.	Completed lighting retrofits in three corporate distribution centres.	
<b>FUEL REDUCTION AND FLEET EFFICIENCY</b>		
Reduce fuel consumption by 5%.	Reduced our fuel consumption by 2%. Results were below target due to expanding our corporate fleet and increasing the mileage of our older fleet for the better part of the year. We did, however, make great strides in reducing our carbon footprint by adding 52 newer, more efficient trucks, mainly sleeper cabs, to our fleet at the end of the year. This brought our total to 135 new trucks on the road at the end of 2011. Our new trucks alone provided a fuel economy improvement of 9%.	
Work with industry partners to create a plan to add infrastructure in Ontario and Quebec for liquefied Natural Gas (LNG) technology.	We did not meet this target. While the infrastructure to support LNG technology is not yet available in Canada, we continue to explore opportunities for LNG with our vendors so that when the infrastructure becomes available we will be ready.	
Design and pilot a non-diesel-burning unit for all reefer trailers.	Completed three pilot tests with promising results. The next step will be to commercialize a trailer.	
Introduce driver incentives to reduce fuel emissions.	We did not meet this target. Technology to track driver performance remains under development; however, we continue to train our drivers to minimize idle times and use progressive shifting.	
Continue to consolidate travel to reduce empty miles.	Our focus is to increase the number of backhauls and to maximize load volumes. We increased the number of backhauls from 136,989 trips in 2010 to 163,379 trips in 2011.  We also expanded the number of long-combination vehicles (LCV) in our fleet. We piloted two double 53-foot trailers in Ontario and two triple 53-foot trailers in Saskatchewan. LCVs enable us to reduce the number of trucks on the road thereby improving our fuel efficiency.	

### Source with Integrity

TARGETS	ACHIEVEMENTS	PROGRESS
<b>SEAFOOD</b>		
Accelerate momentum toward achieving our goal of 100% sustainable seafood by year-end 2013.	On track to meet our goal. Increased the number and availability of responsibly sourced seafood products, implemented consumer education programs and continued to collaborate with industry.	
Increase the number of Marine Stewardship Council (MSC)-certified wild-caught seafood products by 100%.	Increased the number of MSC-certified wild-caught seafood products from 22 in 2010 to 73 in 2011.	
Introduce MSC and Aquaculture Stewardship Council (ASC) certified fish into our fresh counters.	Introduced MSC-certified wild-caught fresh fish at the fresh seafood counters in 12 Greater Toronto Area stores. Good progress is being made; however, the ASC certification program is still under development.	
Continue our focus on responsibly sourced farmed salmon and the roll-out of <i>WiseSource</i> Salmon in Atlantic Canada.	Expanded <i>WiseSource</i> Salmon in our Ontario and Quebec stores and introduced the product in stores throughout Atlantic Canada. We are developing an interim internal position on aquaculture by rolling out <i>WiseSource</i> seafood products across Canada.  Continued to work with partners and suppliers to develop viable solutions for closed-containment aquaculture.	



TARGET MET










TARGET ALMOST MET OR ON TRACK









TARGET NOT MET OR AT INITIAL STAGES

## Targets and Achievements (continued)

### Source with Integrity (continued)

TARGETS	ACHIEVEMENTS	PROGRESS
<b>BEEF AND PORK</b> Source 100% of all beef and pork from Canada by the end of 2012 (excluding hard discount and sale items).	We are committed to helping the Canadian industry build its inventory so that we will be able to meet our commitment by year-end 2012.	
<b>FRESH</b> Continue to escalate our commitment to local sourcing in produce and meat categories.	Expanded the number of Canadian growers supplying us with produce and meat products. In 2011, 30% of the produce sold in our stores was sourced from Canadian growers. We also introduced Ontario Corn Fed Beef in more than 150 stores in Ontario increasing the number of Ontario beef farmers supplying us with the product from 240 to 500.	
<b>ANIMAL WELFARE</b> Work with industry to transition all PC eggs to 100% cage-free.	Continued to engage with vendors, industry and academics. Target continues to be a work in progress.	
<b>QUALITY ASSURANCE AND FOOD SAFETY</b> Achieve 100% Global Food Safety Initiative (GFSI) certification for control brand vendors.	Achieved 100% compliance. All our control brand food vendors are compliant with applicable GFSI recognized certification standards.	
Launch an industry-leading vendor traceability system for our control brands.	Introduced an industry-leading online traceability database that traces the origin of ingredients in all our control brand food products.	
<b>VENDOR AUDITS</b> All Loblaw vendors to sign the Loblaw Supplier Terms and Conditions.	56% of our food vendors and 74% of our non-food vendors have signed 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.	Existing and new vendors are audited at a minimum of once a year.	

### Make a Positive Difference in Our Community

TARGETS	ACHIEVEMENTS	PROGRESS
<b>HEALTH</b> Pilot a consumer nutrition scorecard program.	Launched <i>Guiding Stars</i> nutrition scorecard in four Toronto-area stores.	
Establish a collaboration with the Canadian Diabetes Association.	In collaboration with the Canadian Diabetes Association, we implemented our in-store <i>Get Checked Now</i> program which offers customers personalized computerized diabetes risk assessments. More than 19,000 diabetes risk assessments were completed in 2011.	
Add in-store dietitians – pilot in 10 stores in Ontario.	Twenty-four corporate stores in Ontario now offering dietitian services.	
Introduce Corporate Wellness online program for colleagues.	Developed and piloted the 60-Day Wellness Challenge in select corporate distribution centres and store support centres. In total, 854 colleagues participated in the program, losing more than 2,700 pounds over the 60-day period and logging more than 1.5 million total activity minutes.	
<b>SODIUM</b> Convert all control brands to meet the federal government's recommended maximum sodium requirements by 2016.	On track to meet this target by setting internal guidelines in sodium reduction for our control brand processed products.	
Reduce sodium in 200 existing control brand products by 50% as part of the federal government's 2016 targets.	We reformulated 208 existing control brand processed products, reducing sodium by an average of 19%.  We developed 288 new control brand processed products that met our target.	



TARGET MET



TARGET ALMOST MET OR ON TRACK











TARGET NOT MET OR AT INITIAL STAGES



## Targets and Achievements (continued)

### Make a Positive Difference in Our Community (continued)

TARGETS	ACHIEVEMENTS	PROGRESS
<b>PRESIDENT'S CHOICE CHILDREN'S CHARITY (PCCC)</b>		
Implement new PCCC health strategy with a focus on children with disabilities and children's nutrition.	Completed a new long-range strategic plan, which includes a greater emphasis on children's nutrition.	
<b>GREENING OUR COMMUNITIES</b>		
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.	Using a portion of the proceeds from the national charge-for-plastic shopping bag program in our stores, we donated \$3 million over three years to WWF to develop three annual conservation initiatives to mobilize Canadians to take action on the environment. Initiatives include: <i>National Sweater Day</i> , the <i>Great Canadian Shoreline Cleanup</i> and the Green CommUnity School Grants program. WWF estimates that 511,000 people turned down their thermostats on <i>National Sweater Day</i> , more than 55,000 volunteers picked up litter as part of the <i>Great Canadian Shoreline Cleanup</i> and more than 60 schools benefited from Green CommUnity School Grants for conservation projects.	
Review WWF relationship and determine next steps in 2012.	Renewed the WWF partnership. We will continue to work with WWF to mobilize one million Canadians to take on planet-friendly actions through the execution of three annual conservation initiatives – <i>National Sweater Day</i> , the <i>Great Canadian Shoreline Cleanup</i> and the Green CommUnity School Grants program.	
<b>HEALTHY ACTIVE KIDS</b>		
Contribute to reducing the incidence of childhood obesity by supporting national/local programs encouraging active living and healthy eating habits.	Under the Loblaw After-School Grant, \$250,000 was awarded to 112 after-school programs that help kids develop healthy, active lifestyles. Donations were also made to the Canadian 4-H Council's nutrition program (\$25,000), YMCA Canada (\$75,000), Toronto Kiwanis Boys & Girls Clubs (\$25,000), Start2Finish running and reading clubs (\$25,000), 'NSTEP physical activity programs in schools (\$20,000), La Tablée des Chefs in Quebec (\$20,000) and many other children's programs across the country.	
<b>FEEDING OUR NEIGHBOURS</b>		
Help lead The Conference Board of Canada's Centre for Food in Canada (CFIC) project.	Loblaw played a leading role in The Conference Board of Canada's CFIC project by hosting and participating in CFIC meetings to review and discuss research report findings and their implications for the Canadian Food Strategy. Loblaw also participated in setting the agenda for the Canadian Food Summit which takes place in 2012.	
Select and appoint Dr. Ralph Martin as the Loblaw Companies Limited Chair in Sustainable Food Production at the University of Guelph.	Professor Ralph Martin was appointed the Loblaw Companies Limited Chair in Sustainable Food Production at the University of Guelph. Dr. Martin, a former plant and animal sciences professor at the Nova Scotia Agricultural College, was also the Director of the Organic Agriculture Centre of Canada, the only institution of its kind in the country.	
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 <i>Extra Helping</i> food drives.	Every store has been matched with a local food bank in their community. In 2011, we raised \$1.4 million in funds and 1.5 million pounds of food during our <i>Extra Helping</i> food drives.	
<b>LOCAL INVESTMENTS</b>		
Through money contributed ourselves, and funds raised by customers and colleague/employee volunteer efforts, we continue to support our local communities:	Raised \$23 million through fundraising efforts at store level; made \$10 million in local investments through stores and sponsorships. Loblaw corporate donations amounted to \$5.3 million.	
<ul style="list-style-type: none"> <li>Raise \$15 million through fundraising efforts at store level including PCCC, our <i>Give a Little, Help a Lot</i> campaign and our national <i>Extra Helping</i> food drives</li> <li>Make \$5.8 million in local investments by stores and sponsorships</li> <li>Make \$5.3 million in Loblaw donations including PCCC, WWF, University of Guelph, Food Banks Canada, Tree Canada and YMCA Canada</li> </ul>	Together with our colleagues, customers and vendors, we donated more than \$38 million to charities and non-profit organizations across Canada.	



TARGET MET








TARGET ALMOST MET OR ON TRACK











TARGET NOT MET OR AT INITIAL STAGES

## Targets and Achievements (continued)

### Reflect Our Nation's Diversity

TARGETS	ACHIEVEMENTS	PROGRESS
<b>INCLUSION</b>		
Develop and implement an Aboriginal colleague recruitment plan.	Did not finalize a formal recruitment plan. However, we became involved with the Aboriginal Human Resources Council of Canada and participated in its recruitment events.	
Increase female store managers to 25%.	Improved to 23% in 2011.	
Mirror local community demographics in our colleague base.	Advanced our partnerships with organizations that help people in specific demographics find employment and integrate into the Canadian workplace.	
Welcome more colleagues with disabilities.	Continued to work with organizations that support businesses working to hire people with disabilities. In 2011 we were honoured with two awards – Canada's Best Diversity Employers and Best Employers for New Canadians.	
Broaden recruitment-targeted activities to include workers 50+.	We did not implement targeted activities in 2011. However, this will be part of our overall hiring practices as we aim to hire the right people for the right jobs.	

### Be a Great Place to Work

TARGETS	ACHIEVEMENTS	PROGRESS
<b>EMBED CSR</b>		
Increase colleague corporate social responsibility (CSR) awareness scores by 2% by end of 2011.	National numbers were flat in 2011. However, our store support centre scores for CSR awareness remain high at 91%.	
Roll out CSR educational tools for colleagues at all operations.	Continued to increase CSR awareness through internal communication tools such as our CSR posters in corporate stores and distribution centres. Conducted CSR huddles at corporate distribution centres and store support centres throughout the year.	
<b>HEALTH AND SAFETY</b>		
Reduce workplace accidents by 10%.	Reduced workplace accidents by 19% in 2011.	
<b>COLLEAGUE ENGAGEMENT</b>		
Launch new national scholarship program for colleagues and customers.	Granted 200 scholarships of \$1,500 to colleagues, family members, friends and customers, for post-secondary diploma or degree programs.	
<b>TRAINING AND DEVELOPMENT</b>		
Continue to focus on and increase colleague engagement through action planning programs such as Great Place to Work week and our ABCD recognition program.	We executed Great Place to Work week in May 2011 and we continued to recognize colleagues through our ABCD recognition program.	
Conduct monthly colleague tell it as it is surveys.	Surveys are conducted monthly and distributed nationally to our stores, distribution centres and store support centres on a rotating basis. Every colleague has two opportunities to participate in the survey each year. National participation rates remain high at 86%.	
Implement Best Leadership initiatives to support the development of leaders in critical roles and to increase the pool of leadership talent.	Held 16 Best Store Leadership and Best Category Leadership development centres for 242 Loblaw colleagues.	
Continue to design, deliver and encourage participation in the Loblaw Virtual Learning Centre (LVLC) programs.	In total we trained 49,257 colleagues at our 16 Learning Centres, which are fully equipped training facilities connected to a store. Through the LVLC program, colleagues completed 24,094 e-learning courses and attended 67,149 instructor-led sessions.	



TARGET MET



TARGET ALMOST MET OR ON TRACK



TARGET NOT MET OR AT INITIAL STAGES

# 2012 Targets

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## Respect the Environment

### WASTE REDUCTION

- Reduce waste from corporate stores in each region by an additional 5% relative to 2011 results (Atlantic, 72%; Ontario, 72%; West, 53%; Quebec, 62%).
- Divert 900,000 pounds of plastic pots and flats from landfill – bringing our total to five million pounds diverted since our national recycling program's inception in 2008.
- Roll out e-stubs (paperless paystubs) for colleagues at corporate stores and distribution centres.
- Achieve an average of 80% waste diversion from landfill at corporate distribution centres.
- Introduce organic waste diversion in two corporate distribution centres.
- Increase the use of Reusable Plastic Containers (RPC), used for shipping, to 19 million cases.
- Achieve an average of 80% waste diversion from landfill at store support centres.

### CONSUMER FOOD WASTE

- Audit perishable food waste in corporate stores and distribution centres.
- Pilot a perishable food diversion program in partnership with local food banks.

### PACKAGING REDUCTION

- Continue progress toward reduction of non-recyclable packaging on control brand products by 50% by year-end 2013.
- Continue progress toward overall 5% packaging reduction of control brand products by year-end 2015.
- Test new types of recyclable packaging and work with municipalities and regional recyclers to accept a broader range of packaging for recycling.
- Set levels of post-consumer content by material type for all control brand packaging.
- Advocate for a national industry stewardship strategy.

### PAPER PROCUREMENT POLICY

- Develop sustainable paper procurement guidelines for corporate operations.

### ENERGY REDUCTION – ELECTRICITY AND ALTERNATIVE SOURCES

- Reduce total energy consumption by 3% per square foot in existing corporate stores.
- Complete lighting retrofits in 80 corporate stores across Canada.
- Implement solar panel projects in ten corporate stores.
- Develop business case for the use of alternative refrigeration systems to reduce synthetic refrigerant use in corporate stores.
- Complete lighting retrofits in three corporate distribution centres across Canada.

### FUEL REDUCTION AND FLEET EFFICIENCY

- Add four diesel-free reefer trailers to our fleet.
- Add diesel-free-burning equipment to our trucks.
- Increase the number of loads by rail by 20%.
- Replace 75% of our transport fleet with newer trucks that comply with U.S. EPA 2010 emission standards by year-end 2015.
- Reduce the carbon footprint in our fleet by:
  - Expanding long-combination vehicles (LCV) in Ontario and Quebec.
  - Increasing our cube per load.
  - Increasing the number of *Lift-a-Deck* systems in Ontario and Quebec.
  - Increasing our backhaul trips by 15%.
  - Reducing driver idle time by 20% relative to 2011.

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## Source with Integrity

### LOCAL SOURCING – FRESH

- Implement the “Canadian First” buying strategy throughout the business.
- Source 30% of the produce sold in Loblaw stores from local Canadian growers.
- Source up to 40% of the produce sold in Loblaw stores from local Canadian growers during the peak growing season.
- Source 100% of all beef and pork from Canada by the end of 2012 (excluding sale items and select hard discount stores).
- Strengthen relationships with local vendors/growers across Canada.

## 2012 Targets (continued)

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### Source with Integrity (continued)

#### ANIMAL WELFARE

- Collaborate with vendors, industry associations, animal welfare experts and multi-stakeholder forums such as the National Farm Animal Care Council (NFACC).
- Support industry sectors in the development of animal welfare standards and encourage the use of emerging alternative practices, particularly alternatives to gestation crates.
- Encourage industry associations to further research and evolve hen welfare and housing systems.
- Continue to work with industry to transition all *PC* eggs to cage-free.

#### PRODUCT SAFETY AND TRACEABILITY

- Strengthen relationships and expertise with existing and new control brand vendors by piloting the Loblaw academy training program.
- Achieve 100% Global Food Safety Initiative (GFSI) certification for all produce and growers. This includes CanadaGAP's On-Farm Food Safety program.

#### SUSTAINABLE SEAFOOD

- Where there is an MSC-certified fishery in place, convert, or have an action plan in place to convert, all outstanding control brand products to MSC sources.
- Establish MSC Chain of Custody Certification for our fresh seafood counters in corporate stores and distribution centres.
- Continue to establish a responsible aquaculture procurement practice.
  - Become members of the International Fishmeal and Fish Oil Organization (IFFO) and begin conversion to 100% feed, with fishmeal and fish oil, certified against the IFFO Responsible Supply standard for all our control brand aquaculture programs.
  - Launch ASC-certified *WiseSource* Tilapia.
- Continue to work toward appropriate solutions to managing species at risk in partnership with the fishing industry, WWF and our independent marine science advisor.
- Complete vendor questionnaire analysis to identify remaining high-risk species/stocks and vendors unable or unwilling to meet our criteria.

#### PALM OIL

- Join Roundtable on Sustainable Palm Oil (RSPO).
- Conduct a supply chain assessment on all control brand products.
- Engage control brand vendors on our sustainable palm oil objectives.
- Source palm oil contained in all control brand products from sustainable sources by year-end 2015.

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## Make a Positive Difference in Our Community

#### PRESIDENT'S CHOICE CHILDREN'S CHARITY (PCCC)

- Grant \$10 million to families with children with disabilities across Canada.
- Grant \$2.75 million to nutrition programs across Canada.

#### GREENING OUR COMMUNITIES

- In partnership with WWF, continue to grow three primary programs – *National Sweater Day*, the *Great Canadian Shoreline Cleanup* and Green CommUnity School Grants.

#### HEALTHY ACTIVE KIDS

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

#### FEEDING OUR NEIGHBOURS

- Lead partner with The Conference Board of Canada's Canadian Food Summit.
- Partner with the Centre for Food in Canada on private standards, food and health, and sustainability research projects.
- Work closely with Dr. Ralph Martin, Loblaw Chair in Sustainable Food Production, at the University of Guelph to identify and develop knowledge about key issues/trends around food sustainability.
- Raise \$1.2 million in funds and 1.2 million pounds of food for local food banks during our *Extra Helping* food drives.
- Loblaw corporate donation of \$250,000 to Food Banks Canada's National Food Sharing program.

#### LOCAL INVESTMENTS

- Through money contributed by Loblaw, and funds raised by customers and colleague/employee volunteer efforts, continue to support our local communities.
  - Fundraising efforts at store level include PCCC, *Give a Little, Help a Lot* campaign, and our *Extra Helping* national food drives – \$14.5 million.
  - Local investments and sponsorships – \$5 million.



## 2012 Targets (continued)

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### Make a Positive Difference in Our Community (continued)

#### HEALTHIER FOOD CHOICES

- Redesign *PC Blue Menu* packaging.

#### NUTRITION SCORECARD

- Roll out *Guiding Stars* in all *Loblaws* banner stores in Ontario.
- Pilot *Guiding Stars* in one store support centre.
- Roll out *Guiding Stars* in all remaining stores by year-end 2015.

#### INTEGRATED HEALTH PROGRAM SERVICES

- Add in-store dietitians to 50 stores in Ontario.
- Conduct 1,000 diabetes education sessions in our stores.
- Conduct 65,000 cholesterol checks in our stores.

#### INTEGRATED HEALTH PROGRAMS CORPORATE WELLNESS

- Roll out corporate wellness online program for colleagues in all store support centres and corporate distribution centres.
- Continue to offer the Energy for Life wellness program for management teams in store support centres, corporate stores and distribution centres.

#### SODIUM

- Reduce sodium in 200 existing control brand processed products by 16%.
- Work with industry, vendors and federal/provincial governments on national strategies to reduce sodium consumption.

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### Reflect Our Nation's Diversity

#### INCLUSION

- Increase the number of female store managers.
- Diversity champions to implement regional and national diversity programs at corporate stores and store support centres.
- Integrate general diversity and inclusion core training in both manager job ladders and employee orientation programs.
- Launch a pilot program in our stores in Western Canada in which colleagues' first languages are included on name tags.
- Develop and implement external programs to recruit targeted community groups such as Aboriginals, new Canadians and persons with disabilities by year-end 2014.

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### Be a Great Place to Work

#### EMBED CSR

- Increase colleague awareness of CSR by 2%.
- Develop and launch a CSR course through the Loblaw Virtual Learning Centre for colleagues at store support centres, corporate stores and distribution centres.

#### ACCELERATE LEADERSHIP EFFECTIVENESS

- Launch new Company values and behaviours program.
- Consolidate the Best Leadership program into one consistent approach for assessment and development planning across the business.
- Launch the Fresh Edge program at corporate stores.

#### HEALTH AND SAFETY

- Reduce total accidents by 10% in our store support centres, corporate stores and distribution centres.
- Develop a national training program for the Joint Health and Safety Committees.

## Awards

We were privileged to receive these honours, among others, in 2011:



### BEST 50 CORPORATE CITIZENS:

Loblaw ranked fourth overall, and was the only grocery retailer, among the 2011 Best 50 Corporate Citizens in Canada as determined by Corporate Knights.

### 50 MOST RESPONSIBLE CORPORATIONS IN CANADA:

Loblaw was included in the Maclean's Jantzi-Sustainalytics list of companies that have raised the standards of what it means to be a good corporate citizen.



### CANADA'S 10 MOST ADMIRED CORPORATE CULTURES:

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.



### CANADA'S BEST DIVERSITY EMPLOYERS FOR 2011 AND BEST EMPLOYERS FOR NEW CANADIANS 2011:

Recognizes employers' efforts to honour the diversity of colleagues, customers and local communities.

### 2011 ACHIEVEMENT RECOGNITION AWARD FOR A YOUNG WORKER PROGRAM:

Presented by the Canadian Society of Safety Engineers, BC/Yukon Chapter, the award recognized Loblaw for its Young Worker Safety Program.

### NORTH AMERICAN OCCUPATIONAL SAFETY AND HEALTH WEEK (NAOSH WEEK), BC CHAPTER:

Loblaw was the winner in the retail category for the creative ways in which the Company shared safety and health messages among colleagues.



### CANADIAN DIABETES ASSOCIATION (CDA) OUTSTANDING NATIONAL CORPORATE AWARD:

Loblaw was recognized for its support of the CDA national awareness campaign, *Get Checked Now*, and the in-store delivery of supportive campaign elements including diabetes risk assessment tools, a diabetes screening day and delivery of diabetes education sessions led by CDA community presenters. Loblaw was also recognized for providing the Association with the highest value single year sponsorship in its history.

### PHARMACY PRACTICE AND DRUGSTORE CANADA COMMITMENT TO CARE AWARD FOR HEALTH PROMOTION:

Recognizes companies for their innovative health promotion programs or events that educate patients on disease prevention and/or wellness.



### FOOD BANKS CANADA – JUDGES AWARD OF DISTINCTION:

The award recognizes leading corporate partners that have made a unique contribution to Food Banks Canada and local food banks across the country. Loblaw was recognized for its *Extra Helping* national food drives and yearly donation to Food Banks Canada's National Food Sharing System.



### TREE CANADA ETERNE AWARD:

Recognizes corporations whose sponsorship of Tree Canada exemplifies the best in environmental stewardship, and for outstanding commitment and contribution to the environment.

## Glossary Terms

### AUXILIARY POWER UNIT (APU)

A small diesel engine that provides climate control and electrical power for the truck's sleeper cab and engine block heater without idling the truck during downtime on the road.

### BACKHAUL

The return movement of a truck from its original destination to its original point of origin, especially when carrying goods back over all or part of the same route.

### BUNK HEATERS

A small space heater that keeps a truck bunk and cab warm, comfortable and quiet during rest hours, without idling the truck during downtime on the road.

### CLAMSHELL PACKAGING

Rigid plastic packaging commonly used for produce, baked goods, nuts and dried fruit.

### CLOSED-CONTAINMENT

Closed containers that physically separate fish from the external environment.

### FARM-RAISED (SEAFOOD)

Fish farming involves raising fish commercially in tanks or enclosures.

### GET CHECKED NOW

A national public awareness campaign, spearheaded by the Canadian Diabetes Association, to help Canadians get diagnosed and take control of their diabetes.

### GLOBAL FOOD SAFETY INITIATIVE (GFSI)

GFSI ([www.mygfsi.com](http://www.mygfsi.com)) is an international alliance started by 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.

### GLOBAL REPORTING INITIATIVE (GRI)

Globally applicable sustainability reporting guidelines to assist corporations in reporting on the economic, environmental and social performance of their operations.

### GREAT CANADIAN SHORELINE CLEANUP

The *Great Canadian Shoreline Cleanup*, presented by Loblaw Companies Limited, is one of the largest direct action conservation programs in Canada. A conservation initiative of the Vancouver Aquarium and WWF, the Shoreline Cleanup aims to promote understanding of shoreline litter issues by engaging Canadians in rehabilitating shoreline areas through cleanups. The initiative is made possible from partial proceeds of Loblaw's national pay-for-plastic shopping bag program.

### GREEN COMMUNITY SCHOOL GRANTS

The Green CommUnity School Grants program helps foster innovation for the environment among Canada's youth by providing grants of up to \$5,000 to Canadian elementary and secondary schools working on conservation projects. Spearheaded by WWF, the program is made possible from partial proceeds of Loblaw's national pay-for-bag program.

### GREENHOUSE GAS (GHG) EMISSIONS

The release of atmospheric gases that trap heat from the sun and warm the planet's surface. Human activities such as the burning of fossil fuels and the deforestation of tropical forests have contributed to elevated levels of GHGs (especially carbon dioxide and methane) in recent decades.

### GUIDING STARS

An in-store tool that rates all food products from zero to three stars based on their nutritional value to help guide customers to healthier food options.

### ICE SLURRY

A mixture of water and ice. It is a powerful cooling medium for perishable foods because the small crystals completely surround the product leaving no air pockets and allowing maximum surface contact.

### INTERMODAL TRANSPORTATION

The use of more than one mode of transport (e.g., ship, rail and truck) to ship goods.

### LIGHT-EMITTING DIODE (LED)

LEDs, or light-emitting diodes, are a form of lighting that is extremely energy efficient and long-lasting. LED lights last up to 2.5 times longer and use as much as 56% less electricity than standard fluorescent lighting.

### LIGHTING RETROFIT

Changing the component parts or an entire lighting fixture to reduce electricity consumption.

### LIQUEFIED NATURAL GAS (LNG)

Everyday natural gas cooled to a liquid so that it can be easily transported. It has half the carbon dioxide emissions of any other fossil fuel.

### LONG-COMBINATION VEHICLES (LCV)

In Canada, any combination of tractor unit and semi-trailers more than 25 metres in overall length is considered to be an LCV. LCVs can pull more weight using the same power source – leading to fewer trucks on the road, improved fuel efficiency and a reduced carbon footprint.

## Glossary Terms (continued)

### MARINE STEWARDSHIP COUNCIL (MSC)

An independent, non-profit organization that maintains the most widely respected global standard for the certification of wild-capture fisheries as sustainable and well managed. MSC harnesses market forces to drive change on the water by recognizing and rewarding sustainable fisheries, influencing the choices people make when buying seafood, and working with our partners to transform the seafood market to a sustainable basis.

### NATIONAL SWEATER DAY

On a set day in February, Canadians are asked to put on their favourite sweater and turn the heat down a few degrees to help WWF take action against climate change and work toward a sustainable future. *National Sweater Day* is made possible from partial proceeds of Loblaw's national pay-for-plastic shopping bag program.

### NITROGEN OXIDES

Nitrogen oxides form when fuel burns at high temperatures, such as in motor vehicle engines. In large cities, the amount of nitrogen oxides emitted into the atmosphere can cause health and environmental problems including ozone and smog.

### ONTARIO CORN FED BEEF

The Ontario Corn Fed Beef program provides consumers with an identifiable Ontario brand of beef – known to be consistent, premium and locally raised. The feed of cattle plays a big role in the flavour of the beef. In this program, cattle consume a high percentage of corn in their diets, giving the beef superior marbling which makes it the most tender, tasty beef anywhere.

### PHOTOVOLTAICS (PV)

Method of generating electrical power by converting solar radiation into direct current electricity.

### POLYETHYLENE TEREPHTHALATE (PET)

A commonly used plastic that is transparent, lightweight, strong, safe, shatterproof and readily recyclable.

### POLYVINYL CHLORIDE (PVC)

One of the most widely used plastics in the world. The large amount of additives used to produce PVC makes it nearly impossible to initiate large-scale post-consumer recycling of PVC products.

### SMARTWAY™ DESIGNATION

SmartWay is a public/private collaboration between the United States Environmental Protection Agency (EPA) and the freight transportation industry that helps freight shippers, carriers and logistics companies improve fuel efficiency and save money. U.S. EPA-designated SmartWay tractors and trailers are outfitted with equipment that significantly reduces fuel use and emissions.

### TRUCK/TRAILER SKIRTS

Winglike skirting devices installed on the sides of a trailer to reduce fuel consumption. The skirts enhance the aerodynamics by redirecting the airflow and preventing the air from hitting the trailer's rear under-structure. The effect is to stabilize the trailer and reduce drag and swaying, which results in a smoother ride, fuel savings and a lower carbon footprint.

### U.S. ENVIRONMENTAL PROTECTION AGENCY (EPA) 2010 EMISSION STANDARDS

These stringent standards, which took effect in January 2010, are aimed at reducing atmospheric pollution by significantly reducing the amount of nitrogen oxides, particulate matter and hydrocarbon emissions from diesel engine-powered heavy trucks.

### WILD-CAUGHT (SEAFOOD)

Seafood harvested from their natural marine habitat.

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## Contact Us

### NATIONAL HEAD OFFICE AND SUPPORT CENTRE

Loblaw Companies Limited  
1 President's Choice Circle  
Brampton, Ontario, Canada L6Y 5S5

Tel: 905-459-2500

Fax: 905-861-2206

Web: [loblaw.ca](http://loblaw.ca)

For CSR-related inquiries contact [csr@loblaw.ca](mailto:csr@loblaw.ca)