

Corporate Social Responsibility 2020

Environmental, Social and Governance

Loblaw
Companies
Limited

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As Canada's food and pharmacy leader, we play an important role in bringing about positive environmental and social change – both nationally and in the communities we serve. We aspire to lead change where it matters most, and we are proud to share with our stakeholders the actions we are taking to address some of the pressing challenges facing Canadians and our business.

In this, our 14th annual Corporate Social Responsibility (CSR) report, we provide both a retrospective look at our efforts to date and introduce new goals for the years to come, keeping us accountable and focused on the issues that matter most to our stakeholders. This includes determining sustainable solutions to material environmental, social and governance (ESG) risks and opportunities, establishing measurable targets, and ensuring transparent disclosure, proactive stakeholder engagement and robust governance practices.

Reading and understanding this report

- This report covers Loblaw Companies Limited's 2020 fiscal year, which ran from December 29, 2019, to January 2, 2021. Unless otherwise noted, data included in this report relates to this time period.
- Our reporting and data measurement methods are consistent with those used in the 2019 CSR report, and only cover our corporate operations, which include our corporate-owned retail stores, distribution centres and store support offices. Where appropriate, we have also indicated the inclusion of franchisee and third-party specifics relating to Shoppers Drug Mart/Pharmaprix associate owners.
- Loblaw Companies Limited and its subsidiaries own a number of trademarks. These trademarks are the exclusive property of Loblaw Companies Limited or one of its subsidiaries.
- This report is aligned with GRI Standards 2016. It references select disclosures from GRI Standards 2016. Review the Appendix for details.

For more information

- For CSR-related inquiries, please contact us at csr@loblaw.ca.
- For the latest updates regarding our progress, follow us on [Twitter](#), [Facebook](#), [Instagram](#) and [LinkedIn](#).




About Loblaw

Loblaw Companies Limited (“Loblaw” or the “Company”) is Canada’s food and pharmacy leader, operating Canada’s best retail network with stores within 10 kilometres of 90% of Canadians. We proudly offer innovative e-commerce services as well as Canada’s top control brand portfolio, and we are a trusted health and wellness partner to millions nationwide.

From coast to coast, our community-based network of nearly 200,000 colleagues and employees in more than 2,400 corporate and independently operated stores and pharmacies provides customers with various services, including grocery, health and wellness, beauty, apparel, general merchandise, wireless mobile and financial products and services - many with digital elements designed specifically to meet the needs of consumers and underpinned by the PC Optimum™ loyalty program.

We are guided by our company purpose – helping Canadians Live Life Well®. Three simple, but powerful words that represent our promise to our customers, colleagues and Canadians. We exist to help people live the life they want to live, as well as they can. Underpinned by our CORE values, this purpose comes to life across our five divisions:

\$52.7 billion
total 2020 sales



200,000
colleagues and employees



2,400
stores and pharmacies



Canada's
top control brand
portfolio



18+ million
PC Optimum™ loyalty
members



90% of Canadians live
within 10 kilometres from
one of our stores





Leading change that matters to Canadians

After more than a year of living amidst the current pandemic, many of us are starting to see hopeful signs that life may soon return to a new normal. That will mean reconnecting with family and friends in person, enjoying dinner at a favourite restaurant, and once again coming together to celebrate and cheer at the concerts, games and other gatherings we've all missed so much.

But with that new normal come many challenges we need to address as a society. Challenges which existed well before COVID-19. Carbon reduction and climate change. Biodiversity loss. Plastic and food waste. Racial inequity and marginalization. Childhood hunger. Food sustainability. Mental health and wellness. The list is long and far-reaching.

We believe that businesses have both an opportunity and responsibility to create a positive effect in the communities they serve, and Loblaw has consistently been at the forefront of tackling important issues. From addressing childhood hunger through a commitment to support \$150 million in fundraising, to surpassing our 50% food waste reduction target and decreasing our carbon footprint by 30.9% since 2011, we are leading change that matters to Canadians.

Around the globe, the private sector is also seeing this imperative for change more clearly than ever before and is advocating alongside consumers and governments for further action. Ambitions to tackle climate change and reduce carbon emissions have never been greater. And the world's largest consumer goods producers and retailers have mobilized an unprecedented effort to rein in the plastic waste that weighs upon our planet. Loblaw is a recognized leader in both areas, in Canada and abroad, and as that momentum builds, we will do more.

Each year, this document is how we share our efforts, and as a growing number of organizations and investors are recognizing their value, new standards have emerged for how we report against them. That's why the pages that follow have integrated environmental, social and governance (ESG) reporting frameworks to more proactively disclose our progress.

We have made that progress as a direct result of the commitment of the nearly 200,000 colleagues and employees who serve Canadians every day, and the thousands of suppliers who support us. To all of them, I want to say thank you.

Galen G. Weston
Executive Chairman

Our colleagues make this report possible

Let me tell you a little about the people who work for our organization.

First, you should know that there are nearly 200,000 colleagues and employees in our network, living in almost every community across Canada. We are your friends, family members and neighbours. We showed up for work every day during a global pandemic, to help you access good food and stay in good health. We did this with pride. Our colleague engagement scores increased during the most difficult year in our history, as did our customer satisfaction scores. All of us wanted to be there for Canadians.

Collectively, we represent every cultural background, ability and disability, gender identity and gender expression there is. We see this diversity as an incredible strength, and we actively work to cultivate conversation and understanding through four diversity, equity and inclusion pillars: Proud To Be Me, supporting members of the LGBTQ2+ community; Go Further Women, advancing issues of importance to women; Able at Loblaw, supporting differently abled colleagues; and Embrace Your Roots, highlighting cultural diversity as an asset within our business. Diversity is an enabler of our success.

You should also know that we not only opened our doors to Canadians during the pandemic, we opened our hearts too. With incredible empathy, we raised and granted \$7.5 million to support women's health initiatives, donated more

than five million kilograms of food to local food banks and helped more than 800,000 children access food and food education during a year when they arguably needed it more than ever. These accomplishments, among many more, were the result of thousands of people in our organization making the needs of others a priority.

And finally, you should know that everyone in our organization strives to help you Live Life Well®. This is our purpose, our reason for being. That colleague who wiped your cart clean as you entered one of our stores? That flu shot you received from your local pharmacist? That smile your cashier flashed you from underneath their mask? That personal shopper who prepared your online grocery order? Every interaction, big or small, is designed to help you live the life you want to live, as well as you possibly can.

In this year's CSR report, you will read about many of our commitments and achievements related to the environment, product and materials sourcing, and community support. While the specifics of our past and future achievements are very important, it's equally important that I recognize the role that our passionate, well-meaning and enthusiastic colleagues play in accomplishing these goals.

To our colleagues, thank you for the many ways you serve your communities, and for helping bring our purpose to life.



Sarah Davis
President, Loblaw Companies Limited



Our COVID-19 Response

In March 2020, COVID-19 forced communities across Canada to lock down, businesses to close and Canadians to stay home. Our stores provide essential goods and services, and we were asked to remain open under very unusual circumstances. The nearly 200,000 colleagues and employees in our network stepped in to continue to serve Canadians. Our top priority was, and continues to be, safeguarding the health and safety of those in our network and customers, and ensuring our stores had the resources they needed to operate safely. We established a cross-functional working committee to create and deploy safety protocols, procedures and guidelines across the business, and invested \$445 million in COVID-19 related adjustments and safety measures.

Making our grocery stores and pharmacies safe

Throughout the COVID-19 pandemic, we have prioritized keeping our stores stocked and open to support our customers. To ensure our stores remained safe, we:



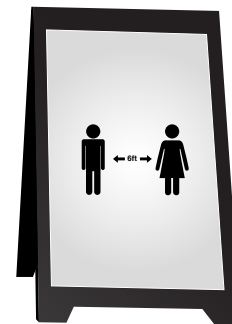
Installed plexiglass partitions and spacing markers at our service counters, checkout stations and pharmacy counters.



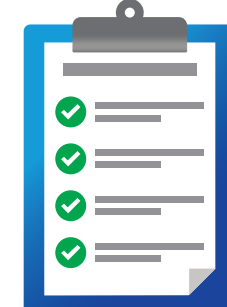
Enhanced sanitization schedules for high-traffic areas and touchpoints, including cashier stations, self-checkouts and credit card terminals, and installed sanitization stations at store entrances.



Limited the number of customers allowed in our busiest stores to make it easier to practice physical distancing, and introduced one-way lane traffic signage in some locations.



Installed consumer facing signs and IVR (interactive voice response) messages to keep customers and communities informed of COVID-19 symptoms and guidance on how to seek help.

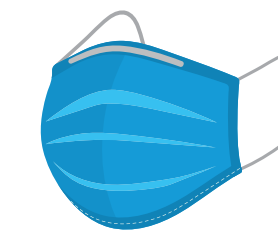


Developed a COVID-19 incident management plan to support COVID-19 positive cases along with an internal employee contact tracing protocol supported by the Loblaw Medical Services team.



Supporting our colleagues and employees

As Canada's largest private-sector employer, we are responsible for providing safe and stable employment, wages and benefits to thousands of Canadians nationwide. To support our colleagues and employees, we:



Secured personal protective equipment, including medical grade masks, face shields, hand sanitizer, gloves and gowns.



Hired more than 21,000 COVID-19 relief colleagues and employees in our stores at the height of the pandemic.



Introduced a temporary pay premium, adding \$2 an hour for existing hourly paid frontline and distribution centre colleagues and employees, equivalent to about a 15% pay premium.



Provided paid leave to colleagues and employees for COVID-19 related absences.



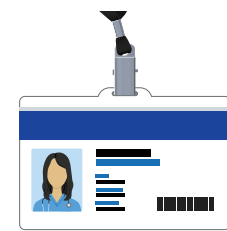
Communicated regularly with frontline colleagues to keep them informed.



Expanded our Employee and Family Assistance Program (EFAP) to include all colleagues and employees.

Supporting our customers and communities

The COVID-19 pandemic has impacted some more than others. To support our customers and communities throughout this difficult time, we:



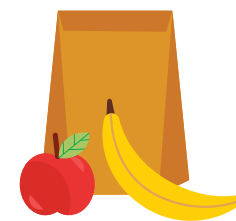
Expanded our PC Express™ services and eliminated delivery and pick-up fees for customers shopping from home.

Dedicated shopping times for those most vulnerable, including seniors and those living with disabilities.

Offered priority access to our grocery stores and pharmacies for essential frontline healthcare workers throughout the day.



When masks were not widely available early on in the pandemic, T&T® Supermarkets donated 1.1 million masks to schools, hospitals and long-term care homes across Canada.



President's Choice Children's Charity released \$10 million in funding to support vulnerable kids missing school-based meal programs due to COVID-19 school closures.



Offered gift card discounts to nearly 90 different charitable organizations across the country, totalling \$6.2 million in savings for those organizations.



Partnered with [SilverCloud Health](#), an online stress management tool, to offer mental health services for our colleagues and their families, and made the online stress management tool free to all Canadians through the SilverCloud digital mental health platform.

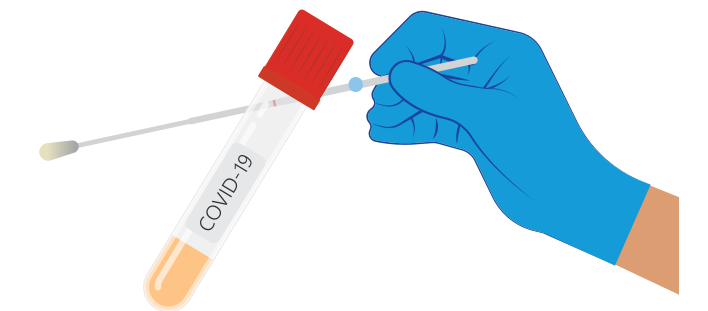


Expanded pharmacy services

Our pharmacy teams continued to provide community-based care while the healthcare system experienced unprecedented demand and access to healthcare proved challenging. We:



Increased free delivery services to ensure medication access wasn't disrupted for our patients.



Launched COVID-19 testing for asymptomatic patients in Ontario and Alberta and performed more than 340,000 assessments and tests.

Made our [Medeo](#) virtual care tool free to thousands of primary care physicians across the country so that they could provide consultations to their own patients online.



For Canadians who generally rely on a walk-in clinic, we launched a virtual care service in partnership with [Maple](#) that quickly matched patients with a doctor or nurse to help diagnose minor ailments and provide prescriptions. Where virtual care is not funded by provincial governments, we temporarily provided free online physician consults.

Some of the programs, services and upgrades mentioned in *Our COVID-19 Response* were only in effect temporarily, while others have become permanent.

Our Approach to ESG

In 2020, we commissioned an external consultant to support our review and validation of our environmental, social and governance (ESG) priorities. The assessment included benchmarking against peers to identify existing and emerging ESG priorities, as well as a review of global ESG trends and regulatory landscapes. We also reviewed guidance from reporting frameworks, including the Sustainability Accounting Standards Board (SASB)'s Food Retailers and Distributors Standard, the United Nations Sustainable Development Goals (SDGs), and the Task Force for Climate-related Financial Disclosures' (TCFD) recommendations to understand which ESG factors are considered most relevant for our industry. In addition, we incorporated findings from our annual CSR consumer research. This research provides information on how consumers perceive our approach to sustainability and highlights the issues that matter most to them.

This assessment built on the results of our initial materiality assessment, which was conducted in 2018 and based on guidance from the Global Reporting Initiative (GRI) Standards (2016). As part of the initial 2018 materiality assessment, a preliminary list of sustainability topics was established based on industry-specific guidance, peer analysis and prior assessments. To prioritize these topics, we also engaged 39 stakeholders, including investors, suppliers, peers and NGOs, through surveys and interviews. The results of this assessment were compiled and reviewed to help us understand the importance of those sustainability topics to our stakeholders, which helped inform our ESG priorities.

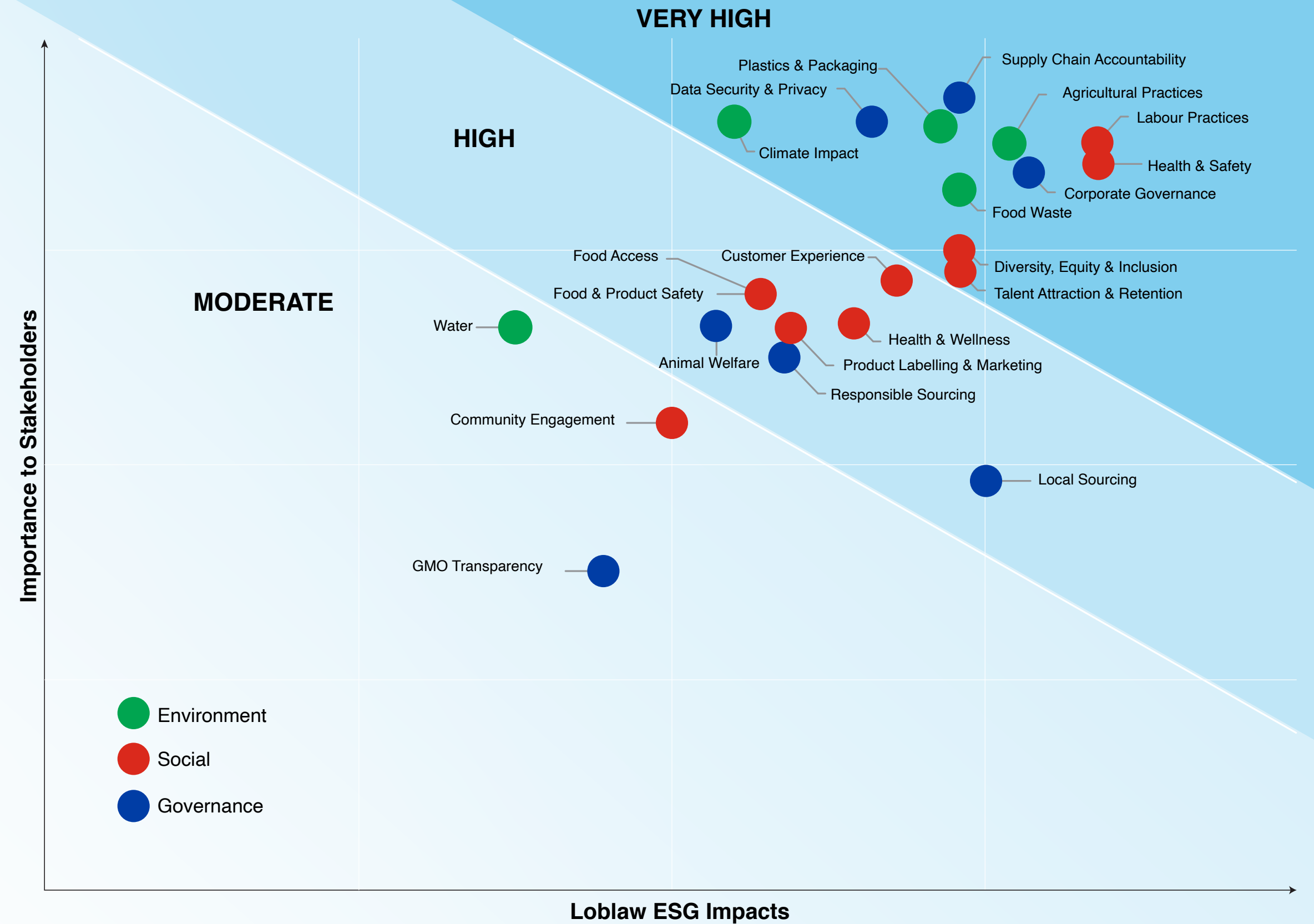
In 2020, we clarified, adjusted and reframed topics under the pillars of ESG. The following matrix showcases the key topics that are important to our stakeholders and to our business. Other significant priorities were also identified and our approach to these priorities is included throughout this report. By focusing on material ESG topics, we can ensure that we are identifying, prioritizing and responding to ESG priorities that matter most to our stakeholders and our business. Review the [GRI Content Index](#) and [Material Topics Summary Table](#) in the appendix for additional information.

We are committed to enhancing our disclosure practices and using the results from our 2020 assessment to guide our reporting strategy, which is based on the approach prescribed by the GRI.

SASB Standards

We are currently a member of the Sustainability Accounting Standards Board (SASB)'s Standards Advisory Group for the food and beverage retail sector. This group of volunteer industry experts is appointed to advise SASB on emerging issues that should be considered in the standards development process. In 2020, we participated in SASB's alternative meat and dairy research workshop.

To view our disclosures against the Food Retailers and Distributors Standard and Drug Retailers Standard, refer to our [SASB disclosures](#) in the appendix of this report.



This matrix shows the issues determined to be material to our company. Shading indicates moderate, high and very high priority topics, and colour coding indicates how each topic aligns against ESG categorization.

Stakeholder Engagement

We have a large and diverse set of stakeholders, and their input is critical to our success. They support our CSR efforts by contributing to our materiality assessments and providing guidance on our key activities.

Our stakeholders are defined as those impacted by our business operations, our business partners and key individuals and organizations interested in engaging on how we can do better.

Stakeholders	Engagement Channels	Points of Interest
Customers and communities	<ul style="list-style-type: none"> In-store customer experiences and at our service counters Customer service departments across various business divisions Consumer surveys and focus groups Receipt-to-online customer satisfaction surveys Social media monitoring and engagement 	<ul style="list-style-type: none"> Food waste Plastics and packaging Animal welfare Product quality and ingredients Philanthropy Food access
Colleagues, employees, franchisees, associates and labour unions	<ul style="list-style-type: none"> Our annual Tell It As It Is colleague engagement survey Intranet and colleague resource groups Direct emails to senior leaders and executives Scheduled meetings and negotiations with labour unions 	<ul style="list-style-type: none"> Plastics and packaging Labour practices Engagement Compensation Health and safety Professional development
Vendors and suppliers	<ul style="list-style-type: none"> Our vendor portal Communications with category leads Our Supply Chain Compliance department Our Integrity Action Line 	<ul style="list-style-type: none"> Plastics and packaging Supply chain disruptions Locally sourced products Human rights
Shareholders and investor groups	<ul style="list-style-type: none"> Direct investor engagements and meetings Investor conferences Annual General Meeting and quarterly earnings calls Investor questionnaires and surveys The Investor Relations inbox (ir@loblaw.ca) 	<ul style="list-style-type: none"> ESG transparency and disclosures Plant-based products Climate risks and action Pharmacy Privacy and cybersecurity Workforce development Compensation
Charities, NGOs and activists	<ul style="list-style-type: none"> Our Public Relations, Government Relations and CSR departments (either direct contact with subject matter experts or via department inboxes, including csr@loblaw.ca and pr@loblaw.ca) Community dialogues Philanthropic activities Interactions through community partnerships and volunteerism Participation in conferences, forums and webinars 	<ul style="list-style-type: none"> Animal welfare Plastics and packaging Climate action GMOs Corporate philanthropy Diversity, equity and inclusion Community investment Human rights

Performance Against Our Targets

Our efforts and targets focus on issues that matter to our stakeholders, as well as on initiatives where we can have a meaningful impact. We are proud of our continued progress in these areas, and continue to work with our stakeholders to identify new goals to lead in over the coming years.

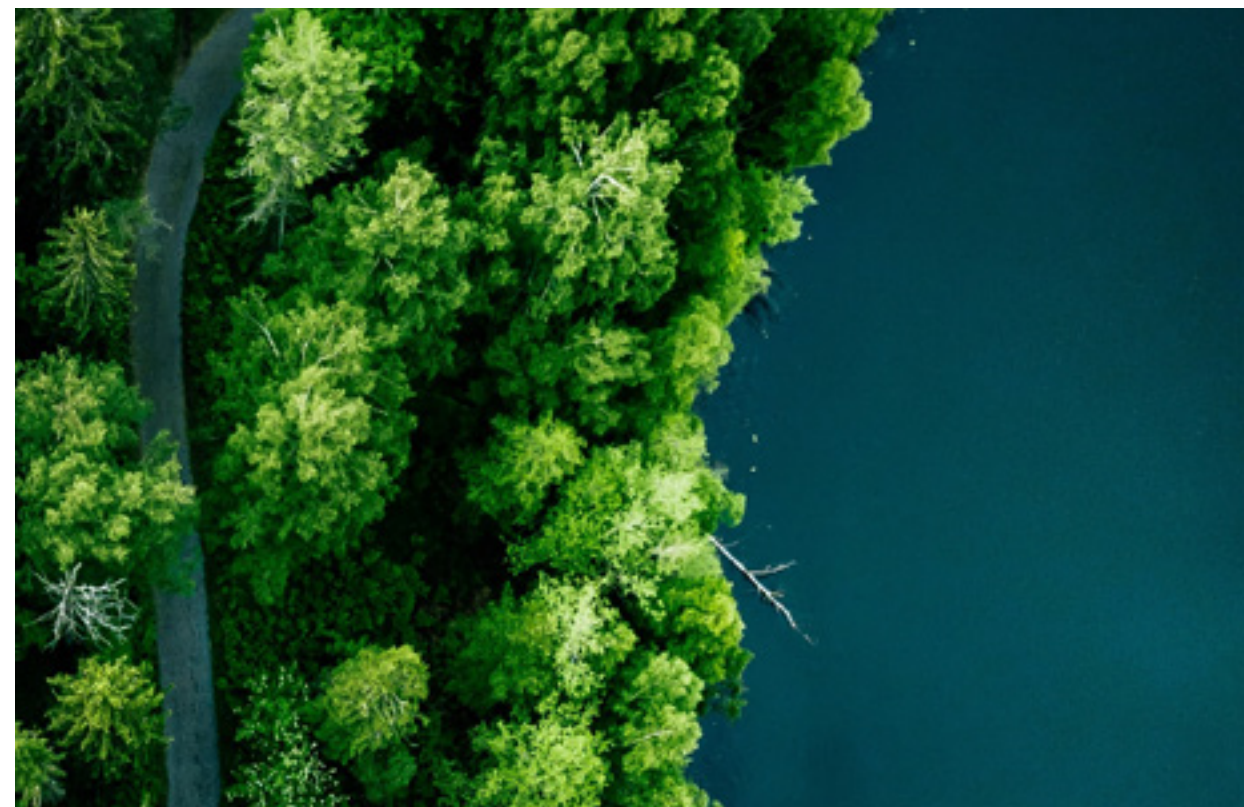
Targets	2019	2020	Target Year	Alignment to ESG
Reduce our operational carbon footprint by 30% by 2030, against a 2011 baseline.	Carbon emissions reduced by 29.7%	Target achieved. Carbon emissions have been reduced by 30.9% relative to our baseline. More information in Climate Action .	2030	E
Reduce our operational corporate carbon footprint by 50% by 2030, against a 2011 baseline.	Announced	Target in progress. Carbon emissions have been reduced by 30.9% relative to our baseline. More information in Climate Action .	2030	E
Reduce food waste by 50% in our corporate retail operations by 2025, against a 2016 baseline.	In progress	Target achieved. Food waste sent to landfill has been reduced by 86% relative to our baseline. More information in Food Waste .	2025	E
Enhance our food waste reduction efforts by enlisting 20 suppliers in 2021 who will commit to halving their food waste by 2030.	-	NEW	2021	E
Ensure all PC® plastic packaging is either reusable or recyclable by 2025.	Announced	Target in progress. More information in Plastics .	2025	E
Invest \$1 million in plastics research and community cleanups by 2025.	Announced	Target in progress. To date, \$353,000 has been invested in plastic research and community cleanups. More information in Plastics .	2025	E
Support improved biodiversity by introducing a native plants program in select stores by the end of 2020.	Announced	Target achieved. A native plants program was piloted in 35 Ontario garden centres. More information in Biodiversity .	2020	E
Pilot the implementation of reusable packaging options for cleaning supplies in select Quebec stores in 2021.	-	NEW	2021	E
Eliminate 1.8 million plastic hangers in 2020.	Announced	Target achieved. 1.8 million plastic hangers eliminated from our operations. More information in Plastics .	2020	E
Pilot a reusable bin exchange program across Canada through our e-commerce platform PC Express™ in 2020.	Announced	Target not achieved. This pilot was put on hold due to COVID-19. In jurisdictions with plastic bag bans, we presently offer our customers reusable bin exchange options through PC Express™ services.	2020	E
In 2020, we will partner with Loop to bring Canadians reusable packaging for some of Canada's most popular brands and products, including President's Choice® products.	Announced	Target achieved in February 2021. More information in Plastics .	2020	E
Eliminate all individual plastic straws and stir sticks from the takeout counters of our stores and all single-use plastic items for food sampling* in our corporate stores, by year-end 2020.	Announced	Target achieved. More information in Plastics .	2020	E

*All food sampling halted as a result of COVID-19.

Targets	2019	2020	Target Year	Alignment to ESG
Transition to phenol-free receipt paper across all divisions by year-end 2021.	Announced	Target in progress. Only phenol-free receipt paper shipped to grocery stores for front-end use. More information in Chemical Management .	2021	E
Transition all President's Choice®, no name® and PC® Organics whole bean and ground coffees to recyclable packaging by year-end 2022.	-	NEW	2022	E
Loblaw Companies Limited to activate \$150 million in fundraising and corporate support by 2027 to support President's Choice Children's Charity's mission to tackle childhood hunger.	\$29 million activated since announcing the target	Target in progress. \$48 million activated in fundraising and corporate support. More information in Community Engagement .	2027	S
Contribute \$3 million over the next three years to the Weston Seeding Food Innovation Fund.	\$2 million contributed since announcing the target	Target not achieved. Since making the commitment, \$2.7 million has been contributed to the Weston Seeding Food Innovation Fund. In 2021, we will continue to support the Weston Seeding Food Innovation Fund .	2020	S
Maintain 40% representation of women on our board of directors, and achieve 40% representation of women in executive positions and 43% representation of women in management positions, in 2024.	Announced	Target in progress. 34% of executives and 40% of management colleagues identify as women. More information in Diversity, Equity and Inclusion .	2024	S
Achieve 25% representation of members of visible minority on our board of directors, 25% representation of members of visible minority in executive positions, and 30% representation of members of visible minority in management positions, in 2024.	-	NEW	2024	S
Source all fresh pork from suppliers that have transitioned to group housing by year-end 2022.	In progress	Target will not be achieved. Based on available supply, it has been determined that this target cannot be met by our farmer partners by the original timeline. We continue to work with them to make further progress on conversions. More information in Animal Welfare .	2022	G
Transition all shell eggs to cage-free by year-end 2025.	In progress	Target will not be achieved. Based on available supply, it has been determined that this target cannot be met by our farmer partners by the original timeline. We continue to work with them to make further progress on conversions. More information in Animal Welfare .	2025	G
Expand factory disclosure to include licensees where we are the importer of record in 2021.	-	NEW	2021	G
By 2025, buy \$150 million more Canadian produce that historically would have been imported.	In progress	Target in progress. More information in Responsible Sourcing .	2025	G
Introduce our Integrity Action Line to all our suppliers around the world in 2020.	Announced	Target achieved. Our Integrity Action Line was extended to our suppliers. More information in Supply Chain Accountability .	2020	G

Our CSR Priorities

As Canada's food and pharmacy leader, we aim to create positive environmental and social change by focusing on the issues that matter most to our stakeholders. Our actions are focused on three areas where we believe we can make the biggest difference:



Respecting the environment

Our aim is to reduce the environmental impact of our operations and to invest in protecting and restoring Canadian biodiversity. We focus on food and plastic waste reduction, energy consumption and transportation and refrigerant efficiency, to make an impact and address climate change. We are proud of our successes and understand there are more ways to contribute.



Sourcing responsibly

We provide Canadians the choice of and access to responsibly sourced products. A steady increase in innovation and collaboration across our business, our supply chains and with our suppliers enables us to provide products and services that reflect the values of our company and customers. We are principally committed to sourcing from Canadian suppliers and those who support a sustainable future.



Making a positive difference in our communities

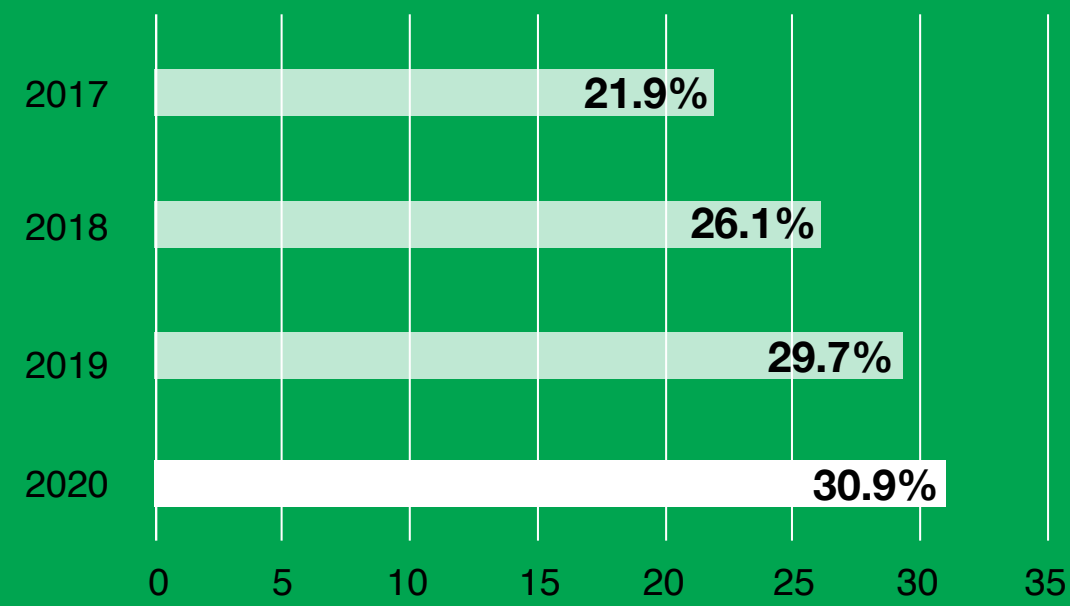
We make a difference in the lives of Canadians by providing equal opportunity for our colleagues, customers and communities. We advance diversity, equity and inclusion ("DEI") throughout our operations by promoting health and wellness, and through our philanthropic efforts. Making a positive difference in our communities means tackling childhood hunger, putting women's health first, and funding research that advances solutions to sustainable food challenges.

Contributing to the SDGs

We recognize the importance of the United Nations (UN) 2030 Agenda for Sustainable Development, and the UN's ambition to rally the global community to take necessary action to bring about inclusive, equitable and sustainable development for people and the planet through a focus on 17 [Sustainable Development Goals \(SDGs\)](#). Our company purpose and efforts align with many of the SDGs.



Reducing our carbon footprint



1.8 million plastic hangers eliminated



13.8 billion plastic bags eliminated since 2007



Nearly **50** PC® Plant-Based products



Environment



Restoring nature with native plants.



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Climate Action

Climate change is one of the greatest challenges of our time. We need to act. Through our operations, we have a significant climate impact, but we are committed to reducing it. With our most ambitious carbon target to date, we are working to reduce our impact across our operations. We recognize our responsibility in the fight against climate change, and we are committed to being a part of the solution.

Our carbon footprint

In 2011, we began measuring our carbon footprint. In 2016, with the help of climate experts, we established a carbon reduction plan in alignment with science-based approaches and announced several targets, including a 30% reduction of our corporate footprint by 2030. As we have achieved some of our earlier targets, we have subsequently increased our carbon-reduction goal to 50% against our initial baseline, by 2030. Some of the related programs, innovations and investments are illustrated on the next page.

Our efforts have resulted in a carbon reduction of 30.9% in absolute greenhouse gas (GHG) emissions across our corporate operations, summarized in the table above, and we are on track to deliver carbon reduction in line with Canada's national targets and commitments made in the Paris Agreement. We are also planning on reporting on more Scope 3 emissions, starting with our franchise-owned grocery stores and associate-owned pharmacies in the years to come. Our progress demonstrates that carbon reduction goals can be achieved without sacrificing economic growth.

Corporate GHG Emissions (measured in tonnes of CO ₂ e)	2020*	2019	2018	2017	2016	2011 (base year)
Scope 1 – Fleet and building fuel consumption, refrigerant releases and corporate travel	458,619	460,458	481,631	494,370	497,134	432,809
Scope 2 - Electricity	262,783	268,331	287,274	302,565	335,518	502,137
Scope 3 – Waste and corporate travel	75,213	81,877	83,539	103,557	112,469	218,596
Total	796,615	810,666	852,444	900,492	945,121	1,153,542
Reduction compared to prior year	1.2%	3.6%	4.2%	3.8%	n/a	
Reduction % against baseline	30.9%	29.7%	26.1%	21.9%	18.1%	

* T&T Supermarkets data has been included for the first time in 2020.

- Data does not include Shoppers Drug Mart/Pharmaprix and franchised grocery stores.
- Emissions are calculated by The Delphi Group and follow the Greenhouse Gas Reporting Protocol.

Climate action

In 2019, we performed a scenario-based climate risk assessment to better understand climate change and its potential impacts on our company. We worked with a third-party consultant to lead the project, guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

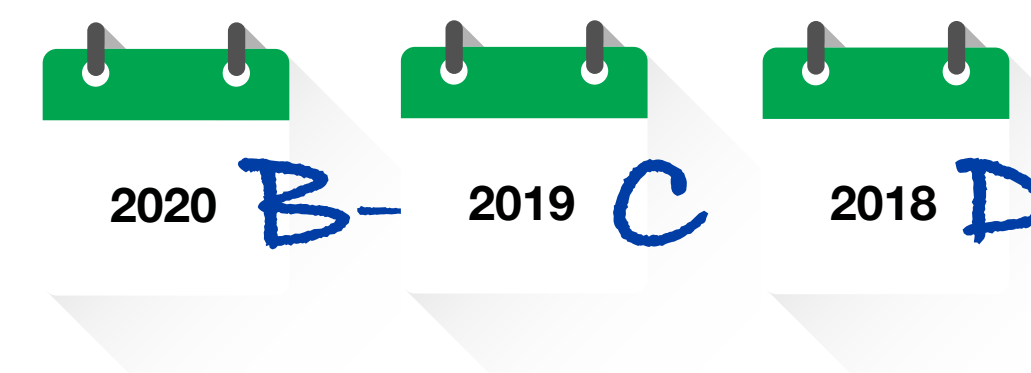
Eight physical and transition risks were assessed against two climate scenarios: business-as-usual and two-degree Celsius scenarios. Although climate-related scenario analysis and impact analysis are still at an early stage, we have been able to narrow our focus and begin managing climate-related risks to our business.

Climate change continues to be included in our company's annual enterprise risk management (ERM) review, with oversight by our board's Risk and Compliance Committee. We also continue to report to the [Carbon Disclosure Project's \(CDP\) Climate Change questionnaire](#), and have steadily improved our performance since 2018.



Reduce our operational corporate carbon footprint by 50% by 2030, against a 2011 baseline.

To combat climate change, federal and provincial carbon reduction targets and financial mechanisms to reduce carbon emissions are being considered and/or implemented, such as carbon taxes and carbon pricing. With each jurisdiction operating under different policies of climate change reform, we may require operational changes and/or incur significant financial costs to comply with the various reforms. Additionally, certain global climate change patterns may impact sourcing. Any failure to adhere to climate change reforms and to adapt to the impacts of climate change could result in fines or adversely affect our reputation, operations or financial performance.



Over the last decade, we have introduced many programs in our corporate grocery stores that have both reduced their carbon intensity and environmental impacts. The programs described below can be found in many of our grocery stores.

Doors on refrigerated cases

We have replaced open refrigerated cases in many of our dairy, meat, deli and produce departments with door cases that reduce the electricity consumption of our refrigeration systems.

Electronic shelf labels

Since 2019, we've introduced electronic shelf labels in 350 stores, improving both the colleague and customer experience, as well as helping reduce paper/plastic-based shelf labels.

Phenol-free receipt paper

Phenol-free receipt paper is provided for use at front-end checkouts.

Refrigerant conversions

We have continued to reduce our reliance on high global warming potential (GWP) refrigerants. In new grocery stores, our refrigeration systems only use carbon dioxide as a refrigerant, and in existing stores, we are converting our systems to use a lower GWP refrigerant.

LED parking lot lighting

We have upgraded many of our parking lot lighting systems to LED pole heads, reducing electricity consumption by an average of 70% in each parking lot.

Centralized energy management systems

We have centralized building energy management systems installed in all our grocery stores. The systems provide real-time information about refrigerated case temperatures and refrigeration system performance to ensure optimized performance.

Trimmings and used cooking oil

Meat trimmings and used cooking oil are processed into biodiesel and other nutritional ingredients are processed into animal feed.

Transport

We have installed electric standby refrigeration units on many of our trailers, reducing their use of fossil fuels while parked at our distribution centres.

Food donations

Food fit for human consumption is donated to food banks and food recovery agencies.

Cardboard and plastic recycling

Used cardboard and plastic material is collected and sent to recycling facilities.

LED ambient lighting

We have upgraded many of our store ambient lighting systems to LED lamps, reducing ambient lighting electricity consumption by an average of 24% in each store.

Bakery waste

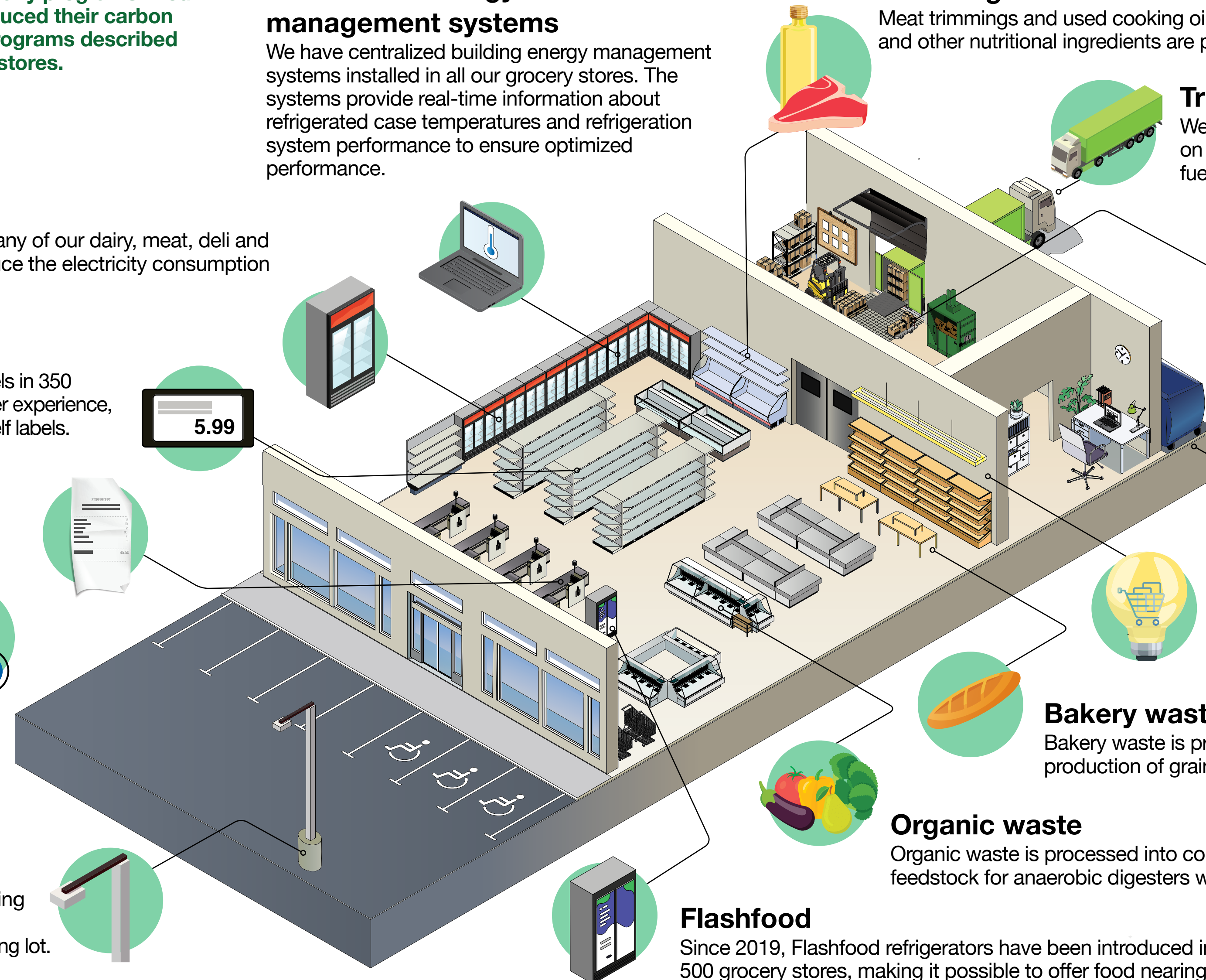
Bakery waste is processed to support the production of grain-based animal feed.

Organic waste

Organic waste is processed into compost, animal feed or as a feedstock for anaerobic digesters which produce energy.

Flashfood

Since 2019, Flashfood refrigerators have been introduced in more than 500 grocery stores, making it possible to offer food nearing its best-before date to our customers at a discounted price.



Biodiversity

Much of the planet's biodiversity is in jeopardy due to human consumption and other human activities that disturb or destroy ecosystems. Pollution, climate change and habitat loss are all threats to biodiversity. These threats have caused an unprecedented rise in the rate of species extinction. Some scientists estimate that half of all species on the planet will disappear within the next century.

In Canada, our climate is warming at [nearly double the global average](#). WWF-Canada's [Living Planet Report 2020](#) found that species at risk in Canada face five threats on average, including climate change, habitat loss and over-exploitation.

At Loblaw, we have taken several different approaches over the years to protect and preserve Canada's nature and our shared biodiversity. We've:

- Committed to source certified sustainable seafood.
- Expanded our control brand organic, antibiotic and hormone-free product portfolio.
- Ensured none of our live plants are treated with neonicotinoids.
- Increased our offering of locally grown produce, having purchased approximately \$1 billion of Canadian produce in 2020.
- Acted as a founding member of the Canadian Roundtable for Sustainable Beef.
- Sponsored the Loblaw Chair for Sustainable Food Production at the University of Guelph.



In 2019, we extended our commitment to biodiversity by joining [One Planet Business for Biodiversity](#) (OP2B). OP2B is an initiative designed to meaningfully protect and restore biodiversity around the world, in alignment with the Convention on Biological Diversity (CBD) COP 15 framework. Focus areas of OP2B include scaling up regenerative agricultural practices, boosting cultivated biodiversity and diets through product portfolios, and eliminating deforestation/enhancing the management, restoration and protection of high-value natural ecosystems.

The OP2B coalition of companies will use its respective scale to drive change and to protect and restore cultivated and natural biodiversity within value chains, engage institutional and financial decision makers, and develop and promote policy recommendations. One of our first steps toward Canadian biodiversity is our native plants program.



Restoring
nature with
native plants.



Native plants

In partnership with WWF-Canada, we became the first major retailer to sell Ontario native plants grown from source-identified and ethically collected seeds. Together, we began a major shift in the supply chain for native plants throughout Southern Ontario by sourcing native plants for sale in 35 of our garden centres. This partnership provided resources and science-based input to create a more sustainable supply chain for our PC® branded plants. The program has also enabled Ontarians to contribute to healthier, more resilient ecosystems in Southern Ontario, which will help migratory and local wildlife thrive.

Food Waste

Food waste is an environmental, social and economic problem. The Consumer Goods Forum (CGF) estimates that **1.3 billion tonnes of food is lost each year**, which represents an estimated cost to the global economy of nearly \$1 trillion USD. Although some degree of waste is unavoidable, a significant part of it is unnecessary and unacceptable.

We are tackling food waste head-on with an ambitious plan to reduce or divert the waste we produce. In 2017, we announced a target to reduce the food waste across our corporate retail operations by 50% by 2025. At year-end 2020, we surpassed our target and reduced food waste sent to landfill by 86%. We are proud of the progress we have made, but remain committed to doing more. Through various innovative programs and initiatives across our business, we continue to explore innovative solutions to address avoidable food waste.



Flashfood

Through our partnership with [Flashfood](#), we sell food nearing its best before date for up to 50% off the regular retail price. Our customers are able to save money while helping eliminate food waste. Since 2019, we introduced this program in more than 500 stores, resulting in the elimination of more than five million kilograms of potential food waste.



Store and supply chain efficiencies

We have invested in sophisticated inventory systems to improve our procurement practices and forecast planning, and are using data tracking tools in-store to analyze product lifecycles. Through these systems, we are working to ensure the right amount of food is ordered or prepared in our stores to reduce waste, and to shorten our supply chains to help keep food fresher for longer.



Food banks

To date, we have matched nearly 600 of our stores with food banks and food recovery agencies across Canada, helping reduce the amount of perishable food going to landfill and providing people facing food insecurity with healthy alternatives. In 2020, we donated more than five million kilograms of food to food banks and food recovery agencies, both diverting food waste and helping those in need. We also committed \$1 million to Second Harvest over the next five years to on-board additional stores to the [FoodRescue.ca](#) platform, helping to make food more accessible to those in need.



Bakery waste

Expired and damaged bakery items no longer fit for human consumption are converted into animal feed for use at local farms. In 2020, through this program, we diverted more than 4.2 million kilograms of bakery food waste from nearly 140 grocery stores in Ontario and Nova Scotia to produce animal feed.



Enhance our food waste reduction efforts by enlisting **20 suppliers in 2021 who will commit to halving their food waste by 2030. (NEW)**

Plastics

There is too much plastic waste in Canada. The impact of plastics overuse is a growing concern for our business and our customers. Our industry is a part of the problem and we must be a part of the solution.

We are assessing the use of plastic across our business, with a goal to reduce or eliminate it wherever we can. Our efforts are centred around three distinct and complementary pillars: Eliminate What We Can; Better Manage What We Use; and Invest in Research and Community Cleanups.

In 2019, we committed to making all PC® product plastic packaging reusable or recyclable by 2025. To achieve this goal, we have developed an internal Plastic Steering Committee which meets quarterly, with a mandate to critically assess plastics use across our business. We have developed guidance for our product development teams to understand and implement recyclable-packaging programs, and to date, we have more than 100 different initiatives underway. In a related pilot, we are working with seven key vendors to explore recyclable alternatives for some of the most common packaging components across our food portfolio. With the help of our partners, vendors, industry and government, we believe we can divert hundreds of thousands of kilograms of plastic waste from our landfills, parks and shorelines.

We are also members of the Consumer Goods Forum (CGF), and in 2020, our Executive Chairman Galen Weston became a co-sponsor of the CGF's Plastic Waste Coalition of Action, helping to drive change across the industry, globally.

We have pledged to support the [Golden Design Rules](#), developed by the CGF, and are part of the packaging design stream committee, which encourages smarter packaging decisions, including the removal of problematic plastic materials and ingredients.

In 2020, we helped create and became a founding member of the [Canada Plastics Pact](#), which is part of the [Ellen MacArthur Foundation's global Plastics Pact network](#). This coalition of partners has a shared vision to move away from a linear, take, make and waste system, to a more circular plastic packaging economy, with the intent to improve both diversion rates from landfill and the quality and quantity of recycled material for inclusion back into its original form. The pact brings together government, big brands, resin makers, recyclers and experts up and down the value chain, so we can all make better packaging decisions.

While there's a lot more to be done, we are excited about the opportunity to create and drive meaningful change across our industry. For more information on our targets, review [Performance Against Our Targets](#). We also provide additional updates on key programs on the following page.



Loop

In 2019, Loblaw and Loop announced a partnership to bring a new model of packaging re-use to Canada. Loop enables customers to buy popular products and brands in durable packaging which can be returned and re-used. Though the 2020 launch was delayed slightly to early 2021, this reusable container program is now active, with Loblaw as the first Canadian retail partner, providing an online portal and 15 President's Choice® products available through [Loop](#) for customers who value re-use options.



We converted the packaging for 13 fresh Seaquest™ seafood products from expanded polystyrene to PET and rPET.



Black plastic and expanded polystyrene are hard to recycle. In 2020, we sold more than 40 President's Choice®, PC® Organics and Farmer's Market® produce items in updated PET and rPET packaging that is more compatible with municipal recycling programs. These packaging conversions have resulted in the elimination of more than 50 million hard-to-recycle black plastic and expanded polystyrene tills and trays from the waste stream, making it easier for our customers to recycle.



At the start of 2020, we began selling our fresh cut flower bouquets without black plastic sticks used to prop gift cards in the bouquets. This resulted in the elimination of more than one million sticks within the year, equivalent to 10,000 kilograms of hard to recycle black plastic.



The majority of Farmer's Market® 3-count cucumbers are no longer individually wrapped, reducing plastic for this product by approximately 50%.

Ensure all PC® plastic packaging is either reusable or recyclable by 2025.



Improved recycling

As one of Canada's largest stewards, we are committed to the principles of a circular economy and full extended producer responsibility (EPR). This means we are enthusiastically working with industry, government and experts to develop better recycling systems, where the companies that put packaging into the market fund and operate recycling programs to capture and re-use plastic materials again and again.

Hangers

Joe Fresh®, our apparel division, eliminated 1.8 million plastic hangers from our operations by making better merchandizing choices. We are continuing to explore ways to eliminate unnecessary plastics in our Joe Fresh® business.

JOE FRESH

Plastic bags, straws and stir sticks

We have eliminated plastic straws and stir sticks from our takeout counters and replaced them with alternative options.* As a result of COVID-19, we temporarily halted our pay-for-bag program and instructed our customers to not use reusable bags while we adapted to operational changes in our stores. In late 2020, we reinstated our pay-for-bag program, and since 2007, we have prevented 13.8 billion plastic bags from going to landfill. To date, we have donated \$12.8 million to WWF-Canada through partial proceeds from plastic bag sales in our stores to fund various programs, including the [Great Canadian Shoreline Cleanup](#).

In the media

Recently, our Executive Chairman, Galen Weston, shared an [update](#) on plastics with our 18+ million PC Optimum™ loyalty members and [sat down with two of Canada's leading environmental experts to discuss plastics](#). More information on plastic food packaging is available on our Insiders Project website, including articles about plastic food packaging and recycling, as well as a mini documentary about Ice River Springs' amazing solution to plastic bottle waste.



* Some stores might still have plastic straws and stir sticks in inventory or in use, but the company no longer ships plastic straws and stir sticks for use at our takeout counters.

Research

The broader impacts of microplastics and microfibres on the environment are not yet fully known, but we are committed to better understanding these issues. Thanks to a partnership with the [Plastics Lab of Ocean Wise](#) – a global conservation organization based in Vancouver – research is underway to analyze how plastic microfibres are generated and transferred into waterways. Through a separate partnership with the University of Toronto, we are supporting the pELastic project. This 10+ year study is aimed at understanding the fate and effects of microplastics in freshwater ecosystems. This experiment is being carried out at the world-renowned [International Institute for Sustainable Development's Experimental Lakes Area \(IISD-ELA\)](#), which enables real-world projects to fill a crucial gap between theoretical, lab and tank studies and natural ecosystems.



Product Sustainability

Plant-based products

We continue to increase our offering of plant-based products across multiple categories to meet growing consumer interest and appetite for alternatives to animal-based products. In 2020, we expanded our PC® Plant-Based product lineup, adding another 23 products for a total of nearly 50 products across most categories in our stores. Our PC® Plant-Based products are third-party certified vegan and contain no animal by-products. They are also merchandised parallel to their animal-based counterparts, making it convenient and easy for our customers to find plant-based alternatives. Throughout 2020, we activated several marketing campaigns aimed at raising awareness of our PC® Plant-Based product portfolio.



Organic products

Over the years, we've increased our offering of certified organic products in our stores. We've heard from many of our customers that they want products made with a reduced environmental impact and without any chemical pesticides or synthetic fertilizers, as well as products that do not contain genetically modified organisms (GMOs). In 2020, we expanded the PC® Organics product lineup to now include more than 550 products. All are third-party certified and continue to meet Canada's organic standards, which emphasize sustainability and a holistic approach to agriculture.



Canadian Roundtable for Sustainable Beef

In 2020, we [announced](#) the purchase of one million pounds of beef from [Canadian Roundtable for Sustainable Beef \(CRSB\)](#) certified farms and ranches, becoming the first Canadian retailer to do so. We are a founding member of the CRSB and have participated in numerous working committees and pilot projects over the years. We were also elected to the CRSB council in 2019.

The *Certified Sustainable Beef Framework* was developed in Canada by the CRSB. Farms, ranches and processing facilities are audited against the CRSB sustainability standards, which are guided by the Five Global Principles of Sustainable Beef - people and the community, animal health and welfare, food safety and quality, natural resources, and efficiency and innovation. More information about the CRSB sustainability certification for producers and processors can be accessed [here](#).

The cyclical five-year review of the Canadian Organic Standards is overseen by the [Canadian General Standards Board \(CGSB\)](#). Loblaw is a voting member on the CGSB Organic Agriculture Technical Committee, which includes more than 80 technical experts and 35 voting members.



More information on product sustainability in the [Responsible Sourcing](#) section.

Chemical Management

Our customers care about the products they put in and on their bodies. So do we. Over the years, we've worked with suppliers to offer safe products and to remove many unwanted synthetic ingredients with potential health impacts from our control brand products. Our regulatory compliance and quality assurance programs define product and supplier requirements, including quality specifications, packaging and labelling requirements, and testing protocols to ensure product safety.

The issue of pollinator health and neonicotinoids is of considerable concern for the agricultural industry. While neonicotinoids are still in use in Canada, our live-plant vendors have confirmed they use integrated pest management systems whereby biological control (predator insects) is utilized and neonicotinoids are not used. No live plants in our garden centres are treated with neonicotinoid-containing pesticides.



We transitioned all control-brand infant pouches and infant formula tubs to BPA-free packaging. These changes impact more than 50 products.

By the end of 2018, all of our Life Brand® and President's Choice® household, beauty and cosmetic products were formulated without triclosan, phthalates or plastic microbeads. We continue to encourage our suppliers to identify and eliminate phthalates that may come from other sources, such as manufacturing equipment and packaging.



President's Choice



In 2019, we announced a transition to phenol-free receipt paper across all divisions by year-end 2021. We are now shipping only phenol-free receipt paper for front-end use to all our grocery stores and will begin to supply phenol-free receipt paper to our associate-owned pharmacy locations in 2021.*



FREE FROM

More than a decade ago, we introduced the PC® Free From® line of products, which now includes beef, pork, poultry and lamb products across our fresh, frozen, grocery, deli and prepared-item departments. We partner with farmers who use innovative farming practices, ensuring our PC® Free From® animals are strictly raised without the use of antibiotics, and in the case of beef, without the use of added hormones. In 2020, we launched 10 new PC® Free From® products for our customers, expanding our PC® Free From® offering to more than 230 products.

We introduced the no name® Simple Check™ symbol in 2018, and expanded the product portfolio to more than 1,000 products. More information in [Responsible Sourcing](#).



* Some stores and pharmacies might still have non-phenol-free receipt paper rolls in inventory beyond the target date, but all receipt paper rolls distributed by the company to all banners and divisions beyond 2021 will be phenol-free.



Additional Environmental Initiatives

Medication and sharps return

Improper disposal of unused or expired medication and biomedical sharps can negatively impact the environment. We work with partners to develop store programs to facilitate the safe disposal of unused and expired medication and sharps to keep these materials out of the environment. Collected medication and sharps are treated by either high-temperature incineration or high-pressure steam sterilization.

We encourage our customers and patients to use these services and bring back unused and expired medication to our retail pharmacies rather than disposing them in toilets, drains or trash. In 2020, through our pharmacy network, we collected 216,000 kilograms of unused or expired medication and 178,000 kilograms of biomedical sharps.

Environmental management system

We maintain an effective environmental management system (EMS) which includes compliance and performance programs to manage risks and ensure all operating divisions of the business are in compliance with company policies and applicable laws and regulations. The EMS includes identification of potential problems or opportunities, due diligence and emergency preparedness procedures, ongoing monitoring and reporting, inspections and audits, as well as waste diversion and energy reduction strategies. Refer to our [Environmental Commitment](#) for more information.

Shirt recycling

We ran two successful textile recycling pilots last year, recycling more than 11,000 kilograms of textiles in total. First, we recycled unused promotional shirts stored in inventory. Second, we asked colleagues in 19 stores to bring back old shirts given to them as part of their uniform to be recycled. Through our Canadian textiles recycler, our shirts were upcycled into filling for a variety of products, including furniture, sports equipment, acoustic barrier products, pillows and dog beds. Read more about the [second pilot](#).



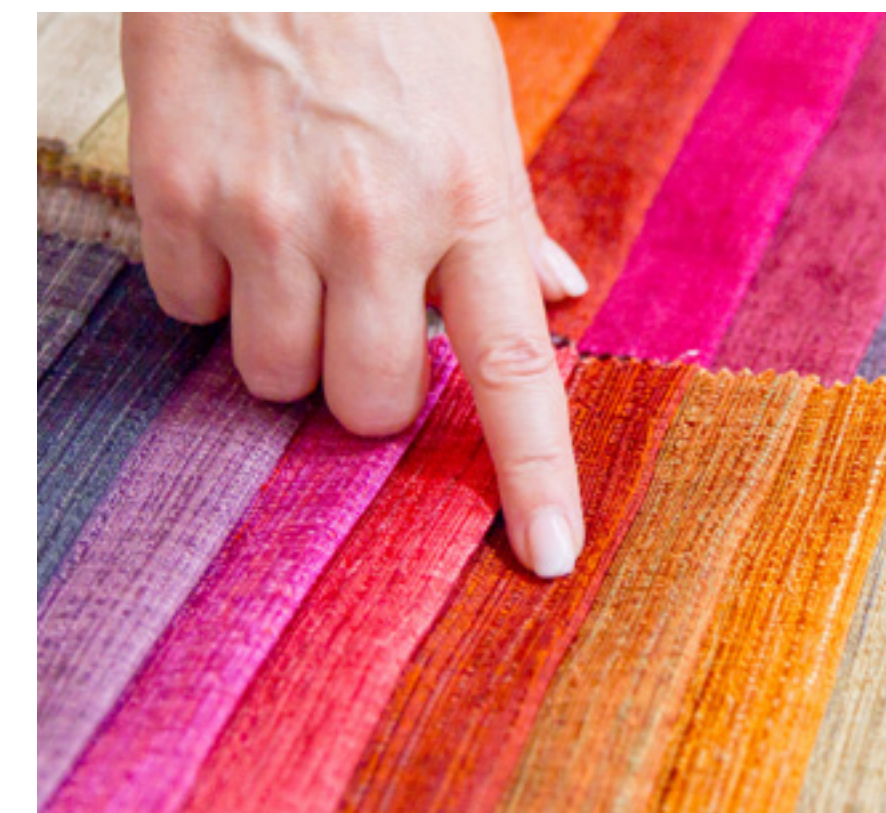
PrimaLoft

In 2019, we began using [PrimaLoft](#) thermal insulation for our Joe Fresh® insulated apparel. PrimaLoft insulation is partially manufactured with post-consumer recycled (PCR) content including plastic water bottles, while providing warmth without bulk and staying water resistant. Based on our sourcing of PrimaLoft in 2020, we were able to divert 1.56 million plastic water bottles from landfill.



Textile recycling research

As one of Canada's top apparel brands, our Joe Fresh® business has been examining its role in managing textile waste. That is why we have partnered with the [Fashion Exchange at George Brown College](#) on research into textile recycling and upcycling.





53%

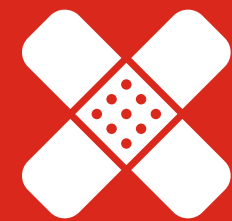
of our corporate colleagues identify as women



500,000 training courses completed in 2020



5 million kgs of food donated



Workplace injuries down 41% since 2010



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Health and Wellness

Our grocery stores and pharmacies are a powerful combination. Together, they make health and wellness more convenient and accessible to millions of Canadians every day. Through our healthcare and pharmacy businesses, and with the recent launch of the *PC Health* app, we help customers who want to adopt healthier lifestyles, eat better, or mind their wellness.

Through the *PC Health* app*, we can virtually provide services by leveraging our network of registered dietitians and nurses, and have partnered with Maple to offer care through a virtual physician network.

Our network of pharmacists can prescribe medications and deliver a variety of additional services, including vaccinations, medication reviews and chronic disease management, resulting in decreased pressures on the healthcare system due to better preventative care.

Wellwise by Shoppers™ is the largest Canadian retailer of home healthcare products and services, including medical devices and equipment, sleep therapy products, professional fittings for braces and supports, rental services, as well as in-home consultations, and more.









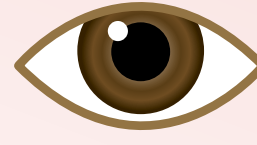

* As of year-end 2020, the app is available for download in Ontario, British Columbia, Alberta and the Atlantic provinces.



We provide [resources](#) to support mental health, including links to community-based mental health organizations, guided meditations, breathing and stretching instructional videos, and much more.

We retail medical cannabis using an [e-commerce](#) and mail-delivery platform, and through our Cannabis Care team, help registered patients access the right products for their needs.

Through our optical centres, our opticians and optometrist partners offer a variety of services, including eye exams and fittings for glasses and contacts. They help Canadians with early detection and monitoring of eye conditions.

 165.8 million prescriptions filled	 nearly 7,000 pharmacists
 184 optical centres	 1,800+ retail pharmacies
 11,000+ pharmacy assistants & technicians	 2.3 million flu shots administered
 350+ opticians	 80+ dietitians

Patient safety

Millions of Canadians depend on us every day to safely dispense medications and provide professional services to support them in achieving desired health outcomes. Patient safety and clinical excellence are the cornerstones of our pharmacy operations. We support pharmacy teams through robust incident management recording and a continuous quality improvement (CQI) program as we strive to be a leader in the Canadian retail pharmacy space. Pharmacy incident recording enables our organization to know, learn, act and help prevent errors and create greater awareness of the importance of recording near-misses and pharmacy incidents. We continuously explore opportunities to improve our pharmacy processes and promote patient safety by evaluating ways to minimize risks to our patients across our 1,800+ pharmacies.

Pharmacy owners and pharmacy managers undergo mandatory annual trainings on enterprise pharmacy standard operating procedures (SOPs) that cover all areas of pharmacy processes. To promote patient safety, eligible store support personnel, pharmacy owners and pharmacy managers also complete and sign off on annual mandatory compliance training on incident management and medication recall management. If pharmacy incidents occur, we have robust and comprehensive SOPs to ensure appropriate actions are taken with the primary focus being on patient safety. All incidents are formally reviewed and assessed by several internal pharmacy CQI experts, and are also assessed by a broad team of

internal experts, including: professional and regulatory affairs, clinical excellence, quality assurance, health and safety, legal council and internal audit, along with several other experts. Action plans are developed to reduce the likelihood of similar incidents occurring in the future. Safety improvement initiatives are tracked and measured annually as part of our compliance effectiveness measures.

Annual pharmacy operations reviews include Pharmacy Standards Certifications, which ensure consistent implementation of pharmacy operational standards throughout the year. They also enable stores to identify opportunities and develop an associated action plan with appropriate store-support resources. The certifications are performed throughout the year and are both self-led as well as regional store support-led, serving to drive alignment with operational and business processes.



Medication adherence

Our network of pharmacists play an essential role in supporting our patients with medication management, acute conditions and chronic disease management, and we have developed various programs to increase adherence to medication regimens to promote improved overall health outcomes. Medication non-adherence can lead to adverse health outcomes and can result in greater negative impact on our healthcare system.

- We developed [Digital Pharmacy](#), a prescription management platform which supports patient medication adherence through automatic refills and patient pickup notifications. On average, patients enrolled in auto refill receive 14.2 days of needed therapy that they would have otherwise missed. To enhance the reach and benefits of automatically refilling appropriate prescriptions, we enroll patients with chronic medications into auto refill. Approximately 90% of all patients enrolled in auto refill are retained on the program and report high satisfaction, with 80% of patients scoring their experience 5/5.
- Rather than only providing patients with a vial of medication, we offer medication organizer options such as compliance packs and Dispill. Medication is organized into a weekly card with time-labelled bubbles for each day of the week, making it easier for patients and caregivers to track and review which medications were taken and when.

Opioids

Opioid abuse continues to devastate families and communities across Canada. In an effort to help fight the opioid crisis in our country, we continue to offer Naloxone training to customers to help prevent overdoses. In select provinces, Naloxone kits are made available free of charge by provincial governments. We are committed to helping address opioid abuse and misuse in our communities and offer confidential opioid dependence treatment. [Click on this link](#) for more information.

Dietitians

Our network of registered dietitians plays an important role in helping our customers manage health issues through nutrition. We offer [individualized nutrition services](#), both in-person and virtually, to support general health and wellbeing. In 2020, our registered dietitians performed more than 10,000 nutrition consultations, helping customers make more informed and educated choices to support a healthier lifestyle. Our dietitian services are also featured in the *PC Health* app to support with nutrition questions and care.

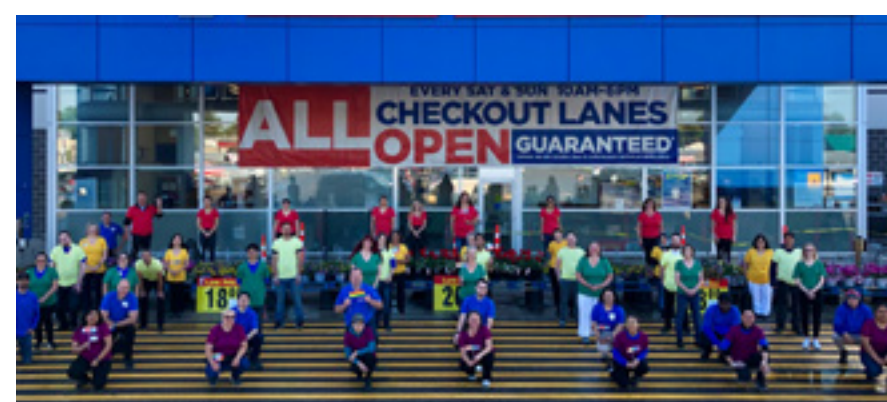


Diversity, Equity and Inclusion

Diversity is Canada's strength, and we have made it a priority to reflect our nation's evolving diversity in the products we sell, the people we hire and the culture we create. For a decade we have been recognized as one of Canada's Best Diversity Employers. While we have built momentum and commitment around diversity, equity and inclusion over many years, 2020 felt different. The spotlight on social injustices and inequities around the world brought our organization closer together to act and accelerate our existing diversity, equity and inclusion commitments.

Inclusion council and committees

Our Inclusion Council consists of more than 20 senior leaders who represent all divisions across our company. The council and its hundreds of supporting committee members unite around four affinity groups:



Celebrating diversity

By celebrating important multicultural and diversity dates and teaching one another about our differences, we create a culture of inclusion. We celebrated important cultural and diversity celebrations and other events like Black History Month, International Women's Day, National Indigenous Peoples Day, Pride Month, Transgender Day of Remembrance and National Disability Employment Awareness Month. We began increasing our focus on Indigenous inclusion and reconciliation with land acknowledgements at our all-company events.

Gender pay equity

We are committed to gender pay equity and continue to monitor it across our organization, by level, and with like-for-like positions. We have built a pay decision tool to help make objective, fair and equitable pay decisions, and each year, we complete detailed reviews and create action plans where needed.



Maintain 40% representation of women on our board of directors, and achieve 40% representation of women in executive positions and 43% representation of women in management positions, in 2024.

Achieve 25% representation of members of visible minority on our board of directors, 25% representation of members of visible minority in executive positions, and 30% representation of members of visible minority in management positions, in 2024. (NEW)

	Canadian Labour Market Availability	Corporate Workforce	Corporate Management	Executives	Board of Directors
Women	47%	53%	40%	34%	42%
Members of visible minorities	21%	19%	21%	20%	17%

- Under Canada's Employment Equity Act, members of visible minorities are defined as persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour.
- Canadian labour market availability is based on the 2016 Statistics Canada Census.
- Loblaw representation numbers are based on voluntary self-identification at the end of 2020.
- Loblaw representation numbers exclude T&T and franchised/associate-owned retail stores. (Shoppers Drug Mart®, No Frills®, Independent Grocer®, Valu Mart® stores).
- Executives are defined as vice presidents and above.
- Corporate Management is defined as either sr./director, sr./manager, distribution centre management, store managers and assistant store managers.

Diversity data

We are collecting more detailed self-identification data through our HR Information System to understand representation within our workforce at all stages of employment, and we continue to collect demographic data in our engagement surveys to help leaders understand the views of colleagues representing different demographics within their teams. In 2020, we set measurable representation goals and activity metrics to improve gender, racial and ethnic diversity in our leadership teams and to build a diverse talent pipeline.

Training

In our effort to build a culture of inclusion, many leadership teams completed workshops on valuing differences and on the role of leadership in enabling diversity. This included open and honest conversations about personal experiences and differences. In addition to our annual Code of Conduct review, we also launched four new diversity, equity and inclusion e-Learnings. Nearly 7,000 leaders completed training on inclusive hiring practices; 60,000 corporate store colleagues completed training related to violence, harassment and discrimination; nearly 5,000 managers in corporate stores completed the [Retail Council of Canada's Serving All in Canada training](#); and nearly 5,000 store support and distribution centre colleagues completed training on building a culture of inclusion.

Anti-racism

We showed our support for the Black Lives Matter movement and our commitment to anti-racism with a [letter](#) to millions of customers, an all-company town hall, a speaker series, and ongoing “Let’s Talk” sessions within teams. We formed a new partnership with the Black Business and Professional Association (BBPA) to make connections with Black professionals, business owners and entrepreneurs, and have signed up leaders to be mentors. As part of our partnership, we made a \$100,000 donation to help address systemic education and employment barriers and gave customers the ability to donate their PC Optimum™ points to the BBPA.

Inclusive hiring and opportunities

In 2020, we continued to evolve our diversity outreach strategy and made equity and inclusion part of our approach to recruitment. This includes events and job fairs related to increasing women in STEM and tracking representation within our talent management programs. In 2020, we partnered with Giant Steps Montreal, a school dedicated to the education and inclusion of autistic students, to launch the Polaris Enterprise initiative – [a nine-month bilingual program](#) that focuses on personal and professional development of autistic adults, preparing them for employment within the grocery industry, and hopefully with us.

Products for everyone

We continue to expand our offering of multicultural products, sourced both locally and abroad, across our stores. Many of these products are under our own control brands, including T&T®, Rooster™, Suraj® and Sufra®. We are also making our beauty offerings inclusive of all genders and skin tones.

In 2020, we set new inclusive principles for our control brands and reviewed our existing portfolio of products to identify stereotypical representation in our product packaging. We identified 18 products for packaging redesign.



Our Colleagues

Our colleagues, franchisees, associate owners and their employees are the driving force behind the many great things we do. We believe that by focusing not just on what we do, but also on how we do it, we can achieve our purpose to help Canadians Live Life Well®, and attain sustainable business results.

Colleague Code of Conduct

Our customers, suppliers and partners have high standards for our organization. Our colleagues must demonstrate integrity, professionalism and accountability at all times to meet these expectations. Our [Colleague Code of Conduct](#) sets out those expected behaviours and reflects our CORE Values – Care, Ownership, Respect and Excellence.



Learning and development

We believe that our colleagues are our greatest asset, and we are committed to their growth and development. Through The Academy, our new and fully-integrated learning platform, we offer more than 3,000 voluntary and mandatory training courses, providing opportunities for colleagues to grow in their current role or build new skills for career development. This harmonized platform enables us to track all training courses completed by our colleagues. In 2020, we developed 400 training modules to meet the evolving needs of our business and our colleagues, and converted 42 in-class workshops into virtual classroom workshops. In total, colleagues completed more than 500,000 training courses through virtual classroom or self-paced learning throughout 2020. In 2021, we will continue to invest in digital and mobile learning, launch additional skilling programs and expand our leadership development footprint from coast to coast.



Talent recruitment

To be the best retailer in Canada, we need the best people. Our colleagues are our most valuable asset, and we have positioned our company as a first-job destination for those entering the workforce for the very first time.

We offer exciting career opportunities across our diverse business, including: technology, data and analytics, e-commerce, pharmacy, finance, supply chain, and more. To attract talent and develop our colleagues into high-performing leaders, we are heavily focused on training and development, investing in our corporate culture, and creating differentiated experiences for our workforce of the future. These efforts will help us retain our top talent and attract candidates with superior skills for positive business results.

In 2020, more than 65,000 colleagues and employees were hired across our network, including more than 21,000 COVID-19 relief colleagues and employees at the height of the pandemic to ensure our stores remained open and safe for our customers.

Culture

We recognize the important role culture plays in our performance and competitive advantage. Several years ago, we prioritized culture as core to our company's strategy, and since then, our colleagues and employees have been involved in creating and shaping our culture.

We have common CORE values - Care, Ownership, Respect and Excellence - that come to life through our culture principles: being authentic, building trust and making connections. This common language extends across our stores, distribution centres and offices. Our deep-rooted culture has contributed to a strong and coordinated response to COVID-19. We are proud of how the colleagues and employees in our network stepped up to support communities across Canada, fulfilling our purpose in extraordinary ways.

In 2020, we were recognized with a number of awards that reflect the many years of investment and commitment to our people and culture. Waterstone Human Capital named Loblaw as one of Canada's Most Admired Corporate Cultures of 2020. We have been recognized as one of Canada's Top Employers and Greater Toronto's Top Employers every year since 2010 and as one of Canada's Best Diversity Employers every year since 2011. These achievements have been largely driven by our successful culture journey and our high levels of engagement and leadership.

Our culture journey is not over. We continue to invest to improve our colleagues' and customers' experiences.



Engagement

Colleague engagement is measured twice annually through our Tell It As It Is survey, conducted by an independent service provider. Survey scores are an important measure of our success in building a collaborative work environment where everyone is able and empowered to do their best work.

In 2020, our enterprise overall engagement rating increased 3% compared to 2017, and came in 5% higher than the retail benchmark average. A full 80% of our colleagues agreed or strongly agreed with the statements "I would recommend this company as a great place to work" and "I am proud to work for this company."

Colleague relations

Across our corporate retail and supply chain network, approximately 82% of our colleagues are covered by collective bargaining agreements negotiated with local unions, most of which are affiliated with national and international labour unions. We have nearly 350 such agreements, usually with terms of four to six years. Throughout each and every negotiation, we aim to achieve reasonably balanced outcomes with compensation packages that include competitive wages, as well as quality healthcare and retirement benefits, while also ensuring that our businesses remain competitive.

In our 2019 SASB report, we reported on the average hourly wage of our in-store and distribution centre corporate colleagues for the first time, disclosing that for the vast majority, their compensation exceeds provincial minimum wage standards. For the 2020 calendar year, the average hourly wage for the same subset of our colleague network was \$17.35, and including fringe benefits, the average hourly wage was \$22.56.

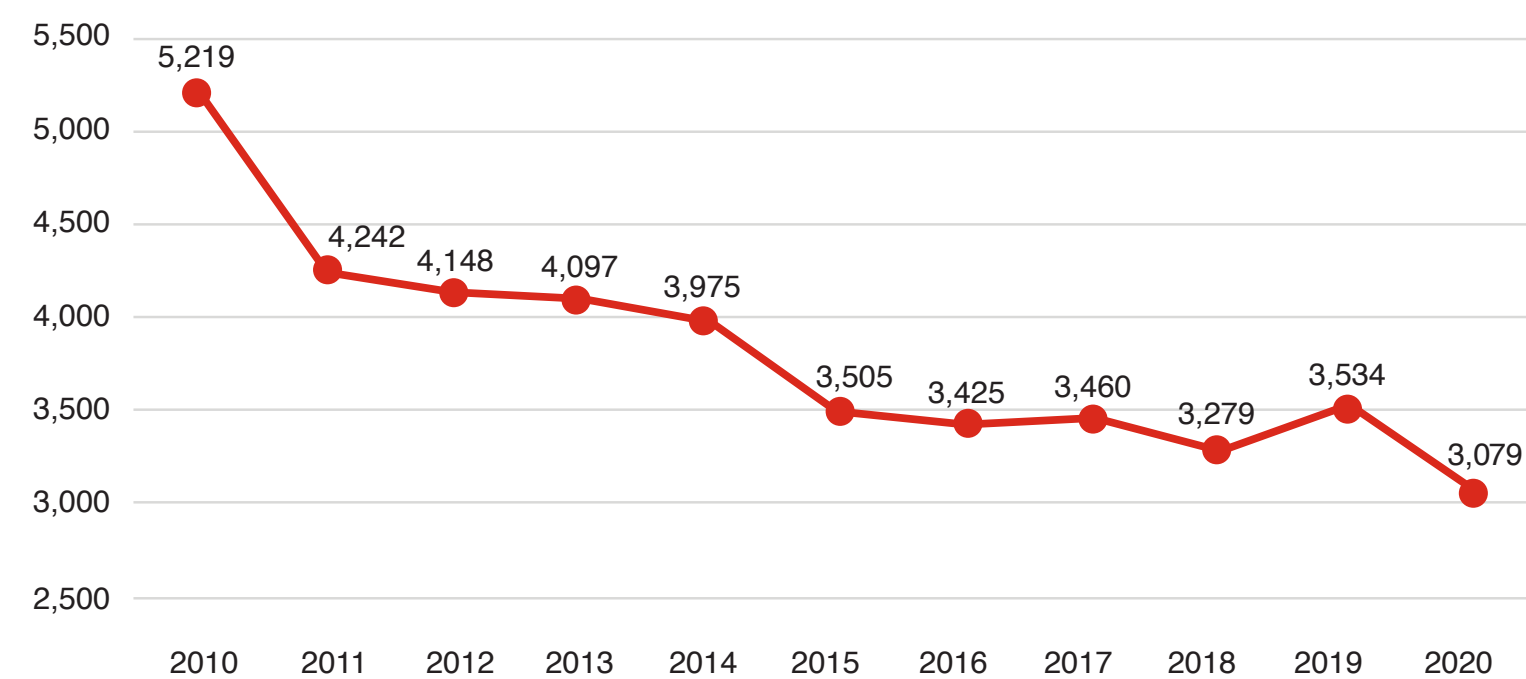


Health and Safety

We are committed to providing and maintaining safe working conditions for our colleagues and safe shopping experiences for our customers. Our colleagues have the right to be safe at work and our customers expect our stores to be safe and free of hazards.

Health and safety is embedded in all facets of what we do each day. We mandate health and safety training for all our colleagues, including orientation, new hire training and the Workplace Hazardous Materials Information System (WHMIS). We also have role-specific training for power-lift truck operators, first aid responders and people leaders. We ensure colleagues have the necessary tools to do their jobs safely and effectively.

Our joint health and safety committees (JHSC) and health and safety representatives work with our colleagues and managers to ensure a safe workplace and provide valuable feedback and recommendations to our management teams. We set clear expectations, regularly monitor our health and safety program and engage with our colleagues to reduce the number of injuries and accidents that happen across our business. Since 2010, we have seen a 41% reduction in injuries, with 2020 being our best result despite the additional challenges of the COVID-19 pandemic. See the trend graph below for total work-related injuries within our corporate operations between 2010 and 2020.



Health and safety metrics

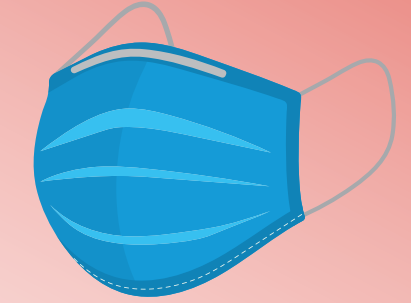
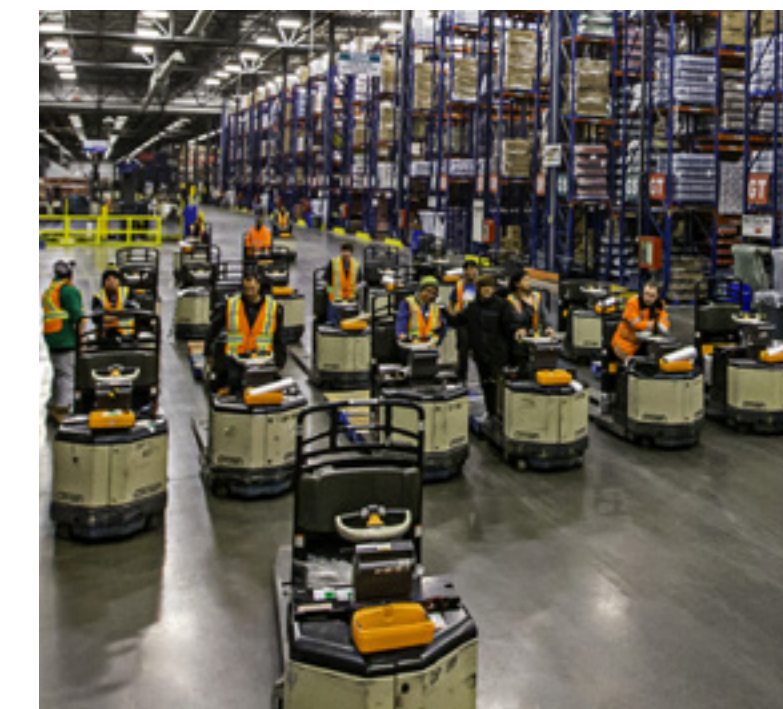
We track all health and safety metrics at the corporate level for a clear understanding of issues, trends and opportunities for improvement. As part of our compliance program, we monitor workplace injuries, including critical injuries, lost time, health care and first aid injuries. We also monitor regulatory visits and orders, JHSC compliance (meetings and inspections) and mandatory training. Compliance to key elements of our health and safety program is measured through facility audits.

One of the ways we assess our safety performance is by measuring accident frequency and lost time frequency within our corporate operations. Accident frequency is a measure of the average number of workers who get injured for every hundred employees. It is calculated by taking the total number of accidents and multiplying it by 200,000 (100 full time employees working a 40 hour work week), and then dividing it by the total number of hours worked. Similarly, lost time frequency is a measure of how many lost time injuries occurred during the reporting period. It is calculated by taking the total number of lost time injuries, multiplying it by 200,000 and then dividing it by total hours worked.

Metrics	2016	2017	2018	2019	2020
Accident Frequency	6.00	5.85	6.04	6.36	5.33
Lost Time Frequency	2.31	2.49	2.57	2.89	2.46

Accident Frequency = an industry measurement that represents the number of total accidents per 100 full time employees

Lost Time Frequency = an industry measurement that represents the number of lost time accidents per 100 full time employees



[Read more](#) about our COVID-19 safety protocols for our customers, colleagues and employees in our network.



In 2015, we were one of the first major retailers in Canada to deploy automated external defibrillator (AED) units in all our corporate stores, distribution centres and offices. Since then, these units have been used successfully 60 times.

Community Engagement

President's Choice Children's Charity

Nationwide, wherever kids are learning, President's Choice Children's Charity provides two key building blocks for a child's future: good food and good food education.

In 2018, Loblaw committed \$150 million of fundraising and corporate support for the charity's effort to address childhood hunger and nutrition skills. Since then, the company has activated its network of stores, customers, vendors and colleagues, raising more than \$48 million. This makes the charity Canada's largest private provider to school food programs.

In 2020, the pandemic shone a light on food insecurity in our communities. President's Choice Children's Charity worked with partner organizations on new approaches to giving children safe access to food. "When school is out, hunger remains. We needed to keep serving these children, but we needed to find new ways," said the charity's Chair and Loblaw President, Sarah Davis. Despite school closures and public health restrictions on community gatherings, the charity reached almost 800,000 children nationwide.



Community investment at Shoppers Drug Mart

For a decade, Shoppers Drug Mart has been supporting women's health charities and organizations across Canada. Through the [LOVE YOU by Shoppers Drug Mart™](#) program, Shoppers Drug Mart demonstrates its commitment to making women's health a priority, because every woman has the right to access healthcare and the support to be happy, healthy and safe. In 2020:

- More than \$7.5 million was raised and granted, with the majority of support being directed to more than 450 women's health organizations and initiatives across Canada.
- For the first time, the annual [Run for Women](#) was held virtually. 26,000 participants registered for the event and raised more than \$2.8 million in support of women's mental health charities nationwide, making it one of the most successful virtual mass participation events in North America.



Disaster relief

When a disaster strikes, our colleagues and employees step up to mobilize support, fund relief programs for organizations in need and do what's right for the communities we serve. In 2020, this commitment was demonstrated in several ways:

- After the port explosion in Beirut, Lebanon, 165 stores raised \$90,000 to support those displaced, with the Canadian government matching these funds. The company also donated \$50,000, with all funds going to the [Humanitarian Coalition](#).
- Fort McMurray was hit with a flood last spring, damaging the community's local food bank. Colleagues at the local Real Canadian Superstore® supported the community, making food and water available to those in the community affected by the flood.
- In early December, a devastating fire destroyed the only grocery store in the town of Apsley, Ontario. The nearest grocery store is about 50 kilometres away, leaving the community without a reliable source of food. Through our PC Express™ online grocery services, we stepped up, mobilizing to deliver 80 grocery orders per day from the nearest Real Canadian Superstore® in Peterborough. For more information, visit [loblaw.ca](#).



The bulk gift card community program provides cost savings and incentives to various community and charitable-based groups engaging in activities benefiting the public. In 2020, \$12.1 million was saved by charitable organizations across Canada through this program, helping them have greater impact.



In 2020, our corporate and franchised stores donated more than five million kilograms of food to local food banks and food rescue agencies across Canada. Through these community partners, food that would have ended up in landfills is redistributed and turned into healthy meals for people facing food insecurity in our communities.



In 2020, we recorded our most successful national holiday food drive campaign since its 2009 launch, raising \$2.6 million and collecting 1.1 million kilograms of food for those in need.



Governance



800 control brand products third-party certified to environmental and/or social standards



100% of PC® shell eggs are cage-free



400+ Canadian produce growers and packers



Approximately **\$1 billion** in local produce purchases



2,453 factory audits performed and reviewed

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Corporate Governance

Governance overview

Our board of directors and executive management are dedicated to strong corporate governance practices designed to maintain high standards of oversight, accountability, integrity and ethics while promoting long-term growth and complying with the Canadian Securities Administrators' Corporate Governance Guidelines. Our governance practices are reflected in our approach and application of policies and practices.

[Our corporate website](#) sets out additional information including the company's Colleague and Supplier Codes of Conduct, Disclosure Policy, Majority Voting Policy, a position description for the Executive Chairman and mandates of the board and each of its committees.

Board of directors

Our board of directors provides leadership, diverse perspectives and exceptional experience relevant to our operations and strategic objectives. This includes overseeing the company's enterprise risk management program and its commitment to environmental, social and governance (ESG) issues, and other topics and themes reflected in this report.

As of May 6, the board was comprised of 12 directors, ten of whom were "independent" as defined by the National Instrument 52-110 – Audit Committees. Mr. Galen Weston, who is not independent, serves as Executive Chairman. Recognizing the importance of strong independent board oversight, the board has also appointed an independent director to serve as lead director. The lead director ensures that the board operates independently of management and that the directors have an independent leadership contact. The board's view on the effective role of an independent lead director has been endorsed by leading corporate governance organizations.

Among the board's four primary standing committees is the Risk and Compliance Committee. This committee is responsible for overseeing the company's legal and regulatory compliance and ethics program, cybersecurity, corporate social responsibility program, human rights and all policies, systems and programs related to pharmacy/pharmaceutical matters, food and product safety, as well as other matters.

For more information relating to our governance practices, please refer to our [Management Proxy Circular](#), dated March 26, 2021.

Colleague and Supplier Codes of Conduct

Our customers, suppliers and partners have high standards for our organization. Our colleagues must demonstrate integrity, professionalism and accountability at all times to meet these expectations. Our [Colleague Code of Conduct](#) sets out those expected behaviours and reflects our CORE Values – Care, Ownership, Respect and Excellence.

We require our suppliers to uphold similar values and principles in their dealings with our organization. These expectations are set out in our [Supplier Code of Conduct](#), which includes standards related to ethical conduct, compliance with laws and regulations, working conditions, worker safety, animal welfare, forced and child labour, among other topics.

ESG governance

The board oversees and monitors the company's approach, policies and practices related to ESG matters. The board also oversees the company's enterprise risk management program, including its design and structure, as well as the assessment of its effectiveness. Risks related to governance, workplace health and safety, the environment and ethical business conduct are among those monitored and reported on by management to the board.

There is an executive sponsor of the company's approach to ESG, who is responsible for integrating ESG into business operations. Various management committees are responsible for setting priorities and implementing and monitoring several ESG-related initiatives across the organization.

Compliance

Compliance remains a key priority for Loblaw as it promotes trust with our stakeholders. We meet the obligations prescribed by the many laws and regulations that apply to our business, as well as the standards of conduct established by our board. Our commitment to compliance means colleagues understand the expectations and risks associated with their jobs. Our culture encourages colleagues to speak up and take action when necessary, and our policies and training drive ethical and compliant behaviour. In the area of competition law, we have maintained third-party assurance that our Competition Law Compliance program meets the standards set out by the [International Organization for Standardization \(ISO\)](#).

Privacy and Cybersecurity

As we introduce new technological capabilities into the daily lives of our customers and colleagues, we are careful to consider legal, ethical and societal values in order to get it right. Through technology, we are increasingly gaining access to new capabilities, leveraging vast amounts of data that help us make better decisions as an organization and enhance the customer experience. However, we recognize that trust is critical to sustaining participation in this new digital economy. We need to make sure that our customers feel confident in our handling and management of their personal information, and we strive to earn and maintain their trust by vigilantly protecting their personal information and responsibly using data in a way that generates value and promotes respect.

- [Full Loblaw Privacy Policy](#)
- [Loyalty Privacy Notice](#)
- [Health Privacy Notice](#)
- [Interest-Based Advertising and Media Notice](#)
- [President's Choice Financial® Privacy Notice](#)
- [President's Choice® Insurance Privacy Notice](#)

Privacy

In many parts of our organization, we hold and manage the personal information (PI) and personal health information (PHI) of our customers and colleagues. This information is a core part of our business and will increase in quantity as we continue to expand our loyalty, financial, pharmacy, health and wellness and omni-channel programs and services. Our customers and colleagues expect that we will safeguard their personal information in accordance with all regulations and best practices.

It is important that we understand the responsibility that comes with collecting, using and sharing personal information. We strive to protect personal information by maintaining appropriate physical, procedural and technical safeguards. This helps reduce the risk of loss, misuse, unauthorized access, disclosure or modification of personal information. The following principles guide our approach:

- We will be transparent about our privacy practices and how we handle personal information
- We will use personal information to benefit and enhance the customer experience
- We will protect personal information and handle it responsibly

We are committed to being clear about how personal information is used and ensuring our approach is easily accessible and understandable. To do this, we publish our privacy policies on our corporate website and describe the measures we take to protect personal information, as well as how customers may initiate inquiries and raise concerns regarding the collection, sharing and use of their personal information. We are committed to developing processes that enhance privacy and incorporate protections into our business strategy, culture and ongoing operations.



Cybersecurity

To safeguard our systems and information, we have implemented cyber and data security measures, including employee awareness and training, and we provided updated information throughout the year to alert all our colleagues of new potential cybersecurity risks. We conduct regular security monitoring and testing, as well as regular maintenance of protective systems. We also develop contingency plans in the event that our systems and information are compromised. In addition, we have implemented data loss prevention and multi-factor authentication, all to provide defense and to reduce the risk of unauthorized access of confidential information.

We launched a vendor management program to monitor key suppliers and partners that handle information to assess the strength of their security programs and controls.

We continually review and upgrade as necessary governance of our data security program to reflect changes in technology, potential risks and business needs. Our program is subject to internal, external and regulatory audits, and utilizes industry practices around assessing, penetration testing, benchmarking and tracking security control maturity, including the Information Security Forum (ISF) and the Payment Card Industry Data Security Standard (PCI DSS). We have three internal policies (Cyber and Information Security Policy, Acceptable Use of IT Assets Policy and Acceptable Use of Mobile Devices Policy), which provide further guidance on data security management within our organization.

Oversight

Our Privacy Office oversees the privacy program to assess whether data handling practices are responsibly managed and in compliance with privacy laws, policies and procedures. The office has implemented an ethical review process for data-related initiatives, and works to evolve privacy and data governance strategies and processes to keep pace with and take into account technological advancements that may carry privacy implications. Actual or suspected privacy breaches are reported to the office for investigation. The office reviews privacy policies and updates them as necessary to ensure the content is relevant and consistent with evolving technologies and laws, and to continue to meet the evolving needs and expectations of our customers.

Supply Chain Accountability

We are committed to sourcing our products responsibly, and have been working on increasing transparency and traceability within our supply chain for many years. Delivering on this commitment requires conducting our business ethically and honestly. To preserve the trust our stakeholders have in us, we count on our network of suppliers to commit to and uphold our high standards of integrity, values and operating principles. Through various programs and policies, we hold our suppliers accountable and use environmental and social certification schemes to provide clarity on our expectations and to add third-party credibility to our sourcing standards.

Supplier Code of Conduct

Our [Supplier Code of Conduct](#) (“Supplier Code”) applies to both domestic and foreign producers and manufacturers that supply us with goods and services. It focuses on worker rights and protections, with a particular emphasis on the importance of protecting the human rights and safe working conditions of workers in our supply chain. This includes policies prohibiting child, forced and trafficked labour, as well as any discrimination, intimidation, abuse, harassment or violence against these workers. We require that our suppliers share our Supplier Code with their contractors, agents, sub-contractors and sub-agents, including any labour agencies that are engaged to assist with providing goods or performing services for Loblaw. Furthermore, our Supplier Code requires compliance with laws respecting workers’ freedom of association and right to collectively bargain their terms and conditions of employment, which include compensation and working hours. Our Supplier Code is managed through our Compliance and Ethics department and is reviewed annually and updated as necessary.

Integrity Action Line

In 2019, our Compliance and Ethics department worked with third-party experts to enhance and relaunch our [Integrity Action Line](#) (IAL - 1-800-525-7868), proactively marketing it to colleagues and employees within our network with one simple message: “Speak Up”. This program encourages the reporting of suspicious activity and unethical practices, as well as non-compliance and suspected non-compliance with laws, regulations, our codes of conduct, and company policies and procedures. The program was extended to our suppliers in 2020, and is accessible on our corporate website in English, French, Mandarin, Cantonese, Punjabi, Spanish and Korean.

Reports received via the IAL are managed by the Compliance and Ethics department and assigned for investigation as appropriate, with governance oversight provided by the Risk and Compliance Committee of the board.



Human rights

Our customers trust that the products we sell in our stores come from suppliers that provide safe and fair working conditions for their workers and employees. We share this concern and have communicated this in [Our Position on Human Rights](#), released in 2020. Given our scope and size, we recognize our responsibility to respect and protect the human rights of those working directly for Loblaw, as well as the many workers, including migrant and temporary workers, employed within our wider supply chain. We do not tolerate discrimination, intimidation, abuse, harassment or violence in any form, and uphold a zero-tolerance policy for certain violations of our Supplier Code, including child, forced and trafficked labour. Through our Supplier Code, we communicate the expectation that our suppliers will uphold human rights within their operations, and are committed to supporting them in these efforts.

Supply chain compliance and factory audits

Our team of audit compliance managers and production auditors ensures that workplace conditions assessments occur, and that our products are sourced from approved and authorized factories.

Our auditors reinforce worker rights and safety by conducting reviews and assessments to ensure that, among other things, labour is voluntary and that workers are properly compensated and not exploited. They also ensure factories comply with employment age laws and standards, that working hours are not excessive and are consistent with local laws and standards, and that facilities meet health and safety laws and regulations. We also mandate fire and structural safety assessments in Southeast Asia. We expect cooperation from our suppliers during these assessments, and for them to maintain appropriate records and documentation to demonstrate compliance. Our approach is informed by the input of industry experts, non-governmental organizations (NGOs) and stakeholders.

Supplier Code violations are reported to our Supply Chain Compliance and Compliance and Ethics departments. We evaluate the severity of violations to determine appropriate corrective action plans to address issues of non-compliance. Serious or repeated violations by a supplier may result in factories and/or suppliers being delisted permanently. We will only issue purchase orders to suppliers that adhere to our factory audit requirements and continue to be compliant with our standards. In 2020, we reviewed and performed 2,453 audits at 2,100+ active factories globally, ensuring they remain compliant.



Collaboration and continuous improvement

We have both an opportunity and a responsibility to make a difference throughout our operations and supply chain. Improvements to support the protection and working conditions of the most vulnerable workers globally will require collaboration among businesses, civil society and governments.

We remain committed to improving safe working conditions in Bangladesh and continue to be a member of the [Accord on Building and Fire Safety in Bangladesh](#) (the “Accord”). In 2020, we also supported the newly formed [Ready-Made Garments \(RMG\) Sustainability Council \(RSC\)](#), which is tasked with continuing building safety and worker training still underway in Bangladesh.

We publish a [list of factories](#) that supply our apparel and footwear on our corporate website and update it twice a year to ensure it is current, relevant and meaningful.



Cotton

We have a standing pledge with our Joe Fresh® apparel and footwear suppliers to not source cotton produced in Uzbekistan and Turkmenistan due to widespread evidence of these countries employing forced and child labour in their cotton harvests. In early 2021, we expanded the scope of this pledge to include the Xinjiang Uyghur Autonomous Region (XUAR) of China.

Factory audits performed and reviewed			
2017	2018	2019	2020
1,783	1,928	1,880	2,453

Food and Product Safety



Food safety

Food safety, quality assurance and regulatory compliance are foundational elements at Loblaw. We work with our store operators, our supply chain partners and our many suppliers to maintain strict food safety standards that comply with regulatory requirements. Our Quality Assurance and Food Safety teams manage, review and update our standards to develop robust quality assurance and food safety programs because we care about the safety of the products we sell in our stores.

Loblaw is a major importer of food in Canada. Our robust data management system ensures compliance and oversight of the certification and traceability requirements required by the Safe Food for Canadians Act. Our control brand products undergo scrutiny during all phases of product development, product launch and periodic review. Product specifications are established, tested and evaluated at various steps in the product lifecycle. Strict standards for product safety and quality are maintained, giving our customers confidence that our products are safe and of high and consistent quality, and that they come from certified suppliers.

In the event of a product issue, our well-established programs enable us to quickly investigate, risk-assess and, if necessary, remove the product from sale and distribution. Recalling a product includes a notification to our store and supply chain partners to remove product from inventory, as well as the execution of a communication plan to our customers. The recall of control brand products triggers an investigation process with our vendors with the expectation that a root cause of the issue is identified and actions are taken to mitigate any future occurrences. In 2020, we executed seven public recalls of our control brand food products to ensure the safety of our customers.



Apparel and footwear

Our goal is to produce products that meet and surpass our customers' expectations of product quality, performance and safety standards. The Joe Fresh® quality assurance standards for apparel and footwear have been developed to meet or exceed the government safety requirements in both Canada and the United States. In 2020, we expanded the scope of our restricted substance list (RSL) to now include more rigorous guidelines to meet new US state level requirements for Chemicals of High Concern to Children. The RSL is intended to provide all Joe Fresh® manufacturers with information related to regulations and laws that restrict or ban certain chemicals and substances in finished products where our products are sold.



Animal Welfare

We are one of Canada's largest buyers and sellers of meat, poultry, eggs and dairy products. Our customers look to us to ensure the food they purchase is safe, high quality, responsibly sourced and produced in a humane way.

Animal welfare issues are complicated and multi-faceted, and advancements require positive collaboration among stakeholders and time to implement. We are committed to pressing for reasoned and continuous improvements to animal welfare standards across our supplier community, and outline our expectations in our Supplier Code of Conduct. Our actions are informed by our customers' expectations, engagement with industry associations, industry best practices, supplier relationships and the guidance and support of leading scientific advisors – all of which are reflected in our [Animal Welfare Principles](#).

Our approach to improving animal welfare:

- Engage with and support the [National Farm Animal Care Council](#) (NFACC) in developing national codes for farm animal care and welfare which are based on science and reflect the values of Canadian consumers.
- Encourage our suppliers to adopt best practices for animal treatment and conduct second or third-party verification.
- Report regularly on the progress being made with regard to animal welfare.
- Fund relevant research projects to improve animal production practices and identify public concerns.
- Stay attuned to new technologies developed to advance animal welfare.

Banned fibres

Through our Joe Fresh® apparel division, we remain committed to the ethical sourcing and humane treatment of animals. We have banned the sourcing and use of fur, mohair (Angora goat) and Angora (Angora rabbit) in all Joe Fresh® products. Furthermore, we pledge to clearly and properly label any synthetic materials that resemble animal by-products.



Update on egg and pork commitments

In 2013, we announced our goal of sourcing all fresh pork from systems using group-housing for pregnant sows by 2022, and in 2016 we also announced our goal of sourcing all shell eggs from cage-free systems by 2025.

Since these announcements, we have worked with our suppliers to achieve these targets. Unfortunately, it has become clear that our farmer partners are unable to meet these timelines. While we are proud of the progress we have made, including converting all President's Choice® shell eggs to cage-free and converting approximately 30% of fresh PC® Free From® pork to group housing for gestating sows, we are disappointed that we will not complete the work by the original target dates.

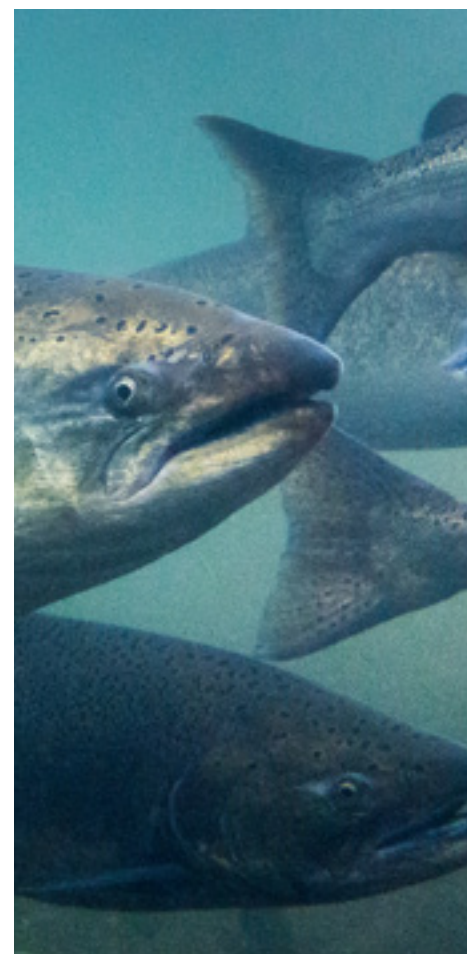
We continue to work with our egg and pork partners to make progress on conversions and we will report on the progress we make through our annual CSR report. We are also working to support NFACC regarding appropriate updates to the codes of practice for pigs and laying hens.

Responsible Sourcing

Our stakeholders expect we will take necessary actions to promote the health and vitality of our food sources, and to ensure our products are sourced safely and sustainably. This means monitoring some at-risk commodities from their origins and applying controls, such as third-party certification, to ensure they are sourced responsibly. Given our scope and size, we can reduce social and environmental impacts across our supply chain by making more responsible choices.

Sustainable seafood

For over a decade, we have been selling certified sustainable seafood in Canada because it's important to our customers and to our company. We want to ensure the seafood we enjoy today will be available for generations to come. Sourcing sustainable seafood, whether wild-caught or farm-raised, requires greater protection of aquatic habitats and more attention to careful harvesting. We are proud to offer more than 150 [MSC](#) and [ASC](#) certified products across our stores, including more than 75 control brand products.



Palm oil

Palm oil is an important ingredient in a wide range of products, but the rapid growth of this industry has been linked to deforestation and the degradation of peatlands. As of 2015, all of our control brand products containing palm oil ingredients align with one of the [Roundtable on Sustainable Palm Oil](#) (RSPO)'s four supply chain methods – identity preserved, segregation, mass balance, or book and claim. More information can be found in our [Annual Communication of Progress](#) (ACOP).



Coffee and cocoa

We are proud to offer Rainforest Alliance Certified coffee products under the President's Choice® single-origin line of coffee products. The [Rainforest Alliance](#) helps coffee farmers by training them in yield-boosting methods and by supporting land health for future generations. Rainforest Alliance Certified™ farms are audited annually against a rigorous standard with detailed environmental, social and economic criteria. These criteria are designed to protect biodiversity, deliver financial benefits to farmers and foster a culture of respect for workers and local communities.

There is a growing global need and demand for responsibly sourced cocoa. Sourcing Rainforest Alliance Certified cocoa helps to address concerns like aging tree stocks, improper use of chemicals, uncontrolled deforestation, labour conditions and low farmer incomes. By sourcing Rainforest Alliance Certified cocoa for our President's Choice® Gold Bars, we are supporting more sustainable cocoa farming, and we continue to explore opportunities to transition additional control brand products to responsibly sourced cocoa.

In 2017, the Rainforest Alliance and [UTZ](#), two of the world's leading sustainability certification organizations, announced their intention to merge their programs. In 2020, we began transitioning our control brand cocoa products that currently use the UTZ logo to the new Rainforest Alliance logo, and we have plans to continue to expand our offering under the Rainforest Alliance certification program. We currently offer nearly 50 products containing ingredients from UTZ certified or Rainforest Alliance Certified farms.



Part of the **RAINFOREST ALLIANCE**





Local sourcing

We take great pride in offering an expanded array of Canadian-grown fresh fruits and vegetables. By purchasing more domestically, we can deliver fresher products to our customers and invest in Canada's farming communities. In 2018, we committed to increasing our Canadian-grown produce purchases by \$150 million by 2025, via a shift from imports to local. Progress against this target is ongoing. In 2020, we increased our Canadian-grown produce purchases by nearly 20%, totalling approximately \$1 billion in Canadian produce purchases sourced from more than 400 Canadian growers and packers.

- We supported the expansion of traditional growing and greenhouse farming in Canada and, through our local growers, we purchased more than one million kilograms of hot house strawberries nationally. We are now also able to offer Canadian-grown hot house strawberries in Western Canada.
- Nationally, we partnered closely with our apple growers to expand our local organic assortment. In the fourth year of the program, Canadian-grown organic apples make up approximately 25% of all annual organic apple purchases.
- We partnered closely with a local carrot grower to support a patented growing process to provide local carrots outside of traditional availability windows.



no name® Simple Check™

Our customers care about the ingredients used in their food. That's why we created the [no name® Simple Check™](#) symbol back in 2018. The Simple Check™ symbol helps our customers easily identify no name® products made without these 10 ingredients: synthetic colours*, artificial flavours, monosodium glutamate**, BHA/BHT/ TBHQ, hydrogenated oils, artificial sweeteners, sugar alcohols, azodicarbonamide, polydextrose and brominated vegetable oil. In 2020, we expanded the selection of products with the no name® Simple Check™ symbol and now offer more than 1,000 products.

* As defined in Canadian regulations

** Except those naturally occurring



Appendix

- 41 GRI Content Index
- 46 Material Topics Summary Table
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GRI Content Index

This report has been prepared in alignment with the Global Reporting Initiatives Sustainability Reporting Standards 2016 (GRI Standards), and references select disclosures within the Standards. Following this content index, we include a Material Topics Summary Table with all material topics identified in our materiality assessment, and map those topics to sections in this report that correspond to select GRI disclosure topics.

GRI Disclosure	Disclosure Title	Disclosure Number	References and Page Links
General Disclosures			
Organizational Profile			
GRI 102: General Disclosures 2016	Name of the organization	102-1	Loblaw Companies Limited (“Loblaw”)
	Activities, brands, products and services	102-2	2020 Annual Report (p. 8-11) 2020 Annual Information Form (p. 5-11)
	Location of the organization's headquarters	102-3	2020 Annual Information Form (p. 5)
	Location of operations	102-4	2020 Annual Information Form (p. 7)
	Ownership and legal form	102-5	2020 Annual Information Form (p. 5 and 30) 2020 Annual Report (p. 121)
	Markets served	102-6	2020 Annual Information Form (p. 5-11)
	Scale of organization	102-7	2020 Annual Information Form (p. 5-11) 2020 Annual Report (p. 66-127)
	Information on employees and other workers	102-8	2020 CSR Report - Our Colleagues (p. 27-28) 2020 Annual Information Form (p. 10) 2021 Management Proxy Circular (p. 33 and 40-41)

GRI Disclosure	Disclosure Title	Disclosure Number	References and Page Links
GRI 102: General Disclosures 2016	Supply chain	102-9	2020 CSR Report - Supply Chain Accountability (p. 34-35) Factory List 2020 Annual Information Form (p. 9)
	Significant changes to the organization and its supply chain	102-10	There have been no material changes to the organization's operations or its supply chain in the 2020 calendar year.
	Precautionary principle or approach	102-11	Loblaw does not have a formal position as it pertains to the precautionary principle.
	External initiatives	102-12	Loblaw is engaged in a variety of external initiatives. Some are referenced throughout the 2020 CSR report and on pages 42 and 43 of the 2021 Management Proxy Circular .
	Membership of associations	102-13	Loblaw partners with numerous organizations to bring our company purpose – helping Canadians Live Life Well® – to life. Some are referenced throughout the 2020 CSR report and on pages 42 and 43 of the 2021 Management Proxy Circular .
Strategy			
GRI 102: General Disclosures 2016	Statement from senior decision-maker	102-14	2020 Annual Report (p. 5-7) 2020 CSR report – Leading change that matters to Canadians (p. 3)
	Key impacts, risks and opportunities	102-15	2020 Annual Information Form (p. 13-23) 2020 Annual Report (p. 35-44) 2020 CSR report – Our Approach to ESG (p. 7)
Ethics and Integrity			
GRI 102: General Disclosures 2016	Values, principles, standards and norms of behaviour	102-16	2020 CSR Report – Our Approach to ESG (p. 7), Corporate Governance (p. 32) Loblaw Code of Conduct 2021 Management Proxy Circular (p. 41-44)
	Mechanisms for advice and concerns about ethics	102-17	2020 CSR Report – Our Approach to ESG (p. 7), Corporate Governance (p. 32) Integrity Action Line 2021 Management Proxy Circular (p. 41-42)

GRI Disclosure	Disclosure Title	Disclosure Number	References and Page Links
Governance			
GRI 102: General Disclosures 2016	Governance structure	102-18	2021 Management Proxy Circular (p. 20-44) 2020 Annual Report (p. 14-16) 2020 CSR Report – Corporate Governance (p. 32) Corporate website
	Delegating authority	102-19	2021 Management Proxy Circular (p. 31-44)
	Executive-level responsibility for economic, environmental and social topics	102-20	2021 Management Proxy Circular (p. 23-25 and 31-44)
	Consulting stakeholders on economic, environmental and social topics	102-21	2020 CSR Report – Stakeholder Engagement (p. 8)
	Composition of the highest governance body and its committees	102-22	2021 Management Proxy Circular (p. 16-14 and 20-30) 2020 Annual Report (p. 14-16)
	Chair of the highest governance body	102-23	2021 Management Proxy Circular (p. 14 and 34-36)
	Nominating and selecting the highest governance body	102-24	2021 Management Proxy Circular (p. 6-14 and 31-44)
	Conflicts of interest	102-25	2021 Management Proxy Circular (p. 31-44)
	Roles of highest governance body in setting purpose, values and strategy	102-26	2021 Management Proxy Circular (p. 23-25 and 31-44)
	Collective knowledge of economic, environmental and social impacts	102-27	2021 Management Proxy Circular (p. 38-39)
	Evaluating the highest governance body's performance	102-28	2021 Management Proxy Circular (p. 33-36 and 39)
	Identifying and managing economic, environmental and social impacts	102-29	2021 Management Proxy Circular (p. 23-25 and 31-44) 2020 CSR Report – Our Approach to ESG (p. 7), Stakeholder Engagement (p. 8)
Effectiveness of risk management processes	102-30	2021 Management Proxy Circular (p. 23-25, 33-34 and 38) 2020 Annual Information Form (p. 13-14) 2020 Annual Report (p. 35-36)	

GRI Disclosure	Disclosure Title	Disclosure Number	References and Page Links
GRI 102: General Disclosures 2016	Review of economic, environmental and social topics	102-31	2021 Management Proxy Circular (p. 23-25 and 37-39)
	Highest governance body's role in sustainability reporting	102-32	2021 Management Proxy Circular (p. 23-25 and 38)
	Communicating critical concerns to the highest governance body	102-33	2021 Management Proxy Circular (p. 76)
	Remuneration policies	102-35	2021 Management Proxy Circular (p. 15-17 and 45-75)
	Process for determining remuneration	102-36	2021 Management Proxy Circular (p. 15-17 and 45-75)
	Stakeholders' involvement in remuneration	102-37	2021 Management Proxy Circular (p. 18) Report of Voting Results for the Annual Meeting of Shareholders held on April 30, 2020.
Stakeholder Engagement			
GRI 102: General Disclosures 2016	List of stakeholder groups	102-40	2020 CSR Report – Stakeholder Engagement (p. 8)
	Collective bargaining agreements	102-41	2020 CSR Report – Colleague relations (p. 28)
	Identifying and selecting stakeholders	102-42	2020 CSR Report – Our Approach to ESG (p. 7), Stakeholder Engagement (p. 8)
	Approach to stakeholder engagement	102-43	2020 CSR Report – Stakeholder Engagement (p. 8)
	Key topics and concerns raised	102-44	2020 CSR Report – Stakeholder Engagement (p. 8)
Reporting Practices			
GRI 102: General Disclosures 2016	Entities included in the consolidated financial statements	102-45	2020 Annual Report (p. 66-127)
	Defining report content and boundaries	102-46	2020 CSR Report – In This Report (p. 1)
	List of material topics	102-47	2020 CSR Report – Our Approach to ESG (p. 7), Material Topics Summary Table (p. 46-49)
	Restatements of information	102-48	None
	Changes in reporting	102-49	No material changes in reporting.
	Reporting period	102-50	2020 CSR Report – In This Report (p. 1)
	Date of most recent report	102-51	2020 CSR Report – In This Report (p. 1)

GRI Disclosure	Disclosure Title	Disclosure Number	References and Page Links
GRI 102: General Disclosures 2016	Reporting cycle	102-52	Annual
	Contact point for questions regarding the report	102-53	2020 CSR Report – In This Report (p. 1)
	Claims of reporting in accordance with the GRI Standards	102-54	2020 CSR Report – In This Report (p. 1)
	GRI Content Index	102-55	2020 CSR Report – GRI Content Index and Material Topics Summary Table (p. 41-49)
	External assurances	102-56	This report is not externally assured.

Material Topics Summary Table

This table corresponds to the materiality assessment discussed in [Our Approach to ESG](#), with all topics from our materiality matrix included in this table. Select GRI disclosures and SASB indicators have been identified, with references to corresponding sections in this report for more information.

Environmental Topics	Definition	Corresponding GRI Disclosure and/or SASB Indicators	Link to More Information	Topic Prioritization
Agricultural Practices	Promoting regenerative agricultural practices and supporting biodiversity through responsible land management and education, as well as enhancing our product portfolio by offering products that meet social, economic and environmental standards set out by third-party certification standards.	GRI 103: Management approach SASB: FB-FR-430a	Biodiversity (p. 15) Product Sustainability (p. 19) Responsible Sourcing (p. 38-39) Supplier Code of Conduct	Very high
Climate Impact	Reducing energy consumption and greenhouse gas (GHG) emissions from corporate-owned and operated facilities, including retail stores, distribution centres and offices. We are also focused on identifying and reducing energy consumption and GHG emissions in our franchised and associate-owned businesses.	GRI 103: Management approach GRI 302-1: Energy consumption within the organization GRI 305-1: Direct (Scope 1) GHG Emissions GRI 305-2: Energy indirect (Scope 2) GHG emissions GRI 305-3: Other indirect (Scope 3) GHG emissions SASB: FB-FR-130a.1 , FB-FR-110b.1 , FB-FR-110b.2 , FB-FR-110b.3 , FB-FR-110a	Climate Action (p. 13-14) CDP	Very high
Food Waste	Tackling food waste across our value chain through investments and partnerships with businesses and non-profit organizations to help eliminate and divert food waste, as well as exploring organic recycling programs and opportunities.	GRI 103: Management approach GRI 306-1: Waste generation and significant waste-related impacts GRI 306-2: Management of significant waste-related impacts GRI 306-3: Waste generated SASB: FB-FR-150a.1	Food Waste (p. 16)	Very high
Plastics and Packaging	Reducing and eliminating the unnecessary use of plastics by implementing innovative reusable solutions and recyclable packaging alternatives through investments and commitment to the principles of full extended producer responsibility.	GRI 103: Management approach SASB: FB-FR-430a.4	Plastics (p. 17-18)	Very high
Water	Reducing water use in our operations and supporting efforts to conserve, protect or restore freshwater sources.	Not discussed at this time.	Not discussed at this time.	Moderate

Social Topics	Definition	Corresponding GRI Disclosure and/or SASB Indicators	Link to More Information	Topic Prioritization
Community Engagement	Giving back to local communities where we operate through charitable donations, engagements and initiatives that are aligned with our commitments to health and wellness. We focus on various initiatives including but not limited to: childhood hunger, women's health and disaster relief efforts. We also fund research to advance solutions to sustainable food challenges.	GRI 103: Management approach	Community Engagement (p. 30) Performance Against Our Targets (p. 9)	Moderate
Customer Experience	Enhancing and improving customer experience by consistently offering innovative products and services that meet customer expectations and deliver exceptional value. We are leveraging technology to further enhance the customer experience through various mobile applications, including PC Optimum™ and PC Financial®, online grocery and apparel ordering and delivery, and more.	This issue does not map directly to a GRI topic specific disclosure or SASB indicator.	About Loblaw (p.2) Product Sustainability (p. 19) Health and Wellness (p. 23-24) Responsible Sourcing (p. 38-39)	High
Diversity, Equity and Inclusion	Fostering a diverse, equitable and inclusive environment for both our customers and colleagues. We are focused on building a more welcoming place for people of different sexual orientations, ethnicities, ages, abilities and skills to help create an environment of non-discrimination.	GRI 103: Management approach GRI 405-1: Diversity of governance bodies and employees	Diversity, Equity and Inclusion (p. 25-26)	Very high
Food Access	Providing competitive product pricing, cost savings and incentives, and making food accessible to those in need through donations, charitable activities and initiatives that address hunger and nutrition education.	GRI 103: Management approach	Community Engagement (p. 30)	High
Food and Product Safety	Ensuring the highest level of product safety and quality through responsible chemical management. We ensure the products we sell are safe and reduce risk within our operations by following rigorous industry standards and complying with legal requirements. Our robust product traceability and recall processes are continually evolving to meet the complexities that arise from innovative new digital and purchasing platforms.	GRI 103: Management approach SASB: FB-FR-250a.1 , FB-FR-250a.2	Chemicals Management (p. 20) Food and Product Safety (p. 36)	High
Health and Safety	Providing and maintaining a safe, secure and healthy work and shopping environment for our colleagues and customers.	GRI 103: Management approach GRI 403-9: Work-related injuries	Health and Safety (p. 29) Our COVID-19 Response (p. 5-6)	Very high

Social Topics	Definition	Corresponding GRI Disclosure and/or SASB Indicators	Link to More Information	Topic Prioritization
Health and Wellness	Making health and wellness convenient and accessible for our customers through our network of grocery stores and pharmacies. Our pharmacies support customers with medication management, illness prevention and treatment, dietitian services, as well as overall health management, and we provide access to nutritious food and healthy alternatives to help customers meet their healthy living goals.	This issue does not map directly to a GRI topic specific disclosure or SASB indicator.	Health and Wellness (p. 23-24) Our COVID-19 Response (p. 5-6)	High
Labour Practices	Treating and compensating employees fairly and in accordance with human rights law, as well as respecting the right to collective bargaining and employees' freedom of association.	GRI 103: Management approach GRI 401-1: New employee hires SASB: FB-FR-270a.3 , FB-FR-310a.2 , FB-FR-310a.3 , FB-FR-310a.4	Our Colleagues (p. 27-28)	Very high
Product Labelling and Marketing	Offering clear and transparent labelling on products to enhance customer experience. We work with suppliers to improve safety and transparency within our supply chain and communicate relevant information to our customers.	SASB: FB-FR-270a.1 , FB-FR-270a.2		High
Talent Attraction and Retention	Creating a culture of inclusion and purpose that supports the growth of our employees, and committing to continually improving how we attract and retain talent.	GRI 103: Management approach	Our Colleagues (p. 27-28)	Very high

Governance Topics	Definition	Corresponding GRI Disclosure and/or SASB Indicators	Link to More Information	Topic Prioritization
Animal Welfare	Ensuring humane treatment of animals by Loblaw's suppliers in accordance with government and industry-accepted guidelines. As one of Canada's largest buyers and sellers of meat, poultry, eggs, seafood and dairy products, our customers look to us to ensure the food they purchase is safe, high quality, responsibly sourced and produced in a humane way.	SASB: FB-FR-430a.2 , FB-FR-430a.3	Animal Welfare (p. 37)	High
Corporate Governance	Operating within a culture of transparency, trust, accountability, compliance and sound corporate governance. Commitment to conducting business ethically, honestly and with utmost integrity through enforcing policies, procedures, guidelines and codes of conduct for employees and suppliers.	GRI 103: Management approach	Corporate Governance (p. 32) Colleague Code of Conduct 2021 Management Proxy Circular	Very high
Data Security and Privacy	Safeguarding data privacy and security of customers, employees and suppliers, and ensuring that data is collected, used and shared respectfully and responsibly through robust policies, procedures and standards.	GRI 103: Management approach SASB: FB-FR-230a.1 , FB-FR-230a.2	Privacy and Cybersecurity (p. 33)	Very high
GMO Transparency	Offering organic food as an alternative for customers who prefer to not consume foods containing GMO ingredients. Clear certified organic labelling identifies products grown from non-GMO seeds and without the use of chemical pesticides and synthetic fertilizers.	SASB: FB-FR-270a.3	Product Sustainability (p. 19)	Moderate
Local Sourcing	Investing in Canada's farming communities and committing to sourcing more Canadian-grown produce to deliver higher quality, fresher produce in our stores.	GRI 103: Management approach	Responsible Sourcing (p. 38-39)	High
Responsible Sourcing	Exhibiting industry leadership in ensuring social and environmental responsibility standards are met throughout the supply chain. Ensuring products are sourced safely and sustainably by monitoring at-risk commodities from their origins and applying third-party certification controls to promote the health and vitality of our food sources.	SASB: FB-FR-430a.3	Responsible Sourcing (p. 38-39)	High
Supply Chain Accountability	Demonstrating high standards of integrity, professionalism and transparency within our international supply chain. Ensuring that expectations set out in the Supplier Code of Conduct are being met, which include standards related to ethical conduct, working conditions, worker safety, animal welfare, human rights, forced labour and child labour.	GRI 103: Management approach SASB: FB-FR-430a.3	Supply Chain Accountability (p. 34-35) Responsible Sourcing (p. 38-39) Integrity Action Line Supplier Code of Conduct	Very high

SASB Disclosure



The Sustainability Accounting Standards Board (SASB) is an independent private sector standards-setting organization dedicated to enhancing the efficiency of capital markets by fostering high-quality disclosure of material sustainability information that meets investor needs. The table below references the industry standards for Food Retailers and Distributors and Drug Retailers, as defined by the SASB's Sustainable Industry Classification System (SICS). We have identified the following topics and activity metrics as key issues against which we are able to disclose as a publicly-traded company.

Disclosure Topic	Accounting Metric	Code	Response
Fleet Fuel Management	Fleet fuel consumed, percentage renewable	FB-FR-110a.1	1,429,508 GJ (gigajoules), 1% renewable.
Air Emissions from Refrigeration	Gross global Scope 1 emissions from refrigerants	FB-FR-110b.1	211,903 tonnes CO ₂ e
	Percentage of refrigerants consumed with zero-ozone depleting potential	FB-FR-110b.2	Approximately 92%
	Average refrigerant emission rate	FB-FR-110b.3	Data is currently being reviewed and assessed for disclosure in the future.
Energy Management	(1) Operational energy consumed	FB-FR-130a.1	7,680,867 GJ (gigajoules)
	(2) Percentage grid electricity		70.4%
	(3) Percentage renewable		The company currently works with multiple partners to support the generation of renewable energy into the grid. More than 60 corporate sites host solar installations in Ontario and one site has a wind turbine in Nova Scotia.
Food Waste Management	Amount of food waste generated, percentage diverted from the waste stream	FB-FR-150a.1	In 2017, the company announced a target to reduce food waste across corporate retail operations by 50% by 2025 against a 2016 baseline. By year-end 2020, food waste sent to landfill was reduced by 86%. More information in Food Waste .

Disclosure Topic	Accounting Metric	Code	Response
Data Security	(1) Number of data security breaches	FB-FR-230a.1	The company tracks all incidents related to its data security and that of its key suppliers, and reports to requisite authorities, affected individuals and other parties as required and in accordance with applicable laws. In 2020, the company did not experience any material breach of its data.
	(2) Percentage involving personally identifiable information (PII)		
Data Security	(3) Number of customers affected	FB-FR-230a.2	The company has implemented cyber and data security measures, including employee awareness and training, security monitoring and testing, maintenance of protective systems and contingency plans, data loss prevention and multi-factor authentication, all in order to provide in-depth defense and to prevent unauthorized access of confidential information. The company's data security program is subject to internal, external and regulatory audits, and utilizes a number of industry practices around assessing, penetration testing, benchmarking and tracking security control maturity, including the Information Security Forum (ISF) and the Payment Card Industry Data Security Standard (PCI DSS). The company also has three internal policies (Cyber and Information Security Policy, Acceptable Use of IT Assets Policy and Acceptable Use of Mobile Devices Policy), which provide further guidance on the management of data security risks.
	Description of approach to identifying and addressing data security risks		
Data Security and Privacy	Description of policies and practices to secure customers' protected health information (PHI) records and other personally identifiable information (PII)	HC-DR-230a.1	<p>Pharmacy teams follow all applicable policies and regulations in place to secure customers' PHI and PII, including but not limited to, end to end management of PHI and PII, privacy awareness and training, consent management and security safeguards. Pharmacists have a professional responsibility to appropriately safeguard this information, and all pharmacy team members must always demonstrate the utmost responsibility for its use and protection. Standard Operating Procedures (SOPs) are in place to outline expectations. Only individuals who have been authorized access to the dispensary by the associate owner or designated pharmacy manager are permitted to enter the pharmacy after having signed a required confidentiality agreement.</p> <p>If an incident occurs, the company has robust SOPs to ensure appropriate action is taken by the pharmacist. All pharmacy owners (SDM) and pharmacy managers (LCL) (along with regional resources and other eligible roles) undergo mandatory annual compliance training to ensure incidents are appropriately managed and reported. Some elements of the compliance training include patient notifications, recovery of PII or PHI and implementing any associated corrective action plans to reinforce existing SOPs.</p>
Food Safety	High-risk food safety violation rate	FB-FR-250a.1	Of the 708 food safety inspections performed in 2020, 99.7% resulted in successful and timely resolutions.
	(1) Number of recalls	FB-FR-250a.2	32 national and control brand recalls were executed in our stores in 2020.
	(2) Number of units recalled		Information not currently collected.
(3) Percentage of units recalled that are private-label products	21.9% of total food recalls were control brand recalls (seven control brand food recalls in total).		

Disclosure Topic	Accounting Metric	Code	Response
Product Health and Nutrition	Revenue from products labelled and/or marketed to promote health and nutrition attributes	FB-FR-260a.1	By year-end 2020, the company offered more than 2,000 control brand products designed to meet customer nutritional and health concerns and preferences regarding ingredients, additives and potential allergens. Revenue for this product category increased by 39% in comparison to 2019. This is largely attributed to the increase of the number of products with the no name® Simple Check™ symbol. Some of these products include organic, gluten-free, plant-based, peanut-free and no name® Simple Check™ products. These products are available at stores across multiple grocery divisions, making healthier alternatives available to our customers no matter where they shop with us. For competitive reasons, the company does not disclose category revenue data.
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	FB-FR-260a.2	The company employs a systematic approach when collecting evidence-based research and seeks the input of scientific advisors for the company's control brand line of products. This process drives and supports the company's decision-making process regarding ingredient standards and sustainability priorities.
Product Labelling and Marketing	Number of incidents of non-compliance with industry or regulatory labelling and/or marketing codes	FB-FR-270a.1	Zero reported incidents of non-compliance with regulatory labelling and marketing practices per the Canadian Code of Advertising Standards as a result of adverse rulings by the Advertising Standards Council of Canada (ASC).
	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labelling practices	FB-FR-270a.2	Zero monetary losses as a result of court judgements associated with marketing and/or labelling practices.
	Revenue from products labelled as: (1) Containing genetically modified organisms (GMOs) (2) Non-GMO	FB-FR-270a.3	The company offered more than 550 control brand products third-party certified to meet Canada's organic standards for customers seeking non-GMO products. Revenue for this product category increased by 24% in comparison to 2019. For competitive reasons, the company does not disclose category revenue data.
Drug Supply Chain Integrity	Description of efforts to reduce the occurrence of compromised drugs within the supply chain	HC-DR-250a.1	<p>The company maintains a quality management system and drug establishment license to wholesale drug products to pharmacies in Canada. Internal regulatory controls are implemented at each step of the supply chain process and are managed with oversight by the Health Products Quality, Regulatory and Compliance (HPQRC) internal team. The HPQRC team performs annual regulatory audits on the warehousing and transportation of drug products. The implemented recall management system ensures rapid action to control all recalled product according to the depth and type of recall. Technical quality agreements are in place with drug manufacturers that meet drug regulations. Manufacturers are qualified by the HPQRC team to ensure the establishment and product are appropriately licensed to market in Canada. The warehouse management and inventory control systems are validated and meet regulatory standards. There is a robust regulatory complaint reporting system in place to monitor post-market occurrences. The same regulatory approach is taken for control brand and national brand products. Health Canada last inspected the drug supply chain under the Wholesale Drug Establishment License in August 2020, and the company received a compliant rating.</p> <p>Over and above Health Canada drug recall notices and advisories issued to healthcare professionals, the company implements an internal clinical excellence assessment for recalls that are not assigned a 'Patient Level' (i.e., do not require follow up with patients) where there could be potential for serious injury or fatality. Pharmacy teams are instructed to follow up with patients and support them with required next steps. Associate owners (SDM) and pharmacy managers (LCL) (along with regional resources and other eligible roles) undergo mandatory compliance training and annual sign-offs on recall SOPs.</p>

Disclosure Topic	Accounting Metric	Code	Response
Patient Health Outcomes	First fill adherence rate	HC-DR-260b.1	The company is not prepared to disclose first fill adherence at this time. More information on medication adherence in Health and Wellness .
	Description of policies and practices to prevent prescription dispensing errors	HC-DR-260b.2	All associate owners and pharmacy managers (along with regional resources and other eligible roles) undergo annual mandatory compliance training and annual sign-off, in addition to the company's SOPs on General Protocols for Handling Pharmacy Incidents and Privacy Breaches. These protocols are in place to provide guidance on the prevention and management of incidents to promote patient safety. An increase in incident reporting while maintaining a low level of patient harm is indicative of a safe incident recording culture focused on continuous improvement and patient safety. Over and above provincial regulations in place for incident recording, internal recording of near-misses and medication incidents is in place through a central internal reporting system, Pharmapod, which includes documentation of incidents, root cause analysis and corrective and preventative action plans. As an internal compliance measure, the company annually actions the top percentage of incident contributing factors through continuous quality improvement projects and awareness initiatives. More information on patient safety in Health and Wellness .
Fair Labour Practices	(1) Average hourly wage	FB-FR-310a.1	(1) Our average hourly rate for all part-time and full-time corporate in-store and distribution centre colleagues was \$17.35. Including fringe benefits, the average hourly rate was \$22.56.
	(2) Percentage of in-store and distribution centre employees earning minimum wage, by region		(2) The vast majority of our in-store and distribution centre employees' hourly rates exceed provincial employment standards minimum hourly wage rates. The company does not disclose further details for competitive reasons.
	Percentage of active workforce covered under collective bargaining agreements	FB-FR-310a.2	82%
	(1) Number of work stoppages (2) Total days idle	FB-FR-310a.3	(1) 1 (2) 84
	Total amount of monetary losses as a result of legal proceedings associated with: (1) Labour law violations (2) Employment discrimination	FB-FR-310a.4	Zero monetary losses as a result of labour board or human rights tribunal judgements associated with labour law violations or employment discrimination.
Management of Environmental and Social Impacts in Supply Chain	Revenue from products third-party certified to environmental or social sustainability sourcing standards	FB-FR-430a.1	The company offers more than 800 control brand products labelled with third-party certification related to environmental and/or social sustainability sourcing standards. Revenue for this product category increased by 30% in comparison to 2019. For competitive reasons, the company does not disclose category revenue data.
	Percentage of revenue from: (1) Eggs that originated from a cage-free environment (2) Pork produced without the use of gestation crates	FB-FR-430a.2	The company has established sourcing priorities for various animal proteins, including eggs and pork, to improve animal welfare standards. 100% of shell eggs marketed under our lead private brand, President's Choice®, are cage-free. Approximately 30% of fresh PC® Free From® pork is produced without the use of gestation crates. More information in Animal Welfare . For competitive reasons, the company does not disclose category revenue data.
	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	FB-FR-430a.3	Review the Governance section for information on the company's sourcing priorities relating to identified environmental and social risks, including animal welfare.
	Discussion of strategies to reduce the environmental impact of packaging	FB-FR-430a.4	The company has undertaken many initiatives over the years to reduce the environmental impact of our packaging. In 2019, the company announced a target to ensure all PC® plastic packaging is either reusable or recyclable by 2025. More information in Plastics .

Activity Metrics

Code

Response

Number of retail locations, pharmacies and distribution centres	FB-FR-000.A & HC-DR-DR-000.A	More than 2,400 retail locations, more than 1,800 pharmacies and more than 25 distribution centres.
Total area of retail space and distribution centres	FB-FR-000.B & HC-DR-DR-000.B	The company's stores are approximately 70.8 million square feet in size.
Number of vehicles in corporate fleet	FB-FR-000.C	300+ class 8 trucks.
Number of prescriptions filled, percentage for controlled substances	HC-DR-DR-000.C	165.8 million prescriptions filled. 7.2% involved CDSA substances.
Number of pharmacists	HC-DR-DR-000.D	Nearly 7,000 pharmacists.

Reading and understanding our SASB disclosure

- Unless otherwise noted, all information is based on 2020 results and performance for the company's store support centres, corporate stores and distribution centres, and excludes T&T Supermarkets, franchised grocery stores and Shoppers Drug Mart/Pharmaprix pharmacies, with the exception of HC-DR indicators which include Shoppers Drug Mart/Pharmaprix information.
- Unless otherwise noted, all HC-DR responses do not include patients in the province of Quebec.

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