



The Way We Do Business

Loblaw Companies Limited 2008 Corporate Social Responsibility Report



CSR at Loblaw

Loblaw's mission is to be Canada's best food, health and home retailer by exceeding customer expectations through innovative products at great prices. Meeting our corporate social responsibility (CSR) obligations is the way we do business at Loblaw. Our approach to CSR has evolved in recent years to be more structured, with a strong commitment to engagement and transparency.

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

By publishing CSR objectives and progress in a public document, we help keep ourselves on track and motivated. It also enables others to get engaged and involved with our efforts. We welcome this dialogue in order to build our record of accountability and make a true difference.

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OUR FIVE PILLARS



Respect the
Environment

Source with
Integrity

Make a Positive
Difference in Our
Community

Reflect
Our Nation's
Diversity

Be a Great Place
to Work

About This Report

In this CSR report, we share the progress made on the three pillars included in our first report – Respect the Environment, Make a Positive Difference in Our Community and Be a Great Place to Work. We also present our goals, challenges and achievements concerning Source with Integrity and Reflect Our Nation's Diversity – areas where we have introduced more structure, accountability mechanisms and coordinated action.

Intended primarily for our customers and colleagues, this report may also be of interest to investors, suppliers, government partners, non-government organizations, the media and our industry.

We have been a member of Canadian Business for Social Responsibility (CBSR) for two years and once again requested their input for this year's report. CBSR met with a broad range of stakeholders through in-depth interviews and focus groups to collect feedback from our first report and identify opportunities for improvement. Where possible, this input is reflected in the 2008 report, including the addition of clearly stated targets and performance against them. You will find these listed in the Targets and Achievements section that begins on page 25.

This report is also guided by the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines. While we have not included a rating against the GRI, the guidelines are used as a benchmark.

Chairman's Letter

At the end of 2006, we set out to “Make Loblaw the Best Again”. At that time we developed our five pillars of corporate social responsibility and began building them into the fabric of our organization. A responsible approach to business is part of what we do every day.

Playing a positive role in the communities in which we operate isn't new for Loblaw Companies. We are proud of our history and of our responsible approach to business. What is new is how our thinking about CSR has evolved and the systematic way in which we are approaching it. This means focusing our objectives on where Loblaw Companies can have the greatest impact and translating these objectives into specific targets and concrete actions. We are also measuring our progress and regularly reporting on it. This report is an example of one of the ways we are being more diligent and vocal in communicating what we have been and are doing – so that our colleagues, customers, communities and other stakeholders know what we stand for and how they can partner with us in effecting positive change.

In 2008 we focused our efforts in three areas: Respect the Environment, Make a Positive Difference in Our Community and Be a Great Place to Work, and we made progress in each. We opened our environmental flagship store in Scarborough, Ontario, using new techniques and materials to reduce the impact of construction and improve energy efficiency. The Company launched a comprehensive store-level waste diversion program, confirming that our goal of 70% diversion from landfill is achievable. Finally, we announced a national plastic bag reduction program to reduce bag use by 55%. On the people front, we took some positive steps forward in making Loblaw a great place to work by rolling out a colleague discount program and a national colleague engagement survey. We trained over 60,000 colleagues in introductory and more advanced courses through our Learning Stores program. In our communities, we augmented

our long-standing *President's Choice*® Children's Charity activities and put in place an investment program that empowers stores to fund specific projects or programs in their local neighbourhood. We are pleased with our progress this year, but recognize that there is still a lot to do.

Loblaw Companies is issuing this report in difficult times. As economic uncertainty looms, consumers are recasting their priorities, looking to save money, not spend it, and businesses are looking to retrench rather than innovate. However, this does not mean our commitment to corporate responsibility will waver. Living up to our pillars will make Loblaw a better and stronger business. Reducing waste saves money while at the same time respecting the environment. Being a great place to work reduces turnover and improves productivity. Our job is to ensure we find solutions to make CSR compatible and consistent with the daily choices our customers, colleagues and vendors make. In 2009, we will continue to build those programs and take further steps forward in sourcing, diversity and community involvement.



Sincerely,

A handwritten signature in dark ink, appearing to read "Galen G. Weston". The signature is fluid and cursive, with a plus sign at the end.

Galen G. Weston
EXECUTIVE CHAIRMAN
LOBLAW COMPANIES LIMITED

About Loblaw

WHO WE ARE

Loblaw Companies Limited, a subsidiary of George Weston Limited, is Canada's largest food distributor and a leading provider of drugstore, general merchandise and financial products and services. Loblaw is also one of the largest private-sector employers in Canada. Through its portfolio of store formats, Loblaw is committed to providing a wide, growing and successful range of products and services to meet the everyday household demands of Canadians. Loblaw is committed to providing quality, innovation and value in its food offering.

OUR MISSION

To be Canada's best food, health and home retailer by exceeding customer expectations through innovative products at great prices. Driven by our responsibility to: Respect the Environment; Source with Integrity; Make a Positive Difference in Our Community; Reflect Our Nation's Diversity; and Be a Great Place to Work.

OUR STORE FORMATS



Superstore

Great Food

Hard Discount

Wholesale

2008 FAST FACTS

Sales (millions)

\$30,802

Net earnings (millions)

\$545

1,036

corporate and franchised
stores from coast to coast

More than

139,000

full-time and part-time
colleagues

Over

13 million

customers shop our
stores each week

2008 BEST 50 CORPORATE CITIZENS RANKING

Loblaw ranked fifth in *Corporate Knights* magazine's ranking of the top 50 corporate citizens for 2008, based on environment, social and governance indicators.



"Loblaw Companies Limited (LCL), another Canadian mainstay, increased its score this year thanks to the printing of its inaugural sustainability report. This report highlighted its innovative local food initiative and private-label *PC Organics* and *PC Green* product lines. The Company is also making strides in measuring its carbon footprint and has an environmental flagship store. LCL is also piloting several renewable energy projects, one of which involves reclaiming heat from refrigeration systems to heat stores."

Corporate Knights Inc. is an independent Canadian-based media company with a focus on corporate responsibility.

OUR BRANDS



Respect the Environment

We care about the impact of our operations and believe that Loblaw can make a difference in ways that are good for the environment and good for business.

The threat of climate change is being felt around the globe. Unavoidably, our stores contribute to climate change because of the volume of energy they require for refrigeration, heating and lighting. We are reducing our impact on the climate by cutting energy consumption, improving energy efficiency and piloting non-greenhouse-gas-producing energy generation systems such as wind turbines and biogas. We have also introduced initiatives to lessen the environmental impact of our transportation fleet through improved fuel economy and reduced idle time.

Waste is also a concern for Loblaw and for our industry. We have thousands of stores that generate waste in many forms, including, up until recently, millions of plastic shopping bags, most of which wound up in landfills. Since 2007, we have been working towards diverting one billion plastic bags and 70% of store-generated waste from landfill, and are committed to meeting our targets.

Loblaw is also working to develop environmentally responsible products, and we currently have 48 *PC® Green* products on the market. Before launch, each of these products undergoes rigorous third-party review by Canadian environmental scientist *Colin Isaacs*, an independent advisor to the brand who has been a recognized environmental consultant for over 25 years.



OUR COMMITMENT: We are committed to reducing the environmental impact of our products and operations by driving innovation in product development, waste reduction, energy efficiency and sustainable construction.

2008 KEY ACHIEVEMENTS

Reduced plastic bag consumption by
328 million*

* Compared to usage during the period from May 1, 2006 to April 30, 2007, the date of our initial commitment.

70%*
of store-generated waste diverted from landfill in Ontario and Nova Scotia

* Corporate stores.

Accepted
3 million
flower pots and flats for recycling (through our store return program)

GREEN PRODUCTS

Our *PC Green* line of products is designed to help customers reduce environmental impacts without compromising performance and, in most cases, without paying more than they would for conventional products. In 2008, we launched *PC Green Automatic Dishwashing Detergent*, the first phosphate-free and chlorine-free automatic dishwasher detergent that performs like the leading conventional products. The product has proven to be as effective at removing stuck-on food and stains as leading national conventional brands and has grown quickly to become the best-selling automatic dishwashing product in our stores, demonstrating how engaged Canadians are in helping the environment.*

* Independent tests conducted by Silliker Canada Company, March 2008, based on testing versus the two leading unit-dose dishwasher detergents.



LEED THE WAY

Managing Energy

The greatest opportunity for Loblaw to reduce its carbon footprint and lower operating costs is in the way we manage energy. In 2008, we made inroads, driving innovation in environmental design, energy efficiency and sustainable technologies.

SUSTAINABLE CONSTRUCTION

We celebrated the opening of the Scarborough Loblaw *Superstore* in Ontario, our environmental flagship store, which was built to Leadership in Energy and Environmental Design (LEED®) standards.

The store features a host of environmentally friendly design approaches, including new refrigeration technology. Traditional grocery stores utilize large amounts of refrigerant gas to remove the heat from chilled and frozen display fixtures. When these refrigerants leak, they cause greenhouse gas emissions. At the Scarborough store, we incorporated an alternate design that includes the first low-temperature secondary CO₂ system in Canada. Consequently, the store's refrigerant requirements were reduced by 85% and its carbon footprint by 15%.

To reduce the energy required to heat the store in winter, the entire retail area uses heat reclaimed from the refrigeration system – reducing the store's carbon footprint by a further 7%. Motion-activated LED lighting in the door cases of the frozen food aisle cuts energy usage by an estimated 50%. The store, like all of our Ontario stores, has also incorporated an electricity demand response system that reduces its energy consumption based on the demand on the provincial grid.



Motion-activated LED lighting.

We have applied for LEED certification for the Scarborough store, and are using LEED principles and our own sustainable building standards to guide the design and construction of future Loblaw Company stores. In many of our new stores, we have already added environmental features such as low-volume faucets, dual-flush toilets, fully automated energy management systems, refrigeration controls, heat reclamation, rooftop stormwater management, water-efficient landscaping, and dark-sky-friendly exterior lighting.

“Residents around Scarborough will now enjoy shopping at a local Loblaw store that is truly unique, the first of its kind, energy-efficient and great for the environment.”

HONOURABLE GARY LUNN, MINISTER OF NATURAL RESOURCES

Managing Energy {continued}

RENEWABLE ENERGY

Loblaw committed to implementing two renewable energy pilots with the hope of identifying promising technologies that can be rolled out across our stores.

Our pilot at Porters Lake, Nova Scotia, is off to a good start. After tracking the results of a wind monitoring station at the Atlantic *Superstore*, we signed an agreement to install a wind turbine and purchase all of the green energy it generates for the next 20 years.

Our second energy pilot, a photovoltaic project, was delayed but we will continue to work with our stakeholders and are confident that this project will be back on track.



Artist rendering of the wind turbine at Porters Lake, Nova Scotia store.

We also entered into an organic and effluent grease supply agreement with a leading Canadian farm-based biogas facility. Under the agreement, waste from selected stores will feed an anaerobic digester to produce biogas. The biogas will fuel an electricity generator, which contributes to Ontario's electricity grid. This approach transforms a practice that has negative environmental impact into a process that generates green energy.

ASSESSING OUR IMPACT

Loblaw is a strong supporter of the Environmental Sustainability Initiative (ESI), an effort by the grocery industry to calculate its baseline carbon footprint using criteria set by the Carbon Disclosure Project (CDP). The CDP has become the gold standard for carbon disclosure methodology and process around the world. In 2008, each participating company began entering their data into a customized application that subsequently calculates its carbon dioxide emissions. We expect to complete the industry baseline and assessment in early 2009.

CO₂

DRIVING EFFICIENCIES

The mileage accumulated by our transportation department is equal to about 4,000 coast-to-coast trips a week. In 2008, we introduced initiatives that resulted in a 2.1% improvement in fuel efficiency per kilometre and a 20% reduction in vehicle idling time in the second part of the year. Our efforts also included:

- Making better use of shipping space, which reduced the number of outbound trips required in 2008 by 2.8% (resulting in 6.8 million fewer kilometres driven).
- Conducting training on fuel economy and idle time improvement for all drivers employed by Loblaw.
- Purchasing tractor units with environmental features such as automatic transmissions and engine technology, which lower soot and nitrogen oxide emissions, and acquiring trailers with side walls, rear doors or structural cross-members made from 33% recycled high-density polyethylene.
- Using a biodiesel blend in almost 50% of our corporate-owned fleet.

Reducing Waste

Loblaw is committed to diverting one billion plastic shopping bags and 70% of our store-generated waste from landfill. We are accountable and we want to reduce our impact on the environment. We aim to inspire and help our customers, suppliers and others to do the same.

ON TRACK TO DIVERT ONE BILLION PLASTIC BAGS

To encourage customers across Canada to use alternatives to plastic shopping bags, as of April 22, 2009, Loblaw corporate and participating franchise stores will no longer provide complimentary plastic shopping bags at checkout. Instead, customers will need to bring their own *PC Green* or other reusable shopping bags or bins, or buy plastic bags for five cents apiece. We had already cut the number of bags coming from our stores by 328 million by year end 2008, and expect our new policy will help reduce those numbers even further. We're confident that with the support of our customers, we can achieve our one-billion-bag target by the end of 2009.

We believe Canadians support taking action to protect the environment, and we are in a position to help change consumer habits. Our aim is to make doing the right thing easier by, among other efforts, offering new and continually improved reusable bags, bins and other options.



“We applaud Loblaw for taking a leadership position in reducing plastic shopping bag consumption and promoting more sustainable alternatives. We encourage everyone to go plastic bag free and are pleased to be working with Loblaw to encourage Canadians to take actions that lower their impact on the environment.”

GERALD BUTTS, PRESIDENT AND CEO, WWF-CANADA

“BAGLESS” BITS

- At year end 2008, we had sold 16.5 million *PC Green* reusable shopping bags since their introduction.
- Using a *PC Green* reusable bag for one year diverts approximately 100 plastic bags from Canada's landfills.
- Loblaw distributed 328 million fewer plastic bags in 2008 (or the equivalent of 2,232 metric tonnes).
- *PC Green* boxes are designed to be inserted into store grocery carts and replace the equivalent of three to five traditional grocery bags.
- Loblaw operates plastic bagless stores in Milton, Ontario; Langford, British Columbia; Sherbrooke, Quebec; Quinpool, Nova Scotia; and Airdrie, Alberta.

Our plastic shopping bag reduction program has been running in Toronto stores since January 12, 2009, and the preliminary results are encouraging. To get started, we offered customers a 50% discount on *PC Green* reusable bags and other limited time promotions. We also launched a *Bring it* marketing campaign, which used interior and exterior store signs to remind customers to bring their reusable bags.

Partial proceeds from the charge on plastic shopping bags at our corporate stores will be contributed to WWF-Canada. The money will be used to mobilize one million Canadians to do what they can for the environment through simple, everyday actions.



Reducing Waste {continued}

WORK IN PROGRESS

Loblaws aims to be an industry leader in finding effective ways to divert waste from landfill sites.

To achieve this goal, we are expanding some of our best in-store practices. Recently, we've begun collecting and shipping waste fryer oils and food preparation oils from the prepared foods department to a facility for processing into biodiesel. Biodiesel combines *yellow grease* from in-store cooking with regular diesel to produce a fuel that can run in vehicles and ultimately lower emissions. We're also exploring new waste diversion programs for our stores, while working within available infrastructure.



THE CHALLENGE OF ORGANIC WASTE

When it comes to organic waste, which in our case is primarily food waste, we aim first to reduce the amount produced, then to compost, generate electricity or provide animal feed, and lastly to send the waste to landfill. One of our challenges is the limited number of diversion options in most regions except for parts of Ontario, Quebec and Nova Scotia. We continue our efforts with different stakeholders in order to extend the program in other regions.

Despite the challenges, we are making progress. In 2008, we took an organics diversion process from our *Zehrs* banners and expanded it to the rest of our Ontario corporate stores. The organic waste is collected and liquefied at the store using a mulcher-type unit. The waste stream becomes part of a controlled, biological process that produces high levels of methane gas, which is then used to produce energy.

REDUCED AND IMPROVED PACKAGING

We will soon be significantly reducing the packaging used for many of our *President's Choice*® and *no name*® products. In 2008, we evaluated our product packaging, looking at product protection and functionality as well as environmental considerations such as:

- How much packaging is really needed
- How the customer should dispose of the packaging
- Whether the packaging materials used renewable resources or were available in a recyclable format
- Whether packaging reuse was practical
- Where the packaging was produced

Based on this evaluation, we have made some noticeable improvements. For example, by changing the packaging of *no name* Chicken Wings, we will reduce carbon dioxide emissions by approximately 448 tonnes per year and save some \$500,000 annually.

We also continued our audit of control brand food, health and beauty care product packaging. This involved identifying individual packaging components and entering technical details into a newly created database. This exercise established a baseline for developing 2009 packaging reduction priorities and finalizing our target of reducing non-recyclable packaging on control brands by 50% over the next five years.

Reducing Waste {continued}

EXPLORING OPTIONS FOR WAX CARDBOARD

Loblaw has a well-established recycling program that includes corrugated cardboard. However, recycling facilities do not have the capability to recycle wax cardboard, which represents approximately 8% of all volume going through our stores and is recognized in the industry as the best way to ship iced produce. We have been exploring options for recycling wax cardboard.

Recently, one of our packaging vendors approached us with a leading-edge recyclable alternative. We've agreed to test the solution with a key vendor through all parts of the supply chain network, including shipping, transportation and distribution. The proposed solution is 100% recyclable and weighs significantly less than traditional wax boxes. As part of the pilot, we will assess the potential cost savings related to freight and fuel reduction.

A CLOSED-LOOP SOLUTION

In 2008, Loblaw became the first national company in Canada to accept our customers' plastic flower pots and flats for recycling – and it would appear that they appreciated it. Based on our vendor information, our customers dropped off three million pots and flats – or 272,155 kilograms of plastic – at Loblaw garden centres.

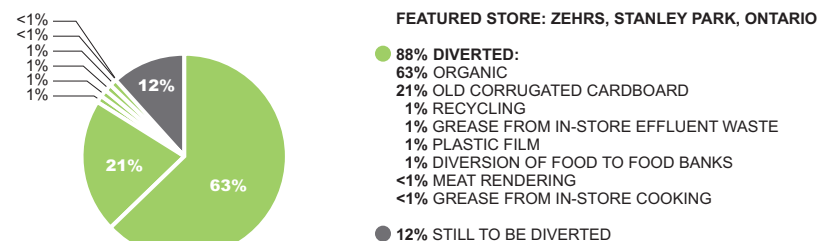
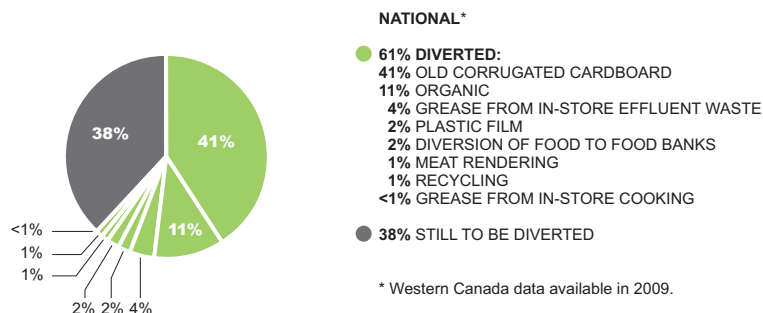
Most municipal recycling programs do not accept flower pots and flats. So, under our program, the collected materials are returned to the manufacturer where they're melted down and converted back into pots and flats. They then show up in our *PC* garden centres the following season.

TRIMMING FLYERS TO SAVE TREES

One of the primary ways we inform customers about our prices is through in-store promotions and weekly flyers. In 2008, we wanted to lower the amount of paper used to produce these flyers as a means of saving trees and saving money. To do so, we reduced the size of our flyers to the extent that we will save 5,200 tonnes of paper and more than 62,400 trees. In addition, we have joined forces with TreeCanada, which will plant an equal number of trees across Canada on our behalf in 2009.



WASTE/RECYCLING SUMMARY



Source with Integrity

By sourcing with integrity, we mean working to ensure that the highest ethical and safety standards are met with every product Loblaw sells. In last year's CSR report, we said that we wanted to take more action in the area of sourcing.

As a Canadian company, supporting our country's economy is another priority. One of the many ways in which we do this is by helping local farmers sell their products.

Food quality and safety have always been top priorities, and this is reflected in our interactions with suppliers, our internal assurance systems and our participation in government and industry initiatives. Our products and operations meet or exceed Canadian food safety requirements. When issues do arise, which will happen from time to time, we act quickly and decisively to ensure the health and safety of our customers.

We also source products from around the world, and this has placed a greater focus on ethical and sustainable sourcing. We are confident that we are on the right path with our policies and processes. We've also made progress on our commitment to protecting the oceans, another area where we feel we can make a positive difference.



OUR COMMITMENT: Canadians are increasingly aware and concerned about the sources of the food they put on their table and the products they use in their homes. We have a responsibility to address these concerns clearly and transparently.

2008 KEY ACHIEVEMENTS

Launched

10

seafood products
certified by the Marine
Stewardship Council

Performed

193

vendor CSR audits

Grew sales of
Canadian produce by

10%

during the Grown
Close to Home
campaign

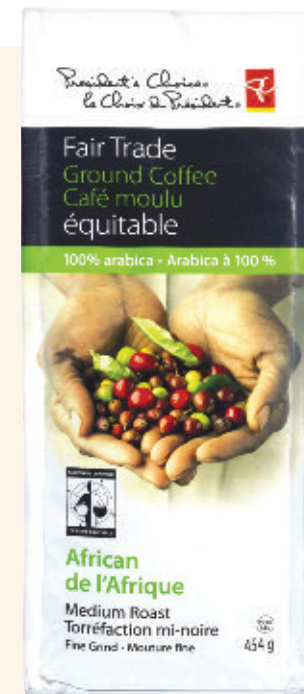
Launched

9

new Fair Trade
products

FAIR TRADE PRODUCTS

Fair Trade is a guarantee that farmers and workers in developing countries are receiving a fair price for their goods, which, in turn, enables them to feed their families and pay their workers a good wage. What's more, Fair Trade Certified cooperatives receive money that goes into social, environmental and economic improvements. In 2008, we launched nine new Fair Trade Certified products, including teas, coffees, chocolate bars, red grapes, Valencia oranges and bananas. We plan to extend our product offerings in 2009.



FEATURED GROWERS

Inspired by their stories and dedication, Loblaw partnered with several farmers and filmed a series of advertisements on location across Canada. One such partner was Dave Jeffries from Portage la Prairie, Manitoba.

Supporting Local Suppliers

In 2008, Loblaw wanted to help promote Canadian produce – because we know it's good for local farmers and for the economy. Recognizing that our customers would prefer to buy locally grown fruits and vegetables, we also knew that a *Grown Close to Home*™ promotion would be good for our business.

GROWN CLOSE TO HOME

Approximately 24% of the produce Loblaw purchased in 2008 was Canadian grown. Thanks to our *Grown Close to Home* promotion, that number jumped to 35% during the peak growing season of July to September.

The promotion was part of a larger effort to support Canadian growers and ensure they are able to supply our business for years to come. Last year, we held grower meetings across the country to discuss industry trends and developments and outline Loblaw priorities and food safety requirements. We conducted field inspections to build relationships with individual growers and brainstorm growth opportunities. We also invested in technology to standardize ordering and scheduling processes, and to improve communications with farmers.

For the *Grown Close to Home* promotion, our store colleagues got in on the action through product displays, in-store promotions, contests and daily measurements of sales results.

As the results demonstrated, our *Grown Close to Home* promotion was indeed good for local growers, good for our customers, and good for Loblaw.



A SPECIAL PLACE

President's Choice Fresh Cut Flowers are sourced from a special place – The Queen's Flowers in Colombia, South America. The Queen's Flowers produces more than one billion stems of flowers annually, on 33 farms that have been certified by leading social and environmental organizations.

The Queen's Flowers' 14,000 workers receive competitive pay, health benefits, professional training and educational support, and daycare for employees' children is provided on the company's farms. The company also recycles everything from vegetative materials to plastics, cardboard, sleeves and wood. Even the greenhouses collect and recycle rain and run-off water. We're pleased to partner with a vendor who is demonstrating that good business can go hand in hand with good corporate citizenship and good environmental stewardship.

Ethical, Sustainable Sourcing

Ethical, sustainable sourcing is becoming a top priority among the world's major buyers and sellers. We seek out partners who share our standards of quality, service and corporate social responsibility.

PROTECTING OUR OCEANS

Healthy oceans are vital to a healthy planet. The future of the communities in which we both operate and source seafood depends upon the conservation of marine resources. Sourcing sustainable fish and shellfish, whether wild-caught or farm-raised, requires greater protection of aquatic habitats and more attention to careful harvesting.

In 2008, we accelerated our efforts to address the issue of sustainable fishing by expanding our range of Marine Stewardship Council (MSC)–certified wild-caught seafood. We have partnered with MSC, a non-profit international organization that works with fisheries, seafood companies, scientists, conservation groups and the public to promote the best environmental choice in seafood. The MSC logo on a package certifies that the fisheries supplying these products operate in a way that will sustain fish populations and minimize environmental impact. What's more, the MSC eco-label indicates that the seafood can be traced through every link in

the supply chain. In 2008, we launched 10 MSC-certified products and plan to expand our line-up in 2009.

In Q2 2009, we will issue our new sustainable seafood policy. The policy will outline our position on critical species, reinforce our commitment to wild-caught sustainable fishing, and outline the parameters for a responsible, certified aquaculture procurement process in every seafood category. Our policy will call for challenging decisions across all stores and regions, including the potential phasing-out of unsustainable supply.



“In 2008, Loblaw committed to sourcing MSC-certified seafood and immediately became our most prominent retail partner in Canada. Loblaw moved quickly to develop a diverse line of MSC-certified sustainable seafood products and has worked hard to educate their customers on the importance of sustainable seafood and on what the MSC eco-label means. We look forward to continuing to build our partnership in the coming years.”

BRAD ACK, DIRECTOR, MARINE STEWARDSHIP COUNCIL – AMERICAS



Ethical, Sustainable Sourcing

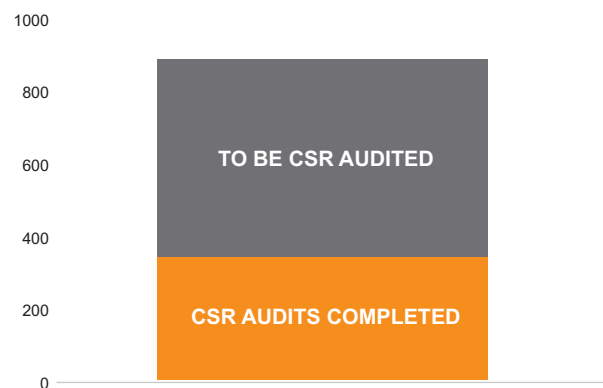
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VENDOR COMPLIANCE AUDITS

In 2008, a new standard vendor buying agreement (VBA) was implemented for all Loblaw non-food vendors. The initiative was launched to confirm and inform the vendor community of the requirements for doing business with Loblaw. All vendors must comply, complete and sign the agreement in order to partner with us.

As part of this initiative, we launched a CSR program to ensure that ethical working conditions exist in factories supplying Loblaw. Independent inspection companies have been retained to carry out controlled, unbiased inspections. For example, the factories where our *Joe Fresh Style*® apparel line is produced are being audited on an ongoing basis against CSR standards, to ensure that our customers are able to purchase clothing that is manufactured in a socially responsible way.

LOBLAW OFFSHORE CSR PROGRAM



FOOD SAFETY

Loblaw has rigorous procedures and programs that address safe food handling and preparation standards. We employ industry best practices for storing and distributing food, and strive to educate our customers on food safety in the home.

PRODUCT RECALLS

When recalls occur, it is absolutely critical for Loblaw stores to act quickly and decisively. We work closely with the Canadian Food Inspection Agency and suppliers to ensure the prompt removal of recalled products from distribution and sale.

To protect our customers, we have well-known processes in place to ensure that the right actions are taken at the right time. Our monitoring process requires each affected store to confirm receipt and execution of a product recall.

We regularly review our recall systems and processes, and revise them as necessary to address specific issues and evolving situations.



Make a Positive Difference in Our Community

OUR COMMITMENT: With more than 139,000 colleagues and over 1,000 corporate and franchised stores from coast to coast, Loblaw has a responsibility to support the communities in which we operate.

We are proud of our heritage and committed to helping build our great nation. There are Loblaw stores and distribution centres in communities across Canada which are providing jobs and supporting local economies, but there's much more to it than that.

Loblaw gives generously to community programs and encourages colleagues to get involved. Our *President's Choice Children's Charity* (PCCC), one of Canada's largest corporate charities, works to remove obstacles that can make everyday life difficult for children with disabilities and their families.

In 2008, PCCC announced a three-year donation of \$3 million, representing 11% of the total PCCC budget, to Breakfast for Learning, an organization dedicated to child nutrition programs across Canada.

Loblaw also provides support in the areas of feeding our neighbours through food banks, greening our cities, and assisting charities and non-profit organizations through our Colleague Volunteer Grant Program.

We also want to help Canadians eat better and get healthier. All of our *PC Blue Menu*® products meet at least one of six healthier living benefits. Dr. David Jenkins, our nutritional advisor, heads up a team of nutrition researchers, registered dietitians, nutritionists, product developers and quality assurance specialists to ensure our products offer healthier choices such as lower fat, lower calories or higher fibre.



2008 KEY ACHIEVEMENTS

PCCC granted

**\$9.5
million**

to more than
1,000 families
across Canada

PCCC announced a

**\$3-
million**

donation to Breakfast
for Learning over the
next three years

Launched

68

new *PC Blue
Menu* products

Our stores donated
\$875,000
to local community
initiatives

MAKING A DIFFERENCE, ONE CHILD AT A TIME

Here is just one of the thousands of stories about how *President's Choice Children's Charity* is helping families across Canada.



Cameron is a sweet seven-year-old boy who has been diagnosed with Angelman syndrome. He has poor fine and gross motor skills, and cannot stand or walk independently. His parents consider themselves blessed to have him in their lives. However, they were also concerned about the increasingly difficult challenge of transporting Cameron to different appointments and activities. In 2008, PCCC provided Cameron's family with funding to purchase a wheelchair-accessible van, which will help make it easier to keep Cameron active and engaged in things going on around him.

COMMUNITY HELPER

Supporting Communities

Our community programs are focused in five areas: *President's Choice* Children's Charity; healthy, active kids; feeding our neighbours in partnership with food banks; greening our cities; and giving through the Colleague Volunteer Grant Program.

COLLEAGUE VOLUNTEER GRANT PROGRAM

Thousands of Loblaw colleagues give of their time, talent and resources to support charities and non-profit organizations in their communities. To help our colleagues do even more, we introduced the Colleague Volunteer Grant Program. The program invites them to apply for a \$500 donation to an organization where they volunteer at least 40 hours a year. Our goal is to help more than 1,000 organizations in 2009.

Here are three examples of the not-for-profit organizations that benefited from the program in 2008:

- **Hopedale Community Nursery School** in Oakville, Ontario, is a cooperative preschool run entirely by parents. One of these parents is a Loblaw senior category manager who also spearheads the school's marketing efforts.
- **Fusion Canada**, operating in Alberta and British Columbia, is an organization that holds youth drop-in programs and breakfast clubs. A colleague in our grocery department volunteers as a youth worker, spending more than 250 hours a year to help change young lives for the better.
- **Multiple Sclerosis Society of Canada** seeks to break the isolation of people who suffer from multiple sclerosis. Fundraising events of the Sorel-Tracy, Quebec, branch help support a variety of services and finance research. This is where one of our *Provigo* specialists gets involved, investing his time as treasurer and fundraiser.

Loblaw is committed to being active in our communities at the national, regional and local levels. We provide our stores with resources to fund projects that benefit the neighbourhood, town or city in which they are located. They decide how the money is spent based on community need. Often it's the little things that make a difference in a community, be it hosting fundraising barbecues, or donating food, supplies and our colleagues' time to worthy causes.

Give a Little, Help a Lot

In 2008, Loblaw customers contributed \$350,000 to 150 charities through the *Give a Little, Help a Lot* campaign at our checkouts.



"The funds my son's school received from the Volunteer Grant Program were used to introduce this not-for-profit cooperative preschool to our community."

BRAD BOEDA, LOBLAW COMPANIES COLLEAGUE

Supporting Communities {continued}

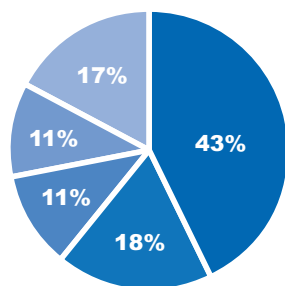


PRESIDENT'S CHOICE CHILDREN'S CHARITY

PCCC is dedicated to helping children who are physically or developmentally challenged by providing direct financial assistance toward the purchase of expensive mobility equipment, environmental modifications, physical therapy and more.

As one of the largest corporate charities in Canada, PCCC is different in that it awards grants directly to local families. Loblaw covers the full cost of administration and operation, ensuring that 100% of every dollar is awarded in the province in which it is donated.

Through the year, PCCC granted a record \$9.5 million to more than 1,000 families across Canada. Since 1989, PCCC has granted \$40 million to more than 6,500 families. We thank our customers, colleagues, franchisees, suppliers and service providers for giving their time and financial support to this great cause.



BREAKFAST FOR LEARNING

With the generous support of customers, colleagues, franchisees and suppliers, PCCC is donating \$3 million over three years to Breakfast for Learning/Déjeuner pour Apprendre, the leading national non-profit organization dedicated to helping Canadian children and youth receive nutritious breakfasts, lunches and snacks. This donation represents 11% of the funds awarded by PCCC in 2008.

In Quebec, Breakfast for Learning/Déjeuner pour Apprendre will distribute these funds through its partner le Club des Petits Déjeuners du Québec, and in Newfoundland and Labrador through its partner Kids Eat Smart. Breakfast for Learning aims to make positive change. In 2007/08, the organization funded 3,018 nutrition programs, helping nourish more than 360,000 children and youth by serving over 55 million meals.

PCCC 2008 GRANTS

- 43% VEHICLE ADAPTATIONS
- 18% DEVELOPMENT THERAPY
- 11% EQUIPMENT
- 11% BREAKFAST FOR LEARNING
- 17% OTHER
(camp tuition, home improvements, respite, physical therapy, etc.)

REACHING OUT

Here are a couple more examples of how we made a positive difference in our communities:

- KidsFest helps economically challenged children across Canada in collaboration with local school boards. We donated \$25,000 in gift cards for use at program locations from Halifax to Vancouver. The cards are redeemed for fruit, granola bars and other nutritious snacks as part of an innovative after-school program called The Running & Reading Club, which nurtures children's physical, mental, emotional and social health.
- For many years, we have assisted local food banks across the country through the donation of safe but damaged food through customer drives within our stores. We also provide food banks with gift cards to purchase the items they need most. In 2008, we diverted approximately 5.9 million kilograms of food to local food banks. Our ongoing support has led to the development of a new national food strategy with Food Banks Canada for 2009.

GREAT FOOD AT GREAT PRICES

Healthier Eating

Loblaw aims to inspire healthier living. As a grocery retailer, one of the best ways we can do this is by making healthier eating easy and affordable. We also strive to educate customers about healthier eating through publications and cooking schools at our stores.

PC BLUE MENU PRODUCTS

Five years ago, Loblaw introduced *PC Blue Menu* products to make it easier for Canadians to eat healthier. Today, we have over 400 *PC Blue Menu* products, across virtually every food category.

All products contain at least one of six healthier eating benefits: lower fat, lower calories, high fibre, omega-3, soy protein or lower sodium. The bright blue menu on the front of each package shouts out why that product is a healthier option. And all *PC Blue Menu* products are made without hydrogenated oils, a major source of trans fatty acids.

Loblaw dietitians, nutritionists and product developers work hard to ensure products taste great, so that customers can make healthier choices without sacrificing taste and enjoyment. We've recently focused on lowering the sodium content in our *PC Blue Menu* foods to help in controlling blood pressure. Over 2009, we'll remove 6.1 billion milligrams of salt from our *PC Blue Menu* salad dressings alone – without affecting the rich flavours. We are also expanding our

line of low-sodium and no-salt-added foods for individuals with special dietary needs. Furthermore, we think reducing sodium is so important that we've challenged our product developers to reduce salt levels in some of our favourite regular *PC* products.

We launched 68 new *PC Blue Menu* products, and in 2009, we will add 80 more. Among our most popular innovations were "portion wise" meat products such as *PC Blue Menu* Portion Wise Kebabs. Two kebabs are equal to about one typical meat serving – providing effortless, instant portion control.

"For centuries, moms have been waking up early to make a big pot of oatmeal so their kids get a good stick-to-the-ribs breakfast. Oatmeal is still a great way to get all-important fibre... and *PC Blue Menu* Whole Grain Steel Cut Oats tastes great."

HEIDI PIOVOS, LOBLAW DIETITIAN, WESTERN CANADA

Loblaw introduced the *no name* product line in 1978. What began with 16 products has grown to over 2,600 products designed to bring good food and merchandise into Canadian homes at great prices. What's more, Loblaw *no name* products are backed by a satisfaction-guaranteed-or-money-back policy. When people are looking for dollar value, *no name* products can make a big impact.



Healthier Eating {continued}

HEALTH ON THE WEB

We've gone online to help our customers make healthier choices. The *Make Healthier Choices!* website provides informative articles, health tools, a medical test and procedures library, and access to community support. For more information, please visit www.healthierchoices.ca.

In spring 2008, we introduced the *President's Choice* Healthy Eating Challenge. We asked 10 people across Canada to follow menu plans created by our registered dietitians and health professionals – and all 10 had great results. For 2009, we've made it easy for anybody to take the Healthy Eating Challenge. We developed three simple menu plans that encourage a healthy body weight, with meals and recipes that balance nutrient requirements, calorie content and great-tasting food. All the information and menu plans are posted at www.pc.ca/challenge.

“Taking the Healthy Eating Challenge reminded me of all the things I gave up in the interest of being fast. Now I've taken the principles and applied them to my life. I don't think of it as a meal plan anymore – it's just a surprisingly fast and easy way to a healthy lifestyle.”

SARA PENNY, CAMBRIDGE, ONTARIO

GOING ORGANIC

For people who prefer organic food, Loblaw offers a variety of options at reasonable prices. In fact, *PC Organics* is one of Canada's leading organic brands, with a product line-up that includes dairy products, coffee and tea, cookies and crackers, and more. We expect to have even more products on store shelves by the end of the year.

To help educate customers about organic foods, we launched a campaign focused on *PC Organics* baby foods, which are nutritious and convenient, and cost no more than comparable non-organic brands.



FEEDING THE HOME TEAM™

Loblaw is in its second year as a proud supporter of the Canadian Alpine Ski Team/Canadian Para-Alpine Ski Team. Alpine Canada's goal is to win at least four medals at the 2010 Olympic Winter Games and 17 at the Paralympic Winter Games. As the Alpine Canada Alpin's Official Nutritional Advisor, we worked closely with the racers to test over 50 new *PC Blue Menu* products, and shared their opinions in a special edition *Healthy Insider's Report*® in February 2009.

“PC Blue Menu On Track Plus Protein Cereal is exactly what I am looking for to support my intense training program on and off the snow. It's really satisfying and the extra protein kick helps me feel strong, healthy and ready for the competition.”

LARISA YURKIW, OWEN SOUND, ONTARIO,
CANADIAN ALPINE SKI TEAM –
LADIES WORLD CUP



Reflect Our Nation's Diversity

Loblaw recognizes Canada's diversity as a source of national pride and strength, and we try to reflect this in the products we sell and in the people that serve our customers. Our aim is to provide an inclusive, respectful environment: one that values the range of perspectives, backgrounds, abilities, orientations and skills that our colleagues bring to the workplace.

In 2008, Loblaw established an Inclusion Council made up of senior leaders from across the organization. The Council is responsible for championing diversity, setting strategy and targets, and tracking progress. It is focused on three primary goals – ensuring that the top Loblaw ethnic stores reflect the communities in which they are located, increasing the percentage of female store managers from an average of 13% to 15% in 2009, and increasing the number of people with disabilities at our store support centre offices. We have taken steps forward, but we realize that we still have a long way to go.

We also seek to reflect the diversity of our country in the range of products that we offer. The *President's Choice* brand was built on bringing the world's flavours to Canadian tables at great prices. In 2008, we broadened our range of products, resulting in a 2% increase in our ethnic product market share. We will continue this expansion in the coming years through increased ethnic product assortment and promotion, and greater involvement in local community activities to ensure that we're meeting our customers' needs.



OUR COMMITMENT: Canadians represent the world, originating from every corner of the globe. We are committed to creating an inclusive workplace for our colleagues and offer products that reflect the diversity of our country.

2008 KEY ACHIEVEMENTS

Established an
Inclusion Council
to champion diversity
in the Company

Our *Extra Foods* store
in Peace River, Alberta,
received a *Persons with
Developmental Disabilities
**Employer of
the Year*** award

Increased ethnic product
market share by

2%

RECRUITING TALENT

We identified our top ethnic stores and implemented strategies for increasing the diversity of their workforce. To attract specific demographics, Italian and Mandarin in this case, we published recruitment ads in local cultural newspapers. We also connected with neighbouring community organizations to attract candidates to the stores.

We have joined the Equitek outreach program, which helps companies attract candidates who are less likely to be reached through traditional methods. Each day, Equitek uploads job posting links from the Loblaw website and sends them to more than 250 diversity organizations across the country. Similarly, we now post jobs to diversitycareers.ca, a website that gives us visibility among a broad range of candidates including skilled immigrants/newcomers to Canada, visible minorities, women, aboriginals, persons with disabilities, mature workers, and lesbian, gay, bisexual and transgender people.

Be a Great Place to Work

Loblaw offers a wide range of rewarding full-time and part-time career opportunities. Our colleagues – whether they work in one of our stores, at a warehouse, or in an office, whatever their role – all play an important part in helping Loblaw become Canada's best food, health and home retailer.

To build a culture of success and pride in the Company, we recognize that we need to attract and retain the best people. We need to give them a voice through open communication, and we have to give them the tools, training and information they need to do their jobs effectively.



Over the past two years, we have been working hard to meet our colleagues' needs and to show our appreciation for their contributions. We have opened up the lines of communication throughout the organization, and introduced employee-focused initiatives like the Colleague Discount Program and the Colleague Volunteer Grant Program. In 2008, we noted a decline in the rate of employee turnover, and we will work to further encourage this trend in 2009.

OUR COMMITMENT: Loblaw colleagues are crucial to our success and represent our greatest strength. Being a great place to work means that our colleagues are empowered and supported to meet and exceed customer expectations. We are building a culture of success and pride that recognizes and rewards our people.

2008 KEY ACHIEVEMENTS

Trained more than
60,000
store colleagues

More than
135,000
colleagues participated in
the *Tell it as it is* survey

19%
decline in workplace injuries –
exceeding our three-year target
in the first year

COLLEAGUE DISCOUNT PROGRAM

Last year, we rolled out a colleague discount program that gives corporate colleagues a 10% discount on most food and non-food items sold at Loblaw corporate stores. By mid-year, colleagues across the country had their personalized discount cards, and, in total, we estimate that they saved approximately \$20 million in 2008.



Colleague Engagement

We are building a culture that encourages colleagues to voice opinions, ask questions, and contribute their ideas and solutions. A broad range of tools and processes are specifically designed to improve colleague engagement and align actions around the right priorities.

CLEAR EXPECTATIONS DRIVE ACTION

Effective communication is critical for successful store-level execution of Loblaw programs and colleague satisfaction, so our Store Communication team ensures that all communications to stores are clear and actionable. The team is also charged with proactively identifying and coordinating activities so that all requests are achievable.

One of the key tools we've developed is the Air Traffic Control (ATC) process as the control point for direct feedback from our stores and for planning the amount of work being pushed out. Three times a week, senior executives take part in ATC conference calls with store managers to hear what's on their minds and respond quickly to front-line issues. The meetings are conducted in an open area overlooking the head office atrium as a means of reinforcing our commitment to ATC and also enabling other colleagues to listen and learn.

We recently added the ATC Calendar, which is a proactive planning vehicle. It has proven to be highly effective for prioritizing, coordinating and communicating the hundreds of in-store activities that take place throughout the year, from weekly product promotions to colleagues' training and charity work.



“Loblaw is a great place to work because our commitment to colleagues and customers extends beyond product offerings that are new and innovative. Loblaw understands its role as an industry leader in providing a shopping experience that is exciting and fresh, but in doing so responsibly.”

CARMELO SCASSERRA, NATIONAL SENIOR DIRECTOR, LOSS PREVENTION PROGRAMS

Colleague Engagement {continued}

TELL IT AS IT IS

Our *Tell it as it is* survey gives colleagues the opportunity to provide confidential feedback on the Company, their managers and their jobs. In 2008, the survey was conducted twice with more than 135,000 responses submitted.

Once the survey results are available, managers move to put the best ideas for their area into action. In 2008, stores and distribution centres were given \$5,000 to \$10,000 each in rapid action funds to make positive changes. The money was spent on upgrading lunchrooms, organizing team-building activities, purchasing extra equipment to simplify tasks, training and other practical suggestions for improvement. To give us a continually updated picture of our colleagues' attitudes about their jobs and the Company, we will be conducting the *Tell it as it is* survey on a monthly basis among different cross-sections of the organization.

Here are some of things we learned from last year's surveys:

- Most colleagues are proud to work for Loblaw and highly recommend our products and services to friends and family.
- Most colleagues feel that they have good managers who make a positive contribution to the team.
- Most colleagues enjoy working at Loblaw and are willing to work hard.
- Most colleagues care about providing excellent customer service and tell us that we need to be better at dealing with customer problems.
- We need to offer our colleagues more opportunities for professional growth and development.
- We need to manage change more smoothly.

SAFE AND SOUND AT WORK

We want every colleague to go home safe and sound every day. To this end, we set a goal of reducing workplace injuries by 15% from year end 2007 to year end 2010. We achieved our goal in the first year, with a 19% reduction in workplace injuries in 2008. We see it as a win-win situation – a safe work environment is good for our colleagues and good for our business.

Shared leadership and personal accountability are at the heart of our safety improvement efforts. We've introduced detailed daily and period reporting on safety incidents, which feed into a trend analysis tool. We've developed national safe operating procedures for tasks, involving the use of moving equipment and lock-out/tag-out, and we continue to focus on reinforcing key safe behaviours. We've also implemented a successful intensive care action plan which rates stores and distribution centres on key accident statistics and then focuses specific actions on locations that require "intensive care".



SCHOLARSHIP PROGRAMS

Loblaws has four post-secondary school scholarship programs for colleagues and family members entering full-time study at an accredited Canadian college or university. In 2008, 212 individuals received awards ranging from \$750 up to \$5,000 each.

Career Development

Loblaws has many on-the-job opportunities for colleagues to learn new skills and try different things. In the last three quarters of 2008, 3,366 internal job postings were sent out to stores so that more colleagues could see them and apply. We also offer a wide range of formal training and educational support programs.

RICH LEARNING ENVIRONMENT

Starting a new job can be stressful. There's a lot to learn and new colleagues are anxious to become productive members of their new teams. We've introduced orientation processes to help reduce stress and enable new colleagues to get up to speed quickly. Over 25,000 new colleagues received formal training specific to their department. More than 1,500 new department managers and assistant store managers completed six weeks of training on how to succeed in their roles.

In early 2009, we announced grad@Loblaws, an 18-month paid program for recently graduated university or college students. Under the program, we plan to hire 100 grads to start in spring 2009 and another 100 grads to start in the fall. Once hired, they will rotate through various roles and get a feel for our business, spending a few months working in a store, followed by time in our central merchandising operation and then in their destination department.



Training for existing colleagues is equally important. As new programs and processes are implemented in our stores, it's critical that colleagues are trained on how these changes affect their work. Learning Stores, fully equipped store models that act as training hubs for learning new skills, have helped many people excel in a changing environment. Presently, we operate 15 Learning Stores where colleagues are trained in all store departments and progress through bronze, silver and gold levels of certification.






In total, we provided training to more than 60,000 store colleagues in 2008.

“As a long-term employee of Loblaws, we never had this level of communication in the past and now we’re getting more and more involved in upper management decisions. It is really exciting to have an impact on the larger organization.”








CARLA COUBROUGH, STORE MANAGER, EXTRA FOODS 9099

Targets and Achievements






Respect the Environment

2008 TARGETS	PROGRESS	2008 ACHIEVEMENTS	2009 TARGETS
Divert one billion plastic shopping bags from landfill by year end 2009.		Reduced bag consumption by 328 million by year end 2008. >> PAGE 8	To reach the one billion bag target by year end.
Divert 70% average overall waste generated by our stores from landfill in fourth quarter 2008.		Achieved the 70% waste diversion target in fourth quarter 2008 in 104 corporate stores. >> PAGE 8 Hit the target in the month of December in Ontario and Nova Scotia. >> PAGE 9	Reach 70% for the total year. Stabilize current organic diversion programs and search for new waste diversion partnerships. Advance our biogas initiatives.
Reduce corporate store and support centres' electricity use by 1.5% per square foot in fourth quarter 2008.		Reduced the electricity consumption for comparable stores by 1%. The target resulted in a 4,440,788 kWh reduction, the equivalent electricity required to run 4,800 homes for the same period of time.	Reduce corporate store electricity use by 1% per square foot.
Implement two renewable energy pilots.		The installation of a wind turbine is underway at our store located in Porters Lake, Nova Scotia, and will begin supplying green energy to the store in May 2009. >> PAGE 7 We entered into an agreement to divert our brown grease to fuel the first farm-based biogas facility in Ontario that contributes green renewable electricity to the provincial grid. >> PAGE 7	Launch Ontario Rooftop Photovoltaic Project.
Reduce carbon emissions as a result of electricity use by 3% per square foot in fourth quarter 2008.		We achieved 1% reduction to our electricity consumption, which resulted in a 1.5% reduction to our carbon footprint in the fourth quarter. This translates to a reduction of 1,642 tonnes of CO ₂ emissions. >> PAGE 7	Reduce carbon emissions associated with electricity consumption by 1.5%.




Respect the Environment

2008 TARGETS	PROGRESS	2008 ACHIEVEMENTS	2009 TARGETS
Reduce transport fleet fuel consumption by 2% per kilometre.		Achieved a 2.1% reduction in the second part of the year. >> PAGE 7	Improve fuel efficiency by 2% by kilometre.
Identify areas with carbon emissions implications, and set reduction benchmark for 2009.		We have implemented key performance indicators to track carbon emissions.	Reduce refrigeration leak rate by 5%.
Work with industry partners to develop an industry-wide carbon footprint measure.		Participated in grocery industry Environmental Sustainability Initiative (ESI). Each participating company began entering their data in order to calculate industry-wide carbon dioxide emissions. >> PAGE 7	Improve data integrity by adjusting and monitoring internal data collection practices.
Develop sustainable construction standards for the development and retrofitting of new stores and distribution centres.		New sustainable construction standards and specifications have been developed based on Leadership in Energy and Environmental Design (LEED) principles and our own sustainable building standards. >> PAGE 6	Use the new sustainable standards to guide the design and construction of future Loblaw Company stores.
Launch our second environmental flagship store.		Opened the Scarborough Loblaw <i>Superstore</i> on May 7, 2008. >> PAGE 6	Build our first distribution centre to LEED certification standards in Surrey, British Columbia.
Establish baselines, priorities and five-year targets for reduction of packaging on our control brands.		Conducted phase 1 of the packaging audits for control brand food, health and beauty care products. >> PAGE 9 Issued our Guidelines for Environmentally Responsible Packaging.	Decrease use of non-recyclable packaging on control brand products by 50% over five years. Complete phase 2 of the packaging audit for general merchandise products in 2009.
Introduce new <i>PC Green</i> products.		Introduced 12 new <i>PC Green</i> products in 2008.	Further expand our <i>PC Green</i> product line-up.




Source with Integrity

2008 TARGETS	PROGRESS	2008 ACHIEVEMENTS	2009 TARGETS
Increase local produce sourcing by 10% within three years.		Grew sales of Canadian produce by more than 10% during the <i>Grown Close to Home</i> campaign. >> PAGE 12	Work toward the three-year target of increasing local produce sourcing. Continue campaign to promote Canadian-grown produce.
Enhance tools and processes of our audit system and vendor compliance.		Implemented a common vendor buying agreement (VBA) for all non-food vendors. >> PAGE 14 Performed 193 vendor CSR audits. >> PAGE 14 Developed a controlled environment so that no new vendors can be entered into our system without a signed VBA. >> PAGE 14	Complete all CSR audits prior to vendor set-up. Controlled process of all audits done prior to vendor set-up.
Build on our existing CSR standards within our VBAs and audit processes.		Incorporated CSR criteria into the VBAs to ensure ethical working conditions in all factories supplying Loblaw. >> PAGE 14	Expand our VBA and CSR program to include all vendors.
No established targets in 2008 for sustainable seafood practices.		Initiated development of a sustainable seafood policy. >> PAGE 13 Launched 10 Marine Stewardship Council (MSC)–certified seafood products. >> PAGE 13	Finalize and implement Loblaw sustainable seafood policy. Add more MSC-certified seafood products.
Develop a Fair Trade product development plan for categories such as tea, chocolate, tropical fruits, nuts and seafood.		Launched nine new Fair Trade Certified products. >> PAGE 11	Expand our Fair Trade produce line-up.









Make a Positive Difference in Our Community

2008 TARGETS	PROGRESS	2008 ACHIEVEMENTS	2009 TARGETS
Donate \$10 million to support programs and organizations that support our three-point community plan and the communities in which we are located.		<p>Achieved \$10 million:</p> <p>DONATIONS: Corporate donations of \$3.5 million to <i>President's Choice</i> Children's Charity (PCCC) healthy kids projects, greening our cities initiatives, food banks and organizations under our new Colleague Volunteer Grant Program. >> PAGE 15</p> <p>CORPORATE SPONSORSHIP: Sponsorships of \$5.8 million included the Canadian Alpine Ski Team, gift card donations, food banks and local charities. >> PAGES 17, 19</p> <p>LOCAL: Local contributions through stores and distribution centres totalled \$1.1 million.</p> <p>Raised \$350,000 at our registers for the <i>Give a Little, Help a Lot</i> campaign for local charities. >> PAGE 16</p> <p>We facilitated donations of \$9.6 million for PCCC and other local charities. >> PAGE 16</p>	<p>Help more than 1,000 organizations through our Colleague Volunteer Grant Program.</p> <p>DONATIONS: \$4.4 million to support PCCC; healthy, active kids; feeding our neighbours through local food banks; greening our cities; local community initiatives; and the Colleague Volunteer Grant Program, in addition to ongoing corporate sponsorships.</p> <p>CORPORATE SPONSORSHIP: \$6.25 million</p> <p>LOCAL: \$2.5 million</p> <p>Raise \$1 million for <i>Give a Little, Help a Lot</i> campaign.</p> <p>We will facilitate \$10.9 million for PCCC and other local charities.</p>
Help PCCC raise and grant \$10 million to help more than 1,000 families across Canada.		<p>Granted \$9.5 million to 1,000 families and \$1 million to Breakfast for Learning. >> PAGE 17</p>	<p>Grant \$10 million (which includes a \$1 million contribution to Breakfast for Learning).</p>
Introduce new <i>PC Blue Menu</i> products.		<p>Launched 68 new <i>PC Blue Menu</i> products. >> PAGE 18</p>	<p>Expand our <i>PC Blue Menu</i> product line-up, with more low-sodium products.</p>

Reflect Our Nation's Diversity

2008 TARGETS	PROGRESS	2008 ACHIEVEMENTS	2009 TARGETS
Launch an Inclusion Council.		Established Inclusion Council to champion diversity, set strategy and targets, and track progress across the Company. >> PAGE 20	<p>Ensure Loblaw's top ethnic stores reflect the communities where they are located.</p> <p>Increase the percentage of women store managers from an average of 13% to 15%.</p> <p>Increase the number of people with disabilities in our store support centres.</p>
Implement focused recruitment and retention initiatives.		<p>Published multiple-language recruitment ads in cultural newspapers near our largest ethnic stores, and connected with neighbouring community organizations to attract job candidates. >> PAGE 20</p> <p>Joined the Equitek program to attract job candidates who are unlikely to be reached through traditional recruitment methods. >> PAGE 20</p>	<p>Recruit from identified local organizations in communities where top ethnic stores are located.</p> <p>Implement plan to recruit and retain women store managers based on target.</p> <p>Identify and recruit from specific disability organizations for store support positions.</p>
Develop targets to increase the number and the variety of ethnic products offered.		Grew ethnic product market share by almost 2%. >> PAGE 20	Double baseline sales over the next two years to increase product assortment, enhanced product promotion and greater involvement in local ethnic community activities.

Be a Great Place to Work

2008 TARGETS	PROGRESS	2008 ACHIEVEMENTS	2009 TARGETS
Roll out colleague <i>Tell it as it is</i> survey.	 	135,000 responses submitted. >> PAGE 23 Action planning teams were given rapid action funds to fix small problems and put the best ideas for their area into action. >> PAGE 23	Conduct monthly surveys of different segments of our colleague base. 100% deployment of rapid action funds.
Implement Air Traffic Control (ATC) planning and store communications initiatives.		Conducted ATC meetings three times a week, and introduced an ATC Calendar. >> PAGE 22	Implemented in the way we do business.
Reduce annual colleague turnover by 10% over the next three years (2008–2010 inclusive).		Put in place a consistent measurement tool across the country and set goals by sector so that we are in a better position to track turnover going forward.	5% reduction in turnover in 2009.
Train 52,000 colleagues.		Trained more than 60,000 store colleagues. >> PAGE 24	Train 40,000 colleagues.
Open six new Learning Stores.		Opened nine new Learning Stores, for a total of 15 across Canada. >> PAGE 24	Implemented in the way we do business.
Implement a health, safety and wellness strategy.		Developed and began implementation of our strategy which includes detailed daily and period reporting on safety incidents, which then feed into a trend analysis tool. >> PAGE 23	Implemented in the way we do business.
Reduce workplace injuries by 15% over the next three years (2008–2010 inclusive).		We met our three-year target within the first year, with 2008 workplace injuries declining by 19% over 2007 results. >> PAGE 23	Reduce workplace injuries by 15% over the next three years.

CSR Committee

As members of Loblaw's CSR Committee, we champion our responsibilities across all of our business operations. With input from customers and colleagues, we work in teams covering each of our areas of responsibility to develop the priorities, metrics and reporting responsibilities within the Company's five pillars. Each member works with their executive sponsor, who is ultimately responsible for integrating CSR into our culture, for ensuring our commitments are achieved and for working with the CSR Committee to develop goals that are achievable and accountable. The committee is led by the Senior Vice President of Corporate Social Responsibility, who reports directly to the Executive Chairman.

We are pleased to present our second annual CSR report, and welcome your input at csr@loblaw.ca. We would love for you to tell us how we're doing and what we can do to make our CSR activities and reporting more meaningful.

PICTURED BELOW FROM LEFT TO RIGHT:

Priya Bates
SENIOR DIRECTOR, INTERNAL COMMUNICATIONS

Larry Griffin
VICE PRESIDENT, FOOD SAFETY

Mark Schembri
VICE PRESIDENT, SUPERMARKET SYSTEMS &
STORE MAINTENANCE

Christena Manley
DIRECTOR, STRATEGIC PLANNING

Julija Hunter
SENIOR DIRECTOR, CORPORATE AFFAIRS

Mario Fatica
VICE PRESIDENT, PLANNING
DEVELOPMENT & APPROVALS

Sonya Fiorini-Carinci
SENIOR DIRECTOR, CORPORATE
SOCIAL RESPONSIBILITY

Walter Kraus
SENIOR DIRECTOR, ENVIRONMENTAL AFFAIRS

Debbie Brown
SENIOR DIRECTOR, SUPPLY CHAIN
PROCESS & SUPPORT

Daniel Tremblay
SENIOR VICE PRESIDENT, CORPORATE
SOCIAL RESPONSIBILITY

Todd Warnell
SENIOR DIRECTOR, CENTRAL RETAIL OPERATIONS

Robert Fortin
VICE PRESIDENT, TRANSPORT
PLANNING AND SUPPORT

Cristina Greto
COORDINATOR, CORPORATE
SOCIAL RESPONSIBILITY

Frank Pagliaro
DEPUTY VICE PRESIDENT, PRODUCE BU

Inge van den Berg
VICE PRESIDENT, PUBLIC AFFAIRS &
INVESTOR RELATIONS

Claudio Gemmiti
VICE PRESIDENT, HBC, HOUSEHOLD & GM LEAD

Peggy Hornell
SENIOR DIRECTOR, COMMUNITY INVESTMENT

ABSENT:

Andrew Flemming
SENIOR DIRECTOR, DC NATIONAL SUPPORT

Nan Oldroyd
SENIOR DIRECTOR, TALENT & DIVERSITY



The Way We Do Business

Loblaw Companies Limited 2008 Corporate Social Responsibility Report



To help minimize paper use, this report is available as a PDF on our corporate website, www.loblaw.ca. For more information, please contact the Corporate Social Responsibility department at csr@loblaw.ca.

Loblaw
COMPANIES LIMITED

loblaw.ca

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