

WE LOVE FOOD™

The Way We Do Business

2012 CORPORATE SOCIAL RESPONSIBILITY REPORT

We are proud of our progress and of our colleagues who carry out our corporate social responsibility commitments every day, in communities across Canada. Our 2012 report outlines this year's strategies, achievements and challenges.

Loblaw
COMPANIES LIMITED





Chairman's Message

At Loblaw, our approach to corporate social responsibility helps form the roots of our Company and is the basis of what we call "The Way We Do Business". And the way we do business is all about the products, services and experiences that we hope deliver on our Company's purpose: Live Life Well.

- True to our "Canadian First" strategy, we source fresh products close to home and promote specialty items from across the country.
- As part of our world-leading commitment to sustainably sourced seafood, we are the first Canadian food retailer to introduce responsibly sourced seafood in all of our stores.
- We are committed to eliminating artificial flavours and artificial colours from our *President's Choice* brand products by the end of 2013.
- We are engaging with industry experts and activists on the best solutions to animal welfare challenges such as sow stalls and improved housing environments for laying hens.
- With the support of our colleagues and customers, we have reduced the number of plastic shopping bags from our stores by more than five billion since 2007.
- Since 1989, *President's Choice* Children's Charity has granted more than \$86 million to children who are challenged by physical and developmental disabilities and to nutrition programs that aim to fight childhood hunger.

Loblaw and my family take our role in corporate social responsibility very seriously. While we have not solved all of our challenges, and there remains plenty to do, I am pleased with the progress we have made.

I invite you to review the full 2012 Corporate Social Responsibility Report and hope you agree with me that we are making progress toward our Company purpose: Live Life Well.

Thank you.

Galen G. Weston

Executive Chairman



CSR at Loblaw

As Canada's largest food retailer and a leading provider of drugstore, general merchandise and financial products and services, Loblaw Companies Limited makes significant contributions to our country's social and economic well-being:

- Loblaw and its franchisees operate more than 1,000 corporate and franchised stores from coast to coast. In 2012, we opened 18 new stores and completed 181 major store renovations.
- More than 14 million customers shop with us every week.
- We are one of the largest purchasers of Canadian goods and services.
- Together, our corporate and franchised stores employ approximately 134,000 full-time and part-time colleagues and employees, making us one of the largest private-sector employers in the country.
- Together with our colleagues, customers, vendors, franchisees and their employees, donated more than \$45 million to charities and non-profit organizations in 2012.

Our corporate mission is to be Canada's best food, health and home retailer by exceeding customer expectations through innovative products at great prices. Corporate social responsibility (CSR) supports our mission and is critical to our overall business success. The way we see it, by making positive contributions in our community and by minimizing negative impacts on our environment, we become the preferred choice of our customers and the preferred partner of our vendors. This in turn drives strong business performance, provides the means to give back to society and paves the way for future generations.

Five principles underpin our CSR strategy:

- 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

This 2012 Report details the corporate social responsibility performance of Loblaw Companies Limited (Loblaw) corporate stores, distribution centres and store support centres for the year ending December 31, 2012. Where franchisee or third-party information has been included, it is indicated as such.

This is the sixth year in which we have published a CSR Report. The last report was published in May 2012. There have been no significant changes in the scope of our reporting or the data measurement methods applied since that report.

Stakeholder Engagement

Ongoing engagement with our key stakeholders (namely, customers, colleagues, government, non-governmental organizations (NGOs), vendors, investors and partners) deepens our relationships and is vital to our business. Our engagement takes place in formal and informal ways including customer surveys and stakeholder interviews. Feedback from our stakeholders helps guide the content of our CSR Report and helps produce quantifiable, actionable data on stakeholder perceptions of our Company and our CSR priorities and efforts.

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

Report Assurance

All CSR plans and stated goals, targets, objectives and results were reviewed by select members of Loblaw's Disclosure Committee and Legal department. Our Internal Audit Services department applied a risk-based approach to auditing select stated targets and results included in the CSR Report.

External Stakeholder Review

Prior to publication, Business for Social Responsibility (BSR) reviewed our 2012 CSR Report against generally accepted principles for defining report content and quality. BSR is a global network of nearly 300 companies, working to build a just and sustainable world through the adoption of sustainable business strategies and solutions.

“Loblaw has made strong strides in its environmental performance – reducing energy consumption, diverting waste and further developing its leading sustainable seafood sourcing program. The report provides a close look at Loblaw’s efforts to engage with and improve local communities around its operations both through social investment and a focus on youth issues. We look forward to reading in future reports how Loblaw prioritizes its most material sustainability issues and examples of how its strong relationships with external stakeholders have contributed to the evolution of the Company’s sustainability journey.”





Governance

The Loblaw Corporate Social Responsibility (CSR) Committee is responsible for championing CSR across the Company. The Committee is made up of colleagues who represent various areas of our business and bring unique expertise.

With input from customers and colleagues, CSR Committee members develop the priorities, metrics and accountabilities for the Company's five CSR principles. Loblaw management, colleagues and the CSR Committee work together to develop and achieve measureable goals.

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

Strategic Governance at Loblaw

The Board of Directors and management of Loblaw are committed to sound corporate governance practices. They believe these practices contribute to the effective management of the Company and its achievement of strategic and operational objectives which continually evolve to effectively serve our stakeholders and the communities in which we do business.

CSR Committee Members

Bob Chant

Chair of CSR Committee
and Senior Vice President,
Corporate Affairs and
Communication

Melanie Agopian

Senior Director,
Sustainability, Loblaw Brands

Eric Biddiscombe

Senior Director, Field to Fork,
Produce Procurement

Jocyanne Bourdeau

Executive Vice President,
Maxi, Maxi & Cie

Alain Brandon

Director, Government
Relations and Corporate
Social Responsibility

Rosanna D'Alessandro

Specialist, Corporate
Social Responsibility

Mario Fatica

Vice President,
Planning, Development
and Approvals, Ontario

Sonya Fiorini

Senior Director, Corporate
Social Responsibility

Ian Gordon

Senior Vice President,
Loblaw Brands

Walter Kraus

Senior Director,
Environmental Affairs,
Weston Foods (Canada) Inc.

Mike Liewen

Senior Vice President, Food
Safety and Quality Assurance

Susan Lloyd

Senior Director, Talent

Michael Lovsin

Senior Vice President,
Health and Wellness

Philip McNeill

Senior Vice President,
Conventional Operations

Marie-Hélène Michaud

Director, Environmental Affairs

Mark Schembri

Vice President,
Store Maintenance

Nicole St-Louis

Vice President, Legal
Counsel, Loblaw Properties
Limited; Ontario and
National Compliance

Paul Uys

Vice President,
Sustainable Seafood

Rob Wiebe

Senior Vice President,
Supply Chain



Highlights

Respect the Environment

- Reduced the number of plastic shopping bags from our stores by more than five billion since 2007
- Diverted 81% of waste from our distribution centres
- Diverted approximately 1,135,000 pounds of plastic plant pots and flats from landfill, for a total of 5,235,000 pounds diverted since 2008
- To date, converted more than 72,000 light fixtures in our corporate stores, resulting in energy savings sufficient to power 9,923 homes for a year
- Installed a fleet tracking system in all corporate trucks to help reduce our carbon footprint

Source with Integrity

- We now offer 108 Marine Stewardship Council (MSC) certified products in our stores – more than any other Canadian food retailer
- Sourced 100% of fresh pork from Canada
- Sourced 31% of the produce sold in our stores year-round from Canadian growers
- Sourced 100% of non-tropical outdoor Garden Centre plants and Christmas trees from Canadian growers

Make a Positive Difference in Our Community

- Together with our customers, colleagues, vendors, franchisees and their employees, donated more than \$45 million to charities and non-profit organizations across Canada
- *President's Choice* Children's Charity has granted more than \$86 million to more than 15,000 families and 13,000 nutrition programs across Canada since its inception in 1989
- Reduced 117.6 metric tonnes of sodium in 428 control brand processed products since 2010
- We now offer 319 *PC Organics* products in our stores – the largest organics line in Canada
- Rolled out Guiding Stars nutrition rating system in *Loblaws* banner stores in Ontario – first Canadian retailer to introduce this rating system
- Added 22 dietitians in 50 corporate stores

Reflect Our Nation's Diversity

- 45% of management positions are held by women
- Five Loblaw executives received Women of Influence Distinction
- Named one of Canada's Best Employers for New Canadians and one of Canada's Best Diversity Employers
- We now offer 101 *T&T* brand products
- Launched *Sufra*, our new control brand line of Halal products

Be a Great Place to Work

- Named one of Canada's Top 100 Employers
- Named one of Canada's Top Employers for Young People
- Received the Défi Employeurs Inspirants award, recognizing the most inspiring employers in Quebec
- Reduced the number of workplace accidents by 52% over the past five years



Respect the Environment

We are committed to reducing the environmental impacts of our day-to-day operations and to leading the way on issues where we can have the greatest impact. As the largest food retailer in Canada, and given our size and scope, we see a majority of our environmental impacts occurring in waste management, energy use, fuel consumption and packaging reduction.

Our environmental management system (EMS) helps us manage our activities in a way that protects the environment and complies with all applicable laws and regulations. Elements of the EMS include our environmental policy, annual objective setting, program implementation, regular auditing and evaluation. Progress is reported on a quarterly basis to the Environmental, Health and Safety Committee of the Board of Directors..

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Diverted 81% of waste from our distribution centres

Diverted approximately 1,135,000 pounds of plastic plant pots and flats from landfill, for a total of 5,235,000 pounds diverted since 2008

To date, converted more than 72,000 light fixtures in our corporate stores, resulting in energy savings sufficient to power 9,923 homes for a year

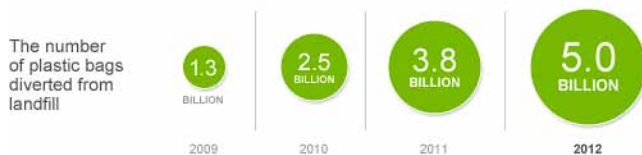
Installed a fleet tracking system in all corporate trucks to help reduce our carbon footprint

RESPECT THE ENVIRONMENT / WASTE REDUCTION



Waste Reduction

Loblaw has a history of committing to waste reduction initiatives as demonstrated by our charge-for-plastic shopping bag program. Since 2007, we have reduced the number of plastic shopping bags from our stores by more than five billion. Our focus on waste diversion has spawned a wide range of initiatives across our organization including, most recently, efforts to address the critical issue of food waste.



Reusable Plastic Containers

The amount of produce shipped in Reusable Plastic Containers (RPC) rose to 14.8 million cases in 2012 – up from 3.5 million in 2011. The increase was largely a result of our ongoing efforts with local growers to convert containers for high-volume products such as beans, corn, carrots, peaches, grapes and citrus fruits. To date, 283 products are being shipped in RPCs. We work closely with growers to address the operational implications associated with making the switch from waxed or regular corrugated cardboard, which has traditionally been used for shipping produce, to RPCs. Once they have converted to RPCs, many growers attest to benefits such as more efficient cooling and faster loading and unloading. The additional benefits of RPCs are superior product quality, reduced damage and lower materials, labour, shipping and waste management costs.

Compared to waxed corrugated cardboard boxes, RPCs require less energy and produce less solid waste and greenhouse gas (GHG) emissions because they can be used many times over.

Corporate Stores

In each of our four regions, we set a target of improving waste diversion by 5% over 2011 levels.

In Western Canada, we achieved a 54% diversion rate. The improvement was primarily driven by increased organic waste diversion programs. We now have 55 stores participating in the multi-stream recycling program. In addition to cardboard and paper, this program accepts traditionally non-recycled materials such as hard and soft plastics and waxed corrugated cardboard. Sixteen of our stores in British Columbia also have programs in place to divert organic waste to commercial compost operations. We are preparing for a ban on organic waste in Metro Vancouver landfill sites, which will be phased in by 2015.

In Ontario, we achieved a 74% diversion rate. Today, 106 of 125 corporate stores in Ontario participate in the multi-stream recycling program. Meanwhile, growth in farm-based anaerobic digesters for organic waste as feedstock and renewable energy has enabled us to improve our organic waste diversion rate.

In Quebec, we achieved a 60% diversion rate, as we continued to expand the organic waste program. By year-end, 22 stores were participating in a composting program in which stores are paired with local farmers who have on-site composting facilities. The farmers collect the organic waste and convert it into nutrient-rich fertilizer. We plan to add approximately 25 more stores to the program in 2013.

In Atlantic Canada, we achieved a 66% overall diversion rate. The *Atlantic Superstore* location in Elmsdale, Nova Scotia, diverted 89% of its waste. In 2012, the Elmsdale team conducted a store audit to identify all waste streams and how best to manage them. Follow-up actions included expanding the multi-stream recycling program to cover waxed cardboard and black plastic containers, tracking all perishable food items given to local food banks, and updating posters above the recycling containers to make it easier for colleagues to separate waste. The store intends to pilot a zero waste diversion program in 2013. Diversion rates in Atlantic Canada remain the highest in the country thanks to legislation in Nova Scotia and Prince Edward Island which mandate organic waste diversion.

While we made good progress in 2012, results continued to be hampered by the limited availability of cost-effective diversion options.

RESPECT THE ENVIRONMENT / WASTE REDUCTION

Distribution and Store Support Centres

Our distribution centres (DCs) have a strong track record of waste diversion and achieved an exceptional 81% diversion rate in 2012. Among the highest achievers were Pitt Meadows, British Columbia (92%), Boucherville, Quebec (86%), Lakeside, Nova Scotia (91%) and Maple Grove, Ontario (89%).

Waste generated at DCs includes wood pallets, corrugated cardboard, plastic film wrap, metal, food waste and other packaging materials, most of which we aim to recycle. Robust organic waste programs are now in place at eight DCs – Surrey and Vancouver (British Columbia), Freeport and Edmonton (Alberta), Maple Grove (Ontario), Lakeside (Nova Scotia) and Moncton and Caledonia (New Brunswick).

All DCs are audited annually to ensure compliance with environmental laws and regulations and with our corporate environmental management programs. We also retain third-party evaluators to conduct waste audits at select DCs in order to evaluate the waste generated and identify additional diversion opportunities.

Each DC sets its own targets and encourages workforce participation. DCs post quarterly diversion results and discuss performance at worker huddles. Some DCs have improved recycling containers to make it easier to separate waste, appointed waste champions to spearhead initiatives, and created internal colleague engagement campaigns. At Maple Grove, the “We hate waste” campaign was well received in 2012. In select DCs, colleagues were given a chance to earn a day off by recycling empty plastic wrap rolls.

We achieved a 76% diversion rate at store support centres, where recovered waste typically comprises paper, beverage containers and organic material from cafeterias and kitchens. We also have a program for diverting old computers, printers and the like to electronics recyclers. Old furniture is either used at other Loblaw locations or donated to charities. The support centres in Calgary and Montreal achieved the highest diversion rates in 2012, at 84% and 80%, respectively.

Food Waste

As the world grapples with concerns about the environment, how to feed a growing global population and global economic woes, food waste has become a major issue which is capturing the attention of governments, businesses, academics and society at large. In Canada, it is estimated that consumers and Canada's food industry waste 40% of the food produced each year, valued at an estimated \$27 billion.^{1,2} Not only is wasting food an economic issue, it is also a significant environmental problem. More greenhouse gases are created from food waste than from sources such as plastic packaging.³

Reducing food waste is one of the priorities identified in Loblaw's long-range CSR plan. It is also one of the first orders of business for Dr. Ralph Martin, Loblaw Companies Limited Chair in Sustainable Food Production at the University of Guelph. Dr. Martin is collaborating with a wide range of stakeholders to share insights and develop practical strategies for reducing food waste, as part of his mandate to lead change in Canadian food production systems within the context of sustainability, the environment, communities and the economy. Dr. Martin and his team currently have three major research projects underway: a household audit to identify the extent of consumer food waste in Ontario; a climate change project to determine how to establish uniform stands of clover in wheat crops to build soil organic matter; and research into reducing energy consumption and greenhouse gas emissions in agriculture.

Among the steps Loblaw is taking to reduce food waste, select stores and distribution centres have established programs for donating perishable food items to local food banks and food recovery programs, as well as diverting items into organic waste streams for energy production. In 2012, select corporate stores in the Greater Toronto Area provided Second Harvest with more than 716,000 pounds of fresh perishable food items. Additionally, select distribution centres donated more than 1.6 million pounds of fresh perishable food items to local food banks in their communities.

We partnered with The Conference Board of Canada to co-chair the Canadian Food Summit. The two-day conference brought together food retailers, industry representatives, experts and academics to discuss food in Canada, with a focus on quality, price, availability and waste, and to explore the development of a Canadian Food Strategy.

We also spearheaded an industry project to remove obstacles to recycling thermoformed clamshell packaging. This change not only increases the recyclability of the package, it also reduces organic waste by helping customers' food stay fresh longer once it reaches their refrigerators.

¹ Statistics include food that is suitable for human consumption, or will be fit for consumption after processing – such as wheat.

² Gooch, M., A. Felfel, and N. Marenick. *Food Waste in Canada* (2010). Value Chain Management Centre, George Morris Centre.

³ *Cut Waste, Grow Profit* (2012). Value Chain Management Centre, George Morris Centre. technically not reportable under the Greenhouse Gas Reporting Protocol.

RESPECT THE ENVIRONMENT / PACKAGING REDUCTION



Packaging Reduction

Packaging plays an essential role in protecting our products so that they reach customers in the best possible condition. However, packaging can end up as waste, particularly in regions where there is limited recycling infrastructure. Our internal research shows that our customers care about packaging reduction. What we also know is that we can play a role in optimizing packaging to protect products while reducing food waste and negative environmental impacts.

Although we have made advances over the past five years, packaging reduction remains a challenge and more work needs to be done.

One of our key objectives is to reduce the total amount of packaging on our control brand products by 5% (or 11,800,000 kg) by 2015. To date, we have removed 4,056,022 kilograms of packaging in 205 control brand products across multiple categories such as boxed seafood, processed meat, grocery, and beverages. This has included reducing the cap weight of our bottled beverage line and the thickness of our *President's Choice* chicken wing cartons.

We are also working toward a goal set in 2010 of reducing non-recyclable components on control brand packaging by 50% by 2013, which would affect 5,000 products. Thus far, we have made progress on 511 products.

None of us can solve packaging problems alone. We all need to do our part – pooling experience and sharing investment to arrive at a solution sooner than we can on our own. Among our collaborative efforts, we have joined forces with Canada's largest retail and consumer packaged goods companies to create the Canadian Stewardship Services Alliance (CSSA). The CSSA aims to provide more efficient ways for businesses to fulfill their obligations with respect to collecting and recycling packaging and printed material once consumers are finished using them and for provincial stewardship organizations to deliver their recycling programs. The CSSA will also be a resource for various levels of government as they formulate policy and regulatory frameworks related to the stewardship of printed paper and packaging in Canada. Loblaw also plays a leadership role in the working groups of PAC NEXT, an industry association advocating for a world without packaging waste.

In 2013, we plan to re-evaluate our packaging targets, establish a sustainable packaging decision tree, and conduct pilot studies using our control brand line of products to optimize packaging design and promote increased recycling.

RESPECT THE ENVIRONMENT / REFRIGERATION AND ENERGY EFFICIENCY



Refrigeration and Energy Efficiency

Over the past several years, we have worked diligently to reduce greenhouse gas (GHG) emissions through energy efficiency, reduced refrigerant leaks and other renewable energy initiatives.

Energy Efficiency

We achieved our target of reducing energy consumption in comparable stores by 3.1% per square foot, due in large part to our continued work on upgrading lighting in buildings and display cases and by managing heating and cooling systems in our stores more effectively. In 2012, 36,206 light fixtures in 127 stores were converted to new fluorescent technology. As a result of our efforts, in the last two years we have replaced 72,495 light fixtures resulting in an energy reduction equivalent to the energy required to power 9,923 homes in Canada for one year.

We converted vertical frozen door cases to LED lighting in five corporate stores, as part of a pilot project in British Columbia. LED lights last longer and use significantly less electricity than fluorescent lights in low temperature environments. The plan is to do more of these conversions in corporate stores starting in Ontario in 2013, and all of our new vertical frozen door cases will have LED lighting.

Since 2010, we have completed lighting retrofits in 14 distribution centres (DCs), replacing standard light fixtures with fluorescent technology. We have also added manual light switches and light dimmers in select DCs, and replaced standard light fixtures with LED lighting in the freezers and loading docks of four DCs. We are planning additional LED lighting fixture conversions in DCs in 2013.

Optimizing the energy management systems in our stores is another priority. Loblaw has a dedicated team of technicians who are trained in the control and energy optimization of our refrigeration, lighting and heating, ventilation and air conditioning (HVAC) systems. Some of these systems are monitored remotely using an Internet-enabled building control system.

Refrigeration

Approximately 50% of a supermarket's energy consumption is attributed to running a refrigeration system. As a result, we devote significant time and resources to optimizing our refrigeration systems and processes. As part of a pilot in 2012, we added vertical doors to open dairy cases in one corporate store and based on results, we plan to roll out further conversions in more stores across Canada in 2013.

Loblaw strives to be at the forefront of refrigeration technology. We have put in place a refrigeration system that uses carbon dioxide (CO₂), a natural refrigerant, at the Loblaw's store at Maple Leaf Gardens®. In 2013, we plan to pilot the next generation in CO₂ refrigeration design, known as a transcritical refrigeration system, in which carbon dioxide is the sole refrigerant.

Minimizing refrigerant leaks is another important part of our program. A robust leak-checking protocol in our corporate stores has enabled us to achieve leak reductions year-over-year in the past three years.

Solar Power

The pilot rooftop solar projects at four Ontario stores proved to be successful. As a result, we started construction on 12 additional stores in 2012. We plan to have all 12 stores in commercial operation, and potentially 28 more installations, by the end of 2013. Solar panels convert sunlight into electricity, offsetting a portion of the power drawn from the provincial electricity grid. They require minimal maintenance and operate silently, making solar energy a clean and safe method of power generation.

RESPECT THE ENVIRONMENT / FLEET EFFICIENCY



Fleet Efficiency

We continue to implement initiatives to reduce the environmental impact of our transport fleet. Actions range from replacing older trucks with newer, more efficient models; driver training on fuel economy and idle time improvement; and equipment upgrades such as battery powered auxiliary power units (APUs).

Trucks

In 2012, we added 57 new, more efficient trucks to our fleet, bringing the total to 195 trucks that comply with the rigorous U.S. Environmental Protection Agency 2010 emission standards. Our new trucks alone provided a fuel economy improvement of 7.5%.

All new sleeper cabs purchased in 2012 are equipped with non-diesel, battery powered APUs. In these trucks, bunk heaters, air conditioning systems and driver amenities (such as televisions and mini-refrigerators) run on batteries rather than diesel, thereby reducing engine idling.

We installed a fleet tracking system in all corporate trucks. The system is connected to our transportation management system and provides real-time tracking of mileage, speed, idling and other useful data. Ultimately, it helps iron out inefficiencies in our fleet and enables transport managers to provide daily feedback to drivers to improve their driving behaviour. Through driver training and investments in equipment, we reduced idle time to 7.9% in 2012.

Our tire recap program involves recapping old tires as treads get worn instead of buying new ones. The program diverts waste from landfill and reduces oil consumption in the production of new tires. Since 2008, Loblaw has recapped 29,088 tires.

Fuel Alternatives

We are working on a number of other initiatives designed to reduce fuel consumption and improve fuel efficiency:

Intermodal Transportation – Shipping by rail is considerably more fuel efficient than shipping by truck. Rail transportation is primarily used in Western Canada; however, it is also being explored in other parts of the country. In the high-volume corridor between Toronto and Montreal, we are testing the Expressway transportation service, in which Loblaw trailers are loaded directly onto specially designed railcars. In 2012, we shipped 22,907 loads of product by rail.

Long-Combination Vehicles (LCVs) – In our ongoing effort to reduce our carbon footprint, we continue to expand the use of LCVs in our transport fleet. LCVs can pull more volume per load, therefore reducing the number of trucks on the road. Although LCVs are primarily used in Western Canada, we are working with the provincial governments in Ontario and Quebec to expand the use of LCVs in both provinces.

Lift-a-Deck Systems – We invested in 10 Lift-a-Deck systems, which provide an extra “shelf” for transporting products within a trailer. In this double-decker system, crossbeams are mounted in a precision-machined track to hold cargo and can be adjusted to any height. The system enables us to nearly double the load volume of a trailer.

Reduce Empty Kilometres – To reduce empty kilometres we increased the number of backhauls from 163,379 in 2011 to 189,409 in 2012, which in turn reduced the number of empty trailers on the road. In our efforts to maximize our load volumes, we shipped 19.8 million more cases of product in 12,476 fewer loads.

RESPECT THE ENVIRONMENT / REDUCING OUR CARBON FOOTPRINT



Reducing Our Carbon Footprint

As the largest food retailer in Canada we play an important role in tackling climate change and we are determined to do our part. The greatest opportunities for us to reduce our carbon footprint are in the ways we consume energy and fuel and reduce waste and refrigerant leaks.

In 2012, we reduced the carbon footprint throughout our operations by improving energy efficiency; advancing renewable energy technologies and expanding waste diversion programs. Our greenhouse gas (GHG) emissions totalled 1,098,975,772 kilograms for the year.

We monitor GHG using a grocery industry-developed calculator that is compliant with the World Resources Institute (WRI) Greenhouse Gas Reporting Protocol.

2012 TOTAL GREENHOUSE GAS EMISSIONS*

(1,098,975,772 kilograms CO₂ equivalent)



* Numbers do not include T&T Supermarkets, franchised and independent stores.

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

RESPECT THE ENVIRONMENT / THE WAY WE DO BUSINESS

The Way We Do Business



Edible Trees Program

With support from Loblaw, Tree Canada has planted more than 177,000 trees across Canada since 2008. In 2012, we donated \$50,000 to Tree Canada's Edible Trees Program. Through this program, fruit and nut trees are planted in communities across the country. The goal is to help feed the less fortunate and empower neighbours to share in the harvest and care of a city-grown food source. Our donation resulted in 1,244 fruit and nut trees being planted between April and September 2012. Twenty projects, involving 1,679 people in 20 communities, were selected from 200 applications received from all over Canada.



Electronic Paystubs

As of 2012, all Loblaw colleagues and franchisees receive their pay notices through a secure, password-protected website. The move to electronic paystubs has eliminated the need to mail approximately 1,395,000 paper paystubs each year.



Eco Eyewear

Loblaw Optical departments are proud to offer Eco Eyewear, the first and only optical collection made of 95% recycled materials. The recycled materials come from what is called "white recycling", where new material that other companies would dispose of is diverted and reconstituted into new sheets of metal and plastic to make the frames. Each frame comes in an organic cotton case with a recyclable cardboard box and an addressed envelope. The box and envelope can be used to mail old glasses to the manufacturer, which then distributes them to people in need in developing countries. The manufacturer plants one tree for every set of frames sold.



Greenest Employer Award

Loblaw was named one of Canada's Greenest Employers for 2012. This was the third consecutive year in which we received this honour. The 2012 award recognized our accomplishments in improving fleet fuel efficiency, increasing waste diversion and reducing energy consumption.



Innovation in Packaging

We were pleased to learn that our valued grower partner Philip Short of Vineland, Ontario, owner of Vortex Packaging Niagara Inc., was the winner of the Premier's Award for Agri-Food Innovation Excellence in Ontario. The award recognized his success in building a better basket for peaches that keeps fruit fresh longer, with less damage from transport. Philip Short and Vortex worked with us to meet our packaging needs. We also collaborated on the marketing of this innovative new plastic packaging for peaches and other tender fruit. In addition to reducing food waste, the package is made of 50% recycled material (rPET) and is recyclable in many municipalities.



Source with Integrity

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

We now offer 108 Marine Stewardship Council (MSC) certified products in our stores – more than any other Canadian food retailer

Sourced 100% of fresh pork from Canada

Sourced 31% of the produce sold in our stores year-round from Canadian growers

Sourced 100% of non-tropical outdoor Garden Centre plants and Christmas trees from Canadian growers

SOURCE WITH INTEGRITY / RESPONSIBLE SOURCING



Responsible Sourcing

Responsible sourcing is a key component of Loblaw's long-range plan and takes into account both local and global issues that affect Canadians. Our approach is to work with vendors and industry associations to source products responsibly, with a focus on our control brand product lines.

Sustainable Seafood

It has been four years since we embarked on our sustainable seafood journey. We were the first major food retailer in Canada to commit to sourcing 100% of the seafood sold in our stores from sustainable sources, including products that contain seafood as an ingredient, by the end of 2013. Since then, we have made significant strides by focusing our efforts on increasing the number of certified sustainably sourced seafood products in our stores; collaborating with stakeholders to drive the seafood industry toward responsible harvesting of both wild and farmed seafood; educating our customers; delisting "at risk" species; developing sustainable seafood criteria to ensure the fish and seafood we procure come from sustainable wild-caught and responsibly farmed sources; rewarding fisheries, and supporting local economies and fishermen.

We offer more Marine Stewardship Council (MSC) certified wild-caught seafood products in our stores than any other Canadian food retailer, increasing our total from 73 products in 2011 to 108 in 2012. Categories include fresh, frozen and canned seafood, pet food, grocery and vitamins (supplements). We also carry several MSC certified products from High Liner and Janes Family Foods, among others, as well as Bento Sushi whose 124 in-store kiosks have MSC chain-of-custody (CoC) certification. With just one year remaining to reach our 2013 target, we are working diligently on an action plan to transition all remaining products to sustainable or responsible sources.

In 2012, Loblaw earned MSC CoC certification for fresh seafood counters in 16 stores. To gain this certification, stores are audited by a third-party to confirm that they have traceability, storage and record-keeping systems proving that only seafood from a certified fishery carries the MSC ecolabel.

We made progress on a number of other fronts as well:

IFFO – Loblaw became the first and only retailer in the world to join the IFFO – the trade association for the marine ingredients industry. We are working toward all farmed fish to be raised using feed that only contains fishmeal and fish oil that meet the IFFO Global Standard and Certification Programme for the Responsible Supply of Fishmeal and Fish Oil.

Aquaculture Stewardship Council (ASC) Certified Products

We have worked toward achieving ASC chain-of-custody (CoC) certification for fresh and frozen tilapia, which will be introduced in our stores in 2013. ASC certification assures that the fish we sell originated from a farm that has been certified as employing environmentally and socially responsible aquaculture methods. ASC certification is the most credible benchmark of responsible aquaculture in the world. Loblaw will be the first food retailer in North America to offer ASC certified seafood and fish in its stores.

Managing Species at Risk – We added American red snapper to the list of species that we will temporarily stop selling until a sustainable source can be found because it is considered to be at risk. Other species or species groups include orange roughy, sharks and skates. While Chilean sea bass had been at risk, we worked with our scientific advisor to find two sustainable fisheries for Chilean sea bass and will reintroduce the product in our CoC certified stores.

Vendor Questionnaire – We collected detailed sourcing data from some of our largest seafood vendors to help assess and manage our seafood sources. We will continue to engage remaining vendors in 2013.

Sustainably Sourced Canned Tuna – Canned tuna is the single highest volume seafood product in our stores and since 2010, we began sourcing all canned tuna from members of the International Seafood Sustainability Foundation (ISSF). In 2013, through research and programs implemented by the ISSF, and the support of our scientific advisors, we are evolving our canned tuna procurement policy to better support tuna conservation. This includes redirecting our sources to ensure that all canned tuna is procured from responsible sources where there is scientific data demonstrating lower by-catch impacts and healthy stock levels, and upon condition of certification over time.

SOURCE WITH INTEGRITY / RESPONSIBLE SOURCING

Animal Welfare

Animal welfare issues are important to us. Loblaw is committed to working with vendors, industry associations and animal welfare experts to ensure animal welfare standards and best practices are in place that promote the care, protection and safety of farm animals and their caregivers. One of the experts we have been in discussions with is Dr. Temple Grandin, an American doctor of animal science and professor at Colorado University.

We are concerned about housing arrangements, in particular, battery cages for laying hens and sow crates for pigs. Sow crates are an important issue and we have had several discussions with pork vendors expressing our direction toward and support of loose housing systems. In 2013, we will make a commitment to purchase fresh pork from loose housing environments by year-end 2022.

In 2012, we became associate members of the National Farm Animal Care Council (NFACC), a multi-stakeholder forum that facilitates the development of standard codes of practice for farm animals, including revising the current egg layer and pig codes of practice in Canada. This process provides a credible, science-based and balanced approach.

In 2011, we made a commitment to work with industry to transition all *President's Choice* eggs to cage-free. Our *President's Choice* line of eggs is comprised of *President's Choice*, *PC Organics* and *PC Blue Menu* brands. To date, our *President's Choice* and *PC Organics* eggs are free-run, which means that the eggs are exclusively sourced from laying hens who live in an open-concept environment where they are free to roam, feed and nest. The next and final step to achieve our target is to transition our *PC Blue Menu* Omega eggs to free-run.

Our *Joe Fresh* control brand cosmetics and raw materials are not tested on animals.

Sustainable Palm Oil

Palm oil is a type of vegetable oil, derived from the palm fruit grown on the African oil palm tree. Palm oil and its derivatives appear in small quantities across a broad range of products, predominantly bakery and health and beauty products. Unfortunately, increased global demand for palm oil is contributing to rainforest deforestation and habitat degradation.

Recognizing the seriousness of the issue, we consult with WWF and the Roundtable on Sustainable Palm Oil (RSPO), an international organization established in 2004 to promote the production and use of sustainable palm oil. Among its activities, the RSPO has a certification program that provides assurance that the palm oil used in a product is responsibly produced and that volumes are traceable. In 2013, we will become members of the RSPO, develop a sustainable palm oil policy and action plan, complete an inventory of our food and non-food control brand products that contain palm oil as an ingredient and then engage our control brand vendors to align with our objectives to meet RSPO certified standards.

Sustainable Paper

Our goal is to source paper responsibly. To date, all copy paper used internally in our corporate facilities is Forest Stewardship Council (FSC) certified. Our internal newsletters and *Joe Fresh* Look Books are also printed on FSC certified paper. The majority of our control brand paper-based products sold in our stationery department will be FSC certified in 2013. We are currently developing a sustainable paper procurement commitment for the business to ensure that all paper-based products sold for retail and used internally throughout our operations are responsibly sourced.

SOURCE WITH INTEGRITY / LOCAL SOURCING



Local Sourcing

Loblaw is committed to buying Canadian first. We strive to work with Canadian vendors and growers to provide our customers with local and regional fresh products in stores all year round.

Canadian First

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

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

Grown Close to Home

In 2012, we ran the *Grown Close to Home* campaign for the fifth year in a row. The campaign featured delicious, summer-fresh produce grown by Canadian farmers. During the campaign, up to 40% of the produce sold in our stores was sourced from Canadian growers. Numbers varied from region to region, but up to 180 products were part of the *Grown Close to Home* program in 2012. For the full year, 31% of Loblaw's produce purchases were Canadian, as we worked to maximize the amount of fresh Canadian-grown produce available year-round.

We value our relationships with local growers, some of which have spanned more than 40 years. We have vendor development managers in each region who support local growers on a full-time basis, and help connect growers and Loblaw buyers. We also hold annual produce grower meetings in each region to discuss industry trends, best practices, Loblaw safety and quality expectations, and other topics of interest. Loblaw is the only Canadian food retailer to conduct these types of meetings.

Lawn and Garden

Each spring, Garden Centres pop up at most of our stores. We are proud of the fact that 100% of the non-tropical outdoor plants are sourced from Canadian growers, as are the Christmas trees offered during the holiday season. We work with more than 25 Canadian grower partners across the country to bring innovative products to the Garden Centres and to build a community of growers who share and learn from one another. Among their recent innovations – the *President's Choice* Simply Salad Bowl, our exclusive *President's Choice Super Gigantico* Dahlia Hypnotica Cotton Candy, and our brand new *President's Choice* Hascap Bush. Additionally, we worked with a Canadian manufacturer to develop the *President's Choice* Solar-Powered Illuminated Planter Multi-Coloured Lights and the *President's Choice* "Plant the Top" Rain Barrel. These products demonstrate our ongoing efforts to work with vendors who can supply us with Canadian products and who are as forward-thinking and committed to environmental sustainability as we are.

Canadian Beef and Pork

To date, 100% of our fresh pork is sourced from Canada, with the exception of sale items and products sold in select hard discount stores. Sourcing fresh beef from Canada continues to be a work in progress; however, we are committed to working with our vendors to achieve this target.

We expanded the Ontario Corn Fed Beef (OCFB) program to 241 banner stores in the province, as part of our partnership with the Ontario Cattle Feeders' Association. The stores are supplied by approximately 500 Ontario farmers. The program has been a tremendous success and we are exploring similar opportunities with producers in other provinces.

SOURCE WITH INTEGRITY / QUALITY ASSURANCE AND FOOD SAFETY



Quality Assurance and Food Safety

Loblaw customers should have every confidence that the food they buy from us is safe. Our standards and processes for ensuring that the products we sell are safe, of high quality and meet all legal requirements are among the most rigorous in our industry. They apply to both our own operations and to those of our vendors. We also collaborate extensively with our Canadian and global counterparts, jointly seeking to manage food safety risk for consumers.

Loblaw Academy

More than 100 control brand vendors enrolled in the new Loblaw Academy in 2012. The Academy is a partnership between Loblaw and the Canadian Research Institute for Food Safety, University of Guelph, which seeks to further vendors' understanding of Loblaw's food safety and quality expectations, develop professional and technical skills, and offer networking opportunities. The program consists of 10 modules, a discussion forum, assignments and quizzes. Modules cover topics such as risk analysis, plant layout, allergens, foreign matter prevention and detection, shelf life, incident management and more. The Academy has been well received and participation in the discussion forums has far exceeded our expectations.

Vendor Certification

Loblaw was the first food retailer in Canada to insist that our control brand food vendors comply with safety standards under the Global Food Safety Initiative (GFSI). The GFSI benchmarks the leading global food safety schemes and integrates them so that when a manufacturer is compliant with a GFSI-benchmarked scheme, it is automatically accepted as equivalent to all other corresponding GFSI-recognized standards.

We are also one of the early adopters and drivers of GFSI compliance at the grower level in Canada, which includes CanadaGAP's On-Farm Food Safety program. In 2012, we focused on supporting produce vendors to achieve certification. One of the major challenges is that many vendors are supplied by multiple growers, and certification requires that all of these growers be certified as well. This remains a work in progress. Our focus is to work with our control brand produce growers to ensure they are 100% compliant with GFSI certification standards.

Food Safety Audits

Food safety audits are an integral part of our safety and quality management systems at both the vendor and retail levels. Third-party audits are conducted by an independent auditor twice a year in our stores and once a year in our distribution centres. Additionally, we have a dedicated team of Food Safety professional colleagues supporting our stores and distribution centres nationally to help execute food safety procedures, address corrective action plans in response to audit findings, and implement programs of continual improvement.

“The Academy gives us the opportunity to reassess our current safety program and enhance it where applicable. I found module one very thorough and complete. I look forward to the next nine months of learning.”

VENDOR PARTICIPANT,
LOBLAW ACADEMY

SOURCE WITH INTEGRITY / THE WAY WE DO BUSINESS

The Way We Do Business



Gardiner Farms and Ontario Corn Fed Beef

Gardiner Farms near Kirkton, Ontario, has been a valued supplier to Loblaw since the start of our partnership with the Ontario Cattle Feeders' Association. Owners Joel and Sarah Gardiner and their family have raised cattle and grown corn, beans, hay and wheat for more than 60 years. As part of the Ontario Corn Fed Beef (OCFB) program, they are committed to producing high-quality beef, grown locally, in an environmentally conscious manner, and to adhering to stringent quality assurance protocols.

Using sound agronomic practices, Gardiner Farms plants, rotates and harvests its crops, making cattle feed that complies with the quality assured OCFB program. Furthermore, the cattle manure is processed through an anaerobic digester, which generates enough green electricity to power 100 homes for a year as well as producing natural fertilizer. As the Gardiners say, their farm is one of the few cattle farms in Canada that can offer Ontarians a great-tasting OCFB program steak while generating green renewable energy to charge their cell phones.



Linwell Gardens

Linwell Gardens in Beamsville, Ontario, has been a valued supplier of Loblaw since 1991. Owner George Alkema travels the world with us to find annual plants that appeal to customers and suit the Canadian climate. Once plants are selected, we want to ensure they grow to be as consistently beautiful here as they do abroad. That's where Linwell Gardens comes in. They take the cuttings from breeders around the world and plant them in trays to root, before sending the small plants to growers across Canada. George Alkema also travels to growers' operations and shares his knowledge and expertise.

Today, Linwell Gardens produces flowers in more than 19 acres of greenhouses in Ontario. The greenhouses are equipped with robotic planting equipment and automatic watering systems along with an underground water storage unit to capture rainwater. The rainwater is then used to irrigate the plants. It is a proven recipe for success. We are proud to count Linwell Gardens among our grower partners.



Oceans for Tomorrow

To increase consumer awareness, we launched a national Marine Stewardship Council (MSC) certified seafood event – the first of its kind in Canada. The two-week event was supported by the MSC, WWF and our national brand vendors – High Liner and Bento Sushi. It included in-store flyer promotions and new in-store signage and displays. While rewarding leading vendor partners, this event significantly increased both sales of MSC certified products and consumer awareness of the MSC eco-label.

SOURCE WITH INTEGRITY / THE WAY WE DO BUSINESS



CSR Supplier of the Year

Our CSR Supplier of the Year Award recognizes vendors in our control brand portfolio who demonstrate leadership in supporting Loblaw's CSR principles in the development, manufacturing or distribution of their product. Loblaw was proud to present the 2012 award to Ocean Nutrition Canada, part of Dutch multinational Royal DSM, for supporting fisheries, sustainability and the environment. Ocean Nutrition's fish oil is sourced from small, omega-3 rich anchovies from the Peruvian coast, which has maintained a consistent fish population for more than 30 years. Ocean Nutrition works closely with the Association of Peruvian Anchovy Producers to ensure the stability and sustainability of the region's fish population.

The company's efforts extend to the way in which it runs its primary fish oil processing plant in Mulgrave, Nova Scotia. The plant reuses the waste from fish oil manufacturing as biodiesel, which is then recycled into the boiler and heating system so that the plant is run almost entirely on fish oil fuel.



Jane Goodall Institute Blend Coffee

Dr. Jane Goodall made a special appearance at the Loblaws store at Maple Leaf Gardens® in September 2012 to launch a new sustainable, certified organic coffee. The Jane Goodall Institute Blend was developed in partnership with the Fresh Coffee Network. It is roasted locally in small batches with ethically sourced African coffee from regions including Tanzania, Ethiopia and the Democratic Republic of Congo. The coffee is packaged in 100% post-consumer recycled material (Forest Stewardship Council certified) and is entirely compostable. Two dollars from each pound sold go directly to the Jane Goodall Institute of Canada. The Jane Goodall Institute's efforts protect African forests and chimpanzees while also improving the lives of local African communities. For more information, visit www.janegoodall.ca.



Make a Positive Difference in Our Community

Beyond meeting customers' everyday household needs, we offer products and services that empower Canadians to make healthier choices and support them on their journey to a healthier lifestyle. We also consider it a priority to give back to the communities in which our stores operate.

Together with our customers, colleagues, vendors, franchisees and their employees, donated more than \$45 million to charities and non-profit organizations across Canada

***President's Choice* Children's Charity** has granted more than \$86 million to more than 15,000 families and 13,000 nutrition programs across Canada since its inception in 1989

Reduced 117.6 metric tonnes of sodium in 428 control brand processed products since 2010

We now offer 319 *PC Organics* products in our stores – the largest organics line in Canada

Rolled out Guiding Stars nutrition rating system in *Loblaws* banner stores in Ontario – first Canadian retailer to introduce this rating system

Added 22 dietitians in 50 corporate stores

MAKE A POSITIVE DIFFERENCE IN OUR COMMUNITY / LIVE LIFE WELL



Live Life Well

Loblaw offers one of Canada's largest assortments of fresh offerings and healthier food products along with a wide range of services to empower Canadians to make healthier choices and support them on their journey to a healthier lifestyle.

PC Blue Menu

Launched in 2005, with more than 400 products in market, *PC Blue Menu* makes healthier eating simple. The healthier attributes of *PC Blue Menu* products help customers manage their intake of omega-3, fibre, fat and sodium, as well as calories, sugar, probiotics and more. In 2012, we redesigned the *PC Blue Menu* packaging to include plus (+) or minus (-) symbols which make it easier for customers to see a product's nutritional attributes.

In-Store Integrated Health Programs

Loblaw strives to be the number one nutrition and health destination in Canada. We feed more Canadians than any other food retailer in the country and with this comes the responsibility to help our customers make healthier food and lifestyle choices. Here's what we are doing:

Fresh First – Healthy eating starts at our fresh departments. From seafood to meat to produce and baked goods, we encourage consumers to buy fresh foods and we continually enhance our product offerings.

Gluten-Free Products – We offer eight *President's Choice* gluten-free products. The *President's Choice* brand was the first control brand line in Canada to meet the Canadian Celiac Association's Gluten-Free Certification Program (GFCP) requirements to display the GFCP trademark.

Trans Fats (Hydrogenated Oils) – We began removing trans fats from our control brand products in 2005. Since then, more than 1,000 control brand products were successfully switched from using partially hydrogenated oils to non-hydrogenated oils. Today, none of our *PC Blue Menu* and *PC Organics* products contain trans fats and we continue to exclude trans fats in remaining control brand products where possible.

No Artificial Flavours/No Artificial Colours (NAFNAC) – We are making good progress on our commitment to remove artificial flavours and artificial colours from our *President's Choice* brand products by year-end 2013. Currently 93% of the products are free from these ingredients. Loblaw is the first Canadian food retailer to make this commitment.

PC Organics – *PC Organics* is the largest organic line of products available in Canada, with more than 300 products in the market, crossing categories such as fresh, grocery, dairy and baby. *PC Organics* products are third-party certified to ensure that every product meets Canada's organic standards, which emphasize sustainability and a natural approach to weed, pest and disease control.

Guiding Stars – In 2012, we rolled out Guiding Stars in 44 *Loblaws* store locations in Ontario and at our corporate head office. We are the first food retailer in Canada to introduce this in-store tool that rates food products and assigns a score of up to three stars based on their nutritional value. Guiding Stars provides a fast and easy way for customers and colleagues to make nutritious choices.

Health and Wellness Partnerships and In-Store Education Programs:

- **Get Checked Now** – Since 2011, Loblaw has collaborated with the Canadian Diabetes Association to raise awareness of diabetes and to provide diabetes information sessions for people newly diagnosed with diabetes and who are looking for information and support on topics such as nutrition, vision care and blood glucose monitoring. Sessions include grocery store tours with in-store dietitians and cooking classes in our *President's Choice* Cooking Schools.
- **Food Allergy Management Assessment Program** – Developed in partnership with Anaphylaxis Canada, this program helps parents and allergy patients better manage potentially life-threatening food allergies.
- **Healthy Heart Checks** – Developed in collaboration with the Bece Centre for Heart Health, Loblaw pharmacists in select stores conduct 20-minute heart checks and provide customers with a personalized picture of key cardiovascular disease risk factors.
- **S.A.L.T. (Sodium Awareness Lifestyle Tips)** – Developed in partnership with Hypertension Canada, offers customers educational booklets highlighting low sodium foods and Hypertension Canada guidelines related to sodium intake.

"I love the new [Guiding Stars] program. It is so easy to follow and makes so much sense when I'm shopping!"

LOBLAW CUSTOMER SPEAKING ABOUT GUIDING STARS

MAKE A POSITIVE DIFFERENCE IN OUR COMMUNITY / LIVE LIFE WELL

Dietitians – We now have 22 dietitians in 44 *Loblaws* stores and six *Real Canadian Superstore* locations in Ontario who provide menu-planning advice, food label-reading tours, food demonstrations, health education and cooking classes. Dietitians also team up with in-store pharmacists and other health professionals to offer integrated health programs that can help customers prevent and manage specific chronic conditions. As part of our sponsorship of Nutrition Month through Dietitians of Canada, we hosted “Dietitian’s Day” on March 3, where more than 100 dietitians across Canada were in our stores helping educate customers about healthier eating. In November, as part of Diabetes Month in Canada, more than 100 dietitians were in our stores to educate customers about healthier food options to help manage the disease.

Pharmacies – Loblaw has 502 pharmacies across Canada. In addition to filling prescriptions, pharmacists offer patient education programs and work closely with in-store dietitians (where available in select stores) to help patients achieve their health goals. In 2012, we purchased prescription files from 106 Zellers pharmacies across the country (excluding Quebec) to provide continuity of care to Zellers pharmacy patients when the Zellers pharmacies closed.

Medical Clinics – Medical clinics in 125 select stores across Canada offer health care services to consumers.

Optical Departments – Optical departments in 114 select stores across Canada offer services from licensed opticians and optometrists, eye exams, eye glasses with brand name frames, and contact lenses with the latest digital technology.

Natural Value – *Natural Value* departments in 340 select stores across Canada offer approximately 4,000 products to meet the dietary restrictions and preferences of many Canadians.

GoodLife Fitness – Loblaw stores are home to 58 GoodLife Fitness facilities, making it extra convenient for Canadians to work out and eat healthy.

President’s Choice Cooking Schools – Located within our stores, Loblaw has more than 200 cooking schools across Canada, of which 127 offer classes to educate and support consumers toward healthier living. Featuring a full working kitchen and a large seating area, each school offers a host of classes for adults and children as well as regular sessions on healthier living. Many locations offer classes with both a dietitian and a chef to cater to consumers with health conditions. The cooking schools also host a variety of community-based programs that support our stores’ local communities. Please visit www.pccookingschool.ca to learn more.

Sodium

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

For the past three years, we have made it a priority to lower the amount of sodium in our processed control brand foods. This is all part of Health Canada’s suggested guidelines toward sodium reduction which call for about a one-third reduction of sodium in consumers’ diets by 2016. Since 2010, we have reduced 117.6 metric tonnes of sodium in 428 existing control brand processed products and developed 741 new control brand processed products that meet our internal guidelines for responsible sodium content (as established by our team of nutrition researchers, registered dietitians and nutritionists, following Canada’s Food Guide and guidance from Health Canada).

In 2012, we reformulated 95 existing control brand processed products, reducing sodium levels by an average of 22%. This means that 25.8 metric tonnes less sodium will be consumed in the coming year. We also developed 150 new control brand processed products that meet our internal guidelines. These included products in our *President’s Choice*, *PC Blue Menu*, *Farmers Market* and *no name* product lines.

Our dietitians offer Healthy Eating and Healthy Heart tours in-store and educate customers about healthy eating. In 2012, we ran a month-long campaign in stores that offered customers the S.A.L.T. (Sodium Awareness Lifestyle Tips) educational booklets which highlighted low-sodium foods and sodium intake guidelines. Our efforts earned us the Certificate of Excellence from Hypertension Canada.

In partnership with grocery retailers and food vendors in Canada, we established a working group that is setting new approaches to reporting progress on sodium reduction and improving customer education on, and awareness of, nutrition choices.

“Meghan [Loblaw dietitian] was a joy. She looked at my list of food sensitivities and came up with many good ideas and showed me where to find the products. I’ve recommended her to my friends.”

LOBLAW CUSTOMER
SPEAKING ABOUT AN IN-STORE DIETITIAN

MAKE A POSITIVE DIFFERENCE IN OUR COMMUNITY / PRESIDENT'S CHOICE CHILDREN'S CHARITY



President's Choice Children's Charity

Helping Kids Do Anything is the new tagline for President's Choice Children's Charity (PCCC). Whether it's providing support to children with special needs or ensuring hungry tummies are filled with nutritious food, PCCC strives to ensure that kids have every opportunity to live to their full potential.

Childhood Nutrition Programs

Starting the day with a nutritious breakfast ensures children are properly fuelled for their day of learning. PCCC aims to fight childhood hunger by providing grants to Breakfast for Learning™ and Boys and Girls Clubs of Canada. In 2012, PCCC granted \$2,895,000 to fund more than 2,900 nutrition programs across Canada and provided \$1,125,000 in supplemental funding for fruit, vegetables and dairy products, as well as equipment such as toasters, ovens and refrigerators at select program locations.

Assistance with Special Needs

PCCC supports children with special needs by providing financial grants for essential specialized equipment and essential therapies. In 2012, PCCC granted more than \$10 million to more than 1,900 Canadian families with children with special needs.

Please visit the new PCCC website to learn more.

MAKE A POSITIVE DIFFERENCE IN OUR COMMUNITY / CORPORATE GIVING



Corporate Giving

Our corporate giving efforts (both financial support and programs) focus on *President's Choice* Children's Charity (PCCC), healthy active kids, feeding our neighbours and greening our communities. In 2012, we invested \$5.3 million in many initiatives including:

PCCC – Donated \$1.8 million to PCCC to support children with special needs and to fund programs that address childhood hunger.

WWF – Donated \$1 million to the World Wildlife Fund (WWF). Using a portion of the proceeds from the national charge-for-plastic shopping bag program at our stores, we partnered with WWF to mobilize Canadians to take action on the environment in conservation initiatives such as National Sweater Day, the Great Canadian Shoreline Cleanup and the Green CommUnity School Grants program. Under the Green CommUnity School Grants program, grants totalling \$600,000 over three years are being awarded to Canadian schools to support student engagement in environmental projects and sustainability leadership.

University of Guelph – Donated \$600,000 as part of our \$3 million commitment toward the Loblaw Chair in Sustainable Food Production.

Loblaw After-School Grant – Awarded \$252,879 to 64 after-school programs that help kids develop healthy, active lifestyles. Since 2010, the After-School Grant awarded more than \$756,000 to 210 organizations across Canada.

Food Banks Canada – In addition to spearheading two *Extra Helping* national food drives, donated \$200,000 to Food Banks Canada's National Food Sharing System and \$50,000 to support its longer term mission of reducing hunger in Canada.

Dr. David Jenkins, Research at the University of Toronto – Donated \$250,000 to fund research related to the role of diet in disease prevention and treatment, particularly the association of diet with heart disease, diabetes and cancer.

The Conference Board of Canada – Donated \$50,000 to the Centre for Food in Canada and \$25,000 to the Canadian Alliance for Sustainable Health Care.

Tree Canada – Donated \$50,000 to Tree Canada's Edible Trees Program, resulting in 1,244 fruit and nut trees being planted in communities across the country.

Loblaw Support Priorities



MAKE A POSITIVE DIFFERENCE IN OUR COMMUNITY / COMMUNITY GIVING



Community Giving

We strive to be a good neighbour and an active contributor to the communities in which our stores are located.

Sponsorships and Local Investments

Our corporate and franchised stores contributed more than \$2.2 million to local community causes and organizations in 2012. For example, when the roof of the Algo Centre Mall in Elliot Lake, Ontario, collapsed, we donated \$5,000 in gift cards to the Elliot Lake Food Bank. The local *nofrills* store also gave gift cards to the families of colleagues affected by the tragedy. Similarly, after severe flooding in Thunder Bay, Ontario, we donated \$1,000 in gift cards to affected families, and the local *Real Canadian Superstore* location joined in the relief effort by collecting approximately 3,000 pounds of food.

We also invested more than \$5.2 million in corporate sponsorships such as the *President's Choice* Community and Corporate Gift Card program and the *Zehrs* Save-a-Tape program to support non-profit organizations in local communities.

Fundraising

More than 14 million customers shop in our stores every week in communities across Canada. We try to help charities and non-profit organizations in our communities and make it easy for our customers to give by holding fundraising campaigns at checkouts. With the help of our customers, colleagues, franchisees and their employees, we raised more than \$25 million in 2012.

Of the total amount, the national spring and holiday *Extra Helping* food drives raised more than \$1.8 million in cash donations and collected more than 1.9 million pounds of food for local food banks across Canada. During the campaign, each Loblaw corporate and franchised store is partnered with a food bank in its community. Since they began in 2009, the *Extra Helping* food drives have brought in more than \$5.6 million and more than 6.3 million pounds of food. All of the food donations and 85% of cash donations go directly to the local food bank. The remaining 15% of cash donations goes to Food Banks Canada's provincial food bank member associations to assist with provincial programming. These donations help nearly 900,000 Canadians who turn to food banks each month.

The *Give a Little, Help a Lot* campaign raised more than \$690,000 in 2012, bringing the total to more than \$3.4 million since 2008. *Give a Little, Help a Lot* is a point-of-purchase campaign in which customers can support the selected charity or organization with a \$2 donation at checkout. The funds raised in 2012 supported organizations such as IWK Health Care Foundation (Nova Scotia), Janeway Children's Hospital (Newfoundland), Club de petit déjeuners (Quebec), KidSport, YMCAs in Ontario, Heart and Stroke Foundation, The Hospital for Sick Children, the Children's Hospital of Eastern Ontario and the Children's Hospital at London Health Services Centre (Ontario), as well as various others.

MAKE A POSITIVE DIFFERENCE IN OUR COMMUNITY / THE WAY WE DO BUSINESS

The Way We Do Business

Meet Karolina Otto, Loblaw Dietitian



Step into a *Real Canadian Superstore* location in Milton or Oakville, Ontario, and you just might catch Karolina Otto conducting a grocery shopping tour, counselling individuals on appropriate nutritional choices, teaching a healthy cooking class or directing a community wellness program. A registered dietitian, Karolina worked for 20 years as a food and nutrition director and consultant at hospitals and school boards in Montreal and Toronto before joining Loblaw in 2011. Since then, she has embraced the opportunity to interact with customers and lead them on a path toward a healthier lifestyle. One of the simple recommendations she makes is to cook your own meals. According to Karolina: "Many health issues arise because people do not cook or do not know how to cook. It is never too late to learn this essential life skill."



Habitat for Humanity

In May 2012, Habitat for Humanity Toronto broke ground on a new build project in the city's west end. The land was donated by Loblaw and served as the foundation for a two-bedroom, fully accessible home for the Sinato family. Since moving to Canada from Argentina in 2002, Lorena Sinato had faced an uphill battle trying to provide the best care possible for her son Bryan, who suffers from cerebral palsy and is legally blind. Homeownership through the Habitat for Humanity model allows parents like Lorena to provide a stable and safe environment for their families, on financial terms that they can afford.



Going the Extra Mile

Our transport and distribution teams made sure to deliver the goods in June 2012 despite disastrous road conditions in Whitehorse, Yukon Territory. Heavy rains and mudslides had washed out the northern end of the Alaska Highway cutting off access to local roads and highways. After a few days, the shelves at our *Extra Foods* location in Yellowknife and the *Real Canadian Superstore* location in Whitehorse were almost bare.

Colleagues at the stores and at our Edmonton and Freeport (Calgary) distribution centres responded quickly, coordinating delivery of eight loads of perishables, dry groceries and supplies via Hercules aircraft. Colleagues went on high alert to prepare the stores' order for pickup. From there, the West transport team partnered with outbound transport carriers to drive the loads to Watson Lake, a town just outside of the affected area, where product was cross-docked onto the aircraft and flown directly to Whitehorse.



Expert Advice

To ensure our *PC Blue Menu* products offer healthier choices like lower fat, lower calories or high fibre, we have a team of nutrition researchers, registered dietitians, nutritionists and product developers. Dr. David Jenkins, our key nutritional advisor, is a Professor and Canada Research Chair in Nutrition and Metabolism in the departments of Nutritional Sciences and Medicine at the University of Toronto, and Director of Clinical Nutrition and Risk Factor Modification at St. Michael's Hospital. He is world-renowned for his research on the potential of diet to prevent and treat chronic diseases, primarily heart disease, cancer and diabetes. His studies have focused on the glycemic index of foods, including the use of low-glycemic index diets to treat diabetes. Dr. Jenkins is also studying the dietary portfolio of foods with cholesterol lowering actions (soy, viscous fibres, oats, barley, plant sterols and nuts), demonstrating that the right diet can lower cholesterol as effectively as first-generation cholesterol-lowering medications.



Reflect Our Nation's Diversity

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

45% of management positions are held by women

Five Loblaw executives received Women of Influence distinction

Named one of Canada's Best Employers for New Canadians and one of Canada's Best Diversity Employers

We now offer 101 T&T brand products

Launched *Sufra*, our new control brand line of Halal products

REFLECT OUR NATION'S DIVERSITY



Foods from Around the World

We continually expand our range of new and unique products that reflect our nation's evolving cultural mosaic. We want to give our customers the best selection of products that reflect the taste, quality and traditions from their home countries around the world.

In 2012, our multicultural merchandising team expanded the distribution of Asian, South Asian and Caribbean products in our stores nationally. They also worked closely with select stores in the Greater Toronto Area to enhance our ethnic produce offerings, adding items such as Asian greens, okra, spice mangos, yellow yams, breadfruit, June plums and cut Jamaican pumpkin.

We currently offer 101 T&T control brand products in all T&T Supermarket locations and we will begin to offer 33 T&T products in select Loblaw banner stores nationally in early 2013. The broad array of authentic Asian products that comprises our T&T product line includes dry grocery and frozen food, ranging from aloe drinks, Korean barbecue sauce and pineapple cake to frozen mochi, edamame and dumplings.

Additionally, we launched our new control brand line of Halal products, called *Sufra*, which offers both frozen and processed chicken items. We also expanded our proprietary Asian *Rooster Brand* and South Asian *Suraj* control brand assortments to 35 and 89 products, respectively.

Store training was enhanced with the publication of an online information guide to educate store colleagues on ethnic holidays and how to highlight holiday-related categories and foods in their stores. The purpose of the guide is to help colleagues better understand and cater to their multicultural customers by focusing on customers' needs and expectations and heightening their shopping experience.



Inclusive Workplace

Each year, we strive to make our workplace a more welcoming and inclusive place for people of different ethnicities, ages, abilities, orientations and skills. Here are some of the initiatives implemented in 2012:

- Kathy Martin, Loblaw Senior Vice President of Human Resources, participated in a federal government panel that was tasked with identifying employer best practices and barriers to hiring persons with disabilities. The panel met with more than 200 Canadian employers and the results of their study identified the need for more education and awareness among employers as well as the opportunities for improvement in government and community agency support programs. Aspects of the work will carry on into 2013 with the overall objective to get Canadian employers to hire more persons with disabilities.
- Thanks to an idea that started in our *Real Canadian Superstore* locations in Western Canada, we piloted the "I Speak" program in which colleagues' first language was identified on their name tags so that customers would have the option of using their preferred language. The program was a huge success and we have since rolled it out in select *Real Canadian Superstore* and *Loblaws* locations in Ontario. To date, the program has been implemented in 183 stores.
- We advanced our partnerships with organizations like Career Edge, which supports people in specific demographics find employment and integrate into the Canadian workplace, often through paid internships.
- The women@Loblaw initiative continued to grow, with 120 women and men attending the annual conference. In 2012, the conference included a brainstorming session on business improvement ideas.

Women in Leadership

For the past several years, we have worked to increase the number of women in leadership positions at Loblaw. To date, 45% of management positions and above are held by women. Here are some of their stories:



Laura Beechey
Store Manager,
Zehrs 579, Ontario

Last year I celebrated my 25th anniversary with Loblaw. I began my career as a part-time employee at the local *nofrills* store in Brantford, Ontario, and have worked in several different departments from front-end to office clerk, to grocery overnight crew to department manager.

I am fortunate to have had several mentors in the Company who saw something in me and invested the time to train and mentor me. I firmly believe that spending time with colleagues – coaching and mentoring them – is the way to build our business.

In my role I am responsible for all assets within the four walls of my store. I do my best every day to provide a strong support system for my colleague team because happy colleagues give you their all and are inspired to do their best every day.

One of my greatest achievements at Loblaw was becoming a member of the Inclusion Council. As a diversity champion, I am very passionate about developing female colleagues towards becoming future leaders. I participated in working sessions alongside other female store and assistant store managers within the Company to share ideas, challenges and opportunities. The next step is to organize the first-ever "Women at Zehrs Day" in 2013 as a way to share our feedback from those sessions with senior leaders at Loblaw.



Cathy Muzzolini
District Manager, *Real Canadian Superstore*,
British Columbia

I started working for Loblaw part-time as a cashier while attending college. I had a great team of colleagues and really enjoyed interacting with customers. I was offered a department manager position and soon after the assistant manager position – I was 21 at the time. I got to manage my very first store in Coquitlam and then moved on to District Manager where I currently oversee six *Real Canadian Superstore* locations in the province.

My career with Loblaw spans 22 years. The Company has given me the opportunity to share my knowledge and experience with my team to help inspire them to get better every day. It is so important to invest in colleagues – to support them on their journey and provide them with the right tools to develop their skills and talents. Loblaw offers so many great programs and incentives at store level to engage and empower colleagues.

One thing I am really proud of is building a good rapport with my team based on respect and understanding. Managers are front and centre in all the day-to-day activity and it's important to recognize their ideas and opinions along with their successes.



Monique Simard
District Manager, *Maxi* and *Maxi & Cie*,
Quebec

I began my career with Loblaw as a store manager in Jonquière, Quebec, 17 years ago. I was then promoted

to District Manager and currently oversee 14 *Maxi* and *Maxi & Cie* store locations in the Saguenay-Lac-Saint-Jean, Côte-Nord, Chibougamau, and Quebec regions.

I am a passionate person and, every day, I share my passion with my team. I make it my mission to promote our regional products, and to make sure that colleagues get to know our suppliers and customers' needs and that they get creative with merchandising local products in-store. I believe in open communication and mentorship because I want to inspire my team and maximize their potential to help build the next generation of leaders.

Loblaw has always supported me and given me the confidence to do my job and do it well. I'm very proud to work for a company that is innovative, constantly evolving and taking action to remain the best in its field. That is something that keeps you loyal and brings out the best in you every day. More importantly, knowing that my superiors trust me and appreciate my work is also very motivating.



Crystal Trider
General Manager,
Lakeside Distribution Centre, Nova Scotia

I began my career with Loblaw five years ago as General Manager for Distribution Operations in Halifax, Nova Scotia. My team and I are responsible for distributing dry grocery goods to all Loblaw banner stores in Atlantic Canada. Working in a distribution centre, we may not interact directly with customers; however, we are an integral part of the business and we are responsible for getting products to stores on time to meet the needs of our customers.

It's great to work for a company that acknowledges its colleagues and provides them with the right tools to engage and inform them about the business. One of those tools is our daily morning huddle. The huddles help bring teams together to share stories about the Company, business announcements, product highlights in our flyers and *Insider's Reports*, upcoming programs, etc. Tools such as these are critical to our operation as they help connect my colleague team to the bigger picture and help them better understand their role and how it impacts the overall business.

I am also proud of the work we do at distribution centres to give back to our local communities. We support a variety of environmental initiatives through our community stewardship programs such as the Great Canadian Shoreline Cleanup. We also raise funds for local charities and organizations including *President's Choice* Children's Charity. Distribution centres, like our stores, are actively engaged and dedicated to making a positive difference in our communities.

REFLECT OUR NATION'S DIVERSITY / THE WAY WE DO BUSINESS

The Way We Do Business



Diversity Champions in Action

Our diversity champions implemented several grassroots initiatives to support our goal of being an inclusive and diverse place to work. Their efforts included conducting focus groups with female store leaders to better understand the barriers and opportunities for women working in the retail industry, developing a colleague survey focused on the experience of our lesbian, gay, bisexual and transgender community, and, in Atlantic Canada, partnering with a community organization to improve employment and accessibility for people with disabilities.



Pride at Work Canada

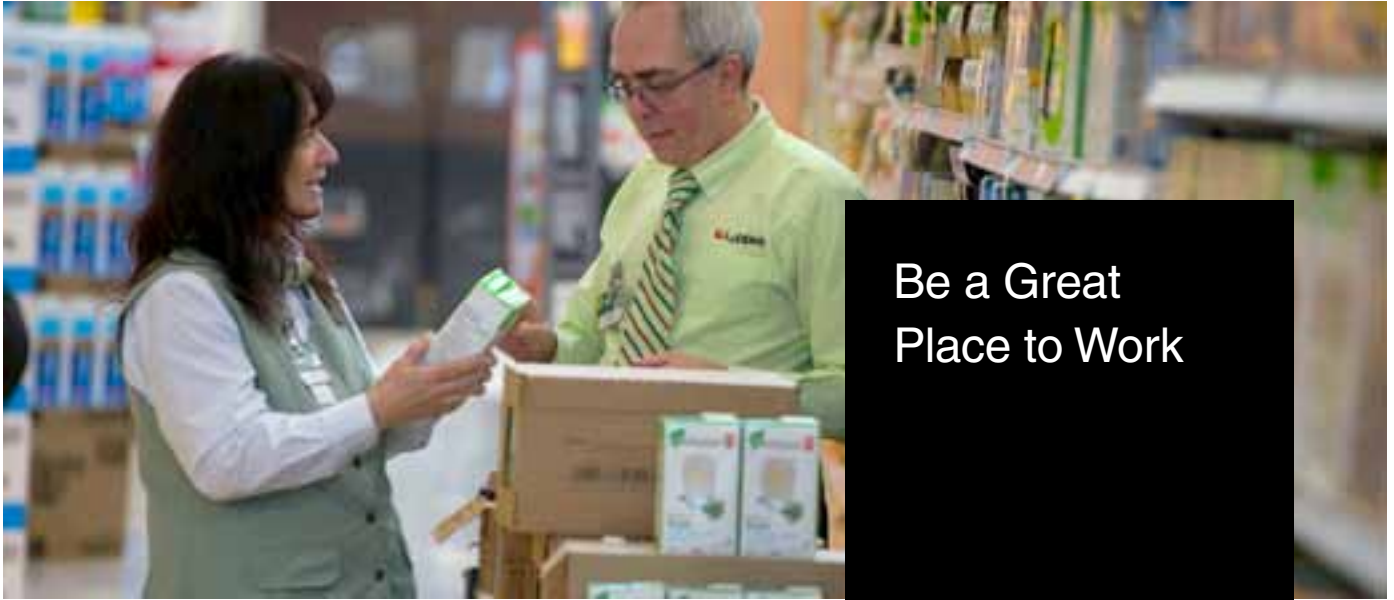
Loblaw is the first Canadian food retailer to join Pride at Work Canada, a non-profit organization dedicated to improving the climate of inclusiveness for lesbian, gay, bisexual and transgender (LGBT) colleagues in the workplace. Our involvement with Pride at Work Canada allows us to better promote a positive environment for colleagues who identify with the LGBT community. It also brings access to seminars and networking events. Please visit prideatwork.ca to learn more.



Women of Influence

We were pleased to learn that five of our senior leaders were honoured by the advocacy group Women of Influence: Sarah Davis, Chief Financial Officer; Judy McCrie, Executive Vice President, Human Resources and Labour Relations; Kathy Martin, Senior Vice President, Human Resources; Jocyanne Bourdeau, Executive Vice President, *Maxi* and *Maxi & Cie*; and Nan Oldroyd, Vice President, Human Resources, Conventional.

These leaders were recognized as Women of Influence's 2012 Canadian Diversity Champions for demonstrating excellence in the areas of sponsoring and mentoring senior executive women and advancing women in business. They were also recognized for leading and developing innovative diversity programs across Canada, championing diversity in the workplace and contributing significantly to thought leadership and inclusion.



**Be a Great
Place to Work**

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

**Named one of Canada's
Top 100 Employers**

**Named one of Canada's Top
Employers for Young People**

**Received the Défi Employeurs
Inspirants award, recognizing
the most inspiring employers
in Quebec**

**Reduced the number of
workplace accidents by
52% over the past five years**

BE A GREAT PLACE TO WORK / OUR COLLEAGUES



Our Colleagues

Engaging Colleagues

In 2012, we refreshed our corporate values after consulting with more than 2,000 colleagues across the country on who we are, what's important to us and what makes us uniquely Loblaw. The redefined shared values are:

CUSTOMERS matter most
We RESPECT each other
Getting BETTER every day
Care for COMMUNITY and environment

To turn the words into action, and begin to live our shared values, Loblaw executives met with colleagues to discuss what the values mean to us as individuals, teams and the Company as a whole. Our shared values were also the theme of the annual Great Place to Work Week, which celebrates all the reasons why Loblaw is a great employer. One of the many activities was the Values Heroes contest which had colleagues awarding leaf-shaped cards to one another for demonstrating one of our shared values. By the end of the week, colourful displays had sprouted up across the Company showcasing the many wonderful ways that colleagues live our values day to day.

Colleagues in Action

National Sweater Day

On National Sweater Day, we demonstrated our support for action on climate change by lowering the temperature in our facilities across Canada by 3°C for the day. More than 52,000 Loblaw colleagues and franchisees from 666 stores, 16 distribution centre offices and 10 store support centres joined in the action by putting on sweaters to stay warm. National Sweater Day is a conservation initiative organized by WWF to raise awareness about climate change and to educate Canadians to conserve energy.

Great Canadian Shoreline Cleanup

The Great Canadian Shoreline Cleanup, organized by WWF and the Vancouver Aquarium and presented by Loblaw, is an annual week-long conservation initiative that encourages Canadians to keep our waters clean for the wildlife and communities that depend on them. In 2012, more than 1,000 Loblaw colleagues and franchisees from 46 stores, 12 distribution centres and eight store support centres showed their support by cleaning up 87.1 kilometres of shoreline.

Raising Funds for *President's Choice* Children's Charity

As part of the *President's Choice* Children's Charity (PCCC) two-week colleague campaign, four Loblaw executives along with our President were challenged to spend the day in a wheelchair to raise funds for PCCC. The original goal was to raise \$1,000 each over the course of the two weeks; however, the team surpassed its goal and raised more than \$190,000. On September 17, all five executives completed the challenge by spending the full work day in a wheelchair.

Smart Commute

A commuter program at our corporate head office in Brampton has been a big hit with colleagues. The program is set up in partnership with Smart Commute Brampton-Caledon – a public/private partnership dedicated to enhancing the mobility of the local workforce. Smart Commute worked with us to assess the transportation needs of our colleagues and to develop a plan that included implementing a preferential carpool parking system, providing an online tool for colleagues to register and search for preferred carpool partners, and delivering marketing campaigns to generate interest in the program. One of the many benefits of the program is the reduced impact on the environment and on our colleagues' wallets. In 2012, 630 Loblaw colleagues registered on the Loblaw Carpool Zone website (a 22% increase over the prior year) and there were 122 active carpools. The result – 56,229 single-occupancy vehicle trips avoided, 3,935,239 fewer vehicle kilometres travelled and 854,458.46 tonnes of greenhouse gas (GHG) emissions reduced, as well as \$2,539,583 in savings for commuters.

BE A GREAT PLACE TO WORK / TRAINING AND DEVELOPMENT



Training and Development

We believe that continuous learning is important for all of our colleagues. It is an important source of motivation, stimulation and job satisfaction.

Accelerating Leadership

We consolidated all of our leadership training initiatives under Best Leadership in 2012. As part of Best Leadership, approximately 126 colleagues in management roles participated in the Manager Ready pilot. This program involves a four-hour simulation in which participants experience a day in the life of a manager, dealing with various challenging situations. At the end of the exercise, they are given a report on their performance in areas such as collaboration, communication skills, managing expectations and behaviours, and meeting customer needs. Development opportunities are incorporated into their individual professional development plans.

Fresh Edge is an innovative program for assistant store managers and store managers designed to give them unparalleled product knowledge in all of our fresh food departments. During the eight-week program, participants rotate through the produce, bakery, meat, seafood, cheese and deli departments. They learn how to handle, cut and showcase the products in that department and how to drive sales through exemplary customer service. They also take cooking courses through *President's Choice* Cooking Schools and visit factories and growers that supply our stores to gain a better understanding of the supply chain process. Once the program is completed, participants share their knowledge and key learnings with store colleagues in each fresh department. Forty-nine assistant store managers and store managers participated in the program in 2012.

Training and Development

In 2012, we trained 15,123 colleagues at our 16 Learning Centres, which are fully equipped training facilities connected to a store. Additionally, colleagues completed 50,135 e-learning courses through the Loblaw Virtual Learning Centre, and attended 11,289 instructor-led sessions through our Training and Development department. Most of the e-learning courses focused on SAP training for colleagues affected by our implementation of a new supply chain management system. Another area of focus was core compliance – that is, training on food safety, first aid and power equipment to ensure that the food we sell is safe and that our colleagues are qualified to perform their jobs safely and follow proper procedures.

In 2011, we introduced Individual Development Plans (IDP) as part of colleagues' annual performance reviews. IDPs consist of formal training, action learning and coaching to help colleagues achieve or prepare for the next stage in their careers. In 2012, 99% of IDP plans were completed by corporate store managers and 98% were completed by senior store support colleagues in director roles and above.



Health and Safety

On our path to zero accidents, we set a goal of reducing workplace accidents by 10% per year. Since 2007, when we started standardizing safe-operating procedures and introduced more rigorous reporting systems, we have reduced accidents by 52%. In 2012, we achieved a 2.3% reduction in accidents nationally, falling short of our annual target. Significant injury reductions, were, however, realized in our distribution centres, with 13.3% fewer accidents than in 2011.

We refreshed our first aid program and reminded colleagues that each facility has several first aid attendants who can assist in the event of an injury. First aid procedures were discussed at colleague daily huddles, attendants were introduced, and first aid wallet cards were distributed as a reference tool. All first aid injury reporting was moved online as a means of simplifying the process.

We also developed a national training program for Joint Health and Safety Committee members at each facility, which will be rolled out in 2013. The program covers topics such as committee member roles and responsibilities, safety hazard identification, workplace inspections and accident investigation procedures.

BE A GREAT PLACE TO WORK / THE WAY WE DO BUSINESS

The Way We Do Business

Loblaw Colleagues Lend a Hand



It was a memorable day for Loblaw colleagues and residents of Chatham-Kent, Ontario, when they set a new Guinness World Record for assembling 1,053 hamburgers in one hour. Chatham-Kent was the grand prize winner of the 2012 *President's Choice* BBQ Town event after receiving the most votes online from their community. In addition to the hamburger assembly challenge, the grand prize event included a free barbecue for 8,700 and a \$25,000 donation to the Chatham-Kent Student Nutrition Program on behalf of the *President's Choice* Children's Charity.













60-Day Wellness Program

Our 60-Day Wellness Challenge is designed to empower and support our colleagues to live a healthier lifestyle. In 2012, we expanded the challenge to colleagues at all store support centres, distribution centres and *Loblaws* banner stores. The response was overwhelming – participant numbers grew from 854 in 2011 to 2,303 in 2012. In teams of two to ten, participants recorded their weekly weight loss and activity minutes online in order to compete for prizes. In total, there were 354 teams whose members lost a combined 5,381 pounds over the 60-day period and logged more than 3.3 million activity minutes.

Targets and Achievements

Respect the Environment

TARGETS	ACHIEVEMENTS	PROGRESS
WASTE REDUCTION		
Reduce waste from corporate stores in each region by an additional 5% relative to 2011 results: Atlantic, 72%; Quebec, 62%; Ontario, 72%; West, 53%.	Diverted corporate store-generated waste as follows: Atlantic, 66%; Quebec, 60%; Ontario, 74%; West, 54%.	
Achieve an average of 80% waste diversion from landfill at distribution centres.	Diverted 81% of distribution centre-generated waste nationally.	
Achieve an average of 80% waste diversion from landfill at store support centres.	Diverted 76% of store support centre-generated waste nationally.	
Expand organic waste diversion in two additional distribution centres.	Expanded organic waste diversion programs in eight distribution centres.	
Increase the use of Reusable Plastic Containers (RPC), used for shipping, to 19 million cases.	Increased the use of Reusable Plastic Containers (RPCs) to 14.8 million cases. We did not achieve our target; however, we have quadrupled the use of RPCs since 2011.	
Divert 900,000 pounds of plastic plant pots and flats from landfill, to bring total to 5 million pounds diverted since inception of our national recycling program in 2008.	Diverted approximately 1,135,000 pounds of plastic plant pots and flats from landfill in 2012, bringing our total to 5,235,000 pounds of plastic plant pots and flats diverted from landfill since the inception of our national recycling program in 2008.	
Roll out e-stubs (paperless paystubs) for colleagues at corporate stores and distribution centres.	Program rolled out to all colleagues and franchisees nationally, eliminating the need to mail approximately 1,395,000 paper paystubs annually.	
FOOD WASTE		
Monitor and assess perishable food waste in corporate stores and distribution centres.	Collaborated with industry associations in Canada and the U.S.A. to launch initiatives to reduce food waste in both our supply chain and corporate stores. Targets will be developed in 2013.	
Pilot perishable food diversion program in partnership with a food recovery programs.	Program in place where select corporate stores in the Greater Toronto Area are partnered with Second Harvest to donate fresh perishable food items.	
Work closely with the Loblaw Chair in Sustainable Food Production, Dr. Ralph Martin, at the University of Guelph to identify and develop knowledge about key issues/trends around food sustainability.	The Chair is focused on sustainable food production in Canada. Research areas include reducing food waste, energy use, and greenhouse gas emissions in agriculture.	



TARGET MET











TARGET ALMOST MET OR ON TRACK



TARGET NOT MET OR AT INITIAL STAGES

TARGETS AND ACHIEVEMENTS / RESPECT THE ENVIRONMENT

TARGETS	ACHIEVEMENTS	PROGRESS
PACKAGING REDUCTION		
Continue progress toward reduction of non-recyclable packaging on control brand products by 50% (equivalent to 5,000 products by year-end 2013).	Since implementing the target in 2009, we have reduced non-recyclable packaging in 511 control brand products.	
Continue progress toward overall 5% reduction in packaging on control brand products (equivalent to 11.8 million kilograms) by year-end 2015.	Reduced packaging in 98 control brand products by more than 104,000 kilograms in 2012. Since implementing the target in 2009, we have reduced packaging in 205 control brand products by 4,056,022 kilograms.	
Test new types of recyclable packaging and work with municipalities and regional recyclers to accept a broader range of packaging for recycling.	In 2011, we made a significant impact by working with the manufacturing and retail industries to convert to polyethylene terephthalate (PET) clamshells for products sold in our stores. This year, we ran exclusive tests with the regional municipality of York on compostable shopping bags sold at checkout.	
Set levels of post-consumer content by material type for all control brand packaging.	Researched the feasibility of each major material type; however, specific targets were not set due to lack of availability of approved material content. As part of our sustainable packaging decision tree, we have incorporated considerations for post-consumer content to drive increased use.	
Advocate for a national industry stewardship strategy.	Participated in the establishment of the Grocers/Manufacturers Collaborative in partnership with grocery retailers and food vendors in Canada. The Canadian Steward Service Agency, a subcommittee, is dedicated to product packaging and stewardship fees and tasked with developing a national industry stewardship strategy in Canada.	
ENERGY REDUCTION		
Reduce total energy consumption by 3% per square foot in existing corporate stores.	Reduced energy consumption by 3.1% per square foot.	
Complete lighting retrofits in 80 corporate stores across Canada.	Completed lighting retrofits in 127 corporate stores.	
Implement solar panel projects in 10 corporate stores in Ontario.	To date, we have four solar panel projects in commercial operation with 12 projects under construction.	



TARGET MET










TARGET ALMOST MET OR ON TRACK



TARGET NOT MET OR AT INITIAL STAGES

TARGETS AND ACHIEVEMENTS / RESPECT THE ENVIRONMENT

TARGETS	ACHIEVEMENTS	PROGRESS
Develop business case for the use of alternative refrigeration systems to reduce synthetic refrigerant use in corporate stores.	Plan in place to install a transcritical CO ₂ refrigeration system in a new corporate store in 2013.	
Complete lighting retrofits in three distribution centres across Canada.	Completed lighting retrofits in six distribution centres.	
FUEL REDUCTION AND FLEET EFFICIENCY		
Add four non-diesel-burning reefer trailers to our fleet.	Targeted activities not implemented in 2012. Testing will commence in 2013.	
Add non-diesel-burning equipment to our trucks to help reduce idling.	All sleeper cabs purchased in 2012 are equipped with non-diesel-burning auxiliary power units (APUs) to help reduce idling.	
Increase the number of loads by rail by 20%.	Shipped 22,907 loads of product by rail. We were short of our target due to the CP rail strike in the first quarter of the year which impacted our progress. Reducing the carbon footprint in our fleet is a priority and we will continue to use rail as much as possible to ship products to distribution centres.	
Replace 75% of our transport fleet with newer trucks that comply with U.S. EPA 2010 emission standards by year-end 2015.	On track to achieve target. Currently we have replaced 59% of our total transport fleet with new, more efficient trucks.	
Reduce the carbon footprint in our fleet by: <ul style="list-style-type: none"> Expanding the use of long-combination vehicles (LCV) in Ontario and Quebec Increasing our cube per load Increasing the number of Lift-a-Deck systems in Ontario and Quebec Increasing our backhaul trips by 15% Reducing driver idle time by 20% relative to 2011. 	Made great strides in reducing the carbon footprint in our fleet; for example, we: <ul style="list-style-type: none"> Doubled the number of LCV vehicles in Ontario and Quebec – four vehicles in total Increased our cube per load by shipping more than 19.8 million more cases of product in 12,476 fewer loads Added Lift-a-Deck systems in 10 trailers to increase cube volume Increased our backhaul trips from 163,379 trips in 2011 to 189,409 in 2012 Reduced driver idle time to 7.9%, a 12% improvement vs. 2011. 	



TARGET MET











TARGET ALMOST MET OR ON TRACK



TARGET NOT MET OR AT INITIAL STAGES

Targets and Achievements

Source with Integrity

TARGETS	ACHIEVEMENTS	PROGRESS
LOCAL SOURCING – FRESH		
Drive the “Canadian First” buying strategy throughout our business.	Our fresh category teams are on board with our “Canadian First” buying strategy and work with our growers and vendors to procure local and regional fresh products.	
Source 30% of the produce sold in Loblaw stores from local Canadian growers.	Sourced 31% of produce in our stores from Canadian growers.	
Source up to 40% of the produce sold in Loblaw stores from local Canadian growers during the peak growing season.	Sourced up to 40% of produce in our stores during the peak growing season (August and September) from Canadian growers.	
Source 100% of all fresh beef and pork from Canada by the end of 2012 (excluding sale items and products sold in select hard discount stores).	Sourced 100% of fresh pork from Canada with the exception of sale items and products sold in select hard discount stores. We also expanded our Ontario Corn Fed Beef program in the province, from 150 stores in 2011 to 241 stores in 2012. More than 500 farmers in Ontario supply us with this product.	
Strengthen relationships with local vendors and growers across Canada.	Continued to work with local vendors and growers to expand our assortment of local products. We held annual meetings in each region along with on-farm reviews and feedback to support and empower these vendors to supply our business for years to come.	
ANIMAL WELFARE		
Collaborate with vendors, industry associations, animal welfare experts and multi-stakeholder forums such as the National Farm Animal Care Council (NFACC).	Loblaw is a member of NFACC. We are actively engaged with members to re-evaluate existing on-farm animal codes of practice, with the goal to develop new codes of practice in Canada. We are also working with the Retail Council of Canada, food service companies and key vendors to find solutions to concerns surrounding the use and types of cages in pork and egg production.	
Support industry sectors in the development of animal welfare standards and encourage the use of emerging alternative practices, particularly alternatives to gestation crates.	This target remains a work in progress. We are working with vendors, industry associations and experts on animal welfare and best practices, in particular on phasing out gestation crates.	
Encourage industry associations to further research and evolve hen welfare and housing systems.	Engaged in continuous dialogue with vendors and industry associations on alternatives to caged systems (i.e., enriched housing and free-run environments).	



TARGET MET









TARGET ALMOST MET OR ON TRACK



TARGET NOT MET OR AT INITIAL STAGES

TARGETS AND ACHIEVEMENTS / SOURCE WITH INTEGRITY

TARGETS	ACHIEVEMENTS	PROGRESS
Continue to work with industry to transition all <i>President's Choice</i> eggs to cage-free.	Our <i>President's Choice</i> line of eggs is comprised of <i>President's Choice</i> , <i>PC Organics</i> and <i>PC Blue Menu</i> brands. Our <i>President's Choice</i> and <i>PC Organics</i> eggs are sourced from laying hens raised in free-run environments.	
PRODUCT SAFETY AND TRACEABILITY		
Strengthen relationships and expertise with existing and new control brand vendors by piloting the Loblaw Academy training program.	Piloted the Loblaw Academy in the second quarter of the year. More than 100 control brand vendors are enrolled in the Academy with the objective of furthering their understanding of our food safety and quality expectations and developing their professional and technical skills in the area.	
Achieve 100% Global Food Safety Initiative (GFSI) certification for all produce and growers. This includes CanadaGAP's On-Farm Food Safety program.	Target remains a work in progress. We are focused on working with our control brand produce growers to achieve 100% GFSI certification.	
SUSTAINABLE SEAFOOD		
Where there is a Marine Stewardship Council (MSC) fishery, convert, or have an action plan to convert, all outstanding control brand products to MSC sources.	Action plan in place which applies to all vendors supplying us with seafood products – fresh, frozen and canned – along with products that contain seafood as an ingredient (e.g., supplements, pet food and grocery items).	
Establish MSC chain-of-custody certification for our fresh seafood counters and distribution centres.	Plan in place to certify all distribution centres and stores which we will put into action in 2013.	
Continue to establish a responsible aquaculture procurement practice:	<ul style="list-style-type: none"> Loblaw has become the first retail member of IFFO. We are working toward all farmed fish to be raised using feed that only contains fishmeal and fish oil that meet the IFFO Global Standard and Certification Programme for the Responsible Supply of Fishmeal and Fish Oil. We have signed a licensing agreement with ASC to enable the sale of certified responsible farmed fish and will launch <i>WiseSource</i> Tilapia in stores in early 2013. As a result, we will be the first food retailer in North America to introduce ASC certified products in our stores. 	



TARGET MET










TARGET ALMOST MET OR ON TRACK



TARGET NOT MET OR AT INITIAL STAGES

TARGETS AND ACHIEVEMENTS / SOURCE WITH INTEGRITY

TARGETS	ACHIEVEMENTS	PROGRESS
Continue to work toward appropriate solutions to managing species at risk in partnership with the fishing industry, World Wildlife Fund (WWF) and our independent scientific advisor.	<p>Actively engaged with WWF and our scientific advisor to identify and manage at risk species/stocks.</p> <p>We temporarily delisted American red snapper in our stores and continued our support of the Fisheries Improvement Plan (FIP) for the 3Ps Southern Newfoundland Atlantic cod stock. Additionally, we sourced chain-of-custody and MSC certified sources for Chilean sea bass and will reintroduce the product in select stores in 2013.</p>	
Complete vendor questionnaire to inform our sourcing decisions, including identifying remaining "at risk" species/stocks and vendors unable or unwilling to meet our criteria.	Collected detailed sourcing data from some of our largest seafood vendors. More work needs to be done and we will continue to engage remaining vendors to drive completion in 2013.	
PALM OIL		
Join Roundtable on Sustainable Palm Oil (RSPO).	Completed application. Membership to commence in January 2013.	
Conduct an inventory of all control brand products.	Started collecting data and met with internal and external stakeholders to decide next steps. Inventory to be completed in 2013.	
Engage control brand vendors on our sustainable palm oil objectives.	Targeted activities were not implemented in 2012. We are working to develop an internal policy and will engage vendors in 2013.	
Source palm oil contained in all control brand products from sustainable sources by year-end 2015.	On track to achieve target by year-end 2015.	
PAPER PROCUREMENT POLICY		
Develop sustainable paper procurement guidelines for corporate operations.	Guidelines in place. All copy paper used internally throughout our facilities is Forest Stewardship Council (FSC) certified.	



TARGET MET










TARGET ALMOST MET OR ON TRACK



TARGET NOT MET OR AT INITIAL STAGES

Targets and Achievements

Make a Positive Difference in Our Community

TARGETS	ACHIEVEMENTS	PROGRESS
PRESIDENT'S CHOICE CHILDREN'S CHARITY		
Grant \$10 million to families of children with disabilities across Canada.	<i>President's Choice</i> Children's Charity granted \$10,062,406 to more than 1,900 families with children with disabilities across Canada.	
Grant \$2.75 million to nutrition programs across Canada that aim to fight childhood hunger.	<i>President's Choice</i> Children's Charity granted \$2,895,000 to support more than 2,900 nutrition programs providing healthy breakfasts, snacks and lunches to children across Canada.	
GREENING OUR COMMUNITIES		
In partnership with WWF, continue to grow three primary programs – National Sweater Day, the Great Canadian Shoreline Cleanup and Green CommUnity School Grants.	In partnership with WWF, increased Loblaw colleague and franchisee participation in National Sweater Day and the Great Canadian Shoreline Cleanup year-over-year. Since 2009, through the implementation of these three programs, among others, more than 1.2 million Canadians have taken direct positive action on the environment.	
HEALTHY ACTIVE KIDS		
Continue to contribute to reducing the incidence of childhood obesity by supporting national/local programs encouraging active living and healthy eating habits.	Donated more than \$607,000 to a variety of organizations across Canada including YMCAs in Canada, Canadian 4-H Council, Start2Finish, 'NSTEP and La Tablée des Chefs in Quebec. These organizations offer programs that keep children active and teach them the importance of healthy eating.	
FEEDING OUR NEIGHBOURS		
Lead partner with The Conference Board of Canada's Canadian Food Summit.	Partnered with The Conference Board of Canada to co-chair the Canadian Food Summit. The two-day conference brought together food retailers, industry representatives, experts and academics to discuss food in Canada, with a focus on quality, price, availability, and waste, and to explore development of a Canadian Food Strategy.	
Partner with the Centre for Food in Canada on private standards and food, health and sustainability research projects.	Partnered and funded the Centre for Food in Canada's research reports on food, health and sustainability.	
Raise \$1.2 million in funds and 1.2 million pounds of food for local food banks during our <i>Extra Helping</i> food drives.	Raised more than \$1.8 million in funds and more than 1.9 million pounds of food during the <i>Extra Helping</i> national food drives in 2012.	



TARGET MET









TARGET ALMOST MET OR ON TRACK



TARGET NOT MET OR AT INITIAL STAGES

TARGETS AND ACHIEVEMENTS / MAKE A POSITIVE DIFFERENCE IN OUR COMMUNITY

TARGETS	ACHIEVEMENTS	PROGRESS
Make Loblaw corporate donation of \$250,000 to Food Banks Canada's National Food Sharing program.	<p>Donated \$200,000 to Food Banks Canada's National Food Sharing System which enables Food Banks Canada to acquire and share food to support local efforts to feed Canadians in need.</p> <p>And donated \$50,000 to support Food Banks Canada's longer term mission of reducing hunger in Canada.</p>	
LOCAL INVESTMENTS		
<p>Through money contributed by Loblaw, and funds raised by customers, colleagues, franchisees and their employees' volunteer efforts, continue to support our local communities:</p> <ul style="list-style-type: none"> Raise \$14.5 million through fundraising efforts at store level, which include <i>President's Choice</i> Children's Charity, <i>Give a Little, Help a Lot</i> campaign, and our <i>Extra Helping</i> national food drives. Make \$5 million in local investments and sponsorships. 	Raised more than \$25 million through fundraising efforts at store level and contributed more than \$14.5 million in local investments and store sponsorships.	
HEALTHIER FOOD CHOICES		
Redesign and reformulate <i>PC Blue Menu</i> packaging.	<i>PC Blue Menu</i> packaging now features (+) and (-) symbols to indicate the product's nutritional attributes whereby customers can manage their intake of omega-3, sodium, fibre, fat, sugar, calories and more.	
NUTRITION SCORECARD		
Roll out Guiding Stars consumer nutrition scorecard in all <i>Loblaws</i> banner stores in Ontario.	Rolled out Guiding Stars in 44 <i>Loblaws</i> stores in Ontario.	
Pilot Guiding Stars in one store support centre.	Rolled out Guiding Stars in our corporate head office.	
Roll out Guiding Stars in all remaining stores by year-end 2015.	On track to achieve target by year-end 2015.	



TARGET MET










TARGET ALMOST MET OR ON TRACK



TARGET NOT MET OR AT INITIAL STAGES

TARGETS AND ACHIEVEMENTS / MAKE A POSITIVE DIFFERENCE IN OUR COMMUNITY

TARGETS	ACHIEVEMENTS	PROGRESS
INTEGRATED HEALTH PROGRAM SERVICES		
Add in-store dietitians to 50 stores in Ontario.	22 in-store dietitians are now available in 44 <i>Loblaws</i> stores and six <i>Real Canadian Superstore</i> locations in Ontario.	
Conduct 1,000 diabetes education sessions in our stores.	Since 2011, conducted 925 diabetes education sessions in stores.	
Conduct 65,000 cholesterol checks in our stores.	Since 2011, conducted 58,015 cholesterol checks in our stores nationally.	
INTEGRATED HEALTH PROGRAMS – CORPORATE WELLNESS		
Roll out corporate wellness online program for colleagues in all store support centres and corporate distribution centres.	Expanded our 60-Day Wellness Challenge (corporate wellness program) to all colleagues at <i>Loblaws</i> banner stores in Ontario along with store support centres and distribution centres nationally.	
Continue to offer the Energy for Life wellness program for management teams in store support centres, corporate stores and distribution centres.	Conducted two Energy for Life wellness sessions for management in critical roles.	
SODIUM		
Reduce sodium in 200 existing control brand processed products by 16%.	Reduced sodium in 95 existing control brand processed products by an average of 22%. Additionally, we developed 150 new control brand processed products with sodium levels that meet our internal guidelines for responsible sodium content.	
Work with industry, vendors and federal/provincial governments on national strategies to reduce sodium consumption.	In partnership with grocery retailers and food vendors in Canada, collaborated on new approaches to reporting on this progress and to improving consumer education and awareness about nutrition choices.	



TARGET MET



TARGET ALMOST MET OR ON TRACK



TARGET NOT MET OR AT INITIAL STAGES

Targets and Achievements

Reflect Our Nation's Diversity

TARGETS	ACHIEVEMENTS	PROGRESS
INCLUSION		
Increase the number of female store managers.	Overall number remained flat. New and existing programs will continue to be leveraged in order to stay focused on this area.	
Diversity champions to implement regional and national diversity programs at corporate stores and store support centres.	Diversity champions implemented grassroots initiatives to support our goal to be an inclusive and diverse place to work. Initiatives focused on women, the lesbian, gay, bisexual and transgender (LGBT) community, persons with disabilities and ethnicity.	
Integrate general diversity and inclusion core training in both manager job ladders and employee orientation programs.	Rolled out the "May I Help You" campaign nationally in all stores, providing training and information to store colleagues and employees to help service customers with disabilities.	
Launch a pilot program in our stores in Western Canada in which colleagues' first languages are included on name tags.	Rolled out program in all corporate stores in Western Canada and in 40 stores in Ontario. To date, 183 stores nationally have implemented the program.	
Develop and implement external programs to recruit targeted community groups such as Aboriginals, new Canadians and persons with disabilities by year-end 2014.	Target is on track for completion by year-end 2014.	



TARGET MET










TARGET ALMOST MET OR ON TRACK



TARGET NOT MET OR AT INITIAL STAGES

Targets and Achievements

Be a Great Place to Work

TARGETS	ACHIEVEMENTS	PROGRESS
EMBED CORPORATE SOCIAL RESPONSIBILITY		
Increase colleague awareness of corporate social responsibility (CSR) by 2%.	Achieved a 1% improvement score across all facilities; however, achieved a 2% improvement score in our corporate stores.	
Develop and launch a CSR course through the Loblaw Virtual Learning Centre for colleagues at store support centres, corporate stores and distribution centres.	Developed the CSR course which will commence online in the first half of 2013.	
ACCELERATE LEADERSHIP EFFECTIVENESS		
Launch new Company values.	Rolled out new Loblaw values and behaviours internally to all colleagues in the second quarter of the year.	
Consolidate the Best Leadership program into one consistent approach for assessment and development planning across the business.	Implemented national program for all colleagues in management positions and above in the second quarter of the year.	
Launch the Fresh Edge program at corporate stores.	Offered the Fresh Edge program to assistant managers and store managers in all corporate stores.	
HEALTH AND SAFETY		
Reduce total accidents by 10% in our store support centres, corporate stores and distribution centres.	Reduced total accidents by 2.3% nationally, with distribution centres recording a 13.3% reduction.	
Develop a national training program for the Joint Health and Safety Committee.	Program developed and training will commence in the first quarter of 2013.	



TARGET MET



TARGET ALMOST MET OR ON TRACK



TARGET NOT MET OR AT INITIAL STAGES



2013 Targets

Respect the Environment

Waste Reduction:

- Achieve an average of 82% waste diversion from landfill at distribution centres.
- Achieve an average of 80% waste diversion from landfill at store support centres.
- Reduce waste from corporate stores in each region by an additional 5% relative to 2012 results (Ontario, 80%; Quebec, 63%; West, 57%; Atlantic, 70%).
- 20 additional corporate stores in Western Canada and Quebec to divert organics.
- Initiate pilot programs in one corporate store and one distribution centre with a goal to achieve 100% diversion from landfill.

Reduce Food Waste:

- Partner with Food Banks Canada to launch a retail food program in 100 corporate stores that will increase donations of surplus food and help reduce food waste.

Packaging Reduction:

- Implement sustainable packaging decision tree to reduce overall environmental footprint of control brand packaging.
- Implement paper sourcing commitment as it pertains to packaging.
- 50% reduction in non-recyclable packaging from control brand products by year-end 2013.
- 5% packaging reduction on control brand products by year-end 2015.

Energy Reduction:

- Reduce total energy consumption by 3% per square foot in existing corporate stores.
- Complete solar panel projects in 40 corporate stores in Ontario.
- Install a transcritical refrigeration system that uses carbon dioxide as the sole refrigerant, in one corporate store.
- Complete lighting retrofits in 70 corporate stores.

Fuel Reduction and Fleet Efficiency:

Improve the fuel efficiency of our transport fleet:

- Replace 75% of our transport fleet with new trucks that comply with U.S. EPA emission standards by year-end 2015.
- 20% increase in rail use.
- 5% increase in backhaul trips.
- 5% reduction of driver idle time.
- Add 10 non-diesel-burning reefer trailers to our fleet.
- Add five natural gas trucks to our fleet.
- Introduce four 60-foot trailers to our fleet.
- Install 10 additional Lift-a-Deck systems in our trailers.

Water Footprint:

- Conduct a water footprint assessment of our operations.

2013 TARGETS

Source with Integrity

Local:

- Source 30% of the produce sold in Loblaw stores from local Canadian growers.
 - Source up to 40% of the produce sold in Loblaw stores from local Canadian growers during the peak growing season.
-

Animal Welfare:

In 2013, we will make the following commitments:

- Fresh pork sold in our stores will be sourced from suppliers who have made a transition to loose housing environments by year-end 2022. We will work with the National Farm Animal Care Council (NFACC), the pork industry and governments to advance the upcoming Pig Code of Practice.
 - Introduce a new *President's Choice* free-run omega egg product.
-

Paper Procurement:

- Implement a sustainable paper procurement commitment for the business.
-

Sustainable Seafood:

- Source 100% of seafood sold in our stores from sustainable sources by year-end 2013.
 - Complete proprietary vendor questionnaire to inform our sourcing decisions, including identifying remaining "at risk" species/stocks and fisheries/farms unable or unwilling to meet our sustainable seafood criteria.
 - Work with WWF and our scientific advisor to assess all species/stocks against our sustainable seafood criteria.
 - Delist products that do not adhere to our sustainable seafood criteria.
 - Create an action plan for remaining species/stocks that we have determined to source conditionally.
 - Obtain chain-of-custody (CoC) certification for our distribution centres and more than 600 of our stores enabling the sale of both MSC and ASC certified products in our seafood counters.
 - Participate in the Global Sustainable Seafood Initiative (GSSI) discussions on seafood sustainability and eco-labelling.
 - Continue to drive consumer awareness of sustainable seafood and be open and transparent about our progress and policies.
-

Palm Oil:

- Source palm oil contained in all control brand products from sustainable sources by year-end 2015.
 - Create a sustainable palm oil policy and action plan.
 - Complete an inventory of all control brand products that use palm oil and/or palm oil derivatives.
-

Product Safety and Traceability:

- Expand Loblaw Academy to remaining control brand vendors.
 - Implement quality and safety management systems for non-food control brand products.
 - Implement quality and safety management systems across ethnic control brand products.
 - Achieve 100% Global Food Safety Initiative (GFSI) certification for all control brand produce growers.
 - Develop a consumer food safety education program in stores.
-

2013 TARGETS

Make a Positive Difference in Our Community

Health and Wellness:

- Roll out Guiding Stars in all remaining stores in Ontario (excluding *nofrills*).
- Roll out Guiding Stars in all stores by year-end 2015.
- Conduct 200,000 patient touch-points (i.e., risk assessments, vaccinations and medication reviews).
- Conduct 1,000 community education sessions in stores.
- Designate 200 dietitians nationally to support the "Healthier Home Event".
- All *President's Choice* brand products to be free of artificial flavours and colours.
- Reduce sodium in 200 existing control brand processed products by an average of 16%.
- Develop 300 new control brand processed products that meet our internal guidelines for responsible sodium content.
- Develop an action plan to reduce sodium in remaining control brand processed products through to 2016.
- Enhance colleague corporate wellness program.

Community Giving:

- Continue to contribute to charities and non-profit organizations across Canada with a focus on Greening Our Communities, Healthy Active Kids, Feeding Our Neighbours and *President's Choice* Children's Charity.

Reflect Our Nation's Diversity

- Implement external programs to recruit targeted community groups such as Aboriginals, new Canadians and persons with disabilities by year-end 2014.
- Build a multi-year organization strategy to align with customer and colleague accessibility requirements.
- 100% increase in diversity champion programs in 2013.
- Increase the number of women in leadership roles in the organization.
- Expand the "I Speak" program to all corporate stores by year-end 2014.
- Expand our range of authentic multicultural products across our *Rooster Brand*, *T&T* and *Suraj* control brands by 50% by year-end 2014.

Be a Great Place to Work

Colleague Engagement:

- Roll out new colleague recognition program.
- 3% increase in colleague understanding of Company shared values.
- 2% increase in colleague awareness of corporate social responsibility (CSR).

Accelerate Leadership Effectiveness:

- Increase the number of leadership focused training programs available to colleagues.
- Expand our Manager Ready program.
- 2% increase in participation of e-learning and instructor-led training courses.

Health and Safety:

- 10% reduction in total accidents.

Partners and Stakeholders

Building strong partnerships and lasting relationships is important to Loblaw. We collaborate with a wide range of organizations in our efforts to meet CSR objectives and drive responsible business practices. Here are some of our key partners:



Awards

We were privileged to receive these honours among others in 2012:

Best Employers for New Canadians

Recognizes the nation's best employers for offering interesting programs to assist new Canadians in making the transition to a new workplace and a new life in Canada.



Canada's Best Diversity Employers

Recognizes employers across Canada that have exceptional workplace diversity and inclusiveness programs.



Canada's Greenest Employers

Recognizes employers that are leading the nation in creating a culture of environmental awareness in their organizations. This is the third consecutive year in which Loblaw has received this award.



Canada's Top 100 Employers

Recognizes Loblaw as one of Canada's Top 100 Employers for the fourth year in a row. This competition is one of Canada's best-known annual awards, recognizing companies and organizations that are leaders in attracting and retaining employees.



Canada's Top Employers for Young People

Recognizes leaders in attracting and retaining younger employees to their organizations. This is the third consecutive year in which Loblaw has received this award.



Défi Employeurs Inspirants (Most Inspiring Employers Challenge)

Recognizes companies established in Quebec that exhibit excellence in human resources and contribute to employee engagement in innovative ways.



Greater Toronto's Top Employers

Recognizes Greater Toronto employers that lead their industries in offering exceptional places to work. This is the third consecutive year that Loblaw has received this award.



Hypertension Canada Certificate of Excellence

Recognizes Loblaw and our pharmacy group for our efforts and positive approach on health management and chronic disease, and specifically on sodium reduction through the S.A.L.T. (Sodium Awareness Lifestyle Tips) campaign (www.hypertension.ca/hypertension-canada-awards).

Smart Commute Brampton-Caledon Employer of the Year

Recognizes employers for their elite commuter programs – delivering superior results, impacts and efforts.

Glossary

Aquaculture Stewardship Council

The ASC is an independent, not-for-profit organization that aims to be the leading global certification and labelling program for responsibly farmed seafood. The ASC manages a global standard for responsibly farmed seafood and is committed to preserving marine and freshwater habitats while endorsing social standards.

Artificial flavours and colours

Dyes and chemicals used in common artificial ingredients. Artificial flavours and colours have been linked to skin reactions, hyperactivity in children, nausea, high blood pressure and breathing problems, among other issues.

Auxiliary power unit (APU)

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

Backhaul

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

Farm-raised (seafood)

Fish farming involves raising fish commercially in tanks or enclosures.

Global Food Safety Initiative (GFSI)

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

Global Reporting Initiative (GRI)

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

Great Canadian Shoreline Cleanup

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

Green CommUnity School Grants

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

Greenhouse gas (GHG) emissions

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

Guiding Stars

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

Intermodal transportation

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

Light-emitting diode (LED)

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

Lighting retrofit

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

Long-combination vehicle (LCV)

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

GLOSSARY

Marine Stewardship Council (MSC)

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

MSC chain-of-custody (CoC)

The MSC chain-of-custody standard for seafood traceability makes sure that the MSC label is only displayed on seafood from an MSC certified sustainable fishery. It assures consumers and seafood buyers that the fish they are buying can be traced back to a fishery that meets the MSC environmental standard for sustainable fishing.

National Sweater Day

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

Ontario Corn Fed Beef (OCFB)

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

Palm oil

A type of vegetable oil, derived from the palm fruit, grown on the African oil palm tree. Oil palms originated in West Africa, but can flourish wherever heat and rainfall are abundant. Today, almost all palm oil is produced in Indonesia and Malaysia.

Polyethylene terephthalate (PET)

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

Transcritical refrigeration system

An advanced refrigeration system that uses carbon dioxide as its sole refrigerant.

U.S. Environmental Protection Agency (EPA) 2010 emission standards

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

Wild-caught (seafood)

Seafood harvested from their natural marine habitat.

Contact Us

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