



The Way We Do Business

2013 Corporate Social Responsibility Report

Striving to be a force for positive change on the social and environmental issues that matter most to our customers, our colleagues and our business.



As the country's largest retailer, Loblaw Companies Limited (Loblaw) has a unique opportunity to help Canadians through the products and services we offer and the strong commitment we make to corporate social responsibility (CSR).

By making positive contributions in our communities and minimizing negative impacts on our environment, we become the preferred choice of our customers – and a preferred business partner and employer.

Five key 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



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Corporate Profile

Our corporate mission is to be Canada's best food, health and home retailer by exceeding customer expectations through innovative products at great prices. Beyond our corporate mission, we have a company purpose, Helping Canadians – *Live Life Well*. The following pages outline our effort to be a good corporate citizen.

More than

138,000

full-time and part-time colleagues and franchised employees

1,066

corporate and franchise stores

25

banners

21

distribution centres and warehouses

More than

14 million

customers shop in our stores every week

Banners

CONVENTIONAL



DISCOUNT



EMERGING



Brands



Chairman's Message



In 2008, we published our first report on corporate social responsibility (CSR) – one of the first in corporate Canada. While our company has a long heritage of making decisions that reflect the interests of our customers, colleagues and the world around them, we had never put our thoughts and commitments on paper. Seven years later, we have a track record for all to see – successes, shortfalls and all.

Today, we are proud of the progress we have made, as measured against the five principles that make up “The Way We Do Business”: Respect the Environment, Source with Integrity, Make a Positive Difference in Our Community, Reflect Our Nation’s Diversity and Be a Great Place to Work.

A few stand out.

Our respect for the environment is clear in the elimination of six billion plastic bags since 2008, near-double-digit declines in store electricity use, our efforts to run the nation’s largest truck fleet on less fuel, and stores that have embraced recycling with such enthusiasm we can credibly say we are aiming toward zero waste to landfill.

Our commitment to community has never had a year like 2013, when we raised and donated a record \$45 million to communities, and we became a lead contributor to food banks, raising \$1.9 million and donating 1.5 million pounds of consumables nationwide. Through our namesake *President’s Choice* Children’s Charity, we raised and granted more than \$14 million to help children with disabilities and for child nutrition programs.

Our commitment to source with integrity was brought into immediate and acute focus in 2013 with the collapse of the Rana Plaza complex in Savar, Bangladesh. Loblaw has been a leading voice in the response, including worker relief and compensation, the formation of the Accord on Fire and Building Safety in Bangladesh, and the improved factory standards we hope will form the legacy of this tragedy.

Other sourcing challenges have different global implications. For example, Loblaw is sourcing seafood in a way that takes into account the collision of global population growth and the destruction of the world’s fish stocks.

While many of our commitments require us to look forward and often globally, we know our roots are right here at home. We are a Canadian retailer. Our purpose is Helping Canadians – *Live Life Well*. This business and this purpose require a focus on food, diet, health and wellness – broad territory for further action.

I am very excited about the impact our Guiding Stars nutrition system can have on Canadian health by displaying the relative healthiness of a product, right on shelf. I remain steadfast on the issue of animal welfare and the related demands we have made for ethics in our food chain. And, I have total conviction in our commitment to having no artificial flavours or colours and making meaningful sodium reductions across our *President’s Choice* products.

These are just a representative sample of the range of decisions we face and make. We hope that whether you look at our company’s past century, past seven years of CSR reporting, or the following facts and figures from 2013, you will find that our decisions have been both bold and effective, usually placing us on the right side of challenges big and small.

Galen G. Weston
Executive Chairman

CSR at Loblaw

Governance

Through its oversight of the management of the company, our board of directors actively demonstrates Loblaw's commitment to the principles of transparency, accountability and sound corporate governance. The board's role is to review and approve corporate strategy, assign responsibility to management for achievement of that strategy, and monitor performance against approved objectives.

The Loblaw CSR Committee is responsible for championing corporate social responsibility within the company. The committee is made up of colleagues from various areas of the business.

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

The CSR Committee members develop the priorities, metrics and accountabilities for the company's five CSR principles, with input from customers, colleagues and external stakeholders. Members of Loblaw's management team, colleagues and the CSR Committee work together to develop and achieve measurable goals.

About This Report

Our 2013 CSR report details the corporate social responsibility performance of our corporate stores, distribution centres and store support centres for the year ending December 31, 2013. Where franchisee or third-party information has been included, it is indicated as such.

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 audited select stated targets and results included in the CSR report.

This is our seventh annual CSR report. The last report was published in May 2013. There have been no significant changes in the scope of our reporting or the data measurement methods applied since that report.

Materiality

The CSR department undertook a comprehensive materiality assessment during the development of our CSR long-range plan (LRP). Specific issues with long-term impact were identified and assessed in terms of their importance to Canadians, their relevance to our business, the potential for Loblaw to take a leadership position on the issue, and the urgency of the issue.

Interviews were conducted with influential stakeholders subsequent to the publication of our 2012 CSR report. Interviewees included senior representatives from key suppliers, peer retailers, academic and industry organizations, locally and globally minded non-governmental organizations, various branches of government, CSR thought leaders as well as our customers.

Issues raised in these interviews included the following:

- Animal welfare
- Energy use
- Food safety
- Food waste
- Local sourcing
- Packaging
- Sodium reduction
- Sustainable seafood
- Vendor standards and audits

Our targets, achievements and activities related to these issues can be found throughout this report.

PARTNERS AND STAKEHOLDERS

At Loblaw, we collaborate with a wide range of organizations in our efforts to meet CSR objectives and drive responsible business practices. To view the full list, please go to the inside back cover.

Awards and Recognition

Our performance has been recognized by various CSR-related award programs. We are honoured to receive this type of recognition and look at it as validation that we are making a positive impact.



CANADA'S TOP 100 EMPLOYERS

For the fifth year in a row, Loblaw has been recognized as one of Canada's Top 100 Employers. 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 GREENEST EMPLOYERS

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

TOP 25 GLOBAL RETAILERS IN SUSTAINABILITY

This retail ranking highlights a number of companies that are making sustainability choices clear for customers. Among the top 25 global retailers, Loblaw ranked ninth in the world.



BEST EMPLOYER FOR NEW CANADIANS

This award recognizes the nation's best employers that offer 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

This award recognizes employers across Canada that have exceptional workplace diversity and inclusiveness programs.



CANADA'S TOP EMPLOYERS FOR YOUNG PEOPLE

Loblaw was recognized as one of Canada's leaders in attracting and retaining younger employees to their organizations for the fourth consecutive year.

COMMITMENT TO CARE & SERVICES AWARD

The award honours community and hospital pharmacists, pharmacy owners and managers, pharmacy technicians and pharmacy students for their innovative contributions to pharmacy practice. Loblaw was recognized under the Collaborative Team Initiative category for our "Understand Your Blood Pressure" program.



FOOD BANKS CANADA – DONOR OF THE YEAR AWARD

Loblaw was recognized for its twice annual *Extra Helping* food drives, being the lead supporter of the National Food Sharing program and its positive impact on the issue of hunger and food banking in Canada.



GREATER TORONTO'S TOP EMPLOYERS

This award recognizes Greater Toronto employers that lead their industries in offering exceptional places to work. This is the fifth time Loblaw has received this award.

PHÉNIX DE L'ENVIRONNEMENT PRIZE

Loblaw was awarded the 2013 Phénix de l'environnement prize in the environmental achievement category for its Oceans for Tomorrow national seafood event in stores.

The Way We Do Business

Here is a snapshot of the impact we have had over the past seven years.



Launched our first CSR report.

Opened our first environmental flagship store – *Real Canadian Superstore* in Scarborough, Ontario.



\$3 million



Provided a \$3 million gift to fund the Loblaw Chair in Sustainable Food Production at the University of Guelph.

Launched our *PC Free From* line of beef, pork and poultry – animals raised without hormones and antibiotics.



Announced our sustainable seafood commitment, changing the way seafood is sourced.



Completed four rooftop solar panel projects. By year-end 2014, we will have one of the largest rooftop solar panel portfolios in Canada.

2.5 billion
FEWER BAGS

2007



Introduced the *PC GREEN* Reusable Bag.

2008



3 million

Introduced our national recycling program for plastic flower pots and flats. More than 3 million containers were collected and recycled that year.

2009

1.3 billion
FEWER BAGS

Achieved our initial target of saving 1 billion plastic shopping bags from being used.



2010

↓30,666 kg
SODIUM



Made a commitment to reduce sodium in our control brand products as part of Health Canada's recommended sodium reduction guidelines.



Introduced our Canadian-First buying strategy for fresh products.

3.8 billion
FEWER BAGS



All control brand food vendors compliant with GFSI food safety standards.

↓91,756 kg
SODIUM

↓117,563 kg
SODIUM

5 billion
FEWER BAGS

Launched our control brand line of gluten-free products.



↓147,910 kg
SODIUM

Removed 147,910 kilograms of sodium from 471 control brand products since 2010.

6.2 billion
FEWER BAGS



↓3%

Reduced our energy consumption in corporate stores by 3%.



Removed artificial colours and flavours from all *President's Choice* products.



Offered 133 wild-caught MSC certified and 5 farmed ASC certified seafood products in our stores – more than any other Canadian retailer.

2011



Introduced dietitians in our stores.

2012



Launched Guiding Stars, a nutrition rating system that helps customers make nutritious food choices.

2013



\$100 million

President's Choice Children's Charity granted more than \$100 million to children in Canada since its inception in 1989.

Respect the Environment

We are committed to reducing the environmental impact of our operations. Given our size and scope, our most significant impacts occur in waste generation, energy use, transportation and packaging.

In this section:

Waste Reduction

Reducing Our Carbon Footprint

Energy Reduction

Transportation

Packaging

 Performance against our environmental targets on [page 26](#) →

WASTE REDUCTION

Diverting waste from landfill is one of our key CSR priorities. Although much of our focus is on putting waste to productive use, our efforts actually begin with source reduction – looking for ways to reduce waste from happening at all. Examples include using more reusable plastic containers (RPCs) for shipping products and implementing best practices to minimize food spoilage. Since 2011, we replaced 22.9 million waxed and corrugated boxes with RPCs to ship fresh produce directly from growers to our distribution centres and ultimately to our stores. In other words, each time we use RPCs we reduce the equivalent number of non-recyclable waxed boxes.

Although our waste diversion rates are relatively high, we are always looking to improve. Among our corporate stores, the biggest improvement in 2013 was in Ontario (largest market) whose diversion rate rose from 74% to 83%. The increase was largely driven by the introduction of a waste-to-energy program, in which a portion of non-recyclable waste is diverted to a local generation facility. There, it is combined with commercial waste and thermal treatment to produce steam, which in turn drives a turbine generator to create electricity.



45.9 million

PC GREEN Reusable Bags sold since 2007

6.2 billion

plastic shopping bags eliminated from our stores since 2008

WASTE DIVERSION OPTIONS

We use a variety of strategies to divert waste from landfill. The course of action depends on the cost-effective options available within a region and the environmental impact.



Feed hungry people

Extra food that is safe and nutritious to eat is donated to food banks, meal centres and shelters.



Feed animals

Bakery waste is sent for processing into grain-based animal feed.



Recycling

Programs in place for recycling plastic, paper, cardboard, waxed cardboard, wood pallets, metal, electronics and more.



Composting

Organic waste is converted into nutrient-rich fertilizer by local farmers or commercial facilities.



Industrial uses

Waste oils and grease are converted into biodiesel.



Energy production

Organics and grease help produce electricity.

83%

Waste diverted from landfill by our distribution centres

WASTE DIVERTED FROM LANDFILL

Corporate stores

189,106
metric tonnes

Distribution centres

27,311
metric tonnes

Store support centres

802
metric tonnes

Across the company, we continued to expand organic waste diversion programs. Equipment upgrades and new pilot projects increased volumes in Ontario stores. Twelve more stores were added to the local farm-based composting program in Quebec, for a total of 32 corporate stores. We also made major inroads in organic diversion in our Ajax, Ontario, and Freeport, Alberta, distribution centres, signing local supplier agreements that will result in organic waste being collected for composting beginning in 2014.

Food Waste Research

Recognizing the need to improve the sustainability of agriculture and food production in Canada, we provided a \$3 million gift to establish the Loblaw Chair in Sustainable Food Production at the University of Guelph. Appointed Chair in 2011, Dr. Ralph Martin focuses on three priorities: food waste, agricultural adaptations to the effects of climate change, and strategies for improving soil quality to maintain agro-ecosystem function and resiliency.

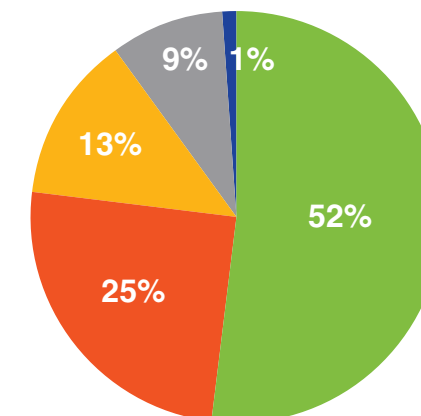
In 2013, Dr. Martin and his team completed a household audit to identify the extent of consumer food waste in Ontario. Among the preliminary findings, total food waste per household per day was 500 grams, of which roughly 53% was fruit and vegetable waste. Based on these findings, Dr. Martin and his team estimate that approximately 2.2 million tonnes of food is wasted each year in Canada. A second household survey conducted in 2013 provided further insight into consumer behaviours. Complete findings will be published in 2014 and used to inform strategies for reducing food waste.

REDUCING OUR CARBON FOOTPRINT

Part of our commitment to Respect the Environment includes an effort to reduce our carbon emissions. Our carbon footprint analysis was conducted by The Delphi Group using calculation methods according to the guidelines in the Greenhouse Gas (GHG) Protocol, the leading international standard for corporate GHG emissions reporting.

Our total emissions for 2013 were 1,047,066 tonnes of carbon dioxide equivalent (CO₂e). Overall, we reduced our total carbon footprint by advancing new lighting and refrigeration technologies, optimizing our energy management systems, and by expanding our waste diversion programs resulting in less waste to landfill.

2013 TOTAL GREENHOUSE GAS EMISSIONS*



| | |
|---------------------|-----|
| Building energy use | 52% |
| Refrigerant release | 25% |
| Waste | 13% |
| Fleet fuel | 9% |
| Corporate travel | 1% |

*Numbers include all corporate stores with the exception of T&T Supermarkets.



43

solar panel projects in commercial operation in Ontario, generating

15,330,560 kWh

of electricity – the equivalent amount of energy needed to power

1,597

homes in Ontario for one year

ENERGY REDUCTION

We have been working aggressively for many years to reduce our energy consumption. At new and renovated locations, we use the latest technology to maximize energy efficiency. In existing stores and distribution centres, we retrofit old systems.

In 2013, we reduced our energy consumption in comparable stores by 3% from the previous year, in large part because of our lighting retrofit program and managing our heating, ventilation

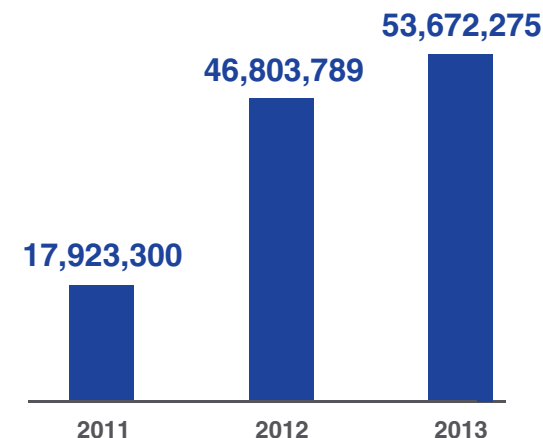
and air conditioning (HVAC) systems more effectively. We converted more than 28,700 standard light fixtures to fluorescent technology in 118 corporate stores. We also converted more than 17,000 light fixtures in our frozen door cases to LEDs in 108 corporate stores. LEDs are more energy efficient in low-temperature environments.

To maximize refrigeration efficiency, we are adding doors to open dairy and frozen food cases by retrofitting or replacing old units.

A sophisticated energy management system continuously monitors and controls each corporate store's HVAC, refrigeration and lighting performance to optimize efficiency. In 2013, we implemented a national call centre for all corporate stores to monitor our energy management system, which is available to colleagues on a 24/7 basis.

CORPORATE STORE ENERGY SAVINGS

(in kilowatt hours)

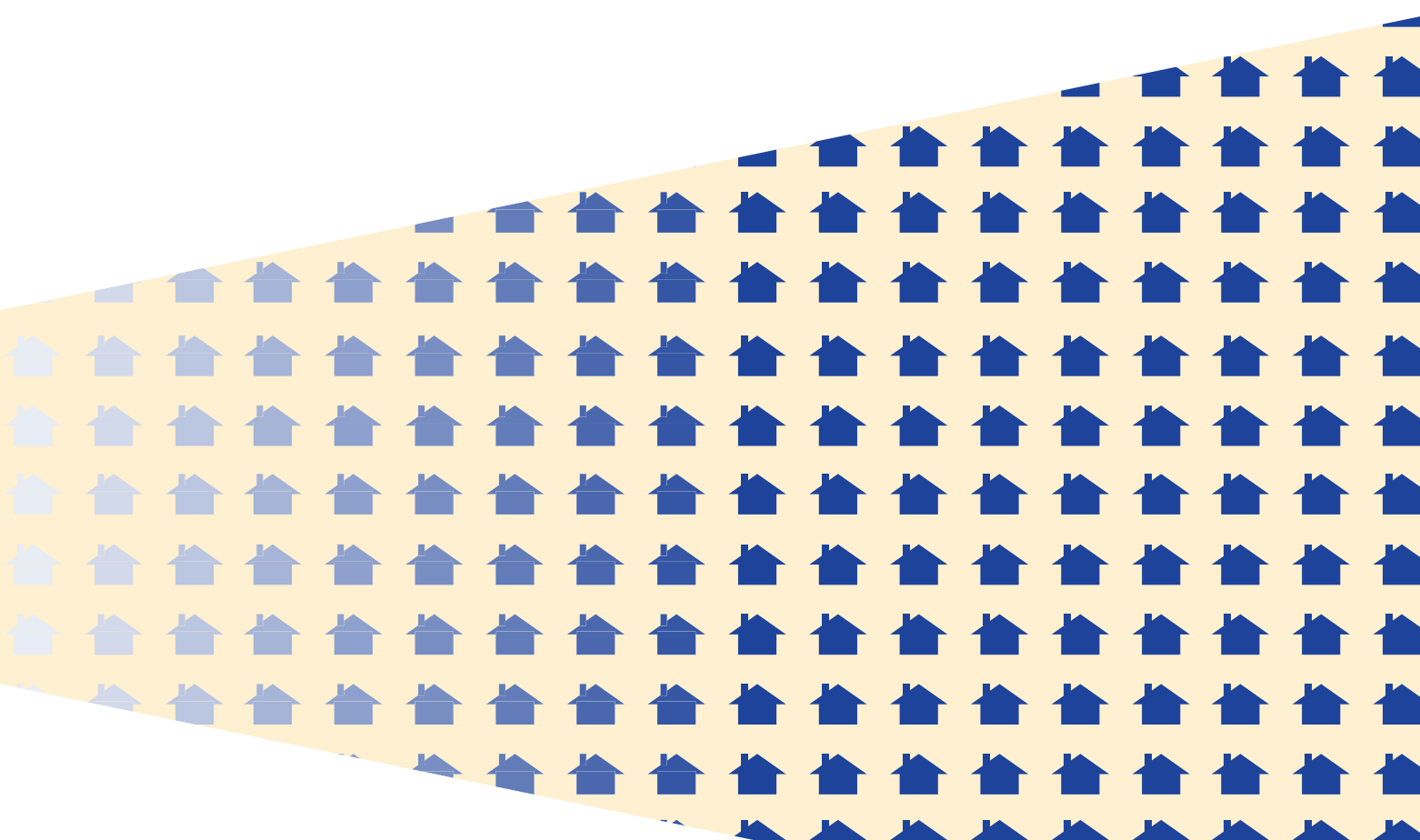


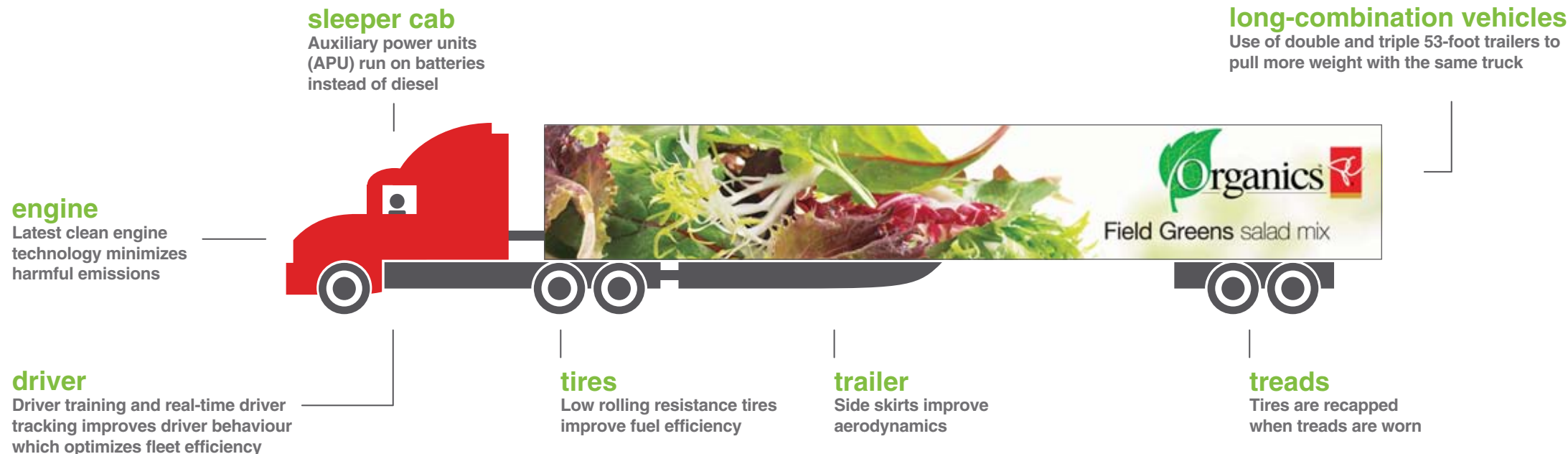
53,672,275 kWh

of energy savings is equivalent to the amount of energy needed to power

5,591

homes in Canada for one year





TRANSPORTATION

We have made good progress over the past several years in reducing the carbon footprint of our corporate fleet. Our major focus is on replacing older trucks with newer, more efficient models that comply with emissions standards to help improve our fuel economy and significantly reduce the amount of nitrogen oxides (NOx) and particulate matter (PM) released into the atmosphere. To date, 78% of our trucks meet the highest standard.

Significant improvements have also been made to increase the number of backhaul trips. By loading trailers travelling back to our distribution centres with products for all or part of the trip, we are able to reduce the number of empty trailers on the road. In 2013 alone, we increased the number of these backhaul trips to 198,865 from 191,288 in 2012 – a 4% year-over-year increase.

We regularly test new transport technologies, such as hybrid trucks, non-diesel-burning reefer technology for refrigerated trailers, and liquefied natural gas (LNG) as an alternative to diesel. In 2013, we added five LNG trucks to our corporate fleet in Quebec. LNG trucks emit 21–27% less greenhouse gas emissions than regular diesel engine trucks. We also purchased four 60-foot trailers for use in Ontario. These trailers carry more products using the same power source, which enables us to reduce the number of trucks on the road and lower our carbon footprint.



PACKAGING

Packaging plays an essential role in protecting, preserving and promoting products so that it communicates product information and ensures that products reach customers in the best possible condition. We have set an objective of reducing the environmental impact of our control brand packaging, throughout the packaging life cycle.

In 2013, we created a packaging framework to assist our teams and vendors in making informed packaging decisions.

As a result of our leadership, residents in more than 60% of Canadian municipalities can now recycle polyethylene terephthalate (PET) clamshell packaging. Clamshells are ideal for packaging produce, baked goods, nuts and dried fruit. Until recently, many municipalities would not recycle clamshells because their technologies could not distinguish between the various plastic resins. We began converting to a single plastic resin, PET, in 2011 and our industry peers followed suit. With this change, more and more Canadian municipalities began collecting and recycling clamshells.

PACKAGING FRAMEWORK

Packaging Development



ELIMINATE/REDUCE
Eliminate or reduce packaging components and/or materials



REUSE
Develop innovative ways to reuse packaging

Material Sourcing



RECYCLED CONTENT
Increase percentage of recycled content



RENEWABLE CONTENT
Increase use of renewable materials



RESPONSIBLE MATERIAL SOURCING
Ensure ethical sourcing

Material Recovery



RECYCLABILITY
Increase use of recyclable materials



FUTURE DEVELOPMENTS
Help drive waste diversion strategies



343

We converted 343 control brand products to PET packaging

Source with Integrity

We want our customers to be confident that the products they buy from us are safe and responsibly sourced. For our part, this means upholding our values throughout our supply chain, promoting safe and sustainable food, and supporting Canadian suppliers.

In this section:

Local Sourcing

Animal Welfare

Sustainable Seafood


Palm Oil

Genetically Modified Organisms

Paper

Supply Chain

Quality Assurance and Food Safety

 Performance against our sourcing targets on **page 28 →**

LOCAL SOURCING

Our Canadian-First buying strategy gives priority to local and regional fresh products when the safety, quality, availability and value are right for our customers. To further support our Canadian vendors, we partner with them on initiatives and hold annual events promoting their products. For example, our *Grown Close to Home* campaign, which runs each year during the peak growing season, features delicious, summer-fresh produce grown by Canadian farmers. We value our relationships with produce growers so much so that we have vendor development managers in each region who support our local growers on a full-time basis. We also organize five annual grower meetings across the country to meet with our local growers one-on-one, to update them on new initiatives, and to discuss requirements for the upcoming season. Loblaw is the only Canadian food retailer to conduct these types of meetings.

Additionally, all non-tropical outdoor plants sold in our Garden Centres, as well as all of our *President's Choice* Fraser Fir Trees sold during the holiday season, are sourced from Canadian growers.

Each year, Loblaw buys more than half a billion dollars in locally grown produce

Loblaw fresh meat counters are stocked with Canadian-sourced products. This includes Ontario Corn Fed Beef, which is sourced from approximately 500 Ontario farm families. We also have programs in place where we source our fresh beef from cattle farmers in Prince Edward Island and Western Canada; fresh lamb from farmers in Ontario; and fresh veal from farmers in Quebec.

All of our *PC Free From* poultry and pork is sourced exclusively in Canada. Photos of the local farmers who provide us with the product appear right on the pack. *PC Free From* products are raised without the use of antibiotics or hormones*, and the animals are fed a vegetable and grain diet.



ANIMAL WELFARE

The welfare of animals raised for products in our stores is important to us. We are working closely with industry partners

and animal welfare experts to ensure animal welfare standards and codes of practice are in place that promote the care, protection and safety of farm animals. Loblaw is an associate member of the National Farm Animal Care Council (NFACC), a group of organizations that work together to develop standard codes of practice for farm animals.

We have targets in place for housing arrangements for laying hens and sows. We spearheaded a commitment with six other Canadian grocery retailers that are members of Retail Council of Canada to develop a voluntary commitment to purchase all fresh pork from loose housing environments by the end of 2022. Loose housing allows greater mobility for sows with minimal restriction. The time frame is intended to optimize sow welfare and the impact on pork producers who will need to transition barns and train workers.

We are also working with egg farmers and suppliers to transition our *President's Choice* eggs to free-run. To date, our *President's Choice* and *PC Organics* eggs are free-run, which means that the eggs are exclusively sourced from laying hens that live in open-concept environments where they are free to roam, feed and nest. We will introduce *PC Blue Menu* Omega-3 Free-Run Brown Eggs in select stores in 2014.

*All Canadian pork and chicken is free of hormones.

SUSTAINABLE SEAFOOD

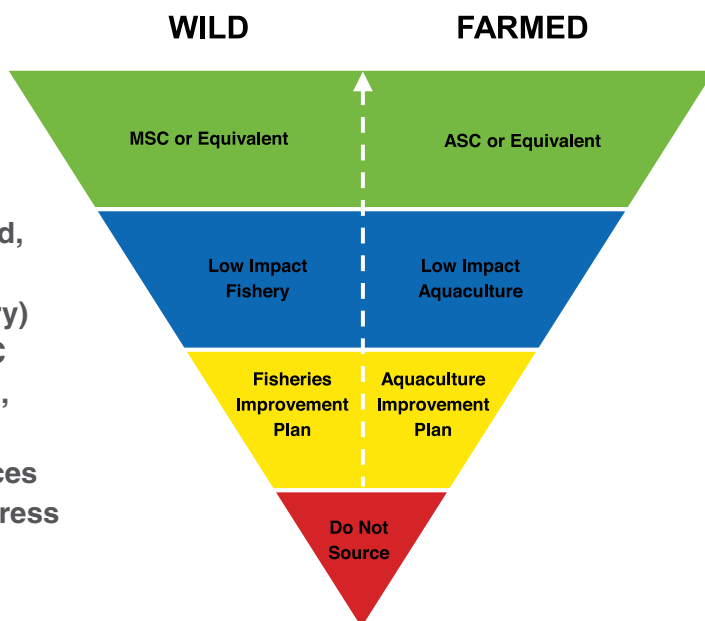
In 2009, Loblaw was the first and only major retailer in Canada to commit to sourcing 100% of its seafood from sustainable sources by the end of 2013. As this country's largest buyer and seller of seafood, this commitment has had a significant impact on the Canadian market.

We created a seafood sourcing framework to assess all seafood species/stocks. We are aiming for Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) certification, or equivalent certification, for all the seafood products we sell in our stores.

SEAFOOD SOURCING FRAMEWORK

88%

In 2013, approximately 88%* of the seafood products in our core categories (fresh seafood, frozen seafood, canned goods and frozen grocery) were procured from MSC or ASC certified sources, acceptable sources with conditions or from sources making meaningful progress toward sustainability.



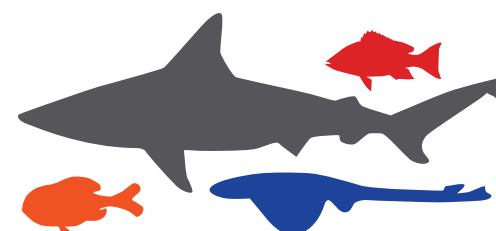
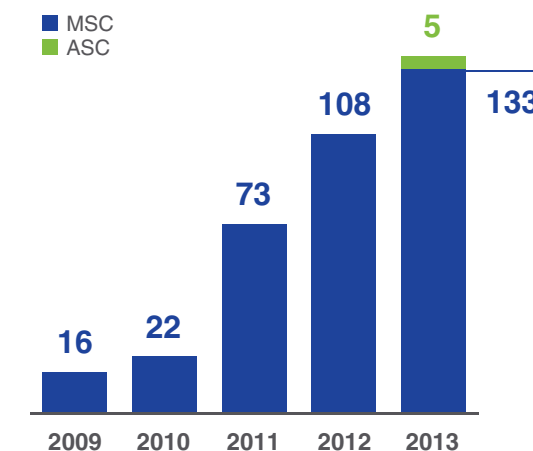
While there is still work to be done to reach 100% (mainly in areas where seafood is an ingredient in a processed product), we have made significant progress. As of 2013:

- Offered 133 wild-caught MSC certified and five farmed ASC certified seafood products in our stores – more than any other Canadian retailer.
- Introduced canned pet food with MSC certified seafood ingredients – first retailer in Canada to do so.
- Established chain-of-custody certification in 228 additional stores and in four distribution centres in Ontario and New Brunswick, enabling the sale of both fresh MSC and ASC certified products – significantly increasing Canadians' access to fresh certified sustainable seafood.

- Increased consumer awareness of our sustainable seafood commitment by 12% over the past year, buoyed in part by our Oceans for Tomorrow customer campaign.

We will continue to improve our seafood sourcing practices and drive change throughout the seafood industry – both in Canada and globally.

MSC AND ASC CERTIFIED PRODUCTS IN OUR STORES



We have stopped selling at-risk species such as orange roughy, shark, skate and American red snapper until sustainable sources can be found.

*Numbers include all corporate stores with the exception of T&T Supermarkets.

PALM OIL

Palm oil and its derivatives are used in small quantities across a broad range of products, predominantly bakery and health and beauty products. Not only is it a low-cost substitute for trans fats and petroleum-based oils, palm oil that is responsibly grown and harvested supports the economies of many small communities in areas such as Indonesia and Malaysia. However, increased global demand for palm oil is contributing to rainforest deforestation and habitat degradation.

In 2013, we made a commitment to source palm oil contained in all our control brand products from sustainable sources by the end of 2015. We encourage our suppliers to use certified sustainable palm oil where it's available. Where certified sources are unavailable or cost prohibitive, we support the purchase of GreenPalm certificates, which endorse sustainable palm oil production practices.

PALM OIL "TO DO" LIST

Join Roundtable on Sustainable Palm Oil ✓

Consult with relevant non-governmental organizations – WWF-Canada ✓

Develop Loblaw palm oil commitment ✓

Develop a Loblaw palm oil action plan ✓

Engage vendors and other stakeholders to collaborate on our palm oil commitment ✓

Conduct inventory of all control brand products that use palm oil and/or palm oil derivatives IN PROGRESS

Develop work plans with our vendors IN PROGRESS

GENETICALLY MODIFIED ORGANISMS (GMOs)

Products sold in our stores adhere to strict regulations for all food safety, sourcing and labelling requirements. We recognize that our customers have diverse needs and preferences and we strive to offer a wide range of choices to meet those needs. This is why we are proud to offer Canada's largest selection of organic products, which includes a wide range of fresh and grocery products under the *PC Organics* line.

Many of our stores offer *Natural Value* departments dedicated to providing customers with organic products. Each and every organic product adheres to strict Canadian and international organic production standards, which include a prohibition of genetically engineered (GE) material. Organic products are also certified by independent third-parties to provide additional assurance that the organic standards are met.

We recognize that the question of labelling of foods that are, or that are derived from, GMOs is of growing interest to many consumers. In 2004, Health Canada introduced a certification process that allowed for voluntary labelling and advertising of foods that are and are not products of genetic engineering. While we allow voluntary GMO labelling and the majority of our fresh products do not

contain GMOs, it is very difficult to make absolute claims about individual products that are not certified organic. Therefore, we do not make the labelling of such claims mandatory.

PAPER

In 2013, we developed a paper procurement commitment for our business to reduce our paper use, increase the amount of recycled content in our paper products and source our paper products from sustainable sources. Our long-term commitment is to ensure that all our paper products are Forest Stewardship Council (FSC) certified, and if FSC options are not available in certain categories, we will source paper products from other certified sustainable forestry management systems where possible.

SUPPLY CHAIN

We expect our suppliers to uphold the same values and principles of business conduct as Loblaw. Our supplier code of conduct spells out the expected standards and practices. We also issue detailed food and non-food Supplier Terms and Conditions (STCs) and require vendors to sign buying agreements that commit them to upholding the STCs. Where necessary, we work with vendors to ensure compliance and may implement corrective action plans or discontinue our relationships completely in cases of non-compliance.

CSR requirements and audits are important to our supplier relationships, helping ensure that products are manufactured in a socially responsible way, including: no child or forced labour, no employee harassment or abuse; fair employee pay and benefits; and employee health and safety aligned to applicable regulations.

We were among the first companies to sign the Bangladesh Accord on Fire and Building Safety in 2013 – the only Canadian company to do so. The Accord is a comprehensive, multi-stakeholder initiative to improve working conditions in the Bangladesh garment industry. It includes independent safety inspections at factories and public reporting of results. Where safety issues are identified, retailers

commit to ensuring that repairs are carried out and that workers at the factories continue to be paid a salary.



Joe Fresh has signed a pledge to not use cotton produced in Uzbekistan because the Central Asian country routinely forces children to join in its autumn cotton harvest.

In 2013, we signed the Bangladesh Accord on Fire and Building Safety, aimed at improving worker safety and bettering the Bangladeshi garment industry. We were among the first companies to sign the Accord and, of the more than 150 signatories, we are the only Canadian company.

Rana Plaza, Savar, Bangladesh

We were deeply saddened by the collapse of the Rana Plaza complex in Savar, Bangladesh, on April 24, 2013, which claimed the lives of more than 1,100 people and injured many more. Some of the victims worked at the New Wave Style factory, manufacturing *Joe Fresh* apparel. Following the tragedy, we took a number of steps to deliver support to victims and their families in the most meaningful way possible and to prevent similar incidents from happening in the future:

- **Vendor standards and audits** – We raised our Loblaw standards to include building integrity. We required all factories from which we source to respect local construction and building codes. We completed full audits of all vendor factories that produce for us in Bangladesh and removed from our approved list those that did not meet our new standards.
- **Boots on the ground** – We have Loblaw people on the ground, who report directly to our Canadian operations effective January 2014. Their mandate is to ensure that product brought to Canada is produced in a manner that reflects Canadian values.
- **Community projects** – We have begun to flow \$1 million toward the establishment of two community-based projects to assist in the rehabilitation of injured workers and address the needs of the community.
 - The Loblaw REVIVE Project, in association with the Centre for the Rehabilitation of the Paralysed in Savar, Bangladesh, helps victims and their families reintegrate back into their communities. The project provides medical care, physiotherapy, occupational therapy, prosthetic limbs, mobility aids and vocational training, in addition to loss of income support during the treatment and rehabilitation phase.
 - The Loblaw THRIVE Project, in partnership with Save the Children, aims to address critical health, peer counselling, education and child protection needs in and around the affected area of the factory collapse.
- **Financial compensation** – We provided payment of three months' wages to support New Wave Style workers and dependants (approximately 3,600 individuals). Through a trust fund overseen by the United Nations' specialized agency, the International Labour Organization, long-term direct financial compensation will commence in 2014, under a comprehensive approach involving medical and vulnerability assessments.

QUALITY ASSURANCE AND FOOD SAFETY

Loblaw standards and processes for ensuring that the products we sell are safe and comply with legal requirements are among the most rigorous in our industry.

All Loblaw control brand food vendors must achieve food safety certification by a standard recognized by the Global Food Safety Initiative (GFSI). These standards are best-in-class, recognized world-wide and require continuous improvement in food safety by suppliers. We continue to work with control brand produce vendors

to develop a workable solution for the many small, local growers. We have also begun a process to support suppliers of ethnic control brand products toward achieving GFSI certification.

We have a dedicated food safety team that helps maintain the Loblaw food safety program. Stores and distribution centres receive regular visits from the team. Team members follow up on third-party audits and inspections, including audits conducted by regulatory agencies to ensure proper corrective actions are implemented. The team also oversees

colleague food safety training and certification. Every colleague handling food must be trained in food safety, while colleagues handling food in management positions and above must receive food safety certification. All stores and distribution centres are audited twice a year to ensure that policies and regulatory requirements are met. Store audits are conducted by a third-party and distribution centre audits are conducted by the Loblaw food safety team.



1,336

colleagues and

44

in-store dietitians received food safety certification

PILLARS OF FOOD SAFETY AND QUALITY

Supply

Vendor operating standards, traceability, supplier approvals and key performance indicators

Distribution

Distribution centre audits, temperature standards, product inspections and testing

Retail

Store audits, sanitation programs, labelling and consumer complaint investigation

Incident management

Recalls, incident management, traceability and emerging issues

Regulatory affairs

Regulatory agency relationships, regulatory compliance and advertising compliance

Rigorous quality and safety management systems, trained and engaged colleagues

Make a Positive Difference in Our Community

It is in our stores that we make our most visible contributions to the health and well-being of Canadians – through the products and services we offer to help them make healthier food choices. We also consider it a priority to give back to the communities in which our stores operate.

In this section:

Health and Wellness

President's Choice Children's Charity

Corporate Giving

Community Giving

Fighting Hunger

 Performance against our community targets on **page 30** →

HEALTH AND WELLNESS

Loblaw strives to be the nutrition and health destination in Canada. We feed more Canadians than any other retailer in the country and with this comes the responsibility to help our customers make healthier food and lifestyle choices.

Guiding Stars

Guiding Stars is an in-store tool that rates all food products with up to three stars based on their nutritional value, providing a fast and easy way for customers to make nutritious choices. We were the first retailer in Canada to introduce Guiding Stars and we have since launched it in 260 stores in Ontario and 108 stores in Quebec. The value of the program was recently validated by an independent study* published in *Food Policy* journal, which confirmed that Guiding Stars influences grocery shoppers' selections.



*For details, see *Effects of the Guiding Stars Program on purchases of ready-to-eat cereals with different nutritional attributes* study at guidingstars.ca.



IN-STORE HEALTH OFFERINGS

- 500+** pharmacies
- 40+** dietitians
- 125+** medical clinics
- 140+** optical clinics
- 450+** PC Blue Menu products
- 15+** gluten-free control brand products
- 365+** stores offering Guiding Stars
- 345+** stores offering Natural Value departments
- 55+** GoodLife Fitness facilities
- 400+** PC Organics products

Pharmacists and Dietitians

Every year during National Nutrition Month, dietitians across the country remind us of the importance of healthy eating and the positive impact nutrition has on our health and well-being. In 2013, Loblaw dietitians along with volunteer dietitians marked the occasion with a special event in which they answered customer questions and provided valuable nutrition and health information.

To support the effort, our pharmacy team ran an "Understand Your Blood Pressure" education campaign and gave blood pressure checks, in partnership with Hypertension Canada. The program

was so successful that it later became a standard service at all Loblaw pharmacies. And, the Loblaw pharmacy team won the Collaborative Team Initiative award which recognizes pharmacists for their innovative contribution to pharmacy practice.

Dietitians, pharmacists and *President's Choice* Cooking Schools teamed up once again for Diabetes Month, providing diabetes-friendly cooking classes, dietitian-led store tours, and diabetes-related assessments, medication reviews and information sessions.

245,000+

Our pharmacy team conducted more than 245,000 patient touch-points in 2013, including medication reviews, diabetes, food allergy, cardiovascular and hypertension risk assessments.

98,000+

Our pharmacy team administered more than 98,000 flu shots in 374 stores across Canada.

250+

Escorted by dietitians, students from 251 elementary schools in Ontario strolled the aisles of Loblaw stores to learn about nutrition and the Guiding Stars rating system. The field trips were capped off with nutritional snacks, games and scavenger hunts.

No Artificial Flavours, Colours or Sweeteners

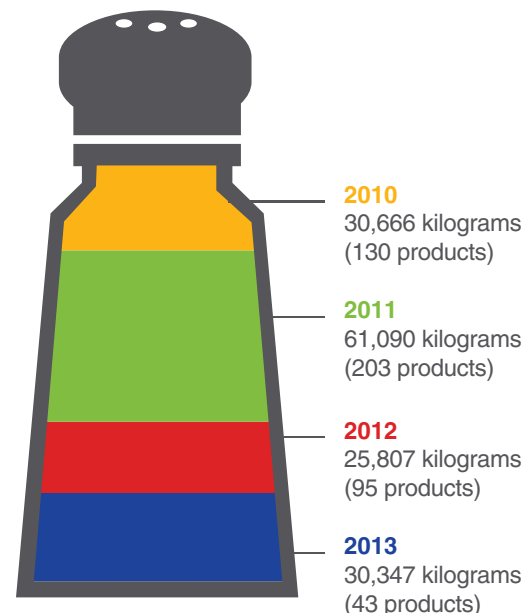
By year-end 2013, we had removed artificial flavours and colours from all *President's Choice* products, reformulating 146 products, primarily in our grocery category.

We also made a commitment to remove artificial sweeteners from all *President's Choice* products.

Sodium Reduction

For the past four years, we have worked to lower the amount of sodium in our control brand processed products. This is in response to Health Canada's suggested guidelines toward sodium reduction which call for about a one-third reduction of sodium in consumers' diets by 2016.

SODIUM REMOVED FROM CONTROL BRAND PRODUCTS



147,910 kg
of sodium removed from
471
control brand products



We have removed artificial sweeteners from all *PC Blue Menu* products

✓ NO COLOURS, ARTIFICIAL FLAVOURS OR ARTIFICIAL SWEETENERS
SANS ARÔMES ARTIFICIELS, ÉDULCORANTS ARTIFICIELS NI COLORANTS

PRESIDENT'S CHOICE CHILDREN'S CHARITY (PCCC)

PCCC supports children with disabilities by providing financial grants for specialized equipment and essential therapies. In 2013, more than \$9.9 million was granted to 2,144 children.

PCCC also supports child nutrition programs by providing grants to Breakfast for Learning™ and Boys and Girls Clubs of Canada PCCC Basic Needs, Brighter Future Program. In 2013, PCCC granted \$4.9 million to 2,333 child nutrition programs to help fight childhood hunger in Canada.

To raise funds for PCCC each year, we hold two customer campaigns and run an annual colleague campaign. One of the ways in which colleagues raised money in 2013 was through a 24-hour fast, with seven senior leaders accepting the challenge to spend 24 hours without food. With colleague support through barbecues, bake sales, raffles, auctions and personal donations, the leaders and their teams raised more than \$550,000.

Supporting children with disabilities and child nutrition programs since 1989



CORPORATE GIVING

Our corporate giving efforts focus on PCCC, healthy active kids, feeding our neighbours and greening our communities. In 2013, we invested \$5.5 million in many initiatives. Major recipients included the following:

- **PCCC** – Donated \$1.8 million to support children with disabilities and to fund child nutrition programs that address childhood hunger.
- **WWF Canada** – Using partial proceeds from our charge-for-plastic bag program, donated \$1 million to support programs such as National Sweater Day, the Great Canadian Shoreline Cleanup and the Green CommUnity School Grants.
- **University of Guelph** – Donated \$600,000 as part of our \$3 million commitment toward the Loblaw Chair in Sustainable Food Production.
- **Dr. David Jenkins, Research at the University of Toronto** – Donated \$220,000 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.
- **Loblaw After-School Grant** – Awarded \$251,308 to 101 after-school programs that help kids develop healthy, active lifestyles.
- **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.
- **Loblaw REVIVE and THRIVE projects** – Donated \$500,000 as part of our \$1 million commitment toward two community-based projects in Bangladesh to assist in the rehabilitation of injured workers and address community needs.

COMMUNITY GIVING

Loblaw corporate and franchised stores donated more than \$2.5 million to their local communities in 2013.

We make it easy for customers to make charitable donations by holding fundraising campaigns at our checkouts. Two of the biggest initiatives are the *Extra Helping* national food drives and the annual *Give a Little, Help a Lot* campaigns which raise money for local charities and organizations. Since 2008, *Give a Little, Help a Lot* campaigns have raised \$4.2 million.

In 2013, our *Real Canadian Superstore*, *Extra Foods*, *Your Independent Grocer*, *Shop Easy*, *no frills* and *Real Canadian Wholesale Club* stores across Alberta extended their *Give a Little, Help a Lot* and *SMILE* campaigns to support Alberta relief efforts in the wake of the floods in Calgary. A total of \$350,000 in cash and

products was donated. In addition, Loblaw colleagues volunteered at shelters, helped ship products, worked at Canadian Red Cross distribution centres and assisted their fellow team members whose homes were affected.

\$45 million+

Together with our customers, colleagues, vendors, franchisees and their employees, Loblaw donated more than \$45 million to charities and non-profit organizations across Canada in 2013.



Fresh perishable food donated to Second Harvest



=

546,715

meals for Canadians
(one pound of food donated equals one meal)

FIGHTING HUNGER

Supporting programs that help feed Canadians is one of our top priorities.

Our *Extra Helping* national food drives take place in stores every spring and fall. Each store is matched with a food bank in their community. Since 2009, we raised more than \$7.5 million and donated more than 7.8 million pounds of food for local food banks across Canada.

In 2013, we joined Food Banks Canada's Retail Food Program, in which surplus perishable food and household products will be donated to local food banks. Some 60 Loblaw stores currently participate in the program and the number is rising.

Second Harvest is the largest food rescue program in Canada, delivering food that would otherwise go to waste to Toronto-based community agencies. In 2013, select Loblaw corporate stores in Greater Toronto donated 546,715 pounds of fresh perishable food items to Second Harvest.

Select distribution centres across the country have active programs for donating fresh perishable food to local food banks in their communities. In 2013, their donations totalled more than 1.9 million pounds.

HEALING THROUGH MUSIC

On July 6, 2013, a deadly train derailment devastated Lac-Mégantic, Quebec. We offered the use of our *Maxi* store parking lot in Lac-Mégantic as an interim location for Musi-Café. Over six weeks, Musi-Café put on 23 free shows with more than 30 artists. Our *Maxi*, *Provigo* and *Loblaws* stores in Quebec also contributed to the relief effort with a donation of \$50,000 to the Canadian Red Cross.

Reflect Our Nation's Diversity

Diversity strengthens our nation and enriches our lives. We have made it a priority to reflect our nation's evolving diversity in the products we sell, the people we hire and the culture we create in our organization.

In this section:

Diversity and Inclusion

Women at Loblaw

Foods from Around the World

 Performance against our diversity targets on [page 31](#) →

DIVERSITY AND INCLUSION

Investing in diversity and inclusion is a powerful way to enrich our organization. The Loblaw Inclusion Council guides our diversity efforts. Made up of senior leaders from across the organization, the council is responsible for championing diversity, setting the inclusion strategy and goals, and tracking progress.

Our diversity champions bring the strategy to life. In 2013, they each spearheaded business projects promoting Loblaw's three inclusion priorities – women, persons with disabilities, and communities (i.e., ethnicities, aboriginals, or members of the lesbian, gay, bisexual and trans-identified community and their allies – LGBTQA). Projects included the following:

- Developing a mental health awareness campaign and training tools to help colleagues and their managers better understand mental health issues.
- Creating a process for forming employee resource groups within Loblaw. The groups offer people a sense of community where they can connect with colleagues who have similar backgrounds and interests. The first group created brought together members of our LGBTQA community.
- Developing a plan to engage and recruit aboriginals. As a start, the team conducted research to understand the current state and identify opportunities for improvement.
- Producing a video for store managers on the importance of hiring and retaining persons with disabilities in our stores.
- Making recommendations to select stores on how to spend their community investment dollars strategically to attract diverse talent and build community relationships.



Accessibility

Ontario's far-reaching *Accessibility for Ontarians with Disabilities Act, 2005* (AODA) seeks to ensure that, by 2026, persons with disabilities have equal access to goods, programs, services and employment. No other province has similar requirements – in fact, the standards established under the AODA are among the most rigorous in the world. We intend to implement many of the AODA requirements nationally, on a graduated basis, in order to make our company more accessible for all colleagues and customers, wherever we operate. We met the requirements of the AODA's Customer Service Standard nationally in 2012. In 2013, we created a policy and multi-year accessibility plan that governs how we will achieve accessibility, and developed plans to ensure accessibility of self-serve kiosks and websites on a go-forward basis.

Canadian Employers Disability Forum

We are involved in the Canadian Employers Disability Forum, created as part of the federal government's Economic Action Plan 2013. The forum is managed by employers, for employers, to facilitate education, training and sharing of resources and best practices concerning the hiring and retention of persons with disabilities. A Loblaw representative participates on the government panel studying the issue.

WOMEN AT LOBLAW

Women@Loblaw aims to build a sustainable network that engages colleagues, communities and customers so that Loblaw becomes the place for women to work and shop.

In 2013, women@Loblaw launched its online Calendar of Events to notify members of professional development and networking opportunities. Featured at launch were wellness seminars, leadership videos, links to events for Loblaw colleagues and an online book club. Event registration maxed out within two weeks of the launch.

We also introduced Success Talks, interactive sessions in which senior leaders share how they planned and navigated their careers to get where they are today. The live sessions are videotaped and made available to all colleagues through the Loblaw Virtual Learning Centre.

FOODS FROM AROUND THE WORLD

Loblaw proudly offers a highly diverse selection of control brand products that reflect the taste, quality and traditions from around the world.



T&T

Broad array of Asian dry grocery and frozen food products sold in our *T&T Supermarket* locations and in select Loblaw stores



Rooster Brand

East Asian and Southeast Asian products ranging from rice and noodles to sauces, milk and broth



Suraj

South Asian products including spices, rice, flour, beans, oils, breads and tea



Sufra

Halal meat products

Be a Great Place to Work


Our colleagues are the foundation of our success. We strive to engage and inspire each colleague every day. Along with fulfilling work, we offer open communication, rewards and recognition, ongoing learning, and a safe and energizing work environment.

In this section:

Our Colleagues

Health, Safety and Wellness

Training and Development

 Performance against our people targets on [page 31](#) →

OUR COLLEAGUES

We appreciate our colleagues and work to create a culture of recognition. We encourage leaders to organize Great Place to Work activities at least once a quarter. Our toolkit of great ideas is focused on each of Loblaw's four shared values. Activities range from *Insider's Report* product sampling parties and celebratory lunches to team games and participation in community events.

"Thanks to You" was a national colleague event celebrated in October. It involved a fun team activity chosen by a local planning team and a national contest in which teams submitted posters, videos, songs or poems showing how colleagues are appreciated in their locations.

With the Values Heroes recognition program, colleagues can recognize one another for taking positive actions that reflect our shared values. All they have to do is fill out a Values Hero card and give the person the appropriate value pin. No manager approval is needed. Copies of the cards are posted on a Values Heroes wall. As an added bonus, Values Heroes President's Awards are presented twice a year to colleagues and people managers who demonstrate one or more of Loblaw's shared values in a consistent or exceptional way.

LOBLAW SHARED VALUES



OUR COLLEAGUES SPEAK

We know that open and honest two-way communication is vital for building colleague engagement. In addition to manager conversations and team meetings, we offer colleagues a number of opportunities to tell us what they think.



Team huddles

Brief, daily meetings for discussing topical business matters



Surveys and focus groups

Designed to gather feedback on specific colleague programs



Let's Talk

Guided discussions between senior leaders and groups of 10 to 15 colleagues



Tell it as it is

Our annual engagement survey



Ask Galen

Colleagues can send their enquiries or comments directly to the Executive Chairman



WE CARE FOR THE ENVIRONMENT

On National Sweater Day*, we lowered the temperature in more than 700 stores across Canada by 3°C and some 55,000 colleagues and franchised employees wore their favourite sweaters to work.

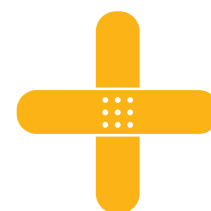
More than 1,600 colleagues participated in the Great Canadian Shoreline Cleanup** by removing more than 5,600 kilograms of litter from shorelines in their communities.

HEALTH, SAFETY AND WELLNESS

Colleague health, safety and wellness are top priorities. We work hard to embed strong safety management systems and practices in all regions and our efforts are leading to improved safety results.

We want to empower colleagues and their families to achieve their best level of health, wellness and vitality. In 2013, we focused on enhancing our colleague corporate wellness program. Initiatives included the following:

- ✓ Implementing a colleague wellness survey to find out what information they value most
- ✓ Executing a communication strategy focused on nutrition, disease prevention, mental health, movement/exercise and healthy living
- ✓ Providing flu vaccinations for colleagues in select locations
- ✓ Offering first aid/CPR training to colleagues
- ✓ Installing hand sanitizer dispensers in colleague rest areas in all corporate stores
- ✓ Providing ergonomic workstation assessments



55%

Since 2007,
we have reduced
colleague accidents
by 55%

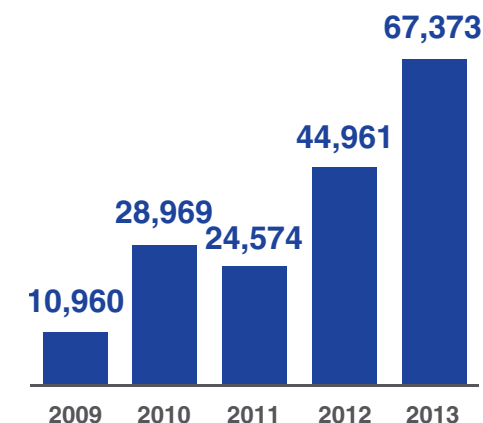
TRAINING AND DEVELOPMENT

We are committed to helping colleagues advance their careers and reach their full potential. Training and development occurs through on-the-job experiences and formal training programs.

The Loblaw Virtual Learning Centre (LVLC) is an online hub for colleague training, course registration, learning forums and resources. We refreshed the LVLC, adding new features and functionality along with a new look and feel. The layout helps people take charge of their career progression by providing more visibility into any required or recommended learning for development. We also piloted a mobile application called LVLC Express. By downloading the application, colleagues can access their learning profiles from multiple devices. Automatic syncing of assignments enables colleagues to access learning any time and any place.

In 2013, we continued our emphasis on leadership effectiveness, focusing on coaching, communications and change leadership. This included expanding the Manager Ready program to people in management-ready (but not yet management) roles. The program involves a four-hour simulation in which participants experience a day in the life of a manager. At the end of the exercise, they are given a report on their performance, and development opportunities are incorporated into their individual professional development plans.

E-LEARNING COURSES COMPLETED



Loblaw colleagues completed 67,373 e-learning courses in 2013






*National Sweater Day is organized by WWF-Canada.

**The Great Canadian Shoreline Cleanup is organized by WWF-Canada and the Vancouver Aquarium.

Performance

2013 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 2012 results: Ontario, 80%; Quebec, 63%; West, 57%; Atlantic, 70%. | Results are: Ontario, 83%; Quebec, 63%; West, 52%; Atlantic, 65%. |  |
| Achieve an average of 82% waste diversion from landfill at distribution centres. | Diverted 83% of distribution centre-generated waste nationally. |  |
| Achieve an average of 80% waste diversion from landfill at store support centres. | Diverted 93% of store support centre-generated waste nationally. |  |
| Divert organics at 20 additional corporate stores in Western Canada and Quebec. | Implemented organic diversion programs in 17 corporate stores in Western Canada and Quebec. |  |
| Initiate pilot programs in one corporate store and one distribution centre with a goal to achieve 100% diversion from landfill. | Implemented a pilot program at our Maple Grove distribution centre in Cambridge, Ontario, and at our <i>Atlantic Superstore</i> location in Elmsdale, Nova Scotia. At year-end, both facilities diverted more than 90% of their waste from landfill. |  |











TARGET MET












TARGET ALMOST MET OR ON TRACK








TARGET NOT MET OR AT INITIAL STAGES







| Targets | Achievements | Progress |
|---|---|---|
| Packaging | | |
| Develop and implement a sustainable packaging framework to reduce overall environmental footprint of control brand packaging. | Framework in place for reduction and reuse of packaging and for increasing recycled content in packaging. |  |
| Implement paper sourcing commitment as it pertains to packaging. | Commitment in place to ensure that fibres used in our packaging are procured from certified sustainable sources and that we increasingly make use of recycled fibres. |  |
| Reduce non-recyclable packaging in control brand products by 50% by year-end 2013 (equates to reducing non-recyclable packaging in 5,000 products). | Since implementing the target, we reduced non-recyclable packaging in 879 control brand products. |  |
| Reduce packaging in control brand products by 5% by year-end 2015 (equates to reducing packaging by 11,800,000 kilograms). | Target on track. At year-end, we reduced packaging in 236 control brand products by more than 4,290,000 kilograms. |  |
| Energy Reduction | | |
| Reduce total energy consumption by 3% per square foot in existing corporate stores. | Reduced our energy consumption by 3% per square foot. |  |
| Complete solar panel projects in 40 facilities in Ontario. | At year-end, 39 solar panel projects were in commercial operation with eight projects under construction. |  |
| Install a CO ₂ refrigeration system, which uses carbon dioxide as the sole refrigerant, in one corporate store. | System was installed in a <i>Real Canadian Superstore</i> location in Edmonton, Alberta. |  |
| Complete lighting retrofits in 70 corporate stores. | Completed lighting retrofits in 226 corporate stores. We converted standard light fixtures to fluorescents in 118 stores and converted light fixtures in our frozen door cases to LEDs in 108 stores. |  |

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








| Targets | Achievements | Progress |
|--|---|---|
| Transportation | | |
| Replace 75% of our transport fleet with new trucks that comply with U.S. EPA emission standards. | We replaced 78% of our transport fleet with newer, more efficient trucks. |  |
| Increase rail use by 20% vs. 2012. | Increased our rail use by 15% vs. 2012. |  |
| Increase backhaul trips by 5% vs. 2012. | Increased our backhaul trips by 4% vs. 2012. |  |
| Reduce driver idle time by 5% vs. 2012. | Did not achieve target. |  |
| Add 10 non-diesel-burning reefer trailers to our corporate fleet. | Did not implement target in 2013. |  |
| Add five liquefied natural gas (LNG) trucks to our fleet. | All five trucks are on the road today. |  |
| Introduce four 60-foot trailers to our fleet. | Purchased trailers in 2013 and they will be on the road in Q1 2014. |  |
| Install Lift-a-Deck systems in 10 trailers. | Installed Lift-a-Deck systems in seven trailers. |  |
| Water Footprint | | |
| Conduct a water footprint assessment of our operations. | Assessment will commence in 2014. |  |




SOURCE WITH INTEGRITY

| Targets | Achievements | Progress |
|--|--|---|
| Local | | |
| Source 30% of the produce sold in Loblaw stores from local Canadian growers. | 30% of the produce sold in our stores, year-round, was sourced from local Canadian growers. |  |
| Source up to 40% of the produce sold in Loblaw stores from local Canadian growers during the peak growing season (August and September). | 41% of the produce sold in our stores during the peak growing season was sourced from local Canadian growers. |  |
| Animal Welfare | | |
| Source fresh pork sold in our stores from suppliers that 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. | On track to achieve target by end of 2022. |  |
| Introduce a new <i>President's Choice</i> free-run omega egg product. | Product will be introduced in select stores in 2014. |  |
| Paper | | |
| Implement a sustainable paper procurement commitment for the business. | Commitment in place to reduce our paper use, to increase the use of recycled content in our paper products, and to source our paper products from certified sustainable sources. |  |

| Targets | Achievements | Progress |
|--|--|---|
| Sustainable Seafood | | |
| Source 100% of seafood sold in our stores from sustainable sources by year-end 2013. | Approximately 88% of the seafood products we sell in our core categories (i.e., fresh seafood, frozen seafood, canned goods and frozen grocery) are procured from certified sustainable sources, acceptable sources with conditions or sources making meaningful progress toward sustainability. |  |
| 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. | 54% of vendors have completed the questionnaire. This continues to be a work in progress. |  |
| Work with WWF and our scientific advisor to assess all species/stocks against our sustainable seafood sourcing framework. | Actively engaged with WWF and our scientific advisor, Dr. Jeff Hutchings, to identify and manage "at risk" species/stocks and to assess all major species using our sustainable seafood sourcing framework. |  |
| Delist products that do not adhere to our sustainable seafood criteria. | We continue to delist products that do not adhere to our sustainable seafood criteria. Products include shark, skate, orange roughy and American red snapper. |  |
| Create an action plan for remaining species/stocks that we have determined to source conditionally. | Plans in place to assess all remaining species/stocks against our sustainable seafood sourcing framework. |  |
| Obtain chain-of-custody 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. | Obtained chain-of-custody certification in 228 additional stores and four distribution centres in Ontario and New Brunswick. |  |









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

| Targets | Achievements | Progress |
|--|--|---|
| Participate in the Global Sustainable Seafood Initiative (GSSI) discussions on seafood sustainability and eco-labelling. | We are active members of GSSI and help to develop a global understanding of the various certification standards available for fisheries and aquaculture products. |  |
| Continue to drive consumer awareness of sustainable seafood and be open and transparent about our progress and policies. | Executed the Oceans for Tomorrow national seafood event in our stores for the second consecutive year to increase customer awareness of sustainable seafood and the MSC eco-label. |  |
| Palm Oil | | |
| 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. |  |
| Complete an inventory of all control brand products that use palm oil and/or palm oil derivatives. | Completed an inventory of all control brand food products. Assessment of non-food control brand products will commence in 2014. |  |
| Create a sustainable palm oil policy and action plan. | Internal policy and action plan in place. Next step is to engage our vendors. |  |
| Product Safety and Traceability | | |
| Expand Loblaw Academy to remaining control brand vendors. | Expanded the program to 272 control brand vendors. |  |
| Implement quality and safety management systems for non-food control brand products. | Did not achieve target. The safety management system for our non-food control brand products will be implemented in 2014. |  |

| Targets | Achievements | Progress |
|--|--|---|
| Implement quality and safety management systems across multicultural control brand products. | Safety management system in place for all multicultural control brand products. |  |
| Achieve 100% Global Food Safety Initiative (GFSI) certification for all control brand produce vendors. | Target is on track. Progress will continue in 2014 as we work with our manufacturers to develop a workable solution for the many small, local growers. |  |
| Develop a consumer food safety education program in stores. | We did not implement the targeted activity in 2013. In-store food safety education program will commence in 2014. |  |



MAKE A POSITIVE DIFFERENCE IN OUR COMMUNITY


| Targets | Achievements | Progress |
|--|--|---|
| Health and Wellness | | |
| Remove artificial flavours and artificial colours in all <i>President's Choice</i> products. | Removed artificial flavours and artificial colours in all <i>President's Choice</i> products. |  |
| Roll out Guiding Stars in all remaining stores in Ontario (excluding <i>nofrills</i>). | Achieved. All stores in Ontario offer Guiding Stars with the exception of <i>nofrills</i> . |  |
| Roll out Guiding Stars in all stores by year-end 2015. | On track to achieve target by year-end 2015. |  |
| Reduce sodium in 200 control brand products by an average of 16%. | Reduced sodium in 43 control brand products by an average of 33%. |  |
| Develop 300 new control brand products that meet Health Canada's recommended sodium reduction guidelines. | Developed 124 new control brand products that meet or exceed the guidelines. |  |
| Develop an action plan to reduce sodium in remaining control brand products through to 2016. | Action plan in place for our control brand products to meet Health Canada's recommended guidelines for sodium reduction. |  |
| Conduct 200,000 patient touch-points (i.e., risk assessments, vaccinations and medication reviews). | Conducted more than 340,000 patient touch-points. |  |
| 10,000 customers and colleagues to participate in our in-store community education sessions organized by dietitians. | More than 14,900 colleagues and customers participated in our in-store community sessions with dietitians (e.g., cooking classes, store tours, one-on-one nutritional sessions, etc.). |  |
| Designate 200 dietitians nationally to support National Nutrition Month in March. | 148 dietitians conducted store tours and one-on-one sessions with customers. |  |

| Targets | Achievements | Progress |
|--|---|---|
| Enhance colleague corporate wellness program. | Implemented a colleague wellness survey, enhanced colleague communication and installed hand sanitizers in colleague rest areas in all corporate stores. |  |
| 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 <i>President's Choice</i> Children's Charity. | Together with the help of our customers, vendors, colleagues, franchisees and employees, we donated more than \$45 million to charities and non-profit organizations across Canada. |  |
| Partner with Food Banks Canada to launch a retail food program in 100 corporate stores that will increase donations of perishable food. | 60 corporate stores have implemented the food share program in partnership with Food Banks Canada. |  |










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

REFLECT OUR NATION'S DIVERSITY

| Targets | Achievements | Progress |
|--|--|---|
| Implement external programs to recruit personnel from community groups such as aboriginals, new Canadians and persons with disabilities by year-end 2014. | On track to achieve target by year-end 2014. |  |
| Build a multi-year organization strategy to meet customer and colleague accessibility requirements. | Action plan in place to ensure that all customers and colleagues with disabilities have equal access to goods, programs, services and employment as part of the <i>Accessibility for Ontarians with Disabilities Act</i> . |  |
| Increase diversity champion programs in 2013. | Implemented five new programs that focused on parental leave, mental health, accessibility, community engagement and employee recruitment/retention. |  |
| Increase the number of women in leadership roles in the organization. | At year-end, 45% of management positions and above were held by women. Numbers remained flat vs. 2012. |  |
| Expand the "I Speak" program to all corporate stores by year-end 2014. | On track to achieve target by year-end 2014. |  |
| Expand our range of authentic multicultural products across our <i>Rooster Brand</i> and <i>T&T</i> and <i>Suraj</i> control brands by 50% by year-end 2014. | On track to achieve target by year-end 2014. |  |

BE A GREAT PLACE TO WORK

| Targets | Achievements | Progress |
|--|---|---|
| Colleague Engagement | | |
| Roll out new colleague recognition program. | Created the Values Heroes colleague recognition program for those taking positive actions that reflect our company shared values. |  |
| Increase colleague understanding of company shared values by 3%. | Based on our national colleague survey results, we achieved 80% recognition of our company shared values. Numbers increased in store support centres and decreased in stores and distribution centres vs. 2012. |  |
| Increase colleague awareness of corporate social responsibility (CSR) by 2%. | Based on our national colleague survey results, colleague awareness of CSR increased by 6% vs. 2012. |  |
| Accelerate Leadership Effectiveness | | |
| Increase the number of leadership focused training programs available to colleagues. | Increased leadership training courses available to colleagues with plans to expand the program offering in 2014. |  |
| Expand our Manager Ready program. | Expanded the program to 334 colleagues in 2013. |  |
| Increase participation in e-learning training courses by 2%. | Participation in e-learning training courses increased by 33% vs. 2012. |  |
| Health and Safety | | |
| Reduce total accidents by 10%. | Reduced total accidents by 5.5% vs. 2012. |  |

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

2014 Targets

RESPECT THE ENVIRONMENT

Waste Reduction

- Reduce waste from corporate stores in each region by 3% relative to 2013 results (Ontario, 86%; Quebec, 65%; West, 54%; Atlantic, 67%).
- Achieve an average of 85% waste diversion from landfill at distribution centres.
- Reduce paper use at our corporate head office by 5%.

Energy Reduction

- Reduce total energy consumption by 3% in existing corporate stores.
- Complete lighting retrofits in 140 corporate stores and seven distribution centres.
- Install a CO₂ refrigeration system in one corporate store.
- Complete 20 solar panel projects in Ontario.

Packaging

- Reduce control brand packaging by 5% by year-end 2015.
- Develop partnerships to increase the use of recycled content in packaging.
- Launch products with increased post-consumer recycled polyethylene terephthalate (PET) packaging.
- Launch products with increased renewable content in non-fibre-based packaging.

- Conduct a vendor survey on use of certified sources of fibre-based packaging.

Water Footprint

- Complete a water footprint assessment of our operations.

SOURCE WITH INTEGRITY

- Implement upgraded workplace and fire safety standards for vendors in emerging markets.
- Develop sustainability guidelines for all control brand categories.
- Support the sustainable production of palm oil for our control brand products by aligning with the Roundtable on Sustainable Palm Oil certification standards and by purchasing GreenPalm certificates.
- Identify control brand fresh commodities with the biggest impact on “at risk” watersheds in Canada.

Animal Welfare

- Source all fresh pork from suppliers that have made a transition to loose housing environments by year-end 2022. Obtain progress reports from top-tier pork vendors.
- Source all fresh veal from suppliers that have transitioned to group housing by 2018. Obtain progress reports from top-tier veal vendors.
- Expand *PC Blue Menu* Omega Free-Run eggs offering.

Sustainable Seafood

- Introduce farmed Aquaculture Stewardship Council (ASC) certified Atlantic salmon and closed containment grown Atlantic salmon in our stores.
- Increase our range of wild-caught Marine Stewardship Council (MSC) certified canned tuna products.

MAKE A POSITIVE DIFFERENCE IN OUR COMMUNITY

Health and Wellness

- All remaining *President's Choice* products to be free of artificial sweeteners by year-end 2015.
- Reduce sodium in 400 *President's Choice* products by an average of 20% by year-end 2015.
- All *President's Choice* products to be below maximum allowable Health Canada sodium targets by year-end 2015.
- Roll out Guiding Stars in all stores by year-end 2015 (excluding *nofrills*).
- Introduce 19 dietitians in stores in Atlantic Canada.
- Conduct 500 nutrition school tours in stores.
- Launch an in-store bone health awareness program for colleagues and customers.
- Implement an in-store colleague wellness program led by dietitians.

Community Giving

- Contribute \$5.3 million to charities and non-profit organizations across Canada with a focus on *President's Choice* Children's Charity, greening our communities, healthy active kids and feeding our neighbours.
- Expand Food Banks Canada's Retail Food Program to 250 corporate stores and 16 distribution centres.

REFLECT OUR NATION'S DIVERSITY

- Implement external programs to recruit personnel from community groups such as aboriginals, new Canadians and persons with disabilities.
- Roll out our multi-year organizational strategy to meet customer and colleague accessibility requirements.
- Expand the “I Speak” program to all corporate stores.
- Increase our range of multicultural products across our *Rooster Brand*, *T&T* and *Suraj* brands by 50%.
- Increase colleague participation in women@Loblaw events by 10%.

BE A GREAT PLACE TO WORK

- Reduce total accidents by 5%.
- Increase colleague participation in e-learning training courses by 5%.
- Implement a national mentor program to connect colleagues with senior leaders in the business.

Partners and Stakeholders





Contact Information

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