



**Loblaws**  
COMPANIES LIMITED

# The Way We Do Business

2014 CORPORATE SOCIAL RESPONSIBILITY REPORT



Loblaw Companies Limited is Canada's food and pharmacy leader, the nation's largest retailer and one of its largest private sector employers.

Our strong commitment to corporate social responsibility (CSR) defines the way we do business and the role we aim to play in society.





# Table of Contents

## 3

Message to Stakeholders

## 5

CSR at Loblaw

Our Impact

6



CSR Governance

7

Stakeholder Engagement

8

## 10

CSR Focus

Health and Wellness

11

Sustainable Sourcing

14

Animal Welfare

18

Waste and Packaging

20

Energy Efficiency

23

Giving Back to Communities

25

Developing Our People and Culture

28



## 30

Performance

2014 Targets and Achievements

31

2015 Targets

39

Awards and Recognition

41

Contact Info/Feedback

42

# About This Report

This is our eighth annual corporate social responsibility (CSR) report. It details the CSR performance of our corporate stores, distribution centres and store support centres for our 2014 fiscal year.

Our previous CSR report was published in May 2014. There have been no significant changes in the scope of our reporting or the data measurement methods applied since that report. Where franchisee, third-party, *T&T Supermarkets* and Shoppers Drug Mart information has been included, it is indicated as such.

Shoppers Drug Mart was acquired by Loblaw Companies Limited (Loblaw) in March 2014. We expect to include more of Shoppers Drug Mart's performance in future CSR reports.

Transparency is important to us, and though reporting against the Global

Reporting Initiative (GRI) guidelines is voluntary, we continue to refer to the GRI principles and disclosures to ensure that we are taking a focused and thoughtful approach in reporting our CSR metrics and results.



All CSR plans and stated goals, targets, objectives and results were reviewed by select members of Loblaw's Disclosure Committee and Legal department. In addition, our Internal Audit Services department audited certain targets and results included in this report.

We welcome feedback from our readers and invite you to [complete our survey](http://www.loblaw-reports.ca/survey).

[www.loblaw-reports.ca/survey](http://www.loblaw-reports.ca/survey)

If you have questions or would like more information, please email us at [csr@loblaw.ca](mailto:csr@loblaw.ca).

## Symbols Key

- Link to menu
- Link to previous page
- Link to next page
- Link to Targets and Achievements
- Target met
- Target almost met or on track
- Target not met or at initial stages

## How to Use This Report

### CLASSIC METHOD

You can read the CSR report as you would a regular book: start on page 1 and navigate page by page to the end. To do this, use the arrow keys in the top left-hand corner of each page.

### SELECTIVE METHOD

You can also go straight to specific topics using the web-like navigation. Click on the menu key in the top left-hand corner of any page to take you back to the table of contents, or on any of the main section titles running across the top of the page to go directly to a section.







# Message to Stakeholders

“Across Loblaw Companies Limited, we understand the breadth of our impact and influence.”

---

**GALEN G. WESTON**  
Executive Chairman and President,  
Loblaw Companies Limited

## This report summarizes our CSR activities for 2014, a year that happens to mark the 25th anniversary of one of Loblaw's first acts of CSR.

In 1989, we launched the *PC G.R.E.E.N* line of products, deemed better for our environment's health. A quarter century ago it was industry leading and quite possibly North America's first "eco-friendly" brand. Today, we can reflect on it as a bellwether for Loblaw's many CSR commitments that would follow.

Like *PC G.R.E.E.N*, our corporate actions continue to address current issues that are important to our customers and business – but always with a long-range view. Though our focus will evolve around the most pressing concerns and immediate opportunities, certain themes are constant: the environment, local and global communities, our people, and the many ways we achieve our company purpose – *Live Life Well*. In 2014, these initiatives were seen in various achievements:

- Expansion of the Guiding Stars® nutrition rating system
- 64 dietitians now in 159 stores
- Canadian-First policies promoting more Canadian goods
- Surpassing seven billion plastic shopping bags eliminated

- 62 rooftop solar projects in Ontario
- *President's Choice* Children's Charity marking 25 years and \$116 million granted

These and other CSR activities are guided by both the knowledge and the input of scientific advisors, as well as our customers. We have structured this report to reflect feedback from our many and varied stakeholders – including non-governmental organizations (NGOs), academics and industry leaders.

Across Loblaw Companies Limited, we understand the breadth of our impact and influence. In 2014, we expanded that scope, with the significant addition of Shoppers Drug Mart. We look forward to reporting more fully on Shoppers Drug Mart's CSR activities in our next report. However, within these pages, you can already see our anticipation and enthusiasm for the influence those operations will have on our communities and the health of Canadians. Shoppers Drug Mart has already elevated the impact of Loblaw's community involvement and long-standing commitment to customer well-being.

As you navigate through the pages of this report, I hope you'll pay special attention to three areas that represent our focus in CSR:

**Health and Wellness:** Historically, many of Loblaw's CSR activities and commitments relate to *President's Choice*, the nation's number one food brand. This continued in 2014 when we announced a new pledge to reduce sodium levels by 20% across hundreds of products, and achieved an existing pledge to remove all artificial flavours and artificial colours from *President's Choice* products. Consumers are thinking more and more about the food they eat and, in the case of artificial colours, many are concerned about their suggested link to hyperactivity and other conditions. By removing colours that don't occur in nature, our *President's Choice* products now offer concerned consumers an option. We are proud of this achievement and continue to look for opportunities to do even more.

**Sustainable Sourcing:** In 2014, we established higher standards for ethical supplier production and facilities. More importantly, we assembled a team on the ground in some developing regions where our global production occurs – covering countries like Vietnam, Cambodia and Bangladesh – providing factory oversight and responding to concerns with greater local knowledge. We are now better able to address the

challenges of global sourcing than ever before. Throughout the year, we worked on a new Loblaw supplier code of conduct, with greater specificity on various working conditions and rights, coming into effect in 2015.

**Energy Efficiency:** As evidence of climate change mounts, it is impossible not to feel concern for the future of our planet. As the leader of a business that relies on agriculture, water, food production, shipping and the operation of large facilities, I understand the imperative to change. I am proud of our progress on carbon reduction, which has consistently improved since 2011, through better fleet and energy management and investments in efficient lighting and refrigeration. While this report is retrospective, our attention to carbon emissions will increase in years to come.

We offer this report to demonstrate our transparency and encourage further dialogue. As always, I appreciate your feedback at [csr@loblaw.ca](mailto:csr@loblaw.ca).

**Galen G. Weston**  
Executive Chairman and President





# CSR at Loblaw

We strive to be an exemplary corporate citizen and to use our scale to tackle some of society's toughest challenges.

- Our Impact
- CSR Governance
- Stakeholder Engagement



Donated fresh perishable food to local food banks and food rescue programs

# CSR Governance

Loblaw is committed to advancing the principles of transparency, accountability and sound corporate governance.

**Our Board of Directors** oversees the management and affairs of the company. Among its responsibilities, the board sets the tone for a culture of integrity and compliance throughout the company, and monitors and reviews reports on policies and practices related to CSR.

**The CSR Committee** is responsible for leading CSR within the company. The committee is made up of senior executives from various areas of the business, who develop the priorities, metrics and accountabilities within each of the company's five CSR pillars. The committee is chaired by the Senior Vice President of Corporate Affairs and Communication.

## How We Think About CSR

Loblaw's purpose – *Live Life Well* – puts the needs and well-being of all Canadians first.

Our CSR commitments link to our business through five pillars. Targets were established for each pillar in 2014 and performance is reported on [pages 30 to 38](#).

Seven focus areas were also identified and they are discussed on [pages 10 to 29](#).

### CODE OF CONDUCT

We are committed to honesty, integrity and fairness in all that we do. Our Code of Conduct provides a framework for ethical behaviour based on our shared values and applicable laws and regulations. All employees must review, understand and abide by the Code, as well as the supporting policies and procedures. Employees must also take reasonable steps to ensure that vendors understand and comply with the Code and the accompanying supplier [code of conduct](#).

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

### SHARED VALUES

Our values reflect what is important in our organization and guide our behaviours.



# Stakeholder Engagement

Stakeholder engagement is an essential part of our CSR approach. It involves listening to others, seeking expert advice and collaborating with a range of organizations with aligned interests to develop collective solutions.

## Influential Stakeholder Interviews

Each year, we conduct interviews with a panel of influential external stakeholders. Their input informs our CSR report content and our overall CSR strategy.

In 2014, we interviewed senior representatives from key suppliers, retailers, academic and industry organizations, regional and international non-governmental organizations (NGOs),

branches of government and trusted CSR/sustainability advisors.

Their feedback has helped shape this year's report in key ways:

- **Report Structure** – We have structured the bulk of the report around CSR focus areas – these are the topics we believe are of most relevance to our customers and colleagues, and are most impacted by our business. See CSR focus areas on [pages 10 to 29](#).

## Consumer Research

For the past four years, we have engaged a third-party research firm to conduct an online survey of Canadian consumers to find out which CSR issues matter most to them and how well they think we are addressing these topics.

In 2014, research indicated that local sourcing, healthier food choices, and waste and packaging reduction matter most to consumers. All of these topics are discussed in the report, along with animal welfare which rose considerably and was ranked in the top five CSR priorities.

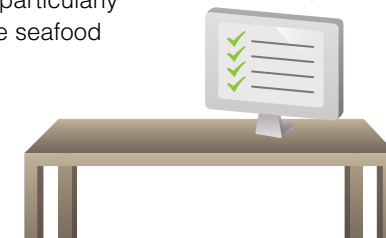
- **Governance** – We have expanded the discussion on governance and accountability, with more information on our CSR governance framework and stakeholder engagement processes. See CSR at Loblaw on [pages 5 to 9](#).

- **Collaboration** – We have listed the key organizations and individuals with whom we partner (see [page 9](#)) and in the section on CSR focus areas we have provided more examples of how we are collaborating to drive change.

“I think Loblaw is really looking at the issues it knows it can deal with and is dealing with them in a substantial way, with incremental improvements. In the Canadian landscape, it is one of the leading companies in this space.”

**Andrew Crane**, Schulich School of Business

Local sourcing  
Healthier food choices  
Waste and packaging reduction  
Animal welfare





## Partnerships and Industry Alliances

As a large retailer, we face a wide range of issues and challenges. Many are complex, systemic and increasingly global in nature. By collaborating with industry peers, governments, academia and non-governmental organizations, we aim to make a positive, sustainable impact in these areas.

### Industry Roundtables/ Coalitions/Agreements

- Accord on Fire and Building Safety in Bangladesh
- Canadian Roundtable for Sustainable Beef
- Global Sustainable Seafood Initiative
- National Farm Animal Care Council
- Roundtable on Sustainable Palm Oil

### Associations

- Canadian Stewardship Service Alliance
- Conference Board of Canada
- The Consumer Goods Forum
- Fisheries Council of Canada
- Food Marketing Institute
- PAC-Packaging Consortium
- Retail Council of Canada
- Sustainability 50
- SustainAbility's Engaging Stakeholders Network

### Non-Governmental Organizations

- Anaphylaxis Canada
- Canadian Diabetes Association
- Canadian Red Cross
- CARP – A New Vision of Aging for Canada
- Compost Council of Canada
- Food Banks Canada
- The Food Institute, University of Guelph
- Friends of the Centre for the Rehabilitation of the Paralyzed
- Hypertension Canada
- Jane Goodall Institute of Canada
- La grande guignolée des médias
- Osteoporosis Canada
- Recycling Council of Ontario
- Save the Children
- Second Harvest
- Trans Canada Trail
- Tree Canada
- UNICEF Canada
- WWF-Canada

## Scientific Advisors

Loblaw works closely with the scientific community on many CSR issues and partners with scientific advisors for expert opinion and guidance in specific areas.

### Dr. David Fraser

University of British Columbia  
Animal welfare

### Dr. Jeff Hutchings

Dalhousie University  
Sustainable seafood

### Dr. David Jenkins

University of Toronto  
Health and wellness

### Dr. Ralph Martin

University of Guelph  
Loblaw Chair in Sustainable Food Production

### Dr. Nigel Raine

University of Guelph  
Pollinator conservation

### Dr. Rick Smith

Broadbent Institute  
Chemicals of concern

### Bruce Lourie

President, Ivey Foundation  
Chemicals of concern



# CSR Focus

Through stakeholder engagement, consumer research and internal discussion, we have identified areas of focus based on 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.

- Health and Wellness
- Sustainable Sourcing
- Animal Welfare
- Waste and Packaging
- Energy Efficiency
- Giving Back to Communities
- Developing Our People and Culture





**BHAVIKA PRAJAPATI**  
**B.SC.PHM**  
Associate-Owner,  
Shoppers Drug Mart

“As the associate and leader of the pharmacy team, I know that we make a big difference in the lives of our patients. We do much more than fill prescriptions – we review our patients’ medications, help them to manage chronic conditions and provide valuable nutrition and lifestyle counselling. The result is better health for our patients and a more sustainable health care system.”

## Health and Wellness

Loblaw’s purpose – *Live Life Well* – puts the health and wellness needs of Canadians first. If left unaddressed, the long-term costs of chronic illness will place tremendous pressure on our health care system. That’s why high-quality, accessible pharmacy services and health care products are more important than ever.

With the acquisition of Shoppers Drug Mart, we plan to build on our position as Canadians’ first choice for health, wellness and nutrition through a greater combination of value, selection and service, and more than 2,400 convenient locations close to where our customers live and work.

**1,797** pharmacies  
across Canada

**Guiding Stars®**

788 Loblaw stores offer  
the Guiding Stars nutrition  
rating system





## CSR Focus | Health and Wellness

### Health Care Services

Loblaw and Shoppers Drug Mart pharmacists share a passion for improving the health of Canadians. They fill prescriptions, help customers monitor and manage chronic diseases, and increasingly provide health services such as medication reviews, over-the-counter counselling and flu shots. Their contributions help improve patient outcomes, reduce costs and ensure the sustainability of the health care system.

In 2014, Shoppers Drug Mart ran a medication management campaign to encourage seniors and people with chronic conditions to have a medication review with their pharmacist. The Sustainable Solutions report issued by Shoppers Drug Mart and CARP\* showed the need to improve

patient access to medication reviews, recognizing that many aging adults are on multiple medications at once for various conditions. A new poll of CARP members found that one-third are currently taking four to five medications at once, which is worrisome given that being on numerous medications can increase the risk of adverse drug reactions, negative drug interactions, improper dosing, and medication adherence issues. During reviews, pharmacists walk through the medications a person is taking and explain how best to use them and how to avoid potential side effects.

In addition to medication reviews, our pharmacies offered blood pressure monitoring, diabetes and cardiovascular risk assessments, as well as food

allergy management programs, in partnership with the Canadian Diabetes Association, Hypertension Canada and Anaphylaxis Canada. Loblaw pharmacists and dietitians also teamed up with Osteoporosis Canada to promote bone health awareness, providing health education and conducting bone health assessments.

With the acquisition of Shoppers Drug Mart, there are more than 1,700 pharmacies in our network of stores. Our store network is evolving to serve as community health and wellness centres. In addition to 159 optical clinics and 64 dietitians operating inside our stores, we partner with 137 medical clinics, 49 GoodLife Fitness Clubs and three Énergie Cardio Clubs in Quebec.



# 1,065,412

flu shots

were administered by Loblaw and Shoppers Drug Mart pharmacists

\* BC Medical Journal, accessed May 9, 2014.  
www.bcmj.org/blog/how-do-you-solve-problem-medication-non-adherence



## 64 dietitians

educate and support customers in 159 Loblaw stores

### Our Dietitians

In-store dietitians educate and support customers in choosing foods that ensure a nutritious diet. We introduced 19 dietitians in our stores in Atlantic Canada in 2014, bringing the total to 64 dietitians in 159 Loblaw stores. For the year, our dietitians provided:

- ✓ Individual customer consultations
- ✓ In-store nutrition and food advice
- ✓ School grocery store tours
- ✓ Food demonstrations
- ✓ Nutrition support through phone and email
- ✓ Community outreach

CSR Focus | Health and Wellness

## Quality Foods

Our commitment to healthy eating is most apparent in our fresh food and Natural Value departments. Loblaw offers a large assortment of organics, produce, meat and dairy products, and we continue to enhance our selection. We are also taking strong action to improve the nutrition profile of our control brand products:

### NO ARTIFICIAL SWEETENERS

We remain on track to meet our 2015 target of replacing artificial sweeteners like acesulfame-K, aspartame and sucralose in *President's Choice* products with stevia, which has up to 300 times the sweetness of sugar. We completed the full range of *PC Blue Menu* products in 2013.

### NO ARTIFICIAL FLAVOURS AND COLOURS

In 2014, we achieved our pledge to remove from all *President's Choice* products any artificial flavours and artificial colours. Though they are approved for use in Canada, Canadians are particularly concerned about artificial colours – like tartrazine and

Citrus Red No. 2 dye\* – as some studies have suggested links to childhood hyperactivity and other conditions.

Today, *President's Choice* products contain only flavours prepared from nature, and only colours that are either prepared from nature or produced to replicate exactly those that occur in nature.\*\* In all cases, colours and flavours are treated for safety, quality and purity. We are proud of this achievement and the hard work it required. It gives us a foundation to engage suppliers and government, and to better inform and serve Canadians seeking more naturally sourced food products.

### SODIUM REDUCTION

Since 2010, we have eliminated 186,177 kilograms\*\*\* of sodium across 650 products under our *President's Choice* and *no name* brands. We have done so by assessing our control brand products against Health Canada's recommended sodium reduction guidelines. We then identified which products require less sodium to meet the guidelines, while still maintaining the functionality, food safety and taste our customers expect.

In 2014, we developed 217 new control brand products that are within Health Canada's recommended sodium reduction guidelines. We also announced an accelerated plan to reduce sodium levels in 400 *President's Choice* products by an average of 20% by the end of 2015.

**186,177 kg**  
of sodium removed from  
650 control brand products  
since 2010

\* There are 10 synthetic colours approved for use in Canada that do not occur in nature. *President's Choice* products use none of them.

\*\* Natural flavour and colour ingredients can sometimes be difficult to use in commercially prepared foods because they can be unstable and impure. Further, natural flavour and colour ingredients undergo some treatment, like extraction or distillation, for quality assurance.

\*\*\* Data comprises unit sales.

## Guiding Stars®

Guiding Stars is a nutrition rating system that rates food products with up to three stars based on their nutritional value. It provides a fast and easy way for customers to make nutritious food choices while they are shopping. Loblaw is the only retailer in Canada to offer Guiding Stars. Since the introduction in 2011, we have launched Guiding Stars in 788 Loblaw stores across the country.

In addition to expanding the program into more stores, we are working with vendors to get more products rated using Guiding Stars' patented scientific algorithm. In the rating process, foods are credited for vitamins and minerals, dietary fibre, whole grains and omega-3 fatty acids, and debited for trans and saturated fats, added sodium and added sugars. To date, more than 50,000 products have been rated across all food categories.

“Over the past couple of years, the Government of Canada has taken a stand on sodium consumption – establishing voluntary reduction benchmarks for the industry while at the same time acknowledging the challenges. We applaud the government. And, we are committed to being a champion of these efforts.”

Galen G. Weston, Executive Chairman and President, Loblaw Companies Limited



**AKLIMA NIPA**

Manager, Offshore Compliance,  
Bangladesh,  
Loblaw Companies Limited

“I work with local factories in Bangladesh once their building fire and safety assessments are completed. I review the findings and help ensure that remediation plans are compliant. Our goal is to help these factories become safer and more successful.”

## Sustainable Sourcing

Climate change, population growth and human activity are putting enormous strain on land, water and biodiversity resources – in Canada and around the world. By sourcing sustainably, we aim to conserve our resources and improve the social, economic and environmental impacts of our supply chains.

Our strategies and processes continuously evolve with changing consumer expectations, regulatory requirements and emerging risk and opportunities. Our commitments drive change in the retail industry and we take that responsibility very seriously.

Joined the executive  
council of the Canadian  
Roundtable for  
Sustainable Beef

**159** Marine  
Stewardship Council  
(MSC) certified products

offered in our stores – more than  
any other retailer in Canada





CSR Focus | Sustainable Sourcing

## Offshore Sourcing

Loblaw took strong action in the wake of the 2013 collapse of the Rana Plaza complex in Savar, Bangladesh, by committing \$5 million in relief efforts and increasing the standards of our building fire and safety assessments for factories producing our products. We were also the first Canadian signatory to the Bangladesh Accord on Fire and Building Safety in 2013, which legally binds us to factory inspections and improvements.

In 2014, we extended our building fire and safety assessments for factories in Thailand, Cambodia, Sri Lanka, Vietnam and India. No new factory will be listed as a supplier in these countries unless an assessment is completed. A major outcome of these assessments has been fire and safety training, paid for by Loblaw, for managers and employees in the factories. The training covers fire safety protocols and processes such as maintaining fire exits, evacuation procedures and the proper use of a fire extinguisher.

We continued to monitor and evaluate all offshore suppliers using the internationally recognized Workplace Conditions Assessment (WCA) standard and our own Supplier Code of Conduct. The WCA audits assess labour, wages, hours, health and safety, and work environment. Suppliers that do not conform to both the WCA and Loblaw standards are given a time frame in which to make the necessary improvements. If they fail to comply, we discontinue the relationship.

Furthermore, Loblaw's supply chain built a team of audit compliance personnel in Bangladesh, Thailand, Cambodia, Sri Lanka, Vietnam and India. Each person on the team is responsible for the oversight of WCA audits and building fire and safety assessments in their region.

We also implemented an initiative with our global logistics service provider to ensure product deliveries are accepted only from Loblaw approved factories. At every port of origin where Loblaw procures goods from outside of Canada or the United States, our logistics provider validates the supplier name and specific factory name and address against our list of approved factories, which is updated weekly.



## Food Safety

We want our customers to have every assurance that the food they buy from us is safe and meets their expectations. To this end, we introduced enhanced product testing and nutrition verification programs in 2014. The programs are aimed at assuring that Loblaw control brand food products consistently meet quality, safety and regulatory specifications.

The product testing program requires that all food products be tested at launch and then annually by a designated third-party testing lab for compliance with product specifications, labelling and claims accuracy. The nutrition verification program requires analytical testing at least every two years to validate the nutrition facts table and label claims.

CSR Focus | Sustainable Sourcing

## Sustainable Sourcing Strategy

Our strategy is aimed at ensuring the sustainability of our supply chains and offering customers product choices that fit their values. This strategy often leads with our control brand products to drive change.

“I’d like to thank Loblaw for their support and commitment to source ASC certified seafood. By offering consumers ASC certified salmon, Loblaw gives them the opportunity to recognize and reward more responsible farming as well as contribute to transforming aquaculture towards sustainability.”

**Chris Ninnes**, CEO, Aquaculture Stewardship Council

\* Data does not include T&T Supermarkets and Real Canadian Wholesale Club, as well as select franchised stores.



### SEAFOOD

As part of our commitment to source seafood sustainably, we regularly introduce new sustainable seafood products. In 2014, Loblaw was the first grocery retailer in North America to offer Aquaculture Stewardship Council (ASC) certified Atlantic salmon. ASC certified seafood comes from fish farms that are responsibly managed and limit their adverse impact on the environment.

Our work to assess all seafood species/stocks against our seafood sourcing framework continued in 2014. By year end, 93%\* of the seafood products in our core seafood categories – frozen, fresh, canned and frozen grocery – were

procured from fully certified sources, sources acceptable with conditions, or sources making meaningful progress toward sustainability.

We continue to partner with vendors to offer more sustainable seafood products and to educate customers on the importance of buying products with the Marine Stewardship Council (MSC) and ASC eco-labels on the pack. Campaigns like our annual Oceans for Tomorrow event make a difference, but we know there is more work to be done to educate consumers about the measures we can all take to protect our oceans for future generations.

### PALM OIL

Palm oil is common in everyday products. However, demand for palm oil and its derivatives has contributed to environmental degradation and raised social concerns in regions where it is produced.

We are committed to supporting sustainable palm oil production for our control brands, and progressing on aligning

with the Roundtable on Sustainable Palm Oil (RSPO) supply chain models including the purchase of GreenPalm certificates. While we are not alone in this commitment, our scale makes this commitment that much more significant.

We conducted an inventory of our control brand food products that contain palm oil. The study found that more than 100 of our vendors produce



### BEEF

Loblaw is the retail lead and executive council member of the newly formed Canadian Roundtable for Sustainable Beef, alongside other stakeholders in the beef value chain. The Roundtable is focused on ensuring the Canadian beef industry remains economically viable, environmentally sound and socially responsible. As part of our participation, we helped fund the first national supply-chain-wide beef sustainability assessment and became the retail representative on a pilot project led by McDonald's® to create a verification process for sustainable beef.

more than 1,000 control brand products containing palm oil, palm kernel oil, or palm derived ingredients. For our food business alone, this represents close to 3,800 metric tonnes of palm oil, more than half of which is used in baked goods, making Weston Bakeries a key partner in this process. To achieve our commitment, we are now creating work plans with key vendors for implementation in 2015.

CSR Focus | Sustainable Sourcing

## Emerging Issues

As a large retailer and owner of four of Canada's biggest control brands (*President's Choice*, *Life Brand*, *no name* and *Joe Fresh*), we are regularly faced with new and emerging issues that influence consumers' values and behaviours. We need to evaluate these issues and ensure our control brands are advocating for our customers. Here's where we stand on three emerging issues:

### GENETICALLY MODIFIED ORGANISMS (GMOs)

At Loblaw, we're dedicated to helping customers feed themselves and their families in ways that meet their personal standards. We know customers have many questions about food – about nutrition, production methods, ingredients and more. One area of consideration relates to genetically modified organisms (GMOs) and genetically engineered (GE) ingredients.

Various products sold by Loblaw and other Canadian grocers contain GMO and GE ingredients. The Canadian government – through Health Canada – has determined that these are safe. This view is backed up by many scientific studies. However, some believe that these studies cannot predict the long-term effects of consuming GMO foods, which have been part of human diets for decades.

We understand that some customers prefer not to consume GE foods. For those customers, Loblaw offers a large selection of organic food as an alternative.

We understand that this remains an important topic for some customers. We will continue to track developments related to GMO and GE foods, and to offer customers thoughtful options.

We have also established an internal task force that meets with industry experts to advise and inform us on the topic.

### POLLINATOR CONSERVATION

We are collaborating with external stakeholders to address the issue of pollinator health, which is of considerable importance to us. In 2014, we requested the assistance of Professor Nigel Raine, a leading global expert on pollinators, to provide scientific guidance and advice on the appropriate role that Loblaw, as a retailer, can assume in reducing the risk to pollinators.

We conducted significant due diligence into alternative products and treatments through consultation with our grower community. We have also considered a labelling program to address growing consumer awareness. In all cases, these programs present practical challenges, including the ongoing likelihood of cross-contamination at various points in our supply chain. We continue to work

with our vendors and experts in the field to build consensus on a collective approach to address this challenge.

### CHEMICALS OF CONCERN

In the wake of consumer health and wellness concerns associated with certain chemicals in health and beauty and household products, we have begun to develop a plan of action for our control brands. Two years ago, Shoppers Drug Mart made a commitment to eliminate dibutyl phthalate (DBP) from its cosmetic and personal care control brand products.



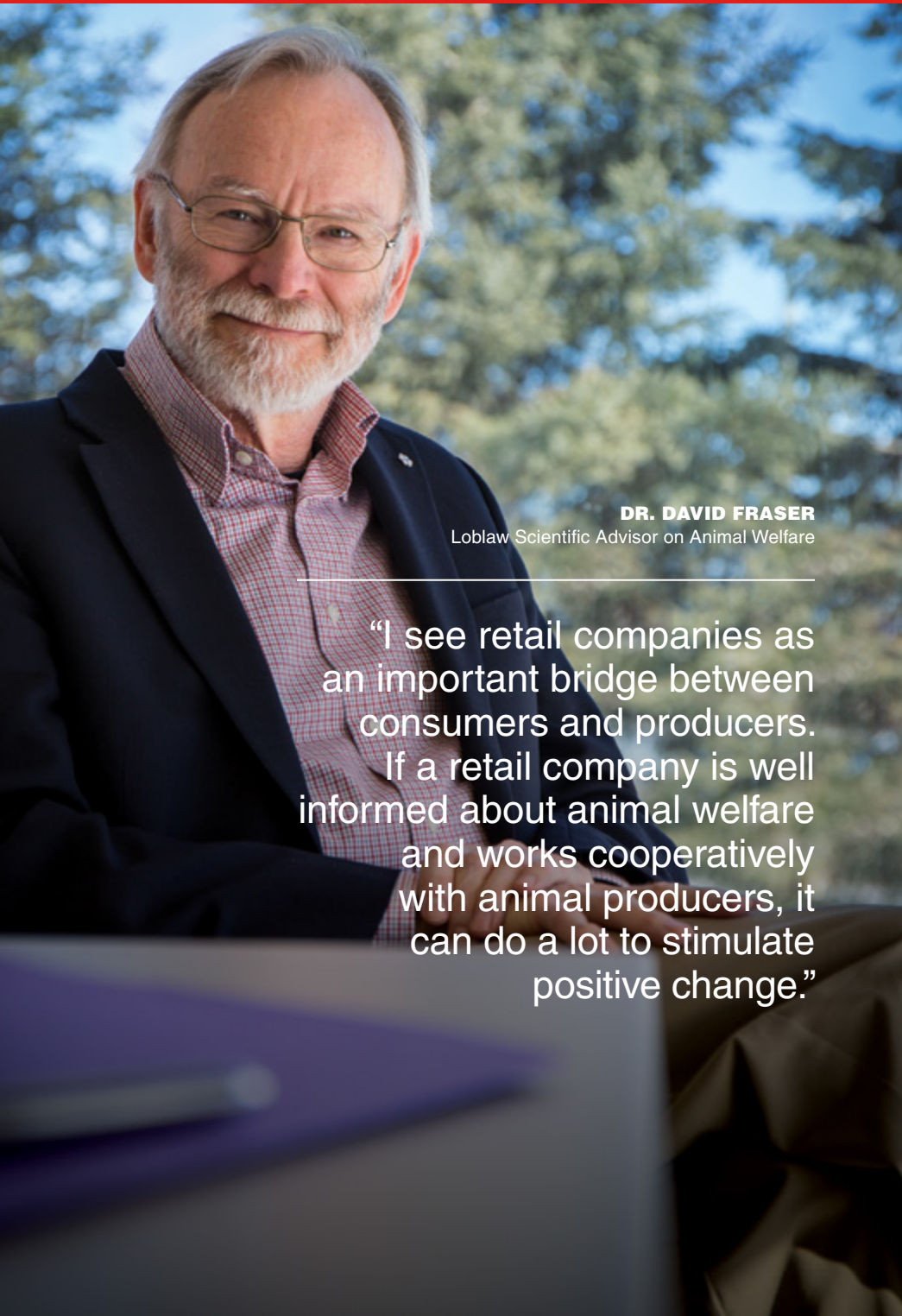
**The first-ever Joe Fresh line of skin care products was launched in 2014. Formulated and manufactured in Canada, the range is free of parabens, sulfates and synthetic fragrances. Plus, the products are not tested on animals.**



## Canadian-First

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. *Grown Close to Home* is our premier event to showcase the variety of produce grown in Canada. During the campaign, which runs during the peak growing season (August and September), more than 40% of produce in our stores is Canadian grown. In 2014, many of our stores launched the Near You campaign to include Canadian producers and artisans of cheese, baked goods, meats, seafood and some grocery items. New signage and flyers highlighted items Baked Near You, Raised Near You, Aged Near You and Picked Near You.



**DR. DAVID FRASER**

Loblaw Scientific Advisor on Animal Welfare

“I see retail companies as an important bridge between consumers and producers. If a retail company is well informed about animal welfare and works cooperatively with animal producers, it can do a lot to stimulate positive change.”

## Animal Welfare

Loblaw is one of Canada’s largest buyers and sellers of meat, poultry, eggs and dairy products. By promoting industry best practices and working with suppliers and industry partners to promote the ethical treatment of the animals raised for our products, we safeguard food quality and safety, and we drive best practices in our supply chain.

We are tackling issues associated with animal welfare by collaborating with industry partners, bringing in experts and setting targets and action plans. We will work with key vendors to track progress against the targets and to address the issues.

### Loose housing for veal

2018 target date for sourcing fresh veal only from vendors that have transitioned to loose housing

### Loose housing for pork

2022 target date for sourcing fresh pork only from vendors that have transitioned to loose housing



CSR Focus | Animal Welfare

## Commitment to Positive Change

Loblaw is committed to ensuring the animal products we sell are safe, high-quality products produced in a humane manner. At the same time, we recognize that there are significant implications throughout the supply chain in making changes to how animals are raised. We need to consider animal welfare as well as the economic impact of new standards placed on producers. By working together with industry partners, animal welfare experts, producers and governments, we aim to achieve the best possible outcomes.

“Animal welfare is fast becoming an issue of consequence to the Canadian consumer. It has moved up significantly on our priority list.”

**Galen G. Weston**, Executive Chairman and President, Loblaw Companies Limited



### VEAL

In 2013, Loblaw announced a commitment to only source fresh veal from vendors that have transitioned to loose housing by 2018. Loose housing allows for greater mobility for veal calves with minimal restriction. We have asked our veal suppliers to provide annual updates on their progress toward the target.

### PORK

Loblaw made a commitment in 2013 to only purchase fresh pork from suppliers that transition to loose housing environments for sows by year-end 2022. Loose housing allows greater mobility for sows

with minimal restriction. As they work toward the requirements, pork suppliers are required to submit annual status updates.

### LAYING HENS

We are partnering with egg suppliers to transition the *PC Blue Menu* line of eggs to free-run. Free-run eggs are exclusively sourced from laying hens that live in indoor open environments, where they are free to roam, feed, perch and nest. To date, all *PC* and *PC Organics* eggs are free-run. We began offering *PC Blue Menu* Omega-3 Free-Run Brown eggs in select Ontario stores in 2014 and will expand to other regions in 2015.

## Introducing Dr. David Fraser

In 2014, Loblaw engaged Dr. David Fraser as our scientific advisor on animal welfare. Dr. Fraser has served as an advisor on animal welfare for the retail and restaurant sectors in the United States and for the World Organization for Animal Health, and is a member of Canada's National Farm Animal Health and Welfare Council. In 2008, Dr. Fraser chaired the expert consultation on animal welfare of the United Nations Food and Agriculture Organization.

Dr. Fraser was appointed a member of the Order of Canada in 2005 for his work as a “pioneer in the field of animal welfare science”. His work has led to innovations in animal housing and management, ranging from designing better pigpens to reducing highway accidents involving wildlife.

In his role as scientific advisor to Loblaw, Dr. Fraser will conduct research, provide expert opinion and scientific guidance, and help ensure our commitments are aligned to animal welfare standards and best practices.





**SANTIAGO HOLGUIN**  
Second Harvest Driver

“It’s an honour to rescue food that would otherwise go to waste, and bring it to people who need it. Working with food donors like Loblaw, who love food and don’t want to see it wasted, is very important to keeping our food rescue program going.”

## Waste and Packaging

Tackling waste is a top priority. We took a public stand on waste in 2007 when we introduced a pay-for-bag approach as a means of reducing plastic shopping bag use. Since then, we have progressively broadened the scope of our activities.

Our ultimate goal is to avoid waste in the first place. However, where waste is generated, we want to find ways to put it to good use. We are currently evaluating our waste diversion programs and looking for new opportunities to make meaningful improvements.

**1,047** metric tonnes  
of fresh perishable food  
donated to local food banks  
and food rescue programs

**7.3** billion  
plastic shopping bags  
eliminated since 2007





CSR Focus | Waste and Packaging

## Reduce, Reuse, Recycle, Recover

Loblaw has made good progress on waste reduction and diversion over the past several years. We are especially pleased with the expansion of our Loblaw food reclamation program. We now have 166 Loblaw stores participating in the program, donating perishable food that is safe and nutritious to eat to local food banks across Canada and to Second Harvest's food rescue program in the Greater Toronto Area.

We strive to embed waste reduction into everyday practices. By charging for plastic shopping bags and encouraging the use of reusable bags and boxes, we have eliminated 7.3 billion plastic bags from our stores since 2007. In our head office, we achieved an 18% reduction in paper use in 2014.

In 2014, we commissioned the Recycling Council of Ontario (RCO) to conduct a waste analysis of our facilities with the goal to establish best practices. This included our waste diversion programs, waste classifications and materials, reporting and auditing. As a result, we reassessed energy from waste and no longer report it as diversion from disposal, and refined our performance reporting to ensure transparency and accountability to future claims.

We continue to advance programs to reduce the amount of waste we generate. Our support for organic

diversion programs and utilizing reusable plastic containers instead of corrugated cardboard boxes are two good examples.

Waste diversion programs are in place in all Loblaw corporate facilities. However, some are more advanced than others due to location and available infrastructure. Programs include the following:



### 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 are 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.

## Food Waste

Our customers tell us that they are concerned about food waste. So are we. It is reported that the value of food waste in Canada is \$31 billion dollars.\* We believe our role is to eliminate waste wherever possible – in our stores and supply chain. We have begun to make progress through changes in our products, processes and packaging.

### AT THE SOURCE

We have introduced new packaging and vacuum-sealed meat to extend product freshness. We have also taken tangible steps to shorten the supply chain process through our "Field to Fork" program where, for example, transport trucks can collect produce from a single pick-up point in growing regions.

### AT THE STORE

We are becoming more sophisticated in the way we order and distribute fresh goods to stores. Getting the volumes and timing just right requires extensive knowledge in sales patterns and expected weather. We also provide food-handling training for colleagues and employees.

\* "\$27 Billion" Revisited – The Cost of Canada's Annual Food Waste, Value Chain Management Centre, December 2014.

## Medical Disposal Service

Shoppers Drug Mart offers customers an effective solution for managing expired pharmaceutical and over-the-counter products, as well as sharps/syringes. Customers can bring their medicines and sharps to their local Shoppers Drug Mart, where they are then securely transferred and incinerated, preventing risks to patient health and waste streams. In 2014, 191,136 kilograms of unused or expired medications and 154,145 kilograms of sharps/syringes were safely disposed of through this service.

Loblaw pharmacies offer similar services across Canada.



CSR Focus | Waste and Packaging

## Packaging

For the past several years, we have worked to improve the packaging of our control brand products by reducing packaging weight, using renewable or post-consumer recycled (PCR) content, and ensuring packaging is recyclable or reusable.

Our key target, set in 2009, is to reduce control brand packaging by 5% (or 11,800,000 kg) by year-end 2015. However, progress has been slow – by year end, we were roughly 38%\* of the way there. It has become abundantly clear that packaging improvements require a team effort from businesses, local governments and the waste management sector – all of whom need to see the benefit in making the necessary investments of their time, energy and money. It also requires a willingness on the part of consumers to change their expectations and behaviours.

\* Reduction based on unit sales per year.



The challenges include the development of new packaging technologies, the cost of new equipment and processes, the scale of change required and the need to ensure food safety.

Nevertheless, inroads are being made. In 2014, we worked with select vendors to increase the amount of PCR content in produce packaging. One of the most promising innovations was a new format for *President's Choice* tomatoes. We also plan to launch a 15-litre water bottle made with 100% PCR polyethylene terephthalate (PET) in 2015.

In 2015, we also hope to launch products with renewable content in non-fibre-based packaging. First up are *President's Choice* coffee pods. We have been working on a project with our supplier, Club Coffee, and scientists at the University of Guelph to create a compostable coffee pod, and with municipalities to include the pods in their organic waste programs.



## Packaging Innovation

In 2014, we introduced a new peel and reseal film for our *President's Choice* tomatoes, replacing the old clamshell lid. The container is made of 70% PCR content, is fully recyclable and weighs 28% less than the previous package. Consumers like the new package because it gives them a clear view of the product and can be resealed for freshness.



Loblaw actively supports Canadian Stewardship Services Alliance Inc. (CSSA), a national, non-profit organization founded by leading retailers and manufacturers, to achieve better recycling performance. CSSA seeks to create convenient, environmentally sustainable ways for consumers to dispose of the paper, packaging and products they use.

[Learn more](#)

[www.cssalliance.ca](http://www.cssalliance.ca)

**VISHAL GUPTA**Senior Coordinator, Store Development,  
Loblaw Companies Limited

“Technological advancements, particularly in lighting, offer new opportunities to improve energy efficiency and we’ve been quick to embrace them. The latest LED innovations not only reduce energy consumption and maintenance costs, but also improve lighting quality.”

## Energy Efficiency

The consequences of climate change are being felt around the world. Collective action is needed to address the wide-ranging implications of this global challenge for generations to come. We are committed to doing our part, for the long-term good of our business, society and the environment.

Our focus is on reducing greenhouse gas (GHG) emissions by lowering energy consumption in our stores and distribution centres, improving efficiencies in our transport fleet, and expanding the use of renewable technologies such as solar panels.

### Lighting retrofits

completed in 221 corporate stores and eight distribution centres

### 3.2% reduction

in electricity use in Loblaw corporate stores

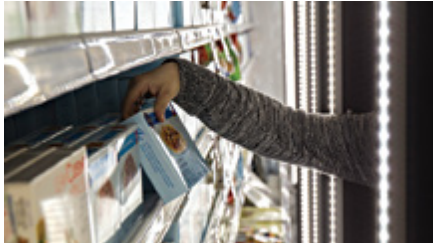




CSR Focus | Energy Efficiency

## Lighting and Refrigeration

Lighting, refrigeration and heating account for most of our energy consumption. We have invested heavily in our facilities to improve energy efficiency, which ultimately helps reduce our greenhouse gas emissions. Over the past three years, we have leveraged new lighting and refrigeration technologies and optimized our energy management system in Loblaw corporate stores and distribution centres across Canada. In 2014, we reduced our electricity consumption in comparable corporate stores by 3.2% – equivalent to the amount of energy needed to power approximately 5,273 homes in Canada for one year.



Retrofit projects in 2014 included the following:

- Adding vertical doors to open dairy and frozen food cases
- Adding LED light fixtures to vertical frozen door cases
- Installing LED light fixtures in our underground parking garages and shipping and receiving docks

Approximately 50% of a supermarket's energy consumption is attributed to running the refrigeration system, which is why we have invested in cutting-edge refrigeration systems and robust leak checking protocols. In 2014, we reduced the total amount of refrigerant leaked in Loblaw corporate stores by 6.7%.

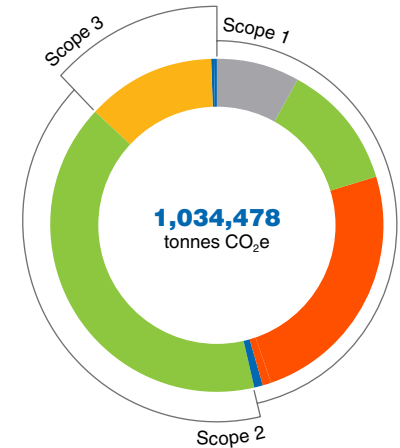


### SOLAR POWER

Loblaw has become a Canadian leader in rooftop solar installations. Since 2011, 62 rooftop solar projects have been completed in Ontario, with 23 in 2014 alone, covering stores, distribution centres and our head office. In total, 77,672 panels have been installed. One of the many benefits of rooftop solar power is that it offsets the power demanded during peak periods when electricity usage soars, such as on hot, sunny days.

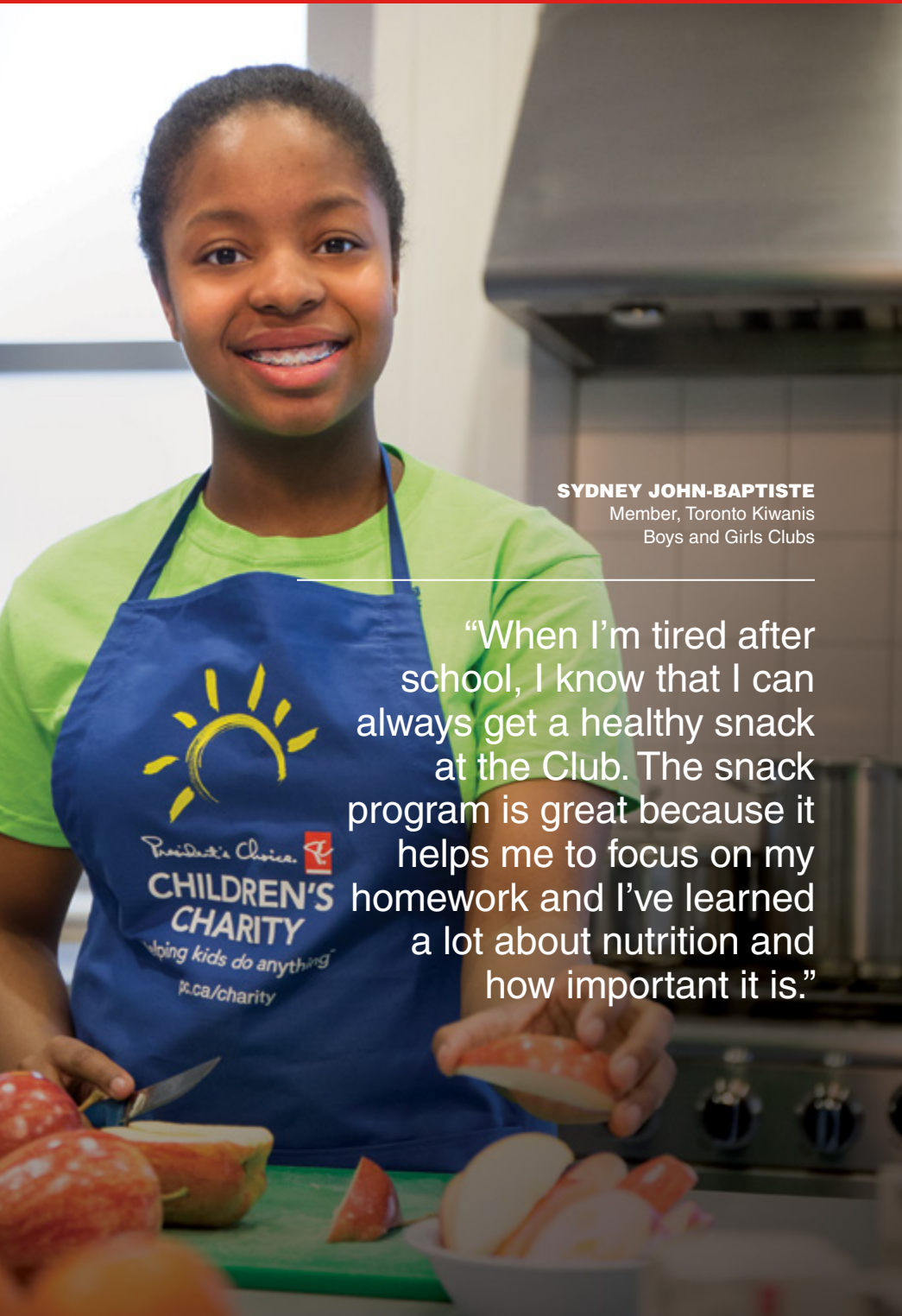
## Carbon Footprint

Our focus remains on reducing our overall operational carbon footprint. Loblaw corporate emissions for 2014 were 1,034,478 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e). From a business perspective, the reduction in Scope 1 emissions was most significant because these are the direct greenhouse gas (GHG) emissions over which we have the greatest control. They include emissions resulting from fleet and building fuel consumption and refrigerants. Scope 2 emissions are indirect GHG emissions resulting from electricity consumption and Scope 3 emissions are indirect emissions associated with waste and air travel.



**Scope 1 – Direct** 47%  
**Scope 2 – Energy Indirect** 40%  
**Scope 3 – Other Indirect** 13%

**Building energy consumption** 53%  
**Refrigerant releases** 25%  
**Waste** 13%  
**Fleet fuel consumption** 8%  
**Corporate travel** 1%

**SYDNEY JOHN-BAPTISTE**Member, Toronto Kiwanis  
Boys and Girls Clubs

“When I’m tired after school, I know that I can always get a healthy snack at the Club. The snack program is great because it helps me to focus on my homework and I’ve learned a lot about nutrition and how important it is.”

## Giving Back to Communities

We consider it a priority to give back to the communities where we operate. We have always recognized and acted on our responsibility to help these communities – from our commitment to healthy living, through the products and services we offer, to our support for programs such as national food drives.

Looking ahead, we will continue to focus our charitable giving programs on areas that resonate strongly with our customers and that are closely aligned with our business strategy – in particular, helping women and children. We plan to refine our approaches in both of these areas in the coming year.

**\$15.4 million**in contributions to  
children’s health**\$9.5 million**in contributions to  
women’s health

CSR Focus | Giving Back to Communities

## Making a Positive Difference in Our Communities

Loblaw's corporate giving efforts focus on *President's Choice Children's Charity*, Shoppers Drug Mart WOMEN, and programs dedicated to healthy active kids, feeding our neighbours and greening our communities.

In 2014, Loblaw corporate and franchised stores donated more than \$2.8 million to sport clubs, schools and events in their local communities. During the national food drives, stores raised more than \$2.3 million and 1.6 million pounds of non-perishable food for local food banks across Canada. Additionally, during the *Give a Little, Help a Lot* campaign, stores raised more than \$1 million for organizations dedicated to keeping kids healthy and active.

Since 2013, Shoppers Drug Mart has partnered with the Partnership for a Drug-Free Canada (PDFC) to offer a national drug take-back program in its pharmacies. PDFC aims to reduce the use of illicit drugs and non-medical use of prescription drugs by Canadian youth by supporting and educating parents and caregivers about the devastating effects of drug abuse, and by providing them with the tools they need to talk to their kids.

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

PCCC provides grants to programs that aim to fight childhood hunger – namely Breakfast for Learning™ and Boys and Girls Clubs of Canada – and to families of children with disabilities. In 2014, PCCC granted \$5 million to 2,271 child nutrition programs and \$10.4 million to 2,021 families of children with disabilities. PCCC also celebrated its 25th anniversary and the achievement of having granted more than \$116 million since its inception in 1989. Since 2008, PCCC has provided grants to more than 17,600 child nutrition programs, providing a nutritious meal to more than 2.2 million children across Canada.

[Learn more](#)

[www.pc.ca/charity](http://www.pc.ca/charity)

### **SHOPPERS DRUG MART WOMEN/ PHARMAPRIX FEMMES**

In 2014, the Shoppers Drug Mart WOMEN program granted \$9.5 million to various charities and organizations across Canada supporting women's health and well-being. Created with leading experts and institutions, Shoppers Drug Mart WOMEN is brought to life through eight partnership programs and more than 500 community-based women's health organizations. One example is the Motherisk program, a toll-free helpline run by The Hospital for Sick Children, which provides expecting parents, new mothers and

caregivers access to specially trained counsellors. The hotline served more than 17,000 Canadian women in 2014. Another example is the Virée Rose program, a unique partnership between the Quebec Breast Cancer Foundation and Pharmaprix FEMMES, which saw a fully outfitted RV travel across Quebec for 20 weeks in 2014 to encourage women to take care of their breast health.

One of the biggest events is the annual Shoppers Drug Mart *Run for WOMEN* which raises awareness and funds in support of women's mental health in 10 communities across Canada. The event raised more than \$278,000 for local women's health organizations in 2014.

[Learn more](#)

[www.shoppersdrugmart.ca/women](http://www.shoppersdrugmart.ca/women)





CSR Focus | Giving Back to Communities

## Loblaw Water Fund

To support those working to keep Canada's water supply healthy, WWF-Canada and Loblaw introduced the Loblaw Water Fund in 2014. The Fund provides grants to registered charitable organizations that conserve, protect or restore freshwater habitats and the species within. Partial proceeds from the sale of 5-cent plastic shopping bags in Loblaw corporate stores and

select franchised stores go towards WWF-Canada. Since 2009, Loblaw has donated \$1 million annually, a total of \$6 million to date, to WWF-Canada to support conservation initiatives like National Sweater Day, the Great Canadian Shoreline Cleanup and now the Loblaw Water Fund.

“The Loblaw Water Fund recognizes that we can do more together, supporting each other, than we can alone, and reflects the foundation of our relationship with Loblaw Companies Limited, a trusted partner that helps WWF-Canada engage Canadians around environmental issues.”

**David Miller**, President and CEO, WWF-Canada



Photo courtesy of Living Lakes Canada

**JUDY McCRIE**Executive Vice President, Culture,  
Loblaw Companies Limited

“For Loblaw, culture is not an agenda item or a project, but something we live and breathe. That’s why we’re embedding clear and easy-to-understand culture principles into our company’s practices. Building on the steps we’ve already taken, I believe Loblaw is in the right place to make our culture vision a reality.”

## Developing Our People and Culture

Recognizing that it’s our colleagues who drive the success of the company, we have identified corporate culture as a strategic business priority. We want to make sure that we do the right things to harness the talents of all of our colleagues and to embed the best practices of both Loblaw and Shoppers Drug Mart.

Our leaders set the tone and we are working with them to lead the culture journey. Over the coming months, our colleagues will become more actively engaged in efforts to create a winning culture focused on achieving our shared company purpose – *Live Life Well*.

Canada’s Top 100  
Employers

Recognized as one of  
Canada’s Top 100 Employers  
for the sixth straight year

**7,000** colleagues  
and employees surveyed  
to help define our new culture



CSR Focus | Developing Our People and Culture

## Creating a Winning Culture

We have embarked on an exciting journey of change and opportunity. From the start, we wanted to ensure we got it right, that Loblaw and Shoppers Drug Mart employees would flourish and the businesses would excel. Among the steps we have taken:

### CULTURE VISION

We conducted a survey of 7,000 colleagues and employees to better understand our existing culture and develop a picture of our ideal culture. The survey helped identify the cultural styles that would maximize effectiveness and what we needed to focus on to drive change.

Survey results shaped our ideal culture vision, which includes colleagues rallying around our shared company purpose, while collaborating and supporting each other across our six unique divisions. It is a culture built on trust, authenticity and connections – where how we approach our work is equally as important as what we achieve.

### LEADERSHIP DEVELOPMENT

We undertook a number of leadership initiatives aimed at both moving us toward our desired culture and providing professional development opportunities. Senior executives from across our businesses participated in a unique leadership program, where they explored personal mindsets and

learned how bringing conscious awareness and self-mastery of those beliefs can drive excellence.

Following these sessions, 35 executives volunteered to play an active role in our company's cultural journey. As culture champions, these leaders are expected to model desired behaviours and motivate others. Culture champions get involved in internal projects that have a cultural component and many will act as mentors to fellow colleagues in a mentorship program being launched nationally in 2015.

### COMMUNICATIONS

We have stepped up the number of opportunities for colleagues to speak with leaders. This includes forums such as *Let's Talk*, which are guided discussions between senior leaders and groups of 10 to 15 colleagues, and *Success Talks*, which are a series of interactive sessions in which senior leaders from Loblaw and Shoppers Drug Mart share their career stories.



## Accelerated Leadership Program

Our Accelerated Leadership Program (ALP) is aimed at developing the leadership capabilities of high-performing and high-potential colleagues. Developed in partnership with the Schulich Executive Education Centre at York University, the intensive program includes core curriculum sessions and a group project. The in-class sessions cover topics such as leadership transformation, collaborative thinking and innovation, financial acumen and more. In the group

projects, participants are challenged to use their new skills in a business case, bringing fresh ideas and creativity to issues and opportunities aligned with business goals.

More than 100 Loblaw and Shoppers Drug Mart employees have completed the eight-month ALP, which has a weekly time commitment similar to that of an executive MBA program.

Post graduation, participants meet with senior executives to transfer knowledge and research related to their areas of study so that practical improvements can be applied directly to the business.

“The Accelerated Leadership Program is a great opportunity to enhance your leadership effectiveness. It is evident that Loblaw is serious and willing to make a significant investment in its people.”

**Accelerated Leadership Program graduate**





# Performance

We set annual targets within each of our five CSR pillars so our customers, colleagues and partners can see our progress and hold us accountable.

## 🔄 2014 Targets and Achievements

- 🔄 Respect the Environment
- 🔄 Source with Integrity
- 🔄 Make a Positive Difference in Our Community
- 🔄 Reflect Our Nation's Diversity
- 🔄 Be a Great Place to Work

## 🔄 2015 Targets

## 🔄 Awards and Recognition

## 2014 Targets and Achievements



### Respect the Environment

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

Target met
  Target almost met or on track
  Target not met or at initial stages

#### WASTE REDUCTION



**TARGET:** Achieve an average of 85% waste diversion from landfill at distribution centres.

**ACHIEVEMENT:** Diverted 86% of distribution centre-generated waste nationally. Increase was largely due to the expansion of organic diversion programs in our Ajax, Ontario and Boucherville, Quebec distribution centres.

##### Waste diversion rate:



**TARGET:** Reduce waste from corporate stores in each region by three percentage points relative to 2013 results: Ontario, 86%; Quebec, 65%; West, 54%; Atlantic, 67%.

**ACHIEVEMENT:** Results are: Ontario, 64%; Quebec, 61%; West, 50%; Atlantic, 64%. See our waste discussion on [page 21](#).



**TARGET:** Reduce paper use at our corporate head office by 5%.

**ACHIEVEMENT:** Reduced paper use by 18% vs. 2013 by installing new printers, implementing double-sided print defaults and assigning print pass cards to each colleague.

#### PACKAGING



**TARGET:** Reduce control brand packaging by 5% by year-end 2015.

**ACHIEVEMENT:** Since 2009, we have reduced packaging in 270 control brand products by more than 4.4 million kilograms\*. Biggest contributor in 2014 was the shift from boxes to bags for our *Butcher's Choice* burgers.



See our packaging discussion on [page 22](#).

\* Data comprises unit sales.



## Performance | 2014 Targets and Achievements | RESPECT THE ENVIRONMENT



**TARGET:** Develop partnerships to increase the use of post-consumer recycled (PCR) content in packaging.

**ACHIEVEMENT:** Engaged with several vendors to increase the use of PCR content in packaging. Our best success story to date is our *PC* water bottle made of 100% PCR content.



**TARGET:** Launch products with increased PCR content in polyethylene terephthalate (PET) packaging.

**ACHIEVEMENT:** Launched new packaging for *President's Choice* cherry tomatoes. The container is made with 70% PCR content. See the story on [page 22](#).



**TARGET:** Launch products with increased renewable content in non-fibre-based packaging.

**ACHIEVEMENT:** We continue to investigate this evolving technology and opportunities with our vendors.



**TARGET:** Conduct a vendor survey on the use of certified sources of fibre-based packaging.

**ACHIEVEMENT:** Surveys were sent to all vendors and 60% have responded to date. We are currently assessing results and establishing a baseline.

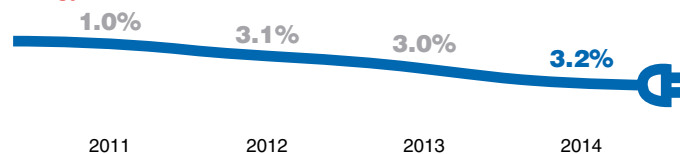
### ENERGY REDUCTION



**TARGET:** Reduce total energy consumption by 3% in existing corporate stores.

**ACHIEVEMENT:** Reduced our energy consumption in existing corporate stores by 3.2%.

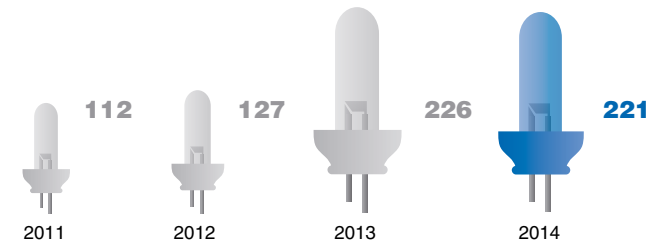
#### Energy reduction:



**TARGET:** Complete lighting retrofits in 140 corporate stores and seven distribution centres.

**ACHIEVEMENT:** Completed lighting retrofits in 221 corporate stores and eight distribution centres across Canada. See our lighting discussion on [page 24](#).

#### Number of corporate stores that have completed lighting retrofits:



**TARGET:** Install a CO<sub>2</sub> refrigeration system in one corporate store.

**ACHIEVEMENT:** Target not met. We installed a CO<sub>2</sub> refrigeration system in one corporate store in 2013 and our intent, moving forward, is to install this system in new corporate stores.



**TARGET:** Complete 20 solar panel projects in Ontario.

**ACHIEVEMENT:** Completed 23 solar panel projects in 2014. In total, we have 62 solar projects in commercial operation in Ontario. See our discussion on [page 24](#).

### WATER FOOTPRINT



**TARGET:** Complete a water footprint assessment of our operations.

**ACHIEVEMENT:** Target not met. Analyzing data in 2015.





## Source with Integrity

By sourcing with integrity, we aim to uphold our ethical values throughout our supply chain, promote safe and sustainable products, and support Canadian suppliers.

### OFFSHORE VENDORS



**TARGET:** Implement upgraded workplace and fire safety standards for vendors in emerging markets.

**ACHIEVEMENT:** Implemented building fire and safety assessments for factories producing our products in Thailand, Cambodia, Sri Lanka, Vietnam and India.

### SUSTAINABILITY



**TARGET:** Develop sustainability guidelines for all control brand categories.

**ACHIEVEMENT:** Established a control brand sustainability framework. Next step is to develop a sustainable sourcing guide for our business.



**TARGET:** Identify control brand fresh commodities with the biggest impact on “at risk” watersheds in Canada.

**ACHIEVEMENT:** Work was completed with WWF-Canada. Identified livestock and select produce and grains as having the biggest impact on “at risk” watersheds in Canada based on their location and volume, water supply and irrigation practices, as well as inputs into water streams.

### PALM OIL



**TARGET:** By year-end 2015, support the sustainable production of palm oil for our control brand products by aligning with the Roundtable on Sustainable Palm Oil (RSPO) supply chain models including the purchase of GreenPalm certificates.

**ACHIEVEMENT:** Conducted a vendor survey to confirm the amount of palm oil in our control brand food and non-food products.

Plan in place to source sustainable palm oil for our control brand food products. Assessment and plan of action for our non-food control brand products will be completed in 2015. See our discussion on [page 16](#).

Performance | 2014 Targets and Achievements | SOURCE WITH INTEGRITY

SUSTAINABLE SEAFOOD



**TARGET:** Introduce Aquaculture Stewardship Council (ASC) certified, responsibly farmed Atlantic salmon and closed containment grown Atlantic salmon in our stores.

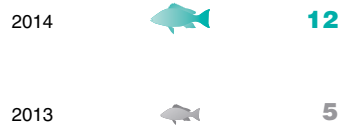
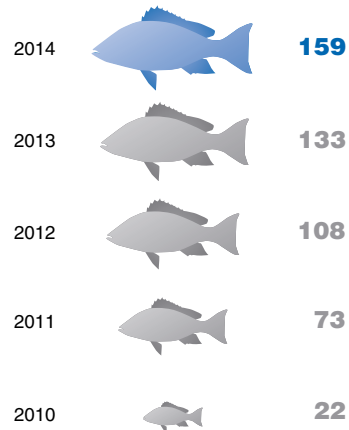
**ACHIEVEMENT:** Introduced ASC certified Atlantic salmon in stores. We continue to monitor the availability of closed containment grown Atlantic salmon. See our discussion on [page 16](#).



**TARGET:** Increase our range of wild-caught Marine Stewardship Council (MSC) certified canned tuna products.

**ACHIEVEMENT:** Although the total number of MSC and ASC certified products increased in our stores, work is still in progress to increase the number of certified canned tuna products.

159 MSC certified and 12 ASC certified products offered in our stores:



ANIMAL WELFARE



**TARGET:** Source all fresh veal from suppliers that have transitioned to loose housing by 2018. Obtain progress updates from our veal vendors.

**ACHIEVEMENT:** Target on track for 2018. We continue to work with industry partners, experts and our fresh veal vendors to promote good practices related to animal welfare. See our discussion on [page 19](#).



**TARGET:** Source all fresh pork from suppliers that have made a transition to loose housing environments by year-end 2022. Obtain progress updates from our pork vendors.

**ACHIEVEMENT:** Target on track for 2022. We continue to work with industry partners, experts and our fresh pork vendors to promote good practices related to animal welfare. See our discussion on [page 19](#).



**TARGET:** Expand PC Blue Menu Omega-3 Free-Run eggs offering.

**ACHIEVEMENT:** Rolling out product to Quebec stores in 2015 and we are assessing the possibility of offering it in Shoppers Drug Mart locations.





## Make a Positive Difference in Our Community

We make a positive difference by meeting the health and wellness needs of Canadians and giving back to the communities in which our stores operate.

### HEALTH AND WELLNESS



**TARGET:** Replace artificial sweeteners in *President's Choice* products with stevia by year-end 2015.

**ACHIEVEMENT:** Target on track. Replaced artificial sweeteners in our *PC Blue Menu* products with stevia in 2013.



**TARGET:** Reduce sodium in 400 *President's Choice* products by an average of 20% by year-end 2015.

**ACHIEVEMENT:** Target on track. We have reduced sodium by an average of 25% in 93 *President's Choice* products. See [page 13](#).



**TARGET:** All *President's Choice* products to be below the maximum allowable Health Canada sodium reduction targets by year-end 2015, as long as functionality, food safety and taste are not compromised in the process.

**ACHIEVEMENT:** On track to achieve target by year-end 2015.



**TARGET:** Roll out the Guiding Stars® nutrition rating system in all stores by year-end 2015.

**ACHIEVEMENT:** Guiding Stars nutrition rating system is now offered in 788 Loblaw stores across Canada with more roll-outs planned in 2015. See [page 13](#).



**TARGET:** Introduce 19 dietitians in stores in Atlantic Canada.

**ACHIEVEMENT:** Introduced 19 dietitians in select *Dominion* and *Atlantic Superstore* locations in Atlantic Canada. See [page 12](#).



## Performance | 2014 Targets and Achievements | MAKE A POSITIVE DIFFERENCE IN OUR COMMUNITY



**TARGET:** Conduct 500 nutrition school tours in stores.

**ACHIEVEMENT:** Conducted 692 elementary school nutrition tours in Loblaw stores, in which students learned about nutrition and the Guiding Stars® nutrition rating system.



**TARGET:** Launch an in-store bone health awareness program for colleagues and customers.

**ACHIEVEMENT:** Launched program with Osteoporosis Canada in all Loblaw stores in partnership with our pharmacy division. See [page 12](#).



**TARGET:** Implement an in-store colleague wellness program led by dietitians.

**ACHIEVEMENT:** In addition to supporting the health and well-being of customers, dietitians developed a six-week colleague wellness program incorporating healthy eating tips and recipes along with physical activity to encourage healthy living. The program was available to colleagues in all Loblaw stores that have in-store dietitians.

### CORPORATE GIVING



**TARGET:** Contribute more than \$5 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.

**ACHIEVEMENT:** Loblaw donated \$5.1 million to various charities and non-profit organizations across Canada. Recipients included:



*President's Choice*  
Children's Charity

**\$1.8 million**

WWF-Canada

**\$1.15 million**

Food Banks Canada

**\$271,500**

Loblaw After-School Grants

**\$250,795**



**TARGET:** Expand the Loblaw food reclamation program to 250 corporate stores.

**ACHIEVEMENT:** To date, 166 Loblaw stores are participating in the program. See our discussion on [page 21](#).



Target met



Target almost met or on track



Target not met or at initial stages



## Reflect Our Nation's Diversity

We recognize Canada's diversity as a source of national pride and strength. We make it a priority to reflect our nation's evolving diversity in the products we sell, the people we hire and the culture we create within our organization.

Target met
 Target almost met or on track
 Target not met or at initial stages

### INCLUSIVE WORKPLACE



**TARGET:** Implement external programs to recruit personnel from community groups such as aboriginals, new Canadians and persons with disabilities.

**ACHIEVEMENT:** We continue to work with industry partners and our management teams to implement external programs to recruit personnel from various community groups. Plan is to evaluate the strategy in 2015.



**TARGET:** Execute our multi-year organizational strategy to meet customer and colleague accessibility requirements.

**ACHIEVEMENT:** National strategy in place to meet customer and colleague accessibility requirements as part of the Accessibility for Ontarians Disability Act, 2005. Focus in 2014 was on establishing a feedback process and conducting accessibility awareness training through e-learning courses and small group sessions.



**TARGET:** Increase colleague participation in women@Loblaw events by 10%.

**ACHIEVEMENT:** Women@Loblaw aims to build a sustainable network that engages colleagues. Various professional development and networking opportunities are held during the year. Colleague participation in women@Loblaw events increased by 48% in 2014.



**TARGET:** Expand the "I Speak" program to all corporate stores.

**ACHIEVEMENT:** In stores implementing the "I Speak" program, colleagues' first languages are included on their nametags. Re-evaluating program in 2015.

### MULTICULTURAL PRODUCTS



**TARGET:** Increase our range of multicultural products across our *Rooster Brand*, *T&T* and *Suraj* brands by 50%.

**ACHIEVEMENT:** Increased our range of *Rooster Brand*, *T&T* and *Suraj* products by 42%.





## Be a Great Place to Work

We strive to engage and inspire every colleague every day. Along with fulfilling work, we offer open communication, rewards and recognition, ongoing learning, and a safe and healthy work environment.

### HEALTH AND SAFETY



**TARGET:** Reduce total accidents by 5%.

**ACHIEVEMENT:** Reduced total accidents by 5.9%. Achieved our target by standardizing safety procedures and inspections, refreshing training materials and tools, and maintaining ongoing colleague communications.

### TRAINING AND DEVELOPMENT



**TARGET:** Increase colleague participation in e-learning training courses by 5%.

**ACHIEVEMENT:** Participation numbers were below target. However, participation in instructor-led courses more than doubled due to the roll-out of SAP systems in Loblaw stores and distribution centres across Canada.

#### e-Learning courses:

2013	2014
64,012	62,403

#### Instructor-led courses:

2013	2014
28,394	62,750



**TARGET:** Implement a national mentor program to connect colleagues with senior leaders in the business.

**ACHIEVEMENT:** Piloted a mentor program in 2014 with great success. Expanding the program in 2015.



## 2015 Targets



We set both annual and long-term CSR targets. Our long-term targets span several years and focus on addressing complex issues that typically require extensive research, stakeholder collaboration, supplier/vendor impact assessments and multi-year action plans to deliver results.

### WASTE REDUCTION

Reduce waste from corporate grocery stores in each region by three percentage points relative to 2014 results (Ontario, 66%; Quebec, 63%; West, 52%; Atlantic, 64%).

### ENERGY EFFICIENCY

Reduce total energy consumption by 1% per square foot in existing corporate grocery stores.

Retrofit the fresh counters in corporate grocery stores with LED lighting.

Retrofit task lighting in corporate grocery stores in Ontario, Nova Scotia and Newfoundland and Labrador.

Install vertical doors to open dairy and frozen food cases in corporate grocery stores by year-end 2017.

### REFRIGERATION

Reduce greenhouse gas emissions associated with refrigerant leaks by 5% in corporate grocery stores.

Install CO<sub>2</sub> refrigeration system in two corporate grocery stores.

Pilot hydrofluoroolefin (HFO) refrigerant in two corporate grocery stores.

### PACKAGING

Reduce packaging in control brand products by 5% by year-end 2015.

Fibre used in folding cartons, corrugated boxes and trays to be sourced from recycled material or from certified sustainably managed forests by year-end 2018.

### FOOD WASTE

Conduct a food waste study alongside industry stakeholders.

### RESPONSIBLE SOURCING

Implement sustainable sourcing guidelines for food category management teams.

By year-end 2015, support the sustainable production of palm oil for our control brand products by aligning with the Roundtable on Sustainable Palm Oil (RSPO) supply chain models including the purchase of GreenPalm certificates.

Continue to source sustainable seafood by expanding our chain-of-custody certification and increasing the number of certified sustainable products in our stores.

Identify *President's Choice* and *Life Brand* products that contain chemicals and ingredients of concern through a vendor audit.

Establish a deadline to no longer use triclosan or phthalates in *President's Choice* and *Life Brand* household, beauty and health products.

Be the retail lead on the executive council of the Canadian Roundtable for Sustainable Beef and in the verified sustainable beef pilot.

Support sustainable cocoa farming practices by sourcing UTZ certified cocoa for our *President's Choice* Gold Bar line of chocolate by year-end 2015.

## Performance | 2015 Targets

### ANIMAL WELFARE

Obtain status updates from our fresh veal and fresh pork vendors on their progress towards loose housing environments for veal calves and pig sows that align with our targets.

Expand *PC Blue Menu* Omega-3 Free-Run Brown eggs offering.

Conduct a comprehensive review of best practices in animal handling and welfare with our animal welfare scientific advisor.

### SUPPLY CHAIN

Update Loblaw supplier code of conduct.

Implement management program in emerging markets to ensure products delivered to Canada are sourced from approved factories.

Expand our audit compliance personnel team in emerging markets.

### HEALTH AND WELLNESS

Replace artificial sweeteners in *President's Choice* products with stevia 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 the maximum allowable Health Canada sodium reduction guidelines by year-end 2015, as long as functionality, food safety and taste are not compromised in the process.

Introduce *no name* Naturally Imperfect™ products in select Loblaw stores.

Launch Guiding Stars® in *Maxi* and *Maxi & Cie* stores in Quebec.

Expand dietitian program in Loblaw stores in Quebec.

Provide 3,000 pharmacists at Shoppers Drug Mart/Pharmaprix locations with advanced osteoporosis training to help Canadian women reduce their risk of fractures.

### PHARMACY

Open Shoppers Drug Mart Patient Contact Centre.

Develop a nutrition guide for Shoppers Drug Mart/Pharmaprix network pharmacists to help educate customers and patients on healthy eating.

### COMMUNITY GIVING

Provide nutritious meals to 450,000 children across Canada through *President's Choice* Children's Charity grants.

Raise \$2.5 million and 1.5 million pounds of food to assist provincial and local food banks across the country through our national food drives.

Expand the Loblaw food reclamation program to 250 corporate stores.

Assist 20,000 expectant parents, new mothers and caregivers across Canada through the Motherisk Helpline.

Increase participation in the Shoppers Drug Mart/Pharmaprix *Run for WOMEN* event to 10,000 participants.

Shoppers Drug Mart/Pharmaprix to provide funding to 450 local charitable organizations across Canada focused on women's health and well-being.

Engage 20,000 women across Canada to develop a personalized breast health plan through an online tool.

Support the provision of mobile mammography services to 11,000 women in British Columbia.

### INCLUSIVE WORKPLACE

Achieve a 50% participation rate of women in talent development programs.

### LEARNING AND DEVELOPMENT

Increase colleague participation in e-learning courses by 10%.

Increase colleague participation in our national mentor program by 10%.

### HEALTH AND SAFETY

Reduce total accidents by 5%.

# Awards and Recognition

We were honoured to be recognized by various CSR-related award programs in 2014.

## Canada's Top 100 Employers

This was our sixth consecutive year to receive this award. The competition is one of Canada's best-known annual awards, recognizing companies and organizations that are leaders in attracting and retaining employees.



## 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 for the fifth consecutive year as one of Canada's leaders in attracting and retaining younger employees to their organization.



## Greater Toronto's Top Employers

This award recognizes Greater Toronto employers that lead their industries in offering exceptional workplaces. This is the sixth time Loblaw has received this honour.



## Maclean's – Top 50 Socially Responsible Corporations in Canada

Loblaw was recognized for our response to the Rana Plaza factory collapse in Bangladesh, and our success in reducing the number of plastic shopping bags in our stores.



## Daily Bread Food Bank's 2014 Best in Class Award Winner

Daily Bread Food Bank provides food and resources to almost 200 food programs across Toronto. Loblaw was recognized for our leadership in the fight to end hunger.



## Hypertension Canada – Certificate of Excellence

Loblaw was recognized for our pharmacist-led blood pressure awareness program and for our positive approach to health management and chronic diseases. Loblaw pharmacists conducted more than 33,619 blood pressure tests and consultations in 2014.

## Corporate Knights – Best 50 Corporate Citizens in Canada

The Best 50 recognizes Canadian industry leaders on a diverse set of sustainability metrics. Loblaw was among the Best 50 and the highest ranked company in the consumer staples sector.



## DUX Award

The DUX Contest recognizes and promotes exemplary practices promoting healthy eating habits in Quebec. Loblaw was recognized for launching the Guiding Stars® program.



## Sustainable Finance Initiative (IFD-SFI) – Best Corporate Sustainability Report

The Sustainable Finance Initiative is a non-profit financial organization based in Montreal that brings together financial professionals to promote sustainable finance and responsible investments. Our 2013 CSR report was awarded best corporate sustainability report in the consumer staple and discretionary segment of TSX60Plus companies for its scope, key performance indicators, action plans, accessibility, credibility and visual appeal.



## Contact Information

Loblaw Companies Limited is a subsidiary of George Weston Limited.

### National Head Office and Support Centre

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

Tel: 905-459-2500

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

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



We value your feedback.  
Please take a moment  
to complete our survey.

[www.loblaw-reports.ca/survey](http://www.loblaw-reports.ca/survey)

