



**Corporate Social
Responsibility
Report - 2019**

**Live
Life
Well.**

**Loblaw
Companies
Limited**

About This Report

As Canada's food and pharmacy leader, we play an important role in bringing about positive environmental and social change – both nationally and in the communities we serve. We aspire to be stewards in these areas, and want our stakeholders, shareholders and the public-at-large to understand what we are doing to address some of the pressing challenges facing Canadian consumers.

In this, our 13th annual Corporate Social Responsibility (CSR) report, we provide both a retrospective look at our CSR objectives, and introduce new goals that we will strive to achieve. We outline aspects of our CSR governance framework that help keep us accountable and focused on the issues that matter most to our customers, and set out our progress relative to three important pillars:



Environment

We are committed to reducing the environmental impact of our operations, and recognize that we can have a considerable impact on the environment by improving our approach to waste management, energy consumption, packaging, transportation and refrigerant efficiency, and more.



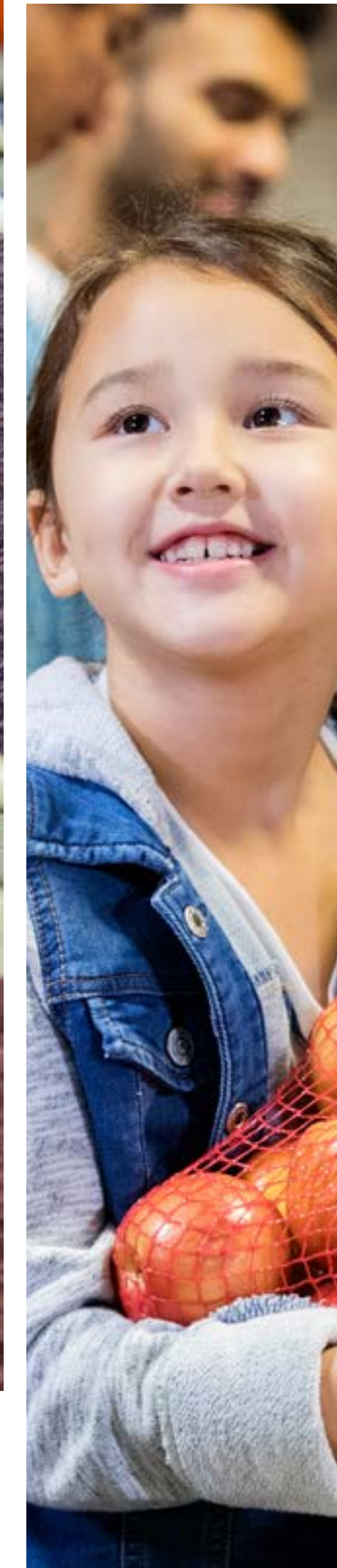
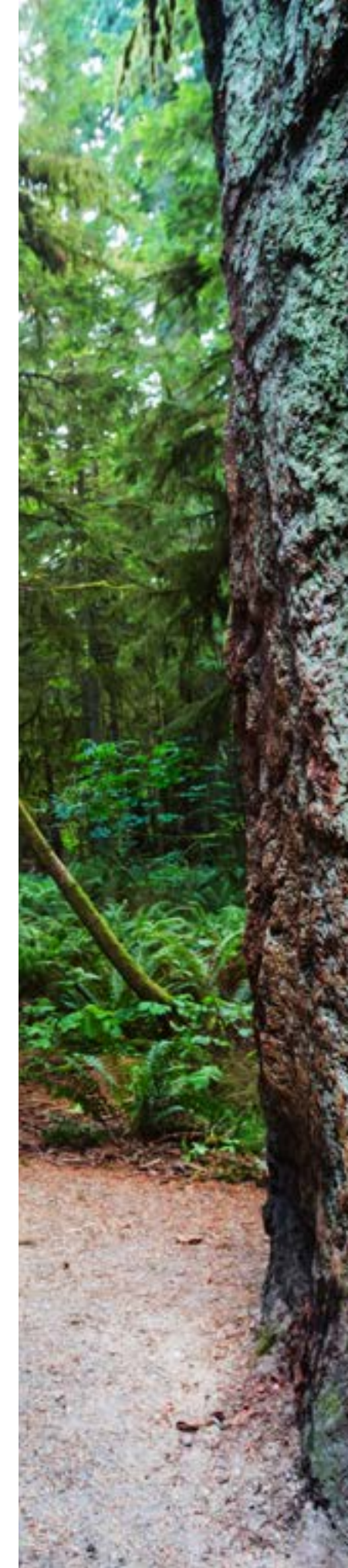
Sourcing

Our customers expect the products we sell to be safe and responsibly sourced. This means upholding our values throughout our supply chain, promoting safe and sustainable products and supporting Canadian suppliers.



Community

We want to make a positive difference in our communities with a focus on tackling childhood hunger, putting women's health first, funding research that advances solutions to sustainable food challenges, promoting health and wellness and giving back to the communities we serve.



Reading and understanding this report

- Unless otherwise noted, all highlights are based on 2019 results.
- Our reporting and data measurement methods are consistent with those used to complete our 2018 CSR report.
- Loblaw Companies Limited and its subsidiaries own a number of trademarks. These trademarks are the exclusive property of Loblaw Companies Limited or one of its subsidiaries.
- Where other third-party trademarks are used in this report, they are the trademarks of their respective owners.
- Where appropriate, we have also indicated the inclusion of franchisee and third-party specifics relating to Shoppers Drug Mart/Pharmaprix Associate owners.

For more information

This report represents our CSR progress within our corporate operations in 2019.

For CSR-related inquiries, please contact us at csr@loblaw.ca.

For the latest updates regarding our progress, follow us on [Twitter](#), [Facebook](#), [Instagram](#) and [LinkedIn](#).

Loblaw Companies Limited is a subsidiary of George Weston Limited.
National Head Office and Support Centre
1 President's Choice Circle
Brampton, Ontario L6Y 5S5
Tel: 905-459-2500



About Loblaw

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

From coast to coast, our community-based network of more than 190,000 colleagues in nearly 2,500 corporate and independently operated stores and pharmacies provides customers with grocery, health and wellness, beauty, apparel, general merchandise, wireless mobile and financial products and services. The Company has a growing digital-retail business and one of the nation’s top loyalty programs, PC Optimum™.

We are guided both strategically and socially by our company purpose – helping Canadians *Live Life Well*. Every day, this purpose comes to life across our five divisions:

[Visit Loblaw.ca](http://Loblaw.ca)



Live Life Well.

Message to Stakeholders

Thank you for taking the time to read the Loblaw Corporate Social Responsibility (CSR) report for 2019.

Since its very first days, Loblaw has been a family business. As such, we take a long-term view, thinking of decades not quarters. From pioneering self-serve grocery, to the birth of unique control brands and expansive fresh food halls, ours is an organization that has always had a keen eye towards the future. And at each step along the way, we have evolved to reflect the social, demographic and environmental trends that matter most.

More than abstract concepts, those trends define how we think about building our business. They have led us to reduce our carbon emissions by 29.7%, hold our manufacturers accountable for worker safety around the globe and commit \$150 million towards tackling childhood hunger.

These, and the many other CSR efforts underway across our organization, are built around three pillars:

1. Reducing the impact of our operations on the environment;
2. Sourcing safe and sustainable products for our customers; and,
3. Making a positive difference for our colleagues and communities.

The following pages are a celebration of the progress we have made against each of these areas, all thanks to the conviction and hard work of our people. They represent a clear demonstration that CSR does not come at the cost of performance, but instead, can be a driver of it. And, they reflect our pledge for the future.

Today, that future feels uncertain as we publish this report amidst the COVID-19 pandemic that is being experienced coast to coast. We don't yet know what will change as we emerge from this period of time, but our conviction has never been higher that organizations such as ours have both the opportunity and responsibility to have a positive effect in the communities we serve. Thank you to our colleagues, suppliers and customers who continue to support us as we do so.



Galen G. Weston
Executive Chairman



Live Life Well.

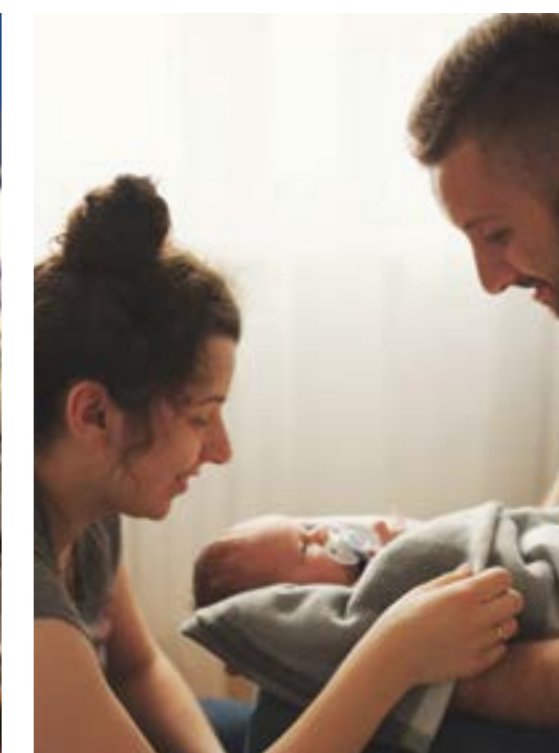
Live Life Well®. Three simple, but powerful words that not only represent our company's purpose, but our promise to customers, colleagues and Canadians. It's our reason for being – we exist to help people live the life they want to live, as well as they can. We touch the lives of people on their best days, worst days, sick days, celebration days, and everydays, and being able to do so is a rare privilege that we take deeply to heart.

Our focus on Corporate Social Responsibility (CSR) is but one of the ways we are able to deliver on our purpose. In 2019, we continued to make progress on our CSR commitments across three pillars – Environment, Sourcing and Community – and I'm proud of the positive impact we've had to date. We've shown that simple and small ideas can grow to have a big impact. For example:

- **Reducing our carbon footprint:** In 2016, we set out to reduce our carbon footprint by 20% by 2020, and by 30% by 2030. Thanks to significant capital investments and our colleagues' determination, we are making great progress. Leveraging this positive momentum, we've set our sights on a new target – reducing our corporate carbon footprint by 50% by 2030.
- **Reducing perishable food waste:** We are tackling the issue of food waste head-on, with an ambitious plan to reduce or divert the waste we produce by 50% by 2025. We've teamed up with third-party app Flashfood to sell surplus food items to our customers at discounted prices, helping to eliminate more than two million kilograms of potential food waste. We've also matched more than 500 stores with food banks and food recovery agencies like foodrescue.ca, reducing the amount of perishable food going to landfill by 5.4 million kilograms while also providing Canadians facing food insecurity with access to healthy alternatives.
- **Reducing and reusing plastic packaging:** An internal Plastic Steering Committee has been conducting a quarterly review of the plastics used in our business, with the goal of either reducing or eliminating our use wherever possible. By the end of 2019, this Committee identified more than 100 plastics-related projects and set five priorities, including ensuring all PC® plastic packaging is either reusable or recyclable by 2025.
- **Contributing to our communities:** In 2019, we were recognized as one of Canada's Top Employers, as well as one of Canada's Top Diversity Employers – both a result of our strong emphasis on culture and our embracing of diversity and inclusion in our workplace. President's Choice Children's Charity continued to tackle childhood hunger and educate children about nutrition, while the LOVE YOU by Shoppers Drug Mart™ Program supported women's health charities across Canada. With the help of customers, colleagues, employees and business partners, we raised and donated \$89.9 million to charities and non-profits nationwide.

Year after year, we continue to push forward, looking for new ways to be responsible corporate citizens and championing change that will help us all live our best lives. I am privileged and honoured to lead a company that has a direct impact on so many people's lives, every single day, right across this great country of ours.

Sarah Davis
President, Loblaw Companies Limited



Governance

Board of Directors

Our Board of Directors provides distinguished leadership, diverse perspectives, and exceptional business acumen relevant to our operations and strategic objectives. This includes overseeing the Company's commitment to transparency, integrity and issues management, environmental, social and governance (ESG) issues, and other topics and themes reflected in this report.

Among the Board's four primary standing committees is the Risk and Compliance Committee. This Committee is responsible for overseeing the Company's legal and regulatory compliance program, cyber security, enterprise risk management program, CSR program, human rights and all policies, systems and programs related to pharmacy/pharmaceutical matters, food safety and product safety matters.

CSR Committee

Our CSR Committee is comprised of senior leaders from across Loblaw, and is responsible for setting priorities, tracking metrics and championing CSR across our organization. The Committee meets quarterly to review and prioritize issues based on urgency, importance to our customers, relevance to our business and potential for Loblaw to take a leadership position.

Compliance

Compliance remains a key priority for Loblaw as it promotes trust with our stakeholders. We meet the obligations prescribed by the many laws and regulations that apply to our business as well as the standards of conduct established by our Board of Directors. Our commitment to compliance means colleagues understand the expectations and risks associated with their jobs. Our culture encourages colleagues to speak up and take action when necessary, and our policies and training drive ethical and compliant behaviour. As a result, we have maintained third-party assurance that our Competition Law Compliance Program meets ISO standards.

Colleague and Supplier Codes of Conduct

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

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

Cyber security

Canadians demand that we safeguard their Personal Information (PI) and Personal Health Information (PHI) in accordance with all regulations and best practices. This year, we revamped our policies related to the handling of PI and PHI, and we are committed to responsible collection and use of such data. We have committed to the following principles and promises published in the [Loblaw Privacy Policy](#):

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

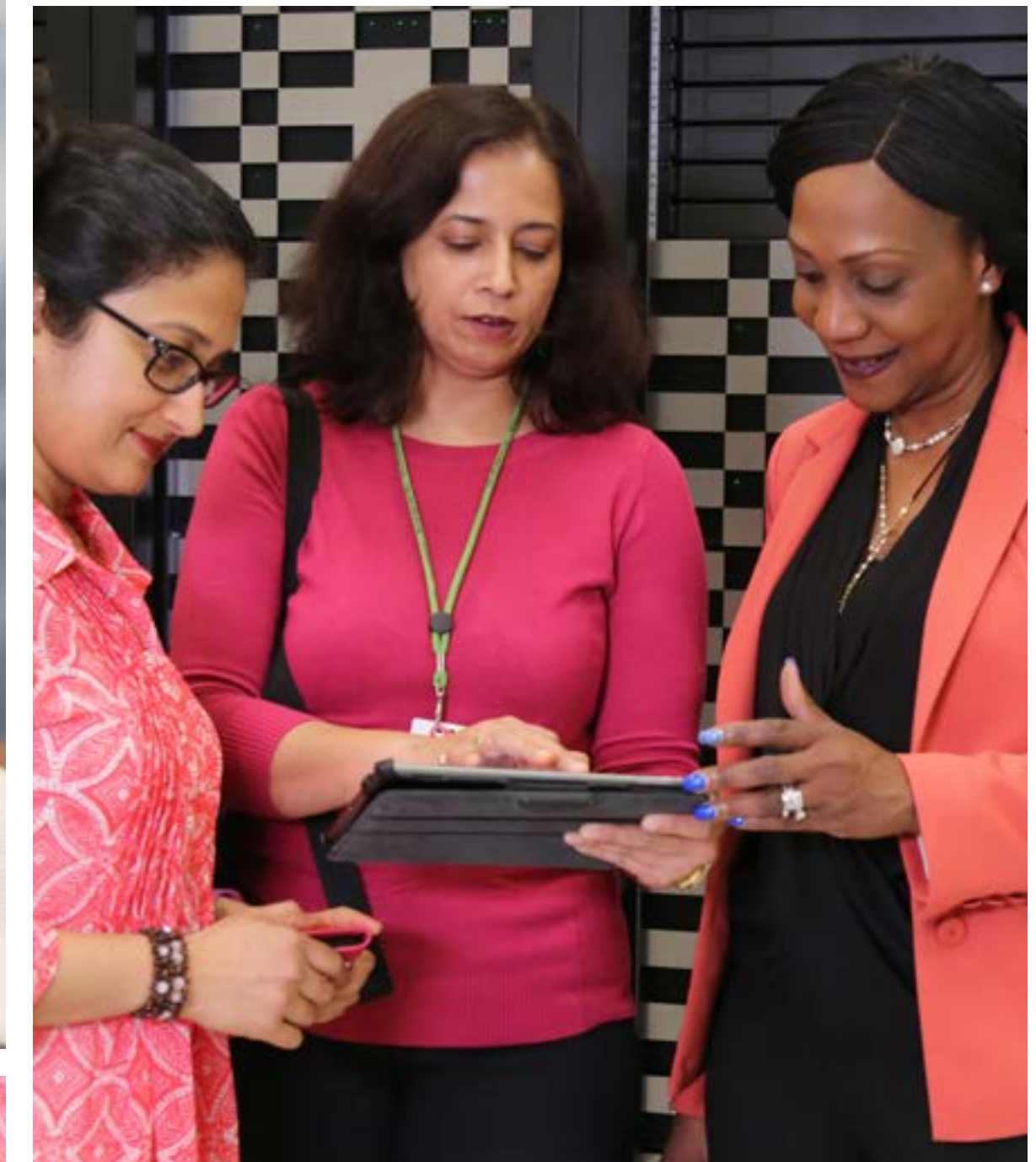
Stakeholder Engagement

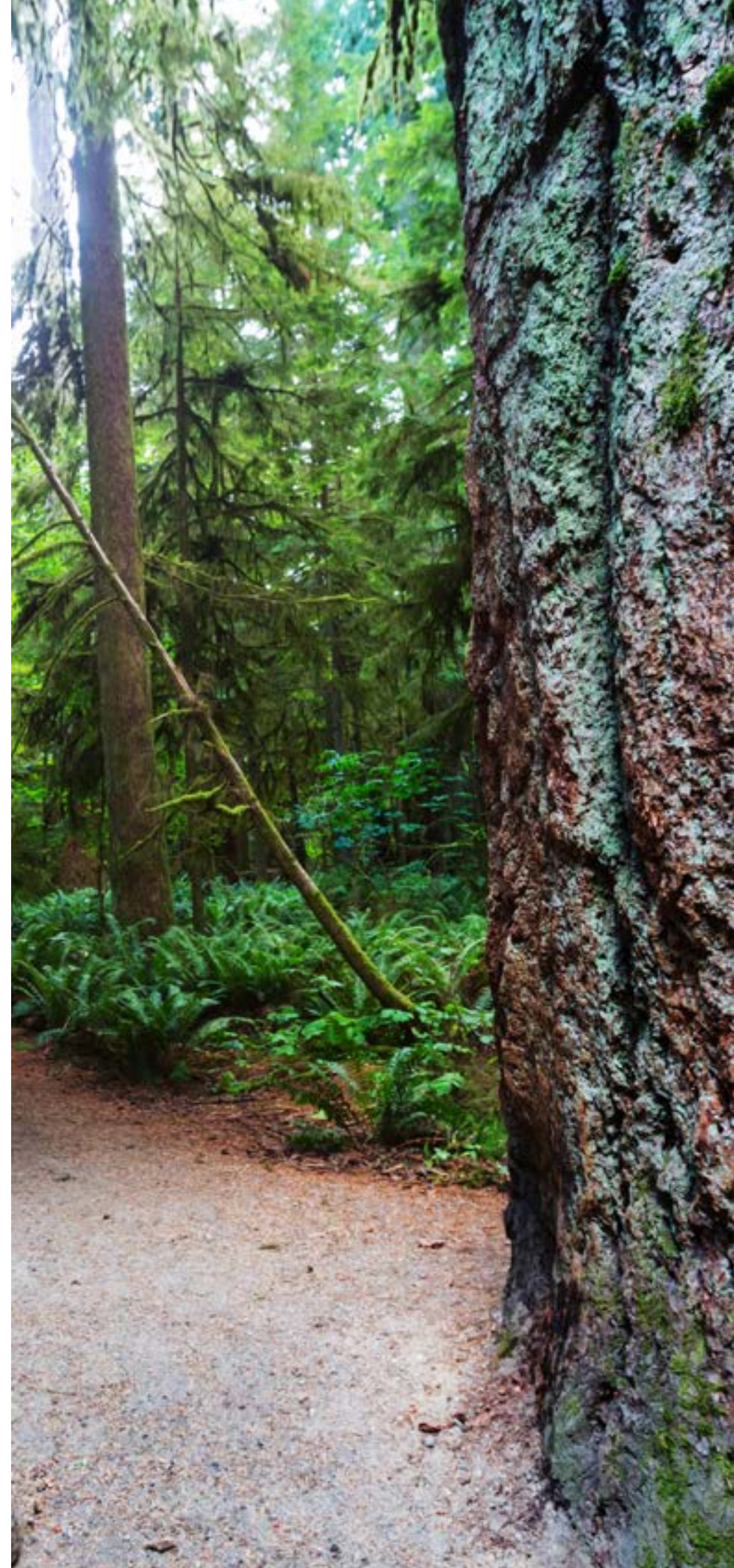
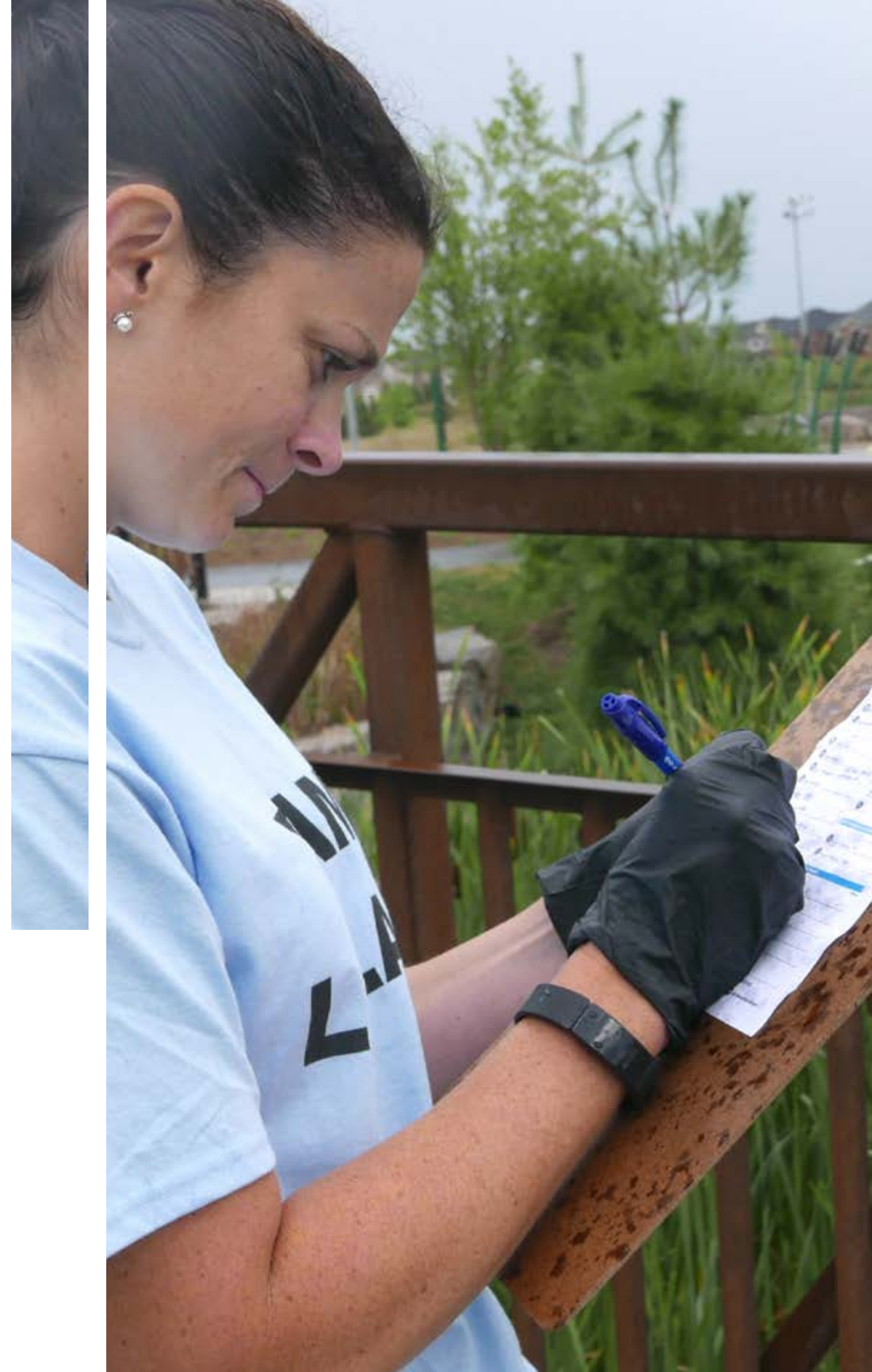
Defining our environmental, social and governance priorities

Last year, we consulted a panel of influential external stakeholders to assess our CSR approach. Interviews and surveys were conducted with senior representatives from key vendors, academic institutions, sustainability research firms and industry associations.

Our stakeholders recognized that our scope and size afford us the unique opportunity to lead our industry to adopt more sustainable practices and to make meaningful contributions to Canadian society at large. We recognize environmental, social and governance (ESG) issues are complex and are working both to minimize our own footprint, mitigate risk and lead our industry in the right direction. We have set [CSR targets](#) to address those areas in order to achieve environmental, social and economic sustainability.

More recently, our stakeholders have encouraged us to integrate the use of internationally recognized frameworks to expand the scope of our disclosure practices. We are currently reviewing a wide array of frameworks to enhance our ESG disclosure practices.





Environment

We are pleased to report significant progress against the Environment pillar of our CSR strategy, specifically in the areas of carbon reduction, climate change risk mitigation, food waste reduction, plastics and textiles.

It is clear that our actions today will have repercussions in the future. Through our operations, we have a significant carbon footprint and recognize our responsibility in the fight against climate change. We are committed to being a part of the solution.

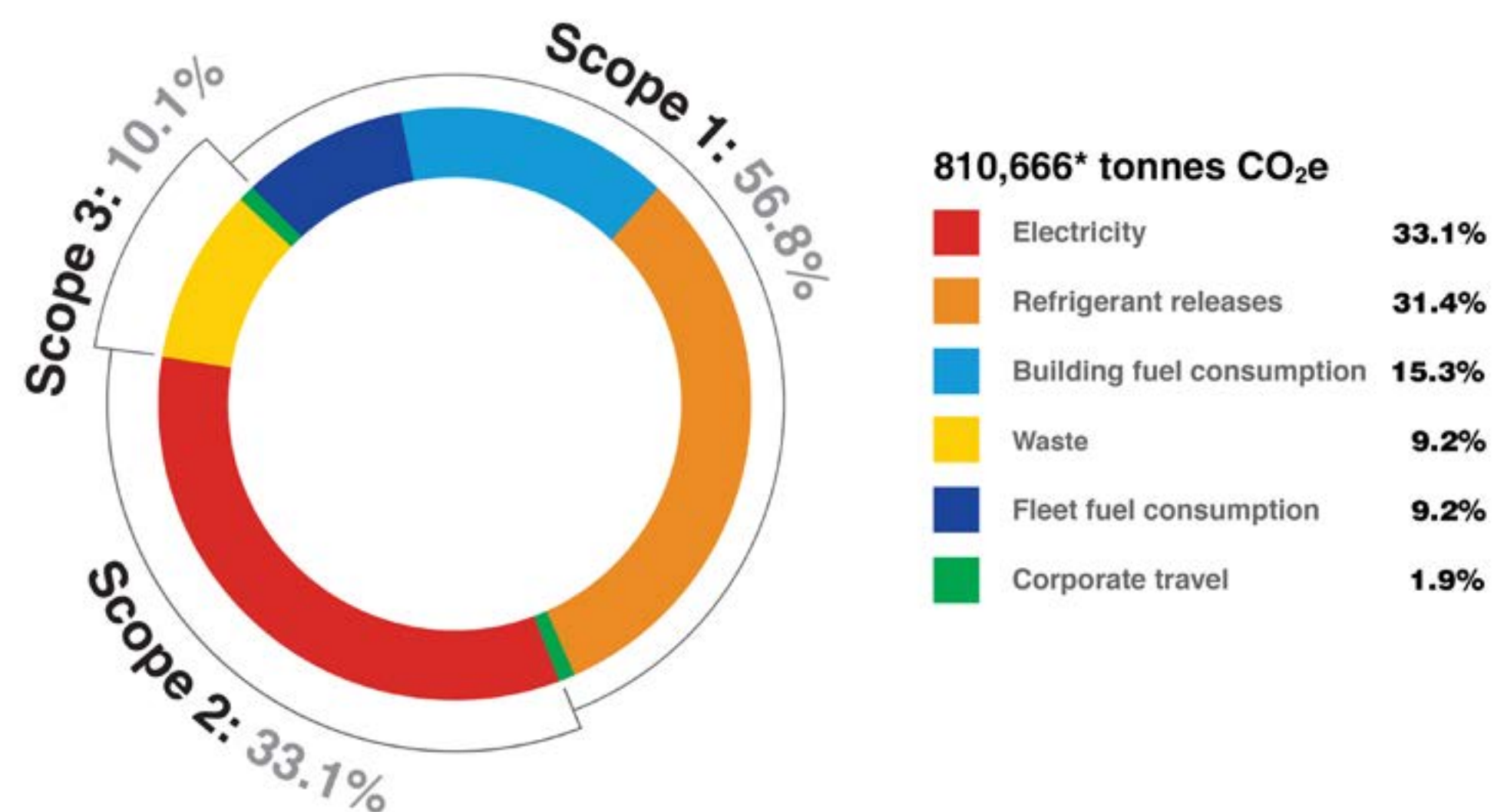
Our carbon footprint

In 2016, we developed a science-based carbon reduction plan in collaboration with climate experts, and announced a commitment to reduce our carbon footprint by 20% by 2020 and by 30% by 2030, relative to a 2011 baseline. We have since explored innovative solutions to make our stores and distribution centres more energy-efficient, introduced fleet-fuel efficiency programs, retrofitted our refrigeration systems to use low-global warming potential (GWP) refrigerants, and amplified our waste diversion efforts across our network of stores and distribution centres.

Our combined efforts resulted in a carbon reduction of 29.7% in absolute greenhouse gas (GHG) emissions across our corporate operations, and are on track to deliver carbon reduction in line with Canada's national targets and commitment to the Paris Agreement. Through our actions and results, we have demonstrated that carbon reduction goals can be achieved without sacrificing economic growth.

Path forward on carbon

Based on the progress of our carbon reduction efforts, we have very proudly decided to pursue more ambitious goals. Three years ago, our aim was to reduce our corporate footprint by 30% by 2030. We are now committed to a 50% reduction by 2030, against our 2011 baseline. We will also report on more Scope 3 emissions, starting with our franchise-owned stores, helping them apply our corporate best practices to reduce their carbon emissions.



Climate risk assessment

In 2019, we performed a climate risk assessment in an effort to better understand climate change and its potential impacts for the retail sector in Canada. We worked with a third-party consultant to lead the project, which was guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Note: Data does not include Shoppers Drug Mart/Pharmaprix, franchised stores and T&T Supermarkets.
 * Emissions are calculated by The Delphi Group and follow the Greenhouse Gas Reporting Protocol.

Over the last decade, we have introduced many programs that have reduced the carbon intensity of our corporate grocery stores. Some of the programs characterized below can be found in many of our stores.

Centralized energy management systems

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

Trimmings and used cooking oil

Meat trimmings and used cooking oil are processed into biodiesel and nutritional ingredients for livestock feed.

Transport

We have installed electric refrigeration units on many of our trucks, reducing our reliance on fossil fuels to chill loads being shipped to our stores.

Food donations

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

Cardboard and plastic recycling

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

LED ambient lighting

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

Bakery waste

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

Organic waste

Organic waste is processed into compost, animal feed, or as a feedstock for anaerobic digesters in the production of electricity.

Doors on refrigerated cases

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

Refrigerant conversions

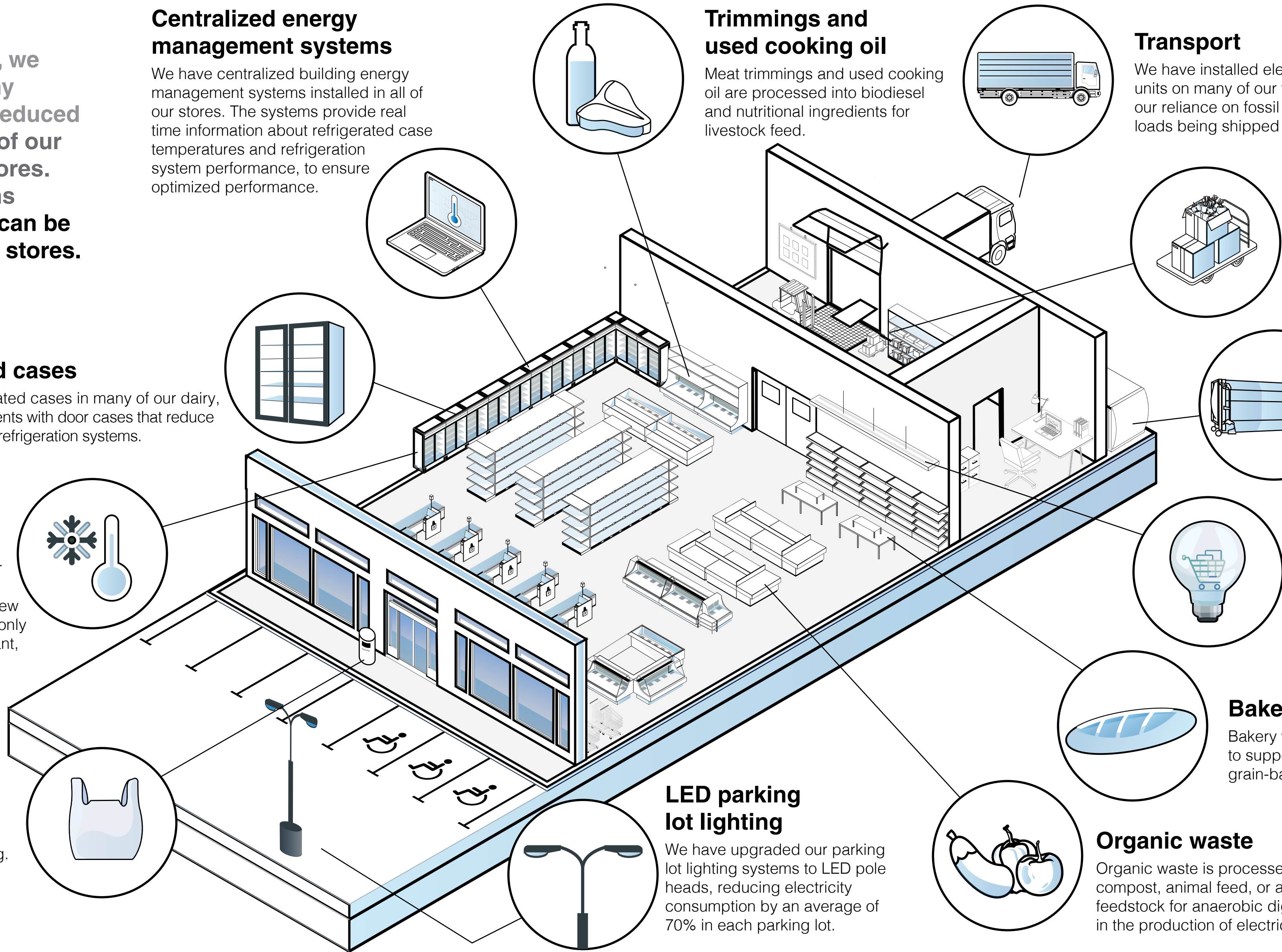
We have continued to reduce our reliance on high global warming potential (GWP) refrigerants. In new stores, our refrigeration systems only use carbon dioxide as a refrigerant, and in existing stores, we are converting our systems to use a lower GWP refrigerant.

Plastic bag recycling

We have installed plastic bag recycling receptacles at the front entrance for plastic bag recycling.

LED parking lot lighting

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



Reducing food waste is complicated. Although some degree of waste is unavoidable, a large part of it is unnecessary and unacceptable. We are tackling food waste head-on with an ambitious plan to reduce or divert the waste we produce by 50% by 2025, measured against 2016 baseline results. With a clear target and action plan in place, we are making good progress on this critical journey through various innovative programs.



Supply chain efficiencies

We have invested in sophisticated inventory systems to improve our procurement practices, and are using data tracking tools in-store to analyze product lifecycles. We are now able to ensure the right amount of food is ordered, and are able to shorten our supply chains to help keep food fresher, and for longer.

Flashfood

Through our partnership with [Flashfood](#), we sell food nearing its best before date for up to 50% off the regular retail price. Our customers are able to save money while helping eliminate food waste. In 2019, we introduced this program in more than 400 stores, resulting in the elimination of more than two million kilograms of potential food waste.

Food banks

To date, we have matched more than 500 of our stores with food banks and food recovery agencies across Canada, helping reduce the amount of perishable food going to landfill and providing people facing food insecurity with healthy alternatives. Last year, we donated more than 5.4 million kilograms of food to food banks and food recovery agencies.

Bakery waste

In 2019, we diverted nearly 3.4 million kilograms of bakery food waste from 129 Ontario grocery stores to produce animal feed for use at local farms.

Additional waste reduction initiatives

Textile research

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

Alternative receipt options

In 2019, we began offering our customers alternative receipt options, including electronic receipts or no-receipt at all. During the program's first year, we recorded more than 84 million paperless transactions.

Electronic shelf labels

We introduced electronic shelf labels in 235 stores, improving both the colleague and customer experience, as well as helping reduce pricing errors and paper/plastic-based shelf labels.

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

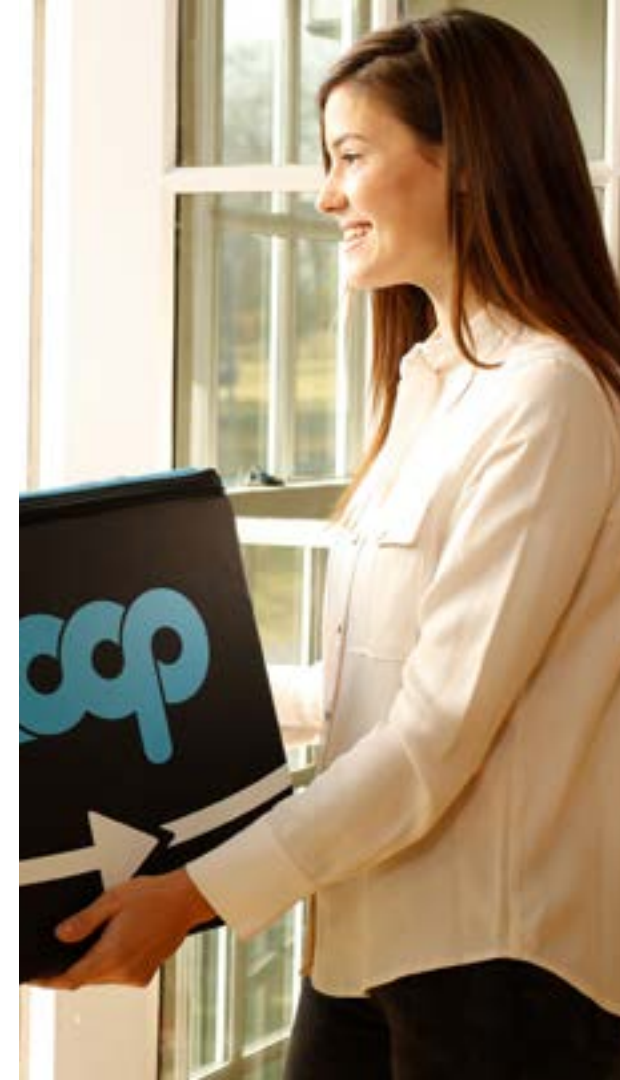
Our approach to plastics

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

To achieve this goal, we have developed an internal Plastic Steering Committee which meets quarterly with a mandate to reduce the negative environmental impact of the plastic we use. By the end of 2019, the Committee identified more than 100 different initiatives to address this issue. Highlights to date include the following:

- Mandating that all PC® product plastic packaging will be reusable or recyclable by 2025.
- Implementing a store-wide approach to sustainable plastic packaging by collaborating with our packaging vendors.
- Working with Canadian and global industry groups to drive meaningful improvements in recycling outcomes in Canada.
- Implementing innovative reusable solutions, starting with our partnership with Loop.
- Investing more than \$1 million to support Canadian microplastic research, innovative solutions and community clean ups.

While the issues are challenging, we are excited about the opportunity to create and drive meaningful change. With the help of our partners, vendors, industry and government, we believe we can divert hundreds of thousands of kilograms of plastic waste from our landfills, parks and shorelines in the next 10 years.



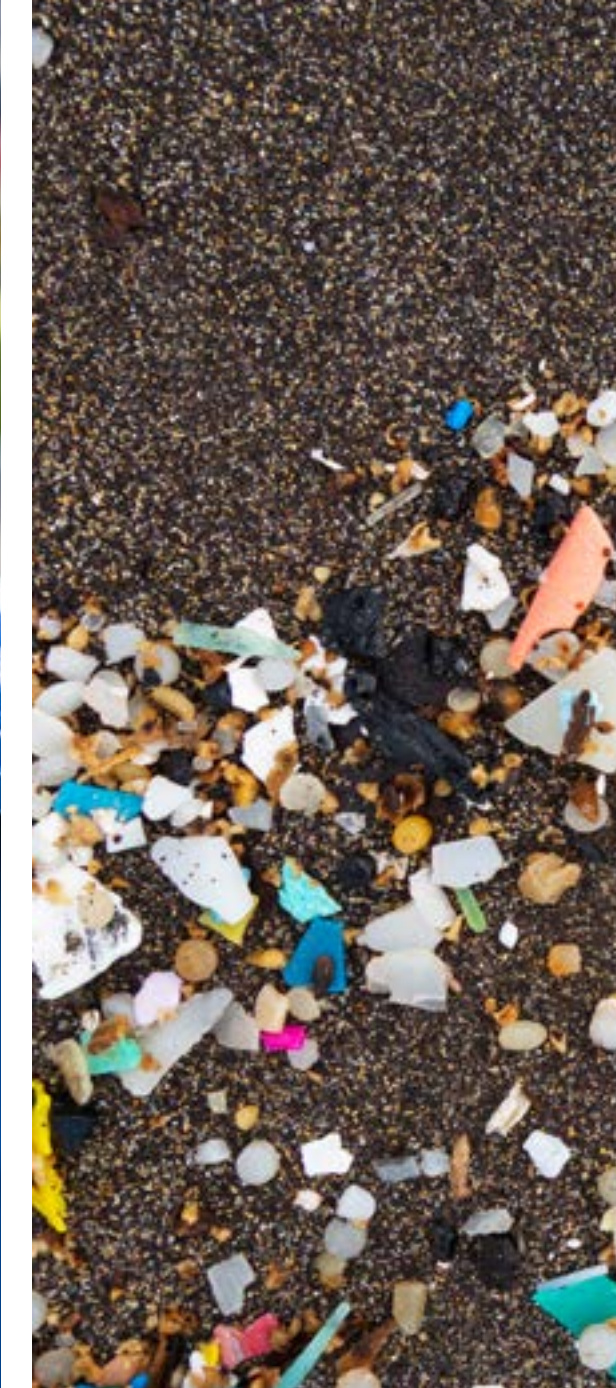
Loop

With the circular economy top of mind, we announced a partnership with Loop, a global shopping platform aimed at eliminating waste and improving the delivery, design and features of products. Loop is reinventing the “milk man” approach to consumer-packaged goods with the objective of shifting from disposable to durable packaging which can be used over and over again. In 2020, we will launch a pilot program with Loop, selling some of our most beloved President’s Choice® products and large national brands on the platform, without compromising the quality and safety our customers have come to expect.



Improved recycling

As one of Canada’s largest stewards, we are committed to the principles of a circular economy and full extended producer responsibility (EPR). We are working with industry, government and experts to develop better recycling systems which involve producers funding and running the programs across Canada.



Microplastics research

The broader impacts of microplastics and microfibres on the environment are not yet fully known, but we are committed to better understanding these issues. Thanks to a partnership with the Plastics Lab of [Ocean Wise](#) – a global conservation organization based in Vancouver – research is underway to analyze how plastic microfibres are generated and transferred into waterways. A separate partnership with the University of Toronto is studying the impact microplastics have when introduced into experimental lakes, as a means of understanding how these lakes recover from their presence.



Recyclable packaging

In an effort to improve the recyclability of produce packaging in our stores, in 2019, we began phasing out all black plastics from our control brand produce items. We have driven change across the sector by transitioning President’s Choice® and PC® Organics™ mushroom packaging out of black-coloured plastic to caramel-coloured, 75% recycled PET containers. We also transitioned produce items including Farmer’s Market™ mini cucumbers and Farmer’s Market™ trayed corn out of black polystyrene trays.

Pots and flats

Ten years ago, we began accepting used pots and flats in our garden centres to provide another recycling alternative for our customers. The used pots and flats are sent to a recycling facility, processed and converted into new pots and flats. To date, more than 3.6 million kilograms of plastic have been recycled through this program.

Plastic bags

Since 2007, we have reduced the number of plastic shopping bags from our stores by more than 13 billion through our reusable bag programs. To date, we have donated more than \$10 million to WWF-Canada through partial proceeds from plastic bag sales in our stores. Some WWF-Canada programs we have supported during our partnership include the Great Canadian Shoreline Cleanup, a native plants program, Loblaw Water Fund and National Sweater Day.

Great Canadian Shoreline Cleanup

Over the past ten years, we have been the presenting sponsor of the [Great Canadian Shoreline Cleanup](#), a national Ocean Wise and WWF-Canada conservation program that gives Canadians the opportunity to take action in their own communities by helping clean up areas where water meets land. To date, nearly 1.3 million kilograms of litter have been picked up from shorelines and parks across the country.





Biodiversity

Much of the planet's biodiversity is in jeopardy due to human consumption and other anthropocentric activities that disturb and even destroy ecosystems. Pollution, climate change and population growth are all threats to biodiversity. These threats have caused an unprecedented rise in the rate of species extinction. Some scientists estimate that half of all species on Earth will be wiped out within the next century.

In Canada, our climate is warming at nearly double the global average. Half of our monitored wildlife populations are in decline and we continue to struggle with issues like wetland loss and bycatch in our oceans.

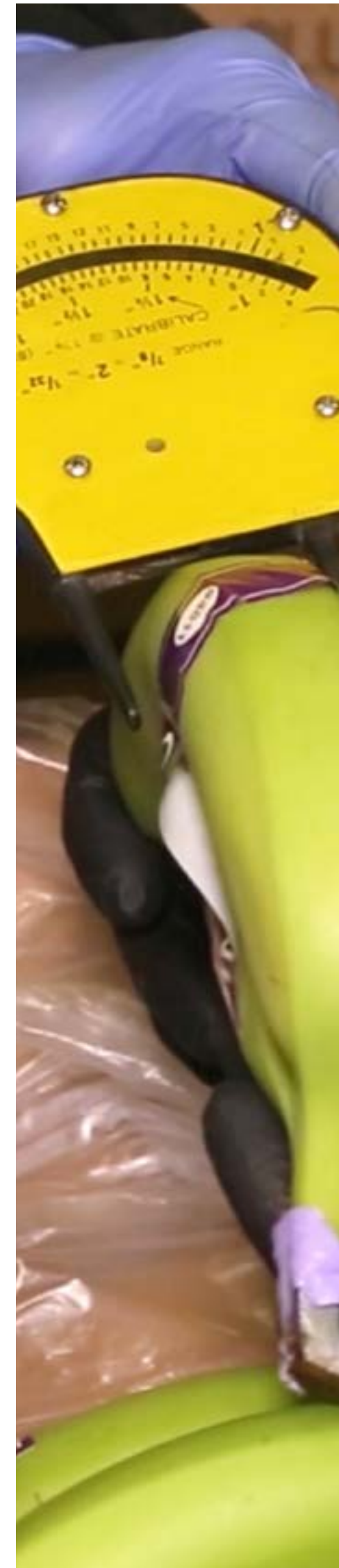


At Loblaw, we have taken several different approaches over the years to protect and preserve Canada's nature and our shared biodiversity. We made commitments to source certified sustainable seafood, expanded our control brand organic and antibiotic and hormone-free product portfolio, offered more locally grown produce and committed to increase local produce purchases by \$150 million by 2025. We are also a founding member of the Canadian Roundtable for Sustainable Beef (CRSB - [See page 16](#)) and have sponsored the Loblaw Chair for Sustainable Food Production at the University of Guelph.

While we have worked to protect biodiversity in Canada for many years, we decided to deepen our commitment to biodiversity by joining [One Planet Business for Biodiversity](#) (OP2B) in 2019. OP2B is an initiative designed to meaningfully protect and restore biodiversity around the world, in alignment with the Convention on Biological Diversity (CBD) COP 15 framework. Focus areas of OP2B include:

- Scaling up regenerative agricultural practices
- Boosting cultivated biodiversity and diets through product portfolios
- Eliminating deforestation/enhancing the management, restoration and protection of high-value natural ecosystems

The OP2B coalition of companies will use their respective scale to drive change and to protect and restore cultivated and natural biodiversity within value chains, engage institutional and financial decision makers, and develop and promote policy recommendations. One of our first steps toward Canadian biodiversity is our native plants program. In partnership with WWF-Canada, starting in 2020, we will begin to sell plants native to Southern Ontario in 35 of our Ontario garden centres to encourage our customers to support biodiversity and help wildlife thrive.



Sourcing

Customers expect us to be a leader in social responsibility and meet their standards, right through our supply chain. This means meaningful commitments to human rights, food safety, animal welfare and sustainability.

We are committed to protecting human rights, and have taken significant steps to improve safety and transparency within our international supply chain, specifically as it relates to apparel manufacturing and materials procurement. We also continue to collaborate with stakeholders to improve the lives of factory workers globally.

Human rights

Our colleagues' human rights are protected by a code of conduct that guides behaviours and identifies risks. This code is managed through Loblaw's Compliance and Ethics Office, and is reviewed and updated annually. In 2019, the Ethics Office worked with third-party experts on a reinvigorated [Integrity Action Line](#) (i.e., a whistleblower program) and proactively marketed it to colleagues with the simple encouragement: "Speak Up". This program will be extended to suppliers in 2020.

Internationally, [Loblaw's Supplier Code of Conduct](#) applies to foreign producers and manufacturers making goods sold in our stores. The code is focused on worker rights and protections with elements that clearly speak to the importance of protecting human rights in our supply chain. This includes controls on safety, child and forced labour, discrimination, abuse, harassment, freedom of association, and respect for working hours, wages and conditions. The code is actively monitored and sites are audited, with violations reported immediately to Loblaw's responsible executives. Human rights violations have resulted in factories being removed from Loblaw's supply chain.



Bangladesh

- In 2013, we signed the [Accord on Fire and Building Safety in Bangladesh](#) (the "Accord"), and subsequently signed a Transition Accord in 2017 to help maintain the momentum generated by the original agreement. To date, we continue to be actively involved in governance of the Accord as a member of the steering committee.
- In 2019, an agreement was reached to expand governance of the Accord to include factory owners and local representatives. As the Accord transitions to that new structure in 2020, we remain committed to protecting worker and building safety.
- The Accord has resulted in meaningful improvements in working conditions for more than two million garment workers in Bangladesh, with inspection and remediation activities completed in more than 1,600 factories.

Globally

- We conduct annual workplace conditions assessments in the factories from which we source our control brand products. We also mandate fire and structural safety assessments in Southeast Asia and other markets.
- A team of Audit Compliance Managers and Production Auditors ensures these assessments occur and that they reinforce worker rights and safety, support factory improvement initiatives and confirm our products are sourced from approved factories.
- We continue to evaluate our global supply chain to ensure the expectations outlined in our Supplier Code of Conduct are upheld. We perform risk assessments on particular commodities, regions and countries, and use guidance from industry experts, non-governmental organizations (NGOs) and stakeholders to ensure our products are sourced responsibly.
- In 2019, we reviewed and performed more than 1,880 risk assessments at our active factories globally, and removed 24 factories from our supply chain due to various human rights, safety and/or compliance reasons.

Enhanced supplier transparency

- A list of factories that supply our apparel and footwear is published at [Loblaw.ca](#).
- This list is updated twice a year to ensure it is current, relevant and meaningful.

Raw material sourcing

- Joe Fresh has a standing pledge to not use cotton produced in Uzbekistan and Turkmenistan due to widespread evidence of these countries employing child labour during their cotton harvests.





Animal welfare

Although we do not play a direct role in animal husbandry or processing, we work closely with our many suppliers to ensure these practices are undertaken in accordance with government and industry guidelines.

Our actions are informed by our engagement with the [National Farm Animal Care Council](#) (NFACC), our customers' expectations, industry best practices, supplier relationships and the guidance and support of leading scientific advisors – all of which are reflected in our [Animal Welfare Principles](#).



Animal welfare at Joe Fresh

Joe Fresh is committed to the ethical sourcing and humane treatment of animals. We have banned fur from all of our products. We do not use materials made entirely or in part from Mohair (Angora goat) or Angora hair (Angora rabbit). Furthermore, we pledge to clearly and properly label any synthetic materials that resemble animal by-products.

Quality assurance and food safety

Our quality assurance and food safety teams protect quality and reduce risk within our operations. They ensure the products we sell are safe and comply with legal requirements. Our standards are among the most rigorous in our industry, and impact several aspects of the food chain, all the way to our stores.

- Loblaw is a major importer of food. Our robust data management system ensures compliance and oversight of the certification and traceability requirements required by the new Safe Food for Canadians Act. This system gives our customers the confidence that our products come from certified food safe sites and has resulted in our suppliers achieving more than 90% food safety certificate compliance.
- Our product traceability and recall processes consistently exceed industry standards, adapting and evolving to meet the complexities that arise from innovative new digital and purchasing platforms.

Our customers expect we will take necessary actions to promote the health and vitality of our food sources, and ensure our products are sourced safely and sustainably. This means monitoring at-risk commodities from their origins and applying controls, like third-party certification, to ensure commodities are sourced responsibly.



Seafood

Healthy oceans are vital to a healthy planet. Sourcing sustainable seafood, fish and shellfish, whether wild-caught or farm-raised, requires greater protection of aquatic habitats and more attention to careful harvesting. We are committed to sourcing all seafood from sustainable sources, and are proud to offer more than 150 [MSC](#) and [ASC](#) certified products across our stores, including 76 control brand products.



Cocoa

There is a growing global need and demand for sustainably sourced cocoa. [UTZ](#) certified cocoa improves concerns like aging tree stocks, improper use of chemicals, uncontrolled deforestation, labour conditions and low farmer incomes. Our President's Choice® Gold Bars support [UTZ](#) certified sustainable cocoa farming, and we continue to explore opportunities to transition additional control brand products to sustainably sourced cocoa. Across our range of brands, we now offer 37 products with the [UTZ](#) certification logo.



Coffee

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



Palm oil

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



Beef

The Certified Sustainable Beef Framework was developed in Canada by the multi-stakeholder membership of the [Canadian Roundtable for Sustainable Beef](#) (CRSB). Farms, ranches and processing facilities are audited against the CRSB sustainability standards, which are guided by the Five Global Principles of Sustainable Beef - people and the community, animal health and welfare, food safety and quality, natural resources, and efficiency and innovation. Loblaw is a founding member of the CRSB, has participated in numerous working committees and pilot projects, and became a member of the CRSB council in 2019.



Fairtrade

[Fairtrade](#) sets social, economic and environmental standards for companies and the farmers and workers across a product's supply chain. These include protection of workers' rights, supporting gender equity and ensuring sustainable agricultural practices. Companies support farmers and workers by paying the Fairtrade Minimum Price as well as an additional sum called the Fairtrade Premium, which is invested in business or community projects of the community's choosing. We are proud to offer 15 Fairtrade certified [PC® Organics™](#) coffee and cocoa products.



Plant-Based
Our customers have been asking for more Plant-Based options, and we have listened. We have been expanding our [President's Choice® - Plant-Based](#) product lineup, adding another 22 products in 2019. These meat-free options are third-party certified vegan and contain no animal by-products.



PC® Blue Menu®
With various positive attributes, our selection of more than 340 [PC® Blue Menu®](#) products helps Canadians make healthier food choices.



no name® Simple Check™
Our customers care about the ingredients used in their food. That's why we created the [no name® Simple Check™](#) symbol. The Simple Check™ symbol helps our customers to easily identify no name® products made without 10 ingredients: synthetic colours*, artificial flavours, monosodium glutamate**, BHA/BHT/TBHQ, hydrogenated oils, artificial sweeteners, sugar alcohols, azodicarbonamide, polydextrose and brominated vegetable oils. In 2019, we expanded the selection of products with the no name® Simple Check™ symbol to more than 670 products.



PC® Organics™
In 2019, we added 87 certified products to our [PC® Organics™](#) line for a total of more than 500 products. All are third-party certified and continue to meet Canada's organic standards, which emphasize sustainability and a holistic approach to agriculture.

For the first time in 2019, we introduced a line of [PC® Organics™](#) body and hand towels, using organic cotton certified under the [Global Organic Textile Standard](#) (GOTS).

*As defined in Canadian regulations
**Except those naturally occurring

Locally-grown produce

We take great pride in offering an expanded array of Canadian-grown fresh fruits and vegetables. Guided by a focus on innovation and opportunity, we have committed to increasing our Canadian-grown produce purchases by \$150 million by 2025, via a shift from imports to local. By purchasing more from home, we can deliver higher quality and fresher products to our customers, all while reducing our carbon footprint and investing in Canada's farming communities. In 2019, nearly 50% of produce purchases during peak local season were purchased from Canadian growers, and we source from more than 400 growers and packers across Canada on an annual basis.

Highlights from the 2019 growing season:

- We supported the expansion of traditional growing and greenhouse farming in Canada and, through our local growers, were able to offer Canadian-grown strawberries the entire year.
- We supported traditional growing practices and the development of innovative growing practices in Canada and, through our local growers, were able to offer a selection of Canadian-grown tomatoes and cucumbers the entire year.

Community

Loblaw is proud to employ hundreds of individuals in communities across Canada, and we are committed to enhancing the health and well-being of Canadians everywhere.





The Company's success and leadership are all because of the great people working in our stores, distribution centres, pharmacies and offices across Canada. In 2019, we committed to investing \$250 million over the next five years in our colleagues to support their continued growth and development.

In 2019:

- We hired more than 35,000 people, with a particular focus on on-campus recruitment targeting new roles to support growing aspects of our business, including data and analytics, e-commerce, artificial intelligence, machine learning and more.
- More than 28,000 colleagues celebrated service anniversaries of 10 years or more.
- Our colleagues completed more than 466,000 digital training modules, helping to broaden their skills via a fully-integrated digital platform.
- We developed training modules on a variety of different focus areas, including respect in the workplace, mental health and compliance.
- We offered dynamic scheduling for many of our frontline colleagues, giving them greater control over their schedules and supporting their work-life balance.
- We regularly review pay equity and remain committed to ensuring equal compensation on like positions and levels across the organization.
- Over the past decade, colleague injuries have been reduced by 44%.

Awards

- We were recognized as one of Canada's Top Employers and Greater Toronto's Top Employers every year since 2010 and as one of Canada's Best Diversity Employers every year since 2011. These achievements have been largely driven by our successful culture journey and high levels of engagement and leadership.
- [Loblaw Digital](#) was recognized as one of Canada's 50 most innovative workplaces by Elevate.





Diversity and inclusion

We are committed to a diverse and inclusive environment for both our customers and our colleagues. We have had a long-standing commitment to reflect our nation's diversity at all levels of the organization and we recognize the importance of creating a workplace where colleagues can be their authentic selves and contribute fully.

In 2019, we were recognized as one of Canada's Best Diversity Employers for nine consecutive years by Mediacorp. Our commitment to being an inclusive employer is embedded into our culture. An Inclusion Council, comprised of leaders from across the business, champions our priorities and is engaged with colleagues to develop and implement initiatives that raise awareness and create equity for everyone with the help of active resource groups that create inclusion for people with disabilities, women, Indigenous peoples, visible minorities and LGBTQ2S+.

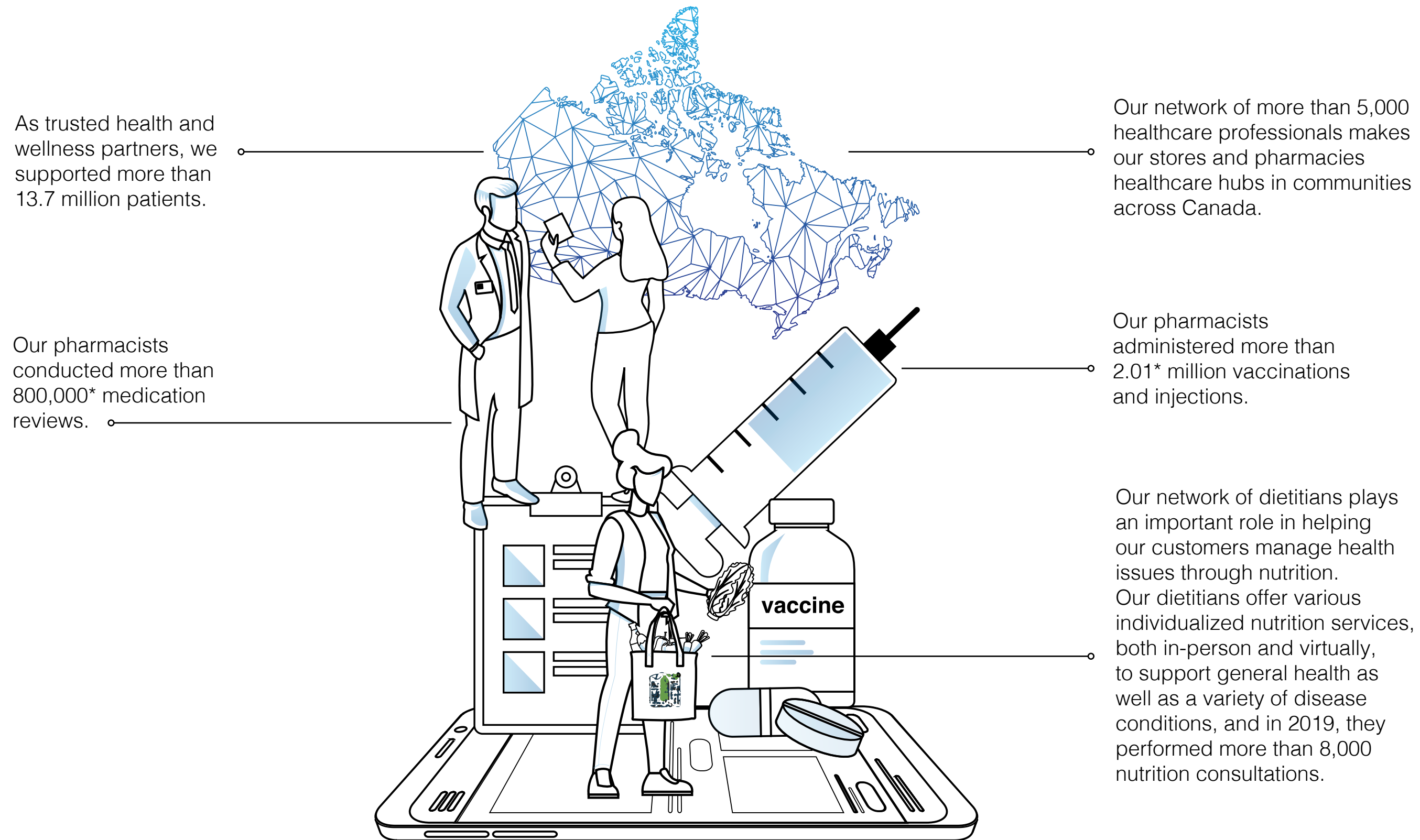
Through celebrating important multicultural and diversity dates, teaching one another about demographic differences, ensuring inclusive practices, engaging in community partnerships and outreach in support of our diverse community needs, and providing opportunities for networking and learning between executives and colleagues who have lived experience, we work together to create a culture of inclusion.

We continue to review our business processes (including recruiting, succession planning and leadership development) with diversity in mind; we monitor our progress and have established targets to help us achieve equity at all levels. While currently, 42% of our Board of Directors, 30% of executives (VP and above) and 40% of management (below VP) roles are filled by women, our goal is to reach 40% women executives and 43% women in management roles by 2024.



Our grocery stores and pharmacies are a powerful combination, and together make health and wellness more convenient and accessible to millions of Canadians. Our network of pharmacies supports customers with medication management, illness prevention and treatment, overall health management, and more.

In 2019:



* Data does not include Loblaw pharmacies in the province of Quebec.

Opioid strategy

In 2019, we released an opioid strategy with a renewed focus on five comprehensive pillars:

1 Promoting appropriate use through detection tools and ongoing management of patient opioid use.

2 Empowering pharmacists through continuing education, clinical practice tools, and narcotic monitoring and pharmacy systems for a holistic approach to patient care.

3 Optimizing therapy by managing patient treatment, conducting pain management assessments or medication reviews when appropriate, and supporting advocacy efforts to limit quantities dispensed.

4 Providing pharmacy treatment and rescue options by ensuring broad access to treatment for opioid dependence, alternate options for pain management, and naloxone kits through our pharmacies.

5 Building a community of support by improving access to community resources and driving fundraising and program development support.



**children's
charity**
feeding hungry minds



Putting Women's Health First
LOVE YOU
by SHOPPERS DRUG MART



WESTON
SEEDING
stronger
communities

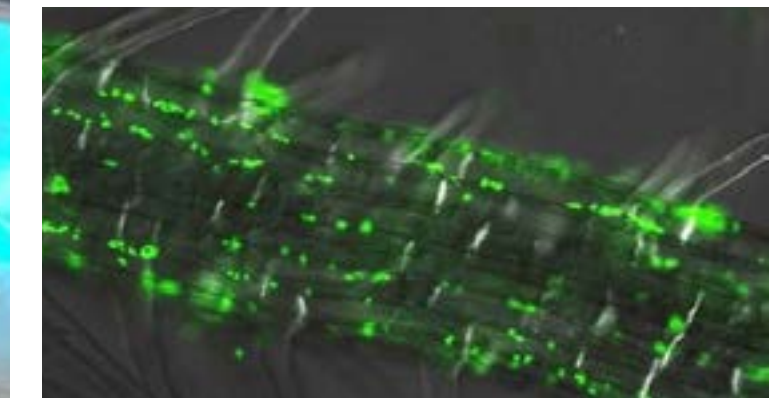


Image above right: Scientists at UBC are trying to harness beneficial microbes (highlighted here in green) in the soil to help plants adapt to drought and climate change.

Image above left: Researcher testing an oxygen-based technology to reduce the levels of microbes and pesticides in fresh produce to improve food safety.

President's Choice Children's Charity

Since 1989, [President's Choice Children's Charity](#) (the "Charity") has nurtured the well-being of Canadian children. In the two years following its \$150 million commitment to tackle childhood hunger – supported by Loblaw's network of stores, customers and colleagues – the Charity has granted more than \$29 million to improve food access and deliver nutrition education for Canadian children. In 2019, the Charity:

- Provided access to food and food education to more than 800,000 children nationwide at school, after school, on the weekend and throughout the summer.
- Maintained its status as Canada's top charitable funder of in-school nutrition programs, and helped feed more than 400,000 students at 2,700 schools.

The LOVE YOU by Shoppers Drug Mart™ Program

From empowering women to make healthy choices, to raising funds for local women's health charities, we are committed to making women's health a priority in our communities. In 2019:

- Through the [LOVE YOU by Shoppers Drug Mart™](#) program, more than \$9.8 million was raised and donated to community and charitable organizations benefitting women across Canada.
- 25,278 runners and walkers nationwide participated in 17 different Run for Women events brought to you by the LOVE YOU by Shoppers Drug Mart™ program. More than \$2.4 million was raised and donated to local organizations to provide women's mental health programming directly to those who need it most.
- We were recognized as the single largest funder of [Look Good Feel Better](#), a charity focused on the psychosocial needs of women with cancer, and we continued our founding partner support for the [Heart & Stroke Foundation](#) to close the gender gap in heart health research.

Weston Seeding Food Innovation Fund

Loblaw Companies Limited and [George Weston Limited](#) have partnered to provide [seed funding for research](#) to increase food production in ways that are environmentally, economically and culturally sustainable.

- Research outcomes will solve problems faced by Canadian growers and farmers, as well as the global community.
- Since 2016, 28 projects from universities and colleges across Canada have each received funding of up to \$250,000 for research and innovation.
- Funded research has focused on sustainable agriculture, aquaculture, soil microbiome and food safety, among other areas.

We undertake several charitable activities which underpin our community-oriented approach to CSR. Our principal charitable activities centre on tackling childhood hunger and educating children about nutrition, putting women's health first and local charitable giving. In 2019, with the help of our customers, colleagues, employees and business partners, we were able to raise and donate \$89.9 million to research, charities and non-profits across Canada.

Food banks and food recovery agencies



This amount consists of corporate donations, fundraising through our national food drives and donations of fresh product from our stores throughout the year to food banks and food recovery agencies to make food accessible to those in need.

\$38.9
million



feeding hungry minds

President's Choice Children's Charity believes good food gives kids the energy they need to learn, to contribute and to live their best lives. That's why they're putting the power of food in the hands of Canadian children by providing good food and food knowledge, helping them make healthier choices today and in their futures.

\$17
million

\$3.9
million

Gift card discounts



The Bulk Gift Card Community Program provides cost savings and incentives to various community and charitable-based groups engaging in activities benefiting the public.



Funds raised in participating Loblaw stores towards the Salvation Army's Annual Christmas Kettle Campaign to help feed, clothe, shelter and empower those in need during the holidays and all year round.

\$4.4
million



Our Shoppers Drug Mart® company's social purpose puts women's health first. Through the LOVE YOU by Shoppers Drug Mart™ program, women's health charities are supported by corporate donations, Associate-owner led giving and national events like the Run for Women.

\$9.8
million



Store donations

We provide our stores with resources to fund events and projects that benefit their communities.

\$7.6
million



Partial proceeds from plastic bag sales donated to support programs like [the Great Canadian Shoreline Cleanup](#) and [the Loblaw Water Fund](#).

\$675,000



Give a Little

The Give a Little, Help a Lot® icon campaign is a national fundraiser, linking stores to local charities and giving customers the ease of making donations at check-out.

\$1.4
million



Save It Forward® coupons make it easy for customers to donate to local organizations. One side of a coupon can be redeemed by the customer at the check-out and the other side of the coupon can be donated to one of three charities chosen by the store by placing the coupon in the Save It Forward® donation bins.

\$2.2
million



Research

Financial support granted to the Weston Seeding Food Innovation Fund, as well as other research projects in areas of animal welfare, sustainable seafood, textiles and plant-based proteins.

\$1.6
million

Other



Our charitable giving is focused around national strategic initiatives that align with our company purpose and business priorities. In 2019, an additional \$2.4 million was donated to previously unlisted not-for-profit organizations and registered charities benefiting communities across Canada.

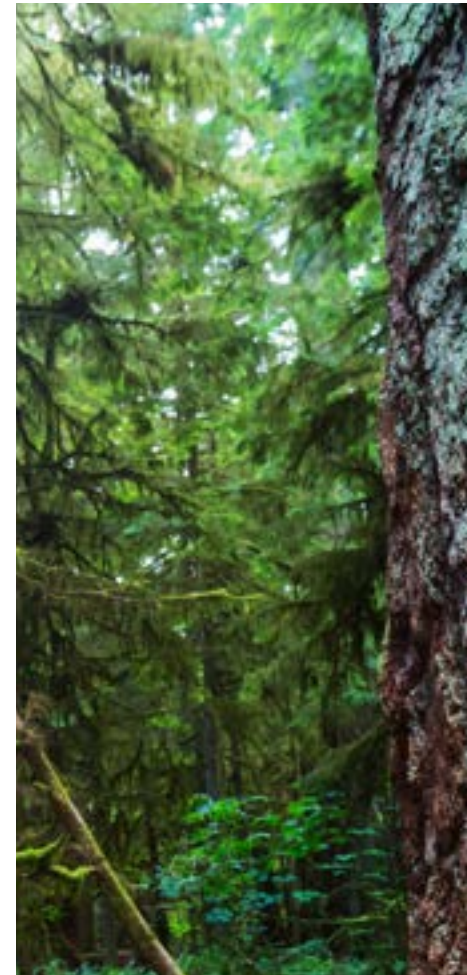
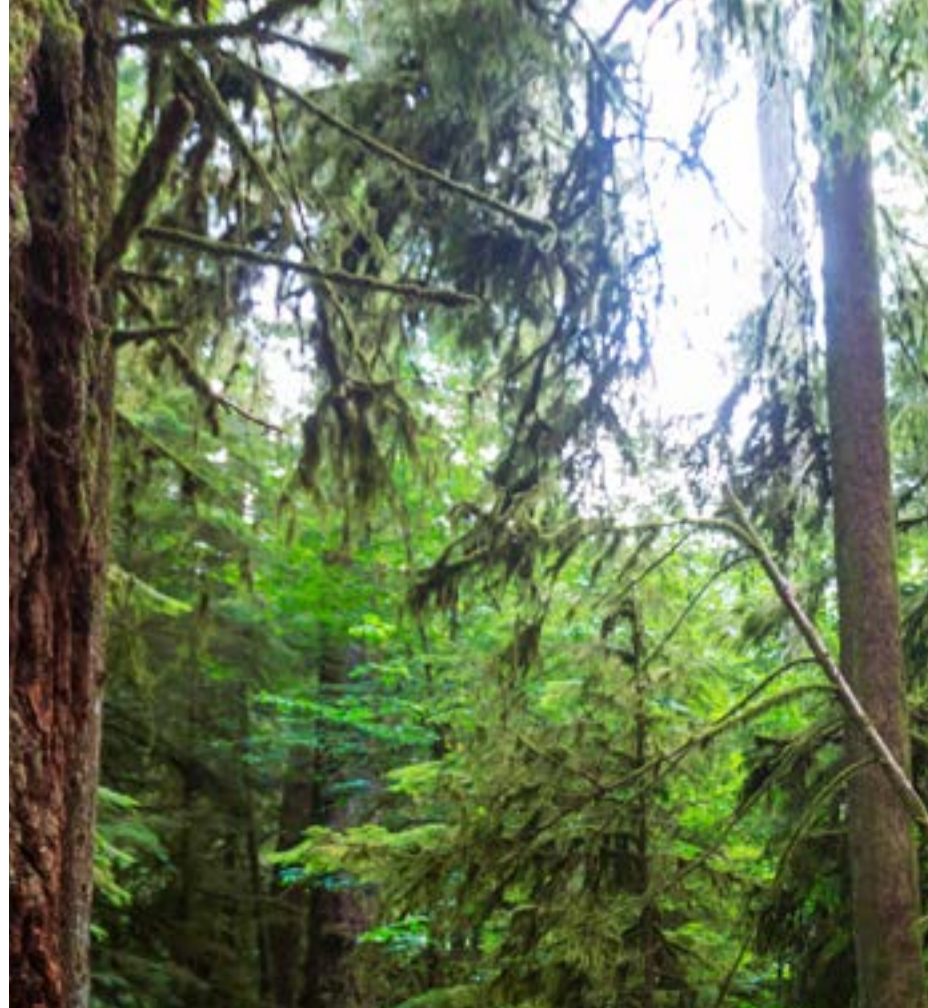
\$2.4
million



Targets

Our efforts and targets focus on issues that matter to our customers and colleagues, and on initiatives where we can have a meaningful impact.





Progress towards CSR targets

Environment

Reduce our operational carbon footprint by 30% by 2030, against a 2011 baseline.



Target in progress.
Carbon emissions have been reduced by 29.7%, relative to our baseline. [See page 8](#).

Reduce food waste by 50% in our corporate retail operations by 2025, against a 2016 baseline.



Target in progress.
[See page 10](#)

Perform a Climate Risk Assessment to understand the climate-related risks on our operations in alignment with the Task Force on Climate-related Financial Disclosures (TCFD).



Target achieved.
[See page 8](#)

Launch a comprehensive approach to tackle the issue of plastic waste.



Target achieved.
[See page 11](#)

Sourcing

Source all fresh pork from suppliers that have transitioned to group housing by year-end 2022.



Target in progress.
We continue to engage and receive status updates from our fresh pork suppliers.

Transition all shell eggs to cage-free by year-end 2025.



Target in progress.
As of 2019, all President's Choice® shell egg products are cage-free.

By 2025, buy \$150 million more Canadian produce that historically would have been imported.



Target in progress.
[See page 17](#)

Community

President's Choice Children's Charity to grant \$150 million by 2027 to tackle childhood hunger.*



Target in progress.
Since making the commitment, \$29 million has been granted by President's Choice Children's Charity.
[See page 22](#)

Release new approach to engaging customers and protecting their privacy.



Target achieved.
[See page 5](#)

In 2019, we will announce a plan to help manage the issue of opioid abuse in Canada.



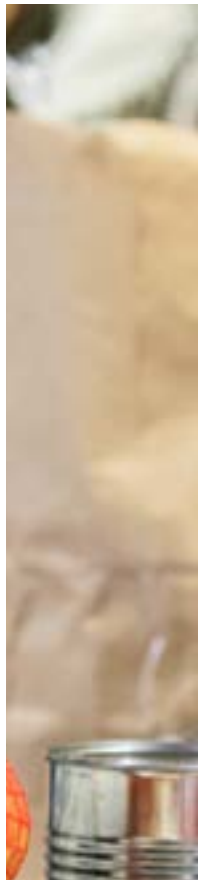
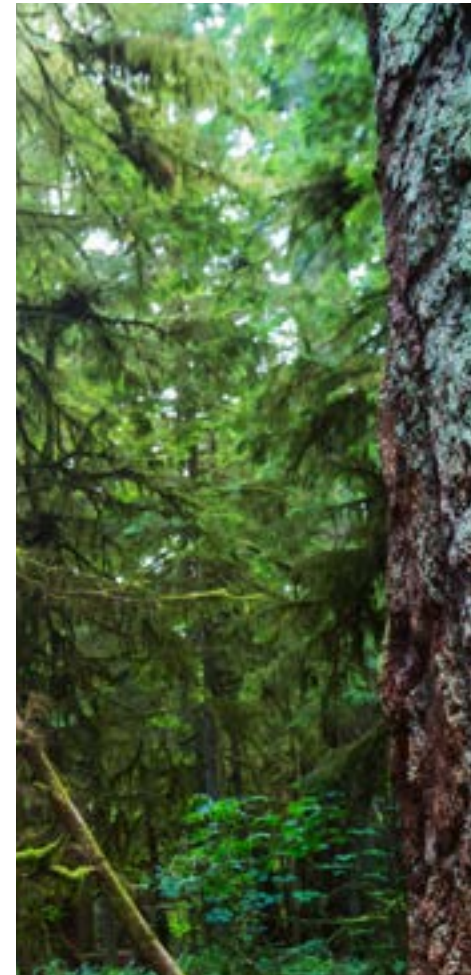
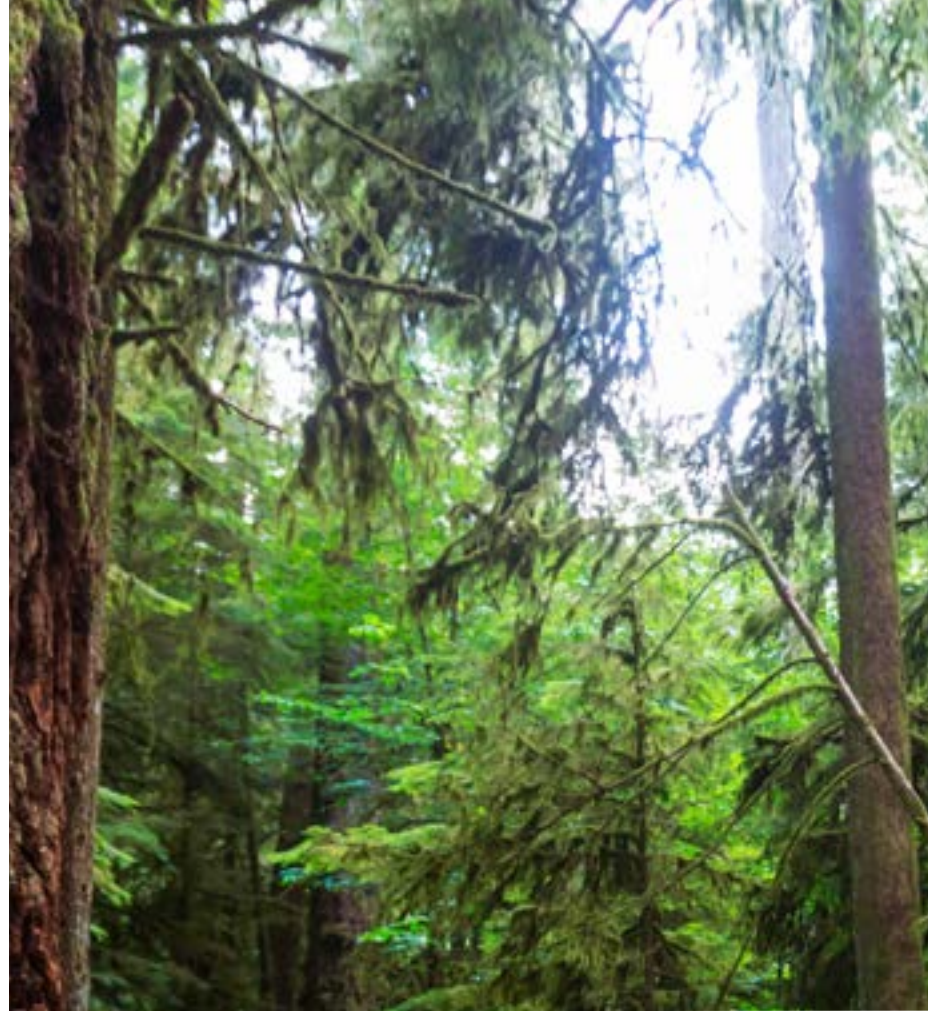
Target achieved.
[See page 21](#)

Starting in 2018, contribute \$3 million over three years to the Weston Seeding Food Innovation Fund.



Target in progress.
To date, \$2 million has been donated by Loblaw to the Weston Seeding Food Innovation Fund.
[See page 22](#)

*Amended from "President's Choice Children's Charity to grant \$150 million over the next 10 years to tackle childhood hunger."



CSR targets

Environment

- Reduce our operational carbon footprint by 30% by 2030, against a 2011 baseline.
- Reduce food waste by 50% in our corporate retail operations by 2025, against a 2016 baseline.
- NEW** • Reduce our operational corporate carbon footprint by 50% by 2030, against a 2011 baseline.
- NEW** • Ensure all PC® plastic packaging is either reusable or recyclable by 2025.
- NEW** • Invest \$1 million in plastics research and community clean ups by 2025.
- NEW** • Support improved biodiversity by introducing a native plants program in select stores by the end of 2020.
- NEW** • Eliminate 1.8 million plastic hangers in 2020.
- NEW** • Pilot a reusable bin exchange program across Canada through our e-commerce platform PC Express™ in 2020.
- NEW** • In 2020, we will partner with Loop to bring Canadians reusable packaging for some of Canada's most popular brands and products, including President's Choice® products.
- NEW** • Eliminate all individual plastic straws and stir sticks from the takeout counters of our stores and all single-use plastic items for food sampling in our corporate stores, by year-end 2020.

Sourcing

- Source all fresh pork from suppliers that have transitioned to group housing by year-end 2022.
- Transition all shell eggs to cage-free by year-end 2025.
- By 2025, buy \$150 million more Canadian produce that historically would have been imported.
- NEW** • Introduce an international integrity action line to all our vendors around the world in 2020.
- NEW** • Transition to phenol-free receipt paper across all divisions by year-end 2021.

Community

- President's Choice Children's Charity to grant \$150 million by 2027 to tackle childhood hunger.
- Contribute \$3 million over the next three years to the Weston Seeding Food Innovation Fund.
- NEW** • Achieve 40% female representation across our executive leaders (VP and above) and 43% female leadership within our management (below VP) roles by 2024.