

2023

# Environmental, Social and Governance Report

Loblaw Companies Limited

# In this Report

As Canada’s food and pharmacy leader, Loblaw Companies Limited (“Loblaw” or “the Company”) aspires to be a force for positive environmental and social change, and to demonstrate robust corporate governance practices. As the largest retailer and private-sector employer in the country, we have a unique opportunity to address the issues that matter most to Canadians, driving local, national, and global impact. Our purpose is to help Canadians Live Life Well®, and we are committed to addressing Environmental, Social and Governance (ESG) priorities where we can make a meaningful difference. Specifically, we are focused on fighting climate change and advancing social equity.

In this, our 17<sup>th</sup> ESG report, we reflect on our past efforts, holding ourselves accountable and staying focused on the issues that are most important to Loblaw and to our stakeholders. This includes finding sustainable solutions to ESG risks and opportunities, setting measurable targets and ensuring transparent disclosures, pro-actively engaging with stakeholders and implementing strong governance practices.



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## Reading and Understanding this Report

This report covers Loblaw Companies Limited’s 2023 fiscal year. Unless otherwise noted, data included in this report relates to this time period.

Our reporting and data measurement methods are consistent with those used in the 2022 ESG report and relate specifically to our corporate operations, which include our corporate-owned retail stores, distribution centres and offices. Where appropriate and available, we also indicate the inclusion of information relating to grocery franchisees, T&T®, and Shoppers Drug Mart®/ Pharmaprix® associate-owned locations.

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.

Loblaw publishes various disclosure documents outlining how it is addressing environmental and social issues. On an annual basis, the Company analyzes which third-party disclosure frameworks to report against based on the global prominence and reputation of the framework as well as those frameworks which most closely align with the Company’s ESG strategy, risk management, and material topics. This report references and/or is aligned to select disclosures from the Global Reporting Initiative (GRI) Standards 2021, as well as the Sustainability Accounting Standards Board (SASB) Food Retailers Standard, Drug Retailers Standard, Consumer Finance Standard, and Apparel, Accessories and Footwear Standard. It takes additional reporting guidance from the UN Sustainable Development Goals (UN SDG’s) and the Task Force on Climate-Related Financial Disclosures (TCFD). Our goal is to deliver robust and transparent ESG disclosures in a timely manner for our stakeholders. As such our disclosures also take guidance from the International Sustainability Standards Board (ISSB) International Financial Reporting Standards (IFRS) S1 General Requirements for Disclosure of Sustainability-Related Financial Information (S1), and IFRS S2 Climate-Related Disclosures (S2). Loblaw is planning to align fully with the IFRS standards once they are endorsed by the Canadian Sustainability Standards Board (CSSB) and required by the Canadian Securities Administrators (CSA). We will adjust our disclosures in the coming years accordingly. Supplemental information is available in table format on our [data sheets](#).

Unless otherwise noted, all monetary figures in this report are presented in Canadian dollars.

For the latest updates regarding our progress, follow us on X (formerly Twitter), Facebook, Instagram and LinkedIn. We regularly update reports and statements on our website <https://www.loblaw.ca/en/responsibility/>.

Please direct inquiries to [esg@loblaw.ca](mailto:esg@loblaw.ca)



# About Loblaw

Loblaw is Canada's food and pharmacy leader, and the nation's largest retailer. Loblaw provides Canadians with grocery, pharmacy, health and beauty, apparel, general merchandise, financial services and wireless mobile products and services. With more than 2,500 locations, Loblaw, its franchisees and associate-owners employ approximately 220,000 full- and part-time colleagues and employees.

Loblaw's purpose – helping Canadians Live Life Well® – is focused on the needs and well-being of Canadians who have billions of interactions with our business every year. Loblaw is positioned to meet those needs in many ways, from our convenient locations with more than 1,100 grocery stores that span the value spectrum from hard discount to specialty, to our full-pharmacies at more than 1,300 Shoppers Drug Mart® and Pharmaprix® locations which carry Canada's top consumer brands: President's Choice®, Farmer's Market™, no name® and Life Brand®, to the hundreds of stores offering services like PC Financial®, and our affordable fashion apparel brand, Joe Fresh®.



**JOE FRESH**



Raised and donated  
**\$180**  
million



Approximately  
**220,000**  
colleagues and employees



**\$1 billion +**  
Value of PC Optimum™  
Points redeemed by customers

**3**  
of Canada's favourite brands  
President's Choice®,  
no name® and  
Farmer's Market™

More than  
**2,500**  
stores and pharmacies



## Message from the Chairman



Being Canada’s largest private-sector employer and one of the country’s largest networks of independent business owners comes with a lot of responsibility. Our customers expect us to not only support their weekly grocery and wellness needs, but to also play an active role in the long-term sustainability of their communities, and prosperity of our country.

With thousands of stores located within 10 minutes of 90% of Canadians, we and our franchise owners employ 220,000 people who all take great pride in delivering on these expectations. This is at the heart of our purpose – to help Canadians Live Life Well® – and informs the countless decisions we make every single day on everything from operations and logistics, to pricing and promotions, to health and wellness offerings, and beyond.

But, perhaps most pressingly, our purpose also underpins a commitment to Environmental, Social and Governance (ESG) excellence. For well over a decade, we have taken pride in our leadership position. We were among the first to set carbon reduction targets; to eliminate artificial colours, flavours and ingredients of concern from our control brands; to tackle food waste; and more. We did so with the belief that we could do right for the environment, our communities, our customers and our shareholders at the same time.

Years later, our ESG efforts are more firmly woven into the fabric of our business than ever before. Organized around two core priorities – fighting climate change and advancing social equity – we are pleased with the progress we made in 2023 to deliver on our objectives, and more committed than ever to our future ambitions, including:

### Fighting Climate Change

**Achieve net-zero carbon emissions for Scope 1 and Scope 2 (by 2040), and Scope 3 (by 2050).**

In 2023, we invested almost \$44 million in capital to complete 490 carbon-reduction projects, integrated our first 14 electric vehicles into our transport fleet, and ultimately reduced our emissions by 11% relative to our 2020 baseline.

**Ensure all of our control brand and in-store plastic packaging is either reusable or recyclable by 2025.**

In 2023, we achieved 64% compliance with the Golden Design Rules for plastic packaging design, production and recycling, with a clear path to full compliance by the end of 2025.

**Send zero food waste to landfill by the end of 2030.**

In 2023, our corporate food retail operations diverted more than 78,000 metric tonnes of food from landfill. And, 100% of our food retail operations and DCs, and eligible Shoppers Drug Mart®/Pharmaprix® associate-owned locations, donated to food rescue organizations.

## Advancing Social Equity

### **Be Canada's most diverse and inclusive employer.**

By the end of 2023, more than 166,000 colleagues and employees completed training on fundamental Diversity, Equity & Inclusion topics, ensuring that our workforce is equipped with the knowledge and understanding to create an inclusive environment. We also achieved four of our representation targets for women and visible minorities, ahead of schedule.

### **Provide nation-leading support for women's health and access to care.**

In 2023, Loblaw raised and donated more than \$13 million for the Shoppers Foundation for Women's Health, serving 370 women's health programs across Canada.

### **Help feed 1 million kids a year by 2025 through President's Choice Children's Charity.**

In 2023, Loblaw raised and donated more than \$22 million for the Charity, which ultimately fed more than 990,000 kids – making a positive impact on the lives of children in need.

### **Address food insecurity by providing 1 billion pounds of food to charities by 2028 through our Feed More Families™ program.**

In 2023, we donated almost 47 million pounds of food through the program, supporting communities and addressing food insecurity across the country.

As a family business, we consider the consequences of our decisions over decades rather than just financial quarters. This is especially important in relation to ESG matters. In this, our 17<sup>th</sup> annual ESG Report, you will find meaningful evidence of our impact as we look to improve our communities now and for generations to come. We know there is no time to spare, which makes our progress all the more meaningful.

Ultimately, there is much work ahead, and with his recent appointment as President and CEO of Loblaw, Per Bank joins me in being intently focused on driving our ESG agenda forward. I am confident that, along with every single one of our colleagues and employees, we will undertake this work with pride and conviction, as yet another demonstration of our commitment to helping Canadians Live Life Well®.



Galen Weston  
Chairman, Loblaw Companies Limited

# Leading with Purpose: Helping Canadians Live Life Well®

## Our Approach to Environmental Sustainability and Social Impact

We are driven by our purpose and goal of creating long-term value for our business and the communities in which we serve. Our approach to addressing ESG issues is focused on two priorities where we can make the biggest impact: fighting climate change and advancing social equity.

### Fighting Climate Change

As an industry leader on environmental action for decades, we are building on our success with an emphasis on reducing our greenhouse gas emissions (GHG) and eliminating waste from our business, through these and other actions, we aspire to:

- Achieve net-zero by 2040 for our enterprise operating footprint<sup>1</sup>, and 2050 for our Scope 3 emissions. ([More information on climate action](#))
- Reduce plastic waste by making all control brand and in-store plastic packaging recyclable or reusable, by 2025. ([More information on plastics](#))
- Send zero food to landfill by 2030 and achieve measurable food waste reductions in each of our stores by the end of 2023. ([More information on food waste](#))

### Advancing Social Equity

Our social responsibility extends throughout our workforce and into the communities we serve. We are determined to build a diverse, inclusive workforce, and support the health of women and children, who are the building blocks of prosperous communities. Our activities include the following:

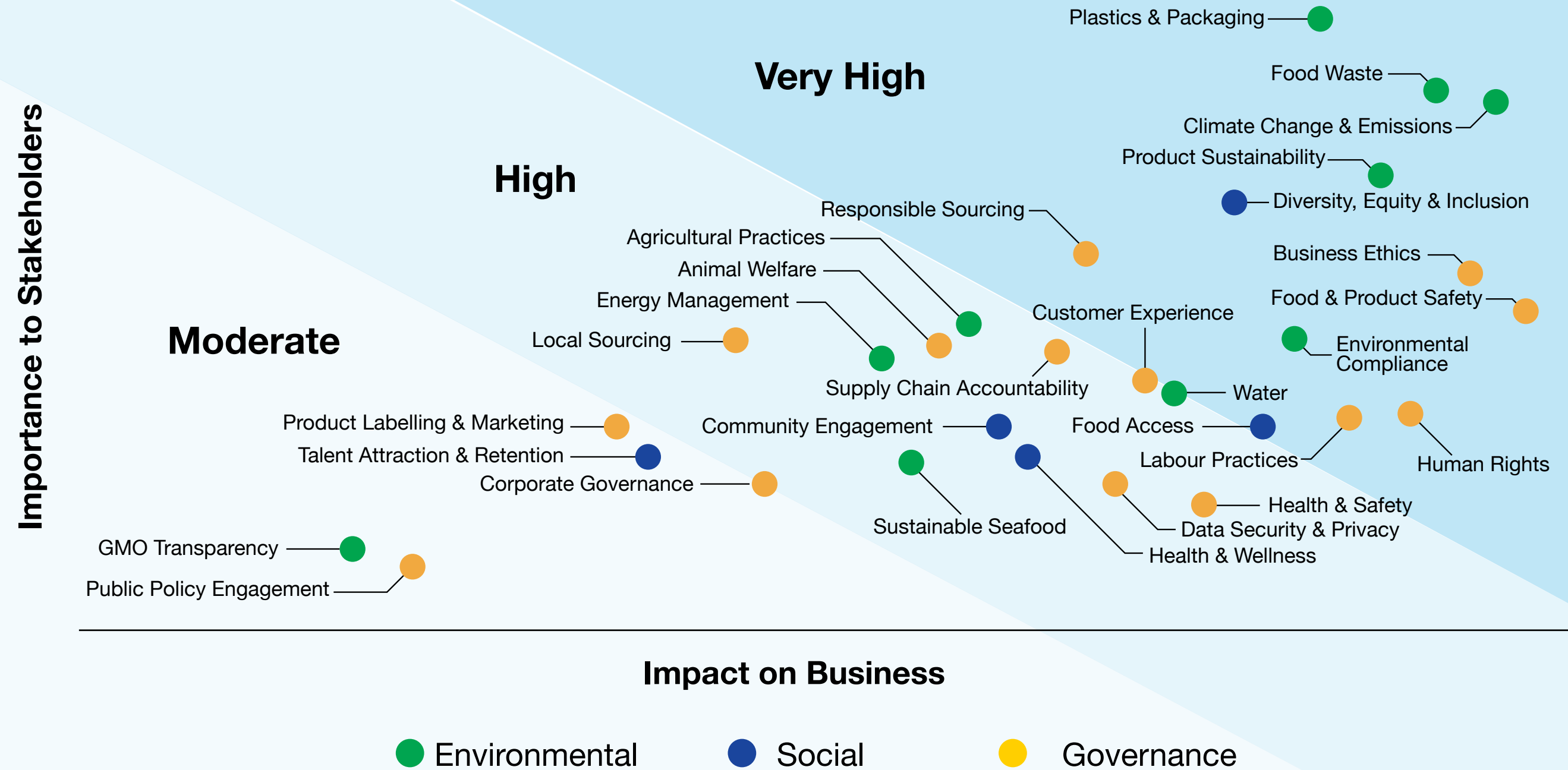
- Achieve representation goals for our management, executives and Board of Directors by the end of 2024. ([More information on representation goals](#))
- Create a ripple effect of inclusion and empathy in our communities by completing inclusion training for 200,000 colleagues and employees by the end of 2024. ([More information on inclusion training](#))
- Support President's Choice Children's Charity (PCCC), Canada's top non-government provider of direct-to-school kids' food programs, as they seek to raise \$150 million by 2027 and feed 1 million children a year by 2025. ([More information on community engagement](#))
- Through our Feed More Families™ program, donate 1 billion pounds of food to food charities by 2028. ([More information on community engagement](#))
- Shoppers Foundation for Women's Health is investing \$50 million by 2026 to make care more equitable and accessible for all women in Canada. ([More information on community engagement](#))



<sup>1</sup> Includes franchise and associate-owned operations

# Materiality

In 2021, we conducted a materiality assessment following GRI Standards 2016, identifying key issues impacting our business and those that are important to our stakeholders. Engaging a third-party consultant, we surveyed over 600 internal and external stakeholders, including colleagues, suppliers, government entities, academia, Non-Governmental Organizations (NGOs), and investors. This survey gauged the significance, relevance, impact, and perception of select ESG issues, considering familiarity with our sustainability practices and evolving sustainability concerns. Acknowledging investors' growing influence, targeted interviews were conducted to understand their top sustainability concerns. Although we intended to undertake a 2023 assessment, the ISSB's proposed materiality assessment requirements led us to defer this to ensure alignment with IFRS S1 and S2 standards once finalized in Canada.



This materiality assessment reflects the input of a broad range of stakeholders and may not align with the risk assessments of Company Management.

## Contribution to the United Nations Sustainable Development Goals (UN SDG)



We recognize the importance of the United Nations (UN) 2030 Agenda for Sustainable Development, and the UN's ambition to rally the global community to take necessary action to bring about inclusive, equitable and sustainable development for people and the planet through a focus on 17 Sustainable Development Goals (SDGs). Our purpose and our efforts align with many SDGs, and we have identified SDGs 2, 3, 5, 12, 13, 15 and 17 as most relevant to our enterprise operations.





## Our Approach to ESG Governance

ESG matters have the potential to impact business operations, regulatory compliance, reputation, and financial outcomes, and are therefore an important area of focus for the Loblaw Board of Directors and its committees. The Board oversees and monitors the Company's approach, policies, and practices related to ESG matters.



Loblaw has an ESG Steering Committee comprised of senior leaders who guide the Company and its colleagues on the ESG program and related activities and is tasked with ensuring that the Company considers and adopts leading ESG practices and programs. Responsibilities include overseeing strategic business objectives for ESG commitments and targets, as well as setting the “tone from the top” to foster an ESG-focused culture within the organization. The ESG Steering Committee also provides leadership to the various ESG Management committees which are responsible for setting priorities and implementing and monitoring ESG-related initiatives across the organization. Our programs and practices are designed to align with industry-leading standards and to support the achievement of our business objectives, including our ESG commitments and targets.



We are actively developing internal and external assurance strategies, starting with our focus on climate change and our commitment to achieving net-zero emissions.

The Board also oversees the Company's enterprise risk management (ERM) program, including its design and structure, as well as the assessment of its effectiveness. Risks related to governance, workplace health and safety, the environment and ethical business conduct are monitored and reported on by management to the Board or one of its committees.



## Board of Directors

- **Board of Directors** - Oversees and monitors the Company's strategy, policies and practices related to ESG matters.
- **Risk & Compliance Committee** - Oversees the Company's ESG strategy, design and program, and progress against its ESG related goals.
- **Audit Committee** - Oversees the adequacy and effectiveness of applicable ESG controls and reviews ESG disclosures prior to publication.
- **Governance Committee** - Oversees the design and achievement of the short-term incentive plan which includes an ESG component.

## Executive-Level

- **Management Board** - Responsible for ensuring that ESG programs and activities are executed, and that progress is made towards established goals and targets.
- **ESG Steering Committee** - Provides guidance to the Company and its colleagues on ESG programs and related matters, as well as strategic direction on ESG activities, priorities, internal metric tracking, and external disclosure frameworks.

## Management-Level

- **ESG Program**
  - Responsible for establishing and maintaining adequate internal controls over ESG disclosures and the implementation of a control environment which mirrors the Internal Controls over Financial Reporting (ICFR) framework.
- **ESG Committees:**
  - **Carbon**
  - **Plastics**
  - **Food Waste**
  - **Inclusion Council**
  - **Community Investment**
  - Executes projects and processes to support the achievement of ESG commitments;
  - Updates the ESG Steering Committee and/or Management Board on ESG progress;
  - Manages sustainability-related risks and opportunities; and
  - Advances ESG in business decision-making.

## ESG Reflected in Compensation

To drive ESG performance, Loblaw includes ESG as a criterion in the Company's short-term incentive program, linking performance on fighting climate change and advancing social equity activities to compensation for permanent, non-unionized, corporate colleagues at all levels. These targets make up 10% of the annual short-term incentive plan criteria.

The ESG targets for 2023 were designed to focus colleagues on continuing to drive further sustainability and social impact progress across the business. Achievement of the ESG metric was determined based in equal part on environmental and social initiatives. For more information, please refer to the [Management Proxy Circular](#).

# Stakeholder Engagement

We have a large and diverse set of stakeholders, and their input is critical to our success. We engage with them regularly in the normal course of business, and for our ESG program specifically. They contribute to our materiality assessment and inform our decision making. Our stakeholders are defined as those impacted by our business operations, our business partners and key individuals and organizations.

	Customers and communities	Colleagues, employees, franchisees, associates and labour unions	Vendors and suppliers	Shareholders and investor groups	Charities, NGOs and Governments
Engagement Channels	<ul style="list-style-type: none"> <li>In-store customer experiences and at our service counters</li> <li>Customer service departments across various business divisions</li> <li>Consumer surveys and focus groups</li> <li>Receipt-to-online customer satisfaction surveys</li> <li>Social media monitoring and engagement</li> <li>Integrity Action Line</li> </ul>	<ul style="list-style-type: none"> <li>Semi-annual “Tell It As It Is” colleague engagement surveys</li> <li>Intranet communications</li> <li>Colleague resource groups</li> <li>Direct emails to senior leaders and executives</li> <li>Scheduled meetings</li> <li>Negotiations with labour unions</li> <li>Integrity Action Line</li> </ul>	<ul style="list-style-type: none"> <li>Direct engagements and meetings</li> <li>Vendor portal</li> <li>Communications with category leads</li> <li>Supply Chain Compliance department</li> <li>Integrity Action Line</li> <li>Loblaws Supplier Communications inbox (<a href="mailto:vendorcomm@loblaw.ca">vendorcomm@loblaw.ca</a>)</li> </ul>	<ul style="list-style-type: none"> <li>Direct investor engagements and meetings</li> <li>Investor conferences</li> <li>Annual General Meeting and quarterly earnings calls</li> <li>Investor questionnaires and surveys</li> <li>Investor Relations inbox (<a href="mailto:investor@loblaw.ca">investor@loblaw.ca</a>)</li> </ul>	<ul style="list-style-type: none"> <li>Public Relations, Government Relations and Sustainability and Social Impact departments (either direct contact with subject matter experts or via department inboxes, including <a href="mailto:esg@loblaw.ca">esg@loblaw.ca</a> and <a href="mailto:pr@loblaw.ca">pr@loblaw.ca</a>)</li> <li>Community dialogues</li> <li>Philanthropic activities</li> <li>Interactions through community partnerships and volunteerism</li> <li>Participation in conferences, forums and webinars</li> <li>Industry consultation and committees via trade associations</li> </ul>
Points of Interest	<ul style="list-style-type: none"> <li>Pricing</li> <li>Philanthropy</li> <li>Waste Reduction (packaging and food)</li> <li>Fair Wages for Workers</li> <li>Climate Change and Emissions</li> <li>Animal Welfare</li> <li>Renewable Energy</li> <li>Disaster Relief</li> </ul>	<ul style="list-style-type: none"> <li>Fair Wages</li> <li>Diversity, Equity and Inclusion</li> <li>Human Rights</li> <li>Pricing</li> <li>Community Engagement</li> <li>Customer Experience</li> <li>Food and Product Safety</li> <li>Climate Change and Emissions</li> <li>Data Security and Privacy</li> <li>Biodiversity Protection</li> </ul>	<ul style="list-style-type: none"> <li>Food and Product Safety</li> <li>Business Ethics</li> <li>Human Rights</li> <li>Labour Practices</li> <li>Customer Experience</li> <li>Climate Change and Emissions</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Climate Change and Emissions</li> <li>Human Rights</li> <li>Labour Practices</li> <li>Supply Chain Accountability</li> <li>Supplier Engagement</li> <li>Agricultural Practices</li> <li>Responsible Water Management</li> </ul>	<ul style="list-style-type: none"> <li>Human Rights</li> <li>Labour Practices</li> <li>Supply Chain Accountability</li> <li>Climate Change and Emissions</li> <li>Product Sustainability</li> <li>Animal Welfare</li> <li>Sustainable Seafood</li> <li>Pricing</li> <li>Protection and Conservation of Biodiversity</li> </ul>

# 2023 Performance Highlights

## Net-zero by 2040 for our enterprise operating footprint, and 2050 for our scope 3 emissions

Achieved an 11% reduction in our Scope 1 and Scope 2 emissions compared to 2020 baseline year.



Completed 490 carbon reduction projects.

Achieved major milestone toward our goal of decarbonizing our fleet, by rolling out 14 heavy-duty fully electric transport trucks.



## Eliminating food waste sent to landfill by 2030

100% of our food retail operations and distribution centres, and eligible Shoppers Drug Mart®/Pharmaprix® associate-owned locations are actively donating to a food recovery partner.



## Be Canada's most diverse and inclusive employer



Increased proportion of women represented in Executive roles to 39%, on track to achieve our 2024 goal of 40% representation.



On track towards our goal of providing inclusion training to 200,000 colleagues in an effort to increase empathy in our communities.



Launched Loblaw Community Grants program, supporting five organizations over four years for a total contribution of \$1 million.



Increased representation of visible minorities in Management roles to 32% and our Executives to 28%, achieving our 2024 goal of 30% and 25% representation, respectively.

## Tackling plastic waste



Achieved 64% compliance relative to the Golden Design Rules for control brand and in-store plastic packaging, with a clear path to achieve 100% by 2025.

Eliminated front-end single-use plastic bags nationally.



## Support the health and well-being of children and women



Raised and donated \$180 million to support research, charities and non-profits across Canada.



Supported the Shoppers Foundation for Women's Health Giving Shelter campaign through a \$1 million donation to Women's Shelters Canada and Canadian Women's Foundation for gender-based violence initiatives.



Donated almost 47 million pounds of food to food charities across Canada, in support of Feed More Families™.

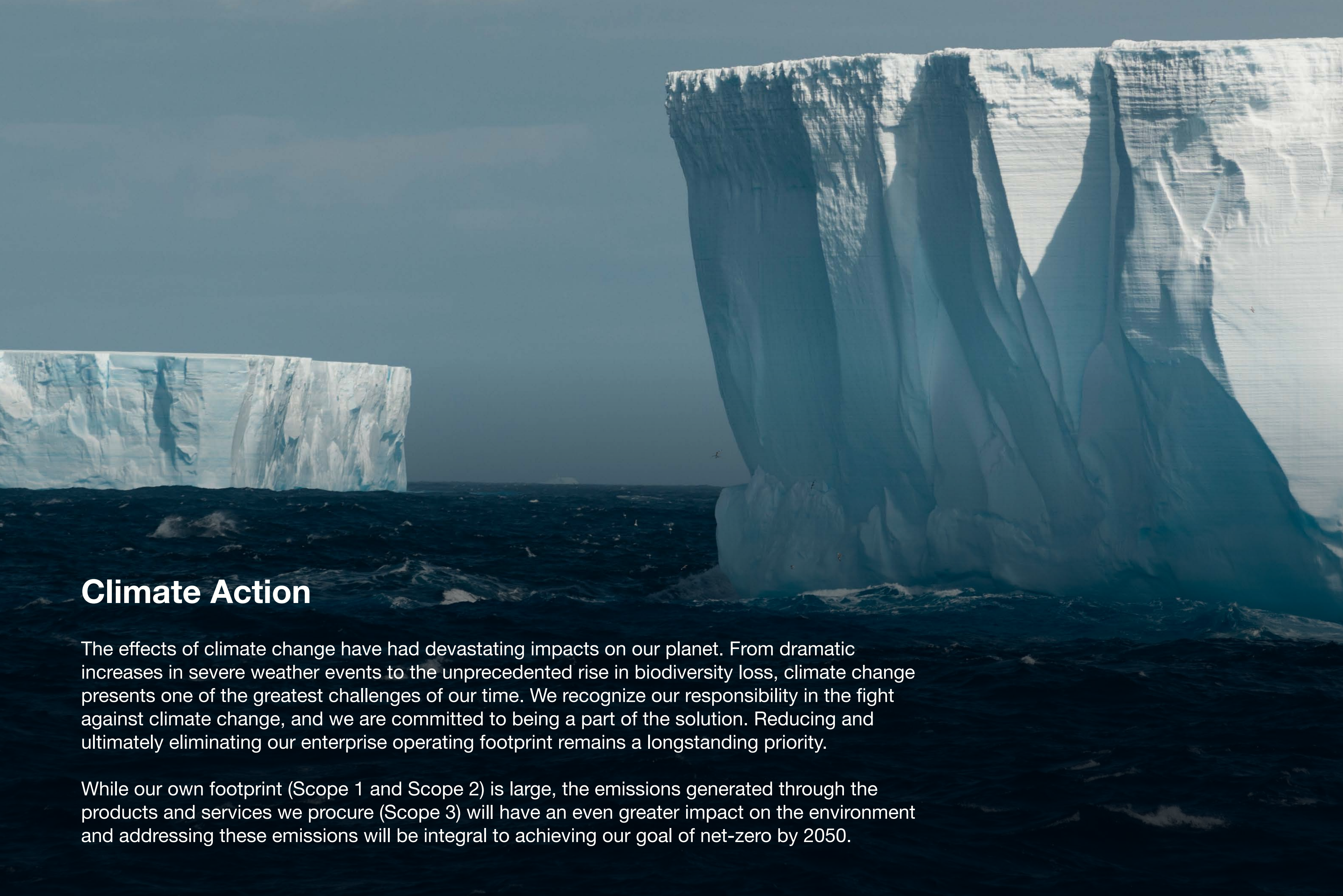


Helped President's Choice Children's Charity feed 990,000 kids as part of their mission to tackle childhood hunger.

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# Environmental





## Climate Action

The effects of climate change have had devastating impacts on our planet. From dramatic increases in severe weather events to the unprecedented rise in biodiversity loss, climate change presents one of the greatest challenges of our time. We recognize our responsibility in the fight against climate change, and we are committed to being a part of the solution. Reducing and ultimately eliminating our enterprise operating footprint remains a longstanding priority.

While our own footprint (Scope 1 and Scope 2) is large, the emissions generated through the products and services we procure (Scope 3) will have an even greater impact on the environment and addressing these emissions will be integral to achieving our goal of net-zero by 2050.

## Our carbon footprint

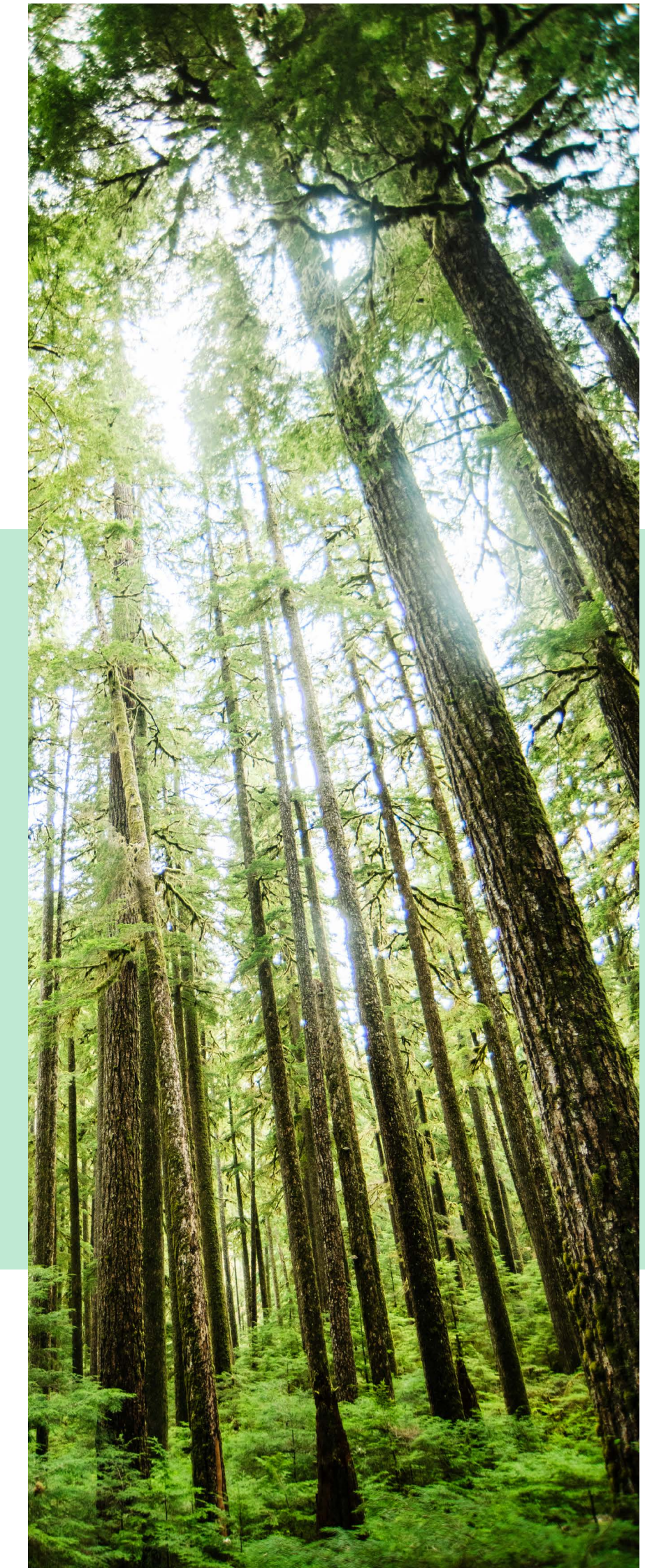
Loblaw's emissions are categorized as follows: Scope 1 represents approximately 2% of total Loblaw emissions and stems from sources owned or controlled by Loblaw, while Scope 2 is approximately 1% and relates to indirect emissions associated with electricity, steam, heating and cooling purchases. The significant majority, approximately 97%, of our carbon footprint stems from external sources in our value chain (Scope 3). These are vital to our operations but are not directly managed by Loblaw.

While it represents challenges, tackling Scope 3 emissions is of critical importance to our plan to fight climate change and achieve net-zero by 2050. To succeed, strong data collection and collaboration across the value chain will be required. That is why in late 2023 we increased our transparency by disclosing our plan to tackle Scope 3 emissions. This included a call to action sent to our largest suppliers asking them to **#JoinTheCarbonFight** against climate change and align to the Science Based Targets initiative (SBTi), and report on their carbon emissions and reductions. As part of this work, we announced a new target to ensure suppliers from whom we source 70% of our volume by spend will set targets reflecting the guidance set by SBTi, by 2027.

## Achieving net-zero

For decades, we have led our industry on environmental action and have been tracking the carbon footprint of our corporate stores and operations. In 2016, we committed to a 30% reduction of GHG emissions by 2030 from a 2011 baseline. Through advancements in energy management, equipment conversions and reducing refrigerant leaks, we met our 2030 goal in 2020, ten years early.

In 2021, we set our ambitions higher, with a phased approach to reach net-zero emissions across our full enterprise – including corporate, franchise, and associate-owned stores, as well as corporate offices and distribution centres, by 2040. Our plan focuses on four key aspects of our footprint: refrigerants, heating, electricity, and decarbonizing our fleet, and in 2023, we released our plan to tackle our scope 3 emissions by 2050. Our plan is aligned with the Paris Agreement, limiting global temperature rise to 1.5 degrees Celsius.



<sup>1</sup> Includes corporate, franchise, associate-owned, and T&T® operations as well as corporate offices and distribution centres  
<sup>2</sup> Short-haul, outbound, corporately owned and operated fleet



On April 9, 2024, SBTi confirmed validation of our 2027 and 2030 reduction targets as conforming with the SBTi Criteria and Recommendations (Criteria version 5.0) and that our company’s Scope 1 and Scope 2 target ambition as in-line with a 1.5 degrees Celsius trajectory.

## Scope 1 and Scope 2 GHG Emissions Reporting<sup>1,2,3</sup>

We are proud of the achievements we have made so far on our Scope 1 and Scope 2 reduction journey, and as of the end of 2023 we have decreased these emissions by 11% against our 2020 baseline.

Metric	Unit of Measure	FY 2023	FY 2022	FY 2021	FY 2020
Scope 1 (Direct) <sup>4</sup> – Fleet and building fuel consumptions, refrigerant releases, and company-owned travel	Metric tonnes of CO <sub>2</sub> e	726,052 <sup>5</sup>	752,306 <sup>3</sup>	766,856 <sup>3</sup>	826,921 <sup>3</sup>
Scope 2 (Indirect) <sup>4</sup> – Electricity, location-based	Metric tonnes of CO <sub>2</sub> e	392,500 <sup>5</sup>	407,217	427,857	429,413
Scope 2 (Indirect) <sup>4</sup> – Electricity, market-based <sup>6</sup>	Metric tonnes of CO <sub>2</sub> e	388,300 <sup>5</sup>	407,217	427,857	429,413
<b>Total (Scope 1 and Scope 2, market-based)</b>	<b>Metric tonnes of CO<sub>2</sub>e</b>	<b>1,114,352</b>	<b>1,159,523</b>	<b>1,194,713</b>	<b>1,256,334</b>
Change as a % compared to prior year	%	-4%	-3%	-5%	-
Change % against baseline year (2020)	%	-11%	-8%	-5%	-
Change % against baseline compared to prior year	%	-4%	-3%	-5%	-
Carbon reduction capital spend	\$	\$43,990,000	- <sup>7</sup>	- <sup>7</sup>	- <sup>7</sup>
Carbon reduction projects	Count	490	250	- <sup>7</sup>	- <sup>7</sup>
Number of corporate owned electric trucks	Count	14	nil	nil	nil

<sup>1</sup> A level of measurement uncertainty exists in these metrics due to the use of estimates for data points that are difficult to obtain. If actual data becomes available we will adjust historical estimates where applicable.

<sup>2</sup> Emissions are calculated by The Delphi Group following the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and emission factors defined by the National Inventory Report (NIR), although, for Scope 1 and Scope 2 emission factors, Management used 2018 NIR for 2020 figures, 2019 NIR for 2021 figures, 2020 NIR for 2022 figures, and 2021 NIR for 2023 figures and Management has included emissions from HCFC refrigerant leaks in Scope 1.

<sup>3</sup> Numbers in the GHG inventory table may fluctuate as more accurate information becomes available such as updates to the emission factors as defined by the NIR. Scope 1 values have changed from prior years disclosed amounts due to a change in estimate related to franchise refrigerant leak data. The previous values for 2022, 2021, and 2020 were 623,613, 629,662, and 691,679, respectively.

<sup>4</sup> Includes enterprise operations (corporate, franchise, associated-owned, and T&T<sup>®</sup>).

<sup>5</sup> This symbol identifies that third-party assurance was obtained for this data point. Please refer to the [2023 Early Release of Priority ESG Disclosures](#) and the related Limited Assurance report.

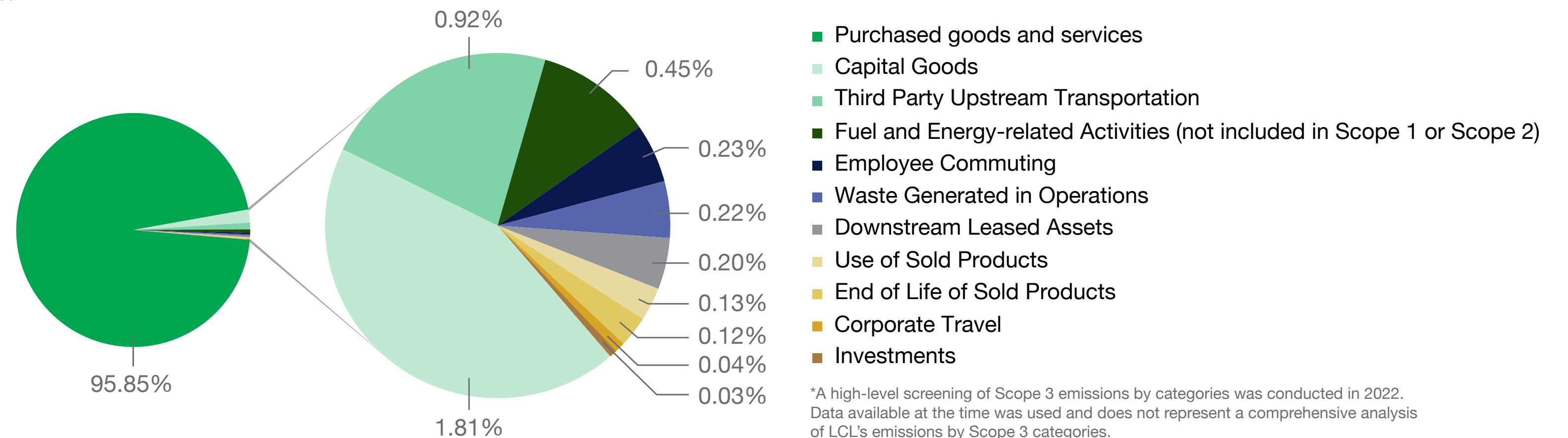
<sup>6</sup> In 2023, Loblaw had contractual agreements for Clean Energy Credits in Ontario which represents approximately 5% of the overall electricity consumption for the year.

<sup>7</sup> This metric was not formally tracked in prior years, therefore data is not available to disclose for this time period.

## Tackling Scope 3

The following represents the contribution of various value chain activities to our overall Scope 3 emissions. The weighting of Purchased Goods and Services underpins the importance of working with our vendors up and downstream, to achieve net-zero by 2050.

Our plan to achieve net-zero by 2050 is science-based and will focus on five key areas - vendor commitments, sustainable sourcing, empowering our people, tackling food waste and circularity, and enabling low carbon living for our customers. See our [net-zero plan](#) for more details.





## ESG Strategy

We recognize that as a diverse company there are a wide range of ESG topics that fall under the scope of our operations. Our ESG strategy is rooted in two purpose-led pillars: fighting climate change and advancing social equity. Under these two pillars, we have developed five purpose-led focus areas: carbon net-zero; eliminating food waste; tackling plastic waste; being Canada's most diverse and inclusive employer; and supporting the health and well-being of children and women. Through these focus areas, we address the topics that matter most to our business and prioritize the concerns of our stakeholders. We understand the importance of being accountable for our commitments and the need to demonstrate progress and challenges transparently.

The ESG strategy has been informed by specific sustainability-related risks and opportunities. Annually (at a minimum), a thorough review is performed to ensure that key ESG risks and opportunities are embedded in the Company's ESG strategy and long-term plans. This involves continuously monitoring potential sustainability-related risks and opportunities across the value chain, so that we can make changes to our overall program and/or metrics as required.

Taking guidance from IFRS S2, our ESG climate strategy has been informed by climate-related risks and opportunities. Performing a climate risk assessment using physical and transition risks is a recognized approach to assess climate-related risks and opportunities. Physical risks are risks resulting from the increase in the intensity and frequency of climate hazards. Transition risks and opportunities are those resulting from a global transition to a low-carbon economy. As such, in order to shape our understanding of the potential implications of both the physical and transition risks and opportunities associated with climate change, in 2022 we conducted both a qualitative and a quantitative scenario analysis across a medium term (2030) and long term (2050) time horizon. This scientific assessment is a core methodology used to assess climate-related risks and opportunities and it was performed by an independent third-party expert. This assessment enabled our evaluation of the potential effects that physical risks and transition risks have on our strategic and financial position across various scenarios that follow internationally recognized frameworks. These included the Representative Concentration Pathway (RCP) which is a framework of climate scenarios used to understand future climate projections in response to changing atmospheric greenhouse gas (GHG) concentrations and Shared Socio-economic Pathway (SSP), which is the latest version of climate projections that inform the assessment reports from the Intergovernmental Panel on Climate Change.

The results of the assessment have been used to identify climate-related risks and opportunities that inform the development of our transition plan, which anticipates the scenario of a 1.5-degree-Celsius global temperature increase, in line with SBTi.

# ESG Risk Management

Loblaw faces ESG risks that could, directly or indirectly, negatively impact our reputation, operations, or performance over the short, medium or long term. We assess risk for all of our significant sustainability-related risks and opportunities as well as a specific assessment of climate-related risks and opportunities. Teams within the business such as ESG Integration and Reporting, Sustainability and Social Impact, Legal, Investor Relations, and External Financial Reporting, work together to identify and set mitigation strategies for sustainability-related and climate-related risks and opportunities throughout the year.

Loblaw has a defined ERM program to assess enterprise risks, including potential environmental and social related risks. ESG risk management is aligned to the ERM program where possible, though the ERM and ESG risk timelines are different given that ESG risks include longer-term risk horizons. The climate risk assessment conducted in 2022 aligned with the ERM risk assessment model to allow for consistent criteria and comparability. The specific criteria used within the assessment included potential impact to the business, likelihood of occurrence, the speed of onset, the current control environment and the level of mitigation activity required to address the risk. More information on our ERM program can be found in the [Annual Information Form and in the Management Discussion and Analysis](#).

Climate change presents a growing risk with the potential to impact or alter current and future business conditions or practices. This includes the potential impact of changes in laws, regulations and policies, designed to reduce the impact of global climate change on retail and other businesses. Failure to adhere or adapt to these dynamics poses various risks. The 2022 Climate Risk Assessment identified the following risks as having the highest potential to impact our business operations:

## Transition risks

- **Carbon pricing** - Carbon pricing has a significant impact on the cost of energy, fuel, raw materials, and operations and it is expected to increase annually to meet Canada's net-zero target.
- **Food waste** - food waste is a key component of our GHG emissions and is expected to experience stricter regulations, increased transportation costs, as well a social pressure in the years to come.
- **Refrigeration and refrigerants** - As an integral component of all our stores and distribution centres, changes to regulations regarding refrigerants and retrofitting of systems have the potential to significantly impact our operations.

## Physical risks

- **Supply chain interruptions** - The effects of physical risks (wildfires, ice/snow, droughts, flooding) have the potential to impact the cost and availability of products to the company through its supply chain.
- **Long-term temperature and precipitation rise** - Rising mean temperatures, along with the accompanying changes in precipitation patterns, could potentially drive more acute extreme events, and impact LCL's operations and personnel, such as the potential to impact access to our stores and distribution centres.

ESG risks and opportunities noted through risk management exercises inform the Company's ESG strategy during the annual review of ESG materiality and progress. As a result of risks and opportunities identified, changes to the strategy, metrics and/or targets are made as required.

At Loblaw we understand that ESG is a priority for stakeholders who seek to understand how companies incorporate sustainability considerations into their strategic decision-making, and risk management. Stakeholders are interested in how a company's sustainability plans align with its business model, risk mitigation plans, and, its potential for long-term value creation. Therefore, in the near future, we aim to provide transparency into the costs, trade-offs, and road map required to achieve our sustainability commitments.

# Climate Risk Mitigation

The climate risk mitigation initiatives we have undertaken present a dual advantage in mitigating climate-related risks while propelling our journey towards achieving our net-zero objectives. The following illustrates the strategies we are implementing to mitigate and/ or minimize exposure to the identified risks.

## Carbon pricing

**Risk Type: Transition**

**Time Horizon: Short/Medium/Long**

**Net-zero targets:** Loblaw has committed to a 50% reduction (from our 2020 baseline) of our enterprise operating footprint by 2030, net-zero emissions by 2040 and net-zero Scope 3 emissions by 2050. In 2023, we saw our Scope 1 and Scope 2 emissions decline by 11% against our 2020 baseline despite the opening of 15 new stores. Additionally, we announced our plan to reach net-zero emissions for Scope 3 including a call to action for a minimum of 70% of our Tier 1 suppliers by spend to set reduction targets aligned to SBTi and actively report on emissions reductions by 2027.



**Smart controls:** We are implementing smart controls as we complete store renovations, which allow us to wirelessly control our lighting systems. This is in addition to the existing centralized building management systems for Refrigeration and HVAC (Heating, Ventilation and Air Conditioning). These smart controls help us save, on average, 10% annually.

**Decarbonization of our fleet:** Loblaw will operate a zero-emission short haul outbound corporately owned and operated fleet, by 2030. To date, we are progressing on this target despite supply delays, and in 2023 we saw the addition of the first 14 heavy-duty electric transport trucks to our fleet.



**LED lighting conversions:** LED lighting has a wide variety of positive environmental impacts: it uses up to 75% less energy, produces very little heat which eases cooling costs, and lasts 30 times longer than some alternatives – all without the use of harmful materials. While swapping out lights in our stores and pharmacies is a lengthy process, we are well underway. All of our new stores are being equipped with energy-efficient lighting, and we have completed 189 upgrades leading to an estimated annual carbon reduction of 3,200 tCO<sub>2</sub>e.

## Food waste

Risk type: Transition

Time horizon: Short/Medium/Long

**Zero food waste by 2030:** After achieving our goal of 50% corporate food waste reduction in 2020, five years early, Loblaw set the ambitious goal of sending zero food waste to landfill for all of our enterprise operations, by 2030. We have progressed this commitment by redirecting more than 78,000 metric tonnes of food through donations, reclamation, anaerobic or aerobic digestion, and farm diversion.

**10x20x30 initiative:** We are a proud member of the Consumer Goods Forum's Global Food Waste Coalition of Action. For more information, please see [page 23](#).



**Flashfood:** Through our partnership with Flashfood we have been able to feed hundreds of thousands of families across the country more affordably while reducing our food waste. Flashfood is now live in over 770 of our stores, and in 2023, we eliminated more than 9.3 million kilograms of potential food waste, while saving Canadians millions on their grocery bills.

**Store and supply chain efficiencies:** In the grocery business, customers expect products to be in stock where and when they want to shop. So, ordering the right amount of food is critical. Too little risks disappointing our customers, too much creates waste. We have invested in sophisticated inventory systems to improve our procurement practices and forecast planning, we are using data tracking tools in stores to analyze product lifecycles, and we are shortening our supply chain to help keep food fresher longer. Through these and other systems, we will ensure food is ordered or prepared in amounts that aim to reduce waste.

## Refrigeration and refrigerants

Risk type: Transition

Time horizon: Medium/Long

**Refrigerant conversions and leak detection:** As an integral component of all our stores and distribution centres, changes to regulations regarding refrigerants have the potential to significantly impact our operations.

Our approach to reduce the impacts of refrigerants is twofold:

- All new grocery stores are built with natural refrigerant-based refrigeration systems.
- In our legacy stores, we are actively converting our systems to use lower impact refrigerants. Since beginning this work in 2019, we have converted 450 legacy grocery stores to lower global warming potential refrigerants resulting in an estimated annual carbon reduction of more than 187,000 tCO<sub>2</sub>e.



We have leveraged data from our centralized energy management systems to develop a system that allows for leaks to be detected earlier. This system has been implemented in more than 300 stores and it is projected to reduce emissions by more than 12,000 tCO<sub>2</sub>e annually.

## Supply chain interruptions

Risk type: Physical

Time horizon: Short/Medium/Long

### Supply chain management:

Loblaw works with vendors to assess the impact of climate change on crops in various countries and regions, and we continue to explore alternative solutions, including local sourcing and greenhouse growers. Through our work with the Canadian Alliance for Net-Zero Agricultural (CANZA), we are focused on developing, testing, and scaling innovative technologies, and incentivizing the adoption of regenerative agriculture and carbon farming practices, offering an opportunity to transform the sector and create a circular, net-zero agri-food value chain.



**Contingency planning:** Loblaw procurement works closely with supply chain management to ensure redundancy in the chain, by sourcing from multiple vendors from various regions/countries in addition to having various routes and modes of transportation for shipped goods.

## Long-term precipitation and temperature rise

Risk type: Physical

Time horizon: Long

### Building codes:

Loblaw follows municipal building requirements to ensure locations are built to address the various environmental factors such as earthquakes, high flood zones, etc.

### Emergency preparedness:

Loblaw has a robust enterprise crisis management process to minimize damages or other impacts and ensure the safety of our customers and colleagues.

### Risk management:

We recognize that, despite best efforts, some risks will materialize. We work diligently with our insurance providers to ensure coverage is reflective of potential risk.



# Reducing Plastic Waste by 2025

Fighting plastic waste is one of the important challenges that a company like ours is uniquely well-positioned to take on. As a retailer and a brand owner we have the opportunity to make better choices through the lifecycle of a piece of plastic packaging that can amount to significant change. We can choose reusable materials, better resins, smaller sizes, and more recycled content. Increasingly, we have control over the recycling systems that receive our packaging and we can make those systems perform better as well. We also understand that the issue of plastic is one that will require collective effort to tackle and is well beyond the actions of any single company. That is why we are working within leading industry coalitions like the Consumer Goods Forum's global Plastic Waste Coalition of Action and the Canada Plastics Pact as well as industry led organizations charged with running the recycling systems across Canada including Circular Materials and Recycle British Columbia. We believe that through collective action we can significantly reduce plastic waste and improve our environment.

As a member of the Consumer Goods Forum's global Plastic Waste Coalition of Action, where our Chairman, Galen G. Weston is an executive co-sponsor, we were instrumental in the creation and endorsement of global Golden Design Rules. These rules were intended to encourage retailers and consumer goods companies to use less and better plastic packaging. This is fundamental to Loblaw's goal to make all control brand and in-store plastic packaging recyclable or reusable by 2025.

## Canada Plastics Pact

A critical factor in the fight against plastic waste is the collaboration of all players across the sector. From government to resin makers to brands and recyclers, real changes are going to require everyone's support. That is why in 2021 we were proud to be among the 41 founding partners that launched the Canada Plastics Pact (CPP). The CPP is a member of the Ellen MacArthur Foundation's Global Plastics Pact network and is leading Canada's response to the escalating plastic crisis. The CPP has facilitated critical industry action on important topics such as the Golden Design Rules and continues to drive progress on a wide variety of other solutions such as reusables, recycled content and better data.



## Golden Design Rules

In alignment with the Ellen MacArthur Foundation, the Consumer Goods Forum, and the Canada Plastics Pact, Loblaw actively champions the Golden Design Rules (GDR) established by leading retail and consumer goods entities. These rules set a benchmark for packaging design, emphasizing the reduction of materials and the removal of problematic elements.

Embracing these principles, in 2022 we took proactive steps by communicating the GDRs to our hundreds of control brand vendors, outlining our new packaging standards, and highlighting the global guidelines. In 2023, we continued to work with our control brand vendors to encourage them to build their internal capabilities on design aligned with these principles. By the end of 2023, in collaboration with our vendors, we have achieved compliance with the GDRs for 64% of our more than 10,000 control brand and in-store plastic packaged products, with an established roadmap to convert the balance of our control brand and in-store plastic packaging products by 2025.

Additionally, in October 2023 we sent a communication to all our national brand vendors, encouraging them to adopt the design rules. We informed our national brand vendors that our merchants will begin incorporating suppliers' use of these rules as a factor in all product listings starting January 1, 2025. And, that we aspire to have only recyclable or reusable packaging on our shelves by January 1, 2026.

## Full extended producer responsibility

We are supporters of the transition that sees brand owners given full responsibility for both the cost and performance of the recycling systems that manage our products. By providing producers the ability to coordinate the system that will accept the packaging they are designing, we can generate meaningfully better recycling outcomes. That is why we were an enthusiastic founder of Circular Materials, a national producer responsibility organization (PRO), focused on advancing recycling priorities across the country. Producers, through Circular Materials are already actively converting existing recycling systems and exploring new technologies to achieve better recycling rates.

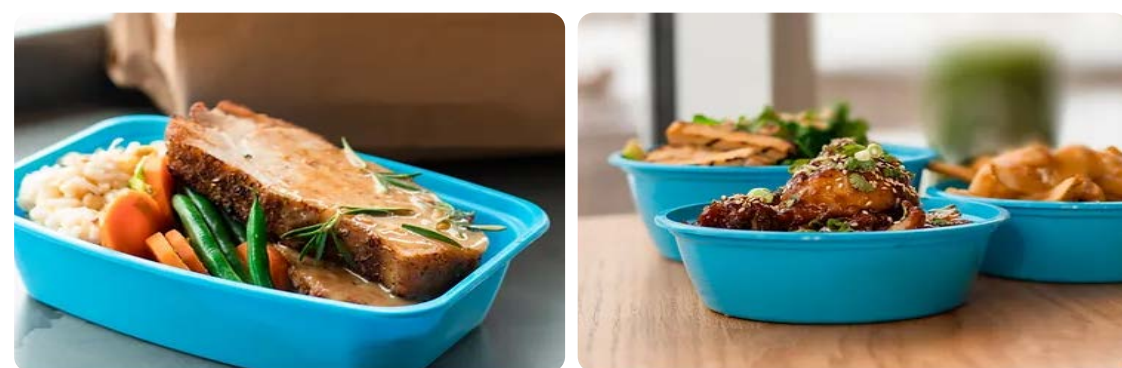
# Reduce, Reuse, Recycle

## Re-Use City pilot

Loblaw has signed on to pilot a re-use system in 2025 in collaboration with Consumer Goods Forum (CGF), another major retailer, and several consumer goods brands.

## Leveraging innovation to improve plastic circularity

In response to growing societal demand to eliminate single-use plastics, in 2023 Loblaw extended our closed-loop recycling pilot in Guelph, Ontario with Friendlier. Customers were provided with take-out meals packaged in a reusable container for free. When the customer returned the packaging to one of the friendlier return bins, they were provided with a fifty-cent incentive. This pilot eliminated 8,000 plastic single-use containers.



## Minimizing plastics across our operations

To improve recycle-ready components of our packaging, in 2021 we started transitioning mushroom trays from black or blue plastic to beige. In 2023, we continued that transition to clear PET allowing for greater detectability in the recycling stream. This transition will be completed in 2024. In 2023, this resulted in 39.9 million better mushroom trays going into the recycling stream.

We also started a transition of our meat and seafood trays from expanded polystyrene to clear rPET, again allowing for greater detectability in the recycling stream. In 2023, 35.9 million trays were made from better plastic and we plan to complete the transition for all meat and seafood trays in 2024.

The conversion of our 10 kilogram potato bags to be made entirely of paper, removing the plastic window from the bag, allowed 23 million bags to be more easily recycled in 2023.

In 2023, Quo Beauty® made significant strides in reducing plastic use by introducing 40 new products that feature eco-friendly packaging with a reduced plastic footprint. Quo Beauty® converted their bath poufs to 100% recycled mesh, eliminating the use of approximately 100 metric tonnes of virgin plastic annually. In addition, Quo Beauty® launched their natural cosmetics line as part of the “More Planet Love” campaign, which uses components made with at least 30% post consumer recycled (PCR) materials and formulated with a minimum of 70% naturally derived ingredients.

In 2023, PC Bank extended the physical card’s expiry dates for the PC Money™ Account and PC® Mastercard® which should prevent more than 10,000 kilograms of plastic waste over the next 12 years.

## Eliminating plastic bags

In 2023, we celebrated the final exit of plastic bags in our stores, signifying the end of a 15-year journey started in 2007 when we implemented our pay-for-bag program to help reduce plastic waste.



## Funding research for better plastic outcomes

It is critical to understand the full environmental impact of microplastics and microfibres and as such we support leading research organizations.

Since 2021, we have provided \$600,000 to Ocean Wise, a global ocean conservation organization that addresses overfishing, ocean pollution and climate change. Through this partnership we are also supporting the Ocean Wise Plastic Lab, which delivers solution-oriented insights into how microfibers are generated and transferred to waterways.

Loblaw was proud to again be a presenting sponsor of the Ocean Wise Shoreline Cleanups in 2023, an initiative that rallies communities across the country to remove litter from their waterfronts (i.e., lakes, creeks, rivers and oceans) and provides invaluable data for addressing pollution at its source. With more than 100 volunteers from 17 communities across Canada participating in cleanups this year, we removed 264 kilograms of waste from potentially entering waterways.

This year, we continued our support of The University of Toronto’s pELASTic Project, through a contribution of \$75,000. This long-term study into the effects of microplastics in freshwater ecosystems is carried out at the world-renowned International Institute for Sustainable Development’s Experimental Lakes Area (IISDELA).

# Food Waste

Food waste is an environmental, social and economic problem. In Canada, an estimated 35.5 million tonnes of food produced is lost or wasted each year with an economic impact greater than \$49 billion<sup>1</sup>. Although some degree of waste is unavoidable in food retailing, a significant part of it is unnecessary and unacceptable.



## Zero food to landfill by 2030

In 2021 we set a new ambitious goal – to send zero food to landfill by 2030. This goal extends to our full enterprise, including franchise and associate-owned store operations and our supply chain. To drive our results, we set an interim goal: by the end of 2023, each of our eligible stores will achieve food waste reductions, and we are extremely proud to have met this goal with 100% of our food retail stores and DCs, and eligible Shoppers Drug Mart®/Pharmaprix® associate-owned locations actively donating to a food recovery partner. This is a huge achievement which supports our goal of sending zero food to landfill by 2030, and to helping us achieve our Feed More Families™ commitment to provide 1 billion pounds of food to food charities by 2028.

Metric	FY 2023	FY 2022	FY 2021
	Metric tonnes		
Redistribution of food surplus <sup>2</sup>	16,992	6,667	2,064
Feeding animals <sup>2</sup>	23,987	21,623	17,203
Bio-based materials / biochemical processing <sup>2</sup>	3,987	3,261	3,883
Anaerobic digestion <sup>2</sup>	13,751	32,936	34,296
Composting / aerobic processes <sup>2</sup>	20,070	379	343
<b>Total Food Waste Diverted<sup>2</sup></b>	<b>78,787</b>	<b>64,866</b>	<b>57,789</b>

<sup>1</sup> Second Harvest, 2019, The Avoidable Crisis of Food Waste.

<sup>2</sup> Includes corporate food retail operations only.

## Loblaw's 10x20x30 Initiative Partners

In 2020, Loblaw joined the Consumer Goods Forum's global Food Waste Coalition of Action. A key effort of the coalition is the 10x20x30 program, which encourages members to recruit their suppliers to sign on to the UN SDG Target 12.3 to halve global food waste by 2030.





## Flashfood

Through our partnership with Flashfood, we have been able to feed hundreds of thousands of families across the country more affordably while reducing our food waste. In 2023 we expanded the Flashfood program to include frozen food in our Real Canadian Superstore® and Maxi® banners and we look forward to continuing this expansion to other banners in 2024 and beyond.

As of the end of 2023, Flashfood is available in over 770 of our stores. In 2023, this partnership has also diverted more than 9.3 million kilograms<sup>1</sup> of potential food waste.

<sup>1</sup> During 2023, the Company had a change in estimate with respect to the methodology used to determine the number of Flashfood kilograms saved during the year. The change has been applied in 2023 prospectively.



## Food banks and food recovery agencies

After reaching our goal of matching 100% of our eligible stores with local food banks and food recovery agencies across Canada, in 2022, this year our focus was on frequency of donations and as a result we donated nearly 47 million pounds of food to our partners, Second Harvest, Food Banks Canada, and Banques Alimentaires Quebec. These donations directly support our Feed More Families™ pledge to donate one billion pounds of food to community-based charities by 2028.



## ZooShare

In 2023, we continued our partnership with ZooShare Biogas LP., who combine used cooking oil and food no longer fit for human consumption with animal manure from the Toronto Zoo to produce biogas that generates renewable electricity fed directly into the Ontario provincial power grid. Through this program, our stores diverted 822,000 kilograms of residual material from disposal.



## Bakery waste

Expired and damaged bakery items no longer fit for human consumption are converted into ingredients for animal feed. In 2023, through this program, we diverted more than 3.3 million kilograms of bakery food waste from grocery stores in Ontario and Nova Scotia.

## Compost

One of the other methods we utilize to manage inedible food waste is composting and in 2023, 110 stores diverted more than 20 million kilograms through this stream. In Ontario, the food waste we send to organic recycling facilities is turned into compost and then sold in select garden centres.

## Food to farm

We continue to partner with Loop Resource Ltd. to send food that is not fit for human consumption to farms where it is fed to animals. In 2023, more than 130 participating stores nationwide sent 19.8 million kilograms of food to more than 2,900 farms.



## Biodiversity

Scientists estimate that half of all species on the planet will disappear within the next century. Pollution, climate change and habitat loss are all threats to biodiversity. We are working to help protect Canada's biodiversity, with initiatives like our native plants program, our commitment to source only certified sustainable seafood, and our long-standing membership to the Roundtable on Sustainable Palm Oil (RSPO). For more information on our biodiversity commitments please see [Our Statement on Biodiversity](#).

## Regeneration and protection

For more than a decade we have supported World Wildlife Fund (WWF) Canada, as they work to protect and restore nature and biodiversity loss in Canada. As one of their largest Canadian corporate partners, we have provided more than \$14 million in direct funding, covering a myriad of programs and projects, since 2009. In 2023, we again provided \$450,000 to support WWF's Regenerate Canada program, an effort to fight biodiversity loss and other impacts from climate change. During 2023, donations provided to WWF's Regenerate Canada mission helped plant over 68,000 native plants and trees.

In 2023, we enabled Canadians to contribute to healthier, more resilient ecosystems, through the sale of more than 50 species of plants that help local wildlife thrive at 130 of our stores. As the first major retailer to sell Ontario native plants grown from source-identified and ethically collected seeds, this program supports important restoration and regeneration efforts, which will help migratory and local wildlife thrive.

We have been supporting the work of One Planet Business for Biodiversity (OP2B) since 2019 and in 2023 we provided more than \$85,000 in direct funding. 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, and enhancing the management, restoration and protection of high-value natural ecosystems. The OP2B coalition of companies use their respective scale to drive change and to protect and restore cultivated and natural biodiversity within value chains. They engage institutional and financial decision makers and develop and promote policy recommendations.



Restoring  
nature with  
native plants.



## Responsible Water Use

Water plays a vital role in maintaining biodiversity. We have a responsibility to work within our business operations and value chain to use water responsibly and to protect local water sources. While our water consumption (more than 2,700 megalitres<sup>1</sup>) represents a small percentage of our environmental footprint, we understand that food production relies heavily on a sufficient supply of clean water. Starting in 2012, we partnered with WWF-Canada to create the Loblaw Water Fund and were the largest financial contributor to their freshwater program, supporting grants to 73 restoration projects from coast to coast and restoring 3,300 hectares of important watersheds and habitat. For more information, please see [Our Statement on Water Use](#).

<sup>1</sup> based on information available to date.



## Our CDP progress and scores

In 2023, we extended our commitment to sustainability by addressing CDP Water, alongside our existing efforts in Climate Change and Forest conservation. While water consumption makes up a relatively small portion of our operational footprint, it plays a crucial role in sustaining clean water supplies for food production. Our score of 'C' serves as an indicator of the proactive steps we are taking to gather essential data for our future response.

In the area of Climate Change, we achieved a score of 'B', and for Forest 'C' for palm oil, 'C' for timber, 'C' for soy and 'C' for cattle. These enhanced ratings signify the progress made on our net-zero journey as well as through the completion of a third-party Commodity Risk Assessment and the revision of assessment plans for these specific commodities.

## Assessing Nature-Based Risk

In 2022 we engaged a third-party to conduct a Commodity Risk Assessment. This assessment aimed to evaluate the impacts associated with high-risk commodities within our value chain, specifically focusing on cattle, coffee, tea, cocoa, palm oil, soybean, and timber products. The assessment considered five impact areas with specific themes:



### Biodiversity

Impact on: Land Use and Natural Habitats, Soil Quality and Risk of Biodiversity Loss



### GHG and Climate

Impact on: Land Use Change (LUC)  
Risk of Vulnerability to Climate Change



### Water

Impact on: Water Quality  
Risk of Vulnerability to Climate Change



### Human Rights

Impact on: Child and Forced Labour, Local Communities, Labour Rights, Peoples Health and Safety



### Societal Concerns

Risk related to: Animal Health and Welfare, GMOs, Business Ethics

The assessment evaluated the selected commodities based on two areas of vulnerability: Exposure to Risk and Risk Management. The outcomes of these evaluations have been used to inform the development process of our control brands. By incorporating the results into our product roadmaps, we aim to enhance our control brand portfolio and address the biodiversity-related impacts within our value chain.

## 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. This has a negative impact on economics, species, and environmental conditions. Since 2015, all Loblaws control brand products containing palm oil ingredients align with one of the Roundtable on Sustainable Palm Oil (RSPO)'s four supply chain methods: Identity Preserved, Segregated, Mass Balance, or Book and Claim.

More information can be found in our [RSPO Annual Communication of Progress \(ACOP\)](#).

## Coffee, tea and cocoa

There is a growing global demand for responsibly sourced cocoa, tea and coffee products, often signified by the Rainforest Alliance or Fairtrade certifications. Our control brands currently include more than 60 Rainforest Alliance and 35 Fairtrade certified products.

Sourcing Rainforest Alliance certified cocoa addresses concerns such as aging tree stocks, improper use of chemicals, uncontrolled deforestation, labour conditions and low farmer incomes.

By sourcing Fairtrade Certified ingredients, we support fairness for workers and farmers, while also investing in sustainable farming practices, community development projects, and social and physical infrastructure to empower the next generation of farmers.



## Sourcing sustainable Beef

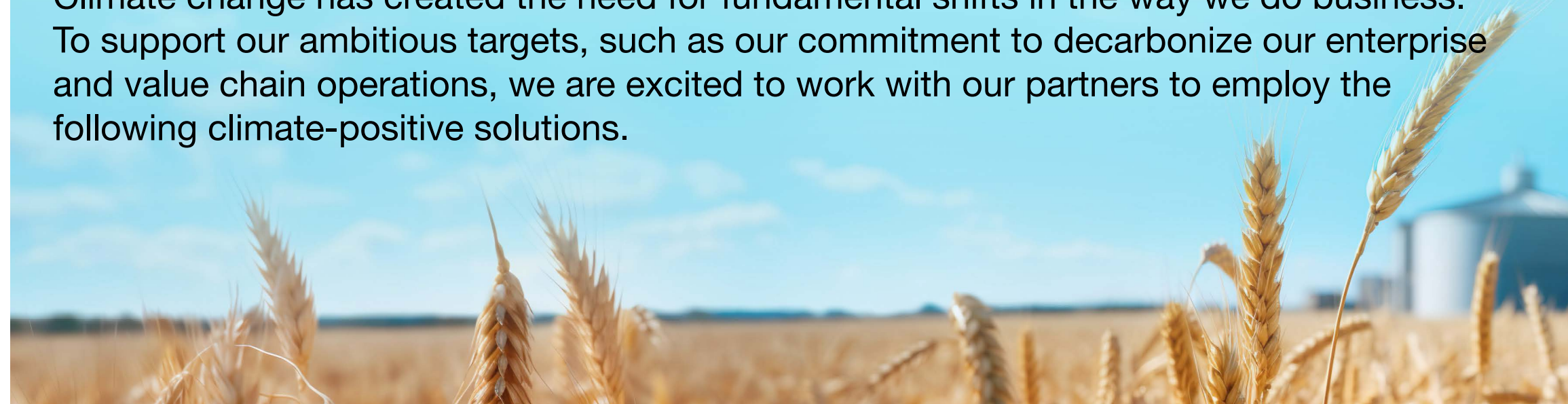
We are committed to environmental, social and economic sustainability in the Canadian beef industry. The Canadian Roundtable for Sustainable Beef (CRSB) is committed to safeguarding wetland and grassland habitats, which are Canada's most biodiverse habitats. Our support of organizations like CRSB and Ontario Corn Fed Beef™ provides a positive signal to farmers and ranchers that we value their sustainable, climate protecting practices, and their role in climate-positive solutions.



# Partnerships for Nature

## Supporting Net-Zero Agrifood Systems

Climate change has created the need for fundamental shifts in the way we do business. To support our ambitious targets, such as our commitment to decarbonize our enterprise and value chain operations, we are excited to work with our partners to employ the following climate-positive solutions.



## Our partnership with the Climate Institute

Loblaw is a proud supporter of the Canadian Climate Institute, Canada's leading climate change policy research organization. With funding provided by Loblaw, the Institute produces rigorous analysis, economic modelling, and in-depth research to help Canada respond to climate change. The Institute's research priorities include incentivizing clean economic growth and low-carbon competitiveness, reducing emissions and accelerating the net zero energy transition, and making Canada's economy and infrastructure more resilient to a warming climate.



## The Canadian Alliance for Net-Zero Agriculture

This national, industry-led, multi-stakeholder alliance of Royal Bank of Canada (RBC), Maple Leaf Foods, Nutrien, and Loblaw is committed to driving sustainable outcomes in Canada's agri-food sector. An integral driver of the Canadian economy, this sector is also a significant emitter of greenhouse gases. The Canadian Alliance for Net-Zero Agriculture (CANZA) promotes the adoption of regenerative agriculture and carbon farming practices, offering an opportunity to transform the sector and create a circular, net-zero agri-food value chain. By collaborating with farmers to achieve nature-positive outcomes, the alliance is committed to developing, testing and scaling innovative technologies, championing bold and transformative policy measures, and developing a national carbon market that will help enable and incentivize practice changes across Canada to mitigate 150 megatonnes of emissions from across the agri-food sector, by 2050.

Our engagement with CANZA's Climate-Smart Farming Initiative is a pivotal step toward revolutionizing our value chain. By supporting and actively participating in this initiative, we are fostering a shift toward sustainable agricultural practices in Canada. CANZA's research reveals the promise of climate-smart agriculture in enhancing productivity while effectively sequestering carbon back into the soil. Our involvement in supporting the development of a robust Measurement, Reporting, and Verification (MRV) framework emphasizes our dedication to transparently quantify and report environmental outcomes. Collaborating with leading soil science teams, CANZA's innovative MRV tools pilot in Saskatchewan signifies our drive to implement scalable, cost-effective, and industry-aligned systems. This initiative's success in monitoring soil carbon and GHG emissions lays the groundwork for us to adopt more efficient MRV tools to track various environmental outcomes, ensuring the sustainability of our value chain.



## Loblaw and The Arrell Food Institute's Net-Zero Food Systems Challenge

We are proud to partner with the Arrell Food Institute at the University of Guelph, and in 2022 we launched the Loblaw Net-Zero Food Systems Challenge – a 10-month experiential learning program that brought together graduate students from across Canada to investigate strategic levers to drive demand and adoption for net-zero agriculture products. The program had a dual focus, addressing both Farmer Adoption and Consumer Awareness, and aimed to provide answers to pressing questions, such as: How can food retailers work with each other to encourage farmers to adopt regenerative farming practice to achieve net-zero? And furthermore, how can food retailers encourage consumer awareness and purchase behaviours of climate-responsible products to achieve net-zero?



Throughout the program, the students conducted extensive literature reviews, independent research, and comparative analysis of sustainability practices among companies in Canada and internationally. Their efforts culminated in the development of a series of recommendations for food retailers on how to support sustainability throughout the food value chain.

The recommendations and responses to the two key questions have been published in two reports on the [Arrell Food Institute website](#).

The students found that retailers can play a crucial role in supporting and incentivizing climate-smart practices on farms, as well as fostering knowledge sharing among farmers. Additionally, they identified that retailers can help consumers make sustainable choices by implementing clear labeling, third-party verification, and engaging storytelling techniques that appeal to both hearts and minds.

**“The program not only significantly enriched my technical understanding of net-zero food systems, incentives for environmental services and carbon markets but also provided an opportunity to experience and appreciate the power of teamwork and collaboration in achieving common objectives... the experiences have deepened my understanding of the complex interplay necessary to achieve net-zero agriculture and connected me with a network of peers and mentors who are on a similar journey.”** – Student Participant



## Research support for natural climate solutions

By protecting, and better managing and restoring nature, Canada can reduce its greenhouse gas emissions by up to 78 MtCO<sub>2</sub>e annually, by 2030<sup>1</sup>. Our donation to Nature United supports Indigenous-led conservation, sustainable economic development, science, and is funding the acceleration of natural climate solutions at national and regional scales.

More specifically our contribution helped support Nature United's agricultural work in the prairies, conducting leading scientific research, supporting farming communities, and working with food companies and their supply chains to implement practices that reduce greenhouse gas emissions, strengthen biodiversity, and improve water quality and availability.

<sup>1</sup> source, Nature United, 2022 Product Sustainability

# Responsible Sourcing

We can reduce social and environmental impacts by making responsible choices in our supply chain. Stakeholders expect us to source food safely and sustainably, in ways that promote the health and vitality of food sources. This means monitoring at-risk commodities at their origins and applying controls – including third-party certification of responsible sourcing.



## Local sourcing

We take great pride in offering an expansive array of fresh fruits and vegetables, and in 2023 we purchased over \$1 billion in produce from Canadian owned and/or operated businesses. However, we want to do more to ensure that when possible, the produce that our customers enjoy is grown on Canadian soil.

By purchasing locally grown produce, we can deliver fresher products and reduce our carbon footprint, all while investing in Canada’s farming communities. It was with this in mind that we committed to increasing our purchases of Canadian-grown produce by \$150 million, by 2025<sup>1</sup>.

Loblaw is an enthusiastic supporter of our Canadian growers and we have always understood the benefits that are realized when we buy from close to home. When we find ways to purchase more locally grown produce we are delivering on a number of important benefits including fresher products, lower carbon emissions, meeting customer needs and ensuring our investments are placed with local businesses. Over the years we developed a variety of programs to do just that. In 2023 we built on those approaches through our new small supplier program.

<sup>1</sup> from our 2017 baseline. In 2023 we retired this commitment as we turn our focus to supporting small suppliers.

## Products supporting healthy living

By year-end, we offered more than 2,400 control brand products designed to meet customers nutritional and health concerns and preferences regarding ingredients, additives and potential allergens. Some of these products include PC® Blue Menu®, PC® Organics, gluten-free, plant-based, peanut-free and lactose-free products.

Revenue for this product category increased by 5% in comparison to 2022. These products are available at our various grocery stores and drug stores, making health-oriented alternatives available to our customers no matter where they shop with us.



## Loblaw’s Small Supplier Program

Every day, customers visit our stores to fill their fridges, stock their pantries and find the items they need to Live Life Well®. Now more than ever, Canadians are looking for locally-made products and more access to unique goods and new flavours that for generations we have sourced from small businesses. Recognizing this, in 2023 we announced the Loblaw Small Supplier Program, with the aim of making it easier for small suppliers to reach our customers. Over 900 small suppliers benefit from this program which reflects our commitment to be the best retail partner in Canada for small suppliers.



### Start strong:

Making it easier to get products on our shelves fast by adjusting supply chain and listing programs, and subsidizing retail industry fees.



### Time to grow:

We provide a six-month on-shelf commitment, giving new small suppliers the opportunity to thrive.



### Faster payments:

Suppliers in the program will have payment terms of seven days to enhance cash flow and enable reinvestment.



### Help when you need it:

This new approach to dedicated support will leverage our organization’s insights and experience to help suppliers thrive.

# Product Sustainability



## PC® Planet First™

In 2023 we expanded the PC® Planet First™ product lineup to include more than 20 products. Our new cleaners are formulated without parabens and sodium laureth sulfate. Plus, these products have not been tested on animals and do not contain any animal or animal-derived ingredients. We bottle them in a container<sup>1</sup> made from 100% post-consumer recycled plastic, which reduces the use of virgin material.

<sup>1</sup> excludes cap and label



## Plant-based Products

In 2023, we continued to meet the needs of our customers who are looking to reduce consumption of animal-based products, by offering more than 90 PC® Plant Based products. Our PC® Plant Based products are third-party certified vegan and contain no animal by-products.



## PC® Organics products

We have heard from many of our customers that they want products made with a reduced environmental impact and without any synthetic pesticides, fertilizers or genetically modified organisms (GMOs). In 2023, the PC® Organics product lineup included more than 750 food and non-food products. All products are third-party certified and meet organic standards, which emphasizes sustainability and a holistic approach to agriculture.



## Sustainable seafood

For over a decade, we have been leading the move to certified sustainable seafood in Canada because it is important to our customers, our environment and our business. We want to make sure the seafood we enjoy today will be available for generations to come. Sourcing sustainable seafood encourages greater protection of aquatic habitats and more attention to careful harvesting.

Loblaw is committed to sourcing all seafood from sustainable sources.<sup>2</sup> This commitment cuts across our business and includes our control brands and national brands, in our canned, frozen and fresh wild and farmed seafood.

We are proud to offer 200 products with Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC), and Best Aquaculture Practices (BAP) ecolabels across our stores, including more than 65 control brand products.

<sup>2</sup> excluding T&T stores

## Chemical Management

Our customers care about the products they put in and on their bodies - so do we. Over the years, we have worked with suppliers to offer safe products and to remove many unwanted synthetic ingredients with potential health impacts from our control brand products. Our regulatory compliance and quality assurance programs define product and supplier requirements, including quality specifications, packaging and labelling requirements, and testing protocols to ensure product safety. The details of these requirements are outlined in our [supplier code of conduct](#).

### Responsible antibiotic use

Animal welfare experts and the Government of Canada approve the use of antibiotics to treat sick animals, and they regulate the safe return of those animals to rearing programs. However, there is growing evidence and concern around anti-microbial resistance. That is why we launched PC® Free From® line of meats raised without the use of antibiotics or added hormones more than a decade ago.

By the end of 2023 we offered more than 200 products. Our PC® Free From® animals are strictly raised without the use of antibiotics, and in the case of beef, without the use of added hormones. If an animal within our PC® Free From® program does become sick, the animal is treated and simply moved into a conventional animal rearing program that does not supply our PC® Free From® line of products.



### Eliminating neonicotinoids to improve pollinator health

The issue of pollinator health and neonicotinoids is of considerable concern for the agricultural industry. While neonicotinoids are still in use in Canada, no live plants in our garden centres are treated with neonicotinoid containing pesticides. Our live-plant vendors have confirmed that they use integrated pest management systems using biological controls such as predator insects as an alternative to neonicotinoids.



Eating quality food should not cost more, that is why our no name® Simple Check™ products are formulated based on our commitment to eliminate specific ingredients from our products. By the end of 2023, the no name® Simple Check™ product portfolio included more than 1,000 products. The Simple Check™ symbol identifies no name® products made without these 10 ingredients:

- synthetic colours<sup>1</sup>,
- artificial flavours,
- monosodium glutamate<sup>2</sup>,
- butylated hydroxyanisole (BHA)/ butylated hydroxytolulene (BHT)/ tert-butylhydroquinone (TBHQ),
- hydrogenated oils,
- artificial sweeteners,
- sugar alcohols,
- azodicarbonamide,
- polydextrose,
- brominated vegetable oil.

<sup>1</sup> As defined in Canadian regulations  
<sup>2</sup> Except those naturally occurring

### Removing unnecessary ingredients

The safety of the food and products we sell to Canadians is of the utmost importance to us. Loblaw has committed to reviewing ingredients of concern and to taking measured and educated steps to remove them, where possible, from our products.

With growing concerns about Bisphenol A (BPA), we have been sourcing packaging alternatives, including glass containers and plastic pouches. 100% of our President's Choice® baby tubs and food pouches are BPA-free.



Since 2018, all Life Brand® and President's Choice® household, beauty and cosmetic products were formulated without triclosan, phthalates or plastic microbeads. We continue to encourage our suppliers to identify and eliminate phthalates that may come from other sources, such as manufacturing equipment and packaging, through our sourcing guidelines.



# Responsible Apparel

## Joe Fresh® sample downcycling

In 2023, Joe Fresh® committed to permanently diverting textile samples from landfills in partnership with CSR Eco Solutions. These samples would not be suitable for consumer use and so it was important that a responsible end-of-life solution was found. CSR Eco Solutions works with textile recyclers to downcycle the no longer needed samples and use them to produce building and automotive insulation.

In 2023, the partnership diverted 101 metric tonnes of textile waste, effectively saving the planet the equivalent of nearly 300 tonnes of CO<sub>2</sub>e<sup>1</sup>. As the industry and technology develops better fibre-to-fibre recycling, Joe Fresh® will continue to identify opportunities to further progress circularity.

<sup>1</sup> Calculated in accordance with the EPA methodology, by CSR Eco Solutions.

## Cascale (formerly the Sustainable Apparel Coalition)

In 2023 Joe Fresh® became a member of Cascale (formerly the Sustainable Apparel Coalition), and obtained access to the Higg Index. The Higg Index is developed and owned by Cascale and serves as a standardized sustainability measurement framework for the apparel, footwear, and textile industry, assessing various aspects of sustainability within the supply chain. We have begun onboarding our vendor base to the Facility and Environmental Module (FEM) and the Facility Social & Labour Module (FSLM).

# JOE FRESH

## PrimaLoft®

In 2019, we began using PrimaLoft® thermal insulation for our Joe Fresh® insulated apparel. PrimaLoft® insulation is predominantly manufactured with post-consumer recycled (PCR) content including plastic water bottles, providing warmth without bulk, and is also water repellent. In 2023, we were able to divert 2.9 million recycled bottles or 72,400 kilograms of plastic water bottles from landfill.



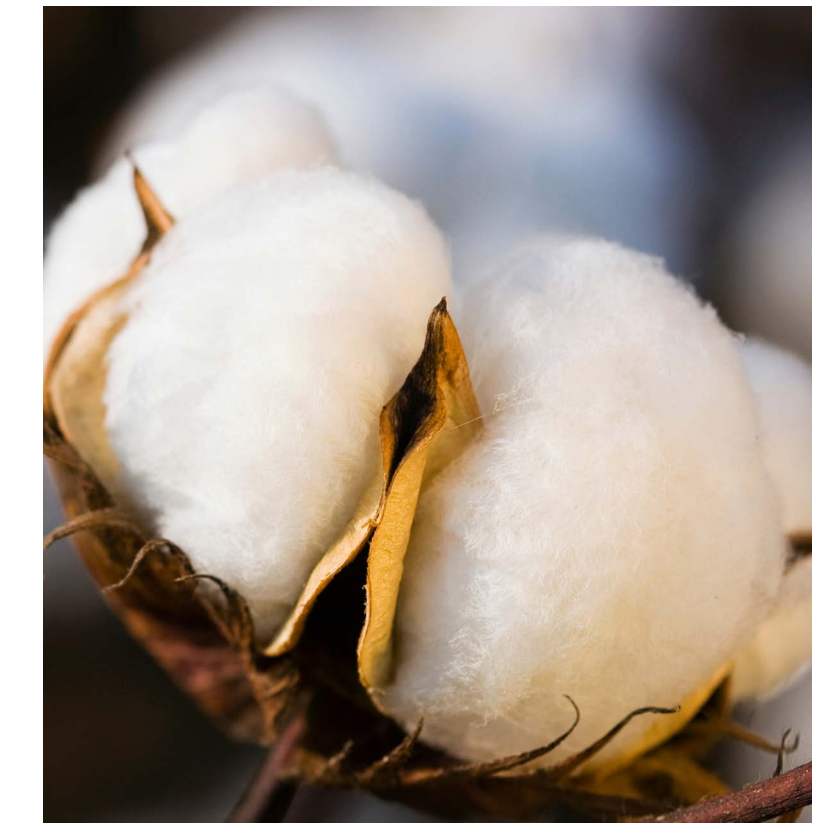
## Zero Blue Water denim

In 2021, Joe Fresh® launched a core denim program called Zero Blue Water, with fabric that uses no fresh groundwater in the manufacturing process. In 2023, the production of 160,000 yards of denim fabric used reclaimed water, saving approximately 4 million litres of fresh water.



## Responsible cotton

Joe Fresh® is committed to converting 100% of its cotton-rich products to more sustainable cotton by 2025. This includes converting such products to either Global Organic Textile Standard (GOTS) certified organic cotton or to Better Cotton. In 2021, we became a member of Better Cotton, which has a clear mission: “Help cotton communities survive and thrive, while protecting and restoring the environment.” We are pleased to report that in 2023 we increased our Better Cotton usage from 25% to 84% in cotton rich products<sup>2</sup>. Additionally, we sourced 10% of our cotton as GOTS certified organic for cotton rich products<sup>2</sup>. In 2024 we will be working with our indirect licensed partners to achieve our commitment.



<sup>2</sup> 2023 responsible cotton calculation scope included directly manufactured products only (excludes licensed product).

## Recycled Polyester

Joe Fresh® uses recycled polyester fabric certified by the Global Recycled Standard, recognized as the leading standard for recycled materials worldwide, and is made from post-consumer recycled plastic. In 2023, we had more than 550 products that were produced using more than 226 metric tonnes of recycled polyester.

## Responsible Viscose

In 2023, Joe Fresh® introduced responsible viscose products containing ECOVERO™ viscose. Responsible viscose is derived from wood sources that are FSC® or PEFC™ certified from sustainably managed forests. In 2023, we launched 6 products which used more than 5 metric tonnes of responsible viscose. We look forward to increasing the use of this material in our product line in 2024.

# Sustainability in our Pharmacy Business

## Reducing waste

Data published by PharmaCompass in June 2023 suggests that Canada faces some of the highest rates of drug shortages globally as other more profitable markets are prioritized for supply. The Shoppers Drug Mart® network experiences waste every year due to factors that cannot be managed by the robust existing inventory control systems in our pharmacies including patient transfers, patient death and patient discontinuation of medications. To reduce pharmaceutical waste in the system, we have launched a central portal that will streamline pharmacy-to-pharmacy transfers of prescription medication based on patient need, with consent provided by participating pharmacies. An internally derived algorithm initiates a transfer of a specified number of units to another pharmacy within a predefined radius in the same province, where there is a patient need for the medication based on the receiving pharmacy's history of inventory use. The medication is then transported between pharmacies through our existing distribution channel, which meets all requirements for environmental and security controls, preventing medications from expiring on pharmacy shelves resulting in waste - both the medication itself as well as the packaging.

Sanis Health Inc, a subsidiary of Shoppers Drug Mart Inc. is a pharmaceutical manufacturer offering a range of generic medicines. In 2023, Sanis made a significant impact by reducing 1,110 kilograms of plastic through a focused transition to larger pack sizes. This shift to “bulk packaging” for medications, utilizing larger bottles, effectively minimizes waste and decreases the consumption of plastic.

In September 2023 Specialty Health Network by Shoppers™ (SHN) implemented an initiative to address concerns about packaging waste and lack of polystyrene recycling. Instead of using single-use polystyrene coolers for cold chain medication delivery, patients within the local delivery radius now receive their medications individually packaged in mailers with gel packs. These mailers are then placed inside a reusable cooler for bundled delivery by an external courier. The courier returns the reusable cooler to SHN after delivering the individual mailers to each patient. Since the inception of this initiative an average of 60 single-use polystyrene coolers per week have been diverted from use.

## Medication and sharps return

Unused or expired medication and biomedical sharps can negatively impact the environment when they are improperly disposed in toilets, drains, trash or nature. Partnerships and store programs facilitate the safe disposal of unused and expired medication and sharps to keep these materials out of the environment. Collected medication and sharps are treated by high-temperature incineration. In 2023, our pharmacy network collected 260,000 kilograms of unused or expired medication and 228,000 kilograms of biomedical sharps.

# Additional Environmental Initiatives

## An efficient, performance-based environmental management system

We maintain an effective environmental management system (EMS) which includes compliance and performance programs with assigned roles and responsibilities to manage risks, and ensures strict adherence to company policies and relevant laws, managing risks comprehensively. This program relates to our enterprise operations including corporate retail, food franchise, and associate-owned drug stores, as well as distribution centres (T&T Supermarkets Inc. is excluded).

Within this structured framework, we proactively identify potential issues, exercise due diligence, and maintain emergency preparedness procedures. Our commitment extends further through colleague training and awareness programs.

Continuous improvement is integral to our EMS. Through ongoing monitoring, reporting, inspections, and internal audits, we refine our strategies for waste diversion and energy reduction, translating aspirations into actionable plans integrated into our daily operations.

Moreover, our EMS manages internal and external communications concerning environmental management issues, promoting transparency and open dialogue. Addressing corrective action plans is pivotal for our commitment to ongoing enhancement.

The Compliance and Ethics department oversees the EMS, ensuring clear implementation direction. Roles and responsibilities are outlined in our Environmental Management Manual, solidifying our commitments, actions, and compliance adherence. Aligned with ISO 14001 standards, our EMS policy emphasizes continuous improvement.

To ensure the effectiveness of our environmental compliance program, internal audits conducted by certified environmental auditors are a key component. Audits prompt corrective action plans, fuel improvement, and drive excellence in environmental practices.

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PARTNERSHIPS FOR THE GOALS



# Culture and Inclusion

At Loblaw, our 220,000 colleagues, franchisees, associate owners and their employees, are the heart of our business. It is their passion and outstanding talents that bring forward new and creative ideas, solve everyday business challenges, show up for our millions of customers every day, and work hard to deliver what they need.

A decade ago, we set the intention to invest in the important role culture plays in our performance and competitive advantage. Our goal was simple: make Loblaw a great place for everyone to work and grow, and in turn our customers will also benefit from a great shopping experience. Since then, we have prioritized culture as core to our Company's strategy, and our colleagues and employees have been engaged in creating and shaping our culture. We have common CORE values - Care, Ownership, Respect and Excellence - that come to life through our culture principles: being authentic, building trust and making connections. This common language extends across our stores, distribution centres and offices. We continue building a culture that is inclusive of all people in Canada, where people can show up as themselves and break barriers so everyone can succeed.

Not only have our colleagues appreciated these efforts, but in 2023, Loblaw was recognized with several awards that reflect the many years of investment and commitment to our people and culture. Waterstone named Loblaw as one of Canada's Most Admired Corporate Cultures again in 2023. We have been recognized as one of Canada's Top 100 Employers and Greater Toronto's Top Employers every year since 2010 and as one of Canada's Best Diversity Employers every year since 2011.



# Governance

We have seen progress in culture and inclusion because it has been leader-led and is embedded in our business strategy. Our Culture & Inclusion Council, which consists of more than 20 senior leaders from across the organization, meet at least once a quarter to guide and advance our efforts.



# Employee resource groups

Since 2018, Loblaw's Culture and Inclusion strategy has been guided by colleagues who are part of four equity-seeking Employee Resource Groups (ERGs): Able at Loblaw, Embrace Your Roots at Loblaw, Proud at Loblaw, and Go Further Women at Loblaw. Each of these ERGs has an executive sponsor, funding, and an active group of colleagues who identify as part of the community, and some allies. In addition, each operating division has their own committee to advance Culture and Inclusion. In 2023, these ERGs organized events for Black History Month, International Women's Day, Transgender Day of Visibility, Pride, National Day for Truth and Reconciliation, National Disability Employment Awareness Month and more. The annual Day of Inclusion brought all ERGs together and was kicked off by our new CEO, Per Bank, with a focus on the importance of Culture and Inclusion.



## Representation goals

Our diversity achievements can be attributed in part to the collaborative approach we have taken to embed our culture and inclusion strategy across all areas of our business. Our leadership team has focused on advancing equity through business processes, such as succession planning and people development. As we deliver on our goal of being Canada's most diverse and inclusive employer, we will provide transparency on our progress towards our representation targets.

In 2023, we maintained focus on our industry leading representation targets and our commitment to educate people on culture and inclusion in nearly every community across Canada through our vast network of store teams. We saw meaningful progress in 2023 that brought us within reach of our end of 2024 targets. Looking ahead, we are preparing our next phase of culture and inclusion targets to be set starting in 2025, upon the achievement of our 2024 targets.

Metric <sup>1,2,3</sup>	Unit of Measure	2024 Target	FY 2023	FY 2022 <sup>4</sup>	FY 2021
Percentage of women in Board of Directors	%	40%	42%	45%	42%
Percentage of women in Executive <sup>5</sup> positions	%	40%	39%	38%	38%
Percentage of women in Management <sup>6</sup> positions	%	43%	46%	47%	44%
Percentage members of visible minorities in Board of Directors	%	25%	17%	18%	17%
Percentage members of visible minorities in Executive <sup>5</sup> positions	%	25%	28%	26%	24%
Percentage members of visible minorities in Management <sup>6</sup> positions	%	30%	32%	30%	26%
Cumulative number of colleagues that have completed two courses covering fundamental DEI topics	Count	200,000	166,400	122,100	16,500

1 The Statistics Canada 2021 Census reports women representing 50% and members of visible minorities representing 26% of the Canadian population.

2 Self-identification data is collected through our HR Information System throughout the year, with race/ethnicity information being collected on a voluntary basis. As at year-end 2023, 65% of management and 90% of executives voluntarily disclosed their race or ethnicity.

3 Includes corporate workforce only.

4 To ensure consistency in application of the definitions used, certain 2022 numbers have been adjusted

5 Executive positions include vice president level and above.

6 Management is comprised of senior director, director, senior manager, manager, DC managers, store managers, and assistant store managers.



## Gender equity and advancing women

Go Further Women focuses on empowering women of all backgrounds to realize their full potential and grow their careers at Loblaw.

Since setting new goals in 2020, representation of women in executive positions and management have increased 5% and 3%, respectively. This is partly attributable to the work being done to integrate Diversity, Equity and Inclusion into talent hiring and development programs.

- We monitor and remove biases in our Talent Management Programs. As a result, in 2023, 45% of executive successors identified as women, as did 44% of Top Talent.
  - We have taken steps through our recruitment and retention programs to increase women in Science Technology Engineering and Mathematics (STEM) groups within our organization. In 2023, women represented 37% of Loblaw Digital and 38% of Loblaw Technology & Analytics teams.
  - Our focus on new talent is enabling us to build a more gender diverse pipeline. In 2023, 50% of our interns and 63% of Loblaw Scholarship recipients identified as women.
  - Our Parent and Caregiver Network offers assistance and materials to parents and caregivers, or those who plan to be. Additionally, we provide Lactation Rooms in our main offices for those who require them.
  - Gender pay equity remains a key focus for our organization. In 2023, we successfully reached a significant milestone by achieving a 0% pay gap between like-for-like positions.
- This accomplishment reflects years of diligent reviews and implementation of action plans aimed at improving the pay of women where gaps existed. Today, our commitment to equality persists. In the coming years, we will develop tools to proactively assess the impact of pay decisions on gender gaps, safeguarding our gender equity standing.
- As of the end of 2023, the average gender pay gap between men and women, regardless of position, for our corporate colleagues stood at 4.57%. This indicates continuous improvement from 5.73% in 2022. The steady decline underscores our unwavering dedication to fostering a fair and equitable pay for our colleagues.
  - In 2023, we focused on celebrating and developing our colleagues through a company-wide International Women's Day event, as well as quarterly newsletters with colleague spotlights and our third annual Go Further Women Awards where we recognized winners from across the country.
  - As of year-end, 50% of our total corporate workforce identified as women, including 53% at the corporate store level.



Shivali Sharma, Associate Owner at Shoppers Drug Mart® in Edmonton knows that strong women build strong communities. With the support of her entire district, Shivali organized an International Day of the Girl event where basic need products and beauty items were gifted to amazing young women from Braemar School: an educational institution that provides teen mothers with an opportunity to graduate high school while caring for their little ones. The strength, perseverance and dedication to creating a better life for themselves and their families exhibited by the students at Braemar School was awe-inspiring for all in attendance.

This event not only showcased Shivali and her colleagues' dedication to uplifting marginalized communities, it also fostered strong connections amongst team members. The extraordinary effort in organizing this impactful event highlights both Shoppers Drug Mart's commitment to community investment and the importance of striving to make a difference across marginalized communities.



## Anti-racism and celebrating cultural diversity

Embrace Your Roots celebrates the many cultural backgrounds that exist in our business and promotes the importance of having multiculturalism at all levels of our organization. Since 2020, representation of members of visible minorities or racialized groups increased 7% in executive positions and 11% in management.

- We are supporting a new and more ethnically diverse generation into the workforce - 76% of interns and 44% of Loblaw Scholarship recipients in 2023 self-identified as Indigenous, members of visible minorities, or racialized groups.
- We monitor and remove biases in our Talent Management Programs. As a result, in 2023, 35% of Top Talent and 35% of executive successors identified as members of visible minorities or racialized groups.
- Black colleagues represent 3% of our corporate workforce. In 2023, we continued our partnership with the Black Business and Professional Association (BBPA) to remove barriers to Black owned businesses through vendor programs, sponsorship of their Rise Up pitch competition for Black women entrepreneurs, and the BBPA's Harry Jerome Awards. We also provided professional coaching as a development opportunity to 15 Black colleagues across the organization in 2023.



- To support the diversity of our colleagues and communities, we have Reflection Rooms in some of our main store support offices. Many of our retail store locations have also provided space for quiet meditation and prayer.
- As of year-end, 26% of our total corporate workforce voluntarily self-identified as a visible minority.

Moses Ojemakinde immigrated to Canada in 2006, hoping to continue his career as a pharmacist. However, his Nigerian certifications were not recognized upon landing in Calgary with his family. After three years of studying and working nights as a merchandiser at Shoppers Drug Mart®, Moses finally became a licensed pharmacist in 2009.

In 2015, an opportunity arose for Moses to become an Associate-Owner at a Shoppers Drug Mart® location in Strathmore. As someone who faced challenges due to his lack of Canadian experience, Moses is passionate about providing opportunities for newcomers at his store. He has trained many new pharmacists at his store and believes that everyone deserves a chance to showcase their abilities and potential.

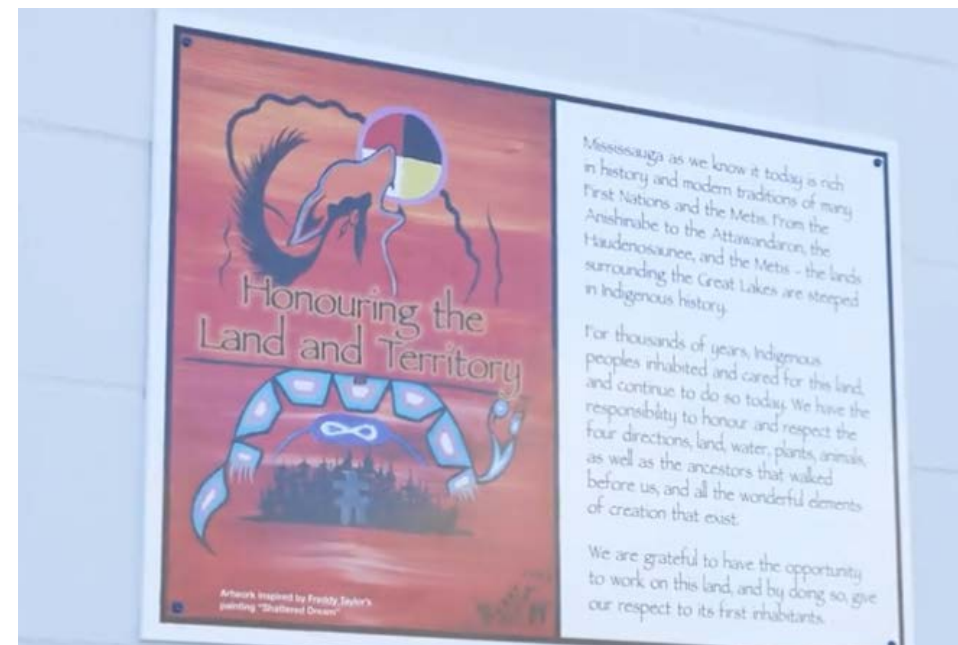
Moses takes immense pride in how he and his family have thrived in Canada. His children have successful careers of their own, while he found fulfillment again as a pharmacist—a profession he loves.



## Reconciliation and inclusion of Indigenous peoples

As a proud Canadian company, we recognize our responsibility and opportunity to enhance reconciliation and inclusion of Indigenous peoples.

- As part of our ongoing efforts to promote diversity and inclusion, we have deployed a training program for Indigenous inclusion and collaborated with our recruitment teams to develop strategies and remove barriers, aiming to close the gap and increase representation of Indigenous colleagues in our corporate workforce, which currently stands at approximately 1%.
- In 2023, we focused efforts on our updated commitments and actions for Truth and Reconciliation: building allyship through education; championing employment of Indigenous peoples; driving the well-being and economic development of Indigenous peoples and communities.
- To support and celebrate the accomplishments of Indigenous women, we again sponsored the Canadian Council for Aboriginal Business (CCAB) Indigenous Women in Leadership Award, and we continue to work closely to help build stronger representation of Indigenous business within our supplier network.



- Our meetings consistently incorporate Land Acknowledgements to promote understanding and reverence for the territories on which we reside, and we installed Land Acknowledgement Plaques in more than 230 stores in 2023.

Loblaw has donated \$175,000 in Emergency Food Access Grants to four Indigenous organizations through its partnership with Food Banks Canada. These grants will support vulnerable Canadians in need of emergency food supplies.

The Northern Peninsula Mi'kmaq Band received \$40,000 to create food hampers and restock their Community Kitchens. Behdzi Ahda First Nation received \$55,000 to stock up on fresh meat and vegetables. Cold Lake Food Bank Society received \$20,000 to purchase perishable items needed for well-balanced meals. The Municipality of Cambridge Bay was granted \$65,000 to expand its Emergency Food Bank program.

Laurie Reed, beauty manager at a Shoppers Drug Mart® in Thunder Bay, organized the inaugural Love Yourself event to help survivors of residential schools and domestic violence regain a sense of self and feel beautiful in their skin – an experience that many had never had. Laurie spoke about love, compassion, and self-care during difficult times. Fifty women aged 23 to 93 enjoyed dinner, meditation sessions, water healing ceremonies, skincare, and makeup tips. Each woman received two goodie bags filled with products and a \$50 Shoppers Drug Mart® gift card. Several attendees called Laurie's store and sent her letters to say how much the event meant to them. "Some said that they hadn't felt so much love in their lives, and they'd never felt beautiful before," Laurie says. Due to overwhelming demand for this event, an even larger gathering next year is underway with support from a generous \$5,000 donation from the Shoppers Foundation for Women's Health.





## 2SLGBTQIA+ inclusive spaces

PROUD at Loblaw's mandate is to create a positive space where colleagues of all genders and sexual orientations feel welcomed and can be their authentic selves to enable them to contribute fully.

In 2023, we continued to focus on promoting allyship and support for our 2SLGBTQIA+ colleagues through inclusive business practices, community investment, and training sessions. We sustained training including Being an Ally, and continue to offer and support colleagues and their managers with a Gender Transition Guide. These trainings aim to create a welcoming and supportive workplace for all, regardless of their sexual orientation or gender identity.

- In 2023, 2% of executives and 1% of our workforce voluntarily self-identified as 2SLGBTQIA+; less than 1% self-identified as transgender or non-binary.
- We implemented several initiatives to create a more inclusive space for colleagues and customers, including encouraging store colleagues to add pronouns to their uniform badges, expanding inclusive washroom signage across the store network, and modifying business applications to support name changes for transitioning colleagues.
- We celebrated Pride Month by raising our Pride flags at our corporate offices across the country.
- We expanded the Shoppers Drug Mart® Pride campaign – “Pride Vibes” – through the distribution of a Pride Guide with resources and educational materials, as well as a \$25,000 contribution to Pflag Canada, raised through a portion of sales on Quo Beauty® Pride celebration products.



Bobby Gale (they/them), Director, Analytical & Data Platforms at Loblaw, exemplifies the company's commitment to diversity and inclusion. Starting in a store-level role in 2006, Bobby steadily progressed within the organization. In 2011, they transitioned to an office role and became a transformative leader.

After coming out as genderfluid, Bobby took courageous steps to promote inclusivity across the organization. They championed gender-inclusive bathrooms across all offices and advocated for inclusion of pronouns in email signatures and nametags.

As a leader, Bobby's team mirrors the diversity they champion. With 66% women representation and varied educational backgrounds, Bobby's team has thrived under the shadow they cast.

In 2023, Bobby's courage and allyship were recognized externally with a Catalyst Next Generation Leader award.



## Championing disability inclusion

ABLE at Loblaw acts as a voice and support centre for hiring people with disabilities. ABLE monitors representation and accessibility in our business, celebrates the unique abilities of people with disabilities, and educates leaders on hiring and managing people with disabilities.

In 2023, we continued to expand our efforts to hire more persons with disabilities through our partnership with Ready Willing and Able in stores across Canada.

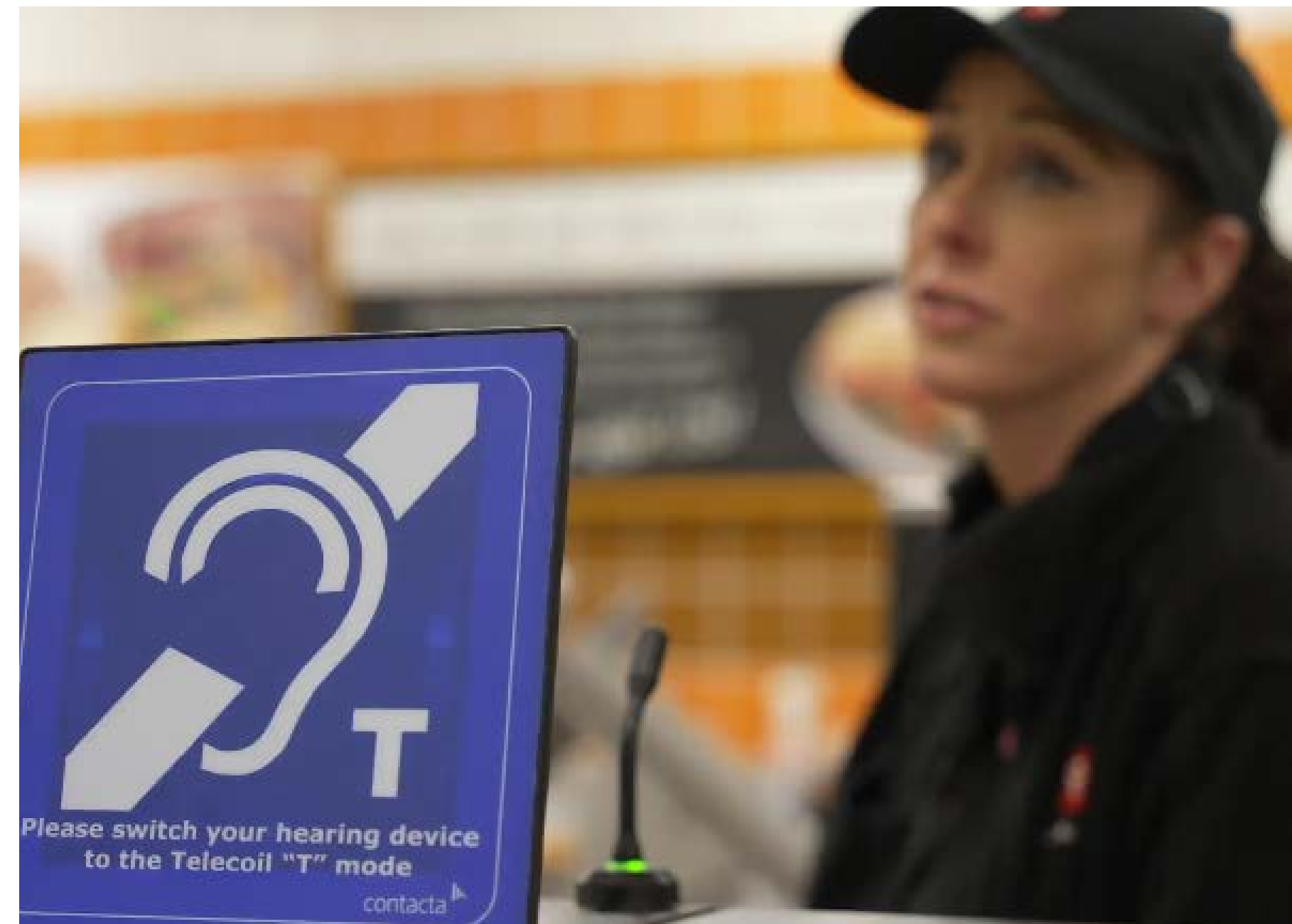
By year-end, 2% of executives and less than 1% of our workforce voluntarily self-identified as a person with a disability.

To ensure availability of accessible workplaces, we sustained our training related to Accommodation in the Workplace and Disability Etiquette. Additionally, we are proud to offer American Sign Language courses to our colleagues, led by the Canadian Hearing Society.

Awareness and education for our colleagues continued in 2023 with our enterprise-wide events for National Disability Employment Awareness Month and May Mental Health Month. Each of these initiatives included the distribution of digital resources for our colleagues, to drive inclusion and sense of belonging for corporate colleagues, franchise and associate employees and customers. To improve inclusive experiences for our customers, we continued with two pilot programs to provide a more accessible in-store experience:

- Leveraging loop system technology<sup>1</sup> to provide a more inclusive experience for customers and colleagues using hearing devices.
- Utilizing a booking service to allow customers with disabilities to pre-book an appointment to have dedicated assistance when shopping.

<sup>1</sup> Loop system uses hearing aid technology to cut out background noise.



At the East Village Real Canadian Superstore® in Calgary, Les Alexander is supported by Vecova, a disability services organization. Vecova helps people facing barriers to employment find and succeed at work; for Les, that means providing a support worker—Brent—who helps him navigate tasks.

Les enjoys his job but has a goal to be more independent. Eventually, he wants to succeed at work without Brent's support. And a small, pen-shaped device might help him do that.

It's called the OrCam Read, and it can recite any printed type, which means Les doesn't need to ask for help reading labels or forms. Real Canadian Superstore® recently bought one in the hopes it would better accommodate Les' disability at work, and it has been a game-changer.

By wearing the device on a lanyard throughout his shift at work, Les feels empowered him and has a sense of ownership over his responsibilities.



## Our Colleagues

### Colleague Code 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](#) lays the foundation for how we work together in a respectful, transparent and fair way and reflects our CORE Values – Care, Ownership, Respect and Excellence. All colleagues are required to comply with both the spirit and the letter of the code.

### Colleague Learning and Career Development

We believe that our people are our greatest asset, and we are committed to their growth and development. Our Talent Development Programs (TDPs), including workshops, coaching, assessments, and external immersive experiences, are designed to support individuals at various stages of their careers. These programs typically span from 3 to 12 months, with a focus on learning diverse aspects of job skills and leadership development. We also offer workshops on specific leadership topics in an open enrollment format and offer a robust People Leader Development Program based on our Leadership Behaviour Model, Culture Principles and CORE Values. Through the Academy, our fully integrated learning platform, colleagues and employees also have access to more than 3,500 voluntary and mandatory training courses, supporting them with growing in their current role or building new skills for career development. This harmonized platform enables us to track all training courses completed by our colleagues and employees. In 2023, colleagues and employees completed more than 3 million training courses through virtual and/or in person classes and self-paced learning. We will continue to invest in digital and mobile learning, launch additional skilling programs and expand our leadership development footprint from coast to coast.

One of the most recognized advantages of working at Loblaw is the unique development opportunities and we are committed to supporting colleagues with growing their career at Loblaw. We have thousands of job opportunities across food, healthcare, apparel, banking, e-commerce, technology, data and analytics, supply chain and warehouses, construction and real estate, media, finance, marketing, brands, consumer goods, and more. With the support of their leaders, we encourage colleagues to own their career path and development by creating robust Individual Development Plans that focus on achieving their career and personal development goals. Other programs like our Cross Talent Showcase provide a platform for encouraging internal mobility to move outstanding people across different operating divisions and support functions, to ultimately develop careers through diverse work experience.

b<sup>3</sup>

better me  
better we  
better Loblaw

### Even Better3

In 2023, we continued offering our culture shaping workshop, b3, which stands for Better Me, Better We, Better Loblaw. In 2024, to accelerate culture and inclusion, we are rolling out a new workshop that builds off the progress we have made and introduces new concepts around allyship, psychological safety, empathy and compassion. Even Better3 aims to further support a positive working environment. In 2024, we will roll out the in-person Even Better3 workshop to various store, DC, and store support teams.

### Inclusion Training

Training is a core component of our efforts to create a more empathetic and inclusive environment in our organization. This includes role-specific education on the following: anti-discrimination, sexual harassment, accessibility and accommodation, inclusive customer service, and inclusive leadership. By 2023, over 166,000 of our colleagues completed two courses covering fundamental DEI topics – Building a Culture of Inclusion and Being an Ally, well on our way to achieving our goal of 200,000 by the end of 2024.

## Loblaw scholarship fund

Since 2011, Loblaw has awarded financial assistance to deserving colleagues and employees who are pursuing post-secondary education. In 2023, 200 recipients were awarded \$2,000 towards their education. The scholarships are awarded based on academic achievement, leadership potential, and community involvement. By offering these scholarships, Loblaw aims to alleviate the financial burden of education and enable students to pursue their academic goals.



## Talent recruitment and retention

To be the best, we need to hire the best people and retain them. We have positioned our company as a first-job destination for those entering the workforce. We offer exciting career opportunities across our diverse business, including technology, data and analytics, e-commerce, pharmacy, finance, supply chain, and more. To attract talent and develop our colleagues into high-performing leaders, we are heavily focused on training and development, investing in our corporate culture, and creating differentiated experiences for our workforce of the future. These efforts will help us retain our top talent and attract candidates with superior skills to help us deliver positive business results.

In 2023, more than 86,900 corporate colleagues and food franchise employees were hired across our network. Our talent recruitment ratio shows slight growth at a rate of 1.07. Involuntary turnover was 7.2% and voluntary turnover was 47.9% for corporate colleagues in 2023.

## Equal parental leave and top up

In 2023, we announced that effective January 1, 2024, our parental leave time off and top-up policy would apply equally to birthing and non-birthing parents. This effort recognizes the diversity of families and supports parents who have children through adoption or surrogacy and encourages shared responsibilities and time for family bonding.

## Bereavement

As part of our ongoing efforts to support our colleagues during times of personal loss, in 2023 we took significant steps to expand our bereavement policy. We formally recognized pregnancy loss, acknowledging the profound emotional and physical impact it can have on individuals and their loved ones. Furthermore, we extended our policy to encompass chosen family members, ensuring that all forms of familial connections are respected and that colleagues receive the support they need during challenging times.

## Additional health benefits

Our corporate non-union benefits program, My Benefits, is a flexible benefits plan that allows colleagues to customize their coverage each year to support the unique health and wellness needs that they and their families have. In 2023, at no additional cost to our colleagues, we invested in additional equitable coverage, including additional mental health support for colleagues and dependents, new gender affirmation care coverage for transgender colleagues and/or dependents, and fertility treatment support for colleagues. Loblaw is also committed to discussing opportunities to provide this coverage within union managed or store owner benefits programs.



## Accommodations for cultural observances

In 2023, we proactively encouraged our colleagues and employees to engage with their leadership teams to ensure they could leverage flexible working options to accommodate for cultural observances. This plan was designed to honour cultural moments of significance that may not be officially recognized as statutory holidays in Canada. Importantly, this initiative allowed our colleagues and employees to participate in these observances without the need to utilize their vacation days.

Our shift swapping program provides colleagues with flexibility and autonomy, empowering them to maintain a harmonious work-life integration. In a Store or Distribution Centre role, this could mean picking up an extra shift, swapping shifts, compressing a work week, etc. in line with union agreements. In a store support role, this could mean extending work hours or working from home on a weekend or statutory holiday to make up for the time off.



## Inclusive customer and colleague experience

We leverage multiple tactics to create an inclusive experience for our customers, employees and colleagues. Pronoun tags and email signatures help foster an environment where all feel that they are being acknowledged and respected, while language pins enable effective communication by bridging language barriers and promote cultural sensitivity. Hearing loops provide essential accessibility for those with hearing impairments, ensuring that they can participate fully in discussions or activities.

## Colleague engagement

A semi-annual engagement survey - commonly known as Tell It as It Is - is distributed to our entire organization to collect feedback in order to understand how our people are feeling and take action to improve the colleague experience. The survey measures engagement, leadership effectiveness, culture, inclusion and belonging, customer centricity, compliance and ethics, wellbeing and more. We also ask participants to self-identify their gender, ethnicity, sexual orientation and disability in the survey to compare aggregate results of the marginalized groups to the majority groups. Since measuring these gaps in 2020, we have seen improvement on engagement, leadership effectiveness, and sense of belonging for women and visible minorities. Action planning is completed once annually, and it is a collaborative activity between leaders and their teams. In 2023, our overall enterprise engagement score was 79%. Grocery Retail scored 76%, Drug Retail scored 83%, and Supply Chain scored 71%. It is worth noting that the average benchmark for employee engagement in the retail industry is 78%<sup>1</sup>.

<sup>1</sup> Based on Qualtrics database of employee engagement retail average from April 2023.

## Colleague relations

Loblaw has one of Canada's most unionized workforces. Across our corporate retail and supply chain network, approximately 79% of our colleagues are covered by collective bargaining agreements negotiated with local unions, often affiliated with national and international labour unions. We have more than 370 collective bargaining agreements. Throughout each negotiation, we aim to achieve reasonable outcomes with competitive wages and quality healthcare and retirement benefits, while also ensuring that our businesses remain competitive. In 2023, our full-time and part-time corporate store and distribution centre colleagues had an average hourly rate of \$19.80. When including fringe benefits, the average hourly wage was \$26.60. 80.79% of in-store and distribution centre corporate colleagues earn in excess of the provincial minimum wage.

# Supporting Our People

**39%** of executive positions are women and **28%** are visible minorities

**79%** overall enterprise colleague engagement score

**46%** of management positions are women and **32%** are visible minorities

**3+** million training courses completed

**86,900** colleagues and employees hired

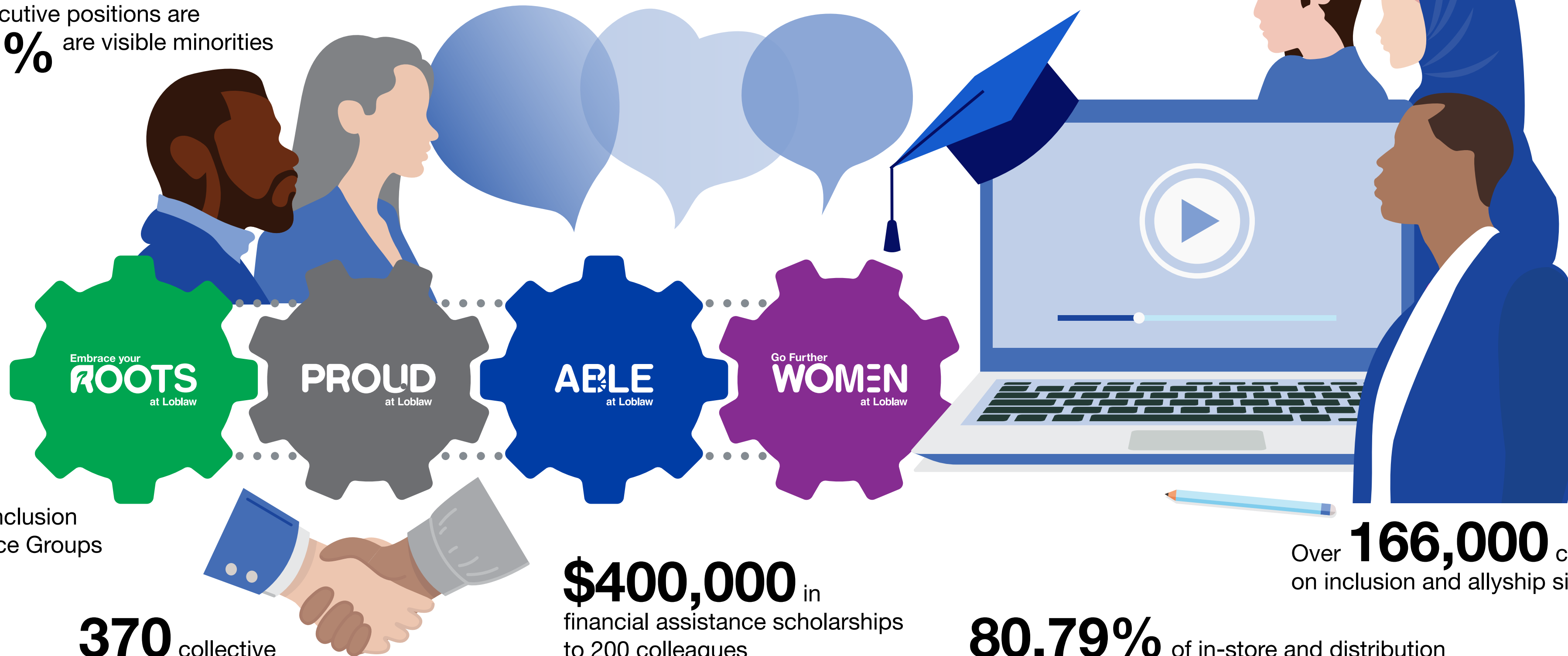
**4** Culture and Inclusion Employee Resource Groups

**370** collective bargaining agreements

**\$400,000** in financial assistance scholarships to 200 colleagues

Over **166,000** colleagues trained on inclusion and allyship since 2021

**80.79%** of in-store and distribution centre corporate colleagues earning in excess of provincial minimum wage



# Health and Safety

We are committed to providing and maintaining safe shopping and working conditions for colleagues, employees and customers. Health and safety is embedded in all we do each day. We mandate health and safety training for all colleagues, including orientation, new hire training and the Workplace Hazardous Materials Information System (WHMIS). We also have role-specific training for power lift truck operators, first aid responders and people leaders. We ensure colleagues have the necessary tools to do their jobs safely and effectively. Our joint health and safety committees (JHSC) and health and safety representatives work with our colleagues and managers to ensure a safe workplace. They provide valuable feedback and recommendations to our management teams for implementation. We set clear expectations, regularly monitor our health and safety program and engage with our colleagues to reduce injuries and accidents.



## Health and safety metrics

We track all health and safety metrics at the corporate level for a clear understanding of issues, trends and opportunities for improvement. As part of our compliance program, we monitor workplace injuries including critical injuries, lost time, health care and first aid injuries. We also monitor regulatory visits and orders, JHSC compliance (meetings and inspections), and mandatory training. Compliance to key elements of our health and safety program is measured through facility audits and regular field visits by our Health and Safety Business Partners. One of the ways we assess our safety performance is by measuring accident frequency and lost time frequency within our corporate operations. Accident frequency is a common industry measurement of the average number of workers injured for every hundred employees, while lost time frequency is a measure of how many lost time injuries occur for every hundred employees.

Metrics	2023	2022 <sup>1</sup>	2021 <sup>1</sup>
Total injury claims	3,274	3,431	3,610
Accident frequency <sup>2</sup>	5.73	6.31	6.58
Lost time frequency <sup>3</sup>	2.82	3.04	3.15
Total Fatalities	0	0	1

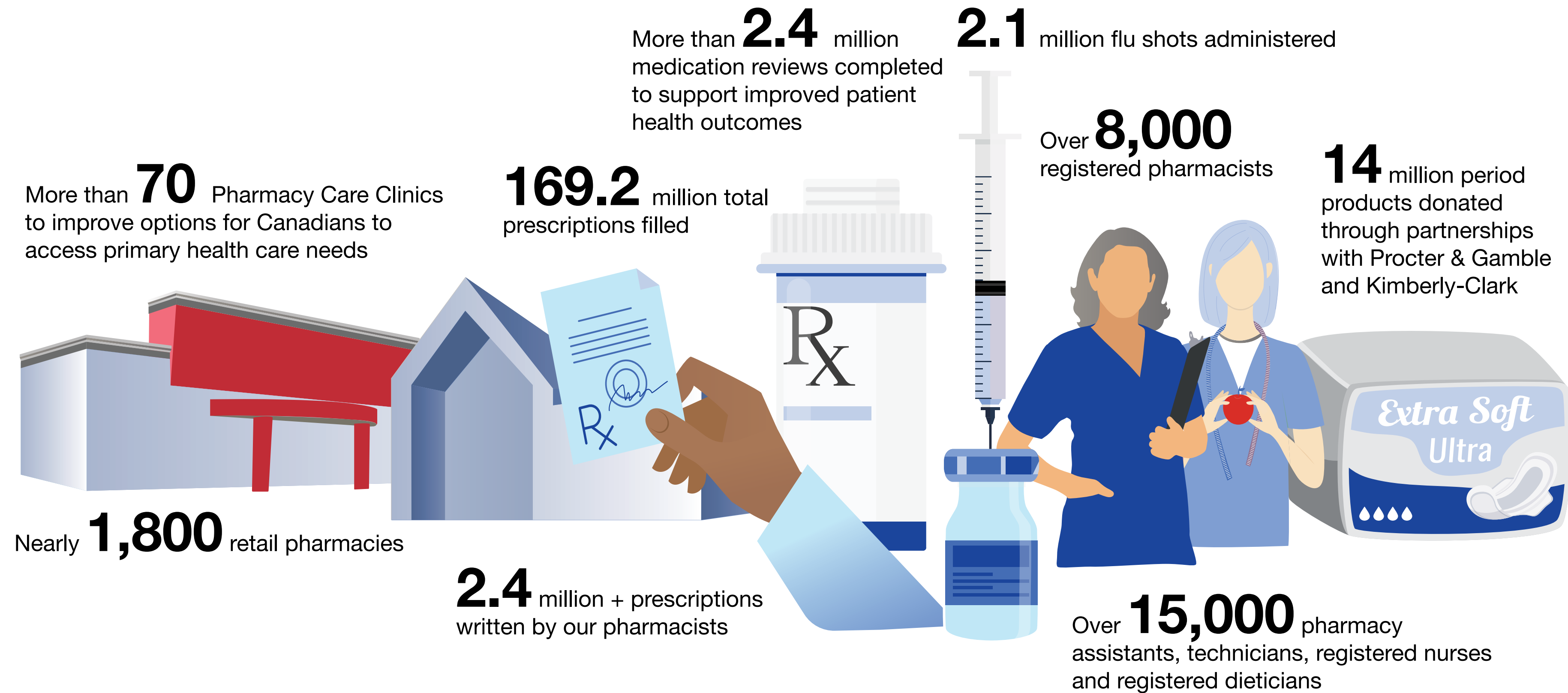
<sup>1</sup> **Note:** Prior year metrics are subject to change slightly from prior year reporting due to resolution of ongoing appeal processes.  
<sup>2</sup> **Accident Frequency** - an industry measurement that represents the number of total accidents per 100 full time employees  
<sup>3</sup> **Lost Time Frequency** - an industry measurement that represents the number of lost time accidents per 100 full time employees

## Ask for Angela

In 2023, we were proud to partner with Victim Services Toronto (VST) to introduce the Ask for Angela program at 230 of our stores. This program provides a discreet way for individuals feeling unsafe or threatened to seek immediate assistance from colleagues. Participants can approach colleagues in our stores and use the phrase “Ask for Angela,” signaling a need for help, leading to prompt and confidential support. To ensure a seamless implementation, VST and Loblaw developed a concise and user-friendly online training tool accessible to all colleagues in participating stores.

## Access to Care

We aim to make high-quality healthcare more convenient and accessible to millions of Canadians every day through our network of pharmacies, stores and other healthcare businesses.



## Opioids

Opioid abuse continues to devastate families and communities across Canada. To help fight the opioid crisis in our country, we continue to offer Naloxone training to customers to help prevent overdoses. Naloxone kits are made available free of charge by provincial governments. We are committed to fighting opioid abuse and misuse in our communities and offer confidential opioid dependence treatment.

## Dietitians

Our registered dietitians play an important role in helping our customers manage health issues such as chronic disease through nutrition. We offer individualized nutrition services, virtually, to support health and wellbeing. In 2023, our registered dietitians performed more than 9,500 nutrition consultations, helping customers make more informed and educated choices to support a healthier lifestyle. Dietitian services are also featured in the PC Health™ app.



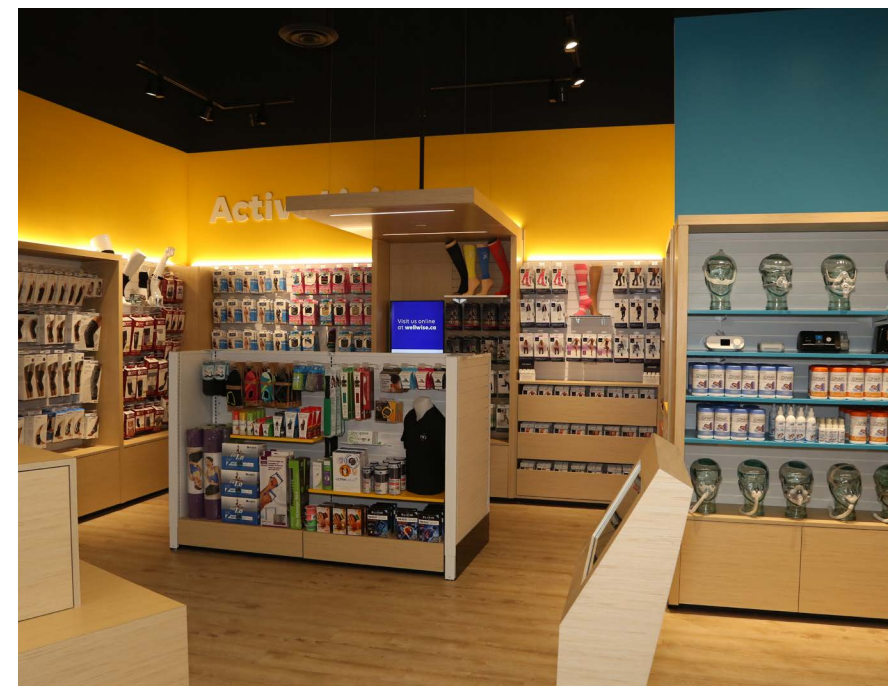
## PC Health™ app

Through our healthcare and pharmacy businesses and the PC Health™ app, we help customers get well and stay well. Through the PC Health™ app, we provide free virtual healthcare services through a network of care navigators, registered nurses, registered dietitians and pharmacists (in select provinces). Since launching in 2020, there have been more than 1.9 million downloads of the PC Health™ app. These services are provided through Loblaw's own capabilities and professionals as well as external partners.



## Lifemark Health Group

With more than 5,800 highly trained clinicians, medical experts and team members working in over 340 locations coast to coast, Lifemark Health Group is a Canadian leader in community healthcare and medical assessment services. As one of Canada's largest physiotherapy companies, Lifemark offers multidisciplinary rehabilitation services including physiotherapy, massage therapy, occupational therapy and more with 3.4 million patient visits annually.



## Wellwise by Shoppers™

Wellwise by Shoppers™ is the largest Canadian retailer of home healthcare products and services to support aging in place. In 2023, Wellwise® helped 250,000 Canadians purchase home health care products from more than 40 locations and our online store.



## MediSystem by Shoppers Drug Mart™

With access to over 1,300 Shoppers Drug Mart® retail stores, MediSystem by Shoppers Drug Mart™ provides highly accessible, personalized pharmacy services for seniors in long-term care and retirement communities. We deliver medications daily to over 54,000 seniors in nursing and retirement homes from our 10 operating sites across the country.



## Healthcare Services

To support the growing number of Canadians in need of access to care, we opened 74 Pharmacy Care Clinics. These clinics offer a range of healthcare services including assessment and treatment of common ailments, and chronic disease management. Services provided increased access to primary care in communities across Canada.

## Optical Services

Through our more than 175 optical centres across Canada, our more than 165 opticians and optometrist partners offer a variety of services, including eye exams and fittings for glasses and contact lenses, and help Canadians with early detection and monitoring of eye conditions.

## Medication adherence

Our network of pharmacists play an essential role in supporting our patients with medication management for acute and chronic disease management through various programs to increase medication adherence and promote improved overall health outcomes. Medication non-adherence can lead to adverse personal health outcomes with greater negative impacts on our healthcare system.

Our network of registered pharmacists provide services such as vaccinations, medication reviews and chronic disease management, playing an important role in primary and preventative care.

In 2023, we conducted more than 2.4 million medication reviews, supporting improved patient health outcomes.

Our Digital Pharmacy, a prescription management platform, continues to support patient medication adherence through automatic refills and patient pickup notifications and we offer medication organizer options making it easier for patients and their caregivers to appropriately manage their care.

# Investing in Our Communities

In 2023, with the help of our customers, colleagues, employees and business partners, we raised and donated (including donations in-kind) a record of \$180 million to research, charities and non-profits across Canada.

## Caring Company Certification



For the 32<sup>nd</sup> consecutive year, our community contributions have earned us Imagine Canada's Caring Company certification. Our various charitable activities make a positive impact in our communities – with a particular focus on the health of children, women and the environment.

## Shoppers Foundation for Women's Health

Corporate contribution \$1,959,000  
Fundraising \$11,209,000

Through the foundation, women's health charities are supported by donations, associate-owner led fundraising and national events.



## Other corporate contributions

\$1,113,000

Our charitable giving is focused on national strategic initiatives that align with our company purpose, to help Canadians Live Life Well®.

## Store Fundraising

\$1,062,000

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

## Gift Card Discounts

\$5,245,000

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

## WWF-Canada

\$450,000

Partial proceeds from reusable bag sales donated to support various environmental restoration and conservation programs.



## Disaster Relief & Humanitarian Response

Corporate contribution \$330,000  
Fundraising \$380,000

This amount consists of annual corporate contributions and in-store fundraising campaigns to support response efforts by our partners during times of crisis both domestically and abroad. This includes funds raised and donated to communities affected by wildfires, through the Canadian Red Cross.

## Food Banks and Food Recovery Agencies

Corporate contribution \$1,284,000  
In-Kind donation \$117,714,000  
Fundraising \$13,201,000

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



## Give a Little Help a Lot®

\$1,220,000

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

## The Salvation Army

\$3,559,000

Through the generosity of our customers, these funds raised in participating Loblaw stores went toward Salvation Army's Annual Christmas Kettle Campaign to help feed, clothe and shelter those in need during the holidays and all year round.

## President's Choice Children's Charity

Corporate contribution \$2,000,000  
Fundraising \$20,180,000



After 34 years spent dedicated to nurturing Canadian children, President's Choice Children's Charity has an ambitious goal to feed 1 million kids annually by 2025. Together, through the generous contributions of our customers, colleagues, and vendors, we are working towards a Canada where kids go far - not hungry.

# Community Engagement



## Feed More Families™

To underpin our commitment to advancing social equity, in 2022 we launched our new pledge through our Feed More Families™ program to donate one billion pounds of food to community-based food charities by 2028. Feed More Families™ program activities include regular awareness and fundraising campaigns for food banks and food recovery agencies, and a sustained effort to partner all stores in the Loblaw network that sell food with a local food charity that can put good food to use, before it becomes waste. Since the launch of this program in 2022, almost 74 million pounds of food have been provided to food charities across Canada.



## President's Choice Children's Charity

President's Choice Children's Charity operates the nation's largest charitable direct-to-school food program. Students who participate in the Charity's Power Full Kids™ programs benefit from regular meals, snacks and food education. In 2018, Loblaw committed to raise and donate \$150 million by 2027, to support the Charity's mission to remove hunger as a barrier to education for Canadian students and empower them with the skills to grow and cook. Since making this commitment, we have activated our network of stores, vendors, colleagues and customers to contribute more than \$111 million. Specifically, in 2023 we further demonstrated our support with the inaugural Get to Give Day, which resulted in \$2 million donated to President's Choice Children's Charity.

This support helped the Charity reach more than 990,000 students nationwide this school year, in pursuit of their goal to feed one million children annually by 2025.



## Shoppers Foundation for Women's Health

For more than a decade, Shoppers Drug Mart® has been supporting women's health charities and organizations across Canada. In early 2023 we celebrated the rebrand of the LOVE YOU by Shoppers Drug Mart™ program to the Shoppers Foundation for Women's Health, with a strengthened focus on supporting women's health equity. Shoppers Foundation for Women's Health is investing \$50 million by 2026 to make care more equitable and accessible for all women in Canada.

In 2023, Shoppers Foundation for Women's Health contributed more than \$11 million in support of more than 370 women's health organizations across Canada. Through the 2023 Run for Women events, more than 24,000 participants helped to raise \$2.9 million in donations to support Canadian organizations that work to improve women's access to mental health care and support programs.



## Shoppers Drug Mart® academic partnerships

Having committed a total of \$16.5 million from 2020 to 2026, these partnerships are dedicated to catalyzing transformative changes in healthcare. It reinforces the intersection of education, research, and inclusive innovation. The partnerships champion the progression of pharmacy education, foster pioneering research to broaden pharmacist roles, and propel innovation in healthcare delivery. By allocating scholarships, bursaries and research funding across vital domains like addiction medicine, primary care, environmental health, and workforce sustainability, these initiatives aim to forge a more inclusive, resilient, and visionary healthcare landscape.

## Further support for communities

PC Bank continued their support of the Scarborough Health Network Foundation through a \$50,000 contribution made toward the Love Scarborough campaign where contributions are used towards providing equitable and accessible health care to the community. This donation was made as part of PC Bank's larger pledge to donate \$250,000 to the Foundation by 2025.

## Supporting New Canadians

As Canada's largest grocery and pharmacy retailer, we have a responsibility to uplift new Canadians. This commitment is about recognizing and embracing the diversity that enriches Canada when we welcome new Canadians. By developing products and services that meet these demands, we are ensuring that newcomers feel welcomed and supported along their journey.

Our commitment to establishing a deeper relationship with newcomers goes beyond providing a diverse assortment of international products. We strive to make our stores accessible through convenient locations, understanding that proximity plays a crucial role in the decision to adopt a "home" store. We go the extra mile by offering healthcare services in a variety of languages in our Pharmacy Care Clinics, as we strive to become a trusted partner for newcomers as they navigate Canada's healthcare system.

## Fostering equity and inclusion

This year saw the launch of the Loblaw Community Grants program. This program is rooted in a centralized and coordinated approach to foster social equity in the communities we serve. Over the next four years, Loblaw will provide \$1 million to support five charitable organization partners, chosen by our DEI employee resource groups. These selected organizations will channel the funding into programs that directly target critical areas aligned with their missions.

## The 2023-2026 Loblaw Community Grants partners are:



- Holland Bloorview Kids Rehabilitation Hospital Foundation - Dear Everybody campaign and Room to Grow Fund



- Black Business and Professional Association - Rise Up competition



- Canadian Women's Foundation - Ending Gender-Based Violence Program



- PRIDE at Work - THRIVE and FLOURISH leadership programs



- Canadian Council for Aboriginal Business (CCAB) - Indigenous Business Connect Tool and The Young Indigenous Business Connector Program

## PC Financial® Resilience Project Accelerator

In 2023, the University of Toronto – Mississauga, was awarded the PC Financial® Resilience Project Accelerator Best Project title at the Enactus Canada National Exposition in May. The students created a platform that empowers users to build skills in budgeting, expenses, and saving tracking and planning tools. Based on this success, PC Financial® continued its support of Enactus Canada with \$25,000 to renew the PC Financial® Resilience Project Accelerator – which empowers entrepreneurial university students with the resources to build financial educational programs needed to address Canadian social issues. Six Enactus teams have been selected to participate in the PC Financial® Resilience Project Accelerator for the 2023-2024 academic year. Each of these teams have also been paired with an Enactus Team Advisor from PC Financial®, to support the launch and delivery of their project over a period of six months. The Enactus teams will complete a final report showcasing their community empowerment project and related impact, and one team will be recognized with the PC Financial® Resilience Project Accelerator ‘Best Project’ award at the Enactus Canada National Exposition in May 2024.

## Disaster and humanitarian response

When a disaster strikes, we do what is right for our communities. Our colleagues and employees step up to mobilize support and fund relief programs for organizations in need. We are a Canadian Red Cross (CRC) Disaster Alliance Partner which means we quickly mobilize products and fundraising to resource Red Cross teams providing vital humanitarian assistance following health and weather emergencies. This year saw an unprecedented wildfire season, with areas of the country not typically susceptible being impacted. In addition to corporate contributions totaling \$330,000, through the generosity of our customers and colleagues, we raised an additional \$380,000. These funds supported the Canadian Red Cross to assist recovery efforts in communities across Canada, such as emergency food and housing for those displaced by the wildfires.



## Supporting those affected by wildfires

When wildfires broke out in Alberta, our priority was the safety and well-being of our colleagues, employees, and customers. As evacuation orders were lifted, our Edmonton and Calgary distribution centres sprang into motion to support local food banks. Working in unison, they sourced and delivered crucial supplies like food, water, and hygiene products which supported hundreds of evacuees while they waited for the safe return to their communities. Despite the challenges due to certain areas being re-evacuated, our local stores remained open to provide essential services to first responders. Furthermore, our stores united to offer complimentary meals to the incredible first responders.

Working with Second Harvest, our distribution centres donated more than 2,000 kilograms of the most needed items to support members of the indigenous communities of Fort Resolution, Lutselk'e, Behchoko, and Colville Lake who had been displaced or had no access to grocery stores due to the wildfires in the summer of 2023.

In partnership with L'Oreal Luxe (a division of L'Oreal Canada), Shoppers Drug Mart® announced a partnership with Tree Canada, aimed at addressing the devastating destruction of the recent wildfires across Canada, by planting more than 8,000 trees. For every refillable or refill product purchased in July 2023, one tree was planted in the Northwest Territories. This endeavour was undertaken in close collaboration with First Nations communities, with the objective of restoring wildlife habitat and rejuvenating ecosystems.

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# Governance



## Governance Overview

Our Board of Directors and executive management are dedicated to strong corporate governance practices designed to maintain high standards of oversight, accountability, integrity and ethics while promoting long-term growth and complying with the Canadian Securities Administrators' Corporate Governance Guidelines. Our governance practices are reflected in our application of policies and practices. Our corporate website sets out additional information and governance documents: Colleague and Supplier Codes of Conduct, Disclosure Policy, Majority Voting Policy, a position description for the President and Chief Executive Officer and mandates of the Board and each of its committees. [See here for more information on our corporate governance.](#)

### Board of Directors

Our Board of Directors provides leadership, diverse perspectives and exceptional experience relevant to our operations and strategic objectives. This includes overseeing the Company's enterprise risk management (ERM) program, and our commitment to ESG issues and other topics addressed in this report.

As of April 30, 2024, the Board was comprised of 12 directors. Ten directors are "independent" as defined by National Instrument 52-110 – Audit Committees. Galen G. Weston, who is not independent, serves as Chairman. Recognizing the importance of strong independent Board oversight, the Board appointed an independent director to serve as lead director. The lead director ensures that the Board operates independently of management and that the directors have an independent leadership contact. The Board's view on the effective role of an independent lead director has been endorsed by leading corporate governance organizations.

Among the Board's four committees is the Risk and Compliance Committee. The Board of Directors has delegated to this committee the day-to-day oversight of the Company's legal and regulatory compliance and ethics program, ERM program, ESG, climate change, human rights initiatives, and matters relating to information technology (including cybersecurity), food safety, drug safety and environmental and occupational health and safety, as well as other matters.

In addition to the Risk and Compliance Committee, the Audit Committee is responsible for the oversight of the integrity of the Company's financial statements and related public disclosure, as well as ESG disclosures. In doing so, the Audit Committee reviews management's administration of the Company's internal controls over financial reporting, disclosure controls including those with respect to ESG, and internal audit function and related party transactions.

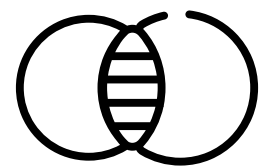
For more information relating to our governance practices, please refer to our [Management Proxy Circular](#).

# Privacy and Cybersecurity

Through new technology and data, we are making better decisions and enhancing customer experiences. Trust is critical to sustaining participation in this new digital economy. We must consistently and carefully consider the legal, ethical and societal expectations of our actions. Canadians must feel confident in our handling and management of their data. We are earning and maintaining the loyalty and trust of Canadians by vigilantly protecting the personal data and interests of our customers, patients and colleagues while using data responsibly.

## Privacy

In many parts of our organization, we hold and manage the personal information (PI) and personal health information (PHI) of our customers, patients, and colleagues/employees. This information is core to our business and we understand the responsibility that comes with collecting, using and sharing this information. The following principles guide our approach:



We will be transparent about our privacy practices and how we handle personal information.



We will use personal information to benefit and enhance the customer experience.



We will protect personal information and handle it responsibly.

We are committed to being clear about how personal information is used and to ensuring details of our approach are easily accessible and understandable. To do this, we publish our privacy policies on our corporate website, where we describe the measures we take to protect personal information and outline how customers may initiate inquiries and raise concerns regarding their privacy. We are also committed to developing processes that enhance privacy and incorporate protections into our business strategy, culture and ongoing operations.





## Oversight

The Loblaw Data Trust Office undertakes formal programs to assess whether data handling practices are responsibly managed in compliance with privacy laws, and Loblaw's corporate policies, standards, and procedures. We have implemented a review process for data-related initiatives, and work to evolve privacy and data management strategies and processes to account for technological advancements that may carry privacy implications. We oversee investigations into real or suspected privacy breaches, and we respond as appropriate. We also regularly review our privacy policies and protocols, and update them to ensure relevance and consistency with evolving technologies, laws, and best practices, and dynamic expectations of our customers.



### Additional resources

[Full Loblaw Privacy Policy](#)

[Loyalty Privacy](#)

[Notice Health Privacy](#)

[Notice Interest-Based Advertising and Media](#)

[Notice President's Choice](#)

[Financial<sup>®</sup> Privacy Notice](#)

[President's Choice<sup>®</sup> Insurance Privacy Notice](#)

## Cyber security

We safeguard our systems and information in many ways, including colleague and employee awareness and training, year-round information and monitoring of potential risks, testing and systems maintenance, contingency planning in anticipation of compromised systems or information, data protection, and account authentication to improve security and minimize the risk of unauthorized access. Our Cyber Security Policy and Acceptable Use Policy provide further internal guidance on data security management. We operate a vendor management program to monitor key suppliers that handle information or critical systems to assess their security programs and controls. Our cyber security program is reviewed and upgraded to reflect new technology, risks and business needs. It is subject to internal, external and regulatory audits, using industry best practices for the following: awareness and training, cyber security assessments, penetration testing, benchmarking and tracking cyber security control maturity, and Payment Card Industry Data Security Standard (PCI DSS) requirements.

## Supply Chain Accountability

We source with integrity. For years we have worked to increase the transparency and traceability of goods, partners and practices within our supply chain. To preserve the trust of our stakeholders, we count on our network of suppliers to understand and uphold our high standards of integrity, values and operating principles. Through various programs and policies, we hold our suppliers accountable and use environmental and social certifications to confirm our expectations and third-party validation that our sourcing standards are practiced consistently.

### Supplier Code of Conduct

We recognize our responsibility to respect and protect the human rights of customers, colleagues and employees in our stores and facilities domestically, and workers — including migrant or temporary labourers — in our worldwide supply chain network. We expect our suppliers to uphold human rights within their operations, and our [Supplier Code of Conduct](#) provides standards that protect human rights, adhere to applicable employment and/or labour standards and provide safe working conditions for workers. We expect our suppliers to communicate these expectations to their contractors, agents, sub-contractors, and sub-agents, including any labour agencies engaged to assist with providing goods or performing services for Loblaw, and to monitor their adherence to the principles of the Supplier Code.

Our Supplier Code focuses on workers' rights and protections within the supply chain, with a particular emphasis on the importance of protecting their human rights and providing safe working conditions. This includes policies prohibiting child, forced and trafficked labour, as well as any discrimination, intimidation, abuse, harassment or violence against workers. Further, it requires compliance with laws respecting workers' freedom of association and the right to collectively bargain their terms and conditions of employment, which include compensation and working hours.

Our Supplier Code requires that a grievance mechanism or complaint procedure exists to allow workers to report workplace concerns. Our Supplier Code is managed through our Compliance and Ethics department and is reviewed annually and updated as necessary.

### Integrity Action Line (IAL)

The Company has an Integrity Action Line hosted by a third-party service provider. The tool can be used to submit confidential and anonymous reports of suspicious activity, unethical practices, discriminatory or disrespectful behaviour, non-compliance and suspected non-compliance with laws, regulations, our codes of conduct, and company policies and procedures. Our IAL is publicly accessible on the [Loblaw.ca](#) site to our colleagues and employees within our network, which includes our franchisee and associate networks, all suppliers and related third-parties and their workers. Reports can be submitted anonymously online ([www.integrityactionline.com](http://www.integrityactionline.com)) in English, French or Spanish, or by calling a toll-free number (1-800-525-7868) to submit a report in English, French, Mandarin, Cantonese, Punjabi, Spanish and Korean languages.

Retaliation against anyone, including employees, colleagues, or workers, speaking up in good faith is strictly prohibited, reinforcing our commitment to a safe reporting environment.

Reports received via the IAL are managed by the Compliance and Ethics department and assigned for investigation as appropriate. Governance oversight of the IAL is provided by the Risk and Compliance Committee of the Board; the committee is informed of notable incidents or any emerging trends and themes requiring attention. These may inform changes to the organization's policies and processes.

The message is simple – speak up if you have a concern. We maintain an unwavering commitment to ethical and compliant conduct. Regular and targeted communications and campaigns across diverse channels within our organization are delivered to promote and emphasize the importance of speaking up. We have taken deliberate steps to demystify the reporting process, ensuring it is clear, straightforward, and accessible to all.





## Human Rights

Loblaw is committed to advancing social equity, with a key focus on protecting human rights in our global supply chain and providing transparency to our customers about our efforts in doing so.

Our customers trust that the products we sell in our stores come from suppliers that provide safe, fair and ethical working conditions for workers and employees. This is a business priority for us and is addressed in [Our Position on Human Rights](#). Given our stature, we recognize our responsibility to respect and protect the human rights of those working directly for Loblaw, as well as the many workers, including migrant and temporary workers, employed within our wider supply chain. Through the formal acceptance of our Supplier Code, our suppliers attest that they, any of their contractors, agents, sub-contractors and sub-agents, will uphold human rights within their operations.

In October 2023, Loblaw developed and launched mandatory Human Rights-specific training for select store support roles. The scope of this training focuses on our policies and due diligence practices to address modern slavery, in addition to promoting awareness of our obligations under legislation, identifying key risk factors for human rights violations, reporting on human rights issues and our formal reporting requirements. Human Rights training assists in preparing our colleagues to meet our collective responsibility to respect and protect human rights.

Our human rights program continues to evolve, building on feedback and key learnings from our colleagues, customers, internal and external stakeholders, and investors. This will allow for us to continue advancing our approach to human rights.

## Modern Slavery Report

In 2024, we issued our [2023 Modern Slavery Report](#) which sets out actions that Loblaw has taken during the 2023 fiscal year to prevent and reduce the risk of forced labour or child labour within our operations and supply chain.

Loblaw's commitment to prevent and reduce the risk of forced and child labour applies to our network of stores and facilities nationwide, our business partners and our worldwide supply chain network.

## Human Rights Due Diligence

Completing a human rights due diligence assessment within an organization is a key principle of the United Nations Guiding Principles on Business and Human Rights (UNGP) to assess adverse human rights impacts.

In 2022, Loblaw partnered with a third-party expert and leader in sustainability and supply chain services, ELEVATE, to conduct a Human Rights Due Diligence (HRDD) to evaluate our human rights and responsible sourcing procedures and policies against the UNGPs. In partnership with ELEVATE, a multi-step process (including, current state assessment, gap analysis, supply chain risk assessment and stakeholder engagement) was used to identify opportunities to strengthen policies and processes across the enterprise, including our international supply chain.

Through this process, management aligned to five (5) inherent Salient Risks – (1) forced labour; (2) child labour; (3) discrimination; harassment, and abuse; (4) livelihoods; and (5) occupational health and safety, which inform the ongoing work Loblaw will do on human rights and responsible sourcing.

## Statement of salient human rights risks

Salient Risks are defined as those risks having the highest potential impact to people's human rights as a result of the company's activities or business relationships. As per United Nations Guiding Principles (UNGPs) guidance, salient risks do not factor in mitigating steps that we as a company may be taking on specific issues; instead, they focus on issues likely to be encountered due to the nature of our business.

Below is a brief description of the five (5) inherent Salient Risks

1

### Forced labour:

Situations in which persons are coerced to work using violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers, or threats of denunciation to immigration authorities.

2

### Child labour:

Work that is mentally, physically, socially, or morally dangerous and harmful to children; and/or interferes with their schooling by depriving them of the opportunity to attend school, obliging them to leave school prematurely or requiring them to attempt to combine school attendance with excessively long and difficult work. The International Labour Organization Convention establishes minimum age requirements for many jurisdictions, which varies by local regulations.

3

### Discrimination, Harassment, and Abuse:

Unequal treatment, directly or indirectly, on various grounds including race, ethnicity, sex, language, religion, political or other opinion, national or social origin, property, and birth or other status (such as sexual orientation or health status, for example having HIV/AIDS). Harassment and abuse include but are not limited to violence, corporal punishment, harsh or degrading treatment, sexual or physical harassment or mental, physical, verbal, or sexual abuse.

4

### Livelihoods:

This includes conditions related to maximum working hours, days off, fair wages, job security, social security, and benefits. The right to an adequate standard of living requires, at a minimum, that everyone shall enjoy the right to necessary subsistence, including the following: adequate food and nutrition, clothing, housing, and necessary conditions of care when required.

5

### Occupational Health and Safety (OHS):

The protection of workers from exposure to short- and long-term risks at work to reduce workplace injuries and illness and promote worker wellbeing.

We have assessed these salient risks as they relate to our business and have developed and will continue to implement fit-for-purpose mitigation strategies where applicable.

## Human Rights Impact Assessment – Broccoli and Cauliflower

As Loblaw continues its Human Rights journey and work on salient risk mitigation strategies, it is committed to conducting Human Rights Impact Assessments (HRIA) to understand risks in our supply chain and remediate those actions within our control, as well as collaborating with other industry partners, government and NGOs for actions that require larger industry engagement.

In 2023, we engaged Ergon Associates, a leading labour and human rights firm, and commenced an HRIA as part of our salient risk mitigation plan. The focus of the HRIA is on the production of broccoli and cauliflower, in our supply chain, sold as standalone items and as ingredients in value-added products, such as florets, vegetable medleys and packaged salads, whether sold as national brands or under our control brand labels. These product categories were prioritized and are closely associated with our salient human rights risks. To Loblaw’s knowledge, no Human Rights Impact Assessment (HRIA) has been conducted for these commodities within our operating geography to date (including by other retailers).

The scope includes Mexico, the USA (Arizona/California), and Canada, with the goal of identifying and addressing potential human rights issues across critical supply chain activities such as primary farming, processing, and packaging of products. This assessment is planned to conclude in 2024 and is being conducted through thorough documentation review, robust engagement with stakeholders and rightsholders, and fieldwork being completed at supplier sites.

This work will provide the enterprise with valuable insights, including a deeper understanding of potential human rights impacts and their underlying causes, improved supply chain visibility, and recommended actions to address and remediate any potential negative impacts.

Loblaw recognizes the vital role HRIAs play in promoting ethical sourcing, cultivating sustainable supply chains, and demonstrating responsible investment and due diligence, which ultimately safeguards our business interests and reinforces our commitment to ethical practices.



## Supply chain compliance and factory audits

For a decade, we have maintained a team of audit compliance managers and production auditors, with the core team in Toronto supplemented by in market, on the ground teams, in China, Bangladesh, Thailand, Vietnam, Cambodia, and India. Together this team ensures that workplace condition assessments are conducted to our standards, and that our products are sourced from approved factories.

Supplier Code violations are reported directly to our Supply Chain Compliance department and escalated to the Compliance and Ethics department as necessary. We evaluate the severity of violations to determine appropriate corrective action plans to address issues of non-compliance. Serious or repeated violations by a supplier may result in factories or suppliers being delisted permanently. We work with our suppliers to ensure that they adhere to our factory audit requirements and remain compliant with our standards.

## Facility compliance audits

Our audits and audit compliance program are designed to confirm that suppliers providing goods to Loblaw uphold our Supplier Code. We continuously review the supplier monitoring program to determine if an expanded scope of the program is necessary; and, as we are made aware of new considerations as they relate to our supply chain.

Prior to sourcing goods from a supplier, Loblaw has the factories, processing facilities, plants, farms, packing or other facilities, which are located outside of Canada and the USA, audited for (1) control brand products sourced by Loblaw; or (2) products for which Loblaw is the Importer of Record.

Once sourcing has begun, Loblaw has processes in place to audit working conditions as well as fire, structural and safety assessments (if applicable). Facilities located in designated high-risk locations, such as Southeast Asia, require a fire, structural and safety assessment to be conducted prior to Loblaw beginning to source from the facility. Our audit program reinforces worker rights and safety by assessing and confirming these and other factors:

- labour is voluntary;
- workers are properly compensated;
- workers are not exploited;
- facilities comply with employment standards (including minimum age);
- working hours are consistent with local laws and standards; and,
- facilities meet health and safety laws and regulations.

Initial and annual facility compliance audits are typically conducted by third-party experts using a best-practice audit framework. In some cases, where suppliers provide us with facility compliance audits using an alternative acceptable global framework, the core team conducts an equivalency review to ensure the audit meets our standards. The in-market audit teams also provide in person follow-up with remediation audits, additional information audits and verification of corrective actions.

If an audit identifies a compliance issue, including but not limited to, child labour, forced or bonded labour, or life-threatening health and safety situations, Loblaw will suspend relationships with those facilities (and/or supplier). Loblaw will work with suppliers to determine whether satisfactory remediation of the compliance issue is possible and will terminate relationships with suppliers who are unable or unwilling to remediate non-compliance.

In accordance with Loblaw's Supply Chain Compliance program, in 2023, Loblaw completed approximately 1,400 facility (factory) compliance audits within our supply chain; and permanently delisted 6 facilities. A record of these results is also maintained by our third-party compliance provider.

The following is a summary of the audit program results and we will continue to report on our progress annually.

All infractions and temporary suspensions that did not result in a delisting were resolved, or are in the process of being resolved, to our satisfaction.

Metric	2023	2022	2021
# of suppliers	~600	~700	~800
# of facilities <sup>1</sup>	~1,250	~1,400	~2,000
Audits conducted	~1,400	~1,200	~1,000
Permanent delistings	6 <sup>2</sup>	10 <sup>3</sup>	3 <sup>4</sup>

<sup>1</sup> Facilities exclude those that had been inactive or blocked for a period of 3 years or more. The figures in the table above reflect this changed approach in 2022.

<sup>2</sup> The delistings in 2023 were related to non-compliance with Supplier Code requirements in one or more of the following themes: unauthorized contracting, attempted bribery, suspected child labour, suspected discriminatory practices, and building structural/fire safety concerns.

<sup>3</sup> Delistings in 2022 were due to one or more of suspected child labour, attempted bribery, and building structural/ fire safety concerns.

<sup>4</sup> Delistings in 2021 were due to one or more of unauthorized contracting and/or attempted bribery.

## Collaboration and Continuous Improvement

We have taken significant steps to improve transparency within our international supply chain, specifically as it relates to apparel manufacturing and materials procurement. We work with leading international apparel brands, non-governmental agencies and labour groups to improve industry working conditions, benefitting millions of garment workers globally.

In 2021, we expanded our transparency and disclosure by listing the [Tier 1 factory locations](#) on our company website. We believe that by providing this information to consumers and our stakeholder partners, we can better coordinate our efforts and support a more sustainable apparel industry.

### Support for The Accord

In 2013, we were a founding member of the Accord on Building and Fire Safety in Bangladesh (“The Accord”). In 2023, we renewed our support for The Accord, by signing the International Accord for Health and Safety in the Textile and Garment Industry (“The International Accord”), which includes the following key features:

- A commitment to focus on the health and safety program in Bangladesh, and on building a credible industry-wide compliance and accountability mechanism.
- A commitment to expand the work of The International Accord based on feasibility studies of other markets.
- An option to expand the scope of the agreement to address human rights due diligence.
- An optional streamlined arbitration process to enforce terms of The Accord.

### Joe Fresh® Restricted Sourcing Regions

Our commitment to ethical sourcing practices is integral to our operations. Joe Fresh® prohibits and will not knowingly use cotton sourced from any region that is associated with forced or child labour such as Uzbekistan, Turkmenistan, and the Xinjiang Uyghur Autonomous Region (XUAR) of China, including textile products using Uzbek, Turkmen and XUAR cotton in any form. These regional restrictions are explicitly outlined in our supplier agreements for our Joe Fresh® apparel and footwear business, mandating that suppliers confirm annually that they do not source materials from these regions.



### Compliance

Compliance is key to stakeholders’ trust in Loblaw. We consistently meet the obligations prescribed by the many laws and regulations that apply to our business, as well as the high standards of conduct established by our Board. Our commitment to compliance means colleagues understand the expectations and risks associated with their jobs. Our policies and training drive ethical and compliant behaviour and our culture encourages colleagues to speak up and act when necessary. We provide our Integrity Action Line (IAL) to both suppliers and colleagues, which enables them to report suspicious activity, unethical practices, non-compliance and suspected non-compliance with laws and regulations.

# Food and Product Safety

## Food safety

We are Canada's leading grocer. Food safety, quality assurance and regulatory compliance are fundamental to our business. Our store operators, supply chain partners and many suppliers maintain strict food safety standards and comply with regulatory requirements. Our Quality Assurance and Food Safety teams manage, review and update our standards as required to ensure robust food safety and quality assurance programs are in place.

As a food importer, we have robust data management systems that ensure compliance and oversight of the certifications and traceability required by the Safe Food for Canadians Act. Our control brand products and their specifications are established, tested and evaluated at various steps in the product lifecycle – from development to launch and beyond. Strict standards for product safety and quality provide our customers confidence that our products are safe, consistent in high quality, and sourced from certified suppliers.

In the event of a product issue, our well-established programs enable us to quickly investigate, risk assess and, if necessary, remove the product from sale and distribution. In the event of a recall, we have reliable notification protocols for our supply chain, stores and customers. Control brand recalls trigger an investigation process with our vendors, including root cause analysis and mitigation.

In 2023, we executed 17 Canadian Food Inspection Agency (CFIA) public food recalls. Of those recalls, 3 (18%) related to our control brand products, and 14 (82%) related to national brands. None of our control brand recalls were determined notable, in terms of scope or customer impact.

Provincial and federal regulators conducted 747 food safety inspections in our facilities in 2023. None resulted in a fine due to a serious food safety violation, and 100% resulted in successful and timely resolutions.





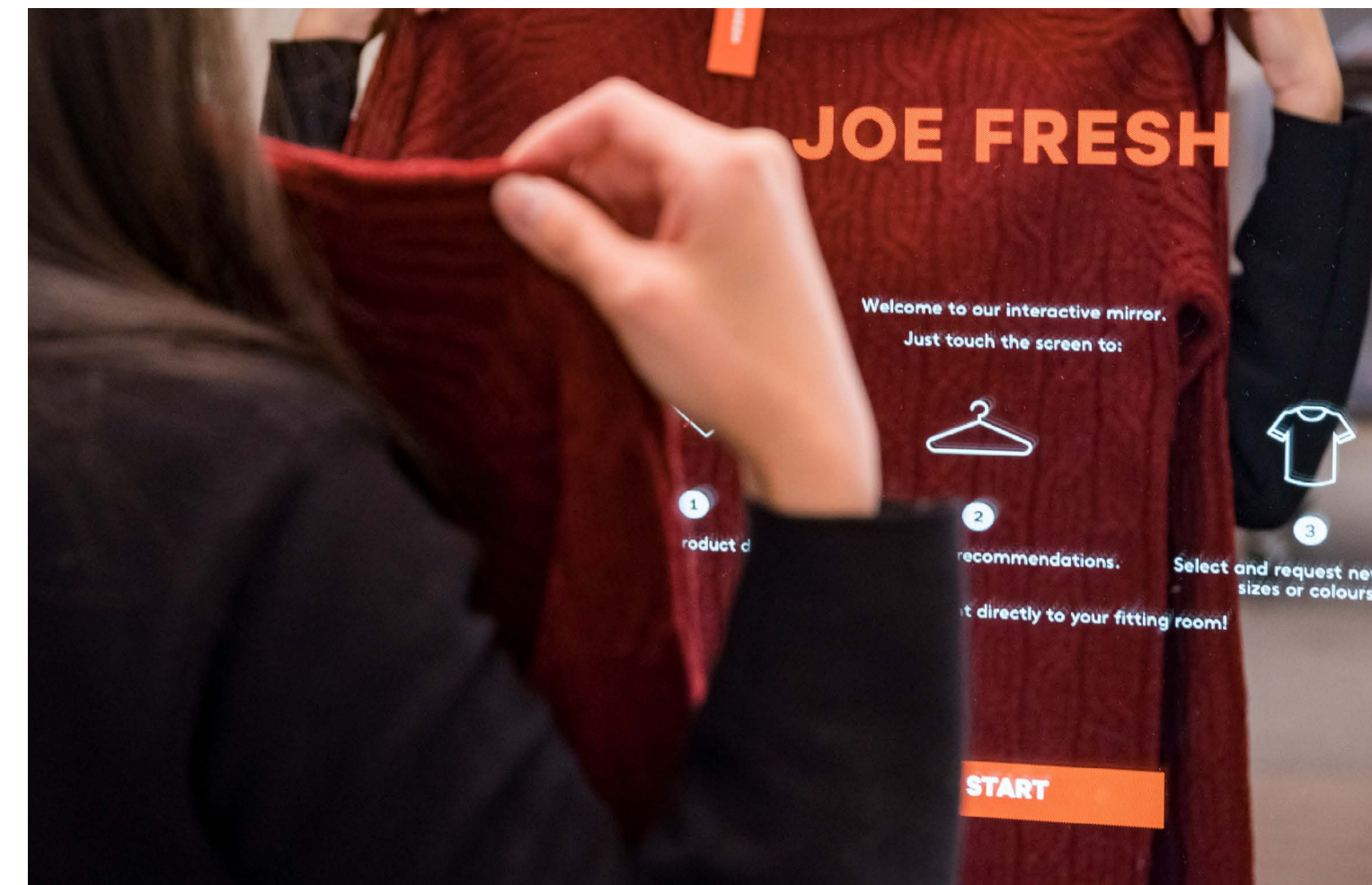
## Drug safety

Millions of Canadians depend on us every day to safely dispense medications and provide professional services for good health outcomes. Patient safety and clinical excellence are the cornerstones of our pharmacy operations — supported by high professional standards.

We support our pharmacy teams with robust incident management recording and a continuous quality improvement program. Pharmacy incident recording enables our organization to know, learn, act and help prevent errors and create greater awareness of the importance of recording near-misses and pharmacy incidents.

If pharmacy incidents occur, we have comprehensive standard operating procedures to ensure appropriate actions with a primary focus on patient safety. The incident recording program is supported by a broad team of internal experts: professional and regulatory affairs, clinical excellence, quality assurance, health and safety, legal counsel, and more. Action plans are developed to reduce the likelihood of similar incidents occurring in the future. Safety improvement initiatives are tracked and measured annually as part of our compliance effectiveness measures.

In 2023, we executed 45 Pharmacy related recalls. In addition, there were 10 recalls executed for our Wellwise by Shoppers™ sites. None of the recalls related to our private label brands.



## Apparel and footwear

We aim to surpass customer expectations of product quality, performance, and safety. The Joe Fresh® quality assurance standards for apparel, accessories, and footwear meet or exceed applicable government safety requirements, and through our Restricted Substances List mitigate harmful chemicals in our products wherever they are sold. Joe Fresh® ensures product safety and compliance by conducting accredited laboratory testing and quality audits covering performance, safety, and regulatory compliance for every style. Any potential product safety concerns that are reported through our various customer service channels are thoroughly investigated. In 2023, Joe Fresh® had 1 product safety recall.

## Animal Welfare

We are one of Canada's largest buyers and sellers of meat, poultry, eggs and dairy products. Our customers expect their food to be safe, high quality, and produced responsibly and humanely. Customer expectations – combined with the input of industry associations, sector best practices, supplier guidance, and scientific advisors – are reflected in our Supplier Code of Conduct and our Animal Welfare Principles.

For more details, please read our [Animal Welfare Statement](#).

### Cage-free eggs

We are committed to transitioning to 100% cage free eggs. In 2016, we announced that we would source all shell eggs from cage-free systems by 2025. We have made progress towards this goal: Our PC® shell eggs are now entirely cage-free, and our PC® free-run eggs come from laying hens that are free to roam and feed and nest in open-concept barns with perches and nests. However, in 2021 it became evident that our farmer partners would not be able to meet the 2025 timeline. At that time, we communicated publicly that the 2025 timeline would not be met and reaffirmed our commitment to the National Farm Animal Care Council (NFACC) and their efforts to generate a consensus around egg systems moving forward.

We continue to value the guidance of animal welfare and farming partners, and we remain committed to working with suppliers to transition completely to cage-free systems in a way that ensures eggs are available and affordably priced for our customers.

Our [Animal Welfare Statement](#) outlines activities we will complete in 2024 related to cage-free eggs. These include providing added profile to cage-free options on our e-commerce platforms; investing in marketing promotion of cage-free eggs; and transitioning 100% of eggs used in our corporate grocery retail in-store prepared sandwiches and meals, to cage free (pending available supply).

In 2023, the sale of cage-free eggs accounted for approximately 19.5% of control brand category sales.



### Banned fibres

Joe Fresh® is committed to sourcing more responsible and ethical materials, we have implemented a ban on the inclusion of fur, mohair (from Angora goats), and angora (from Angora rabbits) in all our products. Furthermore, we pledge to accurately label any synthetic materials that may resemble animal by-products.



### Vegan certified beauty products

We are proud to report that 100% of our Quo Beauty® brand products are vegan and cruelty free. People for the Ethical Treatment of Animals (PETA) have certified that none of our products are manufactured with animal by-products.



### Gestation-stall-free sows

We are committed to 100% sow-stall-free pork as soon as practically possible. Animal welfare experts agree that sows may experience negative health impacts when housed in gestation stalls during pregnancy.

We continue to make progress in this important area and by the end of 2023, we had converted more than 70% of fresh PC® Free From® pork to group housing for gestating sows.

# Ensuring Reliability of our ESG Disclosures

We recognize the importance of ensuring the accuracy and reliability of our ESG disclosures. That is why we have built a robust control environment to test and validate the accuracy of our ESG information which supports our commitment to transparency and accountability. Our sustainability and social impact reporting is part of our work to further mature our ESG program, and we continue to evolve and strengthen our control environment as necessary to ensure that the integrity and reliability of our disclosures meet the expectations of our stakeholders in an evolving landscape.

## Control Environment

Management is responsible for establishing and maintaining adequate internal controls over ESG disclosures and has implemented a control environment which mirrors the Internal Controls over Financial Reporting (ICFR) framework. To ensure consistency, accuracy, completeness, timeliness, relevance, and alignment with our overall strategy, we have established a rigorous process which is applied to all ESG disclosures. Effective as of 2021, our Finance team is involved in reviewing and verifying the quantitative information in our ESG disclosures using a financial assertions framework. The foundation of this control environment is the Three Lines of Defense model. The ESG Integration and Reporting team, in collaboration with our External Financial Reporting team, executes this program, to ensure information in our ESG disclosures is reliable and assurance ready.

Similar to the ICFR framework, in designing such a control environment, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, may not prevent or detect misstatements.

## Oversight

The Audit Committee of the Board of Directors oversees the adequacy and effectiveness of applicable ESG controls and reviews ESG disclosures prior to publication. In addition, the Audit Committee reviews the results of assurance engagements.

## Assurance

As we continue to mature our ESG program, our goal is to obtain the appropriate level of assurance over our ESG disclosures. In 2023, our Internal Audit team was engaged to perform a review over a risk-based subset of quantitative information that we disclose in this report. Additionally, PricewaterhouseCoopers LLP was engaged to perform limited assurance over our Scope 1 and Scope 2 GHG Emissions for the current reporting year. The Limited Assurance report can be found in the [2023 Early Release of Priority ESG Disclosures](#) (page 14 and 15). We will continue to assess and determine the appropriate level of assurance required for our key ESG disclosures.

## About Forward-Looking Statements

This Environmental, Social and Governance Report (the “ESG Report”) may contain forward-looking information within the meaning of applicable securities legislation which reflects Loblaw Companies Limited’s (the “Company”) current expectations regarding future events, including environmental, social and governance (“ESG”) matters discussed in the ESG Report. Although the Company believes that the expectations reflected in such forward-looking information are reasonable, assessing forward-looking ESG metrics and risks, and climate metrics and risks in particular, is more complex and longer-term in nature than traditional business metrics and risks. Many forward-looking methodologies are new and evolving, and there is limited guidance from methodology providers on the calculation or comparability of these measures. In particular, uncertainty around future climate-related policy can contribute to greater variation in transition pathway models. Future updates to factors such as changes in global emissions, available technologies or economic conditions may result in changes to the Company’s net-zero path, resulting in changes to the Company’s targets. A number of additional factors, including improvements to the coverage, quality, and availability of the Company’s data and methodologies, may also necessitate changes to the Company’s 2020 baseline or net-zero targets. The ESG Report is informed by the Global Reporting Initiative (“GRI”), the Sustainable Accounting Standards Board (“SASB”) and the International Sustainability Standards Board (ISSB). The Company regularly monitors the development of provincial and international ESG reporting regulations, standards and frameworks for their relevance and usability, as well as stakeholder expectations regarding these standards. The Company will periodically assess the comparability and appropriateness of its metrics and targets, and, where appropriate, incorporate new insights, data, models and tools into the Company’s ongoing assessment of ESG matters, including climate change. The Company expects its ESG disclosures to continue to evolve as reporting regulations, standards and frameworks mature.

The information in the ESG Report reflects what the Company believes is its best available data and, in the case of climate change disclosures, best available scenario projections, which are based on the most current emissions information available to the Company. Where appropriate, including in setting its greenhouse gas reduction targets and making climate disclosures, the Company has made reasonable and good faith approximations and assumptions. However, there are many factors that the Company may not foresee or that it may be unable to predict accurately. The Company’s ability to achieve its ESG goals, including ESG matter(s) discussed in the ESG Report, is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company’s control, that could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information and may require the Company to adjust its ESG initiatives, activities or plans to reflect a changing landscape. Such risks and uncertainties include, but are not limited to, the Company’s ability to meet its greenhouse gas reductions targets; the availability, accessibility and suitability of comprehensive and high-quality data; the need for active and continued participation of the Company’s stakeholders; the development of consistent, robust and comparable ESG metrics and methodologies, in particular in respect of climate change; the development and deployment of new technologies and industry-specific solutions; international cooperation; the development of provincial, national and international laws, policies and regulations in respect of ESG matters; and the factors discussed in the Company’s current Annual Information Form and most recent Management, Discussion & Analysis. The forward-looking statements in the ESG Report are presented for the purpose of assisting investors and other stakeholders in understanding the Company’s ESG priorities, strategies and objectives, and may not be appropriate for other purposes. Undue reliance should not be placed on the forward-looking information in the ESG Report. The Company does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law. All forward-looking statements contained in the ESG Report are made as of the date hereof and are qualified by these cautionary statements.