2016 Corporate Social Responsibility Report

Loblaw Companies Limited

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About This Report

At Loblaw Companies Limited (Loblaw) we are proud of our responsible approach to business. As one of Canada's leading retailers, we have an opportunity to make a positive difference to some of the pressing social and environmental challenges facing Canadians. In this report, we share the progress we're making in the field of corporate social responsibility (CSR) and present future goals.

This is our tenth annual CSR report. It highlights our CSR performance in corporate stores, distribution centres and store support centres, as well as initiatives related to our brands and community giving efforts in both corporate and franchised stores. The scope of our reporting and the data measurement methods applied

remain consistent with our 2015 CSR report. Unless otherwise stated, all highlights are based on 2016 results. Where franchisee, third-party, *Arz*, *T&T Supermarkets* and *Shoppers Drug Mart/Pharmaprix* Associate-owner information has been included, it is indicated as such.

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

On the Cover

At Loblaw, we are driven to help Canadians live healthier, happier lives, not just for today but for generations to come.

As a proudly Canadian business that provides people with access to some of life's essential products and services, we embrace our responsibility. This is why we work hard to make the positive changes that matter most to our customers. colleagues and stakeholders. People can feel confident in our stores and trust that we are sourcing responsibly, respecting the environment and making a positive difference in communities. Our principled approach to conducting business is an essential component of our long-term success and our ability to fulfill our company purpose - Live Life Well.

Visit loblaw.ca to learn more about our CSR initiatives. ➤

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How to Read This Report

Classic method

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



Selective method

You can also go straight to specific topics using the web-like navigation on the left-hand side of the page.





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Message to Stakeholders

For a decade now, Loblaw has maintained many meaningful public commitments relating to corporate social responsibility (CSR). Annually, we issue this report to share our progress with you.

This report is both a historical record and a forward-looking pledge, not to mention a celebration of the good and important work done by so many in our business.

As in past years, we have detailed both our activities and the metrics we use to measure our progress in three priority areas: Environment, Community and Sourcing. More than ever, this report provides important context on why we believe specific priorities and actions matter to our customers, colleagues and business – as well as the world around us.

Those who have read prior reports may notice fewer commitments and targets than in previous years. This reflects our decision to focus on larger, more impactful CSR activities – like our carbon reduction strategy – which require time to unfold and to deliver meaningful results.

Announced in late 2016, our Carbon Reduction Plan – 30 by 30 – details the tasks and projects behind our ambitious pledge to reduce Loblaw's carbon footprint 30 per cent by 2030. As one of Canada's largest

energy users, we understand the importance and urgency of reducing our emissions. We continue to work with governments and experts to mitigate our waste, fuel consumption and energy use, and to offer concrete evidence that companies can reduce their emissions and grow their business at the same time.

The SHOPPERS LOVE. YOU. program continued to support charities and organizations focused on women's health through its flagship Run for WOMEN event: and President's Choice Children's Charity continued to raise and grant funds for children's health, increasingly turning its support toward childhood hunger. In partnership with customers and suppliers, our stores and operating divisions continue to lead in communities nationwide. They have significantly expanded donations of perishables for food banks and meal programs, supported neighbourhood initiatives, and pitched in when times are toughest. This was best illustrated by our response to the Fort McMurray, Alberta disaster in 2016, when we helped raise and donate nearly \$5 million before the fires were even extinguished.

Finally, with regard to Sourcing, we became even more thoughtful about the products we buy and sell. We advanced efforts to remove ingredients of concern from food and household products: we committed to certifications and labels that allow customers to buy with knowledge and confidence; and we increased our on-the-ground capacity, assessing the quality and practices at the facilities that make our goods. We deepened our engagement in the Accord on Fire and Building Safety in Bangladesh and, to underline our growing transparency, we will begin publicly posting the

names of factories where we directly source *Joe Fresh* apparel and footwear products.

We aim to be a company that lives its values every day, moving CSR measures forward, year after year. We hope this report will serve as an example of the value of setting goals, collaborating with experts, action planning and reporting results. As always, we encourage our colleagues, customers and stakeholders to use this report as an opportunity to reflect on our efforts and share their feedback.



Galen G. Weston
Chairman and Chief Executive Officer

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CSR at Loblaw

Our approach to CSR is driven by our company purpose – Live Life Well. By sourcing responsibly, respecting the environment and making a positive difference in our communities, we aim to be a leader and contributor to a thriving Canadian society both today and for generations to come.

We prioritize our work within each of our three CSR pillars based on the urgency of an issue, its importance to our customers and Canadians, its relevance to our business and the potential for Loblaw to make a meaningful difference. We create targets and action plans to focus our efforts and drive meaningful results. We publish an annual CSR report so that customers and partners can see our progress and hold us accountable – and to recognize the great work of our colleagues.

Learn more about CSR governance on page 23. ▶

Loblaw Family of Companies

Each of the six complementary and independent businesses that make up the Loblaw Family of Companies contributes to our CSR performance:



Your Life, Made Easier



Feed Everyone



Essential Style, Exceptional Value



We Love Food



Reach Tomorrow Together



Making the Everyday Simple and Better

CSR Pillars

Our CSR actions are focused in three areas where we believe we can make the biggest difference:

Environment

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



Sourcing

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



Community

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



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Stakeholder Engagement

To be meaningful and successful, our CSR activities must be relevant to our business, customers, colleagues, partners and society at large. Through a variety of engagement processes, we seek to understand stakeholder priorities

and concerns, learn from experts and collaborate with like-minded organizations on solutions to complex issues.

WHAT OUR CUSTOMERS TOLD US

Each year, we conduct an online survey of Canadian consumers to learn about their CSR priorities. The 2016 survey indicated that consumers continue to see initiatives related to local sourcing, healthier food choices, fair wages and safe working conditions as CSR priorities for grocery retailers. We are proud to say that Loblaw shoppers – and those who don't always shop with us – acknowledge Loblaw banners as having the best CSR practices among Canadian retailers.

"Loblaw has a comprehensive commitment to sustainability and responsible business. They understand that being a successful business over the long term requires sustainability to be integrated into its business strategy. Canada needs more corporate leaders like Loblaw."

Chris Coulter CEO, GlobeScan

Best CSR Practices

Most frequently cited reasons for selecting Loblaw banners as the best in CSR in our survey of Canadian consumers.



INSIGHTS FROM VALUED STAKEHOLDERS

Every two years, we consult with a panel of stakeholders to gauge the quality and value of our CSR report. This includes surveys and interviews with senior representatives from key suppliers, large pension funds, academic organizations, non-governmental organizations (NGOs) and CSR/sustainability research and advisory firms.

Our stakeholders have historically acknowledged that Loblaw's size and scale create a unique opportunity to lead our industry and Canadians in sustainable practices. More recently, they've encouraged us to play a stronger role in two categories: (1) guiding Canadians' preventative health and wellness, including healthy eating and (2) articulating a strong carbon and climate change strategy. This report addresses our increased activities in these categories.

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Doubling down on

By Sarah Davis, President, Loblaw, and head of the Carbon Steering Committee

carbon reduction

At Loblaw, we recognize the growing environmental, social and business impacts of greenhouse gas emissions, both for Canada and the world. Ecosystems and species are being threatened, agricultural patterns are changing and formerly rare weather-related events are happening with increasing frequency. The issues of climate change and carbon reduction are

important to our customers, our colleagues and our company. Human-made environmental change is creating a growing array of risks; from a business perspective, it has implications for economic sustainability. From a Canadian perspective, it has implications for our longterm prosperity.

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Doubling down on carbon

reduction

continued

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Loblaw is one of the country's largest energy users. We have a large fleet of trucks and we run facilities and stores in almost every community in Canada. We annually account for approximately 1,000,000 tonnes of corporate CO₂e emissions. As such, we believe we have an obligation to be part of the solution to the challenge posed by climate change.

In 2016, we announced a commitment to reduce our carbon footprint 20% by 2020 and 30% by 2030 relative to a 2011 baseline. We have an action plan focused on energy-efficient stores and distribution centres, fuel-efficient transportation, and managing refrigerant leaks and organic waste diversion. We intend to deliver

"As a proud Canadian company, we want to do our part to build a better future for all Canadians, in line with our nation's carbon reduction targets."

Sarah Davis President, Loblaw, and head of the Carbon Steering Committee

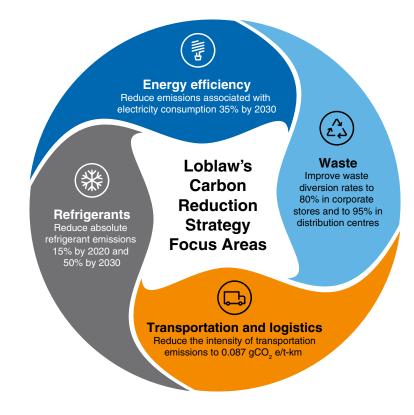


carbon reduction in line with Canada's national targets and, along with other forward-looking Canadian companies, demonstrate that these goals can be achieved without sacrificing economic growth.

As a proud Canadian company, we want to do our part to build a better future for all Canadians. We also firmly believe that in doubling down on our commitment to reduce carbon emissions, we can strengthen our business and lead the way for other companies to follow suit.

Our efforts to reduce emissions have been underway for years. In 2011, we launched a range of carbon-reducing initiatives, and now we're going even further, as that's what's required.

We are happy to report that in 2016 we cut our carbon emissions by 3% compared to our 2015 results. The work to reduce emissions has helped to make us more efficient and enabled us to reduce costs and provide better value to our customers. By accelerating our efforts, we expect to find more efficiencies and more savings for customers, all while making a positive impact on our shared environment.



Climate change cannot be ignored and the risks of inaction are too great. Loblaw is proud to do its part to support a stronger, cleaner economy that will lead to a better future for all Canadians.

See our Carbon Reduction Strategy at loblaw.ca. ▶



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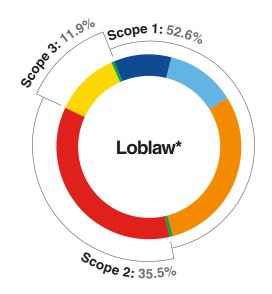
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Our Carbon Footprint

Environment



945,121** tonnes CO₂e

Electricity	35.5%
Refrigerant releases	29.6%
Buildings – fuel consumption	12.1%
Waste	11.2%
Fleet fuel consumption	10.1%
Corporate travel	1.5%

As a result of various carbon reduction initiatives, Loblaw operations achieved a 3% reduction in carbon emissions in 2016 compared to 2015. Scope 1 emissions are direct emissions resulting from fleet and building fuel consumption, refrigerant releases and corporate travel. Scope 2 emissions are indirect carbon emissions resulting from electricity consumption, and Scope 3 emissions are indirect emissions associated with waste and from other corporate travel.

Shift to Low GWP Refrigerants

As a grocery retailer, we sell a lot of refrigerated products. About 50% of a supermarket's energy consumption is attributed to running a refrigeration system, which is why we've focused on new, more efficient refrigeration technologies to reduce emissions. This includes retrofitting refrigeration systems in our stores and distribution centres, investing in refrigeration systems that use low global warming potential (GWP) refrigerants such as ammonia, carbon dioxide and hydrofluoroolefin (HFO) blends, and amplifying our leak-checking protocols to help reduce refrigerant leaks.



Reduced Electricity Use by 1.8%

With lighting, refrigeration, and heating, ventilation and air conditioning (HVAC) systems accounting for most of our electricity consumption, we've set – and achieved – annual targets for reducing electricity consumption for the past several years. In 2016, we reduced electricity use in existing corporate grocery stores by 1.8% per square foot.

Our ongoing lighting retrofit program played a big part in our success – reducing electricity consumption by converting to LED lighting in grocery store aisles, refrigerated cases, produce departments and parking lots. We also continued a program of installing vertical doors on dairy and frozen food cases in corporate grocery stores to keep cold air from escaping, completing 40 projects in the year.

26,353,012 kWh

of electricity reduction in corporate grocery stores in 2016 is equivalent to the amount of electricity needed to power approximately 2,745 homes in Canada for one year.

^{*} Data does not include *Shoppers Drug Mart/Pharmaprix*, franchised stores, *T&T Supermarkets* and *Arz*.

^{**}Emissions are calculated by The Delphi Group and follow the Greenhouse Gas Reporting Protocol.

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Testing Transportation Alternatives

Loblaw operates a large corporate truck fleet and we continually assess new technologies for reducing fleet-related carbon emissions. Our 2016 efforts included the following:

- Testing trucks powered by liquefied natural gas (LNG) and compressed natural gas (CNG). Both produce less carbon emissions than diesel fuel.
- Testing 10 refrigerated trailers that use R-452A refrigerant to keep products chilled or frozen while travelling from our distribution centres to stores. R-452A refrigerant has a lower Global Warming Potential (GWP) than the

- gas that's typically used in refrigerated trailers.
- Purchasing sleeper trucks with solar-powered auxiliary power units. The bunk heaters, air conditioning units and amenities (such as televisions and minirefrigerators) in these trucks run on batteries rather than diesel, thereby reducing engine idling.
- Buying double-decker refrigerated rail containers to increase the amount of product shipped by rail and ultimately remove trucks from the road.
 Primarily used in Western and Atlantic Canada, rail is a fuelefficient mode of transportation that has a smaller carbon footprint than trucks.



Inroads in Organic Waste Diversion

We have dedicated resources working to improve waste diversion rates in each region. In 2016, our diversion rates averaged 64% in corporate grocery stores and 86% in Loblaw distribution centres.

We continued to focus our efforts on organic waste diversion. Depending on the location and type of organic material, organic waste is collected and used for composting, animal feed or renewable energy production. There has been notable progress in Western Canada to divert organics from landfill, particularly in Edmonton, Calgary, Metro Vancouver and Victoria. One of the most promising developments in organic waste diversion is the ability to mechanically separate food waste from its packaging, which is helping to improve diversion rates.

Plastic Bag Reduction

We have reduced the number of plastic shopping bags from our stores by nearly 10 billion since 2007.



Food for Food Banks and Meal Programs

Loblaw has a long-standing and growing commitment to ensuring that we do not dispose of food that is safe for human consumption. We have a formal food reclamation program through which we donate safe, edible food to local food banks, meal programs and shelters. In 2016, we expanded the program to 104 corporate grocery stores, bringing the total to 324 stores. When we learned that one of the biggest challenges to expanding the program was local food banks' capacity to transport and store perishable goods, we worked with Food Banks Canada to purchase refrigerated equipment and trucks, which has enabled us to include more of our stores and reach more people.

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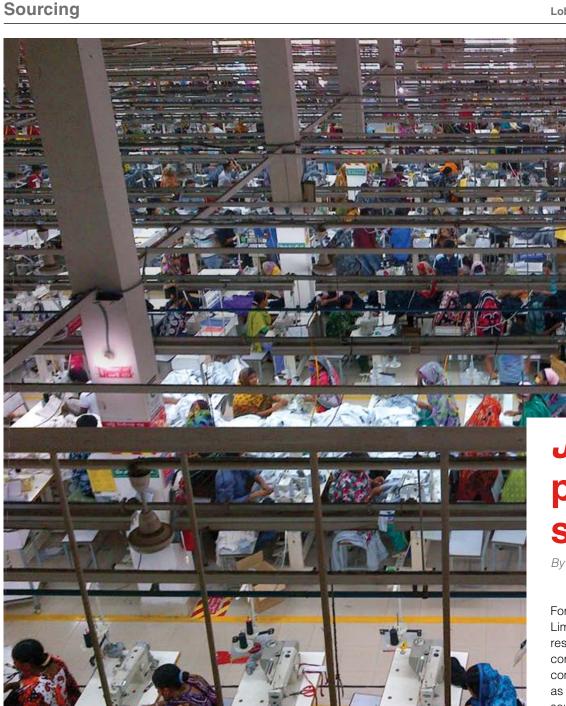
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Joe Fresh: Making positive strides in sourcing apparel

By Ian Freedman, President, Joe Fresh

For decades, Loblaw Companies Limited has prioritized sourcing responsibly. A pillar of our corporate social responsibility commitment, the practice serves as the foundation for all of our sourcing decisions. At Joe Fresh, we share that commitment to sourcing responsibly. We have developed a tailored process within our supply chain to help ensure our international vendors adhere to fair working standards for employees, and provide them with safe and secure working conditions.

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Over the past three years, we have put processes in place in key markets where we source apparel. Offshore factories from which we are the importer of record must conduct an annual Workplace Conditions Assessment (WCA). Furthermore, factories in India, Sri Lanka, Bangladesh, Cambodia, Vietnam and Thailand from which we are the importer of record must also undergo a Fire and Structural Safety (FSS) Assessment as a condition of doing business with us.

We currently have a team of 25 audit compliance managers and production auditors living and working locally in key markets to ensure that WCA and FSS Assessments occur to help reinforce worker rights and safety,

"We're proud of the ongoing work we're doing with the global apparel industry through the Accord on Fire and Building Safety in Bangladesh."

Ian Freedman President, Joe Fresh



to support factory improvement plans and to confirm that our products are made in approved factories. This investment provides a higher level of engagement and transparency, and enables us to provide broader support to the apparel industry.

Additionally, we're proud of the ongoing work we're doing with the global apparel industry through the Accord on Fire and Building Safety in Bangladesh. Over the past three years, the Accord has supported significant improvement in Bangladesh factories with 1,600 factories inspected and improved, and health and safety trainings conducted in factories employing over 437.000 workers.

While we feel we've made positive strides over recent years, we're always committed to doing better. This year, we will begin to publicly disclose our contracted factory list to our customers and partners. This transparency will allow us to continue to strengthen our process and find ways to collaborate further.

At *Joe Fresh*, our customers trust us to offer products they can be proud of – and we constantly strive to do just that.



Supply Chain Risk Report

World Vision Canada published a report that ranked Canadian retailers on their efforts to reduce chances of child and forced labour in their supply chains.

Visit worldvision.ca to see how Loblaw performed. ▶



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A Shared Journey to Sustainable Beef Production

Canadians continue to enjoy beef – and Canadian beef is especially popular. As one of the largest buyers and sellers of beef in the country, Loblaw has a strong interest in supporting and advancing sustainability efforts in the Canadian beef industry.

We understand that beef production contributes to environmental concerns such as greenhouse gas (GHG) emissions and a greater water footprint relative to other livestock. We also know that beef production done well can contribute to a sustainable agriculture system; for example, by enhancing biodiversity within the agricultural landscape through the preservation of grasslands. Along with other stakeholders in the beef value chain, we are committed to continually improving the industry's environmental and social performance. That's why we're actively involved in Canadian Roundtable for Sustainable Beef (CRSB) committees, determining how beef operations should be measured for sustainability and compliance.

Loblaw was a founding member of the CRSB steering committee. In this role, we were proud to contribute to two milestones achieved in the past year:



 We participated in a verified sustainable beef pilot creating sustainability indicators and a verification process for Canadian beef production. Completed in June 2016, the pilot put the Canadian beef industry at the forefront of global beef production as one of the first verifiable sustainable beef programs in the world.

Both of these projects are helping to create a long-term, national sustainable beef production program. What's especially significant about CRSB is that the group and its initiatives bring together Canadian producers, processors, retail and food service providers, non-governmental organizations, academia, and food and agriculture businesses. It's a truly multi-stakeholder effort.

For more information, visit the CRSB website at crsb.ca.



Tracing Beef Back to the Ranch

Increasingly, customers want to know where their beef is sourced from – right down to the ranch where it was produced. For some, this provides assurance of quality. For others, it's an indicator that an animal was treated humanely.

Loblaw has set a goal of tracing Canadian beef back to the animal's birthing ranch. So far, we've been able to establish a tracking mechanism for Loblaw Canada AAA beef, Loblaw Canadian ground beef, *President's Choice* Certified Angus beef and Ontario Corn Fed Beef back to the regional family farm/feedlot where the animals were raised. We aim to extend this traceability back to the birth farm.

UTZ Certification Makes Cocoa Extra Good

As a company that sources products from around the world, we care about our impact on the people and regions that produce them. Inefficient cocoa farming techniques have led to environmental concerns. That's why we support the UTZ sustainability program, which enables farmers to learn better farming methods, improve working conditions, and take better care of the planet. Our *President's Choice* Gold Bar line of chocolate was the first of our cocoa-based products to support UTZ certified cocoa. This past year, we added 10 more control brand products, including *President's Choice* chocolate hazelnut spreads and *PC* Organics Mint Chocolate and European Dark Chocolate bars. Each of the products bears the UTZ certified logo.



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Protection for Vulnerable Dairy Cows

In partnership with Dr. David Fraser, a renowned Canadian expert and Loblaw's scientific advisor on animal welfare, we've established a multi-year research grant to assess best practices for handling vulnerable cull dairy cows – those removed from the herd due to age or health concerns. The issue has been identified as a priority for research and action by the National Farmed Animal Health and Welfare Council (NFAHWC) and the dairy sector.

With the support of Dairy Farmers of Canada, NFAHWC convened an expert consultation in Ottawa in 2016 to clarify concerns and management options. Chaired by Dr. Fraser, with funding from Loblaw, the event brought together participants involved in different aspects of the management of cull dairy cows from across the country. Based on their recommendations and further stakeholder consultation, NFAHWC is developing an action plan that will be released in 2017.

Commitment to Animal Welfare

Our customers expect that the products we sell are safe, of high quality, responsibly sourced and produced in a humane way.

By working with industry partners, animal welfare experts and producers, we aim to achieve the best possible outcomes. Loblaw is an associate member of the National Farm Animal Care Council and supports the on-farm animal Codes of Practice as a credible, robust and science-based process for addressing farm animal welfare.

We continue to advance our efforts in farm animal welfare and, over the past several years, have made commitments in the areas of group housing practices for sows and veal cattle.

In 2016, we joined several grocery members of the Retail Council of Canada to announce a commitment to transition all shell eggs to cagefree by the end of 2025. Today, our *PC* and *PC* Organics shell eggs are already sourced from laying hens raised in free-run and free-range environments, respectively. We began transitioning our *PC Blue Menu* Omega-3 Brown shell eggs to free-run in 2015.

Animal Welfare Commitment



Learn more about our Animal Welfare Principles and view our animal welfare video at loblaw.ca. ▶

Our selection

of control brand cage-free shell eggs*:

PC Free-Run Eggs
PC Organics Free-Range Eggs
PC Blue Menu Omega-3 Free-Run Brown Eggs







* Available in different sizes

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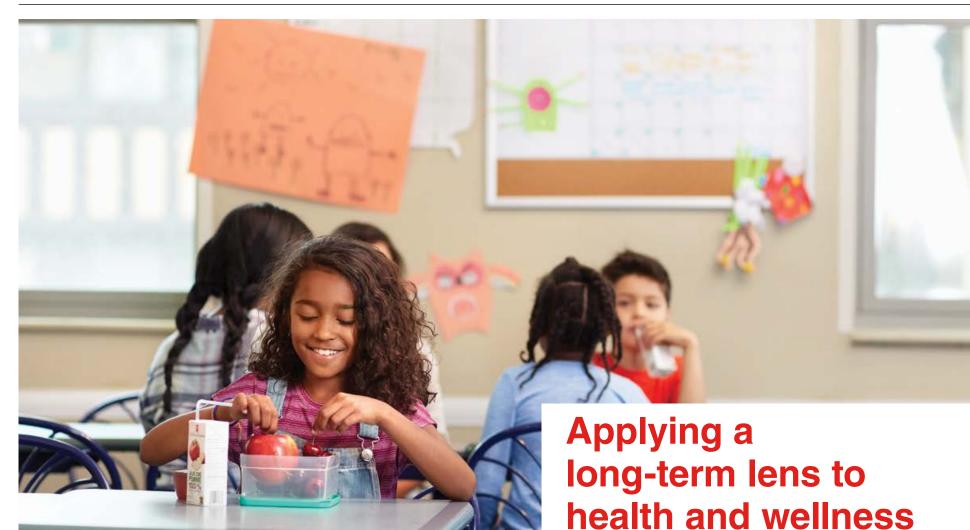
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By Mike Motz, President, Shoppers Drug Mart

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With more than 2,400 grocery stores and pharmacies across Canada, we are more than a traditional food retailer – we are a trusted nutrition, health and wellness destination for Canadians. We have nearly 200,000 colleagues and employees, making us a major employer in many small

and rural cities, and we contribute millions of dollars annually to local food banks and organizations supporting causes like women's health and childhood nutrition. These efforts provide an immediate benefit to Canadians, and are a significant point of pride for our business.

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Applying a long-term lens to health and wellness continued \longrightarrow

While we continue to build upon these localized efforts, we are also taking a longer-term view of our community investment strategy by focusing on health care and the overall wellness of our colleagues and customers.

With increasing frequency, Canadians are facing personal health care challenges that require support and guidance. Issues like obesity and chronic disease, coupled with the evolving needs of both an aging population and an increasingly tech-savvy society, bring about challenges for our existing health care infrastructure and questions about how best to support the needs of Canadians. We believe we are uniquely

"We believe we are uniquely positioned to address shifting health care expectations, thanks to the expertise within our pharmacies and grocery stores."

Mike Motz President, Shoppers Drug Mart



positioned to address these shifting health care expectations, thanks to the expertise within our pharmacies and grocery stores.

The pharmacists in our *Shoppers* Drug Mart network are trusted health care partners who can help assess, prevent and treat minor and major ailments. With an eye on the future, we are arming our pharmacy teams with innovative technology to better serve their patients. We are piloting a new Digital Pharmacy service, which enables prescription renewals via a safe and secure technology; and our acquisition of QHR Corporation, a leader in the electronic medical record field, will help us digitally manage patient records, prescriptions, laboratory results, and more. Thanks to our team at Shoppers Drug Mart, we have the ability to provide health care solutions with increased value and convenience to our customers.

Similarly, wellness is an ongoing focus in our grocery stores, where we are broadening our assortment of Natural Value and Organic products, fostering wellness discussions via our network of in-store registered dietitians, helping customers make healthier food choices through the Guiding Stars® nutritional rating program, and more. Across the country, our stores feature 1,762 pharmacies, 173 optical departments and

156 medical clinics – all of which help increase community access to health care options. Our Discount and Market stores are able to support customers as they make purchase decisions for themselves and their families. This is an important responsibility, and we take it to heart.

From our perspective, health and wellness is our core customer offering. It is a thread that runs throughout our entire business, and is a critical demonstration of our company purpose - Live Life Well. And when it comes to supporting our communities, what could be more impactful?

Loblaw and Shoppers Drug Mart/Pharmaprix pharmacists performed more than 860,000* medication therapy management services.



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

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Putting Women's Health First

The health of women and children is a major focus of our community giving efforts.

One of the programs we were most proud of was partnering with the Canadian Breast Cancer Foundation (now the Canadian Cancer Society) as sponsors of the BC Cancer Agency's mobile mammography service, which conducted mobile breast cancer screening mammograms for 19,815 women

in British Columbia. On average, five cancers are detected for every 1,000 women screened. Jodie, a cosmetics manager at one of our Shoppers Drug Mart locations, was one of these women. We worked with Jodie to share her story of how her mammogram screening saved her life.

The annual SHOPPERS LOVE. YOU. Run for WOMEN event was held in 15 cities across Canada, with close to 15,000 participants raising funds and awareness for women's mental health.





SHOPPERS LOVE. YOU.: Jodie's Story



Helping kids do anything

President's Choice Children's Charity (PCCC) granted \$15.3 million to children's nutrition programs and families of children with disabilities for essential therapies and specialized equipment, bringing the total to more than \$146 million since 1989.

From breakfast and snack programs, to teaching kids about healthy eating, to funding kitchen improvements in youth centres, PCCC granted more than \$6.1 million toward hunger and nutrition in 2016. The Charity also

initiated funding for a new program designed to close the significant achievement gap among lowincome youth, providing nutritious lunches and programming over the summer months, when regular school breakfast and lunch programs are unavailable.



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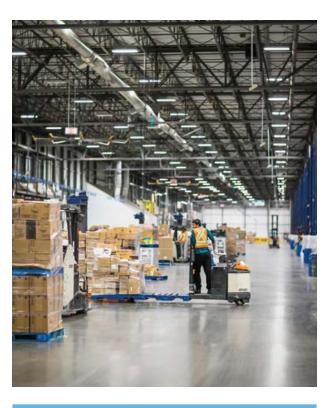
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\$5 Million for Disaster Relief

The outpouring of support from Loblaw customers and colleagues, franchisees and their employees, Associate-owners and their teams following the Fort McMurray, Alberta wildfires resulted in our largest ever fundraising campaign – collecting and donating almost \$5 million to the Canadian Red Cross to assist affected residents.

The donation was a combination of efforts across our business:

- \$280,000 worth of essential food and health provisions given to evacuation centres and first responders
- More than \$4.3 million in cash donations collected at Loblaw grocery stores and Shoppers Drug Mart/Pharmaprix stores
- 77.5 million Shoppers Optimum points donated
- 47,000 Joe Fresh clothing items provided for displaced residents
- Corporate donation of \$100,000 to the Canadian Red Cross for the immediate needs of evacuees



Contributed \$65 million

to charities and non-profit organizations across Canada with the help of our customers, colleagues, business partners, and franchisees and their employees.

Accessible Health Care at a Pharmacy Near You

Provincial governments and patients are increasingly recognizing the important role pharmacists can play in delivering convenient pharmacy services that can help reduce the strain on our health care system.

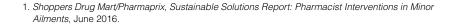
Take, for example, the role pharmacists play in medication reviews. As our population ages, medications often become a major component in managing chronic conditions. During a medication review, Loblaw and Shoppers Drug Mart pharmacists review and assess all the medications a patient is taking to help ensure they're using them safely and appropriately. They also check for, and assist with, any concerns such as side-effects or interactions with over-the-counter medication, and often provide recommendations to physicians.

Expanding pharmacists' scope of practice to include immunizations has improved vaccination rates across Canada. In provinces where they are permitted to do so, pharmacists provided flu, shingles, whooping cough and tetanus vaccines, as well as travel vaccinations such as typhoid and hepatitis A and B.

In many provinces, pharmacists are permitted to assess and prescribe medication for minor ailments like seasonal allergies, acne or eczema. In a survey of patients who completed a minor ailment assessment with a pharmacist, 76% indicated that were it not for their pharmacist's ability to help them, they would have gone to their family doctor, a walk-in clinic or a hospital emergency room – at a much higher cost to the health care system – and it would have taken longer to get the care they needed.1

Loblaw and *Shoppers Drug Mart* pharmacists administered

1.1 million flu shots.



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Quality Food Choices

As a food retailer, we continuously look for new forward-looking food trends and products to ensure we're keeping up with customer needs and expectations.

With this in mind, we launched 33 new PC Organics products in 2016, including produce, baby products and Natural Value products like PC Organics Kefir and PC Organics Hummus. PC Organics brand and the Canada Organic logo signify that our products have been processed according to the principles of organic agriculture and production, which emphasize sustainability and a natural approach to weed, pest and disease control, and prohibit the use of genetically engineered products and materials.



With our line of *PC Free From* products, and the help of dedicated farmers, we offer meats raised without the use of antibiotics or hormones* – including more than 100 chicken, pork, beef, turkey and lamb products. All *PC Free From* animals are fed a diet designed to provide optimal animal health and nutrition.

We offer a wide range of gluten-free, peanut-free and lactose-free products that meet the dietary restrictions and preferences of many Canadians. We launched a line of gluten-free products under the *President's Choice* brand in 2012 and currently offer 45 products across bakery and grocery categories. Great taste is a priority – and we do everything possible to enable gluten-free consumers to enjoy the same food experiences and trends as others.

Our line of *no name Naturally Imperfect* fruits and vegetables offers shoppers undersized or misshapen produce at lower prices. Consumers responded positively, prompting us to add

7 new products in 2016.



Healthy Eating Made Easy

Guiding Stars® is an easy to use nutritional rating system that helps customers identify nutritious food throughout our stores. More than 56,000 products have been rated through the system with up to three stars based on the product's nutritional value, and the rating is prominently displayed on our grocery shelf labels. Internal data indicates that 29% of Loblaw customers who are aware of the program use it most or all of the time while grocery shopping.

In 2016, we introduced the Guiding Stars Nutrition Fact Finder on banner store websites, which makes it easier for customers, the general public and health professionals to understand how products get their Guiding Stars ratings. The Fact Finder also provides ingredients and nutritional information for most food items.



^{*} In Canada, all pork, poultry and lamb is raised without the use of added hormones.

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Volunteer Grant Program

In spite of busy career and family lives, our colleagues, and franchisees and their employees, give their time, talent and resources to charities and non-profit organizations in their communities. We applaud their work and, through the Volunteer Grant Program, donate up to \$500 to organizations where they volunteer at least 40 hours a year.

Our People and Culture Matter

As one of the nation's largest employers, we understand the value of our people and commit to making the experience of working at Loblaw a good one.

For the past three years, we've been focused on shaping the culture in our stores, distribution centres and offices. We believe that our behaviours and interactions affect how we serve our customers and our goal is to be better as individuals, as teams and as an organization. Through a variety of programs, our people are inspired to engage in a desired culture - one where they can be authentic, build trust and make connections.

Here's a snapshot of what we're doing and what we achieved in 2016:

- A two-day culture-shaping workshop was developed to drive culture deeper into the organization by building awareness of personal habits and providing culture tools. More than 5,500 participated in 2016 and many more will participate over the next two years.
- We've embedded culture concepts in our people programs, such as recognition and performance development, and practices like store walks and meetings.

- Through a series of actionoriented workshops and one-onone interviews, our senior leaders are engaged in creating a more gender intelligent organization. Department-specific sessions will start in the coming year.
- Women@Loblaw introduced a new program, "Reel Conversations", which brings interested colleagues together to watch and discuss videos on wide-ranging topics.
- Our LGBTAQ employee resource group led celebrations of Canada's first-ever Pride Month. Pride flags were raised and colleagues organized fun events in stores, distribution centres and offices.

Scores on our annual "Tell It As It Is" engagement survey are an important measure of our success. That's why we were so pleased to see that our overall engagement score increased by 3% from 2015. A total of 78% of colleagues said they would recommend Loblaw as a great place to work, exceeding the retail benchmark average by 9%, and 89% felt that the company makes it easy for people from diverse backgrounds to fit in and be accepted, surpassing the retail benchmark average by 10%.



Engagement

We increased company-wide engagement scores by 3% relative to 2015.

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TARGET: Establish a carbon emissions reduction strategy. **ACHIEVEMENT:** Established a carbon emissions reduction strategy with the goal of reducing emissions 20% by 2020 and 30% by 2030, relative to our 2011 baseline. See pages 4-5.



TARGET: Conduct a water footprint assessment of our corporate operations.

ACHIEVEMENT: Initiated a water footprint assessment of our corporate operations to establish a baseline for managing our water footprint going forward.



TARGET: Reduce total electricity consumption by 2% per square foot in existing corporate grocery stores.

ACHIEVEMENT: Reduced electricity consumption in existing corporate grocery stores by 1.8% per square foot. See page 6.



TARGET: Reduce refrigerant leaks in existing corporate grocery stores bv 5%.

ACHIEVEMENT: Reduced refrigerant leaks in existing corporate grocery stores by 11.5% through equipment upgrades and rigorous leak checking.



TARGET: Install CO. refrigeration system in four corporate grocery stores.

ACHIEVEMENT: Installed CO. refrigeration system in three grocery stores in 2016 and completed a fourth installation in early 2017.







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



TARGET: Install vertical doors on open dairy and frozen food cases in corporate grocery stores by year-end 2017. Thirty-seven projects to be completed by year-end 2016.

ACHIEVEMENT: Installed vertical doors on open dairy and frozen food cases in 40 corporate grocery stores in British Columbia, New Brunswick. Nova Scotia and Ontario.



TARGET: Improve waste diversion in corporate grocery stores and Shoppers Drug Martl Pharmaprix stores relative to 2015 results (Loblaw -Ontario. 66%: Quebec. 64%; West, 58%; Atlantic, 68%; Shoppers Drug Mart/ Pharmaprix, 52%).

ACHIEVEMENT: Waste diversion results for Loblaw corporate grocery stores: Ontario, 64%; Quebec, 65%; West, 63%: Atlantic, 64%, See page 7.

We will report Shoppers Drug Mart/Pharmaprix waste diversion performance in future reports as per our carbon reduction strategy.



TARGET: Source fibres used in corrugated boxes and trays, folding cartons and paperboard trays from recycled material and/ or certified sustainably managed forests by yearend 2018.

ACHIEVEMENT: Target on track. Updated packaging specification system and continued to monitor and track progress against our internal packaging framework.



TARGET: Launch a selection of BPI certified 100% compostable President's Choice singleserve coffee pods by vear-end 2016.

ACHIEVEMENT: Launched 17 varieties (SKUs) of BPI certified 100% compostable* President's Choice single-serve coffee pods made with renewable materials.

The pods are the first single-serve coffee pods to be certified by the Biodegradable Products Institute (BPI), which ensures products meet rigorous independent testing and verification according to international scientific standards for compostability. President's Choice compostable pods are easily identified by the BPI logo on the pack and the brown ring on the pod.

^{*} For collection in municipal programs. These coffee pods may not be accepted for composting in all areas.

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TARGET: Remove triclosan. phthalates and plastic microbeads from Life Brand and President's Choice (PC) household, beauty and cosmetic products by year-end 2018.

ACHIEVEMENT: Began working with our suppliers to reformulate Life Brand and President's Choice household, beauty and cosmetic products without triclosan, phthalates and plastic microbeads. In the process, we learned that phthalates can be introduced into products from sources such as manufacturing equipment and packaging. We encourage our suppliers to identify and eliminate phthalates that may come from these sources.



TARGET: Expand sustainable palm oil commitment to Life Brand and Joe Fresh products by year-end 2016.

ACHIEVEMENT: Worked with suppliers to collect palm oil volumes for Life Brand and Joe Fresh products. Ensured volumes reported support the Roundtable on Sustainable Palm Oil (RSPO) approved supply chain models.



TARGET: Introduce additional Marine Stewardship Council (MSC) and/or Aquaculture Stewardship Council (ASC) certified sustainable and responsible control brand products by year-end 2016. **ACHIEVEMENT:** Introduced one new President's Choice MSC certified product ahead of schedule, at the end of 2015, and an additional two products in 2016. Products include PC Tuna Tataki, PC Nutrition First dog food and PC Nutrition First cat food.



TARGET: Contribute to the development of a national sustainable beef standard by active membership on the Canadian Roundtable for Sustainable Beef (CRSB) indicator and verification committees.

ACHIEVEMENT: Loblaw is an active member of the CRSB whose goal is to advance sustainability efforts to ensure that the Canadian beef industry is economically viable, environmentally sound and socially responsible. See page 10.



TARGET: Introduce eight UTZ certified labelled control brand cocoa products by year-end 2016.

ACHIEVEMENT: Introduced 10 President's Choice products that support sustainable cocoa farming practices through the UTZ sustainability program. See page 10.



TARGET: Source all fresh veal from suppliers that have transitioned to group housing practices by yearend 2018.

ACHIEVEMENT: Target on track. We continue to engage with and obtain status updates from our fresh veal suppliers.



TARGET: Source all fresh pork from suppliers that have transitioned to group housing practices by yearend 2022.

ACHIEVEMENT: Target on track. We continue to engage with and receive status updates from our fresh pork suppliers.



TARGET: Transition all shell eggs to cage-free by yearend 2025.

ACHIEVEMENT: Target on track. We continue to engage with and receive status updates from our shell egg suppliers. See page 11.



TARGET: Expand the audit compliance management and production auditor teams in key markets.

ACHIEVEMENT: We now have a team of 25 audit compliance managers and production auditors on the ground in key markets to ensure factory assessments occur, to support factory improvement plans, and to confirm that our products are made in approved factories. See pages 8-9.





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TARGET: Launch online tool to educate customers about the Guiding Stars® food rating system.

ACHIEVEMENT: Created an online Guiding Stars Nutrition Fact Finder enabling customers, the general public and health professionals to view the Guiding Stars rating of products, and obtain ingredients and nutritional information for food items

In addition, the Wellness section of our banner store websites provides customers with information about the Guiding Stars nutrition rating system – how it works and what to look for when shopping in our stores.

See page 16.



TARGET: Conduct 1,900 in-store nutrition school tours.

ACHIEVEMENT: Conducted 1,277 nutrition school tours, educating 27,980 children on how to read food labels and use the Guiding Stars nutrition rating system.



TARGET: Introduce 30 new *PC* Organics products by year-end 2016.

ACHIEVEMENT: Introduced 33 new *PC* Organics products across a variety of categories, including baby, grocery and produce. See page 16.



TARGET: Introduce 10 no name Naturally Imperfect products in select stores.

ACHIEVEMENT: Introduced four new no name Naturally Imperfect products ahead of schedule, at the end of 2015, and an additional seven new products in 2016. Products include peppers, onions, carrots, mushrooms and pears. See page 16.





TARGET: Extend *Shoppers Drug Mart* Patient Contact

Centre* services to

additional provinces across

Canada.

ACHIEVEMENT: Extended services to British Columbia in 2016 and Alberta in early 2017. The Patient Contact Centre team proactively calls patients who are late refilling their medications.



TARGET: Conduct two million patient touchpoints (e.g., vaccinations, health consultations, risk assessments).

ACHIEVEMENT: Conducted more than 2.8 million patient touchpoints,** including medication therapy management services, vaccinations, prescribing services and more. See page 15.



TARGET: Grant \$16 million to children with disabilities and childnutrition programs through *President's Choice* Children's Charity (PCCC).

ACHIEVEMENT: PCCC granted more than \$6.1 million to child-nutrition programs and more than \$9.2 million to families of children with disabilities.



TARGET: Provide 500,000 children across Canada with nutritious meals through PCCC grants.

ACHIEVEMENT: Through financial grants to child-nutrition programs, PCCC provided nutritious meals to more than 449,000 children across Canada.



TARGET: Expand the Loblaw food reclamation program to an additional 20 corporate grocery stores relative to 2015 results.

ACHIEVEMENT: Expanded the Loblaw food reclamation program to 104 corporate grocery stores, raising the total to 324 stores. Under the program, extra perishable food that is safe for human consumption is donated to local food banks. See page 7.

- * The Patient Contact Centre currently offers services to patients in Ontario, British Columbia, Manitoba. New Brunswick and Nova Scotia.
- ** Data does not include Loblaw pharmacies in the province of Quebec.

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TARGET: Raise \$2.5 million and two million pounds of food to assist provincial and local food banks across the country through our bi-annual national food drives.

ACHIEVEMENT: Raised \$2.8 million and 1.8 million pounds of food during our spring and holiday food drives in Loblaw corporate and franchised stores across Canada. Each store is matched with a local food bank.



TARGET: Add three new locations and increase participation in the SHOPPERS LOVE.YOU. Run for WOMEN event from 11,000 to 15,000 participants.

ACHIEVEMENT: Added three new locations (Toronto and London, Ontario, and St. John's, Newfoundland and Labrador). The event attracted nearly 15,000 participants.



TARGET: Shoppers Drug Mart/Pharmaprix to fund 500 local charitable organizations across Canada focused on women's health and well-being.

ACHIEVEMENT: With the help of Associate-owners and customers. 671 charities received funding and support.



TARGET: Provide mobile mammography services to 25.000 women in British Columbia.

ACHIEVEMENT: In partnership with the Canadian Breast Cancer Foundation (now the Canadian Cancer Society), sponsored the BC Cancer Agency's mobile mammography service to provide breast cancer screening mammograms for 19,815 women in British Columbia. Program to continue in the province in 2017. See page 14.



TARGET: Reduce total workplace accidents by 5%.

ACHIEVEMENT: Reduced total accidents by 3.9%.



TARGET: Increase companywide engagement score by 3% by year-end 2017 relative to 2015 results.

ACHIEVEMENT: Achieved target ahead of schedule, increasing company-wide engagement score by 3% versus our 2015 result.



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





TARGET: Expand talent development programs to Loblaw colleagues in corporate grocery stores and distribution centres.

ACHIEVEMENT: In addition to expanding existing talent development programs, we added several new ones, including: Supply Chain 50 in 5, which prepares 50 high-potential managers over the next five years with the skills and abilities to be able to move up two levels in the supply chain organization; and the Real Canadian Wholesale Club Everything Leadership program, which prepares assistant store managers to become store managers.



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CSR Targets

Going forward, we will focus our efforts and set our targets around issues that are important to our customers and colleagues, and where we can have a meaningful impact. Many of these targets will take several years to achieve. Interim progress will be reported in our annual CSR reports.

Environment

Reduce operational carbon footprint 20% by 2020 and 30% by 2030.

Source fibres used in corrugated boxes and trays, folding cartons and paperboard trays from recycled material and/or certified sustainably managed forests by year-end 2018.

Sourcing

Formulate our *Life Brand* and *President's Choice* household, beauty and cosmetic products without triclosan, phthalates and plastic microbeads by year-end 2018, and encourage our suppliers to identify and eliminate phthalates that may come from other sources such as manufacturing equipment and packaging.

Source all fresh veal from suppliers who have transitioned to group housing practices by year-end 2018.

Source all fresh pork from suppliers who have transitioned to group housing practices by yearend 2022.

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

Disclose on our corporate website the list of offshore apparel factories we do direct business with, and update the list twice a year.

Transition three farms in Ontario and Quebec to grow five ethnic products to help increase our multicultural product offering by year-end 2017.

Community

With the help of our customers, colleagues and employees, and business partners, we will contribute more than \$65 million to charities and non-profit organizations across Canada, which includes support to programs benefiting women and children's health through SHOPPERS LOVE. YOU. and President's Choice Children's Charity, by year-end 2017.

Educate 500,000 children about food and food sustainability in market stores by year-end 2017.

Raise and donate \$3 million to various charities as part of our "Save It Forward" program in discount stores by year-end 2018.

Launch a health and wellness platform for colleagues and customers by year-end 2017.

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CSR Governance

We believe that our values and those of our customers should be reflected in the Way We Do Business.

Responsibility for performance starts at the top. Our Board of Directors sets the tone for a culture of integrity, respect and accountability. As part of its fiduciary responsibility, the Board oversees the company's management of social and environmental issues and opportunities.

Colleague Code of Conduct

Our Code of Conduct reflects our shared values and commitment to high standards of business conduct. The Code explains to colleagues what it means to represent Loblaw Companies Limited, our stores and our brands, and how to behave in this capacity.



All colleagues must review, understand and abide by the Code, as well as the supporting policies and procedures.

Supplier Code of Conduct

Our suppliers are our partners in serving customers and we expect them to uphold the same values and principles that we do. The Supplier Code of Conduct sets our minimum standards for them.

Learn more about our Supplier Code of Conduct at loblaw.ca. ▶

Core Values

Our CORE values reflect what's important to our organization and guide our behaviours.



CARE

Improving the well-being of all Canadians



OWNERSHIP

Approaching every day with personal accountability and commitment



RESPECT

Acting with integrity, respect and openness every day



EXCELLENCE

Leading through innovation and superior performance

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CSR Governance



CSR Committee Members

Representatives from across the business make up our CSR Committee. They set the broad priorities, metrics and accountabilities within each of our three CSR pillars and champion action company-wide.

(Photographed above, left to right)

Rosanna D'Alessandro, Specialist, CSR

Sonya Fiorini, Senior Director, CSR

Leila Fenc, Senior Director, Community Investment and Executive Director. President's Choice Children's Charity

Alain Brandon, Senior Director. Government Relations & CSR

Shawn Dalrymple, Director, Internal Communications

Ian Gordon, Senior Vice President. Loblaw Brands

Jeannette Wang, Senior Vice President, Pharmacy Affairs & Patient Services

Rob Wiebe, Executive Vice President, Supply Chain

Mark Schembri. Vice President. National Maintenance

Kevin Groh. Vice President. Corporate Affairs & Communication

Kim Lee, Vice President, Investor Relations, Choice REIT Properties

Uwe Stueckmann, Senior Vice President, Marketing

Sandra Daniel, Senior Director, Brand & Marketing Communications, PC Financial

Kathlyne Ross, Vice President, Food Product Development, Loblaw Brands

Bob Chant, Senior Vice President, Corporate Affairs & Communication Frank Gambioli, Senior Vice President, Fresh Merchandising, Discount Division

Monique Mark, Vice President, National Wholesale Operations

Phil McNeill. Senior Vice President. Operations, Market Division

Missing from photo:

Alixe Boyer, Senior Vice President, Brands, Joe Fresh

Mario Fatica, Vice President, Planning & Development

Sarah Nisker, Vice President, Quality Assurance & Food Safety

Dan Robison, Senior Vice President, Human Resources

Concept and Design: THE WORKS DESIGN COMMUNICATIONS worksdesign.com

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Stakeholders and Industry Alliances

We face a wide range of complex, systemic and increasingly global CSR challenges. By collaborating with non-governmental organizations, academia, industry peers and governments, we aim to make a positive, sustainable impact in these areas.

Non-Governmental Organizations

The Arrell Food Institute at the University of Guelph

Canadian Breast Cancer Foundation (now the Canadian Cancer Society)

Canadian Red Cross

Diabetes Canada

Food Banks Canada

Heart and Stroke Foundation

The Hospital for Sick Children

Hypertension Canada

Jane Goodall Institute of Canada

La grande guignolée des médias

Osteoporosis Canada

Recycling Council of Ontario

Second Harvest

Trans Canada Trail

Tree Canada

UNICEF Canada

Women's College Hospital

WWF-Canada

Associations

Conference Board of Canada

The Consumer Goods Forum

Fisheries Council of Canada

Food Marketing Institute

PAC, Packaging Consortium

Retail Council of Canada

Sustainability 50

SustainAbility's Engaging Stakeholders Network

Industry Agreements/Coalitions/ Roundtables

Accord on Fire and Building Safety in Bangladesh

Canadian Roundtable for Sustainable Beef

Canadian Stewardship Service Alliance

Global Sustainable Seafood Initiative

National Farm Animal Care Council

National Farmed Animal Health and Welfare Council

Roundtable on Sustainable Palm Oil

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Loblaw Companies Limited is a subsidiary of George Weston Limited.

National Head Office and Support Centre

Loblaw Companies Limited 1 President's Choice Circle Brampton, Ontario L6Y 5S5 Tel: 905-459-2500 For CSR-related inquiries, please contact us at csr@loblaw.ca.

loblaw.ca

Lacing up for a good cause

Nearly 15,000 runners hit the pavement for the 2016 SHOPPERS LOVE. YOU. Run for WOMEN, an annual event held in 15 cities across Canada. The run brings people together to reduce the stigma around mental health and to raise funds in support of local women's health charities.

Beyond fundraising, SHOPPERS LOVE. YOU. Run for WOMEN is also about feeling good. Study after study has shown the positive effects of exercise on mental health wellness.

Visit runforwomen.ca