Our Climate Action Commitment

Loblaw Companies Limited

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Introduction

Our Climate Action Commitment

Loblaw Companies Limited ("Loblaw" or "the Company") has a long-standing purpose, to help Canadians Live Life Well®. This purpose guides the Company's strategy, focus and business operations. This purpose-led approach also applies to addressing environmental, social and governance (ESG) issues and focuses us on areas where we feel we can have the biggest impact: fighting climate change and advancing social equity.

In 2011 we began to track the carbon footprint of our corporate stores and operations and in 2016, we committed to a 30% reduction by 2030 from the 2011 baseline, aligning with the Science Based Targets initiative (SBTi) and the Paris Agreement. 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 for Scope 1, 2 and 3 across our full enterprise, including corporate and franchised stores. For more information on our targets and initiatives, please see our 2021 ESG Report.

Recognizing the need for additional due diligence, in 2021 we engaged a third party to conduct a Climate Risk Assessment, to identify physical and transition risks that may be material to our business. In alignment with the recommendations of the Taskforce for Climate Related Financial Disclosures (TCFD), this engagement sought to assess Loblaw's risk exposure across multiple climate scenarios over a 2030- and 2050- time horizon.

We recognize that TCFD-aligned disclosures are a foundational and necessary step to managing our climate risk, strengthening our leadership in sustainability, capturing market opportunities, and meaningfully engaging with our stakeholders, and we are pleased to be sharing here our inaugural TCFD report.

ESG Governance

Environmental, social, and governance (ESG) matters have the potential to materially impact our business operations, regulatory landscape, reputation, and financial outcomes, and are therefore a focus for Loblaw Board of Directors. The board oversees and monitors the Company's approach, policies and practices related to ESG matters. This includes the Company's enterprise risk management program (ERM), including its design and structure, and assessment of its effectiveness.

In 2021, the Company established an ESG Steering Committee comprised of executives who guide the Company and its colleagues on the ESG Program and related strategies, activities, priorities, internal measurement and reporting, and external disclosure frameworks. The ESG Steering Committee is also 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 ESG working groups (including Carbon, Plastics, and Food Waste), which are led by executive members of management.

In 2021, Loblaw's board of directors and management board determined that ESG 2022 activities would form part of the criteria for the Company's short-term incentive program, linking performance on climate change and social equity activities to compensation.

Board of Directors

Board of Directors
Oversees and monitors the Company's approach, policies and practices related to ESG matters

Risk & Compliance Committee: Sub-Committee of the Board
Oversight of the Company's ESG strategy, design and program, and progress against its ESG related goals

Audit Committee: Sub-Committee of the Board
Oversight of the adequacy and effectiveness of applicable ESG controls and review of ESG disclosures prior to publication

Executive-Level

ESG Steering Committee
Provide guidance to the Company and its colleagues on ESG programs and related matters, as well as strategic direction on ESG activities, priorities, internal tracking, and external disclosure frameworks

Management Board
Responsible for ensuring that ESG programs and activities are executed, and that progess is made towards established goals and targets

Management-Level

Carbon Committee
Responsible for assessing and managing projects and programs associated with carbon reduction efforts. For information on targets and progress, please see pages 7-8 & 10-12 of our 2021 ESG Report.

Plastics Committee
Responsible for assessing and managing projects and programs associated with plastic reduction efforts. For information on targets and progress, please see page 7-8 & 13-14 of our 2021 ESG Report.

Food Waste Committee
Responsible for assessing and managing projects and programs associated with food waste reduction efforts. For information on targets and progress, please see page 7-8 & 15-16 of our 2021 ESG Report.

For further details on our Corporate Governance, please see pg. 16 of the 2021 Annual Report.

Climate Strategy

Loblaw faces ESG risks that could, directly or indirectly, negatively impact the Company's reputation, operations, or performance over the short, medium or long term. We recognize that as a national company, Loblaw can make a significant positive impact on the environment. To address this, we are focused on several strategic initiatives, including our commitment to fighting climate change.

Our ESG strategy has been informed by specific climate-related risks and opportunities. To help shape our understanding of the potential implications of both the physical and transition risks and opportunities associated with climate change, we have conducted both qualitative and quantitative scenario analysis. This has enabled Loblaw to evaluate the potential effects on our strategic and financial position under each of the scenarios. These results have been used to identify risks and opportunities which informs the development of our transition plan, which anticipates the scenario of a 1.5-degree-Celsius global temperature increase. We look forward to sharing the details of this plan in our 2022 ESG Report.

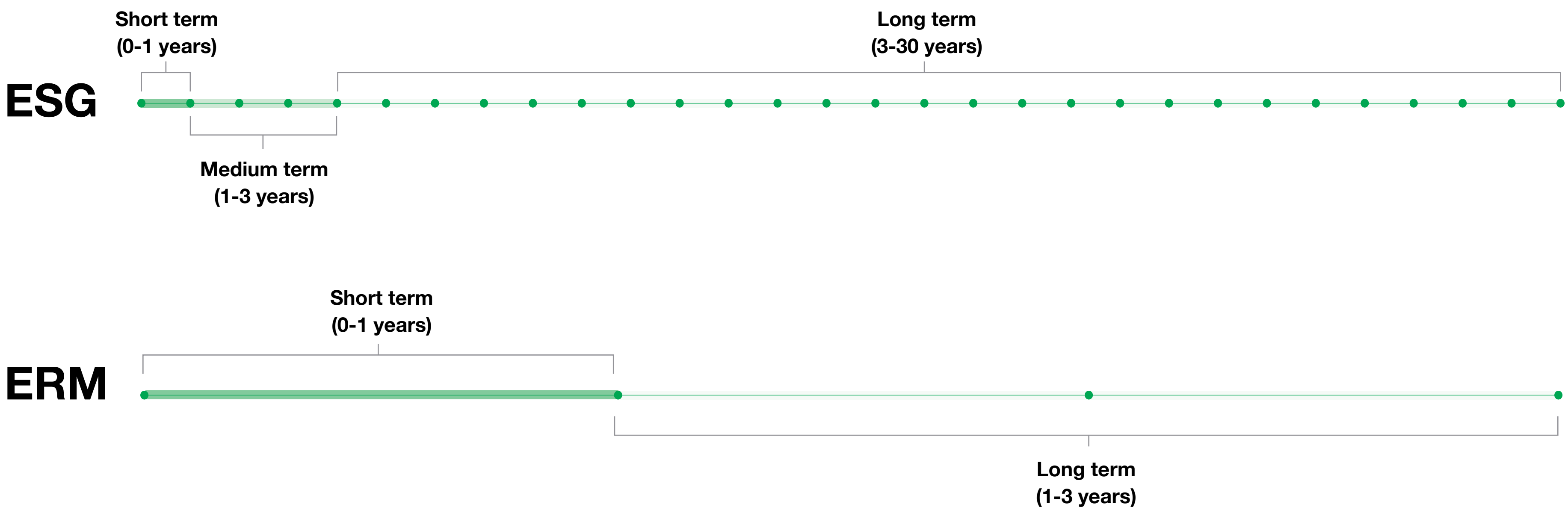
This table illustrates how climate-related risks and opportunities have influenced strategy outcomes throughout our business operations:

	Description of influence
Products and services	A shift in consumer preferences from products with high carbon footprints towards alternatives could change product offerings in store. We continue to expand our control brand line-up of certified vegan plant-based products to meet this change in consumer demand.
Supply chain and/ or value chain	We regularly engage with our suppliers to reduce the vulnerability of our supply chain to climate risks. This includes contingency planning for certain staple commodities and products in the event of disruptions to our supply chain. To preserve the trust of our stakeholders, we depend on our network of suppliers to understand and uphold our high standards of integrity, values, and operating principles. Through various programs and policies, including our Supplier Code of Conduct, we hold our suppliers accountable and use environmental and social certifications to confirm our expectations through third-party validation that our sourcing standards are practiced consistently.
Investment in R&D	Through our Maintenance and Innovation teams, we are exploring opportunities and investing capital in various initiatives to make our organization more resilient against climate-related impacts. These include but are not limited to centralizing energy management systems, the decarbonization of our fleet through initiatives such as our conversion to a zero-emissions fleet and to trailers with electric standby refrigeration, as well as our refrigerant conversions initiative.
Operations	Over the last decade, we have introduced many programs that have reduced the carbon intensity of our corporate grocery stores. This includes converting the refrigerant in our refrigeration units from high global warming potential (GWP) refrigerants to carbon dioxide as a refrigerant, LED retrofits in our stores and parking lots, diverting food waste from landfill, transportation efficiencies, adding doors to refrigerated cases, and others. For details, please see page 12 of our 2021 ESG report for more information.

ESG Risk Management

Loblaw has a defined Enterprise Risk Management (ERM) program to ensure proper governance in the assessment of enterprise risks, including potential climate related risks. The ERM program assists all areas of the business in managing risks within appropriate levels of tolerance by bringing a systematic approach and methodology for evaluating, measuring, and monitoring key risks. The results of the ERM program and other business planning processes are used to identify emerging risks to the Company, prioritize risk mitigation activities and develop a risk-based internal audit plan. Risks are not eliminated through the ERM program; they are identified and managed in line with the Company's Risk Appetite Statement and within approved risk tolerances. The Risk Appetite Statement articulates key aspects of the Company's businesses, values, and brands and provides directional guidance on risk taking.

The risk assessment criteria includes the potential impact to the business, likelihood of occurence, the speed of onset, the current control environment and the level of mitigation activity required to address the risk. This model was applied to allow consistent criteria between our climate risk assessment and ERM. We acknowledge that the ERM and ESG time horizons vary.



Through the diligence of our Climate Risk Assessment, the following five risks and opportunities were identified as having the highest potential impact to our business operations. In addition to the mitigation strategies provided in the below chart, more information can be found in our 2021 ESG Report.

Risk/Opportunity	Risk Type	Classification & Time Horizon	Mitigation Strategy
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	Transition	Policy, Legal, Market Short/Medium/Long	• **Net-zero targets:** Loblaw has committed to a 50% reduction in scope 1 & 2 emissions by 2030 from a 2020 baseline, net-zero emissions by 2040 and net-zero Scope 3 emissions by 2050. For more information please see page 10-11 of our 2021 ESG Report • **Fleet:** Loblaw will operate a zero-emission transportation fleet by 2030. For more information, please see page 4 of our 2021 ESG Report
Food Waste Food waste is a key component of GHG emissions	Transition	Policy, Legal, Market, Reputation Short/Medium/Long	• **Zero Food Waste by 2030:** After achieving our goal of 50% of Corporate food waste reduction by 2025 in 2020, Loblaw has committed to a new target zero food waste to landfill for all enterprise operations by 2030. For more information please see page 15-16 of our 2021 ESG Report • **10x20x30 Initiative:** As a proud member of the Consumer Goods Forum's Global Food Waste Coalition of Action, Loblaw has successfully onboarded 12 suppliers to this initiative, and we continue to recruit additional partners to lengthen our list. For more information, please see page 15 of our 2021 ESG Report
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 it's supply chain	Physical	Chronic 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 source alternative solutions, including local sourcing and greenhouse growers • **Data Management:** Loblaw is actively working with our suppliers to build a centralized database to allow for speedy response to chronic and acute climate related situations • **Contingency Planning:** Loblaw procurement works closely with supply chain management to ensure redundancy in the chain, by sourcing multiple vendors from various regions/countries in addition to having various routes and modes of transportation for shipped goods

Risk/Opportunity	Risk Type	Classification & Time Horizon	Mitigation Strategy
Refrigeration & 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	Transition	Policy, Legal Medium/Long	• **Refrigerant Conversions & Leak Detection:** Loblaw has committed to a 50% reduction in enterprise-wide Greenhouse Gas (GHG) emissions by 2030, from a 2020 baseline. For more information on the refrigeration conversion and leak detection program please see page 12 of our 2021 ESG Report.
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	Physical	Chronic Medium/Long	• **Building Codes:** Loblaw follows municipal building requirements to ensure locations are built to sustain the various environmental factors present in the geographic location, for example, earthquakes, high flood zones, etc. • **Emergency Preparedness:** Loblaw has a robust enterprise crisis management process to minimize any impact and respond appropriately to ensure the safety of our customers and colleagues and minimize damages • **Risk Management:** We recognize that, despite best efforts, some risks will materialize. This is why we work diligently with our insurance providers to ensure coverage is reflective of potential risk

Carbon Metrics & Targets

Our ESG strategy and targets acknowledge that climate change is an intensifying risk with the potential to impact or alter current 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. With this in mind, we have aligned to the Science-based Target initiative (SBTi), and committed to a 50% reduction in Scope 1 & 2 GHG by 2030, net-zero by 2040, and net-zero for scope 3 by 2050. We have established a control environment to support ESG reporting and are developing internal and external assurance strategies. For a full review of our metrics and targets related to climate change including carbon, plastics, food waste, biodiversity and sustainable supply chain, please see page 7-20 of our 2021 ESG Report.

We are excited to share additional details of this important work in our in our 2022 ESG Report, coming in May 2023.

About Forward-Looking Statements

This Climate Action Commitment and TCFD Report (the "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 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 2011 baseline or net-zero targets. This Report is informed by the Task Force on Climate-Related Financial Disclosures ("TCFD"). 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 this 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 this 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 MD&A. The forward-looking statements in this 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 this 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 this Report are made as of the date hereof and are qualified by these cautionary statements.