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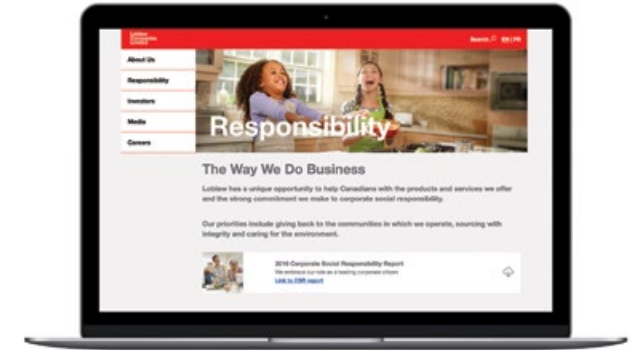
Loblaw Companies Limited (Loblaw) believes in taking a responsible approach to business. Our corporate social responsibility (CSR) journey began many years ago, starting with an effort to better understand what matters most to our stakeholders, as well as the impacts of our actions. We strive to act with transparency and accountability, and seek to make lasting, positive contributions to the environment and to the communities and people we serve.

As one of the nation's leading retailers, we are uniquely positioned to contribute positively to crucial issues facing Canadians. We are proud to share our CSR performance – and to communicate our future goals.

This is our 11th annual CSR report. It provides an overview of Loblaw's CSR performance and community-giving efforts across our many brands and in our corporate stores,

distribution centres and store support centres. Where appropriate, we have also indicated the inclusion of franchisee, third-party, *Arz*, *T&T Supermarkets* and *Shoppers Drug Mart/Pharmaprix* Associate-owner information. The scope of our reporting and our data measurement methods are consistent with our 2016 CSR report. Unless otherwise noted, all highlights are based on 2017 results.

Our CSR plans, targets and results were all reviewed by members of Loblaw's CSR Committee, Disclosure Committee and Legal department.



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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I believe that business has both the opportunity and responsibility to have a positive effect in the community. Sometimes, that positive effect takes the form of a company engaging civil society and adopting community interests. More often, it shows up in the way a company goes about its business and the decisions it makes along the way. In 2017, Loblaw Companies Limited continued to demonstrate these dynamics, evident in our 2017 Corporate Social Responsibility (CSR) Report.

Traditionally, we govern our CSR with a focus on three pillars: Environment, Sourcing, and Community. In all we do, we keep our company purpose – *Live Life Well* – front of mind. Some highlight illustrations of those commitments follow.

Environment: Our environmental record charts our ability to reduce our impact on our surroundings – eliminating nearly 11 billion plastic bags; diverting 90% of our waste at corporate distribution centres and 66% at corporate retail stores; and setting a new goal to cut our food waste in half by 2025. Further, we have been very vocal in our support for Canada’s role in the Paris Agreement and our view that businesses can cut carbon emissions without corporate or consumer sacrifice. In 2016, we announced a goal to cut our carbon footprint 30% by 2030, a journey that is on track. In 2017, as part of our overall carbon reduction commitment, we applied greater attention to our corporate trucking fleet, with a pledge to electrify it by 2030. To mark the commitment, we ran Canada’s first zero-emission grocery delivery and made global news with an order of 25 heavy-duty Tesla trucks. Electrifying our fleet will take time, but it will also take the equivalent of 20,000 gas-burning cars out of our environment.

Sourcing: Loblaw is Canada’s largest retailer. We have created some of Canada’s best and favourite brands. Yet we own no production facilities. Therefore, our high supplier standards rely on strong policies and relationships – with vendors big

and small, Canadian farmers, and global apparel facilities. With their help in 2017, we innovated new, healthier foods, put more Canadian produce on our shelves, and contributed to making Canadian beef more sustainable. Globally, we also contributed to the creation of a new Transition Accord to protect garment workers in Bangladesh. We’ve now placed 25 compliance managers in global markets to visit factories where our goods are manufactured, and disclosed the list of factories where our apparel products are made.

Community: We operate in thousands of communities and our customers and colleagues reflect each one. That brings a natural value to our community efforts – be it support for women’s health, disaster relief, volunteerism grants, diversity and inclusion, or the immeasurable good deeds of our nearly 200,000 colleagues, employees, associates and franchisees. In 2017, we made a \$150 million pledge to address kids’ hunger and nutrition nationwide, making our *President’s Choice*® Children’s Charity one of the largest funders of school programs helping kids who are underfed and undernourished. We have a 10-year agenda to make sure kids are fed good food and good food knowledge, and able to succeed.

We know the measure of our behaviour goes well beyond our formal CSR programs and pillars. We concluded 2017 by reporting our role in an industry bread price-fixing scheme. Customers are rightly upset about this behaviour, as it has no place in our industry or our company. In response, we have made every effort to do the right things, from initially reporting the scheme to authorities, to more recently putting money directly into the hands of our customers with our \$25 Loblaw Card program.

Ultimately, Corporate Social Responsibility must be judged over time. That is the value of annual reports like this one. In the long run, whether shrinking our carbon footprint, raising standards for workers, reducing childhood hunger, or simply in the way we do business, our record will show we are committed to principled actions.

Galen G. Weston
Chairman and Chief Executive Officer



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About Loblaw – Our Purpose: *Live Life Well*

Overall economic impact

Loblaw operates 2,500 corporate, franchise and Associate-owned stores and pharmacies across Canada. Through our network of retail locations, distribution centres and corporate offices, we employ nearly 200,000 full- and part-time employees, making us one of the largest private-sector employers in Canada and an economic driver in the urban and rural communities we serve.

Our purpose

Our company purpose is to help Canadians *Live Life Well*. This guides everything we do, including our three CSR pillars: respecting the environment, sourcing responsibly and making a positive difference in our communities. We are committed to being a leader and contributor to a vibrant Canadian society – today and for generations to come.

Loblaw Family of Companies

Five complementary divisions make up the Loblaw Family of Companies. Each is committed to our CSR pillars and to our company

purpose – *Live Life Well*. Each business also has a unique value proposition, which expresses its commitment to the customers and communities it serves:

Your Life, Made Easier



We Love Food



Feed Everyone



Essential Style, Exceptional Value



Making the Everyday Simple and Better



CSR pillars

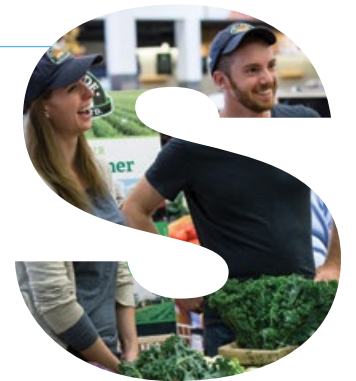


Environment

We are committed to reducing our environmental impact. With our national scale and the range of our operations, we can have a considerable effect by reducing or better managing our waste, energy consumption, transportation, refrigerants and packaging.

Sourcing

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



Community

Loblaw contributes to the well-being of Canadians through the products and services offered in our stores. Our efforts centre on the promotion of health and wellness and on giving to the communities where we operate.

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Long-term targets

To establish our CSR priorities and targets, we begin by learning what matters most to customers, colleagues and external stakeholders. We also consider the long-term challenges facing our company, our communities and our country. With this understanding, we target those issues where we can have the greatest impact. We are a leader in Canada's food sector and work with our vendors, customers and other partners to help drive positive change. We have served Canadians for almost a century, and we understand the value of long-term commitment. Many of the issues we seek to address are complex, and we know that achieving certain goals takes time. Our CSR reports provide annual updates on our progress.

Stakeholder engagement

To succeed, our CSR activities have to be relevant to our business, customers, colleagues and partners – and to society as a whole. To understand societal and stakeholder priorities and concerns, we use a variety of surveys and engagement processes, proactively reach out to experts, and collaborate with like-minded organizations to develop solutions to complex issues.



What customers tell us

We commission an annual survey to learn about the CSR priorities of Canadians. In 2017, we found that consumers continue to see local sourcing, healthier food choices and safe working conditions as top CSR priorities for grocery retailers. We share those priorities, and are proud to be recognized – both by Loblaw shoppers and those who don't always shop with us – as a CSR leader among Canadian retailers.

Insights from valued stakeholders

Every two years, we consult a panel of stakeholders to assess the quality and value of our CSR report. This includes surveys and interviews with senior representatives from key vendors, academic institutions and non-governmental organizations (NGOs), as well as CSR/sustainability research and advisory firms. We also routinely conduct ad-hoc conversations with major ethical fund managers.

Historically, our stakeholders have told us that our size and scale provide us a unique opportunity to lead our industry – and Canadians more generally – in sustainable practices. In recent years, they've encouraged us to play a stronger role in two categories: (1) helping Canadians embrace preventative health and wellness, including healthier eating, and (2) establishing a strong carbon and climate-change strategy. This report addresses our increased activities in these two areas.

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A commitment to feed Canada's kids

It's hard to believe that in a nation as prosperous as Canada, childhood hunger is an issue. Unfortunately, it's all too true. One in six Canadian kids – more than one million children – are at risk of going hungry every day.

Hunger and poor nutrition jeopardize kids. They negatively affect school performance and impair cognition. More simply, a hungry or poorly nourished child can't reach her full potential. This is not only a moral challenge for Canada, it will have implications for the future of our communities and country.

As a leading Canadian retailer – with 2,500 stores, nearly 200,000 colleagues and more than 1,000 vendor partners in communities nationwide – we know Loblaw has an opportunity and a responsibility to help tackle this issue head-on.

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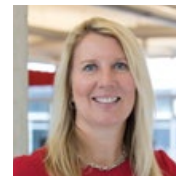


A commitment to feed Canada's kids continued →

In September 2017, *President's Choice*® Children's Charity (PCCC) committed \$150 million in fundraising and corporate support over the next 10 years to tackle childhood hunger and poor nutrition. The approach is built upon two pillars:

- 1. Feed kids good food:** Feeding and providing children access to food will allow them to thrive and reach their full potential.
- 2. Feed kids food knowledge:** Food-based education will empower children to make healthier, more responsible and better-informed choices.

We are passionate about making sure children have the nourishment they need to grow, to thrive and to succeed. Helping to ensure our kids are well fed and ready to learn will help create a better Canada for all of us.



“We are passionate about making sure children have the nourishment they need to grow, to thrive and to succeed. Helping to ensure our kids are well fed and ready to learn will help create a better Canada for all of us.”

Sarah Davis President, Loblaw Companies Limited, and Chair, *President's Choice*® Children's Charity



Galen G. Weston and Sarah Davis joined by students at St. Paul Catholic School in Toronto on September 21, 2017, after announcing \$150 million commitment to tackle childhood hunger.

PCCC has a long history of giving – raising and granting more than \$167 million since 1989 – and a proud legacy of helping children across Canada through nutrition. The charity has been funding nutrition programs since 2008, granting more than \$41 million and feeding almost 500,000 children annually.

We believe school-based programs are the most efficient method to put food into hungry bellies. In the 2017–18 school year, PCCC helped to feed nearly 300,000 kids by supporting school-based efforts and granting funds to more than 2,100 schools. As one of Canada's largest charitable funders of school nutrition programs, the charity helps provide breakfast, lunch and snacks, ensuring children have the energy to perform during the day.

To extend its impact beyond the schoolyard and the school calendar, the charity partners with organizations having similar values and missions. Working together, they help deliver programs that teach kids about good food and show them how to make wholesome meals. The charity also supports initiatives that provide kids in need, and their families, with nutritious food over the weekend and even when they are at summer camp.

Being well fed and nourished is fundamental to the success of Canadian kids. Together with Loblaw, PCCC is committed to tackling the issue of childhood hunger and to helping kids reach their full potential by feeding them good food and good food knowledge.

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Reducing food waste – in store and at home

According to the United Nations Food and Agriculture Organization, approximately one-third of all food produced for human consumption worldwide is lost or wasted.

Canadians throw away \$31 billion worth of food every year, while at the same time, nearly one in eight Canadians struggles to put food on the table. Much of that wasted food is simply in the wrong place at the wrong time and should not end up in the trash.

At Loblaw, we are in the business of providing food – not wasting it. We take seriously the issues of food loss – “the decrease in quantity or quality of food” – and food waste – “the discarding or alternative (non-food) use of food that is safe and nutritious for human consumption along the entire food chain.” We are addressing these issues on several fronts.

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Reducing food waste – in store and at home continued →

According to industry research, 10% of food waste occurs at the retail level. Research that we undertook internally showed that produce – like fresh fruits and vegetables – represents the highest volume category of wasted food. Our store-level research also revealed factors that we can address and improve – including procurement issues and merchandising approaches. All of this information was used in setting our commitment to cut food waste at our corporate retail operations by 50% by 2025.

From apples to zucchini, and across all food categories, we are putting measures in place to prevent food waste. We are improving our procurement practices and shortening our supply chains to keep foods fresher, longer. We are also improving operating practices in



stores where we are using data tracking tools to analyze the life cycles of products, and we are collaborating with our supermarket peers, academic experts and other industry leaders to share best practices, all in an effort to improve our individual and collective performance.

Beyond our doors, we partner with food banks and food recovery and rescue agencies, including Second Harvest and Food Banks Canada, to help as many people as possible put a meal on the table. Through these partnerships, we have matched more than 300 of our stores with organizations in their neighbourhoods and helped keep more perishable food from going to waste.

Not all of the food waste generated at our stores is suitable for consumption, but where facilities and infrastructure exist, we still try to divert as much food from landfill as possible. In some regions, we direct stale or expired bakery goods to be used in the making of grain-based animal feed. Produce trimmings and other inedible organics are fed to anaerobic digesters to generate electricity, and used cooking oil is converted into biodiesel. Where these or similar options are not available, we keep looking for alternative approaches to managing food waste.

Nearly half of all food waste occurs in homes. We see an opportunity to help our customers manage food more efficiently. We have developed a variety of web and social media content to educate consumers about how they can contribute to reducing food waste with simple changes like improving food storage or discovering creative ways to revive leftovers. A growing number of Canadians recognize food waste as a priority, and together we can all have a positive impact on this issue.



Food waste is complicated. Some of it is unavoidable, but much of it is unnecessary and unacceptable. We continue to conduct research and look for sustainable solutions to help our stores, our colleagues and our communities reduce waste where possible – while getting even more food to those who need it.



“A growing number of Canadians recognize food waste as a priority, and together we can all have a positive impact on this issue.”

Greg Ramier Executive Vice President, Market Division

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Food from around the world, grown here in Canada

Making sure our customers have the freshest possible selection of produce to meet their particular preferences and tastes has always been important to us.

Historically, to serve customers who wanted multicultural produce, whether they were looking for a taste of home or wanted to try something new, we have had to import that product, often from growers in far-off countries.

However, times are changing.

Reflecting both the rich diversity of Canada and the increased expectations of consumers, there is a growing demand for fresh, locally grown multicultural produce. And we're doing our best to meet that demand.

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Food from around the world, grown here in Canada
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For many years, Loblaw has had a commitment to buy “Canadian First.” We put a priority on buying local and regional fresh products when the safety, quality, availability and value are right for our customers. Buying Canadian means customers looking for truly fresh produce are better served, the environmental impact associated with importing produce from overseas is reduced, and Canadian businesses are given the opportunity to grow by meeting the needs of a changing marketplace.

Our efforts to encourage more locally grown multicultural produce have led us to work with Canadian growers and food scientists as they expand their capacity to grow new crops that could flourish in our Canadian climate. In 2017, we helped three farms in Ontario and Quebec to grow three new multicultural products.

Because growers like these have embraced the challenge with enthusiasm over the years, Loblaw customers have been able to find an expanding range of multicultural foods, including bok choy, long eggplant, methi leaf, napa cabbage and okra, bearing the “Grown in Ontario” and “Grown in Quebec” labels.



“Over the years, Loblaw customers have been able to find an expanding range of multicultural foods, including bok choy, long eggplant, methi leaf, napa cabbage and okra, bearing the “Grown in Ontario” and “Grown in Quebec” labels.”

Jocyanne Bourdeau President, Discount Division

The positive response in our stores and the early successes on the farms have encouraged us to further extend our efforts to support multicultural food grown in Canada.

Guided by a focus on innovation and opportunity, we have committed to an increase of \$150 million by 2025 to purchases of grown in Canada produce that has historically been imported. This goal is largely based on our strong commitment to work with Canadian suppliers to expand the multicultural produce offering in our stores.

Canada’s overall climate and growing season dictate that we will always have to import some produce. But thanks to the innovative solutions developed by Canadian growers and scientists – and the demand driven by the evolving and wide-ranging tastes of Canadians – we’re excited by the potential we see in providing a steadily expanding assortment of multicultural foods grown here at home.

“Canadian First” is important to our customers and to us. So too is offering the best fresh produce whenever possible. It’s something we’re proud to work on.



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Moving forward on reducing our carbon footprint

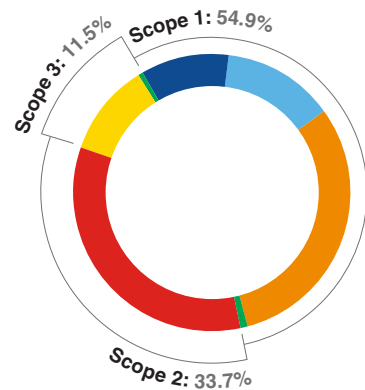
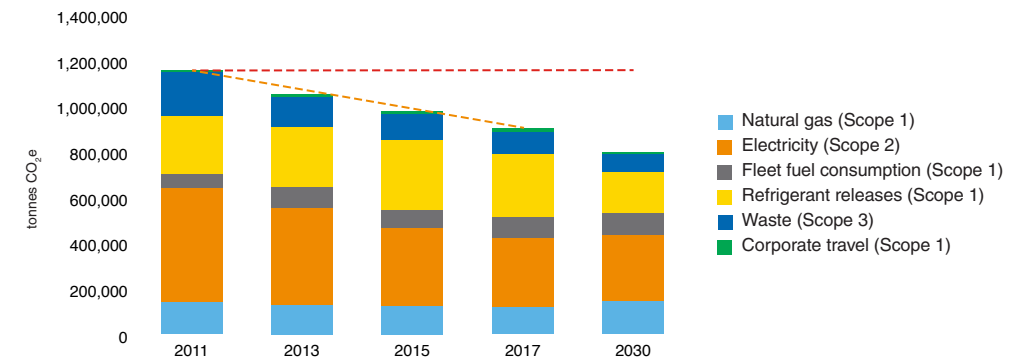
Canada was one of the 195 countries to sign the Paris Agreement on Climate Change. As part of its commitment, Canada set a target to reduce national carbon emissions by 30% by 2030. Loblaw is one of the country's largest carbon emitters through the operation of our retail stores. We recognize that reducing our emissions will contribute toward Canada's national goals. We also

want to lead by example and demonstrate, through our actions and our results, that these goals can be achieved without sacrificing economic growth.

Consequently, we established ambitious targets for reducing our carbon footprint 20% by 2020 and 30% by 2030, based on 2011 baseline results, as outlined in our [Carbon Reduction Strategy](#). By 2017, we reduced our carbon emissions by 21.9% against our baseline, and are making good progress towards our 30% carbon reduction goal by 2030.

Corporate carbon reduction progress

Loblaw achieved a 21.9% decrease in absolute GHG emissions against its 2011 baseline.



900,491.7* tonnes CO₂e

Electricity	33.7%
Refrigerant releases	30.7%
Building fuel consumption	13.1%
Waste	10.8%
Fleet fuel consumption	10.1%
Corporate travel	1.7%

In order to reach our 30% goal, we developed a comprehensive science-based carbon reduction plan in collaboration with climate experts and other partners. Our strategy targets greenhouse gas (GHG) emissions from corporate-owned facilities, including our retail stores, distribution centres and offices, by focusing on four key areas: electricity and natural gas consumption, refrigerant leaks, transportation fuel consumption, and waste disposal and diversion.

Improving energy efficiency and cutting carbon emissions

Electricity use and fuel consumption at our stores and other properties accounts for 47% of our overall measured carbon emissions in 2017. Because it is the largest segment in our carbon footprint, we continue to explore opportunities for developing improved energy management systems that will enable us to increase our energy efficiency and reduce our carbon emissions across our operations.

As part of our carbon reduction plan, our goal is to reduce emissions associated with electricity in our stores and distribution centres by 35% by 2030, based on a 2011 baseline.

In 2017, we reduced electricity use per square foot in existing corporate grocery stores by 4.27%. We continued our lighting retrofit program and converted ambient lighting from fluorescent to LED at 180 locations and also added doors to otherwise open-air refrigeration units at 36 stores.

Note: 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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Converting our fleet to electric

In 2017, we announced a commitment to electrify our corporately owned trucking fleet as part of our goal to reduce overall transportation emissions by 25% by 2030. In November, we unveiled a first-of-its-kind fully electric Class 8 truck and hybrid refrigerated trailer capable of making commercial grocery deliveries with zero carbon emissions. We also announced an order of 25 heavy-duty electric Tesla Semi trucks designed to eliminate carbon output. Removing diesel from transport trucks and refrigerated trailers will cut CO₂ emissions by 94,000 tonnes per year, which is equivalent to taking more than 20,000 cars off the road. We are committed to reducing our transportation emissions and will continue to introduce technological advancements throughout our supply chain.



The Tesla Semi runs on electricity and consumes less than 125 kWh per 100 kilometres. Loblaw has ordered 25 for its fleet.



Converting refrigerants and reducing leak intensity

In 2011, we launched a robust refrigerant leak-checking program in all of our corporate stores, which enables us to find leaks faster and reduce the amount of refrigerant leaked. We also launched a program to convert the refrigerant in our systems from high global warming potential (GWP) hydrofluorocarbon (HFC) refrigerants to lower GWP hydrofluoroolefin (HFO) blends, which cuts the potential environmental impact of future leaks by half. In 2017, we converted the refrigerant at 28 stores.

Reducing and diverting waste

Our business generates a lot of organic, paper and plastic waste, so we have made improving waste diversion rates at our operations a key priority. We have set targets for each of our regions along with a long-term goal of achieving national diversion rates of 80% at corporate stores and 95% at distribution centres by 2030.

In 2017, we achieved national diversion rates of 66% for corporate stores and 90% at distribution centres. Additionally, we made progress on reducing food waste and used several different downstream processes to divert food waste from landfills. We also recognize that we have a role to play in the issue of textile waste. That's why we are working with leaders in the sector and academics to find innovative and scalable solutions to this major challenge.

ONGOING INITIATIVES

> Plastic bag reduction:

Since 2007, we have reduced the number of plastic shopping bags from our stores by nearly 11 billion through our pay-for-bag approach. To date, we have donated \$9 million to WWF-Canada through partial proceeds from the sale of plastic bags. The funds donated support various WWF projects, including the [Loblaw Water Fund](#), a grant initiative open to Canadians working on the ground to address major threats to freshwater health.



> Food donations:

In 2017, we donated more than 6.5 million pounds of food to local food banks and food rescue agencies across Canada. Through these community partners, food that would have ended up in landfills is redistributed and turned into healthy meals for people facing food insecurity in our communities.

Note: Data does not include Shoppers Drug Mart/Pharmaprix, franchised stores, T&T Supermarkets and Arz.

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Committed to worker safety

At *Joe Fresh* we have been working diligently to constantly improve and enhance our efforts to source our products responsibly.

In 2017, we were very pleased to be one of the first signatories to the Transition Accord which will carry on the important work and progress of the original 2013 Accord on Fire and Building Safety in Bangladesh. By contributing to the development of the Transition Accord and ultimately committing to the agreement, we will continue to make progress in the factories

where we source as well as support the broader improvement of building and worker safety in Bangladesh for the coming years.

Over the course of the past five years, Accord signatories have inspected more than 1,600 factories and supported their remediation to make them safer. Remediation efforts, which are ongoing, include installing fire detection and prevention systems, removing lockable and collapsible gates and ensuring that fire exits have adequate lighting.

Additionally, health and safety training, which includes teaching workers to identify and reduce common safety hazards, how to safely evacuate a building and how to confidentially access the Accord's Health and Safety Complaints Mechanism, has been conducted – providing safer working environments for more than 500,000 workers.

Sourcing cotton

Joe Fresh has pledged not to use cotton from either Turkmenistan or Uzbekistan as both Central Asian countries regularly force children to join in their autumn cotton harvests.

Supporting a safe, transparent supply chain

To support our efforts in Bangladesh and other countries in the region, we have placed “boots on the ground” with 25 compliance managers visiting and engaging factories to ensure our standards are being met and, most importantly, that workers are safe and treated fairly.

In 2017, we were also pleased to enhance our efforts in terms of factory safety by disclosing, for the first time, the factories where we source our apparel and footwear directly. This disclosure is updated twice a year and is available at loblaw.ca. We believe that by providing this information to consumers and our stakeholder partners, we can better coordinate our efforts and support overall better factory compliance and safety.



Our “boots on the ground” – Compliance managers from Thailand, India, Bangladesh, China and Vietnam.

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Animal welfare principles: Our commitment remains strong

Loblaw is one of the country's largest buyers and sellers of meat, poultry, eggs and dairy products. This allows us to have a positive influence on the way farm animals are cared for in Canada. Although we are not directly involved in the raising or processing of farm animals, we rely upon our suppliers to care for animals in accordance with government and industry guidelines for humane treatment. Our [Animal Welfare Principles](#) communicate our commitment to ensuring that the welfare of animals raised for food is maintained across our supply chain.

The welfare of farm animals used in food production is important to us and to our customers. They rely on us to ensure the food they purchase is safe, high quality, responsibly sourced and produced in a humane way. That is why our decisions and actions in this space are informed by their expectations, industry best

practices, vendor relationships, and the guidance and support of leading scientific advisors.

To better understand and support animal welfare, we work with Dr. David Fraser, a leading animal scientist at the University of British Columbia, who provides expert guidance on how to align our commitments with leading industry practices. We are also a long-standing associate member of the [National Farm Animal Care Council \(NFACC\)](#), a leading multi-stakeholder forum that includes representatives from industry and agriculture.

We understand that animal welfare issues are complicated and multi-faceted, and that advancements require both positive collaboration among stakeholders and time to implement. Our role is to stay attuned to animal care advancements, understand the benefits and challenges they present, and press for reasoned and continuous improvement in our supplier community.



View our [Animal Welfare Commitment video](#).

ONGOING INITIATIVES

> Locally grown produce:

Loblaw takes pride in offering a delicious selection of fresh fruits and vegetables that are locally sourced, aligned with our Canadian First buying commitment, when the safety, quality, availability and value are right for our customers. In 2017, nearly 50% of produce purchases during the peak growing season came from Canadian growers.



> PC Free From:

In 2007, we introduced the *PC Free From* line of products which now includes beef, pork, poultry and lamb. We partner with farmers who use innovative farming practices, ensuring 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. In 2017, we brought 17 new *PC Free From* products to our customers, expanding our *PC Free From* offering to more than 100 products in fresh, frozen, deli and prepared options.

> Sustainable beef:

Loblaw is a founding member of the Canadian Roundtable for Sustainable Beef (CRSB), which works to promote sustainability across the Canadian beef industry. In 2017, the CRSB launched the [Certified Sustainable Beef Framework](#), a voluntary sustainability certification program designed to support the recognition, advancement and communication of sustainable beef production and processing in Canada, guided by the criteria and principles established by the Global Roundtable for Sustainable Beef (GRSB). Loblaw contributed to the launch of the Framework through our participation in the development of the standards for measuring sustainability in beef production and processing, and participated in the development of chain-of-custody requirements, assurance protocols and sustainability claims.

Loblaw has also committed to participating in a new upcoming Canadian Beef Sustainability Pilot, a one-year initiative designed to accelerate adoption of the CRSB Framework and drive producer engagement. It is an important step in supporting the Canadian beef industry to demonstrate its sustainability and showcase the strengths of its sustainable beef initiatives.

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Encouraging wellness online

At Loblaw, we know that good food and good health have always gone hand in hand. In 2017, we helped give this timeless wisdom a 21st-century update when we piloted a wellness app and website that not only provided users with daily tips and information about nutrition, lifestyle and fitness, but actually encouraged and rewarded them for getting active and making healthy choices.

While the pilot program was developed exclusively for Loblaw colleagues, our goal is to build on all the things we learned, so we can offer an engaging, multi-faceted platform tailored to meet the unique health and wellness needs of our many stakeholders – particularly our customers. It is all part of our commitment to help Canadians *Live Life Well*.

More than 5,000 colleagues took part in the pilot program, which ran throughout the year. After creating an online wellness profile, colleagues could use the app and website to find information, motivation and fun fitness

challenges. They were also able to use the app to track achievements like the number of steps taken in a day. And, for additional inspiration, they could earn points for those achievements, by connecting their profiles to their *PC Plus*® accounts.

We also installed biometric Wellness Stations at select Loblaw-owned grocery stores with pharmacies, which allowed participants to track their blood pressure, weight and body mass index – and receive points every time they checked in.

The pilot program wrapped up at the end of the year, and from our perspective, it was a success. Thanks to the enthusiastic participation of our colleagues, we gained insights into the best way to use a variety of designs and layouts to convey key information, and we learned how to craft an experience that would attract participants and keep them interested. All of this will help us provide a fun, rewarding and consistently engaging experience when we launch the consumer-facing version of our health and wellness platform in late 2018.



Pharmacists on the front lines of healthcare

Across Canada, *Shoppers Drug Mart/Pharmaprix* and Loblaw pharmacies are trusted sources for medication, clinical services, health information and good advice. Combined, we have more than 4,000 full-time pharmacists on staff and serve more than 13 million patients each year. Our pharmacists are on the front lines of healthcare, and increasingly play an important role in illness prevention as well as treatment. In 2017, pharmacists at *Shoppers Drug Mart* and Loblaw administered more than 1.5 million* vaccinations to help Canadians stay healthy.

Our pharmacists play a significant role in helping patients manage health issues including chronic conditions. Last year, we conducted more than 700,000* medication reviews, and more than 400,000 assessments to renew prescriptions for chronic conditions that had no refills. We also launched our new Digital Pharmacy service, which makes it easy for patients to go online to look over their prescription histories and receive refill and pickup notifications. Implementing these new technologies makes it convenient and simple for patients to manage their medications, while freeing up pharmacists' time so they can focus on clinical services like vaccinations, medication reviews and prescription services.

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

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SHOPPERS LOVE. YOU. Run for Women raises both awareness and funds to help address issues around Canadian women's mental health. To learn more visit www.runforwomen.ca.

Supporting Canadian women's health

When Canadian women are strong, we all benefit. That's the idea behind the SHOPPERS LOVE. YOU. program, which was established to encourage Canadian women to make their own health a priority. We connect women to the expertise of our partners at leading women's health organizations and to others in support of local women's health initiatives throughout Canada.

In the spring of 2017, more than 17,000 people in 15 cities across the country came together for the SHOPPERS LOVE. YOU. Run for Women to eliminate the stigma

around mental health issues. Combined, these multicity run-and-walk events raised \$1.9 million for local women's health charities.

Shoppers Drug Mart's Run for It program empowers young women by educating them about the benefits of aerobic exercise on mental health. More than 3 million Canadian youth, 12 to 19 years of age, are considered at risk for depression*, and females are at even greater risk**. Canadian clinical guidelines now recognize aerobic exercise as a first line treatment for mild to moderate depression. To build on this foundation, we partnered with

The Running Room, local police departments and high schools across Canada to launch Run for It, a six-week program that provides information and strategies for managing mental health while incorporating training for a 5 kilometre run. In this case, that 5K happened to be the SHOPPERS LOVE. YOU. Run for Women, and many of the young women in the program participated.

In late 2017, *Shoppers Drug Mart/Pharmaprix* launched the 16th annual Growing Women's Health in-store campaign, which raised close to \$3.4 million in support of more than 500 unique local women's health charities. Combining national scale with a powerful community connection, Associate-owners identified local women's health organizations to benefit from the funds donated by customers and colleagues.



ONGOING INITIATIVES

> Making it easier to find healthy choices:

Guiding Stars® is an impartial, easy-to-follow food rating system that uses a scientific algorithm to evaluate foods. Credits are given for ingredients like vitamins, minerals, dietary fibre and omega-3 fatty acids, while debits are assigned for saturated fats, trans fats, and added sodium and sugar. Stars are then assigned based on the food's nutrient density, with three stars being the maximum. More than 55,000 products have been rated, and shelf labels display the Guiding Stars® rating to make it simple for customers to find the healthy choices they are looking for.



> Helping Canadians build healthier habits with PC Blue Menu products:

The *PC Blue Menu* line was launched in 2005 and was focused on foods that were low sugar, low sodium and low fat. Since then, we have learned even more about helping people reach their wellness goals. Healthy eating has been redefined, with a new focus on positive attributes – including delicious flavour and nutrient density. In 2017, we introduced 50 new *PC Blue Menu* offerings, making sure they taste great and are great for you.

* www.cmha.ca/media/fast-facts-about-mental-illness

** www.womenshealthmatters.ca/health-centres/mental-health/depression/depression-in-women

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Advancing the interests of women

Since February 2017, Loblaw has been proud to serve on the Canada–United States Council for the Advancement of Women Entrepreneurs and Business Leaders, a joint initiative sponsored by the federal governments in both countries. The Council is made up of 10 women business leaders. Our representative is Tina Lee, CEO of *T&T Supermarkets*, who will be the co-champion for “advancing women as leaders in the private sector.”

The Council works to develop advice and strategies that boost women’s economic engagement, focusing its efforts on five pillars:

- Increasing the number of women in science, technology, engineering and math (STEM)
- Attracting women entrepreneurs and encouraging women to start businesses
- Supporting and growing women-owned businesses
- Increasing women’s access to capital
- Advancing women as leaders in the private sector

In 2018, the Council will release recommendations developed with the support of experts and not-for-profit groups.

Caring about our people and culture

Our nearly 200,000 colleagues, franchisees, Associate-owners and their employees across the country are the driving force behind the great things that we do. We believe by focusing on not just what we do, but also on how we do it, we can deliver an amazing customer experience, achieve sustainable business results, and create a positive work environment.

Culture journey: Four years ago, we began a culture journey that is grounded by our CORE Values – Care, Ownership, Respect, Excellence – and our three culture principles – be authentic, build trust and make connections. This has become a common thread that extends across our many divisions and departments.

To provide tools and concepts that can shape our culture, the “better me, better we, better Loblaw” (b3) workshop has been making its way across our organization. This two-day workshop is facilitated by our own colleagues who go through training to teach and inspire others on our culture concepts. It has proven to be a unique opportunity



for teams to examine how they work together and find ways to improve at work and in life. In 2017, more than 10,000 colleagues participated in the workshop. In 2018 and 2019, the workshop will be extended to our franchise businesses.

Employee engagement: Colleague engagement is measured annually through our Tell It As It Is survey, which is conducted by an independent service provider. In late 2017 and continuing into 2018, we introduced short pulse surveys that will give us additional insight into our colleagues’ experience here. Our annual engagement survey will continue to run enterprise-wide in 2018.

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A Top 100 Employer

Loblaw was recognized as one of Canada's Top 100 Employers, Greater Toronto's Top Employers, Canada's Top Employers for Young People and Canada's Best Diversity Employers. Some of the reasons why we were selected as a top employer include our communication tools that keep colleagues engaged and informed, our financial rewards and benefits such as our Colleague Discount Program, incentive plans, employee stock options, WorkPerks program, and employee training and development programs.

Diversity and inclusion

We celebrate the opportunity to make our organization a more inclusive place to work and shop. Our inclusion strategy starts with our Inclusion Council, which was restructured in 2017 to include 14 members – all senior leaders representing different parts of our organization. Our four inclusion priorities are gender, multicultural, disabilities and LGBTAQ. Our efforts in these areas include events through employee resource groups like *Women@Loblaw*, *Women in Leadership* and *Proud to Be*.

ONGOING INITIATIVES

> Disaster relief in Canada:

When a disaster occurs, our people step up, company-wide, to mobilize support, fund relief programs and organizations, and do what's right for the communities we serve.

In 2017, that commitment was demonstrated in British Columbia when, during a hot, dry summer, wildfires hit the province and forced more than 14,000 people from their homes. In response, our supply chain jumped into action, assembling shipments of personal hygiene products, toothpaste and toothbrushes, diapers, towels, pillows, blankets, water and even pet food for organizations like the Red Cross and Salvation Army. Our stores in BC and parts of Alberta quickly activated a fundraising campaign, which facilitated customer donations. During the month of July, the campaign raised more than \$500,000 for the Canadian Red Cross BC Wildfire Appeal.



> Loblaw Volunteer Grant Program:

One of our greatest strengths is the care and commitment of the people who work in our offices and stores nationwide. While balancing the demands of work and family, our colleagues and employees still manage to give their time, talent and enthusiasm to support charities and non-profit organizations in their communities. In recognition of their individual efforts, the Loblaw Volunteer Grant Program donates up to \$500 to organizations where they volunteer at least 40 hours a year.

CARD: Community Association for Riders with Disabilities



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Environment

TARGET	PROGRESS SUMMARY
Reduce our operational carbon footprint by 20% by 2020 and 30% by 2030.	20% by 2020 achieved. Making good progress to reduce carbon emissions 30% by 2030. Carbon emissions in corporate operations have been reduced 21.9% relative to a 2011 baseline. See page 10 .
Source fibre used in corrugated boxes and trays, folding cartons and paperboard trays from recycled material and/or certified sustainably managed forests by year-end 2018.	Target in progress. We are working with vendors to collect product packaging specifications and tracking compliance.

Sourcing

TARGET	PROGRESS SUMMARY
Source all fresh veal from suppliers that have transitioned to group housing by year-end 2018.	Target in progress. We continue to engage and receive status updates from our fresh veal suppliers.
Source all fresh pork from suppliers that have transitioned to group housing by year-end 2022.	Target in progress. We continue to engage and receive status updates from our fresh pork suppliers.

TARGET

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

PROGRESS SUMMARY

Target in progress. In 2017, our *President's Choice* free-run egg offering was extended to include *PC Blue Menu* Omega-3 Free-Run white eggs. This new offering was rolled out in all *Fortinos* banner stores in Ontario, transitioning these stores to be our first banner to offer only free-run eggs under the *President's Choice* and *PC Blue Menu* brands. *PC Organics* eggs continue to be free-range.

Formulate our *Life Brand* and *President's Choice* household, beauty and cosmetic products without triclosan, phthalates or 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.

Successfully stopped manufacturing products formulated with plastic microbeads, triclosan and phthalates by year-end 2017.

We continue to encourage our suppliers to identify and eliminate phthalates that may come from manufacturing equipment and packaging.

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TARGET	PROGRESS SUMMARY
Disclose on our corporate website the list of offshore apparel factories we do direct business with, and update the list twice a year.	List of factories is disclosed and updated twice a year. See page 12 .

Transition three farms in Ontario and Quebec to grow five ethnic products to help increase our multicultural product offering by year-end 2017.	Three farms in Ontario and Quebec were transitioned in 2017 with three new ethnic products grown. See page 8 .
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Community

TARGET	PROGRESS SUMMARY
With the help of our customers, colleagues, 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 <i>President's Choice</i>® Children's Charity, by year-end 2017.	Donated more than \$74 million to charities and non-profit organizations across Canada, benefiting women and children's health through SHOPPERS LOVE. YOU. and <i>President's Choice</i> ® Children's Charity.

TARGET	PROGRESS SUMMARY
Educate 500,000 children about food and food sustainability in market stores by year-end 2017.	Educated 297,246 children through in-store events, school tours and child-focused cooking classes.

Raise and donate \$3 million to various charities as part of our "Save It Forward" program in discount stores by year-end 2018.	Raised \$2.2 million in 2017 through three events, as part of the "Save It Forward" program in discount stores.
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Launch a health and wellness platform for colleagues and customers by year-end 2017.	Launched a health and wellness pilot app for colleagues. See page 14 .
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CSR Targets

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.

Environment

Reduce our operational carbon footprint by [30% by 2030](#) against a 2011 baseline.

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

New Reduce food waste by 50% in our corporate retail operations by 2025 (using a 2016 baseline). See [page 6](#).

Sourcing

Formulate our *Life Brand* and *President's Choice* household, beauty and cosmetic products without triclosan, phthalates or 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 that have transitioned to group housing by year-end 2018.

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

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

New Invest \$150 million to enhance our assortment of Canadian produce by leveraging sustainable farming technologies by 2025. See [page 8](#).

New Partner with an academic or non-governmental organization to research practical and meaningful solutions to the issue of textile waste by the end of 2018.

Community

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

New Pilot a health and wellness platform for customers in 2018. See [page 14](#).

New *President's Choice*® Children's Charity to grant \$150 million over the next 10 years to tackle childhood hunger. See [page 4](#).

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CSR governance

Our purpose is to help Canadians *Live Life Well*. That purpose embodies our values and drives our actions. Our [Board of Directors](#) is committed to sound corporate governance practices. Our directors believe they contribute to the effective management of the company and its achievement of strategic and operational objectives.

Identifying and evaluating the risks of business is a key responsibility that is managed through the Board's various committees, such as the Audit Committee and the Environment, Health and Safety Committee, which exercise specific oversight on a range of environmental, health and social (EH&S) matters.

As part of its fiduciary responsibility, the Board oversees the company's management of EH&S issues and opportunities. We prioritize our efforts within 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 impact.

Ethical business conduct

Our Code of Conduct embodies and reinforces our shared values and commitment to high standards of business conduct. The Code helps colleagues understand what it means to represent Loblaw Companies Limited, our stores and our brands, and how to behave as a representative. All directors, officers and employees of the company must review, understand and abide by the Code, which includes the supporting policies and procedures.

CSR Committee

Our CSR Committee is made up of representatives from across the business. It meets four times a year to set priorities, metrics and accountabilities for each of our three CSR pillars and to champion action company-wide.

Our suppliers

We expect our suppliers to uphold our values and principles. To help them, we provide clear guidance in our Supplier Code of Conduct. It

outlines approaches they can take to improve working conditions for their employees, and to help ensure they keep pace with evolving industry practices. While we monitor our suppliers on an ongoing basis, a process that includes unscheduled inspections and

reviews, we cannot guarantee that each of our suppliers is always in full compliance with the Supplier Code of Conduct.

Learn more about our [Supplier Code of Conduct](#).

CORE values

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





Going the Distance

“As a Mom, I watched my daughter struggling with low self-esteem and low self-image create a personal goal, persevere through a challenge, and accomplish a goal. The run gave her an attainable goal to achieve, but also gave her personal self-awareness that she hadn’t yet discovered in herself.”

Jo-Anne C. Mother of a Run for It and Run for Women participant

More than 17,000 Canadians took part in the 2017 SHOPPERS LOVE. YOU. Run for Women. Among them were many young women who had taken part in Run for It. Building on the clinically proven effectiveness of aerobic exercise as a treatment for mild to moderate depression and established with help from *Shoppers Drug Mart*, Run for It is a six-week education and training program that provides young women with mental health strategies while they train for a 5 kilometre run.



Loblaw Companies Limited is a subsidiary of George Weston Limited.

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