

Waste Diversion Infosheet

Update
December 2022

metro



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METRO recognizes its responsibility towards contributing to an improved recycling system and the circular economy and is taking action to reduce and divert waste in our operations.

1.0 Forward looking Statement

We might use, throughout this infosheet, different statements that could, within the context of regulations issued by the Canadian Securities Administrators, be construed as being forward-looking information. In general, any statement contained herein that does not constitute a historical fact may be deemed a forward-looking statement. The use of the future tense as well as expressions such as "anticipate", "intend", "expect" and other similar expressions are generally indicative of forward-looking statements. The forward-looking statements contained herein are based upon certain assumptions regarding the Canadian food and pharmaceutical industries, the general economy, our annual budget, as well as our 2023 action plan and our 2022-2026 Corporate Responsibility Plan. These forward-looking statements do not provide any guarantees as to the future performance of METRO and are subject to potential risks, known and unknown, as well as uncertainties that could cause the outcome to differ significantly. We believe these statements to represent our current expectations and to be reasonable and pertinent as at the date of publishing this document. METRO does not intend to update any forward-looking statement contained herein, except as required by applicable law.

1.1 Our Target for Waste Diversion

Our ambition is to avoid residual materials generated by our activities going to landfill or incineration, with a view to achieving zero waste. Zero waste to landfill or incineration is defined by the [Zero Waste International Alliance \(ZWIA\)](#) as "[diverting] more than 90% of the solid wastes we generate from landfill from all our facilities. No more than 10% of our discards are landfilled. No solid wastes are processed in facilities that operate above ambient biological temperatures (more than 200°F) to recover energy or materials."²

METRO strives towards zero waste within its store and distribution and production centre operations and has set the following objectives within our [2022-2026 Corporate Responsibility Plan](#): Improve the average diversion rate of all our establishments compared to 2020.

Corporate and franchise food stores objectives:

- Achieve zero waste in 25% of stores
- Achieve 80-89% diversion in 25% of stores
- Achieve at least 50% diversion in all stores

Distribution and production centres objective:

- Achieve zero waste

¹ Reporting period 2022: July 2021 to June 2022

² [Zero Waste International Alliance](#)

1.2 How We Quantify Waste Diversion

To assess its progress towards our corporate objectives, METRO captures its waste diversion as a metric. Waste diversion is a calculation that determines the proportion of material diverted from landfill and incineration compared to total waste generated:

$$\text{waste material diverted} / \text{total waste generated} * 100$$

Weight data from service providers is used to calculate the diversion rates (with estimates applied when required). In doing so, METRO captures a holistic view of its waste operations and the disposal of materials via its respective residual material streams. Residual material streams include:

- Organic material (unsold food and food loss from transformation)
- Cardboard (for recycling)
- Plastic film (for recycling)
- Mixed recyclable materials (light rigid plastic, paper, metal, waxed cardboard and cardboard for recycling)
- Garbage (waste going to landfill or incineration)

1.3 How We Are Doing

Corporate and franchised stores:

METRO's overall 2022 store diversion rate is 66%³. Table 1 below shows our progress toward diversion rate range objectives.

Table 1: Percentage of stores within diversion rate objective ranges

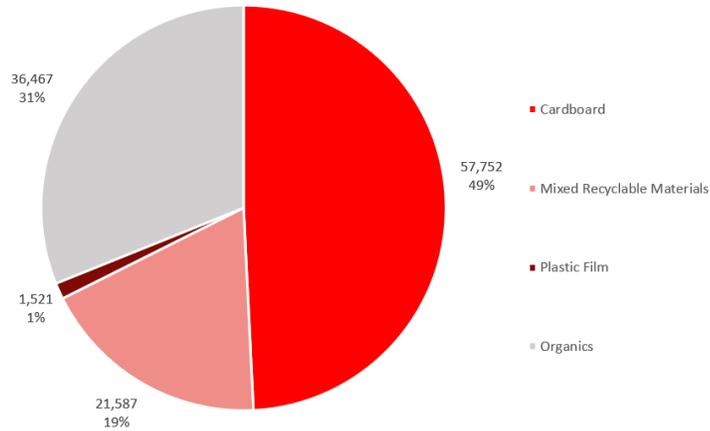
Objective	% of Stores (2022)	Objective Status*
Achieve zero waste in 25% of stores	1%	 Progress with challenges
Achieve 80-89% diversion in 25% of stores	12%	 Progress with challenges
Achieve at least 50% diversion in all stores	86%	 Progress with challenges

**This is the first year that we are reporting on this metric.*

Key to diversion are our recycling and recovery streams. Graphic 1 below shows weights of material recovered during our 2022 reporting year (in metric tonnes (MT)).

Graph 1: Corporate and franchised stores recovery stream quantities (MT)

³ Reporting period 2022: July 2021 to June 2022

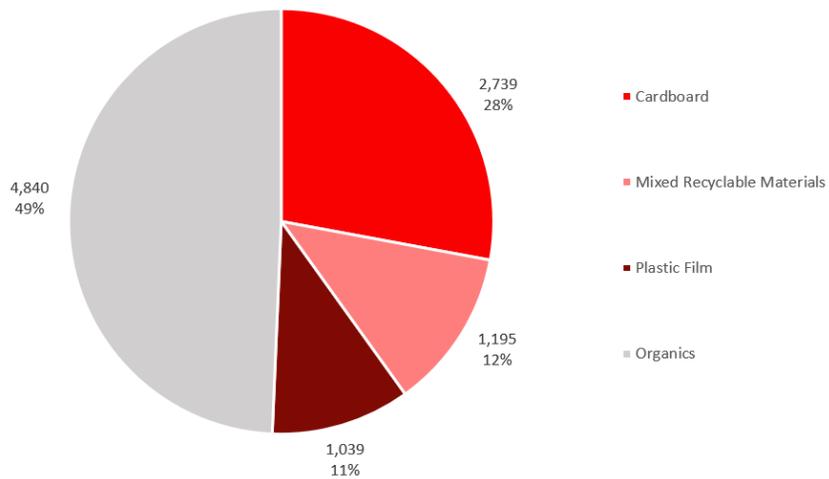


During our 2022 reporting year, we integrated the Adonis banner for the first time to ensure our data was more accurate as Adonis is included in the scope of our objective.

Distribution and production centres:

METRO’s overall waste diversion for distribution and production centres was 66%. Graphic 2 below shows weights of material recovered during our 2022 reporting year (in metric tonnes).

Graph 2: Distribution and production centres recovery stream quantities (MT)



A centre’s residual material diversion is closely aligned with the types of material and products the centre handles. In particular, we noticed differences in performance between our food distribution and production centres when compared to our pharmacy distribution centres.

In the case of our food distribution centres in Ontario, two (2) of the seven (7) food distribution centres have started operations within the past two (2) years. With this in mind, we recognize a gap in material recovery programs, which we have identified as opportunities to improve waste diversion in these centres.

Table 2: Waste diversion rates per province and DC type

Province	DC Type	Waste Diversion	Objective Status*
ON	Food DC	33%	 Progress with challenges
	Pharmacy DC	87%	 Progress as planned
QC	Food DC	74%	 Progress with challenges
	Pharmacy	88%	 Progress as planned

**This is the first year that we are reporting on this metric.*

This past reporting period, METRO worked diligently to capture and disclose its distribution and production centres' waste diversion data for the first time. Our efforts were focused on ensuring a holistic approach to data collection and its accuracy, relying on service provider data and internal data where applicable. By better understanding its data and the use of its residual material streams, METRO is better equipped to identify route-causes for low diversion rates, and opportunities to improve.

1.4 What is Next

Stores:

For the upcoming reporting period, we will develop and implement store-specific Diversion Improvement Plans (DIPs) across Metro Quebec (corporate and franchise), Metro Ontario (corporate), Food Basics, Adonis, and Super C stores, prioritizing stores with diversion rates below 50%. This will involve conducting a root cause analysis to understand the reasons for low diversion rates and identifying store-specific actions that need to be taken to increase diversion. We will monitor results from the implementation of DIPs and conduct follow-up actions accordingly.

To gain further insight into types of divertible materials being disposed of in compactors, METRO continues to leverage waste audits, as well as explore innovative services and technologies. We have commenced a pilot project whereby we have installed artificial intelligence (AI) technology that provides us valuable insight into quantities of recoverable materials being disposed of in our garbage compactors and composition of our bales. Greater insight into which materials are being disposed of in garbage compactors will enable us to build awareness within our operations regarding missed diversion opportunities.

Furthermore, we have begun to revamp our in-store diversion program signage to increase awareness at store level regarding our diversion programs. New signage will be rolled out across stores in the upcoming reporting period.

Distribution and production centres:

Managing our residual materials at our distribution and production centres have gained greater focus this past reporting year. In particular, METRO has explored ways to improve its data collection to capture a holistic picture of

its distribution and production centres' performances regarding waste diversion. Building on this foundation, we will develop DIPs for our distribution and production centres to better understand the unique challenges and opportunities based on the products handled, programs in place, and operational opportunities. Using our DIPs, we will prioritize program implementation and optimization through training and education programs.

For the upcoming reporting period, METRO plans to implement new monitoring programs to assess its waste diversion behaviours in its distribution and production centres. METRO is confident that the projects currently underway will improve its waste diversion at its distribution and production centres, and therefore will help meet its corporate objectives.