

KnowTheChain 2023 Food & Beverage Benchmark

Additional Disclosure

Company Name: Loblaw Companies Limited

Date: March 31st 2023

Guidance:

- Please add any additional information you wish to provide under the relevant indicator elements below.
- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website.
- Note **KnowTheChain has already undertaken a review of your website**. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to.

INDICATOR 1: SUPPLIER CODE OF CONDUCT AND CAPACITY BUILDING

1.1 has a supplier code of conduct that requires suppliers to respect the ILO core labour standards, which include the elimination of forced labour; and requires suppliers to cascade/implement standards that are in line with the company's supplier code of conduct; and

1.2 engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labour to their own supply chains and/or trains suppliers below the first tier on such policies, and measures the effectiveness of capacity building.

Loblaw's supplier code of conduct (<https://www.loblaw.ca/en/supplier-code-of-conduct>) includes clear language surrounding our position on prohibiting our suppliers to use forced or child labour. We have a clear mandate that states suppliers cannot engage in involuntary labour practices, including forced, bonded, trafficked, involuntary person, or underage labour in operations and supply chains. In addition, our supply chain audits with our third-party partner ELEVATE address forced labour risks and continuously monitor for signs of involuntary labour practices, specifically considering vulnerable workers, migrant workers, women and young people. Loblaw conducts audits on facilities to confirm that suppliers uphold our Supplier Code of Conduct. As part of our partnership with ELEVATE, we conducted a Human Rights Due Diligence to assess procedures and policies across the entire enterprise. This multi-step process identified further opportunities to strengthen policies and processes across our global supply chain. This work is ongoing, however, we can share some initial results completed to date. The Human Rights Assessment identified 5 key salient risks, described as those risks having the highest potential impact to human rights as a result of the company's activities or business relationships. These 5 salient risks included forced labour, child labour, discrimination, harassment and abuse, livelihoods, and occupational health and safety. Our next step will be to design processes that embed salient risk mitigation strategies to address issues such as forced labour. In addition, we did conduct interviews with internal stakeholders and external stakeholders, however, Loblaw did not participate directly in the calls to ensure candid, confidential feedback with stakeholders about human rights risks. You can read more about our Human Rights Assessment here: <https://www.loblaw.ca/en/human-rights>

INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY

2.1 has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labour; and discloses how incentives for staff (e.g. bonuses, part of employee performance reviews) are tied to improvements in working conditions in supply chains;

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2.2 discloses how it trains relevant decision-makers within the company on risks and policies that address forced labour; and

2.3 has tasked a board member or board committee with oversight of its supply chain policies that address forced labour, and describes how the experiences of affected workers or relevant stakeholders (such as civil society, unions, and workers or their representatives) informed board discussions.

Loblaw has an ESG executive committee that oversees forced labour and human rights issues. Forced Labour risks are discussed at the Management Risk and Compliance Committee and at the Board of Director level. Our Enterprise Risk Management (ERM) team tracks supply chain risks quarterly and if applicable reports findings to the Management and the Board. The ERM team is committed to maintaining a framework that ensures risk management is an integral part of its activities and 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 result 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.

INDICATOR 3: TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

3.1 the names and addresses of first-tier suppliers;

3.2 the names and locations of below-first-tier suppliers (this does not include raw material suppliers); and

3.3 the sourcing countries of at least three raw materials at high risk of forced labour.

' Loblaw conducts audits on facilities we source through that are designed to confirm that suppliers uphold our Supplier Code of Conduct. Below we provide details with respect to our audit compliance program.

Prior to commencing sourcing activities, Loblaw must audit factories, processing facilities, plants, farms, packing or other facilities outside of Canada and the U.S. that are going to produce, process, manufacture, grow, raise, package or pack (i) control brand products sourced by Loblaw, or (ii) products for which Loblaw is the Importer of Record (IOR). Once sourcing has begun, an audit of the working conditions of the facility must be conducted annually, and a fire, structural and safety assessment (if applicable) must be conducted every three years. In addition, facilities located in designated high-risk locations such as Southeast Asia, require a fire, structural and safety assessment to be conducted prior to Loblaw beginning to source from the facility.

These audits reinforce worker rights and safety by conducting reviews and assessments to ensure that, among other things:

labour is voluntary;

workers are properly compensated;

workers are not exploited;

facilities comply with employment standards (including minimum age);

working hours are consistent with local laws and standards; and

facilities meet health and safety laws and regulations.

Our facility audit compliance team is comprised of a core team in Toronto, supplemented by in-market teams in China, Bangladesh, Thailand, Vietnam, Cambodia, and India. Facility compliance audits are conducted by third-party experts using a best-practice audit framework. Where suppliers provide us with facility compliance audits using an acceptable global framework, we conduct an equivalency review to ensure the audit scope meets our standard.

As of 2021, the facility compliance audits program applied to 800 suppliers operating more than 2,000 facilities. In 2021, we conducted more than 1,000 facility compliance audits and follow ups which resulted in Loblaw permanently de-listing three facilities due to unauthorized contracting and one facility due to bribery. All other infractions and temporary suspensions were resolved in the ordinary course and to our satisfaction. Please find more information here:

<https://www.loblaw.ca/en/human-rights/>

Loblaw discloses apparel and footwear first-tier suppliers here: <https://www.loblaw.ca/en/factory-list>

INDICATOR 4: RISK ASSESSMENT

4.1 details on how it conducts human rights supply chain risk or impact assessments that include forced labour risks or assessments that focus specifically on forced labour risks, including through engaging with relevant stakeholders (such as civil society, unions, and workers or their representatives) in countries in which its suppliers operate;

Loblaw provides details about the ELEVATE human rights auditing process, including the multiple steps that were undertaken, such as current state assessment, gap analysis, global benchmarking, supply chain risk assessment, stakeholder engagement, identification of salient risks and definitions of salient risks. The work is ongoing, however, we will provide updates to our process to design and embed salient risk mitigation strategies in the future. You can read more here: <https://www.loblaw.ca/en/human-rights>

4.2 details on forced labour risks identified in different tiers of its supply chains; and

Loblaw works with third-party partner ELEVATE and has conducted a human rights assessment. We will be providing updates on our process to design and embed salient risks mitigation strategies and will plan to track and disclose future progress. Please read more here: <https://www.loblaw.ca/en/human-rights>

4.3 how it has consulted with relevant stakeholders (such as civil society, unions, and workers or their representatives) in steps taken to address the risks identified.

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INDICATOR 5: DATA ON SUPPLY CHAIN RISKS

5.1 the percentage or number of supply chain workers who are women;

5.2 the percentage or number of supply chain workers who are migrant workers' and

5.3 the percentage or number of supply chain workers that are being paid a living wage.

Loblaw acknowledges the difficulties in collecting trustworthy supplier data along our value chain. We heavily rely on our supplier networks to be transparent with us when reporting data. As part of our audits, we track the gender of workers and look for evidence of migrant workers and continue to check employment records to ensure they are legitimate.

INDICATOR 6: PURCHASING PRACTICES

6.1 commits to responsible buying practices in its contracts with suppliers;

6.2 describes how it has adopted responsible purchasing practices in the first tier of its supply chains, which includes planning and forecasting, and how it ring-fences labour costs; and

6.3 discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labour.

'1) Loblaw requires Supplier Code violations to be reported to Supply Chain Compliance and Compliance Ethics departments. Serious or repeated violations may result in factories or suppliers being de-listed permanently. The Supplier Code is integrated into our contracts with suppliers.

2) Loblaw has announced multiple public commitments for specific commodities including beef, seafood, cocoa, and palm oil. More detail can be found on our website here <https://www.loblaw.ca/en/commodities> in addition to the Responsible Sourcing section of our 2021 ESG report (page 44 and 45) has plenty of examples of responsible sourcing and practices in our control brand products.

INDICATOR 7: RECRUITMENT-RELATED FEES

7.1 requires that no worker in its supply chains should pay for a job—the costs of recruitment-related fees should be borne not by the worker but by the employer ("Employer Pays Principle");

7.2 provides detail on the implementation of the Employer Pays Principle in its supply chains by demonstrating how it works to prevent the charging of fees to supply chain workers in different supply chain contexts; and

7.3 in the event that it discovers that fees have been paid by workers in its supply chains, provides evidence of re-payment of recruitment-related fees to workers. The company describes how it engages with affected workers in the remediation process.

Our Supplier Code of Conduct (<https://www.loblaw.ca/en/supplier-code-of-conduct>) states that we do not require workers to pay recruitment fees or costs, deposit funds, or their personal documents with the Supplier as a condition of their employment or pay fees as a form of discipline. Suppliers shall ensure that labour agencies used by the Supplier, particularly with respect to recruitment for migrant workers, do not engage in any of these prohibited practices. In addition, we conducted a human rights assessment that identified 5 salient risks, including forced labour, child labour, discrimination, harassment and abuse, livelihoods, and occupational health and safety. We will provide updates to our process to design and embed salient risks and mitigation strategies in the future. Please read more here: <https://www.loblaw.ca/en/human-rights>

INDICATOR 8: RESPONSIBLE RECRUITMENT

8.1 discloses information on the recruitment agencies used by its suppliers; and

8.2 provides details of how it supports responsible recruitment in its supply chains (e.g. by collaborating with relevant stakeholders to engage policy makers to strengthen recruitment standards).

'Our Supplier Code of Conduct states that suppliers must share this Code with their contractors, agents, sub-contractors and sub-agents, including any labour agencies, who are engaged to assist with providing goods or performing services for Loblaw . Any reference to “workers” within the Supplier Code refers to Supplier’s workers and Related Parties’ workers. You can read more here <https://www.loblaw.ca/en/supplier-code-of-conduct>

INDICATOR 9: FREEDOM OF ASSOCIATION

9.1 works with independent local or global trade unions and/or other legitimate worker representatives to improve freedom of association in its supply chains;

9.2 discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labour rights agreement with trade unions or worker organisations; and

9.3 discloses the percentage of supply chains covered by collective bargaining agreements.

'Our Supplier Code of Conduct (SCO) specifically has a section dedicated to respecting freedom of association. The SCO states that worker representatives or members of trade unions should not be discriminated against or otherwise penalized because of their membership in or affiliation with a trade union or worker organization in accordance with applicable legal requirements in the jurisdiction in which the supplier operates. Our Supplier Code of Conduct also states that permit workers or their representatives to associate and bargain collectively or refrain from doing so, in accordance with local law. In addition, our Supplier Code of Conduct states that worker activities that take place in the workplace are in accordance with any collective agreement and/or local laws. Workers shall have the opportunity to freely communicate and engage with management to discuss working conditions without fear of unjust treatment. Please read more here: <https://www.loblaw.ca/en/supplier-code-of-conduct>

INDICATOR 10: GRIEVANCE MECHANISM

10.1 takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labour conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives across supply chain tiers; and

' Our Supplier Code of Conduct states that we provide a mechanism by which non-union and unionized workers, as applicable, can report any workplace complaints or concerns. This grievance mechanism or complaints procedure should be accessible to all workers. Furthermore, the confidentiality of any report received is maintained and only released as necessary to conduct an

investigation and to manage the closure of the report. In addition, our 2021 ESG report (Page 39) has information relating to our Action Integrity Line. This line invites confidential and anonymous reporting of suspicious activity, unethical practices, discriminatory or disrespectful behaviour, non-compliance and suspected non-compliance with laws, regulations, our codes of conduct, and company policies and procedures. Our IAL is publicly accessible on the Loblaw.ca site to our colleagues and employees within our network, which includes our franchisee networks, all suppliers and related third parties and their workers. This tool can be used confidentially to report unethical, non-compliant or suspicious activity via Clearview Connects, a 3rd party service provider. Repots can be made anonymously and in various language such as English, French, Mandarin, Cantonese, Punjabi, Spanish and Korean. You can read more here: <https://www.loblaw.ca/en/corporate-governance>

10.2 discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved; and

10.3 takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism.

INDICATOR 11: MONITORING

11.1 its methodology for monitoring the implementation of its supply chain policies addressing forced labour;

11.2 the findings of monitoring reports, including details regarding any violations revealed in relation to forced labour and indicators of forced labour, across supply chain tiers; and

11.3 the use of worker-driven monitoring (i.e., monitoring undertaken by independent organisations that includes worker participation and is guided by workers' rights and priorities).

In 2022 we engaged ELEVATE, a third-party expert and leader in sustainability and supply chain services, on several workstreams related to human rights and responsible sourcing. As part of this engagement, we asked ELEVATE to conduct Human Rights Due Diligence (HRDD) to assess our procedures and policies, across the company's enterprise. You can read more here: <https://www.loblaw.ca/en/human-rights>

INDICATOR 12: REMEDY AND RESPONSE TO ALLEGATIONS

A(1) a process for responding to potential complaints and/or reported violations of policies that address forced labour and how it engages affected stakeholders as part of this process; and

A(2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers.

In addition, where an allegation is identified in a company's supply chains:

B.1.1 that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s)

B.1.2 outcomes of the remedy process in the case of the allegation(s); and

B.1.3 evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

Where an allegation is identified in the company's supply chains, but is denied by the company:

B.2.1 a description of what actions it would take to prevent and remediate the alleged impacts; and

B.2.2 as part of this process, it would engage with affected stakeholders and their representatives.

Through our on-going due diligence of our offshore sourcing vendors and their practices, we are able to prioritize the areas we need to focus on and to better inform our approach to advancing human rights in our supply chain. In 2023 we will, for the first time, implement a more comprehensive set of disclosures as it relates to our sourcing activities and our vendor auditing program. Those disclosures will include factory counts and locations as well as delisting metrics and the reasons for delisting (Page 40 2021 ESG Report).

NON-SCORED RESEARCH

Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

Yes/No. Please provide link to a publicly available statement.

Australia Modern Slavery Act: Where applicable, the company discloses at least one statement under the Australia Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

High Risk Sourcing

Please indicate whether your company sources any of the below high-risk commodities. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.

- Beans (green, soy, yellow)
- Brazil Nuts/Chestnuts
- Cattle
- Chile Peppers
- Cocoa
- Coffee
- Corn
- Fish
- Oil (palm)
- Peanuts
- Rice
- Sesame
- Shrimp
- Sugarcane
- Tomatoes
- Wheat

On Page 43 to 45 of our 2021 ESG Report, we provide detailed information about how we are sourcing commodities, such as cotton, seafood, coffee, and cocoa.