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EDITED TRANSCRIPT

L.TO - Loblaw Companies Ltd Annual Shareholders Meeting

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CORPORATE PARTICIPANTS

Galen Weston *Loblaw Companies Ltd - Executive Chairman and President*

CONFERENCE CALL PARTICIPANTS

Dean Miller *Loblaw Companies Ltd - VP of Pharmacy Operations*

Eddie Eng *Loblaw Companies Ltd - Shareholder*

Stephanie Brown *Loblaw Companies Ltd - Shareholder*

Anne Sutherland *Loblaw Companies Ltd - Shareholder*

Linda Haswell *Loblaw Companies Ltd - Shareholder*

George Baudole *Loblaw Companies Ltd - Shareholder*

Stephen Longstaff *Loblaw Companies Ltd - Shareholder*

PRESENTATION

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Okay. Good morning, ladies and gentlemen. Can we close the doors perhaps and call the meeting to order. So Loblaw Companies' 59th Annual General Meeting.

I'd like to extend a very special welcome to the students from Bloor Collegiate Institute's Business Class. If you would kindly stand to be recognized.

Thank you. I hope now you'll feel free to answer questions or to -- you can't answer the questions, but please ask any questions that you have during the question period. And anything to do with accounting, you can refer that to Richard Dufresne over there, our CFO.

I'd ask Mr. Gordon Currie, the secretary of the Company, to ask as the secretary of the meeting. Computershare Investor Services is acting as scrutineer of the meeting by way of its representatives, Kate Stevens and Josette Koffyberg.

Only shareholders and their proxies are entitled to take part in and vote at this meeting. To make the best use of our time, certain shareholders have been asked to move and second the proposals, which are called for in the notice of the meeting. A copy of the notice of the meeting and proof of its mailing has been filed within the Company.

The scrutineers' report indicates that a quorum is present, and I now declare that this annual meeting has been properly called and is duly constituted for the transaction of the business for which it has been called.

In proceeding with the meeting, I propose to conduct a vote on each matter by a show of hands. We will deal with the formal items of business first and at the conclusion of that business, we will move to our question-and-answer period.

On the stage with me is Richard Dufresne, our Chief Financial Officer, and beside Richard is Gordon Currie, the Secretary of the Company and our Chief Legal Officer.

I now place before the meeting the consolidated financial statements of the Company consisting of the consolidated statements of earnings, the consolidated statements of comprehensive income, the consolidated statements of changes in equity, the consolidated balance sheets, and the consolidated statements of cash flows together with the notes and the auditors' report to the shareholders in the year ended January 3, 2015. These are included in the annual report, which was provided to shareholders, and copies have been made available here today.



As the theme of this year's annual report suggests, innovation and execution were key drivers of Loblaw's performance and progress in 2014. New products and services drew more traffic into our stores and enhanced our customer proposition, and new ideas from the creation of Choice Properties in 2013 to last year's acquisition of Shoppers Drug Mart continue to strengthen the Company and its portfolio of distinct but complementary businesses.

The acquisition of Shoppers Drug Mart in 2014 brought together two iconic brands to create an organization that is greater than the sum of its parts. By combining Canada's number one grocery retailer and number one pharmacy retailer, we have strengthened the competitiveness of both companies, and we created new growth opportunities for shareholders in a changing retail landscape. Today we offer consumers more choice, value, and convenience than ever before through Canada's largest retail network.

All of our businesses performed well in 2014. In food retailing, we achieved solid same-store sales and maintained our leading market share. Our market discount and emerging divisions all performed well as a result of continuing product and service innovation focused on efficiencies and operational excellence.

In market, we increased the number of Inspire stores as we continue to see strong customer receptivity, solid margin, and contribution dollars.

In discount, we introduced PC Plus, the PC Plus Loyalty Program, a unique value proposition for discount customers, and we opened six more no-frill stores in Western Canada to meet increasing demand.

And in our emerging business, in addition to increasing our footprint, we met the needs of Canada's large and growing multi-cultural population with new offers throughout our entire store network, making authentic multi-cultural foods easier than ever to find.

The same spirit of progress and innovation was evident at Shoppers Drug Mart with strong same-store sales growth in the front of store and in pharmacy. Shoppers continue to strengthen its position by expanding its food offer, innovating its beauty departments as well as focusing on expanded services from its pharmacists.

Joe Fresh made strides internationally and President's Choice Financial achieved strong revenue and earnings growth.

On a consolidated basis, we increased revenue by \$10.2 billion, expanded our adjusted operating margin by 110 basis points and delivered over \$1.2 billion in adjusted net earnings, which generated over \$975 million in free cash flow.

We also continue to reduce debt. The fund required investment in the business and raised the dividend by 2.1% during the year. These results reflect continuing progress in the execution of the four key elements of our financial plan.

First, we delivered steady, consistent sales across each of our major businesses. This means we were able to maintain our margins in a very competitive industry environment, and we also achieved same-store sales growth of 2%, almost double the rate from the previous year.

Second, we made meaningful operational progress at Loblaw with supply chain, IT, and administrative expenses continuing to moderate.

The enabler of efficiencies moving forward will be the implementation and optimization of our new IT system. We reached an important milestone in 2014 with SAP now operating in substantially all of our corporate grocery stores.

Third, we delivered \$100 million in net synergies in 2014 and are on track to realize \$300 million in net synergies by March 2017, the end of the third year following the close of the Shoppers Drug Mart transaction.

And finally, we have reduced our adjusted net debt over \$1 billion since the close of the acquisition and remain on plan to achieve our deleveraging target by the first quarter of 2016.



All told, 2014 was a successful year that validated our strategy and gives us confidence going forward. We will continue to focus on being the best in food, the best in health and beauty, and achieving operational excellence and growth as we harness the potential of our portfolio of businesses.

With us today, seated at the front, are your director nominees. I would ask that they please stand to be recognized.

Members of our management board, the executive leadership team, are seated in the second row, and many other executives from across the country have joined us. We also welcome four of the previous chairs from our Shoppers Drug Mart Associate Group. I'd like to ask that they all also stand to be recognized.

Now the strength of our governance structure starts with the board of directors. Our board is deeply committed to the belief that good governance greatly supports the strong performance and long-term success of our business.

Good governance provides oversight and accountability, strengthens internal and external processes and relationships, builds trust with our stakeholders, and promotes the long-term interest of shareholders. This board also recognizes the benefits that diversity brings to the Company and, in particular, the importance of diversity of thought with which the board believes is fundamental to successful decision-making and strong stewardship.

The board has been actively engaged in overseeing the Company's risk management processes and evaluating the Company's internal controls of our financial reporting. The board oversees the Company's management so that it conducts business with integrity and in an environment that values colleagues' contributions to overall corporate responsibility.

This board is well qualified to carry out its mandate with an impressive skill set and deep expertise in retail, consumer packaged goods, financial services, and health and wellness. Those skills are completed by strong strategic thinking to ensure that Loblaw is well-positioned for long-term success.

Our management proxy circular contains detailed biographies setting out the professional qualifications and experience of the nominees proposed by management. 13 directors are to be elected.

In keeping with best governance practices, shareholders voting by proxy will vote for directors individually rather than by a full slate. And I am pleased to report that based on proxies received by the scrutineer in advance of the meeting, each director nominee received votes in favor from at least 95% of the votes cast.

We will now consider the election of directors. As mentioned, I've taken the liberty of asking certain shareholders to make the motions for the election of directors and other motions today. Could I please have a nomination for the election of directors?

Unidentified Company Representative

Mr. Chairman, I nominate the following persons for election as directors of the Company to hold office until the next annual meeting of shareholders or until their successors are duly elected or appointed -- Stephen Bachand, Paul Beeston, Pavi Binning, Warren Bryant, Christie Clark, Tony Graham, Holger Kluge, John Lacey, Nancy Lockhart, Tom O'Neill, Beth Pritchard, Sarah Raiss, and Galen G. Weston.

Galen Weston - Loblaw Companies Ltd - Executive Chairman and President

Thank you. Are there any further nominations? As there are no further nominations, will someone move that the nominations be closed?

Unidentified Company Representative

Mr. Chairman, I move that nominations be closed.



Unidentified Company Representative

Mr. Chairman, I second the motion.

Galen Weston - Loblaw Companies Ltd - Executive Chairman and President

Thank you. You have now heard the motion, and I'll call for a vote by a show of hands. All in favor? Any contrary? Thank you. Motion carried.

As there are 13 directors to be elected and the same number of nominees, I now declare that the proposed nominees have been duly elected as directors of the Company by acclamation to hold office until the next annual meeting of shareholders or until their successors are duly elected or appointed.

I'll now entertain a motion for the appointment of the auditors of the Company and the authorization of the directors to fix the auditors' remuneration.

Unidentified Company Representative

Mr. Chairman, I move that KPMG, LLP, chartered professional accountants, be reappointed auditors of the Company until the next annual meeting of shareholders of the Company and that the directors be authorized to fix the auditor's remuneration for the 2015 fiscal year.

Galen Weston - Loblaw Companies Ltd - Executive Chairman and President

Thank you. You have now heard the motion. I will call for a vote by a show of hands. All in favor? Any contrary? Thank you. Motion carried.

I declare the motion carried and that KPMG, LLP, chartered professional accountants, are appointed auditors of the Company and that the directors are authorized to fix the auditor's remuneration.

Loblaw released its first quarter results yesterday, and we began 2015 by making steady progress against our strategic framework in all areas of our business -- food and drug retail, President's Choice Financial, and Choice Properties. We stayed on strategy amid intense competition growing same-store sales, delivering synergies on schedule and achieving incremental efficiencies in our business.

Let me share a few of the key numbers from the first quarter.

Food retail same-store sales were 4% with same-store sales for drug retail being 3.5% in pharmacy and 2.7% in the front of store.

Consolidated revenue was over \$10 billion, up 38% from a year ago, reflecting the March 28, 2014 acquisition of Shoppers Drug Mart and growth in food retail. We delivered synergies of \$44 million and realized 20 basis points of efficiencies. Adjusted net earnings increased over 95% compared to last year and were \$301 million. Adjusted basic net earnings per common share was \$0.73 compared with \$0.54 a year ago.

In summary, these are solid results and we're off to a very good start in 2015. In conjunction with our first quarter results, we announced a quarterly dividend increase of 2%. And while we are committed to deleveraging our balance sheet we believe it is important to maintain the cadence and discipline of a dividend increase annually. This is an integral component of our balanced capital return strategy.

Looking forward, I'm very encouraged by the opportunities that we have in our business. Loblaw is well-positioned as Canada's leader in food, health, and beauty. By remaining focused on delivering our purpose of live life well and executing on our strategic framework and financial plan, we believe we will accrue long-term value for shareholders.

Our progress gives us increased confidence. Our strategic framework is clear, and the entire organization is focused on delivering against it -- best in food experience, best in health and beauty, operational excellence, and growth. This is supported by our commitment to stable, consistent trading, realizing synergies and efficiencies in our business, as well as deleveraging our balance sheet.

Now before concluding, I'd like to take a few minutes to comment on our company's purpose -- live life well, which is ultimately anchored in the health and wellbeing of Canadians.

This purpose advanced significantly 13 months ago when Shoppers Drug Mart joined the Loblaw family. The addition brought greater focus to our evolving view that more than just a grocer, more than just a pharmacy, Loblaw is increasingly becoming a nutrition, health and wellness provider.

Against the backdrop of provincial healthcare budget cuts, strained services and a growing need for accessible care and illness prevention, our network of stores offers access and convenience, and our network of pharmacists offers an extended range of services to improve patient outcomes. Loblaw and Shoppers pharmacists administered more than 1 million flu shots last year and conducted 700,000 medication reviews.

Taking an evolutionary step forward, shoppers recently opened Canada's first-ever patient contact center where 125 pharmacists and assistants have just one job. They proactively called our most vulnerable patients to resolve concerns. And in the growing number of our food stores, in-house dietitians educate and advise consumers and customers to maintain or improve their nutrition, often in partnership with their in-store pharmacists.

As the underlying consumer trust grows, important one-to-one customer relationships begin to take shape in our pharmacies, in our grocery aisles and throughout our services and loyalty programs.

When Shoppers joined the Loblaw family, we gained a new understanding of the power of loyalty. Our PC Plus team admired optimum legacy as Canada's number one retail loyalty brand and our Optimum team admired the personal digital offers of PC Plus. Admiration turned to action over the last year, and I'm proud to announce today that both loyalty programs have been reshaped, launching new propositions each borrowed from the others' best attributes.

Optimum will launch new personalized offers delivered digitally by smartphone through an app just like PC Plus.

Imagine, a loyalty program so personalized it will be able to adjust to the pivot points in a customer's life -- having a child, an aging parent or a new heightened commitment to wellness.

There are similarly exciting news for PC Plus members who can now view the nutritional value of their personal grocery baskets online, tracking it over time and comparing it to others. PC Plus is quickly becoming Canada's first integrated wellness loyalty platform, supported by loyalty data, sales data, and Guiding Stars' nutritional rankings of over 50,000 products.

Today we can educate and encourage customers towards better nutrition. Soon, we will reward them for better decisions. With nine and 10 million members, respectively, Optimum and PC Plus are powerful avenues to help deliver our purpose -- live life well.

Now, I can't conclude on the topic of trust and purpose without touching on our never ending journey to improve consumer products through our private brands.

Recently, nine out of 10 customers told us that they were concerned about the potentially hazardous chemicals in some products. And our scientific advisors suggested a measured move away from some specific additives. So by the end of 2018, Loblaw will no longer formulate Life Brand or President's Choice household, beauty or cosmetic products using triclosan, phthalates or microbeads.

Some experts link triclosan and phthalates to human and environmental health concerns. Triclosan is common in those antibacterial soaps that you have in your kitchen, and phthalates are very common in most fragrances, shampoos, and so forth.



We also reviewed the environmental impacts of ingredients like microbeads that are common in skin exfoliants, these plastic beads can wash down drains, slip through water treatment systems, and pass into lakes and oceans. This impacts fish, and it may impact those of us who eat fish. And that creates a bit of a life cycle issue for us. We sell skin care with microbeads and we sell fish. In an odd twist, our beauty products may ultimately impact our commitment to sustainable seafood.

Leadership through our brands, med reviews, heart/health consultations, dietitian-led shopping trips, pharmacy phone consults, personalized Optimum, loyalty and better nutrition through PC Plus and Guiding Stars, together these developments help us strike one-to-one relationships and influence consumer behavior and wellness in a way that only the Loblaw family of companies can. Together, they show the clarity of our future and the power of our purpose -- live life well.

We will now open the floor for questions from shareholders. And I'm looking over there to you guys from Bloor Collegiate. No pressure at all.

I would say just as you're warming up for your questions, do identify yourselves. When you get to the microphone just so that we know who you are, and then if you wouldn't mind just asking one question at a time concerning the Company's business so that folks have the opportunity to ask what they like.

QUESTIONS AND ANSWERS

Eddie Eng - *Loblaw Companies Ltd - Shareholder*

My name is [Eddie Eng]. I've been at previous meetings. You probably know (inaudible) questions.

Anyway, I just wonder with the progress we have on the reduced sodium levels of PC products, what is the progress at this time?

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Yes, so great question. I'm going to suggest that you follow-up with Kevin Groh or Ian Gordon if they're here today to get the specific details. But we announced that we are reducing sodium by 20%, that we would be moving ahead of sort of the government recommended targets. And we are very much on track with that journey. In fact, it was in here, but in the interest of brevity it was stricken from the script. But you should not assume that we are any less committed to it than we have been in past years and the progress continues.

Eddie Eng - *Loblaw Companies Ltd - Shareholder*

One quick one is that we talked about GMOs previous meetings. And I was wondering for other shoppers if maybe if you could label products that have GMOs because some customers probably would like to know if they are in products and those, with our previous meetings, we know what GMOs are.

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Yes. Now listen, absolutely. This question comes up regularly both at annual meetings like this, consumer research forums, and many sort of industry discussions and debates.

Labeling GMO in the sort of food system is a very difficult thing to do based on the way that the food system works, the way that ingredients are sourced. And so we've taken an approach that we want to make sure that customers have all the choice that they need if they would choose not to buy GMO product, and that's through the large assortment of organic food products available in our stores. And organic food products by definition are GMO-free, and we have an extensive assortment.



Having said that, we continue to stay close to the issue. We continue to listen carefully to consumers responses. And as I always do in these meetings, I feel it is important to remind everyone that at this stage there is no evidence that suggests after 25 years of GMO products in food, no scientific evidence that we have seen at this stage or that others have seen that suggest that GMO product is, in any way, unsafe.

And so we think this is a difficult and emotional issue that we're navigating it in the most responsible way possible. Thank you.

Yes, over on this side.

Dean Miller - Loblaw Companies Ltd - VP of Pharmacy Operations

Hi there. I'm Dean Miller, and I just want to try to comment and question about the President's Choice Black Label sub-line. Just from my observation, when it arrived it seemed to unfortunately come in just at the tail-end of the Great Recession. And I'm just wondering if you could comment on how that particular line it is performing right now and whether the Company intends to continue to support it for, say five, 10 years down the road.

Galen Weston - Loblaw Companies Ltd - Executive Chairman and President

Yes, absolutely. So what products have you been missing recently? Is it by any chance the spaghetti sauce that you feel has been -- we heard a lot of complaints because of our runaway hits with the President's Choice Black Label line has been our Italian family of spaghetti sauces.

We ended up unsatisfied with the way that the vendor was servicing us so we've been, for some time, working to change vendors. And we are now fully in stock.

Are we -- Ian, you're around somewhere? [Grant], are we fully in stock with Black Label Spaghetti Sauce. So expect our investment in Black Label to continue. Expect new exciting and innovative products to continue to come out.

I will say what we've learned -- we brought out a large range of specialty gourmet product. And what we see as the ones that are particularly delicious, but also a little bit more main stream like spaghetti sauce, aged cheddar, and some of our pastas. Those are the ones that have really lifted off.

And then at the edge, these sort of specialty products that might be additives for cooking ingredients and so on and so forth haven't quite done as well. So you will see probably less of those and you'll see more that are a bit more broadly adopted by the overall consumer. So look forward to more innovation there.

Dean Miller - Loblaw Companies Ltd - VP of Pharmacy Operations

I've tried a few things, so I'm kind of getting into it a little bit. Thank you.

Galen Weston - Loblaw Companies Ltd - Executive Chairman and President

Good. Thanks.

Yes, sorry. Why don't we move over to this side?

Stephanie Brown - Loblaw Companies Ltd - Shareholder

Good morning, everyone. I'm Stephanie Brown.



Galen, good news about signing on David Fraser to advise on academic. He is to advise on farm animal welfare.

The public awareness about farm animals has never been higher. Surveys show that one-half of Loblaw customers are both concerned about animal welfare and environmental sustainability related to agriculture.

Chickens represent the most commonly raised animal in our country by far. Loblaw made some progress with selling some cage-free, but it could do so much more to prevent hens being kept in such tiny cages. And after all, Loblaw is such a leader.

So I'd like to know, Galen, what's going to be the next big thing that Loblaw does for chickens in Canada.

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Well, it's a great -- thank you for calling out our leadership on this front. And I personally am extremely optimistic about the way that the protein industry, in particular, is facing into and addressing some of the sustainability challenges that have [dogged] for a long time with regards to animal welfare, and whether that's antibiotic -- no longer using antibiotics or hormones in raising animals, changing with sulcrates and committing to do that. We're making significant incremental progress.

And as we lead the way in many cases, we're seeing big companies from around the world -- North America also jumped in. So really feeling good about the momentum that we have there. There's always more we could do. I do feel a little bit like we've slowed down on the egg side, and so we will take that away.

I mean, as you know, our most powerful source of leadership is to be able to convert our own branded products to deliver against a particular standard. And typically, that leads the rest of the industry following suit, and my hope is that that will happen with eggs.

Stephanie Brown - *Loblaw Companies Ltd - Shareholder*

Thank you.

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Okay, thanks.

Unidentified Participant

Hello, my name is [Xiyi] and I'm from (inaudible). Here is my question.

So we were excited to learn that Shoppers Drug Mart is now owned by Loblaw Companies Limited, and we're just wondering that how would a decision for such a big purchase be made. In addition, do you plan to continue to grow to include more stores to Loblaw?

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Well, how was that decision made? Very, very, very carefully. So there's two different types of acquisition that are sort of small ones that you would think are strategically important to help deliver against a strategy, but they don't break the bank so to speak. They're not huge financial commitments. And then there are these kind of once in a generation major strategic deals where you put a big, big financial commitment behind the decision.

I would say that the first bucket tends to be done primarily through the leadership of the management team exclusively. But when you start to get into some of these bigger picture ideas then you really have to do two things. The first is you have to engage your board. You can see our board



of directors sitting in the front row here. They were actively engaged with management in determining whether the Shoppers Drug Mart acquisition was the correct one strategically and also actively engaged in determining whether the financial cost was correct. So a lot of back and forth over more than a couple of years actually as we were trying to determine whether it was the right decision to make.

And then in our business, there's also we have a family owner, a large family shareholder. And so persuading those folks, a number of whom are also represented in the room, my father in particular who is sitting in the front row was also quite a big task. So the takeaway is, very carefully, very methodically with consultation from the kinds of advisors who give you confidence that you can make the right decision.

Are we going to do any more of them? Not at that size, I would say for many, many years.

Yes, over on this side. Thank you.

George Baudole - *Loblaw Companies Ltd - Shareholder*

My name is [George Baudole]. I'm a very happy shareholder for about -- since in the old [30's].

I ask some questions about five years ago, and they were well-received. So thank you again.

After five years, I guess, I can give another (inaudible). And -- here we are, fix this. I got some PC Extra Old Cheddar Cheese. And I had another pack. The consistency wasn't there. So I called and was told that you have a number of suppliers, so maybe you can't have the consistency and that's fine. Then I asked the person I asked how old it was, and the person told me they'd get back within a week because I didn't know, and they did get back, but they still didn't know because they said it was proprietary information with the manufacturer, so Loblaw did not know how old the Extra Old Cheddar Cheese was.

So my question is how do you know if it's extra old if you don't know how old it is. So I am not looking for an (inaudible).

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Well, we should be able to answer that loudly and publicly, I hope. Where is Ian? Ian, are you here today or you snuck out getting all the big questions? How old is our Extra Old Cheddar, Ian?

Ian Gordon: (Inaudible).

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Okay. So we'll take that offline. We do know how old our cheddar is as do our suppliers, so you see Ian with a big smile on his face, he'd be happy to give you the specific answer.

Unidentified Participant

PC Plus don't know.

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

No, it's a great point. I will say and also the gentleman who's responsible for our customer service call center is represented in the room. If you'd like to give him some input on how your experience was. This continues to be a really difficult place for us to exceed customer expectations. And



partly it's because we are such a complex business with so many different questions that get asked. And it's tough to have a group of folks in a call center who are educated enough on all subjects to be able to answer as quickly as you expect.

Unidentified Participant

(Inaudible) after enjoying your fine food.

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Okay, terrific.

Unidentified Participant

Thank you.

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Thank you. Good. Over on the right.

Unidentified Participant

Hi. First, I would like to say thank you for inviting us, Bloor Collegiate students, to this annual meeting. My name is [Rabia], and I have a question.

We noticed in your annual report that Loblaw Companies are committed to corporate social responsibility. How do you determine what activity to be involved in and what areas of the world to support? And how does this affect the process?

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

That's another terrific question, and so the answer is fairly simple. So we are a company that has the tremendous good fortune of being very close to the customer. So the customer makes many of these decisions around food, beauty, and healthcare products directly in our stores. That gives us a sense of understanding of what the customer is interested in. It also gives us this incredible opportunity to help, respond and shape the way that people feel about certain issues.

So the way we approach it, we don't have an ambition to solve the world's problems. We don't even have an ambition to solve the world's food problems or the world's health and pharmacy problems. But there are areas where we think that we can make a very big difference. So we listen to what the customers are talking about.

Then we identify a set of priorities that we think are sufficiently current that our customers will respond to things we do in the store in a meaningful and compelling way. Then we align ourselves with academic experts, scientific experts because there is so much different information out there about what is socially responsible, what is environmentally responsible that we feel if we want to take a position on something, it needs to be backed by the most current and most credible science.

And then that expert works with our team to figure out what the right decisions are and what the right journey is in order to get there, so there are some things we can do quickly and we were able to make a few changes with eggs. We've been able to make a few changes with pork, with chicken. We've made big changes with sustainable seafood -- all of them tend to take a number of years. So we set an expectation, a time line, and then we work incrementally to deliver on that expectation.



And the reason that we do that is, one, because we think that that customer needs to pull these changes, which means we have to educate them and they have to embrace them. And secondly because we don't want to destabilize the profit model of the business in the short-term, and we think we've been able to strike the right balance because the great thing about these initiatives is if the customer cares about them, then they drive loyalty so you can do the right thing, increase customer loyalty. And if you do that, you improve sales and you improve profitability.

Thank you.

Yes?

Stephen Longstaff - *Loblaw Companies Ltd - Shareholder*

I'm [Stephen Longstaff]. I'm a small shareholder not by virtue of any choice on my part, but by being part of Shoppers and having shares in them. And I am very gratified to hear the news of about the merger. But my question has to do with my relatively new grandparenting activities which brings me to Joe Fresh. And I've been very gratified to shop for a couple of toddlers who use Joe Fresh products, and we use them as grandparents, with great relish and they work wonderfully.

My question has to do with your closeness not to your customers, but to your suppliers. Joe Fresh was implicated, I understand, in the terrible accident in South Asia two or three years ago. And I was sort of gratified to see that Loblaw's took the lead in doing something about that. I am not sure exactly what you did or what you are doing to monitor or have oversight over the working conditions there, but maybe you could help me and the audience here understand.

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Yes, it's another strong question, an important question, and probably a question worth asking every year. So it was terrible tragedy. And I wouldn't say that Joe Fresh was implicated. I would say Joe Fresh was involved insofar as the product is being manufactured in that facility at the time that the building collapsed. And I do believe very strongly that a business has the responsibility to drive improvements even in cases of supplier networks that are as far away as, in this case, Bangladesh.

I also believe that you need to take a very special care to move slowly, move deliberately and to focus on what's the right thing in the circumstances.

Bangladesh is a country that driven almost exclusively by the accelerated growth of the apparel industry in that country has improved on a UN Quality of Life Index faster and further than any country in history. And I believe that the apparel industry can be a force for good. In fact, it has been a force for good.

In terms of the regulatory environment, that revolves around the institutions in what is quite a young and fledgling democracy that need to be supported not torn down or imposed upon by sort of multinationals or sort of multinational organization.

And we, as retailers, have to make sure that we are seeing the results of the efforts that we're making. So we have invested \$5 million. We're the second largest contributor to the rehabilitation fund for victims of the Rana Plaza tragedy. And we now have what we call boots on the ground, Canadian citizens employed by our company working with the inspection agencies not just in Bangladesh, but in Vietnam and Cambodia, and around some of these developing countries in order to give ourselves confidence that those inspections are being done right and that we are taking the decisive action if those factories are not adhering to the standards that we expect of them.

So we think we're doing the right things. It would be unrealistic for me to promise that no other incidents will take place in Bangladesh that would be very tragic. But when faced with a choice of being part of the solution and with drawing completely to protect yourself from frivolous legal action, my view is that we have to stay the course and do the right thing by the people in that country.

Yes?



Unidentified Participant

Hi. My name is [Andy] from Bloor Collegiate. I have a question for you. So many of us are graduating this year and are continuing in business programs in university or college in the fall. What are some things that you learned in university that you use today as the CEO of Loblaw Companies?

Galen Weston - Loblaw Companies Ltd - Executive Chairman and President

I learned a lot. Probably the best thing that I learned was how to work with really smart people and collaborate with them to create a better result. People always -- they often come to me and they say, "Boy, if I was in-charge it would be so much easier to do the things I want to do." And it's simply not true. And having been at the top of quite a large organization for many, many years, I have learned that the further up you go the more in-charge you are, in fact, the more reliant you are and other people to implement and to be engaged and inspired to deliver the strategy.

So that's the thing that you learn -- how to work with people, how to inspire people, how to influence people, how to shape the way they do things.

Our business is probably doubly true because now we do so many different things. It's not just food, it's not just pharmacy; it's apparel, it's financial services, it's real estate. And if you don't have incredibly capable leaders and management in the business and a focused and engaged board, it's very hard for a CEO to be successful. I think in this case, we have a combination, a very powerful combination of both.

Anne Sutherland - Loblaw Companies Ltd - Shareholder

My name is [Anne Sutherland]. I'm a beneficial shareholder. I've asked two questions in the past about your environmental efforts. You've been working way at this. I wonder what your current efforts are in energy efficiency and in waste reduction. Are you continuing to make strides?

Galen Weston - Loblaw Companies Ltd - Executive Chairman and President

We are continuing to make terrific strides both in terms of the reductions of waste. And I'm going to have Bob Chant who's here. He'll walk you through the details of the target numbers and what we've achieved against.

And also for those who are interested, we just posted our CSR report online. We did that just over the last couple of days. And so you can follow-up there and get the further details. But progress in reduction in carbon, progress in fuel efficiency, real progress in the reduction of energy usage, we now have -- [Mark], do you want to help me, [Mark Chambray], are you here? How many solar panels do we have on the top of our stores today? Are you here, [Mark Chambray]? Do somebody want to just shout that out?

Unidentified Company Representative

More than 40.

Galen Weston - Loblaw Companies Ltd - Executive Chairman and President

Okay, more than 40 solar arrays on the top of our biggest supermarkets generating power going back into the grid, and we expect to increase that number going forward. The recycling of organic waste is something that we've made some progress on. We think we can do more.

But I will say that the place where we can make the biggest impact, we can incrementally influence things behind the sort of the back of the store, but it's working with the consumer to think differently about how they choose to buy products that are more environmentally sustainable. It's a place where we can be particularly effective, and we've shown that in many ways over the years and we continue to do so, and we will continue to invest to do that.

Anne Sutherland - Loblaw Companies Ltd - Shareholder

I live here in Toronto, and I shop at Loblaw's stores. I've noticed that you use black styrofoams in some of the meat packaging and black plastic for some of the -- for instance, mushroom packaging, and Toronto doesn't accept that in the recycling. They prefer white. So perhaps that's something that could be adjusted --

Galen Weston - Loblaw Companies Ltd - Executive Chairman and President

It's a good tip.

Anne Sutherland - Loblaw Companies Ltd - Shareholder

-- just a detail.

Galen Weston - Loblaw Companies Ltd - Executive Chairman and President

It's a good tip. Thank you.

Anne Sutherland - Loblaw Companies Ltd - Shareholder

Thank you.

Galen Weston - Loblaw Companies Ltd - Executive Chairman and President

Yes. Just a couple of more questions, I think, and then we'll pop outside for some delicious food.

Unidentified Participant

My name is (inaudible). I'm a small shareholder. Just looking in the management proxy circular, and I don't quite understand one of the charts. So it says "termination and change of control benefits." A number of them under resignation say, [no] and forfeit.

Two gentlemen left. They are very capable people. I imagine they left on their own accord. One of them, in the note, it says, he forfeited his RSU and PSU grants when he resigned. The other one says he received a cash payment to reflect (inaudible) on salary and bonus entitlements. So the question is should he have -- why did it say no and forfeits, and then he receives a bit bonus or negotiated settlement?

Galen Weston - Loblaw Companies Ltd - Executive Chairman and President

So you're saying why were they different?

Unidentified Participant

Well, yes.



Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Yes.

Unidentified Participant

Why were they different or why was he entitled to it, or did he leave without termination, termination with cause?

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Yes.

Unidentified Participant

Retirement. I don't --

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Yes.

Unidentified Participant

-- I don't quite understand that.

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

So what I'm going to suggest is that Gordon Currie connect with you after the meeting and just walk you through specifically the details that you're referring to in the proxy, and then we can make sure we answer the questions satisfactorily.

I would say from a general perspective simply that people leave the Company in different ways, different circumstances. They have different terms, different contracts so they would depend very specifically on the agreement that existed, and the circumstances of their departure, which are not disclosed in quite that way in the proxy itself. Thank you.

Okay. Can we have the last question without the -- okay, we'll just do two more questions then since you're both already standing up.

Linda Haswell - *Loblaw Companies Ltd - Shareholder*

Hi, [Linda Haswell], a shareholder a long time. Yes, a question, you have plans of doing this and that. And one thing I asked you about last year was the cholesterol in your PC products. Any plans on reducing that?

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Well, we continue to try and improve the healthy formulations, the healthful (inaudible) and formulations of our products. I think I said yesterday there's really inspiring shift that's good for our strategy and also I think good for people's overall health from the center of the store, which is a lot of the packaged, highly processed foods into the fresh side of the store, which is a lot of the fresh produce, vegetables, meat, and also some of the value-added products, which we think we're innovating on extremely well.



So that journey continues. We're not specifically targeting cholesterol as one of our sort of reformulation platforms. But I will say that I believe it was the surgeon general of the United States who announced probably just a month ago that they are removing dietary cholesterol as a driver of heart disease completely from the US recommendations. The new science is such that dietary cholesterol has a very little impact apparently on people's likelihood of any kind of heart disease. So it may actually be a less relevant ingredient in people's health and wellness than we had originally thought. So so much is changing with the science of health, and we are trying to stay as close to it as possible.

Thank you. I'm sure that we --

Linda Haswell - *Loblaw Companies Ltd - Shareholder*

Fair enough.

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

-- continue on that journey, too.

Linda Haswell - *Loblaw Companies Ltd - Shareholder*

Yes, okay.

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Hopefully, we'll be able to report on that sometime in the future.

Linda Haswell - *Loblaw Companies Ltd - Shareholder*

All right. Thanks.

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Yes, last question.

Unidentified Participant

I wondered what your policy is for your part-timers. There's been coverage in newspapers lately about the problems that part-time workers have with scheduling and with minimum wage trying to make ends meet. Apparently, Costco has a very good policy where they pay their part-timers well. They get benefits. They have reliable schedules and apparently, Costco finds that they have very little employee turnover and loyal happy employees. Is Loblaw making any efforts to try and improve conditions for their part-timer workers?

Galen Weston - *Loblaw Companies Ltd - Executive Chairman and President*

Continuous efforts, although I think we're quite proud of the conditions for our part-time colleagues, and also quite proud of the pay scales for our colleagues, and quite proud of the conditions and circumstances for our full-time colleagues. There is always opportunity to improve. And we employ when you include our network of independently owned franchise stores and associate stores, over 200,000 people, most of whom are frontline workers across the country. Costco would be a fraction of that.



We have a range of stores that require very different types of working circumstances in order to be successful. And so Costco does do a great job. They are the leading standard when it comes to mass retail, but they have a business model that enables that, which not all of us have the good fortune of having, so we manage. And the circumstance where most of the people who shop, tend to shop on the weekends, which means that we have to schedule both full-time and part-time people on the weekends. When the business is there we need to call more people in. When the business is not there we need to call people and ask them to stay home. And so there is a level of volatility that exists just by virtue of the way customers tend to shop.

So technology is enabling improvements on that front. Wages continue to increase. There's a lot of improvement in the minimum wage going across the provinces. Those are affecting many of the people in a positive way to work in our stores, but it's just a constant effort to do things better. And we feel pretty good about the progress that we're making.

Unidentified Participant

Well, the people who are paid adequately can be your customers, too, and they'll have more money to spend in your stores. So it's certainly worthwhile to see that people have good conditions.

Galen Weston - Loblaw Companies Ltd - Executive Chairman and President

That's right. And we continue to pay more than the vast majority of our competitors, which is something again we think is the right thing to do.

Okay. Thank you very much. I thought it was going to be a quiet meeting there for a minute. And you, as usual, asked some terrific questions, so thank you to the students of Bloor Collegiate. Thank you to all other shareholders who continue to remind us the things that we need to focus on in the business and so on.

So before we terminate the meeting, I would like to personally recognize our committed and our loyal colleagues from all across the country. And I'd like to thank you as committed shareholders for your continued support and for your ongoing confidence in our strategy and in our company.

So there being no further business to be brought before the meeting, I will ask for a motion to terminate.

Unidentified Company Representative

Mr. Chairman, I move that the meeting terminate.

Unidentified Company Representative

Mr. Chairman, I second the motion.

Galen Weston - Loblaw Companies Ltd - Executive Chairman and President

Thank you. You have all heard the motion. All those in favor? Any opposed? Motion carried. I now declare the meeting terminated.

Please make sure that you stick around. The product developers and the food service folks in our businesses are always very, very proud to show off their latest and greatest fresh products and technology out there, so stick around and take advantage of that. It would be very much appreciated. Thank you.

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