

DOLLARAMA



DOLLARAMA'S APPROACH TO BUSINESS SUSTAINABILITY



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Dollarama is committed to high standards of social, environmental and ethical behaviour. In an effort to improve our disclosure in these areas and to ensure that such information is more readily available for our investors and other stakeholders, we created this summary which features some of the social and environmental initiatives undertaken by Dollarama.



Sustainability is embedded into our business model. Ever since Dollarama's inception in 1992, we have been looking for ways to control costs without compromising quality. This culture of thrift has allowed us to offer a compelling value proposition to our customers and to develop a competitive advantage in the Canadian retail market.

Over the years, Dollarama has implemented a number of strategies aimed at managing resources responsibly and profitably growing the business while benefiting, in the short and long term, our customers, our employees, the communities we live in and the environment. These strategies address all aspects of our operations, including product sourcing, product safety, work culture, transportation, packaging and store design.

As we continue to seek and examine new ways to grow the business responsibly and sustainably, we will update this summary and share new developments with you.

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SOCIAL RESPONSIBILITY

Dollarama is committed to offering products at compelling prices without compromising safety or quality. We strive to offer products that are sourced responsibly and are safe for our customers.

Dollarama is also committed to contributing to the quality of life of its workforce by fostering a positive work environment.

Vendor Compliance

Dollarama's purchasing scale and direct sourcing capabilities contribute to its competitive position and ability to offer a wide selection of products at low price points. Dollarama has developed strong and longstanding relationships with a network of vendors around the world.

When Dollarama begins a commercial relationship with a new vendor, measures are taken to assess the vendor's reputation and reliability, and protocols are followed to ensure that the vendor puts quality and safety first.

During the term of the commercial relationship, vendors are required to comply with, at a minimum, all applicable local and national laws and regulations of the jurisdictions in which they operate, including without limitation with respect to child labor, forced labor, freedom of association, discrimination, wages and benefits, working hours, harassment, health and safety and environment. These requirements are a condition in all purchase orders between Dollarama and its direct vendors, which also provide Dollarama with the right to make periodic inspections to ensure compliance with these legal and regulatory requirements.

Consumer Product Safety

Consumer product safety is our first and foremost priority and we have implemented various processes and procedures to monitor the safety of the products sold in our stores. These processes and procedures are tailored to the nature of the goods and include, among other things, factory audits, product sampling and laboratory testing performed by independent third parties.

Dollarama also works closely with government bodies and agencies such as Health Canada and the Canadian Food Inspection Agency to be kept abreast of emerging consumer product safety issues and to ensure that required audits and inspections are performed.



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Recognizing that it is not always possible to identify a specific product concern upstream or to guaranty that no error will ever occur in the manufacturing of products in accordance with agreed upon specifications, Dollarama has implemented standardized recall procedures which comply with requirements issued by Health Canada and the Canadian Food Inspection Agency to ensure that, if necessary, affected products are removed from the shelves in a timely manner. Recalls may be required by government agencies but may also be done on a voluntary and preventive basis by Dollarama.

All processes and procedures are reviewed on a regular basis to ensure their effectiveness and efficiency.

Employee Relationships

Employees play an essential role in Dollarama's success and are at the forefront of the initiatives implemented by Dollarama to be a more efficient and customer-friendly organization.

Dollarama is committed to providing a safe and stimulating work environment, competitive compensation and opportunities for advancement to all its employees. Dollarama is also committed to equity and equality in all its employment practices and policies and seeks to recruit, develop, reward and retain its employees on the basis of merit, ability and performance. Compliance with labour-related laws and regulations applicable in Canada is strictly observed. Discrimination based upon race, colour, sex, pregnancy, sexual orientation, civil status, age except as provided by law, religion, political convictions, language, ethnic or national origin, social condition, disability or other characteristics protected by law is not tolerated in our work place. We consider our diverse workforce as a testimony to the fact that we value and respect the different ideas and opinions of employees who work in our stores as well as in our different facilities.

Dollarama has adopted a Code of Conduct and Ethics applicable to directors, management and employees. The Code provides guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of Dollarama and addresses various type of business conduct, including compliance with laws, rules and regulations and reporting of illegal or unethical behavior. Work-related concerns and suspected violations of the Code can be reported by employees on a confidential basis.

In 2012, Dollarama was among the winners of the Randstad Award which recognizes the most attractive employers from the largest 150 companies in Canada.



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Impact on Communities

Last but not least, we are proud to contribute in our own manner to the economic development of the communities in which we live.

Year after year, as our store network expands and as brand awareness increases, we reach new customers and provide them with well-designed locations offering a consistent shopping experience, we help drive customer traffic to new and existing strip malls and shopping centers, and we create jobs in metropolitan areas, mid-sized cities, and small towns across Canada.





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ENVIRONMENTAL RESPONSIBILITY

Over the years, Dollarama has used a number of innovative techniques to grow the business in an environmentally-friendly way, by reducing the amount of energy used in its activities and by eliminating unnecessary packaging.

Energy Efficiency

While Dollarama is not a manufacturer that emits air pollutants, we do consume energy. However, by the very nature of its business model as a dollar store, Dollarama is incentivized to optimize its energy consumption in every possible way.

Product Transportation

Millions of items move every day, from our vendors' facilities to our warehouses, from our warehouses to our distribution centre and from our distribution centre to our stores across Canada.

Dollarama does not have a corporate shipping fleet and works in collaboration with third party carriers to move products as efficiently as possible, through fuel saving route-optimization initiatives and by increasing the amount of merchandise moved via rail instead of highway transport.

Initiatives to reduce the quantity of packaging used for shipping items and to optimize the consolidation of products for shipment purposes allow Dollarama to reduce the number of containers it has to ship, thereby reducing the number of trucks on the road and the greenhouse gas (GHG) emissions associated with those trucks.

Similarly, Dollarama is constantly seeking new ways to optimize warehousing capacity and logistics efficiencies. These initiatives are eco-friendly and they form an integral part of our growth strategy.

Energy Conservation

Reducing energy consumption in our extensive store network is a pro-active way of reducing Dollarama's overall GHG emissions. Dollarama's store network has grown significantly since its inception, from 44 locations in January 1992 to almost 700 locations at the end of the fiscal year ended January 29, 2012 with an additional 50 net new stores targeted in the fiscal year ending February 3, 2013.



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A majority of those stores incorporate green technologies that make them more efficient and more eco-friendly.

For example, Dollarama works in collaboration with a global leader in multi-site energy management and has implemented an energy management system that centrally controls and manages HVAC and lighting in the stores to curb energy use when it is less required and that allows energy use reporting. This investment has resulted in a decrease of our annual energy consumption: stores in which the technology has been installed have recorded significant savings in electricity usage compared to stores of similar scale without it. To date, 178 Dollarama stores are equipped with this technology and we will continue to deploy it in our network over the next few years.

Also, Dollarama is currently replacing light fixtures in its stores with a more energy-efficient technology, an initiative which allows us to offer a better shopping experience to our customers and has a positive impact on the environment. Concurrently with this in-store initiative, Dollarama has launched another program aimed at reducing the amount of electricity required to illuminate exterior signs through the use of new LED outdoor fixtures.

Finally, in the design and construction of its corporate offices and adjacent warehouse completed in 2007, Dollarama followed many of the guidelines of the internationally recognized Leadership in Energy & Environmental Design (LEED) assessment system to improve performance in metrics such as energy savings, CO2 emissions reduction and improved indoor environment quality. For example, the buildings integrate geothermal heating and cooling systems. Geothermal power is cost effective, reliable, sustainable, and environmentally friendly.

These are just a few of the green initiatives implemented by Dollarama. We continue to collaborate with experts in the field and utility companies to identify and implement, when possible, more energy efficient technologies and to incorporate further energy saving specifications into our store plans.

Waste Reduction and Management

Dollarama has been a registered Industry Steward in Ontario, Québec and Manitoba since the inception of these programs pursuant to which it must contribute a certain percentage of the net costs of municipal curbside recycling according to the type and quantity of materials Dollarama provides to its customers.



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In connection with its responsibilities under these stewardship programs, Dollarama works with vendors to right-size product packaging as well as shipping packaging. This helps reduce not only the GHG emissions associated with transporting products but also the total waste generated by our activities. Dollarama also encourages the use of more environmentally-friendly materials whenever possible.

Dollarama also works closely with service providers on various initiatives aimed at reducing, or better recycling, waste.

All these initiatives, small or large, have a positive impact on the environment. As we continue to grow our store count, we will explore new ways and, when possible, take further steps to reduce the intensity of our carbon footprint and to better manage the waste generated by our activities.

