

Empire Company Limited & Sobeys Inc.

2023 Sustainable Business Report



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Empire Company Limited and Sobeys Inc. 2023 Sustainable Business Report

At Empire, we take our growing and evolving sustainability commitments seriously. And we don't just talk about them. We act. This report is an update on all the ways we are taking action to serve and nurture people—our customers, teammates, suppliers and communities. It's about how we are working hard to do [OurPart™](#) to help protect the planet. And it's about our team's drive to serve and develop products that are good for everyone across the supply chains that impact our business.

[Download Fiscal 2023 ESG Performance Metrics Table](#)



[Download Fiscal 2023 SASB Indexes](#)



[Download Fiscal 2023 TCFD Report](#)



Leader Message

“As a leading Canadian grocery retailer, we take our growing and evolving sustainability commitments seriously. And we don't just talk about them.. We act.”

[Read a message](#) from Michael Medline, President & CEO and Mohit Grover, Senior Vice President Innovation & Sustainability



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People

We're focused on growing and empowering a diverse, equitable and inclusive workforce to enable our customers and communities to thrive.

- Diversity, Equity & Inclusion
- Community Investment
- Health, Safety & Wellness
- Employee Development & Experience



Planet

We're reducing our impacts and taking action on climate change to do [OurPart™](#) to protect our planet for future generations.

- Climate Action
- Plastics & Packaging
- Food Waste
- Energy Management
- Environmental Management



Products

We're doing [OurPart™](#) by delivering sustainable and ethical product choices for our customers.

- Ethical & Sustainable Sourcing
- Product Quality & Safety
- Health & Nutrition
- Supplier Partnerships
- Customer Experience & Engagement



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Fiscal 2023 Sustainable Business Report Highlights

People

We're focused on growing and empowering a diverse, equitable and inclusive workforce to enable our customers and communities to thrive.

Diversity, Equity & Inclusion

90%

of Directors and above set DE&I performance and accountability goals

Diversity, Equity & Inclusion

Achieved Phase 1 Progressive Aboriginal Relations certification from Canadian Council for Aboriginal Businesses

Progressive Aboriginal
RELATIONS™

Canadian Council for
Aboriginal Business



Diversity, Equity & Inclusion

78%+

leaders in offices, corporate stores and distribution centres completed Speak Freely training

Community Investment

~\$19M

Close to \$19M donated to support healthy bodies and minds in our communities (~\$7M in corporate donations and ~\$12M raised)

Planet

We're reducing our impacts and taking action on climate change to do OurPart™ to protect our planet for future generations.

Climate Action

Near-term Scope 1 and 2 targets validated by Science Based Targets initiative (SBTi)



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Climate Action

15%

reduction in Scope 1 and 2 targets compared to 2019 baseline — on track to achieve near-term targets

Climate Action

75%

of suppliers by spend engaged on [CDP supply chain program](#)

Climate Action



Inaugural TCFD-aligned report published

Food Waste

Close to 15M lbs of surplus food donated, gaining recognition from Second Harvest as Canada's top food rescue partner for 2022 (amount based on Second Harvest's fiscal year)

Products

We're doing [OurPart™](#) by delivering sustainable and ethical product choices for our customers.

Ethical & Sustainable Sourcing

Seafood Metrics program launched, improving traceability

Customer Experience & Engagement

77%

of palm oil in products certified sustainable

Supplier Partnerships

390+

women entrepreneurs supported in fiscal 2023 (across Canada, excluding Quebec).

Empire is a proudly Canadian company, with 116 years of experience in the food retail business.

[Learn More](#)

OurPart™

As a family nurturing families, we want to ensure Canadians are taken care of today, tomorrow and in the future. By doing **OurPart™** for the environment, we hope to inspire our customers to do theirs. Every step we take together—big or small—can make a difference.

[Learn More](#)



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A Letter from Our Leaders

Customer-driven. People-powered. Community-engaged. Results-oriented. Our company’s values are central to everything we do at Empire, guiding every action we take to make today and tomorrow better for all Canadians.

As a leading Canadian grocery retailer, we take our growing and evolving sustainability commitments seriously. And we don’t just talk about them. We act.

This report is an update on the actions Empire continues to take to serve and nurture people—our customers, teammates, suppliers, and communities. It’s about working hard to do [OurPart™](#) to help protect the planet. And it’s about our team’s drive to find and develop products that are good for everyone up and down our supply chains.

We’re growing our Own Brands offerings, which continue to combine excellent quality and value. We’re expanding our e-commerce business Voilà, giving customers more choice and control over how and where they shop. And our customers love all of the ways they are able to earn and redeem points on groceries and so much more with our loyalty program, Scene+.

Since the launch of Empire’s Climate Action Plan last year, the need to reduce emissions around the world has become more urgent. The UN has warned that the planet is at a “climate crossroads” in its latest Intergovernmental Panel on Climate Change report. At Empire, we’re proud of the tangible progress we have made toward achieving clear, science-based

targets that exceed the Paris Agreement’s 1.5°C pathway. This year, as part of our commitment to continuous improvement and transparency, we’re pleased to share our first report aligned with the [Taskforce on Climate-related Financial Disclosures \(TCFD\)](#) along with our Sustainable Business Report to provide more information about how we manage [climate risk](#).

All sustainability efforts require collaboration. Empire continues to work closely with our supplier partners on climate action, sustainable and ethical sourcing, and a range of other issues that matter to our customers, investors, workforce, and stakeholders. This year we are launching the CDP Supply Chain program to empower our suppliers to elevate their sustainability practices. We’re continuing to collaborate with our communities too, investing close to \$19M in fiscal 2023 to support Healthy Bodies and Healthy Minds.

Behind all this action and progress, you will find our biggest source of pride at Empire—our dedicated, diverse group of 131,000 teammates and our valued franchisee partners. They keep our business thriving and we are grateful for their passion and hard work. Being a sustainable company is good for people, for the planet, and for the health of our business, helping us advance our strategy and deliver results.

We are proud of the tremendous things we achieved through our Project Horizon strategy in the past three years. Our new strategic plan ties in the areas

of sustainability and Diversity, Equity, and Inclusion, drawing on what we have learned by listening to our customers, teammates, and stakeholders.

While we’re making headway, there is still much more for us to do in the years ahead. As always, we welcome your feedback on our sustainability progress and suggestions on how we could work better together.

signed “Michael Medline”

Michael Medline
President & CEO
Empire Company Limited
July, 2023



signed “Mohit Grover”

Mohit Grover
Senior Vice President Innovation & Sustainability
Empire Company Limited
July, 2023



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About This Report

Report Scope

This report covers our fiscal 2023, from May 8, 2022, to May 6, 2023, unless otherwise stated.

Report Boundaries

This report represents the sustainability commitments, targets, approach and progress of Empire Company Limited and Sobeys Inc. Empire Company Limited (TSX: EMP.A) is a Canadian company headquartered in Stellarton, Nova Scotia. Empire's key businesses are food retailing, through wholly owned subsidiary Sobeys Inc., and related real estate. This report covers Empire's food retailing business, as defined in Empire's 2023 Annual Information Form and excludes Investments and Other Operations.

This report focuses on material environmental, social and governance (ESG) factors for our Sobeys Inc. operations. This encompasses:

- Full-service, community and discount grocery banners
- Related Businesses including convenience, fuel, liquor, pharmacy, wholesale, Pete's Frootique and Big 8
- E-commerce grocery business

This report covers our more than **1,600 stores, 24 distribution centres**, three customer fulfillment centres and Related Business locations in all **10 Canadian provinces**, as well as our **131,000 teammates**

Unless otherwise stated, data included in this report

reflects all Sobeys Inc. operations, excluding Farm Boy and Longo's.

Report Methodology

This report includes disclosure to the Sustainability Accounting Standards Board's (SASB) Food Retailers & Distributors Standard and Drug Retailers Standard, available [here](#). As an independent standards-setting organization, SASB has issued sector-specific standards to enable businesses to identify, manage and communicate material sustainability information to their investors.

Materiality

The information included in this report is based on the topics that are deemed material to the sustainability performance of Sobeys Inc. For more information see our [Materiality](#) section.

Feedback

For related inquiries and the latest updates on our programs and commitments, please contact investor.relations@empireco.ca



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This report is part of a suite of disclosures and resources through which we share updates on our performance and progress, including:

- [Annual Documents: Management Information Circular, Annual Report, Annual Information Form](#)
- [Quarterly Reports](#)
- [Investor Centre](#)
- [OurPart™](#)

Additionally, some of our brands separately publish their sustainability-related commitments, performance and progress:

- [IGA](#)
- [Longo's](#)

Forward-Looking Information

This document contains forward-looking statements, which are presented for the purpose of assisting the reader to contextualize the financial position of Empire and Sobeys Inc. (the “Company”) and understand management’s expectations regarding its sustainable business program. These forward-looking statements may not be appropriate for other purposes. Forward-looking statements are identified by words or phrases such as “estimates,” “plans,” “predicts,” “anticipates,” “forecasts,” “expects,” “believes,” “intends,” “could,” “may,” “predicts,” “projects,” “will,” “would,” “foresees” and other similar expressions or the negative of these terms.

These forward-looking statements include, but are not limited to, the following items:

- **Statements** relating to climate and greenhouse gas emissions, including without limitation plans to achieve net-zero by 2040 for Scope 1 and Scope 2 emissions, and net-zero by 2050 for Scope 3 emissions; plans to reduce absolute Scope 1 and 2 emissions by a minimum of 55 per cent by 2030;

expectations that 64 per cent of suppliers, by spend, will set science-based reduction targets on their Scope 1 and 2 emissions in five years; plans to reduce emissions from fuel sold by 28 per cent by 2030; plans to pursue limited assurance of our Scope 1 and 2 GHG emissions data; plans to retrofit additional locations through actions such as reducing leak rates, and to complete more HFC to HFO gas replacement projects; initiatives planned for fiscal 2024 including ongoing lighting retrofits, upgrades to HVAC controllers, and variable speed HVAC motor systems installations ; we are deploying AIML (Artificial Intelligence and Machine Learning) technologies to support a number of conservation measures in 100 corporate stores across Canada; plans to deliver solar rooftop projects in corporate stores in Nova Scotia in fiscal 2024; plans to pilot electric vehicle (EV) Class 8 trucks for our fleet in Quebec and source viable EV solutions for our e-commerce business; plans to transition to low carbon sources, and partner with suppliers to set science-based targets, all of which may be impacted by changes in renewable energy production, risks of defects from early



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adoption of technology, electricity grid decarbonization, economic conditions, availability of electric vehicles, political stance on emissions, availability of and changes in government incentives, supplier and contractor relationships an negotiation, carbon fuel supply and demand, and implementation delays to certain initiatives highlighted in our [Climate Action Plan](#).

Other forward-looking statements include those relating to: cyber security and data protection, including without limitation plans to achieve ISO27K information safety management certification by 2025; Diversity, Equity & Inclusion, including without limitation plans to progress towards certification as a Progressive Aboriginal Relations (PAR) company; plans to mitigate bias in recruitment; our annual community investment donations, including without limitation, intended donation recipients; plastics and packaging, including without limitation plans to eliminate single-use plastics; commitments to eliminate banned items under the Single-use Plastics Prohibition Regulations well ahead of the effective date; plans to scale the use of compostable bags to our Alberta and Ontario Voilà customers by the fall of 2023; sustainable practices, including

without limitation plans to reduce food waste by 50 per cent by 2025; plans to source 100 per cent physical trace certified sustainable palm oil by 2025 for its Own Brands products and implementation of its next Sustainable Business Strategy in fiscal 2024; plans to create an updated version of seafood sourcing guidelines to be published by the end of fiscal 2024; Human Rights, including without limitation plans to launch a Human Rights Due Diligence Program to mitigate risks in our supply chain; Animal Welfare, including without limitation plans to develop protein-specific sourcing guidelines (to be published by the end of fiscal 2024); plans to begin work on guidelines for poultry, beef cattle, dairy cattle and finfish by the end of fiscal 2025; sustainable and fairtrade sourcing of products, including without limitation, our Sustainable Palm Oil Policy.

By its nature, forward-looking information requires the Company to make assumptions and is subject to inherent risks, uncertainties and other factors that may cause actual results to differ materially from forward-looking statements made. These risks include supplier relationships and negotiations, supply chain disruptions, customer behaviour, and resource capacity For more information on risks,

uncertainties and assumptions that may impact the Company’s forward-looking statements, please refer to the Company’s materials filed with the Canadian securities regulatory authorities, including the Risk Management section of the fiscal 2023 annual Management’s Discussion & Analysis (MD&A).

Although the Company believes the predictions, forecasts, expectations and conclusions reflected in the forward-looking information are reasonable, it can provide no assurance that such matters will prove correct. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information. The forward-looking information in this document reflects the Company’s current expectations and is subject to change. The Company does not undertake to update any forward-looking statements that may be made by or on behalf of the Company other than as required by applicable securities laws.update any forward-looking statements that may be made by or on behalf of the Company other than as required by applicable securities laws.

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Non-GAAP Financial Measures & Financial Metrics

There are measures and metrics included in this report that do not have a standardized meaning under generally accepted accounting principles (“GAAP”), and therefore may not be comparable to similarly titled measures and metrics presented by other publicly traded companies. Management believes certain investors use these measures and metrics as a means of assessing financial performance.

Empire’s definitions of the non-GAAP terms are as follows:

1

Earnings before interest, taxes, depreciation and amortization (“EBITDA”) is calculated as net earnings, before finance costs (net of finance income), income tax expense, depreciation and amortization of intangibles.

2

Adjusted EBITDA is EBITDA excluding certain items to better analyze trends in performance. These items are excluded to allow for better period over period comparison of ongoing operating results. Adjusted EBITDA is reconciled to EBITDA in its respective subsection of the “Summary Results — Fourth Quarter” and “Operating Results — Full Year” sections of the MD&A for applicable years.

3

Adjusted net earnings, attributable to owners of the Company, excluding certain items to better analyze trends in performance. These items are excluded to allow for better period over period comparison of ongoing operating results. Adjusted net earnings is reconciled in its respective subsection of the “Summary Results — Fourth Quarter” and “Operating Results — Full Year” sections of the MD&A for applicable years.

For a more complete description of Empire’s non-GAAP measures and metrics, please see Empire’s MD&A for the fiscal year ending May 6, 2023.



About Us

Empire Company Limited (TSX: EMP.A) is a Canadian company headquartered in Stellarton, Nova Scotia.

Empire’s key businesses are food retailing, through wholly owned subsidiary Sobeys Inc., and related real estate.

With approximately **\$30.5 billion** in annual sales and **\$16.5 billion** in assets, we employ approximately **131,000 people**.

Sobeys Inc. has more than **116 years** of experience serving customers in the food-retail business. We are one of only two national Canadian grocers operating across all **10 provinces**, with approximately **1,600 stores**.

Sobeys Inc. oversees familiar banner names of Sobeys, Safeway, IGA, Foodland, FreshCo, Thrifty Foods, Farm Boy, Longo’s and Lawtons Drugs, as well as more than 350 retail fuel locations. We also operate with five core retail food formats and related businesses to ensure we are able to satisfy the unique shopping needs of our customers: full service, fresh service, community service, discount service, convenience service.

Across our banners and businesses from coast-to-coast, Sobeys Inc. fosters a family culture of care, trust, respect and growth for its people, customers and their communities. Together, our store team-mates, franchisees and diverse retail networks are dedicated to serving customer needs by providing exceptional shopping and food experiences.

Learn more:

[Empire Co.](#)

[Sobeys Inc.](#)



Teammates:

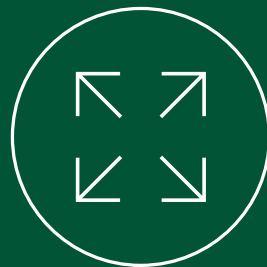
131,000¹



Total stores:

1,600

(excluding fuel stations and related convenience stores.)



Total square footage:

41.6 m



Communities served:

928

Financial Highlights

Sales

4.7%

5-year CAGR

5.8%

10-year CAGR⁽³⁾

Adjusted EBITDA⁽¹⁾

18.0%

5-year CAGR

9.4%

10-year CAGR

Adjusted Net Earnings⁽¹⁾⁽²⁾

16.1%

5-year CAGR

6.4%

10-year CAGR

Dividends

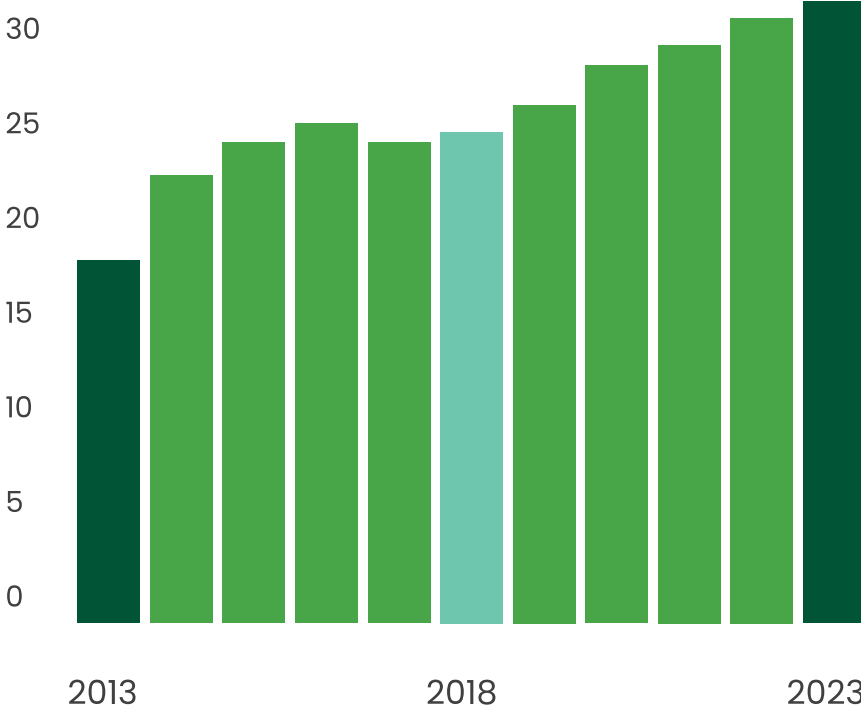
9.5%

5-year CAGR

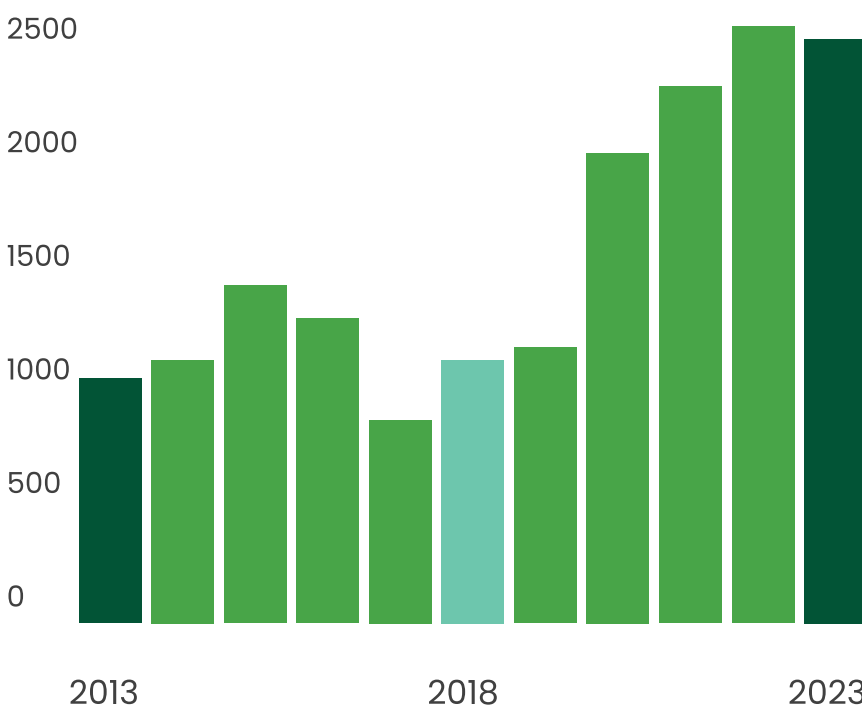
7.5%

10-year CAGR

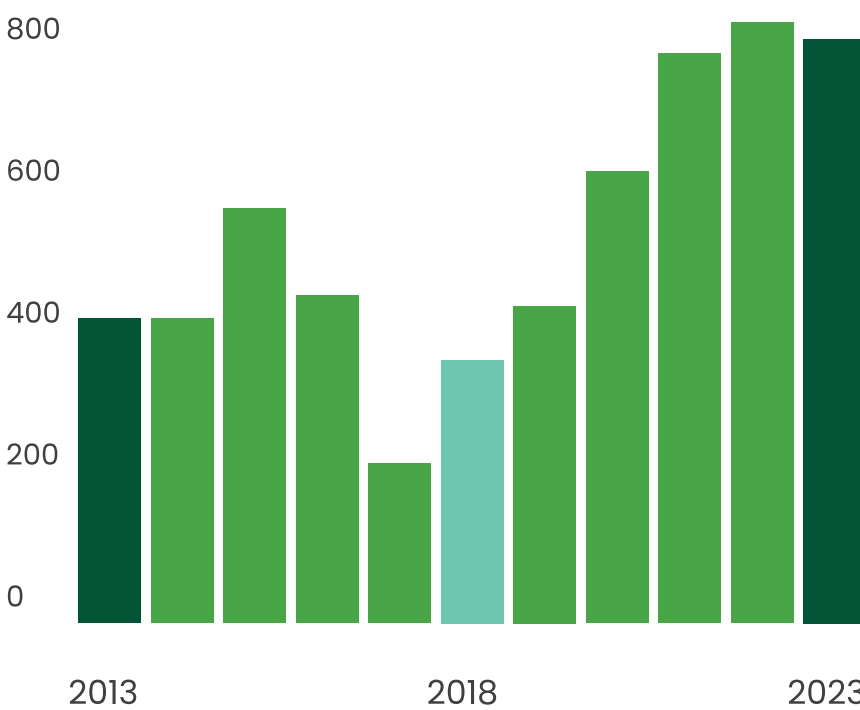
(\$ in billions)



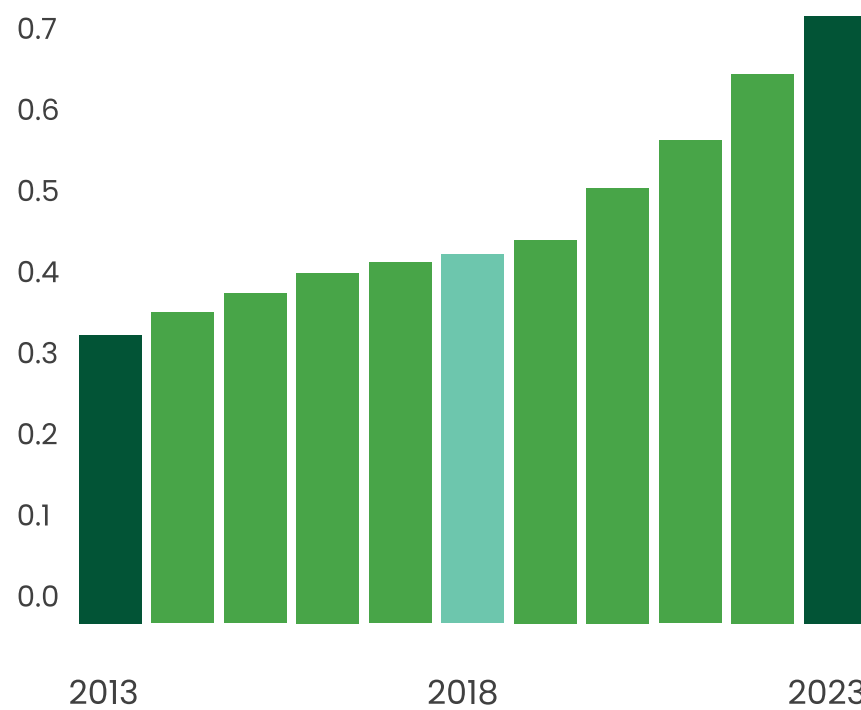
(\$ in millions)



(\$ in millions)



(\$ per share)



(1) See “Non-GAAP Financial Measures & Financial Metrics” section of this MD&A for a description of the types of costs included. Additionally, certain estimated financial impacts associated with the Cybersecurity Event are not reflected in the Adjusted Metrics above as they relate to sales declines which management considers are attributable to the Event, as well as operational effectiveness which temporarily declined during the Event. Management estimates that the impact of these non-adjusted items on operating income and EBITDA to be at least (\$20.0) million and the net earnings impact to be at least (\$15.0) million.

(2) Attributable to owners of the Company.

(3) Compound annual growth rate.

Additional financial information relating to Empire, including the Company’s Annual Information Form, can be found on the Company’s website at www.empireco.ca or on SEDAR at www.sedar.com.

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Sustainability Approach

We are focused on the environmental, social and governance (ESG) factors that matter most to our stakeholders—ensuring we have the right approach on materiality, strategy and governance to keep making strides in our sustainability journey. Along the way, we’re committed to being upfront about our goals, progress, success stories and areas where we have more work to do.



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Engaging Our Stakeholders

Effective and meaningful engagement with our diverse stakeholder community is a vital part of how we do business and identify ESG-related risks and opportunities. We define stakeholders as groups and individuals who are impacted by our operations and corporate strategy and who, in turn, impact our business success. Listening to, sharing with and learning from them is essential to our progress.

Key Stakeholder	How We Engage		
 Teammates (across corporate and franchise sites, in operations and office-based)	- Intranet and closed social media groups - Working committees on projects - Townhalls and leadership messages - Internal surveys (e.g. biannual Your Voices Survey) - Education and awareness sessions - Direct email communication		
 Investor Community	- Shareholders’ Annual General Meeting - Direct investor communication, including investor conferences, quarterly earnings calls and financial reports - Investor Relations inbox: investor.relations@empireco.ca		
 Customers	OurPart™ - In-store experiences and customer service counters - National and regional banner-specific Customer Care phone and email services - National and regional surveys on sustainable development - Consumer focus groups - Receipt messaging - Customer satisfaction surveys - Social media		
 Supplier Partners	- Supplier onboarding process - Regular communication with category managers and sourcing teams - Supplier surveys		
 Communities	- In-store experiences - Store openings - Partnerships with local organizations - Community Action Fund - Social media		
 NGOs	- Direct meetings and emails with leads across all three pillars - Industry associations and meetings - Partnerships - Social media		
 Government	- Industry consultations - Government relations partners - Direct engagement with elected officials, policymakers and civil servants		

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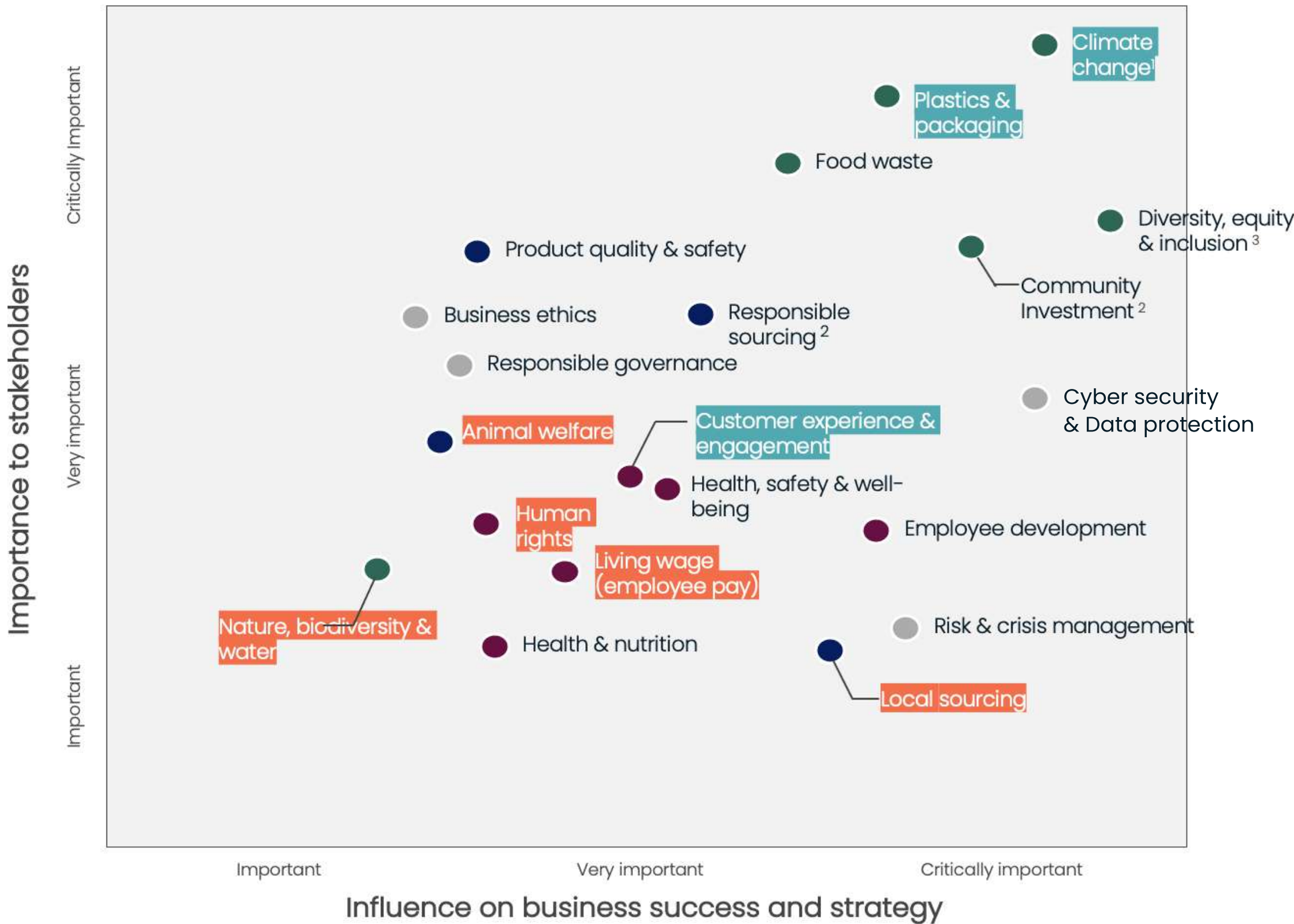
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Materiality Assessment



¹ Climate change includes reducing greenhouse gas (GHG) emissions in Sobeys operations and supply chain and efforts to adapt to the harmful impacts of climate change on our business and in our supply chain.

² Community Investment includes Sobeys’ charitable and philanthropic activities, including the strategic focus on Food Accessibility and Affordability and Youth mental health.

³ D,E&I includes within the business and supplier diversity (i.e. the intentional procurement of products and services from businesses that are underrepresented).

In fiscal 2023 we conducted a refreshed materiality assessment to update our understanding of the ESG issues that are most important to our stakeholders and influence our business success. To inform our refreshed assessment we drew on: peer benchmarking; matrix mapping of peers, suppliers and relevant organizations; business leader and consumer insights; and reviews of relevant legislation and internal documentation.

Based on this work we found that several existing factors have become increasingly important to our stakeholders, including: climate change, customer experience and engagement, and cybersecurity and data privacy. While plastics and packaging decreased slightly in importance, it nonetheless remains a priority for stakeholders and for us. We also found several new topics are of growing importance to our stakeholders, including: human rights; animal welfare; employee pay; nature,

biodiversity and water; and local sourcing.

This evolving matrix will inform our forward-looking work and reporting over the next three years, including an updated sustainability strategy to be launched in fiscal 2024. For this year’s Sustainable Business Report, we continue to share our progress against these evolving ESG issues under our current sustainability strategy pillars of **People, Planet** and **Products**.

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Evolving Progress on Climate Action, Our Sustainability Strategy and Disclosures

In fiscal 2023 we continued to make progress on our sustainability journey:

Climate
Action Plan

We are taking bold action to tackle climate change, committing to science-based targets (SBTs) to achieve net-zero by 2040 for our Scope 1 and Scope 2 emissions, and net-zero by 2050 for our Scope 3 emissions.

To achieve our long-term targets, we have set near-term targets to drive our progress (compared to a 2019 base year):

- We will reduce absolute Scope 1 and 2 emissions by a minimum of 55% by 2030
- To reduce Scope 3 emissions, we are targeting:
 - 64% of our suppliers by spend setting a science-based target for their Scope 1 and 2 emissions within five years (by 2027)
 - Reducing emissions from fuel sold by 28% by 2030

SBTs are internationally recognized and validated greenhouse gas (GHG) reduction targets that align with the Paris Agreement. We have received validation for our near-term Scope 1 and 2 targets through the [Science Based Targets initiative \(SBTi\)](#). In alignment with SBTi requirements, our targets address emissions from our operations, fleet and distribution (Scope 1 & 2), as well our extended value chain (Scope 3). Learn more about our [Climate Action Plan](#).

Building Our Next
Sustainable Business
Strategy

We are finalizing strategies under key areas of our Sustainable Business Strategy to begin implementation in fiscal 2024. Our new strategies build on the strong foundation we have established over recent years, with an increased focus on integration with business purpose and strategy, and a growing number of measurable targets and action plans in key impact areas.

Enhanced
Disclosures

In recent years we have continued to enhance disclosures in alignment with standards such as the Sustainable Accounting Standards Board (SASB) Food Retailers & Distributors Standard and Drug Retailers Standard. This year, we are sharing our first report aligned with the Task Force on Climate-Related Financial Disclosures (TCFD), and continue to look ahead to anticipated mandatory ESG disclosures in Canada. Read our new [TCFD Report](#).

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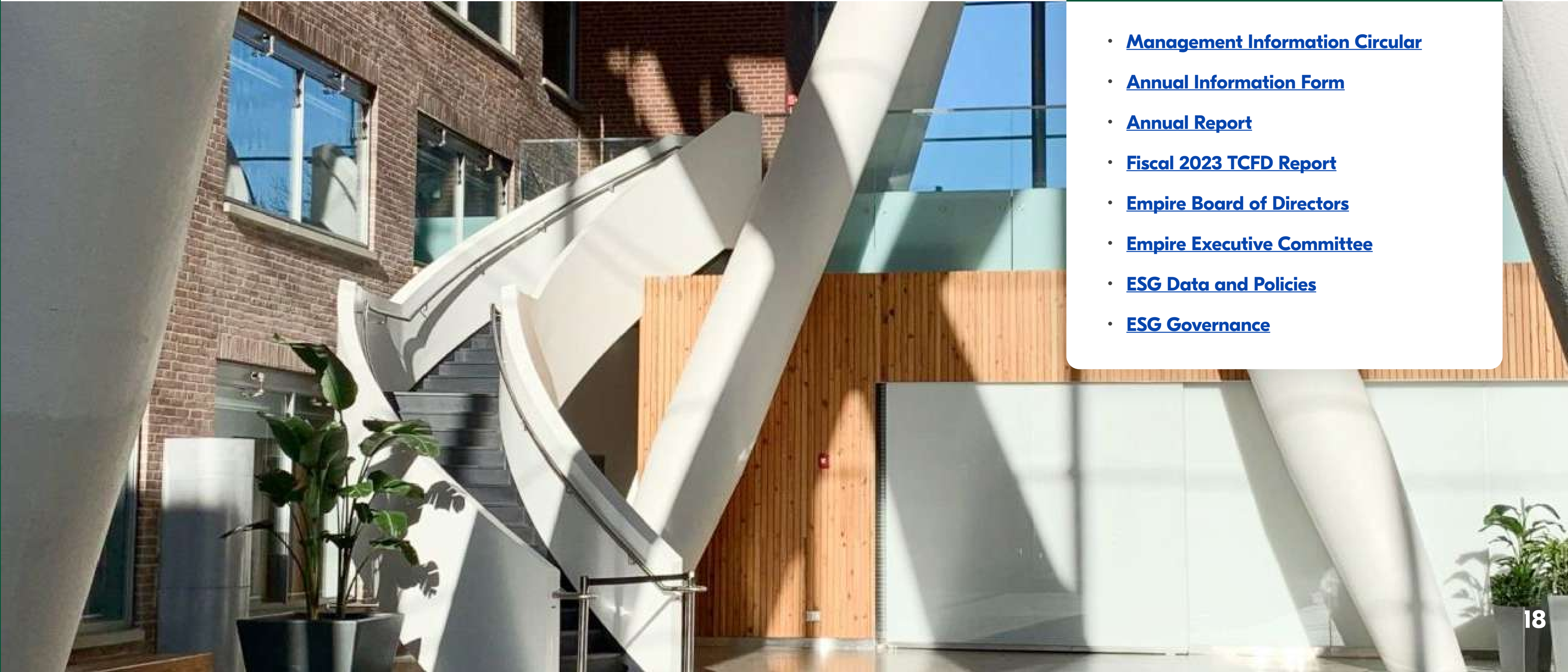
We believe that the highest standards of corporate governance are essential to the effective management of our business and to building sustainable value for our stakeholders.

Our governance approach over the environmental, social and governance (ESG) issues reflected in this report are integrated with our approach to corporate governance and how we deliver on business strategy across our operations. This ensures we have the right combination of strong oversight and operational accountability. This work includes identifying, monitoring and implementing initiatives to mitigate risk, deliver on our commitments and report key metrics and progress on our goals.

See an overview of our governance for [ESG strategy, execution and factors.](#) 

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- [Fiscal 2023 TCFD Report](#)
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Key Governance Bodies

	Responsibilities Include	2023 ESG Activities Include
Board of Directors 	- Overseeing the ethical, legal and social conduct of the Company - Overseeing the development of the Company's corporate governance policies, principles and guidelines - Developing and monitoring compliance with the Company's Code of Business Conduct and Ethics for directors, officers and employees, including Ethics Line reporting - Overseeing stewardship of the Company, including the strategic planning process, approval of the strategic plan, identification of principal risks and implementation of systems to manage these risks - Encouraging a culture of ethical conduct by appointing officers of high integrity and monitoring their performance - Delegating certain ESG responsibilities to the Corporate Governance & Social Responsibility Committee, the HR Committee and the Audit Committee, which are each verified on applicable ESG issues on a regular basis	- Reviewed ESG trends and how investor-related disclosures are evolving, including a scan of key ESG-related frameworks and standards (e.g. SASB, TCFD) - Received updates on sustainability strategy and ESG ratings performance, benchmarked against comparator companies - Discussed ongoing progress around of sustainability governance, strategy and operational integration - Received updates on ESG initiatives, including our Climate Action Plan.
Corporate Governance & Social Responsibility Committee 	- Assisting the Board in fulfilling its responsibilities as they relate to corporate governance and social responsibility - Annually assessing the effectiveness of the Board as a whole, the effectiveness of the committees of the Board and the contributions of individual Directors, and reporting to the Board on the results of the assessments, including recommended actions to address any issues arising from the assessments - Recommending to the Board the composition of the committees of the Board - Receiving and reviewing periodic reports of the Company's policies, activities and progress pertaining to social responsibility initiatives, including sustainability, as well as updates on regulatory and general market developments relating to such matters	- Received and discussed governance, regulatory and best practice updates together with the evaluations of the Company's corporate governance published by various external parties - Conducted and reported on the annual Board assessment, consisting of a confidential survey and individual interviews with all Directors - Recommended to the Board the structures and composition of the Board's committees, taking into consideration the Company's statement of principle regarding membership and rotation in such recommendation - Received and reviewed updates and recommendations on the Company policies, activities and progress pertaining to social responsibility initiatives, strategies and action plans, including in the area of sustainability (e.g. energy management, removal of single-use plastics, food waste reduction) as well as updates on regulatory and general market developments relating to such matters. In particular, the Committee:

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	Responsibilities Include	2023 ESG Activities Include
		○ Reviewed the Sustainable Business Report, including updates to the materiality assessment and the various reported-on metrics ○ Received an update on pending national legislation focused on forced and child labour ○ Received updates on initiatives including our Climate Action Plan, GHG emissions reductions, energy management, labour practices, food waste, plastics reduction and circular materials investments
Audit Committee 	• Overseeing policies and practices relating to the integrity of financial and regulatory reporting • Periodically reviewing the Enterprise Risk Management Framework for the Company and assessing the adequacy and completeness of the process for identifying and assessing the key risks facing the Company • Establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters • Receiving quarterly reports from the Vice President Internal Audit regarding reporting matters from the Ethics Line, administered by Internal Audit	• Reviewed quarterly Enterprise Risk Management reports • Received reports and updates on the Ethics Line, environmental compliance, food safety, pharmacy and loss prevention • Received updates on the Company's sustainability journey and control frameworks around Sustainable Business Report metrics • Discussed International Sustainability Standards Board (ISSB) proposed standards
Human Resources Committee 	• Monitoring, reviewing and providing guidance in respect of the Company's people-development initiatives, including talent management and development programs; processes and execution, Diversity, Equity & Inclusion (DE&I) Strategy; and policies related to people matters, including but not limited to Code of Business Conduct and Ethics • Receiving reports on HR-related matters received through the Ethics Line and the DE&I Reporting Line	• Through quarterly management updates, monitored, reviewed and provided guidance in respect of the Company's people-development initiatives, including DE&I strategy; talent management and development programs; processes and execution • Received reports and updates on DE&I Strategy, data and performance, including information on the DE&I KPI; education initiatives; and process improvements • Approved an additional executive KPI in support of sustainability commitments • Received updates on our People Strategy, including ongoing commitments to growth and development, leadership, culture and DE&I • Received and reviewed reports on HR-related matters received through the Ethics Line and the DE&I Reporting Line

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	Responsibilities Include	2023 ESG Activities Include
Executive Committee 	- Leading business and sustainability strategy development and review - Overseeing leadership committees and operational teams responsible for implementing sustainability strategy	- With the support of third-party expertise, reviewed ESG trends and how investor-related disclosures are evolving, with a particular focus on GHG emissions reductions and targets - Led discussions and oversaw process to develop a bold new Climate Action Plan, including clear targets and phased approach - Reviewed progress against established sustainability goals and commitments, including on animal welfare and food waste - Contributed to discussions about the evolution of Sustainable Business Strategy in our business - Received updates on progress and performance across a range of other key sustainability areas, including DE&I, community investment, health, safety, mental wellbeing, and plastics and packaging - Reviewed the 2021 Sustainable Business Report, including updates to the materiality assessment and the various reported-on metrics
Sustainable Business Council 	- Ratifying, governing and ensuring accountability through KPI integration of the Sustainable Business Strategy and its related activities and reporting - Fostering collaboration and coordination with functional leaders and subject matter owners across our business - Tackling emerging ESG issues - Gathering strategic input to address government regulatory compliance gaps or opportunities	Collaborative cross-functional council developed in fiscal 2023, starting in fiscal 2024



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Code of Conduct & Policies

Our [Code of Business Conduct and Ethics](#) provides guidance to all teammates and reaffirms our commitment to the highest possible personal and corporate standards of business conduct. Directors and teammates are required to acknowledge and agree to our code on a regular basis, and we maintain two confidential hotlines, an ethics hotline and a DE&I hotline.

Our range of policies that guide and govern our actions from our stores to our boardroom includes:

- [Accessibility Standards for Customer Service Policy](#)
- [Corporate Disclosure Policy \(Empire\)](#)
- [Empire Business Code of Conduct and Ethics](#)
- [Integrated Accessibility Standards Policy](#)
- [Majority Voting Policy \(Empire\)](#)
- [Privacy Policy](#)

Executive Compensation

Our executive compensation program is designed to attract, motivate and retain a highly skilled executive team and directly align their compensation to personal and corporate performance objectives—including ESG-related areas. In fiscal 2023, we continued to use DE&I key performance indicators (KPI) to build broad leadership accountability for DE&I across all teams and banners. This KPI includes goals for leaders and ties performance against these

goals to our annual incentive plan. In fiscal 2023, we introduced an additional executive KPI in support of our Climate Action Plan targets and other key sustainability commitments, such as food and plastic waste reduction.

Enterprise Risk Management

As part of our Enterprise Risk Management process, every year we identify, assess, manage and report on key risks to the organization and our objectives. These risks are reported in:

[Empire's Annual Report](#)



[Q4 F23 MD&A](#)



[F23 Annual Information Form](#)



Climate Risk

We recognize the potential adverse impact that climate change poses to our business. To categorize and better understand this impact, including the physical risk to our stores, offices and warehouses, supply chain-related risks and regulatory risks, we are undertaking a comprehensive analysis, following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). To learn more about our approach, please see our [Climate Action](#) section and read our new [TCFD Report](#).

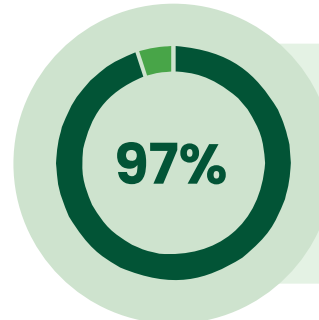


Cyber Security & Data Protection

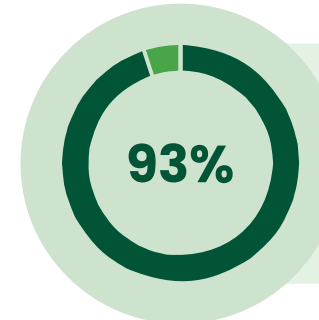
Why It Matters

The integrity, reliability and security of information in all its forms are critical to our company’s daily operations. Inaccurate, incomplete or unavailable information, external intrusions on information systems, or unauthorized access to information can damage and disrupt our business and have financial and reputation implications. Customers trust us with personal information so that we can meet their needs in different areas of our business, such as in our pharmacies, through our e-commerce platforms, loyalty program and more. We also have an obligation to protect the information entrusted to us by our teammates.

Fiscal 2023 Performance Highlight



of corporate office teammates completed
Supplementary Phishing Training.

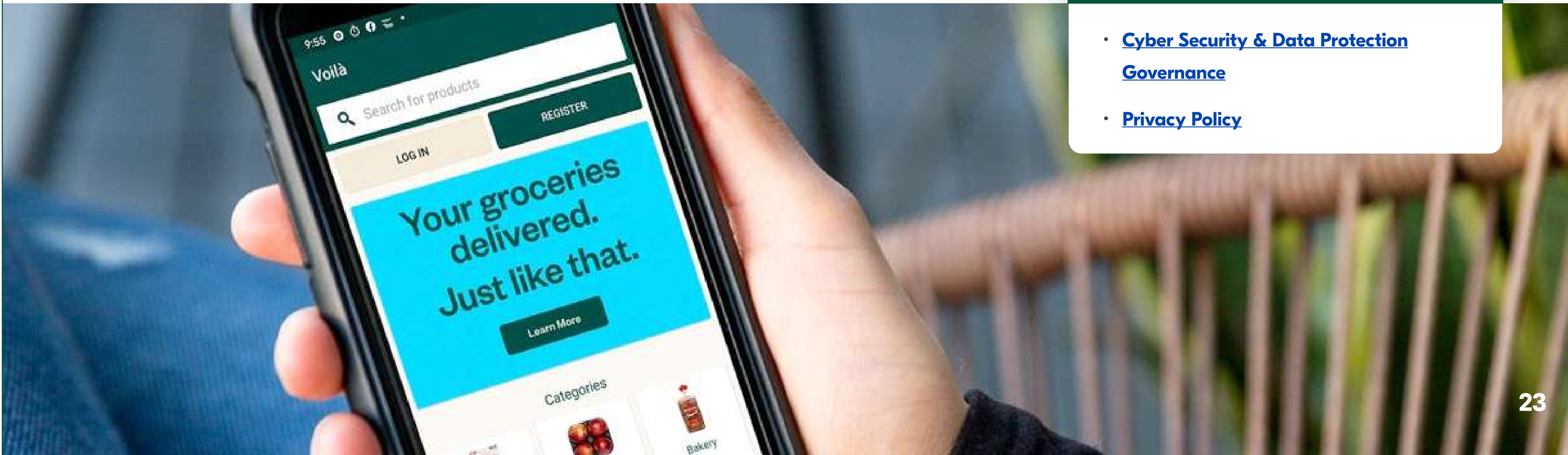


of corporate office teammates completed Security
Awareness Fundamentals.

See all our [ESG Data and Policies](#)

Analyst Spotlight

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Our Approach

Our business strategy (see [About Us](#)) is enabled by an ambitious digital transformation program. This increased investment in and use of digital tools means we also face increased risk of cyberattack—which is why in fiscal 2023 we continued to update and accelerate our three-year cyber security roadmap to make sure we are keeping pace with both our evolving business initiatives and external threats. We plan to achieve ISO27K information security management certification by 2025. Our cyber security approach is all about having many layers of protection for devices, transactions, data and people, complemented by rigorous, round-the-clock monitoring.

[Learn more](#) about how we govern our approach to cyber security and data protection



We operate extensive and complex information technology systems that are vital to the successful operation of our business strategies. Our systems include advanced endpoint detection, response protection and monitoring, cloud security controls,

threat hunting, threat intelligence, vulnerability management, and 24/7 monitoring. We use a combination of complementary tools and technologies, along with threat hunting and threat intelligence, to ensure we can be proactive and react quickly. We incorporate well-defined playbooks into our incident response plans to ensure that defined processes are followed and all relevant team members or stakeholders are mobilized. In addition, all projects undergo security risk assessments such as threat risk assessment, vendor risk assessment and compliance impact assessment. We ensure that due diligence is carried out for all new and existing critical supplier partners.

We place a strong focus on teammate awareness and training and on policies to govern the acceptable use of corporate devices and assets. Our Cyber Security Employee Awareness and Training program provides our team members with the knowledge to ensure they make informed decisions to protect our business from cyber-related threats. Training is provided through our learning management system and through monthly targeted phishing campaigns, mandated modules, regular teammate communications on relevant cyber security topics, and digital signage.

Our corporate [Privacy Policy](#) is available to the public on our corporate websites. It's all part of our plan to protect our business and customers.

2022 Cyber Incident

On November 7, 2022, we notified our stakeholder community by news release that the company had been affected by a significant network issue. We engaged global cyber security forensic teams to undertake an investigation and reported the incident to the appropriate regulatory and policing bodies. As a result of this ongoing work, on December 15, 2022 we publicly confirmed that the Company had been impacted by a Cyber Event. The process to identify what data was impacted was extremely complex, and in March, 2023 we notified those who were potentially impacted. We did this out of an abundance of caution, and in compliance with our regulatory obligations. Through those notifications, we communicated that we had seen no evidence that personal data was accessed or removed from our servers, that transparency matters deeply to us, and that we regret that this event occurred. Cyber security is and has always been a priority for us. We take the protection of personal information as critically important.



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OurPart™

[OurPart™](#) is an important way we share our sustainability commitment with our customers and teammates. Through this people-focused, story-led digital platform, we feature stories that spotlight the many ways we are working in our teams and with our supplier partners and communities to advance sustainability initiatives. Aligned with our business-wide sustainability strategy and pillars, [OurPart™](#) includes stories focused on a range of topics, including:



Waste reduction



Supplier partnerships



Climate action



Sourcing ethically and sustainably

As a family nurturing families, we want to ensure Canadians are taken care of today, tomorrow and in the future. By doing [OurPart™](#) for the environment, we hope to inspire you to do yours. Every step we take together—big or small—can make a difference.

Learn more at [OurPart™](#)



People

- Diversity, Equity & Inclusion
- Community Investment
- Health, Safety & Wellness
- Employee Development & Experience

Diversity, Equity & Inclusion

Advancing DE&I key performance indicators



Why It Matters

Our commitment to diversity, equity and inclusion (DE&I) is fueled by our purpose and values. It helps shape our culture and drive business success together. As a family nurturing families, we embed DE&I into everything we do. We know that it takes open minds and respect for distinct perspectives to create engaging workplaces, inclusive customer experiences, and strong community partnerships.

Fiscal 2023 Performance Highlight

80%+

86% of directors and above, **88%** of corporate store managers, **81%** of RSC managers completed Conscious Inclusion training

79%

of teammates below director level completed Inclusion Starts e-learning

Over 5900

participants attended DE&I education and awareness sessions

90%

of directors set DE&I goals

39%

representation of women at the senior leadership level in fiscal 2023, a 5% increase over last year

See all our [ESG Data and Policies](#)



Analyst Spotlight

- [Diversity, Equity & Inclusion Governance](#)
- [Empire Code of Business Conduct and Ethics](#)

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Our Approach

Diversity, equity and inclusion (DE&I) are fundamental enablers to our business strategy and approach to innovation. Research has shown that diverse teams operating in an inclusive environment are more innovative and lead to increased business performance. We also know that to provide exceptional customer experience we need to have an inclusive environment that treats everyone, internally and externally, with fairness and respect.

We embrace diversity and strive to give our teammates equitable access to opportunities. We champion workplace diversity and an inclusive work environment with a focus on attracting, engaging and developing a broad diversity of teammates in order to reflect the communities we serve. We set company-wide DE&I goals to drive progress in these areas. Enabling environments where all teammates feel seen, heard, and welcome is core to who we are, enabling inclusive customer experiences too.

Our holistic approach to DE&I Strategy is grounded in five commitments:

1 Advance a culture of inclusion

2 Attract, grow and retain diversity of teams

3 Accelerate DE&I into business outcomes to improve equity and better serve customers

4 Strengthen our communities

5 Measure progress and impact

[Learn more](#) about how we govern our approach to DE&I.



In fiscal 2023 we made progress against all our DE&I Strategy commitments through a range of initiatives. To ensure DE&I is a focus and priority for all our business and people leaders, we held ourselves accountable to key performance indicators for all leaders and corporate store and retail support centre managers. We continued to offer DE&I-focused learning opportunities for teammates and improved our reporting approach to better track our progress.

To support increasing diversity representation, several initiatives are in place to mitigate bias in hiring processes and expand the diversity of external talent pools with a focus on marginalized groups. We have established strategic employment partnerships with organizations including BlackNorth Initiative, CEDEC (Community Economic Development and Employability Corporation), JVS Toronto, the Indigenous Professional Association of Canada, the Onyx Initiative, Pictou Landing First Nation, and Tent. As an example of our commitment to these partnerships, our President and CEO Michael Medline is on the BlackNorth Initiative Board of Directors. We have also established standards for DE&I with third-party recruitment firms and embedded DE&I into our early career and student hiring programs.

We have taken additional steps to measure our DE&I progress and impact. We set baselines in areas of focus, including gender diversity, and tracked our momentum using hiring and career-advancement data, self-identification data, leader and teammate surveys, DE&I-related training completion rates, and by tracking the number of business processes updated. We shared regular updates on DE&I performance with senior leaders across the business, equipping them with data and insights to inform decisions and actions in their areas of responsibility.

In addition to our overarching DE&I Strategy, our DE&I commitments are integrated into and enabled by many of our policies, including our [Code of Conduct](#), Respectful Workplace Policy, and Indigenous Commitment Statement. We also operate a comprehensive Open Doors program, which empowers teammates to report workplace issues and concerns related to DE&I and other areas of potential concern. Looking ahead, we are working on new ways to enhance our approach to Indigenous relations and improve supplier diversity.

In fiscal 2024 we are evolving the DE&I Strategy using a comprehensive and collaborative approach grounded in listening and learning from our teams and stakeholders.





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Pay Equity

We are committed to providing pay equity for all teammates, regardless of gender, ethnicity or employment type. We conduct gender-based compensation analyses as part of our annual salary review process, reviewing pay differences to consider legitimate factors such as position level, experience, and tenure and to address pay disparities. In addition, we complete gender pay equity analysis and post results, in compliance with provincial pay equity legislation. Pay equity plans were implemented in Quebec in 2001 and in Ontario in 2011 to comply with legislative requirements in those provinces. A company-wide job evaluation system and merit-based salary structure, providing the same compensation levels to women and men in positions of equal value, was also implemented and has been sustained since November 2015. Since 2021 we have also carried out an annual analysis of performance ratings and merit salary increases granted to women versus men. Wages for frontline retail and warehouse teammates are progressing based on hours worked, ensuring equal treatment for women and men.

In fiscal 2023 we continued to ensure that the salaries of all teammates are market-competitive and equitable considering their experience, skills and contribution. Although this initiative focused on increasing overall internal equity, rather than gender pay equity, the objective and data-driven approach used was instrumental in achieving gender pay equity.

Highlights

Listening and Learning

In fiscal 2023, we launched a Discussion Lab series where teammates could share their experiences and perspectives on barriers to inclusion. The input we received from over 1100 teammates will help us strengthen our DE&I Strategy.

Speak Freely

Last year we launched the Open Doors program, empowering teammates to report workplace issues and concerns in a confidential manner. To enable a culture where everyone can Speak Freely, in fiscal 2023 we developed a comprehensive plan encompassing all relevant business processes and practices. We defined a new framework for inclusive listening, learning and change activation. We also introduced a new 90-minute learning workshop called Cultivating Speak Freely, which is being offered to teammates from across our business. And we took further steps to define an inclusion baseline from which we can measure our progress.

Supplier Diversity

Through extensive consultation with supplier diversity partner organizations, supplier partners, and key internal stakeholders, we are implementing a strategy to support underrepresented communities and businesses in our supply chain. This work is essential to reflect and support the diverse customers and communities we serve, to drive innovation and growth, and to foster resiliency in our supply chain. Our Supplier Diversity Strategy includes building on the success of our Local Development Program. Read more in [Supplier Partnerships](#).

Fostering Diversity of Teams

Attracting, growing and retaining diversity of teams is one of our five DE&I commitments. Our Diversity of Teams initiative focuses on enhancing diversity at the team level to improve overall performance and on building a strong and diverse pipeline of talent for the future. This initiative has been supported by new hiring and selection practices and strategic partnerships to attract a broad and diverse range of talent. To help achieve this, we are advancing strategic community partnerships across Canada to highlight opportunities for prospective teammates.

Indigenous Relations

We are making progress in the three-year process towards certification as a Progressive Aboriginal Relations (PAR) company under the Canadian Council for Aboriginal Business. We completed our Phase 1 requirements in November 2022 and are on track to complete Phase 2 requirements in July 2023. We are the only retailer and the largest corporation to pursue the certification. Through this work, we are addressing four key pillars: employment, leadership actions, business opportunities and community relationships.

Tackling Process Bias

In fiscal 2023 we continued to make progress across a range of initiatives designed to address bias in our hiring and career-advancement processes. We partnered with HiredScore to adopt an ethical AI technology that helps mitigate bias in recruitment. We also reviewed existing processes and activated interventions to mitigate bias in key areas of the candidate and teammate experience.

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“It’s an absolute delight to be part of a team that is so engaged in diversity, equity and inclusion. Our path toward truth and reconciliation is about so much more than just assisting with healthy and affordable food. It’s about listening to the needs of Indigenous communities and determining how we can be the best possible partner to support their prosperity. I look forward to continuing this journey as we work toward Progressive Aboriginal Relations certification.”

— **Melissa Lee, Director Sales Wholesale West**



Learn more:

About how we’re making our workplaces and communities more inclusive through our [health, safety and wellness](#) work and [community investment](#) initiatives.



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Community Investment

Partnered with Kids Help Phone to ensure 24/7 help for Black and Indigenous youth.



Why It Matters

Our communities are all about how we come together as partners to make progress, tackle shared challenges and ensure everyone can prosper.

Fiscal 2023 Performance Highlight

Close to **\$19M** donated to support healthy bodies and minds in our communities (~\$7M in corporate donations and ~\$12M raised)

See all our [ESG Data and Policies](#)



Analyst Spotlight

- [Community Investment Governance](#)
- [A Family of Support: Child & Youth Mental Health Initiative Impact Report Year 2](#)

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Our Approach

Our commitment to being community-engaged is embedded in our core values. Community investment is a major area of focus for our business and our teams—not only because we care about the places where we live and work, but also because it helps us deliver on our business strategy by inspiring our customers and our people.

Executive oversight for our Community Investment program is provided through monthly meetings among our CEO, SVP Marketing, VP Communications & Corporate Affairs, and EVP, Chief Development Officer and General Counsel. During these meetings, the status on key initiatives is presented and alignment occurs on key decisions made related to strategic priorities. This includes presenting on new strategic partnerships. An annual update is presented to the Executive Committee on strategic priorities. An annual update specific to Community Investment is presented to the Empire Board of Directors. We have a dedicated Community Investment team who steward and support our charitable donations and programs. In addition, Community Action Fund leads have been identified across our operations teams to help identify and fund regional or local initiatives that support Healthy Bodies and Healthy Minds.

Community consultation and input forms are an integral part of how we plan for and administer our Community Investment program. We offer an online Community Action Fund application form for

an equitable and consistent approach for reviewing community donation requests. And our Community Investment team supports many stakeholders across the company in various community engagement initiatives.

Our Community Investment Strategy is all about fostering healthier tomorrows for Canadians through our work in two key pillars:

1 Nourishing Healthy Bodies: Removing barriers to access healthy and affordable food

2 Nurturing Healthy Minds: Ensuring more children and youth get the mental health support they need at an early stage

These pillars are also fully integrated with our **Diversity, Equity and Inclusion (DE&I)** Strategy, ensuring the ways we foster healthy bodies and minds is also focused on supporting Black, Indigenous and other under-represented communities. Our framework consists of three streams of giving, totalling more than \$19 million in funds raised and donated in fiscal 2023:

\$17M Strategic partnerships and initiatives (over \$10,000)

More than \$650,000

Regional donations via Community Action Fund and a streamlined online application process (between \$1000-\$10,000)

\$1.6M Local donations from individual stores (typically under \$1000)

Key strategic partnerships include our Family of Support Child & Youth Mental Health Initiative. Our inaugural partnership with the Sobey Foundation and Canada's Children's Hospital Foundations was launched in 2020. To date, this initiative has raised more than \$9 million to support 15 mental health programs across Canada focused on increasing access to early intervention mental health support for children and families. Other partners include more than 400 local food banks and meal programs, Special Olympics Canada, The Grocery Foundation and Kids Help Phone, to name a few. They continue to educate and inspire our teammates to make a difference.

In fiscal 2023 we met our commitment to ensure that 10 per cent of our annual community investment donations supported Black- and Indigenous-led or informed organizations. Through our Community Action Fund, we continued to step up to support communities in need, including through support for the Canadian Red Cross in response to the devastation caused by Hurricane Fiona. Our **Healthier Tomorrows Individual Giving Program**, continues to build momentum as a voluntary program empowering teammates to donate directly from their paycheques to support their choice of more than 30 charities across Canada.

Looking ahead, we will continue to explore opportunities for new community-investment partnerships and ways to build on our commitment.

[Learn more](#) about how we govern our approach to Community Investment



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Highlights

Partnering With Kids Help Phone

We have partnered with Kids Help Phone to support two vital community-based mental health programs created in partnership with Black and Indigenous leaders, connecting youth from these communities with real-time virtual counselling and crisis help. Our five-year, \$1.25 million commitment supports Kids Help Phone to deliver [RiseUp](#) and [Finding Hope](#). RiseUp, powered by Kids Help Phone in partnership with the BlackNorth Initiative, is Canada’s only 24/7, bilingual e-mental health support for Black youth, which addresses their unique struggles and experiences compounded by anti-Black systemic racism. The RiseUp program, in collaboration

with community partners, focuses on supporting the Black community and Afro-diaspora. RiseUp facilitated 24,000 phone and text conversations with Black youth in 2021, with a goal to grow to 60,000 conversations by 2025. In addition, Jim Dickson, Chair of Empire’s Board of Directors, is a proud Cabinet Member of Kids Help Phone’s ‘Feel Out Loud’ campaign. This is the largest movement for youth mental health in Canada’s history, with a collective goal to raise \$300 million to support young people across Canada over 30 million times.

Finding Hope is a national action plan focused on creating capacity for Kids Help Phone to better connect with Indigenous youth. Finding Hope is led, co-created and governed by an Indigenous Advisory Council, connecting First Nations, Inuit and

Métis communities with Indigenous volunteers and counsellors.

Nurturing With Giving and Knowledge

In fiscal 2023 our teams from coast to coast continued to step up and support access to healthy and affordable food for people in their communities. Thanks to the generosity of our customers and teammates, our 2022 Holiday Food Bank Fundraiser raised a combined total of \$4.67 million in food and funds, including \$3.21 million raised in our stores across Canada (outside Quebec) to support more than 400 food banks. In Quebec, \$1.46 million was raised through our stores in support of provincial food networks. In addition to raising funds and sharing food, our teams also foster knowledge about healthy eating and living. For example, teammates at IGA continue to work with La Tablée des Chefs to empower thousands of young people through schools and community centres for youth. This program is now expanding outside of Quebec, and through our ongoing partnership, Special Olympics Canada continues to provide nutrition sessions specifically designed for athletes with intellectual disabilities.

IGA in Québec is proud to partner with Fondation Charles-Bruneau, raising and donating more than \$1.8 million last year to support Project VIE, a collaboration with the CHU Sainte-Justine focused on healthy eating habits for children receiving chemotherapy. Funds were raised through an in-store campaign and two events: [The Tour CIBC Charles-Bruneau](#) and [The Charles-Bruneau Cup, presented by IGA](#).

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Continuing Impact Through a Family of Support Initiative

Our partnership between the Sobeys Foundation and 13 children’s hospital foundations entered its third year in 2022—and we were proud to share a snapshot of how it supports access to early mental health supports for children and youth Canada-wide in our [second partnership impact report](#). Our year three report was posted in September 2023. In fiscal year 2023, thanks to the involvement of more than **1900 store teams**, we raised and donated **\$3.2 million** (which included a **\$824,000 corporate contributions**) in support of this critical initiative.

Champions

“Truly national, instantaneous mental health support is vital to address and support child and youth mental health challenges in critically underserved communities across the country. Thank you to Sobeys Inc. for this tremendous partnership, which will strengthen our programs in areas such as crisis response, community outreach, skill development, response times and more. These improvements will drive meaningful change for Black and Indigenous youth and help shift the child and youth mental health landscape in Canada.”

— **Katherine Hay, President & CEO, Kids Help Phone.**



Learn more:

We’re also focused on nurturing healthy bodies and minds through our focus on [health, safety and wellness](#) and commitment to [diversity, equity and inclusion](#).



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Health, Safety & Wellness

Focused on supporting mental wellbeing across all our teams.



Why It Matters

Nothing is more important to us than the health and safety of our teammates and the people we serve. We are committed to supporting our teammates so they always feel physically and mentally safe, helping them to be high performers and to deliver for our customers and communities.



Analyst Spotlight

- [Health, Safety & Wellness Governance](#)
- [Health and Safety Policy](#)



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Our Approach

Our health, safety and wellness approach enables our business strategy and People Plan by protecting and empowering our greatest strength—our 130,000 teammates across Canada. We have a rigorous health and safety management system, which aligns with the standard CSA-Z1000.

[Learn more](#) about how we govern our approach to health, safety and wellness



In response to the past challenges of the pandemic—and as part of our ongoing commitment to continuously improve our performance we focused on harmonizing our prevention programming, creating leaders' buy-in for safety and we continued raising awareness regarding mental wellbeing programs in fiscal 2023.

Ongoing work to enhance our safety program in fiscal 2023 included:

- 1 **Enhancing** our safety culture through strong relationships with business leaders, creating top-level accountability
- 2 **Harmonizing** policies and procedures, from regional to national programs
- 3 **Leveraging analytics** to drive prevention programming initiatives, leading to year-over-year improvements in our Total Incident Frequency rate and Lost Time Frequency rate
- 4 **Reducing severity and providing** more modified work opportunities when an employee is injured



We continued the implementation of our business-wide Mental Wellbeing Strategy, focusing on:

- **Raising** awareness of mental health challenges across all lines of business
- **Reducing** stigma around mental wellbeing in a measurable way
- **Identifying and providing** more tools and resources to support teammate wellbeing
- **Developing** key metrics to track the level of mental health issues, the utilization of resources and the impact our program is having with our employees.

Key partners in helping to deliver our health and safety program include Blue Cross and Sun Life Canada, our main benefits providers. We also work closely with provincial bodies, including workers' compensation boards, to shape our approach and preventative programming.

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Highlights

Engaging Managers as Safety Leaders

We believe people leaders have an important role to play in reinforcing safety culture and processes in our business. In fiscal 2023 our team of safety specialists continued to work closely with management teams in lower-performing locations to identify opportunities for enhanced safety leadership and performance. This approach reinforced managing safety performance as an area of accountability for leaders and involved them in the creation and implementation of site-specific plans, drawing on local knowledge and experience to make our workplaces safer.

Implementing Corrective Findings and Actions Protocols

Our safety approach empowers our people to prevent incidents and to learn everything we can when something does go wrong so we can work

to prevent similar events in future. Through regular inspections, audits and investigations, issues are identified that need to be addressed. These items are captured in our safety database and it is the responsibility of the location management team to action these within a given timeframe. Reports are generated tracking these items, ensuring they are completed on time, which reduces hazards and preventing future injuries.

Reducing Incidents and Injuries

In fiscal 2023 we continued to offer e-learning modules to help our grocery store teammates learn about how to avoid injuries through better ergonomics, proper lifting and consideration of repetitive motions. More than 95 per cent of cashier teammates completed the specific e-learning modules addressing new processes for scanning and bagging. A multi-departmental project team created and pilot tested a new checkstand design to reduce ergonomic risk factors for cashiers. This new design is now being implemented in new builds and major

renovation projects. As a result of this work, cashier incidents have decreased by 27 per cent in fiscal 2023 and lost workdays due to injury decreased by more than 50 per cent compared to the previous year.

Champions

“I enjoy interacting with different teammates across our business to learn their perspectives on health and safety and how I can provide support. The different perspectives push me to think outside of the box and come up with ideas on how we can improve workplace safety.”

— **Francis Garcia, National Health and Safety Manager.**



Learn more:

About how we’re improving **community health and wellbeing** too.



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Why It Matters

Our ability to serve customers and communities, to advance business strategy and to deliver strong returns for investors all starts with the energy and focus of our teammates. In an increasingly competitive labour market, we are investing in people so they are engaged, grow in their careers and can continue to be the high performers that we count on.

Analyst Spotlight

- [Employee Development & Experience Governance](#)
- [Empire Code of Business Conduct and Ethics](#)
- [Education Assistance Policy](#)



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Our Approach

Being people-powered is one of our core values—and a critical enabler of our ability to deliver on our business strategy. Our multi-year People Plan is designed to support organic growth by investing in:

1. One winning team culture—including our commitment to **diversity, equity and inclusion**
2. An engaged and empowered workforce
3. Development of capabilities

[Learn more](#) about how we govern our approach to employee development and experience



We continued to make progress and refine our approach to employee development and experience in fiscal 2023 in response to external trends and challenges. Our approach in this area continues to align with our comprehensive commitments to **DE&I**, ensuring we are drawing on key experience and data to create a more equitable employee experience for all teammates, regardless of gender, ethnicity or cultural background.

Hearing from Our Teammates

In fiscal 2023 we conducted our inaugural company-wide survey, hearing from corporate and franchise teammates in the same survey for the first time. Close to 70,000 teammates across the country shared their feedback, which is an overall participation of 75 per cent (91 per cent in corporate stores; 56 per cent in franchises). We also

expanded our approach to include store satisfaction surveys and lifecycle surveys, allowing us to hear from teammates at key milestones including hiring, onboarding, and when they were leaving our company. Survey results continued to inform our planning, goal-setting and KPIs.

Learning from these trends and insights, our approach is focused on creating internal pathways for promotion and growth and ensuring we have a diverse talent pipeline. In addition, we continue to focus on developing aligned and consistent capabilities internally—all backed by strategic hiring. We are helping our teams become even more results-driven by setting clear goals and reinforcing performance expectations—including setting personal development goals at all levels with a strong link to incentives.

We have been focused on providing and implementing:

- **Regular formal performance reviews aligned** with career development for all permanent employees
- **Initiatives** for talent recruitment, development and retention-including developing strategies to adapt to meet employee needs, providing greater assurance and predictability on shifts and wages, and offering more pathways from part-time to full-time and longer-term employment
- **Formal mechanisms to promote** an open feedback culture, including employee experience surveys and new onboarding and exit surveys

- **Improvements** to our operational data to enable target-setting and build a stronger foundation for reporting, analysis and insights

- **Quantitative targets and reporting** on human capital development and risk assessment

Key external partners who support our employee development and experience include survey provider Qualtrics, Paradox and HiredScore for hiring, while our team learning is supported by Microsoft and Saint Mary's University.

Looking ahead, we will continue to invest in the right combination of company-wide alignment around capabilities and performance expectations, while continuing to empower our banners to find the right solutions for regional and local team needs.



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Nationwide Capabilities Building

In fiscal 2023 we continued to focus on developing a consistent, repeatable approach to building national programs based on a rigorous assessment of capability needs and gaps. We launched a new merchandising learning and development program that includes a combination of structured onboarding, job shadowing, on-the-job training and continuing education. More than 480 teammates are undertaking certification with Elevate U, our merchandising training platform. Over 1750 managers took part in capability programs in fiscal 2023. Additional programs launched in fiscal 2023 included a Meat Cutting Learning Program for in-store teammates and a Store Management Essentials Series to kickstart journeys into management positions.

Investing in Teammate Growth and Development

Investing in teammate growth is an important tenant of the organization — so individuals have the opportunity to grow their skills and their careers to realize their full potential. To support career development, the company launched this year a foundational resource My Journey — which provides support and resources for growing in role and growing careers. In our operations teams, a number of industry leading programs are offered to support teammate growth and build rewarding careers. This includes development programs in supply chain, meat cutting, cake decorating, culinary skills, naturopathy, Franchise in training, department manager in training and store manager in training.

Additional programs to support teammate growth include education assistance and scholarship programs.

Advancing Career Models

We recently introduced new Career Models for teammates to understand expectations and opportunities associated with different roles and performance levels. This is a key tool to both identify and develop our people and future leaders through clear learning and career pathways. In our operations teams, we currently have our largest-ever cohort undertaking certification through our Nourish U training platform, and we continue to offer a range of industry-specific learning programs in all our regions and banners.

Champions

“By creating transparent career paths, we support teammates to identify new opportunities for development and salary progression without having to leave the company. Our learning programs support technical, functional and leadership development, and we use the performance and success processes to help teammates grow in their roles. It is exciting to see the work we do on internal talent development play out at every level of the company—from new category managers to store leaders to our VPs.”

— Kyla Boehk, Talent Development Specialist, Sobeys.



Learn more:

Taking care of our teammates includes prioritizing their **health, safety and wellbeing** and empowering them through our commitment to **diversity, equity and inclusion**.

Empowering Our People

Teammate growth and development is reinforced through our goal setting, performance and talent review processes, and progress is measured through our annual employee experience survey.

Leadership Pipeline

Through a robust Talent & Succession strategy, we continue to build our leadership pipeline by nurturing the development of future leaders for critical roles at every level of the organization. By taking a systematic approach and orchestration of critical experiences, we can ensure that as promotion opportunities and the need for new leaders arises, we have several candidates with the skills and relevant experiences to advance.



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Climate Action

Net-zero by 2040 with validated science-based targets*



*for Scope 1 and 2 emissions, and net-zero for Scope 3 emissions by 2050

Why It Matters

Taking real steps to tackle the climate crisis is one of our most important goals as part of the broader Canadian and global community. As the United Nations’ latest Intergovernmental Panel on Climate Change report states clearly, now is the time for decisive action, firm targets and achievable plans that can lead to meaningful emissions cuts and decarbonization. We have a bold plan to achieve net-zero by 2040 for our Scope 1 and 2 emissions and net-zero by 2050 for Scope 3 emissions.

Analyst Spotlight

- [Climate Action Governance](#)
- [Climate Action Plan Overview](#)
- [Sobeys 2022 CDP Climate Change Disclosure](#)
- [Fiscal 2023 TCFD Report](#)



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Our Approach

As identified in our most recent [materiality assessment](#), addressing climate change is one of the top priorities for our stakeholders, and it has been included in our long-term goals and strategy. We listened to this feedback and have taken action to set emissions reduction targets as some of our most critical environmental, social and governance (ESG) goals this year. We also believe that setting climate targets helps us reduce exposure to carbon pricing and any pending mandates on emissions reductions.

Our Climate Action Plan is aimed at meaningfully reducing our direct and indirect greenhouse gas (GHG) emissions and beginning our transition towards decarbonizing our business and value chain. It clearly demonstrates how doing OurPart™ to tackle climate change is a priority for our entire business, starting with oversight from our Board to leadership from our executives and actions across our business.

[Learn more](#) about how we govern our approach to climate action



Our plan is built around science-based targets (SBTs) that meet the requirements of the Paris Agreement.



Our Targets

Net-Zero Targets:

- Achieve net-zero by 2040 for Scope 1 and 2 emissions (ahead of net-zero by 2050 and 1.5°C scenario)
- Achieve net-zero by 2050 for Scope 3 emissions

Near-term Targets:

- **Scope 1 & 2 (absolute target):** We commit to reducing absolute Scope 1 and Scope 2 GHG emissions by a minimum of 55% by 2030 from a 2019 base year
- **Scope 3 (supplier engagement-based target):** We also commit to reduce absolute Scope 3 GHG emissions from use of sold products by 28% within the same timeframe, and that 64% of our suppliers by emissions covering purchased goods and services will have science-based targets by 2027 (note that we have updated our supplier targets as an outcome of aligning with the SBTi).

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Aligning Our Targets to the Science-Based Targets Initiative

We have received validation of our Scope 1 and 2 near-term climate targets through the [Science Based Targets initiative \(SBTi\)](#), an internationally recognized body that provides standards and guidance for organizations to set targets aligned with the latest climate science. As of April 2023, more than 4,700 organizations across multiple sectors around the world have committed to setting science-based targets. Consistent with SBTi requirements, we have set a near-term target to achieve by 2030.

Here’s how our near-term targets align with SBTi requirements:

Scope 1 and 2 GHG Emissions Reduction Target:	Scope 3 GHG Emissions Reduction Target:
- Near-term by 2030 (baseline 2019) - Absolute emissions reduction - Calculated using SBTi’s absolute contraction approach, which means an equal annual rate of absolute emissions reduction - Includes all Sobeys Inc. Scope 1 and 2 emission sources¹	- Covers two-thirds of total Scope 3 emissions - For Purchased Goods and Services: Calculated using SBTi’s supplier engagement-based target approach; Near-term by 2027 (baseline 2019) - For Use of Sold Products: Scope 3 emissions from fuel sold aligned to a “well below 2°C” trajectory; Near-term by 2030 (baseline 2019) - Includes all material Empire and Sobeys Inc Scope 3 emission sources

[Learn more](#) about how we govern our approach to climate action



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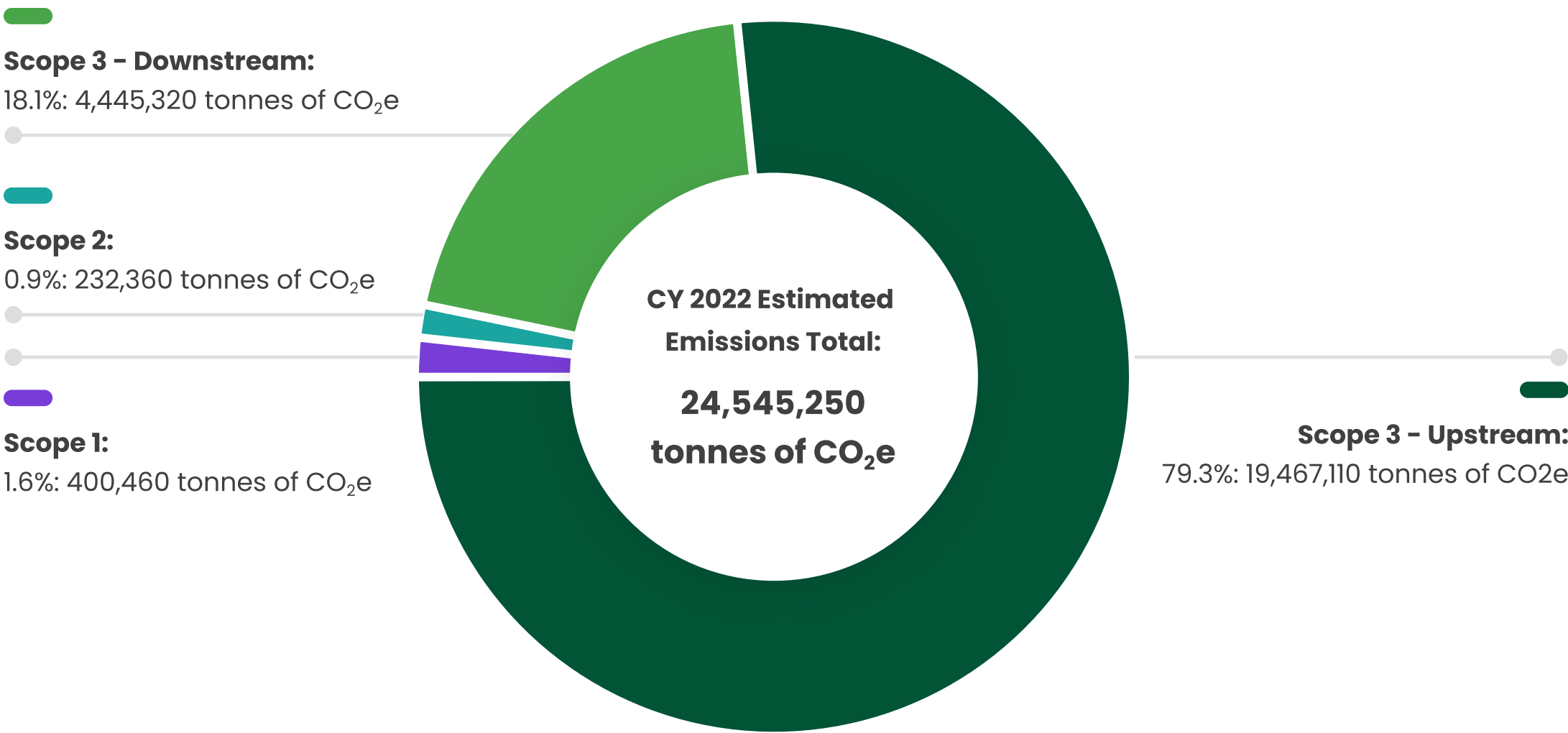
Empire & Sobeys Inc. Greenhouse Gas Emissions

Emissions summary (tonnes CO2e) 1

Scope	CY 2022	CY 2021 ⁶	CY 2020 ⁶	CY 2019 ⁶	% difference (CY 2022-2021)	% difference (CY 2022-2019)
Scope 1 ^{2,3}	400,460	360,880	453,730	389,840	11%	3%
Scope 2 ⁴	232,360	262,960	277,010	357,030	-12%	-35%
Scope 3 ⁵	23,912,430	25,333,500	23,323,400	23,411,010	-6%	2%
Total Scope 1, 2, & 3	24,545,250	25,957,340	24,054,134	24,157,880	-5%	2%
Total Scope 1 & 2	632,820	623,840	730,740	746,870	1%	-15%
Scope 1 & 2 intensity (kg CO ₂ e/sq ft)	26.4	26.4	30.1	32.5	0.13%	-18.8%

Note:

1. We use the GHG Protocol to calculate our emissions. 2019-2022 GHG inventory includes all Sobeys Inc and Empire grocery and related business banners in operation since 2019, including corporate and franchise sites.
2. Scope 1 emissions sources encompass natural gas, propane and fuel oil used for heating and operations in our stores, retail support centres and offices, as well as refrigerant emissions, fuel from corporate and Voilà fleet, and diesel in onsite generators.
3. Scope 1 emissions from refrigerant leakage includes our corporate grocery sites where maintenance service providers are integrated with our maintenance tracking and data management system. We will be enhancing our data collection processes over the next year as we continue to work with our service providers to expand coverage of this emissions source.
4. Scope 2 emissions source encompasses electricity consumption.
5. Scope 3 emissions sources encompass purchased goods & services, capital goods, fuel and energy related activities (not included in Scope 1 or 2), upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, use of sold products, franchises and investment.
6. Reported emissions for CY19, CY20 and CY21 have been recalculated for improved accuracy in accordance with our internal greenhouse gas methodology document and in alignment with guidance from SBTi. Over the past year, we have improved our data collection methodology for Mobile combustion emissions and re-assessed the data used to calculate Scope 3 Category 1 emissions (Purchased Goods and Services) to remove double counting.



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Scope 1, 2 and 3 GHG Emissions Trends and Performance Against Targets

We annually evaluate and improve our methodology for data collection and calculations. This helps to ensure that we are using the most complete data possible, continuously improving our accuracy, transparency, and consistency, and evaluating future actions for data improvement year-over-year.



Scope 1 and 2 Emissions:

As shown by our emissions summary table, we are making progress towards our targets to reduce Scope 1 and 2 emissions, demonstrating the impact of our ongoing investments in energy efficiency.

We continue to see a downward trend in combined Scope 1 and 2 emissions (reduction of 15 per cent

in calendar year 2022 compared to our 2019 base year), primarily due to reductions in Scope 2 emissions. These reductions were driven by:

- **Energy performance:** Overall energy consumption (natural gas and electricity) continues to decline due to energy efficiency projects across the business.
- **Grid Decarbonization:** Scope 2 emissions continued to decrease due to grid decarbonization, particularly in Alberta, Nova Scotia and Ontario.

The year-over-year fluctuation in Scope 1 emissions is driven primarily by fugitive emissions (refrigeration-related emissions) and mobile combustion emissions (fuel consumption in company owned vehicles). Data improvements in capturing refrigerant leakages and improving our methodology for data collection on fuel consumption for company-owned vehicles have impacted year-over-year values for Scope 1 emissions. Our focus on addressing refrigeration emissions and fleet electrification (amongst other fleet-related activities) will help to reduce Scope 1 emissions.

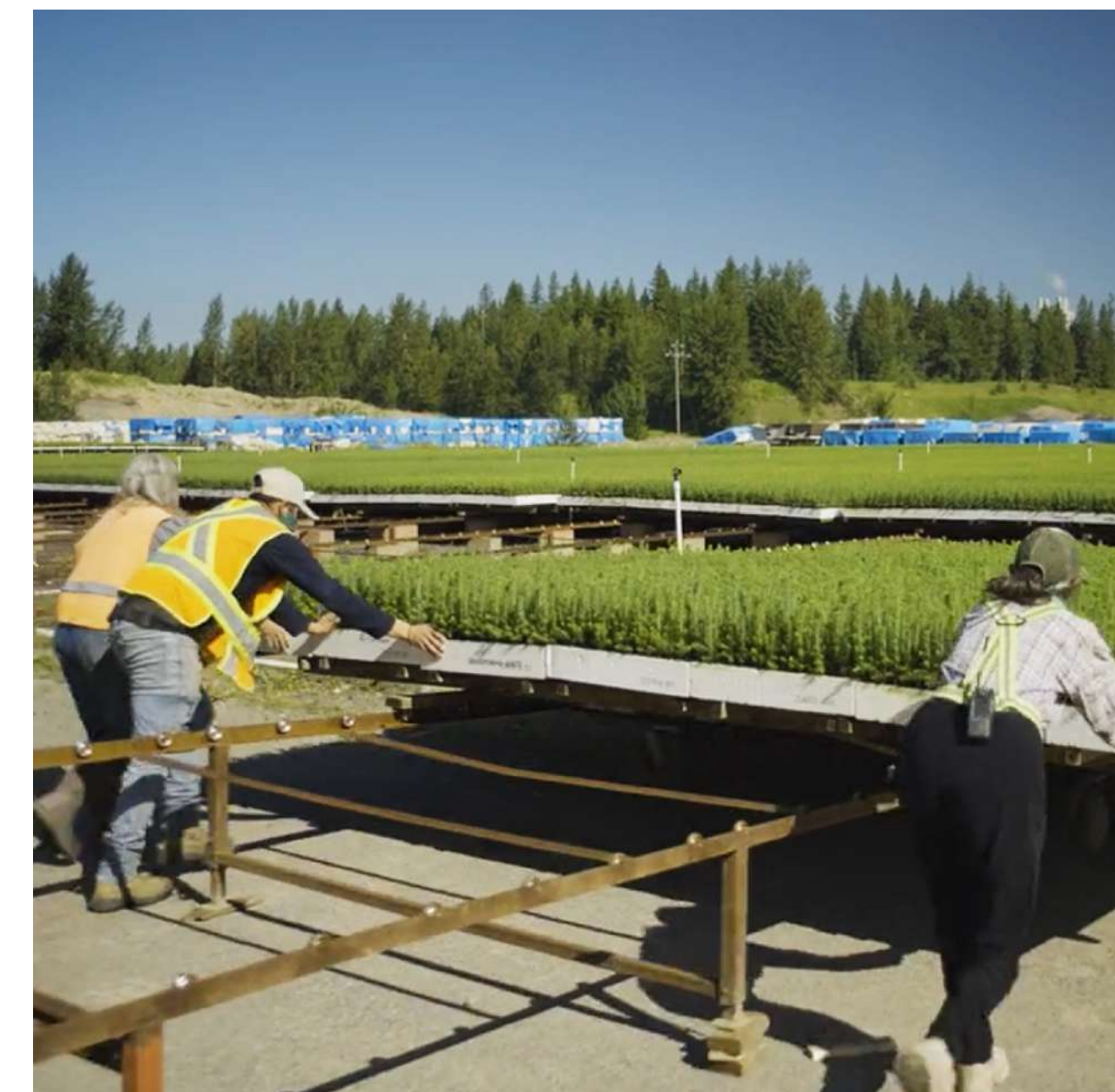
Scope 3 Emissions:

Year-over-year Scope 3 emissions decreased by 6 per cent from 2021 but have increased by 2 per cent compared to our 2019 base year. Purchasing goods and services are our biggest drivers of emissions. We are continuously improving the accuracy of the data used to estimate emissions in this category. The fluctuation in the Scope 3 data is primarily due to an improvement in our methodology for estimating emissions, based on expenditure data. Our work with supplier partners through the CDP Supply Chain program will lead to a more granular understanding

of Scope 3 emissions calculation and reduction opportunities in the coming years.

GHG Emissions Assurance

In fiscal 2022, the Audit Committee of our Board of Directors updated the Committee's mandate to include review of applicable metrics and information contained in our annual Sustainable Business Report. Over the past year, we have focused on documenting and improving the processes and controls for all metrics in this Report, including our GHG emissions data. This work, along with increased engagement and oversight from the Committee, builds a strong foundation to pursue limited assurance of our Scope 1 and 2 GHG emissions data, which we aim to do over the coming years.



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Climate Action Plan: Phase I

During Phase 1 of our plan, from fiscal 2024 to fiscal 2026, we will be working to achieve our near-term targets by focusing on areas that are most critical to our emissions output.

1

Reducing Emissions from Our Sites:

We aim to reduce Scope 1 and 2 emissions by 2030 through projects to decarbonize our corporate stores, offices and warehouses. To achieve this, we will build on our Energy Efficiency Initiative, which was initiated in 2019 to reduce energy consumption at our sites. We will prioritize energy efficiency projects and transition to refrigerants with low or no global warming potential (GWP) for all new stores and renovation projects beginning in fiscal 2024. We also aim to develop and mobilize a portfolio of renewable energy projects to establish leadership in the Canadian marketplace.

a) Emissions from Refrigerants

We are prioritizing a transition to refrigerants with low or zero GWP for all new corporate stores and renovation projects. At this time, 16 per cent of our corporate stores, including Farm Boy and Longo's, have transitioned to CO2 refrigerants. We have two pilot stores trialling a combination of propane and hydrofluoro-olefin (HFO) refrigerants. HFO has significantly lower GWP compared to traditional hydrochlorofluorocarbons (HFC). We have another pilot store evaluating the effectiveness of 100 per cent propane use. In the coming year, we plan to retrofit additional locations through actions such as leak proofing, and to complete more HFC to HFO gas replacement projects.

b) Improving Energy Efficiency

We also continue to focus on energy efficiency in our stores and distribution centres. We are taking steps to reduce energy consumption and optimize the efficiency of our buildings through high-impact projects. Initiatives planned for fiscal 2024 include ongoing lighting retrofits, upgrades to HVAC controllers, and Turntide smart motor systems installations. In addition, we are deploying AIML (Artificial Intelligence and Machine Learning) technologies to support a number of conservation measures in corporate stores across Canada.. By using data analytics, machine learning algorithms, and predictive models, AIML can help us identify energy efficiency opportunities, automate processes, and optimize energy systems to reduce costs and environmental impacts.

c) Transitioning to Renewable Energy

We plan to deliver solar rooftop projects in corporate stores in Alberta and Nova Scotia in fiscal 2024.

2

Reducing Emissions from Our Vehicle Fleet:

We are taking steps to electrify our fleet. In fiscal 2024 we will pilot electric vehicle (EV) Class 8 trucks for our fleet in Quebec, and we are currently sourcing EV solutions for our e-commerce business.

3

Engaging Our Supplier Partners on Climate Action:

We're aiming for a minimum of 62 per cent of suppliers, by spend, to set science-based targets on their Scope 1 and 2 emissions by the end of calendar year 2027. As a first step in achieving this target we've partnered with the CDP Supply Chain program. This enables us to provide practical resources to our supplier partners so they can measure and disclose their GHG emissions and have access to resources to support them with target-setting. To support the launch of CDP Supply Chain, in fiscal 2023 we ran Climate Action training with all our supplier-facing teams in merchandising and strategic sourcing.

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Shared Responsibility

Not all our supplier partners are at the same stage in their emissions-reduction journey, which is why we are taking a thoughtful and supportive approach to make progress towards greater consistency and collaboration. This includes maintaining an open dialogue with supplier partners to understand their progress towards setting science-based targets, clearly communicating our targets and plan, and working collaboratively to build capacity and shared understanding.

Our long-term goal with Scope 3 is net-zero emissions by 2050, which will require decarbonizing our entire supply chain. Our alignment with the CDP Supply Chain program will play an important role in helping us achieve our Scope 3 targets, enabling us to improve scope 3 data measurement and better understand our suppliers’ emissions and progress.

Our second Scope 3 target is to reduce emissions from fuel sold by 28 per cent by 2030. The federal government’s Clean Fuel Regulations will support this

target. The balance of this emissions reduction work will be achieved through collaboration with our fuel suppliers.

The scale and challenge of decarbonizing our supply chain is significant and will require transformational change. We cannot achieve our Scope 3 emissions reductions alone. Collaboration, partnership and action from suppliers, industry, government and customers are needed to achieve a more sustainable and low-carbon future. We remain committed to working collaboratively to decarbonize grocery supply chains in Canada and beyond.

Climate Risks & Opportunities

Climate change may pose adverse impacts to our business, including to our stores, offices and warehouses, and to our supply chain. We have identified and described our management approach to climate-related risks and opportunities in alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures

(TCFD) in our new [TCFD Report](#). Conducting an assessment according to the TCFD recommendations enables us to better understand our material climate-related risks and integrate them into our Enterprise Risk Management approach, financial planning process and resilience building.

Highlights

Expanding Use of Rooftop Solar

Our Longo’s team is committed to working with building partners to ensure that all new stores and major renovations incorporate efficient technologies and features to ensure sustainable operations. To date, Longo’s has installed solar panels at eight stores and at the team’s Support Centre, turning under-utilized rooftops into clean-energy generating stations. In 2022, Longo’s generated 1,619,208 kWh of solar energy—enough energy to power 140 homes for a year.*

*Calculated using the [US EPA GHG equivalency calculator](#)

Champions

“At Longo’s, our purpose of fueling happy and healthier lives guides everything we do. This includes our approach to sustainability and our focus on reducing the environmental impact of our business. Our team is committed to reducing greenhouse gas emissions and operating our buildings sustainably.”

— **Sara Olivieri, Sustainability Specialist, Longo’s**



Learn more:

Our work to tackle climate change includes our focus on [energy management](#) and [environmental management](#).

Plastics & Packaging

Making it easier to live plastic waste-free.



Why It Matters

As a Canadian leader in plastics reduction, we are committed to ongoing partnerships with suppliers, manufacturers, processors and composters to find alternative forms of packaging that are better for people and the planet.

Analyst Spotlight

- [Plastics & Packaging Governance](#)
- [Environmental Policy](#)



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Our Approach

We are leaders in plastic waste reduction and circularity in our industry. Our overarching strategic approach to plastics and packaging is aligned with the Government of Canada's [Action Plan on Zero Plastic Waste](#). We support the federal government's mandate to reduce plastic waste and improve reuse and value recovery. These actions are critical to reduce plastics released into our environment.

We are committed to eliminating plastic waste in

our Own Brands and in our operations, to pursuing circularity as a key business differentiator, and to inspiring technological, organizational and social innovation across our value chain.

Eliminating even more plastic in our industry is a complex challenge. Current municipal recycling policies and guidelines differ between regions and provinces, making it difficult to recycle plastic products uniformly. Similarly, Canada lacks recycling and composting standards, meaning that it takes time and effort to validate the claims made by

different suppliers and manufacturers for alternative packaging items. And, importantly, there continues to be a limited supply of recycled content for food packaging.

[Learn more](#) about how we govern our approach to plastics and packaging.



In fiscal 2023 we continued to make progress on a multi-year Plastics Action Plan with specific targets for 2025 and 2030 in the following action areas:



Reduce plastic waste:

Set targets for our Own Brands and goods-not-for-resale store packaging to make it easier for our customers to **buy plastic waste-free** products



Improve reuse:

Lead on circularity to make it easier for our customers to **shop plastic waste-free** in stores and through Voilà (e-commerce)



Improve value recovery:

Support Canadian innovation in plastic reduction through partnerships with industry, suppliers and processors to make it easier to **live plastic waste-free**





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We are working our way towards setting targets in each of these three key action areas of our Plastics Action Plan. These targets will be focused on reducing unnecessary and hard-to-recycle single-use plastics within our Own Brands and operations, increasing the use of post-consumer recycled (PCR) plastic material in our packaging, leading on circularity in our stores and e-commerce, and engaging with customers to reduce plastic waste at home.

Our plan to eliminate single-use plastics aligns with the Government of Canada’s plan to achieve zero plastic waste by 2030, and the Single-use Plastics Prohibition Regulations. We have committed to eliminating the banned items under this regulation well ahead of the effective date. Of the approximate 594 single-use plastic items identified in this regulation in use at our stores, we have eliminated

82 per cent and are making progress to have recyclable or compostable alternatives for the remaining items by the required deadline.

As part of our Extended Producer Responsibility (EPR) tracking, we are working with Own Brands supplier partners to collect information on packaging including data on weight, dimensions and the amount of recycled materials used. This information helps us reduce problematic and unnecessary plastic from Own Brands packaging. Our next step is to expand and refine our approach, which will allow us to increase transparency and set targets to improve our packaging sustainability.

As a member of the Retail Council of Canada, we participate in industry committees related to plastics and packaging, including the EPR Stewardship Committee and the Plastic Committee. We have a

consulting relationship with the Circular Innovation Council and regularly connect with them on best practices for packaging circularity in the retail industry.

In addition, we have collaborative partnerships with our supplier partners to address plastics and packaging. This includes work being led by our pharmacy teams, who use recyclable PET (Polyethylene terephthalate) plastic for all prescription vials and lids. Like us, our supplier partner for these items has been highly active in setting and attaining GHG-reductions targets and in exploring ways to grow packaging circularity. Pharmacy operations are also transitioning to a more sustainable solution for blister packs and have issued an RFP for more sustainable pharmaceutical paper bags.

Highlights

Plastic Action Committee

In fiscal 2023 we created an internal Plastic Action Committee to inform, champion, and drive action to reduce and eliminate plastic and packaging. Led by our Sustainability team, the committee meets quarterly and includes participants from key stakeholder departments organized into functional groups, each focused on reducing plastics in various aspects of our business.

Plastic Waste Challenge Enters Pilot Phase

In fiscal 2023, we began planning towards piloting a compostable replacement for unrecyclable

packaging for meat products. The pilot is planned to begin in Halifax, Nova Scotia. The pilot project is the latest phase in our national Plastic Waste Challenge, launched in fiscal 2022 in partnership with [IGNITE Atlantic](#), [Divert NS](#) and the [Atlantic Canada Opportunities Agency \(ACOA\)](#). Drawing on submissions from nearly 20 companies and presentations from six finalists, Ontario-based Eco Guardian won the \$25,000 challenge and the opportunity to pilot its sugarcane and bamboo-derived packaging in stores.

Improving Recyclability in Own Brands Packaging

When it comes to addressing plastics and



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packaging, we are leading by example by driving important changes in our Own Brands products. In fiscal 2023 we:

- Advanced plans to change 143 products using unrecyclable black plastic, equaling approximately 106 tons, to packaging that supports a circular economy
- Redesigned packaging for four of our top-selling cereal brands, eliminating over 35 tons of paper box material

Encouraging Plastic Bag Recycling Through Voilà

Voilà has equipped its customers in Ontario with a closed-loop bag recycling program. Voilà customers can return bags to our delivery teammates when their groceries are delivered at their doorsteps. These used plastic bags are then recycled into new Voilà bags in Ontario. Since the inception of this recycling program in September 2022, over 4.6 million bags (42 per cent) were collected and recycled through this program (as of March 2023). Quebec-based Voilà customers received compostable paper bags made from 40 per cent recycled paper. As part of our continued efforts on single-use plastic bag elimination, we are scaling the use of compostable bags to our Alberta and Ontario Voilà customers by the fall of 2023.

Bulk Windshield Washer Fluid

Since fiscal 2022 we have displaced 13,000 3.75 litre plastic jugs as part of a bulk windshield washer fluid solution pilot in Quebec, delivered in partnership with Cristal Innovation. In fiscal 2023 we partnered with Eco Tank to test bulk dispensers in eight

locations in Quebec, which eliminated an additional 6,200 3.75 litre jugs. Based on the success of these pilots, we are implementing plans to expand the offering in Halifax and Quebec.

Champions

“We have a responsibility to support the health of our environment and be mindful of the impact our organization has on our community, our families and future generations. We strive to continue to operate efficiently, appropriately manage waste and make environmentally conscious decisions while supporting local business whenever we have the opportunity. I see us learning from the past and making marked improvements and changes to make this world sustainable.”

— Lauren Luscombe, Director of Operations, Sobeys



Learn more:

Our work to reduce plastics is strongly aligned with and connected to our focus on **ethical and sustainable sourcing** and efforts to reduce **food waste**.



Food Waste

As Canada's top food rescue partner, we donated more than 23M pounds of surplus food to charities



Why It Matters

More than half of the food produced in Canada goes to waste, yet one in seven Canadian families struggles with food insecurity. Food is at the core of our business and as a national grocer, we have the reach and the responsibility to do **OurPart™** to reduce food waste from our operations and across our value chain, including with our suppliers and customers. Tackling surplus food is an important way to ensure more people get the meals they need to live healthy lives while also reducing environmental and social impacts associated with waste. Our goal is to reduce food waste by 50 per cent in our operations by 2025—and we're making progress in partnership with Second Harvest and non-profit organizations across Canada.

Fiscal 2023 Performance Highlight



See all our [ESG Data and Policies](#) ↗

Analyst Spotlight

- [Food Waste Governance](#)
- [National Food Rescue Program](#)

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Our Approach

We are committed to reducing food waste in our operations by 50 per cent by 2025, measuring and reporting on our progress using the globally recognized Food Loss and Waste Accounting and Reporting Standard. To reach this target, we work with likeminded partners to reduce food waste in our stores and supply chain, ensure surplus food makes its way to the tables of families who are in need, and to track the incredible food rescue and donation programs already in place at our stores across the country.

Our food waste reduction strategy has three areas of focus:



[Learn more](#) about how we govern our approach to food waste.



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Preventing Food Loss and Waste

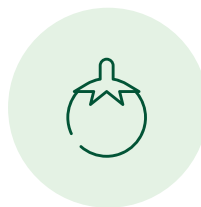
Some of the big challenges we face in this area include building awareness, cultivating new behaviours, and providing tools and systems that can empower our teams and customers to reduce the amount of food that is wasted and match surplus food from donor organizations with community and charitable organizations such as food banks.

We have implemented a multi-tiered food waste prevention program that all managers are expected to execute in our stores daily. This includes:



Training

Equipping store managers with consistent foundational knowledge and skills.



Fresh Item Management

Training teammates on a variety of fresh item management systems, which use advanced analytical tools to optimize fresh food production levels by providing accurate production levels on store-made items.



Computer Automated Ordering

Using computer-generated ordering to assist with more accurate ordering and tracking of products. Data is used to generate automated orders that keep our stores in stock, while preventing over-ordering and food waste.



Exit Strategies or Repurposing

Finding creative solutions to use up surplus ingredients. Foods that would traditionally go to waste are being repurposed into delicious snacks, meals and side dishes.



Policy

Our Reduction Policy arms our stores with the ability to manage their counters in a controlled and effective manner. Specifically, this policy provides guidance to stores to manage instances of surplus food, such as from over-production, by selling at reduced prices and thereby preventing food waste.

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Redistributing Surplus Food— National Food Rescue Program

To make progress towards our goal to reduce food waste by 50 per cent across our operations by 2025, we have formed a national partnership with **Second Harvest**, Canada’s largest food rescue organization. This partnership has a national approach to implementation and to measuring our impact, while still empowering our stores to choose and partner

One of the many benefits of our national food rescue program is that it makes it easier for our stores to donate surplus, perishable food from nutrient-dense food categories, such as produce, dairy and meat/proteins. These are the very foods that are most difficult for local charitable partners to acquire. We’ve made progress on donating more nutrient-dense foods by providing clear donation guidelines and connecting our stores and warehouses with a wider network of local organizations. Indeed, over 60 per cent of our surplus food donations in fiscal 2023 were produce, dairy and meat/fish. Knowing that these specific types of food also have the highest environmental impact, it’s even more important to divert them from landfills.

This chart illustrates the categories rescued for all grocery store brands (Sobeys, Thrifty Foods, Safeway, Foodland, IGA, Freshco, Farm Boy, Longo’s), Needs Convenience and Wholesale Fuel, warehouses, and Voilà Customer Fulfillment Centres from May 2022 to May 2023.

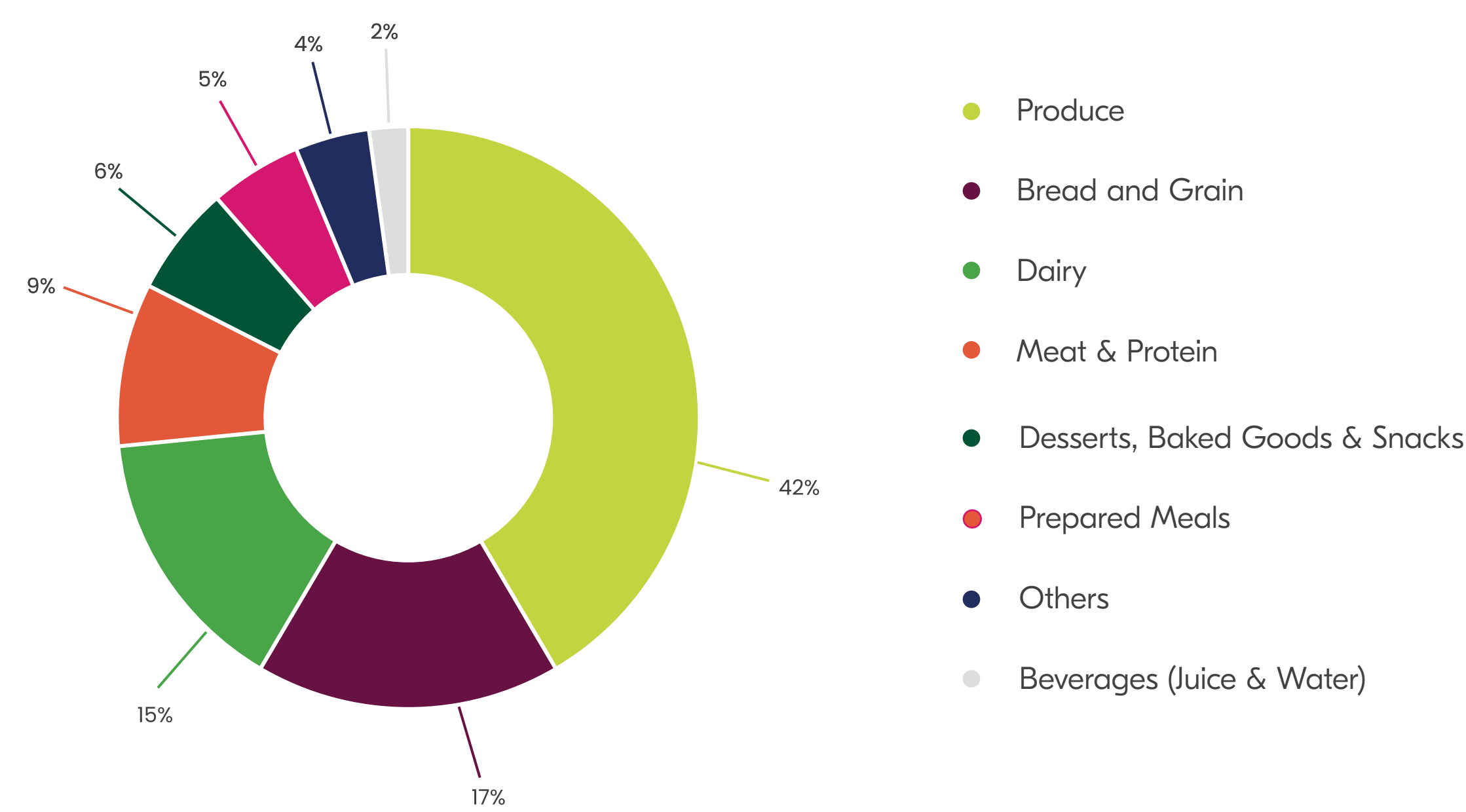
with regional and local non-profit partners who understand community needs—something they have been doing for years, leading to long-standing relationships with food banks and charitable organizations.

We have successfully deployed the Second Harvest Food Rescue App in provinces across Canada, connecting families in need with non-profit organizations that have received fresh, healthy food, while also reducing surplus food. We have also

onboarded all our Retail Support Centres, including our Customer Fulfillment Centre for our e-commerce business, Voilà. We expanded the project scope to include Needs convenience and fuel sites. In fiscal 2024 we aim to rollout the program to all our Quebec stores, including full-service and community banners.

[Watch this video](#) to learn more about our partnership with Second Harvest.

Fiscal 2023 Food Donations by Category through National Food Rescue Program



Note: category “**Other**” contains percentage from Beverage-Other, condiments, Baby food & Formula. This chart illustrates the categories rescued for grocery banners (Sobeys, Thrifty Foods, Safeway, Foodland, IGA, Freshco, Farm Boy, Longo’s), Needs Convenience and Wholesale Fuel, RSCs, and Voilà Customer Fulfillment Centres from May 2022 to May 2023.

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Raising Awareness With Our Customers to Rescue Food at Home

In addition to our work with Second Harvest, we also continue to build awareness with our customers through ongoing campaigns about how to reduce food waste.

We partnered with other Canadian companies and organizations to create a customer-facing campaign to promote a range of waste-reduction behaviours and opportunities during [Waste Reduction Week](#) and beyond. We also encouraged customers to adopt the fourth “R”: Reduce, Reuse, Recycle and Rescue.

Our teams in Quebec and New Brunswick partnered with the Fonds Éco IGA to host a series of educational workshops for customers, providing them with tips and resources that help individuals reduce their food waste. The seventh year of the

“Food Fight” program was completed in September 2022, bringing the total participants participation to approximately 20,000 people since 2015.

Looking ahead, we will broaden our efforts to reduce food waste along our supply chains, continuing to partner with our suppliers and others to drive progress.

[Learn more](#) about food rescue.

Highlights

Canada’s Top Food Rescue Partner with Second Harvest

Sobeys was recognized as Second Harvest’s Partner of the Year for 2022 for donating 15 million of surplus food (amount based on Second Harvest’s fiscal year). In addition to helping families in need access healthy foods, our donations are on track to rescue

an estimated 31 million pounds of food annually and divert approximately 41 million kilograms of greenhouse gas emissions each year, the equivalent of taking more than 8600 cars off the road. [Watch this video to learn more about our partnership with Second Harvest.](#)

Expanding FoodHero Access

Our partnership with the FoodHero mobile app enables our store teams to divert surplus food by offering it at discounted prices. The app makes it easier for customers to save up to 60 per cent on proteins, baked goods, produce and more. In fiscal 2023 we continued to focus on in-store FoodHero operations and staff training, resulting in more food being saved every week. We also expanded the availability of the FoodHero app in more grocery stores in Quebec, with its deployment in Rachelle Béry and expansion to Traditions and Bonichoux stores.

Champions

“It took me less than 15 minutes to set the donation schedule up. It was almost too easy. The day I set up my first donation, an organization I didn’t know existed claimed it and we started a new partnership. ... Instead of sending the unpurchased food to the garbage it goes to the cooler and gets picked up within an hour or two. There were no hurdles.”

— **Pierre Monette, Foodland Franchise Operator, Ridgeway Ontario**



Learn more:

Our work to reduce food waste connects with our focus on [ethical and sustainable sourcing](#), [building stronger communities](#) and [reducing plastics](#).

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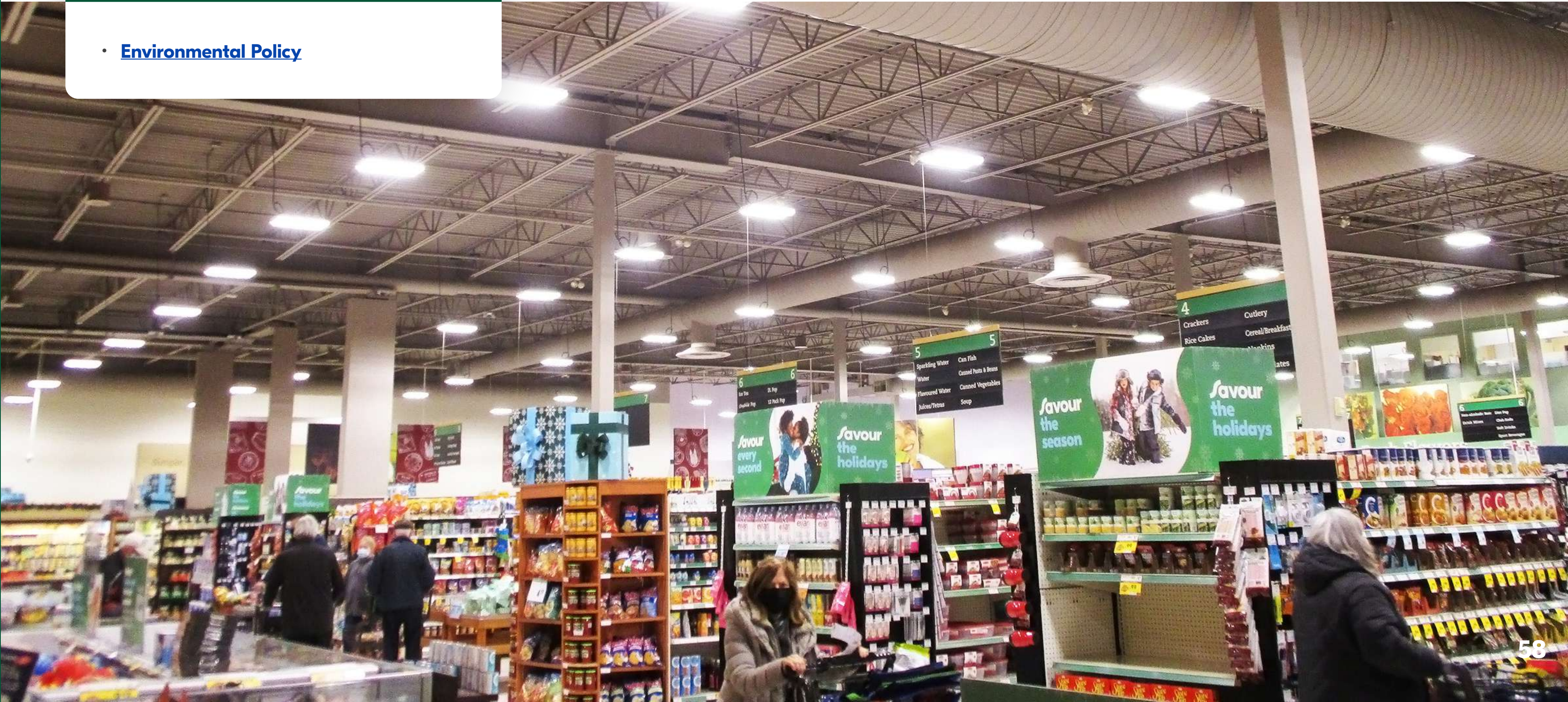
Energy Management

Why It Matters

Managing and reducing the amount of energy we use in our business is an important way we will make progress on our [Climate Action Plan](#) and achieve our targets to reduce emissions (see [Climate Action](#)). We will also continue to choose the right technologies and solutions to create the best in-store and e-commerce shopping experiences for our customers in ways that use energy sustainably.

Analyst Spotlight

- [Environmental Policy](#)



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Our Approach

Our aim is to cut our greenhouse gas (GHG) emissions and improve and optimize our operating performance by choosing the right technologies to use less energy while still delivering great customer experiences.

Our Energy Management Program is governed and managed at the senior levels of our company with the support of dedicated teams. For our Real Estate Team, senior executive responsibility sits with our SVP Real Estate and our VP Design, Maintenance & Building Standards, who oversee store design with an additional focus on our building standards, design innovation and environmental standards across all our banners. We also have a Real Estate and Sustainability Working Group responsible for providing direction to our Maintenance and Real Estate Teams on how to implement and execute the Energy Management Program. On our Supply Chain & Logistics Team, senior executive responsibility sits with our SVP Supply Chain, who is supported by our VP Integrated Supply Chain. This team leads monthly meetings focused on the progress of our national electronic logging device (ELD) rollout. Our governance structure ensures strong oversight of our strategies, delivery of our actions and accountability in execution.

Managing Energy at Our Sites

In 2022, we updated the diagnostic assessment of carbon emissions and energy consumption in our buildings and related maintenance functions. Based on this, we developed a plan that will achieve carbon reductions by investing in refrigeration systems, reducing energy consumption, and

exploring power purchase agreements for renewable energy.

As we continued to implement our energy management initiatives nationally in fiscal 2023, we prioritized locations in provinces with higher energy-related emissions intensity. We are making progress on refrigeration improvements including:

- Installing CO2 refrigeration systems in new and renovated stores
- Upgrading HFC refrigeration to reduce operations and maintenance costs and to use refrigerants with lower global warming potential (GWP)

We are also making plans for renewable energy initiatives that will reduce energy costs and carbon emissions. In fiscal 2024 we will begin implementing solar installations on selected corporate sites.

Over the next decade we anticipate facing challenges around sourcing cleaner energy technologies, such as solar panels for our stores and warehouses, as demand for these technologies intensifies. We are planning ahead to address these potential challenges as part of our [Climate Action Plan](#). In fiscal 2023 we continued to develop our Climate Action Plan (Phase 1: fiscal 2024–2026) that lays the foundations of strategic planning related to our GHG emissions reductions approach and the investments we are going to make over the next 10 years. This plan prioritizes energy efficiency and other carbon abatement projects that will define our journey towards decarbonization.

As a good steward of the environment, we also continuously monitor our energy use to identify opportunities to reduce consumption. In addition, we have developed a list of standardized environmental criteria to effectively select programs that support

our [Climate Action Plan](#). This helps us align our real estate renovation projects to facilitate action on emission reduction.

Managing Energy in Our Logistics

Managing energy responsibly also means focusing on the transportation of goods. Based on our latest carbon inventory (CY2022), our fleet is responsible for 23 per cent of total Scope 1 emissions in our operations. Our Transportation Strategy & Innovation Team is leading the planning, development and rollout of key programs to help us achieve cost efficiencies and reduce our impact on the environment.



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Energy Optimization Tools

We continue to focus on energy-efficient operations in our stores and distribution centres. Initiatives planned for fiscal 2024 include ongoing lighting retrofits, upgrades to HVAC controllers, and variable speed HVAC motor systems installations. In addition, we are deploying AIML (Artificial Intelligence and Machine Learning) technologies to support conservation measures in corporate stores over the coming year.

EV Charging Expansion

In fiscal 2023 our IGA team met its goal of installing 100 EV charging stations at 50 stores. Thanks to fast-charging technology, customers can recharge their EVs in about 20 minutes while completing their shopping. Since the inception of our charging network in November 2020, drivers have saved 1,005,640 kilograms of GHGs, the equivalent of planting 25,790 trees that grow for 10 years. Over the next two years, we aim to expand this network of charging stations to additional sites.

Electricity in Motion

As part of our Climate Action Plan, we are investing in the energy efficiency of our supply chain and fleet vehicles by installing smart technology on transport trucks to manage refrigeration more efficiently and by optimizing route selection to reduce fuel and energy consumption. In fiscal 2024 we will pilot Class 8 trucks to our fleet in Quebec, and we are currently sourcing an EV solution for our e-commerce business. To initiate our journey on fleet electrification, we will also be installing Level 3 charging infrastructure at one of our distribution centres.

Champions

“Climate action positively impacts our business and community in so many ways. We’ve improved competitiveness, created new jobs, driven technology advancements and spurred economic growth. Sobeys has accomplished so much in a relatively short period of time. The work that we’ve done has had an enormous impact—not only on our environment and bottom line, but it has also greatly improved employee and customer experience too. I’m proud of the work that we’ve done and excited about what we aim to accomplish.”

—Rod Peterson, Refrigeration, HVAC & Energy Project Lead, Sobeys



Learn more:

Our work to use energy more sustainably links with our [Climate Action Plan](#) and [approach to environmental management](#).



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Why It Matters

We are committed to reducing our environmental impacts to ensure we are using resources sustainably and reducing waste. These efforts protect the communities where our teammates, customers and partners live and work. They also contribute to our progress in reducing climate-related impacts throughout our supply chain while delivering sustainable products and services to our customers.

Fiscal 2023 Performance Highlight

\$14M



\$14M donated in partnership with Earth Day Canada to support environmental initiatives since 2008.

See all our [ESG Data and Policies](#)



Analyst Spotlight

- [Environmental Management Governance](#)
- [Environmental Policy](#)
- [Ethical and Sustainable Sourcing Policy](#)
- [Animal Welfare Statement](#)
- [Sobeys Inc. Waste Management Program](#)
- [Sustainable Palm Oil Policy](#)
- [Sustainable Fish & Seafood Sourcing Guidelines](#)



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Our Approach

In fiscal 2022 we developed a new Environmental Policy that confirms our business commitment to protecting the environment. The policy, aligned with the ISO 14001:2015 standard, recognizes global environmental challenges and their relevance to our business, as well as the imperative to act. It addresses key impact areas defined by our [materiality assessment](#) and includes climate change, energy management, food waste, plastics and packaging, and ethical and sustainable sourcing.

To deliver on [OurPart™](#) to protect the environment for future generations, we've set targets in material areas of environmental impact within our business

(see [Food Waste](#), [Climate Action](#), [Ethical and Sustainable Sourcing](#)).

As stated in our Environmental Policy, at minimum we aim to comply with all applicable environmental laws and regulations and to demonstrate due diligence in the protection of the environment. Given the national reach of our operations, we keep up to date with all new, emerging and existing environmental regulations across all three levels of government in Canada. We participate in several industry-wide working committees, including the Retail Council of Canada's Working Committees on Extended Producer Responsibility/Stewardship and Plastics and other working groups.

In addition to our Environmental Policy, we have developed policies related to reducing environmental

impacts in our supply chain. For example, over the past year, we've updated our Sustainable Palm Oil Policy (initially adopted in 2016), to advance our commitment to source 100 per cent physical trace certified sustainable palm oil by 2025 for our Own Brands products. Over the coming year, we will focus on developing protein-specific guidelines for the ethical treatment of livestock.

We also have a robust waste management approach, ensuring all parts of our business are working to reduce waste while also dealing with it responsibly.

[Learn more](#) about our Waste Management Program.



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Using Water Responsibly

As part of an ongoing pilot project in select Sobeys stores in Alberta, we have installed [Ecolab](#) low-flow aerators in high water-use areas. Each sink aerator can save one gallon of water per minute, while spray-valve units can save 1.15 gallons per minute. In a similar initiative, we have partnered with [Cl  an Works](#) to trial a new, ozone-based produce sanitization process that can eliminate water use from produce sanitization while ensuring our fruits and vegetables are safe for customers.

Building Green Champions

Our Longo’s team recently piloted a new sustainability training and engagement program called, the Green Champions. Through the program, teammates build their knowledge about sustainability, explore ways to protect the environment, and learn how to influence and drive change in their store. The online training program teaches teammates about the company’s sustainability commitments and how they can be part of achieving them. We aim to expand the program to both office and frontline teammates across our store network over the coming years.



Champions

“The Green Champions Program has helped to reinforce what I already knew, taught me a lot about what I needed to know, and given me the drive to more meaningfully advocate and contribute. There are many good initiatives in place, but there is much more to do and together is the best way to do it.”

Michael Guanti, Grocery Assistant Department Manager, Longo’s



Learn more:

Our approach to environmental management contributes to our [climate action plan](#) and connects with [our energy management initiatives](#).



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- Ethical & Sustainable Sourcing
- Product Quality & Safety
- Health & Nutrition
- Supplier Partnerships
- Customer Experience & Engagement



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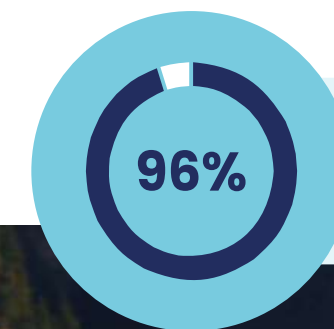
Advancing our commitment on sustainable seafood



Why It Matters

We believe the people behind the products we sell deserve to be treated fairly and encouraged to use resources sustainably. As a national grocer and retailer, we're committed to using our scale and influence responsibly, by taking steps to partner with our suppliers and source more products that fulfill the growing customer demand for ethical and sustainable products. As a national grocer and retailer, we're committed to using our scale and influence responsibly, by taking steps to partner with our suppliers and source more products that fulfill the growing customer demand for ethical and sustainable products.

Fiscal 2023 Performance Highlights



96%+ of Own Brands seafood is sustainably sourced.

See all our [ESG Data and Policies](#)



Analyst Spotlight

- [Ethical & Sustainable Sourcing Governance](#)
- [Ethical and Sustainable Sourcing Policy](#)
- [Animal Welfare Statement](#)
- [Sustainable Fish & Seafood Sourcing Guidelines](#)
- [Sustainable Palm Oil Policy](#)
- [Member—Sobeys Capital Incorporated—Roundtable on Sustainable Palm Oil \(RSPO\)](#)

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Our Approach

Our key focus areas on ethical and sustainable sourcing include:



Fair Trade



Animal welfare



Sustainable seafood



Sustainable palm oil

Our strategy for each of these topics is based on a multi-phased approach that involves gathering data to gain a deeper understanding of our supply chain. This helps us develop appropriate governance mechanisms and set ambitious yet achievable commitments, with the aim of continuously improving our approach. To determine new directions and make progress, we engage closely with internal teams and external stakeholders, including suppliers, industry associations, NGOs, subject matter experts and academics. Our goals are to empower supplier partners with clear policies, expectations, and tools and to help customers make sustainable and healthy product choices.

[Learn more](#) about how we govern our approach to ethical and sustainable sourcing.



New Ethical & Sustainable Sourcing Policy

In fiscal 2022 we introduced a new Ethical & Sustainable Sourcing Policy for [supplier partners](#). Applying to both direct and indirect supplier partners, this policy clearly communicates our expectations that supplier partners address the environmental impacts of their products by complying with all applicable environmental laws and regulations and upholding high standards of environmental stewardship.

Focus on Human Rights in Our Supply Chain

We are also reviewing our supply chain and procurement practices with a particular focus on child and forced labour. In fiscal 2024, we aim to launch a Human Rights Due Diligence Program to

mitigate these risks in our supply chain. As part of this workstream, we will:

- Train supplier-facing teams on human rights
- Embed ethical sourcing considerations into procurement practices and processes
- Train supplier partners on compliance with our human rights due diligence program
- Conduct a baseline supply chain risk assessment
- Report annually on our progress

Ongoing Commitment to Animal Welfare

Building on the publication of our [Ethical & Sustainable Sourcing Policy](#) and Animal Welfare Statements in [fiscal 2022](#), we have been developing programs and sourcing guidelines to help our supplier partners align with these policies. As part of our commitment to continuous improvement, we are developing protein-specific sourcing guidelines, starting with egg-laying hens and pork.



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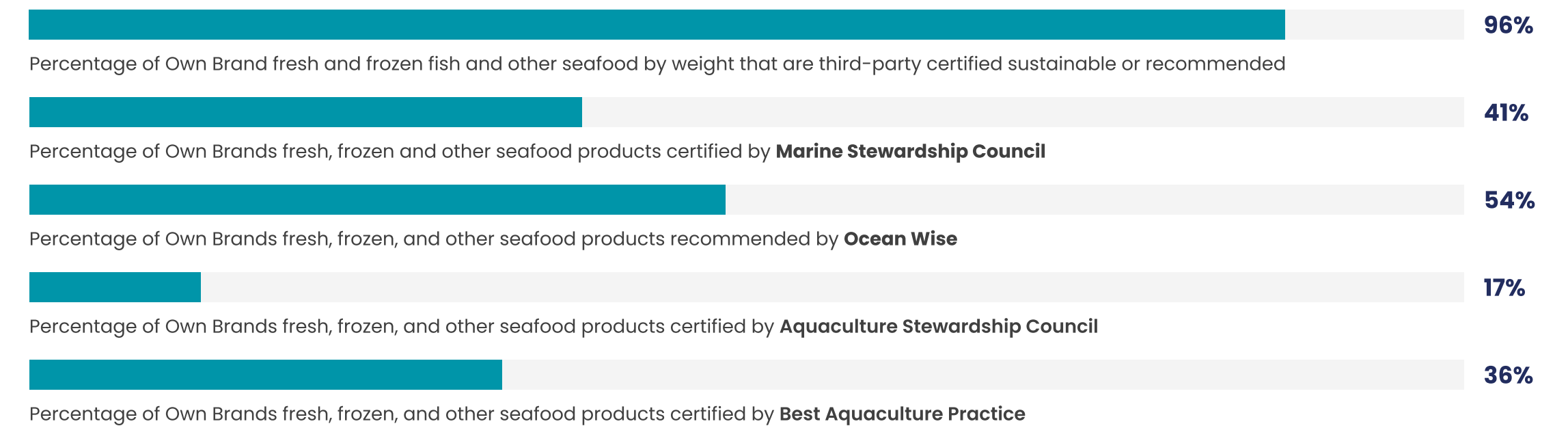
Customer Experience & Engagement

We aim to publish these first guidelines by the end of fiscal 2024. Following this, we will begin work on guidelines for poultry, beef cattle, dairy cattle and finfish by the end of fiscal 2025. We develop guidelines in collaboration with supplier partners and other stakeholders, including the National Farmed Animal Care Council. We will focus on addressing protein-specific welfare issues and, where feasible, introduce updated, measurable, time-bound and achievable commitments towards higher welfare products.

Helping Partners Deliver Sustainable Seafood

We recently introduced a new initiative called Seafood Metrics, developed by Sustainable Fisheries Partnership, which aims to provide supplier partners with a comprehensive understanding of the sustainability risks associated with their source fisheries, including both wild-caught and farmed seafood. By doing so, we aim to empower our suppliers to make informed decisions about the seafood they source and promote more sustainable practices in the industry. Seafood Metrics aggregates and tracks information on governance quality, target stock health, human rights risks, and environmental impacts in fisheries. This helps businesses evaluate the sustainability impacts of fish and seafood products, understand the effectiveness of existing improvement efforts, and prioritize future opportunities. Seafood Metrics also serves as a traceability program for our seafood supply chain, enabling our suppliers to report on place of origin. The supply chain insights that this program is providing will enable us to create an updated version of seafood sourcing guidelines, which will be published by the end of fiscal 2024.

As we work towards expanding our sustainable seafood guidelines beyond our Own Brands products, the third-party programs we are certified by include:



Note: Products may be certified to more than one third-party certification program.

Sourcing Sustainable Palm Oil

Last year we updated our [Sustainable Palm Oil Policy](#), setting a goal to physically source 100 per cent certified sustainable palm oil in Own Brands products by December 31, 2025, as defined by the RSPO standard. This goal will be achieved without the purchase of palm oil credits. As we’ve increased our commitment, we are updating our Sustainable Palm Oil Policy governance to ensure supplier partners are meeting our standards through annual checks and verifying that supplier partners have proper certifications.

Ensuring Fair Pay for Growers Through Fairtrade

Last year we launched an organic Fairtrade Banana Program in all stores in Canada, contributing to fair pay for growers. Fairtrade banana growers are paid at least the Fairtrade Minimum Price, which acts as a crucial safety net through market fluctuations, and a Fairtrade Premium—an extra sum of money

for investment in business or community projects. In fiscal 2023, Sobeys purchased 6,768,378 kgs of bananas, generating \$373,119 of Fairtrade Premium funds . These funds are invested into projects to support our growers’ communities.

Over the past year, we’ve made progress across key product categories to enable more ethical and sustainable sourcing.

Key partnerships supporting our work in this area include the Roundtable for Sustainable Palm Oil, CDP Supply Chain Program, National Farm Animal Care Council (NFACC), Sustainable Fisheries Partnership, Ocean Wise and Fairtrade Canada.

Learn more:

Our commitment to ethical and sustainable sourcing connects with our focus on building strong [supplier partnerships](#) and [maintaining food quality and safety](#).

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Why It Matters

Canadian families rely on us for food, pharmacy and other products to stay healthy and strong, so it's our duty to ensure everything in our stores is safe and of high quality. To achieve these goals, we partner with our suppliers and manufacturers and work closely with regulators and industry-oversight bodies to ensure we are meeting the highest standards and continuously improving our approach.



Analyst Spotlight

- [Product Quality & Safety Governance](#)
- [Sobeys Food Safety Policy](#)



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Our Approach

Given our commitment to take care of our customers, it is our duty to ensure that our grocery stores and supply chain meet industry standards for product quality and safety. Our drive to continuously improve in this area is part of how we deliver exceptional customer experiences every day.

[Learn more](#) about how we govern our approach to product quality and safety. 

Education for Teammates & Partners

We have a robust employee education program focused on product quality and safety, including food safety training delivered as part of onboarding new teammates and annual training for existing teammates. All store operators and managers complete food handling certifications and are required to be recertified every five years. Consistent with Global Food Safety Initiative (GFSI) standards, our suppliers are also required to ensure all their employees are properly trained.

Robust Auditing Program

Our corporate and franchise grocery stores and warehouses participate in a rigorous semi-annual audit process. These sites are audited twice each year against industry standards, our internal food safety protocols and public health standards. Own Brands supplier partners are required to hold GSFI certification and be annually certified by third-party auditors. Results drive the continuous improvement of our internal food safety programs. In fiscal 2023 to date, we completed 2336 food safety inspections

performed for our grocery stores. In addition, there are 54 warehouse and cross dock audits.

Our team has developed policies and procedures based on industry best practices, as well as a risk-based technical audit form that allows for the evaluation of activities from stores and warehouses to ensure effective implementation and maintenance of food safety programs. Any issues found during these audits are corrected by the site. Effective corrective and preventive actions are implemented by the site teams to avoid recurrence, and this process is monitored and approved by our internal food safety management team.

Unwavering Focus on Quality Control

We have a Quality Control Monitoring Program in place under which our Own Brands products are tested by a third-party laboratory to ensure that they continue to meet the requirements of our product specifications. Our teammates analyze data to identify and assess risk, allowing us to address potential food safety issues before they reach our customers. This is a closed-loop process in which all Own Brands food safety complaints and concerns

are logged and investigated. Our teammates also work closely with the Canadian Food Inspection Agency (CFIA), Health Canada and the Public Health Agency of Canada (PHAC) to address consumer complaints and product investigations.

Drive to Continuous Improvement

To continuously improve, we track and monitor labelling inquiries from government bodies. Our teams engage with locations as soon as an information request is received. We have a fully closed system, during which we launch an investigation, communicate with stakeholders to address matters and engage with all levels of government to ensure the issues are dealt with appropriately.

We invest in ongoing product quality and safety accreditation and training for our teammates and facilities, and we work hard to ensure our Own Brands suppliers are also meeting the same high standards. When we partner to develop a new Own Brands offering, product and supplier performance are continually evaluated from development to launch and beyond.



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Partners in Maintaining High Standards

Our Own Brands food supplier sites are audited annually to a [Global Food Safety Initiative \(GFSI\)](#) standard, ensuring that they have programs and procedures in place for quality and food safety. 100 per cent of Own Brands suppliers are GFSI certified. Additionally, we ensure our suppliers hold and maintain the appropriate Safe Food for Canadians Regulations (SFCR) licences.

Ensuring Recall Readiness

Consistent with GFSI standards, we move quickly to investigate and implement recalls as necessary when a food safety issue is identified. We perform annual mock recalls with our banners and teams to ensure that our systems work effectively. Recall effectiveness is continuously monitored to ensure consistent recall execution across all banner stores. Additionally, all Own Brands suppliers must conduct mock recall exercises on a regular basis and will support recall initiatives when necessary.

Sharing Best Practices

Learning and sharing from industry best practices is integral to our overarching product quality and safety approach. That is why we believe it is important to be members of the [Retail Council of Canada](#), [I.E. Canada](#), and the [Canadian Produce Marketing Association](#), working with all levels of the supply chain on product safety and quality. We are also members of the [Fruit and Vegetable Dispute Resolution Corporation](#).

Learn more:

Our commitment to ensure product quality and safety supports our focus on [health and nutrition](#).



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Why It Matters

We're always working hard to make it easier for our customers to make healthier and more nutritious choices, helping to nurture healthy bodies and minds across Canada. This approach fosters stronger and more resilient individuals and communities. helping everyone play their part to take on shared challenges and opportunities.



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Our Approach

Along with our focus on [customer experience and engagement](#) and [product quality and safety](#), our approach to health and nutrition is an important way we nurture our customers across Canada. It is also a cornerstone of our [Community Investment Strategy](#), where we bring together our focus on nutritional expertise and long-standing community commitments to support healthy bodies and minds.

From a strategic and risk-management perspective, oversight of our health and nutrition work comes from our Board of Directors, Executive Committee and various senior leadership groups, including a cross-functional committee led by our Customer Experience Team and focused on the natural, organic and wellness products carried in our stores.

When we develop new products, we work hard to meet customer expectations about transparency. Our commitment to customer health includes a focus on the nutritional quality of our Own Brands products and identifying and meeting emerging customer needs.

All our Compliments products are designed to meet health and nutrition standards, such as Health Canada's 2016 [**sodium guidelines**](#). We also leverage internal standards around product attributes such as flavours or colours. Great care goes into documenting and testing our products to ensure that product information is accurate and complete. Existing products go through external and internal third-party checks on a regular basis to ensure that they remain consistent over time.

We work closely with our supplier partners when developing new Own Brands products to ensure third-party nutritional analysis is completed and all



organic and other certifications are verified. Similar processes are in place to ensure all our Own Brands products meet or exceed standards for a range of requirements, including gluten-free, peanut-free and kosher.

We also have many programs and initiatives in place to ensure our Own Brands products create added ecological and social value. See the sections in this report on [ethical and sustainable sourcing](#)

for more information on our work in areas including sustainable seafood, palm oil and other products.

Learn more:

Nurturing the health and nutrition of our customers and communities is part of our commitment to **fostering health bodies and healthy minds.**

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Why It Matters

Fostering respectful supplier partnerships where we work together to deliver value has always been part of our approach to business—and it is more important than ever during the sector-wide transition required to tackle climate change.

Fiscal 2023 Performance Highlight

390+



women entrepreneurs supported in fiscal 2023

(across Canada, excluding Quebec).

See all our [ESG Data and Policies](#)



Analyst Spotlight

- [Ethical and Sustainable Sourcing Policy](#)
- [Ethical & Sustainable Sourcing Governance](#)



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Our Approach

Working in partnership with our suppliers is part of what sets our business apart. We believe everyone in our industry deserves to be treated fairly—which is why we have been a driving force behind advocating for a Grocery Code of Conduct in Canada and will continue to have a strong voice at the table until it is finalized. We do this because it is the right thing to do, and because strengthening our supplier partnerships is critical to the successful execution of our business strategy and making progress on our [Climate Action Plan](#). We work with our suppliers to drive innovation, support local products and producers, tackle major shared challenges and better serve our customers.

Strong supplier partnerships are a critical component

of our national, functionally led organization. Supplier engagement, feedback and support ensure we successfully build growth plans for key categories, find opportunities to create efficiencies, and provide quality products and value to our customers. Working with our supplier partners, we find new ways to support our stores and inspire our customers, while never losing sight of the need to deliver compelling value and build cost and margin discipline. This process allows us to streamline our business to focus on investments and resources that add real value to us and our customers.

Given the interdependencies between our business strategy and supplier partner relationships, our Board of Directors and Executive Committee have high-level oversight of this area as part of their focus on our strategy and growth.

Our Executive Committee also provides input and approval on strategic decisions related to ethical and responsible sourcing and receives regular updates on progress on our sourcing commitments. Operational responsibility for supplier partnerships sits under three streams:

- 1** National Sourcing
- 2** Local Sourcing
- 3** Strategic Sourcing

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National
Sourcing

Our Directors of National Sourcing are responsible for creating a national sourcing strategy on which all supplier negotiations, policies and procedures will be based. Reporting to our SVP National Sourcing & Own Brands, one of the Directors also serve a unique role as an advocate for our business on key related industry and government issues.

In fiscal 2022 we created a new National Sourcing Team to strengthen our partnerships and increase collaboration between our supplier partners and all our merchandising teams. The National Sourcing Team is responsible for negotiating supplier contracts on behalf of all our banners and overseeing cost negotiations, revenue agreements and internal merchandising policies. This national approach means we collaborate more efficiently with suppliers while also securing greater investments from them and delivering value for our customers. It’s a win-win.



Local
Sourcing

We remain focused on supporting local supplier partners in the communities and regions where we live and work, helping them serve local customers and scale their offerings to reach more customers across Canada. This area of our business is led by our VP Merchandising—Community & Field Merchandising, with the support of dedicated teammates who are part of our National Merchandising Team.

In fiscal 2023 we continued to implement a strategy to foster local products and local entrepreneurs, with goals including improving food security, reducing transportation-related impacts and empowering customers to buy sustainable, local products. We welcomed 194 new local suppliers, an increase of 12% from fiscal 2022. We also helped 20 supplier partners scale regionally so they could reach more customers, including helping to take 11 companies national. In addition to our five regionally based and dedicated Local Development Teams, we support local supplier partners through an annual product roadshow and intake events and by rolling out portals on our banner websites that make it easier for small companies to engage with us.



Strategic
Sourcing

Our Strategic Sourcing Team focuses on growth and cost discipline, helping us serve more customers in more places with even better value. Reporting to our Chief Development Officer, the team is led by our SVP Real Estate & Strategic Sourcing and our VP Strategic Sourcing.

Supplier Diversity

Diversity, equity and inclusion (DE&I) is a key focus area at Sobeys and extends to our work on supplier partnerships. We recognize and take responsibility for the impact we have on suppliers and their communities, which is why it is imperative we

practice inclusive sourcing. Our goal is to better support diversely owned businesses in our supply chain and reflect the communities we serve in our business practices.

Our Supplier Diversity team is responsible for developing a supplier diversity strategy focused on

equal opportunity sourcing, diverse supplier mentorship and community connectedness. Supporting diverse suppliers strengthens our supply chain by promoting innovation and addressing the needs of our customers today. Learn more about our approach to [DE&I](#).

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Fostering Innovation

Working with our supplier partners is also an important way we drive innovation, helping to inspire our customers with new products and services. Over the past year one of the key areas we’ve been focused on innovating with our suppliers is controlled environment agriculture (CEA). CEA optimizes indoor growing environments, such as greenhouses or vertical farms, creating availability for locally produced fruits and vegetables all year long. CEA enables us to diversify our sourcing and build resilience in our supply chains. Our CEA supplier partners include [AquaVerti](#) and [La Boîte](#)

[Maraîchère](#) on salads and lettuce, and [Fraise d’hiver](#) for fresh strawberries.

To help our supplier partners grow as entrepreneurs, we partner with a range of initiatives, including:

- [Venture Park Food Accelerator](#): Non-profit supporting early-stage entrepreneurs in food and wine industries
- [iLaunch Her](#): Program supporting Black women, racialized women and immigrant women

In fiscal 2023 IGA continued the [IGA Local Accelerator program](#), designed to support Quebec

agri-food companies launch new products with the potential to shake up the industry. IGA has invested \$1 million annually in this project to support approximately 10 local companies each year. Entrepreneurs receive a combination of practical advice and access to business partners to get their products and services to market.

Looking ahead, in fiscal 2024 we are committed to continue building the capacity of our sourcing and merchandising teams around sustainability-related issues relevant to their areas, and we are empowered to work with our supplier partners to improve sustainability along our entire supply chain.



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Partnering With Local, Innovative Suppliers

We know our customers want to enjoy and support locally sourced food and products—and we do too. Since 2018 we’ve hosted a series of cross-country roadshows to engage local growers and producers to bring their products into our stores. The roadshows use informative and interactive presentations to illustrate our commitment to local growers, celebrate our existing local partnerships and build new relationships. Some of our most recent winning suppliers include:



Company: [Fresh is Best Salsa & Co.](#)

Location: British Columbia

Description:

From humble origins at the farmers’ market in Kamloops, BC, Fresh is Best Salsa & Co. produces a delicious range of salsas, dips, hot sauces, seasonings, corn chips and taco shells. We were proud to name Fresh is Best as our 2022 Supplier of the Year .



Company: [Rviita Energy Tea](#)

Location: Alberta

Description:

Rviita is an energy tea made of fruit juice, organic honey, tea, guarana seeds and vitamins. The Rviita team set out to create a clean, natural energy beverage as an alternative to traditional energy drinks, without sugar or chemicals.

Pure Sweetness Treat Shoppe

Company: [Pure Sweetness Treat Shoppe Inc.](#)

Location: Saskatchewan

Description:

This family business joined the Sobeys Local Program in 2019, offering packaged popcorn, including movie-style bagged popcorn. Today, the company has grown its range of delicious snacks to include candy floss, seasonal gift packs and fudge.

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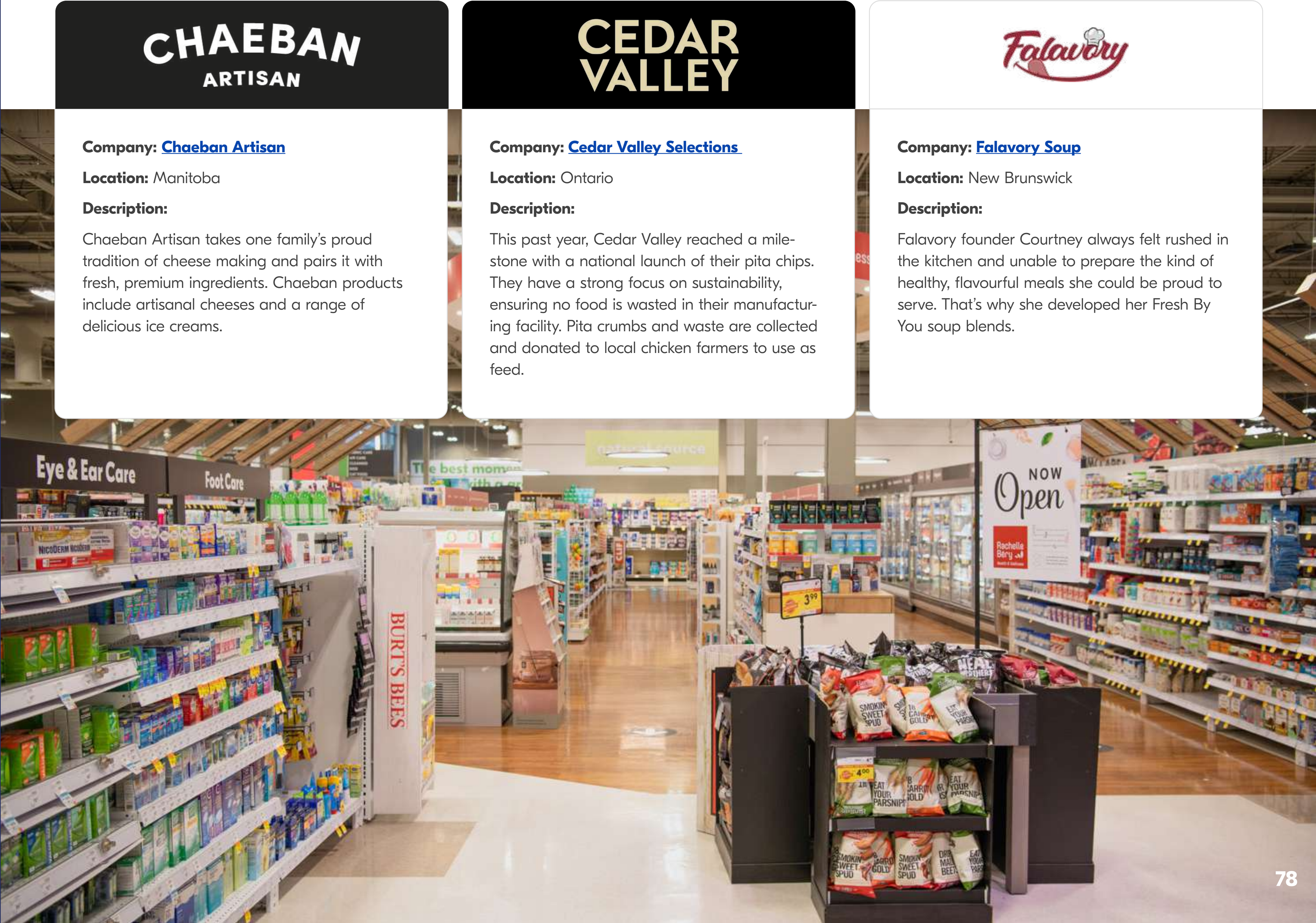
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CHAEBAN ARTISAN

Company: [Chaeban Artisan](#)

Location: Manitoba

Description:

Chaeban Artisan takes one family’s proud tradition of cheese making and pairs it with fresh, premium ingredients. Chaeban products include artisanal cheeses and a range of delicious ice creams.

CEDAR VALLEY

Company: [Cedar Valley Selections](#)

Location: Ontario

Description:

This past year, Cedar Valley reached a mile-stone with a national launch of their pita chips. They have a strong focus on sustainability, ensuring no food is wasted in their manufacturing facility. Pita crumbs and waste are collected and donated to local chicken farmers to use as feed.



Company: [Falavery Soup](#)

Location: New Brunswick

Description:

Falavery founder Courtney always felt rushed in the kitchen and unable to prepare the kind of healthy, flavourful meals she could be proud to serve. That’s why she developed her Fresh By You soup blends.

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Company: [Upstreet Brewing](#)

Location: Prince Edward Island

Description:

The Upstreet Brewing team has developed a process for making non-alcoholic Libra beer that is full of flavour, has reduced calories, and can be enjoyed without the buzz for greater health and wellness.



Company: [Tony's Meats Ltd.](#)

Location: Nova Scotia

Description:

Tony's Meats in Antigonish, Nova Scotia, produces a delicious range of sausages, deli meats, donair products, pork chops and other meat products.



Company: [Indigena Skin Care](#)

Location: Newfoundland & Labrador

Description:

Indigena founder Lisa has created a range of 100 per cent natural skincare created with wild-grown botanicals hand harvested in Newfoundland and Labrador.



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Champions

“I am proud of the leading role we play in fostering better partnerships in our industry, specifically with suppliers. I look forward to advancing all of the good work done to share perspectives, align on goals and spread the knowledge to influence significant positive change for all of us. It is simply the right thing to do.”

— Steve Denny, Director National Sourcing



Learn more:

Our work to support innovative suppliers is helping us achieve our goals to [reduce plastics](#) and take [climate action](#).



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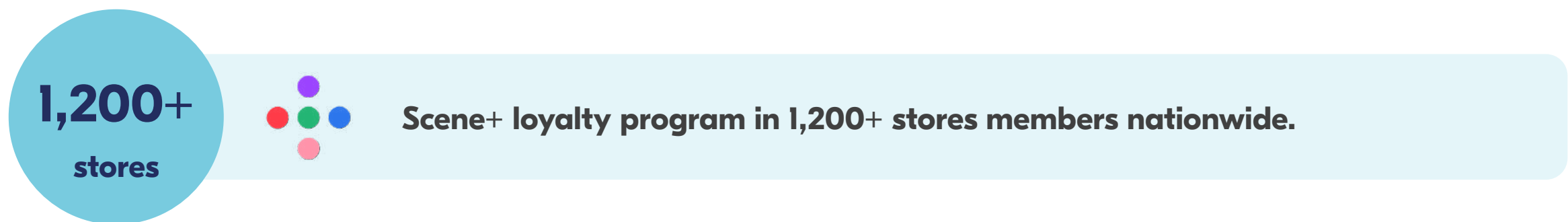
Customer Experience & Engagement

Customer Experience & Engagement

Why It Matters

We're committed to exceptional customer shopping and food experiences every day. We strive to find new and compelling ways to engage customers as our partners towards building a more sustainable future.

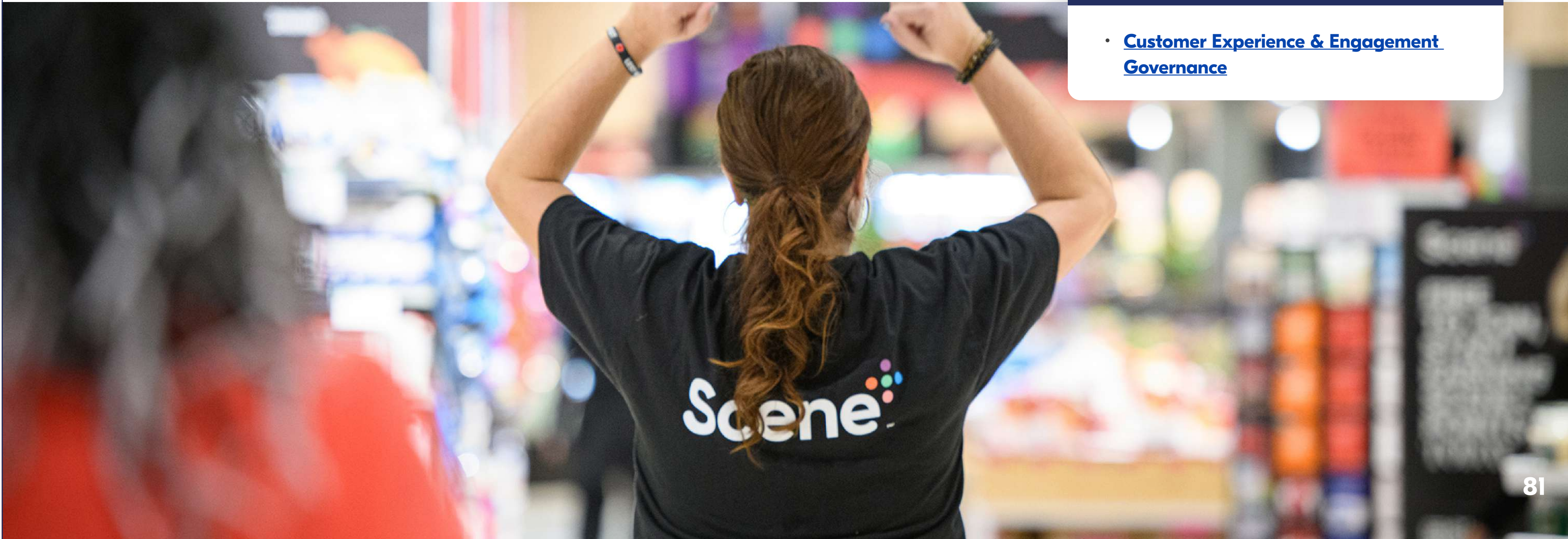
Fiscal 2023 Performance Highlight



See all our [ESG Data and Policies](#) 

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Our Approach

Over 115 years of operation, delivering for our customers has been core to our values and our business strategy. Customers look to us for reliable value, exceptional experiences and innovative solutions that make shopping easier and more delightful. We work hard to meet these expectations and deliver on our customer commitments every day.

[Learn more](#) about how we govern our approach to customer experience and engagement



National Scene+ Customer Loyalty Rollout

In fiscal 2023 we unveiled a new loyalty strategy to thrill, reward and connect with customers through Scene+, one of Canada's leading loyalty rewards programs. Along with Scotiabank and Cineplex, we are now a co-owner of **Scene+**, and together are transforming the Scene+ program into a preeminent lifestyle loyalty program in Canada. The Scene+ loyalty program is now available in more than 1,200 Empire banner stores from coast to coast, giving customers a wealth of options to earn

and redeem points at a vast number of partners. Evolving our loyalty offering is important milestone in our customer experience journey. With the Scene+ experience, we are able to offer customers significant opportunities to be rewarded when, how and where they want.

Expanded Access to Voilà

We also continue to expand our e-commerce offerings, giving customers more choice and flexibility in how they shop. Over the last few years, we have been expanding access to our Voilà home delivery and curbside pick-up services in Central, Western and Atlantic Canada. In July 2023 we will merge Longo's Gateway Grocery e-commerce and delivery service with Voilà, creating efficiencies while offering customers access to the best of both services. We also remain on track to open the third of our national Customer Fulfillment Centres in Calgary early in the coming fiscal year, and we are excited to bring our world-class e-commerce grocery business to customers in Alberta.

Growing Our Brands Options

We remain committed to helping our customers make more sustainable choices when they shop with us. This includes growing our Own Brands portfolio with new and more innovative options for customers, helping them access foods and goods that are great value and better for our suppliers and the planet (see **Food Safety & Quality, Health & Nutrition, Ethical & Sustainable Sourcing, Supplier Partners**). Our initiatives include promoting sustainable seafood through partnership with Ocean Wise, making more Fairtrade products available, and a continued focus on animal welfare through partnerships with ethical suppliers such as Nagano pork.

Ongoing Customer Engagement

We maintain an ongoing focus on customer engagement and education. For example, in fiscal 2023 we continued to shine a spotlight on sustainable behaviours and options through **OurPart™**, our customer-facing sustainability storytelling platform. We also delivered customer-facing campaigns focused on reducing food waste and making more sustainable purchasing choices. Additionally, we continued to expand technology-based innovations that enrich customer experience, including expanding the availability of EV chargers at our stores in Quebec.

Responsible Marketing

We also remain committed to ethical marketing and listening to our customers. Marketing material is reviewed by our legal and regulatory affairs team to ensure content and materials are marketed in a responsible manner. Our customer care channels provide an accessible mechanism to collect, record and address complaints or grievances. These lines are known and accessible to community members and allow for prompt responses from our team.





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Expanding Healthcare Options

To increase access to timely healthcare for customers in Nova Scotia, the Sobeys National Pharmacy and Lawtons Drugs partnered with Nova Scotia Health to operate five pharmacist-led walk-in clinics in Nova Scotia. The clinics offer an alternative for patients who would otherwise seek non-urgent care in an emergency department for health concerns that could be treated by a pharmacist or nurse practitioner who can assess, treat and prescribe medications for a variety of minor ailments and illnesses. The partnership is improving healthcare access in rural communities and delivering services for 1,500 patients each month. In February 2023,

the walk-in clinics became the first in the province to be integrated into the NS Health electronic medical record, making collaboration with the health system much more seamless. Our clinics can now also order labs for patients to update prescriptions and modify treatments appropriately—another provincial first.

Empowering Our Teammates to CARE

In fiscal 2023 we continued to deliver our CARE (Customers Always Receive Excellence) Program nationally. CARE is one of our required training programs for teammates, including annual recertification and recognition through awards for high performers. The program is delivering results, leading to measurable improvements across a range of customer experience and engagement metrics.

IGA Helps Customers Eat Local Longer

Over 10,000 customers in Quebec and New Brunswick learned how to make fresh, local food last longer as part of the Travelling Jar Initiative—a highlight of the Fonds Éco IGA Roadshow in fiscal 2023. The Travelling Jar kiosk visited 225 IGA stores, promoting the benefits of freezing, dehydrating and canning produce to preserve its goodness.

Learn more:

We’re also creating customer value through our commitment to [reduce plastics](#), [source our products responsibly](#), [partner with local and innovative suppliers](#) and ensure the [quality and safety](#) of every product we sell.





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