Empire Company Limited & Sobeys Inc.

2026 Sustainable Business Report

Sustainability Impact at a Glance

Fiscal 2026 Sustainable Business Report Highlights

Planet

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

35.4%
reduction in Scope 1 and 2 emissions compared to 2019 baseline.

50.3%
reduction in food waste (relative to 2016), exceeding our target of 50% reduction by 2025.

100%
of Farm Boy stores offer reusable container options at hot counters and salad bars.

Products

We're doing OurPart™ by delivering sustainable and ethical product choices for our customers.

90%
of our fresh, frozen and canned fish and seafood assortment (by weight) meet the criteria within our Sustainable Fish & Seafood Sourcing Guidelines.

90.4%
of palm oil in Our Brands, Farm Boy and Longo's private-label products is certified sustainable through physical trace and credits (RSPO certified).

514
women entrepreneurs supported in fiscal 2026 across Canada.

13,000+
products from local suppliers and producers.

People

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

CANADIAN COUNCIL FOR INDIGENOUS BUSINESS
Completed Phase 3 certification for the Partnership Accreditation in Indigenous Relations (PAIR).

38%
representation of women at the senior leadership level[1].

~$29 million
donated to support healthy bodies and minds in our communities (~$8.5 million in corporate donations and ~$20.5 million raised).

[1]Excluding Farm Boy

Empire Company Limited and Sobeys Inc. 2026 Sustainable Business Report

Prioritizing sustainability is a critical element of our ambition to be the best retailer in Canada. We have taken bold actions, including setting science-based climate targets, collaborating with supplier partners to address social and environmental risks in our supply chain, deepening our engagement with Indigenous Peoples and continuing to invest in our teams and communities. Our sustainability strategy builds on this momentum so we can continue to deliver ethical and sustainable products that are good for people, good for the planet and good for fostering strong business performance.

Download Fiscal 2026 ESG Performance Metrics Table

Download Fiscal 2026 SASB Index

"The drive to deliver local, sustainable value is shared by employees across all our stores and facilities nationwide. And their collective efforts add up. It is that deep collaboration and determination across the country that led us, as of December 31, 2025, to reduce our food waste by 50.3% (relative to 2016) — exceeding the 50% target we set. We're very proud of this achievement and...we are inspired to keep doing more."

Read a letter from Joshua Goodman, Head of Corporate Sustainability, Empire Company Limited

About This Report

Report Scope

This report covers fiscal 2026, from May 4, 2025, to May 2, 2026, 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. It reflects the most current available data, methodologies, reporting frameworks and information provided to us, and should be interpreted in the context of the information presented in this report. Any prior reports or related disclosures that may be inconsistent with the information in this report should be considered, where applicable, amended, restated or superseded. 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 2026 Annual Information Form. This includes corporate and franchisee-owned retail food stores, including convenience and fuel stores, retail pharmacy stores and in-store pharmacies, as well as our e-commerce grocery business, and excludes investments and other operations. This report focuses on material environmental, social and governance (ESG) factors for Sobeys Inc. operations. This encompasses:

- Full-service, community and discount grocery banners
- Related businesses, including convenience, fuel, liquor, pharmacy and wholesale
- E-commerce grocery business

This report covers our more than 1,600 stores, 24 retail support centres, two customer fulfillment centres and related business locations in all 10 Canadian provinces, as well as 130,000 employees.

Unless otherwise stated, data included in this report reflects all Sobeys Inc. operations, excluding Kim Phat and Ricardo.

Report Methodology

This report includes disclosures aligned with the Canadian Sustainability Disclosure Standards 2 (CSDS S2) and the Sustainability Accounting Standards Boards (SASB) Food Retailers & Distributors Standard and Drug Retailers Standard (available here). The regulatory landscape related to ESG disclosures continues to evolve, and we monitor these changes to ensure alignment with the standards issued by the Canadian Sustainability Standards Board (CSSB).

Disclosure Controls and Assurance

The mandate of the Audit Committee of the Empire Board of Directors includes reviewing applicable metrics and information contained in our annual Sustainable Business Report. In the future, we intend to supplement this review with third-party limited assurances for our Scope 1 and 2 emissions and will complete an assessment-readiness process as an initial step.

Feedback

For related inquiries and the latest updates on our programs and commitments, please contact investor.relations@empireco.ca for investors or sustainability@sobeys.com for all other stakeholders.

Learn More

This report is part of a suite of disclosures and resources that provide updates on performance and progress, including:

Annual Reports
Management Information Circulars
Quarterly Reports
Investor Centre
OurPart™

Forward-Looking Information

This Sustainable Business Report (SBR) contains information that may constitute forward-looking information within the meaning of applicable securities laws. Forward-looking information is presented to provide insights related to the Company's current plans and expectations regarding future events impacting Environmental, Social and Governance (ESG) topics, including its targets. With the exception of confirmed facts and statements, other information may be based on the company's assumptions, predictions and estimations and may be considered as forward-looking information.

Forward-looking statements in this report include, but are not limited to, the company's future goals and targets, including those related to its net-zero plans, Greenhouse Gas (GHG) emission reduction, fuel emission reduction, food waste reduction and supplier goals for science-based targets. This report also includes plans to pursue limited assurance on select ESG metrics, diversity, equity and inclusion, sustainability initiatives planned for fiscal 2027, among other goals and targets outlined in different sections of the report. Further, expectations relating to certifications for cybersecurity and data protection as well as the company's ability to detect, respond and protect the organization from cyber threats, may be impacted by developments in cyber threats and effectiveness of third-party vendors and advisers. The forward-looking statements included in this SBR may not be appropriate for purposes outside this report and may be identified by words or phrases such as "anticipates," "believes," "could," "estimates," "expects," "forecasts," "foresees," "intends," "may," "plans," "predicts," "projects," "will," and "would" as well as other similar expressions or the negative of these terms.

Although the Company believes the predictions, forecasts, expectations and conclusions reflected in the forward-looking information are reasonable and accurately represent its activities and expectations based on current circumstances and standards, it cannot assure that such matters will prove correct or remain applicable and attainable in the future, and that actual forthcoming disclosures may differ from initially anticipated outcomes. This is because the information is also subject to change due to the evolving ESG landscape, reporting requirements, uncertainty in sustainability-related disclosure regulations, changes in methodologies for assessing metrics and targets, and future economic forecasts and policies, among other considerations, all of which may affect its accuracy. Updates and improvements to existing practices to enhance the accuracy and consistency of ESG information, such as advancements in technology for emissions accounting, may also impact net-zero plans, emission reduction targets and other metrics and targets.

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 Risk Management section of the Company's fiscal 2026 annual Management's Discussion & Analysis (MD&A).

Readers are urged to consider the risks, uncertainties and assumptions carefully when evaluating the forward-looking information and are cautioned not to place undue reliance on it. 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.

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. Non-GAAP measures are intended to provide additional useful information to investors and analysts. They should not be considered in isolation or used as a substitute for measures of performance prepared in accordance with GAAP. The Company's definitions of the non-GAAP terms are as follows:

- 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.
- Adjusted EBITDA is EBITDA excluding certain items to better analyze trends in performance. These items are excluded to allow for period-over-period comparisons of ongoing operating results. It is reconciled to EBITDA in the "Operating Results — Full Year" section of the MD&A for the applicable years.
- Adjusted net earnings is net earnings, net of non-controlling interest, 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 "Operating Results — Full Year" section 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.

A Letter From Our Head of Corporate Sustainability

Sustainability remains central to how we operate and grow. It's something our employees believe in and our customers appreciate, because it helps deliver shared value while making our communities more resilient and our business stronger.

The drive to deliver local, sustainable value is shared by employees across all our stores and facilities nationwide. And their collective efforts add up. It is that deep collaboration and determination across the country that led us, as of December 31, 2025, to reduce our food waste by 50.3% (relative to 2016) — exceeding the 50% target we set. We're very proud of this achievement and, as this report demonstrates, we are inspired to keep doing more.

Take our Climate Action Plan for instance. So far, we have reduced emissions in our operations by 35.4% compared to 2019 levels. We are now shifting into phase two of a suite of multi-year initiatives to reduce emissions through more efficient, environmentally friendly and cost-effective operations. In addition, our continuing support of homegrown suppliers and producers, ethical sourcing and sustainable packaging are helping to make Canada's food system stronger for generations to come.

In addition to creating customer value, our sustainability commitment also drives how we give back to our communities. This year our company-wide giving and donations programs raised $29M in support of initiatives that remove barriers so more Canadians can access healthy and nourishing food, while also powering partnerships that foster healthy minds for Canadian children and youth. We also continued to deepen our engagement with Indigenous Peoples, celebrating their cultures and working with them as supplier partners and valued customers.

Being a truly sustainable business takes commitment. Doing it well also means being smart. This year we've adopted new AI-powered tools to track carbon emissions and manage other factors including human rights risks in our supply chains. These enabling technologies mean our employees can spend more time on taking care of our customers, communities and each other.

I am excited to share this year's Sustainable Business Report, because it provides a snapshot of the many ways we're working to be the best retailer in Canada while also delivering lasting, shared value for all Canadians and the places we call home. Our progress reflects the passion of our employees, the trust of our customers and the collaboration of our partners. Together, we are building a stronger, more sustainable future, store by store, product by product.

Joshua Goodman

Joshua Goodman
Head of Corporate Sustainability
Empire Company Limited
July 2026

Sustainability at Sobeys Inc.

Vision

Empower all to live sustainably in thriving communities.

Pillars	Focus Areas
Planet We're reducing our impacts and taking action on climate change to do OurPart™ to protect our planet for future generations.	Climate Action Food Waste Circularity
Products We're doing OurPart™ by delivering sustainable and ethical product choices for our customers.	Sustainable Sourcing Ethical Sourcing Local Supplier Partnerships Customer Wellness and Experience
People We're focused on growing and empowering a diverse, equitable and inclusive workforce to enable our employees, customers and communities to thrive.	Diversity, Equity & Inclusion and Indigenous Relations Community Investment Health, Safety & Wellness Employee Development & Experience Recognizing Our Employees

Our sustainability strategy builds on momentum, accelerates action and amplifies positive impacts for People and Planet through sustainable and ethical Products.

Empire is a national retailer with deep local roots; strong relationships with customers, supplier partners and employees across Canada; and supply chains that extend around the world. As such, we have the scale and commitment to empower people to live sustainably in thriving communities. OurPart.ca

Planet

Climate Action

Food Waste

Circularity

Climate Action

Ambition

We are committed to taking decisive action to reduce our greenhouse gas (GHG) emissions. It is not just the right thing to do, but it is fundamental to our long-term success and resilience as a business. By doing this, we are safeguarding our ability to operate efficiently, reliably and responsibly so that we can continue to deliver great customer services and support our communities.

Our Approach

Our approach is informed by science and global climate commitments, including the Paris Agreement and the Science Based Targets Initiative (SBTi). Our approach to climate governance and the scope and accountability for climate action is outlined in our **Environmental Policy**.

Our primary focus is improving efficiency of our operations, reducing emissions from refrigeration and decarbonizing across the value chain. By achieving our objectives, we intend to improve our performance while also doing OurPart™ for our employees, customers and communities.

Carbon Reduction Targets and Aspirations

Near-Term Targets

- Scope 1 and 2 (absolute target): Reduce 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): 64% of our suppliers by spend covering purchased goods and services will have science-based targets by fiscal 2027.
- Scope 3: Reduce absolute Scope 3 GHG emissions from use of sold products by 28% by 2030.

Long-term Aspirations

- Achieve net-zero by 2040 for Scope 1 and 2 emissions.
- Achieve net-zero by 2050 for Scope 3 emissions.

Scope 1+2 — Climate Action Plan

Our Climate Action Plan (CAP) is a phased approach focusing on reducing emissions and environmental impacts from within our operations, all in pursuit of our 2030 targets. Phase One, which ran from fiscal 2024 to fiscal 2026, involved targeted investments in refrigeration gas conversion and increased energy efficiency (HVACs and LED lights) in stores, retail support centres and customer fulfillment centres. Phase Two, running from fiscal 2027 to fiscal 2030, will continue to embed the key elements of Phase One in our operations by focusing on high-impact initiatives and those that drive the marginal aggregation of emission reductions, including:

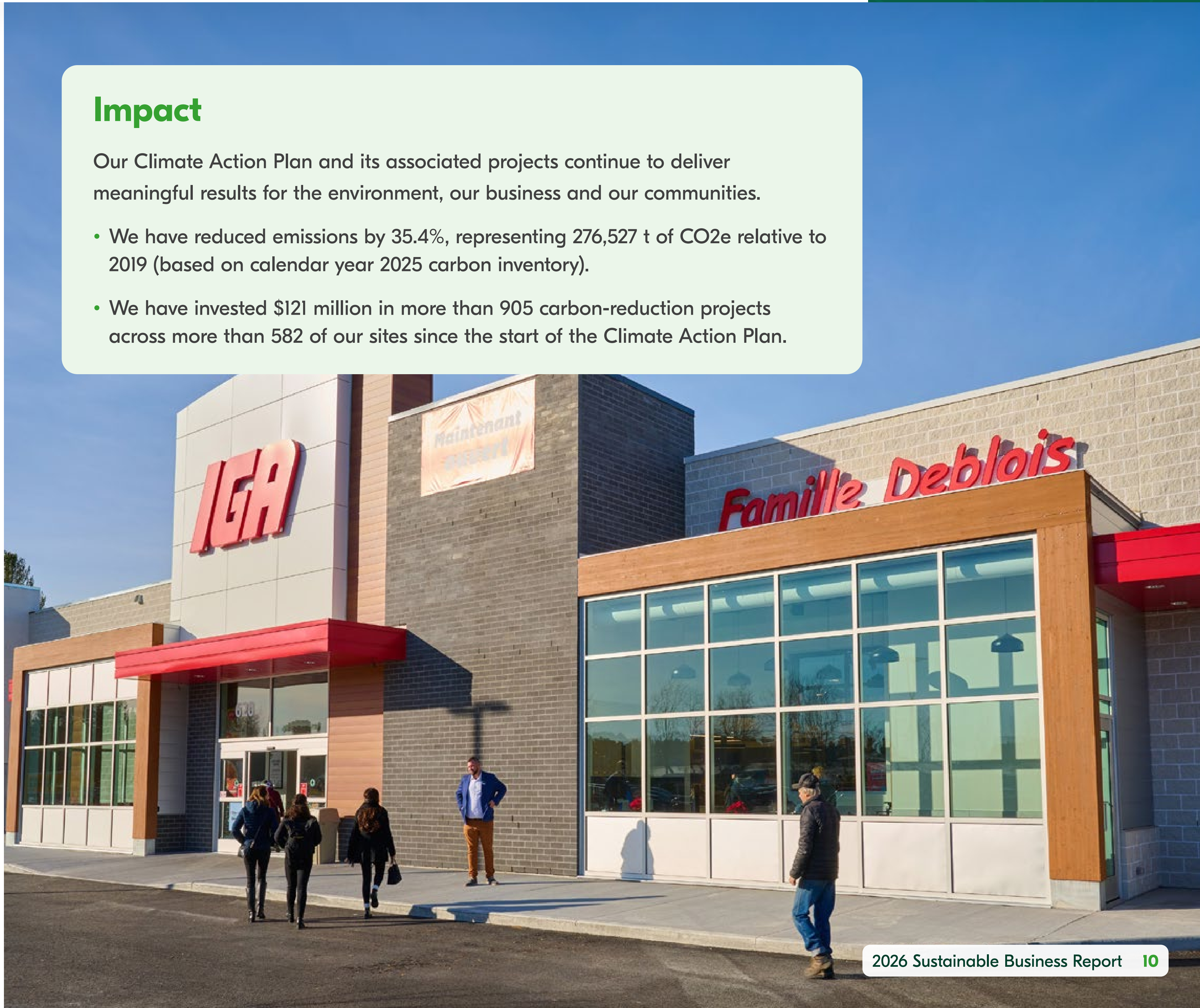
- Minimizing the impact of leakage from refrigeration by continuously lowering the Global Warming Potential of gas used.
- Leveraging technology to make store and transportation operations more efficient and to lower energy consumption intensity.
- Being more resilient to electricity price surges and slower decarbonization by increasing the use of renewable energy, including solar panels.
- Mitigating the impact of fossil fuel consumption through alternative renewable fuels and hybrid/electric vehicles.
- Establishing standards that incorporate all elements of Phase One for new store construction and major renovations.

The successful execution of Phase Two will depend on strong collaboration across our business.

Impact

Our Climate Action Plan and its associated projects continue to deliver meaningful results for the environment, our business and our communities.

- We have reduced emissions by 35.4%, representing 276,527 t of CO2e relative to 2019 (based on calendar year 2025 carbon inventory).
- We have invested $121 million in more than 905 carbon-reduction projects across more than 582 of our sites since the start of the Climate Action Plan.



Key Factors Driving Reductions:

Refrigeration

Emissions from refrigeration leaks declined by 8.29% year-over-year as a result of ongoing conversion and retrofit projects. Overall, emissions from refrigeration leaks have been reduced by 37.83% relative to the 2019 base year. We continue to transition our refrigeration systems to refrigerants with lower global warming potential, leading to lower leak-related emissions.

Energy Efficiency

Emissions from electricity consumption across all corporate stores declined by 7.72% from 2024, in part due to the continued impact of energy efficiency projects and optimization efforts. Additionally, diesel consumption, used for back up generators, was reduced by 67% relative to 2024.

Grid Decarbonization

An increase in carbon intensity for electricity grids in British Columbia, Manitoba, Ontario, Prince Edward Island and Quebec was offset by meaningful reductions in intensity in Alberta, New Brunswick, Newfoundland & Labrador, Nova Scotia and Saskatchewan.

Key Factors Driving Increase:

Emissions from Heating

Natural gas consumption, primarily used for heating, increased relative to 2024, primarily due to inclement winter weather in certain provinces.

Fleet Efficiency

Continued increase in fuel consumption in our owned fleet, including our e-commerce business Voilà, led to higher Scope 1 emissions in comparison to 2024.

Organic Growth

The growth in our overall retail footprint creates net new emissions for our carbon inventory.

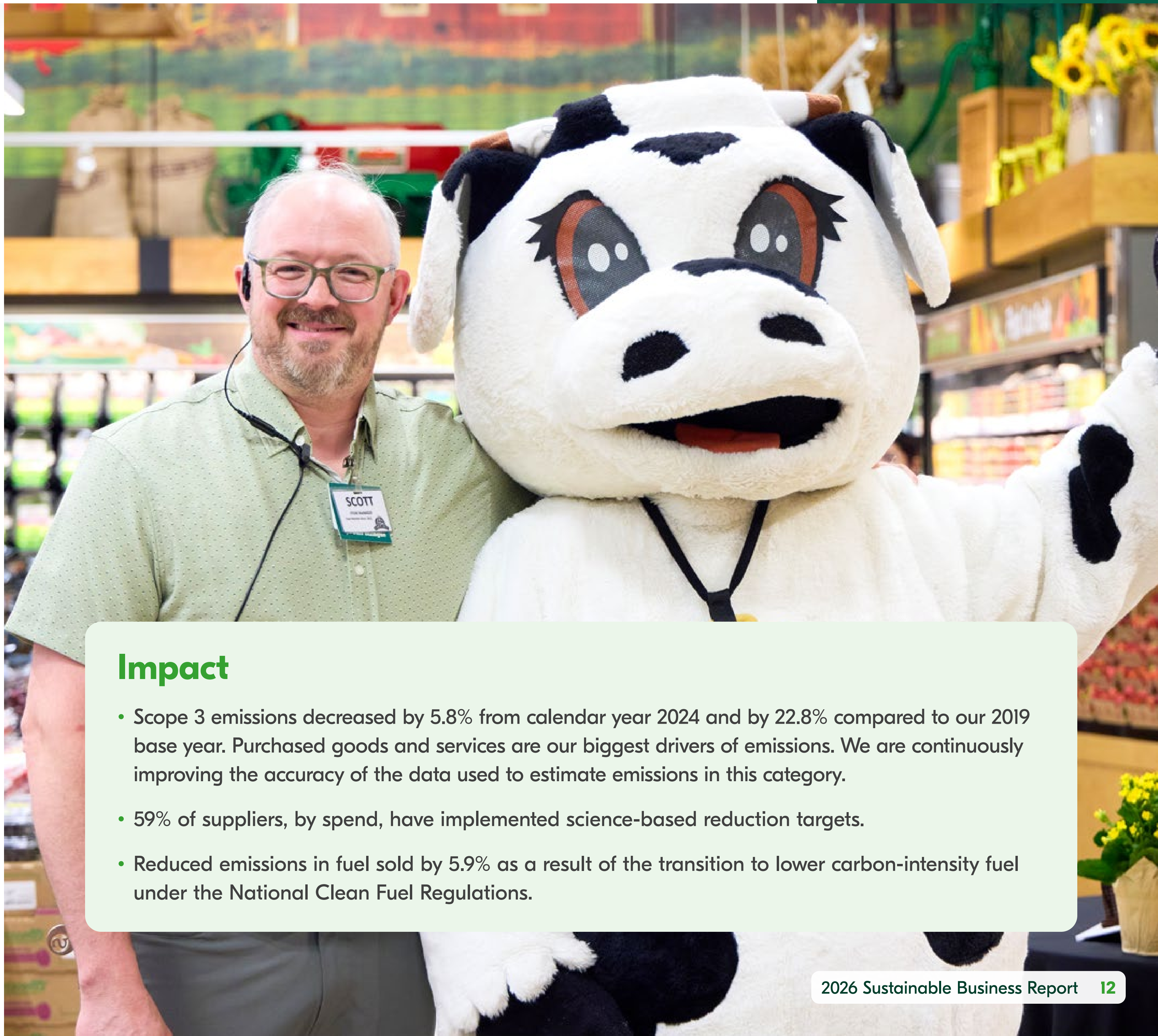
Scope 3

Our supply chain accounts for the largest proportion of our emissions at 96.6%. Partnership and action from suppliers, industry, government and customers are needed to achieve a more sustainable and low-carbon future for our products. We remain committed to working collaboratively to decarbonize grocery supply chains in Canada and beyond.

For more details on current focuses for sustainable products, as well as our approach to nature and biodiversity, please see the Sustainable Sourcing section of this report.

Central to this work is having strong, accurate data. In fiscal 2026, we partnered with HowGood, a platform for building product carbon footprints and developing carbon reduction strategies in the food sector. Our ambition is to leverage the platform to model decarbonization, identify abatement recommendations and engage suppliers.

In addition, we continue to focus on supplier engagement and fuel targets. We hold climate action training with our supplier-facing teams and host webinars for suppliers upon request to support accurate climate reporting. We also continue to comply with National Clean Fuel Regulations and to transition to lower carbon-intensity fuel.



Impact

- Scope 3 emissions decreased by 5.8% from calendar year 2024 and by 22.8% compared to our 2019 base year. Purchased 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.
- 59% of suppliers, by spend, have implemented science-based reduction targets.
- Reduced emissions in fuel sold by 5.9% as a result of the transition to lower carbon-intensity fuel under the National Clean Fuel Regulations.

Key Factors Driving Decrease:

Purchased Goods and Services Sold (Category 1)

Decreased emissions associated with products sold in our fuel, liquor and wholesale businesses.

Capital Goods (Category 2)

Decreased emissions were the result of a lower overall spend for real estate projects in comparison to 2024.

Key Factors Driving Increases:

Franchises (Category 14)

Higher emissions were associated with increased electricity and natural gas consumption, primarily driven by inclement weather.

Electric Vehicle Charging

We are driving toward a more sustainable future for our customers and employees with expanded electric vehicle (EV) charging access. Across our network, we have 174 active ports at 77 store and office locations. Moving forward, we will be expanding our EV charging network at offices in fiscal 2027 and will continue to explore opportunities at retail locations on a province-by-province basis.

Sharing our progress with our customers

Many of the carbon abatement projects we complete in our stores take place behind the scenes. To help engage employees and customers and increase awareness of our sustainability efforts, we introduced signage in more than 170 stores across Canada to communicate our environmental impact in those locations.

Store Spotlight

IGA Farnham in the Eastern Townships, Quebec, highlights how practical energy efficiency upgrades can help advance our climate action targets while improving store performance. By incorporating a heat pump into the ventilation unit, the store is expected to reduce annual energy consumption by approximately 98,000 kWh. Projects like this help identify scalable solutions that can support lower-emission operations across the network.

"I combine my knowledge and skills in maintenance with technology to innovate and drive continuous environmental improvement. We participate in utility demand response programs to improve energy efficiency across Quebec, New Brunswick and Nova Scotia. We also use predictive maintenance insights to reduce energy waste and prevent catastrophic equipment failures before they occur. Furthermore, predictive refrigerant leak detection initiatives prevent the releases of high global warming potential gases while preventing food loss. These initiatives help us reduce maintenance costs and reinforce our leadership in sustainable operations."

Frédéric Blanchette, Property Maintenance Manager, Quebec

Empire and Sobeys Inc. Greenhouse Gas Emissions

Scope	2025	2024	2019	% difference (2024-2025)	% difference (2025-2019)
Scope 1	310,431	316,968	426,718	-2.1%	-27.3%
Scope 2	195,097	211,422	355,338	-7.7%	-45.1%
Scope 3	14,259,953	15,135,972	18,471,150	-5.8%	-22.8%
Total 1 & 2	**505,528**	**528,389**	**782,055**	**-4.33%**	**-35.4%**
Scope 1 & 2 intensity (kg CO2e/sq ft)	18.4	23.8	34.0	-22.6%	-45.9%

Notes

- We use the GHG Protocol to calculate our emissions. The 2019-2025 GHG inventory includes all Sobeys Inc. and Empire grocery and related business banners in operation since 2019, including corporate and franchise sites.
- 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.
- Scope 1 emissions from refrigerant leakage include our corporate grocery sites where maintenance service providers are integrated with our maintenance-tracking and data-management system. We are continuously refining our data-collection processes.
- Scope 2 emissions sources encompass electricity consumption.
- Scope 3 emissions sources encompass purchased goods and 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, upstream leased assets, down-stream transportation and distribution, use of sold products, downstream leased assets, franchises and investment.
- Refrigerant emissions have been restated for 2024 and 2019 baseline to reflect updated IPCC AR6 GWP values.

Food Waste

Ambition

Food is at the heart of our business — and as a family nurturing families, we take that seriously. We are committed to ensuring as much food as possible is enjoyed at the table, not sent to landfill. Our approach focuses on preventing food waste, expanding recovery and redistribution efforts and advancing circular solutions.

Our Approach

Our food waste reduction strategy has three areas of focus:

We are committed to reducing food waste across our operations and supply chain, and to measuring and reporting progress using the globally recognized Food Loss and Waste Accounting and Reporting Standard. Our approach, governance, scope and accountability for food waste are outlined in our Environmental Policy. We also work with like-minded partners to ensure surplus food from stores and supply chains reaches the tables of families in need. In addition, we divert and repurpose surplus food not suitable for human consumption for animal feed, biobased materials, biochemical processing and organic composting. Building on this progress, we are expanding our food waste strategy to drive even greater impact.

Key Partnerships

We partner with many organizations to reduce food waste and support families in need:

second harvest

Banques alimentaires du Québec

EARTH DAY .CA

JOUR DE LA TERRE .CA

FoodHero

TOO GOOD TO GO

Loop

Reducing Food Waste by 50% by 2025

In 2019, we set an ambitious goal to reduce food waste across our operations by 50% by 2025, relative to a 2016 baseline — going beyond the United Nations Sustainable Development Goal (SDG) Target 12.3 to halve food loss and waste by 2030. We work with like-minded community partners to continuously improve how food is managed and to expand programs that redirect surplus food to people who need it most.

Impact

- As of December 31, 2025, we are proud to have reduced food waste in operations by 50.3% from 2016. This achievement reflects the collective efforts of our employees, community partners and food rescue organizations across the country.

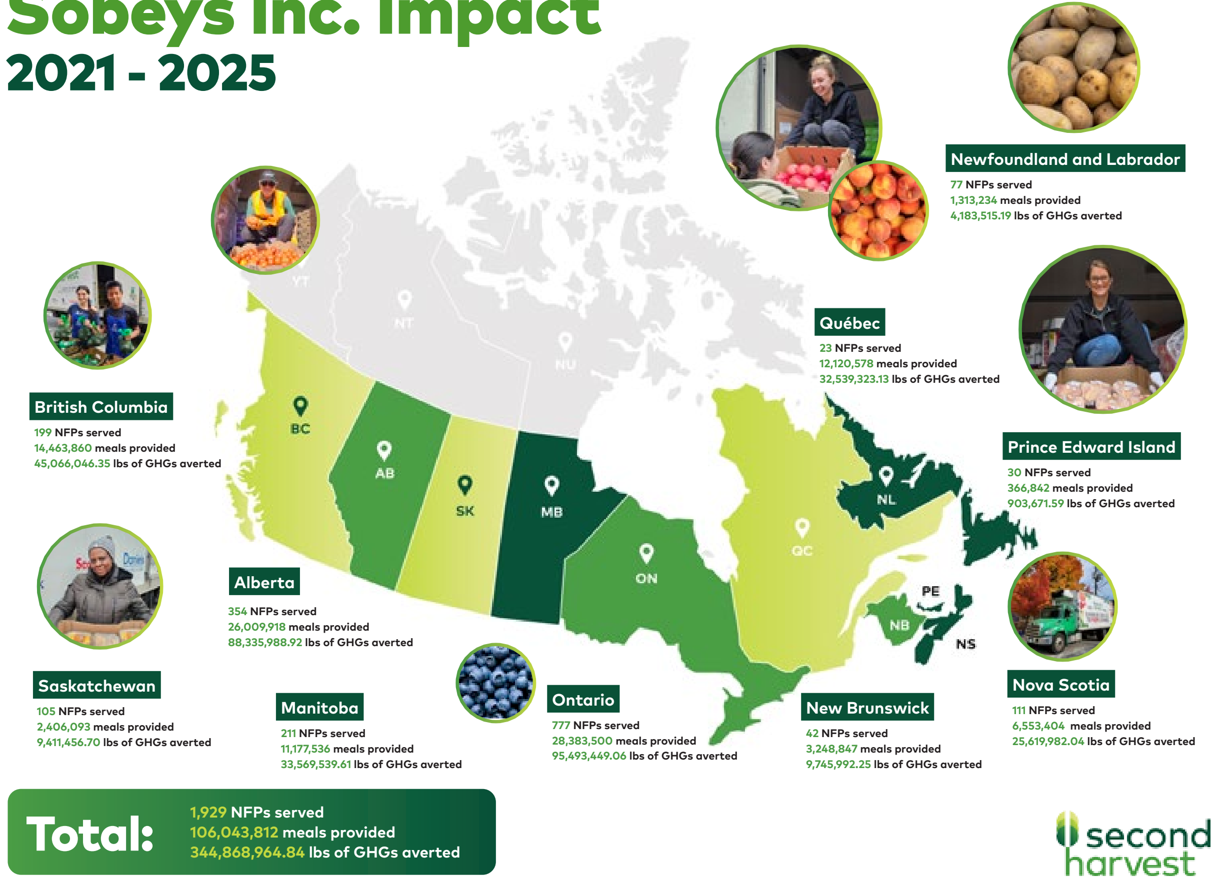
Redistributing Surplus Food: National Food Rescue Program

Through our National Food Rescue Program, we work with community organizations such as Second Harvest and Banques alimentaires du Québec (BAQ) to help people access fresh, healthy food. The program makes it easier for stores to donate surplus items such as produce, dairy and meat — foods that are difficult for local charitable partners to source and that have high environmental impacts.

Second Harvest Partnership

Working with Canada's largest food rescue organization, we have deployed the Second Harvest Food Rescue App nationally. The food rescue program is integrated into all stores in English Canada, retail support centres, Voilà customer fulfillment centres and Needs Convenience and fuel sites. In fiscal 2026, we expanded the program to include Lawtons Drugs.

Sobeys Inc. Impact 2021 - 2025



Watch this video to learn how Sobeys and Second Harvest are making a difference

Banques alimentaires du Québec and Community Partnerships

Our five retail support centres and over 350 stores in Quebec, representing 83% of stores in the province, have diverted surplus food through a food recovery program.

Jour de la Terre and Fonds Éco IGA Partnership

In fiscal 2026, we rebuilt our Food Fight program at IGA Quebec to integrate food preservation objectives and to expand communication on this topic. Food Fight inspires and supports people in reducing food waste through free tools, tips and conferences. We are also amplifying anti-waste messaging in our flyers, newsletters, websites and across national and local media channels.

Impact

- We received the Excellence in Retailing Award for Environmental Leadership from the Retail Council of Canada in 2025 for our National Food Rescue Program.
- We helped donate more than 31 million meals to food charities with Second Harvest in calendar year 2025 and were recognized as Canada's Top Food Donation Partner for the fourth consecutive year.
- We are the first retailer in Second Harvest's history to donate over 100 million meals. Our retail support centre in Whitby is the first distribution centre to surpass 10 million pounds of donated food.
- We were awarded the 360° Donor Award by Banques alimentaires du Québec for its outstanding contributions in food donations, service and community impact. We donated over 3.15 million kgs of food to local organizations via BAQ in fiscal 2026.
- IGA Quebec stores provided an average of 11,900 kgs of food per store, with a total of 2.4 million kgs given in fiscal 2026. Retail support centres have provided almost 730,000 kgs of food.
- The Food Fight campaign generated 25 million impressions of educational content on food waste.

Fresh Thinking: Apps Help Customers Waste Less Food

We partner with third-party apps that help customers purchase proteins, baked goods, produce and more at discounted prices. The FoodHero app is available in over 850 stores across Canada. FoodHero complements existing in-store markdown programs, bringing safe, delicious food that is nearing expiry to be enjoyed in people's homes.

Longo's is proud to partner with Too Good To Go, the world's largest marketplace for surplus food. Since 2022, customers have enjoyed savings on prepared meals, baked goods and dairy products using this platform. Longo's is expanding the program to all downtown Market stores, unlocking even greater value.

Impact

- Customers bought 2.3 million kgs of food through FoodHero.
- FoodHero surprise produce boxes, filled with a variety of mixed fruits and vegetables, are available at participating IGA stores in Quebec. In fiscal 2026, nearly 41,222 kgs of produce were rescued in Quebec.
- Longo's has saved 40,313 meals from going to waste, redirecting them to customers at an accessible price point.

Turning Waste into Something Wonderful

We are also integrating circular economy practices to reduce food waste, converting surplus inedible food into animal and insect feed, fuel for renewable energy and other useful materials. Read more in our Circularity section.

Programs include:

- Initiating a pilot with Loop Resource in Alberta to repurpose inedible food into animal feed.
- Partnering with a leading company in Quebec that specializes in converting agri-food by-products into industrial ingredients. By employing circular processes, they effectively transform organic materials into compost, organic fertilizer or insect larvae for animal feed.
- In collaboration with Oberland Agriscience, one of Canada's largest commercial producers of black soldier fly larvae, we conducted a trial at a Sobeys in Halifax. During the trial, Oberland started collecting expired food and quickly scaled up to use 1,000 kgs of organic waste each week.

Impact

- Initial results from the Loop Resource pilot show stores experiencing a 42% reduction in food waste sent to landfill.
- In one quarter, the Sobeys Halifax store participating in the Oberland trial diverted approximately 10,500 kgs of food waste.

Store Spotlight

The Vernon Safeway team has eliminated the vast majority of all food waste sent to landfill. Colette Frith, Assistant Store Manager, says they achieved this ambitious goal through discount programs, such as Fruitful Bargains and FoodHero and by donating through Second Harvest. The team has also partnered with Food Mesh to bring inedible food waste to farmers who use it for animal feed or compost.

"I am very proud to be part of Sobeys, because our store teams are able to use multiple platforms to assist local kitchens to feed those who are less fortunate and provide quality products for more budget-friendly pricing. This shows that we can be impactful leaders in our community to create a promising future for all."

Justyna Mohabir, Store Operator, Sobeys

Our Food Waste Journey to 2025

2016
Established food loss and waste baseline

2019
Announced our public commitment to reduce food waste by 50% in our operations by 2025
14.7% Reduction

2021
Launched National Food Rescue Program with Second Harvest and FoodHero in Quebec
22% Reduction

2023
Introduced Profit Sharing Plan that included a Sustainability KPI
37% Reduction

2024
Expanded FoodHero to English Canada
45% Reduction

2025
Achieved our food waste target
50.3% Reduction

Circularity

Ambition

We are advancing a circular approach to food retail by designing out waste, keeping materials in use and recovering value from resources through sustainable packaging and responsible waste management.

Our Approach

Our approach focuses on preserving the value of materials and food by reducing what we use, preventing waste where possible and improving how remaining resources are recovered and managed. Our Environmental Policy lays out our commitment, governance, scope and accountability for circularity within Sobeys Inc. We support this approach by:

- Designing out unnecessary packaging and improving material choices to support circularity.
- Strengthening waste diversion to reduce what we send to landfill.
- Aligning with regulatory requirements and bylaws, including Extended Producer Responsibility (EPR), to support compliant and consistent material management practices.
- Working with suppliers and industry partners to advance packaging solutions and share best practices.
- Aligning actions across functions to support consistent execution and driving continuous improvement through pilots, collaboration and operational refinements.

Learn more on how we approach reducing food waste in our operations

Key Partnerships

We collaborate with industry organizations, suppliers and cross-sector partners in support of our approach. Together, we leverage shared expertise and innovation to respond to evolving regulatory requirements and practice environmental stewardship.

CPP CANADA PLASTICS PACT
RCC RETAIL COUNCIL OF CANADA
pac global
EARTH DAY .CA
JOUR DE LA TERRE .CA
CIRCULAR INNOVATION COUNCIL

Advancing Reuse and Eliminating Single Use

Reusable solutions help to reduce reliance on single-use packaging and extend the life of materials. We advance this work through targeted pilots and exploratory partnerships to identify solutions that are practical, convenient, scalable and address customer needs.

- IGA Quebec partners with EcoTank to install bulk windshield washer fluid stations at participating locations, preventing thousands of plastic jugs from entering the waste stream.
- We participated in a feasibility study through the Canada Reuse City Project in Ottawa, led by Circulr, to assess how standardized, shared reusable packaging systems could work at scale for everyday grocery products. The findings will inform future approaches that reduce single-use packaging while maintaining customer convenience.
- Farm Boy offers reusable containers from Friendlier, a Canadian-owned company, at 100% of our stores with salad bars and hot bars, providing customers with an alternative to single-use disposable packaging.

Impact

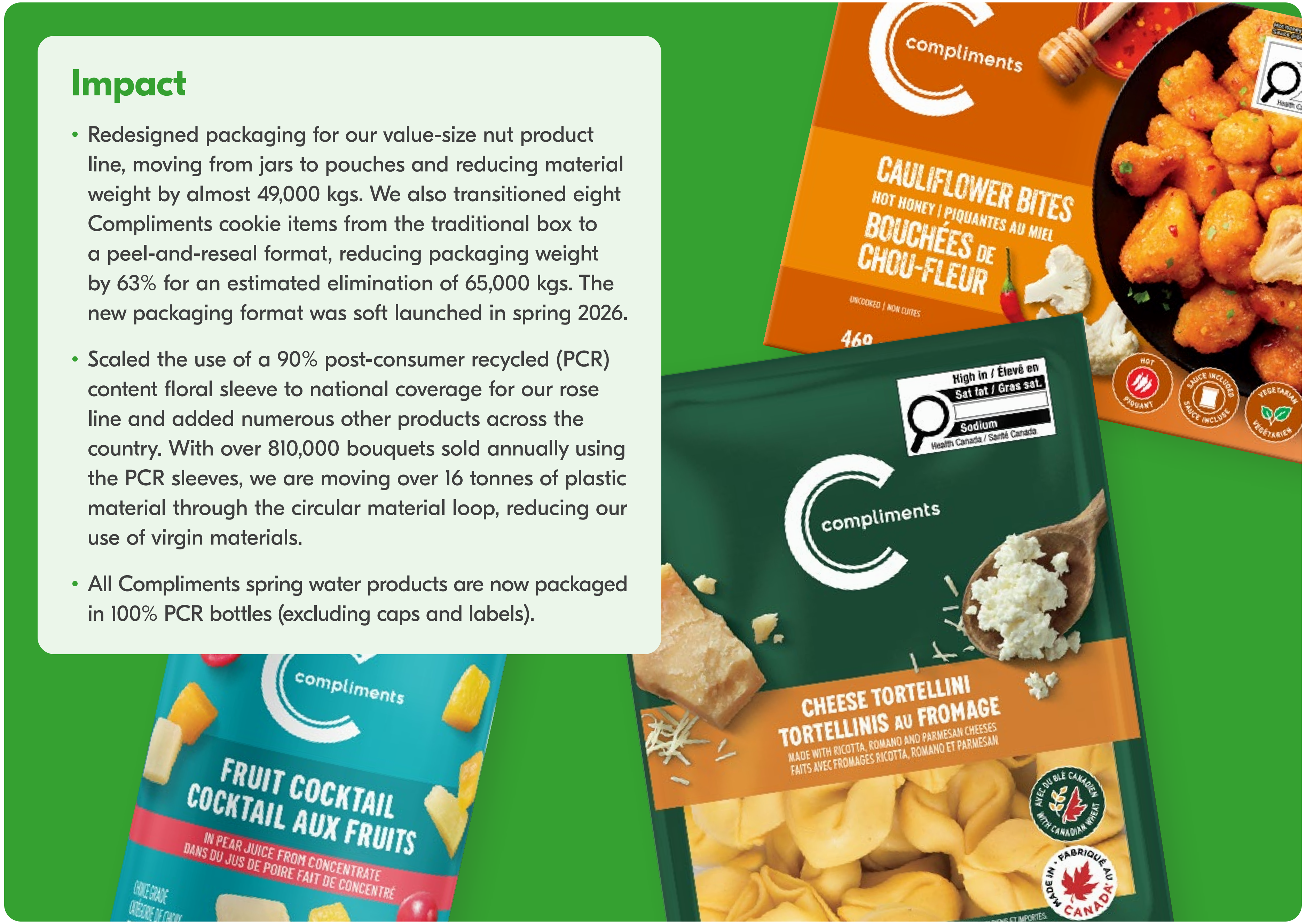
- 26 bulk windshield washer fluid stations have been installed to date at IGA Quebec, removing the equivalent of approximately 64,000 3.75-litre plastic jugs.
- During the first year of the Farm Boy Friendlier program, customers replaced approximately 200,000 single-use containers with reusable options.

Improving Design in Our Packaging

We continue to focus on reducing packaging waste. This is in alignment with our commitment to adopting Golden Design Rules and to support the goals of the Canada Plastics Pact. These changes help reduce material use and shipping weight, ultimately reducing waste. Lowering overall packaging tonnage also helps us avoid EPR fees, demonstrating how smart packaging choices can benefit customers, the environment and our business.

Impact

- Redesigned packaging for our value-size nut product line, moving from jars to pouches and reducing material weight by almost 49,000 kgs. We also transitioned eight Compliments cookie items from the traditional box to a peel-and-reseal format, reducing packaging weight by 63% for an estimated elimination of 65,000 kgs. The new packaging format was soft launched in spring 2026.
- Scaled the use of a 90% post-consumer recycled (PCR) content floral sleeve to national coverage for our rose line and added numerous other products across the country. With over 810,000 bouquets sold annually using the PCR sleeves, we are moving over 16 tonnes of plastic material through the circular material loop, reducing our use of virgin materials.
- All Compliments spring water products are now packaged in 100% PCR bottles (excluding caps and labels).



Closing the Loop on End-of-Life Disposal

We are improving waste diversion by increasing recovery and prioritizing higher-value pathways for materials. Through targeted programs and partnerships, we are reducing landfill while advancing more circular outcomes for the materials we manage.

Featured Diversion Programs

The Action Reduction Certification, delivered by Earth Day Canada and supported by the Fonds Éco IGA, helps our IGA and IGA Extra grocery stores in Quebec and New Brunswick strengthen in-store waste management through structured guidance, training and performance tracking. Stores are evaluated on their commitment to waste reduction, implementation of key material recovery streams, diversion performance measured through monthly reporting and food donation practices that support local communities. Stores that consistently achieve average diversion rates above 70—80% receive Platinum and Diamond certification.

Learn more on how we approach reducing food waste in our operations

Longo's diverted over 81% of its operational waste from landfill by focusing on waste reduction strategies such as careful inventory management, discounts for items nearing their best-before dates, ingredient upcycling and food donation. Longo's is also supported by a range of material recovery streams, such as recycling programs for cardboard, organics processing into animal feed or compost and dedicated collection streams for meat by-products and grease.

Battery Collection and Recycling

Longo's was the first grocery chain in Ontario to offer a battery collection and recycling program in partnership with Call2Recycle. This program helps customers to reduce their environmental footprint and expands access to safe battery recycling.

Higher Value Recovery

Our Quebec Sobeys locations continue to keep organic material out of landfill while improving the circularity of how that material is managed. By moving material from composting to Entosystem's insect bioconversion process, we are supporting a higher-value recovery pathway. See our Food Waste section for more on our partnership with Oberland to convert store fruit and vegetable waste to new pathways.

Impact

- 296 stores are participating in the Fonds Éco IGA Action Reduction Certification Program, with 126 stores achieving Platinum or Diamond levels.
- We redirected approximately 37 million kilograms of organic waste to higher value and lower emissions options, as defined by the U.S. Environmental Protection Agency (EPA) Food Recovery Hierarchy. This represents 33% of total organic material generated by Quebec stores. Waste that was previously composted is now reused and redistributed.
- Since the Call2Recycle program launched, Longo's stores have collected 18,805 kgs of used batteries. Longo's again received Call2Recycle's Leader in Sustainability Award for 2025.

Store Spotlight

The team at IGA Extra, Marché Famille Viau inc. in Quebec are committed to eliminating waste from landfill. By participating in the Action Reduction program, they have improved their waste diversion from 50% to 83%.

"For Our Brands, improving packaging design is about using materials more efficiently and making thoughtful choices that support circularity. By reducing unnecessary packaging and improving material design, we can lower environmental impact while maintaining product quality and a positive customer experience. It's a continuous effort, guided by collaboration and a shared commitment to making better packaging choices every day."

Raguram Baskar, Sustainability Manager, Our Brands

Products


NEW BRUNSWICK
WILD COLD WATER SHRIMP
COOKED · CUITES
CREVETTES NORDIQUES SAUVAGES
NOUVEAU-BRUNSWICK
150-250
112+
340 g
MSC
NOVA SCOTIA
WILD LOBSTER CLAWS
FULLY COOKED · ENTIÈREMENT CUITES
PINCES DE HOMARDS SAUVAGES
NOUVELLE-ÉCOSSE
454 g
SCORED · PRÉ-COUPÉES
MSC
WILD SNOW CRAB CLUSTERS
ET-LABRADOR
454 g
MSC

Sustainable Sourcing

Ambition

We aim to create more resilient food systems and provide customers with access to sustainably sourced products. By offering options that reflect the diverse needs of our customers, we empower them to make sustainable choices that feel practical, relevant and personally meaningful.

Our Approach

We work with our supplier partners to grow key product categories, strengthen domestic supply, manage risks, drive efficiencies and deliver quality and value for customers.

Through our Ethical and Sustainable Sourcing Policy (ESSP), we continue to work across all product categories to embed responsible sourcing standards and expectations into purchasing processes. Applying to both direct and indirect suppliers, this policy communicates our expectation that they address the social and environmental impacts of their products by complying with all applicable laws and regulations and upholding high standards of stewardship. We are simplifying access to the policies and processes suppliers need, focusing our efforts on what creates real value.

We emphasize transparent, ethical and sustainable business practices for our suppliers, aligned with our values and commitment to delivering unique, safe and high-quality products to our customers.

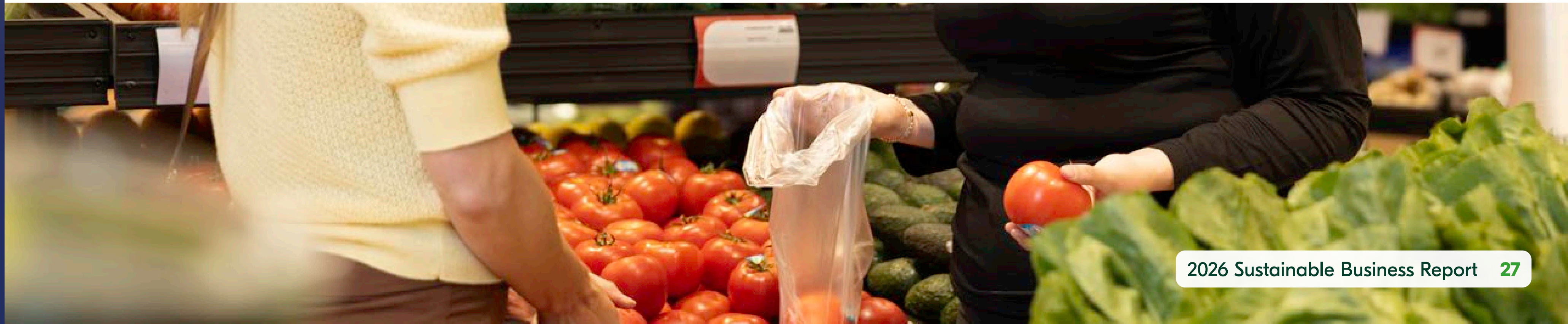
Operational responsibility for supplier partnerships falls under four streams:

National Sourcing

Our national sourcing team shapes the strategy that guides national supplier negotiations, policies and procedures, ensuring efficiency and alignment across merchandising practices. Our Sustainability Connected program helps national sourcing and merchandising teams integrate sustainability into supplier interactions by offering quarterly newsletters and a learning portal covering supplier diversity, climate action, packaging and ethical sourcing. We are also evolving our national supplier scorecards to embed sustainability criteria across our sourcing and strengthening accountability and long-term performance.

Our Brands

Our Our Brands team fosters strong, long-term partnerships with both Canadian and international suppliers, prioritizing ethical and sustainable business practices in all relationships. Our Brands also supports the growth of local businesses.



Local Sourcing

Our local development team works directly with local suppliers, supporting their market entry and growth across our retail banners.

See the Local Supplier Partnerships section for more details

Strategic Sourcing

Our Strategic Sourcing team finds opportunity to drive the best value on goods not for resale (GNFR). GNFR suppliers deemed of material importance to the business are required to report annually against a range of performance factors, including ESG-related performance metrics, as part of our Supplier Relationship Management program.

We collaborate with suppliers and trusted partners to create more resilient food systems and meet customer demands for products that use resources sustainably.

We are currently focused on driving impact in three key focus areas:

- Supporting responsible fish and seafood sourcing practices.
- Mitigating deforestation practices.
- Improving access to sustainable products.

We use a staged approach that builds stronger supply chain insight and continuously informs the systems and commitments that guide our decisions. In partnership with suppliers, we use this framework to outline clear expectations and direct targeted support, helping us deliver sustainable product choices to Canadians.

Key Partnerships

Key stakeholders supporting our work in this area include:

CERTIFIED SUSTAINABLE PALM OIL RSPO

OCEAN WISE

FAIRTRADE CANADA

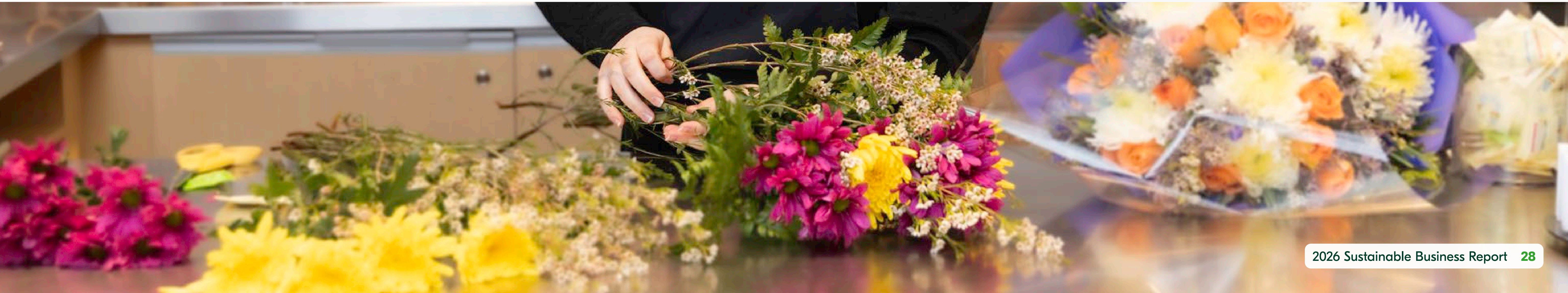
CRSB Canadian Roundtable for Sustainable Beef

Sustainable Fisheries PARTNERSHIP

asc CERTIFIED ASC-AQUA.ORG

Best Aquaculture Practices

CERTIFIED SUSTAINABLE SEAFOOD MSC www.msc.org



Supporting Responsible Fish and Seafood Sourcing Practices

We are committed to responsible seafood practices that are both sustainable and traceable. Across all our banners, we help consumers make informed choices when shopping and lay out our approach, expectations and commitments in our Sustainable Fish & Seafood Sourcing Guidelines.

Through the Seafood Metrics platform, delivered by the Sustainable Fisheries Partnership (SFP), our employees and supplier partners gain a comprehensive understanding of the sustainability risks and opportunities associated with wild-caught and farmed fisheries. Seafood Metrics supports traceability within supply chains by enabling suppliers to report place of origin, catch methods, human rights risks and details on third party sustainability certifications. Last year, we worked closely with SFP to address reporting gaps and strengthen data accuracy, establishing a robust baseline that enabled us to extend our seafood sourcing guidelines and commitments from Our Brands across national brands. We will continue working with supplier partners to achieve these goals in the coming years. We also work with a third party, Ocean Wise, which audits and assesses the data to provide annual recommendations on alternative sources to eliminate or reduce non-sustainable species or fisheries across our seafood supply chain.

Longo's and Farm Boy have longstanding sustainable seafood programs that adhere to similar principles. Longo's launched the Catch Conscious program in 2011, with a focus on transparency, traceability and continuous improvement.

Farm Boy's Good Catch™ program empowers customers to choose responsibly caught seafood through clear labelling, curated product choices and in-store education. Farmed products are either Aquaculture Stewardship Council (ASC) or Best Aquaculture Practices (BAP) certified, while wild products are Marine Stewardship Council (MSC) or aligned with SeaChoice's green, "Best Choice" rating.

Impact

90%	of fresh, frozen and canned fish and seafood assortment (by weight) meet the criteria within our Sustainable Fish & Seafood Sourcing Guidelines
39%	of fresh, frozen and canned fish and seafood products certified by Marine Stewardship Council.
27%	of fresh, frozen and canned fish and seafood products recommended by Ocean Wise.
34%	of fresh, frozen and canned fish and seafood products certified by Best Aquaculture Practice.
7%	of fresh, frozen and canned fish and seafood products certified by Aquaculture Stewardship Council.
3%	of fresh, frozen and canned fish and seafood products engaged in a Fishery or Aquaculture Improvement Project.
0.3%	of fresh, frozen and canned fish and seafood products sourced from Indigenous governed fishing practices.
97%	of fresh and frozen fish and seafood products in alignment with Longo's Catch Conscious Program.

Mitigating Deforestation in our Supply Chain

We are focused on mitigating the deforestation impacts associated with high-risk commodities such as palm oil, coffee, cocoa and beef. Key initiatives include:

Roundtable on Sustainable Palm Oil (RSPO) Program

Our Sustainable Palm Oil Policy outlines our continued commitment to sourcing as close to 100% certified sustainable palm oil as possible in Our Brands, Farm Boy and Longo's private-label products, as defined by the RSPO standard. We ensure that our supplier partners meet our standards by issuing an annual survey, validating their certifications and submitting our Annual Communication on Progress (ACOP) report to the RSPO. This year, we also held an in-person workshop with the RSPO and our Our Brands teams about sustainable palm oil sourcing practices and actions for mitigating deforestation.

Fairtrade

Fairtrade certified products mitigate the risk of deforestation through strict environmental standards while improving the livelihoods of farmers and workers in developing countries. We provide customers an assortment of Fairtrade products, including our Our Brands coffee and cocoa products.

To learn more about Fairtrade, visit the Ethical Sourcing section of this report.

Beef

We continue to prioritize Canadian fresh beef sourcing to maintain a low deforestation risk and support local food systems. We then turn to regions with comparable production systems where supply constraints exist.

As a member of the Canadian Roundtable for Sustainable Beef (CRSB), we support the Canadian beef industry's efforts to reduce environmental impacts and to improve animal welfare. We also encourage sustainable farming practices, including initiatives to enhance carbon sequestration on grazing lands and actions that enhance biodiversity and nature. We will continue to address animal welfare on a species-specific basis, doing our part to encourage more ethical and sustainable production.

To learn more about animal welfare, visit the Ethical Sourcing section of this report.

Impact

- As of calendar year 2025, 90.4% of palm oil used in Our Brands, Farm Boy and Longo's private-label products is certified sustainable by physical trace.
- We purchased over 3,767,161 kgs of Fairtrade certified products, generating approximately $837,029 of Fairtrade Premium funds.
- 91% of fresh beef sales sourced from Canada.

Improving Access to Sustainable Products

We aim to give customers access to sustainable product choices through our Compliments Green line and plant-based product assortments.

Compliments Green

Through our Compliments Green program, customers can more readily identify products with specific attributes or claims that meet their preferences and values such as organic, plant-based or vegan formulations, the absence of phosphates, parabens or sulfates and items that carry third-party certifications.

Read more about our approach to Customer Wellness and Experience.

Impact

- 56 Compliments Green products released.

Plant-Based Product Assortments

We offer a broad assortment of fresh, nutritious produce, legumes and other plant-based products in all stores, including alternative dairy and meat products as well as plant-based proteins. We continued to promote plant-forward products with our customers, including through a digital campaign across our Sobeys and Safeway network during Earth Month that highlights delicious recipes and plant-based products.

Genetically Modified Organisms (GMOs)

As part of our Sourcing Policy, all produce supplier partners are required to disclose whether any of their products are genetically modified.

Improving Disclosure on Nature-Related Impacts

Our approach is informed by the guidance of the Taskforce on Nature-related Financial Disclosures (TNFD). We aim to assess our nature and biodiversity risks and opportunities to guide our planning. Opportunities may include collaborating with suppliers to adopt regenerative agriculture practices that improve soil health, increase biodiversity and enhance natural resources, while building more resilient food systems.

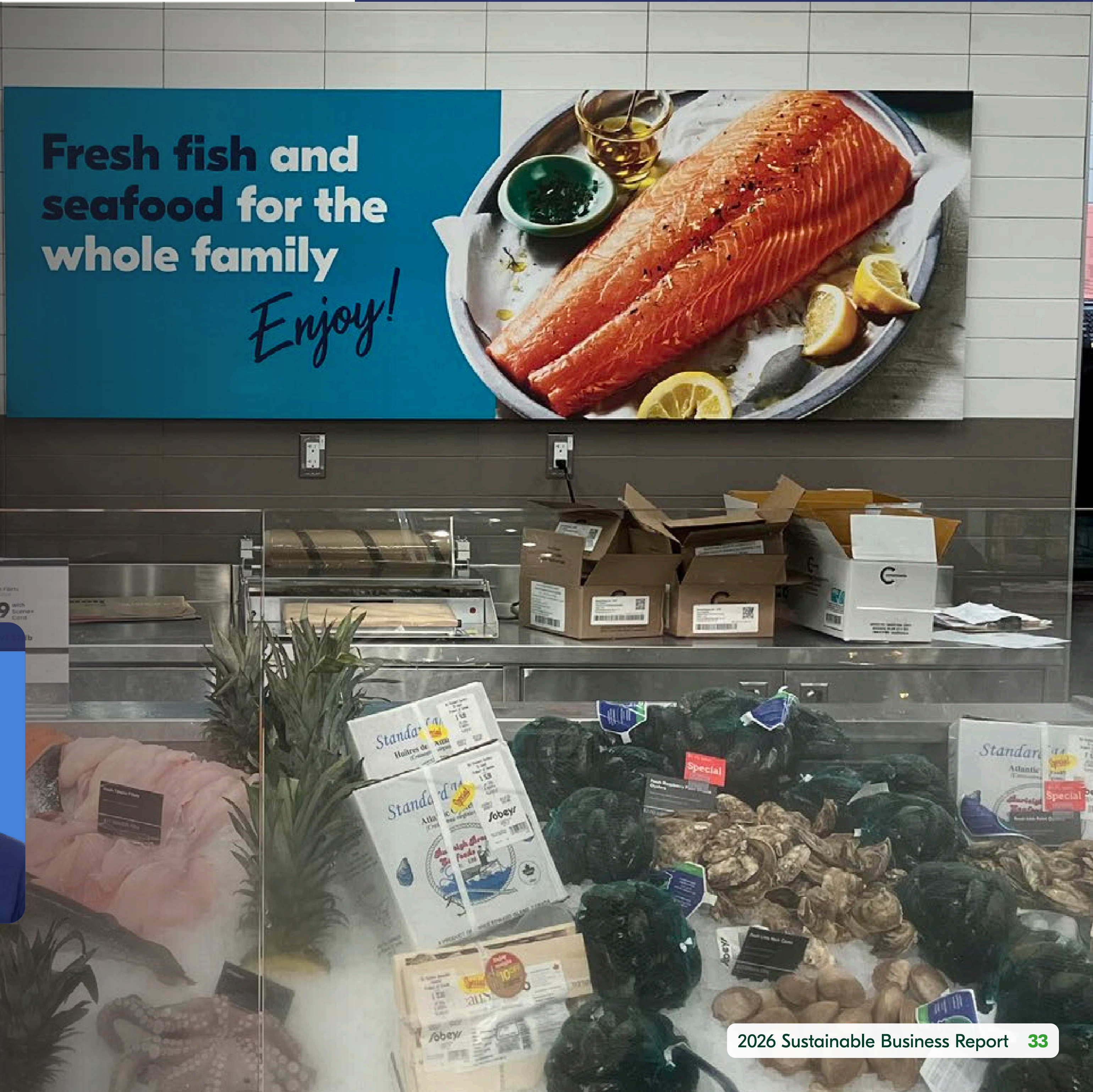
Store Spotlight

Our Sobeys banner partners with Sustainable Blue to bring responsibly raised, land-based Atlantic salmon to more customers across Canada. Sustainable Blue's zero-discharge, closed-loop salmon — raised without antibiotics, hormones, pesticides or ocean impacts — is now available at most Sobeys seafood counters nationwide, increasing consumer access to high-quality, environmentally responsible seafood.

During National Seafood Month in October, Sobeys, Safeway and Thrifty Foods stores invited customers to celebrate the versatility, flavour and benefits of seafood while exploring new, ocean-friendly options. The banners highlighted delicious recipes, the health benefits of eating seafood and educated customers on the importance of sustainable fishing practices. Throughout the year, customers can also look for sustainable recommendations identified by trusted programs such as Ocean Wise, making it easier to choose seafood that supports healthy oceans and responsible fishing practices.

"Sustainability is not a goal to be reached, but a mindset for how we do business every day. Choosing sustainable seafood is how we do Our Part to ensure our company, our oceans, lakes and rivers will thrive for generations to come."

Michael Belbas, National Category Merchant — Seafood, Atlantic & Ontario



Ethical Sourcing

Ambition

We are committed to offering products in our stores that are ethically sourced, protecting human rights and advancing animal welfare across our supply chain. We work closely with supplier partners to ensure our products are compliant with Canadian regulations and meet the standards our customers expect.

Our Approach

Our Ethical Sourcing approach is focused on driving impact in two key focus areas:

Animal Welfare

Human Rights

Our work in ethical sourcing is grounded in the Empire Code of Business Conduct and Ethics, Ethical and Sustainable Sourcing Policy and Animal Welfare Statement.

To address human rights and animal welfare, we use a multi-phase strategy built on a data-driven understanding of our supply chain. This helps us develop appropriate governance, set commitments and continuously improve through engagement with supplier partners. Our goal is to empower supplier partners with clear policies, expectations and tools, so we can collectively provide Canadian consumers with access to ethically sourced products.

Key Partnerships

We partner with many organizations to advance ethical sourcing, such as:

- Fairtrade Canada
- National Farm Animal Care Council (NFACC)
- Retail Council of Canada's Animal Welfare and Responsible Sourcing Committees
- Equifruit, Inc.

Animal Welfare

We are committed to providing customers with options that align with their values. We believe in an approach to animal welfare that is driven by customer demand and grounded in science and collaboration. This is why we work closely with suppliers and industry partners to support the National Farm Animal Care Council (NFACC)'s process. NFACC creates a credible, standardized approach for farm animal care across Canada by species. Its approach is informed by scientific research, managed by individual commodity groups and verified through government inspections.

Our commitment is guided by our Ethical and Sustainable Sourcing Policy and Animal Welfare Statement, which includes specific guidelines for three key commodities: laying hens (eggs), sows (pork) and broiler chickens (chicken).

Laying Hens

We remain committed to increasing the availability of cage-free eggs in stores, including free-run, free-range and organic varieties, to allow customers to make purchasing decisions that align with their values and budgets. However, current and forecasted supply of cage-free eggs from the Egg Farmers of Canada does not allow for a complete transition across an operation of our size and scale. Additionally, eggs remain a key source of affordable protein for many Canadians and cage-free eggs can often cost 30—50% more than conventionally farmed options, impacting customer demand. In the absence of sufficient demand and supply for cage-free eggs, we are also working to increase the availability of enriched-housing eggs to support the transition away from conventional farming systems. Our teams are setting internal purchasing milestones and communicating with customers about available options.

Sows

The Canadian pork industry is working towards phasing out gestation crates in sow housing systems. We believe this is important and we are aligned with industry efforts, as it significantly improves sow welfare by allowing greater movement and natural behaviours, aligning production practices with science-based standards.

Broiler Chickens

All commercial chicken farms in Canada are required to adhere to the Chicken Farmers of Canada's Raised by a Canadian Farmer Animal Care Program. Farms are audited at least once a year to ensure compliance with all animal care, biosecurity and food safety requirements. We engage with our suppliers to ensure compliance with NFACC stocking density requirements and to prioritize the adoption of controlled-atmosphere stunning as a key advancement in animal welfare standards.

Impact

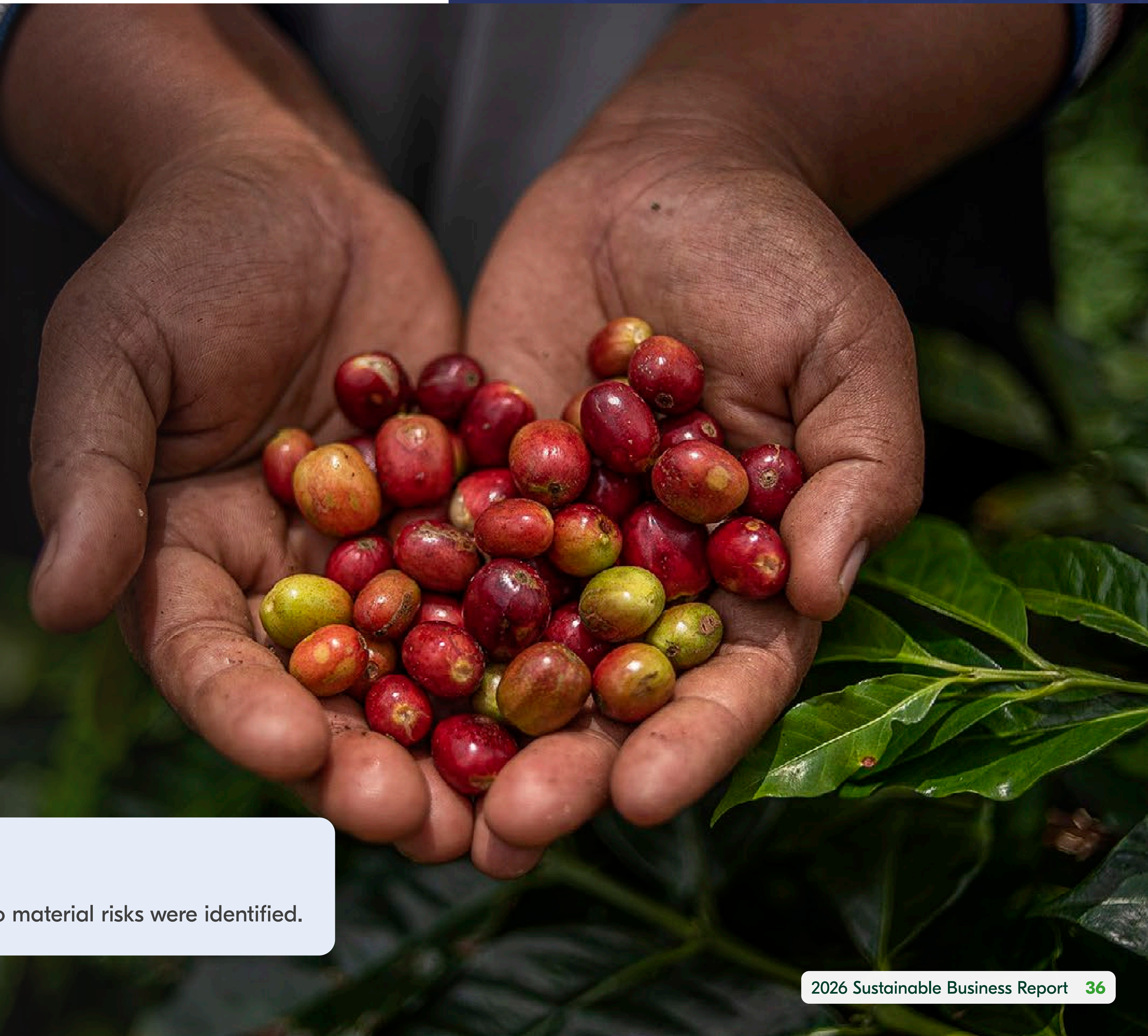
- 20% of total shell eggs purchased by customers were cage-free.
- 35% of total whole-egg assortment was cage-free.
- 83% of sows for our Our Brands fresh pork were raised in loose housing systems.

Human Rights

As a people-powered company, we believe everyone across our business and supply chain deserves to be treated with dignity and respect. In our supply chains, we are committed to strengthening oversight, with a particular focus on child and forced labour, while continually improving and maintaining transparency. We do this through mandatory adherence to our Ethical and Sustainable Sourcing Policy, rigorous supplier due diligence screening, regular risk assessments and ongoing monitoring.

Screening for Supply Chain Human Rights Risks

In fiscal 2026, we onboarded Fair Supply, a supply chain risk assessment platform, to systematically identify and assess potential risks of forced labour and child labour across our supply chain. The platform maps supplier networks up to 10 tiers deep to identify elevated risks related to geography, sector and supplier characteristics. The four prioritized sourcing areas were Our Brands, Sobeys Global Sourcing (SGS), Strategic Sourcing and Seafood. These sourcing areas were prioritized because they either include private-label products, goods for which Sobeys Inc. is the importer of record, or sectors with high spend that are generally higher risk for forced and child labour. We will continue to embed this supply chain risk assessment into our procurement processes.



Impact

- Screened more than 3,800 suppliers for human rights risks in fiscal 2026 and no material risks were identified.

Ensuring Fair Pay for Growers Through Fairtrade

Fairtrade-certified products are available in stores across Canada, contributing to fairer pay for growers. Through the Fairtrade Premium, farming communities can invest in local priorities such as education, infrastructure and environmental initiatives, driving positive social and environmental change. We offer a wide assortment of Fairtrade coffee, chocolate and other products from Our Brands, as well as from national and international supplier partners. Some of these brands include:

Coffee

- Balzac's Coffee
- Café Mystique
- Café Napoleon
- Café William
- Canterbury Coffee
- Crank Coffee
- Ethical Bean Coffee
- Jumping Bean
- Just Us! Coffee
- Kicking Horse Coffee
- One Coffee
- Thai Mountain Coffee

Chocolate, Snacks & Baking

- Awake
- Ben & Jerry's
- Camino
- Cha's Organics
- Endangered Species Chocolate
- Galerie Au Chocolat
- Green & Black's
- OMGs
- Prana
- Theobroma
- Tony's Chocolonely

Tea

- Celestial Organics
- Clipper
- Four O'Clock

One of our signature products is Organic Fairtrade bananas across Quebec. We have partnered with Equifruit, the importer of organic and Fairtrade-certified bananas, for nearly 20 years. Beyond the financial contribution, our greatest impact has been the longevity of the partnership. When producers know they can rely on a long-term buyer, they are better able to invest in the future — equipping their farms, empowering their workers, improving productivity and ultimately building more sustainable operations and better lives. The Fairtrade Premium has supported initiatives such as educational programs, productivity and environmental projects, health projects and community development.

Impact

- We purchased over 3,767,161 kgs of Fairtrade certified products, generating approximately $837,029 of Fairtrade Premium funds.
- Quebec-based stores contributed approximately $174,395 in Fairtrade Premiums through our partnership with Equifruit.
- Since 2014, Quebec-based stores contributed approximately $1.705M in Fairtrade Premiums through its partnership with Equifruit.

Store Spotlight

During National Fairtrade Awareness Month in October, IGA and Rachelle Béry stores ran in-store and digital campaigns to promote Fairtrade-certified products. Stores featured signage to help customers easily identify certified items and to understand the social, environmental and economic benefits of choosing Fairtrade.

"Looking back on my career, the tangible impact of the partnership with Equifruit will be one of the most rewarding highlights, knowing that we can make a real difference in the lives of our suppliers and their communities."

Francis Bérubé, National Director of Produce Sourcing

Local Supplier Partnerships

Ambition

We cultivate strong partnerships with local suppliers, working together to nourish communities and build a stronger food system for Canadians.

Our Approach

We are committed to supporting local, Canadian suppliers and growers in the communities where they live and work, helping them serve their local markets, while providing them with an opportunity to scale their offerings to reach more customers across Canada. This approach is outlined in our Ethical and Sustainable Sourcing Policy.

Our local development team works directly with supplier partners to help them enter the market and scale their brands across our retail banners. We support this through regular meetings, webinars and industry events that make it easier for small companies to engage with us. Our nationwide approach is rooted in being present in our communities and showing up in supplier-led spaces, where face-to-face interactions help build value, trust and long-term relationships. We launched a Local Supplier Resources section on the Sobeys Partner Portal to respond to the strong feedback we received from local small and medium-sized supplier partners who emphasized the importance of clear, practical and accessible tools to help with their onboarding and success.

We continue to champion our Buy Local strategy, reinforcing our commitment to fostering local product development and supporting local entrepreneurs. Our goals include improving food security, reducing transportation-related environmental impacts and empowering customers to choose sustainable, locally sourced products.

Growing Supplier Diversity

We are committed to fostering diversity, equity and inclusion across our supplier partnerships, using our influence to build a supply chain that better reflects the communities we serve. Diverse suppliers include businesses founded, owned or led by individuals from underrepresented groups, including women, visible minorities, Indigenous Peoples, 2SLGBTQIA+ individuals and people with disabilities.

Partnering to Grow Diverse Suppliers

Our local and strategic sourcing teams work to advance inclusive sourcing by mentoring diverse suppliers and building strong community ties. We partner with Venturepark Food Accelerator, a non-profit organization supporting early-stage entrepreneurs in the food and wine industries. In the spring 2026 cohort, we selected:

BEEZY® ECO INC
NATURAL ECO FRIENDLY PRODUCTS

Beezy Eco Inc. (Atlantic): A women-owned supplier who creates solid, refillable household essentials that eliminate plastic, water and waste — unlike traditional single-use, liquid-based products.

POP OFF

Pop Off (BC): A women-owned, better-for-you vegan soda brand featuring probiotics, low sugar, no artificial ingredients and no alternative sweeteners.

We continue to be guided by and aligned to the Partnership Accreditation in Indigenous Relations (PAIR) accreditation pillars developed by Canadian Council for Indigenous Business (CCIB). This accreditation is designed to help build mutually beneficial relationships between Indigenous and non-Indigenous organizations, including Indigenous suppliers. We value partnering with companies that join us on our learning journey, engaging in Indigenous economic reconciliation while supporting diverse Indigenous businesses to grow and thrive.

Learn more about our approach to DE&I and Indigenous Relations

Impact

- Supported 40 new women entrepreneurs in fiscal 2026.
- 31% of our current diverse-owned supplier base was listed within the last two fiscal years, contributing to a network that now exceeds 360 suppliers.

Partnering with Local Suppliers

Since 2018, we've celebrated our existing local partnerships while seeking opportunities to build new supplier partner relationships. Each of our stores runs their own local campaigns to highlight the provenance of products made in the community. Some of our most recent supplier partners who are fiscal 2026 Sustainability Award winners include*:

Avalon Dairy

British Columbia | Dairy Products (Milk, Yogurt & Ice Cream)

A family-owned dairy rooted in British Columbia, this business is known for its commitment to local sourcing and waste reduction, including a long-standing reusable glass bottle program.

Humble Chips

Ontario | Organic Chips

A Canadian snack company focused on using organic ingredients and reducing packaging waste through plastic-negative practices. The business partners with verified recovery programs to remove more plastic from the environment than it uses, with recovered materials repurposed for community infrastructure projects.

Rviita Energy Tea

Alberta | Energy Drinks

A Canadian beverage company focused on reducing packaging impact through lightweight pouches. The pouches can be shipped and stored flat for greater efficiency and are designed for reuse as water bottles or ice packs.

*Please note all claims are made or provided by suppliers and representations are not verified by Empire or Sobeys Inc.

The Soap Company of Nova Scotia

Nova Scotia | Personal & Home care Products

A small batch, handcrafted producer based on Nova Scotia's Eastern Shore, focused on simple, transparent formulations made with care for people and the environment. The company emphasizes community impact by creating meaningful local jobs, prioritizing affordability, honest ingredient lists and minimal, thoughtful packaging.

Yip Cider Inc.

New Brunswick | Craft Cider

A family-owned cider producer based in New Brunswick, Yip Cider Inc. integrates sustainability into its operations through investments in renewable energy. The company utilizes on-site solar power to reduce energy costs and greenhouse gas emissions while supporting more efficient, low-carbon production.

The Oat Company

Newfoundland | Snack Bars

A family-run Canadian company making fruit-based snack bars with no hidden sweeteners, using the natural sweetness of real fruit. Products are made in St. John's, N.L., with a fully Canadian supply chain, including locally sourced ingredients and Canada printed packaging.

Impact

- More than 1,690 new local products were introduced in stores nationally in 2026.
- Welcomed 144 new local suppliers.
- Helped 12 Canadian supplier partners scale to national or regional levels so they could reach more customers within their provinces or jurisdictions.

Learn more about how to become a supplier partner:

Sobeys

IGA

THRIFTY FOODS

SAFEWAY

FOODLAND

Building Resilience Through Innovation

Working with our supplier partners is an important way we build resilient supply chains and deliver greater value to our customers. Our produce team fosters innovation by developing new partnerships, enhancing existing partnerships to develop new products and capitalizing on emerging trends or new technology solutions. We continue to focus on controlled environment agriculture (CEA), such as greenhouses or vertical farms, to make locally produced fruits and vegetables available all year long. Examples include:

Expanding Year-round Produce with Les Serres Leciel

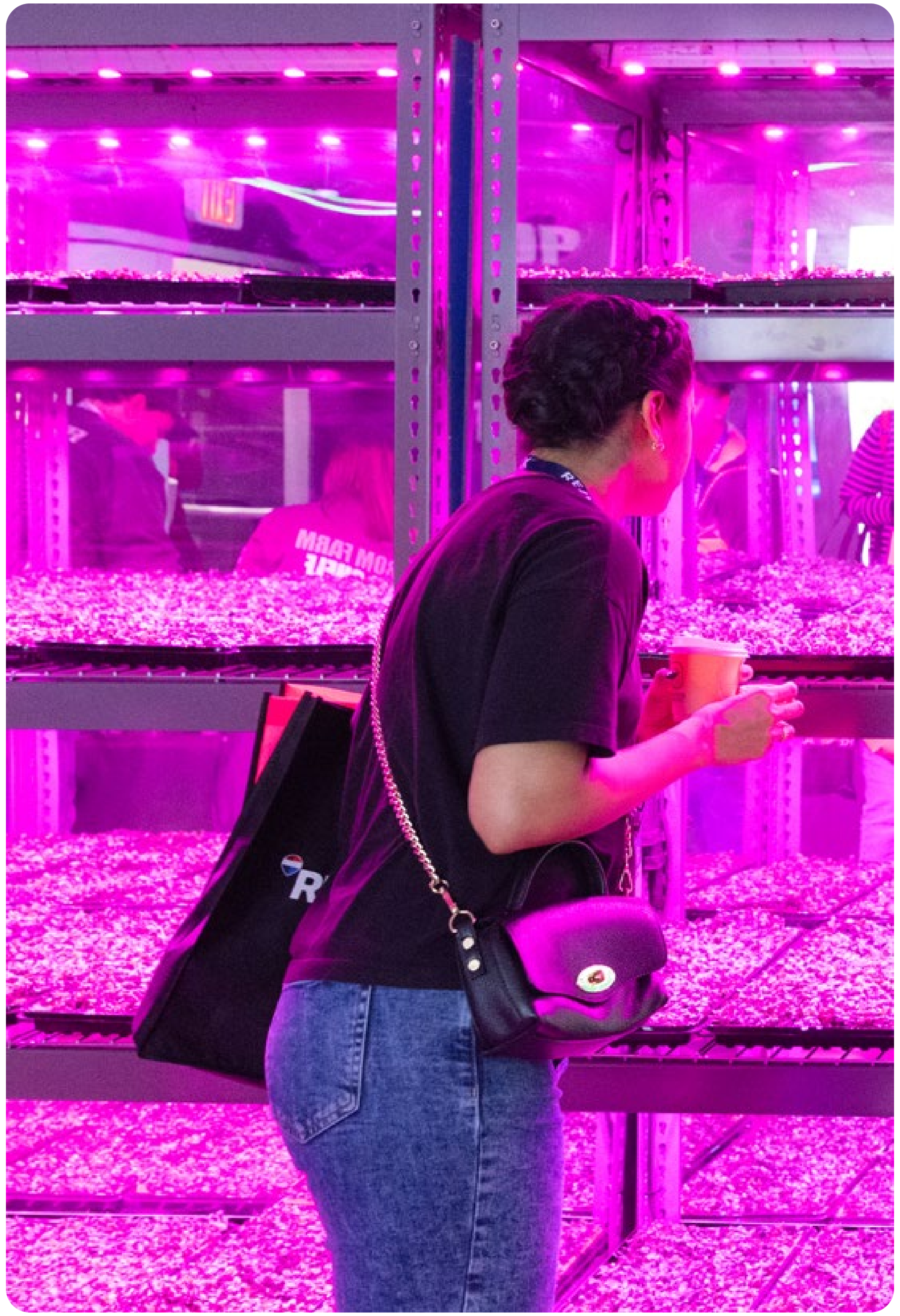
Les Serres Leciel, a Mirabel-based sustainable greenhouse operation, grows produce year-round using responsible energy practices and circularity initiatives. Alongside its pioneering radish production, it offers gourmet mushrooms — including lion's mane and colourful oyster varieties — and a wide selection of specialty tomatoes such as pink, mixed cherry and red grape. We are proud to support Les Serres Leciel with expanding its offering outside of Quebec.

Local, All-Season Strawberries with Vertiberry

Vertiberry, an innovative strawberry producer in Quebec, grows high-quality strawberries using vertical farming methods. This approach ensures reliable, stable yields and long shelf life while reducing environmental impacts. By minimizing food miles, Vertiberry also supports local sustainability and provides a consistent supply of fresh strawberries, which are now available at select IGA stores in Quebec.

Educating Customers with GoodLeaf

The Sobeys and GoodLeaf Mobile Food Experience Tour played an important role in educating customers about how fresh food is grown and the impact innovative farming methods can have on sustainability. By offering an inside look at GoodLeaf's modular farming technology, the tour helped demystify CEA and deepen customer understanding of local growing, resource efficiency and year-round freshness.



Celebrating Our Canadian Roots: Compliments from the Land and Sea

Our Our Brands team launched a new program honouring our Canadian roots, highlighting provincial and national origins on the front of the package. The four seafood products are Marine Stewardship Council (MSC) certified, including New Brunswick Wild Lobster Claws, Newfoundland & Labrador Wild Snow Crab Clusters, Newfoundland & Labrador Wild Coldwater Shrimp and Nova Scotia Wild Scallops. All are proudly harvested by Canadian fisheries committed to sustainability, while also supporting consumer demand for homegrown products. Our Brands Quebec Maple Syrup, sourced and sold exclusively in Quebec, further supports customer interest in homegrown products.

See Sustainable Sourcing for more details on our sustainable seafood commitments

Impact

- 50% of Our Brand products are 100% Canadian, Product of Canada or Made in Canada.[2]

[2]Defined by Canadian Food Inspection Agency definitions

Store Spotlight

The IGA Pointe-Claire team in Quebec collaborated with McGill University to pilot a way to reduce spoilage and GHG emissions from produce. Grafton Green Grow Technology uses special lights to help retain moisture and slow visible spoilage in fruits and vegetables, all without the use of chemicals or additives.

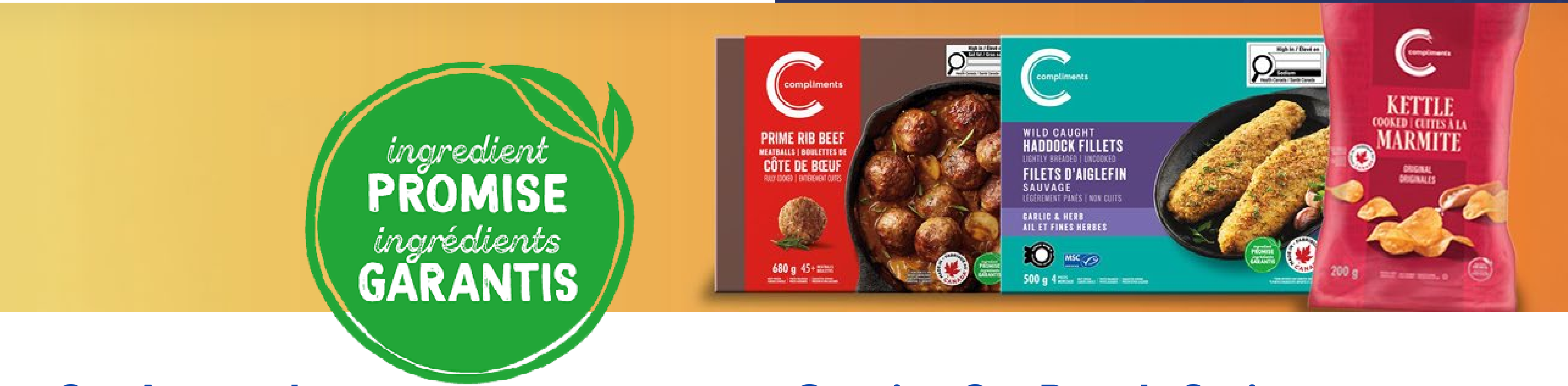
"Working with Canadian producers has been part of Sobeys' story for 119 years. In my role as Local Development Specialist for the Prairies, I work closely with store teams and have supported over 700 local businesses bringing their products to stores across Western Canada. What motivates me most is being part of the passion, determination and care these producers put into their work and helping connect their products with our customers. Watching small businesses grow, build their presence and become part of everyday shopping experiences is incredibly rewarding and I'm proud to play a role in that journey."

Gary Hughes — Local Development Specialist

Customer Wellness and Experience ☻

Ambition

We are committed to exceptional customer shopping and food experiences every day. We work hard to offer customers choices that help to nurture healthy bodies and minds across Canada.



Our Approach

Customers look to us for reliable value, exceptional experiences and options that are healthy and nutritious. Caring about what goes into our products and how those products support people's health is one of the most meaningful ways we show up for Canadians every day.

Along with our focus on product quality and safety, we focus on complying with laws and standards for health and nutrition at a minimum, informing customers through labelling and other transparency measures and offering a wide assortment of products that meet diverse needs. Through our drug banners, we enable healthy living by providing digital pharmacy services, wellness coaching and expanded pharmacy primary care.

Health and nutrition are also cornerstones 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.

Growing Our Brands Options

As more Canadians are choosing private-label products, we are expanding our Our Brands offerings and maintaining our commitment to value and quality. Our commitment to customer health includes a focus on the nutritional quality of Our Brands products and identifying and meeting emerging customer needs.

In fiscal 2026, Our Brands launched the Ingredient Promise™ icon across select Compliments branded products to enhance transparency around ingredient choices. The icon is now featured on products that meet our defined ingredient standards, clearly signaling the absence of artificial flavours, synthetic colourings, intentionally added monosodium glutamate (MSG) and hydrogenated oils.

Impact

- 61 SKUs featuring the Ingredient Promise icon.

Meeting Standards on Health and Nutrition

All our Compliments products are designed to meet health and nutrition standards. We also leverage internal standards for product attributes such as flavours or colours. Careful documentation and testing ensure our product information is accurate and complete. Products undergo regular internal and external third-party reviews to ensure they remain consistent over time.

Our Brands has aligned its product portfolio with the new Canadian Food and Drug Regulation front-of-package (FOP) nutrition symbol requirements. Products exceeding regulatory thresholds for sodium, sugars and saturated fats were identified and their product packaging has been updated with the required FOP nutrition symbols.

Partnering to Advance Quality

We work closely with supplier partners when developing new Our 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 Our Brands products meet or exceed standards for a range of requirements, including those high in protein or free of gluten, peanuts, or artificial flavours and colours.

Our approach to product reformulation includes modernizing products where necessary, improving and maintaining quality and ensuring consistency within a product family. To maintain these standards, we engage with employees to evaluate product performance and conduct site visits at manufacturing facilities to monitor production and uphold consistency. We leverage customer feedback to inform improvements, and our Compliments brand is backed by a 100% Guarantee program.

We also have many programs and initiatives to ensure our Our Brands products create added ecological and social value.

See Ethical Sourcing for more details on Human Rights and Animal Welfare, and Sustainable Sourcing for more information on our work on sustainable seafood, palm oil and other products.

Showcasing Sustainability and Wellness-Oriented Products

Across our banners, we are making it easier for customers to choose products that meet their sustainability and wellness needs.

We have established baseline ingredient standards across select non-food Our Brands products. For example, our Compliments dishwashing liquid and laundry detergent assortments are formulated without parabens, phthalates or phosphates, ensuring everyday essentials meet defined ingredient expectations while delivering quality and value.

Select Compliments non-food products also highlight primary environmental or sustainability-related attributes directly on the package. The development of these products is guided by a comprehensive set of ingredient guardrails, designed to address commonly questioned substances and support transparency.

These enhanced guardrails exclude:

- Synthetic colours and artificial fragrances
- Parabens
- Phosphates
- Phthalates
- Formaldehyde releasing ingredients
- Phenoxyethanol
- Optical brighteners
- Ethanolamine compounds (MEA, TEA and DEA)
- Surfactants such as SLS and SLES
- Preservatives such as EDTA
- Per- and polyfluoroalkyl substances (PFAS)

Together, these guardrails reflect our commitment to thoughtful formulation, giving customers choices across a range of needs, preferences and price points.

Distributing Healthy Food and Household Essentials for Distant Rural Markets

Our wholesale team continues to support the company's mission to provide Canadians with access to fresh and packaged food and household essentials. Project Gateway is a program that builds and nurtures relationships with customers located in remote rural areas, including those located on Indigenous reserves or serving Indigenous communities. Transportation to these markets can often be a challenge. Our wholesale team collaborates with the supply chain team, customers and third parties to deliver food to these communities by truck, rail, winter road and air. Sobeys Wholesale now serves more than 450 customers across these areas.

Improving Access to Healthcare

Through our network of pharmacies, we help patients access healthcare more conveniently, supporting them in living healthier lives.

Enabling Health Through Digital Pharmacy Services

Our expanded 360Health Pharmacy & Wellness service helps patients access expert advice, educational programs and tools to support healthy habits and manage chronic conditions. The 24/7 digital pharmacy service makes it simple to manage prescriptions, book clinical appointments and find care at any pharmacy in the nationwide network.

Helping Customers Address Chronic Conditions

We offer national support for our patients, including focused programming for nicotine use reduction and to help Canadians quit smoking. We have also expanded our health coaching programs for chronic conditions such as diabetes and weight management to include support for healthy eating and active living.

Expanding Services at Pharmacies Across the Country

Pharmacies in Nova Scotia are offering services through the Community Pharmacy Primary Care Clinic (CPPCC) expansion, now available at eight Lawtons pharmacies across the province. New services, including HIV PrEP (pre-exposure prophylaxis) and early assessment and treatment for Lyme Disease, have been added. Publicly funded pharmacy services have expanded beyond the CPPCC locations to all pharmacies in Nova Scotia, including common condition assessments and medication reviews.

All stores in Prince Edward Island and Alberta, along with two additional stores each in Nova Scotia and Saskatchewan, began providing Group A Streptococcal (strep A) assessments and testing within fiscal 2026. In addition, four stores in Saskatchewan are now providing acute otitis media (inner ear infection) assessments through an ongoing pilot.

Store Spotlight

Rachelle Béry Health Spaces and grocery stores feature an [eco-responsible space](#) to foreground sustainable, made-in-Quebec cleaning and body care products. All products are biodegradable and vegan, and many are concentrated or offered in tablet format. Brands include TANIT (toothpaste and body care), The Unscented Company (home and body products) and Myni (cleaners and body care). This initiative reduces plastic waste and helps customers make healthier, more sustainable choices.

"Over the past year, my work in diabetes and weight management has focused on using my full scope as a pharmacist in supporting patients in ways that feel practical and sustainable in their everyday lives. Through medication optimization, ongoing health coaching and collaborative goal-setting, I have worked with patients to build confidence and help patients feel more in control of their health."

Shannon Rizzato, Relief Pharmacist, Cape Breton and Assistant Pharmacy Manager (Relief) in Annapolis Valley, South Shore, HRM, Lawtons Drugs

People

Diversity, Equity & Inclusion and Indigenous Relations

Ambition

Building genuine relationships with Indigenous Peoples and fostering diversity, equity and inclusion are expressions of who we are and what we stand for. Meaningful change happens when people feel truly seen and respected, and strong teams are built on open-mindedness and appreciation for what makes each of us unique.

Our Approach

We focus on diversity, equity and inclusion (DE&I) and Indigenous Relations as an integral part of how we do business. Embracing DE&I and Indigenous Relations is at the heart of the employee and customer experiences. As a family nurturing families, taking an inclusive approach allows us to attract and retain great talent and be more innovative and competitive.

Our strategy acknowledges the rights of Indigenous Peoples and aims to create a workplace that is welcoming for everyone, enhancing customer experiences and contributing to better communities.

We are focused on driving impact in three key focus areas:

- Building a better workplace by being inclusive of our diverse mix of employees and embracing all perspectives.
- Creating better customer experiences by understanding and being inclusive of the many needs and preferences of customers.
- Contributing to better communities by supporting marginalized groups through community investment, sustainability and the important role stores play in their communities.

In fiscal 2026, we focused on embedding Indigenous Relations by aligning with the Canadian Council for Indigenous Business (CCIB) Partnership Accreditation in Indigenous Relations (PAIR) certification pillars: Leadership Actions, Business Development, Employment and Community Relations. We grounded our business priorities in DE&I practices including strengthening accountability measures, listening to diverse employees, co-creating action plans and expanding key performance indicators. We improved data transparency by improving how we track and communicate progress across the organization.

Advancing Diversity of Teams Initiative and Piloting Immigration Settlement

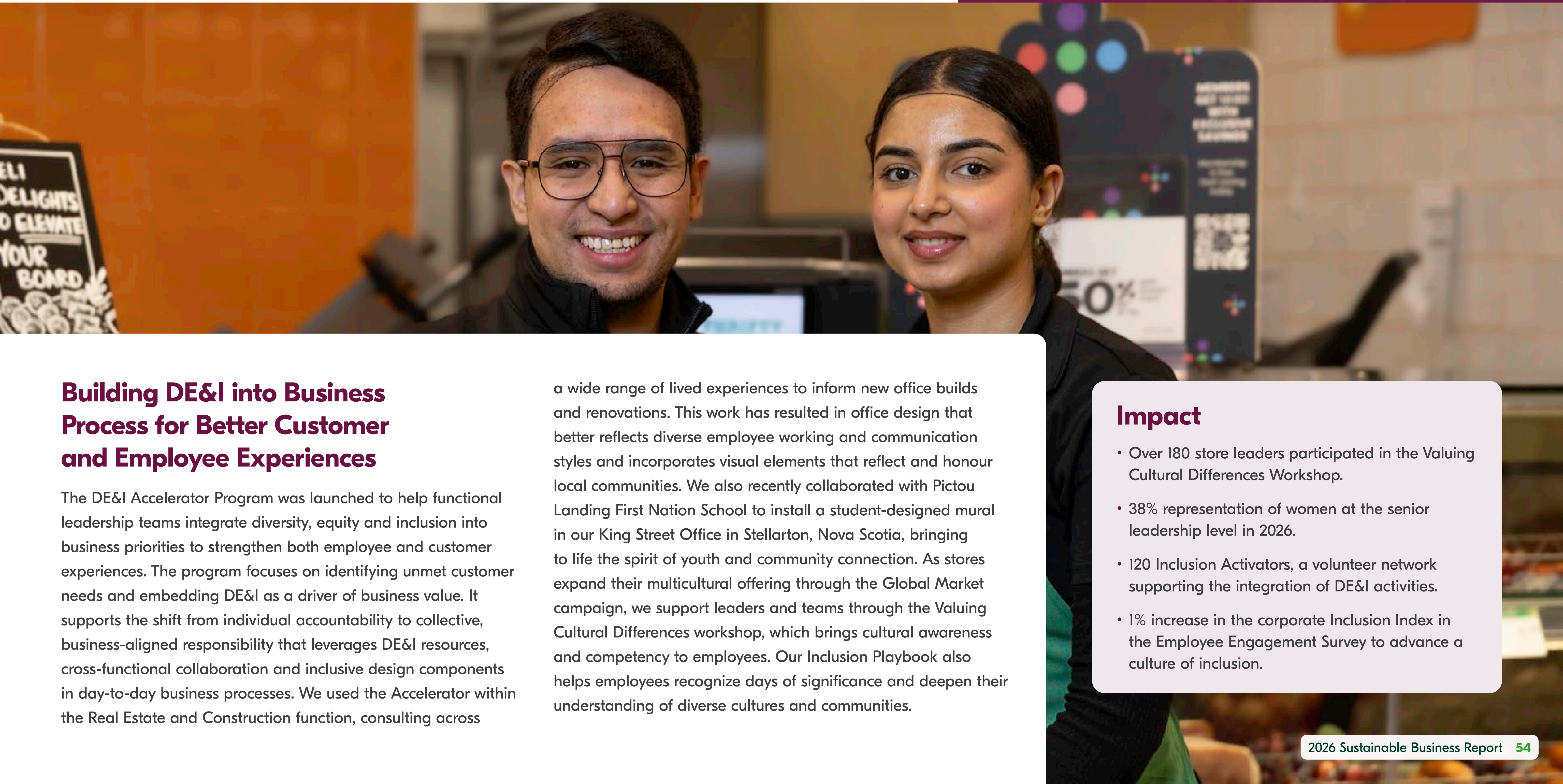
We support diversity at the team level through inclusive hiring and selection practices, immigration supports and strategic partnerships. We collaborate with a broad network of organizations across Canada to attract diverse talent and highlight opportunities for prospective employees. Partner organizations include:

Partnering with ThriveNB to Settle New Pharmacists into Life in Nova Scotia

In calendar year 2025, Sobeys partnered with the Nova Scotia Pharmacy Regulator and provincial, academic and international partners on a pilot program to recruit trained and experienced pharmacists from refugee settlements in Jordan. We also partnered with community organizations to assist those new hires with housing access, transportation, banking and other services necessary for settlement.

Impact

- Three full time pharmacists from that program have now relocated to Nova Scotia, working in our Lawtons and Sobeys pharmacies.



Building DE&I into Business Process for Better Customer and Employee Experiences

The DE&I Accelerator Program was launched to help functional leadership teams integrate diversity, equity and inclusion into business priorities to strengthen both employee and customer experiences. The program focuses on identifying unmet customer needs and embedding DE&I as a driver of business value. It supports the shift from individual accountability to collective, business-aligned responsibility that leverages DE&I resources, cross-functional collaboration and inclusive design components in day-to-day business processes. We used the Accelerator within the Real Estate and Construction function, consulting across a wide range of lived experiences to inform new office builds and renovations. This work has resulted in office design that better reflects diverse employee working and communication styles and incorporates visual elements that reflect and honour local communities. We also recently collaborated with Pictou Landing First Nation School to install a student-designed mural in our King Street Office in Stellarton, Nova Scotia, bringing to life the spirit of youth and community connection. As stores expand their multicultural offering through the Global Market campaign, we support leaders and teams through the Valuing Cultural Differences workshop, which brings cultural awareness and competency to employees. Our Inclusion Playbook also helps employees recognize days of significance and deepen their understanding of diverse cultures and communities.

Impact

- Over 180 store leaders participated in the Valuing Cultural Differences Workshop.
- 38% representation of women at the senior leadership level in 2026.
- 120 Inclusion Activators, a volunteer network supporting the integration of DE&I activities.
- 1% increase in the corporate Inclusion Index in the Employee Engagement Survey to advance a culture of inclusion.

Focusing on Equitable Rewards

We are committed to providing pay equity for all employees. We conduct gender-based compensation analyses as part of our annual salary review process, reviewing pay differences to consider factors such as position level, experience, tenure and contribution to role to address pay disparities. In addition, we complete gender pay equity analyses and post results in compliance with provincial pay equity legislation. Where required by provincial legislation, we have implemented pay equity plans.

We have also implemented 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, including those working in corporate, frontline retail and retail support centres roles.

Better Customer Experiences and Supplier Relationships

We are committed to creating an inclusive customer experience that reflects the diversity of the communities we serve. Building on the success of our Local Development Program, our Supplier Diversity Strategy expands opportunities for new partnerships with diverse-owned businesses. Through this work, we ensure our suppliers share our commitment to inclusion and contribute to meeting the diverse needs of the customers we serve.

A recent example is our partnership with Circana to launch RISE — Retail Insights for Small Enterprise in Canada — where we completed the first year of a pilot with the Nuu-chah-nulth-owned seafood company, St Jean's Cannery, and women-owned and operated Shaw's Ice Cream. We provided pro bono data access, expert coaching and insights through the Sobeys Collaborative Supplier Gateway.

To learn more, go to Local Supplier Partnerships

Creating Partnerships with Indigenous Communities

We know Indigenous partnerships are fostered community by community, so we are building skills across the business to respond consistently, flexibly and responsibly. We continue to strengthen relationships with Indigenous communities and advance organization-wide reconciliation efforts through leadership actions, employment, business development and community relations.

We advanced to Phase 3 certification under the Canadian Council for Indigenous Business Partnership Accreditation in Indigenous Relations (PAIR). We have worked hard to develop our strategy and deepen our commitment internally. Phase 3 represents the building of good relations with Indigenous communities, target setting and reviewing progress.

Alongside anchor partnerships like Pictou Landing First Nation, Community Futures Treaty 7 and Manitoba Keewatinowi Okimakanak, we are turning what we learn from pilots into simple, scalable toolkits. We are also seeing teams at all levels build community-specific partnerships across the country.

We advanced early-stage-work on community-driven food access partnerships, including wholesale pathways with Wiiche'iwaymagon Buying Alliance in our Quebec and West regions and Food Banks Canada to deliver groceries to remote areas served by Iqaluit, Little Grand Rapids and Tulita. We also worked with Manitoba Keewatinowi Okimakanak on Indigenous-led distribution models through land sale, equipment, training and partnership to set up food hubs designed to support affordability and local control in northern and remote contexts.

Impact

- Advanced our commitment to reconciliation by completing the CCIB PAIR Phase 3 certification.
- Supported 34 unique Indigenous groups over three regions.

Using Equity Plans to Narrow Employee Experience Gaps

Over the past year, we concentrated our efforts on our 2SLGBTQIA+ employees, employees with disabilities, Indigenous employees and our Black Teammate Taskforce. By elevating these priorities, we are creating more consistent, inclusive and supportive experiences across our teams and communities.

Championing 2SLGBTQIA+ Inclusion

Celebrating Pride and Strengthening Allyship

Pride plays an essential role in our inclusion efforts, offering employees an opportunity to demonstrate unity, visibility and allyship. We proudly participated in Pride parades, encouraging our employees to celebrate the joy, resilience and diversity of 2SLGBTQIA+ identities — whether as members of the community or as allies. With more than 500 employees participating, many of whom invited their families and friends to join them, support for Pride parades reinforced our commitment to inclusive teams.

Expanding Our Commitment Through Rainbow Registered Accreditation

In 2025, we achieved Rainbow Registered Accreditation across our three Atlantic office locations, followed by accreditation of our Mississauga office in 2026. This national accreditation, delivered through the Canadian Queer Chamber of Commerce, recognizes organizations that meet rigorous standards to ensure that 2SLGBTQIA+ employees, customers and supplier partners feel welcomed, included and protected. To build on this progress, we also launched a pilot of Rainbow Registered Accreditation in several stores.

Supporting Leaders with Practical Tools: The 2SLGBTQIA+ Inclusion Guide

Recognizing that our leaders play a critical role in shaping culture, we introduced a new 2SLGBTQIA+ Inclusion in the Workplace Guide to help leaders foster inclusive teams and workplaces. This guide provides accessible, practical and actionable steps designed to create consistent experiences across all locations.

Amplifying the Lived Experiences of People with Disabilities

To ensure we are respectful of the lived experiences of employees with disabilities, we use the following tools:

The Inclusion Playbook

Brings greater awareness of the value of diverse lived experiences in advancing innovation and inclusive culture across all our teams and stores.

The Understanding, Valuing and Supporting Neurodiversity in the Workplace workshop

Delivered in a live and interactive format, helps employees understand neurodiversity as an essential form of human diversity and soliciting allyship through empathy and intention.

The Store Manager Disability Inclusion and Accessibility Guide

Was developed based on insights from store managers across the country, who shared their inclusive hiring best practices and information on the local employment agencies and service providers that support their hiring and workplace needs.

Creating an Inclusive Workplace for Black Employees through the Black Excellence Community

Members of the Black Excellence Community help reflect the real experiences and needs of Black communities across the Company. They have helped shape initiatives like the Sobeys Open Doors Program and Black History Month events. With a new governance structure in place, the taskforce is now better positioned to influence key decisions, ensuring their perspectives guide our priorities and programs.

Store Spotlight

Stores are the heartbeat of our business, and it is critical that we equip store leaders with the tools and resources they need to understand their communities and deliver experiences and products that thrill and delight our customers. We offer a series of capability-building training programs that help leaders value and leverage cultural differences. We also provide comprehensive data and insights about the local customer base. These resources enable stores to better understand who they serve and ensure they carry the products and services that best meet customer needs through meaningful actions. All store leaders are accountable for developing, owning and actively implementing a DE&I action plan that goes beyond a checklist. Their plans must reflect the unique needs and experiences of their teams and the communities they serve. Store leaders are expected to report on progress, engage their teams in open dialogue and collaborate with community partners to drive positive impact both in store and in the community.

"One of the most fulfilling and energizing aspects of my role is hearing from so many wonderful entrepreneurs through our Local Development Program that helps them grow their businesses from the ground up, proudly graduating many of them to the national stage. The program supports new businesses, fostering new ideas and introducing new flavours and products that reflect and delight the diverse customers and communities we serve across Canada."

Cori Norman, Vice President Merchandising, Grocery, Lawtons & Local Development

Community Investment

Ambition

Our communities are all about how we come together as partners to make progress, tackle shared challenges and ensure everyone can prosper. We nurture our local communities by increasing access to healthy food and helping young people get the mental health support they need.

Our Approach

Our commitment to community engagement 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 delivers on our business strategy by inspiring customers and employees.

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.

Our Community Investment Strategy creates local impact in 900 communities through commitments in two key pillars:

Nourishing Healthy Bodies

Removing barriers to help more Canadians access healthy and affordable food.

Nurturing Healthy Minds

Helping more children and youth get the mental health support they need.

Our framework consists of three streams of giving, totalling more than $29 million in funds raised and donated in local communities during 2026:

- Amounts raised in the community and donated by the company through strategic partnerships and initiatives (over $10,000).
- Regional donations through our Community Action Fund and an online application process (between $1,000—$10,000).
- Donations from individual stores (typically under $1,000 each).

Our two pillars of healthy bodies and healthy minds are integrated with our DE&I strategy and Indigenous Commitment Statement. This ensures our efforts to support health and well-being are also focused on supporting Black, Indigenous and other underrepresented communities. From strategic partnerships to regional programs and local store donations, every effort is connected back to the communities we call home.

Impact

- Together with our employees and customers, more than $132 million has been raised and donated since 2020 to support local, equitable and inclusive partnerships in our communities, with 100% of donations staying in the local community.
- More than $29 million donated to support healthy bodies and minds in our communities (~$8.5 million in corporate donations and ~$20.5 million raised).
- $23 million raised in the community and donated by the company through strategic partnerships and initiatives (over $10,000).
- More than $688,000 in regional donations through our Community Action Fund (between $1,000-$10,000).
- $1.5 million in donations from individual stores (typically under $1,000 each).

Nurturing Healthy Minds: Helping Kids Access Mental Health Support Early

Launched in 2020, the Family of Support: Child and Youth Mental Health Initiative helps children across Canada access early mental health support. Now in its sixth year, our partnership with The Sobey Foundation and Canada's Children's Hospital Foundations has supported over 100,000 children across 13 children's hospitals and trained nearly 20,000 people to provide better care for children and youth experiencing mental health challenges. The 2025 Partnership Impact Report with Canada's Children's Hospital Foundations and The Sobey Foundation will be released in September 2026.

We partnered with Kids Help Phone in 2021 to support two vital community-based mental health programs, RiseUp and Finding Hope. These programs were developed with Black and Indigenous leaders and connect youth from these communities across the country with real-time virtual counselling and crisis help. Our five-year, $1.25 million commitment supports Kids Help Phone in delivering these programs' action plans.

RiseUp is powered by Kids Help Phone in partnership with the BlackNorth Initiative and is Canada's only 24/7 bilingual e-mental health support system tailored for African, Caribbean and Black youth. It addresses their unique challenges, which are heightened by systemic anti-Black racism.

Finding Hope is a nationwide action plan aimed at enhancing Kids Help Phone's ability to engage with Indigenous youth. Led, co-created and governed by an Indigenous advisory council, Finding Hope facilitates connections between First Nations, Inuit and Métis youth and Indigenous volunteers and counsellors.

Impact

- Achieved our commitment to ensure that 10% of our annual community investment donations supported Black- and Indigenous-led or informed organizations.
- The Family of Support partnership has raised and donated more than $27 million to support early interventions in child and youth mental health.
- In 2025, more than 35,000 Black youth learned about Kids Help Phone through outreach packages.
- In 2025, approximately 200,000 Indigenous youth were reached by Kids Help Phone.

Nourishing Healthy Bodies Across Canada

In fiscal 2026, our teams continued to step up and support access to healthy and affordable food for people in their communities.

Our customers and employees fundraise millions of dollars and collect food donations for hundreds of local food banks across the country each year. Our teams also foster knowledge about healthy eating and living. For example, the company partnered with La Tablée des Chefs across the country, increasing access to healthy and affordable food. Through $1.3 million of support, 15,000 young Canadians participated in food education programming where they enjoyed 200,000 meals. The Solidarity Soup program additionally provided 300,000 bowls of soup to students in under-resourced elementary schools. Our support has enabled the Cook Up Your Future program to provide more than 10,000 Culinary Kits to youth across 230 organizations since 2021. The Kitchen Brigades program introduces youth aged 12 to 17 to cooking through a series of chef-led culinary workshops. During the 2024–25 school year, 1,680 workshops were held with 1,400 students at 70 different secondary schools.

We are proud to be the largest corporate partner of Special Olympics Canada. Our support comes to life through nutrition education resources, gift cards for healthy snacks at community programs, sponsorship of National Games, sponsorship of the annual LIMITLESS gala, employment opportunities and an annual in-store fundraising campaign that celebrates inclusion.

Empire and our family of friends are the largest retail partner of The Grocery Foundation. For nearly five decades, the grocery industry has been working together to ensure children have access to nutritious food at school and we have been a proud partner of the Foundation's annual Make Happy Tummies fundraising campaign.

Impact

- Customers and employees raised and donated over $6.6 million in food and funds across English Canada for the 2025 Holiday Food Bank Fundraiser in support of more than 400 local food banks.
- $2.5 million was raised in support of provincial food networks through La Guignolée campaign in Quebec.
- Since 2016, funds raised and donated by the Empire Family of Brands for Special Olympics Canada have made seven million days of activity possible for athletes with intellectual and developmental disabilities in local communities.
- Our contribution to The Grocery Foundation's Make Happy Tummies fundraising campaign provided more than 1.4 million meals for 838 individual schools, 32 school boards and two provincial programs in communities across Canada in fiscal 2026.

Empowering our Employees through the Community Action Fund

The Community Action Fund was created in March 2020 to help support immediate needs in the communities we serve. Requests for support from $1,000 to $10,000 are reviewed by local teams for alignment with our Healthy Bodies and Healthy Minds pillars.

Stores are also empowered to review and issue local donation requests up to $1,000.

Since 2019, we have seen an increase in climate-related disasters in communities we serve. Employees have played an important role in supporting their communities and mobilizing support for disaster response, including setting up comfort stations in our community rooms and donating food and supplies to local charitable organizations. In 2025, the Empire Family of Brands committed $600,000 over four years in partnership with the Canadian Red Cross to help make disaster mitigation and preparedness possible in the hardest hit communities.

Our Healthier Tomorrows Individual Giving Program is a voluntary program that enables employees to donate directly from their paycheques to support their choice of more than 30 charities across Canada, with corporate matching opportunities available throughout the year.

Impact

- More than $688,000 was invested through 162 regional and local charitable and nonprofit organizations in fiscal 2026, benefiting more than 136,000 community members.
- Store teams issued $1.5 million in local community support.

Longo's Supports Happy Healthy People

Longo's is passionate about nurturing happy, healthy futures and is committed to improving food access, supporting child development and building stronger communities. Several initiatives supported by Longo's employees, community supporters and generous donors include:

- **Road Hockey to Conquer Cancer**, a partnership in its 14th year committed to supporting families affected by cancer and to champion community health.
- **Neighbour in Need**, providing access to essential food items for vulnerable and food insecure families.
- **Movember**, shining a light on men's physical and mental health with a focus on prostate cancer and suicide prevention. Team members use creative merchandising through sales of Movember Mixed Nuts.
- The Grocery Foundation's **Make Happy Tummies** campaign.
- **Habitat for Humanity Greater Toronto,** supported through Longo's Women's Build team's participation in Women Build Day to help families in the community build strength, stability and self-reliance through affordable home ownership.

Impact

- Raised approximately $90,000 for Road Hockey to Conquer Cancer and $40,000 for the Make Happy Tummies program.
- Sold nearly 15,000 virtual food bags and collected an additional $17,000 for Neighbour in Need.
- Raised $20,000 for Movember through sales of Movember Mixed Nuts, with over $455,000 raised since the start of the campaign.
- Raised more than $31,000 for Habitat for Humanity GTA Women's Build Day, with a $10,000 match from The Longo Family Foundation with $135,000 raised in the last five years.

Store Spotlight

In fiscal 2026, over $8,000 was raised by the Vineland, Ontario, Foodland store for their local community, including a company match. These efforts provided:

- More than 1,110 meals through local student nutrition programs via The Grocery Foundation's Make Happy Tummies campaign.
- More than 1,600 days of activity for local Special Olympics athletes.
- $830 for McMaster Children's Hospital (MacKids) to support early intervention child and youth mental health care.
- Nearly $2,000 for the Village of Hope Food Bank in Niagara.

Vineland Foodland's Teammate-Athlete Ryan Kulikowski served as our Empire Correspondent to the 2025 Special Olympics World Winter Games. "The most meaningful part of my time was being with the Empire team and the Team Canada delegates and watching all of the athletes compete and have a great time," he said.

"The IWK sees first-hand how much our communities care for children, youth and families. Through our partnership with Empire Family of Brands and The Sobey Foundation, that care is felt in meaningful and lasting ways; helping the IWK expand access to mental health services and support families when they need it most. Through programs like the Learning Link, the IWK's Mental Health team is connecting families, clinicians and communities to deliver earlier intervention, share expertise and improve outcomes. We are deeply grateful to everyone who continues to show up for IWK patients and families with such compassion and generosity."

Jennifer Gillivan, President & CEO, IWK Foundation

Health, Safety and Well-Being +

Ambition

Our employees are our most important asset. We genuinely care about their health, safety and well-being and have built programs, processes and systems to support them every day. When employees feel safe and supported, they are able to bring their best to the customers and communities we serve.

Our Approach

Our health, safety and well-being approach enables our business and people strategies by protecting and empowering our employees. We have an enterprise-wide Health and Safety Policy and a rigorous health and safety management system, which aligns with the occupational health and safety management standard CSA-Z1000.

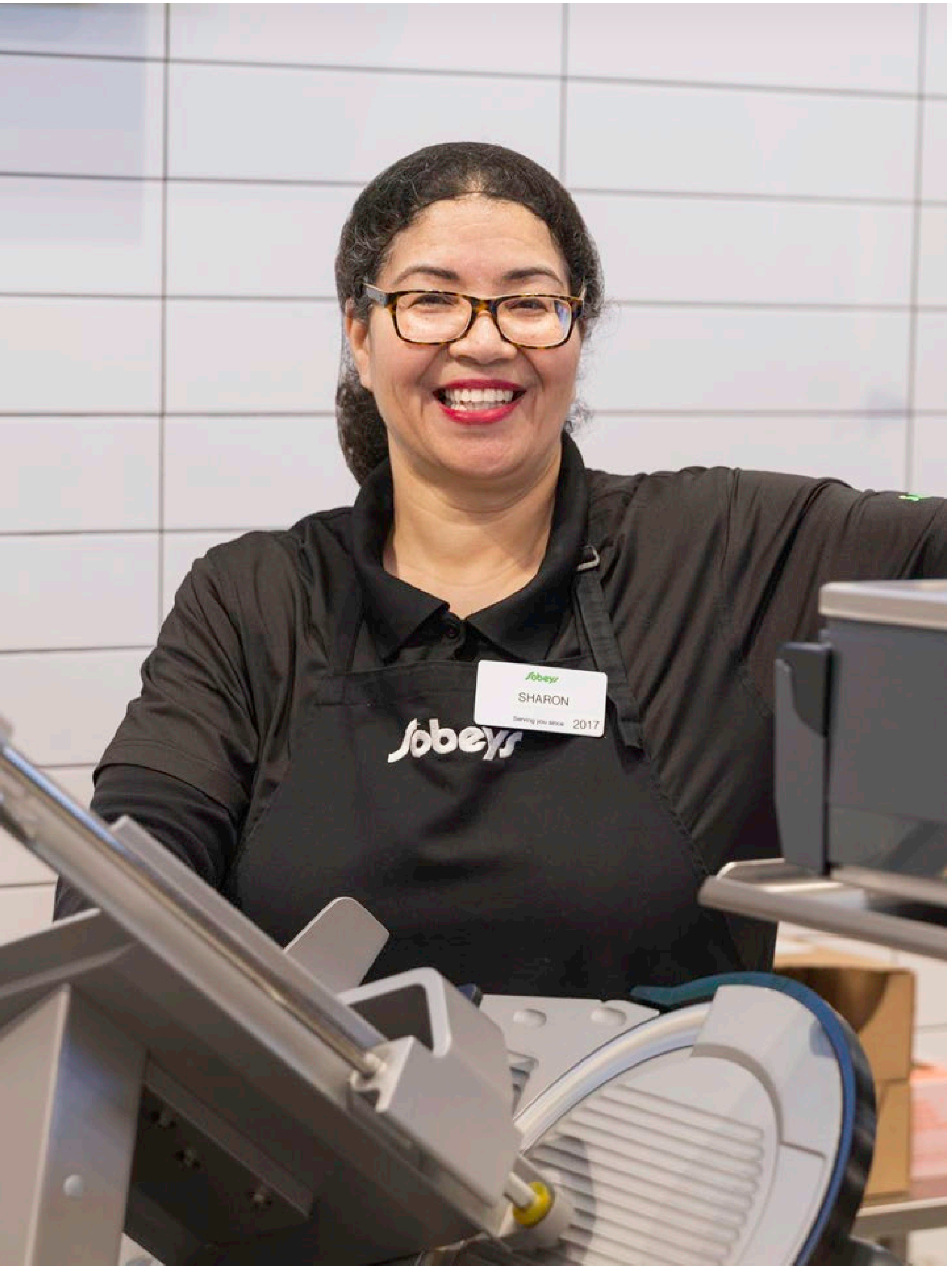
Enhancing Prevention

We continue to enhance our prevention programming, foster leader support for safety and to harmonize our safety program into a single national program. In fiscal 2026, we also assumed responsibility for health and safety programming and metrics for all Farm Boy locations across Ontario. We maintained our focus on new employees, ensuring that safety messages and resources were a key component of their onboarding experience. We also introduced a range of enhanced programs aligning with legislation such as working alone, material handling equipment training, safety footwear requirements and winter cleats for delivery drivers.

Advancing Our Safety Program

Ongoing work to boost our safety program in fiscal 2026 included:

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



Monitoring Our Performance

We track a wide range of safety metrics by scope, period and location. These metrics are shared with operations leaders across the business every period. Based on this data, we set annual targets tailored to regional and individual retail operations and logistics/distribution locations. We meet monthly with business leaders to discuss performance, issues and notable items to ensure alignment with business priorities and focus on safety performance. These targets are also tied to site leaders' annual performance goals.

Working With Our Partners

Key partners in delivering 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 programming.

Engaging Managers as Safety Leaders

We believe people leaders play a critical role in reinforcing safety culture and processes with their teams. Our team of safety specialists works closely with management teams in higher-risk locations to identify opportunities for enhanced safety leadership and performance. This approach reinforces safety performance as an area of accountability for leaders and involves them in the creation and implementation of site-specific plans.

Impact

- Our distribution teams have seen a 12% decrease year-over-year in Total Incident Frequency and a 25% decrease in No Lost Time Frequency.
- Our e-commerce teams experienced a 12.4% decrease in Total Incident Frequency year-over-year.
- Our retail operations teams experienced a 4.1% improvement in No Lost Time Frequency compared to a 7.7% increase in Lost Time Frequency. Across the company, we are showing a decrease of 4.6% in Total Incident Frequency and a 0.5% decrease in Lost Days year-over-year.

Implementing Corrective Findings and Actions Protocols

Our safety approach empowers employees to prevent incidents and to learn from misses when they occur. Through regular inspections, audits and investigations across all corporate locations, issues requiring attention are identified. These items are captured in our safety database, and each location's management team is responsible for remedial action within a fixed timeframe. Reports are generated by the Integrated Health Management Team, which tracks these items and ensures they are completed on time. This process helps reduce hazards and prevent future injuries. Safety reports are regularly provided to senior leaders for accountability.

For example, after identifying material handling equipment incidents in our Retail Support Centres (RSCs), we reviewed how they occurred and why. After analyzing the data, we determined that the speed of the machine was a contributing factor and worked with RSC teams to redesign the process without affecting productivity. This has led to a decrease in material handling equipment incidents.

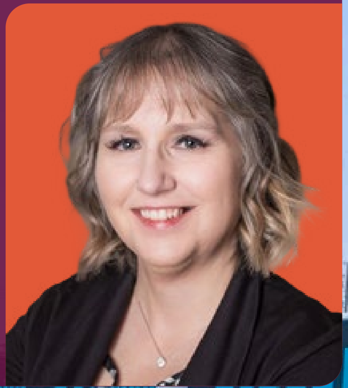
Impact

- In fiscal 2026, over 850 safety audits were conducted in our corporate locations, generating over 4,000 corrective actions to improve safety conditions and reduce employee incidents in the future.

Violence Risk Assessment

To meet new national and provincial laws on preventing violence and harassment, we updated our Respectful Workplace program. We introduced a new company-wide policy and training program, including a risk assessment tool that teams can tailor to their own circumstances.

"Building a positive safety culture means changing mindsets, not just processes. I'm proud to support teams in making safety a continuous part of how we work every day. By always learning and improving, we strengthen our culture and protect our people."



Cindy Baxter, Occupational Health and Safety Specialist at Sobeys

Employee Development & Experience

Ambition

We are creating a differentiated employee experience that is inclusive of all. As a people-powered organization, we are nurturing a culture where Sobeys is a special place to work — where every employee has an opportunity to grow and experience our workplace in a way that fits their lives.

Our Approach

Being people-powered remains a core value and a key driver of our strategy anchored in delivering a differentiated employee experience.

Our approach is guided by our ambition to create a special place to work where employees feel a strong sense of belonging in a culture grounded in care, trust and respect.

We grow together by investing in opportunities for development, skill-building and career progression, supported by diverse roles and pathways. At the same time, we are committed to work that fits our employees' lives through flexible programs, resources, rewards and benefits.

Our approach integrates:

- A clearly defined Employee Value Proposition grounded in purpose, teamwork and empowerment.
- A multi-year People Strategy aligned to being a destination for great talent, a leading Canadian employer and an inspiration for a more equitable and inclusive Canada.
- A focus on moments that matter where everyday employee experiences reflect our brand promises of being a special place to work — a place where employees can grow and enjoy work that fits their lives.

Our work is grounded by the Empire Code of Business Conduct and Ethics, Health and Safety Policy, Education Assistance Policy and Hybrid Work Policy.

In fiscal 2026, we advanced our strategy through modernizing our people systems to create a more connected and transparent HR experience. We built leadership accountability through structured, well-executed performance management, rewards and engagement practices. We also invested in future-of-work skills such as AI literacy, manager development and frontline learning platforms.

We continue to align our employee development and experience closely with our DE&I commitments, ensuring equitable access to opportunities, development and meaningful work experiences for all employees.

We were proud to be recognized in 2026 as one of Canada's Top 100 Employers for the fourth consecutive year and as one of Greater Toronto's Top Employers (2026).

Hearing From Our Employees

We are always improving how we listen to employees so their ideas and feedback can guide our decisions and priorities. In 2026, we deployed our Employee Experience Survey among our corporate and franchise employees, with more than 53,000 employees sharing their feedback — an overall participation rate of 83%. We also deployed a mid-year survey to check in on employee experiences.

We completed the annual Store Satisfaction Survey to understand areas of strength and opportunities to improve overall store support. We saw continued engagement across stores and a slight (+1%) increase in overall satisfaction (65%), along with gains in key indices such as Expectation and Stores First. We also strengthened leader accountability through action planning tied to the results.

In addition to these surveys, we expanded our pulse checks and DE&I listening series, focusing on specific communities and developing targeted action plans. We introduced manager dashboards for people managers of larger teams to translate feedback insights into tangible action.

Impact

- Sustained year-over-year improvement in store satisfaction (+1%) and continued gains in Expectations and Stores First indices.

Supporting Employee Development

We advanced a more structured, transparent and data-driven approach to development and performance.

We modernized our people systems to create a streamlined, end-to-end experience, including integrating performance reviews, compensation and pay transparency and goal setting and development planning. We also enhanced our internal mobility tracking and talent insights and strengthened our manager capabilities in feedback, performance and pay transparency discussions.

Nationwide Capabilities Building

In fiscal 2026, we expanded training to help our employees prepare for the future. We launched the Future-Ready Skills campaign to build skills like critical thinking, AI literacy and being open to continuous learning. We also expanded our AI pilot to test practical ways employees can use it in their daily work. As a result, teams are working more efficiently and feel more confident using AI tools. We also updated our leadership programs, including Nourish U, to better support employee growth and career advancement. The focus is now on practical, job-specific learning in areas such as leading people, decision-making and adapting to change, with clearer paths for career progression. Lastly, we prepared for the organizational rollout of our Axonify frontline communication and learning platform, with a national store pilot planned for 2026.

Impact

- 331 users in AI enablement pilot.
- 117 participants in the refreshed Nourish U learning program.

Advancing Career Development

Introducing the Next Generation Store Structure

We are modernizing career pathways and store structures to meet evolving workforce needs. Launched in fiscal 2024, we significantly expanded the Next Generation Store Structure (NGSS) across our network last year. This launch was intended to improve store conditions and execution, strengthen collaboration across teams and enhance engagement. As a result, management structure has been simplified, roles and accountabilities clarified and alignment across operations, merchandising and people leadership improved.

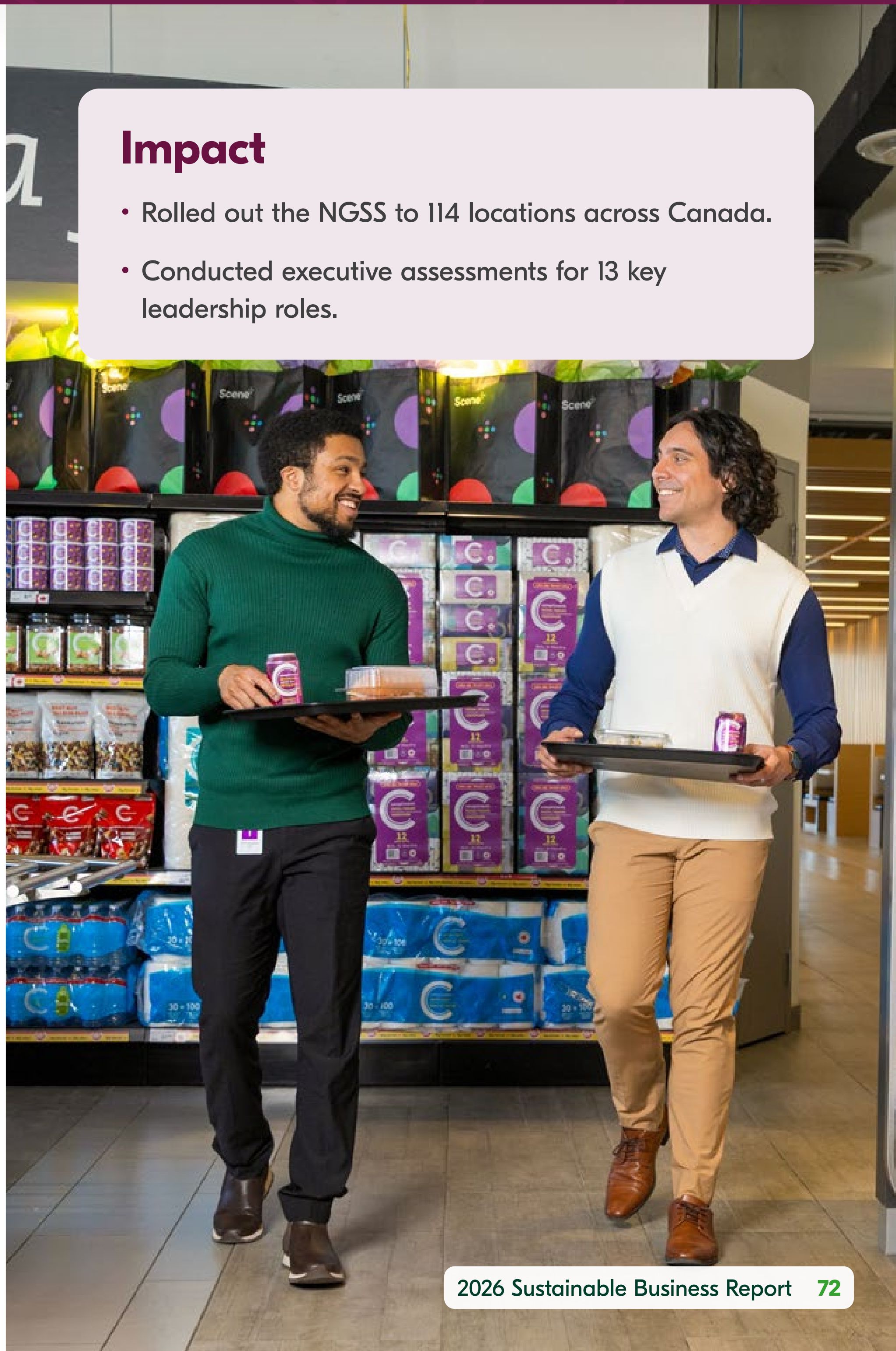
Partnering with Saint Mary's University to Expand Our Capabilities

We have a long-term partnership with Saint Mary's University (SMU) to expand employee capabilities. We expanded our early talent pipeline by adding more co-op placements and graduate hiring programs. We also improved how we recruit and develop these employees, ensuring their skills align with future needs and help build our next generation of leaders.

We also launched the Empire Governance and Leadership program with SMU to help prepare leaders for more senior roles. It focuses on building skills in decision-making, accountability and business thinking. This builds on our RISE program, which helps leaders understand major changes such as new technologies, shifting customer needs and global trends. In addition, we offered Leadership Reimagined, which helps senior leaders lead through change and deliver strong results. For newer people leaders, Manager Compass builds core skills such as managing performance, giving feedback coaching and leading teams in a changing environment.

Strengthening our Leadership Pipeline

We strengthened our leadership pipeline through structured, enterprise-wide talent planning. We completed comprehensive national succession planning across all levels and conducted executive assessments for key leadership roles.



Impact

- Rolled out the NGSS to 114 locations across Canada.
- Conducted executive assessments for 13 key leadership roles.

Recognizing Our Employees

Ambition

Our comprehensive employee recognition programs celebrate high achievers and those who bring our values to life, including through years of service.

Quarter Century Club

To celebrate the loyalty, commitments and decades of meaningful contributions of our employees with more than 25 years of service, we honoured them at nine celebratory dinners across Canada.

Value Champion Award

To celebrate corporate employees who live our values — results-oriented, people-powered, customer-driven and community-engaged — Value Champions were honoured at team celebrations across the country.

Retail Impact Awards

To recognize the contributions of supply chain and store employees to our strategic priorities and values, we celebrated retail leaders who helped us be the best retailer in Canada by delivering exceptional customer experiences, achieving strong financial results, fostering an inspiring corporate culture and making a positive impact in our communities; our executive team honoured these leaders at four regional events.

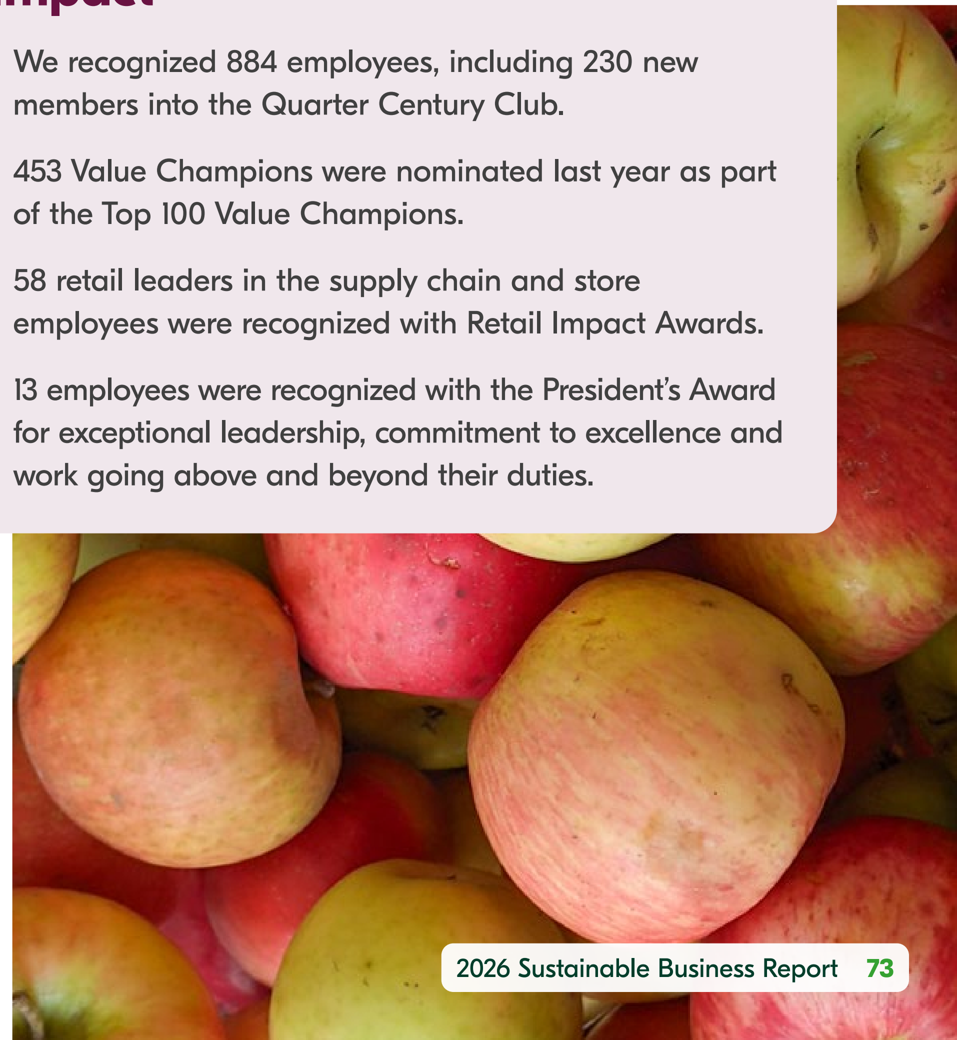
President's Award

Presented to employees who exemplify leadership and commitment to excellence and go above and beyond their duties; this year, we celebrated outstanding employees at an event with the executive team and other key leaders.

We launched an Employee Share Ownership Program in May 2024, available to all employees, and a Scene+ service award program offering employee exclusives and discounts, including our franchise business. We express our appreciation through in-store events for employees including BBQs and celebrations of shared holidays.

Impact

- We recognized 884 employees, including 230 new members into the Quarter Century Club.
- 453 Value Champions were nominated last year as part of the Top 100 Value Champions.
- 58 retail leaders in the supply chain and store employees were recognized with Retail Impact Awards.
- 13 employees were recognized with the President's Award for exceptional leadership, commitment to excellence and work going above and beyond their duties.

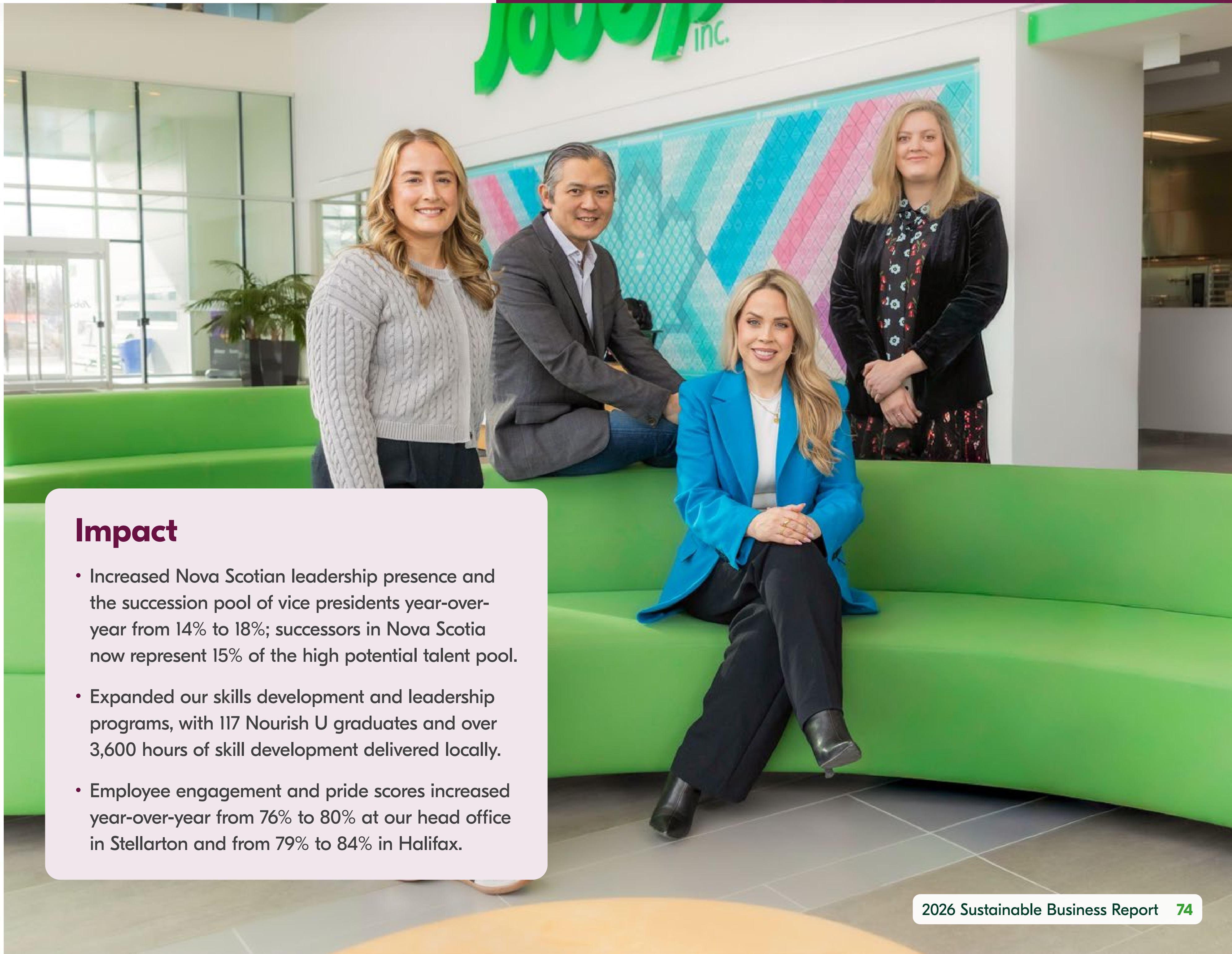


Growing Sustainability Leaders

The Green Champions sustainability training and engagement program provides opportunities for employees to build their knowledge about sustainability, explore ways to protect the environment and learn how to influence and drive change in their work. Green Champions officially launched in stores, allowing frontline employees the opportunity to share their innovative ideas and practical solutions. This initiative promotes a culture of sustainability across the business and encourages individuals to take initiative in their roles, all while contributing to a more sustainable future.

Strengthening Our Nova Scotia Talent & Culture Strategy

As the home of our company, Nova Scotia plays a critical role in our identity, talent strategy and long-term success. In fiscal 2026, we advanced a focused strategy to strengthen leadership presence, grow local talent and reinvest in culture and community. We focused our efforts on executive succession, early talent and expanding our skills development and leadership programs through Nourish U. In addition to these investments, we also held in-person events and recognition programs and strengthened our partnerships with local universities and community organizations. We are seeing success in the deployment of the culture strategy and plan to roll out best practices across our business.



Impact

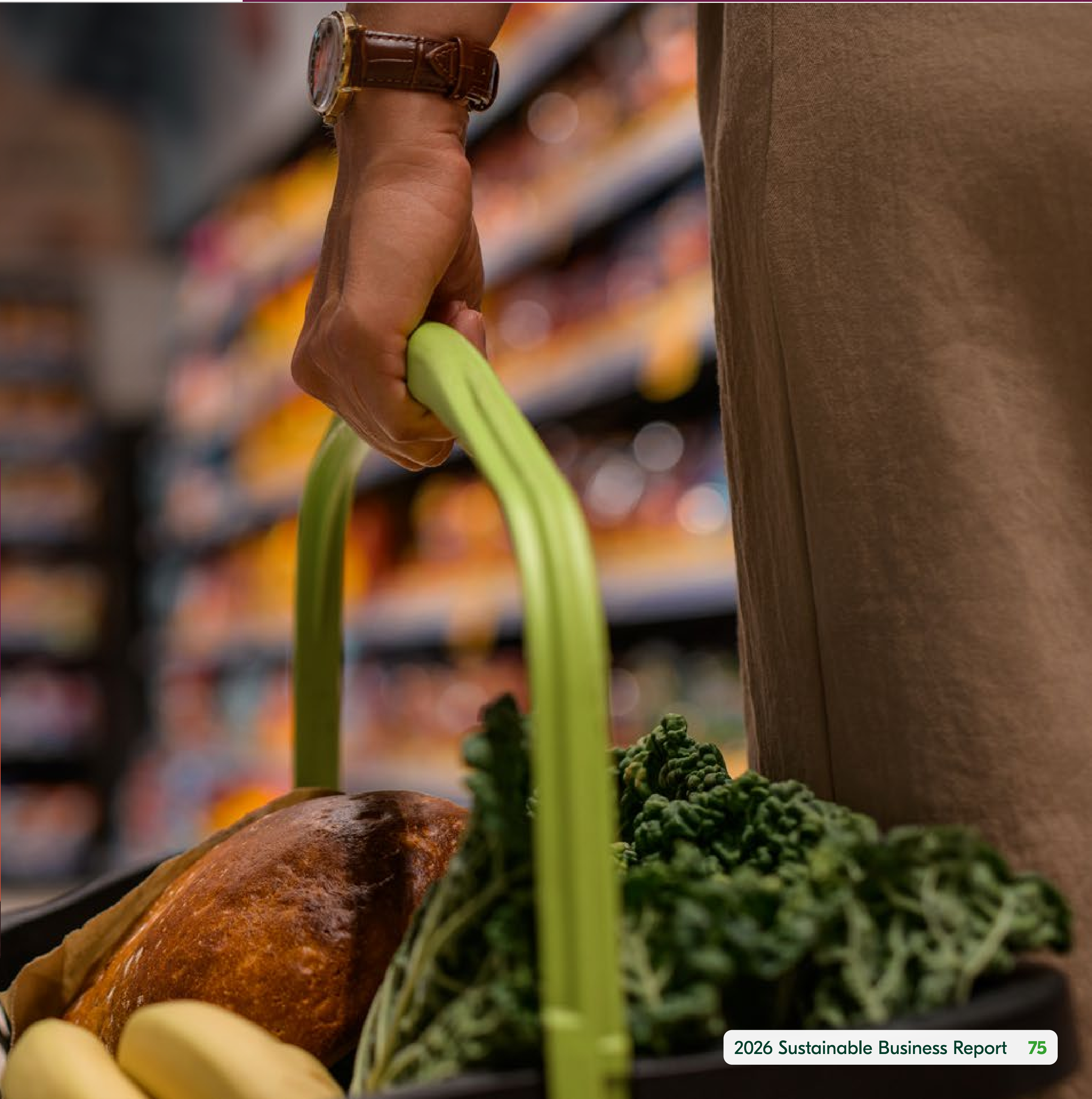
- Increased Nova Scotian leadership presence and the succession pool of vice presidents year-over-year from 14% to 18%; successors in Nova Scotia now represent 15% of the high potential talent pool.
- Expanded our skills development and leadership programs, with 117 Nourish U graduates and over 3,600 hours of skill development delivered locally.
- Employee engagement and pride scores increased year-over-year from 76% to 80% at our head office in Stellarton and from 79% to 84% in Halifax.

Store Spotlight

At the Kelsey Drive St. John's Sobeys store, Petrina Barnes, Store Manager and Valerie Bishop, Assistant Store Manager, were named Top 100 Value Champion awards in fiscal 2026. Petrina received the People Powered recognition for her exceptional leadership, compassion and support of her employees, vendors and sales representatives. Valerie received the Results-Oriented recognition for her work in executing DE&I initiatives at the store and driving results through her resourcefulness and attention to detail.

"I grew up near Stellarton and as a youth, Sobeys supported many local community causes I took part in — whether it was in sports, leadership development, cultural or social celebrations. This early connection drew me to Sobeys as an employer and made it easy for me to join the company 13 years ago in an entry-level role and with strong leadership support, mentorship and development opportunities, I have advanced to a national category manager role. I believe that Sobeys' culture of empowering employees to grow their careers, supported by a values-driven environment where leaders actively invest in talent, encourage ambition and create opportunities for advancement have led me to where I am today and reflect why Sobeys is a special place to work."

Michelle MacLean, National Category Manager



Governance

Oversight and management of environmental, social and governance (ESG) matters is integrated into our broader corporate governance framework and business strategy. This ensures clear accountability and effective oversight of sustainability-related risks, performance and commitments. Our approach includes identifying and monitoring ESG risks and opportunities, advancing initiatives aligned with our climate, waste, sourcing and community priorities and tracking and reporting on key metrics and progress.

Sustainability Governance Bodies

Board of Directors

Responsibilities include:

- Overseeing the ethical, legal and social conduct of Empire.
- Overseeing the development of corporate governance policies, principles and guidelines.
- Developing and monitoring compliance with Empire's Code of Business Conduct and Ethics for directors, officers and employees, including Ethics Line reporting.
- Overseeing stewardship of Empire, including the strategic planning process, approval of the strategic plan, identification of principal risks and implementation of systems to manage these risks, and oversight of ESG and climate strategies and targets.
- Encouraging a culture of ethical conduct by appointing officers of high integrity and monitoring their performance.

Corporate Governance & Social Responsibility Committee

Responsibilities include:

- Assisting the board in fulfilling its responsibilities as they relate to corporate governance and social responsibility.
- Receiving and reviewing periodic reports on Empire'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.
- Reviewing Empire's annual sustainability reporting and disclosures, including performance against climate-related targets, strategy and management of risks and opportunities.

Audit Committee

Responsibilities include:

- Assisting the board with oversight of policies and practices relating to integrity of financial and regulatory reporting and the enterprise risk management (ERM) framework and process.
- Reviewing the applicable metrics and information contained in the Sustainable Business Report, including climate-related data for operating performance and targets.
- Reviewing the status and adequacy of Empire's efforts to ensure our businesses are conducted and facilities are operating in an ethical, legally compliant and socially responsible way.
- Receiving quarterly reports on ethics line reporting matters.

Human Resources Committee

Responsibilities include:

- Assisting the board in oversight of human resources strategy, policies and programs.
- Monitoring, reviewing and providing guidance on people development initiatives, including talent management and employment diversity.
- Receiving reports on human resources-related matters received through the ethics and DE&I reporting lines.
- Fulfilling the board's legal responsibility for occupational health and safety.

Executive Leadership Team; Operations Committee

Responsibilities include:

- Leading business and sustainability strategy development and review.
- Overseeing leadership committees and operational teams responsible for implementing sustainability strategy.

Sustainable Business Council

Responsibilities include:

- Building and driving accountability, including ensuring sustainability key performance indicators (KPIs) are integrated with functional teams.
- Providing strategic direction on sustainability activities and reporting.
- Reviewing sustainability performance and progress against targets.
- Providing updates on corporate sustainability-related commitments, reporting and emerging topics.
- Aligning on sustainability gaps and opportunities to address across functional teams.

Supporting Committees

Several committees, comprised of cross-functional representatives responsible for executing sustainability initiatives within their respective areas, support and feed into the broader governance structure. These groups operationalize priorities set by governance bodies and advance implementation across the business, including:

- Climate Action Working Group.
- Circularity Working Group.
- Products Working Group.
- Extended Producer Responsibility Governance Committee.

Codes of Conduct, Compensation & Policies

Code of Business Conduct and Ethics

Our standards of business conduct provide guidance to employees and reinforce our commitment to high standards of integrity and ethical behaviour. Directors and employees are required to acknowledge and adhere to these standards on a regular basis. We also maintain an anonymous and confidential whistleblowing hotline.

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 in advocating for a Grocery Code of Conduct in Canada. The Code is designed to ensure fair dealings, enhance transparency and encourage collaboration, all while upholding healthy competition. We believe the Code will safeguard stakeholders across the board — from our dedicated suppliers to the valued consumers we serve. Through our focus on bringing the Code to fruition and participation in other industry advocacy networks, we are working to address sector-wide risks and supplier requests, including providing data on various sustainability topics, such as greenhouse gas emissions, labour standards and climate targets.

ESG and Executive Compensation

Our compensation program is designed to attract, motivate and retain highly skilled employees, directly aligning compensation to personal and corporate performance objectives — including ESG-related areas. In fiscal 2026, all leaders and employees eligible for our profit-sharing plan included DE&I and Climate Action KPIs. Within our corporate store operations, performance for eligible store leaders was, in part, tied to a KPI associated with our food waste reduction commitment.

Key Policies

Our policies establish the standards and expectations that guide how we operate across our ESG priorities. Together, they support consistent decision-making, define accountabilities and embed responsible practices across our business and value chain.

Environment

- Environmental Policy
- Ethical and Sustainable Sourcing Policy
- Sustainable Fish & Seafood Sourcing Guidelines
- Sustainable Palm Oil Policy
- Animal Welfare Statement
- Empire Forced Labour and Child Labour Report

Social

- Hybrid Work Policy
- Health and Safety Policy
- Education Assistance Policy

Governance

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

Risk Management

Our Enterprise Risk Management (ERM) process ensures we evaluate and manage risks in a structured and consistent way. As part of this process, we identify, assess, manage and report on key risks to the organization and our objectives each year. Sustainability and climate change related risks are included within our risk universe and are reported in:

- Empire's Annual Report
- Q4 F26 MD&A F26 Annual Information Form

Stakeholders and Materiality

Sustainability Approach

We focus on the environmental, social and governance (ESG) factors that matter most to our stakeholders and business, with an approach grounded in materiality, strategy and governance to support long-term value creation and resilience. Sustainability is embedded in how we manage risks and opportunities, drive operational improvements and strengthen our supply chain.

We are committed to being transparent about our goals, progress, successes and areas where more work is needed as we continue to evolve our approach.

1

We listen to our stakeholders and scan for ESG risks and opportunities

2

We determine material ESG factors including areas in which we can make a big impact

3

We shape and implement our sustainability strategy and governance to manage ESG factors and advance business strategy

4

We share our progress through our Sustainable Business Report and other ESG disclosures

Engaging Our Stakeholders

Effective and meaningful engagement with our diverse stakeholder community is a core part of how we identify and assess sustainability-related risks and opportunities. We define stakeholders as groups and individuals who are impacted by our operations and corporate strategy and who, in turn, influence our business performance and long-term success.

We engage regularly with key stakeholder groups — including employees, customers, supplier partners, investors, communities, governments and NGOs — through a range of formal and informal channels such as surveys, direct communications, investor engagements, supplier interactions and community partnerships. These interactions provide insight into evolving expectations, operational challenges and emerging risks and opportunities across our value chain. We use this input to inform our materiality assessment, shape our sustainability strategy and support decision-making.

Our stakeholders include:

Employees

(across corporate and franchise sites, in operations and office-based)

How We Engage

- 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

Suppliers

- Supplier onboarding process
- Regular communication with category managers and sourcing teams
- Supplier surveys

Customers

- OurPartTM
- 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

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

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

Materiality Assessment

Tier 1: Highest impact topics

Topics in which the potential impact by, or on, Sobeys is considered to be the greatest

Material Topic

- Business ethics
- Community investment
- Energy management
- Food waste
- GHG emissions & reductions
- Human rights
- Regulatory compliance

Tier 2: Significant topics

Topics in which the potential impact is significant

Material Topic

- Climate risk & management
- Cybersecurity & data protection
- DE&I
- Health & nutrition
- Local suppliers
- Nature, biodiversity & water
- Product labelling & marketing
- Responsible sourcing

Tier 3: Important impact topics

Topics in which the potential impact is important

Material Topic

- Animal Welfare
- Employee development
- Employee engagement
- Indigenous relations
- Occupational health & safety
- Plastics & packaging
- Product quality & safety
- Responsible governance
- Waste diversion

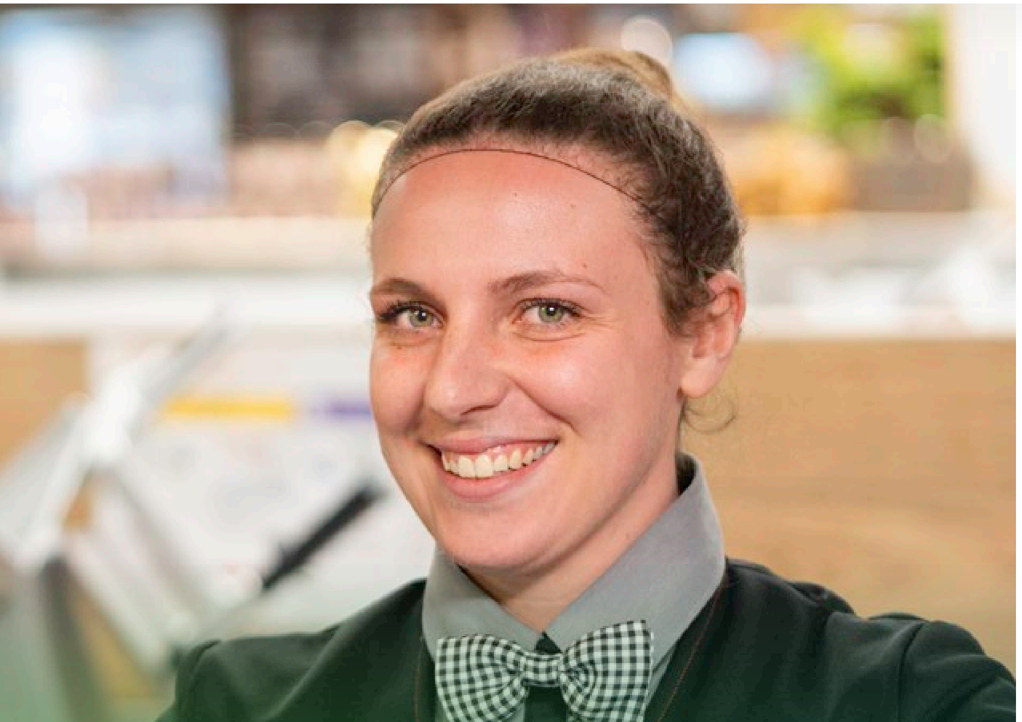
Report Section	Material Topic
Climate Action	Energy management, GHG emissions & reductions
Food Waste	Food waste
Circularity	Plastics & packaging, waste diversion
Sustainable Sourcing	Nature, biodiversity & water, responsible sourcing
Ethical Sourcing	Animal welfare, human rights, responsible sourcing
Local Supplier Partnership	Local suppliers
Customer Wellness & Experience	Health & nutrition, product labelling and marketing
Diversity, Equity & Inclusion and Indigenous Relations	DE&I, Indigenous relations
Community Investment	Community investment
Health, Safety and Wellness	Occupational health & safety
Employee Development & Experience	Employee development, employee engagement
Governance	Business ethics, climate risks & management, cybersecurity & data protection, product quality & safety, regulatory compliance, responsible governance

We updated our materiality assessment in fiscal 2026 to reflect evolving business priorities, stakeholder expectations and the external risk landscape. Our updated assessment was informed by a structured process that combined data-driven analysis with targeted stakeholder input and internal validation.

The assessment:

- Supported by Datamaran, a software platform used to identify and monitor emerging sustainability risks and opportunities through AI-enabled analysis of external sources, including regulatory developments, industry trends and media coverage.
- Applied a double-materiality lens, which assesses material topics from two perspectives: how a company impacts those sustainability issues and how those issues impact the company.
- Resulted in the identification of 24 material topics, including six new topics reflecting changes in our business and external environment.

We use the outcomes of this assessment to inform our sustainability strategy, risk management processes and disclosures.



Cyber Security

Ambition

Accurate and secure information is crucial to protecting our operations and our customers. It is also essential for informed decision-making, efficient operations and maintaining our competitive edge in an increasingly digital marketplace. We are committed to earning and maintaining the trust of our customers, partners and stakeholders, and recognize that any compromise could impact our business operations, cause financial losses and damage our reputation.

We are currently focused on driving impact in five key areas:

- Strengthening our cybersecurity foundations.
- Leveraging tools and documenting processes.
- Empowering Employees to Be Cyber Safe.
- Protecting critical business systems and customer data.
- Modernizing cybersecurity policies and standards.

Strengthening Our Cybersecurity Foundations

We continue to strengthen our approach to protect our operations, customers and data. In fiscal 2026, we advanced our cybersecurity program by further aligning to ISO 27001 standards and industry best practices, while embedding a more structured, enterprise-wide risk management framework to enhance governance and oversight. We strengthened security controls across critical business systems to improve operational resilience and mitigate exposure to evolving threats. In parallel, we enhanced board and executive reporting to provide greater transparency into our cyber risk posture and progress against mitigation efforts. Continued investment in cybersecurity talent and capabilities has enabled us to mature our control environment and sustain momentum on our multi-year roadmap, ensuring we remain aligned to business priorities and responsive to increasingly complex risks.

Leveraging Tools and Processes

We operate a complex and highly interconnected technology environment that supports stores, distribution and customer-facing services. In fiscal 2026, we continued to strengthen our layered defence approach by expanding the use of advanced security tools and standardizing key cybersecurity processes.

We further embedded risk assessments, including technology, third-party and privacy assessments, into project and vendor lifecycles. Our incident response capabilities were also matured through the completion and testing of our enterprise incident response plan, improving preparedness to respond to and manage cyber events.

Empowering Employees to Be Cyber Safe

Our employees play a critical role in protecting our organization, and fostering a strong culture of cyber awareness remains a priority. We continue to strengthen our cyber security awareness and training program, equipping employees with the knowledge and tools needed to identify and respond to cyber risks.

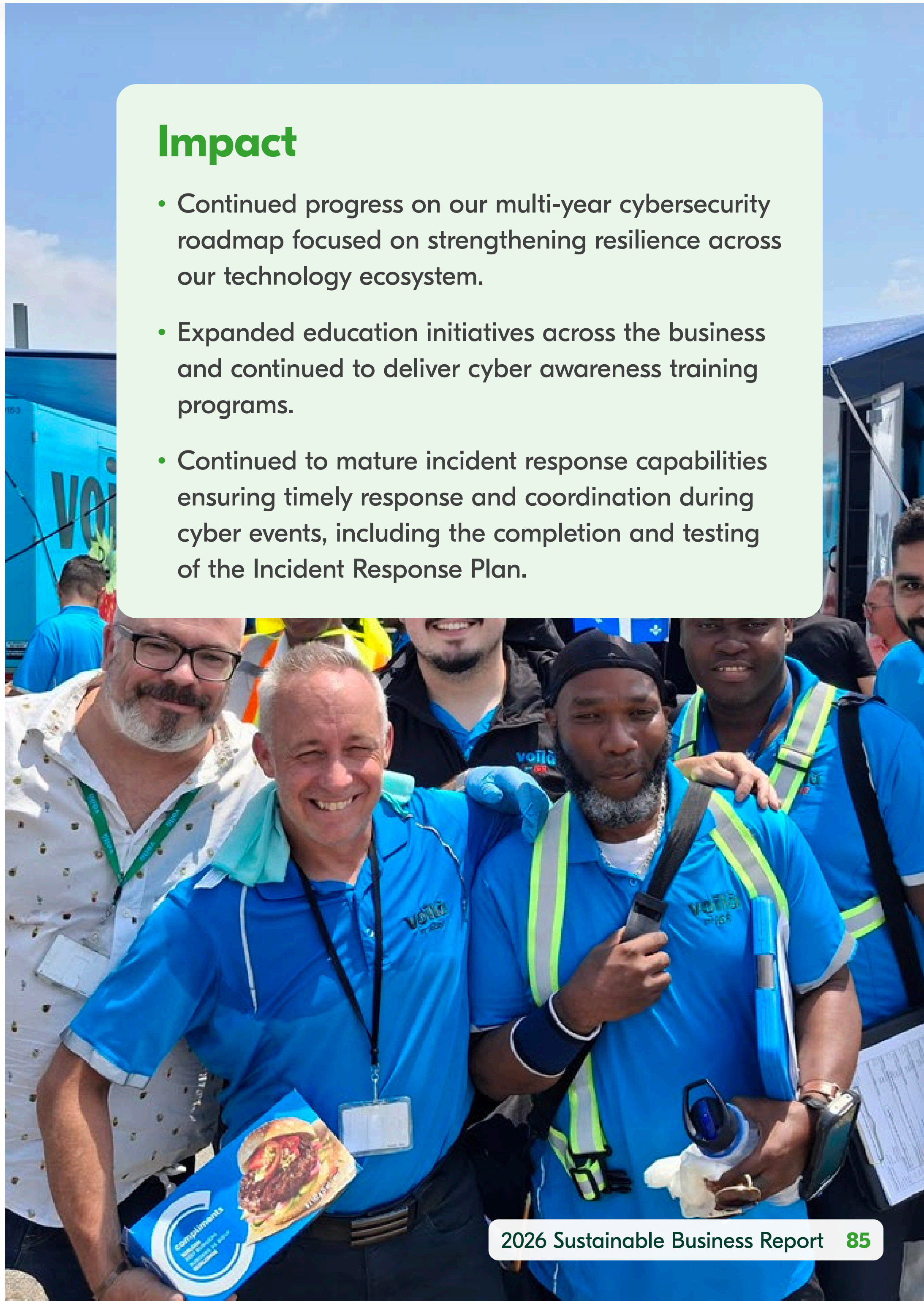
Protecting Critical Business Systems and Customer Data

Protecting the systems and data that support our core operations and customer experiences is a top priority. In fiscal 2026, we identified and prioritized critical applications and infrastructure across the organization, enabling a focused and risk-based approach to cybersecurity.

We continued to strengthen monitoring capabilities and security controls for high-value systems and sensitive data, further improving our ability to detect and respond to potential threats. These efforts support the resilience and reliability of the technology underpinning store operations, distribution networks and digital services.

Modernizing Cybersecurity Policies and Standards

Clear and effective policies are essential to consistent cybersecurity practices across the organization. In fiscal 2026, we continued to modernize our cyber security policies and standards to reflect evolving technologies, regulatory expectations and industry best practices.



Impact

- Continued progress on our multi-year cybersecurity roadmap focused on strengthening resilience across our technology ecosystem.
- Expanded education initiatives across the business and continued to deliver cyber awareness training programs.
- Continued to mature incident response capabilities ensuring timely response and coordination during cyber events, including the completion and testing of the Incident Response Plan.

Product Quality and Safety

Ambition

We work closely with supplier partners and manufacturers, and engage with regulators and industry oversight bodies to ensure we meet the highest standards and continuously improve our approach to product quality and safety.

Our work in product quality and safety is grounded in the Empire Code of Business Conduct and Ethics and the Ethical and Sustainable Sourcing Policy.

Key Partnerships

We work with all levels of the supply chain on product safety and quality, and collaborate with organizations such as:

OFPA The Ontario Food Protection Association

CPMA Canadian Produce Marketing Association

DRC

ie canada

The Consumer Goods Forum GFSI

RCC Retail Council of Canada

Partners in Maintaining High Standards for Food Safety

The Global Food Safety Initiative (GFSI) is an initiative that aims to harmonize international food safety standards and encourage mutual recognition through benchmarking certification programs. Our Compliments, Panache and Best Buy food supplier partner sites are audited annually against a GFSI-recognized standard, ensuring appropriate programs and procedures are in place for quality and food safety.

Educating Employees and Partners

We have a robust employee education program focused on product quality and safety, including food safety training. All store operators and managers complete food handling certifications and are required to be recertified every five years. Consistent with GFSI-recognized standards, our supplier partners are also required to ensure their employees are properly trained.

Auditing Our Facilities to Industry, Internal and Public Health Standards

Our corporate and franchise grocery stores, retail support centres and customer fulfilment centres participate in a rigorous semi-annual audit process. These sites are audited twice a year against industry standards, internal food safety protocols and public health standards. Our team has developed policies and procedures based on industry best practices, as well as a risk-based technical audit form to ensure effective implementation and maintenance of food safety programs. If any issues are identified, on-site employees implement corrective and preventative actions. The process is monitored and approved by our internal food safety management team.

We benchmarked our retail support centre (RSC) related inspection processes against industry best practices. Based on our findings, we have updated our inspection standard operating procedures and all teams across Canada have been trained on the changes. We conduct annual audits to assess inspectors' knowledge and competencies.

Working With Supplier Partners

We require new supplier partners to share their food safety checklists and certifications. Supplier partners for Our Brands agree to cooperate with site audits and product testing as part of our quality assurance program. We also require suppliers to comply if any additional testing or product recalls are required. All Our Brands supplier partners are required to hold GFSI-recognized certification and be annually certified by third-party auditors.

Unwavering Focus on Quality Control

Our Brands products are tested by a third-party laboratory to ensure that they continue to meet our product specifications. Employees analyze data to identify and assess risk, allowing us to address potential food safety issues before they reach our customers. This closed-loop process ensures all Our Brands food safety complaints and concerns are logged and investigated as required. We work closely with the Canadian Food Inspection Agency (CFIA), Health Canada, the Ministry of Agriculture, Fisheries and Food in Quebec (MAPAQ) and the Public Health Agency of Canada (PHAC) to address consumer complaints and product investigations.

Driving Continuous Improvement

To support continuous improvement, we track and monitor regulatory inquiries from government bodies. Our teams engage with locations as soon as an information request is received. We maintain a closed-loop process, which includes launching an investigation, communicating with stakeholders to address matters and engaging with all levels of government to ensure issues are dealt with appropriately. We invest in ongoing product quality and safety accreditation and training for our employees, and work to ensure supplier partners also meet the same high standards. When we partner to develop a new Our Brands offering, product and supplier partner performance are evaluated continuously, from development to launch and beyond. Looking ahead, we will set new targets and priorities that will continue to ensure and enhance quality and safety for Our Brands products. We are also exploring and testing innovative tools and technologies to enhance our ability to grade against specifications and identify solutions to reduce waste.

Impact

- 100% of active Compliments, Panache and Best Buy suppliers are certified to a GFSI-benchmarked standard.

Ensuring Recall Readiness

Consistent with government standards and internal quality standards, we move quickly to investigate and implement recalls as necessary when food safety and quality issues are identified. We perform an annual mock recall to ensure that our systems work effectively. Recall effectiveness is continuously monitored to ensure consistent recall execution across all banner stores. Additionally, all Our Brands supplier partners must conduct mock recall exercises on a regular basis and support recall initiatives when necessary.

International Recognition for Food Safety and Quality

In 2025, Sobeys proudly became the first Canadian company since 1999 — and the only Canadian grocery retailer — to win the prestigious Black Pearl Award. This global honour celebrates our deep-rooted commitment to food safety, sanitation, ethical practices and public health. The award also recognizes our alignment with the International Association for Food Protection's mission to advance food safety through employee training, customer education, facility design and regulatory excellence.

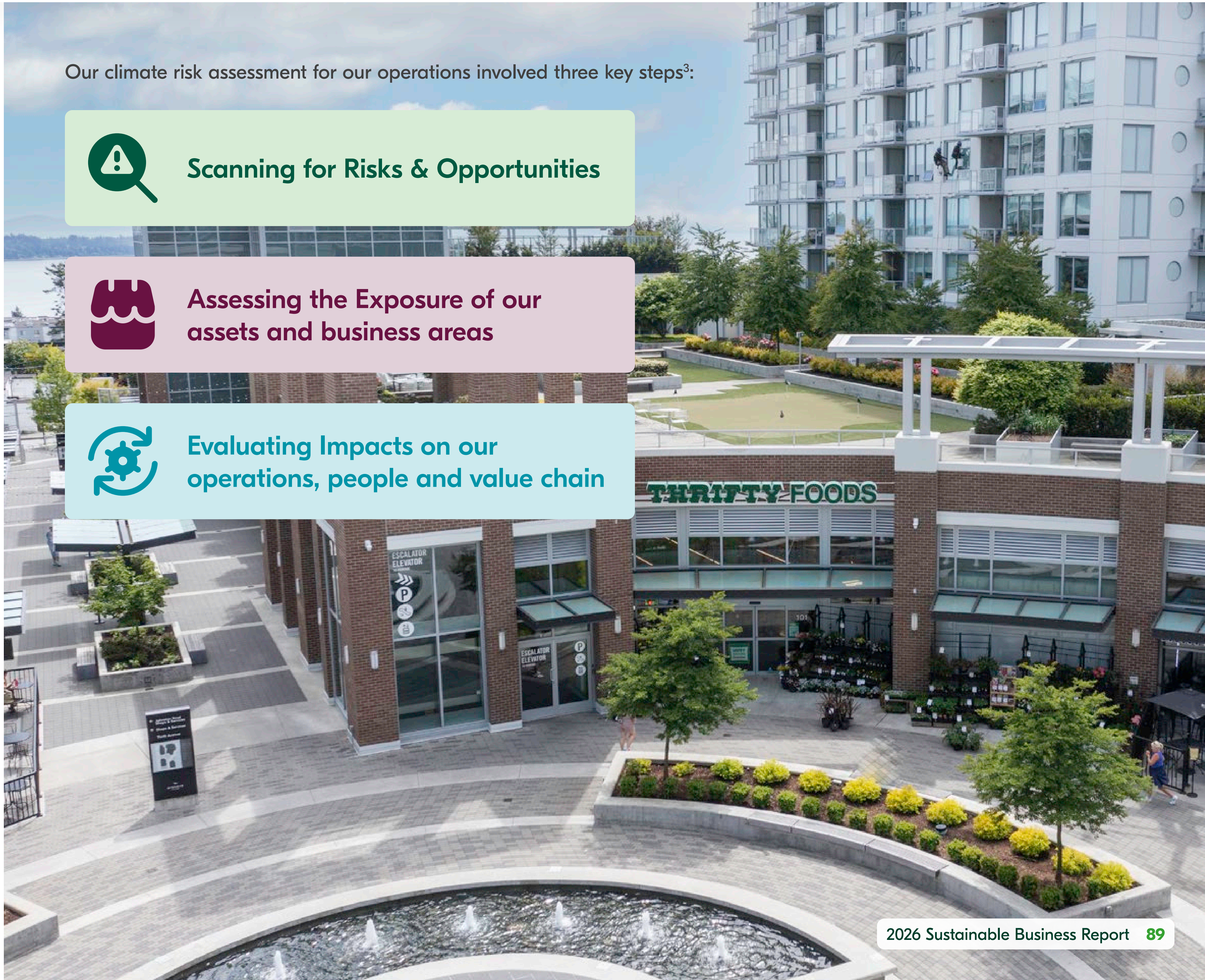
Climate Risk

Process for Identifying Climate Related Risks and Opportunities

Our approach to managing climate-related risks and opportunities is integrated into our broader Enterprise Risk Management (ERM) approach and business planning processes. Each year, we identify, assess, manage and report on key risks to the organization and our objectives, including those related to climate change.

In support of this process, our ESG Finance and Sustainability teams continuously monitor policy, legal and regulatory risks related to climate change. This includes climate-related laws, rules and regulations related to our business that could materially impact our reputation and financial results. Additionally, we work with government bodies and trade associations to monitor emerging environmental regulations and policies expected to impact the retail industry in Canada, including the Retail Council of Canada (RCC) and Food, Health and Consumer Products of Canada (FHCP). Key risks are embedded in the business and strategy discussions at our Board and Committee meetings.

We have also conducted targeted climate change risk assessments of physical and transition risks through scenario analysis, evaluating potential impacts across our operations and value chain — including our supply chain — and advancing mitigation and adaptation actions in response.



Our climate risk assessment for our operations involved three key steps[3]:

- Scanning for Risks & Opportunities
- Assessing the Exposure of our assets and business areas
- Evaluating Impacts on our operations, people and value chain

Our assessment was developed through an initial inventory of climate-related risks and opportunities based on historical events that impacted our business, forward-looking trends, government policies, business strategy and stakeholder interviews. We also surveyed stakeholders and held internal workshops. Based on this engagement, five physical risks and four transition risks and opportunities were prioritized and selected for scenario analysis.

We utilized scenario analyses as a tool in our climate risk assessment to understand the potential impacts of climate-related physical risks, transition risks and opportunities on our operations. The analysis was grounded in various standardized scenarios defined by the Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) adopted by the Intergovernmental Panel on Climate Change (IPCC). Through the climate risk assessment, we identified a range of physical and transition risks facing our business, including:

Physical Risks

Extreme heat, extreme weather events and wildfires.

Transition Risks

Related to refrigerant usage, renewable energy and food waste.

Each of these risks are influenced by evolving climate-related regulations, disclosure requirements and stakeholder expectations. The impacts of these risks have been assessed in alignment with our Enterprise Risk Management (ERM) framework.

This scenario analysis process is iterative and is revisited in alignment with our business planning cycles, including our Enterprise Risk Management processes. Insights from this analysis inform our financial planning, risk management and decision-making by identifying priority areas where mitigation and adaptation actions are required.

[3]Note that the transitional risk assessment referenced in this report included a full business assessment, encompassing our operations and value chain, but the physical risk assessment looked at our operations only.
[4]Medium (5 to 10 years) and long-term (10 to 30 years) time horizons were considered for the physical and transitional risk assessment
[5]The RCPs and SSPs used for understanding changes in physical climate risks stem from the Intergovernmental Panel on Climate Change's Fifth Assessment Report published in 2021 (IPCC AR5) and their Sixth Assessment Reports published in 2021 (IPCC AR6).

Approach for Managing Climate Related Risks and Opportunities

Our approach to managing climate-related risks is also integrated into our broader risk management framework and business planning processes. This approach supports informed decision-making and long-term resilience on an ongoing basis.

We have focused our efforts on four key areas that are most closely associated with our emissions and climate-related risk exposure: real estate; supply chain and logistics; sourcing and merchandising; and fuel sales. These areas reflect where we see the most significant risks, as well as opportunities, across our operations and value chain.

Climate Impact Mitigation Focus Areas

Real Estate
Reducing Scope 1 and 2 emissions related to our use of refrigerants and energy, including renewable energy.

Supply Chain and Logistics
Reducing Scope 1 and 2 fleet emissions covering our RSCs to stores transportation, including our e-commerce fleet.

Sourcing and Merchandising
Reducing Scope 3 emissions from purchased goods and services and supplier transportation & associated distribution, as well as emissions from food waste.

Fuel Sales
Reducing Scope 3 emissions from fuel sold in our retail fuel business.

Climate Integration and Reporting

Includes all the work we are doing to integrate mitigation into our operations and share our progress.

Mitigation through our Climate Action Plan

We mitigate exposure to physical climate risks — such as extreme heat, severe weather events and flooding — through targeted actions within our Climate Action Plan. These actions focus on reducing the sensitivity of our operations and infrastructure to climate-related hazards over time.

Our Climate Action Plan is being delivered in phases, with Phase 1 spanning fiscal 2024 to 2026 and Phase 2 planned for fiscal 2027 to 2030. As part of this work, we use annual maintenance audits to assess building performance under current and projected climate conditions and identify opportunities for upgrades and redesign that reduce vulnerability to physical risks, including temperature extremes and weather-related damage.

We continue to develop targeted mitigation plans aligned to the physical risks identified through our climate scenario analysis. Further details are provided in the Climate Action section of this report.

GHG Emissions Methodology and Data

- We use the GHG Protocol to calculate our emissions. The 2019–2025 GHG inventory includes all Sobeys Inc. and Empire grocery and related business banners in operation since 2019, including corporate and franchise sites.
- 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 used by corporate and Voilà fleets and diesel in onsite generators.
- Scope 1 emissions from refrigerant leakage include our corporate grocery sites where maintenance service providers are integrated with our maintenance tracking and data-management system. We are continuously refining our data-collection processes.
- Scope 2 emissions sources encompass electricity consumption.
- Scope 3 emissions sources encompass purchased goods and 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, down-stream transportation and distribution, use of sold products, franchises and investment.
- For our calendar year 2025 inventory, we strengthened processes and controls around data sources and calculations based on expert recommendations made by a credible third-party consultancy.
- Additionally, we transitioned our accounting to a new technology platform to enhance accounting methodologies and standards.
- As a result of these changes, material restatements were made to historical inventories to align calculations with the new processes, controls and methodologies. Material restatements include:

Scope 1:

Emissions from refrigeration leaks because of updates to the Global Warming Potential values (AR-6) of refrigerant gases by Climate Registry. These changes were applied across all inventories from calendar year 2019–2025.

Scope 3, Category 14:

Emissions from refrigeration leaks because of updates to the Global Warming Potential values (AR-6) of refrigerant gases by Climate Registry. These changes were applied across all inventories from calendar year 2019–2025.

Adaptation through Crisis Management and Emergency Event Guidelines

We manage the operational impacts of acute climate-related events — such as hurricanes, blizzards, flooding and extreme weather — through our Crisis Management Framework and Emergency Event Guidelines. These frameworks define how we prepare for, respond to and recover from events that may disrupt store operations, distribution networks and back-office functions.

Each identified crisis scenario is supported by defined response protocols, including assigned leadership roles across the Crisis Management Team, Executive Committee and operational teams. These protocols are designed to support timely decision-making, maintain critical operations and reduce disruption during climate-related events.

Our Emergency Event Guidelines provide site-level direction on emergency response, including escalation procedures, coordination across operational teams and communication protocols. These guidelines are implemented across all locations and are aligned with the physical risks identified through our climate risk and scenario analysis.

Adaptation through Health, Safety and Wellness

We manage workforce exposure to climate-related physical hazards — such as extreme heat, poor air quality and severe weather — through our Health and Safety Management System and Emergency Preparedness Program Standard. These programs establish controls to reduce employee risk and support safe operations during climate-related events.

Our Emergency Preparedness Program Standard outlines how sites prepare for and respond to these hazards, including escalation protocols, site-level response actions and communication procedures. These controls are designed to reduce exposure to climate-related risks and support workforce safety during events identified through our climate scenario analysis.

These measures contribute to our broader adaptation approach by supporting workforce protection, maintaining operational continuity and reducing the impacts of climate-related disruptions.

For more information on our climate change risk management approach, see our 2025 TCFD Report

Scenario Analysis

Approach

To assess the potential impact of physical risks, we used geospatial mapping and the most recently published climate models to analyze our operating sites . We considered the primary and secondary risk exposures for five physical risks at a localized level using the 1.5°C, 2°C and 4°C scenarios adopted by the IPCC[7, 8, 9, 10]. The results of our preliminary analysis are summarized in the table below, outlining potential business impacts as well as the mitigation and adaptation approaches, we are taking to minimize exposure to these risks. These climate risks and potential impacts are not unique to Empire and will affect food retailers globally, as well as other businesses and communities.

[6]Sites include Empire and Sobeys Inc. grocery and related business banners in operation as of August 2022, including corporate and franchise sites. Excluding Farm Boy and Longo's, unless otherwise noted.

[7]Our estimates of the exposure to physical risks are determined using historical financial information at the property level, including the annual sales of each site as of the 2022 fiscal year-end and the insured value of the property, equipment and inventory at each site as of August 2022, as well as the square footage of each property.

[8]Scenarios used: Chronic temperature rise - RCP4.5 and RCP8.5; Extreme heat - SSP1-2.6, SSP2-4.5 and SSP5-8.5; Extreme rain and flooding - SSP1-2.6, SSP2-4.5 and SSP5-8.5; Wildfires - RCP8.5; Hurricanes - RCP8.5. Where possible, Canadian specific modelling data was used.

[9]The RCPs and SSPs used for understanding changes in physical climate risks stem from the Intergovernmental Panel on Climate Change's Fifth Assessment Report published in 2021 (IPCC AR5) and their Sixth Assessment Reports published in 2021 (IPCC AR6).

[10]Analysis considered baselines of historical information. The historical period is 2001–2020 for chronic temperature and wildfires; 1995-2014 for extreme heat and extreme rain. Historical exposures on sites are based on climate change model outputs, not our actual historical incidents.

Table 1: Physical Risks, Potential Business Impacts and Mitigation and Adaptation Approaches

Physical Risks	Potential Business Impacts	Mitigation and Adaptation Approaches
Chronic Physical Risk Chronic temperature rise. **Acute Physical Risks** • Extreme heat. • Extreme rain and flooding. • Wildfires. • Hurricanes.	**Physical Sites** • Loss of sales due to business disruptions (e.g., electricity grid failure), as well as temporary or permanent closure of affected stores and distribution centres. • Physical damage or loss of property with costs associated with repair or rebuilding of affected buildings and equipment. • Increased costs to redesign and retrofit stores and retail support centres to better withstand more frequent and severe weather events. • Loss of perishable and non-perishable goods due to emergency events where evacuation and redistribution of goods is not safe or possible. • Disruption to HVAC and refrigeration systems where temperatures exceed their design capacity. • Increased maintenance requirements for buildings and equipment (e.g., HVAC). • Increased operational costs of air conditioning and temperature moderation in retail stores and distribution centres due to temperature fluctuations. • Equipment overheating, resulting in failure for cold food storage, increased food waste and loss of revenue. • Increased insurance claims and premiums, and possible insurance limits and restrictions. **Customers** • Safety concerns at retail locations such as accessibility issues due to building damage, power outages and heat stress. • Damage may cause operational disruptions and store closures, which can lead to reputational and consumer impacts. (e.g., customers' loss of access to essential supplies). • Impacts on food availability and accessibility due to supply chain issues. • Increased spoilage of perishable foods if the electricity grid fails. **Employees** • Environmental workplace health and safety hazards such as heat stress and dehydration, equipment overheating causing physical harm and loss of labour productivity. • Limited accessibility to get to work due to climate related events in their communities.	• Climate Action Plan. • Refrigeration maintenance and conversions. • Energy efficiency. • Fleet diversification (EV and hybrid) and optimization. • Capital investments in operational infrastructure. • Renewable energy use. • Crisis Management Framework. • Emergency Response Guidelines. • Health and Safety Policies. • Advocacy with industry associations and organization. • Engagement with government. • Diversify our pool of suppliers.

[11]In its recommendations report, the TCFD identifies specific categories of physical and transition risks and opportunities.

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 $32 billion in annual sales and $17 billion in assets, Empire Company Limited and its subsidiaries, franchisees and affiliates employ approximately 130,000 people.

The History of Empire Company Limited

Sobeys Inc. has more than 119 years of experience serving customers in the food-retail business. Sobeys Inc. is 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. It also operates grocery e-commerce under the banners Voilà, Voilà par IGA and ThriftyFoods.com, and operates or supplies more than 350 retail fuel locations. The company serves customers through five core retail food formats and related businesses to meet diverse shopping needs.

Across its 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, store employees, franchisees and diverse retail networks are dedicated to serving customer needs by providing exceptional shopping and food experiences.

Learn More

Empire Co. | Sobeys Inc.

130,000
Employees

1,600
Total stores (excluding fuel stations and related convenience stores)

43.4 million
Total square footage

900+
Communities served

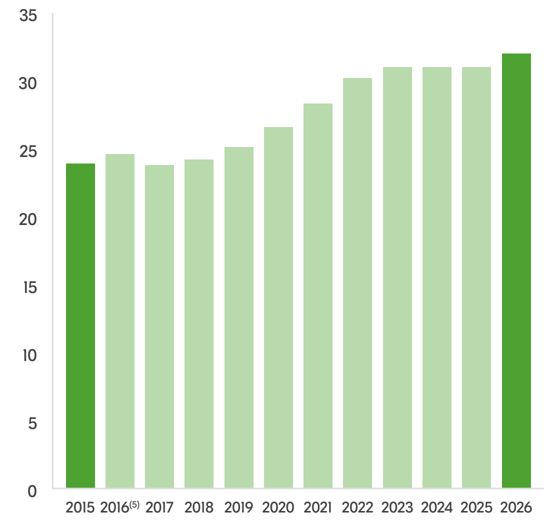
Financial Highlights

Our financial performance reflects the strength and resilience of our business and provides the foundation to advance our sustainability priorities. We view sustainability as integrated with how we manage risk, allocate capital and drive long-term value creation — including strengthening our supply chain, improving operational efficiency and supporting the communities we serve. Maintaining consistent performance over time enables continued investment in these areas while reinforcing our ability to deliver sustainable, long-term returns for stakeholders.

Sales

2.6% 10-year CAGR(4)

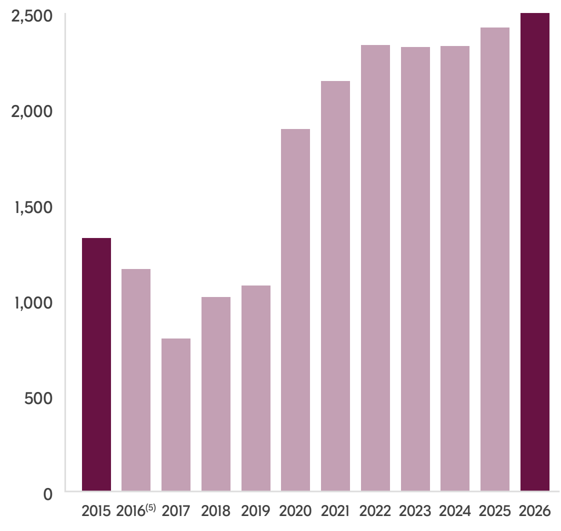
($ in billions)



Adjusted EBITDA(1)

8.0% 10-year CAGR(4)

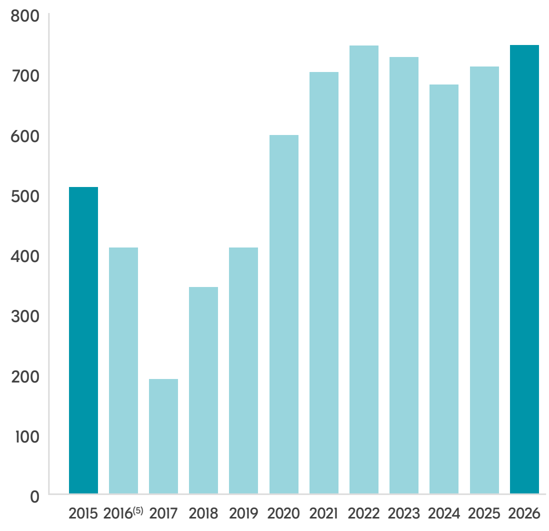
($ in millions)



Adjusted net earnings(1)(2)(3)

6.2% 10-year CAGR(4)

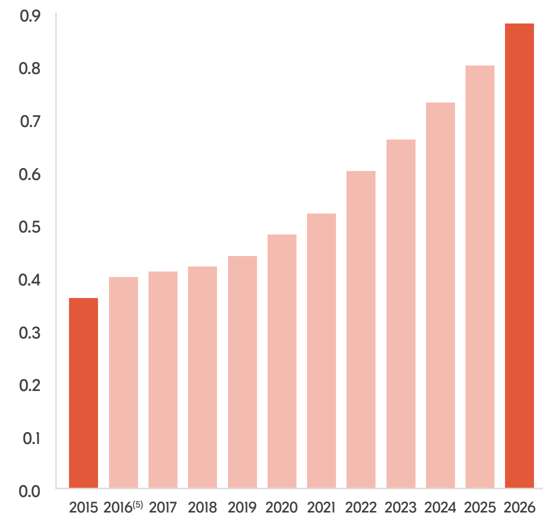
($ in millions)



Dividends

8.2% 10-year CAGR(4)

($ per share)



(1) See "Non-GAAP Financial Measures & Financial Metrics" section of the MD&A for a description of the types of costs and recoveries included.
(2) Attributable to owners of the Company.
(3) See "Adjusted Impacts on Net Earnings" section of the MD&A
(4) Compound annual growth rate.
(5) Fiscal 2016 included a 53rd week of operations.

Additional financial information relating to Empire, including the Company's Annual Information Form, can be found on the Company's website at **empireco.ca** or on SEDAR+ at **sedarplus.ca**.

empire
COMPANY LIMITED

Sobeys