

Empire Company Limited & Sobeys Inc. 2022 Sustainable Business Report

Partners In Progress



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At Empire, we are committed to doing [OurPart™](#) to tackle the shared challenges facing our communities, our country and our world—with a strong focus on the environmental, social and governance (ESG) factors that matter most to our stakeholders. We believe real progress comes when everyone gets the support they need to do good things and achieve shared goals.

That’s why our sustainability journey is all about partnerships and the progress we make together. We are committed to investing in our teams and stores, and working with our customers, investors, supplier partners and communities, so that together we can nurture People and Planet with Products that are sustainable and responsibly sourced.

[Download Fiscal 2022 ESG Performance Metrics Table](#)



[Download Fiscal 2022 SASB Index](#)



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“We are now more committed than ever to creating a sustainable business and industry. Through our Climate Action Plan, we’re holding ourselves accountable to achieve these goals ... [and] we’re holding our supplier partners accountable too.”

Read a message from [Michael Medline, President & CEO](#)

Listen to Michael Medline, President & CEO, and Mohit Grover, SVP Innovation, Sustainability & Strategy, in conversation with Michael LeBlanc from the Retail Council of Canada [Listen to Podcast](#)



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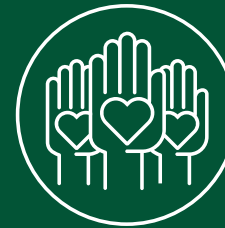
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People

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

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



Planet

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

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



Products

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

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

Fiscal 2022 Sustainable Business Report Highlights

Planet

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

Climate Action

Near-term science-based targets set, pursuing validation through the Science Based Targets initiative

Climate Action

Target set to achieve net-zero in Scope 1 and Scope 2 emissions by 2040

Climate Action

Target set to achieve net-zero in Scope 3 emissions by 2050

Food Waste

22%
reduction in food waste in our stores since 2016

Environmental Management

\$13M
donated in partnership with Earth Day Canada since 2008

Products

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

Ethical & Sustainable Sourcing

95%+
of Own Brands seafood is sustainably sourced

Customer Experience & Engagement

43
new urban bee-keeping sites added in partnership with Alvéole

Customer Experience & Engagement

5M
litres of water saved thanks to Infarm purchases

Supplier Partnerships

350+
women entrepreneurs supported in fiscal 2022*

*Excludes produce and SKUs listed in Quebec only

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

Diversity, Equity & Inclusion

81%

of corporate retail teammates completing training to prevent racial consumer profiling

Diversity, Equity & Inclusion

37%

representation of women at the senior leadership level, a 9.1% increase over last year

Diversity, Equity & Inclusion

~\$19M

donated to support healthy bodies and minds in our communities (\$6M in corporate donations and \$13M raised)

Empire is a proudly Canadian company, with 115 years of experience in the food retail business.

Learn More

OurPart™

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

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A Letter from Our President & CEO

Climate change is one of the most critical challenges of our time, both in Canada and around the world. And while it's encouraging to see the conversation around this issue reach new heights in recent years, the time for talk is over. We are in a new phase of this challenge that we believe requires aggressive action.

As one of Canada's leading grocery retailers, Empire is proud of its leadership position when it comes to sustainability in the industry. In fiscal 2021, we saw a 22% reduction in food waste in our stores, which is almost halfway to our target of achieving a 50% reduction in food waste by 2025. And since 2016, we've achieved a 24% reduction in surplus food per square foot in our stores. We also saved 5 million litres of water thanks to fresh herbs offered through our Infarm partnership. Additionally, over 95% of our Own Brands are sustainably sourced.

We are now more committed than ever to creating a sustainable business and industry through our [Climate Action Plan](#) which is grounded in science. This year, we set [science-based targets \(SBTs\)](#) that align and go beyond the Net-Zero by 2050 (1.5°C aligned) scenario, which would meet the requirements of the Paris Agreement. I would encourage you to take some time to read our Climate Action Plan to see what we have in store and how we are committing to making a difference today and in the future.

Specifically, our targets are:

- **In the short term:**
 - Scope 1 & 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): 62% of our suppliers by spend will set science-based

- reduction targets on their Scope 1 and 2 emissions in five years; and commit to a minimum 28% reduction in emissions from fuel sold by 2030
- **In the long term:** Achieve net-zero by 2040 for Scope 1 and Scope 2 emissions, and net-zero for Scope 3 emissions by 2050 according to the Science Based Targets initiative's (SBTi's) Net-Zero Standard.

We're holding ourselves accountable to achieve these goals. And, as one of the largest grocery retailers in the country, we're holding our supplier partners accountable too, because we believe we have a responsibility to create a more sustainable industry. Strong partnerships are integral to the way we do business at Empire, and our sustainability journey is all about the progress we make together. All the good that we do as a business (including our sustainability commitments) happens in collaboration with our teams, suppliers, customers and communities.

As part of our climate action plan, we're counting on our suppliers to help achieve the key targets we've identified and are working with them to set their own science-based emissions targets by 2027. Like us, our suppliers recognize that we are at a critical juncture and are partnering with Empire — I'm proud to share that we're already halfway towards reaching our Scope 3 target.

We're also working closely with fuel suppliers at Empire gas stations to reduce emissions from fuel sold at Empire's filling stations by 28% by 2030.

Together, we navigated shared challenges such as the COVID-19 pandemic. Together, we are working to make our industry more equitable through our draft Grocery Code of Conduct and our new Ethical and Sustainable Sourcing

Policy. And together, we can nurture our [People](#) and [Planet](#) with [Products](#) that are sustainable and responsibly sourced.

These targets are only one important way we manage our environmental, social and governance (ESG) risks and opportunities as a business. They are an important part of a bigger picture. The reality is that we've been focused on this issue for some time. And now we're picking up the pace. Beyond our concrete commitments to climate action, we continue to make progress in areas such as reducing plastics and waste, advancing diversity, equity and inclusion, and growing our community investments.

As our 2022 Sustainable Business Report makes clear, we are wholeheartedly committed to being a trusted partner to our customers, investors, supplier partners and communities. This is not only the right thing to do, it's good for business helping us drive sustainable growth and deliver on our commitments to shareholders.

As always, we welcome your thoughts and feedback on how we are doing. Our sustainability journey is ongoing, and we are always looking for ways to be an even better partner in the future.

signed "Michael Medline"

Michael Medline
President & CEO
Empire Company Limited
July, 2022

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Report Scope

This report covers our fiscal year 2022, from May 2, 2021, to May 7, 2022, unless otherwise stated.

Report Boundaries

This report represents the sustainability commitments, targets, approach and progress of Empire Company Limited and Sobeys Inc. Empire Company Limited (TSX: EMP.A) is a Canadian company headquartered in Stellarton, Nova Scotia. Empire's key businesses are food retailing, through wholly owned subsidiary Sobeys Inc., and related real estate. This report covers Empire's food retailing business, as defined in [Empire's 2022 Annual Information Form](#) and excludes Investments and Other Operations. This report focuses on material environmental, social and

governance (ESG) factors for our Sobeys Inc. operations. This encompasses:

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

This report covers our more than 1,500 stores, 24 distribution centres, three customer fulfillment centres and over 350 retail fuel locations in all 10 Canadian provinces, as well as our more than 130,000 teammates.

Unless otherwise stated, data included in this report reflects all Sobeys Inc. operations, excluding Farm Boy and Longo's.

Report Methodology

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

Materiality

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

Feedback

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

Learn More

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

[Annual Reports](#)



[Management Information Circulars](#)



[Quarterly Reports](#)



[Investor Centre](#)



[OurPart™](#)



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

[IGA](#)



[Longo's](#)



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Forward-Looking Information

This document contains forward-looking statements, which are presented for the purpose of assisting the reader to contextualize the financial position of Empire and Sobeys Inc. (the “Company”) and understand management’s expectations regarding its sustainable business program.

These forward-looking statements may not be appropriate for other purposes. Forward-looking statements are identified by words or phrases such as “estimates,” “plans,” “predicts,” “anticipates,” “forecasts,” “expects,” “believes,” “intends,” “could,” “may,” “predicts,” “projects,” “will,” “would,” “foresees” and other similar expressions or the negative of these terms.

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

- 1

Statements relating to climate and greenhouse gas emissions, including without limitation plans to achieve net-zero by 2040 for Scope 1 and Scope 2 emissions, and net-zero by 2050 for Scope 3 emissions; plans to reduce absolute Scope 1 and 2 emissions by a minimum of 55 per cent by 2030; expectations that 62 per cent of suppliers, by spend, will set science-based reduction targets on their Scope 1 and 2 emissions in five years; plans to reduce emissions from fuel sold by 28 per cent by 2030; plans to electrify supply chain and Voilà online grocery delivery vehicles, transition to low carbon sources, and partner with suppliers to set science-based targets, all of which may be impacted by changes in renewable energy production, risks of defects from early adoption of technology, electricity grid decarbonization, economic conditions, availability of electric vehicles, political stance on emissions, supplier relationships and negotiation, carbon fuel supply and demand
- 2

The Company’s expectations regarding the financial impact and benefits of Project Horizon and its underlying initiatives, including without limitation EBITDA, margin and costs, which could be impacted by several factors, including resource capacity to execute and the time required by the Company to complete the initiatives
- 3

Statements relating to sustainable practices, including without limitation plans to reduce food waste by 50 per cent by 2025; plans to source 100 per cent physical trace certified sustainable palm oil by 2025 for its Own Brands products and implementation of its next Sustainable Business Strategy in fiscal 2024, all of which may be impacted by several factors, including supplier relationships and negotiations and the duration and impact of the novel coronavirus (“COVID-19” or “pandemic”), on the business, supply chain, customer behaviour, and resource capacity

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. For more information on risks, uncertainties and assumptions that may impact the Company’s forward-looking statements, please refer to the Company’s materials filed with the Canadian securities regulatory authorities, including the Risk Management section of the [fiscal 2022 annual Management's Discussion & Analysis \(MD&A\)](#).

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

Non-GAAP Financial Measures & Financial Metrics

There are measures and metrics included in this report that do not have a standardized meaning under generally accepted accounting principles (“GAAP”), and therefore may not be comparable to similarly titled measures and metrics presented by other publicly traded companies.

Management believes certain investors use these measures and metrics as a means of assessing financial performance. Empire’s definitions of the non-GAAP terms are as follows:

1

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

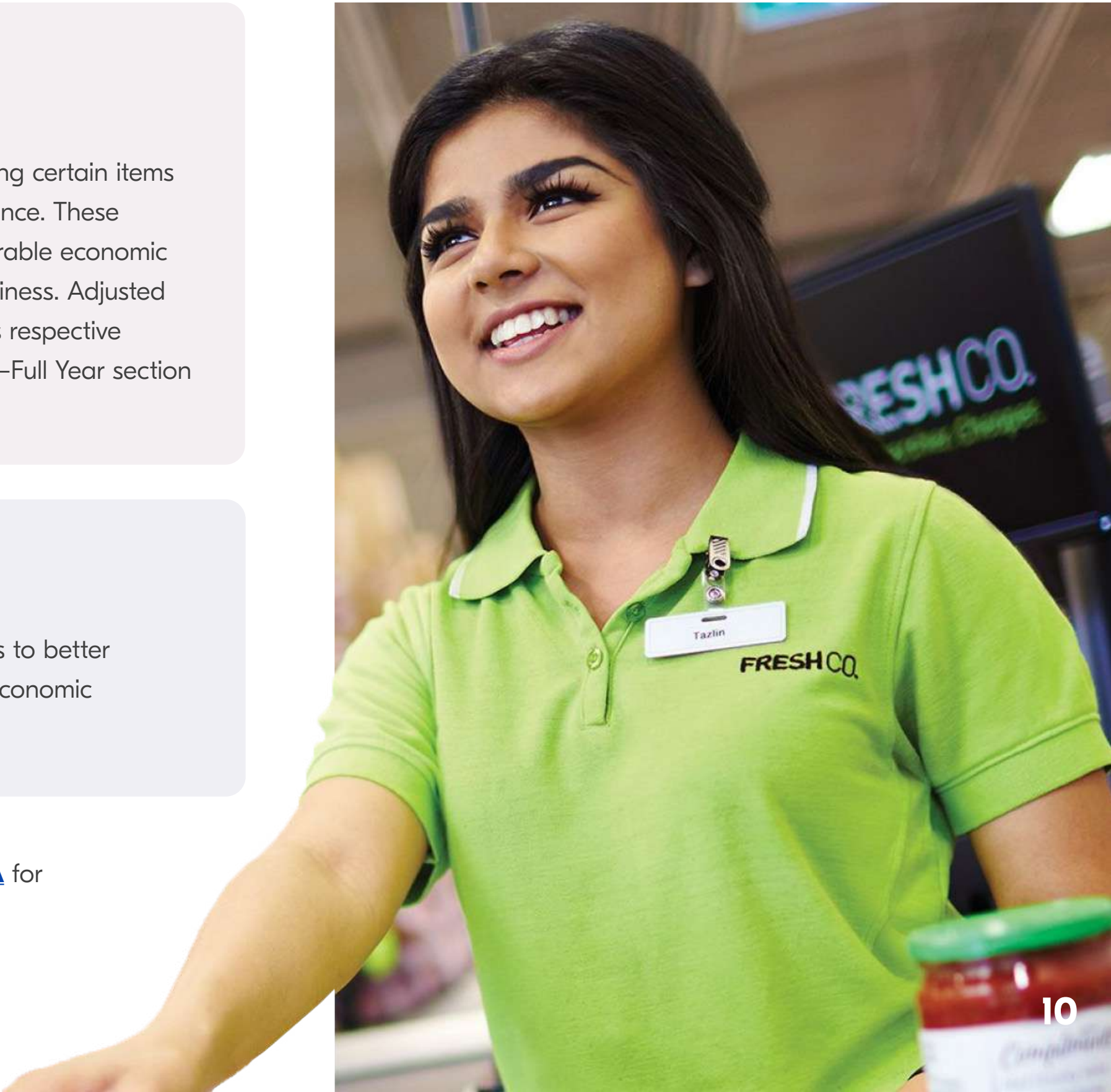
2

Adjusted EBITDA is EBITDA excluding certain items to better analyze trends in performance. These adjustments result in a more comparable economic representation of the underlying business. Adjusted EBITDA is reconciled to EBITDA in its respective subsection of the Operating Results—Full Year section of the MD&A for applicable years.

3

Adjusted net earnings is net earnings, attributable to owners of the Company, excluding certain items to better analyze trends in performance and financial results. These adjustments result in a more comparable economic representation of the underlying business.

For a more complete description of Empire’s non-GAAP measures and metrics, please [see Empire’s MD&A](#) for the fiscal year ending May 7, 2022.



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Empire Company Limited is proudly Canadian, with 115 years of experience in the food retail business.

As one of only two national grocery retailers in Canada, we serve the food shopping needs of Canadians with more than 1,500 stores in all 10 provinces under retail banners that include Sobeys, Safeway, IGA, Foodland, FreshCo, Thrifty Foods, Farm Boy, Longo's and Lawtons Drugs and grocery e-commerce under the banners Voilà, Grocery Gateway, IGA.net and ThriftyFoods.com, as well as more than 350 retail fuel locations.

Our core retail food formats and related businesses are

designed to ensure that we have the right offering in the right-sized stores for each individual market we serve—from our full-service format to the convenience format, each tailored to satisfy the unique shopping needs of our customers.

Our core values are our strength and the foundation of who we are: Customer-Driven, People-Powered, Community-Engaged and Results-Oriented. And our purpose—we are a family nurturing families—is our

collective passion and mission to nurture the things that make life better, including great experiences, families, communities and the lives of our 130,000 teammates from coast to coast.

Learn more:

[Empire](#)

[Sobeys Inc.](#)



Teammates:

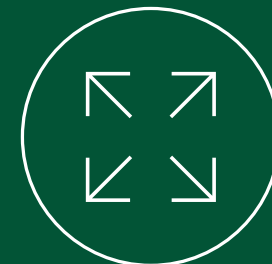
130,000¹



Total stores:

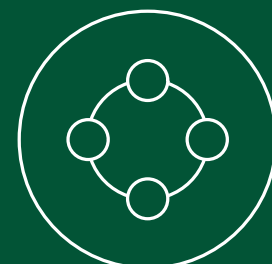
1,598

(excluding fuel stations and related convenience stores.)



Total square footage:

41.6 m



Communities served:

928

¹Employees of Sobeys Inc., our franchisees and our affiliates. All data is as of May 7, 2022

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Our Strategy: Project Horizon

Project Horizon is our three-year strategy to achieve an incremental \$500 million in annualized EBITDA by the end of fiscal 2023. Building on the overwhelming success of Project Sunrise, our previous three-year strategy, we are well positioned to accelerate growth in market share and build on cost and margin discipline.



Growth in Market Share

- Invest in Empire's store network
- Improve store productivity
- Win Canadian grocery e-commerce
- Grow Empire's Own Brands portfolio
- Provide best-in-class customer personalization



Building on Cost and Margin Discipline

- Drive non-merchandising sourcing efficiencies
- Continue to build merchandising sourcing efficiencies
- Invest in best-in-class analytics to improve customer value proposition
- Optimize supply chain productivity
- Improve system and process



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Financial Highlights

Empire’s key businesses are food retailing, through wholly owned subsidiary Sobeys Inc., and related real estate. With approximately \$30.2 billion in annual sales and \$16.6 billion in assets, Empire and our subsidiaries, franchisees and affiliates employ approximately 130,000 people. Additional financial information relating to Empire, including the Company’s Annual Information Form, can be found on the Company’s website at www.empireco.ca or on SEDAR at www.sedar.com.

<div><div>Sales</div><div>(\$ in billions)</div><div>6.4%</div><div>10-year CAGR⁽³⁾</div></div> <div><div>4.9%</div><div>5-year CAGR</div></div>	<div><div>Adjusted EBITDA⁽¹⁾</div><div>(\$ in millions)</div><div>10.5%</div><div>10-year CAGR</div></div> <div><div>23.9%</div><div>5-year CAGR</div></div>	<div><div>Adjusted Net Earnings⁽¹⁾⁽²⁾</div><div>(\$ in millions)</div><div>8.7%</div><div>10-year CAGR</div></div> <div><div>31.3%</div><div>5-year CAGR</div></div>	<div><div>Dividends</div><div>(\$ per share)</div><div>7.2%</div><div>10-year CAGR</div></div> <div><div>7.9%</div><div>5-year CAGR</div></div>
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(1) See “Non-GAAP Financial Measures & Financial Metrics” section of the Management’s Discussion and Analysis.

(2) Attributable to owners of the Company.

(3) Compound annual growth rate.



Approach & Materiality





Sustainability Approach

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



Engaging Our Stakeholders

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

Key Stakeholder	How We Engage	
<div>Teammates (across corporate and franchise sites, in operations and office-based)</div> <div></div>	<ul style="list-style-type: none">• Intranet and closed social media groups• Working committees on projects• Townhalls and leadership messages	<ul style="list-style-type: none">• Internal surveys (e.g. biannual Your Voices Survey)• Education and awareness sessions• Direct email communication
<div>Investor Community</div> <div></div>	<ul style="list-style-type: none">• Shareholders’ Annual General Meeting• Direct investor communication, including investor conferences, quarterly earnings calls and financial reports• Investor Relations inbox: investor.relations@empireco.ca	
<div>Customers</div> <div></div>	<ul style="list-style-type: none">• OurPart™• In-store experiences and customer service counters in each store• National and regional banner-specific Customer Care phone and email services• National and regional surveys on sustainable development	<ul style="list-style-type: none">• Consumer focus groups• Receipt messaging• Customer satisfaction surveys• Social media
<div>Supplier Partners</div> <div></div>	<ul style="list-style-type: none">• Supplier onboarding process• Regular communication with category managers and sourcing teams• Supplier surveys	

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Key Stakeholder	How We Engage
<div>Communities</div> <div></div>	<div><ul style="list-style-type: none">• In-store experiences• Store openings• Partnerships with local organizations</div> <div><ul style="list-style-type: none">• Community Action Fund• Social media</div>
<div>NGOs</div> <div></div>	<div><ul style="list-style-type: none">• Direct meetings and emails with leads across all three pillars• Industry associations and meetings• Partnerships• Social media</div>
<div>Government</div> <div></div>	<div><ul style="list-style-type: none">• Industry consultations• Government relations partners• Direct engagement with elected officials, policymakers and civil servants</div>



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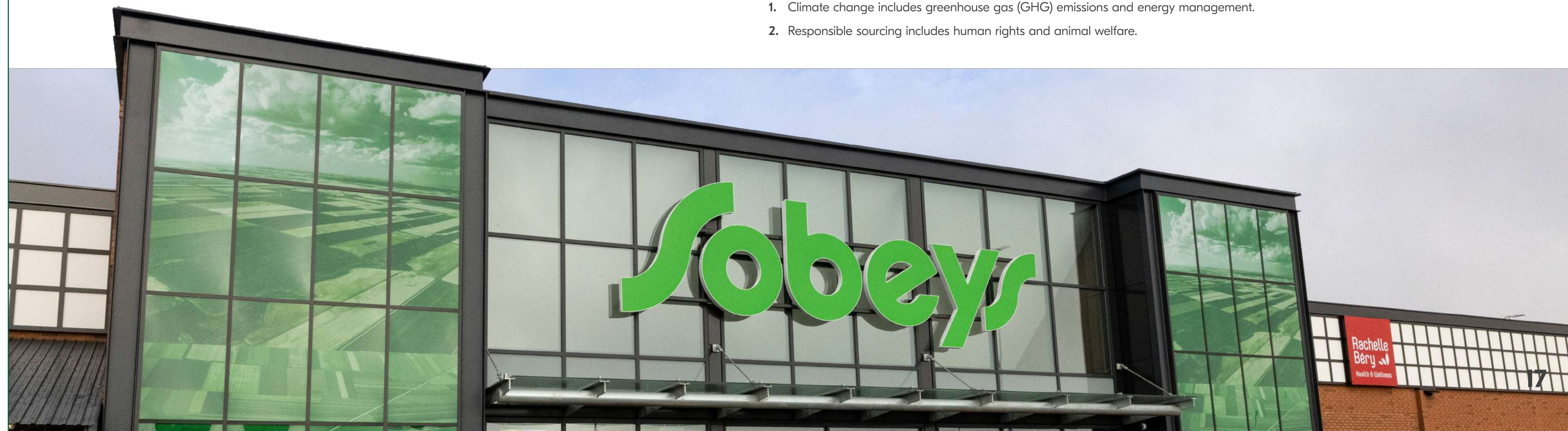
In fiscal 2021 we conducted a materiality assessment to identify and prioritize the environmental, social and governance (ESG) issues that are most important to our stakeholders and will influence our business success in the long term. We also reviewed grocery and retail industry leading practices and sustainability reporting frameworks, such as the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) Food Retailers & Distributors Standard.

Based on input from our stakeholders and strategic planning, we articulated a sustainability framework based on our People, Planet and Products pillars—all enabled by our commitment to strong corporate governance and fully aligned with our business strategy, [Project Horizon](#). We built dedicated and robust teams to focus on the 18 material ESG topics that sit under our pillars.

Learning from ongoing discussions with our stakeholders in fiscal 2022, we have expanded on two ESG topics that are of interest to our stakeholders, specifically energy management and environmental management. This materiality assessment provides the foundation of our sustainability strategy and continues to underpin our work. For definitions of each of these topics, [click here](#). We will reassess our materiality approach in fiscal 2023 as part of our work to develop a new Sustainable Business Strategy.



1. Climate change includes greenhouse gas (GHG) emissions and energy management.
2. Responsible sourcing includes human rights and animal welfare.



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The Big Three

The work on our materiality assessment has given us insights into three of the big issues that are top of mind for our stakeholders, that matter deeply to us and that are critical to creating a sustainable, inclusive future for everyone:

	Context	Continuing Opportunities & Best Practices	Why it matters to us
<div></div> <div><h3>Diversity, Equity & Inclusion (DE&I)</h3><p>Learn more about our approach</p></div>	<ul style="list-style-type: none">• 76% of job seekers and teammates say diversity is important when they assess companies and job offers.¹• In 2020, 89% of 48 of Canada’s largest organizations reported that they had zero Black women in the pipeline to fill executive officer roles.²• In 2020, about 1% of executives in Canada were Indigenous, although this group represents about 4% of the working population.³• In Canada, the proportion of women executive officers is largely unchanged since 2015 (when it was 15%; up to 18.2% in 2020).⁴• 60% of organizations say leadership accountability is the biggest obstacle to realizing DE&I progress.⁵	<ul style="list-style-type: none">• Attracting and retaining inclusive and diverse teams.• Growing leadership accountability for DE&I.• Investing in initiatives focused on growing opportunities for women and people from Black, Indigenous and other under-represented communities.	<p>We are a people-powered business—and our teammates are our greatest business advantage. Strong, inclusive and diverse teams are better able to innovate and deliver on our strategic priorities.</p>
<div></div> <div><h3>Plastics & Packaging</h3><p>Learn more about our approach</p></div>	<ul style="list-style-type: none">• 276M tonnes of plastic are produced globally each year—but only 7% of that is recycled back into plastic supply chain.⁶• ~99% of plastic waste in Canada is not recycled or recovered.⁷• ~10,000 tonnes of plastic enter the Great Lakes each year.⁷• ~8M tonnes of plastic enter the oceans globally from land each year.⁸	<ul style="list-style-type: none">• Eliminating unnecessary plastics across our store network through innovation and new delivery models.⁹• Making all plastics 100% reusable, recyclable or compostable.⁹• Advancing multiple solutions in parallel⁷ to deal with what is a very large and complex challenge.	<p>As a national grocer and retailer, tackling plastics and building more circular economies and supply chains is one of the single largest impacts we can make for a more sustainable future.</p>

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	Context	Continuing Opportunities & Best Practices	Why it matters to us
<div></div> <div>Community Investment</div> <div>Learn more about our approach</div>	<ul style="list-style-type: none">• 1.2M children and youth in Canada are affected by mental illness—yet less than 20% will receive appropriate treatment.¹⁰• In March 2021, visits to food banks in Canada topped 1.3M, the largest increase since the 2008 recession. One-third of those accessing food banks were children, 8.7% were seniors, and half were on social assistance or disability-related supports.¹¹• Natural disasters are five times more likely today than 50 years ago¹². And COVID-19 is a reminder of the risks posed by global pandemics. Such challenges can put additional pressure on the financial security of some Canadians and create additional barriers to reliable access to food, particularly for children and youth.	<ul style="list-style-type: none">• Investing in expanding mental health and nutrition education resources for children and youth.• Focusing on initiatives that support physical and mental health and grow community resilience.• Supporting the emergency food needs of communities.	Being engaged with our communities is core to our values. Giving back to the communities where we live and work helps all Canadians nurture healthy bodies, healthy minds and shared resilience.



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Evolving Progress on Climate Action, Our Sustainability Strategy and Disclosures

In fiscal year 2022 we continued to make progress on our sustainability journey:

Climate Action Plan	<p>We are taking bold action to tackle climate change, committing to science-based targets (SBTs) to achieve net-zero by 2040 for our Scope 1 and Scope 2 emissions, and net-zero by 2050 for our Scope 3 emissions.</p> <p>To achieve our long-term targets, we have set near-term targets to drive our progress (compared to a 2019 base year):</p> <ul style="list-style-type: none">• We will reduce absolute Scope 1 and 2 emissions by a minimum of 55% by 2030• To reduce Scope 3 emissions, we are targeting:<ul style="list-style-type: none">○ 62% of our suppliers by spend setting a science-based target for their Scope 1 and 2 emissions within five years (by 2027)○ Reducing emissions from fuel sold by 28% by 2030 <p>SBTs are internationally recognized and validated greenhouse gas (GHG) reduction targets that align with the Paris Agreement. We are pursuing validation of our targets through the Science Based Targets initiative (SBTi). In alignment with SBTi requirements, our targets address emissions from our operations, fleet and distribution (Scope 1 & 2), as well our extended value chain (Scope 3).</p> <p>Learn more about our bold new Climate Action Plan.</p>
Building Our Next Sustainable Business Strategy	<p>Over the next year we will finalize our next Sustainable Business Strategy to begin implementation in fiscal 2024. Our new strategy builds on the strong foundation we have established over recent years, with an increased focus on integration with business purpose and strategy, and a growing number of measurable targets and action plans in key impact areas.</p>
Enhanced Disclosures	<p>We continue to enhance our disclosures in alignment with standards such as the Sustainable Accounting Standards Board (SASB) Food Retailers & Distributors Standard. We’ve been listening to key stakeholders, such as our investors and analysts, and in this year’s report we’ve strengthened how we share information about governance, programs, policies and our progress. We are preparing to integrate disclosures aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) and looking ahead to anticipate mandatory ESG disclosures in Canada.</p>

Our view of the challenges and opportunities is closely aligned with these reports and organizations:

¹ [What Job Seekers Really Think About Your Diversity and Inclusion Stats](#), Glassdoor, 2021

² [Government of Canada invests more than \\$1.3 million to support Black women and girls](#), Government of Canada, 2022

³ [Diversity Among Board Directors and Officers: Exploratory Estimates on Family, Work and Income](#), Statistics Canada, 2021

⁴ [Report: 2021 Diversity Disclosure Practices – Diversity and leadership at Canadian public companies](#), Osler, 2021

⁵ [How to Hold Business Leaders Accountable for DI Outcomes](#), Gartner, 2019

⁷ [Closing the Plastics Circularity Gap](#), Google, 2021

⁸ [Canada-Wide Action Plan on Zero Plastic Waste Phase 1](#), Canadian Council of Ministers of the Environment, 2019

⁹ [Canada-Wide Action Plan on Zero Plastic Waste Phase 2](#), Canadian Council of Ministers of the Environment, 2020

¹⁰ [Upstream Innovation, A Guide to Packaging Solutions](#), Ellen Macarthur Foundation, 2020

¹¹ [Youth Mental Health Canada](#), 2019

¹² [HungerCount 2021](#), Food Banks Canada, 2021

¹³ [Weather-related disasters increase over past 50 years, causing more damage but fewer deaths](#), World Meteorological Organization, 2021

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

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

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



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- [Management Information Circular](#)
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Key Governance Bodies

	Responsibilities Include	2022 ESG Activities Include
<div><div><div>Board of Directors</div><div></div></div></div>	<ul style="list-style-type: none">Overseeing the ethical, legal and social conduct of the CompanyOverseeing the development of the Company's corporate governance policies, principles and guidelinesDeveloping and monitoring compliance with the Company's Code of Business Conduct and Ethics for directors, officers and employees, including Ethics Line reportingOverseeing stewardship of the Company, including the strategic planning process, approval of the strategic plan, identification of principal risks and implementation of systems to manage these risksEncouraging a culture of ethical conduct by appointing officers of high integrity and monitoring their performanceDelegating certain ESG responsibilities to the Corporate Governance & Social Responsibility Committee, the HR Committee and the Audit Committee, which are each verified on applicable ESG issues on a regular basis	<ul style="list-style-type: none">Reviewed ESG trends and how investor-related disclosures are evolving, including a scan of key ESG-related frameworks and standards (e.g. SASB, TCFD)Received updates on sustainability strategy and ESG ratings performance, benchmarked against comparator companiesDiscussed evolution of sustainability governance, strategy and operational integrationReceived updates on initiatives, including the company's plan to set a science-based net-zero target to be delivered via a bold new Climate Action Plan
<div><div><div>Corporate Governance & Social Responsibility Committee</div><div></div></div></div>	<ul style="list-style-type: none">Assisting the Board in fulfilling its responsibilities as they relate to corporate governance and social responsibilityAnnually assessing the effectiveness of the Board as a whole, the effectiveness of the committees of the Board and the contributions of individual Directors, and reporting to the Board on the results of the assessments, including recommended actions to address any issues arising from the assessmentsRecommending to the Board the composition of the committees of the BoardReceiving and reviewing periodic reports of the Company's policies, activities and progress pertaining to social responsibility initiatives, including sustainability, as well as updates on regulatory and general market developments relating to such matters	<ul style="list-style-type: none">Received and discussed governance, regulatory and best practice updates together with the evaluations of the Company's corporate governance published by various external partiesConducted and reported on the annual Board assessment, consisting of a confidential survey and individual interviews with all DirectorsRecommended to the Board the structures and composition of the Board's committees, taking into consideration the Company's statement of principle regarding membership and rotation in such recommendationReceived and reviewed updates and recommendations on the Company policies, activities and progress pertaining to social responsibility initiatives, strategies and action plans, including in the area of sustainability (e.g. energy management, removal of single-use plastics, food waste reduction) as well as updates on regulatory and general market developments relating to such matters. In particular, the Committee:Reviewed ESG trends and how investor-related disclosures are evolving, including the Sustainability Accounting Standards Board (SASB)

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	Responsibilities Include	2022 ESG Activities Include
		<ul style="list-style-type: none">Received an update on the fiduciary duties of Board members in relation to ESG mattersReviewed the 2021 Sustainable Business Report, including updates to the materiality assessment and the various reported-on metricsReceived updates on initiatives, including the company's plan to set a science-based net-zero target and how it would be implemented via a bold new Climate Action Plan, GHG emissions reductions, energy management, labour practices, food waste and plastics reductionRequested additional ESG education seminars for Committee and BoardRecommended that the full Board be briefed on critical ESG-related aspects
<div><div><div>Audit Committee</div><div></div></div></div>	<ul style="list-style-type: none">Overseeing policies and practices relating to the integrity of financial and regulatory reportingPeriodically reviewing the Enterprise Risk Management Framework for the Company and assessing the adequacy and completeness of the process for identifying and assessing the key risks facing the CompanyEstablishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing mattersReceiving quarterly reports from the Vice President Internal Audit regarding reporting matters from the Ethics Line, administered by Internal Audit	<ul style="list-style-type: none">Updated Audit Committee mandate to include review of applicable metrics and information contained in the Company's Sustainable Business Report in order to provide proper measurement and disclosure oversightReviewed quarterly Enterprise Risk Management reports and reviewed the Enterprise Risk Management FrameworkReceived reports and updates on the Ethics Line, environmental compliance, food safety, pharmacy, and information technology and securityDiscussed control frameworks around Sustainable Business Report metrics
<div><div><div>Human Resources Committee</div><div></div></div></div>	<ul style="list-style-type: none">Monitoring, reviewing and providing guidance in respect of the Company's people-development initiatives, including talent management and development programs; processes and execution, Diversity, Equity & Inclusion (DE&I) Strategy; and policies related to people matters, including but not limited to Code of Business Conduct and EthicsReceiving reports on HR-related matters received through the Ethics Line and the DE&I Reporting Line	<ul style="list-style-type: none">Through quarterly management updates, monitored, reviewed and provided guidance in respect of the Company's people-development initiatives, including DE&I strategy; talent management and development programs; processes and executionReceived reports and updates on DE&I Strategy, data and performance, including information on the new DE&I KPI; education initiatives; and process improvements, and discussed importance of unconscious bias education for the committeeReceived and reviewed reports on HR-related matters received through the Ethics Line and the DE&I Reporting LineReceived information on an additional executive KPI to be introduced in fiscal 2023 in support of Climate Action Plan targets and other key sustainability commitments, such as food and plastic waste reduction

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	Responsibilities Include	2022 ESG Activities Include
<div><div><div>Executive Committee</div><div></div></div><div><ul style="list-style-type: none">Leading business and sustainability strategy development and reviewOverseeing leadership committees and operational teams responsible for implementing sustainability strategy</div></div>		<div><ul style="list-style-type: none">With the support of third-party expertise, reviewed ESG trends and how investor-related disclosures are evolving, with a particular focus on GHG emissions reductions and targetsLed discussions and oversaw process to develop a bold new Climate Action Plan, including clear targets and phased approachReviewed progress against established sustainability goals and commitments, including on animal welfare and food wasteContributed to discussions about the evolution of Sustainable Business Strategy in our businessReceived updates on progress and performance across a range of other key sustainability areas, including DE&I, community investment, health, safety, mental wellbeing, and plastics and packagingReviewed the 2021 Sustainable Business Report, including updates to the materiality assessment and the various reported-on metrics</div>
<div><div><div>Sustainable Business Council</div><div></div></div><div><ul style="list-style-type: none">Ratifying, governing and ensuring accountability through KPI integration of the Sustainable Business Strategy and its related activities and reportingFostering collaboration and coordination with functional leaders and subject matter owners across our businessTackling emerging ESG issuesGathering strategic input to address government regulatory compliance gaps or opportunities</div></div>		<div><ul style="list-style-type: none">Collaborative cross-functional council launching in fiscal 2023</div>



Code of Conduct and Policies

Our [Code of Business Conduct and Ethics](#) provides guidance to all teammates and reaffirms our commitment to the highest possible personal and corporate standards of business conduct.

Directors and teammates are required to acknowledge and agree to our code on a regular basis, and we maintain an anonymous, confidential whistleblowing hotline.

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

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

Executive Compensation

Our executive compensation program is designed to attract, motivate and retain a highly skilled executive team and directly align their compensation to personal and corporate performance objectives—including ESG-related areas.

In fiscal 2022 we introduced a new DE&I key performance indicator (KPI) to continue to build broad leadership accountability for DE&I across all our teams and banners. This KPI includes goals for leaders and, for the first time, ties performance against these goals to our annual incentive plan. In fiscal 2023 we introduce an additional executive KPI in support of our Climate Action Plan targets and other key sustainability commitments, such as food and plastic waste reduction.



Enterprise Risk Management

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

[Empire’s Annual Report](#)



[Q4 F22 MD&A](#)



[F22 Annual Information Form](#)



Climate Risk

We recognize the potential adverse impact that climate changes poses to our business.

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



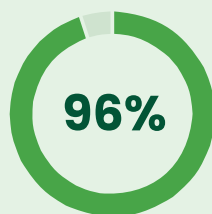
Cyber Security & Data Protection

Why It Matters

The integrity, reliability and security of information in all its forms are critical to our company's daily operations.

Inaccurate, incomplete or unavailable information; external intrusions on information systems; or inappropriate access to information can damage and disrupt our business and have financial and reputation implications. Customers trust us with personal information so that we can meet their needs in different areas of our business, such as in our pharmacies, through our e-commerce platforms and more. We also have an obligation to protect the information entrusted to us by our teammates.

Fiscal 2022 Performance Highlight



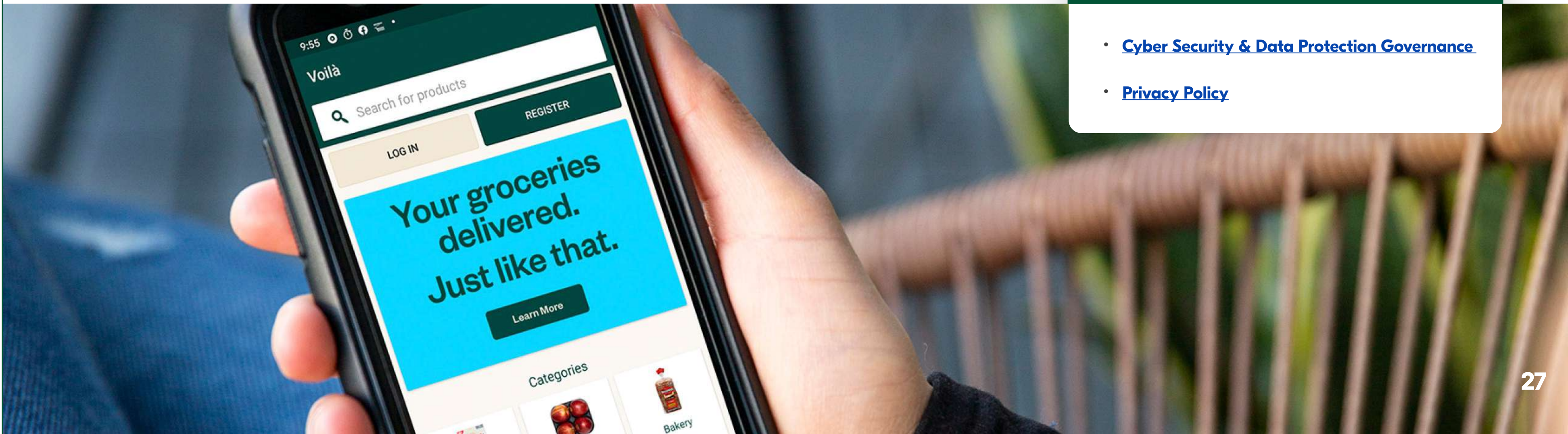
of corporate office teammates completed Supplementary Phishing Training in fiscal 2022.

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



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- [Cyber Security & Data Protection Governance](#)
- [Privacy Policy](#)



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Our Approach

Our business strategy ([see About Us](#)) is enabled by an ambitious digital transformation program. This increased investment in and use of digital tools means we also face increased risk of cyberattack—which is why in fiscal 2022 we updated our three-year cyber security roadmap to make sure we are keeping pace with both our evolving business initiatives and external threats. Our cyber security approach is all about having many layers of protections for devices, transactions, data and people, complemented by rigorous, round-the-clock monitoring.

Learn more about how we govern our approach to:

[Cyber security and data protection](#)



We operate extensive and complex information technology

systems that are vital to the successful operation of our business strategies. Our systems include mature endpoint monitoring, cloud security controls, threat hunting, threat intelligence, vulnerability management and 24/7 monitoring. In addition, all projects undergo security risk assessments and all new vendors undergo third-party risk assessment.

In fiscal 2022 we deployed multi-factor authentication widely across our business, initiated a new application security testing program to address vulnerabilities and continued to invest in building a culture of security. We place a strong focus on teammate awareness and training and on policies to govern the acceptable use of corporate devices and assets. Our Cyber Security Employee Awareness and Training program provides our team members with the knowledge to ensure they make

informed decisions to protect our business from cyber-related threats. Some of that training is through monthly targeted phishing campaigns, mandated training, regular teammate communications on relevant cyber security topics, and digital signage.

We are committed to improving our operating systems, tools and procedures to become more efficient and effective.

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



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OurPart™

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



Waste reduction



Supplier partnerships



Climate action



Sourcing ethically and sustainably

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

Learn more at [OurPart™](#)



People

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

Diversity, Equity & Inclusion

New DE&I key performance indicator (KPI) introduced.



Why It Matters

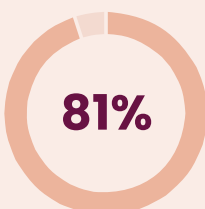
We are committed to diversity, equity and inclusion (DE&I) because it is good for people and good for business. It's one of our key areas of focus (see our [Big Three](#)) because it helps us to be better partners in progress, learning and benefiting from many different experiences and perspectives. And, simply put, it is the right thing to do.

Across our business from coast to coast, we foster a family culture of care, trust and respect. Our core values are our

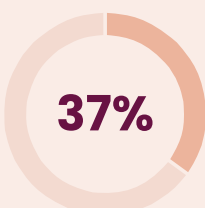
strength and the foundation of who we are:

Customer-Driven, People-Powered, Community-Engaged and Results-Oriented. Our values have always directed us toward a workplace that is good for people—all people. We are respectful and inclusive, and that is reflected in our People-Powered value. Along with our values, fairness is a fundamental principle for our business—and it guides us to build a fair and equitable environment where all can thrive as individuals.

Fiscal 2022 Performance Highlight



of corporate retail teammates completed **Serving all in Canada: A course on addressing and preventing consumer racial profiling.**



representation of women at the senior leadership level in fiscal 2022, a 9.1% increase over last year.

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



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

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Our Approach

Diversity, equity and inclusion (DE&I) are fundamental enablers to our business strategy and approach to innovation. Research has shown that diverse teams operating in an inclusive environment are more innovative and lead to increased business performance.

We also know that to provide exceptional customer experience we need to have an inclusive environment that treats everyone, internally and externally, with fairness and respect.

We operate in a highly competitive environment. To compete and grow, we need the best talent and the highest-performing teams. This means selecting from a broad talent pool, inclusive of all talent. Inclusion is very much about equal access to equal opportunity. It is about creating an environment where bias doesn't get in the way of people contributing their best or customers being equally valued. Our purpose and values reinforce this—fostering a workplace and communities (see [Community Investment](#)) that are good for everyone.

Our vision is to have a diverse workforce, reflective of the customer base we serve across the country. We recognize this will not happen overnight. We take a team-by-team approach, identifying opportunities to improve diversity at the team level, to fully realize the benefits of diversity. We will continue to grow diversity at the company level, with a focus on growing the number of women in leadership positions and the number of people from Black, Indigenous and marginalized communities at all levels of our company. While we do not set targets at the company level, we will use data-driven insights and talent practices that mitigate bias to ensure a fair and equitable approach to hiring and promotions.

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

1

Advance a culture of inclusion: Inclusion will be at the core of our culture—how we do things and interact with each other. We will address barriers that reinforce anti-Black racism and systemic racism overall and ensure our organization is a trusting place for healthy, ongoing dialogue on crucial topics.

2

Attract, grow, and retain diversity of teams: We want the best, highest-performing teams. Tapping into talent from a broad, diverse talent pool is fundamental to achieving that. We will focus on attracting, developing and retaining diverse teams across our workforce with a focus on Black, Indigenous peoples and other marginalized communities.

3

Accelerate DE&I into business outcomes to improve equity and better serve customers: We recognize how important it is to work with our store teams and supplier partners to advance DE&I as a top priority. We need to make DE&I part of how we do business—to innovate and better serve our customers, suppliers and affiliates.

4

Strengthen our communities: We play a far-reaching role within and across 900 communities in Canada. We will partner with Black and Indigenous communities and other marginalized groups to build solutions that address social issues, such as access to healthy and affordable food and child and youth mental health.

5

Measure progress and impact: What gets measured gets done. DE&I measures will be embedded into performance metrics, and progress will be monitored through progress reports to ensure outcomes are achieved. We will communicate and celebrate our accomplishments.

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

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In fiscal 2022 we made progress against all our DE&I Strategy commitments through a range of initiatives. To ensure DE&I is a focus and priority for all our business and people leaders, in 2022 we introduced a [new key performance indicator \(KPI\)](#) for all leaders and corporate store and retail support centre managers. We continued to offer DE&I-focused learning opportunities for teammates and improved our reporting approach to better track our progress.

To support increasing diversity representation, several initiatives are in place to mitigate bias in hiring processes and expand the diversity of external talent pools with a focus on marginalized groups. We have established

strategic employment partnerships with organizations, including the Indigenous Professional Association of Canada, BlackNorth Initiative and TENT; established standards for DE&I with third-party recruitment firms; and embedded DE&I into our early career and student hiring programs.

We also took additional steps to measure our DE&I progress and impact. We set baselines on areas of focus, including gender diversity, and tracked our momentum using hiring and career-advancement data, self-identification data, leader and teammate surveys, and DE&I-related training completion rates and by tracking the number of business processes updated. We shared regular

updates on DE&I performance with senior leaders across the business, equipping them with data and insights to inform decisions and actions in their areas of responsibility.

In addition to our overarching DE&I Strategy, our DE&I commitments are integrated into and enabled by many of our policies, including our Code of Conduct and Open Doors program, which empowers teammates to report DE&I workplace issues and concerns. Looking ahead, we are working on new ways to enhance our approach to Indigenous relations and improve supplier diversity.



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Highlights

Fostering Diversity of Teams

Attracting, growing and retaining diversity of teams is one of our five DE&I commitments. In fiscal 2022 we rolled out the Diversity of Teams initiative, focused on enhancing diversity at the team level to improve overall performance and to build a strong and diverse pipeline of talent for the future. This initiative has been supported by new hiring and selection practices and strategic partnerships to attract a broad and diverse range of talent.

Strengthening Black and Indigenous Partnerships

We continue to make progress on our goal to partner with organizations that connect with marginalized communities. We are doing this through our continuing relationships with the BlackNorth Initiative (BNI) and the Canadian Aboriginal and Minority Supplier Council (learn more about our partnerships with these organizations in [Community Investment](#)). Working with BNI's mentorship and sponsorship committee, we have created a best-practice mentorship program designed to meet the needs identified by our Black Teammate Taskforce, which will support inclusivity for all. In addition, as part of our partnership with the Council of Canadian Aboriginal Businesses (CCAB), we are in the process of completing the Progressive Aboriginal Relations (PAR) certification. PAR confirms corporate performance in Indigenous relations at the bronze, silver or gold level, indicating companies that are good business partners, great places to work and committed to prosperity in Indigenous communities.

Creating Learning Opportunities

As part of empowering all teammates to foster a culture of inclusion, we took a broad approach in fiscal 2022, including robust teammate education, leadership training, teammate engagement, our Open Doors program (which provides teammates with multiple pathways to share feedback and report concerns) and support for teammates to better serve our diverse customer base. Over 10,000 participants across our business took part in education and awareness events. Over 700 completed an Indigenous awareness program. And over 95 per cent of our corporate retail teammates completed training focused on preventing racial profiling. In addition, teammates across our business took part in DE&I-related events, including Orange Shirt Day, National Indigenous History Month, PRIDE and a rollout of a business-wide nametag pronoun initiative.

Tackling Process Bias

Advancing DE&I means re-evaluating systems in addition to attitudes and behaviours. In fiscal 2022 we made progress across a range of initiatives designed to address bias in our hiring and career-advancement processes. For example, we reviewed and updated our talent acquisition tools, including adopting new AI technology that can help us review applications from potential teammates in ways that are ethical and fair. We made sure that DE&I expectations are incorporated into our executive search contracts and agreements with talent-sourcing partners. And we developed new standards, tools and training to help our people leaders and hiring managers make decisions about potential teammates and manage the performance of existing teammates in ways that support our broader DE&I commitments and objectives.



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Champions

“As a proud Sobeys teammate, diversity, equity and inclusion is the ‘magic’ that supports and fosters an inclusive culture. It never ceases to amaze me how proud and open our teammates are to share their experience and lean in to help others. This is evident through the BlackNorth Initiative, WIN (Women’s Inclusion Network), Inclusion Champions and many DE&I network and education events. As a female leader I have always felt supported to be my authentic self. This is important, as leadership at all levels needs to reflect our teammates and the communities in which we serve. It makes us strong and a true employer of choice.”

— **Julie Sue Wood,**
Vice President Operations, SK, MB, ON



Learn more:

About how we’re making our workplaces and communities more inclusive through our [Health, Safety and Wellness work](#) and [Community Investment](#) initiatives.

OurPart™

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



Community Investment

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



Why It Matters

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

This collective action remains critically important in a rapidly changing world, which is why Community Investment continues to be one of our [Big Three](#) areas of sustainability focus. Providing access to healthy and affordable food, nutrition education and early interventions in child and youth mental health means healthier tomorrows for more Canadians. And doing this in a way that fosters diversity, equity and inclusion (DE&I) means our communities can be fairer, stronger and more resilient too.

Fiscal 2022 Performance Highlight

~\$19M



donated to support healthy bodies and minds in our communities (\$6M in corporate donations and \$13M raised) in fiscal 2022.

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



Analyst Spotlight

- [Community Investment Governance](#)
- [A Family of Support: Child & Youth Mental Health Initiative Impact Report Year 1](#)



Our Approach

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

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

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

1

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

2

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

These pillars are also fully integrated with our [Diversity, Equity and Inclusion \(DE&I\)](#) Strategy, ensuring the ways we foster healthy bodies and minds is also focused on supporting Black, Indigenous and other under-represented communities. Our framework consists of three streams of giving, totalling more than \$19 million in funds raised and donated in fiscal 2022:

\$17 million

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

More than \$600,000

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

\$1.3 million

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

Key strategic partnerships include our Family of Support Child & Youth Mental Health Initiative. Our inaugural partnership with the Sobey Foundation and Canada’s Children’s Hospital Foundations was launched in 2020. To date, this initiative has raised more than \$9 million to support 15 mental health programs across Canada focused on increasing access to early intervention mental health support for children and families.

In fiscal 2022 we continued to make progress by committing to ensure that 10 per cent of our annual community investment donations go to support Black- and Indigenous-led or informed organizations from now on. Through our Community Action Fund, we continued

to step up to support communities in need, including through support for the Canadian Red Cross in response to wildfires and flooding in British Columbia. We also launched the [Healthier Tomorrows Individual Giving Program](#), an all-new voluntary program empowering teammates to donate directly from their paycheques to support their choice of more than 30 charities across Canada.

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



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Highlights

Partnering With Kids Help Phone

We have partnered with Kids Help Phone to support two vital community-based mental health programs created in partnership with Black and Indigenous leaders, connecting youth from these communities with real-time virtual counselling and crisis help. Our five-year, \$1.25 million commitment supports Kids Help Phone to deliver [RiseUp](#) and [Finding Hope](#).

RiseUp, powered by Kids Help Phone in partnership with the BlackNorth Initiative, is Canada's only 24/7, bilingual e-mental health support for Black youth, which addresses their unique struggles and experiences compounded by anti-Black systemic racism.

The RiseUp program, in collaboration with community partners, focuses on supporting the Black community and Afro-diaspora. RiseUp facilitated 24,000 phone and text conversations with Black youth in 2021, with a goal to grow to 60,000 conversations by 2025.

Finding Hope is a national action plan focused on creating capacity for Kids Help Phone to better connect with Indigenous youth—who face some of the most difficult mental health challenges in Canada, and significant barriers to accessing services and connection. Finding Hope is led, co-created and governed by an Indigenous Advisory Council, connecting First Nations, Inuit and Métis communities with Indigenous volunteers and counsellors. Finding Hope's goal is to connect Indigenous youth to virtual counselling and crisis response programs one million times by 2025.

Nurturing With Giving and Knowledge

In fiscal year 2022 our teams from coast to coast continued to step up and support access to healthy and affordable food for people in their communities. Thanks to the generosity of our customers and teammates, our 2021 Holiday Food Bank Fundraiser raised a combined total of \$7.2 million in food and funds. Another \$4.3 million was raised in our stores across English Canada to support more than 300 food banks—a 14% increase over the previous year. In Quebec, \$1.4 million was raised through our stores in support of provincial food networks. In addition to raising funds and sharing food, our teams also foster knowledge about healthy eating and living. For example, teammates at IGA joined with La Tablée des Chefs to empower thousands of young people through schools and community centres for youth. And through our ongoing partnership, Special Olympics Canada launched six new online nutrition sessions.

IGA in Québec is proud to partner with Fondation Charles-Bruneau, raising and donating more than \$1.8 million last

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year to support Project VIE, a collaboration with the CHU Sainte-Justine focused on healthy eating habits for children receiving chemotherapy. Funds were raised through an in-store campaign and two events: [The Tour CIBC Charles-Bruneau](#) and [The Charles-Bruneau Cup, presented by IGA](#). The Charles-Bruneau Cup’s first edition was a resounding success, raising \$750,000.

Continuing Impact Through a Family of Support Initiative

Our partnership between the Sobey Foundation and 13 children’s hospital foundations entered its second year in 2021—and we were proud to share a snapshot of how it supports access to early mental health supports for

children and youth Canada-wide in [our first partnership impact report](#). Our year two report was posted in July 2022. In fiscal year 2022, thanks to the involvement of more than 1900 store teams, we raised and donated \$5M (which included a \$150,000 corporate contribution) in support of this critical initiative.

Champions

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

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



Learn more:

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

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Health, Safety & Wellness

Focused on supporting mental wellbeing across all our teams.



Why It Matters

Nothing is more important to us than the health and safety of our teammates and the people we serve—both in good times and in times of challenge.

As the broader response to the pandemic has transitioned away from restrictions and lockdowns to living with COVID-19 and community reopening, our approach to health and safety has also evolved to ensure our teams can keep pace with evolving public health guidance. We are committed to supporting our teammates so they always feel physically and mentally safe, helping them to be high performers and to deliver for our customers and communities.



Analyst Spotlight

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



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Our Approach

Our health, safety and wellness approach enables our business strategy and People Plan by protecting and empowering our greatest strength—our 130,000 teammates across Canada.

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

COVID-19 remained the single largest health and safety challenge we faced in fiscal 2022. The pandemic continued to affect our teams, requiring ongoing elevated protocols, procedures and protective equipment requirements. It also contributed to staff shortages and the need for some teammates to quickly assume new roles to ensure business continuity. The pandemic created uncertainty for some of our customers and community members, which in turn contributed to higher-than-usual mental health impacts for our team members as they worked hard to follow the rules and keep everyone safe.

In response to these challenges—and as part of our ongoing commitment to continuously improve our performance—we focused on strengthening our physical and mental health and safety programs in fiscal year 2022.

In response to these challenges—and as part of our ongoing commitment to continuously improve our performance—we focused on strengthening our physical and mental health and safety programs in fiscal 2022.

We updated and implemented pandemic and vaccination protocols, ensuring our approach evolved in step with the dynamic public health environment and response. Early in the pandemic, we were the first major retailer in Canada to install plexiglass shields in our stores—and in fiscal 2022 we remained committed to those elevated protocols, including frequent hand sanitizing, cleaning and safe movement in our stores. Our pharmacy teams

also continued to play a pivotal role in Canada’s national vaccination program, vaccinating more than one million of community members, customers and teammates against the virus.

Ongoing work to enhance our safety program in fiscal 2022 included:

1

Promoting safety leadership in support of safety objectives across our operations

2

Introducing an enhanced safety auditing tool to improve how we assess and measure risks

3

Introducing new training for our retail teams focused on incident investigation and Joint Health and Safety Committees

4

Adopting and implementing the WELL Health-Safety certification program

We also launched a new, business-wide Mental Wellbeing Strategy with the goals of:

- **Reducing stigma** around mental wellbeing in a measurable way
- **Reducing the impact** of mental wellbeing challenges
- **Identifying and providing** tools and resources to support teammate wellbeing
- **Increasing** engagement and retention

As part of this strategy, we enhanced our dedicated website focused on mental health information and resources for teammates ([sobeysmentalwellbeing.com](#)) and offered both in-person and webinar-based awareness sessions.



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Engaging Managers as Safety Leaders

We believe people leaders have an important role to play in reinforcing safety culture and processes in our business. In fiscal 2022 our team of safety specialists worked closely with management teams in lower-performing locations to identify opportunities for enhanced safety leadership and performance. This approach reinforced managing safety performance as an area of accountability for leaders and involved them in the creation and implementation of site-specific plans, drawing on local knowledge and experience to make our workplaces safer.

Adopting New Safety Auditing Tools

We audit each corporate location annually to ensure it is following our safe operating procedures and meeting legislation compliance. The location team must achieve a grade of 85 per cent in order to be eligible for any performance-related bonuses. In fiscal 2022 we introduced a new digital auditing tool to make this process faster, easier and more powerful—giving our auditors and teams access to enhanced data and analytics.

Implementing Incident Investigation Training

Our safety approach empowers our people to prevent incidents and to learn everything we can when something does go wrong so we can work to prevent similar events in future. In fiscal 2022 we developed and implemented a new training program for all people leaders in retail and logistics focused on how to conduct proper investigations of safety incidents. This program ensures our people know

how to consistently carry out root-cause assessments, learning which factors to address to make our workplaces safer.

Reducing Incidents and Injuries

In fiscal 2022 we developed new e-learning modules to help our grocery store teammates learn about how to avoid injuries through better ergonomics, proper lifting and consideration of repetitive motions. Drawing on data about injury frequency and a thorough ergonomic review of scanning and bagging processes, these training modules will help our cashiers across the country serve customers better while being safer. We also worked with partners to create an enhanced checkstand prototype that could help reduce ergonomic risk factors, and we will be piloting it in our stores in fiscal 2023.

Champions

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

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



Learn more:

About how we’re improving [community health and wellbeing](#) too.

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Why It Matters

To us, our teammates are family—and the people who make our partnerships possible.

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



Analyst Spotlight

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

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Our Approach

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

1

One winning team culture—including our commitment to [diversity, equity and inclusion](#)

2

An engaged and empowered workforce

3

Development of capabilities

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

We continued to make progress and refine our approach to employee development and experience in fiscal 2022 in response to external challenges. Like many companies, we had to adjust our approach to deal with higher levels of absenteeism during the pandemic, to adopt more flexible working arrangements and to respond to the increasing competition for talent. We also listened to what our teammates had to say in our most recent employee experience survey—and heard the high importance they place on having meaningful career goals and opportunities for learning.

Learning from these trends and insights, our approach is increasingly focused on creating internal pathways for

promotion and growth along with developing aligned and consistent capabilities internally—all backed by strategic hiring. We are helping our teams become even more results-driven by setting clear goals and reinforcing performance expectations—including setting personal development goals at all levels with a strong link to incentives. We have been focused on providing and implementing:

- **Regular formal performance reviews aligned** with career development for all permanent employees
- **Initiatives** for talent recruitment, development and retention
- **Formal mechanisms to promote** an open feedback culture, including employee experience surveys and new onboarding and exit surveys
- **Quantitative targets and reporting** on human capital development and risk assessment

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



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Nationwide Capabilities Building

In fiscal 2022 we focused on developing a consistent, repeatable approach to building national programs, with an initial focus on our operations, merchandising and technology teams. Based on a rigorous assessment of capability needs and gaps, we launched a new merchandising learning and development program that includes a combination of structured onboarding, job shadowing, on-the-job training and continuing education. More than 375 teammates are undertaking certification with Elevate U, our new merchandising training platform.

Introducing Career Models

We are building a strong talent pipeline with a focus on leadership skills, functional capabilities and DE&I-related learning. We recently introduced new Career Models for teammates to understand expectations and opportunities associated with different roles and performance levels. This is a key tool to both identify and develop our people and future leaders through clear learning and career pathways. In our operations teams, we currently have our largest-ever cohort undertaking certification through our Nourish U training platform, and we continue to offer a range of industry-specific learning programs in all our regions and banners. Our focus on integrating DE&I into all aspects of talent development is driving results too, as we work to increase the percentage of women, Black, Indigenous and other under-represented community members in all our teams.

Listening To and Empowering Our People

In our most recent experience survey, we asked our teammates what mattered to them most, and the answer

was clear—they want to be part of a company that can help them meet their career goals through clear learning and development pathways. That is why, in addition to our work developing new Career Models and creating national capabilities programs, we are working to meet our teammates’ career-growth needs by supporting people leaders to establish clear goals and performance objectives for their team members. Our new people leader guide includes resources and expectations on goal setting, including how to align individual roles with business strategy, set developmental targets and incorporate DE&I into everything we do.

Champions

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

— Kyla Boehk,
Talent Development Specialist, Sobeys.

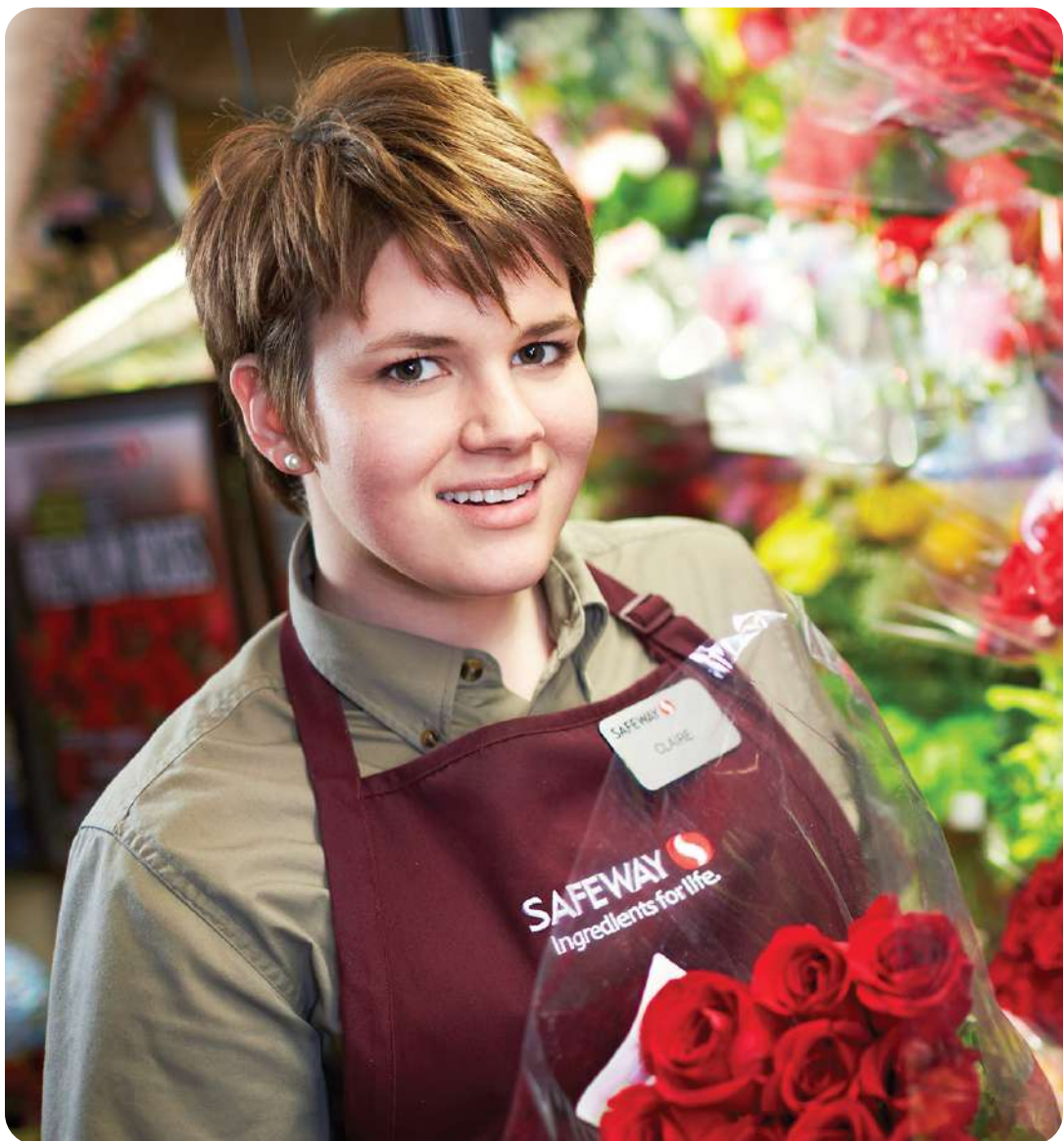


Learn more:

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

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Climate Action

Net-zero by 2040*

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

Why It Matters

Taking real steps to tackle the climate crisis is one of our most important goals as part of the broader Canadian and global community.

The time for just talking about climate change is over—what’s needed now are firm targets and achievable plans that can lead to meaningful emissions cuts and decarbonization. We have a bold new plan to achieve net-zero by 2040 for our Scope 1 and 2 emissions and net-zero by 2040 for our Scope 1 and 2 emissions and net -zero by 2050 for Scope 3 emissions. We have set interim goals to help us make progress and, as always, we will work closely with our supplier partners, teammates, customers and communities to ensure everyone is empowered to do their part and be part of the solution.

Analyst Spotlight

- [Climate Action Governance](#)
- [Climate Action Plan Overview](#)



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Our Approach

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

Our new Climate Action Plan is aimed at meaningfully reducing our direct and indirect greenhouse gas (GHG) emissions and beginning our transition towards decarbonizing our business and value chain. Our Plan is built around science-based targets (SBTs) that meet the requirements of the Paris Agreement.



Our Targets

Net-Zero Targets:

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

Near-term Targets:

- **Scope 1 & 2 (absolute target):** We commit to reducing absolute Scope 1 and Scope 2 GHG emissions by a minimum of 55% by 2030 from a 2019 base year
- **Scope 3 (supplier engagement-based target):** We also commit that 62% of our suppliers, by spend, will set science-based reduction targets on their Scope 1 and 2 emissions in five years, and to a 28% reduction by 2030 in emissions from fuel sold



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Aligning Our Targets to the Science-Based Targets Initiative

We are pursuing validation of our climate targets through the [Science Based Targets initiative \(SBTi\)](#), an internationally recognized body that provides standards and guidance for organizations to set targets aligned with the latest climate science. As of June 2022, over 3,000 organizations across multiple sectors around the world have committed to setting science-based targets. Consistent with SBTi requirements, we have set a near-term target to achieve by 2030.

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

Scope 1 and 2 GHG Emissions Reduction Target:	Scope 3 GHG Emissions Reduction Target:
<ul style="list-style-type: none">Near-term by 2030 (baseline 2019)Absolute emissions reductionCalculated using SBTi’s absolute contraction approach, which means an equal annual rate of absolute emissions reductionIncludes all Sobeys Inc. Scope 1 and 2 emission sources¹	<ul style="list-style-type: none">Covers two-thirds of total Scope 3 emissionsFor Purchased Goods and Services: Calculated using SBTi’s supplier engagement-based target approach; Near-term by 2027 (baseline 2019)For Use of Sold Products: Scope 3 emissions from fuel sold aligned to a “well below 2°C” trajectory; Near-term by 2030 (baseline 2019)Includes all material Empire and Sobeys Inc Scope 3 emission sources

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



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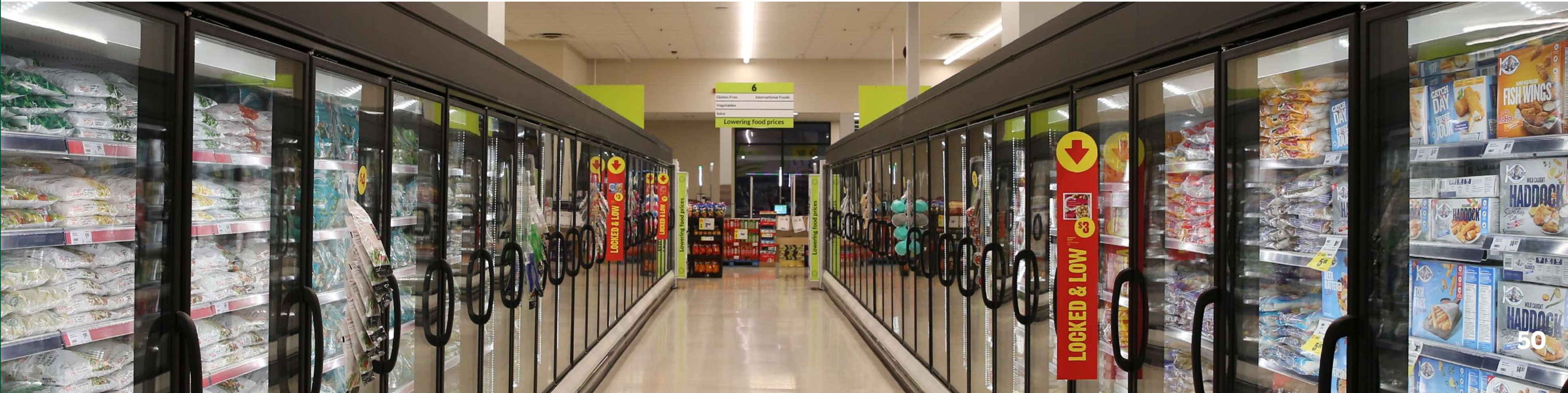
Empire & Sobeys Inc. Greenhouse Gas Emissions

Emissions summary (tonnes CO₂e) ¹

Scope	2021	2020	2019	% difference (2021-2019)
Scope 1 ^{2,3}	411,362	499,679	427,074	-3.7%
Scope 2 ⁴	262,956	277,014	357,030	-26.3%
Scope 3 ⁵	25,782,665	25,023,023	23,369,415	10.3%
Total	26,456,983	25,799,716	24,153,519	9.5%
Scope 1 & 2 intensity (kg CO ₂ e/sq ft)	28.38	31.82	33.99	-16.5%

Please Note:

1. 2019-2021 GHG inventory includes all Sobeys Inc and Empire grocery and related business banners in operation in 2019, including corporate and franchise sites.
2. Scope 1 emissions sources encompass natural gas, propane and fuel oil used for heating and operations in our stores, retail support centres and offices, as well as refrigerant emissions, fuel from corporate and Voilà fleet, and diesel in onsite generators.
3. Scope 1 emissions from refrigerant leakage includes our corporate grocery sites where maintenance service providers are integrated with our maintenance tracking and data management system. We will be enhancing our data collection processes over the next year as we continue to work with our service providers to expand coverage of this emissions source.
4. Scope 2 emissions source encompasses electricity consumption.
5. Scope 3 emissions sources encompass purchased goods & services, capital goods, fuel and energy related activities (not included in Scope 1 or 2), upstream transportation and distribution, waste generated in operations, business travel, employee commuting, use of sold products, and franchises.



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Our Strategy to Achieving Our Scope 1 and 2 Emissions Reduction Target and Decarbonizing Our Business

Based on our emissions profile, we have developed a framework for prioritizing Scope 1 and 2 emissions reduction initiatives (or carbon abatement projects). Abatement projects were initially selected based on proven approaches to reducing emissions in key areas of our business (e.g. energy efficiency). We then filtered the list of potential projects to focus on those with the greatest GHG reduction potential and those that were most practical for our business to pursue.

Our strategy is to prioritize existing and new carbon abatement projects occurring at our corporate sites and through our owned fleet that enable us to **REDUCE** and **REPLACE** emissions to low carbon sources as much as possible. To this end, we aim to expand on existing projects and accelerate piloting new projects during Phase 1 (fiscal 2024–2026). In the years following Phase 1, we will focus on scaling up successful pilots. Finally, we will **MOBILIZE** a Renewable Energy Strategy in targeted provinces.

Framework for Scope 1 & 2 Emissions Abatement Project:

1

REDUCE emissions through energy efficiency at our sites

2

REPLACE emissions by switching to low-carbon energy sources in our fleet

3

MOBILIZE renewable energy strategy to reduce emissions in targeted provinces



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Climate Action Plan: Phase 1

During Phase 1 of our plan, from fiscal 2024 to fiscal 2026, we will be working to achieve our 2030 GHG target by focusing on areas that are most critical to our emissions output.

Real Estate:

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

Supply Chain & Logistics:

Aim to reduce and replace Scope 1 emissions by 2030 through fleet-related projects. To achieve this, we will be implementing projects to decarbonize our owned fleet, such as switching to biodiesel and electric vehicles (EVs) over the next 10+ years.

Sourcing & Merchandising:

Aim for a minimum of 62 per cent of suppliers, by spend, setting science-based targets on their Scope 1 and 2 emissions within five years (by the end of calendar year 2027). To achieve this, our engagement strategy for suppliers will primarily focus on collaborating with our supply chain partners and providing them with resources and reporting tools to make it easier for them to set a GHG reduction target.

Looking ahead, our next steps in implementing our Climate Action Plan include validating our near-term targets and our net-zero targets. We will also continue to improve our GHG inventory. For a company of our size and complexity, gathering complete and accurate data in a timely way can be challenging, which is why we are putting in place systems and processes to ensure coordinated tracking and reporting.

We also recognize that meeting our Scope 3-related targets means working closely with our supplier partners and other external organizations to help them align and integrate with our plan. Not everyone is at the same place in their emissions-reduction journey, which is why we are taking a thoughtful and supportive approach to make progress towards greater consistency and collaboration. This includes surveying our supplier partners to understand where they are today in their respective climate action journeys, clearly communicating our targets and plan, and working collaboratively to build capacity and shared understanding. We will share relevant information, knowledge and best practices with our supplier partners through a combination of online tools and in-person events and conversations. We will also build a robust reporting and reinforcement process aligned with CDP’s supply chain program.



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Climate Risks & Opportunities

Climate change may pose adverse impacts to our business, including to our stores, offices and warehouses, and to our supply chain. We are working to identify and manage climate-related impacts in alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Conducting an assessment according to the TCFD recommendations will enable us to better understand our material climate-related risks and integrate them into our Enterprise Risk Management approach and financial planning process. As part of this work, we will leverage third-party experts to identify potential acute and chronic climate-related risks and assess their business impacts against different climate scenarios and future time horizons. We will also aim to identify potential opportunities, including resource efficiency and improved resilience in the transition to a low-carbon economy. As we have committed to science-based reduction targets in 2022, following the TCFD recommendations will also improve our governance, measurement and tracking of our targets.

Highlights

Expanding Use of Rooftop Solar

Longo’s is committed to working with building partners to ensure that all new stores and major renovations incorporate efficient technologies and features to ensure sustainable operations. To date, Longo’s has installed solar panels at eight stores and at the team’s Support Centre, turning under-utilized rooftops into clean energy-generating stations. In 2021, Longo’s generated 1,836,506 kWh of solar energy—enough energy to power 157 homes for a year.*

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

Climate Action in our Communities

We donate to the international charity [One Tree Planted](#), which uses that funding to offset carbon in the atmosphere by planting trees. With our support, the group has planted over 14,000 trees in Nova Scotia, reforesting more than 27 acres of former agriculture land with local tree species carefully chosen with biodiversity, climate stability and the surrounding community in mind. Our partnership with One Tree Planted continues in Nova Scotia, British Columbia, Ontario and Québec.

Champions

“I am proud to lead a team of passionate professionals who deliver the best products to customers while driving real changes to the way we build and operate to reduce our carbon footprint. Some changes have been more challenging than others but everything counts. In the end, we can leave a better world for the next generation.”

—Eric Perreault, VP Design, Maintenance & Building Standards, Sobeys



Learn more:

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

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Plastics & Packaging

Making it easier to live plastic waste-free.

Why It Matters

The very same durability that has made plastic a useful way to protect our food and goods means it accumulates and persists in our landfills, waterways and ecosystems for hundreds and sometimes thousands of years.

We have a valuable role to play to help shape policy, influence suppliers and put in place processes that make it easier to reduce, reuse and recycle—fostering circular economies. As a Canadian leader in plastics reduction, we are committed to ongoing partnerships with suppliers, manufacturers, processors and composters to find alternative forms of packaging that are better for people and the planet.

Analyst Spotlight

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



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Our Approach

We are leaders in plastic waste reduction and circularity in our industry.

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

We are committed to eliminating plastic waste in our Own Brands and in our operations to pursuing circularity¹ as a key business differentiator, and to inspiring technological, organizational and social innovation across our value chain. Addressing the areas that matter to our customers is one of the ways we can grow our market share, one of our strategic objectives under [Project Horizon](#).

Eliminating even more plastic in our industry is a complex challenge. Current municipal recycling policies and guidelines differ between regions and provinces, making it difficult to recycle plastic products uniformly. Similarly, Canada lacks recycling and composting standards, meaning that it takes time and effort to validate the claims made by different suppliers and manufacturers for alternative packaging items. And, importantly, there continues to be a limited supply of recycled content for food packaging.

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



We are leaders in plastics reduction and eliminated single-use plastic checkout bags in fiscal 2021. Building on this momentum, in fiscal 2022 we began work to develop a multi-year Plastics Action Plan with specific targets for 2025 and 2030 in the following action areas:



Reduce plastic waste:

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



Improve reuse:

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



Improve value recovery:

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

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

¹A circular economy aims to keep products and materials in use as long as possible and to maximize their value. This system closes the loop in use of natural resources by reducing, reusing, repairing, remanufacturing, recycling and composting materials or, if no other option exists, recovering energy at their end of life. (Strategy on Zero Plastic Waste, Canadian Council of Ministers of the Environment, 2018)

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Highlights

Plastic Waste Challenge

We have launched a national [Plastic Waste Challenge](#) to find a commercially viable and sustainable alternative for in-store wrapped fish, meat and produce packaging. We’ve teamed up with [IGNITE Atlantic](#), [Divert NS](#) and the [Atlantic Canada Opportunities Agency](#) (ACOA) to identify possible innovative solutions from potential partners across the country to collaborate to solve the plastic packaging puzzle. We called on innovators, entrepreneurs, research hubs and packaging manufacturers to bring us their ideas, and received an encouraging number of expressions of interest. The winning applicant will receive a \$25,000 cash prize and a chance to pilot the product in some of our Nova Scotia stores, as well as a 12-month residency package with Ignite Atlantic, a meeting with ACOA to discuss the potential for further development and up to an additional \$25,000 from Divert NS toward the cost of an in-store pilot. We look forward to sharing more on this exciting project over the year.

Improving Recyclability in Own Brands Packaging

When it comes to addressing plastics and packaging, we are leading by example by driving important changes in our Own Brands products. In fiscal year 2022 we transitioned:



Encouraging Plastic Bag Recycling Through Voilà

Voilà has equipped its customers in Ontario with a closed-loop bag recycling program. Voilà customers can return bags to our delivery teammates when their groceries are delivered at their doorsteps. These used plastic bags are then recycled into new Voilà bags in Ontario. Our delivery teammates accept returns of Voilà bags—and any other bags customers may have—in an effort to continue to remove single-use plastic bags from the environment. Since the inception of this recycling program since September 2022, over 1.9 million bags (40%) were collected and recycled through this program (as of April 2022). Meanwhile, in Quebec, Voilà customers are supplied with compostable paper bags that are made from 70% recycled paper.

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Bulk Soaps Help Reduce Plastics

Customers can help reduce plastics while keeping their bodies and homes clean thanks to new bulk-soap dispensing stations being rolled out in our Rachelle Béry and IGA stores. This eco-friendly concept offers customers reusable containers and access to refills on laundry detergent, shampoo, window cleaner and other liquid soaps. The cleaning products on offer are made without the use of harsh chemicals and are all biodegradable within 28 days.

Partnering on Extended Producer Responsibility

In fiscal year 2022 we collaborated to launch [Circular Materials](#)—a new partnership with 16 other leading food, beverage and consumer products manufacturers, retailers and restaurants. Circular Materials is a national not-for-profit producer responsibility organization (PRO) that serves, represents and supports producers in building more efficient recycling systems across Canada. Circular Materials Ontario will represent producers’ collective interests in establishing new recycling rules, with the goal of ensuring that the blue box collection system operates fairly for everyone.

Recycling Beer Holders

Sobeys and Safeway liquor stores have partnered with Alberta’s Small Brewers Association on an industry-wide closed-loop recycling initiative to keep hard-to-recycle PakTech beer holders out of landfills across Saskatchewan, Alberta and British Columbia. Customers can drop off their PakTech holders in designated in-store bins. Working with Connect Logistics, the bins are picked up weekly and dropped at a central location. Alberta’s Small Brewers Association then collects the PakTech holders and distributes them to small breweries to be reused—and then recycled again through our stores. By the end of fiscal 2023, the program will be in over 100 stores across Western Canada.



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Champions

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

—Lauren Luscombe,
Director of Operations, Sobeys



Learn more:

Our work to reduce plastics is strongly aligned with and connected to our focus on [ethical and sustainable sourcing](#) and efforts to reduce [food waste](#).

OurPart™

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Food Waste

As Canada’s top food rescue partner, donated more than 9.6M pounds of surplus food to charities.

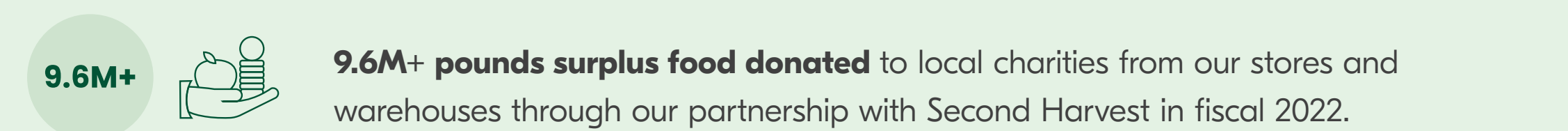
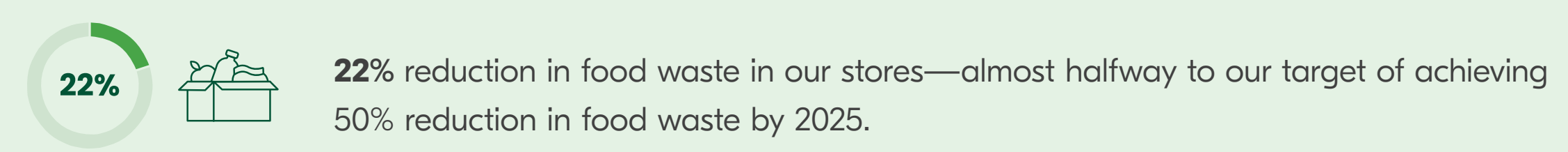


Why It Matters

More than half of the food produced in Canada goes to waste, yet one in seven Canadian families struggle with food insecurity.

Food is at the core of our business and as a national grocer, we have the reach and the responsibility to do [OurPart™](#) to reduce food waste from our operations and across our value chain, including with our suppliers and customers. Tackling surplus food is an important way to ensure more people get the meals they need to live healthy lives while also reducing the many other environmental and social impacts associated with waste. Our goal is to reduce food waste by 50 per cent in our operations by 2025—and we’re making progress in partnership with Second Harvest and non-profit organizations across Canada.

Fiscal 2022 Performance Highlight



Analyst Spotlight

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

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

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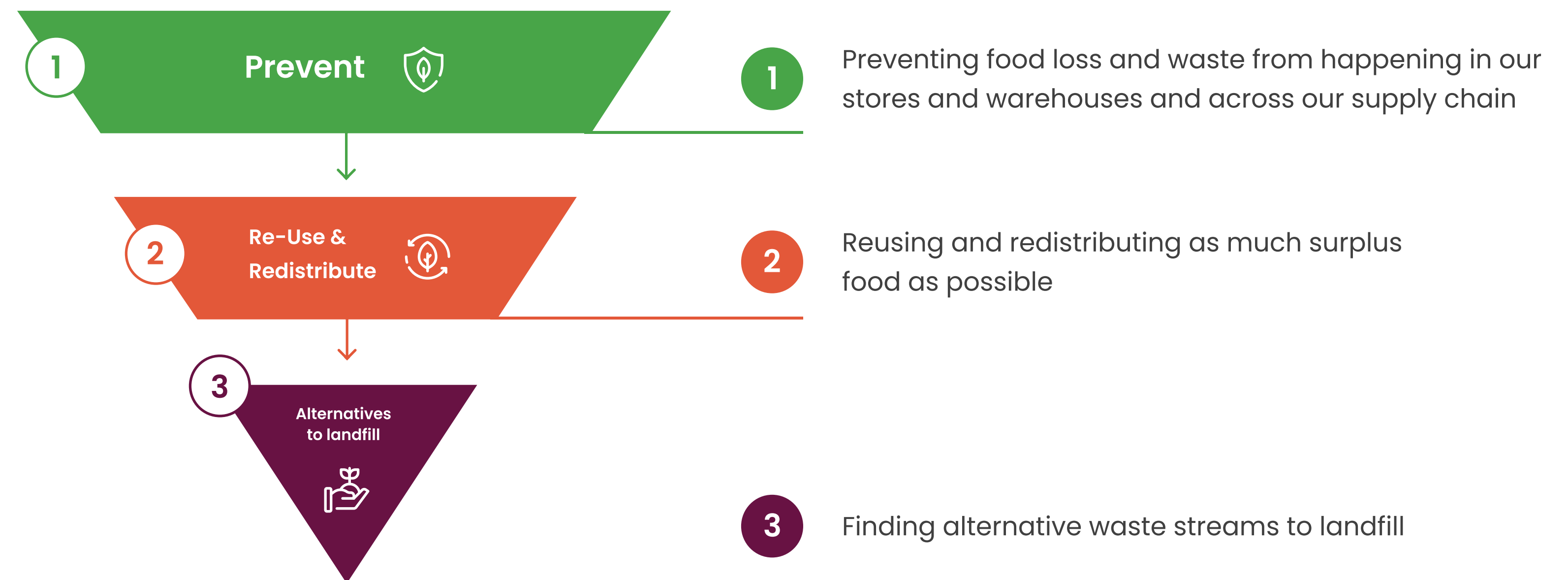
Environmental Management

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Our Approach

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

Our food waste reduction strategy has three areas of focus:



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



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Preventing Food Loss and Waste

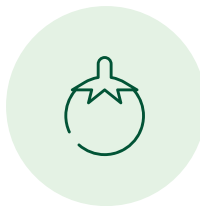
Some of the big challenges we face in this area include building awareness, cultivating new behaviours, and providing tools and systems that can empower our teams and customers to reduce the amount of food that is wasted and match surplus food from donor organizations with community and charitable organizations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

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



Training

Equipping store managers with consistent foundational knowledge and skills.



Fresh Item Management

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



Computer Automated Ordering

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



Exit Strategies or Repurposing

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



Policy

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



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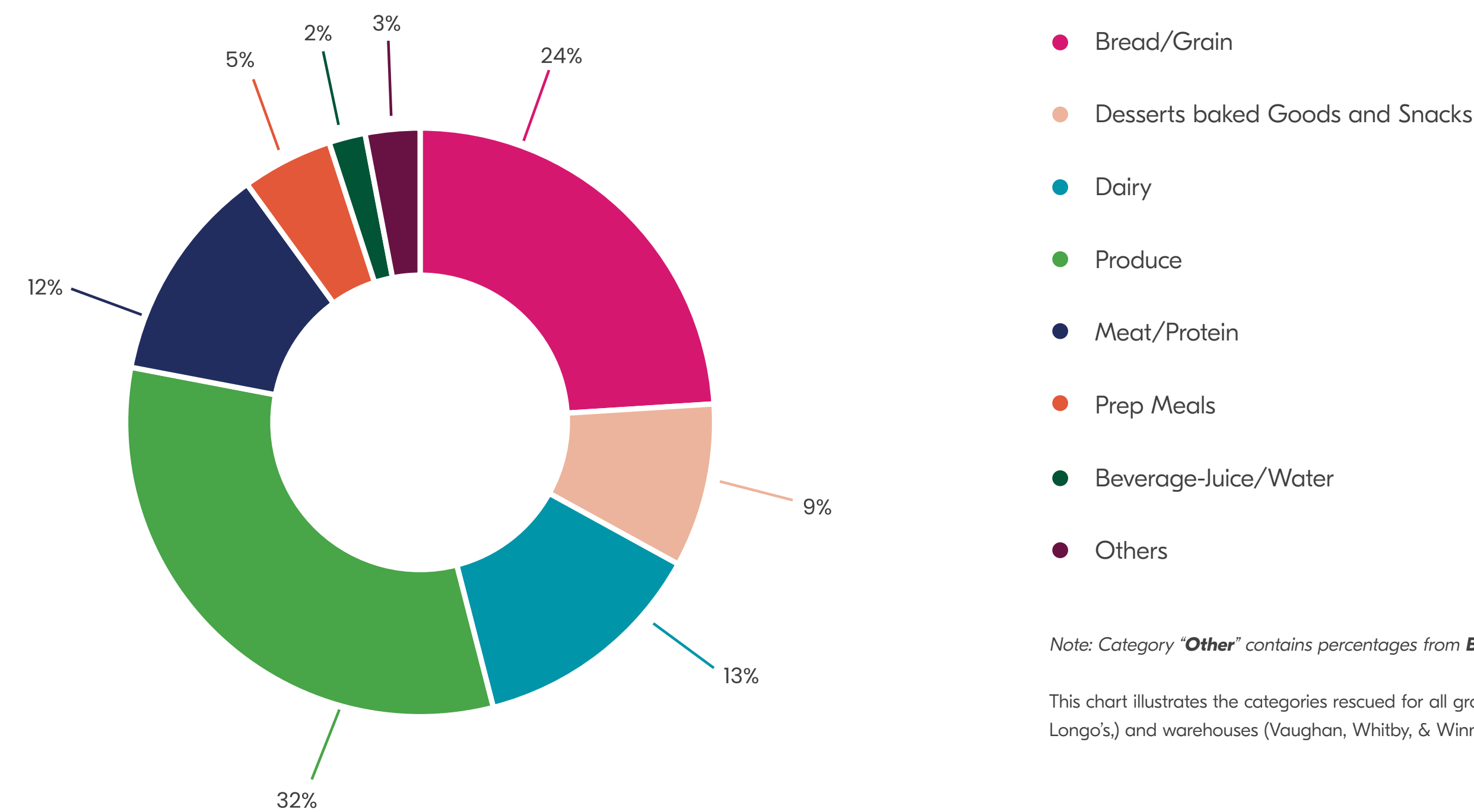
Redistributing Surplus Food—National Food Rescue Program

To make progress towards our goal to reduce food waste by 50 per cent across our operations by 2025, we have formed a national partnership with [Second Harvest](#), Canada’s largest food rescue organization. This partnership has a national approach to implementation and to measuring our impact, while still empowering our stores to choose and partner with regional and local non-profit partners who understand community needs—something they have been doing for decades, leading to long-standing relationships with food banks and charitable organizations.

We remain on track to deploy the Second Harvest Food Rescue App coast to coast, connecting our stores with non-profit organizations and charities with fresh, healthy food while also reducing surplus food. We successfully deployed the food rescue program across our full-service stores (Sobeys, Thrifty Foods and Safeway) in fiscal 2022 and will complete rollout to our community and discount grocery stores (IGA, Foodland/Co-Op and FreshCo) by mid-2022. We have also onboarded our Customer Fulfillment Centre for our e-commerce business, Voilà, and three Retail Support Centres to the food rescue program.

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

One of the many benefits of our national food rescue program is that it makes it easier for our stores to donate surplus, perishable food from nutrient-dense food categories, such as produce, dairy and meat/proteins. These are the very foods that are most difficult for local charitable partners to acquire. We’ve made progress on donating more nutrient-dense foods by providing clear donation guidelines and connecting our stores and warehouses with a wider network of local organizations. Indeed, 57 per cent of our surplus food donations in fiscal 2022 were produce, dairy and meat/proteins. Knowing that these specific types of food also have the highest environmental impact, it’s even more important to divert them from landfills.



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Raising Awareness With Our Customers to Rescue Food at Home

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

We partnered with other Canadian companies and organizations to create a customer-facing campaign to promote a range of waste-reduction behaviours and opportunities during [Waste Reduction Week](#). We also encouraged customers to adopt the “4th R”: Reduce, Reuse, Recycle and **Rescue**. And our teams in Quebec and New Brunswick partnered with the Fonds Éco IGA to host a series of educational workshops for customers, providing

them with tips and resources that help individuals reduce their food waste. Titled “Food Fight,” the program has been active for six years, and we have reached more than 17,000 participants.

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

Highlights

Expanding FoodHero Access

Our partnership with the FoodHero mobile app enables our store teams to divert surplus food by offering it at discounted prices. The app makes it easier for customers to save up to 60 per cent on proteins, baked goods, produce and more. In fiscal 2022 we improved in-store FoodHero operations and staff training, resulting in more food being saved every week. We also expanded the availability of the FoodHero app in more grocery stores in Québec, with its deployment in Rachelle Béry and the upcoming expansion to Traditions and Bonichoix stores. Looking ahead, we aim to expand the FoodHero app to our grocery stores outside Quebec.

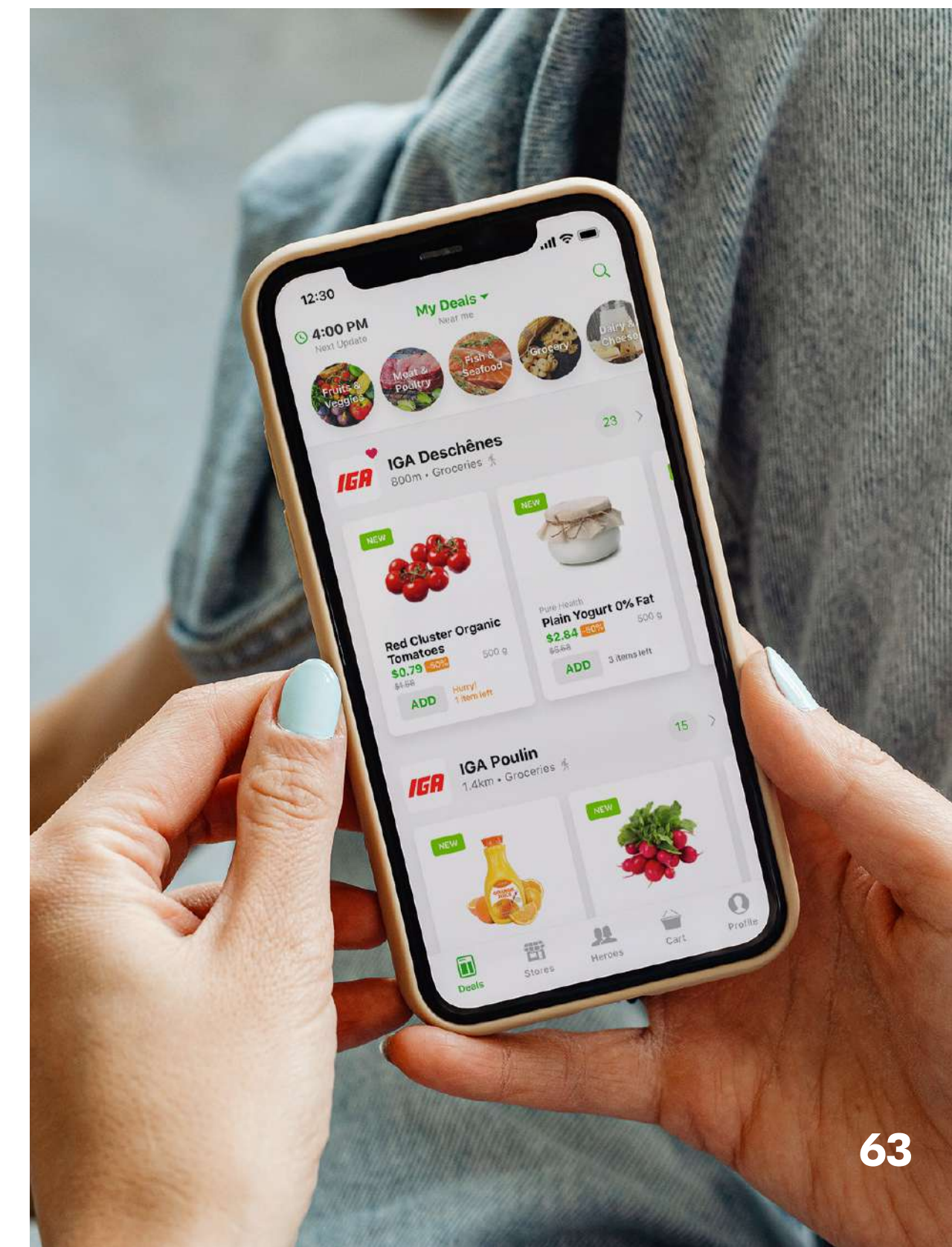
Canada’s Top Food Rescue Partner With Second Harvest

We are proud to be named Canada’s top food rescue partner by Second Harvest. In fiscal 2022 we donated over 9.6 million pounds of surplus food from our stores and warehouses - more than another Canadian company

partnering with Second Harvest. That equates to over 9 million meals provided to families in our communities. In addition to helping families in need access healthy foods, our donations are on track to rescue an estimated 31 million pounds of food annually and divert approximately 41 million kilograms of greenhouse gas emissions each year, the equivalent of taking more than 8,600 cars off the road. Watch this video to learn more about [our partnership with Second Harvest](#).

Celebrating Our People

To recognize the incredible work our stores and teammates are doing every day to tackle food waste, we introduced a Food Rescue Reward & Recognition program in fiscal 2022. So far 100 per cent of our stores where we have deployed our food rescue program have qualified for the rewards and recognition under that program, demonstrating the high level of commitment and results being delivered across our business.



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Champions

“Making connections and building relationships in our community is incredibly important to us. The Second Harvest Food Rescue App has allowed us to further our relationship with our community partners and create positive change for those facing food insecurity.”

— Samantha Parsons-Robb,
Sobeys Meadowbrook in Edmonton.



Learn more:

Our work to reduce food waste connects with our focus on **ethical and sustainable sourcing**, **building stronger communities** and **reducing plastics**.

OurPart™

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



Energy Management

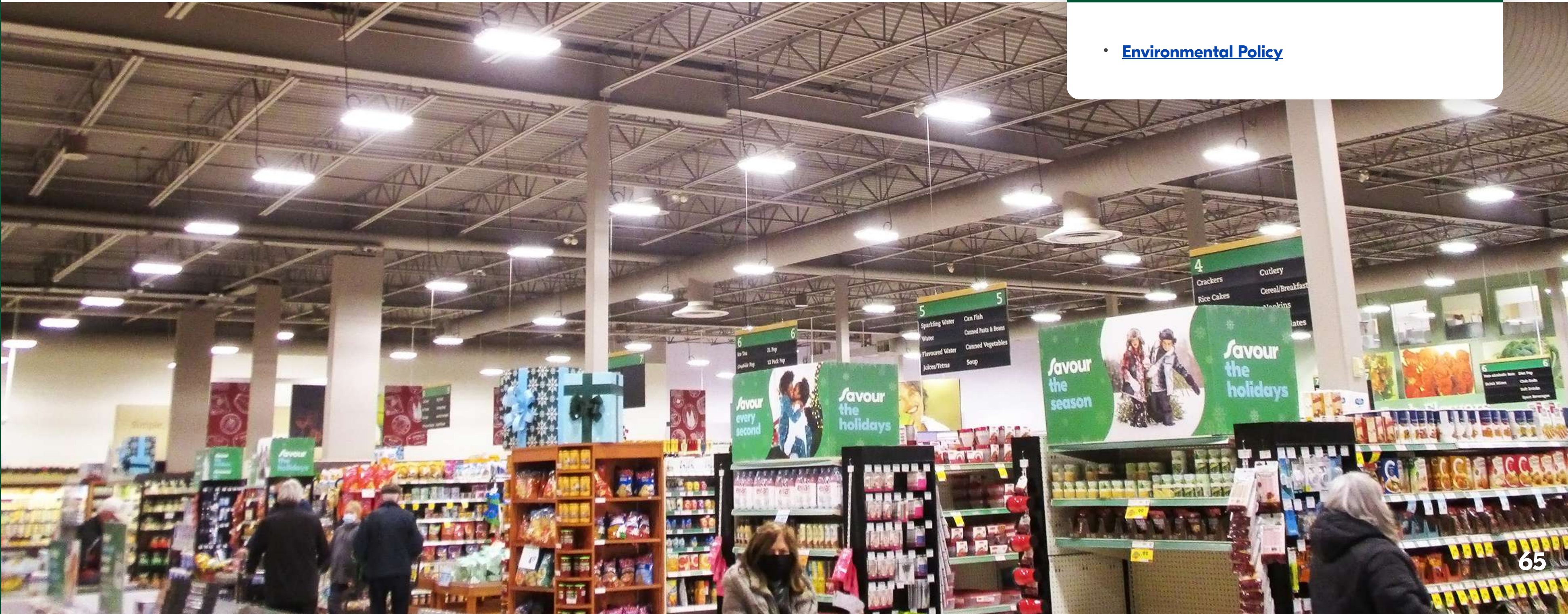
Why It Matters

Managing and reducing the amount of energy we use in our business is an important way we will make progress on our **Climate Action Plan** and achieve our targets to reduce emissions (see **Climate Action**).

We will also continue to choose the right technologies and solutions to create the best in-store and e-commerce shopping experiences for our customers in ways that use energy sustainably.

Analyst Spotlight

- [Environmental Policy](#)



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Our Approach

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

In 2018, we initiated a diagnostic assessment of the energy consumption in our buildings and related maintenance functions. Building on that assessment, we developed an Energy Management Program that includes upgrading and retrofitting existing buildings to make them more energy-efficient and reduce GHG emissions across our operations (see [Climate Action](#))

Over the next decade we anticipate facing challenges around sourcing cleaner energy technologies, such as solar panels for our stores and warehouses, as demand for these technologies intensifies. We are planning ahead to address these potential challenges as part of our [Climate Action Plan](#). In fiscal 2022 we created a three-year plan that lays the foundations of strategic planning related to our GHG emissions reductions approach and the investments we are going to make over the next 10 years. This plan prioritizes energy efficiency and low-carbon abatement projects that would define our journey towards decarbonization. As part of our Climate Action Plan, we aim to pursue renewable energy projects such as rooftop solar panels on stores and warehouses and Renewable Energy Certificates to reduce Scope 2 emissions.

Our Energy Management Program is governed and managed at the senior levels of our company with the support of dedicated teams. For our Real Estate Team, senior executive responsibility sits with our SVP Real Estate & Strategic Sourcing and our VP Design, Maintenance

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

As a good steward of the environment, we also continuously monitor our energy use to identify opportunities to reduce consumption. In addition, we have developed a list of standardized environmental criteria to effectively select programs that support our ESG mandate. This helps us align our real estate renovation projects to facilitate action on emission reduction. These carefully selected and assessed projects provide carbon emissions savings and are an investment in our facilities.

Managing energy responsibly also means focusing on the transportation side of our business. Our fleet is responsible for 23 per cent of total Scope 1 emissions in our operations.

Our Transportation Strategy & Innovation Team is leading the planning, development and rollout of key programs to help us achieve cost efficiencies and reduce our impact on the environment. Keys programs include:



Investing in analytics technology



Investing in alternative fuels



Investing in electrification

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Highlights

Infrastructure Upgrades

In fiscal 2022 we continued to invest in infrastructure upgrades in our stores to reduce energy use and GHG emissions. We extended the installation of digital discus compressors and SMC fan motors—components used in our refrigerator and air-conditioning systems—to another 150 locations, saving over one million kilowatt hours each year and reducing our annual carbon emissions by over 2,300 tonnes.

EV Charging Expansion

We are making it easier for our customers to charge their electric vehicles (EVs) while shopping in our stores by expanding charging infrastructure at our IGA stores in Quebec and New Brunswick. EcoCharge is a new network of 100 fast-charging stations that are tailored to current and future electric vehicles. On the 22nd of each month, all fees collected for that day’s charges are donated to a local charity. Since the inception of our charging network rollouts, we have helped drivers save 194,984 kilograms of GHGs, the equivalent of planting 4,999 trees that grow for 10 years.

Electricity in Motion

As part of our Climate Action Plan, we are investing in the energy efficiency of our supply chain and fleet vehicles by installing smart technology on transport trucks to manage refrigeration more efficiently and by optimizing route selection to reduce fuel and energy consumption. We also have targets to drive the electrification of 70 per cent of our supply chain fleet by fiscal 2033. By the same year, we plan to convert 80 per cent of our Voilà delivery vans to electric power sources.Changec

Champions

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

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



Learn more:

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

OurPart™

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Environmental Management

Why It Matters

In addition to doing our part to tackle [climate change](#), we are also committed to reducing our environmental impacts to ensure we are using resources sustainably and reducing waste.

These efforts protect the communities where our teammates, customers and partners live and work. They also contribute to our progress in reducing climate-related impacts throughout our supply chain while delivering sustainable products and services to our customers.

Fiscal 2022 Performance Highlight

\$13M



\$13M donated in partnership with Earth Day Canada to support environmental initiatives since 2008.

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



Analyst Spotlight

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



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Our Approach

In fiscal 2022 we developed a new Environmental Policy that confirms our business commitment to protecting the environment. The policy, aligned with the ISO 14001:2015 standard, recognizes global environmental challenges and their relevance to our business, as well as the imperative to act. It addresses key impact areas defined by our 2021 [materiality assessment](#) and includes climate change, energy management, food waste, plastics and packaging, and ethical and sustainable sourcing.

To deliver on [OurPart™](#) to protect the environment for future generations, we’ve set targets in material areas of environmental impact within our business (see [Food Waste, Climate Action, Ethical and Sustainable Sourcing](#)).

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

In addition to our new Environmental Policy, we have developed policies related to reducing environmental impacts in our supply chain. For example, over the past

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

We also have a robust waste management approach, ensuring all parts of our business are working to reduce waste while also dealing with it responsibly. Learn more about [our Waste Management Program](#).



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Highlights

Using Water Responsibly

With water and energy conservation top of mind, we partnered with [Ecolab](#), an energy resource company, on a new project aimed at reducing water consumption. As a pilot project in select Sobeys stores in Alberta, we have installed Ecolab low-flow aerators in high water-use areas. Each sink aerator can save one gallon of water per minute, while spray-valve units can help save 1.15 gallons per minute. In a similar initiative, we have partnered with Cl  an Flow to trial a new, ozone-based produce sanitization process that can eliminate water use from produce sanitization while ensuring our fruits and vegetables are safe for customers. These are just two of the many options we are exploring to reduce water use in more than 600 of our stores nationwide.

Supporting Urban Pollinators

Pollinators like bees are essential to supporting local biodiversity in the communities we serve. Through our partnership with urban beekeeping company [Alv  ole](#), we have beehives on the rooftops of 50 Sobeys and Safeway stores throughout Alberta, British Columbia and Ontario. Over the next two years, we plan to bring hives to 160 more Sobeys, Safeway and Thrifty Foods locations in Vancouver, Calgary, Edmonton, Ottawa and the Greater Toronto Area.

Champions

“We are very proud of our partnership with the Fonds   co IGA, which was founded in 2008 by Quebec’s IGA grocers, who donate \$1 million to it annually.

It is managed by Jour de la Terre, an organization that helps people and organizations reduce their impact on the environment. This investment in our community is crucial to creating concrete actions to reduce our impact on the environment by focusing on waste management, food waste and sustainable mobility in all regions of Quebec and New Brunswick.”

—**Carl Pichette**,
Vice President Marketing, E-Commerce



Learn more:

Our approach to environmental management contributes to our [Climate Action Plan](#) and connects with [our energy management initiatives](#).

OurPart™

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Product

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



Ethical & Sustainable Sourcing

Shopping Fairtrade just got easier with organic Fairtrade bananas now available coast to coast.

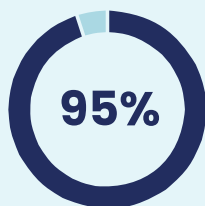


Why It Matters

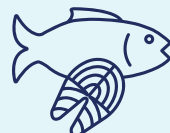
We believe the people behind the products we sell deserve to be treated fairly and encouraged to use resources sustainably.

As a national grocer and retailer, we're committed to using our scale and influence responsibly, by taking steps to partner with our suppliers and source more products that fulfill the growing customer demand for ethical and sustainable products.

Fiscal 2022 Performance Highlight



95%



95%+ of Own Brands seafood is sustainably sourced.

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



Analyst Spotlight

- [Ethical & Sustainable Sourcing Governance](#)
- [Ethical and Sustainable Sourcing Policy](#)
- [Animal Welfare Statement](#)
- [Sustainable Fish & Seafood Sourcing Guidelines](#)
- [Sustainable Palm Oil Policy](#)
- [Ethical & Sustainable Sourcing Fiscal 2022 Highlights](#)



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Our Approach

Our key focus areas on ethical and sustainable sourcing include:



Fair Trade



Animal welfare



Sustainable seafood



Sustainable palm oil

Our strategy for each of these topics is based on a multi-phased approach that involves gathering data to gain a deeper understanding of our supply chain.

This helps us develop appropriate governance mechanisms and set ambitious yet achievable commitments, with the aim of continuously improving our approach. To determine new directions and make progress, we engage closely with internal teams and external stakeholders, including suppliers, industry associations, NGOs, subject matter experts and academics.

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

In fiscal 2022 we faced several challenges with sustainable sourcing, including pork-processing labour shortages, increased costs for cage-free eggs, lack of sustainability certifications available for all seafood, and palm oil supply chain shortages. Our teams continue to work diligently with our supplier partners to address these challenges through

a range of solutions, including finding alternative sources and continuing dialogue about the need for consistent standards.

We also worked in fiscal 2022 with functional teams across our business to develop an Ethical and Sustainable Sourcing Policy, setting out the minimum standards that we, as a business, require our supplier partners to meet for business ethics, labour, and human rights, as well as environmental, social and governance issues. This policy provides transparency about those expectations and reinforces our commitment to ethical and sustainable business practices across our supply chain.

Over the past year, we've made progress across key product categories to enable more ethical and sustainable sourcing. Learn more about [our Ethical & Sustainable Sourcing in Key Product Categories Fiscal 2022 Highlights](#).

Learn more:

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

OurPart™

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

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Product Quality & Safety

Why It Matters

Canadian families rely on us for the food, pharmacy and other products we sell to stay healthy and strong, so it's our duty to ensure everything in our stores is safe and of high quality.

To achieve these goals, we partner with our suppliers and manufacturers and work closely with regulators and industry-oversight bodies to ensure we are meeting the highest standards and continuously improving our approach.



Analyst Spotlight

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



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Our Approach

Given our commitment to take care of our customers, it is our duty to ensure that our grocery stores and supply chain meet industry standards for product quality and safety.

Our drive to continuously improve in this area is part of how we deliver exceptional customer experiences every day, putting our corporate values into action and making progress against key strategic priorities.

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

Despite ongoing challenges arising from COVID-19 in fiscal 2022, our teams continued to deliver on our audit schedule and work with our suppliers and distributors to overcome supply chain disruptions.

Our corporate and franchise grocery stores and warehouses participate in a rigorous semi-annual audit process. These sites are audited twice each year against industry standards, our internal food safety protocols and public health standards. Results are used to drive the continuous improvement of our internal food safety

programs. In fiscal 2022 there were 2,323 food safety inspections performed for our grocery stores, as well as 48 warehouse and cross dock audits.

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

Our teammates analyze data to identify and assess risk, allowing us to address potential food safety issues before they reach our customers. This is a closed-loop process in which all Own Brands food safety complaints and concerns are logged and investigated. Our teammates also work closely with the Canadian Food Inspection Agency (CFIA),

Health Canada and the Public Health Agency of Canada (PHAC) to address consumer complaints and product investigations.

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

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



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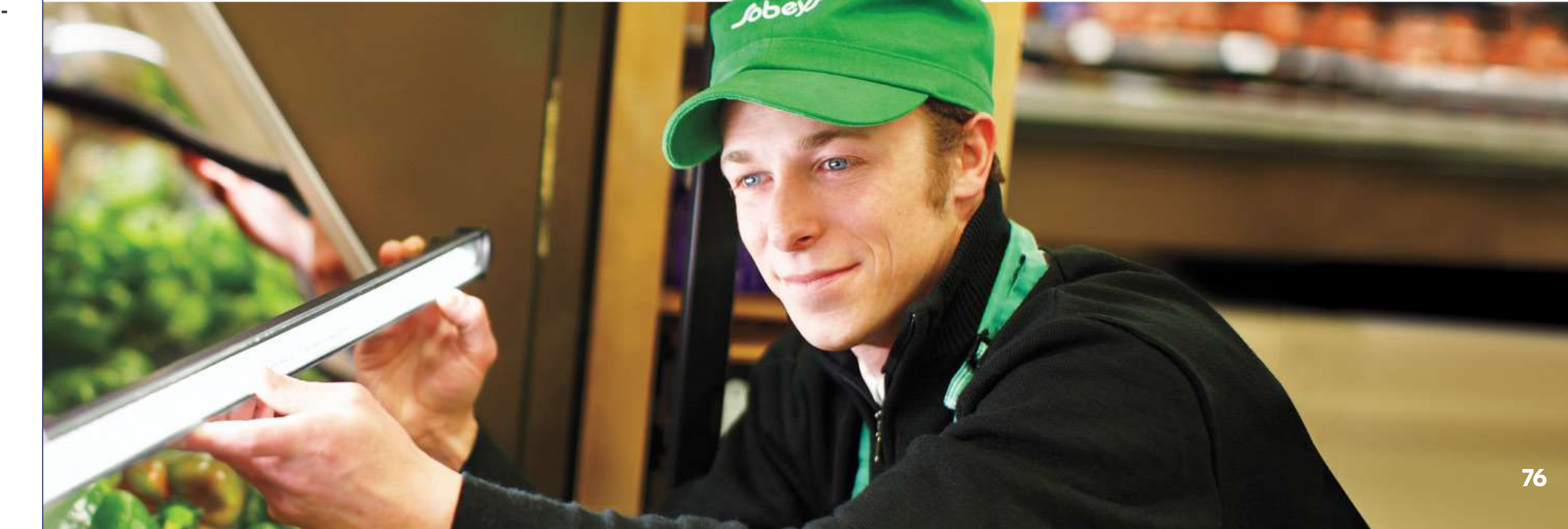
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Highlights

Ensuring Recall Readiness

When a product quality or safety issue is identified, we move quickly to investigate and implement recalls as necessary. We perform annual mock recalls with our banners and teams to ensure that our systems work effectively. In fiscal 2022 our Own Brands team also took part in a broader mock recall with Food Safety. Additionally, our Own Brands suppliers are required to conduct mock recalls regularly, where they contact our teams to verify that the process and contacts are current and working.

Sharing Best Practices

Learning and sharing from industry best practices is integral to our overarching product quality and safety

approach. That is why we believe it is important to be members of produce-marketing associations, working with all levels of the supply chain on product safety and quality. We are also members of the Fruit and Vegetable Dispute Resolution Corporation.

Partners in Maintaining High Standards

Our 694 Own Brands food supplier sites are audited to a Global Food Safety Initiative (GFSI) Standard, ensuring that they are fully traceable and compliant with rigorous standards. 100 per cent of our suppliers were GSFI certified in fiscal 2022. Additionally, we ensure our suppliers hold and maintain the appropriate Safe Food for Canadians (SFC) licences.

Learn more:

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

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Health & Nutrition

Why It Matters

We're always working hard to make it easier for our customers to make healthier and more nutritious choices, helping to nurture healthy bodies and minds across Canada.

This approach fosters stronger and more resilient individuals and communities, helping everyone play their part to take on shared challenges and opportunities.



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Our Approach

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

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

When we develop new products, we think about the kinds of transparency and assurance that are important to our customers—and then work hard to meet those expectations. Our commitment to customer health includes a focus on the nutritional quality of our Own Brands products and identifying and meeting emerging customer needs for plant-based proteins and other options that can be healthier and more sustainably produced. Investing to evolve and expand our Own Brands offerings is a priority under our current multi-year business strategy, [Project Horizon](#).

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



We also work closely with our supplier partners when developing new Own Brands products to ensure third-party nutritional analysis is completed. Assessment for our certified organics range is even more rigorous, with all products in this category reviewed by a third-party

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

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The overall Compliments portfolio includes over 3,200 products to meet the nutritional and health needs of customers, including:




Compliments Organic

Naturally delicious choices from fresh ingredients to convenient delights that are certified by Quality Assurance International.




Compliments Naturally Simple

We recently launched 24 chemical-free shrimp products under our Compliments Naturally Simple lineup, along with six plant-based products.




Compliments Balance

Better-for-you products that have been evaluated by registered dietitians to help consumers achieve a healthier, more balanced lifestyle. Over time, we’re merging these products into the main Compliments brand as part of our commitment to make every one of our Own Brands products healthy and nutritious.



Compliments Gluten-Free

Certified gluten-free products that do not compromise on taste, texture or quality.



Compliments Greencare

A range of eco-friendly and family friendly household products that make it easy for consumers to make smart environmental decisions.

Learn more:

Nurturing the health and nutrition of our customers and communities is part of our commitment to [fostering health bodies and healthy minds.](#)

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Why It Matters

Our customers count on us to provide the products and services that nurture them and their families.

Meeting this commitment takes partnerships with suppliers, processors, manufacturers and all the people involved in getting what our customers need from field to table. Fostering respectful supplier partnerships where we work together to deliver value has always been part of our approach to business—and it is more important than ever during the sector-wide transition required to tackle climate change.

Fiscal 2022 Performance Highlight

350+



350+ women entrepreneurs supported in fiscal 2022*

*Excludes produce and SKUs listed in Quebec only

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



Analyst Spotlight

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Our Approach

Working in partnership with our suppliers is part of what sets our business apart.

We believe everyone in our industry deserves to be treated fairly—which is why we are helping to lead efforts to create a Grocery Code of Conduct in Canada. We do this because it is the right thing to do, and also because strengthening our supplier partnerships is critical to the successful execution of our **business strategy** and making progress on our bold new **Climate Action Plan**. We work with our suppliers to drive innovation, support local products and producers, tackle major shared challenges and better serve our customers.

Strong supplier partnerships are a critical component of our national, functionally led organization. Supplier engagement, feedback and support ensure we successfully build growth plans for key categories, find opportunities

to create efficiencies, and provide quality products and value to our customers. Working with our supplier partners, we find new ways to support our stores and inspire our customers, while never losing sight of the need to deliver compelling value and build cost and margin discipline. This process allows us to streamline our business to focus on investments and resources that add real value to us and our customers.

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

Operational responsibility for supplier partnerships sits under three streams:

- 1 National Sourcing
- 2 Local Sourcing (under Field Merchandising)
- 3 Strategic Sourcing



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National Sourcing



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

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

Local Sourcing



In addition to the great work we’re doing with national suppliers, we take great pride in sourcing from local farms and businesses across the country. This area of our business is led by our VP Merchandising—Community & Field Merchandising, with the support of dedicated teammates who are part of our National Merchandising Team.

We remain focused on supporting local supplier partners in the communities and regions where we live and work, helping them serve local customers and scale their offerings to reach more customers across Canada. In fiscal 2022 we developed a new strategy to foster local products and local entrepreneurs, with goals including improving food security, reducing transportation-related impacts and empowering customers to buy sustainable, local products. Last year we welcomed 258 new local suppliers, who accounted for almost 15 per cent of local sales in our stores. We also helped 51 supplier partners scale so they could reach more customers, including helping to take 14 companies national. In addition to our five regionally based and dedicated Local Development Teams, we support local supplier partners through an annual product roadshow and intake events, and by rolling out portals on our banner websites that make it easier for small companies to engage with us.

Strategic Sourcing



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



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Fostering Innovation

Working with our supplier partners is also an important way we drive innovation, helping to inspire our customers with new products and services.

For example, we were the first national grocer to partner with a vertical farming provider, joining forces with [Infarm](#) in 2020. In fiscal 2022 we strengthened that partnership, which will make it possible for even more of our customers nationwide to access sustainable and environmentally friendly produce grown right in our stores or in nearby growing centres. Infarm is building new large-scale growing centres in Calgary, Halifax, Winnipeg and Hamilton. The Hamilton centre will be the largest of its kind in North America, with a growing capacity of 37,000 square feet. In combination with existing growing centres, this expansion will supply more than 1000 of our stores nationally by 2023.

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

- **Venture Park Food Accelerator:** Non-profit supporting early-stage entrepreneurs in food and wine industries
- **iLaunch Her:** Program supporting Black women, racialized women and immigrant women
- **R-Purpose MICRO:** Business bootcamp focused on sustainability and innovation

In March 2022 IGA launched the [IGA Local Accelerator program](#), designed to support Quebec agri-food companies launch new products with the potential to shake up the industry. The IGA team is investing \$1 million annually in this project to support approximately 10 local companies each year. Entrepreneurs receive a combination of practical advice and access to business partners in order to get their products and services to market.

Looking ahead, in fiscal 2023 we are committed to continue building the capacity of our sourcing and merchandising teams around sustainability-related issues relevant to their areas, and we are empowered to work with our supplier partners to improve sustainability along our entire supply chain.



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Highlights

Partnering With Local, Innovative Suppliers

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




Founders: Daniel Kapeta and Amy Kopp

Product: [Daniel's Dill Dip](#)

Location: Medicine Hat, Alberta

Vegan dip

As personal trainers who are also vegan, Daniel and Amy created their dairy-free dip out of necessity. They found their family and friends enjoying it too, and they decided to branch out from being personal trainers to become manufacturers. Sobeys supported Daniel and Amy with scaling their company.




Founders: Emily O'Brien

Product: [Comeback Snacks](#)

Location: Hamilton, Ontario

Gourmet popcorn

Formerly incarcerated and now finished parole, Emily has overcome many obstacles to launch her own business, particularly around financing for the business. Sobeys has supported Comeback Snacks in testing the product and the growth of her business. Emily is now focused on inspiring other individuals leaving prison to start their own businesses.



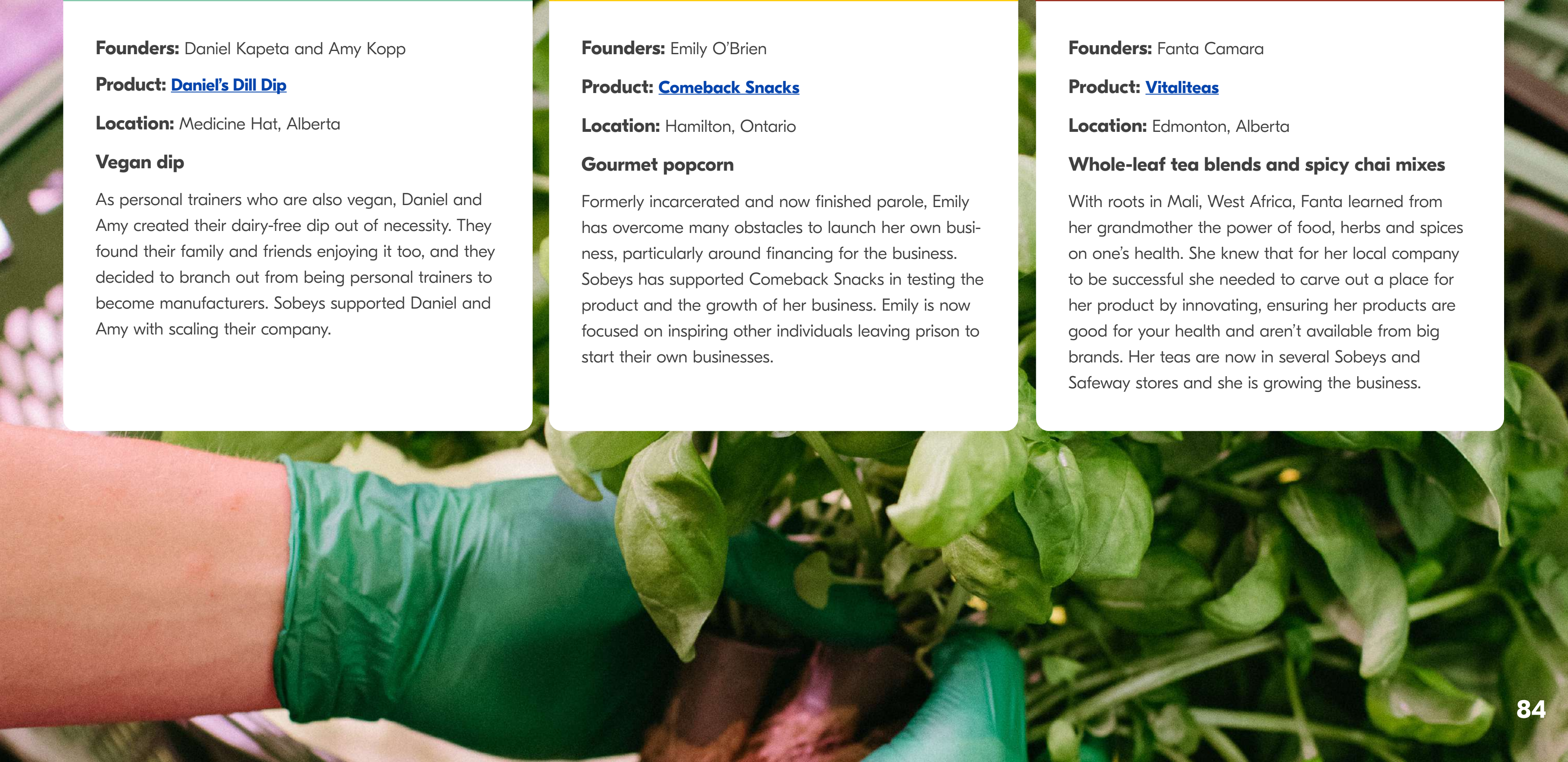
Founders: Fanta Camara

Product: [Vitaliteas](#)

Location: Edmonton, Alberta

Whole-leaf tea blends and spicy chai mixes

With roots in Mali, West Africa, Fanta learned from her grandmother the power of food, herbs and spices on one's health. She knew that for her local company to be successful she needed to carve out a place for her product by innovating, ensuring her products are good for your health and aren't available from big brands. Her teas are now in several Sobeys and Safeway stores and she is growing the business.



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Founders: Jerome Samuels

Product: [The Patty Shoppe](#)

Location: Toronto, Ontario

Jamaican-style beef patties

After discovering that Jamaican patties in Canada didn’t taste the same as the patties from his home in Jamaica, Jerome built a business plan in 2013 and started making and selling patties from his home basement. In 2019 he connected with his local Sobeys and started selling in six stores, and he has since expanded his business.



Founders: Suzan Stupack

Product: [The Stak Co](#)

Location: Winnipeg, Manitoba

“Ready-to-be-made” pulse-mix meal options

The Stak Co is a Manitoba-grown and Métis-owned award-winning agribusiness. At an early age, Suzan learned about dietary restrictions to help her father manage health issues. Seeing how important nutritious meals were to his health inspired a lifetime of cooking from scratch. Suzan’s products are designed with product transparency, convenience, affordability and nutrition in mind.



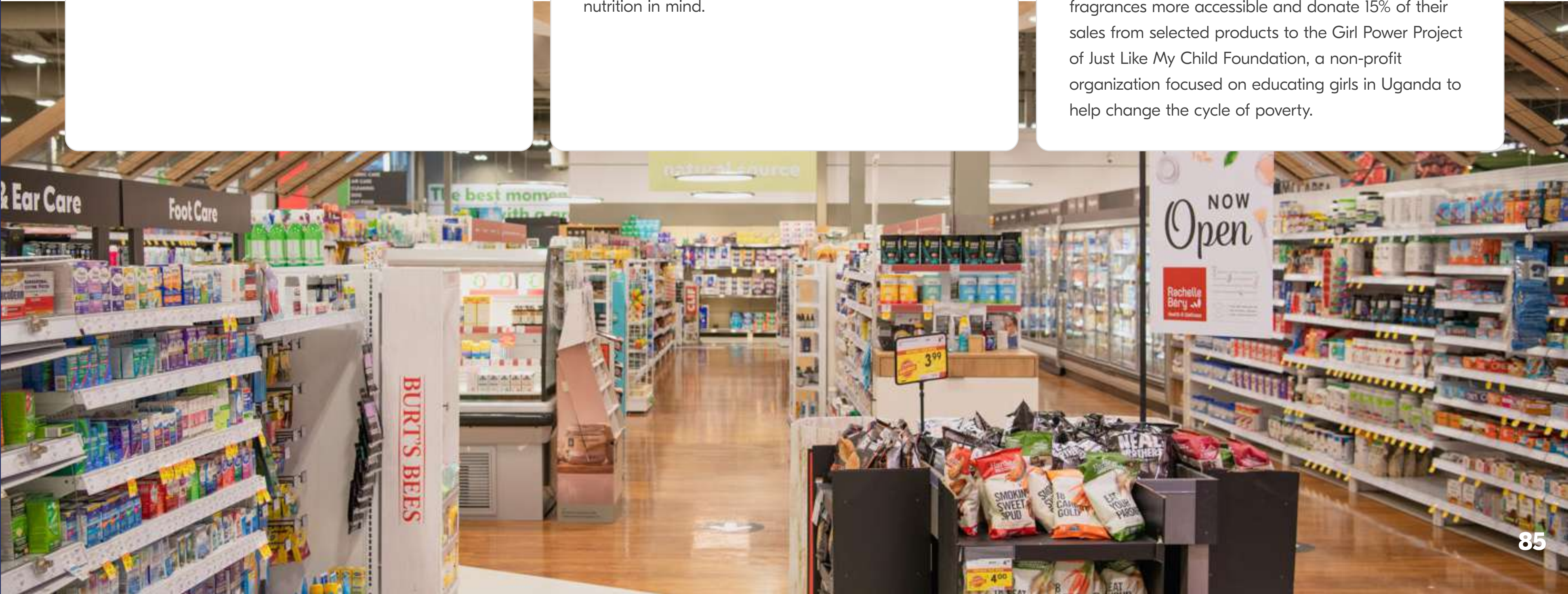
Founders: Ariel Gough & Edwina Govindsamy

Product: Bailly Fragrance

Location: Halifax, Nova Scotia

Clean perfumes that are free of alcohol and phthalates

Cosmetics enthusiasts Ariel Gough and Edwina Govindsamy co-founded Bailly, a brand offering scents that are made with fractionated coconut oil and are free of parabens, phthalates, and petroleum, as well as cruelty-free and vegan. In working with Sobeys, they have been able to make clean fragrances more accessible and donate 15% of their sales from selected products to the Girl Power Project of Just Like My Child Foundation, a non-profit organization focused on educating girls in Uganda to help change the cycle of poverty.



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Founders: Courtney Orser

Product: [Falavory Soup Seasoning Blends](#)

Location: New Brunswick

Gourmet-quality soup seasoning

Courtney always felt rushed in the kitchen and unable to prepare the kind of healthy, flavourful meals she could be proud to serve. That’s why she developed her “Fresh By You” soup blends. Courtney has perfected the spice profiles, so all you have to do is add your family’s favourite protein and produce and voilà—you have a homemade family meal, made easy.



Founders: Stephanie and Jeremy Nimchuk

Product: [Simpson Snacks](#)

Location: Simpson, Saskatchewan

Buttery ranch pretzels

As a mother of three busy children, Stephanie has always relied on snacks to get through the days. The pretzels she made were always a huge hit at home, so when she and her husband were approached to bring them to market and sell their family’s favourite snack food, they couldn’t say no. It was a leap of faith, but one they’re thrilled they took.



Founders: Al and Jill Forster

Product: Chaser’s Fresh Juice

Location: Abbotsford, British Columbia

Cold-pressed fruit juice

Cold-pressed and all-natural Chaser’s Fresh Juices are HPP processed without heat to extend their shelf life while maintaining their nutritional benefits. With over 30 years of restaurant experience, Al and Jill took the plunge to grow Chaser’s from a small Yaletown juice shop to one of the largest cold-pressed juice manufacturers in BC in just under nine years, working with Sobeys and Safeway to have their products in stores across British Columbia.



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Champions

“A favourite phrase of mine is that it takes a village to raise a child. We can leverage the entire grocery ‘village’ to support sustainability efforts using our passionate experts as guardians. Our opportunities are rooted in connecting and collaborating with key stakeholders, including our own stellar merchandising teams and dynamic supplier partners. I am proud of the leading role we play in fostering better partnerships in our industry, specifically with suppliers. I look forward to advancing all of the good work done to share perspectives, align on goals and spread the knowledge to influence significant positive change for all of us. It is simply the right thing to do.”

— Steve Denny,
Director National Sourcing



Learn more:

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

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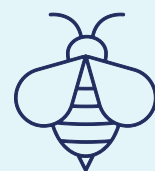
Why It Matters

Delivering for our customers is integral to who we are and what we do as a national grocer and retailer—which is why we aim to put our customers first in everything we do.

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

Fiscal 2022 Performance Highlight

43



new urban beekeeping sites added in fiscal 2022 in partnership with Alvéole, taking total number of stores with urban bees to 50.

5M



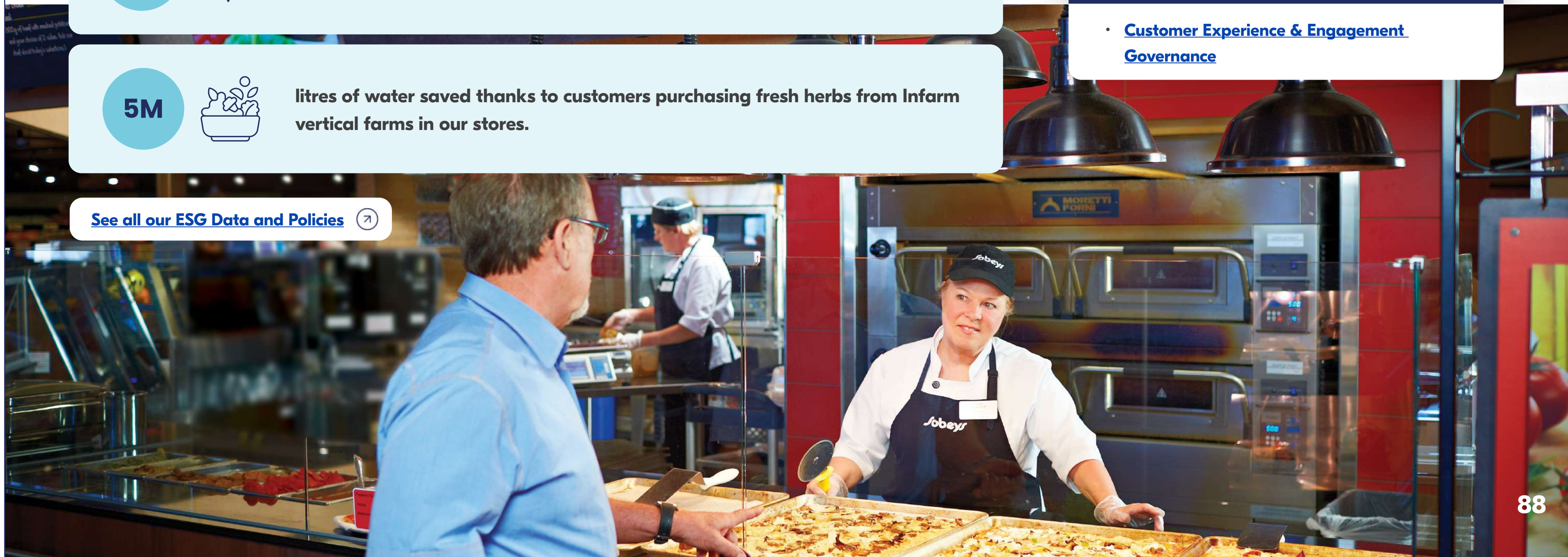
litres of water saved thanks to customers purchasing fresh herbs from Infarm vertical farms in our stores.

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



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Our Approach

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

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

In fiscal 2022 we continued to face COVID-19-related challenges that affected our customer experience and engagement approach. In addition to responding to [staffing impacts](#) and ongoing [health and safety issues](#), we continued to see supply chain impacts and inflationary pressures on costs. As we have since the start of the pandemic, we are addressing these challenges by collaborating with our industry and supplier partners to think creatively about our supply chains and ensure we can continue to offer the goods and services our customers

expect at great value. We also continue to find ways to fulfill at-home shopping options for our customers—a trend that accelerated during the pandemic and continues to gather momentum.

Delivering sustainable value and exceptional experiences for our customers is foundational to our in-flight business strategy, [Project Horizon](#). In addition to an ongoing national program of in-store renovations, one of our major areas of focus as a business is expanding our e-commerce offerings. In fiscal 2022 we accelerated plans for our remaining two Voilà e-commerce Customer Fulfillment Centres (CFCs)—for a total of four CFCs across Canada. In addition, we are investing in spoke facilities that will integrate with our CFCs in the years ahead to make our e-commerce offerings available to over three-quarters of Canadian households. We expanded our Voilà home-delivery service to customers in Montreal in fiscal 2022, and we added more Voilà curbside pick-up locations in Central, Western and Atlantic Canada, serving customers in areas where our CFCs will not operate or are not yet operating. As we expand, our e-commerce platform is delivering

strong results for on-time order fulfillment and customer satisfaction.

We also continue to help our customers make more sustainable choices when they shop with us. This includes growing our Own Brands portfolio with new and more innovative options for customers, helping them access foods and goods that are great value and better for our suppliers and the planet (see [Food Safety & Quality](#), [Health & Nutrition](#), [Ethical & Sustainable Sourcing](#), [Supplier Partners](#) . It also means an ongoing focus on customer engagement and education. For example, in fiscal 2022 we continued to shine a spotlight on sustainable behaviours and options through [OurPart™](#) , our customer-facing sustainability storytelling platform. We also delivered customer-facing campaigns focused on reducing [food waste](#) and making more sustainable purchasing choices. Additionally, we continued to expand technology-based innovations that enrich our customers’ experiences, including expanding the availability of EV chargers at our stores in Quebec and rolling out more in-store farming programs in several stores across the country.



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Delivering Over One Million Vaccinations to Customers

In March 2022, our pharmacy group achieved the milestone of delivering over one million COVID-19 vaccinations to eligible Canadians. In addition to playing a critical role in keeping our communities healthy and safe during the pandemic, this achievement represents tremendous collaboration, innovation and overarching dedication from our teammates. Other ways the pharmacy team stepped up to help keep our customers safe include:

- Launching a new, industry-leading online appointment booking system
- Offering a range of COVID-19 testing options to customers, including a BorderPass Kit for travellers along with rapid antigen and in-store PCR tests
- Volunteering at a large-scale vaccination clinic in Calgary dedicated to Indigenous people
- Offering pop-up clinics in addition to in-store options to enable all our teammates from coast to coast to get vaccinated

Empowering Our Teammates to CARE

In fiscal 2022 we completed the national implementation of our CARE (Customers Always Receive Excellence) Program. CARE is one of our required training programs for teammates, including annual recertification and recognition through awards for high performers. The program is delivering results, leading to measurable improvements across a range of customer experience and engagement metrics.

Expanding Healthcare Options

To increase access to timely healthcare for customers in Nova Scotia, our pharmacy group has partnered with Nova Scotia Health to open two pharmacist-led walk-in clinics in Truro and New Glasgow, Nova Scotia. Located in our Lawtons Drugs stores, the clinics offer an alternative for patients who would otherwise seek non-urgent care in an emergency department for health concerns that could be treated by the Lawtons pharmacy team. The healthcare professionals in-store can assess, treat and prescribe medications for a variety of minor illnesses, including acne,

seasonal allergies, indigestion, eczema and minor joint pain. This mutually beneficial partnership is improving healthcare access in rural communities.

Learn more:

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

OurPart™

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





2022 Sustainable Business Report