

Welcome to your CDP Forests Questionnaire 2023

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

Empire’s Food retailing segment is carried out through Sobeys, a wholly-owned subsidiary. Proudly Canadian, with headquarters in Stellarton, Nova Scotia, Sobeys has been serving the food shopping needs of Canadians since 1907. Sobeys owns, affiliates or franchises more than 1,600 stores in all 10 provinces under retail banners that include Sobeys, Safeway, IGA, Foodland, FreshCo, Thrifty Foods, Farm Boy, Longo’s and Lawtons Drugs, operates grocery e-commerce under the banners Voilà, Grocery Gateway, IGA.net and ThriftyFoods.com, and operates more than 350 retail fuel locations.

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

Learn more: Empire [link: <https://www.empireco.ca>] | Sobeys Inc. [link: <https://corporate.sobeys.com>].

Sobeys Sustainable Business Report can be accessed at: <http://SobeysSBReport.ca>

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

| | Start Date | End Date |
|----------------|-----------------|-------------------|
| Reporting year | January 1, 2022 | December 31, 2022 |

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

CAD

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.

Timber products

Commodity disclosure

Disclosing

Stage of the value chain

Retailing

Are you disclosing information on embedded commodities?

No, because we have no embedded commodities

Palm oil

Commodity disclosure

Disclosing

Stage of the value chain

Retailing

Are you disclosing information on embedded commodities?

No, because we have no embedded commodities

Cattle products

Commodity disclosure

Not disclosing

Stage of the value chain

Retailing

Explanation if not disclosing

We are not disclosing on this commodity, as we need to work internally before being able to start disclosing.

In the meantime, we would like to state that we are a members of the Global Roundtable for Sustainable Beef. Formed in 2014, founding members of the CRSB had a vision of creating a collaborative space to make continual progress in the sustainability of beef production in Canada, rooted in science, with contribution from all aspects of the supply chain and beyond. The CRSB is a regional roundtable of the Global Roundtable for Sustainable Beef and share its vision of a world where beef is a trusted part of a thriving food system in which the beef value chain is environmentally sound, socially responsible and economically viable.

As an associate member of the National Farm Animal Care Council (NFACC), we firmly endorse their science-based, multi-stakeholder process that seeks to standardize and verify farmed animal care throughout Canada. In support of this process, we strongly encourage all our suppliers to source from producers who work in accordance with the respective NFACC Codes of Practice to ensure the sound management of farmed animals.

Soy

Commodity disclosure

Not disclosing

Stage of the value chain

Retailing

Explanation if not disclosing

We are not disclosing on this commodity.

Other - Rubber

Commodity disclosure

Not disclosing

Stage of the value chain

Retailing

Explanation if not disclosing

We are not disclosing on this commodity.

Other - Cocoa

Commodity disclosure

Not disclosing

Stage of the value chain

Retailing

Explanation if not disclosing

We are not disclosing on this commodity, but we intend to report on it in the coming years. Our Own Brands offer over 285 SKUs that are third-party certified to an environmental and/or social standard. Of the 285 SKUs, three are certified 100% fair-trade cocoa.

Other - Coffee

Commodity disclosure

Not disclosing

Stage of the value chain

Retailing

Explanation if not disclosing

We are not disclosing on this commodity, but we intend to report on it in the coming years. Our Own Brands offer over 285 SKUs that are third-party certified to an environmental and/or social standard. Of the 285 SKUs, eight are certified 100% fair-trade coffee.

F0.5

(F0.5) Select the option that describes the reporting boundary for which forests-related impacts on your business are being reported

Operational control

F0.6

(F0.6) Select the countries/areas in which you operate.

Canada

F0.7

(F0.7) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

Yes

F0.7a

(F0.7a) Identify the parts of your direct operations or supply chain that are not included in your disclosure.

Forest risk commodity

Timber products

Value chain stage

Direct operations

Exclusion

Other, please specify

Farm Boy, Longo's

Description of exclusion

The disclosure does not include Farm Boy and Longo's data.

% of volume excluded

1-5%

Potential for forests-related risk

Potential for forests-related risk but not evaluated

Please explain

F0.8

(F0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)

| Indicate whether you are able to provide a unique identifier for your organization | Provide your unique identifier |
|--|--------------------------------|
| Yes, a CUSIP code | 291842407 |
| Yes, a Ticker Symbol | EMP.A |
| Yes, an ISIN code | CA2918434077 |

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity

- Buying manufactured products
- Distributing/packaging

Form of commodity

- Paper
- Primary packaging
- Secondary packaging
- Tertiary packaging
- Goods not for resale (GNFR)

Source

- Contracted suppliers (manufacturers)

Country/Area of origin

- Canada
- United States of America

% of procurement spend

- Don't know

Comment

Palm oil

Activity

- Retailing/onward sale of commodity or product containing commodity

Form of commodity

- Refined palm oil
- Palm oil derivatives
- Palm kernel oil derivatives

Source

Contracted suppliers (manufacturers)

Country/Area of origin

- Indonesia
- Malaysia

% of procurement spend

<1%

Comment

Calculated based on value of palm oil used as an ingredient in our Own Brand products.

F1.2

(F1.2) Indicate the percentage of your organization’s revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

| | % of revenue dependent on commodity | Comment |
|-----------------|--|----------------|
| Timber products | <1% | |
| Palm oil | <1% | |

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

| | Data availability/Disclosure |
|-----------------|--|
| Timber products | Consumption data available, disclosing |
| Palm oil | Consumption data available, disclosing |

F1.5a

(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.

Forest risk commodity

Timber products

Data type

Consumption data

Commodity production/ consumption volume

15,410

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

No, but we are planning to verify volumes as deforestation- and/or conversion-free in the next two years

% of reported volume verified as deforestation- and/or conversion-free

Please explain

We are aiming and planning to verify volumes as deforestation- and/or conversion-free in the next two years via our work on Nature. Indeed we aim to reduce our impact on Nature by reducing waste and integrating nature-related risks and opportunities in business decisions. We aim to develop an understanding on TNFD (Taskforce on Nature-related Financial Disclosures).

In our line of business, we are aware of compliance & risks, including : Potential collapse of ecosystem services such as pollination ; 90% of tropical deforestation driven by agriculture; Freshwater scarcity in key growing regions (e.g. California & Mexico).

Forest risk commodity

Palm oil

Data type

Consumption data

Commodity production/ consumption volume

1,475.46

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

No, but we are planning to verify volumes as deforestation- and/or conversion-free in the next two years

% of reported volume verified as deforestation- and/or conversion-free

Please explain

Last year we updated our Sustainable Palm Oil Policy [<https://sobeyssbreport.com/wp-content/uploads/2022/07/Sobeys-Sustainable-Palm-Oil-Sourcing-Policy.pdf>], setting a goal to physically source 100% certified sustainable palm oil in Own Brands products by December 31, 2025, as defined by the RSPO standard. This goal will be achieved without the purchase of palm oil credits. As we've increased our commitment, we are updating our Sustainable Palm Oil Policy governance to ensure supplier partners are meeting our standards through annual checks and verifying that supplier partners have proper certifications.

RSPO unites more than 5,000 stakeholders, in 101 countries, from all sectors including oil palm growers, processors, traders, consumer goods manufacturers, retailers, banks, investors, environmental and social non-governmental organisations, and civil society organisations. By convening stakeholders to seek solutions to the challenges of the palm oil sector, RSPO has created a platform to transform how palm oil is produced, traded, and sold. Approximately 19% of all palm oil produced globally is certified to RSPO standards, which work to protect primary and secondary forests from legal and illegal deforestation, ensure the habitats of wildlife are not harmed, and also safeguard workers, communities, and indigenous people in oil palm producing regions. Yet we recognise that alone we cannot solve the challenges of the palm oil sector. Holding all companies to the same high standards like that of the RSPO will help create a level playing field for sourcing and producing sustainable products. Building upon the RSPO standards will help minimise the risk of illegal deforestation and forest degradation. (<https://rspo.org/delivering-deforestation-free-sustainable-palm-oil-a-response-to-us-engagement-on-supply-chain/>)

F1.5c

(F1.5c) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

39.5

Please explain

We requires its manufacturers to use sustainable palm oil for its Own Brands products. We track the country of origin of the oil, but we do not have detailed information on the specific state(s)/equivalent jurisdiction(s) for each country of origin.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

42.4

Please explain

We requires its manufacturers to use sustainable palm oil for its Own Brands products. We track the country of origin of the oil, but we do not have detailed information on the specific state(s)/equivalent jurisdiction(s) for each country of origin.

Forest risk commodity

Palm oil

Country/Area of origin

Brazil

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.2

Please explain

We requires its manufacturers to use sustainable palm oil for its Own Brands products. We track the country of origin of the oil, but we do not have detailed information on the specific state(s)/equivalent jurisdiction(s) for each country of origin.

Forest risk commodity

Palm oil

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

18

Please explain

We requires its manufacturers to use sustainable palm oil for its Own Brands products. We track the country of origin of the oil, but we do not have detailed information on the specific state(s)/equivalent jurisdiction(s) for each country of origin.

F1.5f

(F1.5f) How does your organization produce or consume biofuel derived from palm oil?

Does your organization produce or consume biofuel derived from palm oil?

No

Data type

Volume produced/consumed

Metric

Country/Area of origin

State or equivalent jurisdiction

% of total production/consumption volume

Does the source of your organization's biofuel material come from smallholders?

Comment

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

Yes

F1.6a

(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Forest risk commodity

Timber products

Impact driver type

Acute physical

Primary impact driver

Wildfires

Primary impact

Supply chain disruption

Description of impact

In our TCFD report, we've examined the regional view of future change by 2030 across all scenarios. We are aware that the physical climate risk will affect our stores and retail support centres (RSCs) across Western Canada, Ontario, Quebec and Atlantic provinces. The high exposure regions are similar across all temperature scenarios by 2030, but demonstrate varied magnitude of impacts.

Over the past year, we completed a climate risk assessment which included a regional view of future exposure to identified physical risks by 2030 across 1.5C, 2C and 4C temperature scenarios. Our findings show that high exposure regions across Canada are similar across all temperature scenarios by 2030, but demonstrate varied magnitude of impacts. All our sites across Canada are exposed to future increases in chronic temperatures, hot days, highest temperature, extreme rain frequency and intensity (flooding) and wildfires

By 2030, under the 2C scenario, extreme heat will impact most of our sites in southern parts of western provinces and Ontario. Certain parts of the country will experience increased localized number of hot days, but the regionality is more spread out with regard to experiencing higher temperatures. These two hazards have a compounding effect across our operating sites.

Primary response

Total financial impact

Description of response

F1.7

(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.

Forest risk commodity

Timber products

Have you monitored or estimated your deforestation/conversion footprint?

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

Coverage

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

Known or estimated deforestation/ conversion footprint (hectares)

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

Forest risk commodity

Palm oil

Have you monitored or estimated your deforestation/conversion footprint?

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

Coverage

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

Known or estimated deforestation/ conversion footprint (hectares)

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage

- Direct operations
- Supply chain
- Other parts of the value chain

Coverage

- Full

Risk assessment procedure

- Assessed as part of an established enterprise risk management framework

Frequency of assessment

- Not defined

How far into the future are risks considered?

- > 6 years

Tools and methods used

- Other, please specify
Sobeys Climate Risk Assessment via TCFD

Issues considered

- Regulation
- Climate change
- Tariffs or price increases
- Loss of markets
- Brand damage related to forests risk commodities

Stakeholders considered

- Customers
- Employees
- Investors
- Local communities

NGOs
Regulators
Suppliers

Please explain

As chronic temperature and extreme heat days increase across Canada, along with changes in rainfall, there is an increase in incidence of wildfires across the regions. Hot and dry conditions enhance the drying of organic matter in forests. Wildfires are likely to damage to our assets particularly those that are located near forests, disrupt supply chains, and increase safety concerns for staff and customers in high risk areas.

Hazards are assessed by extreme fire weather days for 2030 and 2050 under the 4C scenario only. Extreme fire weather days are defined as days per year where the Fire Weather Index (FWI) exceeds the local historical 95th percentile and therefore does not account for vegetation influences.

Palm oil

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

1 to 3 years

Tools and methods used

Internal company methods

Other, please specify

Consulted with RSPO to assess and identify risks

Issues considered

Regulation

Climate change

Tariffs or price increases

Loss of markets

Brand damage related to forests risk commodities

Stakeholders considered

Employees

Investors

Local communities

NGOs

Regulators
Suppliers

Please explain

In addition to our Environmental Policy, we have developed policies related to reducing environmental impacts in our supply chain. For example, over the past year, we’ve updated our Sustainable Palm Oil Policy (initially adopted in 2016), to advance our commitment to source 100% 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.

As of December 31, 2022, Empire (including Sobeys Inc. Farm Boy and Longos) reached 73.86% of physical trace certified sustainable palm oil in our Own Brands products. Credits were purchased to cover the remaining 26.14%.

F2.2

(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

| | Value chain mapping | Primary reason for not mapping your value chain | Explain why your organization does not map its value chain and outline any plans to introduce it |
|-----------------|--|---|---|
| Timber products | No, but we plan to map the value chain within the next two years | Important, but not an immediate business priority | We are aiming and planning to map the value chain within the next two years in the next two years via our work on Nature. We aim to develop an understanding on TNFD (Taskforce on Nature-related Financial Disclosures). |
| Palm oil | Yes, we have mapped the entire value chain | | |

F2.2a

(F2.2a) Provide details of your organization’s value chain mapping for its disclosed commodity(ies).

Forest risk commodity

Palm oil

Scope of value chain mapping

Tier 1 suppliers

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

Last year we updated our Sustainable Palm Oil Policy [<https://sobeyssbreport.com/wp-content/uploads/2022/07/Sobeys-Sustainable-Palm-Oil-Sourcing-Policy.pdf>], setting a goal to physically source 100% certified sustainable palm oil in Own Brands products by December 31, 2025, as defined by the RSPO standard. This goal will be achieved without the purchase of palm oil credits. As we've increased our commitment, we are updating our Sustainable Palm Oil Policy governance to ensure supplier partners are meeting our standards through annual checks and verifying that supplier partners have proper certifications.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

F2.3

(F2.3) Do you use a classification system to determine risk of deforestation and/or conversion of other ecosystems for your sourcing areas, and if yes, what methodology is used, and what is the classification used for?

| Use of a classification system to determine deforestation and/or conversion risk of sourcing areas | |
|--|--|
| 1 | No, but we plan to in the next two years |

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

| | Risk identified? |
|-----------------|------------------|
| Timber products | Yes |
| Palm oil | Yes |

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

A substantive impact for us would constitute a reduction in profits, public perception of the business changes, brand risk, proportion of business units affected and potential for shareholder concern.

We continually works to minimize regulatory and reputation risks. Our impacts extend farther than its own facilities, especially throughout our value chain and the communities we operate in.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Timber products

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Negative media coverage

Primary potential impact

Brand damage

Company-specific description

Reducing and mitigating brand risk is a core pillar for our External Communications team. Through effective reputation management, a commitment to transparency and maintaining consistent brand messaging across touchpoints (media, suppliers and stakeholders). We have, and continue to, innovate and commit to sustainability best-practices across our company and supply chain, as well as create positive brand - associations that will serve as our key strength in the occasion of a crisis management or brand risk scenario.

Timeframe

Unknown

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

Primary response to risk

Promotion of best practice and awareness

Description of response

We don't disclose financial impact numbers for competitive reasons.

Cost of response

Explanation of cost of response

Forest risk commodity

Palm oil

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Negative media coverage

Primary potential impact

Brand damage

Company-specific description

Reducing and mitigating brand risk is a core pillar for our External Communications team. Through effective reputation management, a commitment to transparency and maintaining consistent brand messaging across touchpoints (media, suppliers and stakeholders). We have, and continue to, innovate and commit to sustainability best-practices across our company and supply chain, as well as create positive brand - associations that will serve as our key strength in the occasion of a crisis management or brand risk scenario.

Timeframe

Unknown

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

Primary response to risk

Increased use of sustainably sourced materials

Description of response

We don't disclose financial impact numbers for competitive reasons.

Cost of response

Explanation of cost of response

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

| | Have you identified opportunities? |
|-----------------|------------------------------------|
| Timber products | No |
| Palm oil | Yes |

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Palm oil

Type of opportunity

Other

Where in your value chain does the opportunity occur?

Other parts of the value chain

Primary forests-related opportunity

Other, please specify

Increased brand & shareholder value

Company-specific description

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

By switching to 100% physical trace certified sustainable palm oil by 2025 for our Own Brands products, we benefit from a positive brand image as we can demonstrate our commitment to using quality ingredients that also lower environmental impacts in areas where palm oil is produced. This initiative is outlined in our corporate website and in our annual report for customers and shareholders to review.

We maintain an ongoing focus on customer engagement and education. We continue to shine a spotlight on sustainable behaviours and options through OurPart™ (<https://ourpart.ca/>), our customer-facing sustainability storytelling platform.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential impact

Low

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

We don't disclose financial impact numbers for competitive reasons.

Cost to realize opportunity

Strategy to realize opportunity

F3.2b

(F3.2b) Why does your organization not consider itself to have forests-related opportunities?

Timber products

Primary reason

Not yet evaluated

Please explain

Expected opportunities are related to reputational advantage.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

| Position of individual or committee | Responsibilities for forest-related issues |
|---|---|
| Other, please specify Both board-level oversight and executive management-level responsibility | Corporate Governance & Social Responsibility Committee : Responsibility: Receiving and reviewing periodic reports of the Company's policies, activities and progress pertaining to social responsibility initiatives, including sustainability, as well as updates on regulatory and general market developments relating to such matters . |
| Other, please specify Executive Committee | Responsibility: a. Leading business and sustainability strategy development and |

| | |
|---|---|
| | <p>review</p> <p>b. Overseeing leadership committees and operational teams responsible for implementing sustainability strategy</p> <p>FY23:</p> <p>a. Reviewed progress against established sustainability goals and commitments</p> <p>b. Received updates on progress and performance across a range of other key sustainability areas, including DE&I, community investment, health, safety, mental wellbeing, and plastics and packaging</p> <p>c. Reviewed the 2023 Sustainable Business Report, including updates to the materiality assessment and the various reported-on metrics</p> |
| Chief Executive Officer (CEO) | <p>Our CEO provides strategic input on ESG issues and oversees key sustainability initiatives across the three pillars of People, Planet, Products. The SVP Innovation & Sustainability informs the CEO on sustainability issues and initiatives on a weekly basis</p> |
| Other C-Suite Officer | <p>SVP Innovation and Sustainability:</p> <p>Focuses on enhancing our existing and new ESG initiatives. Reporting directly to the CEO, and providing quarterly updates to our Board of Directors, the SVP Innovation and Sustainability oversees the success of our ESG goals including measurement our progress and tracking of goals, setting standard reporting mechanisms and disclosures where required.</p> |
| Other, please specify Sustainable Business Council: | <p>Responsibility:</p> <p>a. Ratifying, governing and ensuring accountability through KPI integration of the Sustainable Business Strategy and its related activities and reporting</p> <p>b. Fostering collaboration and coordination with functional leaders and subject matter owners across our business</p> <p>c. Tackling emerging ESG issues</p> <p>d. Gathering strategic input to address government regulatory compliance gaps or opportunities</p> <p>FY 23</p> <p>Collaborative cross-functional council developed in fiscal 2023, starting in fiscal 2024</p> |
| Other, please specify Audit Committee | <p>a. Overseeing policies and practices relating to the integrity of financial and regulatory reporting</p> <p>b. Periodically reviewing the Enterprise Risk Management Framework for the Company and assessing the adequacy and completeness of the process for identifying and assessing the key risks facing the Company</p> <p>c. Establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters</p> |

| | |
|---------------------------------------|--|
| | d. Receiving quarterly reports from the VP Internal Audit regarding reporting matters from the Ethics Line, administered by Internal Audit |
| Other, please specify Audit Committee | In FY 2023: a. Reviewed quarterly Enterprise Risk Management reports b. Received reports and updates on the Ethics Line, environmental compliance, food safety, pharmacy and loss prevention c. Received updates on the Company’s sustainability journey and control frameworks around Sustainable Business Report metrics d. Discussed International Sustainability Standards Board (ISSB) proposed standards |
| Board Chair | In our fiscal year 2022, we established a new governance structure for climate-related issues and our newly developed Climate Action Plan, which was approved by the Board of Directors in June 2022 and announced in July 2022. The Board delegates oversight of our material Environmental Social and Governance (ESG) issues, including climate change, to the Corporate Governance & Social Responsibility Committee, which meets quarterly, and the annual review and sign-off of significant ESG-related metrics for disclosure, including our greenhouse gas emissions, to the Audit Committee. |

F4.1b

(F4.1b) Provide further details on the board’s oversight of forests-related issues.

| | Frequency that forests-related issues are a scheduled agenda item | Governance mechanisms into which forests-related issues are integrated | Please explain |
|-------|---|--|---|
| Row 1 | Scheduled - some meetings | Monitoring implementation and performance Monitoring progress towards corporate targets Overseeing the setting of corporate targets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy | <p>The Corporate Governance & Social Responsibility Committee of our Board of Directors provides oversight over our material ESG issues to ensure delivery in our actions and accountability in the execution of our goals.</p> <p>The SVP Innovation and Sustainability is responsible for the sustainability and climate-related initiatives that are presented to and approved by the Corporate Governance and Social Responsibility Committee. The SVP’s role is to ensure that our sustainability approach aligns with business strategy and is integrated into all relevant business functions.</p> <p>In our fiscal 2022, the Audit Committee of the Board updated its mandate to include ESG metrics,</p> |

| | | | |
|--|--|--|--|
| | | Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives | including climate-related metrics, as part of its approval of corporate disclosures. This Committee reviews all material ESG metrics, including our greenhouse gas emissions, once per year. |
|--|--|--|--|

F4.1d

(F4.1d) Does your organization have at least one board member with competence on forests-related issues?

Row 1

Board member(s) have competence on forests-related issues

No, but we plan to address this within the next two years

Primary reason for no board-level competence on forests-related issues

Other, please specify

Our Board of Directors is building their competence on this issue.

Explain why your organization does not have at least one board member with competence on forests-related issues and any plans to address board-level competence in the future

Our Board of Directors is building their forests-related competency. Experience with policies, practices or management of risks associated with environmental, social or governance issues relevant to the company such as sustainability, energy reduction or other climate sensitive practices; community support; social governance; health, wellness, safety and education for employees

For details kindly refer to: 2023 Management Information Circular available at Empire's website: <https://www.empireco.ca/en/>

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

| Name of the position(s) and/or committee(s) | Forests-related responsibilities of this position | Frequency of reporting to the board on forests-related issues | Please explain |
|---|---|---|----------------|
|---|---|---|----------------|

| | | | |
|---|---|-----------------------|--|
| Other committee, please specify Corporate Governance and Social Responsibility Committee | Assessing forests-related risks and opportunities Managing forests-related risks and opportunities | Not reported to board | Responsible for stewardship of the Corporation and provide oversight over ESG issues including forest-related issues. |
| Other, please specify Executive Committee | Assessing forests-related risks and opportunities Managing forests-related risks and opportunities | Quarterly | Sobeys Executive Committee has responsibility for the Corporation's sustainability initiatives, provide strategic input on ESG issues and oversee key initiatives. |
| Chief Executive Officer (CEO) | Assessing forests-related risks and opportunities Managing forests-related risks and opportunities | Annually | Reports to the board directly |
| Other C-Suite Officer, please specify SVP Innovation & Sustainability | Assessing forests-related risks and opportunities Managing forests-related risks and opportunities | Quarterly | The Senior Vice President (SVP) Innovation and Sustainability is responsible for the sustainability and climate-related initiatives (including water) that are presented to and approved by the Corporate Governance and Social Responsibility Committee of the Board of Directors. His role is to ensure that Sobeys Inc. sustainability approach aligns with business strategy and is integrated into all our operations |
| Other, please specify Director, Corporate Sustainability | Integrating forests-related issues into business strategy Monitoring progress against forests-related corporate targets Assessing forests-related risks and opportunities Managing forests-related risks and opportunities | Not reported to board | Corporate Sustainability/CSR reporting line |

| | | | |
|---|---|-----------------------|---|
| Other, please specify VP Treasury, IR, ESG Finance | Other, please specify ESG Data control | Not reported to board | Reports to Audit Committee once a year on the ESG metrics and incoming standards. |
| Other committee, please specify Board of Directors | Managing forests-related risks and opportunities | Not reported to board | |
| Other committee, please specify Sustainability Committee | Assessing forests-related risks and opportunities Managing forests-related risks and opportunities | Not reported to board | |

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

| | Provide incentives for management of forests-related issues | Comment |
|-------|--|---|
| Row 1 | No, not currently but we do plan to introduce them in the next two years | During fiscal 2023, we broadened our Environmental, Social, Governance (“ESG”) focus by introducing environmental and sustainability metrics as a Key Performance Indicator (“KPI”) in the Short-Term Incentive Plan (“STIP”), applied to our Named Executive Officers (“NEOs”) who play an active leadership role in ensuring ESG objectives are achieved. Additionally, we have an Environmental and Sustainability Key Performance Indicator (“KPI”) and a Diversity, Equity and Inclusion (“DE&I”) KPI in the Company’s Profit Sharing Plan. For our upcoming fiscal year, the ESG-related KPIs are based on climate action, waste reduction and DE&I. |

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

No, but we plan to do so in the next two years

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

No, but we plan to develop one within the next two years

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

| Forest risk commodity | Public commitments made |
|-----------------------|-------------------------|
| Palm oil | Yes |

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

Other, please specify
 Consumer Goods Forum Zero Net Deforestation

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Palm oil

Criteria

Other, please specify
 100% Certified Sustainable Palm Oil in all Own Brands products

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

Not applicable

Forest risk countries/areas that the cutoff date applies to

Reason for selecting cutoff date

Commitment target date

2021-25

Please explain

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

<https://sobeyssbreport.com/wp-content/uploads/2022/07/Sobeys-Sustainable-Palm-Oil-Sourcing-Policy.pdf>

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

| | Are forests-related issues integrated? | Please explain |
|-----------------------------------|---|--|
| Long-term business objectives | No, forests-related issues not yet reviewed, but there are plans to do so in the next two years | In July 2020, Empire unveiled Project Horizon, a new three-year growth strategy for core business expansion and e-commerce acceleration. We are aiming to do so in the next two years as part of our work on evaluating nature-based risks and opportunities. We aim to develop an understanding on TNFD (Taskforce on Nature-related Financial Disclosures). |
| Strategy for long-term objectives | No, forests-related issues not yet reviewed, but there are plans to do so in the next two years | To build our strong emotional connection with Canadians, we'll continue to evolve being strong partners in the community through meaningful community investment and sustainability initiatives. Among the priorities that will drive our plan forward, we intend to make further progress on ESG-specific plan within the next fiscal year. We are aiming to do so in the next two years as part of our work on evaluating nature-based risks and opportunities. We aim to develop an understanding on TNFD (Taskforce on Nature-related Financial Disclosures). |
| Financial planning | No, forests-related issues not yet reviewed, but there are plans to do so in the next two years | We are aiming to do so in the next two years as part of our work on evaluating nature-based risks and opportunities. We aim to develop an understanding |

| | | |
|--|--|--|
| | | on TNFD (Taskforce on Nature-related Financial Disclosures). |
|--|--|--|

F6. Implementation

F6.1

(F6.1) Did you have any forests-related timebound and quantifiable targets that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your forests-related timebound and quantifiable target(s) and progress made.

.....

Target reference number

Target 1

Forest risk commodity

Palm oil

Year target was set

2022

Target coverage

Product level

Target category

Traceability

Metric

% of volume traceable to traceability point

Traceability point

First importer

Third-party certification scheme

Base year

2022

Base year figure

Target year

2025

Target year figure

100

Reporting year figure

73.86

% of target achieved relative to base year [auto-calculated]

Target status in reporting year

New

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

We are committed to physically source 100 % certified sustainable palm oil by December 31, 2025, as defined by the Roundtable on Sustainable Palm Oil (RSPO) standard, for all Own Brands products. This goal will be achieved without the purchase of palm oil credits. Annually, we disclose our palm oil use to the RSPO. We also update our progress of our palm oil goals in our annual Sustainable Business Report with the percentage of certified sustainable palm oil used in Own Brands products, and the percentage of purchased palm oil credits.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

| | Do you have system(s) in place? |
|-----------------|---------------------------------|
| Timber products | No |
| Palm oil | No |

F6.2b

(F6.2b) Why do you not have system(s) in place to track and monitor the origin of your disclosed commodity(ies) and what are your plans to develop these in the future?

Forest risk commodity

Palm oil

Primary reason

Other, please specify

We request self declaration of origin from suppliers every year

Please explain

Plan to implement a system to track and monitor palm oil origins of our Own Brands products in the next two years.

We ask all private label (Own Brands) suppliers self declare origin in our annual survey

Forest risk commodity

Timber products

Primary reason

Important, but not an immediate business priority

Please explain

We haven't formally evaluated our deforestation risk yet since this work will be part of our work on Nature. We are also planning on executing a packaging audit of all our private labels. This will allow us to make an informed decision regarding our timber products commodity.

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

| | Third-party certification scheme adopted? | % of total production and/or consumption volume certified |
|-----------------|---|---|
| Timber products | No, but we plan to adopt a third-party certification scheme within the next two years | |
| Palm oil | Yes | 73.86 |

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO (any type)

Chain-of-custody model used

Not applicable

% of total production/consumption volume certified

73.86

Form of commodity

Crude palm oil (CPO)

Crude palm kernel oil (CPKO)
Palm oil derivatives

Volume of production/ consumption certified

1,521.1

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

As of December 2022, 100% of the palm oil used in our Own Brands products was certified sustainable. Of that, 73.86 % of the palm oil used was fully physically traceable Certified Sustainable Palm Oil (CSPO). The remaining 26.14% of our palm oil usage was certified using book and claim credits. Supplier partners using book and claim credits are advised to transition to fully physically traceable Certified Sustainable Palm Oil (CSPO).

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

| | A system to control, monitor or verify compliance | Comment |
|-----------------|---|---------|
| Timber products | No, but we plan to develop one within the next two years | |
| Palm oil | Yes, we have a system in place, but for other commitments | |

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

| | Assess legal compliance with forest regulations | Comment |
|----------|---|---|
| Palm oil | No, we do not assess legal compliance | <p>All of our suppliers have an obligation to respect all applicable laws. We also recognizes that some suppliers may have entered into agreements with agents or brokers in the course of their supply activities to us. Such third parties are also expected to respect all applicable laws.</p> <p>As a national grocer and retailer, we are committed to using our scale and influence responsibly, taking steps to ensure all the partners in our supply chain are treated fairly, ethically and are contributing to our sustainable business goals. Our Ethical and Sustainable Sourcing Policy ('Policy') supports the integration of social and environmental</p> |

| | | |
|--|--|--|
| | | <p>performance factors into the process of supplier partner selection and relationship management. This Policy sets out what we expect from all our supplier partners and service providers, including contractors. We ask all our suppliers and contractors to understand and apply this Policy in their businesses and encourage them to think bigger, be innovative and find ways to exceed these minimum requirements. This Policy applies to all direct and indirect suppliers ('suppliers') supplying all products, materials, and services (including goods for sale and goods not for resale) purchased by Sobeys. This encompasses the Empire's family of brands, including those stores under our full-service, discount and community banners, convenience, fuel and pharmacy stores, as well as related business and our e-commerce grocery business. We endorse the United Nations Universal Declaration of Human Rights, the Core Conventions of the International Labour Organization, the United Nations Convention on the Rights of the Child and the standards in our Ethical and Sustainable Sourcing Policy have been informed by these international codes and conventions.</p> |
|--|--|--|

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

| | Are you working with smallholders? | Please explain |
|-----------------|------------------------------------|----------------|
| Timber products | No, not working with smallholders | |
| Palm oil | No, not working with smallholders | |

F6.8

(F6.8) Indicate if you are working with your direct suppliers to drive action on forests-related issues and if so, provide details of the engagement.

Forest risk commodity

Timber products

Are you working with direct suppliers?

Yes, working with direct suppliers

Action(s) on forests-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Capacity building

Details of engagement

Support suppliers to set their own no deforestation/conversion commitments across their entire commodity operation

Support suppliers to develop public time-bound action plans with clear milestones

Description of engagement

All of our Own Brands packaging supplier partners are asked for FSC certified board and 100% recycled board. For GNFR team, as we update our sustainability strategy we will explore ways to work with our supplier partners more closely.

% of suppliers engaged by procurement spend covered by engagement

Explain the impact of your engagement on the selected action

Is this engagement helping your suppliers engage with their suppliers on the selected action?

Unknown

Does this engagement contribute to achieving a reported target?

No

Forest risk commodity

Palm oil

Are you working with direct suppliers?

Yes, working with direct suppliers

Action(s) on forests-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Supply chain mapping

Details of engagement

Supplier questionnaires on environmental and social indicators

Description of engagement

All our supplier partners that use palm oil or its derivatives in the manufacturing of packaged private label goods are required to guarantee that all palm oil and derivatives are CSPO.

% of suppliers engaged by procurement spend covered by engagement

100

Explain the impact of your engagement on the selected action

With our work on sustainable palm oil we aim to minimize the risk of further global deforestation. The Roundtable on Sustainable Palm Oil (RSPO) believes that collaboration across agricultural-commodity industries, supply chains, and with governments and NGOs, is fundamental to halting deforestation and protecting forests, wildlife habitats and areas of biodiversity.

Is this engagement helping your suppliers engage with their suppliers on the selected action?

Yes

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s)

We are committed to physically source 100% certified sustainable palm oil by December 31, 2025, as defined by the RSPO standard, for all Own Brands products. This goal will be achieved without the purchase of palm oil credits.

F6.9

(F6.9) Indicate if you are working beyond your first-tier supplier(s) to drive action on forests-related issues, and if so, provide details of the engagement.

Forest risk commodity

Timber products

Are you working beyond first tier?

No, not working beyond the first tier

Action(s) on forest-related issues driven by engagement

Type of engagement

Details of engagement

Description of engagement

Explain the impact of your engagement on the selected action

Does this engagement contribute to achieving a reported target?

Forest risk commodity

Palm oil

Are you working beyond first tier?

No, not working beyond the first tier

Action(s) on forest-related issues driven by engagement

Type of engagement

Details of engagement

Description of engagement

Explain the impact of your engagement on the selected action

Does this engagement contribute to achieving a reported target?

F6.10

(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?

| | Do you engage in landscape/jurisdictional approaches? | Primary reason for not engaging in landscape and/or jurisdictional approaches | Explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future |
|-------|---|--|--|
| Row 1 | No, we do not engage in landscape/jurisdictional approaches, but we plan to in the next two years | Important, but not an immediate priority | <p>We are aiming and planning to verify volumes as deforestation- and/or conversion-free in the next two years via our work on Nature. Indeed we aim to reduce our impact on Nature by reducing waste and integrating nature-related risks and opportunities in business decisions. We aim to develop an understanding on TNFD (Taskforce on Nature-related Financial Disclosures).</p> <p>In our line of business, we are aware of compliance & risks, including : Potential collapse of ecosystem services such as pollination ; 90% of tropical deforestation driven by agriculture; Freshwater scarcity in key growing regions (e.g. California & Mexico).</p> |

F6.11

(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Not applicable

Subnational area

Not applicable

Initiatives

Roundtable on Sustainable Palm Oil (RSPO)

Please explain

We annually disclose and report on our palm oil consumption within our Own Brands products (RSPO/ACOP and CDP Forests).

F6.12

(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and long-term protection?

Yes

F6.12a

(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

Yes

F7.1a

(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module

F1. Current State

Data points verified

Timber Volume, Palm Oil Volume

Verification standard

Timber volume verified internally. Palm Oil volume is verified by RSPO ACOP submission.

Please explain

Timber volume is verified by Sobeys Sustainability team internally. Palm Oil volume is verified by RSPO ACOP submission.

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Timber products

Coverage

Supply chain

Primary barrier/challenge type

Limited value chain engagement

Comment

The limited data availability related to sourcing, traceability and environmental impacts of timber commodities used is a major challenge.

Forest risk commodity

Palm oil

Coverage

Supply chain

Primary barrier/challenge type

Value chain complexity

Comment

The challenge that large companies face when addressing issues like deforestation is the complexity of the global supply chain.

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Timber products

Coverage

Supply chain

Main measure

Greater customer awareness

Comment

Guidelines support sourcing products from sustainably managed forests. There is an opportunity to further educate consumers with respect to these efforts.

Forest risk commodity

Palm oil

Coverage

Supply chain

Main measure

Greater supplier awareness/engagement

Comment

The three primary measures that would improve our ability to manage deforestation risk are the responsiveness of supply chain partners and their willingness to engage on deforestation-related projects, continued representation for Canadian specific businesses across industry groups and collaborative initiatives (similar to the RSPO) and visibility into parts of our supply chain beyond our current capabilities. While there has been increasing collaboration and stakeholder engagement related to the need to responsibly source palm oil, greater efforts in this area would allow for increased knowledge and awareness of initiatives underway and remaining challenges to be addressed.

F17 Signoff

F-FI

(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

n/a

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

| | Job Title | Corresponding job category |
|-------|---|----------------------------|
| Row 1 | Senior Vice President Innovation & Sustainability | Other C-Suite Officer |

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

| | I understand that my response will be shared with all requesting stakeholders | Response permission |
|---------------------------------------|---|---------------------|
| Please select your submission options | Yes | Public |

Please confirm below

I have read and accept the applicable Terms