

# ETHICAL AND SUSTAINABLE SOURCING POLICY

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VERSION: 2

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COMPANY LIMITED



**We are a family  
nurturing families**

# Ethical and Sustainable Sourcing Policy

## Partners in Doing Good Business

At Empire Company Ltd. and Sobeys Inc. ('Sobeys'), the good we do drives good business. Every day we are working hard to fulfill and exceed our customers' needs, support our communities and deliver for our investors. We recognize we can't do it alone. Collaborating with our supplier partners and service providers is an important way we achieve our purpose as a family nurturing families and conduct our business with honesty, integrity and put our values to work.

We strive to be fair and ethical in all our decisions, actions and relationships. And we count on our supplier partners and service providers to share our high standards and be part of the steps we are taking to grow as a sustainable business.

## About This Policy

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 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 Sobeys 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.

## The Fundamentals

This Policy stems from our determination to do good business, acting fairly, ethically and sustainably. It is grounded in four fundamental principles.

### Living our core values

- **Customer-Driven:** Always place the customer first
- **People-Powered:** Our people make the difference

- **Community-Engaged:** Proudly serving our communities
- **Results-Oriented:** Get it done with passion and integrity

### **Acting lawfully**

Complying with all applicable laws and regulations, whether local, provincial, federal or industry specific, remains at the heart of our customers’ trust in our brands, products and retail operations.

Specific to Bill S-211, Specific to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act, Empire Company Limited submits a report to the Minister of Public Safety by May 31 of each year which discloses actions taken during that financial year to prevent and reduce the risk of child and forced labour being used in the businesses’ supply chains.

### **Applying our policies and standards**

Our policies and operating standards ensure we are meeting industry-specific expectations and addressing risks appropriately. We’ve included relevant links to these documents in the requirements below.

### **Collaborating fairly**

Collaboration with our supplier partners and service providers is fundamental to our continuous improvement in ethical and fair dealings standards.

Learn more about the standards we hold our Sobeys Inc. employees to in our <https://www.empireco.ca/code-of-business-conduct-and-ethics>

In addition to our supplier partners, we also work collaboratively with industry peers, associations, and non-governmental organizations to address a range of environmental and social issues within our supply chain. These collaborations enable and facilitate cooperation on issues that impact our industry as a whole.

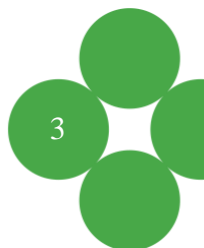
## **SUPPLIER RESPONSIBILITY**

By accepting to do business with Sobeys (including any agreements or other contractual documents), our suppliers must comply with the minimum requirements set out in this Policy and we expect suppliers to continuously strive to improve their performance against these requirements.

Sobeys’ suppliers must ensure that their suppliers, contractors, sub-contractors, agents and sub-agents adopt and meet the requirements outline in our Ethical and Sustainable Sourcing Policy. Suppliers are expected to complete their own risk assessments and due diligence for suppliers that they source from.

Sobeys reserves the right to investigate potential instances of non-compliance related to this Policy with our direct and indirect suppliers, and take corrective action as deemed necessary.

### **Governance**



Oversight of the environmental, social and governance (ESG) issues reflected in this Policy is through the Executive Committee and the Corporate Governance & Social Responsibility Committee of the Board of Directors. The Corporate Governance & Social Responsibility Committee is briefed on ESG issues on a quarterly basis.

Our Corporate Sustainability Team works closely with Sourcing Teams from all business functions to implement programs, establish guidelines and provide guidance on issues that impact human rights and the environment. The Corporate Sustainability Team also coordinates the annual review of this Policy.

## What We Require

### 1. Uphold ethical business dealings

**Laws and regulations.** Suppliers must comply with all applicable laws and regulations relating to anti-bribery, anti-corruption, fiscality and anti-money laundering wherever they do business. If local legal or regulatory requirements differ from this Policy, adopt the requirements with the higher standards.

**Anti-bribery.** Do not solicit, accept or otherwise engage in any form of corrupt practices including bribery, extortion, fraud and money laundering, kick-backs, gifts or other payment with the intent to obtain favours or preferred treatment.

**Relationship with governments.** Do not, directly or indirectly, participate in or facilitate payments, gifts or other forms of bribery schemes involving government or public officials.

**Conflicts of interest.** Do not contact our employee or store level teammates to provide gifts, payments or request favours or preferred treatment in exchange for personal favours. We also ask that suppliers disclose to their Sobeys business counterpart any close personal or family relationship they may have with a Sobeys employee or executive.

**Gifts.** To avoid real or perceived conflicts of interest or potential intent of bribery, do not give gifts of cash or cash equivalents to our employees or store-level teammates and their immediate family members. Invitations to meals, social events or any outside activities may be accepted only if the occasion is business-related, of moderate value, in good taste and occurs infrequently.

**Confidentiality.** All information about suppliers' supply of products or services to Sobeys and any information relating to future programs, ventures or proposals between us needs to remain confidential and not be disclosed outside those of suppliers' employees who need to know as part of their role. We also acknowledge that suppliers may share certain information to the extent required by applicable laws or regulations, or to respond to enquiries from government agencies. Suppliers need our prior written consent for any other intended disclosure of Sobeys' information. In line with this confidentiality commitment, we also ask that suppliers maintain appropriate security measures and practices for all digital and electronic communications.

**Information security.** Suppliers must ensure that they have and maintain policies, standards and procedures to comply with applicable privacy laws and regulations, industry standards and

contractual requirements, and to safeguard and prevent any unauthorized access to personal or confidential information.

## 2. Ensure that people matter through ethical employment practices

**Child labour is strictly forbidden.** Employees should be no younger than sixteen (16) years of age. Exemptions may be made to this based on local laws and/or designated guidelines are in place for employees between the ages of fourteen to sixteen (14-16) such as requiring parental consent and performing light duties. The age of our suppliers employees needs to be verified prior to employment and a record maintained. Employees below the age of eighteen (18) shall not be employed in conditions that may cause harm or jeopardize their physical or mental health or risk their general safety, for example:

- work with heavy or dangerous loads and equipment (operational machinery, vehicles, hand tools etc.) or dangerous chemicals
- work in dangerous circumstances, including heights and confined spaces, or night work.

**No forced labour.** Employees can not be forced, bonded, or indentured labour, or subject to any other form of physical, mental, sexual or form of abuse. All employees shall work on a voluntary basis, free from exploitation, discrimination, coercion, fraud or any other form of control violating prevailing local laws. Employees must be able to leave the workplace at the end of their shift, keep their identity documents and work permits, and leave their position after providing reasonable notice. Our suppliers must not require employees to make payments to employers, labour providers or agencies to obtain work. Employee accommodation arrangements should not restrict workers freedom of movement.

**Respect and dignity.** All employees need to be treated with dignity and respect. Harassment, threats, any form of abuse (physical or verbal), harassment, intimidation, punishment or illegal disciplinary action must be prohibited.

**Diversity, equity and inclusion.** Fostering a family culture of care, trust, respect and inclusion is vital to the success of our people. We do not tolerate discrimination in the workplace or in hiring and employment practices on the basis of ethnicity, race, colour, age, gender, disability or medical condition, pregnancy, social background, ancestry, marital status, sexual orientation, religion, political affiliation, union membership, or as otherwise prohibited by human rights and labour laws.

**Health and safety.** Employees are to be provided a healthy and safe work environment that complies with applicable national and local laws. This includes providing appropriate ventilation and lighting, protective gear, safety and hazard prevention training, first aid and emergency care, access to clean drinking water, sanitation, etc. This also includes the installation and use of adequate safeguards against fires including fire alarms, fire extinguishers, sprinklers, smoke detectors and relevant accessible equipment at all facilities, and emergency evacuation routes. Clear health and safety procedures must be implemented and responsibility for them should be assigned to an executive.

Our suppliers must comply with all national and local public health orders and requirements, particularly related to the transmission of infectious diseases. Suppliers of food products, in-store and on-location services and other essential goods must immediately disclose to Sobeys any significant infectious disease outbreaks within their operations where it may affect Sobeys' operations.

**Compliance with employment laws.** Our suppliers must comply with all applicable labour and employment laws governing general labour considerations such as minimum wages, hours, employment conditions, hiring and firing, right to association, use of foreign and migrant workers. All employees must have access to documents outlining their employment terms and conditions in their own language. Temporary labour should not be relied on to avoid employment obligations to workers.

**Freedom of association.** Suppliers must recognize the freedom of association and the right to collective bargaining. Employee representatives can not be subject to discrimination or harassment, and open, respectful dialogue should be established with employees or their representatives.

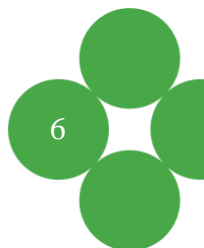
**Wages, benefits and working hours.** All employees must be provided with written and understandable information about their employment conditions in their own language including wages, hours, and vacation before entering into employment. Employees should be paid a fair wage, benefits and vacation which meet or exceed the legal national minimum wage (or industry benchmark standards or collective agreements, if higher) and all applicable laws and regulations. Employees should receive a detailed pay slip for each pay period and wages should be paid regularly and on time. Equal pay and conditions should be provided for all people working in the same jobs in line with our commitment to non-discrimination.

Working hours need to comply with national laws, industry or international standards, whichever gives the greatest worker protection and should not exceed 60 hours per week (including overtime) except under exceptional circumstances where the following conditions are met:

- it is allowed by national law,
- it is only required under exceptional circumstances such as seasonal work, accidents or emergencies,
- it is allowed by a collective bargaining agreement agreed with a worker's organization, and
- worker health and safety standards are ensured.

Ensure overtime is voluntary and remunerated at a premium pay rate. Employees can not be penalized for refusing overtime where they have the right to do so by law or employment contract. Employees should receive a minimum of one (1) day off every seven (7) day period plus annual vacation allocation.

**Communication.** Our suppliers' sub-contractors, consultants and employment agencies need to be made aware of and comply with this Policy.



### 3. Quality, Safety, Environmental Responsibility and Sustainability

**Quality.** Sourcing quality products and produce is important for our customer-driven approach. As such, we expect our suppliers to share our commitment in achieving high quality and safety standards for all products sold to Sobeys. Additionally, all Sobeys Inc. Own Brands suppliers must adhere to, and comply with, the requirements, practices, standards and expectations contained within the Supplier Minimum Quality Standards (Quality Agreement), GMP Guidelines, and the Regulations in effect at all times when manufacturing, storing or transporting Sobeys Own Brands products, ingredients or materials.

**Safety.** We require suppliers to provide products and materials in compliance with all applicable product quality and safety laws and regulations, industry standards and contractual requirements. The safety of the products and materials suppliers provide need to be protected by adequate security measures at all stages of our suppliers' operations, from harvesting, manufacturing, packaging, storage and distribution.

**Pharmacy-related requirements.** All suppliers of pharmaceutical and health-related products and pharmacy supplies (e.g. drugs, medical devices, packaging and documents) that are regulated by Health Canada or another regulatory agency/body must adhere to all regulatory requirements which supersedes the requirements in this Policy.

**Competition and intellectual property.** Uphold fair business standards and comply with all national and local laws in advertising, sales and competition. Comply with intellectual property rights relating to the products and services supplied to Sobeys.

**Environmental responsibility and sustainability.** At minimum, we expect our suppliers to comply with all applicable local, regional and/or national environmental laws and regulations and uphold high corporate standards of environmental stewardship and due diligence. All suppliers are highly encouraged to address and minimize environmental impacts material to their business (including but not limited to hazardous and non-hazardous waste disposal and recycling, greenhouse gas emissions reductions and reporting, soil management, deforestation, water management, biodiversity, etc.) and to apply principles of sustainable development to production, manufacturing, harvesting, packaging, and distribution. We are committed to working with all suppliers to achieve these principles.

**Animal welfare.** Encourage adherence to the principles outlined in the [Animal Welfare Statement](https://sobeyssbreport.com/wp-content/uploads/2022/07/Animal-Welfare-Statement.pdf) - <https://sobeyssbreport.com/wp-content/uploads/2022/07/Animal-Welfare-Statement.pdf>.

3. **Seafood.** All Sobeys Inc. Own Brands suppliers are expected to adhere to the requirements set out in the [Sobeys Inc. Sustainable Fish & Seafood Sourcing Guidelines and Commitments](https://sobeyssbreport.com/wp-content/uploads/2022/07/Sobeys-Inc.-Fish-and-Seafood-Sustainability-NOV2020-EN_FINAL.pdf) - : [https://sobeyssbreport.com/wp-content/uploads/2022/07/Sobeys-Inc.-Fish-and-Seafood-Sustainability-NOV2020-EN\\_FINAL.pdf](https://sobeyssbreport.com/wp-content/uploads/2022/07/Sobeys-Inc.-Fish-and-Seafood-Sustainability-NOV2020-EN_FINAL.pdf)





3. **Palm oil.** All Sobeys Inc. Own Brands suppliers are expected to comply with the Sobeys Sustainable Palm Oil Sourcing Policy - <https://sobeyssbreport.com/wp-content/uploads/2022/07/Sobeys-Sustainable-Palm-Oil-Sourcing-Policy.pdf>

## Compliance, Monitoring and Engagement

Sobeys and its suppliers have a shared responsibility to act in a way that is ethical and sustainable. Sobeys expects its supplier partners to appropriately implement this Policy, ensure compliance, and continuously improve their ethical and sustainable sourcing practices.

It is the responsibility of Sobeys' supplier partners and contractors to ensure they comply with the requirements set out in this Policy and report any suspected violations.

Reports of breaches to this Policy, and any actions or behaviours that are unethical, illegal, or potentially damaging to the Company's reputation and the integrity of its brands, should be made in "Good Faith", meaning that the information provided is complete, accurate, and what is believed to be true. Reports can be made to a member of the Empire team and/or shared with the Ethics Line. Connecting with the Ethics Line is completely confidential. The Ethics Line is professionally supported by an organization independent of Empire. Those who report are not required to identify themselves.

- Toll-free by telephone 24 hours a day at 1-888-427-2530
- Online at [www.clearviewconnects.com](http://www.clearviewconnects.com)
- By mail: ClearView Connects P.O. Box 11017 Toronto, ON M1E 1N0 Attn: Empire/Sobeys

Sobeys reserves the right to investigate reports of potential instances of non-compliance related to this Policy with our direct and indirect suppliers, and take corrective action as deemed necessary.

