

# Environmental Policy

(January 2025)  
V2025.01.09



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## Empire Company Limited Environmental Policy

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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. We've articulated a sustainability framework based on three thematic pillars: People, Planet and Products. We have built robust, dedicated teams to lead our activity and deliver on commitments in each pillar.

### Scope

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At Empire Company Ltd. and Sobeys Inc. ('Sobeys') we are committed to reducing our environmental impact, fighting climate change, and protecting the planet for future generations.

This Policy is based on the recommendations of the ISO 14001:2015 Standard regarding Environmental Policies. It explains how Sobeys manages its responsibilities to the environment and it applies to all operations of Sobeys banners and across all operational jurisdictions. Where possible this Policy applies to our engagement with Suppliers and we encourage our Suppliers to demonstrate the commitments reflected in this Policy.

Our commitment to improving our environmental performance includes, but is not limited, to all applicable environmental laws and regulations. We are continually improving our environmental management system in line with the ISO14001:2015 Standard to minimize environmental impacts.

The Policy will be reviewed on an annual basis and shall be revised whenever a new version of the Standard is published. This Policy is communicated to all Sobeys employees and made available to interested parties on our [website](#).



## Approach

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The size and nature of our business means that there are many potential ways in which we could impact the environment. We collaborate with a range of stakeholders to understand and reduce our environmental impacts across key areas of activity, specifically:

- **Operating stores, distribution centers and offices:** Our aim is to construct and operate all sites that we own and those that we manage with consideration for the local environment and communities we serve, for example by preventing pollution, reducing waste, energy and water use, and protecting and enhancing local biodiversity.
- **Product distribution and business travel:** We measure, monitor, and take action to reduce transportation emissions and minimize pollution to the environment caused by the fuel consumption of Sobeys truck fleet, corporate passenger car fleet and contracted third-party logistics service providers during movement of product.
- **Sourcing ingredients and materials:** In partnership with Suppliers, we work to source ingredients and materials in a way that minimizes our impacts on the environment including local sourcing. We are also supporting global efforts to reduce deforestation and degradation of natural habitats through the development and implementation of sustainable sourcing policies and standards.

Our material environmental topics were informed by peer, industry and leading practices, and sustainability reporting standards such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). These are:

- **Climate change:** Managing greenhouse gas (GHG) emissions associated with Sobeys owned or controlled assets and operations; implementing solutions to address climate change and mitigate its impacts.
- **Energy management:** Reducing energy consumption and intensity of Sobeys operations.
- **Food waste:** Working across the Sobeys value chain to avoid, reduce, and recover food waste in stores and supply chain while also engaging with customers to reduce waste at home.
- **Plastics & packaging:** Adopting packaging practices that reduce unnecessary materials, encourage reuse, and improve recyclability and circularity.
- **Responsible sourcing:** Developing and following procurement practices (e.g., traceability and transparency) that mitigate environmental and social risks and maximize positive impact in the supply chain.



## Environmental commitments

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Our environmental initiatives are delivered under our Planet and Product pillars. Our specific environmental commitments include:

### Climate Action

- We have calculated our full scope 1, 2 and 3 GHG footprint. It is critical that we understand where we are generating GHG emissions across operations so we can focus our efforts on the opportunities with the biggest reduction potential.
- We are continuously analyzing and implementing initiatives in our operations to reduce our GHG footprint, reduce energy consumption in our operations and supply chain and reduce transport fuel use.
- We have set science-based emissions reduction targets in line with the Science Based Targets Initiative (SBTi).
  - Our long-term target is to achieve net zero by 2040 for our Scope 1 and Scope 2 emissions, and net zero by 2050 for our Scope 3 emissions.
  - Our near-term targets are:
    - **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 (by 2027), and we commit to reducing emissions from fuel sold by 28% by 2030.

### Plastics and packaging

Our overarching strategic approach to plastics and packaging is aligned with the Government of Canada Action Plan on Zero Plastic Waste. Our goal is to reduce avoidable and hard-to-recycle plastics. This includes:

- Working with our Suppliers to eliminate hard-to-recycle plastic packaging
- Reducing plastics in our operations and distribution centers
- Eliminating single-use plastic grocery bags
- Fulfilling our obligations under Extended Producer Responsibility regulations across Canada

We are continually implementing solutions to maximize opportunities to reuse and recycle plastics and packaging including:

- Takeback programs in our stores to make it easy for customers to recycle flexible plastics
- Introducing recycled content to Own Brands product packaging
- Making it easy for customers to reuse bags and packaging items including the introduction of reusable bags and containers



## Food Waste

Our goal is to reduce food waste by 50% by 2025 and reuse and re-distribute as much surplus food as possible. Our food waste strategy has three main areas of focus:

- **Prevention:** Preventing food loss and waste from happening in our stores, warehouses and across our supply chain through initiatives including in-store and app-based markdowns and operational practices and guidelines.
- **Re-use and Redistribution:** Re-using and re-distributing as much surplus food as possible through donations and repurposing for people and animal use.
- **Alternatives to landfill:** Finding alternative waste streams to landfill including composting.

## Waste Reduction

- Implementing systems to ensure less of our waste ends up in landfill and is instead recovered and transformed or recycled.
- Improve waste diversion in our distribution of products including cardboard and plastic film recycling and returnable pallets.

## Ethical and Sustainable Sourcing

Details of our ethical and sustainable sourcing commitments can be found [Ethical-and-Sustainable-Sourcing-Policy](#).

In addition, we have put in place ethically and environmentally conscious purchasing guidelines, and these include specific targets with respect to animal welfare, sustainable seafood, and sourcing sustainable palm oil. These guidelines, which are focused on our Own Brands products as a first step, articulate our purchasing commitments and guide our sourcing teams:

- **Animal welfare:** Commitments to source all our fresh pork products from producers using gestation-crate free housing systems for pregnant sows by the end of 2022, and to sourcing only cage-free eggs by the end of 2025<sup>1</sup> (see separate [Animal Welfare Statement](#) for further details).
- **Sustainable Seafood:** Commitment that by 2025, a minimum of 95 per cent of the total weight of our fresh and frozen Own Brands Fish and Seafood products will be third-party certified or recommended by Ocean Wise, a global ocean conservation organization working to ensure the use of ocean-friendly products (see separate [Sustainable Fish and Seafood Sourcing Guidelines](#) for further details).
- **Sustainable Palm Oil:** We are committed to using fully physically traceable certified sustainable palm oil in our Own Brands products, reporting to the Roundtable on Sustainable Palm Oil (RSPO) (see separate Policy for further detail).



## Governance

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Oversight of the environmental, social and governance (ESG) issues reflected in this Policy is conducted through the Executive Leadership Team and the Corporate Governance & Social Responsibility Committee of the Board of Directors. The Corporate Governance & Social Responsibility Committee of the Board of Directors is briefed on ESG issues on a quarterly basis. The three pillars—People, Planet and Products—are governed and managed at the senior levels of our company, with dedicated internal teams. Our dedicated teams across all three pillars are responsible for developing and managing our ESG initiatives on a day-to-day basis. This includes identifying, monitoring and implementing initiatives to mitigate risk, deliver on our commitments, and report key metrics and progress against our goals. Our governance structure ensures strong oversight of our strategies, delivery of our actions and accountability in execution.

## Measuring and Reporting

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We use and continue to develop the set of metrics and measurable targets for monitoring our environmental performance. Progress towards our environmental targets is reported annually in our Sustainable Business Report and communicated to stakeholders. Specific measurement and reporting frameworks we use as part of our environmental commitments include:

<sup>1</sup>Our industry has learned a lot since we made these public commitments. Retailers and Suppliers agree, these are the right goals to work towards. Since the retailers made these commitments, we've learned that the supply chain needs more time to adapt and change. We are all committed to continue working to these goals and the complexities they create.

- Greenhouse Gas Protocol
- Food Loss and Waste Accounting and Reporting Standard
- Disclosure against Sustainability Accounting Standards Board Food Retailers and Distributor Standard
- CDP Disclosure (formerly Carbon Disclosure Project)
- Reporting Communication on Progress to the Roundtable on Sustainable Palm Oil
- Science Based Target Initiative (SBTi)

## Stakeholder Engagement

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Effective and meaningful engagement with our diverse stakeholder community is a vital part of how we do business. We value strategic insights, support and feedback from our shareholders, teammates and suppliers to help us improve our environmental performance. We seek to raise environmental awareness with our customers and in our communities. Specific engagement on the environment with stakeholders includes:



- Teammates: We raise awareness with employees of how they can play their part to minimize environmental impacts and ensure they receive the necessary training and support.
- Suppliers: We engage with our suppliers on our environmental and ethical and sustainable sourcing policies from the point of onboarding and through regular communication with category managers and sourcing teams.
- Customers: We engage with customers through OurPart™, a customer-facing blog that showcases our sustainability initiatives in action. We've made OurPart™ available to customers through our corporate and banner brand websites and digital channels.
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We also undertake stakeholder engagement with government policy makers, NGOs and local communities to improve our understanding of key environmental issues and how we can make a positive contribution to environmental protection and enhancement.

