



A Sustainable Future Driven by Our Values

**Empire Company Limited and Sobeys Inc. 2021
Sustainable Business Report**



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At Empire, the good we do drives good business.

At Empire, the good we do drives good business. Our team is excited to share the progress we're making on our sustainability journey—because, with every step, we can help build a more sustainable future for us all.

Our core values are the foundation of who we are: Customer-Driven, People-Powered, Community-Engaged and Results-Oriented. These values drive our commitment to People—the customers we serve, the teammates who power our business, the communities we live in and the investors who place their trust in us. They drive our commitment to protect the Planet and reduce our impacts. And they drive our pursuit of sustainable and ethical Products that nourish all of us.

While we are hard at work delivering on our current plans, our sights are always set on the horizon.

A Letter From Our President & CEO



The expectation that employees, customers and investors place on corporate citizenship, or sustainable business practices, rightly continues to grow and evolve. Leaders must be agile to ensure we can uphold our values, do the right thing and nurture a strong future for a kinder capitalism.

I firmly believe that a kinder capitalism doesn't weaken any of capitalism's best attributes. In order to give back to communities, to attract customers and shareholders as a brand leader, to attract employees, or to expand and to grow—companies need to be profitable and drive exceptional value for their shareholders. Healthy companies benefit economies, fostering competition and innovation. However, customers also clearly want companies to step up and take a more active role in making the world a better place. As leaders, we can strike the balance to prioritize business and community health. Our company, for example, in the last four years, has grown our profits and become bigger and stronger while embracing corporate citizenship.

At Empire, our purpose “to be a family nurturing families”, and our values drive us forward. This year, we're taking our sustainability reporting to the next level by releasing our first Sustainability Accounting Standards Board (SASB) Index. This disclosure provides transparency and data on Empire's progress in core environmental, social and governance areas in our business and industry.

Looking ahead, we will keep learning and evolving. In fiscal year 2023, we will launch our next three-year Sustainable Business Strategy, expanding our focus on important areas like reducing plastics and waste, climate change, diversity, equity and inclusion, and growing our community impact.

As our 2021 Sustainable Business Report shows, Empire understands that making meaningful investments in our people, our communities and our planet does more than demonstrate our values in action; it's also good for business, by improving profitability and shareholder return.

I know we have further to go—and welcome your thoughts and feedback on how we can do better along the way.

Michael Medline
President & CEO
Empire Company Limited
August, 2021

Q&A on Empire’s Sustainable Business Strategy

with Mohit Grover, SVP Innovation, Sustainability & Strategy, Empire Company Limited

August 2021



What do you think is the most unique attribute of Empire’s approach to sustainable business?

Environment, Social and Governance (ESG) has deep roots in our history, and the tenets of ESG have been a part of our organization since Sobeys started 114 years ago in Stellarton, Nova Scotia. Our values have always driven our commitments to ESG and our entire team—from our Board of Directors to our frontline teammates stands behind the three pillars of our sustainability framework: People, Planet, Products.

In addition to the oversight provided by our board and executive teams, we have a dedicated national Sustainability Steering Committee chaired by our President & CEO to set our priorities and approve our strategies and actions. An important part of my role as the executive lead on sustainability is to ensure our approach aligns with business strategy and is integrated into all our operations.

What progress are you making on ESG?

With sustainability leadership and accountability firmly embedded in our governance approach, over the last few years, we have supplemented our existing and new ESG initiatives with a focused team, reporting directly to the President & CEO, that oversees the success of our goals including introducing standard reporting mechanisms and disclosures where required.

In fiscal year 2021 we continued our sustainability journey by improving our understanding of material ESG topics that impact our business and matter most to our stakeholders, as well as through disclosure of our key performance metrics in line with the Food Retailers & Distributors Standard from the Sustainability Accounting and Standards Board (SASB).

Q&A on Empire's Sustainable Business Strategy

with Mohit Grover, SVP Innovation, Sustainability & Strategy, Empire Company Limited

August 2021

What have you been focused on in fiscal year 2021?

As this report shows, we focused on a range of critical initiatives as part of our continuing ESG journey. Some of our proudest moments are in the work we are doing on diversity in our organization, expanding our efforts to cultivate a fair, equitable and inclusive environment for all. We are also going deeper on our work to remove avoidable plastic from our business, specifically focusing on avoidable and hard-to-recycle plastics that we source for our stores and in our Own Brands packaging. The team has also undertaken an extensive assessment of our greenhouse gas (GHG) emissions across our business to establish a GHG inventory, with 2019 as our baseline. This will define solid ground for us to set targets and reduce our overall impacts.

What's on your radar for emerging issues?

We've heard from our stakeholders on issues they care about—and that we care about too. On emerging issues, we are increasing our understanding of our risks and gaps on the topics of most concern for our stakeholders and our organization, such as water usage and management in our operations, and biodiversity through our supply chain and at our sites. On chemicals management, we've taken important steps, like using BPA-free receipt paper and transitioning to BPA/BPS-free paper in our Safeway stores in 2021. We're also exploring how we can foster a more just and ethical supply chain—setting clear guidance and expectations of our supplier partners on serious global and regulatory issues.

How have you evolved your approach to reporting?

We've taken a significant step with our data-driven approach to disclosure this year, and we're committed to continuing to improve our disclosures in the years ahead. So, in addition to SASB, there are other frameworks and standards we are considering incorporating into our future reports. We know we have work to do in gathering data to set specific targets in key priority areas like single-use plastics and GHG emissions. Consistent with our commitment to be upfront and transparent, in fiscal year 2022 we will also be very focused on setting bold but achievable targets. Internally, we are embedding some of our Sustainable Business mandates within performance management goals for our teammates—and tying the results to management performance bonuses and incentives. It is great to see our internal efforts reach this level of maturity and focus. I'm so proud of the work everyone in our organization is doing to accomplish our ESG goals.



People

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

Diversity, Equity & Inclusion >

Community Investment >

Health, Safety & Wellness >

Employee Development & Experience >

Customer Experience & Engagement >



Planet

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

Plastics & Packaging >

Food Waste >

Climate Action >



Products

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

Responsible Sourcing >

Supplier Partnerships >

Product Quality & Safety >

Health & Nutrition >

Fiscal Year 2021 Sustainable Business Report Highlights



People

Grow and empower a diverse, equitable and inclusive work environment to help our customers and communities stay healthy and strong.

Diversity, Equity, & Inclusion

7

strategic partnerships are contributing to advancing our diversity, equity and inclusion strategy and commitments.

Our strategic partnerships include: the BlackNorth Initiative, the Canadian Council for Aboriginal Business (CCAB), the Canadian Aboriginal and Minority Supplier Council (CAMSC), Catalyst, Holland Bloorview Dear Everybody Campaign, Pride at Work Canada, and Canadian Centre for Diversity and Inclusion (CCDI).

34%

women representation at the senior management level (senior vice president and vice president)

Over fiscal 2021, women representation at the senior management level (senior vice president and vice president) has increased to approximately 34%, a year-over-year growth rate of 6%. At the director level, women representation has increased to approximately 37%, a year-over-year growth rate of 8%.

600+

offices, RSCs, stores and franchisees leaders completed the initial launch Conscious Inclusion foundational training to set the stage for an organizational wide training.

In fiscal 2021, we rolled out our inclusion training program. This interactive learning experience raises awareness and provides practical tools to mitigate the effects of unconscious bias in decision making and workplace interactions and has been a key foundation in setting clear expectations for the safe and inclusive culture we want to create for our teammates.

Community Investment

\$3.4M

donated by the company and raised in the community in support of our A Family of Support: Child & Youth Mental Health Initiative.

In fiscal 2021, together with the Sobey Foundation, we launched A Family of Support: Child & Youth Mental Health Initiative to support 15 early intervention mental health programs with 13 children's hospital foundations across Canada.

13.3M

meals made possible across Canada through our various community partnerships.

Our annual December Holiday Food Bank Drive is one of the many ways that, together with our customers and more than 1,500 stores, we're working to address food insecurity in communities across Canada.

140

community organizations supported through the Community Action Fund.

Launched in fiscal 2020 as part of our response to the COVID-19 pandemic, we continued the Community Action Fund in fiscal 2021, providing our stores with funds to donate right into their local community immediately. As our "on-the-ground" experts, our stores see the needs in their community first-hand.



Planet

Reduce our impacts, take action on climate change and do **OurPart™** to protect our planet for future generations.

Plastics & Packaging

800M

single-use plastic checkout bags removed from circulation from our stores across Canada

8 out of 10 times, our customers are bringing their own reusable bags or not using a bag at all when shopping in our stores.

Food Waste

24%

reduction in the amount of surplus food generated per square foot in our retail stores (since 2016)

We're making progress on our journey to reduce the amount of food waste in our operations by 50% by 2025.

Climate Action

14,000

trees planted in partnership with One Tree Planted

We've partnered with One Tree Planted to plant trees across Canada as part of our efforts to take action on climate change. So far, we have committed to planting over 44,000 trees.



Products

Do **OurPart™** by delivering sustainable and ethical product choices for our customers.

100%

of the palm oil used in our Own Brands products is certified sustainable palm oil (CSPO)

As of December 2020, 98.6% of the palm oil used for our **Own Brands** products was fully physically traceable CSPO. The remaining 1.4% was certified through credits.

96%

of our Own Brands fresh and frozen seafood, by weight, is third-party certified sustainable and/or recommended by Ocean Wise

96% (by weight) of our Own Brands fresh and frozen seafood offered in stores is certified as sustainable (e.g. Marine Stewardship Council, Aquaculture Stewardship Council, and Best Aquaculture Practices) and/or recommended by Ocean Wise.

58%

year-over-year increase in the number of women owners and/or business leads within our network of local supplier partners

We are proud to have grown the number of local supplier partners with women as owners or business leads from 142 in fiscal 2020 to 225 in fiscal 2021.

About this Report

Report Scope

This report covers our fiscal year 2021, from May 3, 2020 to May 1, 2021, unless otherwise stated.

Report Boundaries

This report represents the performance of Empire Company Limited and Sobeys Inc., a wholly-owned subsidiary, headquartered in Stellarton, Nova Scotia. This encompasses the Sobeys Inc. family of brands, including Sobeys, Safeway, IGA, Farm Boy, Foodland, FreshCo, Thrifty Foods, Voilà and Lawtons Drugs, covering more than 1,500 stores, 24 distribution centres, and 350 retail fuel locations in all 10 Canadian provinces, employing more than 134,000 individuals.

Unless otherwise stated, data included in the report reflects all Sobeys Inc. operations.

The purchase of Longo's was completed after the end of fiscal year 2021, and, therefore, has not been included in this report, unless otherwise stated.

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 around the globe to identify, manage and communicate financially material sustainability information to their investors.

Materiality

The information included in this report is based on the topics that are deemed to be most material to the performance of Sobeys Inc., as described [here](#). The selection of topics was made through an in-depth materiality assessment conducted in fiscal year 2021, which included extensive stakeholder engagement, a review of grocery and retail industry leading practices, and a review of sustainability reporting frameworks such as the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) Food Retailers & Distributors Standard.

Our greenhouse gas (GHG) emissions data for Scope 1, Scope 2 and Scope 3 emissions reporting was prepared by a third-party consultant. GHG accounting methods and data can be [found here](#). Sources of information referenced that are not related directly to Sobeys Inc. are noted on relevant pages.

This report has been internally reviewed but is not third-party certified or audited. We have made every effort to ensure the accuracy of this report, but in some cases we made informed assumptions and judgements.



Feedback

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



Learn More

To learn more about our company purpose and values, please visit: corporate.sobeys.com/our-purpose/

Forward Looking Information

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

- The Company's plans to reduce food waste by 50 per cent by 2025 which may be impacted by several factors, including impacts of the novel coronavirus ("COVID-19" or "pandemic") including changes in customer behaviour; and
- The Company's plans to eliminate plastic grocery bags from all banners which may be impacted by a change in consumer behaviour due to COVID-19, and the Company's ability to offer an alternative to plastic grocery bags.

By its nature, forward-looking information requires the Company to make assumptions and is subject to inherent risks, uncertainties and other factors which 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 year 2021 annual Management's Discussion & Analysis.

Although the Company believes the predictions, forecasts, expectations or 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. The Company includes these measures and metrics because it believes certain investors use these measures and metrics as a means of assessing financial performance. Empire's definition of the non-GAAP terms is as follows:

- Earnings before interest, taxes, depreciation and amortization ("EBITDA"), is calculated as net earnings, before finance costs (net of finance income), income tax expense, depreciation and amortization of intangibles.
- Adjusted EBITDA is EBITDA excluding certain items to better analyze trends in performance. These adjustments result in a more comparable economic representation. Adjusted EBITDA is reconciled to EBITDA in its respective subsection of the "Operating Results – Full Year" section of the MD&A for applicable years. Adjusted EBITDA for the Food Retailing Segment is reconciled to EBITDA in the "Food Segment Reconciliations" section of the MD&A for applicable years.
- 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. Adjusted net earnings is reconciled to net earnings in its respective subsection of the "Operating Results – Full Year" section of the MD&A for applicable years. Adjusted net earnings for the Food Retailing Segment is reconciled to net earnings in the "Food Segment Reconciliations" section of the MD&A for applicable years.

Sustainability at Empire

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.

Stepping Forward on Strategy

Over the last few years, our sustainability strategy has been focused on building strong foundations. We’ve articulated a sustainability framework based on our People, Planet and Products pillars and built dedicated and robust teams to lead our activity and deliver on commitments in each pillar. We’ve taken steps to ensure we keep pace with our industry in key areas, such as sustainable seafood and animal welfare. And we shared stories about our progress in our first **Corporate Responsibility Report** in 2020 (now our Sustainable Business

Report). We are also sharing our approach with our customers through channels like **OurPart™**, launched in fiscal year 2021.

Engaging Our Stakeholders

Effective and meaningful engagement with our diverse stakeholder community is a vital part of how we do business. We define stakeholders as groups and/or individuals who are impacted by our operations and corporate strategy and who, in turn, impact our business success. Listening, sharing and learning from our shareholders, teammates, customers, supplier partners, communities, non-governmental organizations (NGOs) and government are essential to our success. We depend on these collaborative relationships and strive to meet the needs of our stakeholders around the topics and issues that matter most. We rely on our stakeholders to provide input into our materiality assessment, inform our strategy, and provide feedback on our actions.



Stakeholder Engagement

Key Stakeholder	How We Engage	Key Concerns & Interests	Highlights of Our Engagement in Fiscal Year 2021
<p>Shareholders</p>	<p>Shareholders' Annual General Meeting</p> <p>Direct investor communication, including investor conferences, quarterly earnings calls, and financial reports</p> <p>Investor relations inbox: investor.relations@empireco.ca</p>	<ul style="list-style-type: none"> • ESG governance and disclosure • Business ethics • Climate change • Diversity, equity & inclusion • Animal welfare and responsible products • Water security • Human rights 	<p>We recognize the importance of strong and consistent engagement with our shareholders. Our management engages on a year-round basis with a wide range of stakeholders, including shareholders, fixed income investors, proxy advisory firms, and prospective shareholders, among others. In fiscal year 2021, we attended four virtual industry conferences and held over 200 institutional investor meetings with management.</p>
<p>Teammates (across corporate and franchise sites, in operations and office-based)</p>	<p>Intranet and closed social media groups</p> <p>Working committees on projects</p> <p>Townhalls and leadership messages</p> <p>Internal surveys (e.g. bi-annual Your Voices Survey)</p> <p>Education and Awareness sessions</p> <p>Direct email communication</p>	<ul style="list-style-type: none"> • Business ethics • Diversity, equity & inclusion • Product quality & safety • Health, safety & wellness • Customer experience & engagement • Human rights • Data security & privacy 	<p>In response to the COVID-19 pandemic, we introduced elevated health and safety protocols, launched rapid-testing programs, increased our benefits coverage and introduced Hero Pay and lockdown bonuses during government-mandated lockdowns that closed all non-essential retail. We also launched a new bilingual website to support the mental wellbeing of our frontline teammates.</p>
<p>Customers</p>	<p>OurPart.ca</p> <p>In-store experiences and customer service counters in each store</p> <p>National and regional banner-specific Customer Care phone and email services</p> <p>National and regional surveys on sustainable development</p> <p>Consumer focus groups</p> <p>Receipt messaging</p> <p>Customer satisfaction surveys</p> <p>Social media</p>	<ul style="list-style-type: none"> • Food waste • Plastics & packaging • Community investment • Animal welfare • Climate change • Responsible sourcing • Human rights 	<p>We launched the OurPart.ca website to inspire our customers about the part they play in our sustainability journey.</p>

Stakeholder Engagement

Supplier Partners



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

- Business ethics;
- Responsible sourcing;
- Product quality & safety
- Plastics & Packaging
- Climate change
- Diversity, equity & inclusion
- Food waste

We co-wrote and proposed a Grocery Supply Code of Practice with Food, Health and Consumer Products of Canada (FHCP).

Communities



In-store experiences
Store openings
Partnerships with local organizations
Community Action Fund
Social media

- Community investment
- Diversity equity & inclusion
- Food waste
- Plastics & packaging

We also partnered with Second Harvest to rollout a national food rescue program in all our grocery stores and distribution centres to reduce the environmental impacts of food waste and support local communities across Canada.

NGOs



Direct meetings and emails with leads across all three pillars
Industry associations and meetings
Partnerships
Social media

- Animal welfare
- Responsible products
- Diversity, equity & inclusion
- Community investment
- Food waste
- Human rights

We supported more than 140 organizations through the Community Action Fund; Advanced DE&I initiatives through partnerships and programs with organizations including BlackNorth Initiative; Canadian Council of Aboriginal Businesses, Canadian Aboriginal and Minority Supplier Council, Holland Bloorview Dear Everybody campaign, Canadian Centre for Diversity and Inclusion, Catalyst, and Pride at Work Canada/Fierté au travail Canada.

Government



Industry consultations
Government relations partners
Direct engagement with policymakers and public servants

- Health, safety & wellbeing
- Product quality & safety
- Business Ethics
- Plastics & packaging
- Health & nutrition
- Responsible sourcing
- Human rights

We engaged government on COVID-19 response and recovery, nutritional labelling, and plastic ban regulations.

OurPart™

Engaging Our Customers

We want our customers to feel proud and be inspired by the part they're playing in our sustainability journey. As with all the ways we work, an important part of our approach is to talk with our customers, giving them the tools they need to do their part.

To advance these conversations, in fiscal year 2021 we launched **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. The blog uses a journalistic approach to capture the full story behind our key initiatives—such as our work to eliminate plastic bags in our stores—and brings these initiatives to life by showcasing the teammates, customers and community members who are taking part.

The screenshot shows a web page for the 'OurPart™' blog. At the top, there is a navigation bar with the Sobeys logo and 'OurPart™' on the left, and links for 'About OurPart™', 'Care for Our Planet', 'Care in Our Products', and 'Read Our Stories' on the right. Below the navigation is a breadcrumb trail: 'Home > Articles'. The main content area features a large photograph of a group of Sobeys employees in a store, holding up colorful reusable shopping bags. To the right of the photo is the article title 'Goodbye, plastic bags!' under the category 'Waste Reduction'. The article is dated 'April 21, 2021' and has a sub-headline: 'Eliminating single-use plastic bags from Sobeys stores fills staff with pride'.

Materiality

Focusing on What Matters Most

To be a sustainable business and live our values, we can't just act on the issues that we think are important. It's critical that we listen and understand the topics that are front of mind for our stakeholders.

That's why in fiscal year 2021 we initiated a materiality assessment to identify and prioritize the environmental, social and governance (ESG) issues most important to our stakeholders and that will influence our business success in the long-term. We started by identifying a list of 18 topics through the lens of customers, supplier partners, investors and company leaders as key stakeholders for our business. 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 this assessment, we've identified the following 18 material ESG topics:



People

- Health, safety & well-being
- Community investment
- Employee development & experience
- Diversity, equity & inclusion
- Customer experience & engagement



Planet

- Climate change
- Energy management
- Food waste
- Plastics & packaging



Products

- Product quality & safety
- Health & nutrition
- Responsible sourcing
- Human rights
- Animal welfare



Governance

- Responsible governance
- Business ethics
- Data security & privacy
- Risk & crisis management

Read definitions for each of these topics. [Learn More](#)

Our Materiality Assessment

We reached out to both our internal and external stakeholders to gather their perspective on the 18 material topics and find out what issues are most important to them. This involved an internal survey with our team members, engaging internal operational and backstage leaders, as well as an external survey with our suppliers and partners. An additional five focus group discussions were held with internal stakeholders from across our business and a working session with our executive leadership team. Results from a national survey of 6,500 of our customers from all grocery banners about sustainable development further informed the relative importance of these topics for them.

Using these quantitative and qualitative data inputs, the list of 18 topics were ranked based on their level of importance to our stakeholders (i.e., the potential of the topic to shape stakeholder opinions and decisions about our business) and the perceived influence of these issues on business success (i.e., the potential of the topic to impact organizational growth, costs or trust). Based on the stakeholder consultation and validation process, the list of 18 material topics were consolidated to a list of 15 topics and plotted on the materiality matrix in order of their relative importance to stakeholders and influence on business success for each topic.



Materiality Matrix - Fiscal Year 2021 ESG Priority Issues

By listening to our stakeholders, we also gathered new insights about what people know about our sustainability journey so far and where we need to focus our efforts in our next steps:

- **Issues vary by stakeholder group:** Internal stakeholders ranked topics related to “people” and “products” as most important to Sobeys’ business, whereas external stakeholders prioritized environmental topics.
- **Where we’re doing well:** Most external and internal stakeholders agree that we’re making a difference on community investment and diversity, equity & inclusion.
- **Areas to increase our focus:** We should prioritize our actions on the opportunities where we can improve and/or build on our current performance and reflect our values and culture. For example, for plastics & packaging, we have an opportunity to deepen our impact by setting a reduction target.

This materiality assessment has not only informed the topics that we’ve chosen to include in our Sustainable Business Report this year, but what we learned will be vital to shaping the areas we focus on in our new long-term sustainability strategy to be developed in fiscal year 2022.



¹ Climate change includes greenhouse gas (GHG) emissions and energy management.

² Responsible sourcing includes human rights and animal welfare.

The Big Three

Already, 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 are critical to creating a sustainable, inclusive future for everyone:

Diversity, Equity & Inclusion (DE&I)

Recent social movements have refocused attention on the scale and persistence of systemic and individualized racism and other forms of bias. We expanded our DE&I strategy and commitments in 2020 to support a mandate of inclusion for all. We are committed to ensuring our DE&I commitment is part of everything we do. Our workplaces have a central role to play to advance DE&I, ensuring our teams reflect the diversity of our country and the strengths that come with it. What's more, we know that diverse, equitable and inclusive teams also deliver a competitive advantage, leading to greater teammate engagement, productivity, resilience and results. At Empire and Sobeys Inc. we are taking proactive steps forward to try to eliminate bias, systemic discrimination and racism from our business.

Plastics & Packaging

Considering the great job plastic does to protect our food, you might be forgiven for thinking that plastic gets a bad rap. Yet it's the very durability of plastics and other kinds of single-use packaging that make these materials a global problem. Over half of all plastics and packages are used once and then thrown away. Canadians produce about 3 million tonnes of plastic waste every year, contributing to the 300 million tonnes of plastic waste produced globally. Over 150 million tonnes of this waste ends up in landfills annually and, increasingly, 8 million tonnes enters our natural environment in rivers, streams and oceans as microplastics and litter. Plastic bags are just one example: according to the Canadian government, 15 billion plastic bags are used in Canada every year, and while the average plastic bag is used for just 12 minutes, it takes over 500 years to decompose in landfill. In recent years there has been increasing awareness of the detrimental impacts of plastics and packaging on our climate and environment. Businesses like ours have an important role to play to shape policy, influence suppliers and put in place processes that make it easier to reduce, reuse and recycle, and foster more circular economies. We are leading the way to reduce single-use plastics and packaging through initiatives like eliminating single-use plastic grocery bags in our stores nationwide.

Community Investment

There's a reason the saying "stronger together" has resonated with so many people in different settings. Our communities face challenges that can only be tackled through collective action. Recently, we've seen that community-wide engagement and collaboration has been critical in navigating the COVID-19 pandemic, driving alignment behind public health measures and targets, but also inspiring new partnerships and coalitions between companies, public-sector organizations and community groups. Investing in strong communities builds social impact, delivers more effective solutions and grows trust, helping to build bridges between previously disconnected people and groups. Being community engaged is one of our core values. We believe community investment helps all of us to be stronger in the good times—better prepared to adapt to and overcome the challenges we share.

Reporting on Our Progress

Our fiscal year 2021 Sustainable Business Report represents the next step on our sustainability journey. We've worked hard over the past year to improve the collection and analysis of environmental, social and governance (ESG) data from across our company.

This is the first year we are reporting according to the Sustainable Accounting Standards Board (SASB) Food Retailers & Distributors Standard. This approach provides our investors with an overview of how we are managing and measuring the ESG issues that are most relevant to our sector. Read our Fiscal Year [2021 SASB Index](#) and [Sustainability Performance Data](#) to learn more.

We're disclosing more of our existing targets and goals to improve how we share our focus and long-term performance. Our new sustainable business strategy that we will complete in fiscal year 2022 will further strengthen our commitments and targets.

Building a Sustainable Business

We know that taking action to manage environmental, social and governance (ESG) issues responsibly will create long-term value and ensure our business is sustainable for many decades to come. Our corporate strategy, called Project Horizon, is an ambitious plan for growth, firmly rooted in our values. In fiscal year 2021 our executive team reviewed a broad range of ESG issues that are important to our stakeholders and that are important to our long-term business success as part of the materiality assessment. As an organization, we identified how each ESG issue aligns with Project Horizon, and how action on these issues create shared value for our stakeholders, our business and our shareholders.

Learn more about [Project Horizon](#)

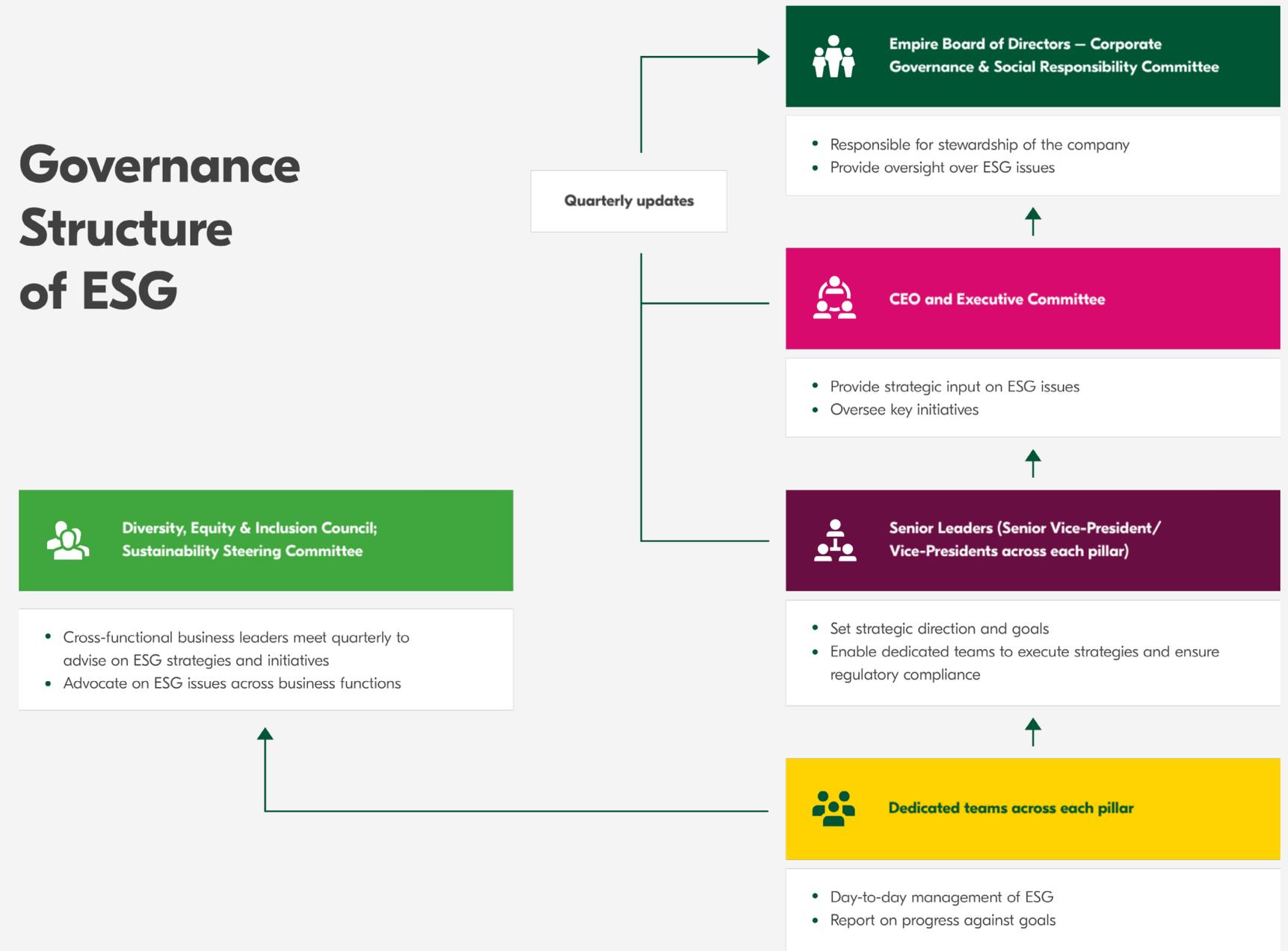


Governance and Risk Management

How Sustainability is Managed

Oversight of the environmental, social and governance (ESG) issues reflected in this report is through the Executive Committee, the Corporate Governance & Social Responsibility Committee and the Board of Directors. The Corporate Governance & Social Responsibility Committee of the Board of Directors is briefed on all 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 including three DE&I Councils, Sustainability Steering Committee, Regulatory Affairs Committee, and various Community Investment program 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.

Governance Structure of ESG



Codes of Conduct and Policies

Our Code of **Business Conduct and Ethics** provides guidance to all employees (teammates) and reaffirms our commitment to the highest possible personal and corporate standards of business conduct. Directors and employees 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 include



**Accessibility Standards for
Customer Service Policy**



**Integrated Accessibility
Standards Policy**



**Corporate Disclosure Policy
(Empire)**



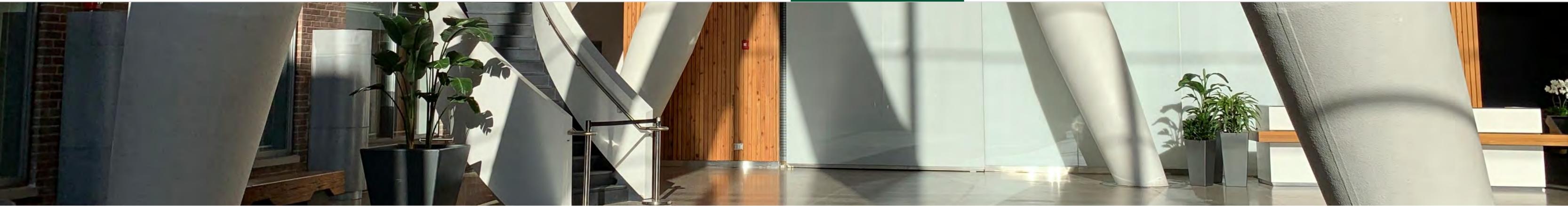
**Majority Voting Policy
(Empire)**



**Empire Business Code of
Conduct and Ethics**



Sobeys Inc. Privacy Policy



Information Management, Cyber Security and Data Protection

The integrity, reliability and security of information in all its forms is critical to our company’s daily, strategic operations. Inaccurate, incomplete or unavailable information, external intrusions on information systems or inappropriate access to information 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 information entrusted to us by our teammates.

Information management risk is managed through a multi layered security approach involving cyber software tools-based controls, policies, standards and procedures pertaining to security access, system development, change management and problem and incident management. We place a strong focus on teammate awareness and training, and 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 through digital signage. Throughout the pandemic, our IT teams worked tirelessly to support our work-from-home teammates to create cyber-secure workplaces at home.

We also operate extensive and complex information technology systems that are vital to the successful operation of our business and marketing strategies. We are committed to improving our operating systems, tools and procedures in order 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.

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 F21 Annual Report](#), the [Q4 F21 MD&A](#) and [F21 Annual Information Form](#).

COVID-19 Response

Our executive leadership team set three, very clear values at the onset of the pandemic. First, do everything we can to keep our teammates and our customers safe. Second, keep our shelves stocked. Third, never stop supporting our local communities and charitable partners. We're incredibly proud of how our 134,000 teammates, operating as an essential service, continued to serve local communities across Canada.



Protecting Our Teammates and Our Customers

We've taken many steps to keep everyone safe, including being the first major retailer to install plexiglass shields in our stores across the country, adding extra frontline resources to frequently clean common areas, installing clear in-store signage on physical distancing and safe movement, and introducing Seniors Shopping Hours so the most vulnerable among us could shop with greater support and reassurance.

From the earliest days of the pandemic, our teams have been working with thousands of suppliers to meet the needs of Canadians. We increased our inventory orders to meet customer demand and worked with local Canadian, American and even restaurant suppliers to refill our shelves at times when our traditional supply chains were being challenged. For example, to address a shortage of hand sanitizer early in the pandemic, we partnered with 30 local beer and cider distilleries who shifted their production to make hand sanitizer. We've also been upfront about COVID-19 cases and exposure risks in our stores, publishing information regularly on [our website](#). And, through our national pharmacy network, our pharmacy teams have been on the front lines of the most important Canadian vaccination programs in modern times.

Protecting and Recognizing Our Teams

At the outset of the pandemic, we introduced elevated health and safety protocols for our teammates across Canada and launched rapid-testing programs to speed up our ability to detect and isolate potential cases on our teams—which also helped to protect our customers, communities and business partners. Knowing that these have been tough times, we increased our benefits coverage for teammates to access mental health professionals and shared frequent mental health resources through several channels including a dedicated external website for our frontline teammates. To recognize all the ways our people have stepped up during COVID-19, we also introduced Hero Pay and lockdown bonuses during government-mandated lockdowns that closed all non-essential retail.

Taking Care of Our Communities

Giving back to our communities is always part of how we do business—and it’s never more important than when times are tough. In response to COVID-19 we created the Community Action Fund to support communities from coast to coast. Through this fund, we’ve been working directly with food banks, community organizations, provincial bodies and municipalities across the country to feed Canadian families. Our tailored support to food banks and meal programs includes financial support, donated gift cards, thousands of prepackaged hampers and cases of pantry essentials.

In fiscal year 2021, we donated more than \$1.3 million through our Community Action Fund to support 145 community organizations on the frontlines of emergency food relief. We’ve been innovative in our approach, finding distinct ways to foster support in our different regions. For example, our Safeway team worked with Canadian singer Brett Kissel to host socially distanced drive-in concerts to help raise more than \$70,000 for Food Banks Alberta. And in Nova Scotia, we donated \$100,000 worth of gift cards to VON to help support seniors and people living with disabilities. We’ve been inspired by the strong support for our Community Action Fund which is now ongoing to support our local communities and we will continue to operate the fund even once the COVID-19 pandemic is over.



People

Diversity, Equity & Inclusion

We believe in building teams that bring diverse thoughts, experiences and perspectives to the table. We are committed to making diversity, equity and inclusion part of everything we do, at every level of our organization. This commitment comes to life in our people-powered values and is realized in our actions and community relationships.

On our journey to create a more diverse, equitable and inclusive work environment, we know there will always be more we can do. We create safe spaces within our organization for teammates to speak up and share their point of view. Our approach to diversity, equity and inclusion is all about continuous improvement, listening and actioning tangible solutions for our business and the communities we serve.

To oversee our progress against these commitments, we have a Diversity, Equity & Inclusion Council made up of leaders from across the company, and a Diversity, Equity & Inclusion Executive Committee led by our President & CEO.





Diversity, Equity & Inclusion

Progress Highlights

We've made great progress against our strategy to listen, learn and take action. Here are some highlights:

GOAL

Accelerate DE&I in business outcomes to improve equity and better serve customers

METRIC

82%

of full service grocery frontline teammates completed "Serving all of Canada, Preventing Racial Profiling" training.

GOAL

Increase women representation

METRIC

34%

34% women representation at the senior management level (senior vice president and vice president), representing a year-over-year growth rate of 6%.

GOAL

Strengthen inclusive leadership

METRIC

600+

As a first step in our training plan, more than 600 offices, RSCs, stores and franchisees leaders have attended inclusion training.

Our Approach

How we are making a difference



Advance a culture of inclusion:

Ensuring that inclusion and equity are core to Empire’s workplace culture is foundational for diverse teams to thrive. This means building the organization as an open and trusting place for healthy dialogue and addressing the systemic inequities impeding a fair and equitable workplace.

The focus this past year has been to activate a leadership capability program starting with inclusion training, and a robust education and awareness program for teammates on a broad range of important topics including anti-racism, allyship and our stance on equity and inclusion. We’ve implemented several initiatives to support an inclusive environment including an expanded teammate listening series to provide feedback and contribute to solutions, an Open Doors program providing teammates with multiple pathways for feedback, and continued engagement of the Women’s Inclusion Network launched in 2019 with more than 1,000 teammates participating across the country.

We continues to review processes to ensure a fair, equitable and inclusive approach in the hiring, development and advancement of talent, and monitors teammate feedback on equity and inclusion through a DE&I index included in the Employee Experience survey.

- Leadership inclusion education and awareness training completed by more than 600 leaders across the business.
- Launched an “Open Doors” program to provide teammates with multiple pathways to share their feedback on DE&I.
- Women’s Inclusion Network in its second year, now has more than 1,000 teammates engaged.



Attract, grow and retain diversity of teams:

Tapping into the best talent from a broad and diverse talent pool is fundamental to building high performance teams. This means identifying opportunities to broaden team diversity and supporting the advancement and development of a broad and diverse talent pool.

Several talent initiatives are in support of this effort including embedding in talent acquisition, senior management succession, store management trainee and internship programs, employee experience, onboarding and exit surveys, and talent development processes. To support the growth of diverse talent pools, we are progressing with the development of a mentorship program in partnership with the BlackNorth Initiative and are a signatory to the BlackNorth Initiative Pledge.

In order to identify opportunities to increase representation, we actively engage full-time teammates to voluntarily participate in diversity self-identification to better understand the number and proportion of individuals as belonging to one or more of the designated groups. This information will be provided to support leaders with decision-making to broaden team diversity, and to create talent acquisition solutions and strategic partnerships to broaden the diversity of external talent pools. Third-party talent acquisition firms who support us with recruitment will also be required to provide diverse talent slates.

We’ll continue to ensure diversity is considered in our talent programs, and to support the attraction, advancement and retention of a diverse talent pool through all levels of the organization.

- 20% executive officers are women, and 30% executive officers are visible minorities.
- The executive leadership committee representation of women is approximately 31% and 25% are visible minorities.
- Over the last year, the senior management group (senior vice president and vice president) has increased to approximately 34% women, representing a growth rate of 6%, and director level representation has increased to approximately 37% women, representing a growth rate of 8%. Of this group, 11% represent visible minorities and 1% represent Indigenous Peoples.

Our Approach



Accelerate DE&I in business outcomes to improve equity and better serve customers:

We recognize the importance of embedding DE&I into everything we do, including business outcomes. Examples have included front-line training for teammates to provide inclusive customer experiences, the rollout of Sensory Friendly Shopping (inclusive shopping experiences for neurodivergent customers), and the commitment and pledge to the Holland Bloorview “Dear Everybody” campaign, ensuring marketing and advertising materials are more inclusive and representative of persons with disabilities. Recognizing we have an important role to play to advance DE&I with supplier partners, we will continue to progress plans in this area, including partnerships with the Canadian Council for Aboriginal Businesses and the Canadian Aboriginal and Minority Supplier Council.



Strengthen our communities:

We have a far-reaching role within and across the 900 communities in Canada we serve and an important role to play in partnering with Black, Indigenous and other marginalized groups to help build solutions to addressing pervasive social issues aligned with our purpose. Critical areas include early interventions of child and youth mental health, and removing barriers for more Canadians to access healthy and affordable food. A key partnership in this journey includes the BlackNorth Initiative. We’ll continue to seek out new partnerships within the Indigenous community to identify resources, support and employment opportunities.



Measuring progress and impact:

We recognize that measuring and monitoring DE&I efforts will be critical to ensure success. We’ve established a Key Performance Indicator (“KPI”) for DE&I, which is included in our fiscal year 2022 Profit Sharing Plan. The KPI measures progress against key strategic deliverables across the five commitments, and engages leaders and teammates to take an active role in DE&I, through participation in relevant education and skill building, and for leaders, by setting a performance goal to advance DE&I across our business. The KPI will enable accelerated focus in fiscal year 2022, with the opportunity to continue to evolve in future years.

How we are making a difference

- Leveraging industry leading resources from Retail Council of Canada, we launched Serving All of Canada: Preventing Racial Profiling training to the retail store operations. The training was completed by over 82% of Full Serve Retail stores and a coaching tool has been piloted to provide additional support to Store Managers for continued dialogue and discussion on the importance of preventing racial profiling.
- Build awareness of multicultural offerings in our stores, and continue expansion of our authentic sourcing, including supporting key cultural dates with culturally relevant marketing. We are reflecting diverse Canadians in our advertising, and increasing our investments in multicultural marketing initiatives which is important to our customers from different cultures.
- We take part in community and industry groups to advance support among the business community across Canada. Some of these partnerships include: the BlackNorth Initiative, the Canadian Council for Aboriginal Business, the Canadian Aboriginal and Minority Supplier Council, Catalyst, Holland Bloorview Dear Everybody, Pride at Work Canada, and the Canadian Centre for Diversity and Inclusion.
- We continue to monitor progress with gender diversity, while setting a baseline for broader identity diversity, through increased self-identification for employees and applicants.
- Further metrics for success will be reported as the team continues to execute on our DE&I action plan.

Community Investment



Helping to nurture the communities we serve has been part of our journey from the very beginning. When times get tough or a neighbour needs a helping hand, we step up. Community investment is one of our core values because we are deeply committed to the strength and health of the places we call home too.

Our communities face many challenges, including the pandemic, climate change, social justice and inequality to name a few. While we're adapting how we do business and taking action to address these shared challenges, we also need to focus our efforts where we can have the biggest impact. Given our purpose as a family nurturing families, in fiscal year 2021 we created a new Community Investment strategy focused on nourishing healthy bodies and healthy minds. Ensuring more Canadians have access to healthy and affordable food, nutrition education and early interventions of child and youth mental health means Healthier Tomorrows for more Canadians.



Community Investment

Our Approach

We are committed to building Healthier Tomorrows for more Canadians, focusing our community investment on two pillars:



Healthy Bodies

reducing barriers to help more Canadians access healthy and affordable food



Healthy Minds

increasing early interventions of child and youth mental health

In fiscal year 2021 we raised and donated close to \$18 million to support hundreds of charitable organizations that work nationally, across regions and in our local communities. This includes more than \$1.3 million donated through our Community Action Fund to support 140 community organizations on the frontlines of emergency food relief as part of our [COVID-19 response](#).

Our community investment strategy combines corporate-wide strategic partnerships and initiatives with regional and store-level programs that empower our teams to support charities and causes. Day-to-day, this work is led by our VP Store Marketing & Director of Community Investment, with oversight from our executive team and Board of Directors.



Community Investment

Progress Highlights

We've made great progress against our strategy to listen, learn and take action. Here are some highlights:

GOAL

Increase early interventions of child & youth mental health

METRIC

\$3.4M

donated by the company and raised in the community in support of our A Family of Support: Child & Youth Mental Health Initiative.

GOAL

Remove barriers to help Canadians access healthy and affordable food

METRIC

13.3M

meals made possible across Canada through our various community partnerships.

GOAL

Empower our store teams to make a local impact

METRIC

140

community organizations supported through the Community Action Fund.

Community Investment

How We're Making a Difference



Nourishing Healthy Bodies

Our commitment to nurture healthy bodies in our communities is focused on removing barriers for more neighbours to access healthy and affordable food. This includes making sure meals are possible as well as investing in innovative nutrition education resources. Every year we work with local charities to deliver millions of meals to people facing barriers to healthy eating. Almost 1,000 of our stores took part in our annual holiday food drive in December 2020, raising approximately \$5.5 million across Canada.

Our teammates at IGA in Québec and teams in English Canada joined with La Tablee des Chefs and partners to support the Solidarity Kitchens initiative and the Kitchen Brigades. Thanks to this work, 100 kids accessed nutrition education resources and 526,000 meals were made possible. IGA in Québec was also proud to partner with Fondation Charles-Bruneau, raising and donating more than \$1 million to support Project VIE, a collaboration with the CHU Sainte-Justine focused on healthy eating habits for children receiving chemotherapy.

In fiscal year 2021 we were proud to provide support for 41,000 Special Olympics athletes across 10 provincial chapters, thanks to \$1.8 million raised by customers and donated by the company nationwide. In addition, almost 13,000 Special Olympic athletes took part in a series of eight online Sobeys Nutrition Breaks sessions, learning more about healthy eating strategies and habits.



Community Investment

Nourishing Healthy Bodies

We believe healthy minds and healthy bodies go hand-in-hand—and that both are needed for our community members to flourish.

In fiscal year 2021 we launched the **A Family of Support: Child & Youth Mental Health Initiative**, a partnership with the Sobey Foundation and Canada’s Children’s Hospital Foundations. Inspired by the Sobey family’s decade-long legacy in mental health investments and our longstanding partnerships with children’s hospital foundations, this transformative joint effort has led to millions of dollars being invested to meet the specific provincial needs at 13 children’s hospitals across 11 Canadian provinces. This is the first time all 13 children’s hospital foundations are uniting behind one critical cause for families, and the first time we’ve partnered on a national initiative of this scale. In September 2020, over 1,800 of our stores took part in our campaign that raised over \$2 million to support the initiative. Altogether, a total of \$3.4 million was donated by the company and raised in the community in support of this initiative.

With a focus on vital early intervention programs and education, A Family of Support initiative is funding a total of 15 projects that will help to reduce hospital visits, lead to fewer patients reaching crisis stage, create new evidence-based treatments and provide the opportunity to share learnings across the country. For example, CHEO in Ottawa has established the Head to Toe project, offering suicide screening for all admitted, inpatient youth aged 12 and over. The Children’s Hospital Foundation of Manitoba has created a new Urgent Tele-Mental Health Service to support children and adolescents at risk in rural and remote Indigenous communities to break down barriers and further connect the hospital to Indigenous and rural communities. By Spring 2022, the 13 children’s hospitals plan to set, track and report on defined measures of success beyond initial outputs, including a single overall metric of impact. Canadians can learn more about the programs and our partnership at www.afamilyofsupport.com

Health, Safety & Wellness



Life during the pandemic has been far from typical and we know it hasn't been easy for many Canadians, including our teammates. Together during COVID-19 we've lived and worked through public-health restrictions and lockdowns—all while facing an uncertain future. As a result, more people have been experiencing mental health issues including anxiety and depression while, at the same, persistent stigmas around mental illness mean they may not feel comfortable seeking help. Tackling these issues not only improves individual health—it also helps to make our teams and communities more resilient and better equipped to thrive and grow.

This year we've been more focused than ever on ensuring our teammates get the mental health information, tools and supports they need to support each other and keep delivering for our customers. As a nation-wide company it can be challenging sometimes to reach all our teammates, so heading into fiscal year 2022 we've tried new ways to make it even easier for them to get help, wherever and whenever they need it.

Health, Safety & Wellness

Our Approach

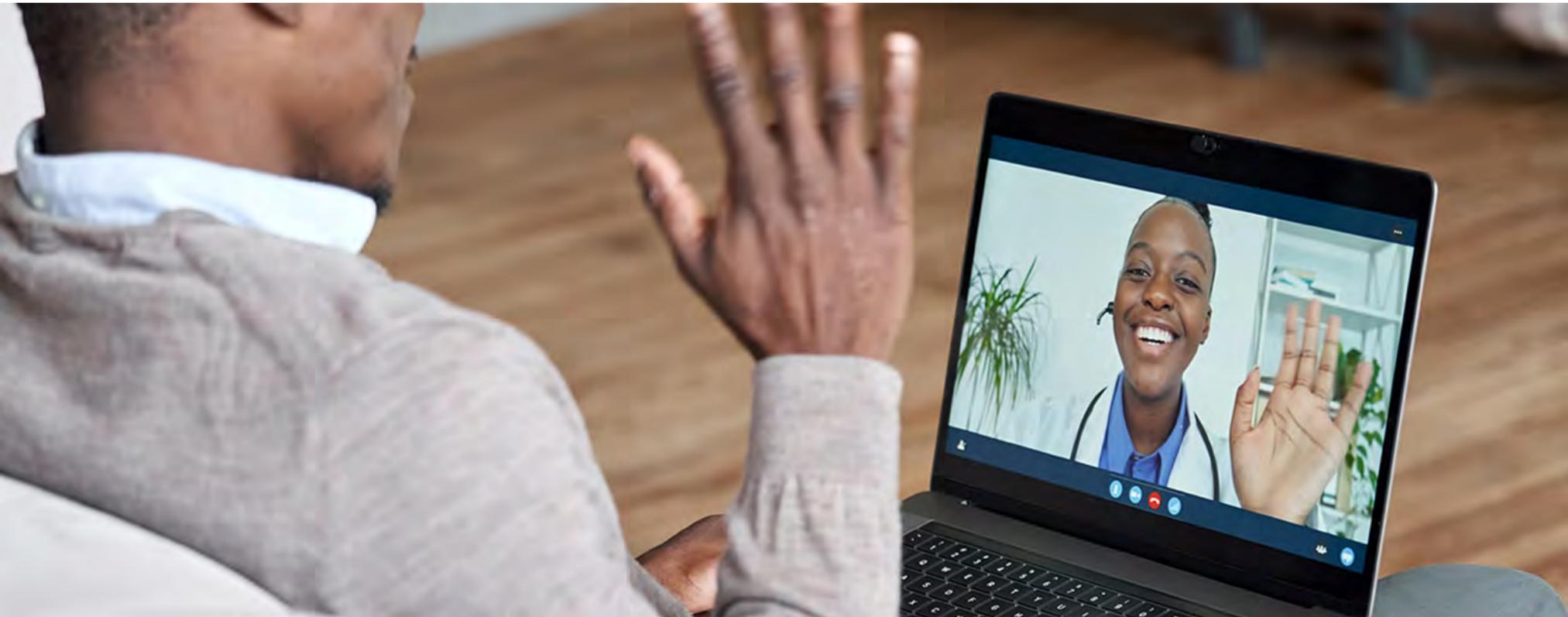
We were already developing a new mental health corporate strategy heading into fiscal year 2021—and accelerated this work because of the pandemic. Our strategy focuses on fostering mental wellbeing in our workforce, making sure every teammate feels accepted and supported. Through pillars focused on awareness, education, culture and measurement, we're taking steps to reduce the stigma around mental health, reduce the impact of mental health challenges, provide tools and resources to support our teams, and ultimately make sure our business is a great place to work.

Our mental health strategy work is advanced by our Human Resources team, with oversight and leadership from our Chief Human Resources Officer, VP of Labour Relations and Integrated Health Management. We track our progress and report to our Board's Human Resources Committee every quarter.



Health, Safety & Wellness

How We're Making a Difference



Offering Training, Tools and Support

Being a people-powered company means recognizing the value of our teammates and making sure they get the support they need to stay physically and mentally healthy. In fiscal year 2021 we offered mental wellbeing seminars for operational leaders, helping them connect with guidance from industry experts about how to protect our people. Recognizing the stigma that surrounds talking about mental health, we also created a new resource to guide leader conversations. The H.E.L.P. tool guides leaders in how to:

- **H**ave conversations with their team members
- **E**xpress gratitude
- **L**isten for cues, and
- **P**rovide humble help

Health, Safety & Wellness

During the pandemic, we increased our benefits coverage for many of our employees to include additional funding to access mental health professionals, and made sure our teammates were aware of the many support services available to them, including:

Employee Support	What this delivers
Employee and Family Assistance Program (EFAP)	Immediate and confidential assistance for any work, health or life concern
Dialogue Virtual Healthcare	Access to a care team of licensed nurses and physicians
Financial Wellness Assessment (Manulife)	Personalized action plan to improve financial health
YouFlex Benefits Resource	Enhanced mental health coverage in F21 as part of flexible benefits
WellCan*	Free wellbeing resources to help deal with uncertainty, mental health and substance abuse concerns during COVID-19

*Sobeys is a corporate sponsor of this program



Health, Safety & Wellness

Making it Easier to Get Help

Reaching frontline teammates across all our locations requires fresh approaches. In addition to making mental health and wellness resources available on our company's intranet, in fiscal year 2021 we embraced targeted online approaches to make sure everyone could get the help they need.

We launched a new bilingual website targeting frontline teammates with mental wellbeing resources, information and support. At sobeysmentalwellbeing.com, our people can access support resources, watch videos from their leaders and colleagues, and read stories about a range of topics including overcoming the stigma around mental health, dealing with feelings of isolation during lockdown, and how to stay fit and active at home. In British Columbia, we also piloted a new, anonymous peer-to-peer online support platform for anyone dealing with mental health issues.

Employee Development & Experience



We're proud to be a people-powered company — and our strength comes from the combined commitment of our more than 134,000 teammates working across more than 1,500 locations nationwide. We're committed to continue investing in our people, advancing a culture of diversity, equity and inclusion to make our already strong teams even stronger in future.

Employee Development & Experience

Our Approach

We're passionate about fostering a family culture of care, trust and respect, with an equal focus on the growth of our teammates and company. From coast to coast, our teammates are driven by our shared purpose as a family nurturing families.

Our Employee Value Proposition outlines the pillars that uphold our belief that a job should inspire a teammate to do and be more:



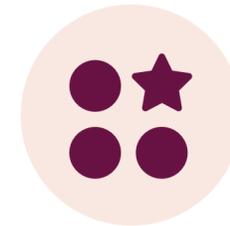
Realize your potential

Opportunity is open to everyone. Our leaders emerge from across the company and across the country. Your first job with us is just the beginning.



Be your best

We want you to love coming to work. It's about feeling like you are part of the team and eager to take on new challenges and have an ongoing interest in learning. Energized teammates are inspired to be creative and try new things, helping us all to be our best.



Make a difference

Community is a team effort. That's why we get involved locally to nurture the neighbourhoods that support us while giving back to the communities where we operate. And why we extend our responsibility to sustainability and the support of local businesses.



Join our family

At Empire and Sobeys Inc., we want everyone to feel like family. Employee rewards and recognition programs are designed with safety, respect and fairness in mind. We care about each other and it shows.

Employee Development & Experience

Growth and development is a critical way we support teammates to realize their full potential, which in turn helps us better serve our customers and deliver on our business strategy. Every year we encourage our teammates to set annual development goals. And every year we invest in role-based training to onboard our new teammates and to assist those moving to new roles or adopting new processes. We're proud of our efforts to retain our teammates and provide job growth, and many teammates join our business and have long and fulfilling careers. As well, the majority of frontline teammates' compensation is above minimum wage, and throughout the pandemic we invested more than \$110M in Hero and Lockdown Bonuses.

Other ways we empower our teammates include:

Recognition and Growth:

We recognize teammates for their commitment through annual awards and recognition programs, including the Value Champions award for teammates who live our values every day in their work, the President's Awards, the Quarter Century Club for long-serving teammates, and retail scholarships.

Growth and teammate development, including support for teammate growth in a career that fits their lives:

- Robust programs to support teammates who would like to grow careers in retail leadership, including department manager, store manager and franchise owner programs
- Education assistance and scholarship programs
- Management training and development
- Specialized training to support in role development

Comprehensive benefits:

Our benefit offerings include:

- Flexible coverage, tailored to a teammate's personal needs, including enhanced parental leave benefits
- Employee and Family Assistance Program (EFAP), which provides professional counselling, legal and financial consultation, and more, for teammates and their families
- Employee Purchase and Discount programs

Career site:

Our career support services include:

- Supporting teammate growth in a career that fits their lives
- Seeking teammates who share our values and are creative, hard-working and enthusiastic about making a difference for our customers

Customer Experience & Engagement



Being a customer-driven company means we're always striving to go the extra mile for our customers, listening to what they need and helping them make sustainable choices. We're committed to nurturing our customers by providing exceptional shopping and food experiences and putting their needs and their family's needs first. Our customer commitment shapes the work we're doing today and tomorrow, touching everything from the great service we offer in our stores everyday to the innovation we're adopting to take customer experience to a whole new level.

Customer Experience & Engagement

Our Approach

Delivering for our customers is at the heart of our business culture and strategy. In fiscal year 2021 we continued to embed this commitment with our teams by rolling out refreshed customer service training to all our retail teammates. The CARE (Customers Always Receive Excellence) Program is part of our required training programs for teammates, including annual recertification and recognition through awards for high-performers.

Customer-driven initiatives are also core to our current business strategy, Project Horizon. We're investing an average of \$700 million annually over the next three years in capital spending to accelerate investments in our stores and tools to better serve customers. We're accelerating plans for our remaining two Voilà e-commerce Customer Fulfillment Centres (CFCs)—for a total of four CFCs across Canada. And we've started to introduce our e-commerce partner Ocado's proven store pickup option to serve customers in areas where the CFCs will not deliver, or are not yet built. We're growing our Own Brands portfolio with new and more innovative options for customers. And we're investing in analytics and technology to deliver world-class personalized offerings for our customers in future.

Some of the innovative ways we're offering exceptional experiences for our customers include:



Voilà: We've launched Voilà, the best online grocery delivery service in the world to the Greater Toronto Area with plans to expand to other cities under way. Voilà by Sobeys fulfils orders from a state-of-the-art customer fulfillment centre that uses robots to pack orders. The vast selection of products have affordable prices, no hidden fees, a freshness guarantee and arrive within a one-hour delivery window. Voilà also includes a curbside pickup option.



Wellness: We're rolling out Rachelle Béry boutiques in neighbourhood stores across Canada. Drawing on more than 30 years of health-and-wellness expertise, the Rachelle Béry team is ready to help customers choose from a selection of natural, organic and vegan supplements, sports nutrition, hair, body and skincare products—all made with clean ingredients to the highest standards of quality and ethics. In fiscal year 2021 we opened eight Rachelle Béry boutiques and plan to launch another 38 in fiscal year 2022.



infarm: We've partnered with infarm, one of the world's most advanced and fastest-growing in-store farming platforms, to grow and harvest a range of fresh produce in select Sobeys, Safeway and Thrifty Foods stores across Canada. This win-win initiative for customers and the environment delivers delicious fresh greens while dramatically reducing water and energy use, and other impacts.



Sobeys Smart Cart: We brought the first intelligent shopping cart to Canada with a pilot of the Sobeys Smart Cart, a tech-enhanced one-stop shopping cart that scans, weighs and allows customers to pay for products. As part of the pilot, customers in 10 Ontario stores skipped the checkout line with this fun, interactive shopping experience.



Sensory Shopping Hours: We've introduced Sensory Shopping Hours in our stores nationwide to create dedicated times each week where we dim the lights and turn off the music, making shopping more enjoyable for people with autism and other sensory conditions.

Planet

Plastics & Packaging

We are committed to reducing our environmental impact, fighting climate change, and protecting the planet for future generations. For all these reasons, reducing single-use plastics throughout our operations is a priority for us.

We know our customers care about the environment and are ready to work with us to reduce the use and impacts of single-use plastics. And the need to act is now. 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. Businesses like ours have a huge role to play in helping shape policy, influencing suppliers and putting in place processes that make it easier to reduce, reuse and recycle—fostering circular economies.



Plastics & Packagng

Our Approach

We are doing **OurPart™** to manage waste from our stores and warehouses more efficiently over time and send increasingly less to landfills. Our approach includes implementing best practices from inside our family of stores and in the wider industry to provide our frontline teams with the tools, guidance and support needed to divert as much waste as possible from landfills.

Our biggest action to date has been the elimination of single-use plastic grocery bags at our store checkouts, removing 800 million single-use plastic bags out of circulation. Our next step is to evaluate all areas of our stores where we can remove avoidable and hard-to-recycle plastics, increase the recyclability of the packaging that remains, and drive toward a circular economy where packaging can be used and reused again and again.

Top of mind for us is to provide our customers with fresh, quality food and goods that meet safety and security standards. Packaging plays a vital role in ensuring these important qualities are protected for our customers. We realize that packaging cannot be removed completely, so our goal is to achieve no packaging waste.

To achieve this goal, we're focused on making our packaging more sustainable, minimizing its impact on the environment throughout its entire lifecycle.

Our Approach to Sustainable Packaging:



Certain characteristics of plastic packaging (such as colour, labels and additives) can pose major challenges for our current recycling systems in Canada. In fact, only nine per cent of plastics generated in Canada is recycled. Despite this, plastic packaging can be used and managed in a more sustainable way. This is done by:

- Removing avoidable plastics (e.g. removing or reducing over-packaging)
- Removing hard-to-recycle plastics (i.e. plastics for which there is limited or no collection, processing and/or end-market widely available across Canada to support recycling)
- Increasing recyclability (i.e. moving to the types of plastics that are most commonly recycled across Canada)
- Moving to a circular economy to use resources as efficiently as possible, which means ensuring that plastic packaging gets use, re-used and continuously recycled into new products.



Plastics & Packagng

Progress Highlights

GOAL

Reduce avoidable and hard-to-recycle plastics

METRIC

800M

single-use plastic checkout bags removed from circulation from our stores across Canada.

GOAL

Improve waste diversion in our stores

METRIC

247

Nearly 250 IGA stores in Quebec are certified on the Action Reduction Program, a program developed by Earth Day Canada to enable our stores to set concrete goals and communicate their waste reduction commitments to customers.

GOAL

Make it easier for customers to reuse

METRIC

8 out of 10

We have a variety of convenient reusable bag and tote checkout options available to our customers. During fiscal 2021, 8 out of 10 times, our customers are bringing their own reusable bags or not using a bag at all when shopping in our stores.

Plastics & Packagng

How We're Making a Difference

So Long Plastic Bags

In 2019 we committed to doing our part to remove avoidable plastics from the retail grocery industry in Canada—including our commitment to eliminate single-use plastic bags at our checkouts. Since then we've made steady progress, removing single-use plastic checkout bags at all our Sobeys stores in early 2020, then at all our Atlantic Canadian brands and IGA in Québec that fall. In the spring of 2021, we continued the initiative in FreshCo, Safeway, IGA West, Foodland Ontario, Boni-choix, Tradition, Farm Boy, Needs and Fast Fuel sites. Today, we're proud that all of our stores nationwide have eliminated single-use plastic checkout bags, and the newest member of our family—Longo's—is making progress towards achieving the goal too. We're the first national grocery retailer in Canada to target eliminating single-use plastic grocery bags across the country, taking what amounts to 800 million plastic bags out of circulation every year. We're grateful to our customers for working with us to achieve this milestone—and for continuing to work with us on our journey to reduce plastics and adopt packaging that's better for future generations and our planet.

Certified Waste Warriors

Earth Day Canada created the [Action/Reduction Program](#), a certification program adapted for supermarkets, to recognize their environmental sustainability efforts, enable them to set concrete goals and communicate their waste reduction commitments to customers. The program's certification consists of six levels, beginning with the collection of cardboard and plastic film from stores all the way to the highest level of certification, which requires stores to use all available waste diversion streams to achieve an overall diversion rate of 80 per cent or more. In fiscal year 2021, our IGA team grew the number of its stories certified under Action/Reduction to 247. We aim to expand this program to our other banners over the coming years.



Plastics & Packagng

Windshield Washer without the Waste

Canada's often harsh driving conditions means that window washing fluid is not just a nice-to-have—it's a necessity. In Québec, seven of our Shell service stations have been piloting a new way to deliver window washer in a way that cuts out plastic containers altogether. Customers who stop for gas can also use a new conveniently located pump-style vending machine to refill their window washer at the same time. Each vending-machine tank holds the equivalent of 211 plastic containers. Since the pilot began in October 2020, the equivalent of over 3,000 plastic containers has been taken out of circulation. Based on the results of our pilot, we're evaluating the potential to expand this eco- and driver-friendly solution to more customers.

Eco-kits Help Customers go Green

The Fonds Éco IGA and Earth Day Canada join forces each year to offer low-cost eco-kits to customers in Québec and New Brunswick. In fiscal year 2021, the eco-kits were composed of 100 per cent Québec-made products empowering customers to shift towards a more eco-responsible daily life. Since its inception in 2019, the program has distributed more than 350 used battery collectors, nearly 24,000 household composters and more than 90,000 rainwater barrels. In 2021, Earth Day team members visited 225 IGA stores to promote the kits, which included fabric covers, a food storage bag, reusable towels, and a washable sponge.



Food Waste

Food waste is a major social and environmental issue in Canada. More than half of the food Canadians throw away could have been eaten, amounting to almost 2.2 million tonnes of edible food wasted each year at a cost of more than \$17 billion.

At the same time, one in seven Canadian families struggles with food insecurity. As a national grocer, we have the reach and the responsibility to redirect surplus food from our supply chain into the communities who need it most. Our efforts will also help the planet by reducing the amount of food that ends up in landfills, where it contributes to the creation of methane—a greenhouse gas that’s 25 times more potent than CO₂.

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’re working with likeminded partners to reduce food waste in our stores and supply chain. Our food waste strategy has three 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, marketing “ugly” produce and updating our 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



Food Waste

Progress Highlights

GOAL

50% reduction in food waste by 2025

METRIC

24%

As of the end of calendar year 2020, we have decreased the amount of surplus food generated per square foot in our retail stores by 24%, both corporate and franchise, since 2016.

GOAL

Make it easier for our customers to access discounted perishable foods through the use of mobile technology

METRIC

Nearly 25%

year-over-year increase in the number of participating stores using the FoodHero mobile app in our IGA stores in Quebec, and a 134% year-over-year increase in the number of items sold on the app.

GOAL

Reuse and re-distribute as much surplus food as possible

METRIC

16

Successfully piloted Second Harvest's Food Rescue App in 16 stores in fiscal 2021, leading to a national partnership to rollout the platform in our stores across Canada.

Food Waste

How We're Making a Difference



Partnering to Reduce In-store Food Waste

Continuing in our goal to reduce food waste and fight hunger, we've formed a national partnership with **Second Harvest**, Canada's largest food rescue organization, to redirect surplus perishable food onto the tables of those in need across the country. Our shared goal is to divert 31 million pounds of food waste and approximately 41 million kilograms of greenhouse gas (GHG) emissions annually—the equivalent of taking more than 8,600 cars off the road for a year. Following a successful 2020 pilot at 16 stores, over the next 18 months we'll rollout the Second Harvest Food Rescue platform in our Sobeys, Safeway, IGA, Foodland, FreshCo, Thrifty Foods and Voilà banners. The platform empowers our store managers to easily connect with existing and new donation partners, including local foodbanks and other not-for-profit organizations. Through the Food Rescue app, we can alert partners when a donation is ready—and they can confirm once it's collected. At the same time, we can get real-time data at the store, regional and national levels on our progress.

On a smaller scale, we're also piloting a partnership with a Canadian food-waste innovation company to deal with food waste in stores. **ORCA** has developed machines that use air, water and microbes—just like the human digestive system—to turn food waste into an eco-friendly liquid that is safe down the drain. This approach diverts food waste from landfills and reduces the emissions of waste-disposal trucks.

Food Waste

Helping Customers be Heroes

We know our customers want to work with us to reduce environmental impacts, so we're always looking for new ways we can help them to save and spread the word. In Québec, we've launched the **FoodHero** mobile app at 200 IGA stores so customers can access discounted perishable foods that would otherwise go to waste. In fiscal year 2021, over 900,000 items weighing over 300,000 kg were diverted from going to waste thanks to our customers using the app. This hefty achievement is just the kind of message we like to share as part of our support for **Love Food Hate Waste Canada**, a national campaign that works with businesses, governments and community groups to inspire and empower Canadians to make their food go further and waste less. In October 2020, in recognition of #WasteReductionWeek in Canada, we launched a National Food Waste consumer-education campaign instore and online through many of our grocery banners to enable and inspire Canadians to reduce food waste in their own homes. We provided tips and tricks to help enjoy more taste and less waste, covering topics including storage, refrigeration, canning, freezing, dehydrating and portioning—reaching close to 150,000 Canadians through our social channels. Since 2015, we've partnered with the **Food Fight** program to provide free educational workshops about fighting food waste for people across Québec and New Brunswick.

Nurturing Smart Suppliers

Nova Scotia-based company **Outcast Upcycled Nutrition** takes “ugly,” unwanted produce and upcycles it into plant-based protein powders—meaning food that might otherwise have been destined for the trash gets a second chance to help you stay healthy. We spotted the potential of Outcast early on, partnering with the team to help them access food waste from one of our distribution centres and make their products available in select Nova Scotia stores. We're always working hard to do the right thing by our suppliers, and, as the Outcast story shows, our suppliers are helping us to deliver on our sustainability goals.

Climate Action

Climate change is one of the greatest challenges facing our communities, food systems and environment. The United Nation's Intergovernmental Panel on Climate Change says we only have until 2030 to act to keep global warming to a maximum of 1.5°C and cut the risk of extreme heat, drought, floods and poverty for hundreds of millions of people worldwide. In response, governments and business in Canada and around the world have committed to ambitious greenhouse gas (GHG) emissions reductions.

We are committed to doing **OurPart™** to take climate action to protect our planet. In fiscal year 2021 we focused on reviewing and understanding all our impacts to see what steps we can take to make the biggest difference. We have been thoughtful in our approach, drawing on the right data to make informed decisions and make plans for continued progress as part of our next-phase sustainability strategy to launch in fiscal year 2023. We're also committed to keep working with our customers and communities to reduce our impacts.



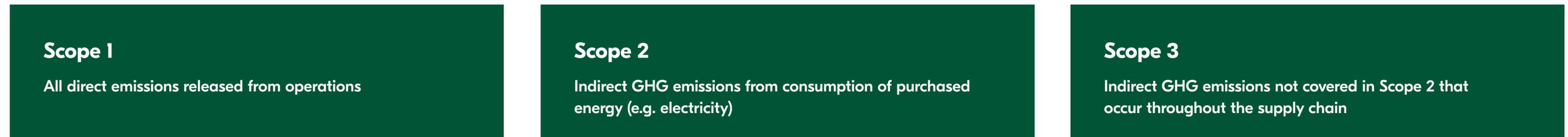
Climate Action

Our Approach

Over the past three years we've focused on reducing our energy use, implementing a range of energy efficiency initiatives including upgrades to refrigeration, lighting and HVAC systems in over 900 stores. This resulted in a 144 million kWh cumulative reduction in electricity use, the equivalent of 34,770 tCO₂e.

This program established our strong foundation of action on climate change, which has led us to focus on better understanding all the sources of our GHG emissions. During the past year, we worked with a third-party consultant and quantified our 2019 (baseline) Greenhouse Gas (GHG) emissions to develop our first company-wide carbon inventory. This carbon inventory is a critical first step in our climate change journey, as it highlights the key drivers of our GHG emissions and will inform efforts to reduce our footprint going forward.

The assessment encompassed all grocery and related business banners, both corporate and franchise sites, and Farm Boy (Voilà and Longo's were not included but will be in future years). The assessment identified material emission sources across all three scopes:



To develop our 2019 carbon inventory, we began by using the GHG Protocol to define our organizational and operational boundaries and to determine the activities that contribute to each emissions category of Scope 1, 2, and 3 emissions. These activities spanned the entire business, including both upstream and downstream activities, as follows:

- **Products and packaging:** Lifecycle emissions from manufacturing of our products and packaging
- **Product transport:** Vehicle emissions from Sobeys' corporate fleet and third-party logistics providers
- **Buildings and operations:** Natural gas, electricity and refrigerant releases from corporate, special purpose entity (SPE) and franchise sites
- **Other Scope 3 emissions including:**
 - Lifecycle emissions from capital goods and construction activities
 - Waste produced at our sites
 - Emissions from the production of natural gas and electricity
 - Use of fuel sold at our gas stations
 - Business travel and employee commuting

Climate Action

We then identified the systems and teams throughout our business that could provide the required data and insight on each activity listed above. We engaged with representatives from real estate, finance, supply chain, strategic sourcing, human resources, Own Brands, wholesale, related business, and others. In addition to functional representatives, we connected directly with specific banners to ensure the business functions included in the inventory scope were represented in the data collected.

Together with the representatives from each team, we analyzed the data provided and performed extrapolation where necessary to enhance data coverage. Upon finalizing the data, we calculated our emissions using updated emission factors for electricity and various fuel types, as well as the GHG Protocol’s **Scope 3 Evaluator Tool** to estimate emissions based on expenditure data for Scope 3 emissions sources.

This assessment resulted in a detailed baseline of our GHG emissions for the 2019 calendar year along with an inventory of the sources of our emissions.

GHG Emissions*	Total GHG Emissions	Total Scope 1 Emissions	Total Scope 2 Emissions	Total Scope 3 Emissions	Combined Scope 1 and 2 Emissions per unit of square foot
2019	23,678,091 tCO₂e	396,685 tCO₂e	354,893 tCO₂e	22,926,514 tCO₂e	33.73 kgCO₂e/sqft

Please Note:

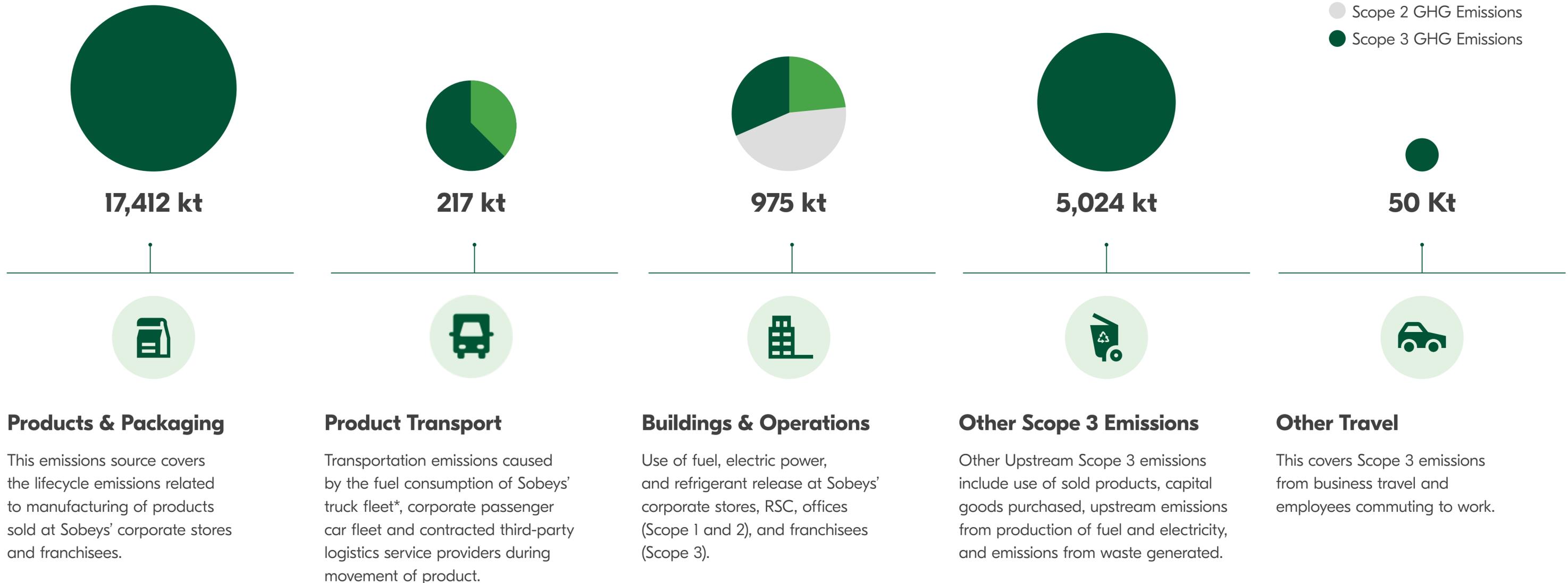
1. 2019 GHG inventory includes all Sobeys Inc and Empire grocery and related business banners in operation in 2019, including corporate and franchise sites and Farm Boy. This does not include emissions from Voilà and Longo’s since they were not part of our operations in 2019.
2. Scope 1 emissions sources encompass natural gas, propane and fuel oil used for heating and store operations, as well as refrigerant emissions, fuel from corporate 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.

Climate Action

Where Our GHG Emissions Come From

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. Our GHG assessment revealed that our biggest source of emissions comes from manufacturing the products and packaging in our supply chain (Scope 3), which is typical for the grocery industry. Of the GHG emissions that we directly control (Scope 1 and 2), our biggest GHG emission sources are from our retail store buildings and transportation.

- Scope 1 GHG Emissions
- Scope 2 GHG Emissions
- Scope 3 GHG Emissions



+All units are in kilo tCO2e (tonnes of carbon dioxide equivalent)

*Scope 1 emissions related to transportation estimated based on fuel spending provided and average 2019 diesel price published by Natural Resource Canada.

Climate Action

Using Energy Sustainably

In recent years we've put in place several industry best practices across all banners to improve energy management so we can reduce energy consumption in our stores, including:

Fiscal Year 2019 Key Accomplishments	Fiscal Year 2020 Key Accomplishments	Fiscal Year 2021 Key Accomplishments
<ul style="list-style-type: none"> • Retrofitted overhead lighting for 15 million square feet of stores and distribution centres (25% of fleet) 	<ul style="list-style-type: none"> • Retrofitted overhead lighting at 400 locations 	<ul style="list-style-type: none"> • Retrofitted overhead lighting at 200 locations.
<ul style="list-style-type: none"> • Tested 16 initiatives across 16 pilot stores to identify initiatives for full implementation in fiscal 2020 and fiscal 2021 	<ul style="list-style-type: none"> • Retrofitted case lighting at 500 locations 	<ul style="list-style-type: none"> • Retrofitted Case lighting at 134 locations.
<ul style="list-style-type: none"> • Reprogrammed lighting hours at over 400 locations 	<ul style="list-style-type: none"> • Recommission refrigeration and HVAC systems at 200 locations 	<ul style="list-style-type: none"> • Installed SMC fan motors in 88 locations.
<ul style="list-style-type: none"> • Implemented Basic Dashboard to track and benchmark energy usage (kWh/sqft) 	<ul style="list-style-type: none"> • Retrofit “Back of House” systems at over 500 locations 	<ul style="list-style-type: none"> • Installed Digital Discus compressors at 105 locations.

We're also proud to partner with Earth Day Canada and Natural Resources Canada to install 100 Level-3 fast-charging stations in the parking lots of 50 IGA grocery stores across Québec and New Brunswick by autumn 2021. Our customers will be able to charge their vehicles in just 20 minutes—the time it takes to shop for groceries. To help power our communities as well as their cars, proceeds from the charging stations will be donated to a local community organization in each of the 50 municipalities where they have been installed.

Climate Action

Climate Action in Our Communities

As part of our commitment to phase out plastic grocery bags, we're also taking steps to reduce the impacts of the paper bags sold in our stores. 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 plant 14,000 trees in Nova Scotia, reforesting 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 British Columbia, Ontario and Québec.



Products

Responsible Sourcing

Behind every product in our stores is a story about the people who made it and helped deliver it to our customers. Think about the farmers and the makers, the packers and the movers, the suppliers and the sellers. At every step of this journey there are real people working hard and making decisions about the resources they need—things like energy, water, raw materials and human effort.

We believe the people behind the products deserve to be treated fairly and encouraged to use resources sustainably. As a national grocer, we're committed to using our scale and influence responsibly, taking steps to source more and more products that nurture people and protect the planet.

We're also committed to doing the right thing by our suppliers, championing national standards while investing in local producers and growers. Our goal is to keep growing and innovating, so we can help nourish even more Canadian families and businesses in future.



Responsible Sourcing

Our Approach

Over the past year, we've developed or updated 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

Animal welfare is a priority for us. Together, with other retailers, in 2013 and 2016 respectively, we announced 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. We remain committed to these goals and are continuing to work with our internal sourcing teams, as well as with our external partners like our suppliers, the **National Farm Animal Care Council (NFACC)** and the **Retail Council of Canada (RCC)** to assess our progress and identify opportunities to achieve these commitments.

Given that all elements of our complex supply chain are reliant on multiple partners, we acknowledge that we will not meet these goals by the original timeframes—but that does not mean we will give up on these goals. As stated in our **June 2021 update to stakeholders**, we will continue to take part in the key forums to move the entire industry towards higher animal welfare standards.



Sustainable Seafood

In fiscal year 2021 we released Sustainable Fish & Seafood Guidelines for our fresh and frozen Own Brands products, committing that by 2025, a minimum of 95 per cent of the total weight of the 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. As of fiscal year 2021, 96 per cent of Own Brands fresh and frozen seafood offered in stores was certified as sustainable.



Sustainable Palm Oil

We are committed to using sustainable palm oil in our Own Brands products, reporting to the **Roundtable on Sustainable Palm Oil (RSPO)**. As of December 2020, 98.6 per cent of the palm oil used for our Own Brands products was fully physically traceable certified sustainable palm oil.



Responsible Sourcing

Progress Highlights

We've made great progress against our strategy to listen, learn and take action. Here are some highlights:

GOAL

Animal Welfare Commitments: (1) Source all fresh pork products from producers using gestation crate-free housing systems by the end of 2022; (2) source only cage-free eggs by the end of 2025

METRIC

(1) More than
30%

(1) More than 30% of the sows from our supplier of our Own Brands lean ground pork are housed in loose housing systems; (2) Cage-free eggs (free run, free range, organic) make up approximately 17.5% of our total egg sales as of the end of our fiscal year 2021 (May 1, 2021). [Click here](#) for the June 2021 update on our animal welfare commitments.

GOAL

By 2025, a minimum of 95% of the total weight of our Own Brands fresh and frozen fish and seafood will be third-party certified and/or recommended by Ocean Wise. All of the remaining will have to be involved in Fisheries or Aquaculture Improvement Project (FIP/AIP).

METRIC

96%

of our Own Brands fresh and frozen fish and seafood is third-party certified sustainable and/or recommended by Ocean Wise.

GOAL

By 2020, completely transition to the use of Certified Sustainable Palm Oil (CSPO)

METRIC

100%

As of December 2020, 100% of the palm oil used in our Own Brands products was certified sustainable palm oil, with fully physically traceable certified sustainable palm oil making up 98.6%. The remaining 1.4% is certified through credits.

Responsible Sourcing

How We're Making a Difference



Supporting Animal Welfare

As members of the [National Farm Animal Care Council \(NFAACC\)](#), we're committed to the respectful treatment of all livestock animals within our supply chain. We source live-stock derived proteins—such as beef, milk, eggs, poultry and pork—through processors and distributors who, in turn, are supplied by a wide range of, primarily, Canadian farms. Each livestock commodity has its own trade association and regulatory requirements that govern animal welfare and food safety. Each association has its own code of practice and care assessment programs that we stay well informed on.

We have a track record of driving and supporting improvements in animal welfare. For example, we supported the Veal Associations of Québec and Ontario plan to transition producers using individual stalls for veal production to group housing. In 2018, we met that commitment, with 100 per cent of our fresh veal now coming from suppliers that have made the switch to group housing. This is now the industry standard articulated in the Code of Practice.

Over time, we're also adding more choices for plant-based proteins in our stores. For example, we were the first retailer in Canada to carry Impossible Burger by Impossible Foods, an alternative form of protein that delivers all the taste of a traditional burger but without the meat.



Responsible Sourcing

Advancing Sustainability with Our Own Brands¹

We're proud of the quality and value we deliver to customers through our Own Brands offerings including Compliments and Panache. For fiscal year 2021, all of the palm oil used in our Own Brands was certified sustainable by the Roundtable on Sustainable Palm Oil. Similarly, 96 per cent of our Own Brands fresh and frozen seafood is Marine Stewardship Council, Aquaculture Stewardship Council, or Best Aquaculture Practices certified. Over 30 per cent of our Own Brands lean ground pork is sourced from farms housing sows in loose housing systems². And we continued to invest in ethical supplier relationships through more than 11 Own Brands offerings that are Fairtrade-certified. Other highlights of our Own Brands include:

- Over 25 of our Own Brands products bear the Dairy Farmers of Canada logo, consistent with our long-standing support for Canadian-made products.
- We are a proud member of Plant-Based Foods of Canada and our Own Brands plant-based products are all third-party certified.
- All of our Organic Own Brands products meet the guidelines and permitted substances that are used in the Canadian organic certification process.
- Our Own Brands comply with all certification and traceability requirements required by the Safe Food for Canadians Act.

¹ Own Brands refers to Sobeys Inc Control Brand products only. Own Brands does not include Longo's or Farm Boy control brands.

² Loose housing is defined as systems that allow for the housing of sows in group pens during their gestation period. For the safety of the animals and caregivers, sows are housed in stalls during their nursing and breeding stages.



Responsible Sourcing

Fostering Fair Dealings with Suppliers

We're committed to investing in respectful and sustainable supplier relationships at a national and local level. We're proud to have partnered with **Food, Health and Consumer Products of Canada** to develop Canada's first draft **Grocery Supply Code of Practice**—an agreement that will create a fairer playing field for retailers and suppliers. The draft code promotes fair dealings, mutually-beneficial relationships, commercial certainty, transparency, clear processes to resolve disputes, and a vision to ensure our industry keeps delivering customer value in sustainable ways. We've submitted the draft code to the Federal, Provincial and Territorial (FPT) Ministers of Agriculture working group, and look forward to input and support from other grocery retailers across the country.

Supplier Partnerships

Staying true to our roots is one way we create better products for Canadian families. Sobeys began as a local family run business in Atlantic Canada. To honour this heritage, we strongly support local producers, growers and suppliers across Canada. And we're always on the lookout for fresh ideas, collaborating with local and national partners who share our passion for innovating to find better choices for our customers and communities.

Our Approach

We're committed to building supplier relationships that drive innovation and support strong and diverse local economies. In fiscal year 2021 we added more than 2,500 new local products to our shelves nationwide, growing our number of local producers and suppliers by 30 per cent.



¹ Own Brands refers to Sobeys Inc Control Brand products only. Own Brands does not include Longo's or Farm Boy control brands.

² Loose housing is defined as systems that allow for the housing of sows in group pens during their gestation period. For the safety of the animals and caregivers, sows are housed in stalls during their nursing and breeding stages.

Supplier Partnerships

Connecting with local 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. Even though we needed to move to a virtual format this year as a result of the pandemic, we were excited to showcase winners from each province across a range of categories to over 1,000 road show participants. Some of our most recent winning suppliers include:

Province	Category	Local Supplier
British Columbia	Innovation	<p>Farming Karma</p> <p>Hailing from the Okanagan Valley in British Columbia, Farming Karma has developed a refreshing product line that has become extremely popular with our customers who are looking for a healthy alternative to other carbonated beverages. What started with a single variety of Apple Soda has grown into five amazing flavours as the team at Farming Karma continues to base their growth model on innovation.</p> 
Alberta	Overall	<p>Twigz</p> <p>This Calgary-based supplier launched into our stores in 2019 and has seen nothing but growth since. Initially only selling into a couple of stores, this brand is now in over 100 Sobeys, Safeway and IGA stores in Alberta and has their sights set on crossing borders and making a name for themselves in the snacking category. A true family business, this supplier has worked closely with our stores, making sure their products are in stock and is always looking for opportunities to grow.</p> 
Saskatchewan	Overall	<p>Parkerview Brews</p> <p>Parkerview Brews Kombucha has been a proudly woman owned and family operated business since 2017. What began as experimentation using various brewing methods became a goal of using science, skill and creativity in creating functional beverages that were clean, balanced and refreshing. They worked diligently in following steps required to be listed as part of the local program and became HACCP (Hazard Analysis Critical Control Point) certified during the summer of 2020. Following the listing process, the team worked quickly and closely with our stores in gaining space in most Saskatchewan stores.</p> 
Manitoba	New	<p>Spent Bros. Premium Meats</p> <p>Spent Bros. Premium Meats is a family owned and operated business from Winkler, Manitoba, founded in 2003. In 2020, the company’s thin-crust, locally produced pizzas were listed in our Sobeys, Safeway and IGA stores and quickly became a customer favourite. Their success has been fueled by their strong promotional market launch strategies and their active engagement and support to our store teammates. With increased customer demand they continue to grow into more stores throughout Manitoba.</p> 

Province	Category	Local Supplier	
Ontario	Overall	<p>MEMA Foods International</p> <p>MEMA Foods is a great success story—experiencing tremendous growth within our business. Recently they have increased their output by 20%, creating more jobs within their community. Thanks to the MEMA Foods team perseverance and direct store visits, the demand for their product grew quickly. Not only do they show tremendous support to our stores, they also support the community, donating all overstock soups and sauces to several food banks.</p>	
Ontario	Best Overall Local Supply Partner	<p>Killer Krumbs</p> <p>Located in Kenora, Ontario, the company's three varieties of coating mix are inspired by the seemingly endless lakes of Northern Ontario. Killer Krumbs is a family-owned small business that handcrafts its products in small batches. The team works hard in keeping store product fresh and in-stock within our north-western Ontario IGA and Safeway stores. Their products continue to grow in popularity with our customers.</p>	
New Brunswick	New	<p>Oyster Kings</p> <p>With the closure of many restaurants during COVID-19, Oyster King recognized many customers would still be looking to enjoy oysters at home within their family bubbles. They developed the new Acadian Pearl oyster pack, consisting of 20 fresh, choice oysters, which was launched in late July 2020 in time for New Brunswickers day. This pack has not only proven to be a favourite for long weekends and holidays, but an everyday favourite in most Sobeys locations across New Brunswick.</p>	
Nova Scotia	Innovation	<p>Shivani's Kitchen</p> <p>In 2019 Shivani Dhamija launched her Indian Spice Blends in Sobeys under her Shivani's Kitchen brand. In 2020, Shivani took the convenience of Indian cooking to the next level with the launch of her innovative, ready-to-use Indian sauces. The sauces are made from fresh ingredients sourced from local farms and are based on her grandmother's recipes. All are salt, gluten, and dairy free. With so many people re-discovering home cooked meals, these sauces are a perfect complement to complete a restaurant-style meal at home.</p>	
Newfoundland & Labrador	Innovation	<p>Skir Enterprises</p> <p>Over the last year many local companies stepped up and began making hand sanitizers to help protect the public from COVID-19. The Skir Enterprises team from Grandfalls-Windsor, Newfoundland and Labrador, made a critical decision to not only make hand sanitizers but to start a new business. In addition to wanting to help protect the public, they took it a step further to produce innovative and convenient packaging. This gave rise to the credit-card format spray bottle that is proving popular with customers.</p>	
Prince Edward Island	Innovation	<p>Anne of Green Gables Chocolates</p> <p>This year Anne of Green Gables Chocolates and Cows thrilled our customers with their offer of innovative occasional gift baskets throughout the year. Our PEI customers had the opportunity to purchase Easter, Mother's Day, Father's Day, Graduation and Canada Day gift baskets that featured items from Anne of Green Gables, Cows, Lucky Fox and Island Spud brands. This success led to an expansion for the holidays where gift baskets could be found throughout the Maritimes.</p>	



Supplier Partnerships

Local Love, Local Boxes

At a time when farmers’ markets have been on pause and local producers hurting during the pandemic, we’ve been sharing our love of local by offering Local Boxes to customers in Alberta, Manitoba and Ontario in fiscal year 2021. Based around various themes including summertime and the holiday season, these boxes give our customers the opportunity to discover and explore around 20 provincially produced products, including everything from tea and popcorn to lip balm and hand wash. For example, to celebrate International Women’s Day last year, Sobeys teammates in Ontario partnered with the woman-owned business **Nature Knows** to showcase products from local women-owned businesses inside a specially designed biodegradable box—making it even easier to buy local in an eco-friendly way.

Partners in Innovation

Our suppliers help us to innovate and grow as a sustainable business. For example, we’ve partnered with the Montreal-based company **Alvéole** to roll-out rooftop urban bee farms at stores across the country, where bees are busy producing hyper-local honey for our customers and contributing to healthier ecosystems in our cities through pollination. We’ve also partnered with **infarm**, one of the world’s most advanced and fastest-growing in-store farming platforms, to grow and harvest a range of fresh produce in select Sobeys, Safeway and Thrifty Foods stores across Canada. Each vertical farming unit is a stand-alone ecosystem that creates the ideal conditions plants need to flourish, and which is enabled by machine learning and AI technology. This win-win initiative for customers and the environment delivers delicious fresh greens while dramatically reducing water and energy use, and other impacts.

We’re inspired by the smart minds behind start-ups like Alvéole and Infarm—and we’re working to encourage more entrepreneurs and innovators in our communities through our partnership **R-Purpose MICRO**, an intensive 12-week program designed to help local companies accelerate their growth and build resilience through purpose, sustainability and circularity. In fiscal year 2021, we helped 15 small-to-medium businesses in Ontario get the benefit of in **R-Purpose MICRO** and we’re excited to roll this initiative out in all our regions in fiscal year 2022.

Product Quality & Safety

Canadian families rely on the food and other products we sell to stay healthy and strong, so it's our duty to ensure everything in our stores is safe and high-quality. This work has been more important than ever during COVID-19, given how the pandemic has disrupted our normal supply chains and processes. Despite the additional challenges, our team has continued to deliver on the high standards we hold ourselves to—and which our customers expect.



Product, Quality & Safety

Our Approach

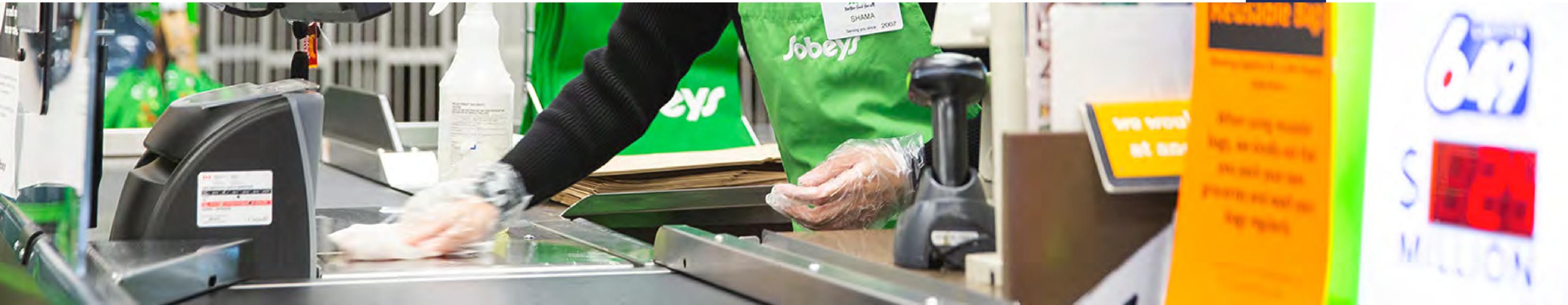
Given our commitment to take care of our customers, it is our duty to ensure that our grocery stores and supply chain meet industry standards. We submit our grocery stores and warehouses to a rigorous annual audit process by a specialized external firm. These sites are audited twice each year against industry standards, our internal food safety protocols and public health standards, with results used to drive the continuous improvement of our internal food safety programs. In fiscal year 2021, 2,345 food safety inspections were performed for our grocery stores as well as 46 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 each 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.

To ensure the highest food safety standards across our Own Brands products, our Food Safety and Regulatory Affairs team works closely with the Own Brands Quality Assurance and Customer Care teams. 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.

Our Food Safety and Regulatory Affairs team is involved in supporting our locations to address CFIA and Public Health inquiries. Due to the impact of the pandemic, we have seen a drastic decrease in inquiries from government authorities. This has not changed our process or commitment to continue to support each of our store locations.

In an effort to continuously improve, we track and monitor all 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.



Product, Quality & Safety

Progress Highlights



In fiscal year 2021, we approved 254 new local suppliers across all our operations outside of Québec



We continued to maintain 100% of our food safety audits, despite the pandemic



We worked with distilleries to review labels and sanitizer requirements, as they pivoted their businesses to meet increased demand for sanitizer during the pandemic

Health & Nutrition

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. That's why we're taking our mission to foster nutrition education and know-how out into the places we live through our [community investment program](#). It's also a commitment our teammates put into action every day in our stores, where we're continuously adding new food and health products that are not only good for you—they're delicious too.



Health & Nutrition

Our Approach

Our commitment to nurture the health of our customers includes focusing on the nutritional quality of our Own Brands and moving quickly to identify and meet emerging customer needs for plant-based proteins and other healthier options.

Our Own Brands team diligently follows consumer insights trends such as an increased demand for vegetable protein products and quickly translates them into delicious offerings such as our Compliments Plant Based Almond Dip. All of 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 an external and internal third-party check on a regular basis to ensure that they remain consistent over time.

The overall Compliments portfolio includes over 750 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 line up, 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:

Are all 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.

About Us

Empire Company Limited is proudly Canadian, with more than 114 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 approximately 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, as well as more than 350 retail fuel locations. Empire also operates e-commerce grocery retail businesses, including our newest banner, Voilà.

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 134,000 teammates from coast-to-coast.

Learn more: [Empire](#) | [Sobeys Inc.](#)



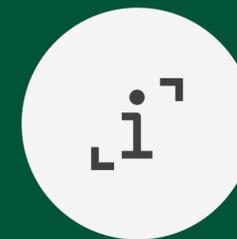
Teammates:

134,000¹



1,581

(excluding fuel stations and related convenience stores.)



Total Sq. Footage:

40.3 million



Communities Served:

928

¹ Employees of Sobeys Inc, our franchisees and affiliates

Our Strategy

Project Horizon

Project Horizon is our three-year strategy to deliver an incremental \$500 million in annualized EBITDA by the end of fiscal year 2023. Building from the overwhelming success of Project Sunrise, our previous three-year strategy, we are well positioned to accelerate growth through our 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 Private Label Portfolio
- Provide Best in Class Customer Personalization



Building on Cost and Margin Discipline

- Drive Non-Merchandising Sourcing Efficiencies
- Continue Merchandising Sourcing Efficiencies
- Invest in Best in Class Analytics to Improve Customer Value Proposition
- Optimize Supply Chain Productivity
- Improve System and Process

Financial Highlights

Empire Company Limited (TSX: EMP.A) is a Canadian company headquartered in Stellarton, Nova Scotia. Empire’s key businesses are food retailing, through wholly-owned subsidiary Sobeys Inc., and related real estate. With approximately \$28.3 billion in annual sales and \$15.2 billion in assets, Empire and its subsidiaries, franchisees and affiliates employ approximately 134,000 people. Additional financial information relating to Empire, including the Company’s Annual Information Form, can be found on the Company’s website at locations. www.empireco.ca or on SEDAR at www.sedar.com.

Sales (\$ in billions)

5.9%

10-year CAGR³

4.4%

4-year CAGR

Adjusted EBITDA[®] (\$ in millions)

9.9%

10-year CAGR

28.1%

4-year CAGR

Adjusted Net Earnings[®] (\$ in millions)

8.8%

10-year CAGR

38.4%

4-year CAGR

Dividends (\$ per share)

6.9%

10-year CAGR

6.1%

4-year CAGR

(1) See “Non-GAAP Financial Measures & Financial Metrics” section of the Management’s Discussion and Analysis (“MD&A”) in **2021 Empire Annual Report**.

(2) Attributable to owners of the Company.

(3) Compound annual growth rate

Appendix

Data & Downloads

Fiscal 2021 Sustainability Performance Data

Our Sustainability Performance Data Table provides an overview of our progress during fiscal year 2021 against key goals across our three sustainability pillars: People, Planet and Products. We believe that being transparent about our progress is foundational to building trust.

 [Download Fiscal 2021 Sustainability Performance Data](#) >

Reporting Standards

This section contains external disclosures aligned with several key environmental, social and governance (ESG) standards and frameworks such as Sustainability Accounting Standards Board (SASB), CDP (formerly the Climate Disclosure Project) and the Roundtable on Sustainable Palm Oil (RSPO).

SASB (Sustainability Accounting Standards Board):

Established as an independent standards-setting organization, SASB has issued 77 sector-specific standards to enable businesses around the globe to identify, manage and communicate financially-material sustainability information to their investors.

 [Download Fiscal 2021 SASB Index](#) >

Appendix

Data & Downloads

CDP (formerly the Carbon Disclosure Project):

Since 2014, we've disclosed climate performance to CDP. CDP enables companies to evaluate and improve environmental performance related to Climate Change, Forests and Water security issues by identifying and implementing best practices and communicating goals and progress to our key stakeholders.

 [Download Sobeys 2020 CDP Climate Change Disclosure](#) >

 [Download Sobeys 2020 CDP Forests Disclosure](#) >

RSPO (Roundtable on Sustainable Palm Oil):

We've disclosed to RSPO since 2014. The RSPO has developed a set of environmental and social criteria which companies must comply with in order to produce Certified Sustainable Palm Oil (CSPO). When they are properly applied, these criteria can help to minimize the negative impact of palm oil cultivation on the environment and communities in palm oil-producing regions.

 [Click here for 2019 Annual Communication of Progress](#) >

Appendix

Fiscal Year 2021 Environment Social Governance (ESG) Material Topic Definitions

Stakeholders provided input on the list of topics defined below. These 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).

People

Health, safety & well-being

Protecting and promoting the psychological and physical health and safety of workers, contractors, and subcontractors.

Community investment

Engaging communities in which Empire works through programs that involve outreach and investment to create a societal impact.

Employee development & experiences

Providing employee education, and training and development opportunities to build talent and improve employee retention. Creating a workplace of choice with competitive wages, high-quality benefits, and a company culture that fosters engagement, advancement opportunities, and purpose.

Diversity, equity & inclusion

Building a diverse and inclusive workplace and supply chain to provide equal opportunities while leveraging diversity to achieve a competitive business advantage.

Customer experience & engagement

Providing our customers with sustainable food choices that meet their needs, while raising awareness and educating them through in-store and digital platforms.

Planet

Climate change

Managing greenhouse gas (GHG) emissions associated with Empire's owned or controlled assets and operations; implementing solutions to address climate change and mitigate its impacts.

Energy management

Reducing energy consumption and intensity of Empire's operations and supply chain.

Food waste

Working across the Empire's value chain to avoid, reduce, and recover food waste in stores and supply chain while also engaging customers to reduce waste at home.

Plastics & packaging

Adopting packaging practices that reduce unnecessary materials, encourage reuse, and improve recyclability and circularity.

Appendix

Fiscal Year 2021 Environment Social Governance (ESG) Material Topic Definitions

Stakeholders provided input on the list of topics defined below. These 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).

Products

Product quality & safety

Ensuring that products manufactured and sold in stores are safe for customers and meets the highest safety and legal requirements.

Health & nutrition

Making it easier for customers and employees to make healthier and more nutritious choices.

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.

Human rights

Upholding human rights and protecting against forced labor and human trafficking within operations and across the value chain.

Animal welfare

Supporting the respectful treatment of all livestock animals within our supply chain in line with industry policies and standards.

Governance

Responsible governance

Ensuring strong and effective governance practices and accountability.

Business ethics

Operating in an ethical way and in compliance with applicable regulations.

Data security

Ensuring security, privacy and protection of data, including of personally identifiable information of customers.

Risk & crisis management

Evaluating and managing risks and crises with the potential to affect business operations or ability to achieve corporate objectives.