

5.0 Environmental Policy

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Empire Company Limited Environmental Policy

We are focused on the environmental, social and governance (ESG) factors that matter most to our stakeholders — ensuring we have the right approach to materiality, strategy and governance to keep making strides in our sustainability journey. We've articulated a sustainability framework based on three thematic pillars: People, Planet and Products. We have built robust, dedicated teams to lead our activity and deliver on our commitments in each pillar.

Scope

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

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

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

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

Approach

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

- **Operating stores, distribution centers and offices:** Our aim is to construct and operate all sites that we own and those that we manage with consideration for the local environment and communities we serve, for example by preventing pollution, reducing waste, energy and water use, and protecting and enhancing local biodiversity.
- **Product distribution and business travel:** We measure, monitor, and take action to reduce transportation emissions and minimize pollution to the environment caused by the fuel consumption of Sobeys truck fleet, corporate passenger car fleet and



contracted third-party logistics service providers during movement of product.

- **Sourcing ingredients and materials:** In partnership with Suppliers, we work to source ingredients and materials in a way that minimizes our impact on the environment including local sourcing. We are also supporting global efforts to reduce deforestation and degradation of natural habitats through the development and implementation of sustainable sourcing policies and standards.

Our material environmental topics were informed by peer, industry, and leading practices, and sustainability reporting standards such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). We continuously reassess our material environmental topics, which are shared in our annual Sustainable Business Report.

Environmental Commitments

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

Climate Action

- We have calculated our full scope 1, 2 and 3 greenhouse gas (GHG) emissions footprint, which is published in our annual Sustainable Business Report. It is critical that we understand where we are generating GHG emissions across operations and Supply Chain so we can focus our efforts on the opportunities with the biggest reduction potential.
- We are continuously analyzing and implementing initiatives in our operations to reduce our GHG footprint, reduce energy consumption in our operations and Supply Chain, and reduce transport fuel use.
- Near-term targets:
 - **Scope 1 and 2 (absolute target):** Reduce absolute Scope 1 and Scope 2 GHG emissions by a minimum of 55% by 2030 from 2019 (base year).
 - **Scope 3 (supplier engagement-based target):** 64% of our suppliers, by spend, covering purchased goods and services, will have science-based targets by fiscal 2027.
 - **Scope 3:** Reduce absolute Scope 3 GHG emissions from use of sold products by 28% by 2030.
- Long-term aspirations:
 - Achieve net-zero by 2040 for Scope 1 and 2 emissions.
 - Achieve net-zero by 2050 for Scope 3 emissions.

Circularity

Our approach focuses on preserving the value of materials by reducing what we use, preventing waste where possible and improving how remaining resources are recovered and managed. We



support this approach by:

- Designing out unnecessary packaging and improving material choices to support circularity.
- Strengthening waste diversion to reduce what we send to landfill.
- Aligning with regulatory requirements and bylaws, including Extended Producer Responsibility (EPR), to support compliant and consistent material management practices.
- Working with Suppliers and industry partners to advance packaging solutions and share best practices.
- Aligning actions across functions to support consistent execution and driving continuous improvement through pilots, collaboration and operational refinements.

Food Waste

Our approach focuses on preventing food waste, expanding recovery and redistribution efforts and advancing circular solutions. Our food waste strategy has three main areas of focus:

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

Ethical and Sustainable Sourcing

Details of our ethical and sustainable sourcing commitments can be found in our Ethical and Sustainable Sourcing Policy. In addition, we have implemented sustainable sourcing guidelines to articulate our purchasing commitments across categories and guide our sourcing teams:

- Animal Welfare Statement
- Sustainable Fish and Seafood Sourcing Guidelines
- Sustainable Palm Oil Policy

Governance

Oversight and responsibility over the ESG strategies, including climate-related targets, are conducted through the Executive Leadership Team and the Board of Directors (Board). The Board has delegated certain ESG responsibilities to each of the Corporate Governance & Social Responsibility Committee, the HR Committee and the Audit Committee, whose members are updated on applicable ESG issues, including climate performance, risk and opportunities on a quarterly basis. Specifically, the Corporate Governance & Social Responsibility Committee is briefed on ESG issues and reviews the Sustainable Business Report (SBR), the HR Committee reviews all people aspects of ESG including diversity, equity and inclusion (DE&I), and the Audit Committee reviews the applicable metrics and information contained in the SBR, including our



operational performance related to climate. Each committee reviews and considers this information within the context of our strategy, risk management, and operational performance.

In terms of process, our three above-mentioned pillars are governed and managed at the senior levels through dedicated internal teams including the Executive Leadership Team, the Operational Committee, the Sustainable Business Council, the Sustainability team, the DE&I Council, and various working groups focused on specific topics within the strategies. We also have various internal teams dedicated to ensuring continued progress against key ESG performance indicators, including a Corporate Sustainability team.

Measuring and Reporting

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

- Greenhouse Gas Protocol
- Food Loss and Waste Accounting and Reporting Standard
- Disclosure against Sustainability Accounting Standards Board Food Retailers and Distributor Standard
- Disclosure against the Canadian Sustainability Disclosure Standards 2
- CDP Disclosure Reporting Annual Communication on Progress to the Roundtable on Sustainable Palm Oil
- Science Based Target Initiative (SBTi)

Stakeholder Engagement

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

- **Teammates:** We raise awareness with employees on how they can play their part to minimize environmental impacts and ensure they receive the necessary training and support.
- **Suppliers:** We engage with our suppliers on our environmental and ethical and sustainable sourcing policies from the point of onboarding and through regular communication with category managers and sourcing teams.
- **Customers:** We engage with customers through OurPart™, a customer-facing blog that showcases our sustainability initiatives in action. We've made OurPart™ available to



customers through our corporate and banner brand websites and digital channels.

We also undertake stakeholder engagement with government policy makers, non-governmental organizations (NGOs) and local communities to improve our understanding of key environmental issues and how we can make a positive contribution to environmental protection and enhancement.

