

F0. Introduction

F0.1

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

Proudly Canadian, with headquarters in Stellarton, Nova Scotia, Sobeys has been serving the food shopping needs of Canadians for over 110 years. Sobeys is a wholly-owned subsidiary of Empire Company Limited (TSX:EMP.A), who through its subsidiaries, franchisees and affiliates employs approximately 127,000 people. Empire's key businesses are food retailing and related real estate, with approximately \$26.6 billion in annual sales and \$14.6 billion in assets.

Sobeys owns, affiliates or franchises more than 1,500 stores in all 10 provinces under retail banners that include Sobeys, Safeway, IGA, Foodland, FreshCo, Thrifty Foods, Farm Boy and Lawtons Drugs as well as more than 350 retail fuel locations. More information on Sobeys Inc. can be found at www.sobeyscorporate.com

F0.2

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

	Start Date	End Date
Reporting year	January 1 2019	December 31 2019

F0.3

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

CAD

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on. For each forest risk commodity selected, identify the stages of the supply chain which best represents your organization's area of operation.

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
Timber products	Disclosing	Retailing	<Not Applicable>
Palm oil	Disclosing	Retailing	<Not Applicable>
Cattle products	Not disclosing	Retailing	We are not disclosing on this commodity. Please note that the majority of our beef comes from Canadian suppliers with very little, if any, beef from tropical regions. We anticipate a limited deforestation impact.
Soy	Not disclosing	Retailing	We are not disclosing on this commodity. Sobeys has completed an analysis on the soy used in our private label products and determined that the majority (more than 99%) of soy is sourced from North America.
Other - Rubber	Not disclosing	Retailing	We are not disclosing on this commodity. Rubber represents a very small percentage of our business revenue.
Other - Cocoa	Not disclosing	Retailing	We are not disclosing on this commodity, but we intend to report on it in the coming years. Our private label brand, Compliments, as well as our produce and floral departments, offer customers 18 different Fairtrade-certified products in stores across the country, including chocolate and coffee.
Other - Coffee	Not disclosing	Retailing	We are not disclosing on this commodity, but we intend to report on it in the coming years. Our private label brand, Compliments, as well as our produce and floral departments, offer customers 18 different Fairtrade-certified products in stores across the country, including chocolate and coffee.

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No

F1. Current state

F1.1

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

Timber products

Activity

Buying manufactured products

Form of commodity

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

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Canada
 United States of America

% of procurement spend

<1%

Comment

Palm oil

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Refined palm oil
 Palm oil derivatives
 Palm kernel oil derivatives

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Indonesia
 Malaysia

% of procurement spend

<1%

Comment

F1.2

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

	% of revenue dependent on commodity	Comment
Timber products	Please select	For competitive reasons, Sobeys does not disclose this information.
Palm oil	Please select	For competitive reasons, Sobeys does not disclose this information.
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F1.5

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

	Data availability/Disclosure
Timber products	Data not available
Palm oil	Consumption data available, disclosing
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F1.5a

(F1.5a) Disclose your production and/or consumption data.

Forest risk commodity

Palm oil

Data type

Consumption data

Volume

1435

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

F1.5b

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

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

32

Please explain

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

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

60

Please explain

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

F1.5d

(F1.5d) Why is production and/or consumption data not available for your disclosed commodity(ies)?

	Primary reason	Please explain
Timber products	Important, but not an immediate business priority	Currently, data is not collected at a corporate level for this commodity. Risks exist but no substantive impact anticipated due to the low volume of packaging coming from areas at risk of tropical deforestation.
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F1.6

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

No

F2. Procedures

F2.1

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

Yes, forests-related risks are assessed

F2.1a

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

Timber products

Value chain stage

Supply chain

Coverage

Partial

Risk assessment procedure

Assessed as part of other company-wide risk assessment system

Frequency of assessment

Please select

How far into the future are risks considered?

1 to 3 years

Tools and methods used

Internal company methods

Please explain

Risks exist but no substantive impact anticipated due to the low volume of packaging coming from areas at risk of tropical deforestation. Once we have more data and a better understanding of the potential impact of our supply chain, we plan to engage in capacity building activities in the value chain.

Palm oil

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

1 to 3 years

Tools and methods used

Internal company methods

Other, please specify (Consulted with RSPO to assess and identify risks)

Please explain

Sobeys has made a commitment to 100% sustainable palm oil in our private label products by 2020. With this strong commitment, we have worked with the RSPO and with our Private Label team to develop a procedure that is easy and efficient. Considerable progress was made to ensure we achieved our goal, so we focused most of our time working with suppliers who had the most difficulty switching to sustainable palm oil. Time was spent monthly to review the transition to sustainable palm oil and to help overcome supplier roadblocks. For suppliers who already transitioned to sustainable palm oil, we validated their CSPO certification(s) to ensure they were in good standing and followed up annually to ensure no significant changes were made with regards to palm oil sourcing. As of December 2019, 100% of the palm oil used in our private label products was certified sustainable. Of that, 94% of the palm oil used for our Compliments and Sensations products was fully physically traceable Certified Sustainable Palm Oil (CSPO). This represents an 11% increase since December 2016. The remaining 6% of our palm oil usage was certified using book and claim credits.

F2.1b

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?

Availability of forest risk commodities

Relevance & inclusion

Relevant, not included

Please explain

This issue has been identified as potentially relevant to our organization, however, has not been integrated into our risk assessment process due to insufficient data'. As we continue to improve our understanding of this issue we will incorporate it into the risk process as necessary.

Quality of forest risk commodities

Relevance & inclusion

Relevant, not included

Please explain

This issue has been identified as potentially relevant to our organization, however, has not been integrated into our risk assessment process due to insufficient data'. As we continue to improve our understanding of this issue we will incorporate it into the risk process as necessary.

Impact of activity on the status of ecosystems and habitats

Relevance & inclusion

Relevant, not included

Please explain

This issue has been identified as potentially relevant to our organization, however, has not been integrated into our risk assessment process due to insufficient data'. As we continue to improve our understanding of this issue we will incorporate it into the risk process as necessary.

Regulation

Relevance & inclusion

Relevant, always included

Please explain

Sobeys continually ensures it stays compliant with all current regulations. Canada has a stable legislative environment; therefore, potential changes in regulation are signaled well in advance of being enacted. This provides for a detailed consultative period in conjunction with the Retail Council of Canada, who involves Sobeys in any regulatory discussions that could impact Sobeys and other grocers.

Climate change

Relevance & inclusion

Relevant, always included

Please explain

The Sustainability team concurrently identifies climate change risks and opportunities during the process of identifying sustainability related projects and initiatives. Risks are categorized and prioritized based on their estimated impact and the likelihood of the risk occurring. We embrace the responsibility we have to take action on climate change, recognizing the risks it poses to food production and to the local communities we serve now and in the future. We are taking climate action by investing in our buildings to ensure they operate more efficiently, by lowering our energy consumption and by better understanding our emissions output to create a comprehensive plan to reduce our impact. In January 2019, together with other leading grocery retailers in Canada, we committed to taking measurable actions to prevent and reduce our food waste by 50% by 2025.

Impact on water security

Relevance & inclusion

Relevant, not included

Please explain

This issue has been identified as potentially relevant to our organization, however, has not been integrated into our risk assessment process due to insufficient data'. As we continue to improve our understanding of this issue we will incorporate it into the risk process as necessary.

Tariffs or price increases

Relevance & inclusion

Relevant, always included

Please explain

Material costs, product availability, distribution and price points are always considered as part of our analysis when taking decisions on our private label products. We aim to provide high quality, sustainable products that meet the needs of our customers at competitive price points across all our banners.

Loss of markets

Relevance & inclusion

Relevant, always included

Please explain

The impact on our customers is always considered when taking decisions about our private label products. We utilize our expert panel of chefs, food scientists, and culinary educators, to develop our products based on the everyday needs of Canadians. We seek insights from our customers to ensure our products will meet their needs. In addition, our food products are strictly sourced from suppliers certified by the Global Food Safety Initiative, ensuring that they are fully traceable and compliant to rigorous standards.

Brand damage related to forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Sobeys continually mitigates this risk by monitoring for and responding to forest- related matters. The company also routinely responds to customer questions related to environmental issues.

Corruption

Relevance & inclusion

Relevant, not included

Please explain

This issue has been identified as potentially relevant to our organization, however, has not been integrated into our risk assessment process due to insufficient data'. As we continue to improve our understanding of this issue we will incorporate it into the risk process as necessary.

Social impacts

Relevance & inclusion

Relevant, not included

Please explain

This issue has been identified as potentially relevant to our organization, however, has not been integrated into our risk assessment process due to insufficient data'. As we continue to improve our understanding of this issue we will incorporate it into the risk process as necessary.

Other, please specify

Relevance & inclusion

Please select

Please explain

F2.1c

(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?

Customers

Relevance & inclusion

Relevant, always included

Please explain

Sobeys aims to utilize its customer reach to positively impact the communities we serve. Sobeys engages external stakeholders at the community level regularly to foster collaboration and generate new ideas to help address the current and relevant issues in those communities.

Employees

Relevance & inclusion

Relevant, sometimes included

Please explain

Our stakeholders view Sustainability as increasingly important. Our Sustainability strategy aligns with employee values and we believe it drives employee acquisition and retention.

Investors

Relevance & inclusion

Relevant, always included

Please explain

We regularly engage with our Investor Relations team to respond to investor inquiries. In addition, in order to provide transparency and disclosure to our investor community, we have our new CR report online <https://corporate.sobeys.com/corporate-responsibility/> and we also disclose information through external reports such as CDP and ACOP (Annual Communication of Progress) for the Roundtable on Sustainable Palm Oil.

Local communities

Relevance & inclusion

Relevant, always included

Please explain

NGOs

Relevance & inclusion

Relevant, sometimes included

Please explain

We are in contact with a number of NGOs, such as Earth Day Canada, with whom we have discussions, including regarding our sourcing for packaging.

Other forest risk commodity users/producers at a local level

Relevance & inclusion

Relevant, not included

Please explain

Regulators

Relevance & inclusion

Relevant, always included

Please explain

Suppliers

Relevance & inclusion

Relevant, always included

Please explain

We are actively working on forest related risks for palm oil as they relate to the Consumer Goods Forum commitment to zero-net deforestation by 2020 with our suppliers.

Other stakeholders, please specify

Relevance & inclusion

Please select

Please explain

F3. Risks and opportunities

F3.1

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

	Risk identified?
Timber products	Yes
Palm oil	Yes
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F3.1a

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

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

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

F3.1b

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

Forest risk commodity

Timber products

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Negative media coverage

Primary potential impact

Brand damage

Company-specific description

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

Timeframe

Unknown

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

We are unable to estimate a potential financial impact at this time due to the lack of quantified materials.

Primary response to risk

Engagement with suppliers

Description of response

Cost of response**Explanation of cost of response****Forest risk commodity**

Palm oil

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Negative media coverage

Primary potential impact

Brand damage

Company-specific description

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

Timeframe

Unknown

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

We are unable to estimate a potential financial impact at this time due to the lack of quantified materials.

Primary response to risk

Engagement with suppliers

Description of response**Cost of response****Explanation of cost of response**

F3.2

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

	Have you identified opportunities?
Timber products	No
Palm oil	Yes
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F3.2a

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

Forest risk commodity

Palm oil

Type of opportunity

Other

Where in your value chain does the opportunity occur?

Other parts of the value chain

Primary forests-related opportunity

Other, please specify (Increased brand & shareholder value)

Company-specific description & strategy to realize opportunity

Sobeys expectation is that it's suppliers will have moved to 100% CSPO for the products manufactured for Sobeys by December 2020 in conjunction with the Consumer Goods Forum's zero-net deforestation commitment. We will continue to work with our suppliers to ensure they are using 100% physical trace CSPO. By switching to 100% CSPO in our Private Label products, Sobeys benefits from a brand perspective as we can demonstrate our commitment to quality ingredients and minimizing our impacts in areas where palm oil is produced. This initiative is outlined in our corporate website and in our annual report for customers and shareholders to review.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential impact

Low

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

F3.2b

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

Timber products

Primary reason

Opportunities exist, but none with potential to have a substantive financial or strategic impact on business

Please explain

Expected opportunities are related to reputational advantage.

F4. Governance

F4.1

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

Yes

F4.1a

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

Position of individual	Please explain
Board-level committee	Sobeys Executive Committee has responsibility for the Corporation's sustainability initiatives. The Executive Vice President of Human Resources is appointed to the Executive Committee to oversee sustainability responsibility initiatives. Reporting to Executive Vice President of Human Resources, the Vice President of Sustainability takes on the sustainability leadership in developing long-term strategy and projects and updates the Corporate Governance Committee of the Board. Sustainability Steering Committee is composed of Senior Leaders across all operating business functions. The Committee meets quarterly to advise on strategy and initiatives, providing feedback and guidance. Committee members also act as advocates for corporate responsibility across business functions. To learn more about our Corporate Responsibility Governance, please visit corporate.sobeys.com/corporate-responsibility/ceo-message-sustainability/

F4.1b

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

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Reviewing and guiding business plans Reviewing and guiding strategy	The Vice President Sustainability is responsible for the sustainability and climate-related initiatives that are presented to and approved by the Corporate Governance Committee of the Board of Directors.

F4.2

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

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Other committee, please specify (Executive Committee)	Managing forests-related risks and opportunities	Quarterly	Sobeys Executive Committee has responsibility for the Corporation’s sustainability initiatives.
Other, please specify (EVP of Human Resources)	Managing forests-related risks and opportunities	Quarterly	The Executive Vice President of Human Resources is appointed to the Executive Committee to oversee sustainability responsibility initiatives.
Other, please specify (VP of Sustainability)	Both assessing and managing forests-related risks and opportunities	As important matters arise	Reporting to Executive Vice President of Human Resources, the Vice President of Sustainability takes on the sustainability leadership in developing long-term strategy and projects.
Environment/Sustainability manager	Both assessing and managing forests-related risks and opportunities	Not reported to board	Reporting to the Vice President of Sustainability, the Director of Corporate Sustainability manages the Sustainability team. The Sustainability team works cross-functionally across the business to review existing initiatives, determine key gaps, and develop long-term strategies and goals related to sustainability.

F4.3

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

	Provide incentives for management of forests-related issues	Comment
Row 1	No, not currently but we do plan to introduce them in the next two years	

F4.4

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

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

F4.5

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

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

F4.6

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

Yes

F4.6a

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

Other, please specify (Consumer Goods Forum 0 net deforestation)

F4.6b

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

Forest risk commodity

Palm oil

Criteria

Other, please specify (100% CSPO in all private label products)

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2019

Commitment target date

2020

Please explain

Sobeys developed a palm oil supplier sourcing policy and requested all vendors supplying private label products to disclose their use of palm oil and its derivatives in the products. The policy requires that all vendors transition to 100% physical trace CSPO, with an interim solution of purchasing RSPO credits if they were unable to switch to 100% physical trace CSPO in their operations by 2020. Sobeys will work with suppliers having difficulty switching to 100% physical trace CSPO to meet our 2020 commitment.

F5. Business strategy

F5.1

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

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	No, forests-related issues not yet reviewed, but there are plans to do so in the next two years	<Not Applicable>	In July 2020, Empire unveiled Project Horizon, a new three-year growth strategy for core business expansion and e-commerce acceleration.
Strategy for long-term objectives	No, forests-related issues not yet reviewed, but there are plans to do so in the next two years	<Not Applicable>	One of the five pillars of our strategy is to Inspire Our Customers. To build our strong emotional connection with Canadians, we'll continue to evolve being strong partners in the community through meaningful community investment and sustainability. Among the priorities that will drive our plan forward, we intend to develop an ESG-specific plan within the next fiscal year. Notably, the renewal of our commitment to sustainable palm oil supply will be one of the components.
Financial planning	No, forests-related issues not yet reviewed, but there are plans to do so in the next two years	<Not Applicable>	Building from the success of Project Sunrise, Empire's previous three-year strategy, the Company is well positioned to accelerate a new ambitious growth plan. Among the priorities that will drive our plan forward, growing Empire's Private Label Portfolio will be one.

F6. Implementation

F6.1

(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Palm oil

Type of target

Other, please specify (100% CSPO in all private label products)

Description of target

Sobeys developed a palm oil supplier sourcing policy and requested all vendors supplying private label products to disclose their use of palm oil and its derivatives in the products. The policy requires that all vendors transition to 100% physical trace CSPO, with an interim solution of purchasing RSPO credits if they were unable to switch to 100% physical trace CSPO in their operations by 2020. Sobeys will work with suppliers having difficulty switching to 100% physical trace CSPO to meet our 2020 commitment.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2016

Target year

2020

Quantitative metric

Percentage

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

94

Please explain

Sobeys expectation is that suppliers will have moved to CSPO for the products manufactured for Sobeys by December 2020 in conjunction with the Consumer Goods Forum's zero-net deforestation commitment. In 2019, we have reached a milestone of 94% certified sustainable palm oil in our private label products

F6.2

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

	Do you have system(s) in place?	Description of traceability system	Exclusions	Description of exclusion
Timber products	No	<Not Applicable>	<Not Applicable>	<Not Applicable>
Palm oil	No	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.2b

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

Forest risk commodity

Timber products

Primary reason

Judged to be unimportant, explanation provided

Please explain

Most of Sobey's pulp and paper products derive from North America with little anticipated deforestation impacts.

Forest risk commodity

Palm oil

Primary reason

We are planning to track and monitor the origin of forest risk commodities within the next two years

Please explain

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

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption.

Forest risk commodity

Timber products

Third-party certification scheme

FSC (any type)

Certification coverage

Consumption volume

% of total production/consumption volume certified

Form of commodity

Paper

Primary packaging

Volume of production/ consumption certified

Metric

Please select

Please explain

All office paper is SFI certified. As well, at Sobey's, we strive for 100% recycled and FSC or SFI certified material for our Own Brands fibre-based packaging.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO (any type)

Certification coverage

Consumption volume

% of total production/consumption volume certified

100

Form of commodity

Refined palm oil

Palm oil derivatives

Palm kernel oil derivatives

Volume of production/ consumption certified

1435

Metric

Metric tons

Please explain

As of December 2019, 100% of the palm oil used in our private label products was certified sustainable. Of that, 94% of the palm oil used for our Compliments and Sensations products was fully physically traceable Certified Sustainable Palm Oil (CSPO). This represents an 11% increase since December 2016. The remaining 6% of our palm oil usage was certified using book and claim credits.

F6.4

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

	A system to control, monitor or verify compliance	Comment
Timber products	Yes, we have a system in place, but for other commitments	<Not Applicable>
Palm oil	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity

Palm oil

Operational coverage

Supply chain

Description of control systems

We carry out an annual audit of all our suppliers using palm oil for our private label products. In 2016, we released our corporate Palm Oil Sourcing Policy to vendors that manufacture products containing palm oil for our private label brands. We use palm oil in a small number of our private label products. We continue to engage our suppliers to ensure that all our private label products use only Certified Sustainable Palm Oil (CSPO) as defined by the Roundtable on Sustainable Palm Oil (RSPO).

Monitoring and verification approach

Other, please specify (We carry out an annual audit of all our suppliers using palm oil for our private label products.)

% of total volume in compliance

100%

% of total suppliers in compliance

91-99%

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Providing information on appropriate actions that can be taken to address non-compliance

Please explain

As of December 2019, 100% of the palm oil used in our private label products was certified sustainable. Of that, 94% of the palm oil used for our Compliments and Sensations products was fully physically traceable Certified Sustainable Palm Oil (CSPO). The remaining 6% of our palm oil usage was certified using book and claim credits. Suppliers who used book and claim credits are informed they must transition to fully physically traceable Certified Sustainable Palm Oil (CSPO).

F6.6

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

	Assess legal compliance with forest regulations	Please explain
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	No, we do not assess legal compliance	All of our suppliers have an obligation to respect all applicable laws. Sobeys also recognizes that some suppliers may have entered into agreements with agents or brokers in the course of their supply activities to us. Such third parties are also expected to respect all applicable laws.
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.7

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

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	No, not working with smallholders	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Palm oil	No, not working with smallholders	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.8

(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	Yes, working with direct suppliers	Capacity building	Other, please specify (Encouraging certification, Contractual agreements)	Please select	All of our Private Label packaging suppliers are asked for FSC certified board and 100% recycled board. For GNFR, as we enhance our sustainability strategy we will look to work with our suppliers more closely.
Palm oil	Yes, working with direct suppliers	Supply chain mapping	Supplier questionnaires on environmental and social indicators	100%	All Sobeys suppliers that use palm oil or its derivatives in the manufacturing of packaged private label goods are required to guarantee that all palm oil and derivatives are CSPO.
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.9

(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	No, not working beyond the first tier	<Not Applicable>	<Not Applicable>	
Palm oil	No, not working beyond the first tier	<Not Applicable>	<Not Applicable>	
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.10

(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

Roundtable on Sustainable Palm Oil (RSPO)

Jurisdictional approaches

<Not Applicable>

Please explain

We annually disclose and report on our palm oil consumption within our private label products (RSPO/ACOP and CDP Forests). Sobeys is also a signatory to the CGF net-zero tropical deforestation initiative 2020.

F6.11

(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

Yes

F6.11a

(F6.11a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Reforestation

Primary motivation

Voluntary

Description of project

We are fortunate to be actively engaged with a number of partners across Canada and around the world to accelerate corporate responsibility in all aspects of our business. We meet regularly with our partners to identify areas where we can collaborate to make progress on our collective corporate commitments. We proactively seek out partnerships and innovative solutions to enhance social and environmental wellbeing in the communities we proudly serve. Among our partners is One Tree Planted, a non-profit focused on global reforestation. They are dedicated to making it easy for individuals and businesses to give back to the environment, create a healthier climate and protect biodiversity. We have partnered with One Tree Planted to plant trees on our behalf across Canada to combat climate change, improve air quality, and create a positive social impact by planting trees. For more details on our partners : <https://corporate.sobeys.com/corporate-responsibility/ceo-message-sustainability/>

Start year

2020

Target year

Please select

Project area to date (Hectares)

Project area in the target year (Hectares)

Country/Area

Canada

Latitude

Longitude

Monitoring frequency

Please select

Measured outcomes to date

Please select

Please explain

Our partnership with One Tree Planted was formalized in 2019, with planting scheduled to begin in late 2020.

F7. Verification

F7.1

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

No, we are waiting for more mature verification standards/processes

F8. Barriers and challenges

F8.1

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

Forest risk commodity

Timber products

Coverage

Supply chain

Primary barrier/challenge type

Limited public awareness and/or market demand

Comment

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

Forest risk commodity

Palm oil

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

The challenge that large companies face when addressing issues like deforestation is the complexity of the global supply chain. Although the majority of our products are sourced within North America and thus have well defined sources, the challenge lies within products outside of North America.

F8.2

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

Forest risk commodity

Timber products

Coverage

Supply chain

Main measure

Greater customer awareness

Comment

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

Forest risk commodity

Palm oil

Coverage

Supply chain

Main measure

Greater supplier awareness/engagement

Comment

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

F17 Signoff

F-FI

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

F17.1

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

	Job Title	Corresponding job category
Row 1	Director, Corporate Sustainability	Environment/Sustainability manager

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms