

ANIMAL WELFARE STATEMENT

DATE: JULY 5, 2022

VERSION: 1

APPROVED BY: MICHAEL MEDLINE – PRESIDENT & CEO, EMPIRE
COMPANY LIMITED



**We are a family
nurturing families**

Empire Company Limited Animal Welfare Statement

Empire Company Limited and Sobeys Inc. ('Sobeys') strives to provide our customers with safe, affordable, and nutritious products of the highest quality. Sobeys is proudly Canadian, with more than one hundred years of experience in the food retail business. As one of Canada's largest national grocery retailers, we serve the food shopping needs of Canadians with stores in all ten provinces offering full-service, community and discount format stores, convenience, fuel and pharmacy stores, as well as related business and our e-commerce grocery business.

Our core values are our strength and the foundation of who we are: Customer-Driven, People-Powered, Community-Engaged and Results-Oriented. We are a family nurturing families. This is our collective passion and mission to nurture the things that make life better, including great experiences, families, communities and the lives of our teammates from coast-to-coast. In upholding these core values and purpose of our company, Sobeys is committed to sourcing sustainable, ethically responsible, and humanely raised products for our customers.

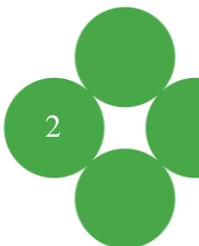
As a leading Canadian grocer, we have identified animal welfare as a business priority. While our company does not raise animals, nor own and operate processing facilities, we do source large quantities of farmed animal products and recognize the role we play in ensuring the wellbeing of farmed animals intended for our customers' consumption.

We have a responsibility as a grocery retailer to enhance and promote good animal care practices for all farmed animals in our value chain. We do this by:

- **VALUING THE LIFE OF ANIMALS:** Adhering to our animal welfare guiding principles in how we source our animal products
- **COLLABORATING WITH STAKEHOLDERS:** Ensuring the responsibility of the management of our animal welfare program and commitments are shared across all levels of our organization and through collaboration with suppliers, industry partners and associations
- **STAYING ACCOUNTABLE:** By transparently reporting on our progress towards our animal welfare commitments, at minimum, on an annual basis in our Sustainable Business Report
- **CONTINUOUSLY IMPROVING:** Advancing our businesses expectations and standards, over time, on how farmed animals are to be treated

Scope of our Animal Welfare Statement

This policy statement applies to all suppliers that source commodities derived from farmed animals to produce fresh and frozen products and/or for use as an ingredient.



This statement applies across Empire and Sobeys Inc. banners, which include all full-service, community and discount banners, convenience, fuel and pharmacy stores, as well as related business and our e-commerce grocery business. Unless explicitly stated otherwise, the scope of this document is applicable to all sourced farm animal products, including beef and dairy cattle, sows and boars, poultry and egg-laying hens, and farmed fish.

Animal Welfare Guiding Principles

We value the lives of the animals that provide our customers with safe, nutritious and quality products. Sobeys Inc. does not condone or tolerate any form of animal abuse in our supply chain. We expect all suppliers to act in accordance with local regulations and the Five Freedoms, the internationally recognized standard for animal welfare regarding the treatment of farmed animals, and ensure that the farmed animals they procure are treated humanely throughout their lifetime.

Our commitment to animal welfare is guided by the Five Freedoms:

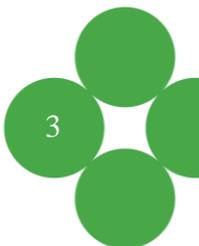
- **Freedom from hunger, malnutrition and thirst** by providing ready access to fresh water and a diet that maintains good health and vigour
- **Freedom from pain, injury and disease** through prevention or rapid diagnosis and treatment;
- **Freedom from fear and distress** by providing conditions and treatment which avoid mental suffering
- **Freedom from physical and thermal discomfort** by providing an appropriate environment, including shelter and a comfortable resting area
- **Freedom to express normal patterns of behaviour** by providing sufficient space, proper facilities and company of the animal's own kind

Within our supply chain, we encourage our suppliers to consider the judicious use of antibiotics and growth hormones¹ over the course of an animal's lifetime and expect our suppliers to maintain ethical standards when transporting and slaughtering animals intended for human consumption.

How We Manage Animal Welfare

At Sobeys, animal welfare is managed collaboratively among internal stakeholders, as well as external stakeholders including suppliers, industry associations, national producer organizations, regulatory agencies, non-governmental organizations and animal welfare groups.

¹ Growth promoting hormones are not permitted for use in Canadian pork, poultry and dairy production.



Animal welfare is governed by various levels of management within our organization. The Executive Committee, including our CEO, and the Board of Directors' Corporate Governance and Social Responsibility Committee, provide oversight on all Environmental Social Governance issues, including animal welfare. Quarterly updates from the Senior Vice President Innovation, Sustainability and Strategy are provided to these governing committees.

Strategic decisions related to animal welfare that impact our supply chain are assessed by the Merchandising Leadership Committee, with the Sobeys Executive Committee having oversight on these decisions.

Senior leaders accountable for sourcing farmed animal products collaborate regularly with the Sobeys Sustainability Team on key animal welfare topics such as industry regulations, potential supply chain risks and opportunities, and progress towards our commitments every two months, and ad-hoc on urgent animal welfare related issues. These leaders provide direction to our dedicated teams and individuals that work day-to-day with our suppliers to source commodities derived from farmed animals. These teams include category managers, merchandising, quality assurance and food safety teams. Sobeys Sustainability Team is responsible for reporting on our animal welfare commitments.

Sobeys considers it to be the responsibility of our suppliers to follow our Animal Welfare Principles. The teams/individuals responsible for animal welfare within our company, however, reserve the right to investigate potential instances of gross misconduct related to the treatment of animals found within our supply chain with direct and in-direct suppliers, and take corrective action as deemed necessary.

Beyond our business, we are committed to working with industry partners and associations to ensure the management of our animal welfare program advances the care of farmed animals. Through our membership with the Retail Council of Canada's Animal Health and Welfare Committee, we continue to monitor and engage pre-competitively with other Canadian food retailers and those within our value chain to address animal welfare issues that affect our industry.

As an associate member of the National Farm Animal Care Council (NFACC), we firmly endorse their science-based, multi-stakeholder process that seeks to standardize and verify farmed animal care throughout Canada. In support of this process, we strongly encourage all our suppliers to source from producers who work in accordance with the respective NFACC Codes of Practice to ensure the sound management of farmed animals.

Following a science-based approach, our understanding of animal welfare issues is continually informed and guided by experts and academics in the field of animal care. We commit to consult with these animal care experts as we look to advance animal welfare practices in our supply chain.

As we aim to advance our business expectations regarding the treatment of farmed animals, we commit to collaborating with our suppliers, national producer organizations, animal welfare interest groups, and other stakeholders, through various forums, to achieve higher welfare standards for all farmed animal derived products we source.

Our Animal Welfare Commitments

At this time, Sobeys, along with other major grocery retailers in Canada, have made animal welfare commitments associated with the close confinement of sows and egg laying hens in support of industry wide bans on the use of conventional battery cages and gestation crates²:

- In 2013, we committed to source all fresh pork products from producers using gestation crate-free housing systems by the end of 2022
- In 2016, we committed to source only cage-free eggs by the end of 2025

Our industry has learned a lot since we made these public commitments. Retailers and suppliers agree, these are the right goals to work towards. Since the retailers made these commitments, we've learned that the supply chain needs more time to adapt and change. At Sobeys, we are committed to continue working to these goals.

Updates related to our commitments can be found on our website under [Recent Updates](#) and in our annual Sustainable Business Report.

Advancing our Animal Welfare Program

At Sobeys, we aim to advance and improve animal care practices across our value chain. Additionally, we believe Sobeys can advance the care of farmed animals within our industry, helping ensure Canadian families can enjoy products that are sustainably, ethically, responsibly, and humanely sourced.

For that reason, we are committed to advancing our animal welfare program in three key areas:

- **Capacity building**
- **Collaboration with key stakeholders**
- **Continuous improvement**

Capacity Building

- Embracing a culture of care for animals among our teammates through internal communications, education and training on animal welfare issues
- Raising the profile of animal welfare in our purchasing processes and procedures
- Developing and executing an animal care strategy with the aim of implementing animal welfare policies and standards that address the key welfare issues for each farmed animal species in our supply chain
- Including animal welfare standards as part of the evaluation criteria for relevant suppliers

² Sobeys related businesses brands, Longo's and Farm Boy, are not included in the scope of these commitments

- Promoting higher welfare products to our customers and educating them on animal care practices

Collaboration:

- Continuing to pursue strong relationships with our suppliers to understand their progress on animal welfare and identify opportunities to improve animal care practices
- Maintaining strong and open relationships with animal care experts and interest groups to keep abreast with ongoing and upcoming animal welfare issues and improve our understanding of best practices associated with animal care
- Continuing to participate in the NFACC process, regularly reviewing the Codes of Practice, and providing feedback when Codes undergo review
- Continuing to participate in the RCC Animal Health and Welfare Committee and identify opportunities for industry leadership

Continuous Improvement

- Releasing an updated version of this Statement in 2023 with specific guidelines developed for each farmed animal species in our supply chain
- Introducing new animal welfare commitments and goals with measurable targets and outcomes
- Regularly reviewing our performance on animal welfare and progress towards our commitments and goals
- Advocating for animal welfare regulations that aim to improve and enforce animal care standards across the industry
- Reviewing the Animal Welfare Statement on an annual basis

