



SOBEYS SUSTAINABLE PALM OIL SOURCING POLICY

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COMPANY LIMITED



**We are a family
nurturing families**

Sobeys Sustainable Palm Oil Sourcing Policy

1. Introduction

Sobeys Inc. ('Sobeys') has a responsibility to ensure that palm oil sourcing and any derivatives used in the production of its Own Brands products do not contribute to tropical deforestation. Sobeys has developed its Sourcing Policy for implementation across its Own Brands supplier network for its Compliments and related brands.

Palm oil is used in some of the company's Own Brands products. Our oil use is modest compared to global consumption; however, it is important that we work to responsibly source the oil we do use.

Increased demand for agricultural land for palm plantations has led to substantial tropical deforestation in Indonesia and Malaysia. Clear cutting and forest burning have resulted in loss of valuable biodiversity and release of large amounts of carbon dioxide into the atmosphere. Offsetting this are industry initiatives that ensure plantations and associated processing facilities operate in a socially and environmentally responsible way.

In 2010, Sobeys signed the Consumer Goods Forum pledge to achieve zero net deforestation by 2020 (See Appendix). With the release of our first palm oil policy and membership in the Roundtable for Sustainable Palm Oil (RSPO) in 2016, Sobeys committed to transition to the use of Certified Sustainable Palm Oil (CSPO) RSPO by 2020. Updates on progress towards our palm oil commitments can be found on our annual [Sustainable Business Report](#).

Sobeys expects supplier partners to adopt/adhere to the principles of ethical and sustainable forestry practices by taking appropriate steps to ensure palm oil is sourced in accordance to the guidelines set out by the Roundtable for Sustainable Palm Oil (RSPO).

2. Scope

These guidelines apply to palm oil, palm kernel oil and all derivative ingredients in the company's packaged Own Brands goods sold at Sobeys Inc. banner stores under Compliments and related brands.¹ This includes all full-service, community and discount banners, convenience, fuel locations and pharmacies, as well as our e-commerce grocery business. Through extensive internal work, we have identified those products that contain palm oil, palm kernel oil and all derivatives.

3. Goal

Sobeys is committed to physically source 100 per cent certified sustainable palm oil by December 31, 2025, as defined by the RSPO standard, for all Own Brands products. This goal will be achieved without the purchase of palm oil credits.

¹ Sobeys related businesses brands, Longo's and Farm Boy, are not included in the scope of this Policy

4. Transparency

Annually, Sobeys discloses our palm oil use to the RSPO. We also update our progress of our palm oil goals in our annual Sustainable Business Report with the percentage of certified sustainable palm oil used in Own Brands products, and the percentage of purchased palm oil credits.

5. Governance

The Executive Committee, and the Corporate Governance and Social Responsibility Committee of the Board of Directors provide oversight on all issues related Environment, Social and Governance (ESG), including sustainable palm oil. The Corporate Governance and Social Responsibility Committee is briefed quarterly on issues related to sustainable sourcing by senior leaders, who empower and provide strategic direction to the dedicated teams that oversee the day-to-day management of palm oil in our supply chain.

The Sustainability team is responsible for day-to-day management of sustainable palm oil, including monitoring sustainable palm oil use in Own Brands products, engaging with suppliers that use palm oil and its derivatives as ingredients, disclosing our palm oil use to the RSPO, and reporting on progress of our palm oil goals through our annual Sustainable Business Report.

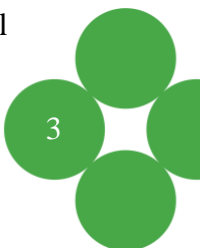
6. Approach

Sobeys has a methodical approach for to implement our commitment:

- Identify of all Own Brands products containing palm oil or an ingredient derivative
- Determine the total volume of palm oil and derivatives used in these products
- Survey vendors about the current state of their efforts to transition to CSPO including their published goals and timelines
- Track the plans and actual transition by supplier and by product
- Purchase Green Palm certificates to support sustainable palm oil production while this Policy is being implemented
- Report annually to the RSPO

7. Supplier Expectation- Deadline

Sobeys expects supplier partners to move to physical trace CSPO for products manufactured for Sobeys by December 31, 2025. The purchase of GreenPalm certificates is acceptable as an interim option to reach the December 2025 deadline; however, supplier partners must transition to physical



trace CSPO no later than December 31, 2025. This transition must be demonstrated through the verification process outlined below.

8. Verification

The minimum recommended mechanism to comply with this Policy is the RSPO standard. The RSPO supplier options are: 'Identity Preserved,' 'Segregated' and 'Mass Balance.' Suppliers must ensure that certification claims are robust and verified by third-party audits and copies of these audits must be shared with Sobeys.

Appendix

The CGF Resolution on Deforestation (November 2010):

“As the Board of The Consumer Goods Forum, we pledge to mobilize resources within our respective businesses to help achieve zero net deforestation by 2020. We will achieve this both by individual company initiatives and by working collectively in partnership with governments and NGOs.

Together we will develop specific, time bound and cost-effective action plans for the different challenges in sourcing commodities like palm oil, soya, beef, paper and board in a sustainable fashion. We will also work with other stakeholders – NGOs, development banks, governments etc. – to create funding mechanisms and other practical schemes that will incentivize and assist forested countries to conserve their natural assets and enable them to achieve the goal of zero net deforestation, whilst at the same time meeting their goals for economic development.”

Zero Net Deforestation:

Sobeys recognizes WWF’s definition of zero net deforestation which is different than zero deforestation. Zero net deforestation acknowledges that some forest loss could be offset by forest restoration and is not synonymous with a total prohibition on forest clearing. Rather, it leaves room for change in the configuration of the land-use mosaic, provided the net quantity, quality and carbon density of forests is maintained. It recognizes that, in some circumstances, conversion of forests in one site may contribute to the sustainable development and conservation of the wider landscape (e.g. reducing livestock grazing in a protected area may require conversion of forest areas in the buffer zone to provide farmland to local communities). However, zero net deforestation is not achieved through the conversion of primary or natural forests into fast growing plantations. Such conversion would count as deforestation in assessing progress against a target.