



Fighting Forced Labour and Child Labour

FY2026 Report

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Committed to being a responsible business

Empire Company Limited is committed to conducting business responsibly, ensuring the people who produce and manufacture goods within our supply chain are treated fairly and ethically. We take our responsibility as a top retailer in Canada seriously, doing our part to help eliminate forced labour and child labour. We work closely with respected suppliers locally, nationally, and internationally, collaborating around shared values to provide customers with responsibly sourced products. Our company endorses the United Nations Universal Declaration of Human Rights, the Core Conventions of the International Labour Organization, the United Nations Convention on the Rights of the Child, and the UN Guiding Principles on Business and Human Rights. Our policies, practices, and ongoing commitments are aligned with these international codes and conventions, and we comply with all relevant national, provincial, and municipal laws.

Report scope

This joint report is to meet Empire Company Limited's reporting obligations as set out in Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act") for fiscal 2026 (May 4, 2025, to May 2, 2026, unless otherwise stated). Unless otherwise noted, the joint report covers all Empire entities required to report under the Act ("Empire", "we", "our" and "us"), which include:

- Empire Company Limited
- Sobeys Inc.
- Sobeys Capital Incorporated
- Farm Boy Company Inc.
- Longo Brothers Fruit Markets Inc.
- 10888931 Canada Inc (doing business as Kim Phat)

Our business

Purpose

We are a family nurturing families.

Values

We are customer-driven, people-powered, community-engaged and results-orientated.

Overview

Empire's key businesses and financial results are segmented into two reportable segments: (i) Food retailing; and (ii) Investments and other operations. With approximately \$32 billion in annual sales and \$17 billion in assets, Empire and its subsidiaries, franchisees and affiliates employ approximately 129,000 people.

Empire's Food retailing segment is carried out through Sobeys Inc., a wholly owned subsidiary. Proudly Canadian, with headquarters in Stellarton, Nova Scotia, Sobeys has been serving the food shopping needs of Canadians since 1907. Sobeys owns, affiliates or franchises more than 1,600 stores in all 10 provinces under retail banners that include Sobeys, Safeway, IGA, Foodland, FreshCo, Thrifty Foods, Farm Boy, Longo's and Lawtons Drugs, operates grocery e-commerce under the banners Voilà, Voilà par IGA and ThriftyFoods.com, and operates and/or supplies to more than 350 retail fuel locations.

Across our banners and businesses from coast-to-coast, Empire fosters a family culture of care, trust, respect and growth for teammates, customers, supplier partners and communities.

Our supply chain

As a national grocer and retailer, our supply chain is large and complex. It includes thousands of direct suppliers in Canada and many other countries, many of whom are part of national and international supply chains. Specifically for Empire, we directly import, export, and produce goods through several channels, including:

- Empire's Own Brands division manages brands such as Compliments, Panache, Eight Treasures, Chalo, and Best Buy, and is responsible for additional Own Brands labels including Edwards, Alex Campbell, Club Prix and Rachelle Bery
- Private-label products from Empire's control brands including Bake Shop, C'est Prêt, Farm Boy, Kim Phat, Longo's, Ready for You, Ricardo, Saveurs du Four, and Thrifty Kitchens Food produced at our internal commissaries
- Beverages produced at our bottling company Big 8

We also import goods through various internal groups, including Sobey's Global Sourcing (SGS), Strategic Sourcing and Produce Sourcing. SGS primarily sources shelf-stable food and non-food products for sale, and the Strategic Sourcing team sources goods-not-for-sale to be used in our stores and facilities. Sobey's is the Importer of Record for most fresh produce sourced from the U.S. and Mexico. In certain fresh produce sourcing programs —primarily offshore— products are purchased through third-party service providers or wholesale partners, and Sobey's is not the Importer of Record. Sobey's monitors compliance through its ESSP (defined below), due diligence and other measures outlined in this report.

40+

We are the importer of record to 40+ suppliers from 18 countries.



We work closely with all of our suppliers to import products and ingredients that are responsibly sourced and produced.



Food product categories that Empire imports include: Baby food, pet food, seafood, produce, and pre-packaged and shelf-stable food and beverages.

Governance

Given the interdependencies between our business strategy and supplier relationships, Empire's Board of Directors and executive leadership team have high-level oversight of ethical business practices as part of their focus on our corporate governance and responsible growth strategies. Other groups who contribute to sustainability and supply chain governance are outlined in the table below.

Function	Responsibilities Include	Scope
Corporate Governance & Social Responsibility Committee – Board of Directors	<ul style="list-style-type: none"> Assisting the board with oversight of material environmental, social and governance (ESG) topics 	All banners
Audit Committee – Board of Directors	<ul style="list-style-type: none"> Assisting the board with review of ESG-related metrics and Enterprise Risk Management 	All banners
Executive Leadership Team; Operational Committee	<ul style="list-style-type: none"> Leading business and sustainability strategy development and review Overseeing leadership committees and operational teams responsible for implementing sustainability strategy 	All banners
Sustainable Business Council	<ul style="list-style-type: none"> Drive accountability by integrating sustainability KPIs across functional teams and regularly review sustainability performance Set strategic direction for sustainability activities and reporting; provide updates on commitments, disclosures, and emerging sustainability topics. 	All banners

Function	Responsibilities Include	Scope
Merchandising Teams	<ul style="list-style-type: none"> • Negotiating all supplier contracts for goods for sale • Overseeing cost negotiations, revenue agreements and internal merchandising policies • Overseeing adherence to our expectations of suppliers as outlined in company policies and procedures • Strengthening partnerships and increasing collaboration between suppliers and our merchandising teams 	All Sobeys operations, excluding Farm Boy and Longo's
Strategic Sourcing Team	<ul style="list-style-type: none"> • Negotiating contracts and supply agreements with national and international suppliers of goods not for sale 	All Sobeys operations, excluding Farm Boy and Longo's*
Longo's and Farm Boy merchandising and supply chain teams	<ul style="list-style-type: none"> • Ensuring banner-specific supplier negotiations, policies and procedures align with sourcing and procurement strategies 	Longo's; Farm Boy
Internal Audit	<ul style="list-style-type: none"> • Reporting to the Board's Audit Committee • Developing and executing a risk-based audit plan which provides independent assurance around financial controls, major enterprise projects, information technology, and operational controls and the related control environment • Managing process and reporting related to complaints received via Empire's Ethics Line (ClearView Connects) 	All banners
Enterprise Risk Management	<ul style="list-style-type: none"> • Overseeing Empire's Enterprise Risk Management Framework, which includes identifying and monitoring key risks 	All banners
Sustainability Team	<ul style="list-style-type: none"> • Working closely with sourcing teams to implement ESG-related programs and establishing guidelines applicable to our business and supply chain • Developing strategies and providing guidance to the business to address human rights and environmental impacts in our supply chain 	All banners

*With the exception of limited store supplies and warehouse partnering initiatives involving Farm Boy and Longo's.

Monitoring forced labour or child labour risk areas

In fiscal 2026, Sobeys onboarded a supply chain risk assessment platform to systematically identify and assess potential risks of forced labour and child labour across its supply chain. The platform was used to screen more than 3,800 suppliers across four prioritized sourcing areas: Sobeys Own Brands, Sobeys Global Sourcing (SGS), Strategic Sourcing, and Seafood. These sourcing areas were prioritized because they either include private-label products, goods for which Sobeys is the importer of record or are sectors that are high spend and/or are generally higher risk for forced and/or child labour.

The platform maps supplier networks up to ten tiers deep to identify elevated risks related to geography, sector, and supplier characteristics. Supply chain mapping is conducted using a

balanced, global Multi-Regional Input-Output (MRIO) table that links supply chain data from multiple international databases covering 190 countries across more than 15,000 industry sectors. Supplier assessments are conducted in alignment with:

- The UN Guiding Principles on Business and Human Rights
- The Global Slavery Index
- International Labour Organisation (ILO) Global Estimates of Modern Slavery
- The United States' Reports on International Child Labour and Forced Labour

A modern slavery risk profile is created for each supplier within the first ten tiers of the supply chain. The results are reviewed and analyzed with the relevant internal sourcing team to identify any material risks. If material risks are identified, the supplier will be engaged to provide further information and documentation to support the due diligence process and, if necessary, take corrective actions to remediate the risk.

Suppliers sourcing from high-risk countries are required to ensure that producers maintain acceptable social compliance audit standards, including but not limited to the GSCP Reference Code, SA8000, BSCI Code of Conduct, and Fair Working Conditions (FWC) standards. Sobeys also accepts and reviews audits and verification carried out by organizations including GSCP, BSCI, Intertek, Bureau Veritas, SMETA (Sedex), and SGS to ensure that the producers are compliant and meet our expectations.

This baseline risk assessment establishes a strong foundation for ongoing due diligence and remediation efforts, both in the current reporting period and in future years. Going forward, suppliers that were assessed in fiscal 2026 will be analyzed through the platform on an annual basis. In fiscal 2027, Sobeys will also expand the use of this platform across additional high-risk product categories and sectors. New suppliers will be onboarded, and existing suppliers will be subject to continuous monitoring, including tracking of any required corrective actions.

Steps being taken to fight forced labour and child labour, including key policies and due diligence practices

As part of our commitment to be a responsible business, Empire has internal policies and practices in place to help protect against labour violations within our own operations. This includes policies such as the Empire [Code of Business Conduct and Ethics](#), which require all corporate employees to uphold shared values, act with integrity, reject discrimination, embrace diversity and inclusion, and comply with all applicable laws and regulations. We hold ourselves to high ethical business standards and have the same expectations of suppliers.

Ethical & Sustainable Sourcing Policy

Applicable to all business entities under Empire, the [Ethical and Sustainable Sourcing Policy \(ESSP\)](#) is foundational to our responsible sourcing framework, taking an approach that is both risk-based and collaborative with supplier partners.

Applying to both direct and indirect suppliers, the ESSP communicates our expectations that supplier partners address the environmental and social impacts of their products by complying with all applicable laws and regulations and upholding Empire's standards of environmental stewardship and social responsibility.

By accepting the ESSP, suppliers understand our expectations that they uphold ethical business dealings, respect ethical employment practices (including in areas such as human rights, labour rights, diversity, equity and inclusion, fair wages, and health and safety), and remain focused on product quality, safety, environmental responsibility, and sustainability. The policy clearly sets out our zero-tolerance position on child labour and forced labour and includes specific mention of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

Empire introduced the ESSP and framework to suppliers, detailing our strategy regarding governance and due diligence to be implemented in subsequent years. We are working to include the ESSP in our contracting processes, with the intention that contracting partners commit to the ESSP or comply with their own substantially similar policy. Supplier partners are expected to comply with the minimum requirements set out in the policy and seek to continually improve their performance. They are also expected to ensure that any of their suppliers, contractors, subcontractors, agents and sub-agents will comply. Instances of non-compliance can lead to corrective actions, including the potential for Empire to terminate specific supplier partner relationships and contracts.

The ESSP also includes Empire's expectation that suppliers will monitor their compliance with the policy and report any suspected violations. Increased monitoring and auditing of ESSP compliance will continue in fiscal 2027.

Strengthening our Human Rights Due Diligence

In fiscal 2026, we continued to gather input from internal and external stakeholders to further strengthen our human rights due diligence practices and address risks in our supply chain, with a focus on forced labour and child labour. Program elements include:

- Reviewing and assessing policies and management systems
- Cascading training resources to national merchandising team to build understanding of human rights risks and capability to work with supplier partners to support human rights risk management and mitigation
- Tracking progress and communicating about our effectiveness
- For Own Brands suppliers, continuing to mandate social compliance audits for offshore suppliers and requesting additional reports for high-risk categories
- Onboarded a supply chain risk assessment platform to screen suppliers and identify potential modern slavery risks across complex, multitier supply chains

As we improve our due diligence approach, we will also continue to strengthen existing supplier and purchasing initiatives that support human rights, including with third-party certification organizations.

Other due diligence practices

In addition to implementing and recognizing the ESSP in ongoing relationships with suppliers, Empire engages in the following due diligence practices to enforce our zero-tolerance stance on child labour and forced labour¹:

Governance and industry involvement:

- Since 2022, most of our contracts and requests for proposals with suppliers include clauses regarding compliance with the ESSP, which includes forbidding child labour and forced labour.
- We have a process by which strategic sourcing suppliers that are deemed of material importance to the business are asked to report annually against a range of performance factors, including ESG-related performance metrics, as part of our Supplier Relationship Management program. Sobeys will review and assess all instances of non-compliance, and take appropriate actions, including the creation of actions plans with the supplier.
- We continue to collaborate with Retail Council of Canada and non-governmental organizations such as Fairtrade Canada to work to review issues within our supply chain.
- Longo's Policy for Suppliers and Private Label Supplier Agreement is an additional policy that our partially-owned subsidiary has established addressing expectations of suppliers' labour practices and compliance with all applicable human rights and labour laws.

Commodity-driven processes:

Own Brands: Sobeys' Own Brands consist of Compliments, Panache, Best Buy, Chalo, Eight Treasures and BIG 8. Compliments serves as the main brand and represents a wide selection of products that are positioned as comparable to the national brands. Panache offers an elevated eating experience and includes products with a culinary and innovative flare. Best Buy caters to price-conscious customers by providing a variety of everyday essentials. Chalo specializes in authentic South Asian products, while Eight Treasures focuses on meeting the needs of Southeast Asian consumers. Big 8, located and operated in Stellarton, Nova Scotia provides quality water and soft drinks to customers in Atlantic Canada. Prior to being onboarded, all local, national, and international suppliers and producers of Own Brands products are vetted by our Own Brands Quality Assurance team. As part of their onboarding, suppliers are required to sign off on Sobeys' Supplier Minimum Quality Standards, which include expectations on ethical manufacturing. Off-shore suppliers are mandated to complete a social compliance audit. In fiscal 2026, we requested all Own Brand suppliers to provide information, including third party audit reports, in-house programs and policies, on what is in place to ensure forced labour and child labour do not take place in their network. For categories with identified risks (including at-risk commodities or country of origin), we encouraged our Own Brands suppliers to provide SMETA (Sedex Members Ethical Trade Audit) reports, which are housed in our internal database.

Seafood: ESG-related data is reported each quarter by Sobeys seafood suppliers onto Seafood Metrics, a reporting platform managed by the Sustainable Fisheries Partnership (SFP). Based on this reporting, we receive supplier and product level data on Human Rights Risk Index (HRRI) scores, impact on marine ecosystems and endangered, threatened, and protected (ETP) species, stock

¹ Some or all of the practices listed under the subheading "Other due diligence practices" may not apply to all entities under Empire

maintenance, and impact on bycatch species. The data uploaded by seafood partners onto Seafood Metrics, is reviewed and audited by a third-party, Ocean Wise, which assesses the data and provides annual recommendations on alternative sources with the goal of eliminating or reducing human rights abuses across the seafood supply chain. We will leverage this ongoing reporting and recommendations as part of our evolving human rights due diligence approach. Additionally, Empire addresses every third-party request for information about ethics in our supply chains. We work directly with suppliers to verify whether any flagged matters are related to Empire's sourcing and, if necessary, ensure the matter is properly remediated.

Palm oil: Empire aspires to continue sourcing as close to 100 per cent certified sustainable palm oil as possible in Own Brands products, as defined by the Roundtable on Sustainable Palm Oil (RSPO) standard. This certification includes strict criteria aligned with international and local labour standards to ensure there are protections for the rights of workers (and their families) on plantations. To date, 90.4 per cent of palm oil used collectively in Sobeys Own Brands, Longo's and Fam Boy private label products is certified sustainable by the RSPO standard.

Produce: In Canada, the United States, and Mexico, Empire's Produce Sourcing & Supplier Development team members conduct scheduled tours of growers' fields and facilities. The Canadian Food Inspection Agency and provincial agencies inspect Canadian produce farms for compliance with employment and housing standards, and for fair treatment of temporary migrant workers.

Site visits outside North America: The Kim Phat Procurement team conducts scheduled factory visits in Asia at a minimum of every three years.

Certifications: Across all of Empire's operations, we continue to take steps to embed responsible sourcing practices in retail operations through support of initiatives like Fairtrade, Marine Stewardship Council (MSC) and Forest Stewardship Council (FSC).

Looking ahead

In fiscal 2027, Empire aims to enhance our risk-based approach to managing supply chain risks by bringing together existing supplier monitoring and reporting activities with a new due diligence-based program focused on compliance with our stated supplier expectations. This work will take into account internationally recognized best practices, principles, and frameworks such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Focusing initially on products and goods we directly produce or import, we will:

- Continue to train supplier-facing teams on human rights
- Further embed ethical sourcing considerations into procurement practices and processes
- Provide training support for select suppliers on compliance with human rights legislation
- Continue and expand detailed supply chain risk assessment across commodities and banners
- Continue to develop a governance framework to enhance risk mitigation, remediation, and evaluation of forced labour in our supply chain
- Report annually on our progress

Training

All of Empire's corporate employees take part in compulsory annual Code of Conduct and Business Ethics training, reaffirming their commitment to uphold our shared values, act with integrity, and comply with all applicable laws and regulations.

We continue to offer key members of our Sourcing teams training on Human Rights Due Diligence through virtual resources.

Empire also continued sharing the Sustainably Connected training modules, a program that provides internal resources for supplier-facing employees to assist them in easily accessing materials and understanding expectations of suppliers regarding sustainable and ethical sourcing. These materials can include a variety of topics, such as Empire's responsible sourcing practices, ESSP, and grievance mechanisms.

Engaging our Customers and Suppliers

Working with identified private label suppliers, we provided targeted training on the importance of using sustainably sourced palm oil and Empire's commitment to source certified sustainable palm oil. That training included RSPO's standards regarding fair labour expectations of farms and regions that provide sustainable certified palm oil.

Throughout our stores and through promotional material, we highlight products with ethical and sustainable certifications like Fairtrade, B Corporation, or RSPO certified. Empire also regularly updates our consumer-facing sustainability platform, OurPart.ca, to include information on sourcing standards, policies, and related certifications. As Empire continues to evolve our responsible sourcing program, we are committed to providing continuous training and resources to our employees, suppliers, and customers.

Remediation

Through our various communication channels and grievance mechanisms, Empire had no reported complaints relating to child labour or forced labour within our operations in fiscal 2026.

We commit to continuing to investigate our supply chain risks and ensuring material risks are managed appropriately. This includes advancing remediation where appropriate, including by working with suppliers and industry advocacy groups so that any wronged party has access to a proper path to resolution.

Embedded into the ESSP is a grievance mechanism through which employees, suppliers, or anyone with concerns can report potential violations. Concerns can be shared confidentially through a third-party ethics hotline or made to a member of the Empire team. The Ethics Line (ClearView Connects) is professionally supported by an organization independent of Empire. All grievances reported through this mechanism are investigated thoroughly and, where appropriate, are directed to our board-level audit committee.

Looking ahead, we will also continue to work with suppliers and industry peers on shared approaches to remediation for labour violations and other environmental and social risks.

Evaluation

We review the ESSP annually to ensure that it continues to be relevant to our business. As part of ongoing work to better understand our supply chain and build a comprehensive, risk-based human rights due diligence program, Empire will continually improve on existing processes to measure our effectiveness at fighting child labour and forced labour in our supply chain. This may include reviewing and strengthening supply-chain related governance, policies, procedures, and monitoring. Empire will also continue to monitor reports from NGOs and media to identify areas requiring focus and action.

Approval and attestation

This report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



Pierre St-Laurent

President and CEO
Empire Company Limited

I have the authority to bind Empire Company Limited.