

# Sustainability @ Sobeys



SUSTAINABILITY REVIEW

2011

**“Sobeys’ sustainability strategy is rooted in our commitment to improving environmental performance through reasonable, practical and environmentally responsible business practices that are in the best interest of our customers, employees and the communities in which we operate – in a commercially responsible manner.”**



## Message from the CEO

When we launched Sobeys Inc.’s first sustainability report, I outlined two key aspects of our sustainability journey. Firstly, that sustainability is not a separate initiative – it must be integrated as a fundamental element of our core business. Secondly, that I looked forward to demonstrating continuous improvements and to regularly communicating those to all of our stakeholders.

I am pleased with the progress we are making to embed sustainability into our core business. We have created broad awareness across our business functions and operating units by illuminating the opportunities for improvement overall, and the financial benefits associated with determined action.

- Our national sustainability goals have been articulated and quantified against a baseline;
- Business unit targets have been established;
- A web reporting tool is in place; and
- Best practice sharing has begun.

Our sustainability commitment has been visible and tangible. Building on our progress thus far, we will now move forward to further secure important business collaboration processes with a keen focus on our store development and logistics teams. We believe this is a very important step along our sustainability journey.

But we all know...we only manage well, what we measure well and consistently. I am pleased to report measured progress in 2011 toward our 2013 direct operations goals to reduce our carbon footprint by 15% and reduce our waste to landfill by 30%.

- We reduced our retail stores’ carbon footprint by 8.5% – which is in-line with the annual improvement needed to meet our five-year goal.
- We reduced waste to landfill by 5.3% for our retail stores and 27.8% for our distribution centres.
- We have achieved a 54% reduction in plastic bags usage by our customers – exceeding our goal of a 50% reduction.



Our supply chain sustainability focus will continue to take shape this coming year. Our sustainable seafood policy has been shared publicly, communicated at our Sobeys Inc. National Seafood Suppliers Summit and is being rolled out throughout our organization. Our packaging initiative is focused on private label products and in-store supplies. We have reduced packaging weight by as much as 30% for some private label products. We recognize, however; that many of the “wins” in packaging sustainability will come from energy and water reduction in processing and in use of alternative materials, rather than weight reduction alone.

Sobeys’ sustainability strategy is rooted in our commitment to improving environmental performance through reasonable, practical and environmentally responsible business practices that are in the best interest of our customers, employees and the communities in which we operate – in a commercially responsible manner. I’m proud of what we have accomplished thus far and I look forward to sharing our continued progress with you on a regular basis.

Until our next update,

A handwritten signature in black ink, reading "Bill McEwan", written in a cursive style.

**Bill McEwan**  
President and Chief Executive Officer



## Message from our Sustainability Leadership

As Bill McEwan mentions in his update, we are making steady progress in quantified reduction of our environmental footprint and in activating ownership of sustainability across our business functions and operating units. Both are works in progress but we are encouraged by the results that have been achieved since the launch of our first sustainability report.

**“We have tremendous opportunities to accelerate and accentuate the sharing of best practices so the results achieved by one can be adopted as standard operation procedure.”**

At that time, I highlighted some key challenges that we, like other businesses, face as we evolve our sustainability strategy. These are my thoughts on several of them now:

**INTEGRATION** Some business functions will always lead others when it comes to implementing solutions for any business challenge; such is true for sustainability. We have tremendous opportunities to accelerate and accentuate the sharing of best practices so the results achieved by one can be adopted as standard operation procedure.

**MEASUREMENT** Systems have been established to efficiently extract needed data from invoices that we were already processing, such as kilowatt hours off store electricity bills. This information is now made visible company-wide through a new web-based tracking tool and we use this functionality to target where the best practice “wins” exist and what pilots should be applied on a broader scale for maximum impact.

**EDUCATION** Of course, it is not enough to just provide the motivation and information to employees to help them progress further on sustainability. It needs to be made more “tangible” through quantified results from best practices, tools, resources and with a guiding direction endorsed by senior leadership. All these elements are vital to the progress we are making on sustainability.





**COLLABORATION** Business is very good at achieving results when they are measurable, as the adage “what gets measured gets done” attests. Significant, broad-based reductions will be achieved when the business systems for sustainability are developed and a foundation is created to enable sustainability to become “business as usual”. Sobeys actively participates in and endorses a number of important Canadian and global initiatives including the Global Packaging Project, The Global Social Compliance Program and The Consumer Goods Forum’s initiatives on deforestation and refrigerants.

We have shared some insight into the challenges specific to improving sustainability for seafood and for packaging in the respective sections of this website. And, a great example in the Retail Stores section of reducing GHG emissions by switching to natural refrigerants as demonstrated in the case study outlining the Québec region’s industry-leading work in this area.

In closing, we make clear our intention for reporting on our sustainability progress. A sustainability progress report will be released every year with the next report due in September 2012, aligned with our organization’s fiscal year reporting.

A handwritten signature in black ink, appearing to read 'David Smith', located below the main text.

**David Smith**  
Vice President  
Retail Strategy and Sustainability

## Sobeys Sustainability HIGHLIGHTS/SUMMARY

The following pages summarize the progress made on Sobeys Inc.'s key sustainability goals and indicators since our 2009 Sustainability Review.

We have included industry collaboration initiatives that we are engaged in and committed to. This is an important dimension to our work, given that the issues we all face are systemic and not unique to any one company, so the solutions need also be systemic.

Cumulatively, these collaborative initiatives lay important business systems foundations that will enable the evolution of sustainability in our organization to become "business as usual".



**1** Reducing our carbon footprint



**2** Waste reduction



**3** Sustainable Sourcing

## 1

## Reducing our carbon footprint

## OUR ONGOING OBJECTIVE IS TO:

- Reduce our Greenhouse Gas (GHG) emissions by 15%, by December 31, 2013

## PROGRESS WE HAVE MADE:

- Our retail store network reduced their GHG emissions in kilograms of CO<sub>2</sub>e per square foot by 8.5% in fiscal 2011 – in line with the annual decrease needed to meet our five-year goal.
- Our distribution centres reduced GHG emissions in kilograms of CO<sub>2</sub>e per 100 cases shipped by 17.8% in fiscal 2011.
- Addressing the two dominant contributors to our retail stores' carbon footprint – electricity consumption (67%) and refrigerant leaks (22%), the following efficiencies were achieved:
  - Electricity consumption in our retail stores decreased by 3.0% in electricity consumed (kWh) per square foot.
  - Refrigerant leaks reduced by 28.7% (in kilograms of CO<sub>2</sub>e per square foot) through the installation of leak detection monitoring devices, re-commissioning of older refrigeration systems, and preventative maintenance program enhancements.
- During the past two years we have implemented more than 500 energy conservation/efficiency projects across the organization. We conservatively estimate that these projects combined will enable us to reduce our electricity consumption by nearly 43 million kWh/year (equivalent to the annual electricity consumption of 3,600 average Canadian homes).
- Replacing existing lighting with energy efficient T5 lamps and using light-emitting diode (LED) lamps for freezer and refrigerated case lighting as well as exterior store signage applications.
  - Reduce energy through the introduction of energy monitoring system installations and use of variable speed drives and fans.
  - Participation in the Consumer Goods Forum natural refrigerants initiative ([www.theconsumergoodsforum.com](http://www.theconsumergoodsforum.com)).
  - Our corporate and third party fleets reported nearly 3,300,000 kilometres of backhauling – the practice of after making a store delivery, picking up product from our suppliers' warehouses for their return trip to the distribution centres, rather than returning empty.



## Waste reduction

### OUR ONGOING OBJECTIVE IS TO:

- Reduce waste to landfill by 30%, by December 31, 2013

### PROGRESS WE HAVE MADE:

- In fiscal 2011, we reduced our waste to landfill by 5.3% kilograms per square foot for our retail stores and by 27.8% kilograms per 100 cases shipped for our distribution centres.
- The annual volume sent to landfill has been reduced by 3,000 metric tonnes in retail stores
- During fiscal 2011, we diverted 45% of our waste from landfill and sent a significant quantity of material for recycling and composting: 37,100 metric tonnes of cardboard; 11,500 metric tonnes of organics; 1,500 metric tonnes of plastics; 1,400 metric tonnes of meat renderings and 1,500 metric tonnes of other materials including paper, metals, and oils and fats.
- The introduction of Tower Composter® units to advance our organic matter composting efforts.
- In 2010, our operations in Ontario, Québec and Manitoba paid an estimated \$9.8 million in provincial stewardship fees to help cover 50% of the costs of municipal packaging and printing material residential curbside bluebox recycling programs.



# 3

## Sustainable sourcing

### OUR ONGOING OBJECTIVE IS TO:

- **Packaging Sustainability**
  - a) Achieve a 50% reduction in plastic bags distributed to customers by 2013
  - b) Achieve a 5% reduction in private label packaging weight by 2013
- **Sustainable Seafood** By 2013 stop selling any species with significant issues unless an improvement plan is in place.
- **Ethical/Sustainable Sourcing** Focus on fair labour practices among suppliers of our private label products in high risk countries.

### PROGRESS WE HAVE MADE:

#### Packaging Sustainability – Plastic Bag Reduction

- Achieving a 54% reduction in plastic bags provided to customers at checkout – exceeding our goal of a 50% reduction.
- Since 2006, our stores have collected more than 247 million plastic bags through the Bag 2 Bag in-store collection program which encourages customers to return their used plastic bags for recycling.
  - Since they were introduced to our customers in November 2006, over 16.3 million reusable Green Bags for Life have been sold.
  - Funded by the sale of plastic bags in our Ontario stores, the Earth Day Canada Community Environment Fund ([www.earthday.ca/envirofund](http://www.earthday.ca/envirofund)) provides much needed financial support for local environmental initiatives in Ontario.



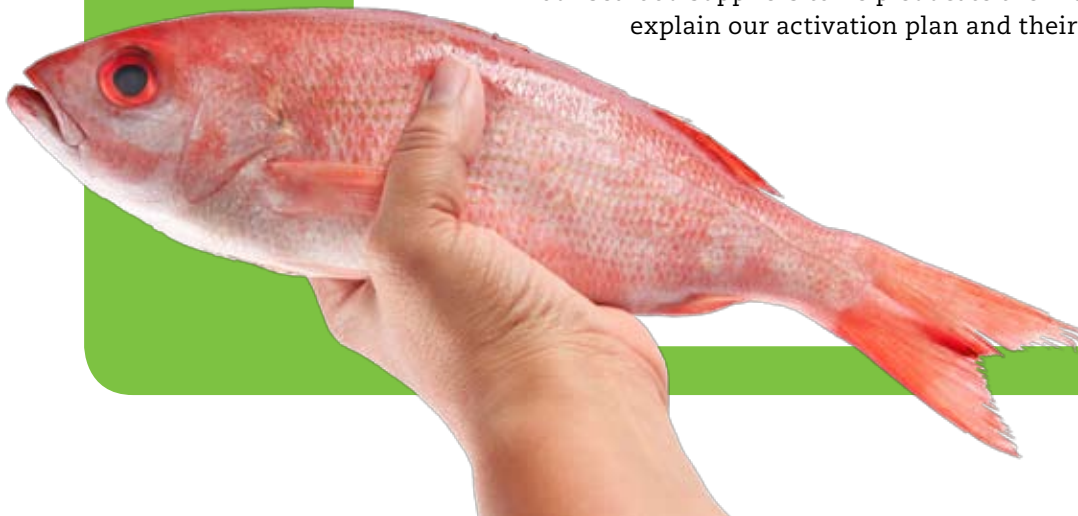
## 3

**Packaging Sustainability – Private Label Packaging**

- Although a significant data collection process has begun and much baseline data has been gathered from our private label supply chain, further information needs to be obtained to enable us to report more completely on this target.
- Participated in the Global Packaging Project (<http://globalpackaging.mycgforum.com>) pilot test of a new packaging sustainability measurement system which allowed us to better understand our suppliers' awareness of packaging sustainability issues; the many challenges involved in moving toward more sustainable packaging; and the challenges of capturing more environmental impact data.
- Began reviewing our private label packaging seeking opportunities to enhance sustainability, with some strong results achieved in switching to recyclable materials and a reduction in packaging weights.

**Sustainable Seafood**

- Gathering 12 months of data about the source and relative sustainability of our seafood.
- Implementing a sustainability ranking tool for our seafood buyers to use when procuring seafood which allows them to consider sustainability issues along with costs and quality.
- Supporting a B.C. wild salmon fishery improvement plan, and four others, as examples of our seafood sustainability policy in action.
- Introducing 50 eco-label (Marine Stewardship Council and Best Aquacultural Practices) sustainable seafood products to our *Compliments* private label line.
- Hosting a National Sustainable Seafood Summit meeting for 150 of our seafood suppliers to help educate them on the issue and explain our activation plan and their role.





### 3

- De-listing all species of sharks, skates, rays, orange roughy and bluefin tuna.
- Engaging Sustainable Fisheries Partnership (SFP) – ([www.sustainablefish.org](http://www.sustainablefish.org)), a sustainable seafood focused non-governmental organization with global reach, to provide expertise to our company and our suppliers.
- Piloting ThisFish.ca, a customer-facing traceability of several wild species of British Columbia caught seafood through which customers can find out information on the fisherman who caught the fish, where it was caught, how and when.
- Creating an online, self-guided course for our employees to learn about seafood sustainability, as well as rolling out a series of in-person training sessions.

#### **Ethical/Sustainable Sourcing**

- Stakeholder and supplier engagement is currently underway to develop program, set goals, realistic interim milestones and implement launch during 2011.
- Participation in the Global Social Compliance Program ([www.gscpnet.com](http://www.gscpnet.com)) and Consumer Goods Forum Deforestation initiative ([www.theconsumergoodsforum.com](http://www.theconsumergoodsforum.com)).

**To learn more about Sobeys' sustainability efforts, please refer to the Sustainability@Sobeys website or download our 2009 Sustainability Review.**