



**The  
Kroger Co.  
Policy on  
Business  
Ethics**

TO OUR EMPLOYEES, OFFICERS AND DIRECTORS  
("ASSOCIATES"):

The public and all who scrutinize business behavior expect a high degree of integrity from every business organization. Companies that do not take steps to ensure appropriate employee conduct will be penalized by their constituents and erode public confidence in our free-enterprise system.

As a retailer providing millions of Americans with their daily food and as a publicly owned company, The Kroger Co. has a special obligation to comply with the law and deal ethically with customers, suppliers, associates, and shareowners. *The Kroger Co. Policy on Business Ethics*, adopted by Kroger's Board of Directors and applicable to all employees and members of the Board, helps us identify and resolve some of the ethical issues that may arise in the conduct of our business. Our *Core Values*, also contained in this booklet, express our corporate values and our commitment to responsible behavior.

The requirements of ethical behavior transcend the particulars of a policy or law. The underlying spirit of this *Policy* and our *Values* is as important as their specific contents. The best way to instill an ethical spirit throughout the Kroger organization is for each of us to set a good example through our own behavior.

Kroger's integrity is our most important asset. Each of us bears a responsibility for protecting Kroger's good name. By adhering to the spirit, principles, and practices outlined in this document, each of you will help safeguard our reputation.

David B. Dillon

Chairman and Chief  
Executive Officer

# The Kroger Co.

## Policy on Business Ethics

**NOTE: This policy applies to The Kroger Co. and all of its subsidiaries, affiliates and divisions. Where the terms “Kroger,” “company” and the like are used, they include all the subsidiaries, affiliates and divisions in our family of companies.**

### **General integrity**

The Kroger Co. has established a strong reputation for integrity in our business. To maintain and enhance that reputation, it is important for each of us to adhere to the highest moral, ethical and legal standards. Only by conducting business in this manner can the company progress and ensure the respect of employees, shareowners, customers, suppliers and government.

### **Compliance with the law**

Compliance with laws and regulations applicable to the company is essential. Associates are encouraged to contact the company's Law Department if they have any questions regarding appropriate conduct and compliance with the law.

### **Bribery**

Bribery in any form is forbidden in the conduct of the business of the company. No company funds are to be used, directly or indirectly, for any bribe, kickback or other unlawful payment. No outside consultant, attorney, accountant or agent of any other nature may be used or employed in any manner that would be contrary to this policy. Fees, commissions and expenses paid to agents should be based upon reasonable standards for the services rendered.

## Accounting practices

Kroger will follow accepted accounting rules and controls. The books of account, budgets, projects evaluations, expense accounts and other similar papers must accurately reflect these rules and controls. All assets of the company must be accounted for carefully and properly. No payment of company funds may be approved or made with the understanding that any part of the funds will be used in a manner contrary to this policy.

The company's independent certified public accountants will be given access to all information necessary for them to conduct audits properly.

Kroger will maintain effective disclosure controls and procedures and will evaluate its internal controls in accordance with the requirements of the SEC. To assist in doing so, the Chief Executive Officer has created a disclosure review committee that meets quarterly and otherwise as needed. Associates who become aware of facts that lead them to believe that other colleagues may be involved in inappropriate conduct should immediately make those facts known to their supervisor or other responsible officials of the company. Associates also may contact any corporate officer, up to and including the President or Chairman of the Board, to report such concerns.

The Audit Committee of the Board of Directors has established a toll-free hotline (800-689-4609) and email address ([helpline@kroger.com](mailto:helpline@kroger.com)) for the anonymous submission of concerns.

## Conflicts of interest

The term "conflict of interest" describes any circumstance that could cast doubt upon an associate's ability to act with total objectivity regarding the company's interests. Associates should avoid situations in which there is, or may seem to be, a conflict between the personal interests of the associate and the interests of the company.

While it is impossible to anticipate every potential conflict, here are a few examples:

- ownership in concerns with which the company competes or with which it does business (other than modest investments in stocks listed on a recognized securities exchange or on NASDAQ);

- buying, leasing or selling property from or to the company or near locations known to be of interest to the company;
- accepting payments, services or loans from, or rendering consulting services to, persons or concerns dealing or contemplating dealing with the company or in competition with the company;
- similar activities or interests by members of your immediate family;
- the active commitment of time devoted to the management of any other business enterprise that would take time away from the associate's normal work schedule.

Associates should not accept, directly or indirectly, any entertainment, gifts or services from any supplier or potential supplier that would appear to influence an associate's judgment. Such circumstances should be viewed as they would if all of the details were to be made completely public. Cash and cash equivalents, including gift certificates and gift cards, should never be accepted.

From time to time invitations are offered to attend special events that usually involve similar offers to large numbers of people from the retail food business. In other instances, a supplier may sponsor an outing or meeting. Associates who accept such invitations, or feel that it would be in the best interests of the company to do so, should discuss the matter with their immediate supervisor in advance. If the invitations involve air travel or overnight stays, the associate should obtain the advance approval of the operating unit President or responsible corporate officer. Consideration should be given to whether such attendance, being approved, should be viewed as personal or whether it would advance the interests of the company. In the latter case, reimbursement of expenses would be appropriate. Samples and advertising or promotional materials that are reasonable to the time and circumstances are permitted.

Associates may not benefit personally from any purchase of goods or services for the company or derive any personal gain from transactions made on behalf of the company. Premiums awarded by suppliers will be considered the property of the company. Any premium received by an associate should be turned over to the

company. These premiums may then be handled in accordance with accepted company practice. Associates who win contests or drawings sponsored by a supplier must notify their supervisors, who will determine if the result appears improperly to influence associates in favor of the sponsor. If it does not, the associate may keep the prize. Otherwise, it must be delivered to the company.

Each year, employees, including officers, are asked to submit statements covering any entertainment, gifts or services that they have accepted. All items that have been accepted should be reported at that time, whether previously discussed with a supervisor or not. This report helps to ensure the company complies with applicable policies and laws. It also allows the company to provide any necessary guidance. Violation of this policy may result in disciplinary action.

Associates who may have a conflict of interest should contact their supervisors. If there is any doubt, the supervisor should contact the General Counsel for assistance. If the situation is found to present a conflict, it should be resolved promptly. If it cannot be resolved, the associate may be subject to termination.

Associates who become aware of facts that lead them to believe that other colleagues may be involved in inappropriate conduct should immediately make those facts known to their supervisor or other responsible officials of the company. Associates also may contact any corporate officer, up to and including the President or Chairman of the Board, to report such concerns.

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## **Outside directorship**

Kroger executives and managers are sometimes invited to serve on the Boards of Directors of for-profit corporations that are not a part of the Kroger organization. These memberships may provide benefits to the company under certain circumstances. For example, Board membership may broaden an individual's business perspective, provide education on significant issues in the current business environment, or deepen an individual's understanding of financial or other business disciplines.

However, Board membership may also create the potential for conflicts of interest and, under certain circumstances, increase the

financial or legal exposure of The Kroger Co. Therefore, no Kroger executive or manager may accept appointment or reappointment to a for-profit Board prior to receiving written approval from the Chief Operating Officer and the Chief Executive Officer of The Kroger Co.

## **Confidential information and trade secrets**

As a publicly owned company, Kroger is governed by strict securities laws regarding the dissemination of information about the company to the public. The company's ability to compete, moreover, depends upon protection of its confidential information and trade secrets. In business and personal conversations, associates should limit comments about the company to information that has been publicly released by the company. Non-public information about the company should be treated as confidential. No information about sales, earnings, competitive activities, systems, technology, proposed company developments or activities or products should be disclosed, and associates must adhere to practices designed to safeguard that information.

Associates should not, under any circumstances, disclose trade secrets to Kroger's competitors or others, even after leaving employment with Kroger. Trade secrets may include software, systems and other applications of technology used by the company, as well as business methods and cost information. The Uniform Trade Secrets Act and other laws adopted by most states impose substantial liability on employees who divulge trade secrets to a new employer or to third parties.

## **Corporate hospitality**

Hospitality toward public officials and those with whom the company does business is both proper and appropriate, as long as it does not exceed common courtesy and is not of such magnitude as to suggest the compromise of the parties with whom we are dealing. No gift or entertainment may be tendered that would exceed reasonable standards. *All such acts should be undertaken with the expectation that they will become publicly known.*

## **Competition**

The concept of free and open competition underlies many of our federal and state laws. Kroger's best interests are served by compliance with such laws. Associates must not enter into discussions or arrangements with competitors or suppliers that would violate these laws in any way. For example, pricing of products must never be discussed with competitors either directly or through third parties. Violation of this policy may subject the associate to dismissal.

## **Supplier relations**

Much of our reputation for integrity and fair play comes from the manner in which we deal with our suppliers. We make every effort to deal fairly and impartially with all suppliers of goods and services, showing them the same courtesy and consideration we would expect them to show us.

Our choice of a supplier will be made on the basis of price, quality and services offered. Our associates must not profit personally from company business with suppliers.

Associates who become aware of facts that lead them to believe that other colleagues may be involved in inappropriate conduct should immediately make those facts known to their supervisor or other responsible officials of the company. Associates also may contact any corporate officer, up to and including the President or Chairman of the Board, to report such concerns.

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## **Political contributions and involvement**

The company encourages all associates to vote and to participate fully in the political process. Such participation is entirely personal. The company has established a political action committee (PAC) that operates in accordance with the rules of the Federal Election Commission and the rules of the appropriate state authority. Participation is entirely voluntary and coercion to contribute is prohibited.

In those states where the law permits, contributions to candidates or ballot issues may be made by the company in moderation, but only with the approval of senior management and in strict compliance with public reporting regulations.

## **Customer relations**

Our company will succeed only if we serve customers well. All customers deserve friendly, courteous treatment without bias or discrimination. Our customers have the right to adequate information concerning the prices of the items they purchase and the assurance that their purchase, combining price and quality, represents a fair value.

Customers deserve prompt, helpful and courteous responses to questions and requests for assistance. Customers deserve clear and accurate advertising that provides useful information to assist in the purchase decision.

## **Shareowner relations**

The Kroger Co. is owned by shareowners who have invested in the company by purchasing stock. Our ultimate accountability is to them. We have an obligation to keep shareowners informed concerning matters that affect their company and its progress. The shareowners deserve corporate governance that represents their best interests. A board of directors composed primarily of independent outside directors, who by their experience, knowledge and skill can advise and counsel management as well as represent the shareowner's interest, is an integral part of our corporate structure. The company's Board of Directors has adopted Guidelines on Issues of Corporate Governance that are published on Kroger's website ([www.kroger.com](http://www.kroger.com)).

## **Employee relations**

We are committed to a policy of equal opportunity for all associates without regard to race, color, religion, gender, national origin, age, disability or sexual orientation. It is our goal to provide jobs that are satisfying and challenging to each individual. The safety and health of our employees is paramount, and working conditions will reflect this. We will provide for growth and development through appraisal, counseling, training programs and on-the-job experience. We are committed to dealing fairly and equitably with each associate.

Where employees have chosen to be represented by labor unions, we will negotiate in good faith with the unions through their elected or appointed representatives.

Each associate has an obligation to deal with other associates in a human, humane and professional manner without regard to race, color, religion, gender, national origin, age, disability or sexual orientation.

We expect our associates to work diligently and to deal honestly with customers and suppliers.

## **Detection of improprieties**

All associates are obligated to report to the company any inappropriate use of company assets, violations of law or this policy, or other similar improprieties, and are encouraged to report any concerns they have regarding any possible improper conduct. Each operating unit has established and will maintain procedures designed to facilitate such reporting to a designated department or individual. The procedures are communicated clearly to all associates in the operating unit and include a statement that associates may contact the Vice President of Corporate Auditing as an alternative means of reporting any concerns. The Audit Committee of the Board of Directors has established a toll-free hotline (800-689-4609) and email address ([helpline@kroger.com](mailto:helpline@kroger.com)) for the anonymous submission of concerns. Kroger will not take any adverse action against any associate in retaliation for the proper and lawful reporting of improprieties.

## Follow-through

*The Kroger Co. Policy on Business Ethics* must be understood and implemented in everyday business practice throughout our company. Managers are encouraged to maintain an "open door" policy for any associate who may have a question about ethics. At the same time, we expect all our associates to be open and completely candid with management about questions of complying with this policy. Associates are reminded that the time to bring up a question of ethical behavior is before the fact, rather than after the fact. Never hesitate to talk to a supervisor about a question of business conduct, no matter how small or insignificant it may seem to be.

There are other ways we will make attention to this policy an integral part of managing our business. These steps include:

- at least once a year, associates should review the *Policy on Business Ethics* booklet to ensure that the policy is fully understood;
- managers will investigate any suspicion that unethical or illegal activities are taking place and call upon the General Counsel for assistance;
- all corporate officers, presidents, vice presidents, department heads and others who are responsible for purchasing or selling goods, services or supplies will sign a statement every year affirming a knowledge and understanding of Kroger's *Policy on Business Ethics* and will respond to related questions contained in the statement; and
- the company periodically will provide ethics training to associates to reinforce this policy.

The Vice President of Corporate Auditing of the company and the company's independent certified public accountants will immediately report any violations or suspected violations of this policy on business ethics that come to their attention as a result of conducting audits of the company. With your support, we can ensure that violations of this policy are called to the attention of the appropriate Kroger officials. Concealment of violations is in itself a violation of this policy.

If we are to hold ourselves to these high standards, each of us must understand that the company's best interests are our own best interests and that we are expected to exercise good judgment as well as moral courage in matters of investigation and reporting covered in this document.

Like our policy on business ethics itself, the system we have devised to assure compliance will be subject to change and revision over time. The company has no intention of overcomplicating our business lives with unnecessary procedures. But at the same time, all associates are expected to adhere to these policies.

# The Kroger Co.

## Policy on Securities Trading

### **Statement of policy**

No director, officer or employee may buy or sell securities of the Company if that person has material, nonpublic information relating to the Company. Directors, officers, and certain employees also are prohibited from trading in Kroger securities during a “Blackout Period,” as described below. A person who has entered into a “Trading Plan” (also described below) that is approved by the Law Department may trade in securities of the Company during a blackout period or even when that person is in possession of material, nonpublic information, provided that the trading activity is strictly pursuant to the terms of the Trading Plan. In addition to the trading restrictions, no director, officer or employee may use any material, nonpublic information, or divulge that information to others, except as required by the legitimate business of the Company or otherwise permitted by rules or regulations of the SEC as determined in consultation with the Law Department. The same policy applies to material, nonpublic information about any other company, including our competitors and suppliers, obtained in the course of employment with the Company.

### **Important Terms**

*Material information* is any information that a reasonable investor would consider important in a decision to buy, hold or sell a security. Any information that, upon its release to the public, reasonably could be expected to affect the price of the security will be deemed material information. By way of example, information about the following likely would be considered material: earnings or losses; sales; a pending or proposed merger, acquisition, tender offer, significant sale of assets or other major transaction; changes in the Company's dividend policy or the declaration of a stock split or securities offering; restructuring of the Company's debt or

renegotiation of the Company's credit agreement; impending bankruptcy or financial illiquidity. Information about the foregoing may be material whether favorable or unfavorable.

*Transactions by your family members* and others living in your household are subject to the same restrictions. Directors, officers and employees are responsible to ensure that members of their household comply with this policy.

*Material information is public* after the Company has made a public announcement or release, but trading in securities immediately thereafter often does not give the market sufficient time to absorb the information. Directors, officers and employees should not engage in transactions until the next business day following the release of information. For example, trading would be permissible on a Tuesday following a Monday release, or on a Monday following a Friday release.

*Trading in securities* means the acquisition or disposition of common stock of the Company, including open market purchases and sales, transfers of assets into or out of Company stock within an employee benefit plan (such as a 401(k) plan or a stock purchase plan), and “cashless” exercises of stock options.

## **Blackout Periods**

All individuals who reasonably are likely to come into possession of material nonpublic information regarding Kroger's financial performance are prohibited from trading in Kroger securities beginning on the first day of the last accounting period of each fiscal quarter and ending on the business day after the Company publicly releases its earnings for that quarter. These individuals include:

- all executive officers;
- all members of Kroger's Board of Directors;
- all other executives (i.e., those above pay Level 13);
- those individuals who receive sales or earnings information for the entire Company in advance of its public release or who have access to that information; and
- any other individual who is notified in writing by the Company that he or she is not permitted to trade during Blackout Periods.

## **Pre-Clearance**

Individuals who are subject to the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934 (including all executive officers and all members of Kroger's Board of Directors) must contact the General Counsel or the General Counsel's designee and obtain approval prior to trading in Kroger securities.

## **Trading Plans**

The securities laws provide for the establishment of trading plans, under the SEC's Rule 10b5-1, that permit trading in securities even when trading otherwise would be prohibited. A person covered by this policy may trade in securities during a blackout period or during other periods, even when in possession of material, nonpublic information, under a Trading Plan that meets the following criteria:

- the plan must be in writing;
- the plan must be established when a person does not have material nonpublic information;
- the plan cannot be amended or terminated during a blackout period or when a person is in possession of material nonpublic information; and
- trades must be made strictly in accordance with the terms of the plan.

Trading Plans cannot be established, amended or terminated without the prior approval of the General Counsel or the General Counsel's designee. Trading Plans must provide for an interval of at least 30 days between the establishment or modification of the plan and any transaction under the plan.

## **Penalties**

The Company may impose sanctions, including discharge from employment, for any violation of this policy. In addition, severe penalties and other consequences may be imposed under various laws. Private civil actions, actions by the SEC and criminal prosecution may result in the imposition of potentially ruinous damages, fines or imprisonment.

## **Company assistance**

Questions about this policy or about any specific transaction should be directed to the General Counsel or the General Counsel's designee. Employees are urged to review even arguably questionable circumstances in advance of any transaction. In the case of any doubt regarding the applicability of this policy, employees are urged to consult with the General Counsel or the General Counsel's designee prior to trading. Ultimate responsibility for compliance, however, rests with the individual.

# The Kroger Co. Policy Concerning Sexual Harassment And Other Forms Of Harassment

## **Philosophy**

The Kroger Co. is committed to a workplace free from unlawful discrimination, which includes sexual harassment and other forms of harassment because of one's race, color, religion, gender, national origin, age, disability or sexual orientation.

Any form of harassment undermines the company's insistence upon employee integrity, and is considered serious misconduct. No employee, either male or female, should be subjected to offensive conduct or innuendo, either verbal or physical, from co-workers, supervisors, customers or vendors.

All employees have a responsibility to maintain the workplace free of harassment and to report such misconduct when it occurs, just as any form of unlawful discrimination should be reported.

## **Policy**

Proven sexual harassment, or harassment because of an individual's race, color, religion, gender, national origin, age, disability or sexual orientation will result in discipline up to and including discharge from employment.

Sexual harassment is defined as:

Unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct if (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, (2) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual, or (3) such conduct has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

Examples of sexual harassment include the following:

- conditioning promotion, demotion, performance evaluations and the like upon submission to sexual favors;
- touching that is unwanted, uninvited or offensive;
- displaying sexually suggestive or explicit material, pictures or cartoons;
- relating sexually suggestive or explicit stories or "jokes;" and
- making sexually suggestive or explicit gestures.

Harassment because of one's race, color, religion, gender, national origin, age, disability or sexual orientation is defined as:

Verbal or physical conduct that (1) denigrates or shows hostility or aversion toward an individual because of his/her race, color, religion, gender, national origin, age, disability or sexual orientation, or that of the individual's relatives, friends or associates, and (2) has the purpose or effect of creating an offensive work environment, unreasonably interferes with an individual's work performance, or otherwise adversely affects an individual's work performance.

Examples of such harassment include the following:

- making derogatory ethnic or racial statements, or belittling one's religion or religious practices;
- perpetuating stereotypes about one's age, gender, etc. ("You're too old to change your ways", "This is women's work;")
- refusing to assist an employee or customer because of his/her race, gender, etc.; and
- disparaging the sexual orientation of an employee, his/her associates, or a customer.

## **Reporting and investigation procedure for sexual harassment and other forms of harassment**

If you believe that you are being sexually harassed by a co-worker, supervisor, customer or vendor, or if you believe you are being harassed by a co-worker, supervisor, customer or vendor because of your race, color, religion, gender, national origin, age, disability or sexual orientation, you should take these steps:

- 1) Firmly and clearly tell the person who is harassing you that his or her behavior is unwelcome and should stop at once. If possible, take a witness to this discussion. Write a statement about the incident and what you did to stop it, including dates, times and places. This statement will be helpful if the harassment continues and the company needs to investigate. If you are uncomfortable with telling the person who is harassing you to stop, then proceed to the reporting procedure below.
- 2) Report the incident to your immediate supervisor, another member of management, any person in the Human Resources Department, the President, General Manager, Distribution Manager or call the Kroger Helpline at 1-800-689-4609 or email your concerns to [helpline@kroger.com](mailto:helpline@kroger.com). Your report should be as specific as possible, including the name of the person who is harassing you, a description of the conduct and the effect that conduct is having on your working conditions and work performance, and the names of any witnesses who could assist in the investigation.

All claims of harassment will be investigated promptly and will be handled professionally and as confidentially as circumstances permit. Your further participation in the investigation may be necessary, and you will be informed of the outcome. The company will not tolerate reprisals or retaliation against persons reporting alleged harassment or anyone participating in the investigation of the alleged harassment.

# The Kroger Co.

## Core Values



- **Honesty:** Doing the right thing and telling the truth.
- **Integrity:** Living our values in all we do, unified approach to how we do business and treat each other.
- **Respect:** Valuing opinions, property and perspectives of others.
- **Diversity:** Reflecting a workplace that includes a variety of people from different backgrounds and cultures, diversity of opinions and thoughts.
- **Safety:** Watching out for others, being secure and safe in your workplace.
- **Inclusion:** Your voice matters, working together works, encouraging everyone's involvement, being the best person you can be.

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