



The Kroger Family of Companies

Social Compliance Program Requirements

Kroger's Social Compliance team helps establish policy, processes and procedures designed to ensure our suppliers' compliance with our [Vendor Code of Conduct](#). In order to do business with Kroger, a supplier is required to agree to our Vendor Code of Conduct. When registering in the Supplier Hub, suppliers must acknowledge their assent to the Code, which includes that the facilities they operate and subcontract with can be subject to Social Compliance Audits.

This Code makes it clear that our suppliers (and their suppliers) must meet the legal requirements applicable to them and meet the high ethical standards expected by Kroger. We have a Zero Tolerance policy for human rights violations like child labor, forced labor, discrimination and safety violations such as blocked exits. If suppliers do not live up to our Code, we will not do business with them.

This Code of Conduct requires that vendors and their contractors who provide products and services to Kroger not engage in any unhealthy or unsafe labor conditions. This Vendor Code of Conduct provides, among other things, that Kroger's suppliers and its contractors may not use or support child, indentured or involuntary labor. Kroger's commitment to protecting human rights in our supply chain is further reiterated in our Statement on Human Rights.

We use an [audit checklist](#) to guide facility audits against the Kroger Code of Conduct, which are semi-announced. These audits are conducted by third-party auditing firms selected by Kroger. Audits are conducted at foreign facilities of *Our Brands* suppliers. Most suppliers will require a new audit annually, however a risk-based assessment may allow for a longer period between audits.

The Kroger Social Responsibility Audit is designed to examine the following areas of concern:

- Child labor
- Forced labor
- Discrimination
- Disciplinary practices
- Working hours
- Compensation
- Health and safety
- Freedom of association
- Ethics
- Sub-contracting
- Monitoring of compliance by subcontractors

Violations of our standards in these areas are documented in an audit report prepared for Kroger's review. The supplier and facility audited will also receive a copy of the audit report.

To prioritize and manage the facility audits, Kroger evaluates its supplier base using multiple criteria, such as where facilities are located, what products they produce and inherent industry risks. We also use risk

indicators such as the United Nations Human Development Index, the U.S. State Department Trafficking in Persons Report, and The World Bank Worldwide Governance Indicators.

By default, facilities that produce the following products are considered in scope:

- Our Brands/Private Label: All products sold under Company-owned names that are produced at facilities located outside the US
- Unbranded: Items that are not clearly marked with or identifiable as a national brand and that are produced at facilities outside the US
- Direct Import National Brand: Items marked with a national brand where Kroger is the importer of record

In some instances, we also audit US-based facilities if there is a perceived risk for a facility, product or region of the country. For certain high-risk categories, we audit all facilities regardless of whether they produce private label or national brand. We regularly evaluate and adjust our audit protocol, our process and our scope to reflect changing risks.

For all in-scope facilities, program audits will be conducted at the site where the product is manufactured or where the last assembly, packing, labeling or processing step is performed before the products ships from the country of origin to the US. Where we believe that there may be violations of the company's Code of Conduct elsewhere in the supply chain, Kroger may request audits of additional facilities in the supply chain.

The outcome of each audit is based on the grading of violations found during the audit.

Grading of Violations during Audit

- Pass/Fail is not graded within a defined range. The supplier facility is either compliant or not compliant.
- Minor shows compliance with regulations, laws, and international guidelines, but needs improvement to be fully compliant.
- Major includes, but is not limited to, violation of regulations, laws, or international guidelines.
- Critical includes, but is not limited to, violations posing an immediate risk to workers' rights and safety.
- Zero Tolerance includes, but is not limited to, suspected child labor, attempts to bribe the auditor, and certain safety violations such as inadequate emergency exits.

Audit Outcomes and Next Steps

- Approved: No Critical or Zero Tolerance violations.
- Approved with conditions – 12-month CAP: No Critical or Zero Tolerance violations. Corrective Action Plan (CAP) of Major Violations must be completed within 12 months from date of audit.
- Approved with conditions – 6-month CAP: No Zero Tolerance violations. CAP must be resolved within 6 months from date of audit.
- Not Approved: Contains a Zero Tolerance violation other than child labor, slave labor or attempted bribery.
- Prohibited: Suspected child labor, forced labor or attempted bribery.

Kroger takes seriously any violations of our Code of Conduct. Cases of suspected child labor, suspected forced labor or attempted bribery by the facility fall within the Prohibited category and these suppliers are automatically disqualified and removed from the Kroger supply chain. Facilities that accumulate any Zero Tolerance violations are automatically designated as "Not Approved," and are required to resolve issues before business with Kroger can continue, while those on Corrective Action Plans are conditionally approved and required to resolve pending corrective action items according to schedule.

Additional information about our Social Compliance program can be found in the [Social Compliance Frequently Asked Questions](#).

Violations of the Kroger Code of Conduct may also be reported using the Kroger Helpline – a toll-free number (800-689-4609), email address (helpline@kroger.com), and website (www.Ethicspoint.com). Users of the Helpline may choose to remain anonymous.

We regularly evaluate our audit protocol, our processes and our program scope so that we can adjust and adapt to the changing nature of our supply chain. We leverage industry-wide initiatives and evaluate alternative product or facility certification schemes in an effort to streamline auditing efforts across product industries, and ultimately reduce supplier burden. We also participate in industry organizations to stay abreast of emerging trends and issues. And finally, we maintain regular engagement with suppliers to keep them informed about our program requirements and developments, as well as provide trainings for our company merchandising and sourcing teams.