

Social Responsibility Frequently Asked Questions



Last Updated: April 2020

Why are social compliance audits required?

The labor and safety conditions under which products are manufactured are a critical factor when The Kroger Co. and its family of companies (“Company”) chooses its suppliers. Our customers trust that the products we bring to market are sourced from reputable suppliers who provide safe and fair working conditions for their workers.

Supplier facilities that provide products for the Company, including our branded products, must maintain a safe and fair working environment for their workers and meet all other requirements of our [Vendor Code of Conduct](#) and [Statement on Human Rights](#). This is confirmed through annual onsite facility audits.

Who is required to have a social responsibility audit performed?

Each supplier facility that performs the last assembly, packing, or processing step to:

- Company branded product
- Food or food contact materials, unlabeled or unbranded products, ingredients or components that will be used in the preparation of finished products at Kroger Manufacturing Plants, Stores, and/or Commissaries
- Products manufactured or otherwise provided to Kroger that will require further processing, scaling, packaging, staging, etc., prior to being sold to the customer (grocery, meat, seafood, produce, deli/bakery items, bulk nuts, etc.)
- All foreign-sourced produce

National Brand products with the Company as the importer on record must provide an acceptable Social Compliance audit. Please contact SocialCompliance@kroger.com for additional details.

The audit must take place before the product ships from the country of origin to the United States.

All supplier facilities must be disclosed in Supplier Hub and must have a [Dun & Bradstreet](#) number for each production site. For information on Supplier Hub and its requirements, please click [here](#).

Which audit companies conduct the Kroger Social Compliance Audit?

[ELEVATE](#) and [Underwriters Laboratory \(UL\)](#) are the only auditing firms that perform the *Kroger Social Responsibility Audit*.

Who pays for the audit?

The foreign location being audited pays for the audit. The Company has a specific audit that aligns with our Code of Conduct and we have negotiated reduced pricing for our suppliers to use the *Kroger Social Responsibility Audit*.

Audit pricing is based on location and size of the facility, please refer to the audit fee table below. Travel and local taxes and fees vary and are added to the audit fee.

Region	Pricing Low	Pricing High	Most Common Pricing (50-1,000 workers)
Asia Pacific	\$575	\$4,000	\$1,675
Africa	\$700	\$3,025	\$1,675
Europe	\$700	\$3,600	\$1,675
Latin America	\$700	\$3,200	\$1,475
North America	\$720	\$3,600	\$1,675

Are other audit forms or types of audits acceptable?

No. The *Kroger Social Responsibility Audit* is the only audit form accepted by the Company. While other retailers perform audits that match their own code of conduct, they are not a valid substitute for the *Kroger Social Responsibility Audit*.

The only exceptions are for Produce and/or Floral suppliers who have Fair Trade USA, Equitable Food Initiative (EFI) or Florverde certifications. If a supplier facility has one of these certifications, please send the certification to SocialCompliance@kroger.com.

Are audits ever required more than once per year?

In cases where there are severe violations discovered during a facility audit, a follow up audit may be required within 4 to 6 months to confirm resolution of the violations.

If a foreign facility provides product to the Company through multiple channels, the facility is only required to be audited once a year. The Company will aid in the prevention of duplicated audit requests of the same facility.

For facilities located in low-risk countries and low-risk commodities, the *Kroger Social Responsibility Audit* may be valid for two years if the score achieved is Green.

How do I schedule a *Kroger Social Responsibility Audit*?

To schedule an audit, please enter all facilities used for Kroger production in [Supplier Hub](#). If you are not able to access Supplier Hub, please work with your category manager to be initiated as a vendor in Supplier Hub. Further questions or concerns can be directed to SupplierCompliance@Kroger.com. The Social Compliance Team will be notified of new facilities and will request the Social Compliance audit accordingly. ELEVATE or UL will contact the facility directly to schedule the needed audits for each of your supplier facilities.

Are inactive suppliers subject to the same annual audit requirements?

The Company’s supply chain expands and contracts every year; new suppliers can be added while inactive suppliers are removed from Supplier Hub. An “inactive” supplier facility is any location that will not produce a product for the Company for the foreseeable future. Former suppliers of Company product who do not

anticipate any orders in the next 18 months are typically considered “inactive” for the purposes of this audit program. All active supplier facilities must be audited annually.

What happens when a supplier facility changes name or moves to a new address?

Any changes to the supplier facility information must go through Supplier Hub and may require a change in the Dun & Bradstreet system. If a supplier facility moves location, a new Dun & Bradstreet number will need to be requested.

What areas of concern are included in the *Kroger Social Responsibility Audit*?

The *Kroger Social Responsibility Audit* is designed to examine the following areas of concern: transparency and business integrity, management systems, hiring, disciplinary & termination, young workers and child labor, forced labor, harassment or abuse, non-discrimination, freedom of association & grievance mechanisms, foreign migrant labor, wages and benefits, hours of work, health and safety, environment, sub-contracting, and homeworking.

Violations discovered are documented in an audit report which is prepared for Company’s review. The supplier will receive a copy of the audit findings.

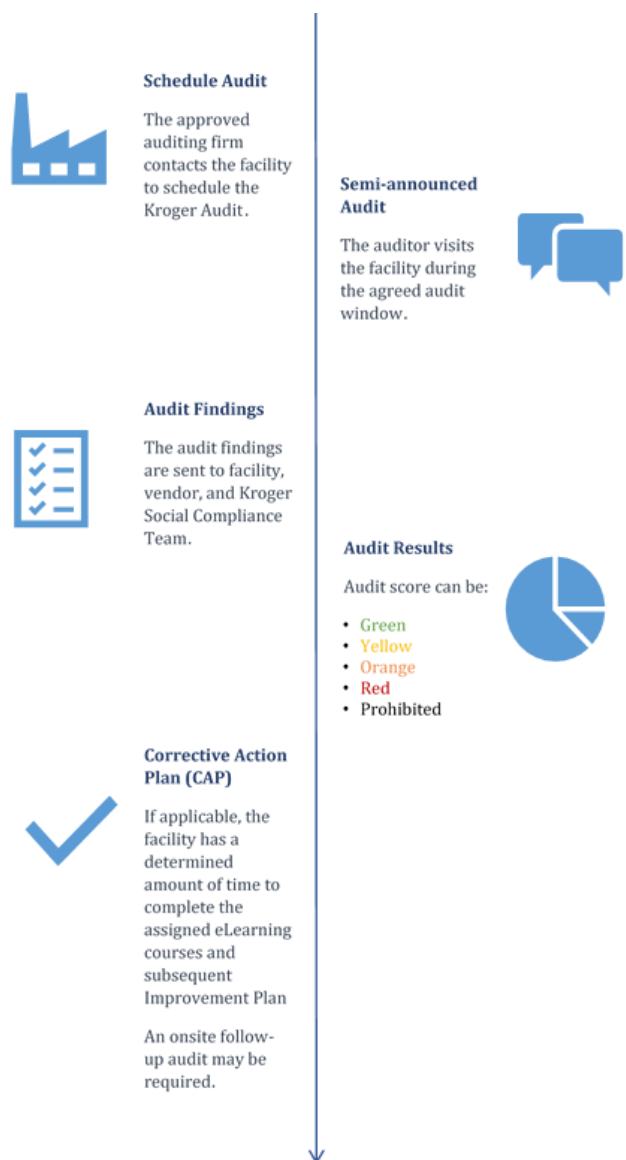
Additional details of the Audit Content can be found [here](#).

What does the audit process look like?

Audits are semi-announced; the auditor will show up at any time in the agreed audit window. Unannounced audits may also be performed depending on supplier risk. The audit firm will conduct an opening meeting with the facility management, complete a facility tour (including worker housing if applicable), review relevant documentation, conduct individual and group interviews, and review audit findings in the closing meeting with facility management.

What are the possible Kroger Social Responsibility audit results?

The outcome of each audit is based on the grading of violations found during the audit. Based on severity, findings can be Zero Tolerance, Major, Moderate, or Minor. The total score will place the audited supplier into one of four categories: Red, Orange, Yellows, Green.



The score is based on the severity and number of violations identified.

Facilities that accumulate any Zero Tolerance violations are automatically designated a score of Red and are required to resolve issues immediately and are subject to interruptions of business with Kroger, while those on Corrective Action Plans are conditionally approved and required to resolve pending corrective action items according to schedule.

Cases of suspected child labor, suspected forced labor or attempted bribery by the supplier facility fall within the Prohibited category, and these suppliers are automatically disqualified and removed from our supply chain.

The Company reserves the right to stop doing business with a supplier that does not live up to the Kroger Vendor Code of Conduct.

How are Corrective Action Plans managed?

The Company believes engaging with suppliers to remediate findings, where able, is better for workers than walking away from the business relationship. Therefore, The Company follows a continuous improvement approach and implemented a corrective action plan process.

Audited facilities placed on a Corrective Action Plan (CAP) will be required to resolve the pending open findings within the designated timeframe.

All CAPs are managed by ELEVATE and include assigned eLearning courses. The most common process, though timeline may vary depending on the type of violation, is as follows:

1. CAP Manager will contact the supplier facility to complete Phase One: CAP Development and eLearning Courses, which should be completed within 30 days.
2. After Phase One is completed, the CAP Manager will contact the supplier facility for Phase Two: Desktop Review, which should be completed with 20 days.
3. An onsite follow-up audit may be required within six months to verify the resolution of the more egregious violations.

Who can I contact with questions?

For any additional questions, please email SocialCompliance@kroger.com.