



The Kroger Family of Companies

## Statement on Human Rights

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Human rights are a fundamentally important topic for Kroger and something to which we are deeply committed. We uphold high standards and expectations for human rights and fair labor in our U.S. and global food and consumer products supply chain.

Respecting human rights is currently embedded in our company governance and culture and a key element of our comprehensive Responsible Sourcing and Supply Chain Accountability initiatives. We further outline Kroger's commitment in our [Responsible Sourcing Framework](#), [Vendor Code of Conduct](#) and [Social Compliance Program Requirements](#).

We look to the United Nations Guiding Principles (UNGP) on Business and Human Rights, the International Bill of Human Rights and the International Labor Organization (ILO) conventions when designing our approach.

Moving forward, Kroger will align our human rights policies and framework with the UNGP Human Rights Due Diligence (HRDD) process. This includes work to update this public commitment to human rights; increase reporting and transparency; engage stakeholders; conduct human rights impact assessments that include a gender-analysis component; and enhance our approach to issues management, mitigation and meaningful action.

### Our Approach

In this work, we will build on several key principles to help advance positive change in the global supply chain over time. These include:

- **Accountability:** Leadership accountability includes Kroger's Chief Ethics and Compliance Officer, Group Vice President of Corporate Affairs and Vice President of Sourcing. The Audit Committee and Public Responsibilities Committee of The Kroger Co. Board of Directors provide board-level oversight of responsible sourcing and human rights.
- **Risk-based approach:** Dedicated Kroger team leaders work in partnership with third-party firm ELEVATE to manage a risk-based approach to human rights across key geographic regions. Our supplier base is diverse across geographies and products, and we take measures to understand and prioritize human rights risks in our supply chain.
- **Zero Tolerance Policy:** Kroger applies a Zero Tolerance Policy to reports of human rights violations through our social compliance program audits or other means. When we learn of possible zero-tolerance violations, we activate an established issue management protocol, which includes reviewing audit results or other evidence; engaging the supplier directly; engaging internal and external stakeholders to gather more information; and taking action to mitigate, remedy or otherwise respond when violations are found.
- **Focus on improvement:** Our issue management protocol prioritizes helping suppliers and facility managers improve workforce practices, comply with standards, and continue or resume supply as a company in good standing. We use Corrective Action Plans (CAPs) to outline

required improvements and a timeline for completion. Failure to complete a CAP or operate in good standing may result in termination of the supply contract.

- **Reporting:** We strive to publicly report meaningful progress to our investors and other stakeholders.

### **Roadmap for Human Rights Due Diligence:**

COVID-19 shined a light on the fragility of our global food system and supply chain, and on agricultural and other production workers on which it depends. We believe we have an opportunity to positively affect the livelihoods of workers, families and communities around the world. Building on feedback and key learnings, Kroger is accelerating our journey to review and improve our approach to human rights.

We also continue to improve Kroger's approach to supplier management over time using new tools, technology and stakeholder input.

### **Key Actions in 2020:**

- Kroger formalized responsibilities for a Responsible Sourcing Steering Committee, reporting to senior leaders in Ethics and Compliance, Corporate Affairs and Sourcing. This group meets monthly to review critical topics and as needed for emerging topics of importance.
- Kroger worked with ELEVATE to conduct a global risk assessment focused on higher-risk geographic areas or product categories. We will share high-level insights in our 2021 ESG Report and include additional information in a separate report, combined with insights from a gap analysis, later this year.
- We worked with ELEVATE to extend the reach of Worker Voice Surveys that allow anonymous feedback from workers in suppliers' global facilities. We use this feedback to validate audit reports and assess workplace practices. These surveys were increasingly important during the COVID-19 pandemic, which disrupted the normal cycle of scheduled on-site audits.
- We completed work to enhance a centralized Supplier Hub through which all suppliers register, maintain records of facilities and locations, acknowledge relevant policies, and more. With this platform, Kroger integrates compliance status and is able to block payment and/or future orders if warranted, or if CAPs are not completed.

### **Key Actions in 2021:**

- Kroger is working with ELEVATE to conduct a comprehensive gap analysis that includes current human rights governance, policies and processes compared to the UNGP HRDD process, as well as other industry benchmarking.
- Between ESG reporting cycles, Kroger will publicly report key insights, including salient human rights issues reflected in the risk assessment and gap analysis work, as well as an updated framework and policy to respect and advance human rights in our supply chain. Estimated report timeline is late 2021.
- Based on results from this work, we will identify and initiate actions to align with the HRDD process. We will consult third-party experts; engage key stakeholders, such as local communities and potentially vulnerable populations, including women; and identify geographic and/or product areas of focus. We anticipate this work will continue into 2022 and beyond. We will follow the Human Rights Impact Assessment (HRIA) process, beginning by conducting and publishing three HRIAs in high-risk supply chains for the 2022 ESG report.

- Kroger continues to closely monitor the results of virtual audits, Worker Voice Surveys, and government and industry alerts to maintain responsible oversight of human rights during the pandemic and eventual recovery. We will develop an approach to work in partnership with suppliers to engage other stakeholders in local communities where operations are located as part of the three HRIAs as a starting point.
- We anticipate a broader return to travel in 2022, which will help facilitate a return to on-site social compliance audits in countries that had put COVID-19 restrictions in place. We will work with partners to develop a process for updating other stakeholders on this plan and any changes over time, including translations where appropriate.

We will take additional steps in 2022 and beyond to continue our progress and further integrate Responsible Sourcing principles and accountability into our lines of business and corporate functions. We believe our comprehensive approach will help create a more sustainable, resilient global supply chain.