



# Nurturing Shared Values

# Welcome to Our ESG Report

We are pleased to share the latest progress on the Kroger family of companies’ environmental, social and governance (ESG) strategy and impact for the 2021 reporting period with our stakeholders.

We introduced Kroger’s ESG strategy, *Thriving Together*, last year, highlighting our focus on advancing positive impacts for People, Planet and Systems—the key pillars of our strategy. The framework is designed to unlock greater value for our associates, customers, communities and company as we work together to address some of the most significant challenges of our time.

The Board of Directors oversees Kroger’s management approach to ESG topics. In addition, a dedicated Public Responsibilities Committee of the board—established in 1977—provides deep oversight of the company’s ESG strategy and goals related to environmental sustainability and social impact.

Kroger’s executive leadership team is accountable for operationalizing and driving performance against our ESG goals, which are established and managed in partnership with a centralized ESG team led by Kroger’s group vice president of Corporate Affairs, who serves as chief sustainability officer.

Details on our management approach to ESG topics can be found throughout this report. Additional details on key topics are also available at [www.thekrogerco.com](http://www.thekrogerco.com). Supplemental reporting resources are also available online for select ESG topics, as well as information about how we align impact philanthropy and investing to our ESG strategy through corporate giving, [The Kroger Co. Foundation](#) and [The Kroger Co. Zero Hunger | Zero Waste Foundation](#).

### Report Scope

This report covers Kroger’s 2021 fiscal year from February 2, 2021, to January 29, 2022. Unless otherwise noted, data included in the report reflects this period. This ESG Report incorporates most of our operations, except for certain datasets where we are still integrating banners from more recent mergers into our tracking systems. Where appropriate, we note the scope of specific performance tracking in the relevant report section.

### Reporting Frameworks

The content in this report has been prepared with reference to select portions of the [Global Reporting Initiative \(GRI\) Standards](#). We leveraged the same principles for defining report content as in earlier years—such as stakeholder inclusiveness and materiality—as well as discussion of our management approach and several relevant topic-specific disclosures.

Kroger served as a member of the Standards Advisory Group (Food & Beverage Sector) for the [Sustainability Accounting Standards Board \(SASB\)](#) standards until recently, and has now transitioned onto the International Sustainability Standards Board’s Technical Reference Group. Volunteer industry experts are appointed to advise on issues that should be considered in the standards-development process. To review our disclosures against the Food Retailers & Distributors Standard, refer to our [SASB Index](#) at the end of this report. We strive to increase Kroger’s SASB-aligned disclosures over time.

In addition, Kroger is highlighting how our management approach aligns with the [Task Force on Climate-related Disclosures \(TCFD\)](#) framework.

## Contents

- 3 Introduction**
- 8 Our Approach**
- 17 People**
- 18 Food Access, Health & Safety
- 28 Just & Inclusive Economy
- 35 Planet**
- 36 Climate Impact
- 40 Resource Conservation
- 49 Systems**
- 50 Business Integration
- 54 Responsible & Resilient Systems
- 63 Appendix**
- 63 Material Topics Summary Table
- 65 TCFD Index
- 66 SASB Index
- 68 2021 Data Tables



# Q&A with Rodney McMullen

## Chairman and CEO



Kroger looks very different today than it did when we opened our first store in 1883. But the core principles that made that store successful—service, selection, value and our commitment to our customers—remain the bedrock of our business.

Through it all, Our Purpose remains the same: To Feed the Human Spirit™ and be America's leading provider of fresh food. Our journey to operationalize and integrate ESG within our business strategy will help achieve lasting positive changes for people and our planet.

**As we reflect on the last year, I am incredibly optimistic about the future of Kroger and our ability to deliver for all stakeholders.**

### What are Kroger's key learnings from 2021?

While navigating the ongoing pandemic in 2021, like many businesses across the world, we faced new challenges within our supply chain. These disruptions—and those related to the conflict in Ukraine—remind us of the complexity of our interconnected global food and consumer goods supply chains. These challenges reflect the critical nature of our ESG work to help ensure our business operations are as resilient as possible, so we can continue to serve our Associates, Customers and Communities well into the future.

### How is Kroger approaching our ESG strategy and where does the ownership lie?

Introduced in 2021, Kroger's ESG strategy, *Thriving Together*, is our roadmap for driving positive changes for people, our planet and natural systems by 2030 and beyond. Leaders are focused on integrating this strategy across our business to accelerate progress toward long-term commitments. For example, retail leaders continue to operationalize Zero Hunger | Zero Waste performance objectives into company-, division- and store-level plans and training.

### How is Kroger supporting communities?

As a grocery retailer, our core business provides convenient access to affordable food, medication, health services, essential supplies and more for our Associates, Customers and Communities. In 2021, Kroger also directed \$343 million in charitable giving—including food and funds—to local and national non-profit organizations; of this, \$200 million focused on improving food security in communities where we operate, reflecting our Zero Hunger | Zero Waste mission.

### How is Kroger addressing climate change?

We recognize our dual responsibilities when managing climate impact: reducing the adverse impacts of our operations on a changing climate and mitigating the potential impacts of a changing climate on our business. Kroger's current target is to reduce greenhouse gas (GHG) emissions by 30% by 2030, from a 2018 baseline. In 2022, we committed to strengthen our Scope 1 and 2 target and set a new Scope 3 target for supply chain emissions reduction with the Science Based Targets initiative.

### What progress has been made on Kroger's Zero Hunger | Zero Waste plan?

Kroger introduced our Zero Hunger | Zero Waste social and environmental impact plan in 2017 to help create communities free of hunger and waste. In the past five years, we directed 2.3 billion meals to improve food access in our communities—reflecting surplus food donations and \$1 billion in giving—toward our goal of 3 billion meals by 2025. We also accelerated our zero-waste vision with progress on food waste reduction, waste diversion, sustainable packaging and more.

### What do you hope to achieve by 2030?

We see incredible opportunity to reach more customers through our seamless ecosystem and expanding Delivery platform. Our shared-value strategy will bring affordable fresh, planet-forward options to even more homes, giving customers easy ways to live a healthier and more sustainable lifestyle—no matter where they live.

# About Kroger

Since our humble beginnings on the banks of the Ohio River in Cincinnati, Kroger has prioritized offering convenience and value to our customers.

Nearly 140 years later, our purpose-driven strategy aims to increase access to high-quality, affordable fresh food for everyone. In fulfilling Our Purpose—To Feed the Human Spirit™—we live by our Values:



## Honesty

We insist on truthfulness with each other, with our customers, with our vendors and in our business records. We expect and value openness.



## Diversity

We seek and embrace differences in the backgrounds, cultures and ethnicities of all associates, customers and vendors.



## Inclusion

We encourage and expect collaboration, teamwork and the active involvement of all associates.



## Safety

We protect our customers and each other from injury with a safe and secure workplace and shopping environment.



## Integrity

We act in accordance with Our Values, even when it's difficult.



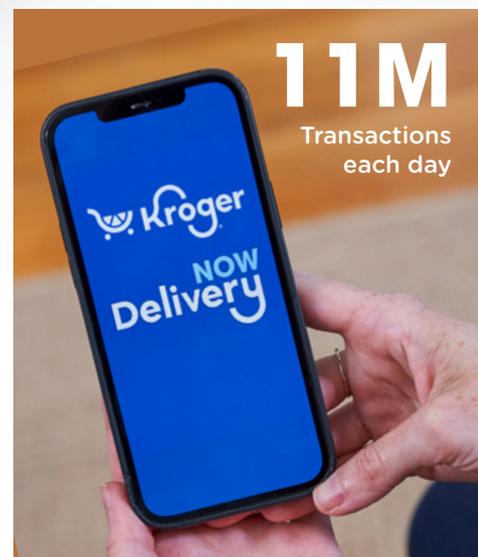
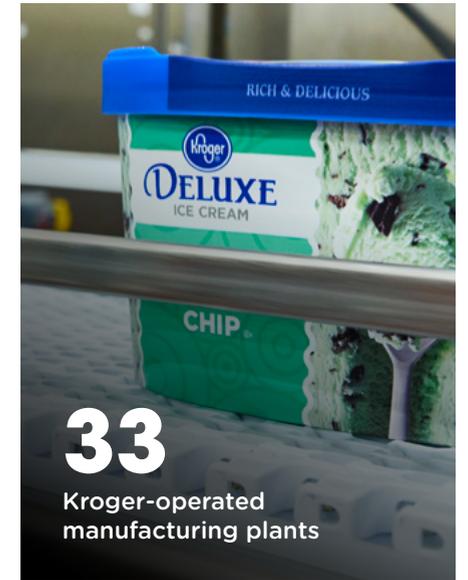
## Respect

We treat all with dignity and value the opinions and perspectives of others.



## Our Family of Companies





# Our Value Chain

As America’s grocer, Kroger is well positioned to win with a strategic combination of brick-and-mortar stores and e-commerce solutions to solve for our customers’ demands—anything, anywhere, anytime. We work with suppliers and other partners to responsibly procure, manufacture, transport and sell a wide range of food, personal health and general merchandise for families on any budget. We are committed to advancing sustainability throughout our value chain and bringing even more sustainable choices and solutions to our customers in the future.



## Our Supply Chain

## Our Operations

## Our Customers

### Sourcing

We procure raw materials and ingredients for food processing that meet food safety, quality and sustainability specifications; fresh items from farmers, fishers and other producers; and finished goods from manufacturers in our global supply chain. Kroger also manages indirect sourcing for services, technology and supplies needed to run our business. We use a centralized Supplier Hub to manage supplier engagement and compliance with established policies.

**60K+**

vendors and suppliers work with us

### Manufacturing

We manufacture *Our Brands* food items at 33 Kroger-operated food processing plants across the country, including 17 dairy processing facilities. Other manufacturers produce the balance of *Our Brands* items according to our specifications. We have four \$1 billion+ brands in our portfolio: Kroger, Private Selection®, Simple Truth® and Home Chef.

**29%**

of total *Our Brands* units sold and 45% of food items manufactured by Kroger

### Distribution

A Kroger-operated fleet and third-party operators move products from food processing plants to a nationwide network of warehouses for transport to stores or to dedicated fulfillment centers for delivery to customers’ homes. Consumer packaged goods companies also deliver some other *Our Brands* products and national brand products to warehouses or directly to stores.

**10K+**

private-label items in the *Our Brands* portfolio

### Retail

Customers shop with us at brick-and-mortar stores and online through our seamless ecosystem that fulfills orders through curbside pickup; direct-to-home delivery through dedicated fulfillment centers and Instacart; and ship-to-home services. Kroger Health offers convenient retail pharmacies, health services and dietitian support. We also operate more than 1,600 fuel centers and an expanding network of electric vehicle charging stations.

**~2-mile**

most customers live within a two-mile radius of a Kroger store

### Households

Providing affordable, high-quality fresh food for 60 million households annually is Kroger’s highest priority. Our insights team at 84.51° combines customer transaction information and publicly available data to provide personalized offers that drive higher-than-average redemption, loyalty and trust among shoppers.

We aim to provide easy ways for our customers to live healthier and more sustainable lifestyles. We encourage them to engage with us through in-store service counters, surveys, focus groups, websites and social media, as well as Kroger Customer Connect, our live call center.

**1T+**

personalized offers a year

T = trillion

# Our Journey

Kroger continues to integrate our business and ESG strategies over time to focus on creating shared value. Through our core business as America’s grocer and our competitive strengths, we are advancing positive changes for our associates, customers and communities—and our company.



2017-2020

## Restock Kroger

- Eliminated \$3B in costs; invested in people, technology and price
- Strengthened competitive moats: Fresh, Our Brands, Personalization and Seamless
- Established alternative profit flywheel
- Investments in talent and development
- Introduced Zero Hunger | Zero Waste social and environmental impact plan



2020

## COVID-19 Learnings & Trends

- Safety of associates and customers first; invested \$1.5B in safeguards and support
- Customer demand for seamless shopping experience
- Enhanced agility and speed-to-market
- Innovative meal solutions for food at home
- Developed plan to further integrate and operationalize ESG objectives



2021, 2022 and Beyond

## Kroger Today

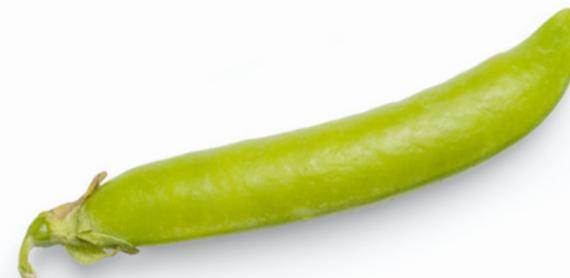
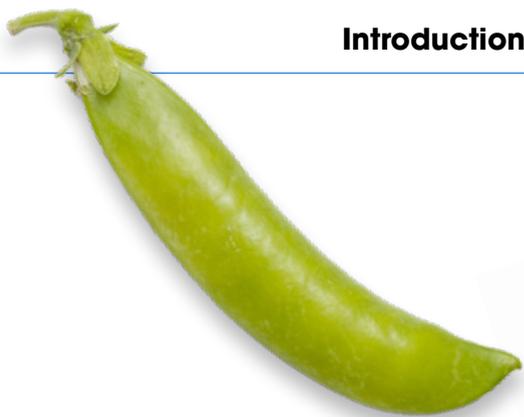
- Digital sales of \$10B+ and growing
- Stronger customer and associate relationships
- Track record of innovation
- COVID-19 customer trends becoming structural, long-term habits
- Introduce ESG strategy and 2030 performance objectives



# Our Approach to ESG

Our roadmap to achieving long-term sustainability began decades ago. Today, Kroger’s ESG strategy and continued leadership aim to unlock shared value for all of our stakeholders and our company.

**Objective:**  
Achieve lasting positive change for people and our planet while creating business value



# Our ESG Strategy

We imagine a world where everyone is *Thriving Together*. The objective of our ESG strategy is to achieve lasting positive change through a shared-value framework that benefits people and our planet and creates more resilient systems for the future.

Kroger has a unique role to play in the future of food. We are helping build a more resilient and equitable food system that preserves access, affordability and choice for all of our customers—today and in the future. To feed a growing global population, the world needs more responsible and sustainable food production at scale.

The centerpiece of Kroger’s ESG strategy is our Zero Hunger | Zero Waste social and environmental impact plan. Zero Hunger | Zero Waste is widely recognized as an industry-leading platform for collective action and systems change. Since introducing our plan, we’ve achieved significant progress through increased awareness, collective action and innovation.

Our strategy aims to address ESG topics of the highest importance to our business and to our associates, customers and communities. These topics align to three strategic pillars: People, Planet and Systems.



## People: Help billions live healthier & more sustainable lifestyles

### Food Access, Health & Safety

Kroger’s brand promise, Fresh for Everyone™, reflects our priorities around **food and product safety**, **food access**, and **health and nutrition**. Protecting our associates’ **health and safety** and providing the best **customer experience** are also critical elements of our approach.

### Just & Inclusive Economy

Offering access to employment, benefits and more, providing career paths that **attract and retain talent**, and fostering a culture of **diversity, equity and inclusion** for all.

## Planet: Protect & restore natural resources for a brighter future

### Climate Impact

Reducing **climate impact** and supporting the transition to a lower-carbon economy by investing in energy efficiency and renewable energy and by reducing food waste and refrigerant emissions.

### Resource Conservation

Kroger is committed to achieving zero **food waste** to landfill company-wide by 2025, and we also focus on reaching zero **operational waste**, offering more sustainable **packaging** and optimizing **water** use.

## Systems: Build more responsible & inclusive global systems

### Business Integration

Strong **ESG governance** and a commitment to **ethics and compliance** help build trust and promote the long-term interests of our stakeholders. Our responsibilities include **data privacy and cybersecurity** and adopting **responsible marketing** practices.

### Responsible & Resilient Systems

Our efforts to improve environmental and social impacts throughout our global supply chain include **responsible sourcing, supply chain accountability** and a holistic commitment to respecting **human rights**.

# Zero Hunger | Zero Waste

Kroger’s Zero Hunger | Zero Waste social and environmental impact plan sits at the center of our ESG strategy. It’s our commitment to build a more resilient and equitable food system that advances sustainability, food access and affordability for generations to come.

## What We Do

**Put people first:** We increase access to fresh, affordable food through our retail stores, seamless digital channels and community engagement. We also honor farmers, workers and the natural resources used to make the world’s food by ensuring more of it fulfills its highest purpose: feeding people.

**Advance sustainability:** We reduce GHG emissions, food waste and energy consumption for a healthier climate; reduce waste in our operations; optimize water use; offer more sustainable packaging; and practice sustainable sourcing across our supply chain.

**Systems change:** We established The Kroger Co. Zero Hunger | Zero Waste Foundation’s Innovation Fund to invest in social entrepreneurs and creative thinkers with new solutions to improve food security and prevent food waste.

**Data-driven solutions:** We work with other mission-aligned organizations to use data and analytics in creative new ways to tackle these challenging but solvable global problems.

## Action Plan

We’ve learned a lot since introducing our Zero Hunger | Zero Waste plan in 2017. Today, Kroger’s commitment expresses our mission to:

- **Feed.** Expand surplus food recovery and redistribution to provide a total of more than 3 billion meals to our communities by 2025 (cumulative).
- **Nourish.** Improve health and well-being by promoting fresh foods and affordable, better-for-you options for our customers.
- **End waste.** Embed retail best practices to optimize ordering, extend freshness and reduce waste in our own operations.
- **Inspire change:** Direct funding to social entrepreneurs who are transforming our food system through the Zero Hunger | Zero Waste Foundation’s Innovation Fund.
- **Advocate.** Support public policy and legislative solutions that improve food access and create infrastructure for a zero-waste future.
- **Transform.** Advance planet-forward agricultural production methods around the world to conserve natural resources and protect habitats.
- **Collaborate.** Cultivate long-standing and new partnerships for meaningful collective action to achieve our Zero Hunger | Zero Waste goals.
- **Build stronger communities.** Align charitable giving, community engagement and volunteerism to create a better future.

**ZERO HUNGER ZERO WASTE**  
by Kroger

**Achieved these five-year milestones:**

- \$1B** in giving to hunger relief
- 2.3B** meals for our communities
- 500M** pounds of surplus food donated
- \$5.2M** in Innovation Fund grants to social entrepreneurs
- \$44.6M** in grants from The Kroger Co. Zero Hunger | Zero Waste Foundation to support food recovery and systems change, including its signature Innovation Fund

# Highlights in Numbers



## Our Customer-Centric Focus

**~10%**

**Food at home market**  
Kroger is the 1<sup>st</sup> or 2<sup>nd</sup> retailer in majority of geographies

**~\$28B**

**Our Brands portfolio**  
with four distinct \$1B+ brands

**98%**

**Digital coverage**  
with 2,200+ Pickup locations and 2,500+ Delivery locations

**15.6%**

**Fresh sales growth**  
over 2019, demonstrating our ability to lead with Fresh



## Our Commitment to Our Associates

**\$1.2B**

**Incremental investment in associate compensation and benefits**  
since 2018

**\$22/hour**

**Average rate for hourly associates,**  
including comprehensive benefits

**\$2B+**

**Contributed to associate pensions**  
from 2018 to 2021 to help stabilize future associate benefits

**~\$1.8B**

**Associate healthcare spend**  
annually



## Driving Positive Social & Environmental Change

**2030**

**Sustainability goals**  
including GHG emissions reduction and sustainable packaging targets

**2.3B**

**Meals directed**  
to fight food insecurity since 2017

**\$343M**

**Food and funds donated**  
to support communities across the U.S. in 2021

**\$4B**

**Spend with diverse suppliers**  
in 2021 toward \$10B annual goal by 2030



# Goals Performance

The Kroger team recognizes our unique role in the future of food. We are helping build a more resilient and equitable food system that preserves access and affordability—today and in the future—by advancing more responsible and sustainable production methods for the food and consumer goods on which we all depend.

Goal	2019	2020	2021	Baseline	Target Year	Status
<b>Zero Hunger   Zero Waste</b>						
<b>Total Meals:</b> Increase cumulative total of meals directed to our communities (food and funds)						
1 billion meals (2017–2019); 3 billion meals (2017–2025)	1.1B	1.8B	2.3B	2017	2020–2025	On track
<b>Surplus Food:</b> Improve management of surplus food company-wide						
Optimize recovery of surplus food for donation through Kroger’s Zero Hunger   Zero Waste Food Rescue program	101M pounds	90M pounds*	94M pounds*	2017	2025	On track
Strive for 100% of retail stores to participate in food rescue every year	98%	93%*	93%*	2017	2025	On track
Increase retail donations of fresh Produce, Deli and Dairy items to be 45% of total food rescue	29%	37%	42%	2017	2025	On track
<b>Philanthropy:</b> Strategically optimize giving to hunger relief organizations as share of total company-wide charitable giving (total of food and funds)						
Increase The Kroger Co. Foundation grant-making to advance Zero Hunger   Zero Waste, racial equity and other focus areas	\$10.5M	\$16.4M	\$13M	2017	2025	On track
Establish The Kroger Co. Zero Hunger   Zero Waste Foundation and Innovation Fund; increase national and local grants to accelerate positive impact	\$10M	\$16.5M	\$18.1M	2018	2025	On track
<b>Wages and Benefits:</b> Provide solid wages and good quality, affordable healthcare and retirement benefits						
Invest \$500 million in cumulative associate compensation and benefits through Restock Kroger	\$508M	\$798M	\$1.2B	2017	2020	Achieved
Increase average retail hourly wages and benefits over time	\$15/hour; \$20/hour including benefits	\$15.50/hour; over \$20/hour including benefits	over \$17/hour; over \$22/hour including benefits	2017	-	Achieved

\* Reflects pandemic-related disruptions in surplus food recovery



People

Goal	2019	2020	2021	Baseline	Target Year	Status
<b>Just &amp; Inclusive Economy</b>						
<b>Framework for Action: Diversity, Equity &amp; Inclusion (DEI):</b> Achieve commitments to create a more inclusive culture						
Create DEI Advisory Council to advance our long-term DEI commitments	-	Completed	-	-	2020	✓
100% of leaders participate in Unconscious Bias training	-	96%	-	-	2020	✓
100% of associates encouraged to participate in Inclusion training in 2021	-	-	494,000 associates trained	-	2021	→ ✓ →
Increase annual spend with inclusive suppliers to \$10 billion	\$3.4B	\$4.1B	\$4B	-	2030	→ ✓ →
Deploy funds to advance social justice through The Kroger Co. Foundation's Racial Equity Fund (cumulative)	-	\$3M	\$5.1M	-	2025	→ ✓ →

Planet

Goal	2019	2020	2021	Baseline	Target Year	Status
<b>Food Waste<sup>1</sup></b>						
Reduce total food waste generated in our retail supermarkets by 50% cumulatively from our 2017 baseline (cumulative reduction; annual tons generated)	13% 288,966 tons	19.3% 268,248 tons	19.7% 269,382 tons	2017	2025	🔍
Achieve 95% retail food waste diversion	44.7%	48.3%	48.8%	2017	2025	🔍
Strive for 95% or more of retail stores participating in food waste recycling programs	76% (2,120 stores)	87% (2,407 stores)	92% (2,539 stores)	2017	2025	→ ✓ →
<b>Operational Waste<sup>1</sup></b>						
Phase out single-use plastic shopping bags. Phaseout commitment is in addition to any existing and future legislation for plastic bags	QFC division phaseout complete	Developing roadmap	Developing roadmap	2018	2025	🔍
Company-wide, meet and exceed the zero waste threshold of 90% diversion from landfill	80%	81%	79%	2016	2025	🔍

1. Progress reflects calendar year data

○ Did not achieve    
 🔍 Area of focus    
 → ✓ → On track    
 ✓ Significant progress    
 ✓ Achieved    
 ✓ Achieved ahead of schedule

**Planet**



Goal	2019	2020	2021	Baseline	Target Year	Status
<b>Our Brands Product Packaging Sustainability</b>						
Complete a baseline product packaging footprint to fully understand current packaging impacts <sup>2</sup>	-	-	Completed	2020	2030	
Seek to achieve 100% recyclable, compostable and/or reusable packaging <sup>2</sup>	-	-	40%	2020	2030	
Increase recycled content in packaging so <i>Our Brands</i> portfolio collectively contains at least 10% recycled content <sup>2</sup>	-	-	14%	2020	2030	
Reduce unnecessary packaging	-	-	See Packaging section	2020	2030	
Increase awareness among Kroger customers about how to properly manage product packaging at end of life	-	-	See Packaging section	2020	2030	

<b>Climate Impact</b>						
Achieve a 30% cumulative reduction in GHG emissions (percentage reduction from baseline; annual total Scope 1 and 2 GHG emissions; MTCO <sub>2</sub> e*)	3.4% ↑ 5,967,865 MTCO <sub>2</sub> e	8.6% ↓ 5,275,845 MTCO <sub>2</sub> e	9.1% ↓ 5,251,448 MTCO <sub>2</sub> e	2018	2030	

<b>Seafood Sustainability<sup>1</sup></b>						
Source 95% of wild-caught seafood from fisheries that are Marine Stewardship Council (MSC) certified, in MSC full assessment, in comprehensive fishery improvement projects or certified by other Global Sustainable Seafood Initiative—recognized programs	88%	86%	94%	2020	2023	
Preferentially source MSC-certified wild-caught seafood and source at least 85% of volume from fisheries that are MSC certified	71%	72%	77%	2020	2023	
Source 100% of farm-raised seafood from farms that are Best Aquaculture Practices 2-Star or greater certified, Aquaculture Stewardship Council certified or GLOBALG.A.P. certified	96%	98%	98%	2020	2023	
Source 100% of shelf-stable tuna from companies aligned with the International Seafood Sustainability Foundation <sup>3</sup>	100%	100%	97%	2020	2025	
Source 20% of <i>Our Brands</i> shelf-stable tuna from fisheries that are MSC certified	-	-	2.7%	2020	2025	

\* MTCO<sub>2</sub>e = metric tons of carbon dioxide equivalent

2. Initial packaging baseline for *Our Brands* products excluded General Merchandise products. We will add these to the packaging dataset in the future. Progress numbers shared here reflect the initial baseline.  
 3. This is an enduring commitment that we continue to maintain.



**Planet**



Goal	2019	2020	2021	Baseline	Target Year	Status
<b>No-Deforestation Commitments<sup>1</sup></b>						
Source palm oil, palm kernel oil and palm oil derivatives in <i>Our Brands</i> products from sources certified to the Roundtable on Sustainable Palm Oil supply chain standard (percentage of ingredient volume that is from certified sources)	-	80%	88%	N/A	Ongoing	
<b>Used post-consumer recycled content fiber and/or virgin fiber certified to FSC,<sup>4</sup> SFI<sup>5</sup> or PEFC<sup>6</sup> standard</b>						
Kroger plants (percentage of packaging procured, by weight, that is certified)	-	-	97%	N/A	2025	
All <i>Our Brands</i> household paper products and packaging (percentage of material, by weight, from certified sources)	-	-	Tissue: 95% Packaging: to be determined	N/A	2030	
<b>Use deforestation-free soy-based ingredients in <i>Our Brands</i> products</b>						
Kroger plants (percentage, by weight, from no-/low-risk countries)	-	-	100%	N/A	2025	
All <i>Our Brands</i> products	-	-	Launching KLP assessment	N/A	2030	
<b>Use deforestation-free beef-based ingredients in <i>Our Brands</i> products and fresh beef</b>						
Fresh beef and Kroger plants (percentage, by weight, from no-/low-risk countries)	-	-	99.9%	N/A	2025	
All <i>Our Brands</i> products	-	-	Launching KLP assessment	N/A	2030	
<b>Responsible Sourcing: Animal Welfare</b>						
<b>Laying Hen Housing</b>						
<b>Revenue:</b> Increase sales of shell eggs from laying hens in cage-free or better housing systems as a percentage of total egg revenue <sup>7</sup>	39.4%	41.9%	45.9%	-	-	
<b>Volume:</b> Increase shell eggs sourced from laying hens in cage-free housing systems or better (units: dozens) as percentage of totals <sup>7</sup>	23.1%	24.9%	27%	-	2030	
<b>Sow Housing</b>						
<b>Volume:</b> By 2025, Kroger will source 100% of fresh pork from sows in group housing systems <sup>8</sup>	-	-	-	-	2025	

KMP = Kroger Manufactured Products (made in Kroger's plants) KLP = Kroger Labeled Products (made by third-party vendors according to Kroger's specifications)

4. Forest Stewardship Council  
 5. Sustainable Forestry Initiative  
 6. Programme for the Endorsement of Forest Certification  
 7. Restated progress to align shell egg units to dozens for all years  
 8. Given the lack of industry alignment on standards and definitions for sow housing, we are unable to determine accurate year-over-year progress for prior years. Please see this supplemental [Animal Welfare Update](#) for an estimated roadmap to achieve our goal. Future reporting will align to SASB guidelines for revenue share of total category.



**Systems**



# Stakeholder Engagement

**Kroger has a large and diverse group of stakeholders that affect our ability to successfully run our business and may be impacted by our operations.**

We proactively manage relationships to foster open dialogue with, and capture feedback from, more than 70 organizations on over 40 ESG topics. While our approach to engagement varies by stakeholder group, we prioritize topics based on our strengths, our ESG strategy, materiality and risk-based analyses.



Key Stakeholders	Primary Engagement Methods	Engagement Outcomes 2021
<b>Shareholders</b> 	Kroger’s leaders, our Investor Relations team and other subject matter experts engage with shareholders throughout the year. Key channels include direct investor engagement, investor conferences, our annual shareholders’ meeting, quarterly earnings calls, financial reports, investor questionnaires about ESG topics, <a href="http://www.thekrogerco.com">www.thekrogerco.com</a> , press releases and webcasts.	In 2021, we met with shareholders representing 47% of outstanding shares. Kroger also met with stewardship teams representing 34% of our outstanding shares to discuss ESG topics. Discussions with socially conscious investors helped inform our ESG strategy and long-term commitments.
<b>Non-Governmental Organizations (NGOs)</b> 	We engage many NGOs to share the vision for Kroger’s ESG strategy and Zero Hunger   Zero Waste social and environmental impact plan. We welcome dialogue with NGOs on diverse sustainability topics to help advance common goals for people and the planet.	NGO engagement shaped our management approach to material topics. We updated several ESG policies to reflect NGO feedback, including our human rights policy, animal welfare policy and seafood sustainability goals. We also committed to develop a new sustainable agriculture policy for our fresh produce supply chain.
<b>Associates &amp; Labor Unions</b> 	We strive to engage with all Kroger associates in all locations. We use associate training, one-on-one discussions and coaching, the company’s intranet, email, leadership meetings and town halls, affinity and inclusion groups, internal and external social media and an annual associate engagement survey. We also communicate with local and international unions through scheduled meetings, telephone calls and ongoing collective bargaining agreement negotiations.	Input from associates and others informed our evolving pandemic response plan, including measures to help protect health and safety; invest in wages, rewards and paid sick leave for frontline grocery workers; and offer access to testing, vaccinations and telehealth services.
<b>Customers</b> 	We offer customers many ways to engage with us, including in-store service counters, surveys, focus groups, websites and social media, as well as Kroger Customer Connect, our live call center.	Continual feedback from customers guides improvements to our in-store and digital shopping experiences. Our 84.51° customer insights team monitors shopping behavior to identify trends and opportunities, creating 1 trillion personalized offers to drive engagement last year.
<b>Communities</b> 	We foster close relationships with the neighborhoods in which we operate. Key channels include direct engagement, local giving and fundraising, service and volunteerism, weekly food donations, hunger relief, ongoing special events, store openings, media relations and more.	We provided direct support and services for individuals and communities affected by natural disasters and unexpected tragic events in 2021. These include compassion funds for victims’ assistance in Boulder, CO; Oconomowoc, WI; and Collierville, TN.
<b>Suppliers &amp; Manufacturers</b> 	Kroger’s engagement with our suppliers is a critical element of our commitment to responsible sourcing and supply chain accountability. We focus our engagement during the onboarding process and continue it through ongoing meetings, site visits, surveys and audits.	We engaged suppliers throughout 2021 to navigate pandemic-related disruptions and extended out-of-stocks in supply chains; onboard new suppliers to help fill gaps on our shelves; and discuss progress on responsible sourcing targets.

# Help Billions Live Healthier & More Sustainable Lifestyles

We want our associates, customers and communities to thrive. That's why we're helping build a more just and inclusive world where everyone has access to nutritious, affordable foods every day.

## In This Section

18 Food Access, Health & Safety

28 Just & Inclusive Economy



# Food Access, Health & Safety

As the COVID-19 pandemic continued through 2021, complex issues surrounding access to affordable, nutritious food and health and safety remained our top priorities. The continued disruptions in everyday life and our global supply chain validated the importance of our ESG strategy and Zero Hunger | Zero Waste social and environmental impact plan—work that is central to our brand promise, Fresh for Everyone™.

**Material Topics:**

- Food & Product Safety
- Food Access
- Health & Nutrition
- Customer Experience
- Associate Health & Safety
- Community Engagement

**2021 Highlights**

**546M**

meals for our communities

**\$343M**

in total charitable giving, including \$210M to hunger relief

**94M**

pounds of surplus food rescued for donation

**98%**

associates trained in personal safety

**\$46M**

in Kroger Community Rewards for local non-profits chosen by our customers

## Food & Product Safety

Providing safe, quality food and other products for our customers and their families is Kroger’s highest priority. Food safety, quality assurance and regulatory compliance are key facets of our Corporate Food Technology (CFT) practice, and, for our suppliers and partners, they are conditions of doing business with us. We strive to meet and exceed our stakeholders’ high expectations for food safety and quality.

Kroger’s vice president of CFT and Regulatory Compliance leads a team of more than 30 scientists and technologists who oversee food and product safety for our retail stores, food processing facilities, distribution centers and fulfillment centers. This team also advises business leaders and facility managers on best practices and process controls, and provides regular updates to the executive leadership team and Public Responsibilities Committee of the board.

Kroger has a comprehensive risk-based management approach to food and product safety, informed by decades of experience and industry leadership. The CFT team tests products we manufacture for safety, audits all Kroger facilities, reviews third-party audits of suppliers’ facilities for compliance, works with regulatory agencies and suppliers to manage recalls affecting *Our Brands* and national brand products, and advises the Corporate Affairs team on recall communications, policymaking and advocacy.

In 2021, the Kroger operations and food safety teams continued to follow pandemic-related protocols and master sanitation and cleaning schedules at all facilities, with guidance from Ecolab. Some of these new cleaning protocols are now standard procedures.

## Supermarkets

Across our stores, food safety managers help ensure compliance with all applicable federal, state and local regulations through our risk prevention strategy. In 2021, Kroger trained over 93% of new retail store Fresh department associates, totaling more than 21,300 associates who completed the Fresh department training program. We also completed nearly 14,400 in-store food safety audits in 2021.

Food safety managers also participate in food safety organizations and industry groups to stay informed of new developments and share best practices. In our retail operations, Kroger’s risk prevention strategy focuses on:

- Associate training
- Food safety process controls
- Store sanitation
- Audits and food safety reviews



## Manufacturing Facilities

All of our manufacturing facilities are certified to Safe Quality Food Institute standards, and every plant has an assigned Quality Assurance Manager and a Safe Quality Food Practitioner. We manufacture 45% of *Our Brands* food items at 33 Kroger-operated food processing plants across the country, offering customers thousands of quality *Our Brands* and banner brand products like Kroger brand, Private Selection®, Simple Truth® and many more.

Our CFT and Regulatory Compliance teams monitor food integrity and purity, product size and specifications, and regulatory compliance to ensure we provide safe, high-quality food products to our customers. In our food processing plants, we use quality control plans (QCPs) to verify quality from the ingredient level all the way to the finished product. We adjust QCPs and develop new QCPs based on various inputs, such as customer comments.

Our manufacturing food safety risk mitigation strategy includes:

- Leadership and training
- Hazard analysis and risk-based preventive controls
- Sanitation control
- Food allergen control
- Environmental monitoring programs
- Audits and food safety reviews
- Recall management

## Distribution Centers

Maintaining excellent food safety practices is also critical across our Kroger-operated national distribution centers. Established food safety and sanitation standards outline management responsibilities, and associates implement formal documented programs, including Food Safety Plans.

Kroger's distribution centers follow established cold chain management standards to help ensure temperature-sensitive products are managed properly in transit and storage. This is of particular importance during inbound and outbound transportation. Our standards outline these requirements in detail for our associates. Based on best practices and regulatory requirements, key elements of the standards include:

- Food safety responsibility and documented practices
- Proper receipt and storage of materials
- Cleaning practices
- Maintenance for food safety
- Pest prevention to avoid food adulteration

## Fulfillment Centers

We implement the same warehouse food safety standards at our new dedicated fulfillment centers with some additional process controls that reflect the unique Kroger Delivery model and fleet of refrigerated vehicles. These fulfillment centers are carefully designed to manage ambient, chilled and frozen product in designated areas for maximum product quality and freshness.

## Product Safety & Quality

*Our Brands* non-food products adhere to a multi-faceted program to help ensure quality. We work with carefully selected suppliers that have been vetted and that adhere to compliance requirements as outlined in our centralized Supplier Hub, including third-party Good Manufacturing Practice (GMP) certifications.

All products undergo evaluation and standard-setting during the development process. Product quality is designed into the process from the start through preliminary analytical testing, technical document review, product specifications agreed upon by Kroger and the supplier, and a first production review prior to release. After introducing the product to market, we continue to monitor and maintain quality. New products are tested by a third-party laboratory after six months in market, and we use a risk-based approach to conduct third-party testing for mature products.

Kroger monitors and documents all customer feedback, which is also reviewed and addressed by our technical team and the supplier for continual improvement. Kroger's CFT and Regulatory Compliance team also monitors regulatory activity over time related to product safety and ingredients to help ensure continued product safety and compliance.



### Food Safety Leadership

Kroger has been an active member in The Consumer Goods Forum for many years, including its Coalition of Action on food safety, the Global Food Safety Initiative (GFSI).

In 2021, Howard Popoola, Kroger's vice president of CFT and Regulatory Compliance, was appointed Retail Steering Committee Co-Chair for the GFSI.

The GFSI brings together 37 retailers and manufacturers from around the world and an extended food safety community to oversee food safety standards for businesses and help provide access to safe food for people everywhere. The group implements the Race to the Top Framework, which is designed to enhance oversight of the GFSI ecosystem with the aim of improving trust, transparency and confidence in GFSI-recognized certification and audit outcomes.

This year, the GFSI called for greater collaboration between the public and private sectors to raise the bar on food safety globally.

**Learn more about the [GFSI](#).**





**Recall Management**

Products are removed from sale for many reasons, including incorrect package labels, undeclared allergens and, on rare occasions, the risk of illness or injury. Because our customers’ safety is our highest priority, Kroger is a leader in recall management and communications.

We consistently meet and exceed industry and government standards for recalls and product withdrawals. We have an experienced team of experts who coordinate recalls with suppliers, regulatory agencies and our own network of food safety specialists and recall managers. This 24-hour, 7-day-a-week process focuses on identifying items to be recalled or withdrawn from our distribution network and retail stores and working with appropriate teams to ensure the recalled items are quickly removed from sale.

Kroger was one of the first retailers to implement a personalized customer notification system for certain types of recalls. Using our customer loyalty database, we can identify shoppers who may have purchased a specific recalled item. If a recall involves a possible health risk—such as an undeclared allergen or potential foodborne illness—we immediately activate our notification systems to alert customers quickly through register receipt messages and automated phone calls.

When issues occur, we work quickly to recall or destroy affected products. We also investigate the issue, take corrective action, and modify or create programs to minimize or eliminate the problem in the future. In every situation, we put our customers’ interests first. If food safety is compromised for any reason, we go the extra mile to take action and alert customers quickly to the potential problem out of an abundance of caution.

Kroger also offers a toll-free Customer Service Center and information line staffed with professionals who can answer questions about food safety and items that may have been recalled.

In 2021, the Kroger team managed a total of 86 recall events. Of these, 41 were Class I<sup>9</sup> product recalls, including 37 related to food products. Ten of these Class I recalls involved *Our Brands* products; however, none were for items produced in a Kroger-operated manufacturing facility. As in previous years, recalls for undeclared allergens continue to be a primary cause of Class I recalls.

**Number of Class I recall events involving Kroger-manufactured *Our Brands* items**



9. Situation in which there is a reasonable probability that the use of or exposure to a violative product will cause serious adverse health consequences or death

## Food Access

With access to healthy, affordable food more important than ever today, we continue to advance our Purpose and brand promise: Fresh for Everyone™.

Kroger serves millions of customers every day with low prices, special promotions and personalized offers to help stretch budgets and make cooking at home more affordable. We also work with suppliers, non-profit organizations, social enterprises and others to improve food access for vulnerable individuals and communities across the country.

With food and grocery as Kroger's core business, all lines of business and corporate functions play a role in food access. Retail Operations and Corporate Affairs teams share primary ownership for policies, facility-level programs and progress, reporting to the executive leadership team. The Public Responsibilities Committee of the board provides additional oversight.

### Zero Hunger | Zero Waste

Kroger's Zero Hunger | Zero Waste plan demonstrates our ongoing commitment to help create communities free from hunger and food waste. This purpose-driven plan addresses a fundamental absurdity in our food system: 35% of food is thrown away, yet 1 in 8 Americans struggle with hunger. To tackle this, we aim to improve food access by expanding our seamless ecosystem; optimizing store-level execution of Zero Hunger | Zero Waste programs; enabling technology to recover and redistribute more surplus food; and aligning charitable giving.

In 2021, we directed 546 million meals to our communities, including food donations and funds. Since introducing Zero Hunger | Zero Waste in 2017, the company has directed 2.3 billion meals toward our three-billion-meal goal by 2025, ahead of schedule.

We continue to strategically align philanthropy to help end hunger and food waste. In 2022, Kroger's charitable giving totaled \$343 million company-wide; of that, \$200 million supported improved national and local food access and hunger-relief efforts.

### Fresh for Everyone™

Kroger continues to expand food access through our e-commerce platform and seamless customer experience. In 2021, we opened our first fulfillment centers for Kroger Delivery, including our first entry into Florida. This e-commerce delivery service combines vertical integration, machine learning and robotics with affordable, friendly and fast grocery delivery.

As our Delivery network expands—with additional locations opening in 2022 and beyond—we will be positioned to serve customers in our geographies no matter where they live, even if there isn't a store nearby. Kroger and Instacart also launched "Kroger Delivery Now" nationwide to provide 30-minute delivery enabled by a first-of-its-kind virtual convenience store.

**For more details about Kroger Delivery and our new fulfillment centers, see [Customer Experience](#).**

In existing markets, we're also exploring innovative ways to increase access to affordable food for vulnerable individuals and communities. In 2021, Kroger's Louisville Division reintroduced its Mobile Market, which brings affordable food for purchase to scheduled stops in neighborhoods without access to a nearby brick-and-mortar grocery store. This small store on wheels extends our reach to customers who want to buy fresh items and pantry staples at retail prices rather than paying a convenience store premium. The Kroger team continues to adjust the Mobile Market model, with the goal of financial profitability in the future.

## Managing Surplus Food

As items in our Fresh departments<sup>10</sup> approach their use-by dates, we activate an established markdown program to make them even more affordable and to reduce surplus food. Remaining items may be eligible for donation through our Zero Hunger | Zero Waste Food Rescue program, through which our associates recover and redistribute surplus fresh food to local non-profit organizations.

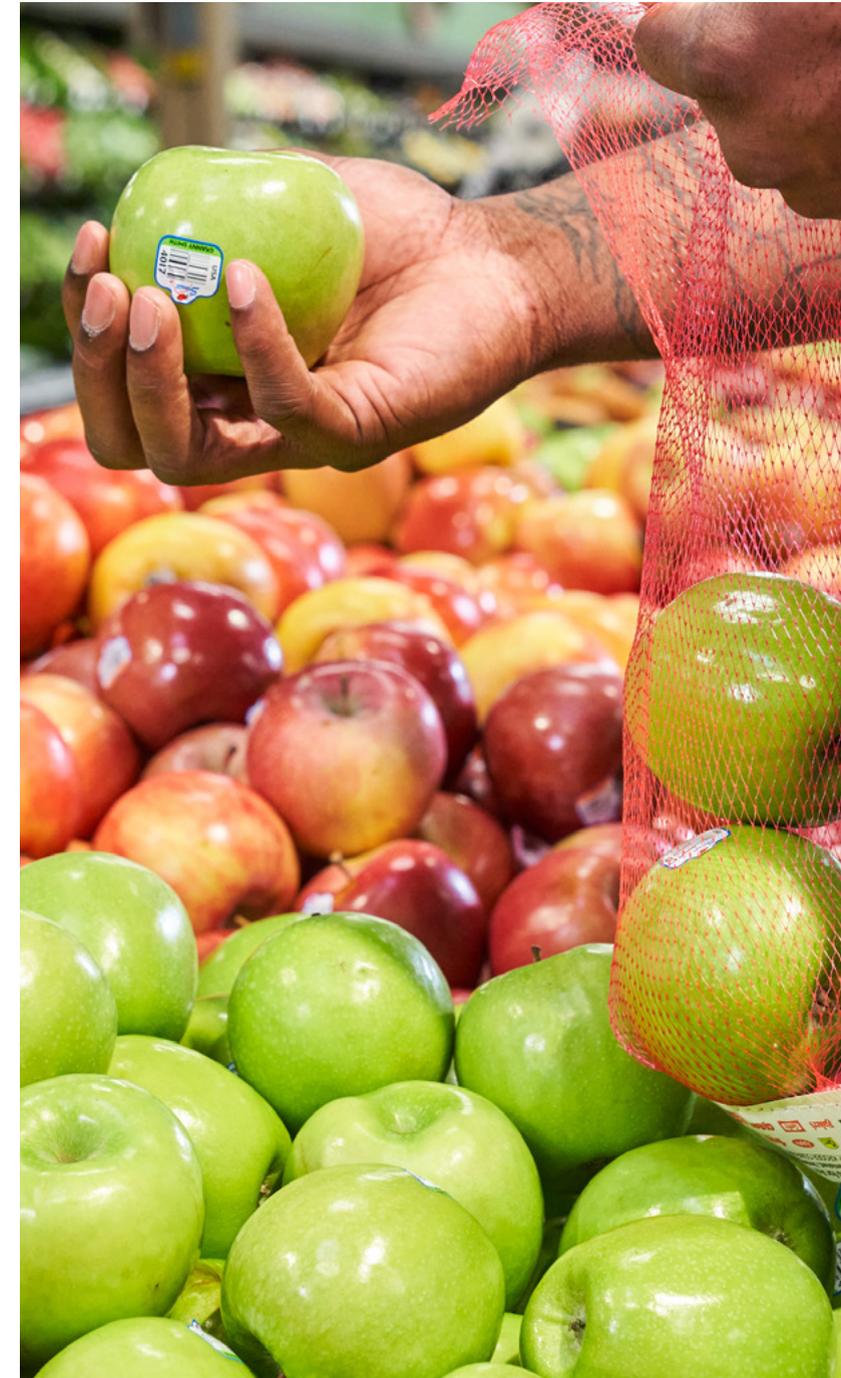
Total food rescue declined slightly in 2021 due to continued pandemic-related impacts, including reduced agency pickup schedules. Despite this, Kroger associates continued to rescue surplus food for donation wherever food banks were able to collect it, rescuing 94 million pounds of food from our facilities company-wide.

**More information about Kroger's Zero Hunger | Zero Waste plan is available [on our website](#).**

### Data-Driven Solutions

Kroger is leveraging data and insights to better understand the flow of food through our operations and maximize surplus food recovery. Together, Kroger and Google Food are imagining a new way to identify available surplus food at the local level and offer it for pickup to organizations able to collect and transport it safely and efficiently.

In 2021, we conducted a four-week pilot in two Cincinnati-area Kroger retail stores, working with local non-profit agencies, to identify ways to improve our Zero Hunger | Zero Waste Food Rescue program. Next steps include internal work to improve data quality and store-level program execution while we continue to help build a more inclusive charitable food system for the future.



10. Bakery, Dairy, Deli, Meat & Seafood and Produce

## Health & Nutrition

Kroger believes in the power of food to nourish families and improve health. We also believe promoting long-term health and nutrition has the potential to improve community health and increase sales, customer loyalty and alternative revenue streams. Our Food as Medicine platform aims to deliver a personalized approach to eating and enjoying food to help people live healthier lives and prevent illness before it starts.

Kroger Health leads the company’s health and nutrition strategy, services and programs. It includes retail, mail order, central fill and specialty pharmacy operations; retail health clinics; nutrition and dietitian services; and health advocacy. A team of 22,000 healthcare practitioners, including pharmacists, nurse practitioners, dietitians and technicians, serves over 14 million customers annually.

The company’s executive leadership team and Public Responsibilities Committee oversees progress and pharmacy safety measures. The COVID-19 pandemic brought needed attention to issues that have been affecting communities for years, including the urgent need to address social determinants of health and health equity for vulnerable populations and communities of color.

In 2021, our health services included continued COVID-19 testing, vaccinations, treatment and nutrition support as the delta and omicron variants extended the pandemic’s impacts. As one of the most accessible healthcare partners in the United States, Kroger Health has played a critical role in helping distribute and administer the COVID-19 vaccine in partnership with the federal government and local health departments. Using the Social Vulnerability Index as a guide to determine the placement of many off-site vaccine clinics, Kroger Health was able to provide vaccine access to our most vulnerable populations.

To help overcome some barriers to access, we also provided patients with discounted Lyft rides to and from COVID-19 vaccine appointments.

The Kroger Health team is defining more specific indicators of success for its Food as Medicine platform, including defining specific health and nutrition attributes for thousands of fresh, better-for-you options available across our retail stores and digital channels.

**Kroger Health received the 2022 American Pharmacists Association Immunization Champion Award, which recognizes organizations improving vaccination rates within their communities.**



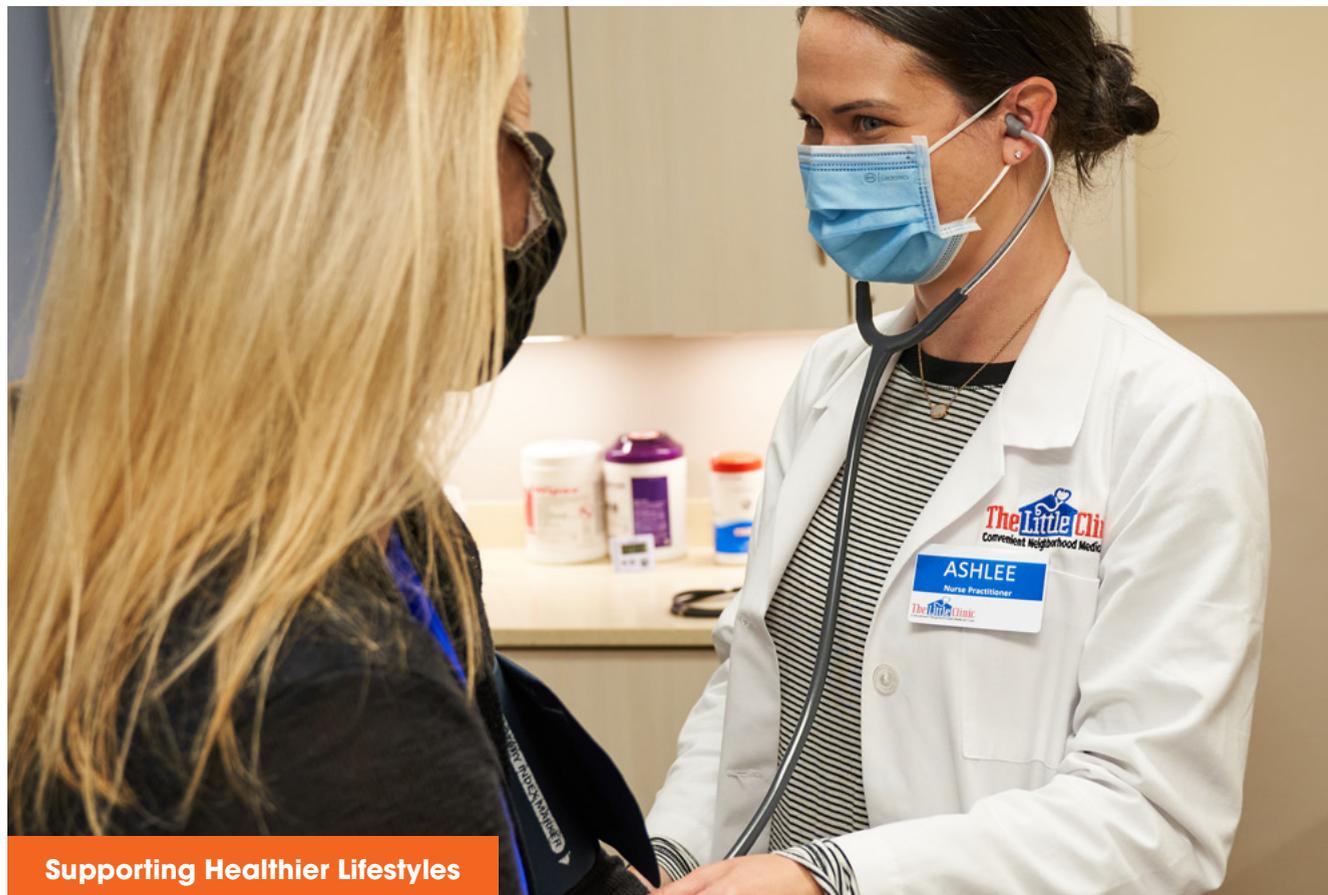
**11.4M**  
COVID-19 vaccines administered through July 2022

**3.15M**  
COVID-19 tests facilitated (including over-the-counter tests)

**~1.1M**  
dietitian-approved meals delivered to vulnerable populations

**6K+**  
Telenutrition visits, plus services offered across the country

**50+**  
health-related articles written and shared by our expert registered dietitians



### Supporting Healthier Lifestyles

Earlier this year, Kroger Health, the University of Cincinnati (UC), UC Health and Cincinnati Children's Hospital Medical Center announced the results of a first-of-its-kind independent clinical trial showing the impact of retail-based dietary interventions. This research focused on how retailers can serve as important healthcare destinations, leveraging food and nutrition education to support shoppers and help them make healthful food purchases.

The study, Supermarket and Web-based Intervention targeting Nutrition (SuperWIN), was a groundbreaking randomized controlled trial

aimed at increasing diet quality and decreasing cardiovascular risk by promoting a heart-healthy diet through nutrition counseling provided by a registered dietitian.

The SuperWIN trial is the latest evidence supporting Kroger's Food as Medicine platform. Kroger has since expanded access to nutrition care through our Telenutrition program, offering video chat appointments across the country with Kroger Health's registered dietitians.

**Read more about [SuperWIN](#).**

### Innovative Solutions

Kroger continues to develop and test creative solutions with the potential to improve access to food and personalized nutrition. Last year, we introduced and expanded our body of knowledge and programs aimed at serving our customers and patients during challenging times.

**Telenutrition:** Our national Telenutrition program provides two-way video chat appointments with Kroger Health's registered dietitians to expand convenient access to care and address barriers to in-person healthcare visits, such as limited access to transportation. In 2021, we conducted thousands of free consultations to help patients navigate their food budgets, nourish critical and chronic health conditions and learn to shop online and cook at home. The service remains available to the public today at affordable prices.

**Kroger Health Food Boxes:** Kroger Health first introduced dietitian-curated boxes of nourishing, shelf-stable food shipped nationwide in 2020. We offered three boxed assortments focused on stocking the pantry; monthly topic-focused nutrition education; and disaster relief, each paired with nourishing foods. The pantry staples box initially served insurance-funded patients, who received boxes to support healthy food choices during stay-at-home orders.

In 2021, this box evolved into a business-to-business offering to help stock patients' pantries, share recipes and inspire new ways to enjoy familiar items. These three box assortments provided more than 100,000 boxes of nourishing foods, with ingredients for over 1 million meals for vulnerable individuals, in partnership with health systems and others focused on improving health outcomes.

**Nutrition Education:** Nutrition can be confusing. Our registered dietitians drive thought leadership and inspire behavior change through easy-to-understand expert content, including blogs on nutrition-related topics and dietitian-approved product recommendations. By sharing their knowledge around eating and enjoying food, our dietitians help increase access to expert nutrition education and support customers and patients to live healthier lives. Dietitian content can be found on [Kroger.com](#), the Kroger mobile app and [Vitacost.com](#).

**OptUP Nutrition Rating System:** We introduced the OptUP nutrition rating system in 2018, helping customers explore the health profile of their shopping and consider more nutritious alternatives. In 2021, we integrated OptUP into our digital shopping experience through [Kroger.com](#) and the Kroger mobile app. Now customers can check nutrition ratings while they shop, making it easier to quickly compare similar products and add better-for-you items to their basket. Driven by Kroger's team of expert registered dietitians, OptUP ratings are calculated by leveraging data science, evidence-based nutritional information and machine learning to rate foods on a scale from 1 to 100. The more nutritious the food, the higher the nutrition rating.

**Diabetes Prevention:** Kroger Health also offers Welsana, a Diabetes Prevention Program (DPP) designed to help people lead a healthier life. Participating in a DPP can reduce the risk of developing type 2 diabetes by more than half. Welsana focuses on healthy eating habits, meaningful movement, improving sleep and reducing stress. With support from an expert personal coach, the program helps build new, healthy habits through practice over time.

## Customer Experience

Kroger operates conveniently located retail supermarkets and a digital ecosystem serving over 60 million households in our communities every year.

Our customer experience management approach is led by a team of Marketing, Merchandising and Retail Operations leaders who strive to offer fresh, friendly and full shopping experiences every day, no matter how customers choose to shop with us. We measure our performance through various sales, operations and customer satisfaction metrics.

Kroger currently offers more than 2,200 pickup locations, over 2,500 delivery locations and home delivery through new fulfillment centers and with Instacart. From a digital perspective, 98% of our customers have access to delivery through our seamless Pickup and Delivery ecosystem, including nearly 23 million people who engaged with us online in 2021.

The pandemic changed how our customers enjoy food and family meals at home and away. In the “food at home” market, Kroger maintained our position as a top food retailer in most markets we serve. We believe many cooking-at-home habits formed in the last two years will endure, positioning Kroger for additional growth. In 2021, our Home Chef brand prepared meals solution surpassed \$1 billion in annual sales.

We also made meaningful progress in the “food away from home” market. We launched sushi delivery in partnership with DoorDash, and introduced “ghost kitchen” concepts with Kitchen United MIX and ClusterTruck in several markets.

Kroger focuses on four areas to improve our customers’ experience:

- **Fresh:** We continue to bring our brand promise—Fresh for Everyone™—to life across the company. Today, 92% of customers buy fresh products from Kroger, demonstrating just how critical this area

of the business is for our customers. Kroger has a leadership position in Fresh, with 15.6% sales growth in perishable departments—Bakery, Dairy, Deli, Meat & Seafood and Produce—since 2019.

Going forward, we’ll:

- Use data-driven insights to ensure products are at peak flavor and quality.
- Reduce transit time from distribution centers.
- Ensure optimum assortment, price and promotion.
- Simplify store operations, tasks and training.
- More effectively market the freshness of our products to Kroger customers.

- **Our Brands:** The *Our Brands* portfolio has four unique \$1 billion+ brands: Kroger brand, Private Selection®, Simple Truth® and Home Chef. *Our Brands*’ sales totaled a record of nearly \$28 billion last year, and Simple Truth® exceeded \$3 billion in sales for the second year in a row. *Our Brands* has become not only a customer favorite but also a core competitive differentiator, launching over 660 new items during 2021.
- **Personalization:** Our data and personalization strengths enable meaningful customer moments across channels to address specific needs and enhance our customers’ relationships with Kroger. In 2021, we expanded our loyalty and personalization platform, generating over 1 trillion relevant recommendations. Data shows that 50% of items were added to baskets because of personalized search. We also launched Boost, Kroger’s paid membership, in several markets to help drive strong repeat and frequency rates—with over 50% of members being new to Delivery.
- **Seamless:** As our digital footprint expands, Kroger is focused on offering a seamless experience that combines in-store shopping, pickup and delivery. Two-year digital sales growth was 113%, reflecting the impact of strategic and impactful initiatives that help create smooth, intuitive customer experiences.



### Kroger Delivery Expands

Kroger’s seamless strategy includes a new game-changing online shopping experience for our customers. Through our partnership with Ocado, a world leader in technology for grocery e-commerce, Kroger is bringing fresh food direct to our customers’ homes. This strategic relationship combines artificial intelligence, advanced robotics and automation to serve customers in existing and new geographies.

In 2021, Kroger opened our first fulfillment centers, powering Kroger Delivery in Monroe, OH; Groveland, FL (Orlando); and Forest Park, GA (Atlanta). Since then, Kroger also opened fulfillment centers in Pleasant Prairie, WI; Dallas, TX; and Romulus, MI (Detroit). Additional fulfillment centers are slated for California; Frederick, MD; Phoenix, AZ; Cleveland, OH; Charlotte, NC; Aurora, CO (Denver); as well as South Florida and the Northeast. Kroger Delivery is a vertically integrated network, enabling coverage

of up to 90 miles from the hub location. Additional spoke facilities in key markets serve as last-mile cross-dock locations that expand Kroger Delivery’s ability to serve more customers.

As customers’ orders near their delivery times, the automated system retrieves products to be sorted for delivery in an algorithm-governed process that ensures items are intelligently sorted. For example, fragile items are placed on top, bags are evenly weighted and each order is optimized to fit into the fewest bags, reducing plastic use.

Once completed, orders are loaded into temperature-controlled Kroger Delivery vans, which can store up to 20 orders. Powerful machine learning algorithms optimize delivery routes, considering factors like road conditions and optimal fuel efficiency.

**Kroger was recognized in early 2022 for having one of America's Best Loyalty Programs by Newsweek.**



**Loyalty Strategy**

Kroger introduced its popular Kroger Plus loyalty program in 1997, and more than 60 million households are enrolled today. Membership unlocks special pricing, fuel discounts, digital offers and more, including the chance to direct a portion of the company's charitable giving to local non-profits through Kroger Community Rewards.

Customer feedback shows the strength of our loyalty program: 82% of members are satisfied with the program, and 79% agree it helps them save money.

Kroger's loyalty program was ranked #1 in the Grocery & Drug sector in The Loyalty Report™ 2022 by Bond Brand Loyalty. *Newsweek* also recognized Kroger for having one of America's Best Loyalty Programs in 2022.

**Boost by Kroger**

In 2022, we announced the national launch of Boost by Kroger, the latest expansion of our industry-leading loyalty program. For either \$59 or \$99 per year, Boost provides customers with benefits like unlimited free delivery on orders of \$35 or more and two Fuel Points for every \$1 spent on groceries and general merchandise purchases through Delivery, Pickup and in stores. Kroger estimates the membership can save customers more than \$1,000 per year on grocery delivery and fuel.

The national launch follows several months of Boost pilots in four retail divisions. The tests resulted in a growing number of new members and a significant increase in delivery sales compared to non-Boost divisions.

Through Boost, we are uniquely positioned to make grocery delivery accessible to more customers through the industry's most affordable grocery delivery membership program.



**Customer Insights**

Kroger's Net Promoter Scores®—measures of customer and stakeholder approval—continue to improve for both in-store shopping and Pickup services, reflecting ongoing improvements in wait times, items in stock and customer service. Social listening capabilities help us monitor how customers talk about Kroger on social media across a range of topics. Satisfaction surveys and purchasing insights—using proprietary 84.51° data science and tools—also inform improvements in service, product quality and item assortment. We apply customer equity capabilities to understand how Kroger is perceived relative to our competitors, and we continue to see improvement in areas like digital, fresh items and personalization.



**Kitchen United MIX**

During the past year, Kroger extended our reach into the food-away-from-home market with the introduction of Kitchen United MIX. These kitchens are virtual food courts located inside the grocery store, giving customers even more options for fresh, on-demand meals. Ordering is available via on-site digital kiosks, online at KitchenUnited.com or through the Kitchen United MIX app for Kroger customers in multiple markets, including Dallas, Houston and Los Angeles.

## Associate Health & Safety

Keeping stores open and stocked through the ongoing COVID-19 pandemic while protecting our associates' and customers' health and safety continues to be our top priority. We believe managing personal health and safety is critical to our associates' safety and our company's success.

Kroger's operating unit leaders and executive leadership team are responsible for our management approach to associate health and safety, with additional oversight from the Public Responsibilities Committee of the board. Each business unit—Retail Operations, Supply Chain and corporate administration—follows an established approach to help protect associates' health and safety.

In 2021, Kroger combined the Manufacturing and Logistics functions into one integrated Supply Chain team. Within this new function, a centralized team is leading work to clarify roles and refine standards, reporting metrics and audit procedures.

### OSHA Standards

Kroger follows established policies and standards to meet or exceed relevant Occupational Safety and Health Administration (OSHA) requirements, including comprehensive hazard communications and lockout/tagout plans, as well as guidelines for emergency evacuation, personal safety and personal protective equipment.

In 2021, OSHA reportable incident and lost-day rates improved for both associates and contractors versus the prior year.

We actively monitored COVID-19 cases and case rates among our associates and offered priority access to, and encouraged widespread adoption of, COVID-19 vaccinations when available.

Where needed, we continued to deploy online training for OSHA safety requirements last year to enable associates to complete required training virtually where classroom-style learning was restricted.

**Find more details about our safety performance in the [Appendix](#).**

### Retail Stores

In the first half of 2022, we introduced a new safety program—AllSafe!—for associates in all retail stores, with plans to expand to other facilities in the second half of the year. The program is designed to increase associates' awareness and attention to personal safety and well-being.

AllSafe! is grounded in four principles:

- Nothing we do is worth risking injury.
- Accidents can be prevented.
- Safety will be managed.
- Safe behavior is a condition of employment for all associates.

Kroger has detailed requirements and processes in place to prevent, review and address safety concerns in stores. Through clearly communicated expectations, routine monitoring and regular safety behavior training and reinforcement, we continue to reduce the number of injuries and accidents in our stores.

Dedicated on-site safety teams meet routinely to review recent injury root causes and safety audit results, and to resolve any issues. Associate health and safety policies and practices follow our established management approach:

- AllSafe! teams
- Department-specific safety requirements
- Associate safety training and education
- Safety 360 injury analysis and corrective action through a centralized Enterprise Compliance Management System
- Safety observations and peer feedback

### Supply Chain

Leaders also focus on measures to improve associates' health and safety at Kroger-operated food processing facilities, distribution centers and dedicated fulfillment centers, and in transit between locations. Later this year, an existing program for manufacturing with Safety in Motion®, Inc. will be extended and customized to support Kroger's new integrated Supply Chain function, adding the former fleet and transportation teams.

Kroger also expects third-party contractors supporting supply chain operations to uphold the same worker health and safety standards. With the expansion of Kroger Delivery, we developed additional training resources to help keep associates safe in the dedicated fulfillment centers and while driving orders to and from our customers' homes.

The Ocado Group is responsible for training and promoting health and safety for workers maintaining their proprietary robotics system at these automated fulfillment centers.

### Reinforcing Safety

The events of the past two years have placed safety in a whole new light for everyone, including Kroger. From the pandemic and civil unrest to senseless acts of violence, we are reminded that incidents putting personal safety at risk can happen at any time and anywhere.

We continued to provide emotional support and resources throughout the year, including 24/7 access to the Well-Being Assistant, powered by Magellan, which offers confidential services and up to six free counseling sessions.

We also required all associates to carefully review a Personal Safety training program first introduced company-wide several years ago. We achieved a 98% completion rate for Personal Safety awareness training in 2021.



## Community Engagement

Kroger's goal is to be a trusted and welcome partner in the communities we call home. Our business and Corporate Affairs leaders proactively engage public officials and other community stakeholders to understand priorities, listen to concerns and help address unique local needs. Leaders often serve as non-profit board members and volunteer time in ways that align with our mission. Please find additional details in our [Community Engagement Policy](#).

Kroger's management approach to community engagement is led by a centralized Corporate Affairs function with oversight from the Public Responsibilities Committee of the board. Corporate Affairs leaders engage stakeholders at national and local levels, lead public policy advocacy and advance positive social impact in our communities.

In 2021, in-kind product donations for hunger relief and nutrition support were supplemented by corporate donations and grants from Kroger; The Kroger Co. Foundation, our private foundation; and The Kroger Co. Zero Hunger | Zero Waste Foundation, a registered public charity. We strategically focused giving to help organizations provide meals and nutrition as the pandemic continued throughout a second year.

We also engage customers in our Zero Hunger | Zero Waste mission. We offer our customers and other stakeholders easy ways to give back by rounding up their purchase to the nearest dollar to benefit The Zero Hunger | Zero Waste Foundation when they shop, or by donating directly in-store or online.

For more details on our philanthropic grant-making, please see [The Kroger Co. Foundation's 2022 Report](#) and [The Kroger Co. Zero Hunger | Zero Waste Foundation's 2022 Report](#).

## Racial Equity Fund

The Kroger Co. Foundation's Racial Equity Fund, established in 2020, aims to expand opportunities for underrepresented groups across the U.S. To date, the fund has directed a total of \$5.1 million in grants to non-profit organizations advancing meaningful change at the national and local levels.

In 2021, the foundation awarded a total of \$1.1 million in grants to community organizations in Ohio and Tennessee. These grants build on \$3 million in previously awarded funding to Black Girl Ventures, Everytable, the Local Initiatives Support Corporation and Thurgood Marshall College Fund. Earlier this year, the Racial Equity Fund also directed \$1 million to The Asian American Foundation.

For more details, see [The Kroger Co. Foundation's 2022 Report](#).



Supporting the Military

Kroger has a long-standing relationship with the United Service Organizations (USO), which provides essential support and services for our nation's active-duty military service men and women and their families. The Kroger family of companies is the largest cumulative donor in the USO's history, with financial support totaling more than \$35 million since 2010.

In early 2022, we introduced a mobile kitchen unit that will travel across the country to military training and mission locations, as well as rapid-response deployments, to help nourish military service members and communities experiencing natural disasters.

These units will also deliver pop-up programming with food, games and amenities and invite our customers to help keep our heroes in uniform strong. Two more mobile kitchen units will be on the road by the end of 2023.



# Just & Inclusive Economy

Kroger offers access to employment, skills development and advancement for thousands of people every year. Many associates come to us for a part-time job but discover a career. We strive to hire people who reflect the neighborhoods we serve and create a welcoming work environment where everyone can be their true self.

**Material Topics:**

- Diversity, Equity & Inclusion
- Talent Attraction & Retention
- Associate Training & Education
- Labor Relations



**2021 Highlights**

**\$450M**

invested in associate wages and training in 2021; \$1.2 billion invested in past four years

**\$17/hour**

average hourly wage; \$22/hour including benefits

**\$5.5M**

in emergency financial assistance for associates through our Helping Hands Fund

**70%**

of store leaders joined Kroger as part-time associates

## Overview

### Human Capital Management

Since 1883, we have taken pride in bringing diverse teams with a passion for food and people together with a common goal to fulfill Our Purpose—To Feed the Human Spirit. With a long history of service and innovation, we work tirelessly to create memorable experiences for our customers, our communities and each other, with food at the heart of it all.

Kroger’s Chief People Officer leads Human Resources & Labor Relations, which focuses on advancing our human capital management strategy to support personal and company success. This function—with human resources professionals in place across our business and retail divisions—advocates for a rewarding associate experience that reflects our long-standing Values. A Diversity, Equity & Inclusion (DEI) team also monitors and measures progress on human capital management metrics and identifies opportunities for improvement.

A dedicated People Analytics team within the Human Resources & Labor Relations function is responsible for analyzing and reporting key information about our workforce, including demographics, hiring, training and advancement, engagement, and turnover.

The board’s Compensation & Talent Development Committee oversees progress on human capital management topics, including DEI.

Kroger has publicly disclosed our 2020 and 2021 EEO-1 reports. View our [2021 EEO-1 report](#).

## Diversity, Equity & Inclusion

Kroger strives to attract, retain and develop leaders and associates who best reflect our communities. Because of our unique business model, we help unlock economic opportunity for nearly half a million people of various ages and aspirations, from those wanting an entry-level part-time job to graduate-degree specialists across corporate functions.

We also aim to develop diverse leaders to increasing levels of responsibility. For open leadership positions, we assemble a diverse slate of candidates for consideration. In 2022, every manager across the company is expected to actively mentor and develop an associate who has a different background than them. This, along with other goals and objectives, is used to assess the manager’s performance and ultimately affects their compensation. Currently, over 80% of retail division executive leadership teams have at least one diverse leader.

To help ensure we are developing a diverse talent pipeline, we increased our strategic partnerships with historically Black colleges and universities (HBCUs) and Hispanic-serving institutions (HSIs). This includes partnerships with diversity networks, military organizations, neurodiverse groups, second-chance employment organizations and other groups.



## Our Framework for Action: Diversity, Equity & Inclusion Promotes Positive Change in Our Workplace & Communities

We introduced Kroger’s Framework for Action: DEI in 2020, and spent much of last year bringing it to life. In 2021, we extended the reach of Inclusive Leader and Unconscious Bias training as well as mentorship opportunities to build stronger relationships and accelerate associate development.



### Create More Inclusive Culture

- Created a DEI Advisory Council to advance our long-term commitments, reporting to senior leadership
- Offered Unconscious Bias training to every leader in 2020 and DEI training for every associate in 2021



### Develop Diverse Talent

- 46% of executives, directors and above and 50% of division presidents are diverse by gender or race
- Partnering with 44 HBCUs, HSIs and community colleges to expand diverse talent recruiting
- Established two-way mentorship and advocacy program between high-potential diverse talent and senior leaders



### Advance Diverse Partnerships

- Set goal to increase spend with diverse suppliers from \$3.4B to \$10B by 2030; achieved \$4B in 2021
- Ensuring our media partners align with Our Values and that we reach diverse customers through our marketing spend, partners and strategy



### Advance Equitable Communities

- Deploying funds to support impactful approaches to advance racial equity with community partners
- Encouraging associates to vote and providing voter registration/ballot applications in stores



### Listen Deeply and Report Progress

- Engaging external stakeholders to seek perspectives and co-create more just and equitable communities
- Providing associates with platforms to continue sharing their stories and feedback with our leaders
- Disclosing EEO-1 data

### A More Inclusive Culture

Kroger designed and launched several diversity-focused learning and development opportunities for associates to help advance DEI, including Inclusive Leader, Unconscious Bias, and Inclusion and Belonging training. In 2020, 96% of Kroger leaders completed Unconscious Bias training; in 2021, we expanded Inclusion and Belonging training to all associates, with over 494,000 associates completing one or more DEI courses.

Kroger has an internal DEI Advisory Council made up of cross-functional leaders who are committed to advancing progress. The Council works closely with senior officers and business leaders to identify opportunities and specific actions for improvement. An Associate Influencer Group comprising hourly associates helps facilitate input and feedback from all company levels.

Kroger also offers 13 Associate Resource Groups (ARGs), or affinity groups, for our people, with chapters across the company. These groups enable personal connections across the Kroger family of companies, influence business decisions, lift up shared experiences, encourage cross-ARG membership for awareness and promote personal and professional growth. Kroger leaders sponsor and personally engage with the ARGs, which include these communities:

- African American
- Asian
- ITOPiA (embracing all personality types)
- KePasa
- Men for Equality
- Our Abilities
- Parents
- Pride
- Prime Timers
- Veterans
- Wellness
- Women’s EDGE
- Young Professionals



### Developing Allies

Our commitment includes creating a welcoming work environment for all associates. We created a series of [Allyship Guides](#) for our associates and customers to help advance inclusion for the LGBTQ+, Asian American and Pacific Islander, Hispanic Heritage and African American communities. These guides are intended to increase awareness and encourage associates to respect the differences among us.

Kroger earned a top score of 100 on the Human Rights Campaign Foundation's 2022 Corporate Equality Index—an annual assessment of LGBTQ+ workplace equality—for the fourth year in a row. We provide same-sex partner benefits and transgender-inclusive healthcare for our associates. We also work with the National LGBT Chamber of Commerce to create and enhance relationships with LGBTQ+ suppliers as part of our Supplier Inclusion program.

For the third consecutive year, Kroger was named among the Best Places to Work for Disability Inclusion, earning a score of 100 on the Disability Equality Index.



Elaine Chao, former U.S. Secretary of Transportation and U.S. Secretary of Labor and current member of Kroger's Public Responsibilities Committee of the board, recently joined a meeting of the Asian ARG.

2021 Workforce Overview

Diversity in Our Workforce

	2020	2021
White Women	31.6%	31.0%
Women of Color	19.3%	19.5%
White Men	30.6%	30.5%
Men of Color	18.5%	19.0%

	Full time	Part time	Total
Women	88,542	125,188	213,730
Men	94,177	115,740	209,917
Total	182,719	240,928	423,647

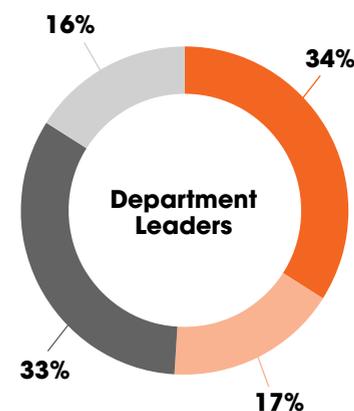
Reflecting Our Communities

Our goal is to shift the demographic representation of women and people of color at the company and local levels to reflect our changing country, communities and local neighborhoods.

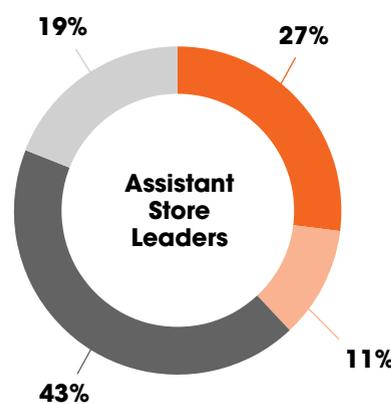
	United States Population <sup>11</sup>	Kroger Operating Area Population <sup>11</sup>	2021 Total Kroger Associates <sup>12</sup>
White or Caucasian	61.8%	55.4%	61.6%
Hispanic or Latino	18.0%	21.9%	13.7%
Black or African American	11.9%	12.6%	15.0%
Asian or Asian American	5.1%	6.8%	3.7%
Other	3.2%	3.3%	6.0%

Diversity in Our Leadership Roles

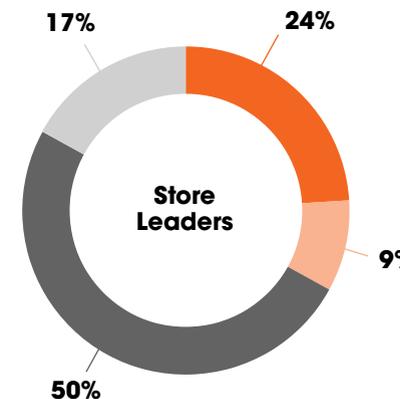
● White women ● Women of color ● White men ● Men of color



**67%** of all Department Leaders are women or people of color, +0.6 pts vs. 2020



**57%** of all Assistant Store Leaders are women or people of color, +0.5 pts vs. 2020



**50%** of all Store Leaders are women or people of color, +2.3 pts vs. 2020

ppts = percentage points

11. 2021 U.S. Census Bureau population estimates  
12. Kroger data as of fourth quarter of fiscal 2021

Since 2018, our incremental wage investments total \$1.2B

Average hourly compensation  
Includes comprehensive benefits



**25.9%** increase in average hourly compensation since 2017



## Talent Attraction & Retention

We strive to connect meaningfully with our associates throughout their employment journey by providing valuable opportunities to learn, grow and advance. This begins with a consistent and effective onboarding experience and continues through ongoing connections with every associate to support performance and development.

The company's Human Resources & Labor Relations team manages recruiting and retention efforts, with oversight from the board's Compensation & Talent Development Committee.

Listening plays a critical role in our ability to retain and develop our associates. We gather feedback throughout the year in a variety of forms, including our annual Associate Insights survey. We typically have a high survey participation rate and share results widely. In 2021, the company-wide engagement score was 54, a six-point decrease from 2020.

We take this decline in scores seriously. Since receiving the results, we have developed and activated more than 12,000 site- and team-based plans to address the key areas identified by the survey, including enhancing associate well-being.

### Employer of Choice

We aim to cultivate a work environment where all associates can thrive. This includes delivering exceptional experiences that support our associates' physical, mental and financial well-being.

A key component of these efforts is the ongoing refinement of our highly competitive Total Rewards programs, which include compensation, healthcare benefits, retirement benefits and perks available to all associates, including those represented by collective bargaining agreements. We offer competitive benefits and pay in our stores, distribution centers, dedicated fulfillment centers, manufacturing plants, technology hubs and corporate offices.

We help associates progress by developing skills that support them in their current roles and prepare them to take the next step in their careers. Over the past year, we invested in our associates more than ever before by expanding our comprehensive benefits, including enhancements in continuing education benefits to make new associates eligible sooner.

Mental and emotional well-being are critical priorities as we strive to deliver an exceptional associate experience. In 2021, we accelerated efforts in this space, focusing first on our leaders of others to better enable them to support their associates and create a safe and supportive environment within their teams. We continue to assess our ways of working, policies and benefits to more effectively meet associate needs and help them prioritize their own well-being while also supporting each other.

Kroger continues to evolve who we are as an employer of choice and how we engage to attract top talent. As part of our Framework for Action, we are increasing partnerships with minority business accelerators and academic institutions, including HBCUs and HSIs, to enhance diversity and help ensure we reflect the communities we serve.

We also continue to expand our New Beginnings program, which offers second-chance employment opportunities for individuals with non-violent criminal backgrounds. The program currently operates in six manufacturing locations and one distribution center.



## Associate Training & Education

Kroger offers a range of comprehensive training opportunities for all leaders and associates, from entry-level new hires to corporate and business leaders. In 2021, we brought training to our associates' fingertips with Fresh Start.

Fresh Start is a microlearning app, available on shared company-owned devices or associates' personal devices. It provides quick and effective training to frontline associates in an engaging format, helping them develop important skills over the course of a day.

This new tool, along with our traditional training modalities, allows us to deliver a wide variety of information and learning to our associates at all levels of the company, including role-based training and courses centered on DEI, associate well-being and safety.

### Tuition Assistance

Our industry-leading continuing education assistance benefit offers up to \$3,500 annually (and up to \$21,000 over the course of a career) to help associates continually develop their skills. All part-time and full-time associates are eligible after six months of service.

Since inception, the program has directed over \$27 million in tuition reimbursements to help nearly 6,000 associates. More than 3,000 associates, 90% of whom are hourly, participated in the program last year, with reimbursements totaling \$12.1 million, a \$5 million increase over 2020.

**To learn more about our continued commitment to the growth and development of our associates, visit [Life at Kroger](#).**

## Labor Relations

Collective bargaining agreements are a regular part of our business. Wages, healthcare and pensions are included in collective bargaining agreements that cover many of our associates. These contracts are regularly negotiated by Kroger's team of labor negotiators and advisers, who follow a process and take a measured approach to each.

Approximately 64% of our associates are covered by collective bargaining agreements negotiated with local unions affiliated with one of several different international unions. There are 354 such agreements, usually with terms of three to five years.

Wages at Kroger grew before and during the pandemic. We committed to significant associate wage investments when we introduced our Restock Kroger plan in late 2017. Since then, Kroger has invested an incremental \$1.2 billion in associate hourly wages and training over the last four years, including more than \$450 million in 2021.

In addition, we invested more than \$2 billion during the same time period to help address underfunding and better secure pensions for tens of thousands of associates. Kroger also provides affordable, high-quality healthcare benefits to eligible associates, investing \$1.2 billion annually for their health and wellness benefits.

This investment in wages has boosted our average hourly wage to more than \$17, up from \$15.50 the prior year. With comprehensive benefits factored in, our average hourly rate is more than \$22 an hour.

We have been transparent with local unions that represent many of our associates to help ensure they understand the importance of growing our business. Our objective is to negotiate contracts that balance competitive wage increases, affordable healthcare and more secure pensions for associates while keeping groceries affordable for the communities we serve. Our obligation is to do this in a way that maintains a financially sustainable business, reflecting secure and stable jobs.



**For many associates, Kroger is their first job. Last year, 26% of new hires were 18 years old or younger.**

## Our Investments in Associates Go Beyond Wages

### Well-Being

#### On-demand

mental health assistance and free counseling to support emotional wellness

**\$5.5M**

to support associates through unexpected hardships and disaster relief through Helping Hands Fund in 2021

**\$1.8B**

invested annually in quality, affordable healthcare

### Benefits

**\$1.5B**

to safeguard and support associates and customers during the pandemic

**\$2B+**

contributed to associate pensions in 2018-2021 to help stabilize future associate benefits

**Up to \$21K**

offered to both part-time and full-time associates for continued education; ~90% of associates receiving tuition assistance are hourly

**\$4.2M**

in scholarships awarded by Kroger Scholars to children of eligible associates since 2008

### Training

**\$140M**

invested in training and development in 2021

#### Strategic partnerships

with educational institutions and community partners

#### Diversity, Equity & Inclusion training

provided regularly across the company

### Advancement

#### Leadership development curriculum

encourages internal progression

**1,125**

associates graduated from the Store Leader Development Program in 2021

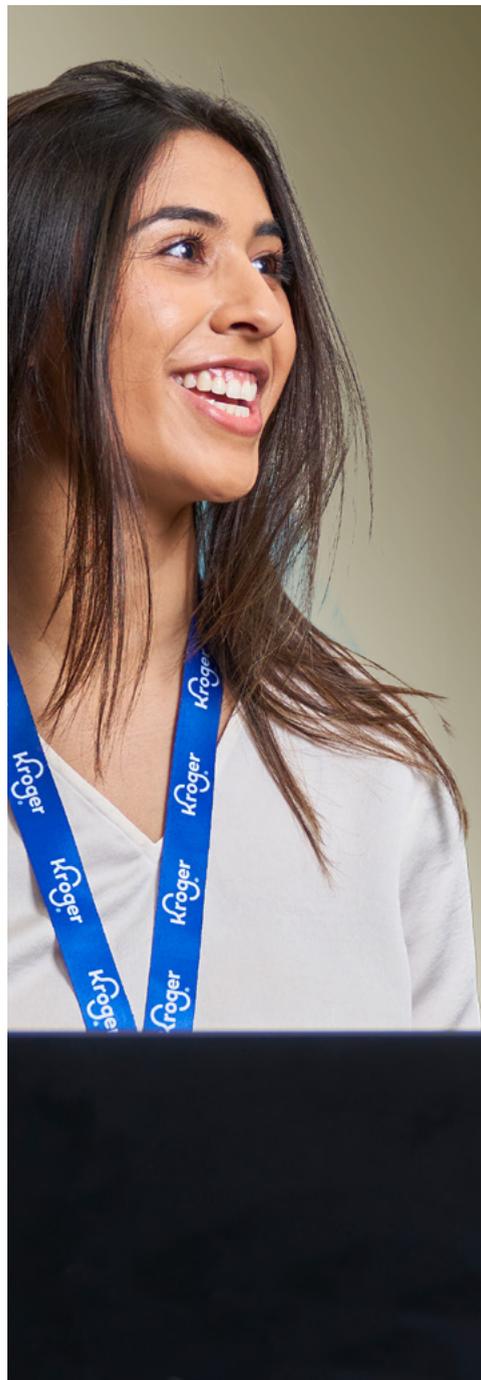
### Work Simplification

#### Using workforce analytics

and business insights to support the associate experience

**2,257**

supermarket locations launching Microsoft Teams Rooms to improve collaboration and training capabilities



# Protect & Restore Natural Resources for a Brighter Future

As a responsible business, Kroger strives to protect the natural resources we depend on. We are focused on addressing our climate impacts and supporting resource conservation by eliminating food and operational waste, increasing efficiency across our company and boosting the sustainability and resilience of our supply chain.

## In This Section

- 36 Climate Impact
- 40 Resource Conservation

# Climate Impact

Climate change can affect our operations and supply chain, much like Kroger impacts a changing climate as a result of our GHG emissions. We are taking steps to adapt to and mitigate the effects of climate change.

## 2021 Highlights

**-9.1%**

change in GHG emissions since 2018 (goal baseline)

**52.3%**

cumulative electricity avoided in supermarkets (compared to 2010 baseline)

**-0.77%**

annual change in electricity consumed in Manufacturing

**-1.03%**

annual change in natural gas consumed in Manufacturing

**2,000**

stores using infrared refrigerant leak-detection technology

## Climate Governance

The Public Responsibilities Committee of the board reviews and guides the company's actions pertaining to responsible corporate citizenship, including climate impacts management.

Within the company, multiple teams implement our climate strategy, including Corporate Affairs, Retail Operations, Supply Chain, Manufacturing, Sourcing and Finance teams.

## Climate Strategy

Managing climate impacts is a core tenet of our ESG strategy. Our climate strategy includes the goals we set, the actions we take to achieve our goals, and our assessment of climate risks and opportunities. We are implementing this strategy by increasing business integration of ESG topics; solidifying the business and financial planning needed to achieve our GHG-reduction goal; and continually assessing how a changing climate, evolving stakeholder expectations and other risks impact our business.

## Climate Risk Management

In 2021, we conducted our first quantitative climate risk assessment to determine the likelihood that different physical climate risks, including drought, extreme heat and extreme precipitation, would impact Kroger's operations at representative facilities in different geographies and, in turn, potentially increase operating costs for these facilities.

We used climate modeling in three scenarios, reflecting different Representative Concentration Pathways (RCPs): median under 2°C (cool RCP 4.5 models), 2°C to 4°C (warm RCP 4.5 models) and over 4°C (RCP 8.5 models). These were taken from the 1/16th degree localized constructive analogs (LOCA) climate dataset for 2030 and 2050 time frames.

For each of the identified physical climate risks, we identified a financial metric to help contextualize the business impacts of the modeled physical climate risks, recognizing the limitations of such metrics to capture the entire financial impacts of climate risks over time. We considered whether these risks would have a substantive impact on our financial performance, and at this time, do not anticipate the modeled physical risks pose a substantive financial threat to our own operations.

Moving forward, we will revisit this analysis periodically for our own operations and plan to expand it to include a climate risk assessment using scenario modeling for select parts of our supply chain.

To help prepare for and manage physical climate risks, including natural disasters and business disruptions to our supply chains, we maintain more than 200 business continuity plans. We have installed technologies and processes to ensure our stores, plants and distribution network can respond quickly and remain operational. We monitor energy availability and costs to help anticipate how changing climate patterns like increasing temperatures could affect our energy-sourcing costs and activities.

We also assess the transitional climate risks due to refrigerant legislation. As a result of forthcoming state and federal requirements regarding the phase down of hydrofluorocarbon (HFC) refrigerants, we anticipate steadily replacing refrigerant infrastructure in the Kroger portfolio of stores to reach required levels, which could incur significant costs to grocery retailers like Kroger.

Our stakeholder engagement and market research help us understand how consumers, investors and others may be thinking about a changing climate. For example, Kroger is launching multiple products with lower carbon impacts, like upcycled grains, carbon-neutral eggs and carbon-reduced chicken.

## Climate Targets

In 2020, we set a goal to reduce absolute GHG emissions from our operations by 30% by 2030 against a 2018 baseline.

The goal was developed using climate science, supporting a well-below-2°C climate scenario according to the absolute contraction method.

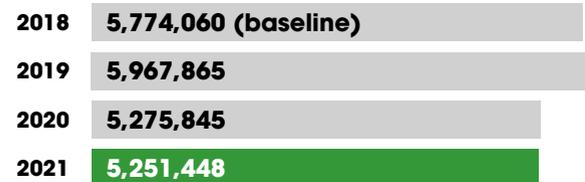
Given the global consensus that more urgent climate action is needed, and increasing indications from stakeholders like investors that companies are expected to take meaningful action on climate change, we have committed to set a goal aligned with the requirements of the Science Based Targets initiative. This includes resetting our current Scope 1 and 2 emissions goal to support the 1.5-degree scenario and setting a brand new Scope 3 emissions goal. We will focus on this priority in 2022 and 2023, and will include a progress update in our 2023 ESG Report.

Currently, Kroger’s ESG, business unit and Finance teams are developing the tactical and financial roadmap for our GHG-reduction goal. We plan to publish our GHG Goal Roadmap by the end of 2022.

Additional targets and commitments that can help reduce Kroger’s GHG emissions include our No-Deforestation Commitment, zero-waste goals, water-reduction target and sustainable packaging goals.

### Total Carbon Emissions

(Scope 1 and 2; market-based)—MTCO<sub>2e</sub>



MTCO<sub>2e</sub> = metric tons of carbon dioxide equivalent

## Emissions Disclosure

Kroger’s GHG emissions for 2021 are summarized below, with more details provided in the Appendix of this report and our latest CDP Climate response. Kroger uses the GHG Protocol methodology to calculate our GHG emissions.

Emissions performance trends are as follows:

- **Scope 1 emissions** increased by 11.2% compared to the previous year. Of this, mobile emissions increased most significantly, primarily as a result of an improved data collection process, which allows for more frequent and accurate data capture. Stationary combustion and refrigerant emissions both increased just slightly. Refrigerant emissions changes vary widely by type of refrigerant—and in some cases, the increase is the result of transitioning away from ozone-depleting substances (ODSs), which are not reported in GHG inventories, to alternatives that are reported.
- **Scope 2 emissions** decreased by 8% (market-based) and 9% (location-based) compared to the previous year. This was achieved through energy-efficiency and energy-reduction projects, increased procurement of renewable energy through utility providers, and changes in emissions factors.
- **Scope 3 emissions** increased by 14.5% compared to the previous year. Increases in employee commuting and business travel were the largest contributor to this change, as Kroger associates continued to return to work in our offices and business travel resumed.

Our normalized emissions (per 1,000 square feet) decreased from 23.41 to 22.94.<sup>13</sup> From our 2018 GHG-reduction target baseline to 2021, Kroger’s total Scope 1 and 2 emissions (market-based) decreased by 9.1%.

### Our 2021 GHG Emissions Footprint—MTCO<sub>2e</sub>

Emissions Category	2021 Emissions (MTCO <sub>2e</sub> )	Year-Over-Year Change (%)
Scope 1 total emissions	2,303,388	+11.2%
Scope 1 (stationary)	601,481	+8.1%
Scope 1 (mobile)	319,266	+58.2%
Scope 1 (refrigerant emissions)	1,382,641	+5.3%
Scope 2, location-based (purchased electricity)	2,747,205	-9.0%
Scope 2, market-based (purchased electricity)	2,948,060	-8.0%
<b>Total (S1 + S2 location-based)</b>	<b>5,050,593</b>	<b>-0.8%</b>
<b>Total (S1 + S2 market-based)</b>	<b>5,251,448</b>	<b>-0.5%</b>
Scope 3 (partial)	2,398,328	+14.5%



13. This calculation has been adjusted for 2020 and 2021 to reflect market-based Scope 2 emissions (previously, it reflected location-based Scope 2 emissions)

## Emissions-Reduction Opportunities

To meet our emissions-reduction targets, our engineering teams identify, evaluate and implement projects, both short- and long-term, to reduce our energy consumption, to move to lower-carbon energy sources and to reduce excess emissions. Saving energy and reducing emissions can also help us decrease operating costs and offset upfront investment costs. Kroger teams often pilot new technologies to gauge their effectiveness in our retail, manufacturing and distribution network. Our forthcoming GHG Goal Roadmap will summarize our goal governance process and how we anticipate achieving our goal, including the types of emissions-reduction opportunities that will help chart the way.

### Energy Management in Our Facilities

We track our electricity and natural gas consumption company-wide through the EnergyCAP platform. We use the U.S. Environmental Protection Agency (EPA) ENERGY STAR® platform for our stores to benchmark against the industry and identify new opportunities for energy savings. So far, 13 of our manufacturing plants have installed energy management systems to identify anomalies and energy-reduction opportunities.

In 2021, we continued placing glass doors on open refrigerated cases in our stores, saving on average 225,000 kilowatt hours (kWh) of electricity and 16,000 therms of natural gas per store annually. We anticipate completing this work in relevant stores in 2023, as well as adding doors to medium-temperature refrigerated cases. Additional projects launching in 2022 include converting parking lot lighting to LED lights (100,000 kWh saved per store); upgrading LEDs in open medium-temperature cases (10,000 kWh saved per store); and upgrading track lighting in our Produce department to more efficient LEDs (23,000 kWh saved per store).

### Fuel-Efficient Logistics

In our supply chain, we continue to refresh our truck fleet, replacing older vehicles with more fuel-efficient models. Trucks typically have a lifespan of eight years in our fleet. In 2021, we replaced 120 trucks with new units.

As a long-time Partner of the U.S. EPA SmartWay program, we reduce truck miles and emissions through dynamic routing, limiting truck speed, automatic shutdown for truck idling and automatic transmissions to manage gear splits.

### Reducing Emissions from Refrigerants

A well-managed refrigerant inventory reduces waste and costs, and ensures responsible reclaim practices. During the last decade, we nearly completed the transition away from ODSs toward other refrigerants across our systems, primarily by switching to HFCs, hydrofluoroolefins and ammonia. In our stores, we use a four-pronged approach:

- Proactive leak monitoring, mitigation and reduction
- Replacing aging refrigeration systems to improve energy efficiency and reduce refrigerant charge/emissions
- Proper management of refrigerant inventory, to reduce waste and ensure responsible reclaim practices
- Transition to refrigerants with lower global warming potential (GWP)

Kroger is part of the EPA GreenChill program, through which we set annual targets to reduce refrigerant emissions in retail stores. For 2021, we set a goal to reduce our refrigerant leak rate by 10%. The achieved reduction was 1%, though we have reduced our refrigerant emissions in retail stores by 26% since joining GreenChill in 2014.

Kroger's [Refrigerant Management Policy](#) for our stores outlines the company's procedures and documentation for all refrigerant gas handling. Kroger has a zero-tolerance leak-rate policy to ensure refrigerant is not added to equipment until any leaks are fixed, regardless of the system or the size of the leak. All relevant associates and technicians must read, sign and adhere to the policy.

We are actively transitioning stores to use new infrared detectors that identify lower concentrations of leaked refrigerants, with the goal of transitioning all stores by 2023. To date, approximately 2,000 stores use this new technology.

We continue to transition to lower-GWP refrigerants as they become commercially available and economically viable, to meet our GHG-reduction target and to meet forthcoming state and federal requirements.

Starting in California, we will ultimately achieve a portfolio GWP of under 1,400 by 2030, which translates to an approximately 15% reduction in baseline company-wide refrigerant emissions. We are developing our strategy for aligning with forthcoming federal HFC phase-down requirements under the American Innovation and Manufacturing Act, which will occur across the business in our stores, distribution centers, manufacturing plants and fleet.

We already use ammonia refrigerant systems in about three-quarters of our manufacturing plants and 20 of our distribution centers. Between 2022 and 2024, we plan to build seven new retail stores using carbon dioxide (CO<sub>2</sub>) refrigerant technology. Transitioning to this ultra-low GWP refrigerant has the potential to reduce per-store emissions by more than 200 tons of carbon dioxide equivalent (CO<sub>2</sub>e) annually.



**Supporting Diverse-Owned Businesses**

Kroger is a founding member of the Diversity in Clean Energy (DiCE) initiative, launched in 2022. DiCE is an action-based coalition convened by Duke Energy—with Kroger, Microsoft, T-Mobile, GM, VLV Development, Solar Stewards and Edison Energy—working with representatives of diverse-owned businesses operating within the clean energy industry. The DiCE coalition advocates, drives visibility and opens doors of opportunity for diverse-owned businesses within the clean energy industry through proactive networking, collaboration and commercial-engagement activities.

This work is an example of how we are implementing our Framework for Action: Diversity, Equity & Inclusion, which includes our commitment to source \$10 billion annually with diverse-owned suppliers by 2030.



**Transitioning to Renewables**

To date, we have installed solar arrays at 15 facilities, which generated 12.8 million kWh of renewable power in 2021, of which 5.7 million kWh is claimed by Kroger as zero-carbon energy in our GHG emissions. We also operate two facilities equipped with anaerobic digestion (AD) technology, which processes food waste or food production by-products into biogas, which in turn can be used to produce renewable electricity to replace electricity consumed from the grid.

In 2021, Kroger purchased approximately 1 million megawatt hours (MWh) of renewable, zero-carbon power from our energy providers. This includes power purchased proactively by Kroger as well as power consumed in markets with state renewable energy portfolio standard compliance requirements. Currently, we are making renewable power purchases from solar projects in Texas and Virginia. We will activate additional renewable power purchases in Cincinnati, the broader Electric Reliability Council of Texas, and PJM Interconnection for Illinois, Ohio, Maryland and Washington, D.C. geographies in 2023 and 2024.

Our expanding renewable energy purchases are aligned with the company’s internal renewable energy sourcing policy, which was approved by Kroger’s Energy Committee and Chief Financial Officer in 2021.

**Electrifying Vehicles in Our Network**

Over the past several years, all new refrigerated trucks in California serving our Ralphs division have been hybrid electric/diesel trailers, which can be plugged in when stationary and can run partially off electricity to reduce diesel emissions. We plan to begin testing electric, on-highway vehicles—including tractors, yard tractors and Kroger Delivery vans—in 2022 and 2023.

Kroger is also increasing the availability of electric vehicle (EV) chargers for customers across our retail store footprint. We are working with multiple national service providers to install EV infrastructure in a growing number of states, including Arizona, California, Colorado, Georgia, Nevada, Oregon, Utah, Washington and Wyoming. We expect to expand into several additional Midwestern states in the coming years. Our infrastructure includes a growing percentage of new direct current (DC) super-fast chargers capable of generating 350kW—several times more power than typical fast chargers—in an effort to offer sustainable and convenient services to our customers.



# Resource Conservation

Natural resources keep our business running. As a responsible company, we remain committed to protecting these resources through waste reduction, water conservation and more sustainable sourcing practices for the products we produce and sell.

### Material Topics:

- Food Waste
- Operational Waste
- Packaging
- Water
- Product Sustainability



### 2021 Highlights

**79%**

waste diversion from landfill company-wide in 2021

**48.8%**

food-waste diversion from landfill in Kroger retail stores

**40%**

of *Our Brands* packaging characterized as recyclable

**16.9M**

pounds of Fair Trade Certified ingredients sourced in 2021

## Food Waste

As part of our Zero Hunger | Zero Waste social and environmental impact plan, we are committed to diverting 95% or more of food waste from landfill company-wide by 2025. Our Corporate Affairs team has shaped our zero-waste strategy in partnership with leaders in Retail Operations, Manufacturing and Supply Chain who bring our strategy to life.

Together with Feeding America, Kroger introduced our Zero Hunger | Zero Waste Food Rescue program over 10 years ago. Today, we coordinate with hunger-relief organizations across our communities to direct safe, healthy surplus food to those in need. In 2021, we donated 94 million pounds of surplus food to Feeding America’s network of food banks and agency partners.

Currently, we have food waste recycling programs in 2,539 stores (up from 2,407 in 2020). This represents 92% of our store footprint, and we aim to launch a food-waste recycling program in 95% or more of stores.

We measure and track food waste annually. With support from World Wildlife Fund (WWF), we established our food-waste footprint several years ago using the World Resources Institute (WRI)’s Food Loss & Waste Protocol.

In the last year, total food waste generated in Kroger-operated stores increased slightly by 0.42% to 269,382 tons (from 268,248 tons in 2020), while the percentage of food waste diverted from landfill improved by 0.5 percentage points, to 48.8% (from 48.3% in 2020).

Since 2017, our baseline year, we have decreased total food waste generated in our stores by 18.9% and improved our food-waste diversion rate by 21.7 percentage points.

The GHG impacts of these improvements are also notable. As a result of diverting 131,400 tons of retail food waste from landfill in 2021, we are avoiding an estimated 825,427 metric tons of CO<sub>2e</sub> emissions.

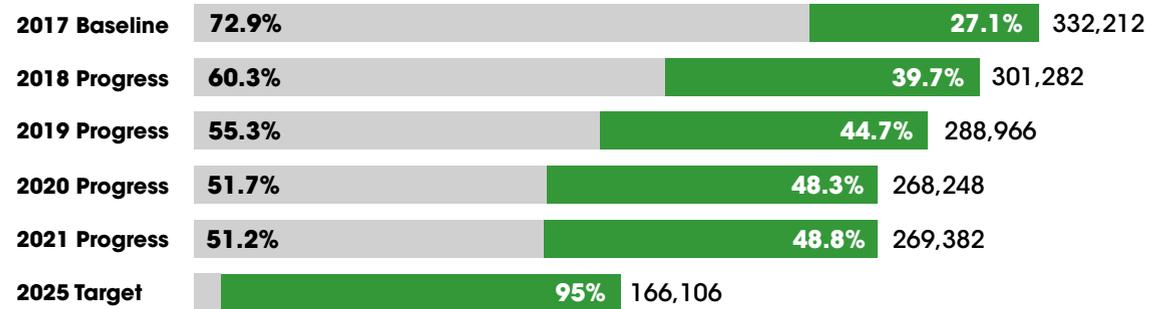
In 2020, Kroger launched our cohort of suppliers as part of the WRI’s 10x20x30 initiative. We continue to use this group of committed companies (as well as the Pacific Coast Food Waste Commitment on the West Coast) as pre-competitive forums to share best practices from members and industry experts in support of our collective goals.



**Food Waste Management Data**

Destination	Food (Short Tons)	Inedible Parts (Short Tons)	Total
Animal feed	48,188	10,727	58,914
Anaerobic digestion	29,519	-	29,519
Composting	20,976	-	20,976
Biodiesel production	-	21,991	21,991
Landfill	112,929	25,054	137,983
<b>Total</b>	<b>211,611</b>	<b>57,771</b>	<b>269,382</b>

**Where Is Our Food Waste Going?**  
%/Tons Waste Generated



● Landfill ● Diverted

- Notes:
- Food-loss diversion data reflects data collected from stores on their composting, animal feed, fat/bone and used cooking oil recycling programs.
  - The landfill metric shared here is estimated using data captured and synthesized from annual waste audits conducted in a subset of our stores.
  - Harris Teeter data is included in landfill and food diversion, but is not included in inedible parts diversion due to insufficient data.
  - The bar length for annual progress is proportional relative to the bar length of the 2017 baseline.
  - Data reflects calendar year.
  - 2021 performance reflects store-level data for animal feed, anaerobic digestion and composting programs.
  - Table may not sum due to rounding.



## Operational Waste

We remain committed to achieving zero waste and steadily improving how we manage the waste materials produced throughout our operations. This includes identifying opportunities for increased recycling and reuse. At the same time, we look for ways to use materials more efficiently to reduce waste production to begin with.

Our zero-waste commitments are driven by business leaders and associates across our facilities. Implementation of zero-waste initiatives in our stores is overseen by store managers. Each retail division also has an Expense, Sanitation and Sustainability Manager, who supports in-store waste management. Similarly, our Supply Chain and Manufacturing teams have sustainability leads, who help guide waste-reduction and -recovery initiatives in these facilities.

In 2021, our company-wide waste-diversion rate was 79%, which represents a decrease of 2 percentage points from 2020. The total waste generated by our operations before accounting for reductions decreased by about 1%, and we saw increases in food donation and key recycling streams like plastic and cardboard. However, food waste recycling totals decreased and the materials going to landfill and waste-to-energy increased. In the last year, 31 of the 33 manufacturing plants operated by the Kroger family of companies continued to divert more than 90% of the waste produced in their operations from landfill—our definition of zero waste.

Kroger continues to use reusable solutions in our supply network. We use reusable plastic containers and crates to move produce, meat, eggs, milk and other fresh items through our distribution centers and stores, and we partner with third-party providers to support and expand our adoption of these pooled resources.

We remain focused on achieving our 90% diversion rate by 2025. In 2022, we are expanding our training resources and revising our back-of-store signage for food rescue and recycling programs to further enhance clarity on program mechanics and increase engagement in the program. We are also advancing automated solutions to track program impacts and communicate progress to our associates in real time.

Kroger responsibly manages hazardous waste where it is generated in our operations. Across our stores, we manage all damaged and unsalable products that have hazardous characteristics, store-use chemicals with hazardous characteristics and non-hazardous liquid wastes. Universal waste lamps, batteries and all pharmaceuticals are also part of our waste management programs.

The UL WERCSmart® system allows us to identify hazardous materials in our products to help ensure safe storage, transportation and disposal.

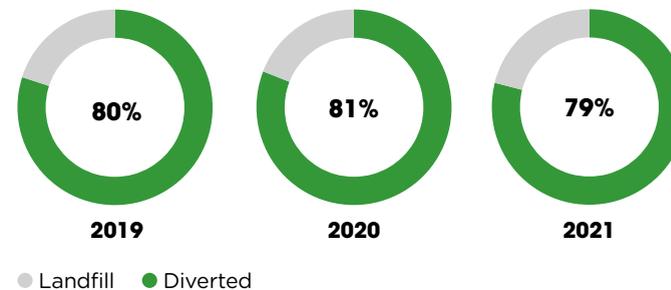
Associates use WERCSmart information fed to them through Kroger’s Hazardous Product Compliance System to identify proper handling procedures. Products are sorted and stored in totes, according to material. They’re then properly collected and disposed of by vendors. Similarly, our plants and logistics facilities work with third-party providers for safe management of any hazardous materials in their operations.

Kroger remains committed to phasing out single-use plastic shopping bags from our retail network. We are the grocery sector lead for the Beyond the Bag Initiative of the Consortium to Reinvent the Retail Bag. Using learnings from this multi-stakeholder effort as well as our own insights, we are identifying, evaluating and planning to pilot solutions that are more sustainable and also cost-conscious and convenient for our customers.

Waste-Management Method	2019 Weight (Short Tons)	2020 Weight (Short Tons)	2021 Weight (Short Tons)	2020 to 2021 Year-Over-Year Change (%)
Waste reduction	123,000	207,468	134,500	-35.2%
Donation	55,084	41,002	47,249	+15.2%
Animal feed	108,036	86,644	81,712	-5.7%
Anaerobic digestion	76,210	102,491	81,600	-20.4%
Composting	15,870	27,475	41,004	+49.2%
Recycling	1,955,627	1,994,510	1,930,830	-3.2%
Cardboard	803,210	865,807	887,604	+2.5%
Plastic	26,864	28,908	33,187	+14.8%
Waste-to-energy	7,417	12,540	34,783	+177.4%
Landfill	571,837	548,611	560,436	+2.2%
<b>Total Waste Generated (excluding waste reduction)</b>	<b>2,790,080</b>	<b>2,813,273</b>	<b>2,777,614</b>	<b>-1.3%</b>
<b>Total Waste Footprint (including waste reduction)</b>	<b>2,913,080</b>	<b>3,020,741</b>	<b>2,912,114</b>	<b>-3.6%</b>

- Notes:
- Data reflects calendar year.
  - Disposed waste is managed by and reported to Kroger by our different waste and recycling haulers.
  - Waste data excludes office locations and salvage centers, which represent very small proportions of our waste footprint.
  - Donation data primarily reflects food donations, with a nominal amount of non-food donations.
  - Total waste generated excludes waste-reduction and waste-prevention data.
  - Construction project waste and recycling data captured in these totals excludes minor capital projects.
  - Table may not sum due to rounding.

### Diversion-From-Landfill Rate in Kroger Retail Stores



## Packaging

### Our Zero-Waste Approach

Sustainable packaging is a core tenet of our zero-waste vision. While packaging is important for preserving product quality, freshness and integrity, we also recognize its potential to impact our planet. This is why we are focused on reducing unnecessary packaging, reusing where we can and striving for greater recyclability and recycled content.

Our [Sustainable Packaging Goals](#) will pave our way to 2030 by:

- Completing a baseline product packaging footprint to fully understand current packaging impacts.
- Seeking to achieve 100% recyclable, compostable and/or reusable packaging for *Our Brands* products.
- Increasing recycled content in packaging so that the Kroger *Our Brands* product portfolio collectively contains at least 10% recycled content in packaging.
- Increasing awareness among Kroger customers about how to properly manage *Our Brands* product packaging at end of life.
- Reducing unnecessary packaging.

### Packaging Baseline

Kroger’s first step toward achieving these goals was developing a packaging baseline to assess our current state and prioritize actions on our roadmap to 2030. Initially, we tracked the packaging impacts of the products that are manufactured and finished in Kroger-operated food-processing plants (which produce about 45% of *Our Brands* food products). In 2022, we expanded this tracking to include products produced by co-manufacturing suppliers.

In 2022, we focused on food products, both grocery and fresh, as well as health, beauty, household supplies and cleaning. The baseline currently excludes general merchandise products (apparel and home goods) because these represent a smaller volume of our product sales. We will build these into our data tracking in the future.

We used both actual and estimated data to produce our baseline. Approximately 52% of the packaging weight reported is from detailed internal or supplier-provided data (i.e., actual data) and the remaining 48% is estimated using proxy data from similar products, based on a hierarchical process. In total, the baseline covers 90% of 2021 sales (as measured by number of units sold); 10% of 2021 sales of in-scope products were excluded due to lower-quality proxy data.

We plan to improve data quality over time by engaging more *Our Brands* suppliers in data collection. The intention is to replace estimated data with actual data, to capture any changes to existing packages, and to capture more packaging details for new products as we launch them. We will also capture sustainable packaging attributes for *Our Brands* general merchandise products.

Total packaging baseline weight for 2021 is 404,537 metric tons. The two largest packaging material categories (by weight) are paper (35%) and plastic (33%), while the two most prominent packaging types by weight are cans (24%) and boxes (22%). When our packaging is classified by using the number of consumer Universal Product Codes (UPCs), the predominant packaging material is polypropylene plastic (39%) and the predominant packaging type is labels (33%).

### Top 5 Packaging Materials by Weight

Metric Tons

Packaging Material	Total Packaging Weight (MT)	% of Total Baseline Weight
Steel	74,587	18%
Cardboard	65,145	16%
Paperboard	47,142	12%
PET <sup>14</sup> (#1) Plastic	46,400	12%
HDPE <sup>15</sup> (#2) Plastic	36,087	9%

### Top 5 Packaging Materials by Unit

Number of UPCs

Packaging Material	Total Number of UPCs	% of Total UPCs in Baseline
PP <sup>16</sup> (#5) Plastic	3,344	39%
PET (#1) Plastic	3,157	37%
Other*	2,816	33%
LDPE <sup>17</sup> (#4) Plastic	2,507	29%
Paper	2,398	28%

\* Other includes materials like adhesive, wax, EVOH, sealant and ink.

### Top 5 Packaging Types by Weight

Metric Tons

Packaging Type	Total Packaging Weight (MT)	% of Total Baseline Weight
Can	95,161	24%
Box	89,245	22%
Bottle	62,405	15%
Pot, Tub, Dome, Tray	31,808	8%
Carton	27,076	7%

### Top 5 Packaging Types by Unit

Number of UPCs

Packaging Type	Total Number of UPCs	% of Total UPCs in Baseline
Label	2,848	33%
Lid	1,900	22%
Film	1,714	20%
Bag	1,538	18%
Bottle	1,416	16%

14. Polyethylene terephthalate  
 15. High density polyethylene  
 16. Polypropylene  
 17. Low density polyethylene

### Improving Packaging Recyclability

Kroger’s framework for defining recyclability is a combination of best practice definitions and requirements of the Ellen MacArthur Foundation and the How2Recycle program. In this framework, shown to the right, we included the top two levels in our definition of recyclable for *Our Brands* packaging—reflecting that we aim for packaging to be widely collected for recycling and optimally recycled in practice and at scale.

Our 2021 packaging baseline findings show that 40% of *Our Brands* product packaging meets our definition of recyclable, when measured by weight of packaging material. For products without actual packaging data available, we assigned recyclability level based on the proxy product. For our percentage calculation, we only included products with a product-level proxy as compared to a product category-level proxy.

Improving the recyclability of single-use packaging will depend on both product packaging redesigns and recycling infrastructure improvements.

In 2021, we transitioned all *Our Brands* egg cartons from expanded polystyrene foam to molded fiberboard, which contains 100% post-consumer recycled (PCR) content and aligns with most curbside recycling programs. We also transitioned two fresh tomato products from plastic clamshells to paper-based cartons, which enables a significant part of the packaging to be more widely recyclable.

The *Our Brands* team continues to evaluate opportunities for similar packaging changes to reduce plastic use and improve recyclability.

Recyclability Level	Brief Description	Example Packaging Types	% of Kroger Packaging
<b>Recycled in practice and at scale</b>	More than 95% of the entire pack weight is recyclable, and either remaining components are compatible with the recycling process or non-recyclable components can be separated. The packaging type must achieve a 30% post-consumer recycling rate in multiple regions.	Glass beverage containers; cardboard, paperboard; aluminum beverage cans, pans, trays	<b>31%</b>
<b>Widely collected for recycling</b>	A majority percentage of the population (at least 60%) has access to a recycling collection system that accepts the packaging in question (curbside or special take-back schemes). There are occasions when packaging is collected through a recycling system but not recycled.	Plastic bottles, jugs, jars (PET, HDPE, LDPE); PP <sup>16</sup> plastics; aluminum food cans; glass containers	<b>9%</b>
<b>Sometimes collected for recycling</b>	A significant percentage (20-59%) of the population has access to a curbside recycling collection system that accepts the packaging in question. There are occasions when packaging is collected through a recycling system but not recycled.	PET clamshells, tubs, trays; LDPE containers; aluminum trays, aerosol containers	<b>1%</b>
<b>Recycle ready</b>	Packaging is designed for collection, sorting and recycling using end-of-life processes, but collection, sorting and recycling infrastructure is not yet in place for the packaging to actually be recycled.	Monolayer plastic film	<b>1%</b>
<b>Not recyclable</b>	Packaging is significantly challenged in sorting, reprocessing or end markets. Technical recyclability considers whether it’s technically possible to recycle a packaging item, but doesn’t consider whether the collection, sorting and recycling happens in practice, at scale and with reasonable economics.	Multilayer plastic film	<b>58%</b>





**Supporting Infrastructure Improvements**

The Kroger Co. Zero Hunger | Zero Waste Foundation is a Recycling Coalition Supporter of The Recycling Partnership. The foundation continues to support the multi-stakeholder Polypropylene Recycling Coalition, which aims to improve community-level infrastructure to enable curbside PP collection and recycling. Starting in 2022, the foundation is also supporting the newly launched PET Recycling Coalition, which will seek improved recycling outcomes for PET thermoform packaging.

**Increasing Recycled Content**

As part of our packaging baseline work, we also captured information about PCR content used in *Our Brands* product packaging. The packaging portfolio captured in our baseline includes 14% PCR content. This reflects the amount of PCR in products with primary data as a percentage of the packaging materials in our entire baseline portfolio. This is a more conservative approach that avoids inflating the amount of PCR through estimation. We expect this number to increase as we capture additional primary data from our suppliers. We will revisit our current goal in the future to determine whether it needs to be reset.

**Reducing Unnecessary Packaging**

Kroger-operated manufacturing plants continue to reduce plastic use and packaging weights for *Our Brands* items where feasible.

In 2021, we:

- Reduced the amount of plastic packaging used in a popular peanut butter product, saving approximately 100,000 pounds of plastic annually.
- Transitioned to a new, thinner shrink wrap in our plants and distribution centers, enabling a 30% reduction in the amount of plastic used for pallet wrap.

**End-of-Life Solutions**

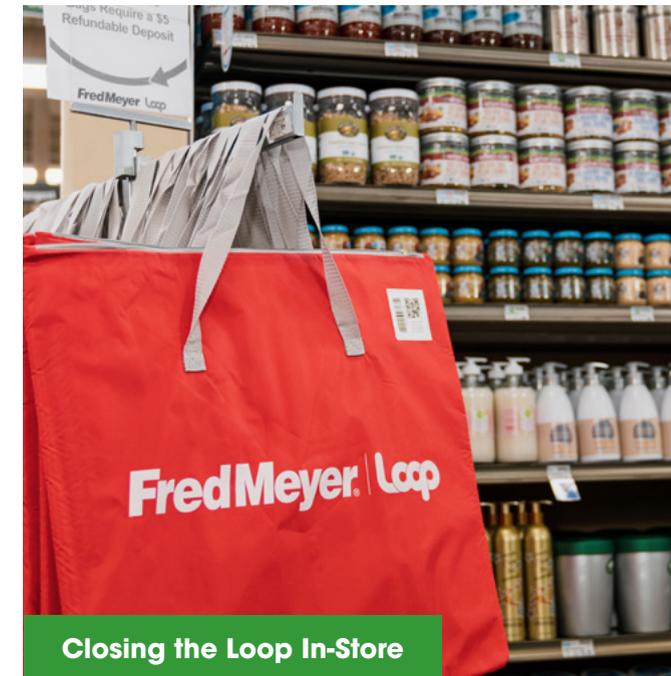
While the industry works on longer-term solutions to make flexible plastic packaging recycling more widely available to consumers through curbside collection, we are offering our customers means to divert this packaging from landfills.

In 2021, we expanded the *Kroger Our Brands Free Recycling Program* with TerraCycle so our customers can mail any flexible plastic *Our Brands* product packaging, free of charge, to TerraCycle for recycling. These materials are upcycled to produce composite plastic material used in playground equipment, park benches and other products. Kroger is the first U.S. retailer to offer this type of recycling program across an entire private-label portfolio. Program engagement and recycling volume continues to grow. To date, customers have returned approximately 650,000 packaging units (more than 13,600 pounds of plastic) to TerraCycle for recycling.

As a complementary offering, our in-store plastic film collection and recycling program accepts a wide range of monolayer plastic films that are not currently accepted in curbside recycling programs. This primarily includes non-food items like plastic grocery bags; plastic overwrap on household tissues, diapers and bottled water; dry cleaning bags; retail produce bags; and packaging that is labeled as acceptable for in-store drop-off programs.

**Customer Communication**

We believe in offering our customers easy ways to live a more sustainable lifestyle. Promoting programs like the *Our Brands* recycling program with TerraCycle and our in-store recycling drop-off program helps accomplish this. We also communicate recycling information directly on-pack. In addition to including “Please Recycle” on many items, Kroger also added the How2Recycle logo to several *Our Brands* items in 2021, including bread bags, Comforts diapers and training pants, feminine hygiene products and some of our household tissue products. Several of these items include How2Recycle’s Store Drop-Off label, helping increase our customers’ awareness of our front-of-store plastic film recycling program.



**Closing the Loop In-Store**

Kroger was the first U.S. retailer to introduce the innovative Loop reusable packaging platform in-store. In February 2022, Kroger launched a pilot for Loop at 25 Fred Meyer stores in the Portland, OR area. The in-store Loop assortment included 21 items representing popular brands, including Arbor Teas, Cascade, Clorox®, Gerber, Nature’s Heart, Nature’s Path, Pantene, Seventh Generation and Stubb’s®, as well as Kroger’s own Simple Truth® brand. Through the in-store model, customers purchase the Loop products, which are pre-filled in reusable packaging. After using the product, they return the empty package to a collection bin at the front of the store. Returned packages are returned to Loop for cleaning, refill and resale—“closing the loop.”

## Water

We know the importance of safe, high-quality water for the health of our associates, customers, communities and the planet. Our engineering teams collaborate to identify and evaluate opportunities to reduce water use, find reuse opportunities and manage water discharge quality — all to protect local water sources.

We periodically conduct water risk assessments across our portfolio of facilities to understand if there is substantive water risk present. Using multiple tools, we evaluate our facilities for location-based water risk across several impact areas, including physical quantity, physical quality, and regulatory and reputational risks. To date we have found that, while the analysis indicates Kroger does have facilities operating in regions with a defined level of water stress, these represent less than 10% of our total facilities.

Our supermarkets have implemented a five-point water-reduction retrofit program, which includes retrofitting pre-rinse spray valves, bathroom faucet aerators, urinal flush valves, commodes and their flush valves, and Starbucks dipper wells used for cleaning utensils. Outside stores, we retrofitted irrigation sprinkler systems to reduce unnecessary water consumption.

In our Manufacturing operations, we are finding ways to repurpose water. In 2021, two additional facilities installed the capacity to use recirculated water to cool down air compressors, reducing the need for new water.

Our plants must also manage the quality of water that we discharge to help ensure alignment with local requirements. In some cases, we have on-site wastewater treatment facilities, and at our K.B. Specialty Foods plant in Greensburg, IN, we use AD technology to convert the waste by-products to renewable biogas and ultimately electricity that is used at the facility.

In 2021, company-wide water consumption increased slightly from the prior year. Though total values increased, we did save water through efficiency projects, including 180 million gallons of water in Retail. Collectively, our stores account for about 80% of water consumption, though the per-store consumption is relatively low compared to our plants (due to activity) and distribution centers (due to size).

Because water consumption is not metered in all our stores, we use a detailed estimation process to fill in missing data points. This process is helpful for providing data points for all facilities when we do water risk assessment; however, it can also produce some variability in year-over-year comparisons.

### Water Consumption

Billion gallons



Water data reflects fiscal year and all Kroger operations.

## Supply Chain Sustainability

Kroger relies on supply chains from around the globe to produce, source and sell the products we carry in our stores. We recognize the importance of implementing practices in our supply chains that protect people and the planet, while also ensuring we have products available for our customers. From a resource conservation perspective, we are focused on protecting the oceans, forests, agricultural fields and other valuable landscapes that support our business.

### Seafood Sustainability

We have been working to boost the sustainability credentials of our seafood for over a decade, setting commitments—which are articulated in our [Seafood Sustainability Policy](#)—and participating in long-term partnerships and programs. In particular, WWF has long been a trusted adviser to Kroger with regards to identifying sustainable sources and contributing to industry efforts to improve fishery practices.

In 2021, we expanded our commitments. For wild-caught seafood, we aim for 95% of fresh and frozen seafood in our Seafood department to be from fisheries aligned with our policy by 2023—in 2021, we reached 94%. For farm-raised seafood, we aim for 100% of fresh and frozen seafood to be from farms aligned with our policy by 2023. During 2021, we maintained 98% alignment, a comparable result to our 2020 achievement.

Kroger remains committed to sourcing all shelf-stable tuna<sup>18</sup> from suppliers participating in the International Seafood Sustainability Foundation (ISSF). In 2021, we built on this with a commitment to source 20% of shelf-stable *Our Brands* tuna from MSC-certified fisheries, reaching 2.7% by the end of the year.

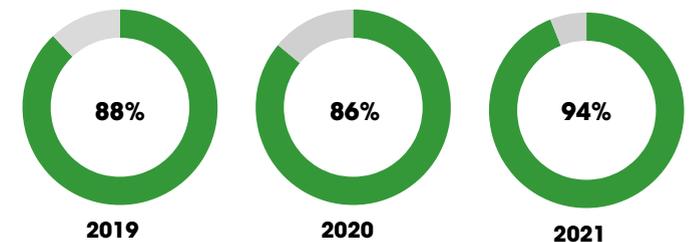
With traceability key to ensuring products are sourced responsibly, we will continue to work with WWF and suppliers to improve transparency and traceability for seafood globally. In 2021, our assortment included

seafood sourced from 48 comprehensive fishery improvement projects (FIPs), up from 33 in 2020. Comprehensive FIPs offer a stepwise approach for fisheries to reach MSC certification. They bring together various stakeholders to improve the environmental performance of a fishery and ensure FIP activities align with region-specific interests.

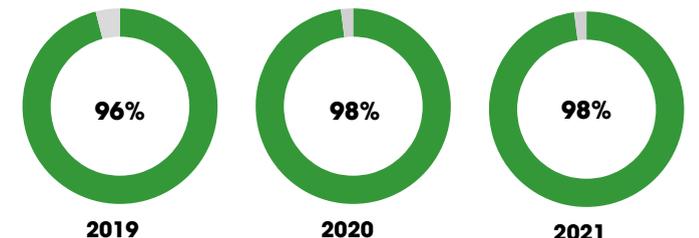
In 2021, Kroger expanded our seafood sustainability focus to align the seafood sold by our third-party sushi vendors in Kroger’s deli departments with the requirements in our Seafood Sustainability Policy. As reported by our vendors, in 2021, 99% of the seafood in our sushi assortment was aligned with these requirements.

To learn more, please see the [Kroger-WWF Seafood Sustainability Report](#).

### % Wild-Caught Seafood Sourced by Kroger That Meets Sustainability Criteria



### % Farm-Raised Seafood Sourced by Kroger That Meets Sustainability Criteria



18. Both private label and national brand

## Forests

Kroger produces and sells a wide range of items, including those with components that could potentially contribute to tropical deforestation. Our [No-Deforestation Commitment for Our Brands](#) aims to address deforestation impacts in supply chains where there is a potential risk:

- **Palm:** We will source palm oil, palm kernel oil and palm oil derivatives from sources certified by the Roundtable on Sustainable Palm Oil or to an equivalent standard. During 2021, approximately 88% of palm-based ingredients used in *Our Brands* products came from certified sources.<sup>19</sup> More than 82% of reported palm oil in products was certified to the Mass Balance supply chain standard. We will work with our suppliers to advance toward 100% alignment with this goal.
- **Pulp/paper:** We will source paper packaging that is certified to a sustainable forestry standard (including FSC,<sup>4</sup> SFI<sup>5</sup> and PEFC<sup>6</sup>) and/or includes recycled content. In 2021, 97% by weight of paper product packaging used in our manufacturing plants was from certified sources. The majority (more than 95% by weight) of *Our Brands* household paper goods like tissues, paper towel and toilet paper are also from certified sources. We are learning more about the alignment of paper packaging used by co-manufacturing suppliers (either meeting certification standards or containing PCR materials) through our packaging baseline work and will continue to build out this dataset moving forward.
- **Soy:** We aim to source deforestation-free soy-based ingredients. In 2021, 100% of predominantly soy-based ingredients (e.g., soybean oil) procured for Kroger's

manufacturing plants were from U.S. or Canadian sources, indicating low risk of tropical deforestation in this supply chain. In 2022, we are beginning to query relevant co-manufacturing suppliers of *Our Brands* products to identify deforestation risks for soy-based ingredients.

- **Beef:** We strive to source deforestation-free fresh beef and beef-based ingredients. In 2021, the regular (non-spot market) procurement into our Meat department and manufacturing plants was predominantly—over 99.9%—harvested in the U.S., with the majority of the remainder coming from Canada or Mexico. Of this remaining beef, over 99.9% was born and raised in North America. Kroger also sources a small volume of specialty Simple Truth<sup>®</sup> beef products from Uruguay and Australia. Kroger continues to engage our suppliers to gain increased visibility into our beef supply chain.

In 2022, we are beginning to query relevant co-manufacturing suppliers of *Our Brands* products to identify deforestation risks for beef-based ingredients.

## Natural & Organic

Natural and organic products are an important element of Kroger's overall product assortment. This reflects our customers' growing interest in purchasing products that are free from artificial ingredients, flavors and preservatives, with reduced environmental impact. Customers seeking to avoid genetically modified organisms (GMOs) can choose from many products certified to be non-GMO. The average Kroger store contains more than 4,000 natural and organic products, with all stores carrying some assortment.

## Introduction

## Our Approach

## People

## Planet

## Systems

## Appendix

Kroger's own Simple Truth<sup>®</sup> product line continues to expand—reaching over 1,500 unique products and more than \$3 billion in sales—and remains the second largest brand in our retail stores, based on sales. We remain committed to increasing the affordability and availability of natural and organic items to improve health and sustainability. Currently, 18 Kroger-operated manufacturing plants are certified to produce organic *Our Brands* items.

## Plant-Based Alternatives

Kroger continues to increase our assortment of plant-based alternatives across multiple product categories in response to increasing consumer interest. We currently offer nearly 2,100 plant-based products across our stores.

By 2021, Kroger's Simple Truth<sup>®</sup> brand included more than 200 plant-based items. In the past year, 33 new products launched, with notable expansion into the Deli and Bakery sections of the store with products such as plant-based macaroni and cheese, broccoli and cheddar soup (Deli), and mini cupcakes and cheesecake (Bakery). Currently, the Simple Truth<sup>®</sup> brand has plant-based products in 50 commodity categories. This represents about 29% of the commodity categories in which the Simple Truth<sup>®</sup> brand offers products.

Sales of all plant-based products continue to increase year-over-year. Across the store, plant-based product sales grew by 5% in 2021, while sales of Simple Truth<sup>®</sup> plant-based products grew 10%.



19. Based on data collected from participating suppliers

### Sustainable Apparel

In addition to launching our Apparel Restricted Substances List (RSL) to limit chemicals in our dip® clothing line, Kroger has steadily increased the presence of materials with sustainable attributes in this assortment. We anticipate that by the end of 2022, more than 50% of dip items, across all categories, will have fabric with traits like organic cotton, recycled plastic content and certified renewable materials. During 2021, nearly 40% of procured items had fabric with a sustainability feature.

### Chemical Management

We are committed to responsibly managing product quality and safety and we set high standards for all *Our Brands* products. Our regulatory compliance and quality assurance programs define product and supplier requirements such as quality specifications, testing protocols and reporting and labeling, to ensure safe, high-quality products. As reflected in our [Safer Chemicals Statement](#), we proactively identify chemicals to remove from *Our Brands* products.

Examples of recent progress:

- 100% of *Our Brands* canned food items remain free of bisphenol A (BPA) liners. Currently, about 50% of *Our Brands* canned beverage items (by volume) are no longer in BPA liners. We will continue to expand this reach as supply becomes available.
- Apparel Restricted Substances Policy, which includes a robust RSL, establishes requirements about chemicals that are not permitted in *Our Brands* apparel products. In 2022, Kroger is leveraging the support of a third-party expert to expand our work in apparel to develop an RSL for Kroger’s *Our Brands* formulated products.

### Fair Trade Certified™

Through our work with Fair Trade USA™, Kroger helps support the people behind our Fair Trade Certified products to improve livelihoods and build more resilient supply chains.

We source a variety of commodities, including sugar, coconut, tea, coffee, cocoa, shea, plantain, cassava and vanilla, from 19 countries, and we remain the largest purchaser of Fair Trade Certified coconut in the world.

In 2021, Kroger sourced more than 16.9 million pounds of Fair Trade Certified ingredients for inclusion in Simple Truth® and Private Selection® products, an increase of 4%<sup>20</sup>.

Furthermore, Kroger’s purchases of Fair Trade Certified ingredients contributed more than \$1.03 million in Community Development Funds to help farmworkers improve their unique social, economic and environmental needs.

Kroger is a member of the [Sustainable Coffee Challenge](#). Simple Truth® committed to use 100% Fair Trade Certified coffee in all products, and is currently at 94% progress on this goal as Kona coffee is becoming available for our relevant products now. In 2021, Kroger’s Private Selection® brand committed to sourcing 100% Fair Trade Certified coffee from international growing regions by mid-2022. We met this commitment—currently, more than 30 Private Selection® coffee products are Fair Trade Certified—and will uphold it as we add new products to our coffee assortment.

In 2022, we launched our first Fair Trade Certified *Our Brands* produce items: Simple Truth Organic® tomatoes grown in Mexico and Arizona.

### Fair Trade Certified Ingredients Used

Pounds



20. Restated as a result of refining our annual impact calculation



# Build More Responsible & Inclusive Global Systems

Kroger offers a variety of foods and other essentials to meet our customers' wide-ranging needs, preferences and budgets. Our strong ESG governance aims to ensure that Kroger operates responsibly in a global supply chain with far-reaching implications and trade-offs for people and our planet.

## In This Section

50 Business Integration

54 Responsible & Resilient Systems

# Business Integration

Kroger’s operations reach billions of people in communities near and far. We engage leaders in our ESG strategy and commitments and hold teams accountable for results. Integrating ESG ownership into our lines of business is a journey; indeed, we believe our centralized structure, vertical integration and history of responsible supply chain operations enable our continued progress.

### Material Topics:

- ESG Governance
- Ethics & Compliance
- Data Privacy & Cybersecurity
- Marketing Practices



## ESG Governance

Kroger is committed to strong corporate governance, including ESG oversight. We manage ESG topics in the context of our business and ESG strategies, balancing these considerations with the long-term interests of our various stakeholders.

We maintain an established ESG management approach, informed by a comprehensive, third party-led materiality assessment. We are updating this assessment and methodology in the second half of 2022 to reflect current best practices for engaging stakeholders and refining material topics. We will share our updated materiality assessment results in our 2023 ESG Report.



## Integrating ESG Ownership

We integrate ESG priorities into our business and corporate governance practices. This includes updated oversight of enterprise risk and accountability among senior management and our board. During 2021, we refreshed membership and charters for several board committees to clarify and confirm oversight of specific ESG topics. Four board committees have direct oversight of ESG topics, as outlined in the table on the next page. Details of our directors’ areas of ESG expertise, as well as committee composition, are available online in Kroger’s 2022 Proxy Statement and 2021 Annual Report.

Several Kroger departments support our management approach to ESG:

- **Audit:** Oversees financial reporting and manages independent auditors
- **Corporate Affairs:** Leads internal and external communications and media relations; manages federal and state government affairs and advocacy; leads sustainability and social impact
- **Corporate Food Technology:** Oversees food safety and product quality assurance; manages recalls affecting Kroger-manufactured and -labeled products and national brands; leads animal welfare program
- **Environmental Compliance:** Oversees Kroger’s compliance with environmental regulations
- **Ethics & Compliance:** Leads awareness and implementation of corporate policies, including Kroger’s Policy on Business Ethics, Anti-Corruption Policy, Vendor Code of Conduct and Privacy Policy; oversees compliance with relevant laws and regulations
- **Human Resources & Labor Relations:** Leads human capital management, including hiring, compensation and benefits; leads diversity, equity and inclusion initiatives; engages with labor unions to negotiate collective bargaining agreements

- **Merchandising:** Determines category assortment and promotional strategies; leads supplier engagement together with Sourcing; leads customer engagement, loyalty and rewards
- **Retail Operations:** Guides standards, policies and program implementation for retail stores; advances operational performance
- **Sourcing:** Sources raw materials and finished products for *Our Brands*; purchases national brands for resale and goods not for resale; implements Kroger's Responsible Sourcing Framework; leads supplier engagement with Merchandising
- **Supply Chain:** Manages our distribution network and transportation fleet
- **Technology & Digital:** Focuses on governance, technology innovation and digital channels; leads cybersecurity management approach

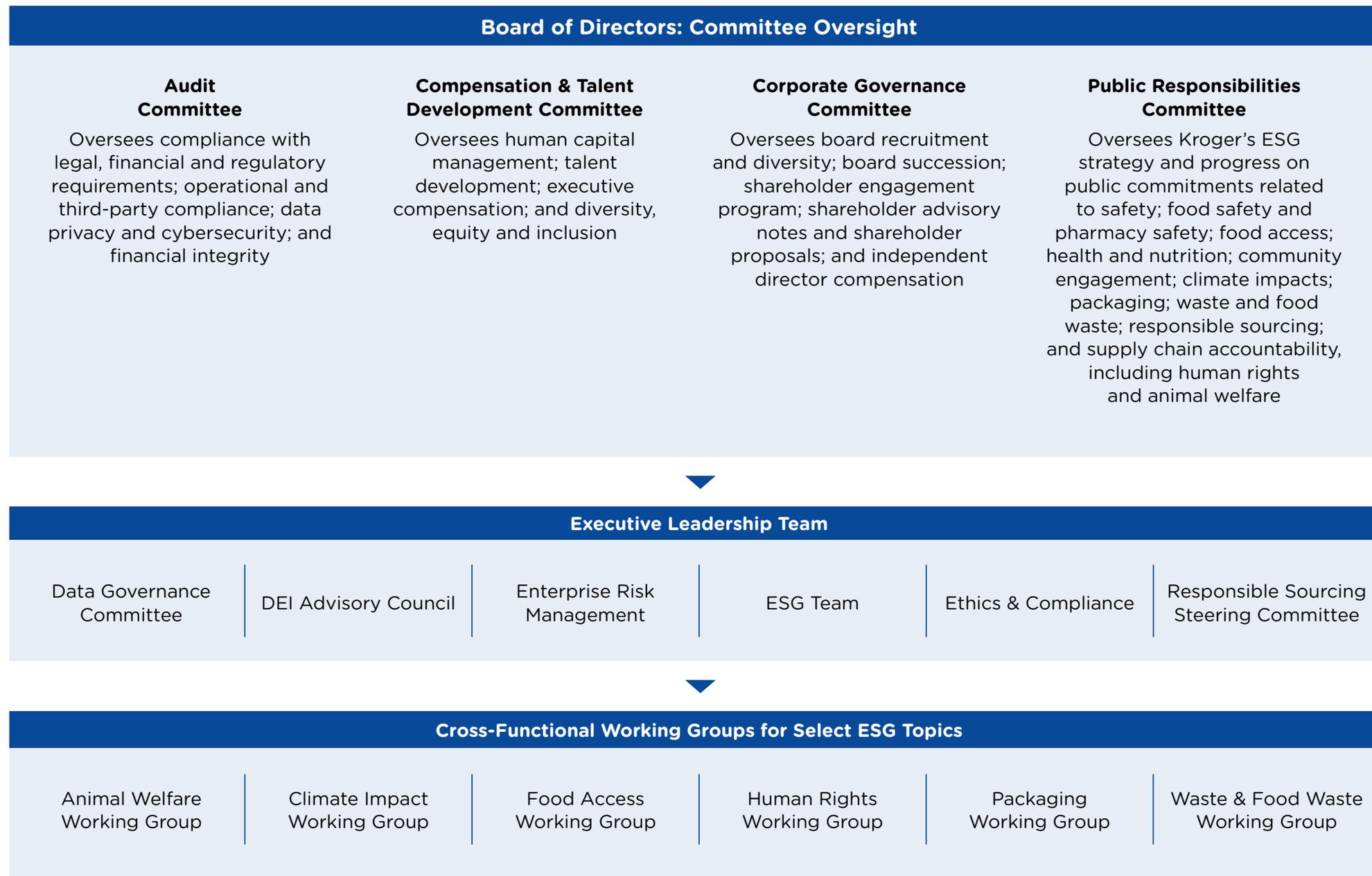
## Ethics & Compliance

We strive to uphold the highest ethical standards and to help our associates and partners do the same. We consistently review company policies and update them as needed to advance ethical and responsible practices.

Our Ethics & Compliance team is responsible for driving internal implementation of Kroger's [Policy on Business Ethics](#). The team also monitors our company helpline, through which associates can anonymously report concerns. Partnering with the Corporate Affairs and Sourcing teams, the Ethics & Compliance team follows legislative and regulatory changes and shares updates with relevant teams. It also collaborates on developing compliance programs and monitoring implementation and effectiveness.

Throughout 2021, we continued to monitor U.S. federal and state guidelines related to the ongoing COVID-19 pandemic to ensure we remained compliant amid a challenging and changing operating environment.

## Oversight of ESG Topics



## Data Privacy & Cybersecurity

We recognize the responsibility to protect our customers' information, our own data and our business systems. We prioritize data privacy and cybersecurity practices that protect company information and the personal data shared with us.

The Chief Ethics and Compliance Officer leads Kroger's Privacy Office, which reports to an Executive Steering Committee that includes our General Counsel, Group Vice President of Corporate Affairs, Chief Merchandising Officer and Chief Information Officer. The Chief Information Security Officer and Cyber Resilience team are responsible for cybersecurity, with board-level oversight from the Audit Committee.

Three components form our approach to cybersecurity:

- Using technology to automate and proactively identify issues
- Augmenting our existing teams with additional, high-skilled talent
- Concentrating on third-party risk management

### Data Privacy

In the U.S. alone, more than 20 states introduced data privacy legislation during 2021. Five states have comprehensive privacy laws: California, Colorado, Connecticut, Utah and Virginia. Kroger's Privacy Office, Law department and Corporate Affairs team monitor policy developments at federal and state levels to inform internal policies and processes that meet or exceed compliance standards.

We conduct an annual review of our [Privacy Policy](#) to make sure it accurately reflects our data practices on what privacy rights are available to individuals and how we collect, use and share data.

Kroger prioritizes incorporating privacy considerations in our product lifecycle, marketing practices and culture. In 2021, we increased the reach of governance

processes and cross-team coordination to enhance consideration of potential privacy impacts when designing new processes or solutions. We also improved privacy operations by automating tasks, measuring practice maturity and implementing more efficient tools for enabling privacy rights fulfillment and privacy impact assessments.

All corporate and technology associates who handle personal information complete general privacy awareness training. Associates working in data solutions and architecture, media and marketing, and our Kroger Health business are required to complete additional privacy training.

### Cybersecurity

We implement cybersecurity practices appropriate to the nature of the information we collect and use—including technical, administrative and operational procedures—to prevent loss, misuse or alteration. In 2021, Kroger's Cyber Resilience team incorporated new threat intelligence capabilities and conducted tabletop exercises to fine-tune playbooks and adopt more proactive security measures.

When personal information is entrusted to a third-party service provider, we thoroughly review and supervise how the information is handled through appropriate contractual and security controls. In 2021, we engaged third-party auditors to review our cybersecurity due diligence process. Using these results, we are now enhancing third-party risk management with improved contract negotiation and onboarding, setup and tiering, and ongoing risk monitoring and management.

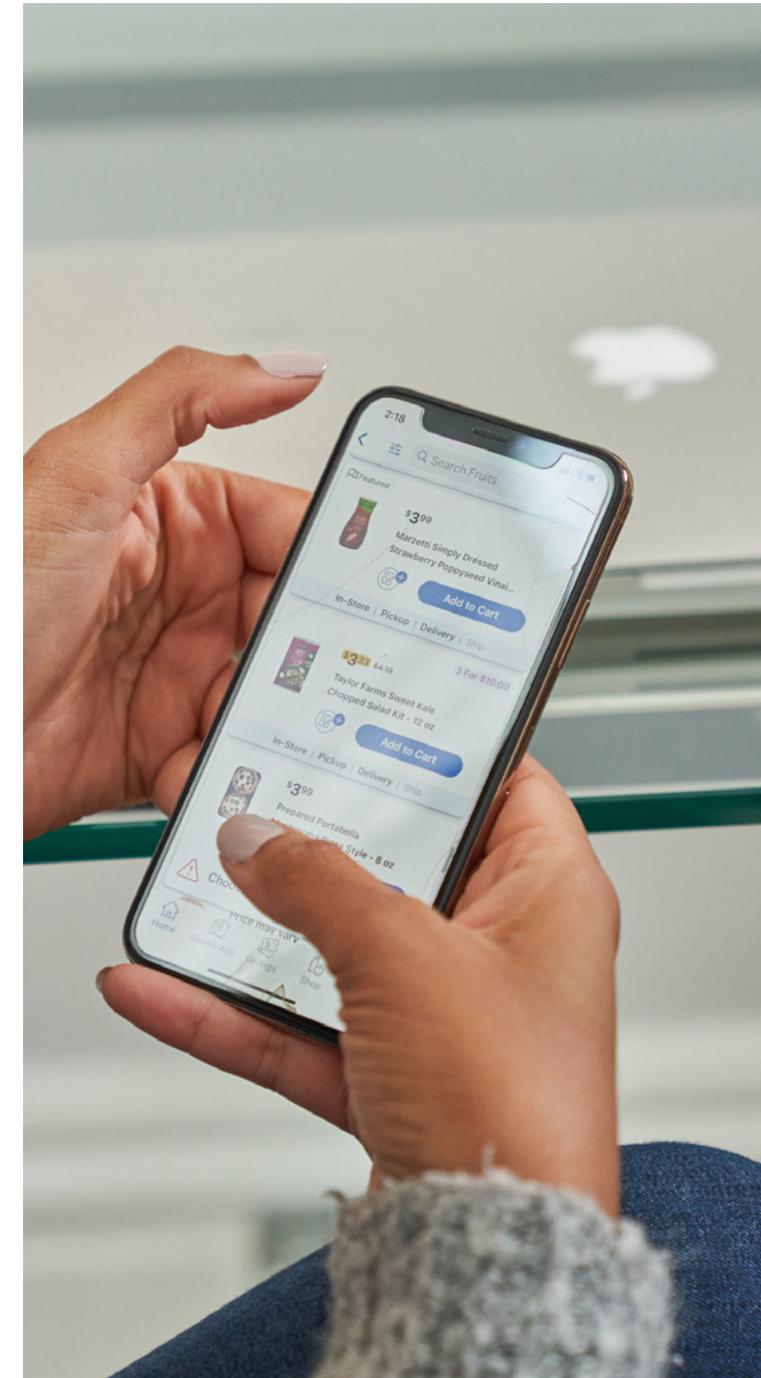
In 2021, Kroger was impacted by Accellion, Inc.'s data security incident. The incident was isolated to Accellion services and did not affect Kroger's business systems or data. After learning of the incident's effects in January, Kroger discontinued use of Accellion's services, reported the incident to federal law enforcement and activated a forensic investigation process to review the

potential scope and impact of the incident. We also contacted customers and associates who may have been affected and offered credit monitoring at no cost to them. We continue to apply key learnings from these incidents to future system security protections.

All associates with access to personal information are assigned cybersecurity training on management best practices. In 2021, we asked all corporate, technical and retail store associates to complete a data security awareness training course. In addition, corporate and store associates who work in areas regulated by the 1996 Health Insurance Portability and Accountability Act (HIPAA) are assigned applicable training courses such as HIPAA Security, a HIPAA Refresher course, and HIPAA Privacy Compliance for Non-Pharmacy Associates.

In 2021, Kroger significantly enhanced our training portfolio, partnering with industry-leading providers to include:

- Over 300 security and privacy awareness and phishing testing courses
- Over 8,000 security and technical training courses, labs, assessments and professional certification paths for security and technology associates
- Over 700 in-depth security and technical modules, labs and tabletop exercises



## Marketing Practices

Kroger develops marketing communications and integrated campaigns to help customers make purchase decisions that are right for them. We follow applicable laws and regulations related to marketing practices, and we strive to work with partners who do the same. *Our Brands*, Marketing, Media Services, 84.51° and Merchandising teams lead this work in partnership with the Kroger Technology & Digital team and the Ethics & Compliance team.

Our customers tell us they value receiving personalized offers that deliver savings on items they purchase regularly. We use information about consumer shopping preferences and our customers' behaviors to develop billions of personalized offers every week—totaling nearly 1 trillion offers in 2021. We follow and continually update best practices that govern this work, as highlighted in our customer-facing [Privacy Policy](#), to clearly share why and how we may collect and use this information.

To fulfill our brand promise—Fresh for Everyone™—we promote healthy options like fresh, natural and organic choices across all customer segments and geographies. We work with national, regional and local media and advertising partners to connect with customers through traditional and social media channels.

A defined request for information (RFI) process governs how we select media partners. In the increasingly complex media landscape and digital ecosystem, we want to ensure we invest with partners in a responsible manner with transparency and as champions of diversity, equity and inclusion aligned with our Investment Guidelines. The RFI process includes specific questions to identify how vendors will create models and expand audiences without bias and with privacy best practices. We also ask vendors to share best practices in communicating organically with multicultural audiences.

Across our operations, we avoid targeted marketing to minors of products intended for adult purchase and consumption, including adult beverages and nicotine products. We are committed to representing product characteristics clearly and accurately, including health and nutritional benefits.

Where appropriate, based on new information, Kroger may choose to exit certain product categories to reflect our ongoing commitment to responsible marketing practices. For example, Kroger previously decided to discontinue the sale of electronic nicotine-delivery products, or electronic cigarettes.

### Kroger Private Marketplace

In 2021, Kroger Precision Marketing (KPM), Kroger's retail media business, introduced a private programmatic advertising marketplace. The Kroger Private Marketplace allows agencies and brands to reach consumers by applying Kroger audience data to programmatic campaigns within their preferred ad-buying platform.

Powered by 84.51° data science and Kroger's popular loyalty card program, KPM connects customers to brands to inspire purchasing online or in-store. The new marketplace platform is designed with safeguards to further support KPM's commitment to protecting customers' data and privacy.



# Responsible & Resilient Systems

Kroger is part of—and dependent on—an interconnected global food system and consumer goods supply chain. We are committed to using our size and scale to respect the rights of workers around the world and help build more responsible, resilient systems for the future.

### Material Topics:

- Responsible Sourcing
- Human Rights
- Supply Chain Accountability
- Animal Welfare



### 2021 Highlights

**\$4B**  
Annual spend with diverse-owned suppliers

Committed to align **human rights** practices to UN Guiding Principles

**14K**  
people engaged in Worker Voice Survey at suppliers' global facilities

**45.9%**  
Egg sales from cage-free or higher-welfare hen housing

## Responsible Sourcing

Kroger is committed to helping create a more sustainable, resilient and responsible global supply chain so we can offer a wide range of affordable product options for our customers. We lead with a systems approach to addressing the wide range of ESG topics affecting people and our planet. We manage sourcing topics and issues within the context of our business and ESG strategies, recognizing the need to contemplate potential tradeoffs and unintended consequences of specific single-topic policy changes.

Our management approach is led by a cross-functional Responsible Sourcing Steering Committee comprising leaders in Sourcing, Ethics & Compliance, Corporate Affairs, and Merchandising. Additional oversight is provided by Kroger's executive leadership team and the board's Public Responsibilities Committee.

A risk-based approach informs changes in our sourcing policies, practices and oversight, reflecting emerging issues that affect people and our planet. We rely on the expertise of our category sourcing leaders, product data and insights, third-party audit results and input from investors, industry groups, NGOs and other subject matter experts.

## Supplier Diversity & Inclusion

Kroger set a goal to spend over \$10 billion annually with diverse suppliers by 2030 as part of our Framework for Action: Diversity, Equity & Inclusion. We actively pursue collaborations with minority- and women-owned business enterprises, including companies owned by individuals who are veterans, disabled or members of the LGBTQ+ community. We value these relationships because they contribute to the local economy and community, and their products and services are often unique and popular among customers.

In 2021, we assigned responsibility for supplier diversity and inclusion to our centralized Sourcing team to strategically apply principles of inclusion to the broader function. Total spend with diverse-owned suppliers is expected to be \$4 billion<sup>21</sup> in 2021, nearly flat versus the prior year.

Kroger values the products, services and perspectives of entrepreneurs with different backgrounds and lived experience. We welcomed 230 new diverse-owned suppliers in 2021, an increase of 115% versus the prior year. These new businesses reflect more than \$500 million in incremental spend with diverse-owned suppliers.

Annual Spend with Diverse-Owned Suppliers



21. This amount includes more than \$630 million of business with diverse-owned suppliers expected to complete the certification process

**Framework & Policies**

Kroger’s Responsible Sourcing Framework encompasses our public commitments, requirements and expectations for suppliers and others who do business with our company. It includes policies that embed responsible procurement practices throughout our value chain.

In 2022, we began a detailed review of our responsible sourcing strategy and framework, with a focus on increasing due diligence for supply chain engagement, accountability and reporting. The scope of this work extends across all three pillars of our ESG strategy to help advance positive changes for people, our planet and systems.

We anticipate sharing updated guidance and resources with suppliers in 2023, particularly regarding human rights due diligence, animal welfare standards, a new Scope 3 GHG emissions-reduction target, sustainable packaging, food waste reduction and pesticide use in our produce supply chain, among other topics.

We strive to work with our suppliers to improve measurement, reporting and transparency in our supply chain over time, as technology evolves.

**For more information on specific topics, please review the list of policies at right.**

**Select Responsible Sourcing Policies**

- [Responsible Sourcing Framework](#)
- [Vendor Code of Conduct](#)
- [Standard Vendor Agreement](#)
- [Our Brands Vendor Certification Policy](#)
- [General Merchandise Regulatory Compliance and Quality Assurance](#)
- [Supplier Diversity & Inclusion Program](#)
- [Human Rights Policy](#)
- [Social Compliance Audit Content](#)
- [Animal Welfare Policy](#)
- [No Deforestation Commitment: Our Brands](#)
- [Seafood Sustainability Policy](#)
- [Pollinator Protection Statement](#)



**Conservation & Biodiversity**

As a grocery retailer, we aim to continue providing a wide variety of fresh foods for our customers far into the future. We recognize the critical need to preserve natural habitats around the world, reduce unnecessary conversion of land for agriculture, and improve species and wildlife protections for future generations.

The Systems pillar of our ESG strategy contemplates the interconnected issues and impacts for people and our planet—including a changing climate and global population growth—and considers potential interventions and trade-offs.

Kroger engages thought leaders, subject matter experts and stakeholders in conservation practices and natural systems to inform our approach. Through our Zero Hunger | Zero Waste plan and other public commitments, we strive to promote

responsible land use and advocate for more sustainable agricultural production methods that protect habitats and wildlife.

Our Zero Hunger | Zero Waste mission is particularly relevant to this dialogue. The world produces more than enough food to feed everyone today; however, significant food loss and waste throughout the food system prevents nourishing food from achieving its highest purpose: feeding people.

In 2022, we are working with the IPM Institute of North America to develop a comprehensive commitment to improve sustainability in our fresh produce supply chain. This body of work will also enable future reporting aligned with the Taskforce on Nature-related Financial Disclosures (TNFD) and Science Based Targets for Nature.

## Vendor Code of Conduct

Our customers trust that the products we offer come from reputable suppliers. All suppliers, including those providing *Our Brands* ingredients and finished products, are expected to disclose their global production facilities and locations through our centralized Supplier Hub and to maintain safe, fair working environments in all facilities.

All suppliers are expected to comply with our Vendor Code of Conduct. The Ethics & Compliance team is leading work to update this document in 2022. For contractual reasons, the Code of Conduct will be clearer and more concise, and Kroger expects all suppliers to agree to it without revision. A complementary Vendor Guide to Kroger's Code of Conduct will provide detailed implementation guidelines and additional context on performance and reporting expectations for suppliers building their responsible sourcing practices.

**Please see the Kroger [Vendor Code of Conduct](#).**

## Human Rights

As a U.S. food processor and retailer with a global supply network, we recognize our role and responsibility to respect human rights throughout our operations and value chain, particularly among vulnerable populations. Respecting human rights is embedded in our corporate governance and culture, and is a key element of our responsible sourcing and supply chain accountability initiatives. We outline Kroger's commitment to—and governance of—human rights in our updated Human Rights Policy and Vendor Code of Conduct, as well as our Responsible Sourcing Framework and Social Compliance Program Requirements. The Public Responsibilities Committee of the board oversees progress on human rights.

We continually review our approach and processes to help advance positive changes for people throughout our operations and global supply chain. In 2021, Kroger committed to align our approach with the UN Guiding Principles (UNGP) on Business and Human Rights and initiated a two-year plan to assess and improve our human rights practice and reporting. This included a comprehensive gap analysis to review existing governance, policies and processes, and a risk assessment workshop with internal leaders to define the company's most salient human rights risks.

Earlier this year, we published a new [Human Rights Policy](#) and a detailed [Human Rights Progress Update](#) to recap work completed so far.

## Assessing Human Rights Risks

In 2021, we engaged internal leaders and subject matter experts to review an updated supply chain risk assessment, discuss geographic areas of potential human rights risks and align on the company's most salient human rights risks. This prioritization process aligned with UNGP guidelines and shaped next steps, including the development of Kroger's human rights due diligence (HRDD) framework.

Internal stakeholders engaged in this process represented lines of business and corporate functions, including Retail Operations; Merchandising; Sourcing; Ethics & Compliance; Logistics; Internal Audit; Human Resources & Labor Relations; Manufacturing; Investor Relations and Corporate Affairs.

This was a valuable opportunity to drive deeper engagement and business integration in our ESG strategy. As a first step, Kroger worked with ELEVATE to develop a shortlist of 10 human rights issues for deeper analysis, informed by:

- Synthesizing our stakeholders' input and expectations, peer benchmarking insights, and internal and external stakeholder interview feedback.
- A global risk landscape report to assess the potential human rights risks of the company's activities or business relationships. The report was informed by supply chain analytics, desk research, media scans and country scores on social and/or human rights indices.
- An anonymous survey of more than 30 internal leaders and stakeholders to gather input on the most serious potential human rights impacts related to our own operations or the global supply chain, based on their role in the company.



**Risk Prioritization Workshop**

Kroger convened a workshop with internal leaders from various departments, including Ethics & Compliance, Sourcing, Retail Operations, Merchandising, Supply Chain, Human Resources & Labor Relations, Law and Corporate Affairs. The ELEVATE team facilitated this workshop following the UNGP guidelines for determining a “Statement of Salient Issues.”

Using the shortlist of 10 priority issues, we discussed internal and external feedback and risk landscape report findings to inform our list of most salient human rights risks. Participants prioritized these issues based on *severity* and *likelihood* in alignment with the UNGPs from their unique perspective and role.

Based on this input, we developed an initial prioritized list of most salient human rights risks for further review. We shared the list of prioritized risks with workshop participants to discuss any feedback or questions. The table at right outlines the company’s most salient human rights risks, impact areas, and relevant policies and resources.

We also agreed on next steps to define the implications of our updated policy commitments, including:

- Formalizing a cross-functional Human Rights Working Group with specific roles and responsibilities to lead the next phases of work in 2022 and 2023.
- Developing an action plan to further embed the policy across the company and with business partners.
- Initiating a review of related policies such as the Vendor Code of Conduct and Responsible Sourcing Framework to ensure alignment with the commitments made in the Human Rights Policy and expectations outlined in the UNGPs.

**Awareness of Salient Risks**

As a result of the steps described in 2021, we identified a list of most salient human rights risks. Salient issues are the human rights risks that pose the highest potential risk to people’s human rights as a result of the company’s activities or business relationships. These are defined in the table below.

Salient Human Rights Risk	Policies	Additional Resources
<b>Child labor</b>	<a href="#">Human Rights Policy</a>	<a href="#">Supplier Social Responsibility FAQs</a>
<b>Forced labor and human trafficking, including migrant labor</b>	<a href="#">Vendor Code of Conduct</a> <a href="#">Responsible Sourcing Framework</a>	<a href="#">Social Compliance Audit Content</a> <a href="#">Human Rights Progress Update</a>
<b>Discrimination</b>	<a href="#">Our Values</a>	<a href="#">Framework for Action: Diversity, Equity &amp; Inclusion</a>
<b>Harassment &amp; abuse</b>	<a href="#">The Kroger Co. Policy on Business Ethics</a> <a href="#">Vendor Code of Conduct</a>	<a href="#">Kroger Allyship Guides</a> <a href="#">Kroger Helpline: EthicsPoint</a>
<b>Working hours</b>	<a href="#">Compensable Time Policy (internal)</a> <a href="#">Paid Time Off Policies</a>	<a href="#">Life at Kroger</a>
<b>Health &amp; safety</b>	Internal policies and standards	<a href="#">Kroger’s Blueprint for Businesses</a> <a href="#">Associate Well-Being &amp; Safety</a> <a href="#">Kroger: A Fresh Welcome</a>



### Next Steps

Kroger's Human Rights Working Group and ELEVATE continue to develop a comprehensive HRDD framework and three-year implementation roadmap. This work is more rigorous than originally anticipated; in fact, conversations about how to apply the RACI model—defining which teams and leaders are Responsible, Accountable, Consulted and Informed—have been thoughtful and constructive. We are finding this to be a valuable tool for engaging cross-functional leaders to develop more detailed governance and clarify roles and responsibilities. We expect to spend the balance of the year refining this framework and roadmap.

### Impact Assessments

Kroger recently initiated our first human rights impact assessment (HRIA) to more deeply understand human rights risks in our supply chain. The first HRIA is focused on understanding the human rights risks for migrant farmworkers in the production of mixed greens in California. The ELEVATE team is supporting this HRIA by recommending the approach, conducting independent farm visits with key suppliers and interviewing rightsholders and other subject matter experts. We expect to publish a report in early 2023 with results, including recommendations and action steps to align remedy with any potential findings.

The company's decision to focus first on mixed greens in California reflects these factors:

- Mixed greens represent a high-volume sourcing commodity for Kroger.
- The company's social compliance program to date has focused on suppliers' international production facilities versus U.S. operations.
- There are known potential risks to farmworkers and H-2A Temporary Agricultural Workers in the U.S.

- Key Kroger suppliers for mixed greens agreed to support the HRIA and provide access to farms and workers.
- The Responsible Sourcing team in the U.S. can more closely support and monitor any access to remedy provided to gauge effectiveness.

We are also finalizing the scope of a second HRIA, which will likely be conducted with another retail partner. At this time, the HRIA will focus on forced labor risks in shrimp produced in aquaculture operations in India. We selected this impact assessment based on these factors:

- Shrimp is a high-volume sourcing commodity for Kroger and the other retailer.
- There are known human rights risks in the global seafood supply chain.
- India is a key sourcing region for farmed shrimp for both retailers.
- Facilities and workers are more accessible in aquaculture than in wild-caught seafood operations.
- Other existing research will complement the focus of this HRIA and may expedite access to remedy.

### Stakeholder Engagement

We continue to engage stakeholder groups throughout this HRIA process. The UNGPs provide detailed guidance on this stage of impact assessments, including steps to engage rightsholders and subject matter experts. We selected HRIAs that add to the global body of knowledge about human rights risks in specific countries and commodities, and that may prioritize access to remedy for vulnerable workers, particularly where existing research on known risks is more widely available.

Kroger has also agreed to apply a lens of gender equity to our HRDD framework and HRIAs to consider and help address unique human rights risks to vulnerable women in global food production and other manufacturing.



## Supply Chain Accountability

A risk-based management approach to improve supply chain integrity is central to our Responsible Sourcing Framework. We implement comprehensive programs that hold our suppliers accountable for meeting Kroger’s high standards and support continual improvement in our global food and consumer goods systems.

Kroger’s cross-functional Responsible Sourcing Steering Committee and Human Rights Working Group lead our approach to supply chain accountability, with oversight from senior management and the Public Responsibilities Committee of the board.

We engage suppliers through ongoing assessments of environmental and social practices, including human rights. We build strong supplier relationships during onboarding and maintain them through regular meetings, site visits, surveys and audits.

### Social Compliance Audits

Kroger’s Social Compliance Program verifies suppliers’ alignment with our Vendor Code of Conduct, which all suppliers must agree to as a condition of doing business with Kroger. Among other expectations, the Code of Conduct informs vendors that the facilities they operate can be subject to third-party social compliance audits. Kroger’s Social Compliance Program Requirements outline the legal requirements and high ethical standards to which we hold our suppliers, and our published [Social Compliance Audit Content](#) guides third-party audits.

To determine audit scope and frequency, we evaluate our supplier base against multiple criteria, including where facilities are located, what products they produce and inherent industry risks. At a minimum, we require social compliance audits for all *Our Brands* food and non-food products and unbranded products (such as bulk produce) processed at facilities outside the U.S. We also require audits for direct-import national-brand products where Kroger is the importer of record. The

scope will likely expand to include some suppliers’ U.S. facilities as part of our expanded [Human Rights Policy](#).

Throughout 2021, continued pandemic-related travel restrictions extended our use of virtual compliance audits where on-site visits were not possible. These virtual audits provided ongoing visibility and accountability for Kroger’s Social Compliance Program. We also continued to use and expand the reach of the Worker Voice Survey during audits as a complementary mechanism for workers to raise concerns.

### Risk-Based Approach

Kroger engages consultant ELEVATE to regularly assess Kroger’s supply chain and apply segmentation based on social and environmental risk. Through the process, we classify primary product and commodity categories in our supply chain based on two dimensions:

- Risk level (high, medium or low)
- Kroger’s ability to influence risk in the supply chain (high, medium or low leverage)

The assessment draws on various indices, compiling information on labor, health and safety, environmental, ethics, and management systems to assign risk and influence levels. This helps refine our approach to prioritizing social compliance audits in areas of higher concern. In 2021, we added a human rights policy gap analysis and risk assessment to inform an expanded commitment to respecting human rights in our global supply chain. These findings provide valuable insight into which populations are most vulnerable—and where—and how we can improve human rights governance.

We continually review incoming audits for violations of our Vendor Code of Conduct, Human Rights Policy and other key policies. Our Social Compliance team developed a Traveler’s Checklist to raise internal awareness about indicators of supply chain human rights issues. We encourage associates to use this tool when visiting supplier facilities to identify potential concerns and notify our Responsible Sourcing team, which determines whether follow-up action is needed.

Where potential issues or allegations are identified, the Responsible Sourcing Steering Committee and/or Human Rights Working Group activates the relevant policy framework and our established issue management protocol to evaluate the situation and take appropriate action.

### Worker Voice

Our social compliance program is designed to monitor and help improve working conditions for people in our global supply chain. In 2021, ELEVATE helped facilitate an expanded Worker Voice Survey to capture workers’ direct feedback and insights about working in our suppliers’ production facilities. The scope included:

**11**

countries

**333**

international production sites

**14K**

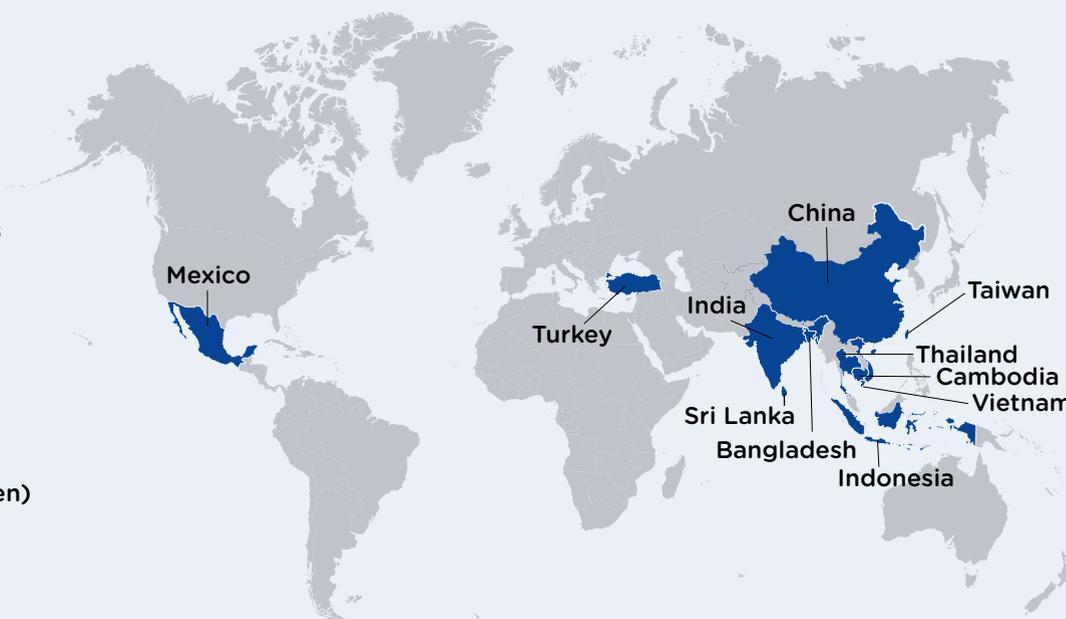
workers

**63%**

women (37% men)

**18–49**

age range for survey respondents



**Corrective Action Plans**

In the spirit of continual improvement, when audits identify issues we expect suppliers to develop time-bound corrective action plans (CAPs) and report progress.

Lack of transparency during the audit process may be an indicator of more egregious issues, so we make our expectations of transparency clear to all suppliers. When suppliers have repeated non-transparency findings in their audits, we work with them directly to resolve the issue, or we terminate the supply agreement if the issue persists.

Zero-tolerance violations are a different matter. Findings that fall into this category include evidence of forced labor or child labor, or attempted bribery. Depending on the situation, we may suspend or terminate the supply contract, following our established issue management protocol.

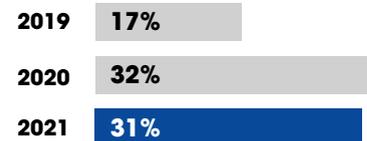
In 2021, approximately 31% of completed audits resulted in approved facilities receiving CAPs for minor violations to be fixed within 12 months, while 59% resulted in conditional approval with a CAP required to be completed over either six or 12 months. Additionally, 10% of audits identified zero-tolerance violations and, if permitted, the suppliers corrected violations immediately. Our objective is to reduce the number of zero-tolerance findings in our supply chain over time.



**Social Compliance Audit Findings**

2019-2021

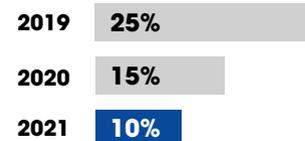
Approved Facilities



Approved with CAPs



Zero-Tolerance Findings



**Increased Accountability**

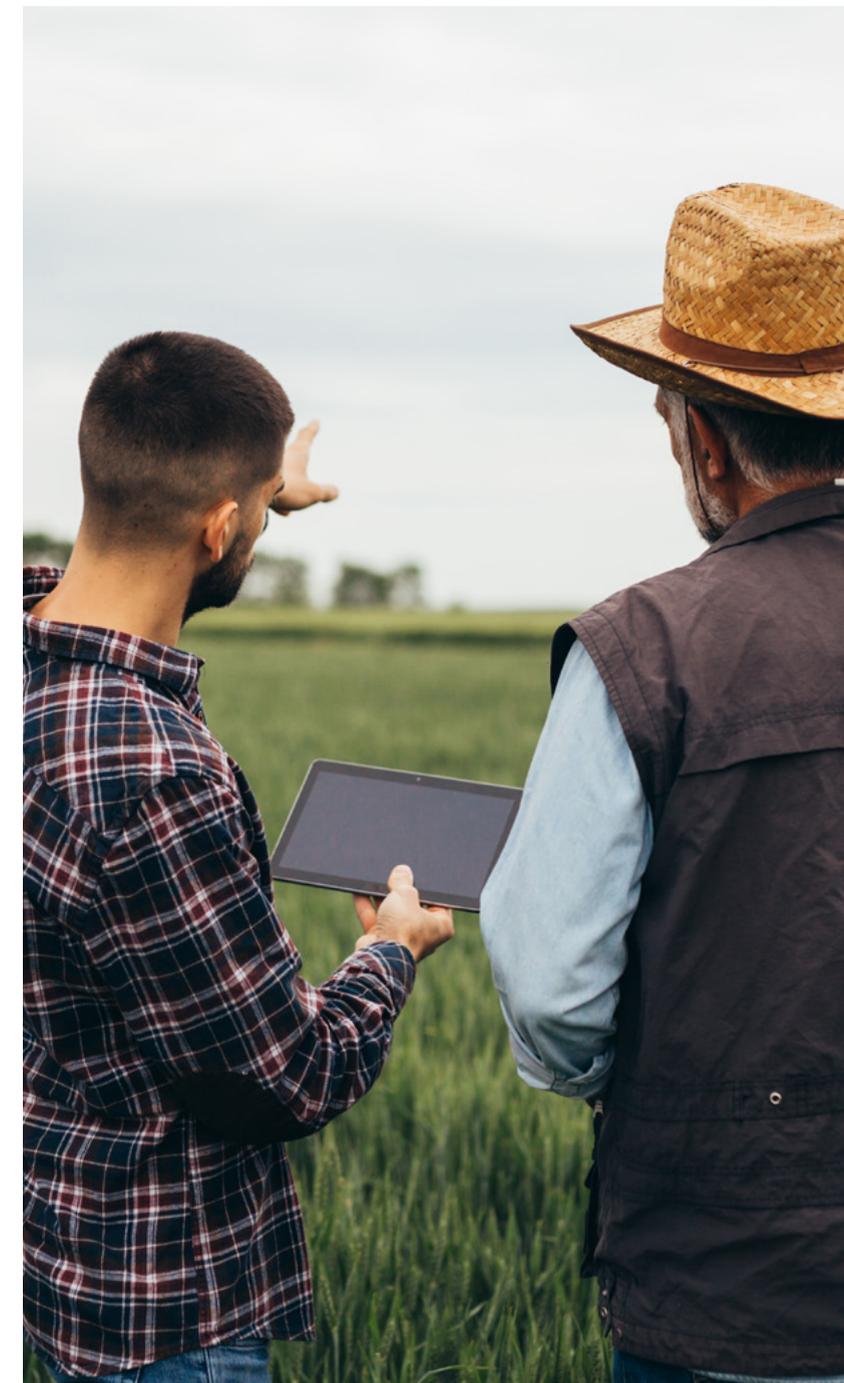
Kroger carefully monitors known and emerging risks across product categories and global supplier networks. Our Responsible Sourcing Steering Committee meets at least monthly to discuss and manage critical topics. An extended team provides subject matter expertise on key areas of enhanced monitoring and engagement, including human rights, animal welfare, chemical safety and apparel production.

Our centralized vendor management system—Supplier Hub—is designed to enable a thorough identification process for external suppliers. Through it, we gather information on supplier compliance with our goals, relevant company initiatives and U.S. food safety standards. Supplier Hub provides a mechanism for alerting our teams and preventing payment to suppliers not in compliance. Planned enhancements to the system will provide additional mechanisms to monitor items in production at suppliers’ global facilities.

**Regulatory Compliance**

Kroger is committed to product safety and quality. Our suppliers must comply with regulatory requirements pertaining to product safety, as well as meeting or exceeding Kroger’s quality, safety and performance requirements. Our dedicated General Merchandise group maintains a General Merchandise Regulatory Compliance and Quality Assurance Program, which outlines product-testing requirements for *Our Brands* general merchandise.

To enhance responsible disposal of select products, our Environmental Compliance team has implemented simpler processes for store disposal of unsalable hazardous products and store-use chemicals that are beyond their useful life. Additionally, working with UL WERCSmart, we provide accurate disposal information directly to stores and distribution centers. We use licensed hazardous waste vendors to remove materials from our sites and properly manage disposal, reuse, recycling or destruction.



## Animal Welfare

The welfare of animals in our protein supply chain has long been a priority for Kroger. The company's Corporate Food Technology (CFT) team leads our approach to animal welfare in the context of animal agriculture and sustainable protein production, with oversight from senior leaders and the Public Responsibilities Committee of the board.

Kroger is committed to advancing the welfare of animals that produce food while balancing other critical strategic ESG priorities that affect people and our planet. We work with suppliers, animal welfare experts and other stakeholders to advance standards that protect workers and animals, and that preserve access to affordable proteins for our customers.

### Our Approach

Kroger is not directly involved in raising or processing any animals in our protein supply chain. We require suppliers to adopt industry-accepted animal welfare standards and provide specific welfare audit results for verification annually.

Kroger's efforts are led by an internal Animal Welfare Working Group of leaders from CFT; Ethics & Compliance; Merchandising; Sourcing; and Corporate Affairs teams. We engage third-party experts on beef, dairy, pork and poultry through an external Animal Welfare Advisory Council that guides strategy and helps review current and emerging issues. We report progress in animal welfare to Kroger's executive leadership team and the Public Responsibilities Committee at least three times a year.

We also participate in industry groups and collaborative platforms to stay informed of key developments in animal welfare and protein production. This includes membership and participation in the Global Coalition for Animal Welfare (GCAW), a multi-stakeholder group of protein producers, foodservice companies, restaurants and retailers. GCAW is administered by a secretariat and has dedicated working groups to advance welfare for laying hens, broiler chickens and pigs.

### Advancing Progress

With a commitment to continual improvement, we evaluate and update our [Animal Welfare Policy](#) annually as needed, based on input from global experts. In 2023, we will transition the foundation of our policy from the Five Freedoms to the Five Domains of Animal Welfare, an internationally respected approach that emphasizes current animal science and outcome-based standards.

During the next year, we will work with our Animal Welfare Advisory Council, suppliers and other experts to define outcome-based welfare standards and third-party auditing plans in alignment with the Five Domains. Our primary focus remains advancing animal welfare for laying hens, pigs, broiler chickens, and beef and dairy cattle.

We expect our suppliers to follow animal welfare guidelines certified by the Professional Animal Auditor Certification Organization (PAACO).

For more details, please see our [Animal Welfare Update](#).

### Laying Hens

Kroger continues to work with suppliers, animal welfare experts and other stakeholders to support the transition to higher-welfare laying hen housing systems. As we transition our reporting to align with Sustainability Accounting Standards Board disclosure guidelines for food retailers, we are restating our progress on hen housing. In 2021, cage-free eggs represented 45.9% of total egg revenue company-wide (2020: 41.9%; 2019: 39.4%). Progress on cage-free egg units is noted in the table on [page 15](#).

We continue to encourage customer engagement by investing in prices and promotions, featuring cage-free eggs in weekly advertising circulars and dedicating preferred shelf space to cage-free or higher-welfare options. We also encourage suppliers to adopt cage-free or higher-welfare standards for egg production, based on demand and in ways that preserve affordability for our customers.



### The Future of Egg Farming

In late 2021, Kroger and Kipster Farms, the innovative egg production system founded in the Netherlands, announced a strategic partnership to bring the world's first carbon-neutral, cage-free eggs to our customers in the U.S. These Simple Truth® and Kipster eggs will be produced in a closed-loop system that aligns with high health and animal welfare standards.

This new Kipster Farms production system goes beyond today's cage-free standard for hen housing to advance positive impacts for people, animals and our planet.

MPS Egg Farms, a long-standing Kroger supplier based in North Manchester, IN, is building the first U.S. production facility using the proprietary Kipster Farms system. It's designed as a circular system, in which chickens help upcycle food waste into eggs, meat and fertile manure. Kipster is the only egg farmer in the world to farm with such a high level of circularity.

The new Simple Truth® and Kipster eggs will further expand the brand's line of more sustainable choices as part of the *Our Brands* product portfolio. Simple Truth® and Kipster eggs are expected to be available in select stores in early 2023.

The system:

- Incorporates the highest standards of animal welfare, providing a cage-free, natural-like wooded environment with plenty of variety, daylight and outdoor foraging space.
- Raises roosters for chicken meat.
- Uses chicken feed made from a majority of surplus food from bakeries and other food producers, reducing climate impacts compared to standard feed.
- Minimizes fine particle emissions, resulting in better air quality for farmers and animals.
- Uses rooftop solar panels to produce clean energy.

**Customer insights:** Among the many learnings in our ESG journey, we recognize that a majority of our customers depend on eggs as an affordable, high-quality protein source. To inform our future egg offering within the context of our ESG strategy, we conducted a detailed customer insights and supply chain review earlier this year. Our updated roadmap for laying hen housing reflects the impact of continued price investments, advancing state legislation and the introduction of new cage-free, carbon-neutral Simple Truth® and Kipster eggs in early 2023.

**Supplier engagement:** Going forward, we will continue to offer a variety of eggs to ensure that affordable, healthy protein options are accessible for all Kroger customers. We will work with our suppliers to help ensure the eggs we sell come from farms that advance animal welfare, promote a safe working environment for people, adopt more sustainable methods and provide quality eggs that meet the needs and preferences of all customers.

We continue to encourage suppliers to adopt higher-welfare systems aligned with our commitment to advance customer demand, accessibility and affordability. Regardless of the housing system used, we expect all egg suppliers to align with United Egg Producers animal care guidelines and audits.

**Updated goal:** Given the current rate of industry progress and consumers' desire for affordability, we do not expect to achieve our 2025 commitment. Kroger anticipates transitioning about 70% of eggs sold (by units) to cage-free or higher-welfare standards by 2030. We will strive for continued progress beyond 2030, expected in large part from our investment in bringing the innovative Kipster Farms system from the Netherlands to the U.S., depending on customer engagement.

Kroger anticipates investing about \$45 million to support this roadmap to 2030, including investments in sourcing agreements, pricing, promotions and merchandising.

### Pigs

While there is no single, agreed-upon standard for sow housing, we encourage suppliers to use the minimum time necessary in individual stalls to enhance sow health and welfare, protect workers and preserve access to affordable fresh pork. Our goal is to achieve 100% of fresh pork and bacon from sows in group housing systems by 2025. We define group housing as housing systems where sows are moved to group pens for the middle phase of gestation as early as possible, no later than six weeks after breeding.

**Customer insights:** To inform our fresh pork offering within the context of our ESG strategy, we conducted a detailed customer insights and supply chain review earlier this year. Our roadmap to achieving the 2025 goal reflects input from suppliers, animal welfare experts and other stakeholders.

**Supplier engagement:** Kroger's sourcing agreements expect suppliers to use group housing systems and provide third-party audits to verify progress going forward. Our sow housing requirements will include continued diligence with fresh pork suppliers to help ensure standards are in place for supplier-owned production facilities and other third party-operated facilities that may be in our fresh pork supply chain. Future sow housing and pork welfare management will align to the Five Domains and outcome-based measures of welfare, to be outlined in the next year.

**Progress update:** Given our suppliers' expected transition to group housing systems over time, we anticipate achieving these milestones toward our goal: 65% by 2023; 75% by 2024; and 100% by 2025. Kroger anticipates investments in 2023 to support suppliers' transition to group housing through sourcing agreements.

### Broiler Chickens

We strive to promote higher-welfare practices among suppliers raising chickens as an affordable fresh protein option. We aim to achieve the following welfare

enhancements for at least 50% of our Simple Truth Organic® and Simple Truth Natural® fresh chicken:

- Maximum stocking density of 6.0 pounds per square foot and prohibit broiler cages
- Enriched environments, including litter and lighting
- Processing in a manner that avoids pre-stun handling and uses a controlled atmosphere system (CAS) to induce an irreversible stun

Going forward, we expect suppliers to verify progress on these goals through third-party audits. We recognize that the industry's pace of transition to CAS may limit our ability to achieve that element of our goal.

### Other Welfare Updates

**Dairy:** Cooperatives supplying milk to Kroger's manufacturing plants and *Our Brands* grocery assortment must be in good standing with the National Dairy Farmers Assuring Responsible Management (FARM) Program, supporting our goal to sell 100% FARM-sourced milk. Kroger takes proactive steps to improve animal welfare oversight through sourcing contracts with milk cooperatives, using measures such as frequent welfare audits. We are also a signatory to the U.S. Dairy Stewardship Commitment, supporting efforts to measure and improve dairy production impacts on people and our planet.

**Beef:** More than 99% of fresh beef in Kroger's supply chain is from suppliers' U.S.-based production facilities. We continue to work with suppliers to advance animal welfare for cattle in our beef supply chain.

**Fish:** We recognize the growing body of work related to advancing fish welfare in farm-raised and wild-caught operations and processing. Kroger is engaging animal welfare experts, industry groups and other stakeholders to frame a specific approach to fish welfare going forward.

For more details, please see our [Animal Welfare Update](#).



# Material Topics Summary Table

## ESG Topic Definitions and Boundaries

To address the complex issues most relevant to our business, we continue to learn from internal and external stakeholders through the materiality assessment process and ongoing engagement. The topics listed below were identified and prioritized in our latest materiality assessment, shared in our [2020 ESG Report](#). We are conducting a new materiality assessment in the second half of 2022 to inform our strategy and content for the 2023 ESG Report.

Environmental Topic	Topic Definition	Boundary	Tier
<b>Agricultural Practices</b>	Promoting responsible pesticide, fertilizer and soil-management practices, including efforts to reduce negative impacts on pollinators.	Internal—Corporate (Sourcing) External—Supply Chain (Farmers)	3
<b>Chemical Management</b>	Redesigning products and processes to avoid the use and/or generation of hazardous chemicals, replacing potentially hazardous chemicals with safer alternatives, reducing hazardous chemical emissions and wastewater discharge and diverting unsalable or hazardous consumer products from landfill through responsible management.	Internal—Corporate (Sourcing) External—Food, Consumer Packaged Goods (CPG) and Packaging Suppliers	3
<b>Climate Impact</b>	Energy consumption and GHG emissions resulting from building and fleet management in retail, manufacturing, supply chain and other Kroger operations. Implementing solutions (e.g., renewable energy and energy/refrigeration efficiency) to address climate change and mitigate the impacts of climate change on Kroger.	Internal—Retail Operations, Food Production Plants, Distribution Centers, Fleet External—Suppliers to Kroger’s Food Production Plants	1
<b>Deforestation &amp; Land Management</b>	Supporting responsible land-management and forestry practices in our operations and supply chain to reduce forest loss and negative impacts on biodiversity, particularly among high-impact commodities such as palm oil, beef, soy and pulp/paper/timber.	Internal—Corporate (Sourcing) External—Food, Packaging and CPG Suppliers	3
<b>Food Waste</b>	Working across the value chain to reduce and recover food waste in our operations and in partnership with suppliers, farms and customers.	Internal—Food Production Plants, Retail Operations, Corporate (Corporate Affairs) External—Farmers, Food/Perishables Suppliers	1
<b>Operational Waste</b>	Diverting more waste from landfill through increased waste reduction, reuse and recycling adoption in our operations. This includes adopting more circular economy models.	Internal—Retail Operations, Food Production Plants, Distribution Centers	3
<b>Packaging</b>	Adopting sustainable packaging practices that reduce unnecessary materials, increasing recyclability of packaging, adopting more reusable models and increasing recycled content and sustainable fibers. Supporting infrastructure development and providing recycling solutions and recycling information for customers.	Internal—Corporate (Product Design, Sourcing, Government Affairs) External—Suppliers, Packaging Suppliers	1
<b>Water</b>	Reducing water use, increasing reuse and managing water discharge quality to protect local water sources.	Internal—Food Production Plants, Stores, Distribution Centers External—Farmers, Suppliers	3
Social Topic	Topic Definition	Boundary	Tier
<b>Associate Health &amp; Safety</b>	Providing proper safety training and equipment, safe working conditions and access to resources to maintain and improve associates’ health and well-being.	Internal—All Operations	1
<b>Associate Training &amp; Education</b>	Providing training and educational opportunities to build associates’ skill sets, increase engagement and job performance and support career advancement.	Internal—All Operations External—Communities, Unions	2
<b>Community Engagement</b>	Using community engagement principles to share updates on Kroger business and operations, discuss community priorities, partner in local events and identify opportunities for philanthropic support and more. Being a trusted partner in the communities where our associates and customers live through volunteerism, grants and donations.	Internal—All Operations External—Communities, NGOs	1
<b>Customer Experience</b>	Providing exceptional service and value and improving the customer experience through advances in areas such as online ordering, home delivery and digital solutions that offer greater flexibility in how customers shop.	Internal—All Operations External—Customers	2
<b>Disaster Resiliency</b>	Enhancing our ability to respond to natural disasters affecting our associates and customers by improving our preparedness and speed to mobilize needed resources.	Internal—All Operations External—Communities, Government/Policy Institutes	2

<b>Diversity, Equity &amp; Inclusion</b>	Building a diverse and inclusive workforce, fostering an environment of non-discrimination where diversity is a competitive advantage and providing equal opportunities for associates. Building supplier diversity and inclusion as a business advantage.	Internal—All Operations External—Communities, Customers	1
<b>Food Access</b>	Fighting hunger by ensuring the availability of sufficient, affordable and nutritious food to support an active and healthy lifestyle.	Internal—Food Production Plants, Retail Operations, Sourcing/Procurement External—Community, Customers, Suppliers	1
<b>Food Safety</b>	Ensuring food produced in our manufacturing plants and sold in our stores is safe for customers by establishing and maintaining science-based food preparation and handling guidelines. Developing and maintaining programs to address emerging food safety topics.	Internal—Food Production Plants, Distribution, Retail Operations External—Customers, Suppliers	1
<b>Genetically Modified Organisms (GMOs)</b>	Transparent communication about the presence and impact of GMOs in food products.	Internal—Corporate (Sourcing) External—Food Suppliers	3
<b>Health &amp; Nutrition</b>	Encouraging customers to include more healthful and nutritious products in their baskets, providing pharmacy and retail health clinic services to our customers and supporting wellness in the communities in which we operate.	Internal—Food Production Plants, Marketing, Retail Operations, Technology, Sourcing/Procurement, Kroger Health External—Community, Customers, Suppliers	1
<b>Labor Relations</b>	Promoting fair labor practices, respecting associates’ freedom of association and right to collective bargaining and participating in positive, proactive, consultative conversations with associates, including those covered by collective bargaining agreements.	Internal—All Operations External—Union	2
<b>Marketing Practices &amp; Product Labeling</b>	Providing clear, fact-based and transparent nutritional labeling, including information on geographic origin, restaurant-type menu items sold in our stores and our suppliers’ products. Working with suppliers to ensure product attributes are truthfully and responsibly communicated to our customers in stores and through advertising, including refraining from marketing products to children that do not fulfill specific nutritional criteria.	Internal—Corporate (Package Design, Procurement/Sourcing, Marketing) External—Customers, Industry Associations, NGOs, Suppliers	3
<b>Product Safety</b>	Providing customers with high-quality non-food products (e.g., clothing, cleaning products) that meet the highest safety and legal requirements. Setting robust standards for the production of non-food products.	Internal—Distribution, Retail Operations External—Customers, Suppliers	2
<b>Retail Security</b>	Ensuring the physical security of retail operations by training associates on issues such as active shooters, open carry laws and appropriate response to crime and theft.	Internal—Retail Operations	3
<b>Talent Attraction &amp; Retention</b>	Creating a workplace of choice by providing competitive wages, high-quality benefits and a company culture that fosters career advancement and purpose.	Internal—All Operations External—Communities, Customers	2
<b>Governance Topic</b>	<b>Topic Definition</b>	<b>Boundary</b>	<b>Tier</b>
<b>Animal Welfare</b>	Providing industry leadership in support of the humane treatment of animals, requiring adherence to Kroger’s Animal Welfare Policy, helping improve industry practices and driving innovations in plant-based protein.	Internal—Food Production Plants, Procurement/Sourcing External—Animal Protein Suppliers ( <i>Our Brands</i> , National Brands)	2
<b>Data Privacy &amp; Cybersecurity</b>	Ensuring the data privacy and security of associates, customers and suppliers and implementing procedures to prevent, detect and respond to potential data breaches.	Internal—Corporate (84.51°, IT/Technology, Shopper Marketing) External—Customers, Suppliers	1
<b>ESG Corporate Governance</b>	Establishing and disclosing systems that ensure that ESG priorities are incorporated into the company’s overall corporate governance practices, including checks and balances that enable the Board of Directors to have appropriate control and oversight responsibilities.	Internal—All Operations External—Supply Chain, Customers, Investors	2
<b>Ethics &amp; Compliance</b>	Operating in an ethical manner and in compliance with applicable regulations, including anti-corruption, anti-bribery and anti-competitive practices. Maintaining and enforcing codes of conduct to protect associates, suppliers and customers.	Internal—All Operations External—Supply Chain, Customers, Investors	2
<b>Human Rights</b>	Upholding human rights, including addressing such issues as forced labor, migrant labor, child labor and living wage expectations, within operations and through the supply chain.	Internal—All Operations External—Supply Chain, Customers, Investors	3
<b>Public Policy Practices</b>	Actively participating in forming and shaping federal, state and local public policy on issues that could significantly affect our business.	Internal—Corporate (Compliance, Corporate Affairs, Government Affairs) External—Customers, Government/Policy Institutes, Industry Associations, NGOs, Suppliers	3
<b>Responsible Sourcing</b>	Developing and adhering to procurement practices that mitigate environmental and social risks in the supply chain, as well as finding opportunities to make a positive impact for people and the planet. Increasing traceability and transparency.	Internal—Corporate (Sourcing, Corporate Affairs, Ethics & Compliance) External—Suppliers	1
<b>Supply Chain Accountability</b>	Holding suppliers accountable for meeting standards through assessments of environmental, social and human rights practices. Working to improve the traceability of products.	Internal—Corporate (Sourcing, Ethics & Compliance) External—Suppliers	1
<b>Sustainable Seafood</b>	Offering wild-caught and farm-raised seafood sourced from sustainability-certified fisheries, supporting FIPs and removing at-risk species from stores.	Internal—Corporate (Sourcing) External—Seafood Suppliers	3

# Task Force on Climate-related Financial Disclosures (TCFD) Index

Below we provide references to where our reporting responds to the TCFD recommended disclosures. We include links to the relevant content in this ESG Report, our Annual Report, our response to the CDP Climate questionnaire and other resources.

Section	Description	Link to Content
Governance	Describe the board's oversight of climate-related risks and opportunities	2022 ESG Report ( <a href="#">Climate Governance</a> , <a href="#">ESG Governance</a> ) <a href="#">CDP Climate</a> (Governance)
	Describe management's role in assessing and managing climate-related risks and opportunities	2022 ESG Report ( <a href="#">Climate Governance</a> , <a href="#">ESG Governance</a> ) <a href="#">CDP Climate</a> (Governance)
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	2022 ESG Report ( <a href="#">Climate Impact—multiple sections</a> ) <a href="#">Kroger Annual Report</a> (Managing Climate Impacts, Risk Factors) <a href="#">CDP Climate</a>
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	2022 ESG Report ( <a href="#">Climate Impact—multiple sections</a> ) <a href="#">Kroger Annual Report</a> (Managing Climate Impacts, Risk Factors) <a href="#">CDP Climate</a> (Strategy, Risk)
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	2022 ESG Report ( <a href="#">Climate Impact—multiple sections</a> ) <a href="#">Kroger Annual Report</a> (Managing Climate Impacts, Risk Factors) <a href="#">CDP Climate</a> (Strategy, Risk)
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks	2022 ESG Report ( <a href="#">Climate Risk Management</a> ) <a href="#">CDP Climate</a> (Risk)
	Describe the organization's processes for managing climate-related risks	2022 ESG Report ( <a href="#">Climate Risk Management</a> ) <a href="#">CDP Climate</a> (Risk)
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	2022 ESG Report ( <a href="#">Climate Impact—multiple sections</a> ) <a href="#">2020 ESG Report</a> (Materiality) <a href="#">Kroger Annual Report</a> (Managing Climate Impacts, Risk Factors) <a href="#">CDP Climate</a> (Strategy, Risk)
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	2022 ESG Report ( <a href="#">Climate Risk Management</a> , <a href="#">Climate Targets</a> , <a href="#">Emissions-Reduction Opportunities</a> , <a href="#">Appendix</a> ) <a href="#">CDP Climate</a> (Risk, Emissions)
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks	2022 ESG Report ( <a href="#">Emissions-Reduction Opportunities</a> , <a href="#">Appendix</a> ) <a href="#">CDP Climate</a> (Emissions)
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	<a href="#">GHG Reduction Goal</a> 2022 ESG Report ( <a href="#">Climate Targets</a> , <a href="#">Food Waste</a> , <a href="#">Operational Waste</a> , <a href="#">Forests</a> , <a href="#">Packaging</a> ) <a href="#">CDP Climate</a> (Targets) <a href="#">No-Deforestation Commitment</a> <a href="#">Sustainable Packaging Goals</a>

# Sustainability Accounting Standards Board (SASB) Index

Below we provide additional specific disclosures and references to where our reporting aligns with the SASB Sustainability Accounting Standard for Food Retailers & Distributors.

Topic	Accounting Metric	Unit of Measure	Company Response
<b>Fleet Fuel Management</b>	Fleet fuel consumed, percentage renewable	Gigajoules (GJ), Percentage (%)	4,532,101 GJ; 0% renewable
<b>Air Emissions from Refrigeration</b>	Gross global Scope 1 emissions from refrigerants	Metric tons (t) CO <sub>2</sub> e	1,382,641 tCO <sub>2</sub> e
	Percentage of refrigerants consumed with zero ozone-depleting potential (ODP)	Percentage (%) by weight	86% of refrigerants consumed in Kroger's retail stores are zero-ODP
	Average refrigerant emissions rate	Percentage (%)	The average leak rate for all commercial refrigeration and HVAC systems in Kroger's supermarkets was 11.4% in 2021
<b>Energy Management</b>	(1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable	Gigajoules (GJ), Percentage (%)	(1) 42,222,647 GJ; (2) 60%; (3) 1.59%
<b>Food Waste Management</b>	Amount of food waste generated, percentage diverted from the waste stream	Metric tons (t), Percentage (%)	244,379 t food waste generated in stores; 48.8% diverted
<b>Data Security</b>	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	Number, Percentage (%)	(1) One data breach in 2021; (2) 100%; (3) 1.4 million customers affected
	Description of approach to identifying and addressing data security risks	n/a	See Data Privacy & Cybersecurity section
<b>Food Safety</b>	High-risk food safety violation rate	Rate	Average of 1.46 critical violations per audit in 2021
	(1) Number of recalls, (2) number of units recalled, (3) percentage of units recalled that are private-label products	Number, Percentage (%)	See Recall Management section
<b>Product Health &amp; Nutrition</b>	Revenue from products labeled and/or marketed to promote health and nutrition attributes	Reporting currency	We endeavor to disclose this information in the future
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	n/a	See Health & Nutrition section
<b>Product Labeling &amp; Marketing</b>	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	Number	Zero
	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices	Reporting currency	We do not report this publicly
	Revenue from products labeled as (1) containing GMOs and (2) non-GMO	Reporting currency	We endeavor to disclose this information in the future

## SASB Index continued

Topic	Accounting Metric	Unit of Measure	Company Response
<b>Labor Practices</b>	(1) Average hourly wage and (2) percentage of in-store and distribution center employees earning minimum wage, by region	Reporting currency, Percentage (%)	(1) Average hourly wage is over \$17; (2) We do not report this publicly
	Percentage of active workforce covered under collective bargaining agreements	Percentage (%)	64% of associates are covered by collective bargaining agreements
	(1) Number of work stoppages and (2) total days idle	Number, Days idle	(1) Two work stoppages; (2) 10 days idle
	Total amount of monetary losses as a result of legal proceedings associated with: (1) labor law violations and (2) employment discrimination	Reporting currency	We do not report this publicly
<b>Management of Environmental &amp; Social Impacts in the Supply Chain</b>	Revenue from products third-party certified to environmental or social sustainability sourcing standard	Reporting currency	We endeavor to disclose this information in the future
	Percentage of revenue from (1) eggs that originated from a cage-free environment and (2) pork produced without the use of gestation crates	Percentage (%) by revenue	(1) 45.9%; (2) not available; we will disclose this information in the future
	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	n/a	See Our Approach to ESG, Responsible Sourcing and Supply Chain Accountability sections
	Discussion of strategies to reduce the environmental impact of packaging	n/a	See Packaging section

# 2021 Data Tables

## Energy & Emissions

Energy Consumption <sup>1,2</sup>	Amount	Unit	Amount	Unit	Change vs. 2020
<b>Total fuel consumed</b>	<b>4,664,811</b>	<b>MWh</b>	<b>1.68E+07</b>	<b>GJ</b>	<b>20.7%</b>
Stationary sources (natural gas, propane, fuel oils)	3,405,894	MWh	1.23E+07	GJ	11.0%
Mobile sources (diesel, gasoline, liquefied petroleum gas, jet fuel)	1,258,917	MWh	4.53E+06	GJ	58.3%
Renewable fuel	–	MWh	–	GJ	0.0%
<b>Total electricity consumed</b>	<b>7,063,702</b>	<b>MWh</b>	<b>2.54E+07</b>	<b>GJ</b>	<b>-2.0%</b>
Renewable electricity <sup>3</sup>	186,533	MWh	6.72E+05	GJ	2.2%
<b>Total Energy Consumed</b>	<b>11,728,513</b>	<b>MWh</b>	<b>4.22E+07</b>	<b>GJ</b>	<b>5.9%</b>

1. This data reflects the vast majority of Kroger's operations, with a few exceptions
2. Using each fuel type's heat content value, we were able to convert each fuel source from total gallons to therms and then MWh
3. This data reflects renewable electricity consumed as a result of renewable power generated at our facilities or purchased directly from our utility providers. It does not account for renewable power consumed passively as a result of the "greening of the grid"

Energy Intensity <sup>1</sup>	Amount	Unit	Amount	Unit	Change vs. 2020
<b>Energy intensity per square foot</b>	<b>51.23</b>	<b>MWh/ 1,000 ft<sup>2</sup></b>	<b>1.84E+02</b>	<b>MWh/ 1,000 ft<sup>2</sup></b>	<b>4.3%</b>
Normalizing factor: facility footprint	228,945	1,000 ft <sup>2</sup>	–	–	–

1. The energy intensity calculation reflects total energy consumed within the organization

## Health & Safety

Metric	Associates	Contractors
Injury Rate (OSHA Injuries/100 full-time employees (FTE)) <sup>1</sup>	3.16	3.05
Lost Day Rate (OSHA Lost Time Rate/100 FTE) <sup>2</sup>	2.53	2.44

1. Injury rate includes injuries greater than minor injuries (first aid) per OSHA reporting requirements
2. We classify lost days as calendar days. Lost days begin the day after the injury

Carbon Emissions <sup>1,2,3</sup>	Amount	Unit	Change vs. 2020
<b>Direct (Scope 1) emissions</b>	<b>2,303,388</b>	<b>tCO<sub>2</sub>e</b>	<b>+11.2%</b>
Stationary	601,481	tCO <sub>2</sub> e	+8.1%
Mobile	319,266	tCO <sub>2</sub> e	+58.2%
Fugitive	1,382,641	tCO <sub>2</sub> e	+5.3%
<b>Indirect (Scope 2) emissions (location-based)</b>	<b>2,747,205</b>	<b>tCO<sub>2</sub>e</b>	<b>-9%</b>
<b>Indirect (Scope 2) emissions (market-based)</b>	<b>2,948,060</b>	<b>tCO<sub>2</sub>e</b>	<b>-8%</b>
<b>Total Corporate (Scope 1 and 2) emissions (location-based)</b>	<b>5,050,593</b>	<b>tCO<sub>2</sub>e</b>	<b>-0.8%</b>
<b>Total Corporate (Scope 1 and 2) emissions (market-based)</b>	<b>5,251,448</b>	<b>tCO<sub>2</sub>e</b>	<b>-0.5%</b>
<b>Indirect (Scope 3) emissions (partial)</b>	<b>2,398,328</b>	<b>tCO<sub>2</sub>e</b>	<b>+14.5%</b>

1. We used the GHG Protocol Corporate Accounting Standard, the Operational Control approach and Global Warming Potentials from the IPCC Fifth Assessment Report (AR5 - 100 year). The base year for our footprint is 2006, when we first started measuring it
2. Scope 1 and 2 emissions reflect CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and HFC gases. Details are disclosed in our CDP Climate response. Offsets were not used in our calculations
3. Scope 3 emissions reflect the following categories: fuel and energy-related activities (not included in Scope 1 or 2); upstream transportation and distribution (partial); waste generated in operations; business travel and employee commuting

Carbon Intensity	Amount	Unit	Change vs. 2020
<b>Total corporate carbon emissions intensity per square foot</b>	<b>22.94</b>	<b>tCO<sub>2</sub>e/ 1,000 ft<sup>2</sup></b>	<b>-2.03%<sup>1</sup></b>
Normalizing factor: facility footprint	228,945	1,000 ft <sup>2</sup>	–

1. Our normalized emissions (per 1,000 square feet) decreased from 23.41 to 22.94. This calculation has been adjusted for 2020 and 2021 to reflect market-based Scope 2 emissions (previously, it reflected location-based Scope 2 emissions)