

Laying Hen Welfare Update

November 2022

Kroger is Committed to Promoting Animal Welfare and Preserving Access to Affordable, Fresh Food for Customers

At Kroger, we have a long-standing commitment to responsible sourcing, including the humane treatment of animals. Our Purpose and brand promise – Fresh for Everyone™ – reflect our belief that everyone should have access to affordable, fresh food. We manage the topic of animal welfare in the broader context of our comprehensive Environmental, Social and Governance (ESG) strategy, which contemplates and balances a range of priorities to advance positive changes for people, our planet and the systems on which we all depend for food and other essentials.

Consumer demand for affordable animal proteins remains strong. Cage-free egg supply continues to outpace customer demand, despite our significant investments in prices and promotions in the past decade. Given the current rate of industry progress and consumers' demand for affordability, we will continue offering a variety of eggs to ensure that healthy protein options are accessible for all Kroger customers.

We strive to set long-term goals that are both aspirational and achievable. In this case, we are extending our cage-free egg roadmap to reflect our customers' feedback, pandemic-related disruptions, and what continues to be a challenging economic environment.

Kroger remains a leader in cage-free (or higher) egg assortment. The *Our Brands* team introduced Simple Truth® Cage-Free eggs in 2013, and we have continued to expand the assortment and make significant investments in pricing, premium shelf space, promotions and more to encourage customer engagement. As published previously, we anticipate investing an additional \$45 million in sourcing agreements, pricing, promotions and merchandising to achieve 70% cage-free eggs by 2030, with specific interim milestones.

We will strive for continued progress beyond 2030. We will determine whether 100% cage-free or higher is feasible and if so, in what timeframe, at a later time, based on our customers' feedback and industry transition. We believe advancing steady, sustainable progress will help enable suppliers' transition and lasting change.

We look forward to introducing exclusive Simple Truth + Kipster Farms carbon-neutral, cage-free eggs to customers in select stores soon and increasing volume and geographic reach in 2023. The innovative Kipster Farms system, developed in the Netherlands, aligns with our mission to support production methods that are better for people, animals and our planet. We are eager to see how our customers respond.

We continue to encourage all suppliers to help ensure the eggs we sell come from farms that align with industry standards for animal welfare, promote a safe working environment for people, adopt more sustainable practices, and provide quality eggs that meet the needs and preferences of our customers today and in the future. We will share another animal welfare update in mid-2023.

For more details on our roadmap, see the most recent [Animal Welfare Update](#).