

Commitment to Respect Human Rights

FISCAL 2021 PROGRESS UPDATE

Our Commitment

Human rights are a fundamentally important topic for Kroger and something to which we are deeply committed. We uphold high standards and expectations for respecting human rights in our own operations and supply chain. We aim to help create a more just and inclusive global food and consumer goods ecosystem. Our work to respect human rights focuses on the greatest risk or harm to people.

In 2021, Kroger committed to more closely align our human rights policies and framework with the United Nations Guiding Principles (UNGPs) on Business & Human Rights. The following is an interim report on the company's progress, including key milestones completed so far and next steps for fiscal 2022. Next steps include formalizing a human rights due diligence (HRDD) framework, including updated supplier policies, human rights impact assessments (HRIA) and additional stakeholder engagement.

The process and continued engagement with key stakeholders enhanced our understanding of the overall topic and areas of potential risk across our value chain.

Policy Development Process

Reflecting this enhanced commitment, Kroger developed a new Human Rights Policy in partnership with ELEVATE, a third-party expert and leader in sustainability and supply chain services. As a long-standing strategic partner for Kroger's social compliance and audit program, this firm has deep knowledge regarding our global sourcing regions and commodities, and our responsible sourcing policies and programs.

We followed a multi-step process to craft the updated policy, including:

- **A policy gap analysis** to evaluate how our current statement on human rights aligned with expectations outlined in the UNGPs, specifically Principle 16, as well as elements of Principles 17, 18, 19, 11, 22, 23 and 24. The process included a review of existing policies, commitments, processes and governance related to human rights in Kroger's own operations and in the global supply chain.
- **Benchmarking** to analyze recognized leaders' and industry peers' policies as well as scoring methodologies for third-party organizations that rank companies on human rights performance and disclosures. We looked at the scope of commitments and level of detail describing their efforts to date, and we reviewed areas of current focus through Human Rights Impact Assessments (HRIA) conducted to date.

- **Stakeholder interviews**, led by ELEVATE, with investor coalitions, nongovernmental organizations, representatives of our associates and trade associations. Interviewees included BlackRock; Corporate Human Rights Benchmark (CHRB) World Benchmarking Alliance; Interfaith Center on Corporate Responsibility (ICCR); Oxfam; Produce Marketing Association (PMA)/United Fresh Produce Association; and internal leaders. Representatives of the United Food and Commercial Workers did not respond to invitations to participate. The Kroger team did not participate in these calls with key stakeholders to enable candid, confidential feedback on human rights risks.
- **Updating a supply chain risk assessment** to map sourcing countries and commodities based on potential risk of human rights impacts. We recognize that our sourcing and human rights risks continue to evolve over time. This assessment used ELEVATE's EiQ supply chain analytics to assign risk scores to product categories using fiscal year 2020 sourcing data and geographies. With ELEVATE's leadership, we followed specific guidelines to align the risk assessment with the UNGPs. We will also use this risk assessment to determine future human rights impact assessments.
- **Identifying and prioritizing salient human rights risks** to inform next steps. We engaged internal cross-functional leaders and subject matter experts to review the supply chain risk assessment noted above, discuss geographic areas of risk, and align on a list of the company's most salient human rights risks (below). This prioritization process aligned with UNGP guidelines and will help shape next steps, including the development of Kroger's HRDD framework.
 - Internal stakeholders engaged in this process represented lines of business and corporate functions, including retail operations; merchandising; sourcing; ethics and compliance; logistics; internal audit; human resources and labor relations; manufacturing; investor relations and corporate affairs.

Identifying Salient Human Rights Risks

As part of the process to develop Kroger's new human rights policy, we completed work to define the company's most salient human rights risks. Through this, we engaged business and functional leaders in a facilitated discussion of human rights and potential areas of concern. This was a valuable opportunity to drive deeper engagement and business integration, as outlined in our 2021 ESG Report and ESG Strategy: *Thriving Together*.

As a first step, Kroger worked with ELEVATE to develop a short list 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 developed by ELEVATE 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 to more than 30 internal leaders and stakeholders to gather their input on the most serious potential adverse human rights impacts related to our own operations or the global supply chain, based on their role within the organization.

Risk Prioritization Workshop

We convened a workshop with internal leaders from various departments, including Ethics & Compliance, Sourcing, Retail Operations, Merchandising, Manufacturing, Supply Chain/Logistics, 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 short list 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.

- All participants were asked to prioritize 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 final list of salient human rights risks is disclosed in this update.
- We 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;
 - Developing an action plan to further embed the policy across the organization and with business partners; and
 - 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.

Statement of Salient Issues

As a result of the steps described above, Kroger 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 as the following topics, which will further inform our HRDD framework:

- Child Labor
- Forced labor and human trafficking, including migrant labor
- Discrimination
- Working hours
- Health and safety
- Harassment and abuse

We will provide definitions of these salient risks and where they may be most prevalent (e.g. in our supply chain or own operations) when we share our HRDD framework in detail.

Next Steps for Fiscal 2022

This progress update reflects steps completed so far in Kroger's expanded commitment to further respect human rights. In 2022, we are building on these insights to develop the following components:

- **A Human Rights Due Diligence Framework:** We recently began work to develop an HRDD framework for respecting human rights going forward. We are currently working with ELEVATE to create a codified structure for implementing due diligence across our operations, service agreements and global supply chain. This work will include additional touchpoints with key internal and external stakeholders to validate salient risks and gather feedback.
 - We will develop a three-year **Roadmap for Implementation** to support and embed the HRDD Framework across the organization and to cement our commitments in meaningful actions, roles and responsibilities.
- An updated **Vendor Code of Conduct** – and supplier-focused guidelines with additional detail and context – to more clearly communicate updated expectations for managing and monitoring progress in the global supply chain.
- Initiate **Human Rights Impact Assessments (HRIA)** to more deeply analyze risks for different groups of workers, commodities and/or geographies and to identify access to remedy and positive impact.
 - We anticipate conducting three HRIAs as part of our human rights work in fiscal 2022 and into 2023, starting with one as a pilot to learn more about the process. We plan to focus this pilot on mixed greens sourced from the U.S. and Mexico.
 - HRIAs will complement research conducted by others in order to generate new findings and add to the body of knowledge on human rights around the world.
 - We are selecting HRIA topics and geographies based on stakeholder input from external experts during interviews; internal SME input; detailed review of supply chain risk mapping conducted in the fourth quarter of 2021 to determine highest-risk commodities based on annual spend and ELEVATE's EiQ risk analytics platform; context analysis to understand existing research and partnerships; and review of salient risks and presence in key geographies, products and services.
 - We plan to report progress and deeper insights on human rights in future ESG Reports, as well as supplemental reporting as appropriate to provide additional details and milestones. We will also share HRIA findings with relevant suppliers and other stakeholders as part of our continued engagement practices.
 - We welcome opportunities to collaborate with other stakeholders also seeking to advance positive impacts for people in the global food supply chain.

- **Equity and inclusion:** We will engage stakeholders with subject matter expertise to more deeply understand issues related to equal access to jobs, fair pay and advancement for women and people of color, as well as discrimination in workplaces.
 - Kroger will work with ELEVATE to integrate these topics into the new HRDD framework, HRIAs and other related workstreams.
 - We aim to include a more specific focus on gender equity issues in our future human rights work in 2022.



The Kroger Family of Companies



Human Rights Policy

Introduction

At Kroger, our Purpose is to Feed the Human Spirit™. We care deeply about the rights of those with whom we work and rely on to operate our business every day, including our associates, customers and the communities in which we operate. We express our aspirations through Kroger's Environmental, Social and Governance (ESG) Strategy, as outlined in our annual ESG Report. Our [Values](#), [Policy on Business Ethics](#) and [Vendor Code of Conduct](#) have long served as the guideposts of our fundamental respect for human rights.

We commit to the corporate responsibility to respect human rights as defined by the United Nations Guiding Principles on Business and Human Rights (UNGPs). We also commit to respect internationally recognized human rights as defined by:

- The International Bill of Human Rights, which includes the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights (ICCPR), and the International Covenant on Economic, Social, and Cultural Rights (ICESCR); and
- The ILO Declaration on Fundamental Principles and Rights at Work.

We will embed this Human Rights Policy in our company's culture, operations and supply chain, conduct human rights due diligence, and provide access to remedy as appropriate. We know we cannot do this alone, and we will work with a broad range of partners and stakeholders to identify human rights risks, prevent abuses and mitigate adverse impacts when they may occur.

Scope of this Human Rights Policy

This human rights policy applies to Kroger's own operations, including retail stores, food processing plants, warehouses, offices, and other facilities. It also sets expectations for our direct and indirect business partners to respect human rights in their operations.

We are committed to respecting the rights of all rightsholders in our operations and supply chain, including our associates, recognized associate representatives, customers, contractors, suppliers, supply chain workers, smallholder farmers, and people in the communities in which we operate. We expect our associates and business partners to uphold the commitments made in this policy, and to comply with domestic law and international human rights standards wherever they operate. We expect employers and business partners to adhere to the law and regulations as established by the applicable jurisdiction, upholding the higher standard where feasible.

We expect that our business partners comply with our [Vendor Code of Conduct](#) and [Social Compliance Program Requirements](#) as a means to demonstrate and implement this shared commitment to respecting human rights. We expect our business partners to cascade this commitment to respect human rights to other business relationships throughout the value chain.

As a retailer sourcing thousands of products from dozens of countries, we recognize our supply chain includes specifically vulnerable groups such as migrant workers, women, smallholder farmers and marginalized communities. We have a particular commitment to respecting their rights and recognize the importance of partnerships to help protect the rights of these groups and improve working and living conditions.

Governance

This policy has been reviewed and approved by the company's chief executive officer (CEO) and members of the Public Responsibilities Committee (PRC) of The Kroger Co. Board of Directors. The company's CEO, executive leadership team and PRC are responsible for overseeing implementation of this policy. The PRC has a shared responsibility with the Audit Committee of the Board to oversee risk management policies and the integration of human rights risks into company-wide risk management processes.

Our commitment to human rights is embedded in roles and responsibilities throughout the organization. As part of this commitment, a new cross-functional Human Rights Working Group, led by Corporate Affairs and Ethics & Compliance, will be formalized in the first quarter of fiscal 2022 and include subject matter experts in Human Resources & Labor Relations, Responsible Sourcing, Supply Chain, Operations, Manufacturing and Merchandising. Members will be responsible for reviewing inputs from across the organization, fostering collaboration, and overseeing risk identification and management across departments. The Human Rights Working Group will meet every quarter and report to leaders and the PRC twice a year.

Implementation

Business leaders across the organization are responsible for implementing work relevant to their function, such as Human Resources & Labor Relations, Corporate Affairs, Ethics & Compliance, Responsible Sourcing, Operations, Manufacturing and Merchandising. Responsibilities include integrating human rights risk identification and management into planning, operating and regular business activities, as well as monitoring compliance with applicable laws, frameworks and company policies governing our operations and supply chain.

This includes escalating identified risks to the Human Rights Working Group, leadership and/or the PRC in alignment with reporting protocols.

We also recognize the importance of engaging associates across the organization to raise awareness of our policy commitments. We expect leaders and associates to implement the policy as part of their respective roles and responsibilities. By 2023, this policy will be included in onboarding processes for new associates, and we will provide training on human rights for current associates as well as function-specific training on key components of the policy for relevant departments.

Given the breadth and reach of our global supply chain, we work with suppliers and partners on human rights. We monitor and assess supplier performance against the [Vendor Code of Conduct](#) through our [Responsible Sourcing Framework](#). For more information, see the Responsible & Resilient Systems section of [Kroger's ESG Report](#).

Finally, as part of our commitment to fully align with the UNGPs, we will develop and implement a human rights due diligence framework to guide:

- Assessing human rights risks on an ongoing basis, for our own business and across the value chain, including for new sourcing geographies and products. We will conduct a formal human rights risk assessment process every two years and monitor emerging risks on an ongoing basis. We will also conduct human rights impact assessments (HRIA) for specific commodities and countries to inform our risk assessment and management
- Integrating risks identified into management decisions and actions
- Preventing, mitigating and managing human rights risks
- Using a data-driven approach to inform decision-making and track progress for effective remediation
- Communicating the outcomes of putting the human rights policy into practice, including regular review of the effectiveness of our processes, and reporting to internal and external stakeholders

Prioritized Human Rights Risks

We have completed a formal exercise to determine salient human rights risks by mapping the severity and likelihood of risks that can be connected to our business activities, products and services. We commit to assessing risks and emerging issues on an annual basis. We will share the most recent list of salient risks in our annual ESG Report.

Stakeholder Engagement

We engaged internal and external stakeholders representing a wide variety of perspectives for the development of this policy and the prioritization of human rights risks, with support from an expert third party. Moving forward, Kroger will continue engaging stakeholders on a regular basis to seek feedback and input for our risk assessment process and to assess the possible adverse impacts of our business operations and the activities of our business partners.

Business and functional leaders are responsible for engaging stakeholders on topics related to human rights that pertain to their department.

Communication

This policy is publicly available on our corporate website and shared with all business partners as a condition of doing business with Kroger. We also share the policy internally with leaders and associates.

Kroger recognizes that transparency and disclosure are important elements of our human rights journey. We will report annually on progress made to uphold human rights commitments and conduct due diligence. We continue to report on human rights-related topics in our annual ESG Report, where we provide more insight into the management of risks and implementation of relevant programs related to human rights in both our operations and supply chain. We will use [Kroger's corporate website](#) to publish additional documentation related to human rights, including progress on HRIAs, updated policies or supplemental reports, where appropriate.

Grievance Mechanisms

Grievance mechanisms are important to help identify possible human rights violations and provide a mechanism for individuals to report misconduct. We are committed to advancing alignment with the UNGP criteria for effective grievance mechanisms.

We provide employees and business partners with access to the Kroger [Help Line](#) via the third-party managed toll-free number (+1) 800-689-4609 and website www.Ethicspoint.com (available 24/7 and in multiple languages). Our [Policy on Business Ethics](#) emphasizes the importance of raising concerns and provides steps on how to report such concerns. Our Vendor Code of Conduct includes the Help Line contact information and requires suppliers and partners to cascade the requirement for a grievance mechanism to their business partners.

The Vice President and Chief Ethics & Compliance Officer oversees all grievance submitted through this process. Kroger does not tolerate any form of retaliation against anyone who has shared a concern in good faith through these mechanisms.

Related Policies

This policy has been developed in alignment and references other corporate policies, including:

- [The Kroger Co. Policy on Business Ethics](#)
- [Vendor Code of Conduct](#)
- [Responsible Sourcing Framework](#)