



Kroger Extends Timeline for Reducing Single-Use Plastic Grocery Shopping Bags

Summary

- Our Zero Hunger | Zero Waste plan focuses on ending hunger and waste in our communities.
 This work includes reducing operational waste, recovering more materials for recycling,
 improving the sustainability of *Our Brands* packaging, and transitioning away from providing free
 single-use plastic grocery shopping bags for our customers.
- We originally aimed to achieve our bag-reduction goal in 2025; however, due to our current
 rate of progress, the high cost of all-paper bags to both our business and the planet, our
 customers' feedback from multiple pilots across the country, and an anticipated slowdown in
 legislative action, we are extending our timeline for phasing out single-use plastic bags.
- We will continue to focus on reducing single-use plastic bag waste over time and increasing the adoption of reusable bags while preserving convenience and affordability for our customers.
- We continue to support coalitions of action like the Consortium to Reinvent the Retail Bag. In 2025, we will expand on its Bring Your Own Bag Pilot with customer communications in more than 100 Kroger-operated stores.

Progress Update: Reducing Single-Use Shopping Bags

Kroger has a long history of improving environmental sustainability in ways that make sense for our business, rooted in our Purpose and Zero Hunger | Zero Waste impact plan, which aims to end hunger and waste in our communities.

We outline Kroger's approach to managing social and sustainability topics in our <u>annual Environmental</u>, <u>Social and Governance (ESG) report</u>. We balance a wide range of topics and priorities as part of this approach, and we consider how different decisions will affect people and our planet. We put our customers first, and we strive to offer shoppers easy ways to live a more sustainable lifestyle while keeping prices low.

A key part of our Zero Hunger | Zero Waste plan focuses on improving how we manage waste in our operations, including recovering materials for recycling and keeping plastics out of landfills and nature. This work on waste and circularity includes our ambition to transition away from single-use plastic grocery shopping bags for customers in our stores.

Background

In 2018, we set a target to phase out single-use plastic shopping bags across our company by 2025. At the time, we believed it was an ambitious goal that we could achieve by encouraging more customers to use reusable bags while also exploring alternatives that could serve both our customers and our business.

We made progress early in this journey by removing single-use plastic bags at all QFC stores prior to legislation coming into effect. In 2020, we experienced significant setbacks in our bag-reduction plans with the Covid-19 pandemic. We suspended our bag-related projects at that time to prioritize human health and food safety for our associates and customers during the pandemic.

The Kroger team pivoted to support collaborative work to reduce single-use bags. In 2020, Kroger joined as Grocery Sector Lead for the Consortium to Reinvent the Retail Bag, a multi-year industry collaboration managed by <u>Closed Loop Partners' Center for the Circular Economy</u>. We renewed this work for Phase 2 of the Consortium in 2024. This coalition includes many other retailers and leads multiple workstreams to find innovative new solutions, such as hosting the Beyond the Bag Innovation Challenge, conducting in-store pilots to test bag alternatives and customer feedback, and developing resources for retailers to reduce single-use bag waste.

When feasible after the pandemic risks eased, Kroger resumed work to assess options for reducing single-use plastic shopping bags in our stores:

- We conducted multiple tests at Kroger-operated stores in different geographies places without bag bans or prohibitions on bag bans to test solutions, including bag incentives and fees, and listen to our customers' feedback about the type of bags being provided during the pilots (e.g., multi-use plastic, paper). In Denver, Kroger stores tested a solution providing reusable bags that could be rented in-store and returned during a future visit to offer customers convenient alternatives to remembering to bring their own bags during every visit.
- Kroger participated in the Consortium to Reinvent the Retail Bag's Bring Your Own Bag pilots to test whether consistent signs, marketing and prompts could help customers build the habit of bringing their bags whenever they shop. These pilots took place in 2023 at Fry's stores in Tucson, AZ and King Soopers stores in Denver, CO. Customer behavior varied by geographic region, with some decline in the percentage of customers using single-use bags during trips to Kroger-operated stores not already impacted by bag legislation. Most customers felt that signage reminding them to bring their reusable bags was helpful and easy to understand. Feedback on being prompted if they needed a bag at checkout was mixed, with customers in stores not impacted by bag legislation being more positive about the reminder to voluntarily change behavior.
- We also developed and tested solutions to reduce or replace single-use plastic bags used in our e-commerce business, including Pickup and Delivery.

Input from our customers during all these pilots across multiple years and geographies confirms there are no easy solutions that work for everyone. Based on these results, we continue to tailor our approach and roadmap for reducing single-use plastics over time.

Key Learnings

Our customers across the U.S. have a wide range of views on many sustainability-related topics, including single-use plastic bags. Some customers have already switched to reusable or paper bags to reduce their own waste, and others still rely on free single-use plastic bags for convenience and affordability when they shop. We aim to meet our customers where they are today and motivate more shoppers to help make single-use bags a thing of the past.

There are trade-offs to consider with every option, from the environmental impacts of producing, transporting, using and ultimately disposing of different types of bags, to the costs to the business and our customers of purchasing and managing each type. Simply switching from plastic to paper bags company-wide comes with higher costs – to our business, to our customers, and to the planet from deforestation impacts and natural habitat loss. Long-term, we continue to believe reusable bags are the best solution; in fact, they are cost-effective and a more sustainable option when reused and recovered. We recognize that behavior change takes time, which is why we are continuing to learn from the Beyond the Bag Initiative's work on customer communications.

We also believe legislation can be an effective way to level the playing field, encourage new consumer habits in a timely fashion, and reduce plastic bag waste in nature. Today, Kroger operates in 35 states and the District of Columbia, including stores and delivery services affected by a wide variety of state and local bag bans or bag ban prohibitions. By the end of 2024, more than 700 Kroger-operated stores stopped providing single-use plastic shopping bags for our customers, switching to paper or multi-use plastic bags as alternatives, depending on state requirements or local bag ordinances. Meanwhile, more than 1,150 stores are in geographies with bag ban prohibitions.

We would prefer to design and implement a consistent approach to shopping bags across our footprint for greater efficiency in store design and fixtures, consistency in e-commerce delivery vehicles, and a simpler message for our customers.

Without a more consistent approach and customer adoption, we still need innovation – new ideas for bag alternatives or bag systems that meet the wide-ranging needs of shoppers.

Next Steps

Kroger will keep working on improving sustainability and reducing waste as part of our Zero Hunger | Zero Waste plan. We aim to reduce the consumption of single-use bags over time and increase the adoption of reusable bags while preserving convenience and affordability for our customers. We originally aimed to achieve our bag-reduction goal in 2025; however, due to our current rate of progress, the high cost of all-paper bags to both our business and the planet, our customers' feedback from multiple pilots across the country, and an anticipated slowdown in legislative action, we are extending our timeline for phasing out single-use plastic bags.

Going forward, we will focus on achieving a continual reduction in single-use plastic shopping bags provided in our stores over time. We will also continue to support coalitions of action like the Consortium to Reinvent the Retail Bag. In 2025, we will expand on its Bring Your Own Bag Pilot with customer communications in more than 100 Kroger-operated stores.

Kroger will also continue improving end-of-life opportunities for product packaging by supporting further innovation in plastics recovery and recycling, pursuing our sustainable packaging goals, and aligning with state legislation focused on improving recyclability of packaging materials.

We know it's impossible to predict what will happen five, 10 or 20 years from now. We believe it's most critical to focus on continually improving our own sustainability performance and working together with the industry to develop innovative new ways to reduce single-use bag waste.

Resources for Additional Information:

Kroger's 2024 ESG Report

Bring Your Own Bag Pilot

Beyond the Plastic Bag Report 2021

Consortium to Reinvent the Retail Bag 2023 Impact Report

Beyond the Bag: Sparking a National Culture Shift to Reduce Plastic Bag Waste

The Playbook for Retailers: Closed Loop Partners & Beyond the Bag

A New Way Home

Single-Use Plastics: Loop at Fred Meyer Pilot: Insights Report