



# 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 impacts for the 2022 reporting period with our stakeholders.



Kroger's ESG strategy, *Thriving Together*, reflects how we advance positive impacts for People, Planet and Systems—the key pillars of our strategy. It encompasses a portfolio of material ESG topics informed by ongoing engagement with a wide range of leaders, communities and other stakeholders.

Our ESG strategy is designed to complement and integrate with Kroger's business model and operating strategy, aiming to unlock greater value over time for our associates, customers, communities and company—ultimately helping people, our planet and our company thrive.

This year's ESG Report includes a discussion of our latest materiality assessment, completed in May, which aligns with the principles of double materiality. It considers both the potential impacts of Kroger's operations on people and our planet, and the potential impacts of specific topics on Kroger's resilience and ability to operate in the future.

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 by a centralized ESG team, led by Kroger's group vice president of Corporate Affairs, who serves as chief sustainability officer, and an internal network of business leaders and subject matter experts across many disciplines.

Details on our management approach to ESG topics can be found throughout this report. We have made additional reporting resources on key topics available on our website, [www.thekrogerco.com](http://www.thekrogerco.com), including how we align impact philanthropy and investing to our ESG strategy through corporate giving and our two foundations: [The Kroger Co. Foundation](#) and [The Kroger Co. Zero Hunger | Zero Waste Foundation](#).

## Report Scope

This ESG Report covers Kroger's 2022 fiscal year from January 30, 2022, to January 28, 2023. Unless otherwise noted, data included in the report reflects this period. The report incorporates most of our operations, except for certain datasets related to 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 in alignment with leading ESG reporting practices. We used 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.

We continue to monitor and contribute to developments in reporting standards and best practices. Kroger serves on the International Sustainability Standards Board's Technical Reference Group, through which volunteer industry experts are appointed to advise on issues that should be considered in the standards-development process. To review our disclosures against the Sustainability Accounting Standards Board (SASB) Food Retailers & Distributors Standard, see 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 Financial Disclosures (TCFD) framework. As we set new greenhouse gas (GHG) emissions-reduction targets to align with the requirements of the Science Based Targets initiative (SBTi), we will adjust our accounting and reporting to reflect new scopes of work. We also continue to monitor developments in emerging frameworks like the Task Force on Nature-related Financial Disclosures (TNFD) and broader Science Based Targets Network.

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# Q&A with Rodney McMullen

Chairman and CEO



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

The Kroger team firmly believes in the power of our business to serve America. Through our core business and ESG strategy—*Thriving Together*—we are reaching more people, doing even more good and advancing positive changes for people and our planet.

Our Purpose remains the same: To Feed the Human Spirit™. Supported by our brand promise—Fresh for Everyone™—we continue our mission to expand access to affordable, fresh and healthy food across the country. By integrating ownership and accountability for results within our lines of business and corporate functions, we continue to operationalize our ESG strategy.

### What are Kroger's key learnings from 2022?

Last year, our customers' preferences shifted in response to inflation and macroeconomic uncertainty. Customers were looking for more ways to stretch their budgets, and the gap between food-at-home and food-away-from-home spending increased as more customers gravitated toward affordable meal solutions. Our research shows that cooking at home is three to four times less expensive than dining out, and Kroger was there for our customers, innovating quickly to meet their needs and wants.

### How is Kroger approaching our ESG strategy?

We've learned a lot in the past few years about the importance of operationalizing our ESG strategy, meaning that we make deep connections between our business approach, ESG goals and everyday operational priorities. It's complicated work; however, we believe it's essential to achieving sustainable progress and creating value.

### How is Kroger supporting communities?

We serve our communities every day by providing convenient access—through our stores and seamless digital ecosystem—to affordable, nutritious food and other essential products and services. In 2022, Kroger also directed \$336 million in charitable giving—including food and funds—to local and national non-profit

organizations; of this, \$253 million focused on feeding families in need 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 GHG emissions by 30% by 2030, from a 2018 baseline. In 2022, we achieved further progress toward our goal, reducing emissions by a cumulative 15.2% so far. We are currently reviewing our Scope 1 and 2 target and contemplating new Scope 3 and Forest, Land and Agriculture (FLAG) goals to reduce emissions from our supply chain and agricultural food production, respectively. This work continues in 2023.

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

Kroger introduced our Zero Hunger | Zero Waste plan in 2017 to help create communities free of hunger and waste. Since then, we achieved our goal to direct 3 billion meals to our communities more than two years ahead of schedule, reflecting donations of in-kind and surplus food and \$1.3 billion in charitable giving for hunger relief. We also accelerated our zero-waste vision with progress on waste diversion, food waste reduction and packaging goals.

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

I'm excited about the connections between our purpose-led business strategy and ambitious ESG goals. We see incredible opportunity to grow and reach more customers through our seamless ecosystem and expanding Kroger Delivery platform, unlocking the true potential of fresh, healthy food to nourish and improve health for millions of people in America. Our shared-value strategy will bring affordable fresh foods to even more homes, giving more customers easy ways to live a healthier and more sustainable lifestyle.

# About Kroger

**This year, Kroger celebrates our 140<sup>th</sup> anniversary.** Since our earliest days, we have prioritized offering convenience and value to our customers. We remain focused on our purpose-driven strategy to increase access to 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.



## Inclusion

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



## Integrity

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



## Diversity

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



## Safety

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



## Respect

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

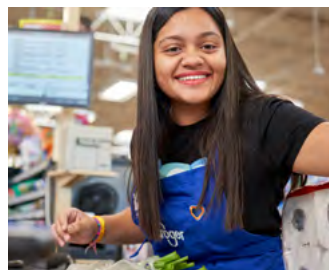


## Our Family of Companies



# Our Business

For more highlights, visit our [Fact Book](#).



**\$148.3B**  
Total  
2022 sales



**60M**  
Loyal households  
shop with us



**2,719**  
Supermarkets &  
multi-department stores



**8**  
Fulfillment centers  
powered by Ocado



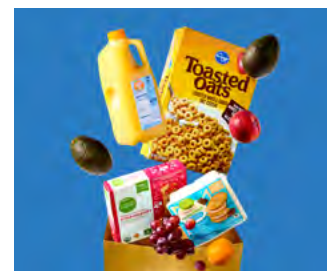
**44**  
Distribution  
centers



**430K**  
Associates  
company-wide



**32**  
Kroger-operated food  
production plants



**5.5B**  
Combined store &  
online visits

# Our Value Chain

Kroger is well positioned for success with a strategic combination of brick-and-mortar stores and e-commerce solutions to solve our customers' demands—anything, anytime, anywhere. Working with our suppliers and partners, we responsibly procure, manufacture, transport and sell a wide range of food, personal health products 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

### 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 the 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 32 Kroger-operated food processing plants across the country, including 16 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



## Our Operations

### Distribution

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

# 15K+

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 (EV) charging stations.

# ~2-mile

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



## Our Customers

### 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. Customers are encouraged 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.

# 2T+

personalized recommendations a year

# Our Go-to-Market Strategy

Kroger’s go-to-market strategy is built on a foundation of Fresh, *Our Brands*, seamless and personalization.



## Fresh

As an important influence on where customers shop, we are consistently improving our approach to bring fresher foods to our customers, and customers are noticing our improved Fresh experience. At more than 1,400 stores implementing a new End-to-End Produce program, we see higher sales in the Produce department and across the entire store. Our Supply Chain and Technology teams are focused on finding more efficient ways to move fresh items and deliver additional days of freshness to each customer.



## Personalization

Our top data scientists are committed to serving customers the right promotions at the right time to create the best value. We save our customers money on the products we know mean the most to their families, which is particularly important during periods of inflation and economic uncertainty.



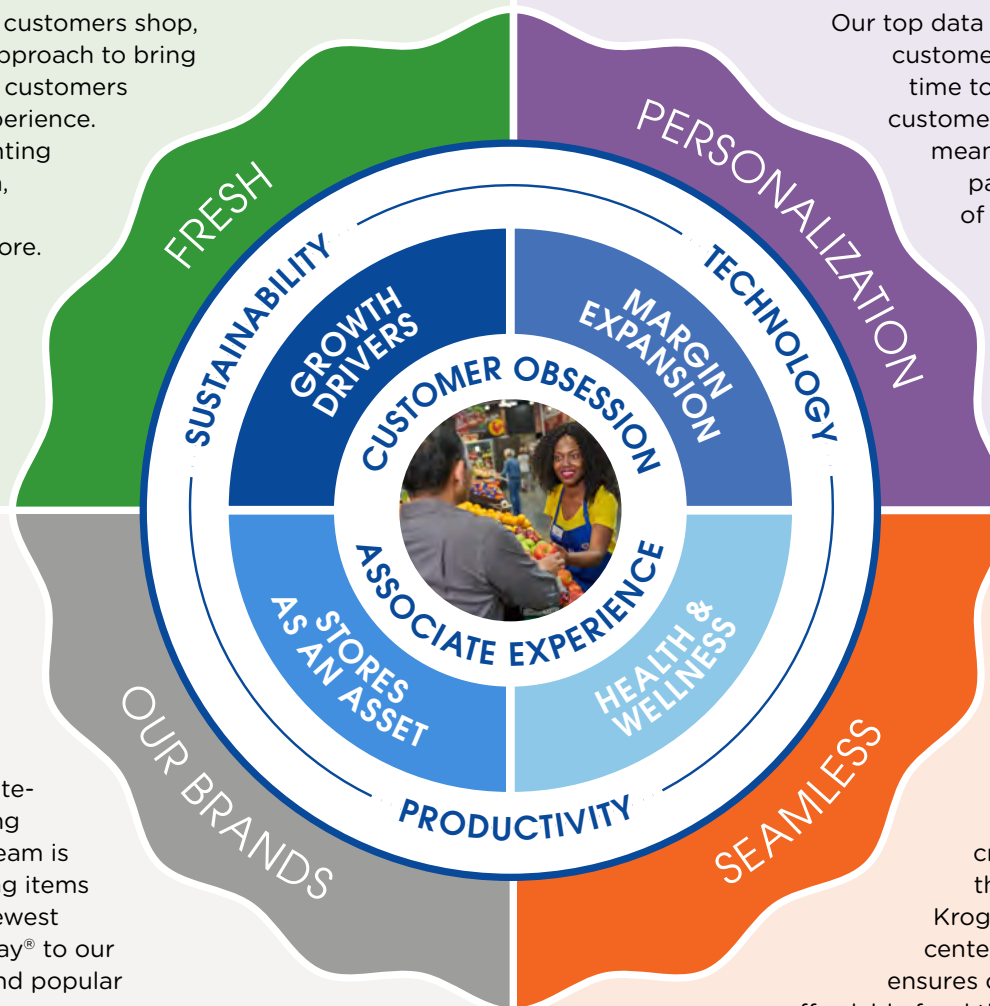
## Our Brands

Kroger’s extensive *Our Brands* private-label product portfolio offers exciting quality items at a great value. The team is always looking for unique, interesting items to bring to our shelves—from our newest opening price point brand Smart Way® to our indulgent Private Selection brand and popular Simple Truth® free-from items. We know even the pickiest eaters will find an *Our Brands* item they love.



## Seamless

Even as customer shopping behaviors continue to evolve, they crave convenience across everything they do, including grocery shopping. Kroger’s ecosystem of stores, fulfillment centers and third-party service providers ensures our customers can access the fresh, affordable food they need without compromising on selection or convenience. From 30-minute delivery of need-it-now items to a weekly stock-up shop or specialty items delivered to their doorstep, we have the right mix of solutions to serve any customer’s need.

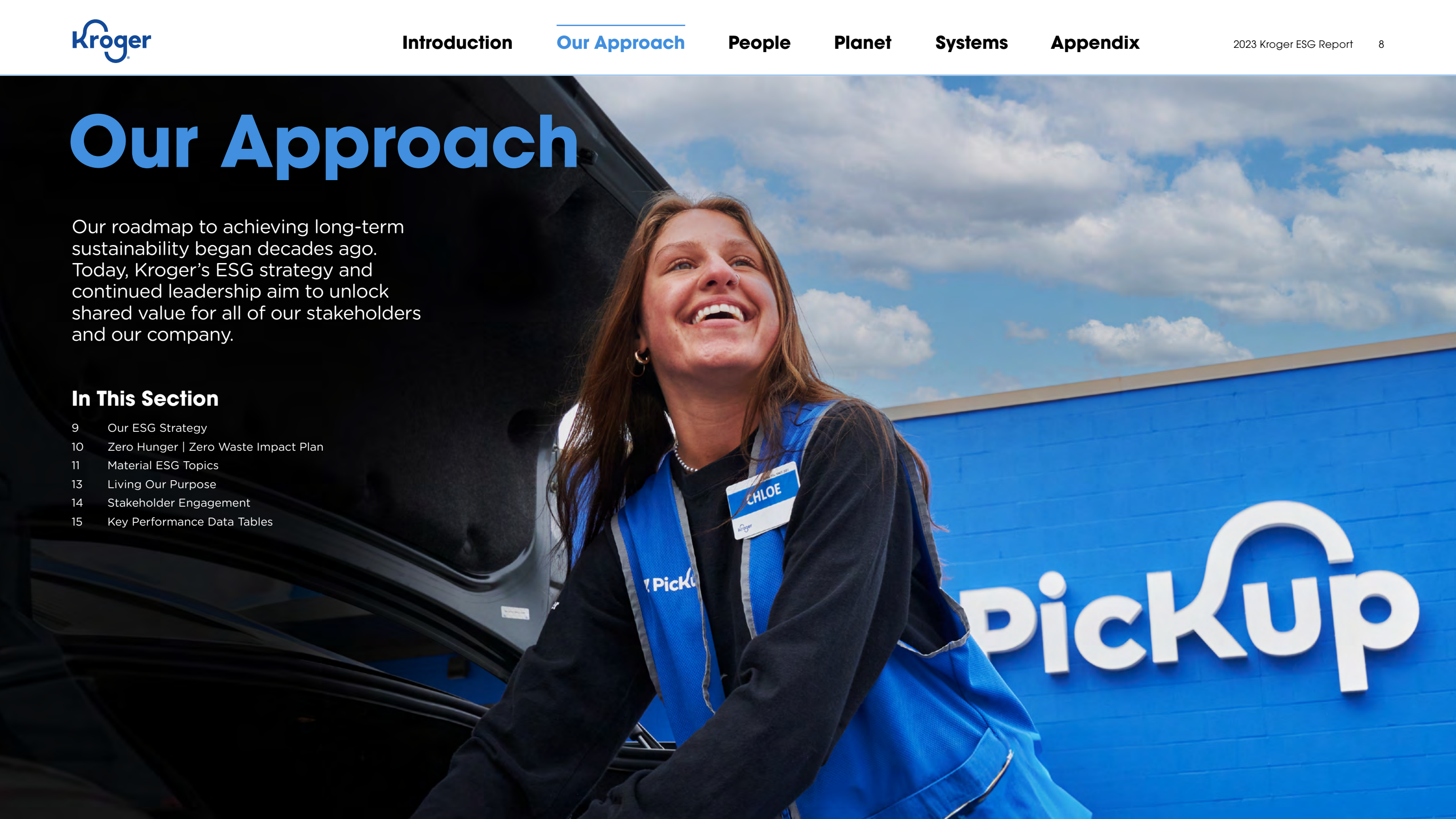


# Our Approach

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.

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

Kroger’s Zero Hunger | Zero Waste social and environmental impact plan is at the center of our ESG Strategy. 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, collaboration 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

### Food Safety, Access & Health

Kroger’s brand promise, Fresh for Everyone™, reflects our efforts to increase access to **safe, affordable food** and other essential products for customers across our geographies. This includes improving **food security, nutrition and health** and providing the best **customer experience**.

### Just & Inclusive Economy

Offering access to employment, benefits, well-being resources and more; providing career paths that **attract, engage and retain talent**; and fostering a **safe working environment** that values **diversity, equity and inclusion** for all.

## Planet

### Climate Impact

Improving business resilience, 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

Operational improvements to **reduce waste** and food waste, offering more sustainable **Our Brands packaging** and optimizing **water use**.

## Systems

### Business Integration

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

### Responsible & Resilient Systems

Our efforts to improve environmental and social impacts throughout our global supply chain include **responsible sourcing** and **supply chain accountability**, including respecting **human rights** and advancing **animal welfare** in ways that maintain affordability for our customers.

# Zero Hunger | Zero Waste Impact Plan

Kroger's Zero Hunger | Zero Waste impact plan sits at the center of our ESG strategy. It's our commitment to build a more sustainable, resilient and equitable food system for all.

Zero Hunger | Zero Waste aims to address the fundamental absurdity in our food system: Collectively, the world produces more than enough food to feed everyone today. In fact, more than 35% of food produced is wasted, yet 1 in 8 Americans still struggle with hunger. Our plan builds on our strengths to help build a more sustainable and equitable food system that advances food and nutrition security for generations to come.



**Core Grocery Business**

## Fresh for Everyone™ Nourishing Our Communities

### Affordable Fresh Food

- Offer low prices and promotions on fresh, healthy food every day
- Increase food access through our seamless digital platform and online payment through Electronic Benefits Transfer (EBT)
- Offer affordable Boost by Kroger Plus membership options for savings on groceries, fuel and delivery fees
- Promote nutritional scoring and Better-for-You options to improve health and well-being

### Food Rescue & Donations

- Use promotions and markdowns as food nears use-by dates for faster sale
- Rescue remaining fresh food for made-in-store items or donation to local food banks

### Advocacy

- Support public policy and legislative solutions that improve access to food and food benefits



**Sustainability**

## Resource Conservation Reducing Emissions & Waste

### GHG Emissions

- Reduce overall facility energy use and emissions
- Divert food waste from landfills to reduce GHG emissions
- Work with others to reduce emissions from agricultural production and our supply chain

### Operational Waste & Food Waste

- Improve facility waste management and recover more recyclables to increase waste diversion
- Maximize food waste recycling programs, including animal feed, composting and anaerobic digestion, as well as de-packaging solutions

### Transform

- Advance more sustainable agricultural production methods that conserve resources and protect pollinators, natural habitats and biodiversity



**Social Impact**

## Meals Improving Food & Nutrition Security

### Stronger Communities

- Donate more meals to nourish our communities (achieved goal to donate 3 billion meals in early 2023, more than two years ahead of schedule)
- Strategically align philanthropy to our Zero Hunger | Zero Waste plan, prioritizing programs that provide meals and improve food security
- Support organizations helping create a more sustainable food system
- Encourage customers to Round Up their purchase to the nearest dollar to benefit The Kroger Co. Zero Hunger | Zero Waste Foundation to support local communities

### Advance Innovation

- Direct catalytic funding to entrepreneurs with game-changing ideas through the Zero Hunger | Zero Waste Foundation's Innovation Fund
- Build coalitions of mission-aligned collaborators to test solutions

# Material ESG Topics

Kroger’s latest materiality assessment began in late 2022 and was completed in May 2023. This assessment was conducted in alignment with principles of double materiality and best practices outlined in multiple ESG reporting frameworks, including the Global Reporting Initiative (GRI) Global Sustainability Reporting Standards.

## Double Materiality Assessment

Driven by the evolution of regulation and voluntary reporting frameworks, double materiality is the leading methodology for conducting materiality assessments today. This approach contemplates two different lenses through which material ESG topics can be viewed and disclosed, including:

- **Outward impact:** The potential impact of a company’s activities on people, the environment and the economy. For example, managing GHG emissions has an impact on our planet.
- **Inward impact:** ESG topics or matters that may affect the company’s ability to operate and deliver business value in the future. For example, changing weather patterns and temperatures may pose potential risks to the company’s business operations and sourcing regions.

This is Kroger’s third formal materiality assessment and the first aligned with double materiality principles. Two previous materiality assessments were completed in 2018 and 2020, and findings were shared publicly in Kroger’s ESG Reports and online resources.

For this latest assessment, we collaborated with ERM, a third-party sustainability consultancy with expertise in materiality assessments and related services. ERM also conducted our past materiality assessments and is familiar with Kroger’s business model and relevant stakeholders.

## Determining Material Topics

We determined relevant ESG topics by reviewing the priorities of key stakeholder groups through ongoing engagement, sustainability reports, sustainability ratings and rankings, reporting frameworks, industry reports, consumer surveys and media scans. The result was a list of 26 topics identified for further assessment. We identified boundaries for each topic based on stakeholder expectations and our management practices.

To prioritize these topics and apply the Stakeholder Inclusiveness Principle outlined in the GRI Standards, ERM conducted in-depth interviews with 32 internal and external stakeholders. We also invited about 60 additional subject matter experts and stakeholders to complete a quantitative online survey. Based on these insights, we prioritized eight ESG topics as most “material,” i.e., foundational to our business or presenting higher levels of risk or opportunity.

High-priority topics were discussed and validated through a series of meetings with internal leaders and the Public Responsibilities Committee of the board. The validated topics shaped the content of this ESG Report, detailing our management approach, goals and performance for each Tier 1 topic. Topic placement on the matrix informs the company’s management approach. This report also provides discussion of other Tier 2 and Tier 3 ESG topics defined through the assessment.

## Double Materiality Assessment Process



**About the Results**

The output of the double materiality assessment can be characterized in a few main takeaways. Key impact areas for 2023 include eight topics across all three pillars of Kroger’s ESG Strategy:

- **Social topics affecting people:**  
Food safety; food & product access & affordability; health & nutrition; and talent attraction, engagement & retention
- **Environmental topics affecting our planet:**  
Energy & GHG emissions and food waste
- **Corporate Governance topics:**  
Data privacy & cybersecurity and responsible supply chain & sourcing

These findings generally align with the company’s strategic focus areas while providing additional validation and insights.

See specific ESG topic definitions in the [Material Topics Summary Table](#).

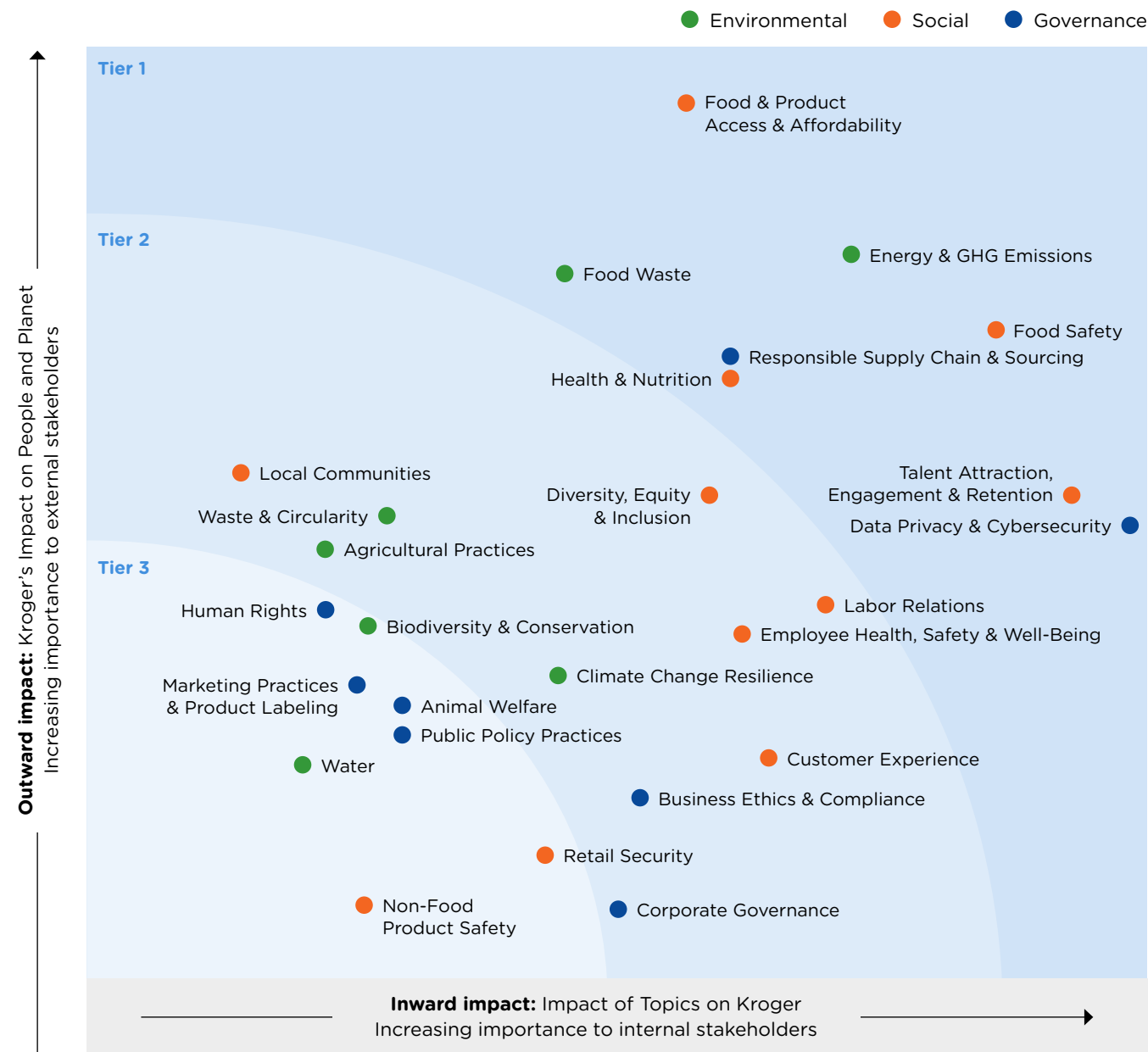
**Topic Placement**

The matrix represents the two types of impact associated with each ESG topic. Topics are positioned on the matrix according to relative degree of impact, which reflects both internal and external perspectives. A high rating on the X axis (inward impact) means a topic may pose a higher degree of risk or opportunity to Kroger and its ability to create value over time. A high rating on the Y axis (outward impact) means that Kroger’s business activities related to a topic may have a higher degree of impact on people and our planet.

Topics at the top right of the matrix have the highest degree of both types of impact and are strategically important (Tier 1). All topics on the matrix are important; however, these insights from both internal and external stakeholders inform and shape Kroger’s management approach, topic prioritization, potential investment of resources and public reporting.



**2023 Material ESG Topics**



# Living Our Purpose

Kroger

**#3**  
*Newsweek*  
 Most Trustworthy Companies in America  
 (Grocery & Convenience Stores)  
 2023

**#27**  
 Axios Harris Poll 100  
 Reputation Rankings  
 2023

**#27**  
*Barron's*  
 100 Most Sustainable U.S. Companies  
 2023

**#78**  
*Newsweek*  
 America's Most  
 Responsible Companies  
 2023



**Score: 100**  
 Human Rights Campaign Foundation  
 Corporate Equality Index  
 4 consecutive years

Disability:IN  
 Best Places to Work  
 for Disability Inclusion  
 4 consecutive years

Mental Health America  
 Gold Bell Seal for  
 Workplace Mental Health  
 2023



*Supermarket News*  
 Retailer of the Year  
 2022

*Newsweek*  
 America's Best Loyalty Programs  
 2022, 2023

*Computerworld*  
 Best Places to Work in IT  
 5 consecutive years



Sustainability, Environmental  
 Achievement and Leadership  
 (SEAL) Business  
 Sustainability Award  
 2023



RippleMatch's  
 Campus Forward Award  
 for excellence in  
 early-career hiring  
 2023



Kroger Health

*Mass Market Retailers*  
 Retailer of the Year  
 2023

American Pharmacists  
 Association  
 Immunization  
 Champion Award  
 2022



Philanthropy

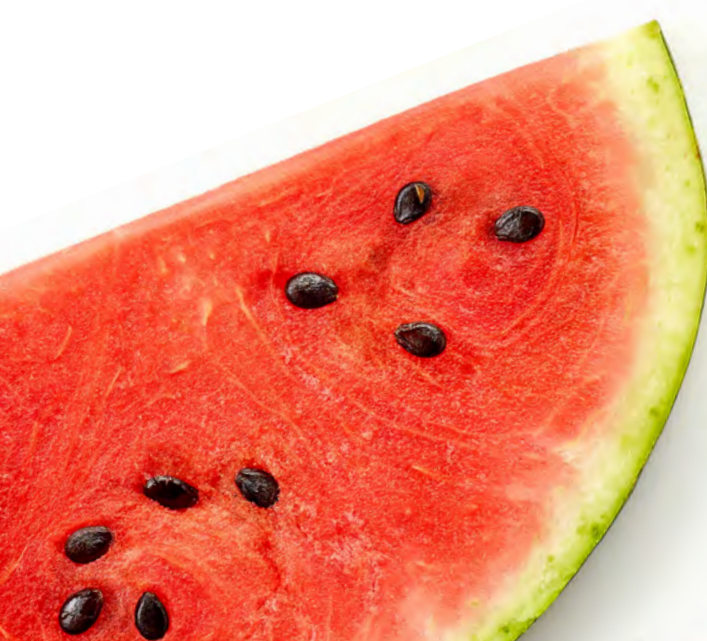
The Kroger Co. Foundation:  
 Congressional Hunger Center  
 Hunger Leadership Award  
 2022



# Stakeholder Engagement

Kroger has a large and diverse group of stakeholders, including individuals and groups who may be affected by our operations and communities that influence how we run our business.

We proactively manage relationships to foster open dialogue 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, ESG strategy, materiality assessment results, and other risk-based analyses.



Key Stakeholders	Primary Engagement Methods	Engagement Outcomes 2022
<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 2022, under the direction of the board, we requested engagement meetings with 34 shareholders representing 48% of our outstanding shares and subsequently met with 18 shareholders representing 41% of our outstanding shares (we met with many of those shareholders more than once). Some investors we contacted did not respond or confirmed that a discussion was not needed at that time.
<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 ESG topics. These insights helped inform our roadmap for Kroger’s GHG emissions-reduction goal and our approach to conducting human rights impact assessments and reporting findings and next steps.
<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.	Quarterly and annual associate insights informed continued investments in wages and benefits, including new resources to support associates’ health and well-being and provide free, confidential financial counseling services. We also added three Associate Resource Groups: Kickstart for new associates, Environmentally Conscious Outcomes (ECO) for associates interested in advancing sustainability, and Prime Timers for associates in the later stages of their careers.
<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 also monitors shopping behaviors, trends and sentiment, which informed the design and national launch of our Boost by Kroger Plus annual membership.
<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.	Kroger is a trusted member of our local communities in good times and difficult times. In 2022, Kroger gave back over \$46 million to local schools, churches and other eligible nonprofit organizations through Community Rewards. Enrolled customers earn donations for the charity of their choice on almost anything, every time they shop.
<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 2022 to help shape several key ESG policies and goals, including an updated Kroger Vendor Code of Conduct, an <i>Our Brands</i> packaging baseline, and framing for a new sustainable agriculture commitment.

# Key Performance Data Tables

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.

## People

Goal	2020	2021	2022	Baseline	Target Year	Status
<b>Social Impact: 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)	1.8B	2.3B	2.9B <sup>1</sup>	2017	2020; 2025	→✓→
<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	90M pounds	94M pounds	106M pounds	2017	2025	→✓→
Strive for 100% of retail stores to participate in food rescue every year	93%	93%	100%	2017	2025	→✓→
Increase company-wide donations of fresh Produce, Deli and Dairy items to be 45% of total food rescue <sup>2</sup>	37%	42%	45%	2017	2025	✓
<b>Philanthropy:</b> Strategically optimize giving to hunger relief organizations as share of total company-wide charitable giving (total of food and funds)						
Align grants from The Kroger Co. Foundation to organizations and causes advancing food security, racial equity and other priorities	\$16.4M	\$13M	\$8.2M	-	2025	→✓→
Establish The Kroger Co. Zero Hunger   Zero Waste Foundation and Innovation Fund; direct national and local grants to accelerate positive impact	\$16.5M	\$18.1M	\$11.3M	-	2025	→✓→

M = million B = billion

1. Kroger achieved its 3-billion-meals goal in the first quarter of 2023, more than two years ahead of schedule  
 2. Restating goal scope to include whole enterprise vs. solely retail. 2020 and 2021 data reflects retail; 2022 data reflects enterprise

## People

Goal	2020	2021	2022	Baseline	Target Year	Status
<b>Just &amp; Inclusive Economy</b>						
<b>Wages and Benefits:</b> Provide solid wages and quality, affordable health care and retirement benefits						
Cumulative investment in associate compensation and benefits	\$798M	\$1.2B	\$1.9B	2017	2020	On track
Increase in average retail hourly wages and benefits over time	\$15.50/hour; over \$20/hour including benefits	over \$17/hour; over \$22/hour including benefits	over \$18/hour; over \$23.50/hour including benefits	2017	-	On track
<b>Framework for Action: Diversity, Equity &amp; Inclusion (DEI):</b> Achieve commitments to create a more inclusive culture						
Cumulative number of associates receiving inclusion training since 2020	-	494,000	661,000	-	-	On track
Increase annual spend with inclusive suppliers to \$10 billion <sup>3</sup>	\$4.1B	\$4B	\$3.9B	-	2030	Area of focus
Deploy funds to advance social justice through The Kroger Co. Foundation's Racial Equity Fund (cumulative)	\$3M	\$5.1M	\$5.7M	-	2025	On track

## Planet

<b>Food Waste<sup>4</sup></b>						
Reduce total food waste generated in our retail supermarkets by 50% cumulatively from our 2017 baseline (cumulative reduction; annual tons generated)	19.3% 268,248 tons	19.7% 269,382 tons	26.2% 245,289 tons	2017	2025	Area of focus
Achieve 95% retail food waste diversion	48.3%	48.8%	45.9%	2017	2025	Area of focus
Strive for 95% or more of retail stores participating in food waste recycling programs	87%	92%	92%	2017	2025	On track
<b>Operational Waste<sup>4</sup></b>						
Company-wide, meet and exceed the zero-waste threshold of 90% diversion from landfill	81%	79% <sup>5</sup>	82%	2016	2025	On track
Phase out single-use plastic shopping bags. Phaseout commitment is in addition to any existing and future legislation for plastic bags	Developing roadmap	Developing roadmap	Using pilots to refine roadmap	2018	2025	Area of focus

M = million B = billion

3. In 2022, Kroger invested time and resources to enhance monitoring and verification of data provided by diverse and inclusive suppliers

4. Progress reflects calendar year data with the exception of construction waste, which reflects fiscal year

5. 2021 performance was impacted by pandemic-related disruptions



**Planet**


Goal	2020	2021	2022	Baseline	Target Year	Status
<b>Climate Impact</b>						
Achieve a 30% cumulative reduction in GHG emissions (percentage reduction from baseline; annual total Scope 1 and 2 GHG emissions)	8.6% ↓ 5,275,845 MTCO <sub>2</sub> e <sup>6</sup>	9.1% ↓ 5,251,448 MTCO <sub>2</sub> e	15.2% ↓ 4,894,705 MTCO <sub>2</sub> e	2018	2030	🔄
<b>Our Brands Product Packaging Sustainability</b>						
Complete a baseline product packaging footprint to fully understand current packaging impacts <sup>7</sup>	-	Completed	Updating annually	2020	2030	🟢
Seek to achieve 100% recyclable, compostable and/or reusable packaging <sup>7</sup>	-	40%	37%	2020	2030	🔄
Increase recycled content in packaging so <i>Our Brands</i> portfolio collectively contains at least 10% recycled content <sup>7</sup>	-	14%	18%	2020	2030	🔄
Reduce unnecessary packaging	-	See Packaging section	See Packaging section	2020	2030	🔄
Increase awareness among Kroger customers about how to properly manage product packaging at end of life	-	See Packaging section	See Packaging section	2020	2030	🔄
<b>Seafood Sustainability<sup>8</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	86%	94%	95%	2020	2023	🟢
Preferentially source MSC-certified wild-caught seafood and source at least 85% of volume from fisheries that are MSC certified	72%	77%	76%	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	98%	98%	99%	2020	2023	🔄
Source 100% of shelf-stable tuna from companies aligned with the International Seafood Sustainability Foundation <sup>9</sup>	100%	97%	98.1%	2020	2025	🟢
Source 20% of <i>Our Brands</i> shelf-stable tuna from fisheries that are MSC certified	-	2.7%	17.7%	2020	2025	🔄

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

7. Initial packaging baseline for *Our Brands* products excluded general merchandise products. We will add these to the packaging dataset in the future

8. Progress reflects calendar year data

9. This is an enduring commitment that we continue to maintain. Percentages are measured by volume. In 2022, the remaining 1.9% of tuna, by volume, that was not aligned with the International Seafood Sustainability Foundation was MSC certified

Planet



Goal	2020	2021	2022	Baseline	Target Year	Status
<b>No-Deforestation Commitments<sup>10</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%	96%	N/A	Ongoing	
<b>Used post-consumer recycled content fiber and/or virgin fiber certified to FSC,<sup>11</sup> SFI<sup>12</sup> or PEFC<sup>13</sup> standard</b>						
Kroger plants (percentage of packaging procured, by weight, from certified sources and/or including recycled content)	-	95% <sup>14</sup>	95%	N/A	2025	
All <i>Our Brands</i> household paper products and packaging (percentage of material, by weight, from certified sources and/or including recycled content)	-	Household: 92% <sup>15</sup> Packaging: 33% <sup>16</sup>	Household: 93% Packaging: 45%	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%	99%	N/A	2025	
All third-party produced <i>Our Brands</i> products	-	90% <sup>17</sup>	Will update assessment periodically	N/A	2030	
<b>Use deforestation-free beef-based ingredients in <i>Our Brands</i> products and fresh beef<sup>18</sup></b>						
Fresh beef and Kroger plants (percentage, by weight, harvested in no-/low-risk countries; born, raised and harvested in no-/low-risk countries)	-	99% (87%)	99% (78%)	N/A	2025	
All third-party produced <i>Our Brands</i> products	-	26% <sup>19</sup>	Will update assessment periodically	N/A	2030	

10. Progress reflects calendar year data with the exception of our Packaging baseline calculation, which reflects fiscal year data

11. Forest Stewardship Council

12. Sustainable Forestry Initiative

13. Programme for the Endorsement of Forest Certification

14. We are restating the value for 2021 to reflect a clarification to two of our data inputs

15. We are restating the value for 2021 to reflect a clarification to one of our data inputs

16. An initial assessment of the *Our Brands* packaging portfolio revealed that 33% of our paper packaging by weight was from certified sources and/or including recycled content in 2021

17. An initial assessment of Kroger Labeled Products (KLP) conducted in 2022 indicated that, in 2021, 90% of soy-based ingredients were from countries with low or no risk of deforestation. The remainder had some risk or lacked visibility into the supply chain to make a determination

18. We are revising the metric we report on for this goal and adjusting our 2021 data accordingly. In 2021, suppliers of regular (non-spot market) fresh beef and beef-based ingredients for manufacturing advised that to the best of their knowledge, more than 99% of cattle were harvested in the U.S., and 87% were born, raised and harvested in North America. In 2022, over 99% of cattle were harvested in North America, and 78% of cattle were born, raised and harvested in North America

19. An initial assessment of KLPs conducted in 2022 indicated that, in 2021, 26% of beef-based ingredients were from countries with low or no risk of deforestation. The remainder had some risk or lacked visibility into the supply chain to make a determination

## Systems

Goal	2020	2021	2022	Baseline	Target Year	Status
<b>Responsible Sourcing: Human Rights</b>						
Develop internal Human Rights Due Diligence Framework	-	-	Completed	-	-	✓
Conduct Human Rights Impact Assessments (HRIA)	-	-	Completed 2 HRIAs: Mixed Greens in California; Farmed Shrimp in India	-	-	✓
<b>Worker Voice:</b> Expand reach of Social Compliance Program	-	11 countries; 333 facilities; 14,000 workers	16 countries; 401 facilities; 16,500 workers	-	-	→✓
<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>20</sup>	41.9%	45.9%	32.3% <sup>21</sup>	-	-	→✓
<b>Volume:</b> Increase shell eggs sourced from laying hens in cage-free housing systems or better (units: dozens) to 70% <sup>20</sup>	24.9%	27%	33.6%	-	2030	→✓
<b>Sow Housing<sup>22</sup></b>						
<b>Volume:</b> By 2025, Kroger aims to source 100% of fresh pork from sows in group housing systems, based on availability	-	-	-	-	2025	→✓
<b>Broiler Chicken Welfare</b>						
Achieve the following welfare enhancements in at least 50% of our supply for Simple Truth Organic® and Simple Truth Natural® fresh chicken:						
Maximum stocking density of 6.0 pounds/sq. foot	-	17.5%	17.9%	-	2024	🔍
Prohibit broiler cages	-	100%	100%	-	2024	✓
Enriched environments, including litter, lighting and enrichments	-	48%	41.9%	-	2024	→✓
Processing in a manner that avoids pre-stun handling and uses controlled atmosphere systems (CAS) <sup>23</sup>	-	10.4%	10.9%	-	2024	🔍

20. Restated progress to align shell egg units to dozens for all years

21. This percentage declined as a result of customer purchasing behaviors, supply constraints for cage-free eggs and pricing changes during recent inflationary periods

22. Given the lack of industry alignment on standards and definitions for sow housing, we are unable to determine accurate year-over-year performance for 2022 and prior years.

We will resume reporting for fiscal year 2023 and remain focused on advancing progress toward milestones shared in our [Animal Welfare Update](#)

23. Reflects slower-than-expected industry transition to CAS systems

# People

## 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

- 21 Food Safety, Access & Health
- 33 Just & Inclusive Economy



# Food Safety, Access & Health

In 2022, we welcomed a return to more normal daily routines; however, our communities faced persistent high rates of food and nutrition insecurity and chronic health conditions. We embrace our essential role in providing access to safe, fresh and affordable food to nourish millions of households across the country.

### Material Topics:

- Food Safety
- Non-Food Product Safety
- Food & Product Access & Affordability
- Local Communities
- Health & Nutrition
- Customer Experience
- Retail Security

## Food Safety

Providing safe, quality food and 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; 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, quality and freshness.

Kroger's vice president of CFT and Regulatory Compliance leads a team of scientists and technologists who oversee food and product safety and quality assurance for our retail stores, food processing facilities, warehouses and dedicated fulfillment centers. They monitor food integrity and purity, product size and specifications, and advise on food safety best practices, allergens, process controls, legislation, regulations and opportunities for improvement. Kroger's executive leadership team and Public Responsibilities Committee of the board have primary oversight to food safety.

We follow a risk-based management approach, which focuses on preventing foodborne illness through a culture of continuous improvement and accountability. Key areas include associate training on food safety policies and process controls, facility food safety audits, performance monitoring and analysis, and efficient recall management.

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). The GFSI brings together 45 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.



### 2022 Highlights

**600M**

meals donated to our communities (food and funds)

**\$336M**

in total charitable giving, including \$253M to hunger relief

**106M**

pounds of surplus food rescued for donation

**\$46.6M**

in customer-directed Kroger Community Rewards for local non-profit organizations

**\$1.4B**

in paper & digital coupons for customers

**Practices & Process Controls**

During the past two years, Kroger increased the size of the CFT team to provide additional oversight and more frequent product testing to continually improve customer satisfaction. The team tests Kroger-manufactured items for safety and quality; conducts food safety audits at 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, policy development and advocacy.

Every year, the CFT team updates cleaning protocols and master sanitation and cleaning schedules at all facilities, reflecting best practices from Ecolab. Some cleaning protocols put in place during the COVID-19 pandemic are now standard procedures at our facilities. We have strict governance in place to ensure our own facilities and suppliers adhere to food safety requirements and process controls (including critical cold chain management guidelines), and the team monitors Kroger's operational performance on food safety training, audits and inspections.

**Supermarkets**

Across our stores, food safety managers help ensure compliance with federal, state and local regulations through our risk prevention strategy, which focuses on:

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

They also participate in food safety organizations and industry groups to stay informed of new developments and share best practices. In 2022, Kroger continued to train new Fresh department associates in food safety practices; however, annual company-wide training numbers are not yet available due to our transition to a new learning platform.

Kroger completed nearly 14,400 in-store food safety audits in 2022.

**Manufacturing Facilities**

All Kroger-operated food 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 32 food processing plants across the country, using quality control plans (QCPs) from the ingredient level all the way to the finished product. The plans are adjusted according to various inputs, including 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

**Supply Chain**

Kroger seeks to have all distribution and fulfillment centers that store food achieve GFSI standards for warehouse and distribution facilities by 2025. To support this transition, a new Corporate Supply Chain Food Safety Manager oversees all food safety and regulatory programs in these facilities. In 2022, we conducted preliminary external audits for 38 warehouses that store and distribute food.

**Distribution Centers**

Management responsibilities are outlined in our food safety and sanitation standards, and associates implement formal documented programs, including site-specific 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.

Key elements of these 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**

Our fleet of refrigerated Kroger Delivery trucks, which can store up to 20 orders, are designed to keep food safe and fresh for customers while being delivered to their doorstep. In addition to our warehouse food safety standards, we implement further process controls to manage ambient, chilled and frozen product at our dedicated Kroger Delivery fulfillment centers. Powerful machine learning algorithms optimize delivery routes, considering factors such as road conditions and optimal fuel use to deliver food safely and efficiently.

**Allergens**

Kroger carefully manages federal requirements for food safety regarding allergens. Known allergens required on labels include peanuts, tree nuts, dairy, egg, wheat, fish, crustacean shellfish, soy and sesame. Effective January 1, 2023, food manufacturers were required to include sesame as an allergen on all labels to align with the U.S. Food Allergy Safety, Treatment, Education and Research Act. Kroger modified all labels for *Our Brands* and made-in-store products containing sesame and those that may come into contact with sesame during production. In addition, Kroger-operated manufacturing plants amended allergen control programs to account for sesame.



### 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. Our experienced team of experts coordinate recalls with suppliers, regulatory agencies and our own network of food safety specialists and recall managers. This 24-hour-a-day, seven-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. We also investigate the issue, take corrective action and modify or create programs to minimize or eliminate similar issues in the future.

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. 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 2022, the Kroger team managed a total of 83 recall events. Of these, 39 were Class I product recalls, including 29 related to food products. Three 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.

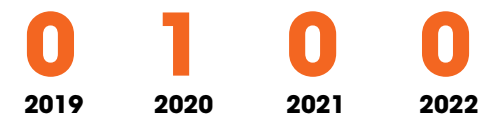
### Enabling Faster Recalls

The Kroger Technology & Digital team is working with CFT and other departments to develop systems to enable product and data mapping at every step of an item's journey through the supply chain. This will enable future compliance with the U.S. Food and Drug Administration's (FDA) Food Safety Modernization Act (FSMA) and Food Traceability Final Rule, which takes effect in January 2026. This legislation is designed to enhance supply chain traceability and enable faster identification and removal of certain foods for consumers' safety.

We completed initial systems design work for data mapping and began building the system in mid-2023. Kroger is prioritizing products specified as high risk on the FDA's Food Traceability List; ultimately, we plan to extend these capabilities to all food and non-food items sold across retail stores and e-commerce channels.

In addition to enabling faster recalls, this critical work will connect to other supplier management tools and improve supply chain accountability and compliance with relevant sourcing policies.

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



## Non-Food Product Safety

### Product Safety & Quality

*Our Brands* non-food products adhere to a multifaceted 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 specification concurrence between 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 teams also monitor regulatory activity over time related to product safety and ingredients to help ensure continued product safety and compliance.

Information about product regulatory compliance is available in the [Business Ethics & Compliance](#) section.



## Food & Product Access & Affordability

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 daily with low prices, special promotions and personalized offers to help stretch budgets and make cooking at home more delicious and affordable.

In 2022, our combined paper and digital coupons helped our customers save more than \$1.4 billion, in addition to everyday promotions and discounts.

This focus on increasing access to healthy food is central to Kroger's Zero Hunger | Zero Waste impact plan, which aims to create communities free of hunger and waste. Our key focus areas include:

- Expanding the reach of our core operations and seamless digital ecosystem of brick-and-mortar stores and home delivery services, and expanding online access and payment via EBT
- Operationalizing store and facility best practices and Zero Hunger | Zero Waste programs to recover and redistribute more wholesome surplus food in our communities
- Aligning charitable giving to improve food and nutrition security at national and local levels

# 1.4B+

in customer savings through our combined paper and digital coupons in 2022

Ownership for relevant food access policies, programs and progress is shared among several lines of business and corporate functions, including Retail Operations, Merchandising, Sourcing, e-commerce and Corporate Affairs. The company's executive leadership team and Public Responsibilities Committee of the board provide additional oversight.

### Expanding Our Reach

Our approach to increasing access to high-quality, affordable food and other items centers on our convenient neighborhood locations and seamless digital shopping platform. In 2022, we significantly expanded the Kroger Delivery fulfillment center network, unlocking greater access to fresh, affordable food for more customers across 14 states. We operate eight dedicated fulfillment centers and a fleet of delivery vehicles to bring groceries to even more customers in existing and new geographies.

Kroger continues to meet the requirements set by the U.S. Department of Agriculture's Food and Nutrition Service to accept EBT payments online. In 2023, we accelerated the rollout of capabilities to accept EBT payments online for customers eligible for the Supplemental Nutrition Access Program (SNAP) and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). We expect to complete this rollout later this year to all geographies, removing some barriers to food access like store location and transportation.

Customers looking to save money can also take advantage of Boost by Kroger Plus, our affordable membership program that offers reduced Pickup and Delivery fees. For more details about Kroger Delivery and Boost, see [Customer Experience](#).



### Store Best Practices

Our Retail Operations team oversees store-level programs to maximize the amount of fresh food that fulfills its highest purpose: Feeding people. As fresh food nears its use-by date, our systems prompt associates to reduce prices for faster sale, making nutritious foods even more affordable for shoppers. In 2022, we also changed how and where we merchandise our popular markdown programs in stores to increase visibility and customer engagement. For online shoppers, the Kroger Delivery team designed a "flash sale" feature that highlights high-inventory items every day, offering customers special discounts to save even more.

We continue to optimize our Zero Hunger | Zero Waste Food Rescue program to recover safe, nutritious surplus food for local hunger relief agencies to distribute. In 2022, our Retail Operations team achieved 100% store participation across all geographies, meaning every store is actively donating items. Company-wide, our associates rescued 106 million pounds of surplus food last year, up 11% from 2021.

This reversed a slightly declining trend in food rescue during the pandemic due to supply chain constraints and reduced agency capacity to pick up surplus food. We also achieved our goal to strike a better balance of surplus food donations, in line with federal nutrition guidelines, and provide more nutrient-dense surplus food to our communities. In 2022, 45% of food donated through our food rescue program came from fresh Produce, Deli and Dairy departments.

We continue to look for opportunities to improve program execution through associate training and innovations in technology and last-mile logistics. Innovations like automated markdown technology will allow us to more efficiently lower the prices on relevant food items in more store departments, in turn reaching more customers. We plan to conduct additional pilots across multiple business units to test new ideas for optimizing markdowns and food rescue in the year ahead.

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



### Fighting Hunger

Kroger is a generous community partner. In 2022, Kroger's charitable giving totaled \$336 million company-wide; of that, \$253 million focused on improving food access and food security in our communities. This includes the value of surplus food donations and charitable donations for hunger relief.

After introducing Zero Hunger | Zero Waste in 2017, we strategically aligned the company's charitable giving to national, regional and local organizations and programs that feed more people. In 2022, we directed a total of nearly 600 million meals to our communities, bringing our cumulative total to 2.9 billion meals.

This includes work with local food banks and pantries to support innovative food delivery models, including mobile or stationary food pantries that increase access to fresh food. Kroger's Louisville Division continues to operate a mobile market, which brings affordable food for purchase to neighborhoods without access to a nearby brick-and-mortar grocery store.

In the first quarter of 2023, Kroger achieved its goal to direct 3 billion meals to our communities by 2025, more than two years ahead of schedule.

### Supporting Our Communities

	Food Surplus Fresh Food Rescue	Funds Donations Directed to Hunger Relief	Total Meals Food + Funds = Meals
	Zero Hunger   Zero Waste Food Rescue & Other Food Donations (pounds)	Corporate & Foundation Charitable Donations (dollars)	Total Meals Directed to Communities
2017	91M	\$200M	325M
2018	100M	\$192M	316M
2019	101M	\$205M	493M
2020	90M	\$213M	640M
2021	94M	\$210M	546M
2022	106M	\$253M	599M
<b>Total</b>	<b>582M</b>	<b>\$1.3B</b>	<b>2.9B meals</b>



## Local Communities

Kroger’s goal is to be a trusted and welcome partner in the communities we call home. Our business, facility and Corporate Affairs leaders proactively engage public officials and other community stakeholders to understand priorities, listen to concerns and address unique local needs. We encourage our leaders and associates to give back where they work and live through volunteer service, with leaders often serving as non-profit board members.

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. Business and Corporate Affairs leaders engage federal, state and local elected leaders and community representatives, lead public policy advocacy, and advance positive social impact in our communities.

We aim to build stronger, more resilient communities by supporting efforts that align with our Zero Hunger | Zero Waste plan; improve food and nutrition security; advance diversity, equity and inclusion; and provide disaster relief. Long-standing relationships with national organizations also provide key services in our local communities. These include the American Red Cross, Feeding America and its network of affiliated local food banks, No Kid Hungry and World Wildlife Fund (WWF), among others.

# \$336M

in total charitable giving to our communities in 2022

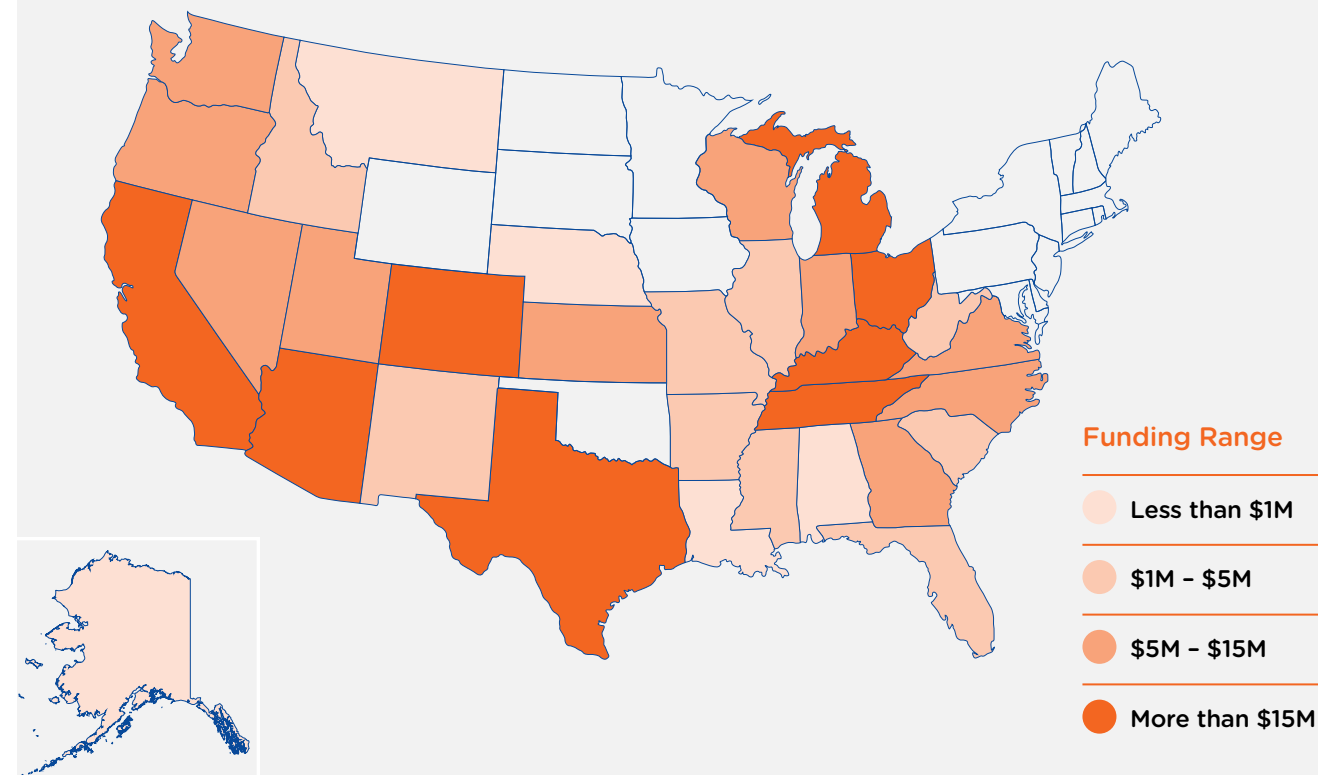
### Giving Back

Kroger has a long history of generous community support. In 2022, 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. In all, we directed \$336 million to our communities in food and funds, providing nearly 600 million meals and other essential support.

We also engage Kroger shoppers in our Zero Hunger | Zero Waste mission, offering easy ways for customers to give back by rounding up their purchase to the nearest dollar to benefit The Zero Hunger | Zero Waste Foundation, or by donating directly in-store or online. The foundation follows best practices to responsibly steward these funds to eligible community organizations, including local food banks, disaster relief agencies, non-profits that advance sustainability and more. In 2022, we activated a new visual enhancement at self-checkout locations across our retail divisions to encourage customers to Round Up to end hunger.

Through Kroger Community Rewards, we also facilitate fundraising for thousands of local non-profit organizations across our communities. The program enables customers to direct a portion of our charitable giving to any eligible non-profit of their choice. Customers simply enroll in Community Rewards, link their shopper’s card to the eligible local 501(c)(3) organization of their choice, and shop in-store or online using their card. The organizations receive quarterly donations based on the number of enrolled customers and total linked purchases. In 2022, we directed \$46.6 million in giving to local organizations through Kroger Community Rewards.

Total Charitable Giving by State: 2022



### Supporting the Military

Kroger provides essential support and services through the United Service Organizations (USO) for our nation’s active-duty service members and their families. The Kroger Family of Companies is the largest cumulative donor in the USO’s history, with financial support of more than \$41 million since 2010.

In 2022, we introduced the first of three mobile Kroger + USO canteens that will travel across the country to military training and mission locations, as well as to rapid-response deployments to nourish military service members and communities experiencing natural disasters.

The remaining two mobile canteens were introduced in May 2023. These three canteens will be stationed in Atlanta, Kansas City and Salt Lake City to support service members wherever they are deployed in the U.S.

For more details on our foundation grant-making programs, please see [The Kroger Co. Foundation’s 2023 Report](#) and [The Kroger Co. Zero Hunger | Zero Waste Foundation’s 2023 Report](#).

## Health & Nutrition

We seek to offer Kroger associates and customers easy ways to live a healthier lifestyle, believing in the power of fresh food to nourish families and improve health. Through our core retail operations, Kroger Health business and more, we advance food access, nutrition and health through products and services, customer and community engagement, and strategic philanthropy.

The company's approach to health and nutrition encompasses multiple lines of business and functions, from Merchandising and Retail Operations to Kroger Health, e-commerce and Marketing. We aim to offer customers easy ways to live a healthier lifestyle when shopping with Kroger in stores and online, including through health services offered by our pharmacies, The Little Clinic and our dietitians. We also advance food access, nutrition and health at the national and local levels through strategic philanthropy and community engagement. Our executive leadership team and the board's Public Responsibilities Committee oversee progress on our health and nutrition programs, and pharmacy and clinic safety measures.

### Food as Medicine

Kroger believes in the power of food to nourish families and improve health. 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.

In 2022, Kroger outlined new efforts to create healthier communities and support the U.S. National Strategy on Hunger, Nutrition and Health, including:

- Collaborating with The Rockefeller Foundation and American Heart Association (AHA) to mobilize \$250 million for a national Food as Medicine research initiative to improve health and well-being, reduce health care costs for insured populations and improve health equity

- Expanding access to affordable food and convenient services to improve health, including Better-for-You products and in-person and telehealth counseling services
- Empowering our customers to make healthy choices by enhancing and scaling our digital OptUP® nutritional scoring system
- Directing catalytic funds to promising solutions to improve health equity in communities through charitable giving and The Kroger Co. Zero Hunger | Zero Waste Foundation's Innovation Fund

The Rockefeller Foundation-AHA national research initiative will continue to evolve in the coming years to test food-related interventions to improve health and validate results through comprehensive clinical trials. Kroger looks forward to exploring new ways to scale food-related interventions and solutions with the potential to improve population health and reduce health care costs.

### Kroger Health

Our Kroger Health business leads the company's health services strategy and programs. Kroger Health includes retail, mail order, central fill and specialty pharmacy operations; retail health clinics; nutrition and dietitian services; and health advocacy. A team of 24,000 health care practitioners, including pharmacists, nurse practitioners, dietitians and technicians, serves over 17 million customers annually.

Kroger Health also offers business and community solutions for government entities and other health payers, including health plan providers and Medicare and Medicaid programs.



**Nutrition Insights & Personalization**

Kroger recognizes that making healthy food choices can be challenging, so we developed OptUP, a nutrition rating system to simplify choosing nourishing foods while shopping. It helps our customers in three unique ways:

- **Nutrition ratings:** Driven by Kroger’s team of expert registered dietitians, OptUP nutrition ratings use data science, evidence-based nutrition information and machine learning to rate foods on a scale from 1 to 100. The more nutritious the food, the higher the nutrition rating. OptUP nutrition ratings are available on [www.kroger.com](http://www.kroger.com) and the Kroger app to help customers compare the healthfulness of different products and select what’s right for them.
- **OptUP scores:** OptUP scores are personalized nutrition and health insights based on household purchases over time. While nutrition ratings depict the healthfulness of single items, an OptUP score provides insight into macro trends by enabling customers to see the nutritional value of their grocery purchases over time. Scores range from 10-1,000; generally, customers are encouraged to aim to score above 600.
- **Better-for-You Products:** Backed by a proprietary science that identifies similar, substitutable products with a higher nutrition rating, our online Better-for-You feature highlights alternatives to make choosing healthier options simple. Our customers can find the Better-for-You carousel on [www.kroger.com](http://www.kroger.com) and the Kroger app.

Millions of customers have engaged with these nutritional insights to date and, in 2022, 20% of Kroger customers using our digital ecosystem engaged with the Better-for-You carousel while shopping.

Beyond OptUP, we help improve nutrition security through other products and services, including our Telenutrition service offering two-way video chat appointments available across the U.S. with Kroger Health registered dietitians; Kroger Health Food Boxes, dietitian-curated boxes of nourishing, shelf-stable food shipped nationwide; and Welsana, our Diabetes Prevention Program designed to help diabetes patients manage their condition and enjoy healthier lives.

**Research & Clinical Trials**

Critical health research and clinical trials often struggle to meet enrollment targets and engage a diverse group of participants. In 2022, Kroger Health established a clinical trial site network in conjunction with the pharmaceutical industry, contract research organizations and health systems. With select Kroger pharmacies and The Little Clinic locations serving as clinical trial sites, we are bringing research opportunities to the communities where customers live, work and eat.

In collaboration with Persephone Biosciences, Kroger Health launched the ARGONAUT clinical study to identify microbiome-based biomarkers indicative of colorectal cancer. Select Kroger pharmacies and The Little Clinic locations across Toledo, OH, enrolled people with a variety of colorectal cancer risk levels to advance the understanding of gut and immune health. Kroger Health plans to enroll additional participants and add locations.

The ARGONAUT study is the first of many Kroger clinical trial opportunities that will provide an alternative to the traditional clinical trial and research organization model. This marks the company’s first trial in active recruitment as we work to advance health care research, prevent disease and improve health outcomes for the people we serve.



**Health Equity & Advocacy**

Kroger recognizes that upstream factors like existing policies and legislation affect equitable access to health services. We are working with policymakers to design and fund initiatives that increase patient access to more nutritious foods and expert nutrition advice while measuring outcomes to promote widespread adoption across our health ecosystem.

In 2022, Kroger Health expanded federal advocacy efforts to promote policies that increase the accessibility and affordability of our health care services. This includes extending scope-of-practice laws to enable our providers to practice at the top of their training and education. It also includes promoting novel approaches to help patients lead healthier lives by linking better eating habits with improved health outcomes.



### Prescription Drug Awareness

Kroger Health offers solutions to help customers manage medications safely at home. In 2018, Kroger Health joined EVERFI from Blackbaud to create its Prescription Drug Safety Education curriculum for high school students. During the past five years, the program expanded to include 14 geographies across the U.S., reaching more than 100,000 students in 1,300 schools.

The Prescription Drug Safety Education curriculum focuses on raising awareness and encouraging students to make safe decisions around prescription medications. It helps students manage difficult situations and choices in high school and beyond. Of students participating in the program:

- **80%** reported being able to identify signs of prescription medication misuse
- **83%** said they understood ways to avoid misusing prescription drugs
- **79%** were confident in their ability to help someone who demonstrates the signs of misusing prescription drugs

To further reduce prescription medication misuse, Kroger Health, Cardinal Health Foundation, DisposeRx® and local police stations typically host drug take-back events twice a year at pharmacy locations across the country. In the past five years, the program has collected and properly disposed of 128,000 pounds of medications and served more than 58,000 visitors across 34 states.

### Encouraging Vaccinations

The National Institutes of Health notes that vaccine-preventable diseases cost the country \$27 billion annually in lost wages and increased health care costs. Kroger Health provides a range of routine immunizations to prevent infection and the spread of serious diseases, in addition to resources on recommended vaccines for consumers based on their age group.

During the COVID-19 pandemic, Kroger Health collaborated with businesses and non-profit organizations to host pop-up vaccine clinics, and now Kroger Health offers the same service for flu, COVID-19 and any industry- or school-related vaccines. Since earning the 2022 American Pharmacists Association Immunization Champion Award, Kroger Health expanded the number of trained providers in their clinics and pharmacies, improving availability via the online scheduler and offering faster response to walk-in patients seeking vaccines. During the past two years, non-COVID-19 vaccine growth shows these investments are working and improving community vaccination rates.

### Promoting Wellness

In 2022, we hosted the Kroger Wellness Festival in Cincinnati to engage consumers and promote health and wellness. Nearly 125,000 visitors participated in the two-day event, which featured family-friendly interactive workshops, group fitness activities, celebrity appearances and cooking demonstrations, free concerts and more. The next Kroger Wellness Festival will take place in September 2023 in Cincinnati.



## Customer Experience

Kroger operates conveniently located retail supermarkets and a digital ecosystem serving over 60 million households in our communities every year. The company's *Leading with Fresh and Accelerating with Digital* strategy seeks to deliver fresh, friendly and full shopping experiences every day, no matter how customers choose to shop with us. Our approach to customer experience and satisfaction is overseen by our executive leadership team and Marketing, Merchandising, Retail Operations and e-commerce departments and integrated across all lines of business and functions.

We measure performance using sales, operations and customer satisfaction metrics. Kroger and its banner stores consistently rank among top loyalty programs for retail supermarkets.

To serve our customers, Kroger offers more than 2,200 pickup locations, 2,500 delivery locations and home delivery through eight Kroger Delivery 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 2022.

# 98%

of our customers have access to delivery through our seamless Pickup and Delivery ecosystem

### Strategic Areas of Focus

Kroger's business strategy focuses on four areas: Fresh, *Our Brands*, Personalization and Seamless, growing our customer base and creating a unique customer value proposition that will serve the business in many economic environments.

- 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 its level of importance. In 2022, Kroger rolled out a new End-to-End Fresh program across 1,400 stores to increase freshness and extend shelf life in our customers' homes.
- Our Brands:** Kroger's affordable *Our Brands* products continue to resonate with customers, particularly amid a challenging inflationary environment. *Our Brands* identical sales increased 10.1% in 2022, again demonstrating they are a customer favorite and competitive differentiator. We introduced a new Smart Way opening price point product line, which consolidates and simplifies several brands into one, making it easier for customers to find the most affordable options. We also celebrated the 10<sup>th</sup> anniversary of the Simple Truth® brand, which includes more than 1,500 unique natural and organic products and achieved more than \$3 billion in sales last year.
- Personalization:** Our data science teams are using predictive science to serve customers the right products at the right time at the best value. Because we understand our customers, we provide recommendations to start their baskets and deliver personalized offers on the products most important to them, saving them time and money. In return, we gain customer trust and loyalty, and we are consistently ranked among the best at offering personalized savings and solutions that meet our customers' needs.

In 2022, digital engagement reached an all-time high as customers looked for more ways to save. We launched the Boost by Kroger Plus membership program to offer new ways to shop and save. Early results are encouraging, and we continue to evolve the program.

In 2023, we are making significant investments to build out our personalization capabilities, including increasing the use of real-time data to predict customer needs, which will support sales growth during the next three years.

- Seamless:** As our digital footprint expands, Kroger aims to offer a seamless experience that allows customers to shift easily between store shopping, pickup and delivery. In 2022, digital sales increased 12%. Kroger Delivery customers are more engaged across our entire ecosystem, spending more and shopping with Kroger more often. Next, we are focused on reaching new customers and adding more shopping occasions. Solutions like Kroger Delivery Now, enabled by our vast network of conveniently located stores, connects customers to fresh groceries and household essentials in as little as 30 minutes.



### Kroger Delivery Expands

Dedicated fulfillment centers, powered by Ocado Group since 2018, have achieved a significant step up in geographic penetration and customer satisfaction. We opened our first dedicated Kroger Delivery fulfillment centers in 2021 and continued to expand the network in 2022. Today, we operate eight fulfillment centers in Monroe, OH; Groveland, FL; Forest Park, GA (Atlanta); Pleasant Prairie, WI; Dallas, TX; Romulus, MI (Detroit); Aurora, CO; and Frederick, MD. Additional locations are slated for California; Phoenix, AZ; Cleveland, OH; Charlotte, NC; as well as in 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 geographies serve as last-mile cross-dock locations that expand our ability to serve more customers. As 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.

### Loyalty Strategy

More than 60 million loyal households are enrolled in our popular Kroger Plus loyalty program. 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-profit organizations through Kroger Community Rewards.

Customer feedback demonstrates 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 again in 2023.

### Boost by Kroger Plus

In 2022, we announced the national launch of Boost by Kroger Plus, the industry's most affordable grocery delivery membership program. For either \$59 or \$99 per year, Boost provides customers with benefits like unlimited free delivery on orders of \$35 or more and 2X 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 deliveries and fuel. In the program's first year, Boost by Kroger Plus members saved a total of more than \$115 million.

### 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.



## Retail Security

### Retail Store Safety

Safety has long been a core value for Kroger. We are committed to protecting our customers and each other with secure workplaces and stores. In an ever-changing environment, we monitor and implement best practices in associate training, preparedness and prevention. Safety and loss prevention teams in Retail Operations and Supply Chain functions lead efforts to enhance safety and security with oversight from Kroger’s executive leadership team and Public Responsibilities Committee of the board.

In 2023, reflecting increased safety incidents and threats across the retail industry, Kroger is taking additional steps to increase safety for our associates and customers.

### Personal Safety

Working collaboratively with law enforcement and other authorities, we monitor risk and take proactive steps to protect our associates, customers and communities. We incorporate safety principles and best practices into facility and parking lot designs, including mobile security units and real-time video monitoring to prevent and deter safety incidents. Through a combination of Kroger and third-party services, we provide security presence at relevant stores, depending on local needs.

We also create and implement training programs to foster safe and secure workplaces. We require associates to carefully review a Personal Safety training program first introduced company-wide several years ago, achieving a 98% completion rate in 2022. This training focuses on increasing awareness of what to do in the event of an active assailant in our facilities. We believe this training could also provide life-saving knowledge for incidents that occur outside our walls.

If unexpected events occur on-site, we focus on how to care for our associates holistically, both at home and at work. Kroger’s comprehensive benefits include free counseling and access to a well-being assistant 24 hours a day, seven days a week. We also provide specialized toolkits and training for leaders to understand how best to support their teams and have thoughtful conversations with associates about their well-being.

To support recovery for affected associates, customers and communities, we also support local victims’ advocacy groups and provide resources to help people heal and restore balance to their lives.

### Preventing Theft & Loss

Kroger’s Asset Protection team employs sophisticated systems to minimize theft from our stores and reduce product losses. This includes technology aimed at reducing loss at self-checkout stations and other innovative systems. Alongside the Buy Safe America Coalition, Kroger has been on the forefront of supporting legislation that curbs the impact of organized retail crime. Organized retail crime continues to plague the industry through large-scale theft of items, which are often sold on e-commerce platforms without verification of how the seller obtained the goods. We believe our work helps protect our associates and customers while advancing safer communities.

Most recently, Kroger supported the Integrity, Notification and Fairness in Online Retail Marketplaces for Consumers Act (INFORM Consumers Act), which became law in December 2022 as part of the Consolidated Appropriations Act of 2023. The INFORM Consumers Act is designed to make it easier for shoppers to identify exactly who they are buying from and make it harder for deceitful sellers to avoid identification.



### Firearm Policy

Kroger continues to follow local laws regarding open carry policies; in addition, we ask our associates and customers not to bring firearms to Kroger facilities, even in communities where it’s permitted. Several years ago, the Fred Meyer retail division exited the firearms and ammunition category. Those products—which were only sold at Fred Meyer stores—represented a negligible share of company sales at the time.



# Just & Inclusive Economy

Kroger offers access to employment, personalized development and career advancement for thousands of people every year. Many associates come to us for a part-time job and discover a fulfilling career. We strive to hire people who reflect the communities we serve and create a respectful and welcoming work environment where everyone can thrive.

### Material Topics:

- 2022 Workforce Overview
- Talent Attraction, Engagement & Retention
- Labor Relations
- Diversity, Equity & Inclusion
- Associate Health, Safety & Well-Being

## Overview

### Human Capital Management

Since 1883, we have taken pride in bringing together diverse teams with a passion for food and people to fulfill Our Purpose—To Feed the Human Spirit™. We value and respect our associates and appreciate their efforts to deliver fresh and friendly experiences for our customers and uplift our communities. That’s why we are committed to making investments that help them feed their futures.

Kroger’s Chief People Officer leads efforts to support, inform and advocate for our associates by providing oversight to the company’s Human Resources, Labor Relations and Corporate Affairs functions. Guided by Our Purpose and Values, these groups—along with human resources professionals across the business—focus on advancing our human capital management strategy to support individual and company success. A Diversity, Equity & Inclusion (DEI) team also monitors and measures progress on human capital management metrics and identifies opportunities to further support associate engagement and belonging.

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 retention data.

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

Kroger has publicly disclosed our EEO-1 reports on our [ESG Hub](#).



### 2022 Highlights

**\$650M**

invested in associate wages and training in 2022

**\$1.9B**

invested in associate wages and benefits since 2018

**\$18/hour**

average hourly wage; \$23.50/hour including benefits

**\$3.8M**

in emergency financial assistance for associates through our Helping Hands Fund

**168M**

learning courses completed

## 2022 Workforce Overview

### Diversity in Our Workforce<sup>24</sup>

	Full time	Part time	Total
Women	87,700	119,900	207,600
Men	97,400	113,800	211,200
Total	185,100	233,700	418,800

	2021	2022
White Women	31.0%	29.3%
Women of Color	19.5%	20.2%
White Men	30.5%	29.9%
Men of Color	19.0%	20.5%

24. Totals provided for gender and ethnicity reflect our transition to a new workforce management system, in which associates are no longer required to specify or disclose gender or ethnicity

### Reflecting Our Communities

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

	U.S. Population <sup>25</sup>	Kroger Operating Area Population <sup>26</sup>	Kroger Associates <sup>27</sup>	Totals
White or Caucasian	61.7%	55.1%	59.3%	248,134
Hispanic or Latino	18.0%	21.9%	13.8%	57,596
Black or African American	11.9%	12.7%	16.8%	70,305
Asian or Asian American	5.1%	6.8%	3.9%	16,253
Other	3.4%	3.5%	6.3%	24,462

25. 2022 U.S. Census Bureau population estimates  
 26. 2022 U.S. Census Bureau population estimates  
 27. Kroger data as of fourth quarter of fiscal year 2022

### 2022 Highlights

# 6%

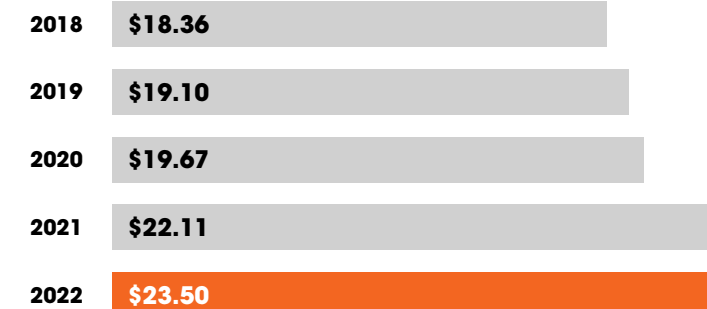
increase in average hourly compensation in 2022 vs. 2021

# 28.2%

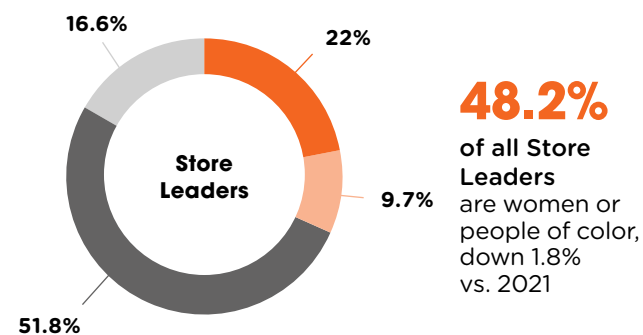
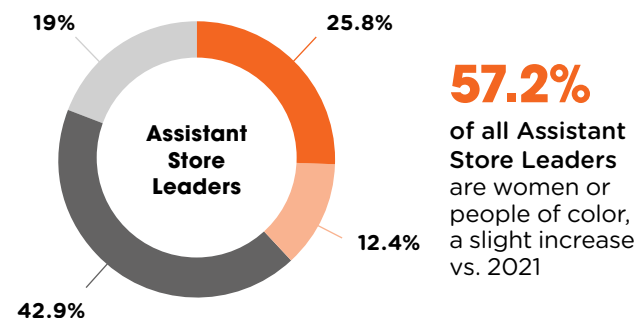
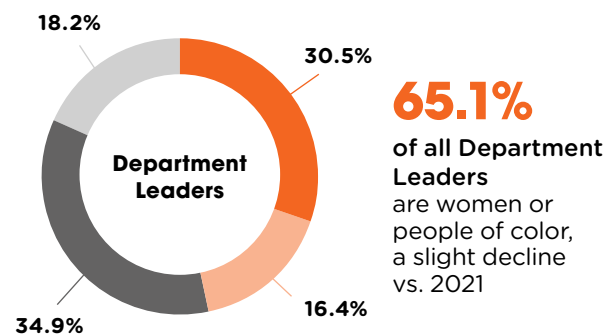
increase in average hourly compensation since 2018

### Average Hourly Compensation

Includes comprehensive benefits



### Diversity in Our Leadership Roles



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



## Talent Attraction, Engagement & Retention

Because we value and respect our associates, we strive to connect meaningfully with them throughout their employment journey, providing important opportunities to learn, grow and advance. To bring this to life, we focus on three key priorities:

- Connecting and retaining our talent
- Developing our leaders
- Advocating for our associates and their well-being

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.

### Talent Attraction

Kroger continues to evolve as an Employer of Choice, adapting and improving how we engage to attract and tap into diverse sources of talent across all lines of business and functions. This includes enhancing our early talent pipeline, recognizing that, for many associates, Kroger is their first job. We provide accessible and flexible employment options for many, including retired workers looking for work and meaningful ways to stay active in their community.

In 2022, 17% of new hires across the company were 18 years old or younger. During the past 18 months, we also welcomed more than 530 interns to our company. Kroger interns work on real projects and produce real results across all areas of the business from supermarket divisions, manufacturing and supply chain to corporate functions and our Kroger Technology & Digital team.

We successfully expanded our New Beginnings program, which offers second-chance employment opportunities to justice-impacted individuals. In the past year, we expanded the program from eight to 49 food processing and distribution facilities across 19 states. Powered by collaboration with more than 35 trusted community partners, we seek to attract and retain fair-chance talent to create opportunities for individuals to start fresh and become financially stable through gainful employment.

### Associate Listening & Engagement

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. In 2022, the company-wide engagement score was 56, a two-point increase from 2021. We also saw a 12% increase in survey participation this year.

While this shows improvement, we still have work to do. Since receiving the results, we have developed and activated nearly 14,000 site- and team-based action plans to address the key areas identified by the survey, including associate belonging, overall well-being and supervisor effectiveness.

As part of our ongoing journey to listen to associates, we launched two new pulse surveys to check our progress on creating positive change for our associates. One survey assesses associate well-being, asking how associates are feeling. The other measures associate loyalty and advocacy. Together, these pulses—at four intervals during the year—enable us to track our progress more frequently instead of only annually. Based on the insights, we can offer additional resources for leaders and associates throughout the year to respond to feedback more quickly.



### Developing Leaders & Associates

We aim to cultivate a culture of opportunity where everyone can thrive. This includes providing tools and resources to help our associates develop skills and grow their careers.

Kroger offers a range of comprehensive training and development opportunities for all leaders and associates, from entry-level new hires to corporate and executive leaders. In 2022, associates company-wide completed more than 168 million learning courses to advance compliance, operational excellence and leadership development.

We also accelerated our journey with our gamified learning app Fresh Start to continue transitioning to an engaging digital onboarding and learning experience. Fresh Start is 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 that build confidence and capabilities to effectively serve our customers. Its flexible design allows us to quickly develop and deliver training that meets the changing needs of the business.

Fresh Start, along with our traditional training modalities, allows us to deliver a wide variety of information to associates at all levels, including role-based training and courses centered on service excellence, Our Purpose and Values, associate well-being and safety.

In 2022, we also focused on leadership development, enabling our leaders to build capabilities and effectively guide our business and our associates through the challenges of today and whatever may come next. Our highly effective leaders have a deep sense of ownership in the business and passion to improve every day, while keeping people at the heart of everything we do.

Kroger offers a wide range of learning tools and resources to help leaders build effective teams who live Our Purpose and deliver on our business strategy. We invest in our leaders' development by:

- Participating in formal internal development programs and experiences, including our Store Leader Development Program
- Offering an extensive catalogue of on-demand and instructor-led development courses designed to support leaders at every career level
- Participating in regional and industry development programs

Every year, we invite assistant store managers to participate in Kroger's Store Leadership Development Program to build the foundational skills needed for future success. This 10- to 13-week program includes a mix of real-world store experiences, one-on-one training and leadership development curriculum. About 1,500 assistant store managers participated in the program in 2022.

Earlier this year, we introduced a new Career Track Development Framework and an extensive leadership development course catalogue that highlights specific development opportunities to help associates at different career levels thrive in their current role and prepare for the next career opportunity. New and refreshed content is released each quarter with training, tools and resources focused on building key leadership skills and capabilities.

### Championing Performance

We believe regular, meaningful feedback is critical to personal development and growth. To ensure associates receive timely coaching and conversations regarding their performance, we ask all managers to dedicate time and attention to coaching and developing others.

Through Kroger's Ongoing Connections performance management approach, each associate has regular performance and development conversations to set expectations and facilitate career development across team members. We also highlight available career paths to help our associates see the wide range of opportunities available for them at Kroger.

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

### Investing in Our Associates

We are committed to investing in the success of our associates. In 2022, we raised our average hourly rates by more than 6%, adding up to an incremental investment of over \$1.9 billion in associate wages since 2018. Our average hourly wage is more than \$18, and more than \$23.50 including comprehensive benefits. We are committed to sustainably increasing associate wages and plan to invest more than \$770 million in our associates throughout 2023.

### Continuing Education

To help associates achieve their learning goals, we offer an industry-leading continuing education assistance benefit, offering up to \$3,500 annually (and up to \$21,000 over the course of a career). In 2022, we expanded eligibility for this benefit with all part-time and full-time associates now eligible after 60 days of service.

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

### Modernizing Systems

In 2022, Kroger completed the first phase of a company-wide people system transformation, consolidating 12 legacy systems into two new systems that integrate time, payroll and HR solutions in a consistent, seamless experience for our associates and managers. With core HR management systems and payroll functionality now in place, we will continue our transformation in 2023 and early 2024 with the phased launch of remaining HR and timekeeping functionality. This investment in modernized systems is designed to help simplify and enhance the associate experience with more mobile-enabled functionality, reduced manual processes and a streamlined user interface.

### Labor Relations

Kroger respects our associates' rights to form and join organizations of their own choosing. We do not prevent, retaliate or discriminate against workers choosing to associate with any group (or not) or bargain collectively (or not).

Collective bargaining agreements are a regular part of our business and cover many associate matters, including wages, health care and pensions. These contracts are regularly negotiated by Kroger's team of labor negotiators 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 over 300 such agreements, usually with three- to five-year terms.

In addition to wage investments noted earlier in this section, we invested more than \$280 million in our associates' pensions in 2022. Kroger also provides affordable, high-quality health care benefits to eligible associates, investing \$1.2 billion annually in their health and wellness benefits.



## Diversity, Equity & Inclusion

Kroger strives to create an environment where everyone feels respected and that they belong. As part of that work, we aim to attract, retain and develop talented 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 seeking entry-level, part-time jobs to graduate-degree specialists across corporate functions.

We also aim to develop and advance diverse leaders to increasing levels of responsibility. For open leadership positions, we assemble a diverse slate of candidates for consideration. In 2023, every manager across the company is expected to actively mentor and develop an associate who has a different background from them. This, along with other goals and objectives, is used to assess the manager’s performance and ultimately affects their compensation. Currently, over 90% of retail division executive leadership teams have at least one diverse leader.

To continue 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 and others. Please see the Workforce Overview on [page 34](#).

# 90%

of retail division executive leadership teams have at least one diverse leader

### A More Inclusive Culture

Kroger’s internal DEI Advisory Council includes 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 15 Associate Resource Groups (ARGs), or affinity groups, with chapters across the company. These groups enable personal connections across the Kroger Family of Companies, influence business decisions, facilitate 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
- ECO (Environmentally Conscious Outcomes)
- ITOPIA (embracing all personality types)
- KePasa (for the Hispanic community)
- Kickstart (for associates who are new to Kroger or looking for a new opportunity at Kroger)
- Men for Equality
- Our Abilities (disability inclusion)
- Parents
- Pride (LGBTQ+ inclusion)
- Prime Timers (for associates at later stages of their careers)
- Veterans
- Wellness
- Women’s EDGE
- Young Professionals

For the fourth consecutive year, Kroger was named among the Best Places to Work for Disability Inclusion, earning a score of 100 on the Disability Equality Index. Kroger was also named among the 100 “Best of the Decade” Companies by *Minority Business News*.

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 health care 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.



## Framework for Action: Diversity, Equity & Inclusion Highlights

### Create a More Inclusive Culture



- Enhance DEI training in leadership development
- Offer inclusion training to all associates

**156K+**

associates & leaders trained in 2022

**661K+**

associates & leaders trained since 2020

### Develop & Diversify Talent



- Review and enhance policies and practices to promote equity; increase recruiting relationships
- Expand regional leadership development and mentorship programs

**From 6 to 53**

enhanced relationships with multicultural schools and institutions, including HBCUs and HSIs

### Advance Diverse Partnerships



- Deepen and expand our relationship with current diverse suppliers
- Onboard new suppliers; achieve \$10B in annual diverse supplier spend by 2030

**100**

new diverse suppliers in 2022, up 15%

### Advance Equitable Communities



- Deepen local leadership involvement and community service
- Increase giving through The Kroger Co. Foundation's Racial Equity Fund

**\$5.7M**

in Racial Equity Fund grants since 2020

### Deeply Listen & Report Progress



- Engage associates and communities to better understand different perspectives and advance positive change
- Leverage associate listening sessions and customer insights to gauge progress and impact



**3451°**



## Associate Health, Safety & Well-Being

Keeping stores open and stocked 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' well-being 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. Business units and administrative functions follow an established approach to help protect associates' health and safety.

We extend our view of safety beyond protecting our associates physically, investing in many ways to support our associates' well-being both inside and outside of work.

### 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 2022, Kroger's company-wide OSHA reportable injuries declined 5.15%, driven by a nearly 8% reduction in injuries in supermarket operations. Lost-day rates improved for both associates and contractors versus the prior year.

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

Find more details about our [safety performance](#).

### Retail Stores

In the first half of 2022, we introduced a new safety program—AllSafe!—for associates in all retail supermarkets. We extended the program to Fred Meyer Jewelers and Pharmacy Central Fill operations associates 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, as well as 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, which includes 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 on the road.

### Well-Being

To help enable our associates to thrive, we take a holistic approach to their well-being, delivering exceptional experiences that support their physical, mental and financial health.

A key component of these efforts is the ongoing refinement of our competitive Total Rewards programs, which include compensation, health care 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.

The mental and emotional well-being of our associates is paramount. During the past two years, we accelerated efforts in this space, focusing first on our managers to better enable them to support associates and create a safe and supportive environment within their teams. In 2022, we expanded access to mental health providers for company health care plan participants and created an easy-to-navigate guide to available resources, including self-help apps, confidential counseling, family support services, fitness discounts and more. Last year, Kroger achieved gold-level certification through Mental Health America's Bell Seal for Workplace Mental Health for the second year in a row.

To support our associates' financial health, we also expanded our financial coaching benefit to our frontline hourly associates. This first-of-its-kind, one-on-one coaching program provides free confidential coaching to help associates navigate a variety of financial topics.

We continue to assess how we work and our policies and benefits to meet associates' needs more effectively, helping them prioritize their own well-being while also supporting each other.



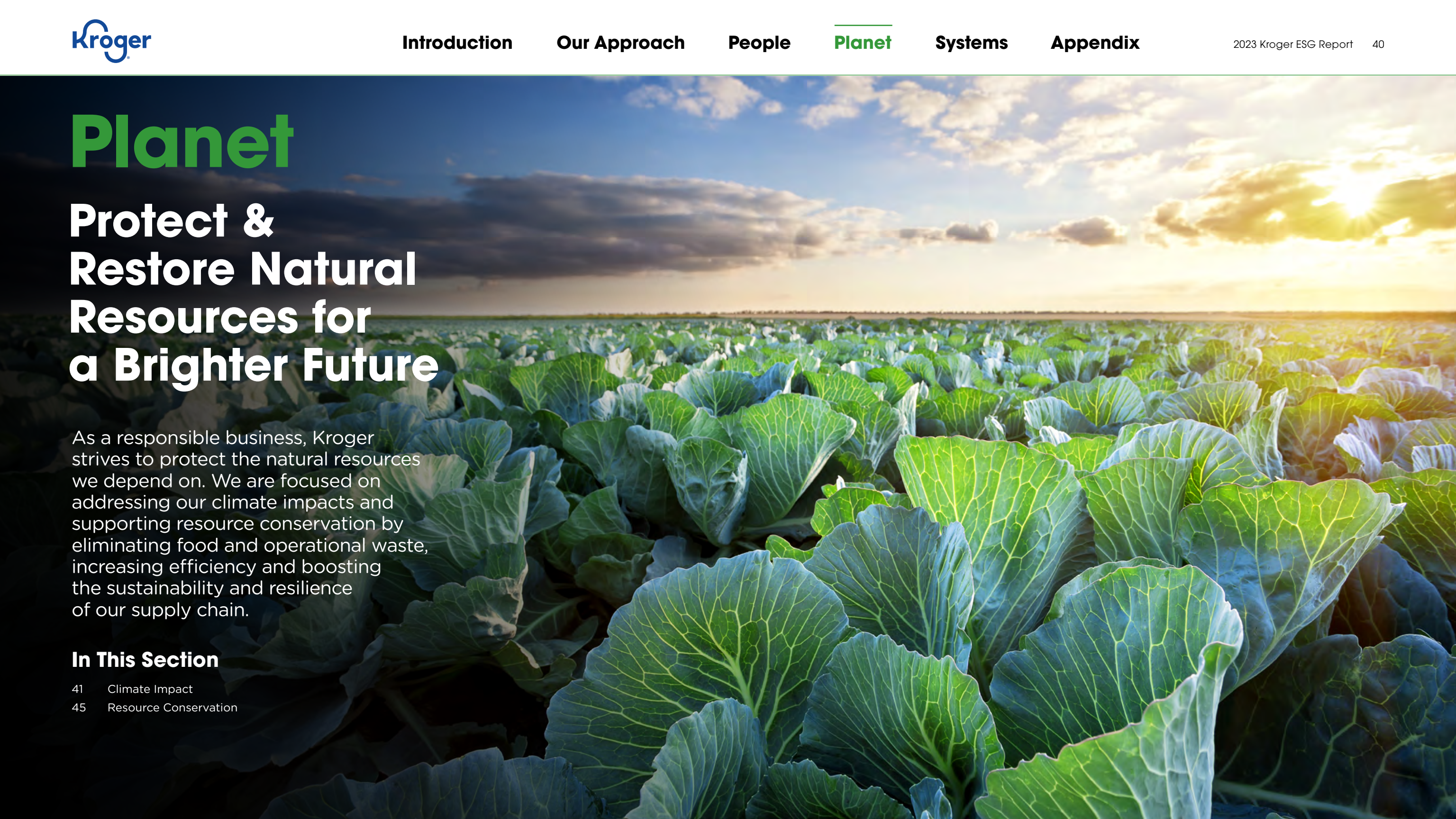
# Planet

## 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 and boosting the sustainability and resilience of our supply chain.

### In This Section

- 41 Climate Impact
- 45 Resource Conservation





# Climate Impact

Just as climate change can affect our operations and supply chain, the greenhouse gas (GHG) emissions produced from Kroger's operations can affect a changing climate. That's why we periodically evaluate our resilience to climate change and are taking steps to reduce our emissions.

### Material Topics:

- Climate Change Resilience
- Energy & GHG Emissions

### Climate Governance

The Public Responsibilities Committee of the Board of Directors reviews and guides the company's actions pertaining to corporate citizenship, including how we manage climate impacts and resilience. Within the company, multiple teams implement our climate strategy, including Retail Operations, Supply Chain, Manufacturing, Sourcing, Finance and Corporate Affairs.

### Climate Strategy

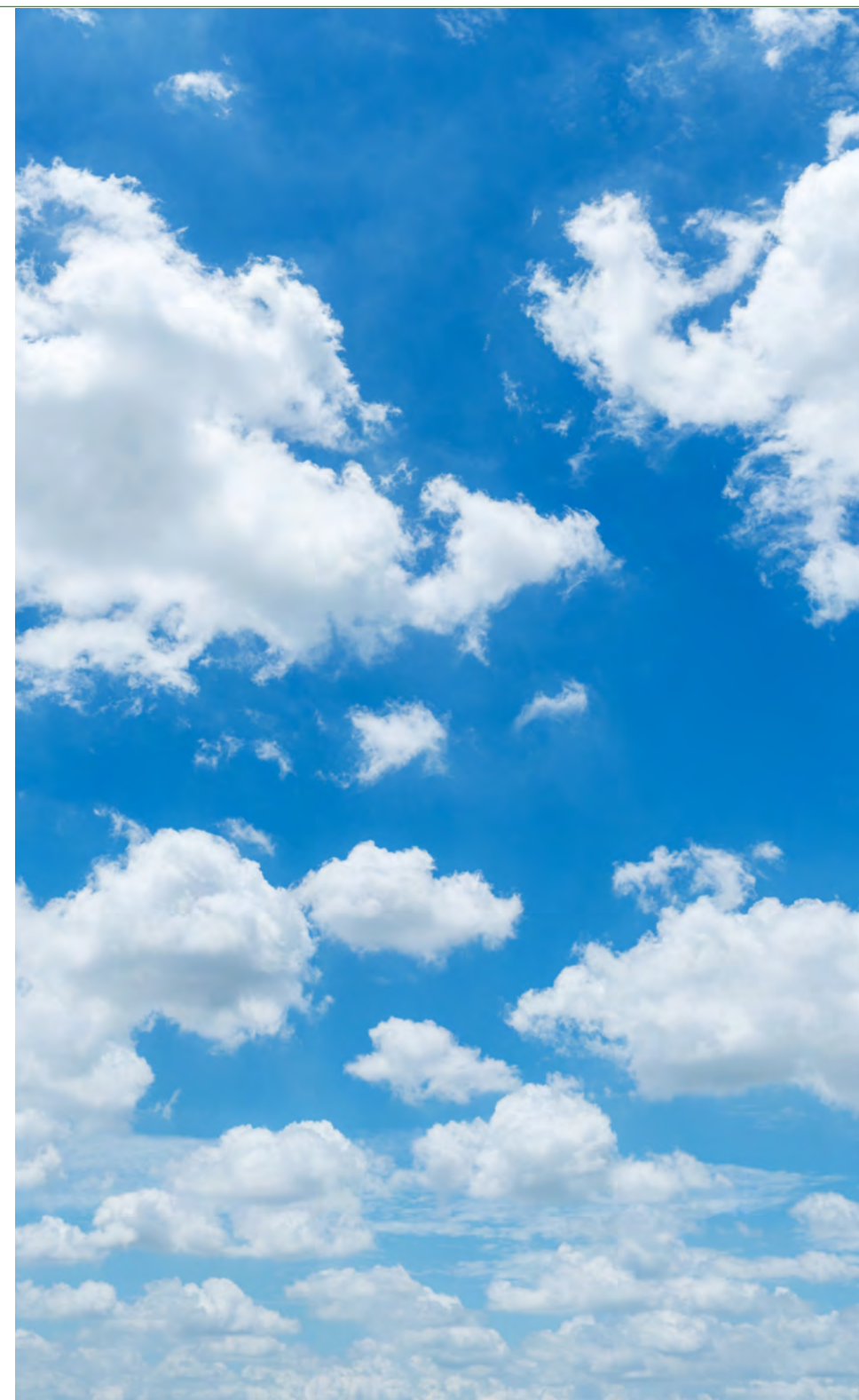
Managing climate impacts is a core tenet of our ESG strategy. Our climate strategy includes the goals we set, the actions we take to achieve our goals and our assessment of climate risks and opportunities. We are implementing this strategy by integrating ESG topics into the way we do business, developing the business and financial plans needed to achieve our GHG-reduction goal, and continually assessing how a changing climate, evolving stakeholder expectations and other risks may affect our business.

### Climate Change Resilience

Two years ago, we conducted our first quantitative climate risk assessment to determine the likelihood of different physical climate risks, including drought, extreme heat and extreme precipitation, impacting Kroger's operations. This was assessed at representative facilities in different geographies to determine if future impacts could 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 1/16<sup>th</sup> degree localized constructive analogs (LOCA) climate dataset for 2030 and 2050 time frames.

For each physical climate risk, we also identified potential financial impacts. While we recognize the limitations of such metrics to capture the entire long-term financial impact of climate risks, they help contextualize the business impacts of physical climate risks. We concluded that, at this time, the physical risks modeled do not pose a substantive financial threat to our operations. We will revisit this analysis periodically with plans to expand it to include a climate risk assessment using scenario modeling for select parts of our supply chain.



### 2022 Highlights

**-15.2%**

change in GHG emissions since 2018 (goal baseline)

**55.1%**

cumulative electricity avoided in supermarkets (compared to 2001 baseline)

**-2.2%**

annual change in electricity consumed in Manufacturing

**2,047**

stores using infrared refrigerant leak-detection technology

To help prepare for and manage physical climate risks, including natural disasters and business disruptions to our supply chains, we maintain over 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 state and federal requirements regarding the phasedown of hydrofluorocarbon (HFC) refrigerants, we anticipate steadily replacing refrigerant infrastructure across our store portfolio to reach required levels, which could incur additional costs.

Ongoing stakeholder engagement and market research help us understand how consumers, investors and others may be thinking about a changing climate. Based on these learnings, Kroger continues to take action on this important topic. For example, we introduced multiple products with lower carbon impacts, like upcycled grains and carbon-neutral eggs.

## Energy & GHG Emissions

To manage the energy our business consumes and the GHG emissions that we produce, Kroger sets GHG-reduction targets, identifies and implements reduction projects, and measures annual emissions to track progress on our goals.

### 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. During 2022, Kroger’s ESG, business unit and Finance teams developed an initial portfolio of projects to help us achieve our current GHG-reduction goal, which we will refine over time. We published our GHG Goal Roadmap in early 2023.

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 committed to set a new goal aligned with the requirements of the Science Based Targets initiative (SBTi). This includes resetting our current Scope 1 and 2 emissions goal to support the 1.5°C scenario and setting new Scope 3 emissions goals, including a Forest, Land and Agriculture (FLAG) goal. This will remain a priority throughout 2023.

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

### Emissions Disclosure

Kroger’s GHG emissions for 2022 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:

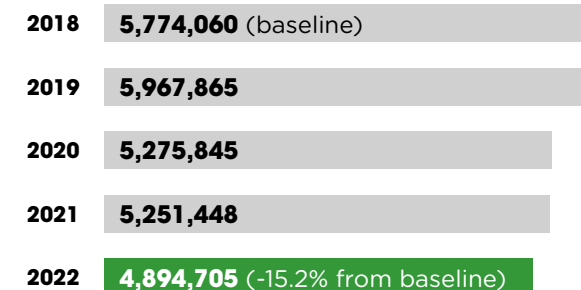
- **Scope 1** emissions increased by 1% over the prior year. While stationary and refrigerant emissions decreased, mobile emissions increased as a result of our Delivery business expanding in the reporting year. Refrigerant emissions changes vary widely by type of refrigerant; in some cases, the increase 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 13% (market-based) and 2% (location-based) compared to the previous year. This was achieved through energy-efficiency and energy-reduction projects, procurement of renewable energy through utility providers and changes in emissions factors.
- **Scope 3** emissions decreased by 0.3% over the last year. For 2022, we calculated emissions for the following Scope 3 categories: fuel- and energy-related activities (FERA) not included in Scope 1 or Scope 2 emissions, waste generated in operations, business travel, employee commuting, processing of sold products and investments. Emissions decreased primarily due to refinements in emissions calculation methodologies. We are calculating more comprehensive Scope 3 inventories for 2021 and 2022 as part of resetting our GHG-reduction goal in alignment with SBTi requirements.

Our normalized emissions (per 1,000 square feet) decreased from 22.94 to 21.84.

From our 2018 GHG-reduction target baseline to 2022, Kroger’s total Scope 1 and 2 emissions (market-based) decreased by 15.2%.

### Total Carbon Emissions

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



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



### Our 2022 GHG Emissions Footprint—MTCO<sub>2</sub>e

Emissions Category	2022 Emissions (MTCO <sub>2</sub> e)	Year-Over-Year Change (%)
Scope 1 total emissions	2,335,900	+1%
Scope 1 (stationary)	578,392	-4%
Scope 1 (mobile)	420,020	+32%
Scope 1 (refrigerant emissions)	1,337,488	-3%
Scope 2, location-based (purchased electricity)	2,695,641	-2%
Scope 2, market-based (purchased electricity)	2,558,805	-13%
<b>Total (S1 + S2 location-based)</b>	<b>5,031,541</b>	<b>-0.4%</b>
<b>Total (S1 + S2 market-based)</b>	<b>4,894,705</b>	<b>-7%</b>
Scope 3 (partial) <sup>28</sup>	2,390,614	-0.3%

28. Scope 3 emissions reflect the following categories: fuel- and energy-related activities (not included in Scope 1 or 2), waste generated in operations, business travel, employee commuting, processing of sold products and investments. The latter two categories have not been reported in earlier inventories



### Emissions-Reduction Opportunities

To meet our emissions-reduction targets, our engineering teams identify, evaluate and implement short- and long-term projects to reduce energy consumption, move to lower-carbon energy sources and reduce excess emissions. Saving energy and reducing emissions also help 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 [GHG Goal Roadmap](#) summarizes our goal governance process and how we anticipate achieving our goal, including the types of emissions-reduction opportunities that will help enable goal achievement.

### 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 industry peers and identify new opportunities for energy savings. So far, 13 Kroger-operated manufacturing plants have installed energy management systems to identify consumption hotspots and energy-reduction opportunities.

In 2022, 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 are also transitioning multiple areas of our stores to new or more efficient LED lighting, including our overhead lighting (35,000 kWh saved per store), parking lot lighting (100,000 kWh saved per store), open medium-temperature cases (10,000 kWh saved per store), and track lighting in our Produce department (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 2022, we replaced about 200 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, truck speed limits, 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 continued to transition away from ODSs to other refrigerants across our systems. In our stores, we use a four-pronged approach:

- Proactively monitoring, mitigating and reducing leaks
- Replacing aging refrigeration systems to improve energy efficiency and reduce refrigerant charge/emissions
- Properly managing refrigerant inventory to reduce waste and ensure responsible reclaim practices
- Transitioning to refrigerants with lower global warming potential (GWP)

Kroger is part of the U.S. EPA GreenChill program, through which we set annual targets to reduce refrigerant emissions in retail stores. During 2022, we achieved a 10% reduction in refrigerant emissions in our retail stores.

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 the end of 2024. To date, 2,047 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 on a carbon dioxide equivalent (CO<sub>2</sub>e) basis. We are implementing our strategy for aligning with forthcoming federal HFC phase-down requirements under the American Innovation and Manufacturing Act, which will occur across the business.

We already use ammonia refrigerant systems in 81% of our manufacturing plants and 20 distribution centers. In early 2023, we opened a new retail store with carbon dioxide (CO<sub>2</sub>) refrigerant technology on a test basis to inform the possible future rollout of this technology in our stores to align with phase-down requirements. In situations where it is economically and technically feasible, transitioning to this ultra-low GWP refrigerant has the potential to reduce per-store emissions by more than 200 MTCO<sub>2</sub>e annually. We plan to build six additional stores featuring this technology through 2024.

Kroger continues to track emerging refrigeration technologies and is an active member of the North American Sustainable Refrigeration Council, aimed at helping the supermarket industry overcome barriers to the adoption of natural refrigerants.

**Transitioning to Renewables**

To date, we have installed solar arrays at 15 facilities, generating more than 10,500 megawatt-hours (MWh) of renewable power in 2022. Of that, 6,000 MWh 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 converted to renewable electricity.

In 2022, Kroger proactively purchased more than 263,000 MWh of zero-carbon power from our energy providers, including from solar and wind projects in Texas and Virginia. We anticipate activating additional renewable power purchases in Cincinnati; the broader Electric Reliability Council of Texas; and PJM Interconnection for the Illinois, Ohio, Maryland and Washington, D.C. geographies by 2024.

Kroger is also accounting for the increasing amount of renewable energy in the grid by using utility-specific emissions factors where available.

Our expanding renewable energy purchases are aligned with the company’s internal renewable energy sourcing policy.

**Electrifying Vehicles in Our Network**

During the past several years, all new refrigerated trucks in California serving our Ralphps and Food4Less divisions have been hybrid electric/diesel trailers, which can be plugged in when stationary and can run partially off electricity to reduce diesel emissions. We will test electric on-highway vehicles—including tractors, yard tractors and Kroger Delivery vans—in 2023 and beyond.

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, Indiana, Nevada, Ohio, Oregon, Washington and Wyoming, and will continue to expand to additional geographies 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. Since 2020, EV chargers installed at our stores have provided more than 8,700 MWh of electricity to local consumers through more than 886,000 charging sessions.

**Addressing Emissions in the Advertising Supply Chain**

In 2023, Kroger’s Marketing and Media teams, inclusive of our retail media business, Kroger Precision Marketing, joined the Ad Net Zero partnership to help advance the advertising industry’s efforts to reduce GHG emissions. The U.S. chapter of Ad Net Zero is a coalition of more than 60 industry members who are adopting a five-point plan to measure and reduce carbon emissions in the end-to-end advertising process. Participation in this partnership will support Kroger’s commitment to reduce GHG emissions in our value chain, which includes the procurement and sale of media and marketing services.



# Resource Conservation

Across the value chain, our suppliers, facilities and vehicles rely on natural resources to operate. Our commitments to reduce waste, conserve water and protect biodiversity help ensure these resources are available in the future.

### Material Topics:

- Food Waste
- Waste & Circularity
- Biodiversity & Conservation
- Agricultural Practices
- Product Sustainability
- Water

## Food Waste

As part of our Zero Hunger | Zero Waste social and environmental impact plan, we set a goal to divert 95% or more of food waste from landfill in our retail stores by 2025. Together, leaders in Retail Operations, Manufacturing, Supply Chain and Corporate Affairs have shaped our zero-waste strategy and created the programs that bring it to life.

First and foremost, we aim to sell as much food as possible in our stores. We use markdown programs in our key departments to help products sell faster, and recently, our business is testing more dynamic technology solutions to improve results. Food that can no longer be sold is donated to hunger-relief organizations across our communities to benefit those in need. In 2022, we donated 106 million pounds of surplus food to Feeding America's network of food banks and agency partners through our Zero Hunger | Zero Waste Food Rescue program.

Food that cannot be sold or donated is captured in food waste recycling programs currently available in 92% of our stores. Our aim is to have these programs in 95% or more of stores by the end of 2023. Food waste is recycled through a combination of animal feed, composting and anaerobic digestion (AD). We are expanding and adjusting our programs to enable greater coverage across our store footprint and make it easier to participate.

In 2023, Kroger's retail divisions are launching new and first-time programs across many stores and expanding de-packaging capabilities with companies like Divert, Inc., a company that creates technology and infrastructure to keep more food out of landfills. The de-packaging technology eliminates the need to remove food from packaging on-site, which simplifies the process for our store associates and makes it easier to recycle food waste and reduce the volume of food going to landfill.



### 2022 Highlights

**82%**  
waste diversion from landfill company-wide

**26.2%**  
cumulative reduction in retail food waste generated since 2017

**37%**  
of *Our Brands* packaging characterized as recyclable

**20.4M**  
pounds of Fair Trade Certified ingredients sourced

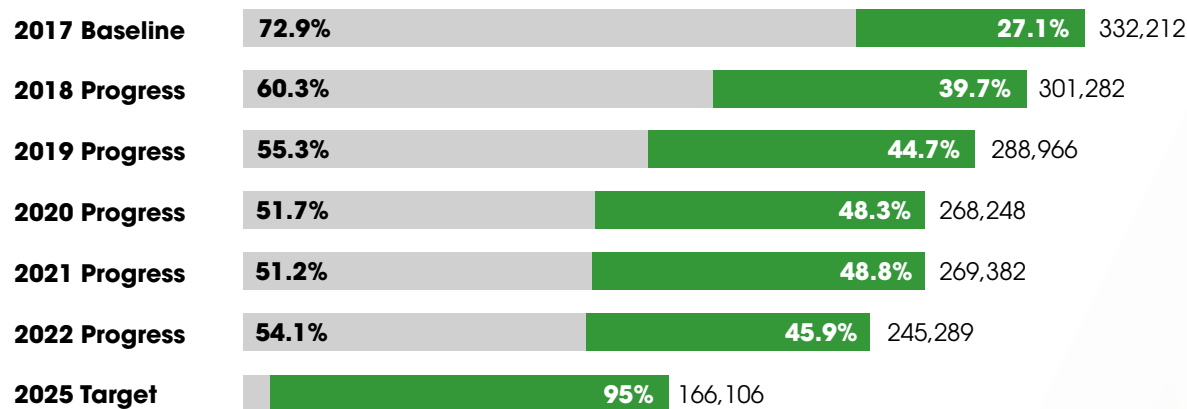
We measure and track food waste annually. With support from WWF, we established our food-waste footprint several years ago using the World Resources Institute’s (WRI) Food Loss & Waste Protocol. In the last year, total food waste generated in Kroger-operated stores decreased by 8.9% to 245,289 tons (from 269,382 tons in 2021), while the percentage of food waste diverted from landfill decreased by 2.9 percentage points to 45.9% (from 48.8% in 2021). These trends illustrate our goal to recycle a greater percentage of a continually diminishing amount of wasted food.

Since 2017, our baseline year, we decreased total food waste generated in our stores by 26.2% and improved our food-waste diversion rate by 18.8 percentage points. As a result of diverting 112,580 tons of retail food waste from landfill in 2022, we are avoiding an estimated 120,469 metric tons of CO<sub>2</sub>e emissions.

In 2022, we continued our participation in WRI’s 10x20x30 initiative and the Pacific Coast Food Waste Commitment. These engagements provide pre-competitive forums where members can share best practices, collaborate cross-functionally across the value chain and gain insight from industry experts to support our collective goals.

**Where Is Our Food Waste Going?**

%/tons waste generated



● Landfill ● Diverted

Notes:

- Food-loss diversion data reflects data collected from stores on composting, animal feed, anaerobic digestion, 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

**Food Waste Management Data**

Short tons

Destination	Food	Inedible Parts	Total
Animal feed	30,866	10,526	<b>41,392</b>
Anaerobic digestion	29,903	-	<b>29,903</b>
Composting	29,316	-	<b>29,316</b>
Biodiesel production	-	11,969	<b>11,969</b>
Landfill	110,127	22,581	<b>132,709</b>
<b>Total</b>	<b>200,212</b>	<b>45,076</b>	<b>245,289</b>



**Waste & Circularity**

Kroger is adopting circular economy principles in our operations and through our products and packaging. In our stores, distribution facilities and manufacturing plants, we focus on reducing the waste we send to landfill by implementing waste-reduction programs, reuse and recycling programs. Our sustainable packaging goals for *Our Brands* are intended to reduce packaging waste by increasing recyclability of materials, using more post-consumer recycled (PCR) content, removing unnecessary packaging, and providing information and means for customers to manage packaging after consumption.

**Operational Waste**

Our zero-waste commitments are driven by leaders and associates across the business. Retail store managers oversee zero-waste initiatives in our supermarkets. 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 waste-recovery initiatives in these facilities.

We remain focused on achieving a 90% waste-diversion rate across the business by 2025. In 2022, our company-wide waste-diversion rate was 82%, an increase from 79% in 2021. The total waste generated by our operations (before accounting for the use of reusable plastic containers in our supply chain network) increased 2%, while the amount of waste sent to landfill and waste-to-energy decreased by 4%. Food donations increased year over year, while food waste recycling via animal feed, anaerobic digestion, compost and the recycling of used cooking oil decreased slightly. This was partly due to the implementation of a new program for managing cooking oil in many of our stores, which resulted in higher efficiency in cooking oil use and less waste. We expect to roll out this system to all stores by the end of 2023.

Two factors drove the large increase in compost. In 2022, we saw some stores transition from animal feed recycling programs to compost programs. We also reclassified recycled food waste from our manufacturing plants as compost instead of general recycling. Total recycling weights increased; however, plastic and cardboard recycling weights decreased. In the last year, 30 of 32 Kroger-operated manufacturing plants continued to divert more than 90% of the waste produced in their operations from landfill—our definition of zero waste. We also have an increasing number of stores that achieved zero-waste operations. In 2022, we expanded our training resources and revised our back-of-store signage for food rescue and recycling programs to clarify program operations and increase associate engagement. We are also implementing automated solutions to track program impacts and engage our associates and store managers in real time.

Kroger’s supply network uses reusable plastic containers and crates to move produce, meat, eggs, milk and other fresh items through our distribution centers and stores. We work with third-party providers to support and expand our adoption of these pooled resources.

Kroger responsibly manages hazardous waste where it is generated in our operations. Across our stores, we have processes in place to manage all damaged and unsalable products that have hazardous characteristics, store-use chemicals with hazardous characteristics or 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 shared through Kroger’s Hazardous Product Compliance System to identify proper handling procedures. Similarly, our plants and logistics facilities work with third-party providers for safe management of any hazardous materials in their operations.

Additionally, where markets are available, Kroger uses specialty recyclers to reuse certain unsalable chemical products and electronic waste to avoid disposal and mitigate potential environmental impacts.

Kroger remains focused on reducing the amount of plastic in nature as a result of our operations. We are the grocery sector lead for the Beyond the Bag Initiative of Closed Loop Partners’ Consortium to Reinvent the Retail Bag. We are testing innovative internal ideas and Beyond the Bag programs to identify scalable solutions. We seek to identify interventions that will reduce consumption of single-use bags and increase the use of reusable bags, while still preserving convenience and accessibility for our customers.

Kroger is one of several retailers that participated in the 2023 Bring Your Own Bag pilot coordinated by the Consortium to Reinvent the Retail Bag to test whether consistent signs, marketing and prompts can help customers build the habit of bringing their bags whenever they shop. Kroger is also developing solutions to reduce or replace single-use plastic bags used in our e-commerce businesses, including Pickup and Delivery.

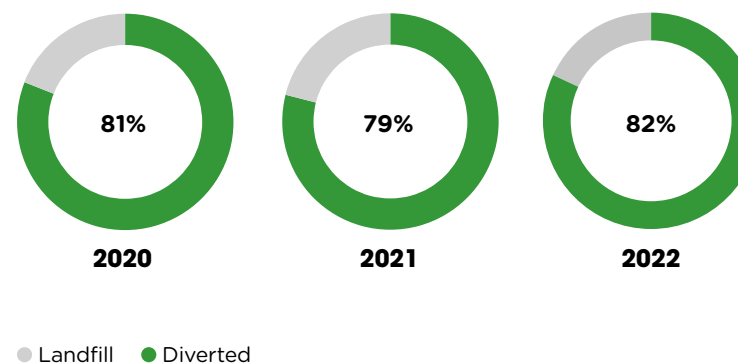


**Waste Management Data**

Short tons

Waste-Management Method	2021 Weight (short tons)	2022 Weight (short tons)	2021 to 2022 Year-Over-Year Change (%)
Reuse	134,500	303,339	125.5%
Donation	47,249	55,938	18.4%
Animal feed	81,712	71,238	-12.8%
Anaerobic digestion	81,600	80,223	-1.7%
Composting	41,004	106,011	158.5%
Recycling	1,930,830	1,957,826	1.4%
Cardboard	887,604	791,303	-10.8%
Plastic	33,187	28,715	-13.5%
Waste-to-energy	34,783	33,031	-5.0%
Landfill	560,436	536,341	-4.3%
<b>Total Waste Generated (excluding reuse)</b>	<b>2,777,614</b>	<b>2,840,608</b>	<b>2.3%</b>
<b>Total Waste Footprint (including reuse)</b>	<b>2,912,114</b>	<b>3,143,947</b>	<b>8.0%</b>

**Diversion-from-Landfill Rate Across Kroger Facilities**



- Notes:
- Data reflects calendar year with the exception of construction waste, which reflects fiscal year
  - Disposed waste is managed 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 the reuse of reusable plastic containers (RPCs) in our supply chain network. The weight of RPCs reused in 2022 increased from 2021 partly due to better data tracking and a higher number of units in circulation
  - Composting weights increased significantly because materials from our manufacturing plants that were previously classified as land application were re-classified as composting
  - Construction project waste and recycling data excludes minor capital projects
  - Table may not sum due to rounding

## Product Packaging

Reducing the environmental impacts of *Our Brands* product packaging remains a focus area for Kroger. Product packaging is designed with multiple purposes in mind, from maximizing freshness and shelf life to communicating product information to customers. Through our sustainable packaging goals, we strive to improve the sustainability of our packaging, including material reduction, use of recycled materials and increasing recyclability.

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 *Our Brands* product portfolio collectively contains at least 10% PCR content material 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. We conducted this work in 2022, capturing data to reflect the 2021 performance year for both Kroger-manufactured and third-party manufactured *Our Brands* products. This baseline focused on food products, both grocery and fresh, as well as health, beauty, household supplies and cleaning, while excluding general merchandise products (apparel and home goods). We plan to include general merchandise products in the future.

Moving forward, we will update our baseline on an annual basis, with a focus on:

- Replacing proxy data with actual supplier-provided data
- Adding new products that launched in the reporting year
- Removing products no longer active in the reporting year
- Capturing updates to product packaging attributes

Our 2022 data update includes 66% actual data (up from 52% in 2021) and reflects 100% of the in-scope product portfolio based on product sales (up from 90% in 2021). Our goal is to have at least 75% of the products in our portfolio represented with actual data in the future.

Below, we share updated data points that reflect 2022 performance of our packaging assortment:

- Paper and plastic remain the two most prominent packaging materials by weight
- Cans, clamshells and boxes were the most prominent packaging types by weight
- 37% of packaging by weight met our definition of recyclable, reusable or compostable
- Assortment-wide, packaging contains 18% PCR

In 2023, we are developing a roadmap to prioritize changes and initiatives that will advance progress on our goals.

### Improving Packaging Recyclability & Trialing Reusability

Kroger’s framework for defining recyclability combines best-practice definitions and requirements of the Ellen MacArthur Foundation and the How2Recycle program. In this framework, 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.



In 2022, 37% of packaging met our definition of recyclable, reusable or compostable, which is a slight decrease from 2021. The table on the following page outlines how *Our Brands* product packaging aligns with the five tiers of recyclability in our definition. The year-over-year decline reflects changes in assortment, variations in product sales and refinement of product packaging data.

Improving the recyclability of single-use packaging will depend on both product packaging redesigns and recycling infrastructure improvements. Kroger participates in multi-stakeholder coalitions focused on building waste-management infrastructure.

[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 (PP) Recycling Coalition, aiming to improve community-level infrastructure to enable curbside PP collection and recycling. Starting in 2022, the foundation also became a supporter of the PET Recycling Coalition, which is seeking to improve recycling outcomes for polyethylene terephthalate (PET) thermoform packaging.

While the industry works on longer-term solutions to make flexible plastic packaging recycling more widely available to consumers, we offer our customers other convenient options to divert this packaging from landfill.



Our [in-store plastic film collection and recycling program](#) accepts 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.

Kroger customers can [mail any Our Brands flexible plastic packaging](#) to TerraCycle for recycling, free of charge. These materials are recycled to produce composite plastic material used in playground equipment, park benches and other products. Kroger was the first U.S. retailer to offer this type of recycling program across an entire private-label portfolio. Our customers have returned more than 1 million packages—the equivalent of more than 22,000 pounds of plastic—to date.

Kroger was the first U.S. grocery retailer to partner with the Loop reusable packaging platform. In 2022, Kroger piloted an alternative to single-use packaging at 25 Fred Meyer stores across Portland, OR. We trialed the new packaging with 21 items from popular brands to gauge customer sentiment. Through the in-store model, customers purchased the Loop products, which are pre-filled in reusable packaging. After using the product, they returned the empty package to a collection bin at the front of participating stores. Returned packages were sent to Loop for cleaning, refill and resale—“closing the loop.” We recently published an overview of the [Loop at Fred Meyer Pilot](#), including insights on what may be needed to scale reusable packaging solutions.

**Packaging Recyclability Definitions and Progress**

Recyclability Level	Brief Description	Example Packaging Types	% of Kroger Packaging <sup>29</sup>
<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>24%</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 (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, <sup>30</sup> LDPE <sup>31</sup> ); PP plastics; aluminum food cans; glass containers	<b>13%</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. 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>10%</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 widely available.	Monolayer plastic film	<b>2%</b>
<b>Not recyclable</b>	Packaging is unable to be sorted, reprocessed and provide value for end markets without significant challenges. Though it might be technically possible to recycle a packaging item, there are systemic barriers to the collection, sorting and recycling in practice, at scale and with reasonable economics.	Multilayer plastic film	<b>50%</b>

29. Totals may not sum due to rounding  
 30. High density polyethylene  
 31. Low density polyethylene

**Increasing Recycled Content**

In 2022, the *Our Brands* packaging assortment contained 18% PCR (up from 14% in 2021). Projects like adding 50% PCR PET plastic to a new line of *Our Brands* spice products increase the amount of PCR material in our footprint. We continue to pilot different levels of PCR material in our packaging, particularly in those products that are subject to packaging legislation. These decisions require evaluating factors such as product function, shelf life and aesthetic.

**Reducing Unnecessary Packaging**

Kroger-operated manufacturing plants continue to reduce plastic use and packaging weights for *Our Brands* items where feasible. Last year, we reduced the amount of plastic used in our carbonated soft drinks and cultured dairy tub product packages, saving approximately 450,000 pounds of plastic annually.

**Customer Communication**

We regularly share information with our customers regarding the *Our Brands* recycling program with TerraCycle and in-store recycling drop-off program for plastic films. Kroger has added “Please Recycle” or the How2Recycle logo to several *Our Brands* products. Recent additions include egg cartons, bottled water, bagged produce, household tissues and kitchen storage bags. Many common package overwraps and other films are among the items eligible for our in-store recycling program.

## Biodiversity & Conservation

Kroger sources products and ingredients from around the world. We recognize the importance of implementing practices in our supply chains that protect people and the planet, while ensuring we have a wide variety of products available for our customers. As a leading manufacturer, retailer and distributor of food products and other goods, we believe conserving resources and protecting biodiversity is critical to the sustainability of our business.

Through our Zero Hunger | Zero Waste impact 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, both on land and in the water. 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.

With the emergence of nature-based approaches to sustainability, we are monitoring the ongoing development of the TNFD and Science Based Targets for Nature (SBTN) platforms to understand how Kroger can further develop our work in the areas of conservation and biodiversity.

### Seafood Sustainability

For over a decade, we have been focused on improving the sustainability of our seafood. Our [Seafood Sustainability Policy](#) articulates our commitments and supplier expectations. Since 2009, WWF has been a trusted adviser to Kroger with regards to identifying more sustainable sources and contributing to industry efforts to improve fishery practices and conserve aquatic ecosystems.

We are making solid progress on advancing our seafood sustainability goals. We met and exceeded our goal to source 95% of wild-caught seafood in our Seafood department from fisheries aligned with our policy, while we achieved 99% alignment with our goal to source 100% of farm-raised seafood from farms aligned with our policy.

We continued to support fishery improvement projects (FIPs) to help fisheries achieve MSC certification. This year, Kroger's Seafood department assortment included wild-caught seafood from 43 comprehensive FIPs.

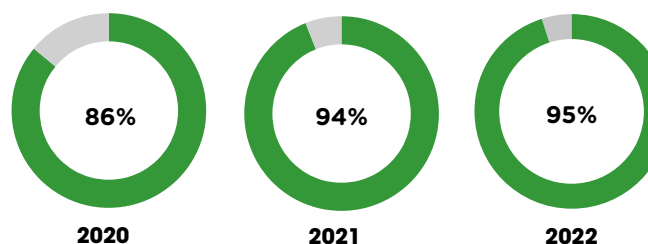
Kroger remains committed to sourcing all shelf-stable tuna from suppliers<sup>32</sup> participating in the International Seafood Sustainability Foundation, with 98.1% of our suppliers, by volume, aligned with this requirement in 2022. The remaining portion was MSC-certified. We are also committed to sourcing 20% of shelf-stable *Our Brands* tuna from MSC-certified fisheries by 2025. In 2022, 17.7% of relevant volume came from fisheries meeting this requirement.

Because traceability is key to ensuring products are sourced responsibly, we will continue to work with WWF and suppliers to improve transparency and traceability for seafood globally.

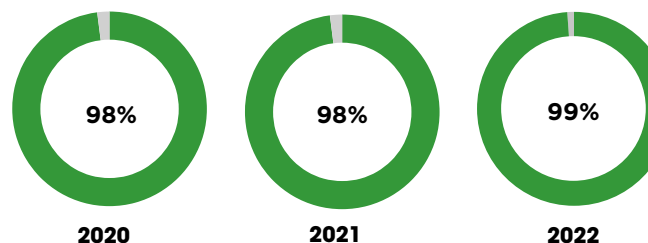
We are also sharing information about how the seafood sold by third-party sushi vendors in Kroger's Deli departments aligns with the requirements in our Seafood Sustainability Policy. As reported by our vendors, in 2022, 89.5% of the seafood in our sushi assortment was aligned with these requirements.

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



### No-Deforestation Practices

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. We query our suppliers to gain visibility into the origin and characteristics of the palm, soy, beef and paper-based ingredients and products in our assortment, which informs our progress reporting. Our ongoing engagement illuminates that supply chain visibility is important for achieving our goals. We believe that by requesting this information from our suppliers on a regular basis, we can build a culture of transparency.

Our no-deforestation commitments include:

- Palm:** We will source palm oil, palm kernel oil and palm oil derivatives from sources certified by the Roundtable on Sustainable Palm Oil. In 2022, approximately 96% of palm-based ingredients used in *Our Brands* products came from certified sources, and 93% of reported palm oil in products was certified to the Mass Balance supply chain standard or higher. 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>33</sup> SFI<sup>34</sup> and PEFC<sup>35</sup>) and/or includes recycled content, as measured by weight. In 2022, 95% of paper packaging used in our manufacturing plants met our goal. Today, 93% of *Our Brands* household paper goods like tissues, paper towels and toilet paper are also aligned. In addition, 45% of *Our Brands* paper-based packaging is certified or contains recycled content.

32. Both *Our Brands* and national brands

33. Forest Stewardship Council

34. Sustainable Forestry Initiative

35. Programme for the Endorsement of Forest Certification

- **Soy:** We aim to source deforestation-free soy-based ingredients. In 2022, more than 99% by weight of predominantly soy-based ingredients (e.g., soybean oil) and soy-based derivatives procured for Kroger’s manufacturing plants were from U.S. or Canadian sources, indicating low risk of tropical deforestation in this supply chain.

In late 2022, we queried a significant portion of our relevant suppliers of co-manufactured *Our Brands* products to identify deforestation risks for soy-based ingredients. We found that soy-based ingredients in these products were predominantly from areas with low risk for deforestation. By weight, 90% of the soy or soy-based ingredients indicated no or low-risk of deforestation, less than 1% by weight had a possible risk of deforestation and 9% lacked sufficient information for a risk level to be determined.

- **Beef:** We strive to source deforestation-free fresh beef and beef-based ingredients. In 2022, suppliers of fresh beef and beef-based ingredients going into our manufacturing plants advised that to the best of their knowledge, over 99% of cattle were harvested in North America, where there is a low risk of deforestation, and over 78% of cattle were born, raised and harvested in North America. Kroger also sources a small volume of specialty Simple Truth® beef products from Uruguay and Australia. We continue to engage our suppliers to gain increased visibility into our beef supply chain.

In late 2022, we queried a significant portion of our relevant suppliers of co-manufactured *Our Brands* products to identify deforestation risks for beef-based ingredients. By weight, 26% of the beef or beef-based ingredients indicated no or low risk of deforestation, 8% had a possible risk of deforestation and 66% lacked sufficient information for a risk level to be determined.

## Agricultural Practices

With a large agricultural supply chain, we aim to adopt more sustainable practices that responsibly use inputs like pesticides, energy and water; protect pollinators; and help regenerate our natural resources.

As a dairy processor, Kroger adopted the U.S. Dairy Stewardship Commitment, which seeks to monitor and reduce the environmental impacts of the dairy industry.

In 2023, Kroger became a member of Field to Market: The Alliance for Sustainable Agriculture to gain access to science-driven and outcome-based programs and tools and industry collaboration opportunities.

As we develop a new SBTi-aligned GHG-reduction goal, we expect agricultural practices to play an increasingly important role in reducing GHG emissions in our supply chain.

### Pollinator Protection

We continue to work with the Sustainable Food Group, a branch of the IPM Institute of North America—with input from WWF—to develop a goal to improve agricultural sustainability in our fresh produce supply chain.

To develop a baseline of our current practices, we surveyed a sample of our suppliers—representing about 40% of Kroger’s produce spend—on topics like pest management, biodiversity, soil health and water conservation. Many of our suppliers are adopting a variety of integrated pest management (IPM) practices, supporting biodiversity by maintaining pollinator habitats and adopting water conservation measures. We also engaged our stakeholders to help evaluate how a future goal would impact our supply chain and the larger industry. We expect to publish our goal later this year and will continue to find opportunities to advance sustainable agriculture practices in our supply chain.

### Natural & Organic

Natural and organic products remain an important element of Kroger’s overall product assortment to continue meeting our customers’ desire for more sustainable products that are free from artificial ingredients, flavors and preservatives. 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.

Kroger’s Simple Truth® product line—the largest “free-from” organic brand on the market and our second-largest private-label brand—reached over 1,500 unique products and more than \$3 billion in sales in 2022. Currently, 18 Kroger-operated manufacturing plants are certified to produce organic *Our Brands* items.

### Fair Trade Certified™

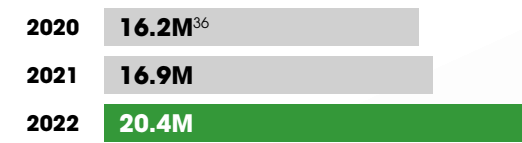
Kroger has worked with Fair Trade USA™ for several years, sourcing Fair Trade Certified ingredients for several *Our Brands* products and, in the process, improving the livelihoods of the growers and processors in our supply chain. Fair Trade Premiums support Community Development Funds that help farmworkers improve their unique social, economic and environmental needs.

During 2022, Kroger procured more than 20.4 million pounds of Fair Trade Certified ingredients for *Our Brands* products across categories including coffee, tea, baking ingredients, fruit-based snacks, coconut water and milk, oils and personal care. This 20.8% increase over 2021 was primarily driven by the transition of our Private Selection brand to Fair Trade Certified as a result of committing to the Sustainable Coffee Challenge, as well as the launch of new *Our Brands* items in produce and seafood. These purchases contributed more than \$2.14 million in Community Development Funds in 2022.

As noted above, Kroger is a member of the Sustainable Coffee Challenge. Our Simple Truth® brand uses 100% Fair Trade Certified coffee in all products, and our Private Selection brand sources 100% Fair Trade Certified coffee from international growing regions. For both brands, all active products were aligned with this goal in 2022.

### Fair Trade Certified Ingredients Used

Pounds



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

## Product Sustainability

Many Kroger customers are looking for products with lower environmental impacts that support communities in our supply chain, and we offer a wide assortment of products that are plant-based, contain upcycled ingredients, and have achieved certifications like Fair Trade and Organic.

### Plant-Based Alternatives

Kroger offers a wide range of plant-based options across the store for customers looking for alternatives to traditional animal-based proteins and other products. These planet- and veggie-forward items may offer health, nutrition and sustainability benefits. In 2022, Kroger had about 215 active plant-based *Our Brands* items, primarily in the Simple Truth® brand. These products span nearly 60 Kroger merchandising categories, including deli, bakery, dairy, meat, snacks and frozen. Sales of *Our Brands* plant-based items increased more than 7% in 2022 compared to the prior year.

### Upcycled Ingredients

Between 2022 and 2023, Kroger introduced six new Simple Truth® products with upcycled ingredients, all of which are Upcycled Certified™ by the Upcycled Food Association (UFA). The UFA, which Kroger joined in 2022, is a first-of-its-kind trade association working to prevent food waste by accelerating the upcycled food economy. UFA is a network of more than 225 businesses from around the world collaborating to empower consumers to prevent food waste when they shop.

Products with upcycled ingredients reduce the demand on natural resources by reducing emissions, water consumption and waste generation. Our plant-based baking mixes use okara, a by-product of tofu and soy production, and are carbon neutral certified due to the reduction in food waste

and other environmental impacts. Our new bread products contain 10% ReGrained SuperGrain+, a blend of upcycled barley, wheat and rye grains.

### Sustainable Apparel

Kroger has steadily increased the presence of materials with sustainable attributes in this assortment. At the end of 2022, 40% of dip™ items across all categories were produced using fabrics with organic cotton, recycled plastic content or certified renewable materials. We expect to steadily increase the adoption of these materials in the coming years.

### Chemical Management

We remain focused on product quality and safety, setting 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 80% 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
- Our Apparel Restricted Substances Policy, which includes a robust Restricted Substances List (RSL), establishes requirements about chemicals that are not permitted in *Our Brands* apparel products
- In 2022 and 2023, Kroger is working with a third-party expert to expand our work to develop an RSL and updated Chemicals Policy for formulated products

## Water

Safe, high-quality and abundant water is critical for the health of our associates, customers, communities and the planet. Across our sites, subject matter experts find ways to reduce water use in our day-to-day operations, increasing efficiency, reducing costs and protecting our natural resources.

Over multiple years, Kroger’s stores have been retrofitted to adopt a five-point water efficiency plan that touches multiple parts of the store: pre-rinse spray valves, bathroom faucet aerators, urinal flush valves, commodes and their flush valves, Starbucks dipper wells used for cleaning utensils, and irrigation sprinkler systems.

Our Supply Chain team identified ways to repurpose water in our manufacturing facilities, primarily by recirculating water to cool down air compressors, reducing the need for new water. Our plants also manage the quality of water we discharge to comply with local requirements. We use on-site wastewater treatment at certain plants, including our K.B. Specialty Foods plant in Greensburg, IN, where AD technology converts by-products to renewable biogas and electricity that is used at the facility.

Kroger’s periodic water risk assessments for our facilities have assessed location-based water risk across several impact areas, including physical quantity, physical quality, and regulatory and reputational risks. Some of our facilities are in regions with a defined level of water stress; collectively, these facilities account for less than 10% of our total facilities.

During 2022, total company-wide water consumption decreased compared to the prior year. Because water consumption is not metered in all stores, we use a detailed estimation process to fill in missing data points, including using proxy data from the previous year and per-square-foot intensity metrics. We also refine the portfolio of sites included in our water inventory based on store closures, site openings and updated information about locations. This process is helpful for providing data points for all facilities when we assess water risk; however, it can also produce some variability in year-over-year comparisons.

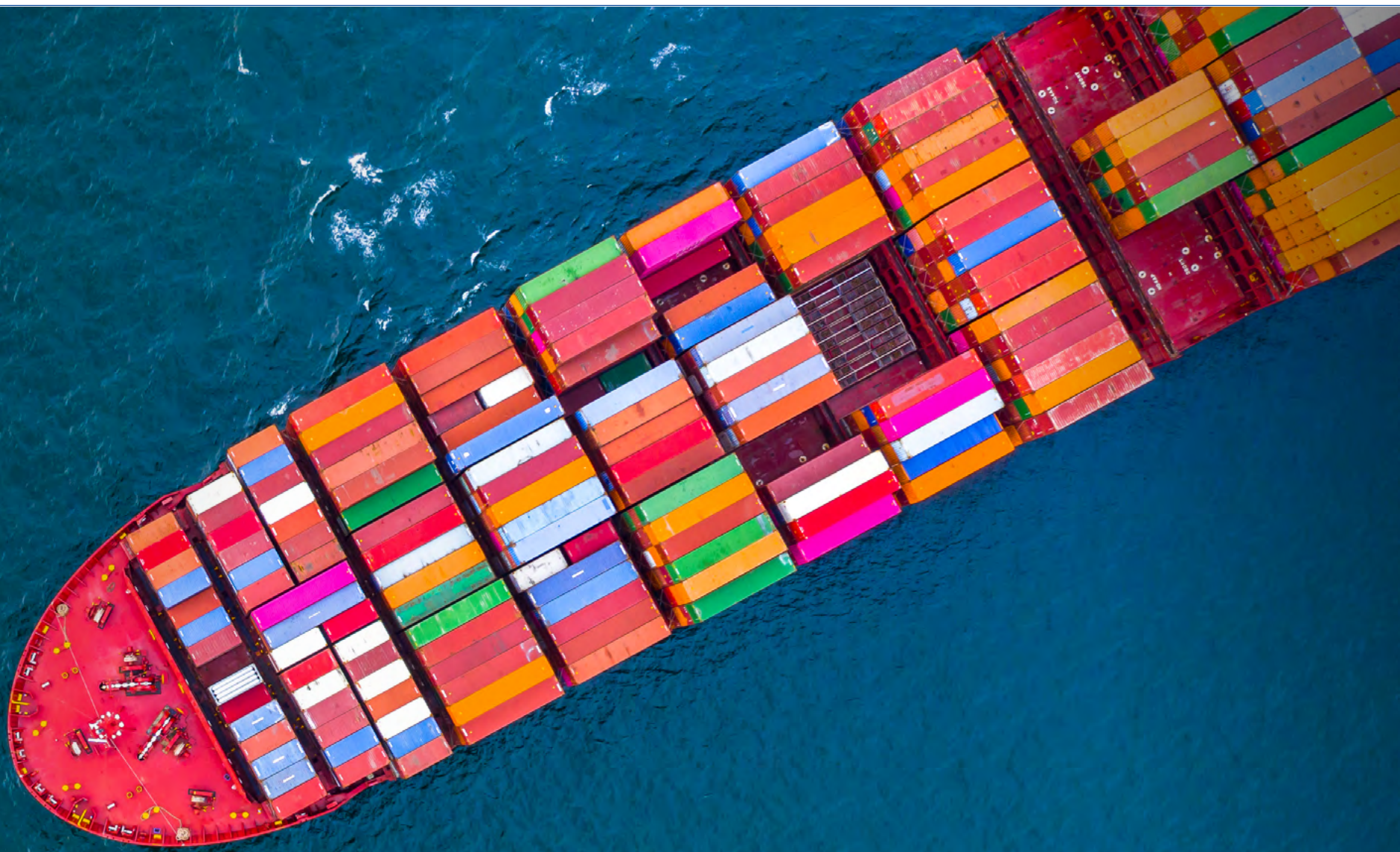
### Water Consumption

Billion gallons



Water data reflects calendar year data for the vast majority of our facilities





# Systems

## 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 corporate 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.

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# Business Integration

Kroger’s operations reach billions of people in communities near and far. We engage our leaders in our ESG strategy and goals and hold teams accountable for results. Integrating ownership for material ESG topics into our lines of business and corporate functions is a journey. We continue to use the strengths of our centralized structure, vertical integration and responsible supply chain operations to enable our progress.

### Material Topics:

- Corporate Governance
- Business Ethics & Compliance
- Data Privacy & Cybersecurity
- Public Policy Practices
- Marketing Practices & Product Labeling

## Corporate Governance

Kroger is committed to strong corporate governance, including oversight of material ESG topics. Kroger’s Law Department oversees matters of corporate governance with oversight from the Board of Directors. We manage ESG topics in the context of our business priorities and strategies, balancing the long-term interests of our associates, customers, communities and other stakeholders.

We maintain an established ESG management approach, informed by a comprehensive, [third party-led materiality assessment](#). In early 2023, we completed our third materiality assessment in alignment with the principles of double materiality and the latest best practices for engaging stakeholders and defining material topics. The results and insights from our double materiality assessment inform our approach to topic management, stakeholder engagement and public reporting.

### Integrating ESG Ownership

We integrate ESG priorities into our business and corporate governance practices, including oversight of enterprise risk and accountability among senior management and our board. During 2022, we continued to refine internal working groups that help manage key topics. Five 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 [2023 Proxy Statement](#) and [2022 Annual Report](#).

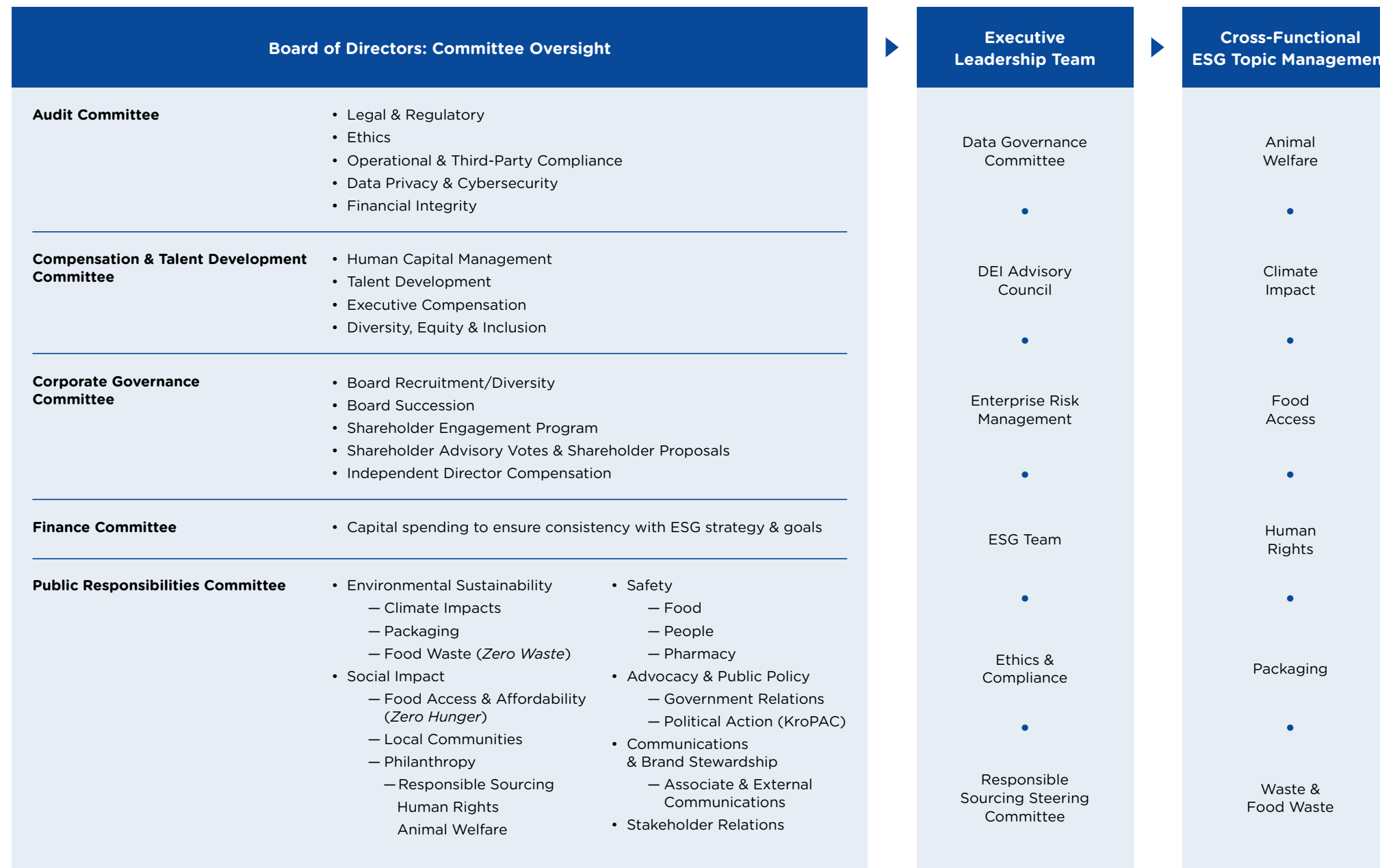
Several Kroger departments support our management approach to ESG, including:

- **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 and product safety and 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 & Marketing:** Determines category assortment and promotional strategies; leads *Our Brands* strategy and assortment; 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 on topics like food access, food waste and operational waste diversion
- **Sourcing:** Sources raw materials and finished products for *Our Brands*; purchases national brand items for resale and goods not for resale; implements Responsible Sourcing program; leads supplier engagement with Merchandising
- **Supply Chain:** Manages our manufacturing operations, distribution network and transportation fleet
- **Technology & Digital:** Focuses on governance, innovation and digital channels; manages approach to cybersecurity and privacy



## Oversight of ESG Topics



## Business Ethics & Compliance

We strive to uphold the highest ethical standards and help our associates, suppliers and vendors 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](#) and related policies and monitoring our company helpline, through which associates can anonymously report concerns. Together with our Corporate Affairs and Sourcing teams, the Ethics & Compliance team follows legislative and regulatory changes, shares updates and develops compliance programs as needed.

### Regulatory Compliance

Kroger is committed to product safety and quality. Our suppliers must comply with regulatory requirements pertaining to product safety, as well as meet or exceed 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 retail 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.

## Data Privacy & Cybersecurity

Kroger recognizes the responsibility to protect our customers' information, our own data and our business systems. We prioritize and invest in strong data privacy and cybersecurity practices and strive to manage information in a way that is transparent, fair and trustworthy.

The Chief Ethics and Compliance Officer and a dedicated Privacy Officer lead Kroger's Privacy Office, reporting to an executive-level Privacy 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 Cybersecurity team are responsible for cybersecurity, with board-level oversight from the Audit Committee.

### Data Privacy

Kroger's Privacy Office oversees the company's efforts to anticipate and adjust business practices, processes and communications relating to our associates' and customers' privacy. Three foundational pillars guide our privacy practices:

- Embedding responsibility and accountability for protecting personal information across our lines of business and functions
- Aligning with and meeting regulatory requirements to serve our associates and customers
- Increasing transparency in our policies and practices to clearly explain how and why we collect and process information

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

In the absence of a federal privacy law, we saw continued changes in the state privacy landscape in 2022 and early 2023. So far, states with comprehensive privacy legislation include California, Colorado, Connecticut, Indiana, Iowa, Montana, Oregon, Tennessee, Texas, 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. Last year, the Kroger team invested considerable effort to prepare for new laws and regulatory requirements.

In 2022, we also introduced a new customer-facing [Privacy Center](#), a portal embedded in our websites where consumers can find everything they need to know about our privacy practices in one convenient location. The initial version of our Privacy Center includes various privacy policies and notices, terms and conditions, frequently asked questions, and links to change marketing and communication preferences, make a privacy rights request, or find support and contact information.

This work builds on progress from the prior year to increase the reach of compliance processes and cross-team collaboration to consider potential privacy impacts when designing new business processes or solutions. We also improved privacy operations by automating tasks, measuring practice maturity and implementing more efficient methods for enabling privacy rights fulfillment and privacy impact assessments.

All corporate and technology associates and retail store associates in affected states who handle personal information complete general privacy awareness training. Associates working in certain areas of the business, such as Kroger Health, are required to complete additional privacy training to improve awareness and compliance when managing personal health information.

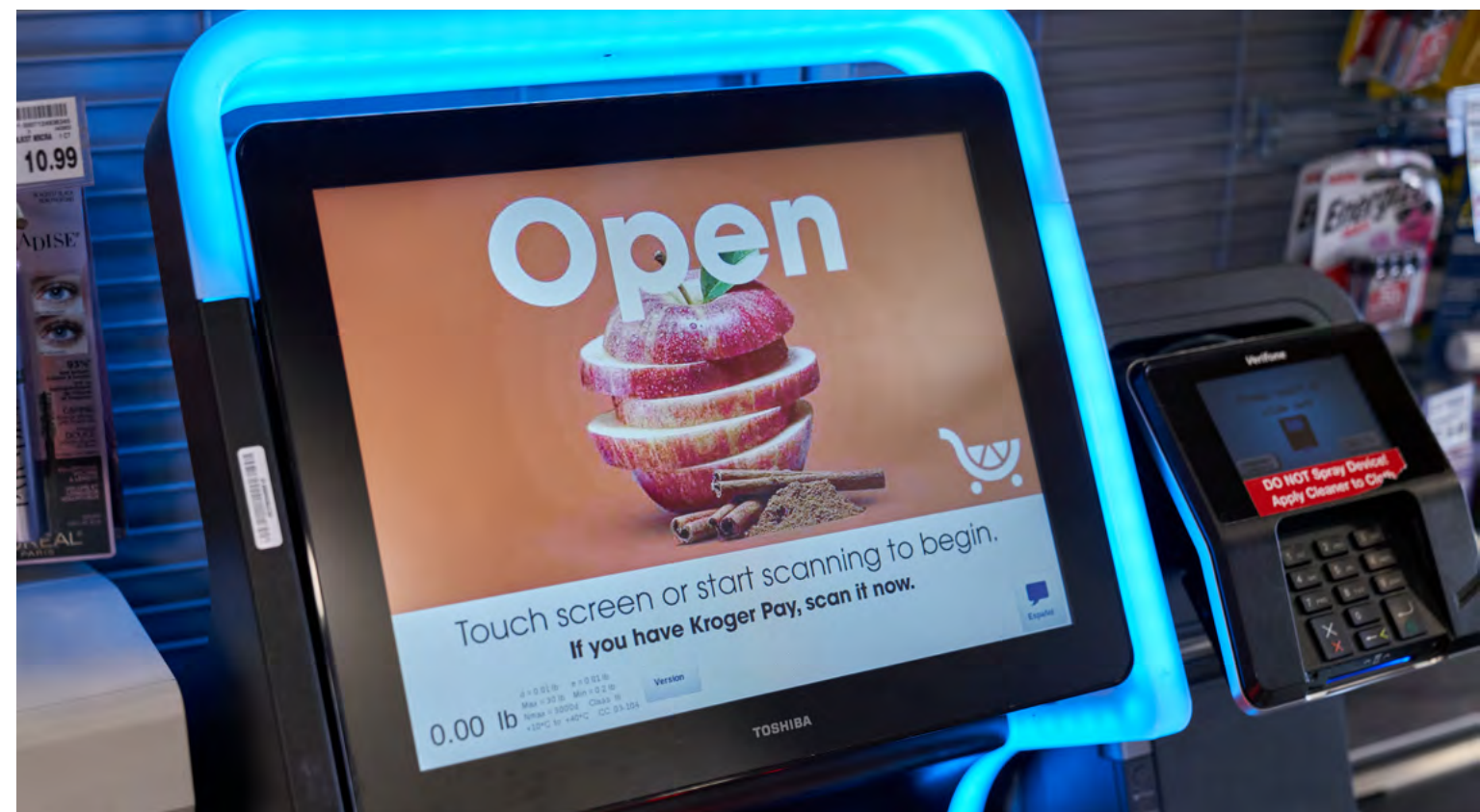
## Cybersecurity

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 2022, we introduced a new operating model and cybersecurity transformation program centered on key competencies to enhance security. The company also expanded the Cybersecurity team to maintain appropriate oversight of the cybersecurity environment and threat landscape. As part of these changes, we streamlined and integrated our management approach with embedded Business Unit Information Security Officers who connect business priorities with core cybersecurity competencies.

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 2022, we established a more robust management program to oversee third-party relationships in which data is shared.

All associates with access to personal information are assigned cybersecurity training on management best practices. In 2022, 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.





## Public Policy Practices

Kroger actively engages in public policy and advocacy in ways that support the interests of our associates, customers, communities and company. We recognize that public policy and legislation at the federal, state and local levels can affect our business operations and our future ability to provide economic opportunities in our communities and create value for our shareholders.

A centralized Corporate Affairs team leads the government relations strategy and management approach to align with responsible business practices and reflect Our Values, with oversight from the Public Responsibilities Committee of the board. Advocacy efforts cover a wide range of topics, including ESG topics affecting people and our planet and reflecting our Zero Hunger | Zero Waste impact plan. These include policies that increase food safety, access and security while preserving affordability for our customers.

In 2022, we expanded Kroger’s Washington, D.C.-based team to focus on federal policy and established a new leader of state government relations to monitor and manage expanding state legislative activity.

### KroPAC

KroPAC is the company’s federal political action committee (PAC) funded by voluntary contributions from salaried management associates. All PAC contributions are conducted in compliance with Federal Election Commission regulations governing solicitations. KroPAC makes contributions, where allowed, to federal, state and local political candidates, initiatives and organizations.

### Other Contributions

Occasionally, and where permitted by law, Kroger may make political contributions directly to state or local candidates using corporate funds and following relevant laws and regulations. We do not use corporate funds to air advertisements or finance specific activities in favor of or opposition to particular candidates. For more details, see our [Political Contribution Policy](#).

We comply with all laws and required reporting governing political contributions, and we publish a [Political Contribution Report](#) that outlines the source of funds for contributions, giving by political party, and giving by state. This report also includes a list of national trade associations of which Kroger is a member. These associations help represent the company’s perspectives to legislators and regulators; however, we do not always share the same perspectives on policy matters as these associations.

## Marketing Practices & Product Labeling

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

Our customers tell us they value receiving personalized recommendations that deliver savings on items they purchase regularly. We use information from our loyalty program to develop personalized recommendations every week to save our customers time and money and to enhance their shopping experience. We clearly share why and how we may collect and use this information in our customer-facing [Privacy Policy](#) and new [Privacy Center](#).

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 companies to connect with customers through traditional, digital and social media channels.

A defined request for information (RFI) process governs how we select media companies. We ask specific questions to understand their privacy practices and how they create models and expand audiences without bias. In the increasingly complex media landscape and digital ecosystem, we seek to work with vendors that align with our Investment Guidelines and 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.

### Kroger Precision Marketing

Kroger Precision Marketing (KPM), Kroger’s retail media business, manages a private programmatic advertising marketplace. KPM 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.

The KPM platform is designed with safeguards to help protect our customers’ data and privacy. KPM is among an elite group of media publishers to achieve Platinum certification from the Trustworthy Accountability Group (TAG). The certification demonstrates a commitment to upholding brand safety, eliminating ad fraud and combating malware. In 2023, KPM became the first retail media business to join Ad Net Zero, a trade association focused exclusively on sustainability in the advertising industry.

### Product Labeling

Kroger adheres to the food labeling requirements outlined by the U.S. Food and Drug Administration and the United States Department of Agriculture (USDA), including the USDA’s Agricultural Marketing Service, which oversees the National Organic Program and food grading system, and the Food Safety Inspection Service, which regulates the labeling of meat, poultry and shelled egg products. New requirements to label sesame as a known food allergen were implemented in 2022.

We also adhere to the Federal Trade Commission’s Fair Packaging and Labeling Act, which requires that package labels identify the commodity; the name and place of business of the manufacturer, packer or distributor; and the net quantity in weight, measure or numerical count. For general merchandise items like bedding and furniture, Kroger is a member of the International Association of Bedding and Furniture Law Officials and aligns relevant labels with these guidelines.

Labeling practices for items we sell in stores and online are overseen by teams including Ethics & Compliance, Corporate Food Technology, *Our Brands* and Merchandising. Our primary focus is on products in the *Our Brands* portfolio, including Kroger-manufactured items and other items sourced or produced under contract with third-party manufacturers. For *Our Brands*, Kroger aims to develop accurate on-pack messages and labels that include required information and, where relevant, clear and supported claims to help inform customers of product safety information and benefits, such as allergens or health, nutrition or environmental attributes.

We expect consumer packaged goods and national brand suppliers to be responsible and accountable for complying with relevant labeling requirements.

Additional information about product nutrition and sustainability is available in the [Health & Nutrition](#) and [Product Sustainability](#) sections.

# 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 scale to help build more responsible, resilient systems for our collective future.

### Material Topics:

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

## Responsible Supply Chain & Sourcing

Kroger is committed to helping create a more sustainable, resilient and responsible global supply chain to offer our customers a wide range of affordable products for years to come. We lead with a systems approach to addressing the multiple 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 trade-offs 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, Merchandising and Corporate Affairs. Additional oversight is provided by Kroger’s executive leadership team and the board’s Public Responsibilities Committee.

Additional information about supplier-focused sustainability goals is included in the [Planet section](#).

### 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-owned 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 2022, total spend with diverse-owned suppliers was \$3.9 billion, consistent with the prior year. During the year, Sourcing and DEI teams conducted a thorough review of the portfolio of diverse suppliers to validate the certification status for all minority- and women-owned businesses. This new baseline will help inform development of our roadmap and milestones to achieve the \$10 billion goal by 2030.



### 2022 Highlights

**\$3.9B**

annual spend with diverse-owned suppliers

**2**

human rights impact assessments completed in U.S. agriculture & shrimp aquaculture in India

**16.5K**

people engaged in Worker Voice Survey at suppliers’ global facilities

### Sourcing Principles

Our customers trust that the products we offer come from reputable suppliers who operate responsibly. We have relationships with many strategic, long-standing suppliers, and we also welcome new suppliers to bid for business. Kroger's Sourcing and Merchandising teams lead processes to identify, evaluate and onboard new suppliers to the Kroger ecosystem.

A risk-based approach informs program management and responsible sourcing policies, practices and oversight. We use a corrective action plan process to help suppliers build capacity, improve operating performance and correct issues wherever possible. If necessary, we stop doing business with suppliers who repeatedly violate our Code of Conduct and fail to follow through on timebound corrective action plans.

All suppliers, including those providing *Our Brands* ingredients and finished products, are expected to:

- Follow the Kroger [Vendor Code of Conduct](#), including establishing effective management systems to maintain safe, fair working environments in all facilities and manage risks
- Accurately disclose and update production facilities and locations in Kroger's Supplier Hub centralized vendor management system
- Respond promptly to Kroger requests for information about potential allegations and issues
- Complete and submit required documentation, audits and certifications upon the required schedule and agree to additional compliance audits upon request

### Responsible Sourcing Program

Kroger's approach to responsible sourcing continues to evolve over time to further advance supply chain oversight and accountability. This program includes auditing suppliers' production facilities to assess whether they are complying with the Kroger Vendor Code of Conduct and supporting the use of resources and self-assessments to build programs that respect the rights of workers at all levels of the supply chain.

When the company started this program, we believed suppliers' international production facilities posed the greatest potential human rights risks. As a result, Kroger focused its audit program on international facilities. Going forward, we are expanding the scope of the program to include more suppliers' locations in the U.S. and North America.

### Vendor Code of Conduct

All suppliers are expected to comply with Kroger's Vendor Code of Conduct as a condition of doing business with us. We recently updated the Code of Conduct, which is informed by internationally agreed-upon standards, including the United Nations Guiding Principles (UNGPs) on Business and Human Rights, the International Bill of Human Rights and the International Labour Organization Declaration on Fundamental Principles and Rights at Work.

We are developing a Vendor Guide that will provide Code of Conduct implementation guidelines and context to help suppliers build their responsible sourcing practices. We are also developing new training for suppliers and for Kroger associates involved in the selection and oversight of suppliers.

### Increased Accountability

Kroger carefully monitors known and emerging risks across product categories and global supplier networks. A cross-functional 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.

We use our Supplier Hub to gather detailed information on supplier compliance with our goals, relevant company initiatives and U.S. food safety standards. It provides a mechanism for alerting our teams and preventing payment to suppliers not in compliance. Planned enhancements to the system will increase oversight of items in production at suppliers' global facilities.

### Framework & Policies

Kroger's Responsible Sourcing Framework encompasses our public commitments, policies, requirements and expectations for suppliers and others who do business with our company. In 2022, we began the process of updating supply chain governance and expectations, including reporting progress toward goals.

We anticipate sharing updated guidance and resources with suppliers in 2023 and 2024, particularly regarding human rights, animal welfare, GHG emissions reduction, sustainable packaging, food waste reduction, and agricultural production methods in our supply chain, among other topics.

### 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](#)
- [Animal Welfare Update](#)
- [No Deforestation Commitment: Our Brands](#)
- [Seafood Sustainability Policy](#)
- [Pollinator Protection Statement](#)



**Social Compliance**

Kroger’s Social Compliance Program helps verify suppliers’ alignment with our Vendor Code of Conduct. 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. In 2022, we saw a gradual easing of pandemic-related travel restrictions and began resuming on-site third-party compliance visits.

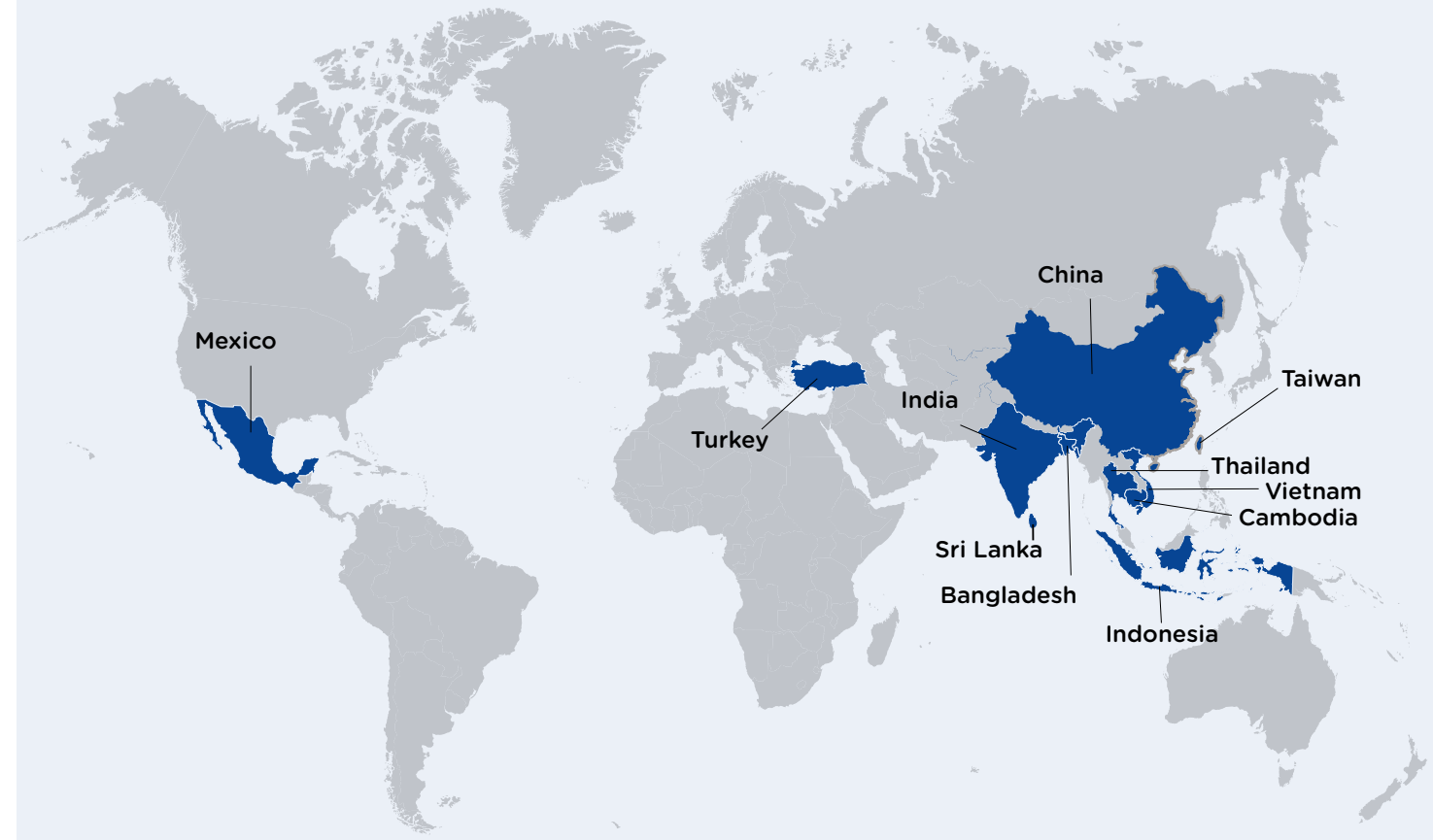
Our social compliance program is an essential part of supply chain accountability, and we continue to evolve our scope and approach over time. We implement comprehensive programs that communicate expectations, hold our suppliers accountable for meeting Kroger’s standards and support continual improvement in our supply chain. We build strong supplier relationships during onboarding and maintain them through regular meetings, site visits, surveys and audits. We recognize the need to measure performance beyond compliance audit results in the future; however, the industry is still developing outcome-based frameworks and metrics for human rights.



37. ELEVATE was acquired by LRQA in April 2022

**Social Compliance: Worker Voice**

Our social compliance program is designed to monitor and help improve working conditions for people in our global supply chain. In 2022, LRQA<sup>37</sup> helped facilitate an expanded Worker Voice Survey to capture workers’ direct feedback and insights about working in our suppliers’ production facilities. The scope included:



**16**  
countries

**401**  
international  
production sites

**16.5K**  
workers

**63%**  
women (37% men)

**18-49**  
age range for survey  
respondents

**Risk-Based Approach**

Kroger engages consultant LRQA (formerly known as 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
- Kroger’s ability to influence risk in the supply chain

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.

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. Travel has been limited in the past three years due to the pandemic; however, this resource is available to associates as travel resumes.

Where potential issues or allegations are identified, the Responsible Sourcing Steering Committee and/or Human Rights Working Group activates the relevant policy framework and defined escalation paths to evaluate the situation and take appropriate action.

We continue to refine expectations for suppliers operating in areas of higher potential human rights risks. We believe long-term change will happen through coalitions of stakeholders working together to understand the risks and provide means to mitigate, monitor and provide remedy where appropriate.

**Corrective Action Plans**

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

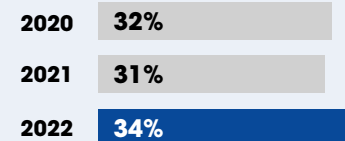
Lack of transparency during the audit process may be an indicator of more egregious issues, so we make our expectations of transparency clear to all suppliers. When suppliers have repeated non-transparency findings in their audits, we work with them directly to resolve the issue or terminate the supply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

Findings that fall into the most severe category include evidence of forced labor, child labor or attempted bribery. Depending on the situation, we may suspend or terminate the supply contract if alerted to these findings, following our established escalation paths.

In 2022, approximately 34% of completed audits resulted in approved facilities with minor violations to be fixed within 12 months, while 54% resulted in conditional approval with a CAP required to be completed over either six or 12 months. Additionally, 12% of audits identified issues requiring significant improvement and, if permitted, the suppliers corrected violations immediately. Our objective is to reduce the number of facility audits with this level of findings in our supply chain over time. Of this category of audit findings, most facilities make the required improvements; in fact, less than 1% result in termination.

**Social Compliance Audit Findings 2020–2022**

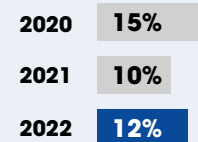
Approved Facilities



Approved with CAPs



Significant Improvement Required



## 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. We continue to evolve our policies to embed human rights as a key element of our responsible sourcing practices.

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 change for people throughout our operations and global supply chain. In 2021, Kroger committed to more closely align our human rights policies and framework with the UNGPs on Business and Human Rights. Since then, we have advanced progress by:

- Developing an internal human rights due diligence (HRDD) framework
- Conducting two human rights impact assessments
- Developing plans to expand the scope of our social compliance program
- Defining best practices for managing and escalating issues through cross-functional working groups

We cannot do this alone and recognize the importance and power of collective action and pre-competitive collaboration with others in the private and public sectors. We remain committed to working with our suppliers to build capacity and improve their management systems to achieve lasting change.

### Human Rights Policy

Kroger’s work is grounded in our [Human Rights Policy](#), which was developed in collaboration with LRQA. We followed a multi-step process to develop the policy, including:

- **A policy gap analysis** to evaluate how our prior statement on human rights aligned with expectations outlined in the UNGPs
- **Benchmarking** to analyze recognized leaders’ and industry peers’ policies as well as scoring methodologies for third-party organizations
- **Stakeholder interviews** with investor coalitions, NGOs, representatives of our associates, trade associations and others
- **A supply chain risk assessment** to map sourcing countries and commodities with potential risks of human rights impacts using LRQA’s EiQ supply chain due diligence platform
- **A risk prioritization workshop** with internal cross-functional leaders and subject matter experts to review the supply chain risk assessment, discuss geographic areas of risk and align on a list of most salient human rights risks. This workshop was facilitated and conducted in a manner that aligns with the UNGPs

### Statement of Salient Risks

Kroger identified a list of the company’s most salient human rights risks—the highest potential risks to people’s human rights as a result of our activities or business relationships. This statement of awareness of salient risks is available in our [Human Rights Progress Update](#).

### Due Diligence

We recognize the need for human rights due diligence to verify that Kroger and our suppliers are upholding policies to respect human rights, including the company’s Policy on Business Ethics and Vendor Code of Conduct. In the past year, we developed an internal framework for managing the topic of human rights and conducting due diligence in our own operations and global supply chain. We continue to engage internal stakeholders and obtain feedback on the framework in 2023.

Our due diligence framework specifically:

- Assigns ownership and accountability for specific tasks across key departments
- Documents escalation paths to review human rights risks when identified
- Outlines expectations for conducting human rights impact assessments
- Establishes and/or updates policies and decision-making systems to assess suppliers’ performance and provide feedback
- Includes efforts to mitigate risks and consider remedy for workers as appropriate
- Acknowledges the need to engage relevant stakeholders to listen and learn from others’ perspectives on human rights

### Ethical Charter: Produce & Floral Supply Chain

Kroger’s approach to human rights due diligence also reflects the recommendations and best practices outlined in the [Ethical Charter on Responsible Labor Practices](#) to responsibly source fresh fruits, vegetables and flowers. The Ethical Charter was published in 2018 by the Produce Marketing Association and the United Fresh Produce Association—now merged as the International Fresh Produce Association—and has been adopted and endorsed by many of its members, including Kroger.

Kroger is among a group of produce buyers leading the follow-up development and adoption of the Ethical Charter Implementation Program (ECIP) to assist the produce industry in upholding the principles of the Ethical Charter. The focus of ECIP is capacity-building within the industry to drive continuous improvement and strengthen the management systems that produce and floral suppliers and their growers need to have in place to uphold the principles of the Ethical Charter. The ECIP is informed by insights gathered during a collaborative pilot of Ethical Charter principles and practices with four buyers, involving Kroger and three other food buyers, 20 suppliers and 40 growers.

Based on feedback regarding the pilot, the Equitable Food Initiative and The Sustainability Consortium plan to include a worker-voice component in the technology platform development process for the ECIP. As a next step, Kroger will begin onboarding select suppliers to the ECIP and platform as it begins to roll out in late 2023.

### Human Rights Impact Assessments

As part of our human rights due diligence framework and commitment to upholding the UNGPs, we initiated two human rights impact assessments (HRIA) in 2022: One on mixed greens produced in the U.S. and one on shrimp aquaculture operations in India.

Both HRIAs were conducted by third-party researchers and included site visits, interviews with rightsholders and a gender-equity lens to assess unique risks for female workers. We anticipate conducting a third impact assessment in 2024.



#### Impact Assessment: Mixed Greens in California

**Area of focus:** The first HRIA focused on human rights risks for farmworkers producing mixed greens at suppliers' farms in the Salinas Valley of California. We selected this topic and region based on sourcing volume and stakeholder input about labor risks for farmworkers. The suppliers we approached for inclusion in the impact assessment agreed and provided access to farms, managers, workers and records.

**Primary research finding:** Despite risks to farmworkers that may be present in farming operations, this third-party impact assessment did not reveal significant or severe human rights violations within the scope of the research. The primary finding, based on input from rightsholders and in light of changing weather patterns in the U.S., is related to heat exposure and protections during peak summer months. We are currently developing recommendations for suppliers to improve heat protection for farmworkers.

See the full published [HRIA Report on Mixed Greens](#).

#### Impact Assessment: Farmed Shrimp in India

**Area of focus:** We conducted a second HRIA focused on shrimp aquaculture operations in the Andhra Pradesh region of India. We selected this topic because of sourcing volume, stakeholder input about labor risks in shrimp production and the opportunity to add to the global body of knowledge on this topic. Kroger worked collaboratively with LRQA and two other retailers—with controls in place to prevent competitive concerns—that also buy farmed shrimp from this region in India.

**Primary research finding:** Researchers identified concerning human rights issues in the supply chain at each of the 11 sites visited (shrimp farms or processing facilities for different suppliers for each retailer). This included a lack of transparency and/or attempts to limit access at several sites, discrepancies in workers' records and timesheets, and poor living conditions in dormitories. As a result, we engaged Kroger's participating suppliers to discuss the findings and identify opportunities for remediation.

Reflecting prior stakeholder input about potential human rights risks in this region, the retailers had included plans for a collaborative remediation pilot as part of the initial HRIA project scope. This six-month pilot will focus on expanding the reach, quality and effectiveness of grievance mechanisms for workers at these facilities as a critical next step.

See the full published [HRIA Report on Farmed Shrimp](#).

### HRIA Lessons Learned

The process of conducting HRIAs provided opportunities for the Kroger team to continue learning about effective supplier oversight and accountability and the challenges of navigating a global supply chain with facilities outside of our direct control. These insights will help inform the evolution of our responsible sourcing and social compliance programs, including risk-based assessments for countries and commodities that pose higher risks.

As stated in the HRIA reports, we acknowledge there are limitations to the findings. In the case of mixed greens, our assessment did not reveal evidence of the potential issues identified during the research phase. We are grateful to the participating suppliers for providing access to their farms and facilities, and the results indicate they are upholding Kroger's Vendor Code of Conduct.

We recognize that worker voice and grievance mechanisms may not fully address human rights risks or prevent issues. However, we believe they are a foundational element of supplier accountability; to that end, the remediation pilot in India aims to provide a more robust and accessible method for workers to report concerns. We are committed to working collaboratively with suppliers, retailers, other buyers and groups with local knowledge and expertise to help advance meaningful positive impacts for workers in India.

## Animal Welfare

The welfare of animals in our protein supply chain has long been a priority for Kroger. We aim to advance the welfare of animals that produce food while balancing other strategic 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.

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.

### Our Approach

Kroger is not directly involved in raising or harvesting any animals in our protein supply chain. We require suppliers to adopt industry-accepted animal welfare standards and provide required welfare audit results. We comply with all relevant state legislation and regulations. An internal Animal Welfare Working Group of leaders from CFT, Ethics & Compliance, Merchandising, Sourcing and Corporate Affairs oversees policies and progress and provides regular updates to leaders.

We 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 our Animal Welfare Policy as needed, based on input from global experts. In 2022, we updated the policy and shared a detailed Animal Welfare Update to provide additional context on our objectives, goals and interim milestones for specific proteins.

We also continued efforts to 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 welfare outcome-based standards. In general, we seek to align with common industry frameworks or metrics that subject matter experts endorse and the industry can support. Shifting to outcome-based measures prioritizes metrics that indicate animal health and welfare (mortality, injury rates, scratches, etc.) more than prescriptive system inputs (size of enclosures, enrichments, type of feed, etc.) and compliance audits.

To inform our approach, we engaged internal leaders, protein suppliers and external subject matter experts for input on the feasibility of moving to outcome-based measures of animal welfare. We asked suppliers to provide specific outcome-based key welfare indicators that they measure in their operations or supply chain for each species. We plan to engage Kroger's Animal Welfare Advisory Council members to provide another review and offer recommendations for next steps.

Our primary focus remains advancing animal welfare for laying hens, pigs, broiler chickens, and beef and dairy cattle in ways that preserve affordability for our customers.

### 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.

**Goal:** Given the current rate of industry progress and our customers' desire for affordability, Kroger plans to transition about 70% of eggs sold (by units) to cage-free or higher-welfare standards by 2030. We will determine whether continued progress beyond 2030 is feasible and if so, by when, based on customer insights and industry transition. Kroger anticipates investing about \$45 million to support this roadmap to 2030, including investments in sourcing agreements, pricing, promotions and merchandising.

We are transitioning our reporting to align with SASB disclosure guidelines for food retailers. In 2022, cage-free eggs represented 32.3% of total egg revenue company-wide (2021: 45.9%). This decline reflects higher-than-expected sales of conventional eggs during a period of inflation and continued supply chain disruptions in 2022, including the impacts of avian influenza on hen populations. On a volume basis, Kroger achieved its 2022 milestone to increase units of shell eggs sourced from laying hens in cage-free housing systems or better to 33.6% (2021: 27%).

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 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. Our updated roadmap for laying hen housing reflects the impact of continued price investments, advancing state legislation and the continued rollout of next-level cage-free, carbon-neutral Simple Truth® + Kipster eggs across retail divisions.

Going forward, we will continue to offer a variety of eggs to ensure that affordable, healthy protein options are accessible for all Kroger customers.





## Simple Truth® + Kipster Eggs

Kroger and Kipster Farms, the innovative egg production system founded in the Netherlands, continue to collaborate to bring the world's first carbon-neutral, cage-free eggs to more customers. Simple Truth® + Kipster eggs are produced in a circular system that is better for people, animals and our planet.

MPS Egg Farms, a long-standing Kroger supplier, operates four Kipster Farms barns on its property in North Manchester, IN. Chickens in the Kipster system help upcycle surplus food scraps into eggs, meat and fertile manure. Kipster is the only egg farmer in the world to achieve such a high level of circularity.

We introduced Simple Truth® + Kipster eggs to customers in late 2022 and continued expanding distribution in 2023. The eggs are available at select Kroger stores in eight states and in the following supermarket divisions: Food 4 Less, Fred Meyer, Fry's Food Stores, King Soopers, QFC, Ralphs and Smith's. Kroger and Kipster are using advertising and promotional strategies to encourage customer engagement.

### The system:

- Offers laying hens a cage-free, natural-like wooded environment with daylight, outdoor foraging space and enrichments
- Uses chicken feed made from a majority of surplus food from bakeries and other food producers, reducing climate impacts compared to standard feed
- Raises roosters for chicken meat
- Minimizes fine particle emissions, resulting in better air quality for farmers and animals
- Uses rooftop solar panels to produce clean energy
- Kipster was recently designated a Certified B Corporation, a globally recognized certification for companies demonstrating high social and environmental performance



## 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.

**Goal:** Our goal is to achieve 100% of fresh pork volume from sows in group housing systems by the end of 2025. Group housing refers to 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.

To inform our fresh pork offering within the context of our ESG strategy, we conducted a detailed customer insights and supply chain review in 2022. Our roadmap to 2025 reflects input from customers, suppliers, animal welfare experts and other stakeholders.

Given our suppliers' expected transition to group housing systems over time, we remain focused on achieving the following milestones toward our goal: 65% by 2023; 75% by 2024; and 100% by 2025.

In 2022, we clarified our requirements for group housing systems for fresh pork suppliers and added specific terms to contracts to advance progress toward our 2023 milestone. Challenges include available supply and affordability for the volume of fresh pork we source for customers.

## 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 by 2024:

- Prohibit broiler cages (2022: 100%)
- Maximum stocking density of 6.0 pounds per square foot (2022: 17.9%)
- Enriched environments, including litter and lighting (2022: 41.9%)
- Processing in a manner that avoids pre-stun handling and uses a controlled atmosphere system (CAS) to induce an irreversible stun (2022: 10.9%)

We continue to work with animal welfare experts and suppliers to determine next steps on these goals and to measure progress over time. The industry's pace of transition to CAS continues to limit our ability to achieve that element of our goal. We do not include breed changes as part of our goal at this time.

## 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 more 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:** Suppliers of regular fresh beef and beef-based ingredients going into Kroger plants advised that to the best of their knowledge, over 99% of cattle were harvested in North America, where there is a low risk of deforestation, and over 78% of cattle were born, raised and harvested in North America. 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 monitor developments on this topic.

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

# Material Topics Summary Table<sup>38</sup>

## ESG Topic Definitions

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, completed in early 2023. We outline the process and results of this double materiality assessment on pp. 10-11 of this report.

Environmental Topic	Topic Definition	Tier
<b>Agricultural Practices</b>	Promoting responsible pesticide, fertilizer and soil management practices, including efforts to reduce negative impacts on pollinators. Supporting regenerative and resilient agriculture methods, such as crop cycling, agroforestry, livestock integrations, no- or low-till techniques and cover crops.	2
<b>Biodiversity &amp; Conservation</b>	Conserving natural resources and biodiversity by supporting responsible land management and forestry practices in our operations and supply chain, including efforts to reduce deforestation and land-use change. Offering wild-caught and farm-raised seafood from certified sources, supporting fishery improvement projects and removing at-risk species from products and stores.	3
<b>Climate Change Resilience</b>	Anticipating, preventing and mitigating long-term effects of climate change on our business and supply chain, including extreme weather conditions, regulatory changes and technology changes.	2
<b>Energy &amp; GHG Emissions</b>	Collecting and measuring Scope 1, 2 and 3 GHG emissions data from building and fleet management in the company's retail, manufacturing, supply chain and other operations, as well as upstream and downstream in the value chain. Conducting activities that seek to meet emissions-reductions targets, including improvements in energy efficiency, reduction of refrigerant emissions and increased use of renewable energy.	1
<b>Food Waste</b>	Reducing the amount of food waste generated in the company's operations, recovering safe unsold surplus food for donation to feed people, and diverting from landfill any inedible food scraps through food waste recycling programs.	1
<b>Waste &amp; Circularity</b>	Diverting non-food waste from landfill through increased waste reduction, reuse and recycling in the company's operations. Adopting circular economy principles to promote product and packaging sustainability, including reducing unnecessary materials; increasing recyclability, reusability and compostability; and supporting infrastructure growth that enables circularity. Providing recycling information to customers.	2
<b>Water</b>	Reducing water use, increasing water reuse and managing water discharge quality across the company's operations to protect local water sources.	3
Social Topic	Topic Definition	Tier
<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 for how customers shop. Engaging with customers and measuring customer satisfaction.	2
<b>Diversity, Equity &amp; Inclusion</b>	Building a diverse and inclusive workforce, fostering an environment of nondiscrimination where diversity is a competitive advantage and providing equal opportunities for associates.	2
<b>Employee Health, Safety &amp; Well-Being</b>	Providing safety training and equipment, safe working conditions and access to resources to maintain and improve associates' health and well-being.	2
<b>Food &amp; Product Access &amp; Affordability</b>	Increasing equitable access to affordable fresh foods to improve food security as well as affordable non-food products and other essentials. Promoting inclusive products to support a wide range of customers' preferences and needs. Optimizing digital capabilities to advance food and product access.	1
<b>Food Safety</b>	Promoting food safety in our manufacturing plants, distribution centers and retail stores by establishing and maintaining science-based food preparation and handling policies and processes. Developing and maintaining programs to address emerging food safety topics. Managing product recalls efficiently.	1

38. Topics and definitions reflect input from Kroger's stakeholders through regular engagement and this materiality assessment process. Definitions provide the boundaries for each topic and do not reflect a specific company policy or commitment

Social Topic	Topic Definition	Tier
<b>Health &amp; Nutrition</b>	Encouraging customers to purchase healthier and more nutritious food. Increasing awareness of the nutritional value of food and health improvement opportunities among customers and advancing nutrition security and wellness in our communities. Providing accessible pharmacy and retail health clinic services.	1
<b>Labor Relations</b>	Promoting fair labor practices, respecting associates' freedom of association and right to collective bargaining, and participating in proactive conversations with associates, including those covered by collective bargaining agreements.	2
<b>Local Communities</b>	Using community engagement principles to share updates on the company's business and operations, discuss community priorities, participate in local events, provide charitable support and more. Creating direct and indirect economic value in local communities where associates and customers work and live through local hiring, volunteerism and giving.	2
<b>Non-Food Product Safety</b>	Providing customers with high-quality non-food products (health and beauty products, apparel, home goods and more) that meet or exceed safety and regulatory requirements. Setting robust standards for suppliers that produce non-food products.	3
<b>Retail Security</b>	Promoting the physical safety of retail supermarkets by increasing associates' awareness and preparedness for managing security events or issues, including theft, organized retail crime, active assailant situations or open carry laws. Optimizing digital capabilities and advanced technologies to improve retail security.	3
<b>Talent Attraction, Engagement &amp; Retention</b>	Creating and maintaining a workplace of choice by offering competitive wages, quality benefits and a company culture that offers purpose-driven work and opportunities for advancement. Increasing associate engagement and training and improving job performance and retention. Using technology to improve talent attraction, engagement and retention.	1

Governance Topic	Topic Definition	Tier
<b>Animal Welfare</b>	Advancing the humane treatment of animals in our supply chain by requiring suppliers to adhere to stated policies and expectations and encouraging improvements in protein production practices. Offering a range of alternative proteins and product choices.	3
<b>Business 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 policies and operating procedures to protect associates, customers, communities and the environment.	2
<b>Corporate Governance</b>	Implementing and maintaining strong governance practices that include checks and balances and enable the company's leadership team and Board of Directors to have appropriate control and oversight of key topics. Establishing and disclosing processes to integrate ESG priorities into overall corporate governance practices.	2
<b>Data Privacy &amp; Cybersecurity</b>	Promoting data privacy and security for associates, customers and suppliers, and implementing controls to prevent, detect and respond to security incidents or data breaches. Ensuring the ethical use of data and responsible use of technology across all aspects of the business and value chain.	1
<b>Human Rights</b>	Respecting human rights in the company's operations and supply chain, including risks of forced labor, migrant labor, child labor, health and safety, discrimination, harassment, abuse, working hours and wages. Considering Indigenous people and land rights that may be affected by food and non-food production in the supply chain.	3
<b>Marketing Practices &amp; Product Labeling</b>	Providing clear, fact-based and transparent nutrition labeling, including information on GMOs, geographic origin and more for items sold. Working with suppliers to ensure product attributes are truthfully and responsibly communicated to customers in stores, online and through advertising.	3
<b>Public Policy Practices</b>	Actively participating in forming and shaping federal, state and local public policy on issues that affect the company's business operations.	3
<b>Responsible Supply Chain &amp; Sourcing</b>	Promoting responsible sourcing and procurement practices that consider ESG-related risks and opportunities, including supplier inclusion and other social and environmental topics. Holding suppliers accountable for established policies, expectations and goals. Working to improve the traceability of products throughout the supply chain, especially for high-impact commodities. Optimizing digital capabilities to improve supply chain processes.	1

# 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	2023 ESG Report ( <a href="#">Climate Governance</a> , <a href="#">ESG Governance</a> ) <a href="#">CDP Climate</a> (C1. Governance)
	Describe management's role in assessing and managing climate-related risks and opportunities	2023 ESG Report ( <a href="#">Climate Governance</a> , <a href="#">ESG Governance</a> ) <a href="#">CDP Climate</a> (C1. Governance)
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	2023 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> (C2. Risks and Opportunities)
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	2023 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> (C3. Business Strategy, C2. Risks and Opportunities)
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	2023 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> (C3. Business Strategy, C2. Risks and Opportunities)
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks	2023 ESG Report ( <a href="#">Climate Change Resilience</a> ) <a href="#">CDP Climate</a> (C2. Risks and Opportunities)
	Describe the organization's processes for managing climate-related risks	2023 ESG Report ( <a href="#">Climate Change Resilience</a> ) <a href="#">CDP Climate</a> (C2. Risks and Opportunities)
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	2023 ESG Report ( <a href="#">Climate Impact—multiple sections</a> ) 2023 ESG Report ( <a href="#">Materiality</a> ) <a href="#">Kroger Annual Report</a> (Managing Climate Impacts, Risk Factors) <a href="#">CDP Climate</a> (C3. Business Strategy, C2. Risks and Opportunities)
Metrics & Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	2023 ESG Report ( <a href="#">Climate Change Resilience</a> , <a href="#">Climate Targets</a> , <a href="#">Emissions-Reduction Opportunities</a> , <a href="#">Appendix</a> ) <a href="#">CDP Climate</a> (C2. Risks and Opportunities, C6. Emissions Data)
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks	2023 ESG Report ( <a href="#">Emissions-Reduction Opportunities</a> , <a href="#">Appendix</a> ) <a href="#">CDP Climate</a> (C6. Emissions Data)
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	<a href="#">GHG Reduction Goal</a> <a href="#">GHG Reduction Goal Roadmap</a> 2023 ESG Report ( <a href="#">Climate Targets</a> , <a href="#">Food Waste</a> , <a href="#">Operational Waste</a> , <a href="#">No-Deforestation Practices</a> , <a href="#">Product Packaging</a> ) <a href="#">CDP Climate</a> (C4. Targets and Performance) <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 (%)	6,062,555 GJ; 0%
<b>Air Emissions from Refrigeration</b>	Gross global Scope 1 emissions from refrigerants	Metric tons (t) CO <sub>2</sub> e	1,337,488
	Percentage of refrigerants consumed with zero ozone-depleting potential (ODP)	Percentage (%) by weight	89% 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 10.6% in 2022
<b>Energy Management</b>	(1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable	Gigajoules (GJ), Percentage (%)	(1) 43,676,460 GJ, (2) 60%, (3) 3.1%
<b>Food Waste Management</b>	Amount of food waste generated, percentage diverted from the waste stream	Metric tons (t), Percentage (%)	222,522 MT, 45.9% (for Retail stores)
<b>Data Security</b>	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	Number, Percentage (%)	(1) Zero, (2) 0%, (3) Zero
	Description of approach to identifying and addressing data security risks	n/a	See <a href="#">Data Privacy &amp; Cybersecurity</a> section
<b>Food Safety</b>	High-risk food safety violation rate	Rate	Average of 1.47 critical violations per audit in 2022
	(1) Number of recalls, (2) number of units recalled, (3) percentage of units recalled that are private-label products	Number, Percentage (%)	There were zero recalls for Kroger-manufactured <i>Our Brands</i> products; see <a href="#">Recall Management</a> section for additional discussion
<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 <a href="#">Health &amp; Nutrition</a> 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

## Sustainability Accounting Standards Board (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 \$18; (2) We do not report this publicly
	Percentage of active workforce covered under collective bargaining agreement	Percentage (%)	64% of associates are covered by collective bargaining agreements
	(1) Number of work stoppages and (2) total days idle	Number, Days idle	(1) Zero work stoppages; (2) Zero 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 crate	Percentage (%) by revenue	(1) 32.3%, <sup>39</sup> (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 <a href="#">Our ESG Strategy</a> , <a href="#">Responsible Supply Chain &amp; Sourcing sections</a>
	Discussion of strategies to reduce the environmental impact of packaging	n/a	See <a href="#">Product Packaging section</a>

39. This percentage declined between 2021 and 2022 as a result of customer purchasing behaviors, supply constraints for cage-free eggs and pricing changes during recent inflationary periods

# 2022 Supplemental Data Tables

## Energy & Emissions

Energy Consumption <sup>40,41</sup>	Amount	Unit	Amount	Unit	Change vs. 2021
<b>Total fuel consumed</b>	<b>4,870,009</b>	<b>MWh</b>	<b>1.75E+07</b>	<b>GJ</b>	<b>4%</b>
Stationary sources (natural gas, propane, fuel, oil)	3,185,966	MWh	1.15E+07	GJ	-6%
Mobile sources (diesel, gasoline, liquefied petroleum gas, jet fuel)	1,684,043	MWh	6.06E+06	GJ	34%
Renewable fuel	-	MWh	-	GJ	-
<b>Total electricity consumed</b>	<b>7,262,341</b>	<b>MWh</b>	<b>2.61E+07</b>	<b>GJ</b>	<b>3%</b>
Renewable electricity <sup>42</sup>	376,813	MWh	1.36E+06	GJ	102%
<b>Total energy consumed</b>	<b>12,132,350</b>	<b>MWh</b>	<b>4.37E+07</b>	<b>GJ</b>	<b>3%</b>

40. This data reflects the vast majority of Kroger's operations, with a few exceptions

41. Using each fuel type's heat content value, we were able to convert each fuel source from total gallons to therms and then MWh

42. This data reflects renewable electricity consumed as a result of renewable power generated at our facilities or purchased directly from our utility providers. In deregulated energy markets where our utility provider can provide power content labels for grid electricity, we captured this information as utility-specific emissions factors (which are reflected in market-based Scope 2 emissions)

Energy Intensity <sup>43</sup>	Amount	Unit	Amount	Unit	Change vs. 2021
<b>Energy intensity per square foot</b>	<b>53.77</b>	<b>MWh/ 1,000 ft<sup>2</sup></b>	<b>1.94E+02</b>	<b>GJ/ 1,000 ft<sup>2</sup></b>	<b>+5.0%</b>
Normalizing factor: facility footprint	224,131	1,000 ft <sup>2</sup>	-	-	-

43. 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>48</sup>	3.34	2.91
Lost day rate (OSHA lost time rate/100 FTE) <sup>49</sup>	2.72	1.63

48. Injury rate includes injuries greater than minor injuries (first aid) per OSHA reporting requirements

49. We classify lost days as calendar days. Lost days begin the day after the injury

Carbon Emissions <sup>44,45,46</sup>	Amount	Unit	Change vs. 2021
<b>Direct (Scope 1) emissions</b>	<b>2,335,900</b>	<b>tCO<sub>2</sub>e</b>	<b>1%</b>
Stationary	578,392	tCO <sub>2</sub> e	-4%
Mobile	420,020	tCO <sub>2</sub> e	32%
Fugitive	1,337,488	tCO <sub>2</sub> e	-3%
<b>Indirect (Scope 2) emissions (location-based)</b>	<b>2,695,641</b>	<b>tCO<sub>2</sub>e</b>	<b>-2%</b>
<b>Indirect (Scope 2) emissions (market-based)</b>	<b>2,558,805</b>	<b>tCO<sub>2</sub>e</b>	<b>-13%</b>
<b>Total corporate (Scope 1 and 2) emissions (location-based)</b>	<b>5,031,541</b>	<b>tCO<sub>2</sub>e</b>	<b>-0.4%</b>
<b>Total corporate (Scope 1 and 2) emissions (market-based)</b>	<b>4,894,705</b>	<b>tCO<sub>2</sub>e</b>	<b>-7%</b>
<b>Indirect (Scope 3) emissions (partial)</b>	<b>2,390,614</b>	<b>tCO<sub>2</sub>e</b>	<b>-0.3%</b>

44. 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

45. 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

46. Scope 3 emissions reflect the following categories: fuel- and energy-related activities (not included in Scope 1 or 2 emissions), waste generated in operations, business travel, employee commuting, processing of sold products and investments. The latter two categories have not been reported in earlier inventories

Carbon Intensity	Amount	Unit	Change vs. 2021
<b>Total corporate carbon emissions intensity per square foot</b>	<b>21.84</b>	<b>tCO<sub>2</sub>e/ 1,000 ft<sup>2</sup></b>	<b>-4.8%<sup>47</sup></b>
Normalizing factor: facility footprint	224,131	1,000 ft <sup>2</sup>	-

47. Our normalized emissions (per 1,000 square feet) decreased from 22.94 to 21.84. This calculation reflects market-based Scope 2 emissions