

Overall analysis/ Product Profile Results

The Kroger Company's Retailer Profile

Headquarters Operating Brands

US Kroger, Ralphs, Fred Meyer, King Soopers, Dillon's

Market Share (Formal Retail Market)¹

6-8%

Nationwide

Type of Ownership

Primary Retail Format

Public

Supermarkets

Geographic Coverage

Primary Consumer Segment

Mass market

Operation Model

Corporate-owned / Centralized

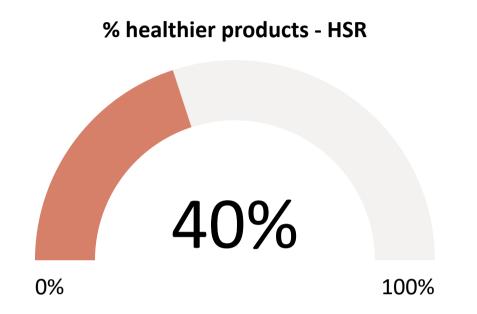
Important - The findings of this Assessment regarding retailers' performance rely to a large extent on information shared by retailers, in addition to information that is available in the public domain. Several factors beyond the retailers' control may impact the availability of information. Therefore, in the case of limited or no engagement by such retailers, this Assessment may not represent the full extent of their efforts.

Footnote:

1. Euromonitor International, Staple Foods Industry edition, 2024

Overall Product Profile Results

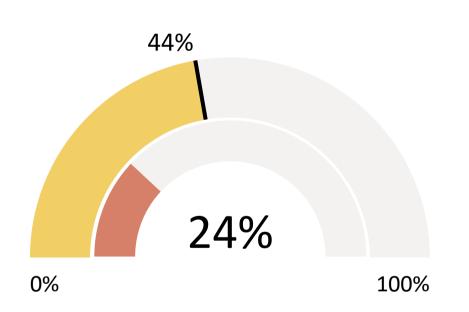
The results below show the percentage of "healthier" products, or products passing the model's criteria, for the company's overall portfolio, as assessed by different nutrient profiling models.



Of 2934 private label products assessed across all applicable categories, 40% are considered healthier based on the **HSR model** and healthier threshold of 3.5 stars or above.

The **Health Star Rating (HSR)** is a front-of-pack interpretive nutrition labelling system designed to help consumers make healthier choices. It scores products from 0.5 (least healthy) to 5 stars (most healthy), based on nutrients to limit (energy, sodium, total sugar, saturated fat) and positive food components (fruit/vegetable content, protein, fiber) on the basis of nutritional composition per 100g or 100mL across one of six categories. Products scoring 3.5 stars or higher are considered 'healthier'. ATNi uses the HSR in its Global Index and Country Spotlight Indexes to enable cross-company comparisons.

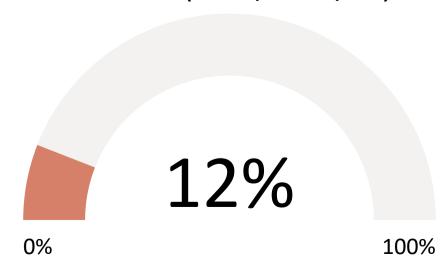
% heathier products - Nutri-Score



Of 2915 private label products assessed across all applicable categories, 24% are considered healthier based on the **Nutri-Score** grades of A + B (represented by the inner arch of the graph). When extending the definition to include grade C (A + B + C), 44% of private label products are considered healthier (outer arch), allowing flexibility depending on the context and purpose of comparison.

The **Nutri-Score model** was also used to assess the proportion of products in each retailer's portfolio that receive each of the five categories: from category A (dark green), indicating higher nutritional quality, to category E (dark orange), indicating lower nutritional quality.

% products low in fat, sugar, salt and do not contain UPF markers (colours/flavours/NNS)



Of 2955 private label products assessed across all applicable categories, 12% are **non-HFSS** (so not High in Fat, Salt and Sugar) and **non-UPF** (no colours/flavours/NNS as markers of Ultra-Processed Food) products.

The **HFSS + colours/flavours/NNS approach** (Popkin et al. 2024) combines HFSS (high in fat, sugar, and salt) thresholds with common UPF markers (in this case: colours, flavours, and non-nutritive sweeteners) to flag less healthy food and beverage items.



Topic A: Nutrition Prioritization

Findings Recommendations **Recognition of nutrition** Recognition of nutrition Kroger's Materiality Assessment identified 'Health & Nutrition' as a 'Tier 1' ESG Kroger is encouraged to explicitly recognize nutrition-related risks in its public <u>Link</u> risk. However, nutrition-related risks were not explicitly listed among the enterprise risk register, such as the potential business impacts of changing consumer principal 'Risk Factors' in its 2024 Annual Report. preferences and health consciousness, reputational risks, and possible future regulatory requirements. Doing so would help the company proactively manage emerging Addressing and prioritizing nutrition challenges and improve its transparency with investors and other stakeholders. The company's ESG strategy, 'Thriving Together', includes a clear focus on health <u>Link</u> Addressing & prioritizing nutrition and nutrition under the 'Our Customers' pillar and its 'Zero Hunger | Zero Waste' impact plan. The company's commercial growth strategy emphasizes Building on its strong focus on 'freshness,' Kroger could more explicitly prioritize growth improving the freshness of its product offering, which includes fruits and in sales of fruits, vegetables, and other 'healthier' products within its commercial vegetable products as well as deli and bakery items. It is unclear whether this growth strategy. The company is also recommended to integrate updates on its translates into a focus on increasing sales of 'healthier' products specifically. nutrition-related efforts in its quarterly earnings reports to further demonstrate Kroger does not report on nutrition in its quarterly financial reports. transparency and the company's prioritization of nutrition. **Nutrition governance and accountability Nutrition governance and accountability** Kroger states that its executive leadership team and Board of Directors, via the Kroger is recommended to develop KPIs for its nutrition strategy, such as sales targets <u>Link</u> for healthier products, and link these to its executive remuneration plans. This would Public Responsibilities Committee, provide oversight of its nutrition strategy and programs. However, Kroger does not link executive remuneration to any embed nutrition goals more deeply within corporate governance, reinforce accountability, and signal to investors and stakeholders the company's commitment to nutrition-related KPIs. advancing its nutrition goals.

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Topic B: Portfolio Improvement

Findings Recommendations Nutrition targets and reporting Nutrition targets and reporting No evidence was found on the public domain of targets to increase sales of Kroger is strongly recommended to track and publicly report the percentage of its 'healthier' products or fruits and vegetables, nor of reporting on the proportion private label sales – by both volume and value - that meets a defined 'healthy' of sales derived from such products. Similarly, no targets or reporting were threshold. While it could use the 'FoodHealth Score' for this purpose, a more robust identified on reducing specific nutrients of concern or increasing positive approach would be to use a government-endorsed NPM as the basis, such as the forthcoming FDA 'Healthy' nutrient content claim criteria. The company is also strongly ingredients in its private label portfolio. encouraged to set an ambitious, timebound target to increase the proportion of its **Defining 'healthier' products** label sales sales derived from 'healthier' products. In addition, Kroger could consider Kroger uses a nutrient profile model (NPM) called the 'FoodHealth Score', <u>Link</u> setting complementary targets to reduce levels of nutrients of concern (sodium, sugar, developed by the private FoodHealth Company (formally bitewell). The system and saturated fats) across its private label portfolio, and to transparently report on its scores the nutritious quality of products continuously on a scale of 1 to 100 progress on an annual basis. based on ingredient quality and nutrient density, although it does not have a **Defining 'healthier' products** specific threshold for classifying a product as 'healthier'. The system is used to help consumers identify healthier products, compare relative scores, make Kroger is strongly recommended to adopt a government-endorsed NPM to define recommendations, and assess the nutritional quality of a consumer's basket. 'healthier' products within its portfolio, such as the forthcoming FDA 'Healthy' criteria. Full details of how scores are calculated are not publicly available. It has not If the company continues to use its proprietary 'FoodHealth Score', it should publish been endorsed by any government or international organization, nor has it been comprehensive details of the scoring methodology to enable external stakeholders to benchmarked against a government-endorsed NPM. fully understand it. Kroger is also recommended to establish a specific threshold score to classify products as 'healthier', to benchmark this against government-endorsed **Influencing suppliers** healthy definitions, and publish the results. It can use this 'healthier' definition to The Kroger Health Chief Medical Officer stated in 2022 that the company <u>Link</u> guide decisions on stocking, pricing, positioning, promotion, marketing and labelling of actively encouraged suppliers to reduce sodium and sugar content in their products, as well as to develop new healthy products and reformulate existing products without affecting price. It is not clear if this refers to private label products to improve their healthiness. suppliers or national brands, and further details could not be found. **Reducing processing levels** Kroger's Simple Truth private label brand emphasizes the use of 'clean' <u>Link</u> ingredients and the removal of 'artificial' colours. No further details could be found regarding other efforts by the company to reduce levels of processing in its product offering or simplify ingredient lists.



Topic C: Pricing & Promotions

Findings Recommendations Affordability of healthier products Affordability of healthier products The company states that 'affordability' is central to its commercial and ESG Building on its overall commitment to affordability, Kroger is encouraged to develop a <u>Link</u> strategy, and the company has two KPIs relating to product affordability. In dedicated strategy to increase the affordability of 'healthier' products specifically, ensuring that these are priced more competitively relative to less healthy options. For addition, through its 'Fresh For Everyone' brand promise, the company also emphasizes the affordability of its 'fresh', 'natural' and organic products, which example, the company could complement its existing affordability-related KPIs by includes fruits and vegetables as well as sweet baked goods, although further tracking the share of products (or sales value) that are both 'affordable' and classified as 'healthier', while being transparent about 'affordability' is defined and measured. details about how 'affordability' is measured was not found. The company also Ideally, these efforts would be complemented by a strategy to improve the accessibility states that it has "programs in place to discount imperfect but still safe-to-eat of affordable, healthy products for lower-income consumers. fresh items", such as the 'red bag' program. However, no evidence was found of an affordability strategy specifically aimed at increasing the affordability of **Price promotions and loyalty rewards** healthier products in other categories. Kroger is encouraged to leverage its loyalty rewards program to actively incentivize the **Price promotions and loyalty rewards** purchase of 'healthier' products, ideally through ongoing or permanent mechanisms. While the company has an extensive loyalty rewards program in place, no The company is also encouraged to develop a program or policy to ensure that a evidence was found of using it specifically to incentivise the purchasing of greater share of price promotions are applied to 'healthier' products throughout the healthier products. In addition, no evidence of a program or policy to offer year, or to reduce promotions on less healthy products. The company could also proportionately more price promotions on healthier products was found. consider tracking and publicly reporting quantitative data on these initiatives to demonstrate their reach and impact.



Topic D: Responsible Marketing

Findings In-store marketing techniques No evidence was found in the public domain of policies or initiatives addressing the in-store positioning of healthier versus unhealthy products, such as in prominent in-store locations, improving shelf-space ratios, or using promotional techniques (beyond pricing) to encourage sales of healthier products and/or fruits and vegetables. Responsible marketing to children <u>Link</u> Kroger has a 'Responsible Marketing Statement' which includes general commitments regarding marketing to children. It does not include any nutrition-specific commitments. No evidence of a responsible marketing policy for in-store marketing was found on the public domain. Responsible marketing of breastmilk substitutes (BMS) and complimentary foods (CF) No evidence of a policy for the responsible marketing of BMS or CF products (according to WHO BMS Marketing Code standards) was found on the public domain.

Recommendations

In-store marketing & positioning

Kroger is encouraged to develop initiatives to increase the proportion of healthier products that are prominently displayed in high-traffic areas of stores, such as end-of-aisle displays, checkout zones, and store entrances, relative to less healthy products. The company is also advised to progressively improve the overall shelf-space ratio between healthier and less healthy products, and, at minimum, commit to ensure that healthier product variants receive at least as many shelf facings and as advantageous positioning as their original product counterparts. Ideally, these efforts would be complemented by similar practices in online retail environments, ensuring that healthier options are prominently featured in digital promotions, search results, and recommendations.

Responsible marketing to children

Kroger is strongly encouraged to strengthen its 'Responsible Marketing Statement' to include a commitment not to market products that do not meet a formal definition of 'healthy', ideally based on a government-endorsed NPM or the PAHO Model, to children under the age 18, in line with WHO and UNICEF recommendations. This commitment should apply to all products, including treats and seasonal products, and across all marketing channels and techniques, including in-store promotion, digital media, and sponsorships, while being transparent about any exemptions. The company is also encouraged to commission independent third-party audits of this policy on an annual basis, and to publish the results to demonstrate transparency and accountability.

Responsible marketing of breastmilk substitutes (BMS) and complimentary foods (CF)

Kroger is encouraged to develop and publicly disclose a policy on the responsible marketing of BMS and CF, fully aligned with the WHO International Code of Marketing of Breastmilk Substitutes and subsequent relevant World Health Assembly (WHA) resolutions. This policy should clearly outline the company's commitments, scope of application, and mechanisms for monitoring and enforcement across all markets and subsidiaries.



Topic E: Responsible Labelling

Findings		Recommendations
☐ Identifying healthier products	Link	Identifying healthier products To further assist consumers in making informed and healthy choices, Kroger is strongly recommended to display products' FoodHealth Scores on in-store price labels, in its promotional flyers, and other point-of-sale materials. Responsible use of health and nutrition claims Kroger is encouraged to adopt a policy to only place health and nutrition claims on products if they are classified as 'healthier' according to an NPM.

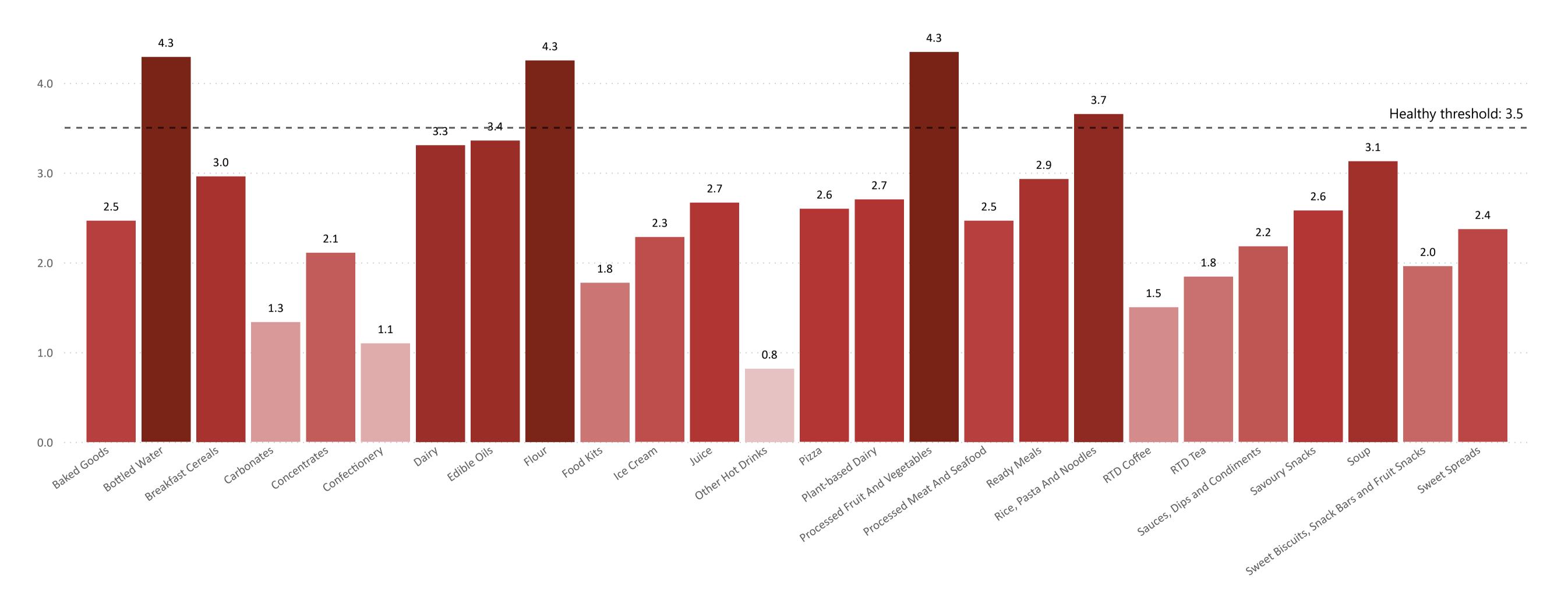


Private Label Product Profile Results

The Product Profile for Retail Assessment provides a structured evaluation of the nutritional composition of private label packaged food and beverage products from selected retailers. It employs a range of internationally recognized nutrient profiling models to assess product characteristics, including the Australasian Health Star Rating (HSR), the Nutri-Score model, and the HFSS + colours/flavours/NNS approach (Popkin et al. 2024). These models support a consistent and comparative analysis of portfolio healthiness across the retailers. Graph below indicates mean HSR of each categories assessed for Kroger.

Mean HSR by category





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Private Label Product Profile Results

The table presents an overview of the nutritional quality of products across various food categories, based on HSR, Nutri-Score (A+B and A+B+C) and the HFSS + colours/flavours/NNS approach (Popkin et al. 2024). Each row corresponds to a specific food category, and the percentages reflect the share of products in that category meeting the respective model's criteria. The figures in parentheses indicate the number of products meeting the criteria over the total assessed. Blank cells indicate that data was not available or not applicable for that category and model. Categories with less than 5 products are greyed out.

Category	% healthier products: HSR	% healthier products: Nutri-Score (A+B)	% healthier products: Nutri-Score (A+B+C)	% products that are HFSS	% products that are HFSS AND/OR contain UPF markers (colours/flavours/NNS)
Baked Goods	34% (86/256)	7% (19/256)	40% (103/256)	94% (242/257)	97% (250/257)
Bottled Water	92% (48/52)	75% (39/52)	100% (52/52)	0% (0/48)	60% (29/48)
Breakfast Cereals	34% (33/98)	7% (7/98)	38% (37/98)	100% (99/99)	100% (99/99)
Carbonates	11% (3/27)	7% (2/27)	33% (9/27)	67% (18/27)	89% (24/27)
Concentrates	48% (16/33)	0% (0/33)	15% (5/33)	55% (18/33)	100% (33/33)
Confectionery	3% (2/78)	3% (2/78)	9% (7/78)	96% (73/76)	99% (75/76)
Dairy	59% (199/340)	30% (103/339)	47% (159/339)	76% (260/340)	93% (316/340)
Edible Oils	81% (17/21)	90% (19/21)	90% (19/21)	100% (21/21)	100% (21/21)
Flour	90% (9/10)	60% (6/10)	80% (8/10)	100% (10/10)	100% (10/10)
Food Kits	27% (3/11)	0% (0/10)	10% (1/10)	100% (10/10)	100% (10/10)
Ice Cream	15% (19/128)	15% (19/128)	30% (39/128)	87% (109/126)	100% (126/126)
Juice	28% (17/61)	25% (15/61)	67% (41/61)	18% (11/61)	46% (28/61)
Other Hot Drinks	0% (0/19)	0% (0/19)	0% (0/19)	100% (19/19)	100% (19/19)
Pizza	13% (9/67)	0% (0/67)	18% (12/67)	96% (65/68)	99% (67/68)
Plant-based Dairy	56% (14/25)	28% (7/25)	68% (17/25)	52% (13/25)	80% (20/25)
Processed Fruit And Vegetables	96% (158/165)	84% (138/165)	98% (161/165)	28% (45/161)	44% (71/161)
Processed Meat And Seafood	40% (78/196)	23% (44/193)	34% (65/193)	77% (164/214)	86% (185/214)
Ready Meals	48% (76/159)	18% (28/160)	59% (95/160)	60% (96/159)	83% (132/159)
Rice, Pasta And Noodles	77% (88/114)	79% (90/114)	86% (98/114)	73% (84/115)	78% (90/115)
RTD Coffee	15% (4/26)	23% (6/26)	58% (15/26)	59% (16/27)	78% (21/27)
RTD Tea	24% (6/25)	8% (2/25)	52% (13/25)	43% (17/40)	68% (27/40)
Sauces, Dips and Condiments	29% (130/456)	22% (97/450)	36% (164/450)	83% (370/448)	88% (395/448)
Savoury Snacks	32% (86/268)	13% (35/268)	34% (91/268)	99% (269/271)	100% (270/271)
Soup	49% (21/43)	26% (11/43)	93% (40/43)	40% (17/43)	77% (33/43)
Sweet Biscuits, Snack Bars and Fruit Snacks	14% (28/195)	0% (0/195)	14% (27/195)	99% (194/195)	99% (194/195)
Sweet Spreads	36% (22/61)	13% (7/52)	35% (18/52)	94% (58/62)	97% (60/62)
Total	40% (1172/2934)	24% (696/2915)	44% (1296/2915)	78% (2298/2955)	88% (2605/2955)