



2021/2022



Environmental, Social and Governance (ESG) Report

# Table of Contents

Letter from Our CEO	5
Our Recipe for Change	7
Company Highlights	9
2021 Highlights	11
Planet	13
People	21
Product	31
Community	39
ESG Governance	47
Appendix	51



Unless otherwise noted, the data in this report reflects the company's ESG performance during calendar year 2021.



# Letter from Our CEO

As a long-standing neighborhood grocer, Albertsons Companies is committed to supporting the communities we serve and the planet we share. I'm pleased to share our 2021/2022 Environmental, Social and Governance (ESG) Report, which demonstrates our ESG progress over the last year and articulates our commitment to continue to raise the bar.

In 2021, we continued to support our local communities as they navigated the impact of the pandemic. During the year, we administered more than 12 million COVID-19 vaccines through our in-store pharmacies and community vaccination clinics. Along with the Albertsons Companies Foundation, we contributed nearly \$200 million in food and financial support, including approximately \$40 million through our Nourishing Neighbors Program to help fight food insecurity.

Throughout the year, we completed over 850 energy efficiency projects

and continued our cardboard and plastics recycling efforts. We transitioned the top seafood ingredients in our prepared sushi products to be more responsibly sourced and piloted a new artificial intelligence technology to improve ordering and reduce unsold food in our stores. We also worked to build a more inclusive company culture, significantly expanding participation in our seven Associate Resource Groups and training more than 10,000 leaders through our "Leading with Inclusion" workshops.

We are proud of our ESG progress, and we know there is more opportunity ahead. In April of 2022, we announced long-term ESG goals and strategies to further solidify our commitment to drive change. Our ESG framework, called **Recipe for Change**, focuses on maximizing our positive impact across four pillars: Planet, People, Product, and Community. As we continue to evolve our ESG approach, we are embedding these goals throughout our operations, aligning what we do with who we are as a company.

**Recipe for Change** is the beginning of an exciting journey for us, and I invite you to read more about our aspirations and commitments

in this report. We look forward to updating you on our progress in the future.

I'd like to close by thanking our 290,000 associates. It is their passion and commitment to doing the right thing that allows us to live our purpose and make a positive difference every day for our customers and communities. Together, we will continue to create meaningful change and leave a positive legacy for future generations.

Vivek Sankaran  
CEO



# Our Recipe for Change

We're working to make a real difference in the communities we serve and the planet we share. Our Recipe for Change brings together the key ingredients we need to achieve our bold ambitions.



## Planet

47% carbon reduction from our operations by 2030.<sup>1</sup>

Achieve Net Zero emissions in our operations by 2040.



## People

Foster an inclusive culture that embraces differences.

Increase diverse representation within our management.



## Product

Zero food waste going to landfill by 2030.

Increase recyclability, reusability, and/or compostability of Own Brands packaging by 2025.



## Community

Enable the donation of 1 billion meals by 2030.

Champion innovative programs and partnerships to help break the cycle of hunger.



"We have created a focused and strategic approach to Environmental, Social and Governance (ESG) that leans into our company's strengths and provides long-term strategies to maximize our positive impact. Through our Recipe for Change, we will continue to expand sustainability practices across our company and inspire our associates, vendor partners, and communities to help us make change a reality."

- Suzanne Long  
Chief Sustainability and Transformation Officer

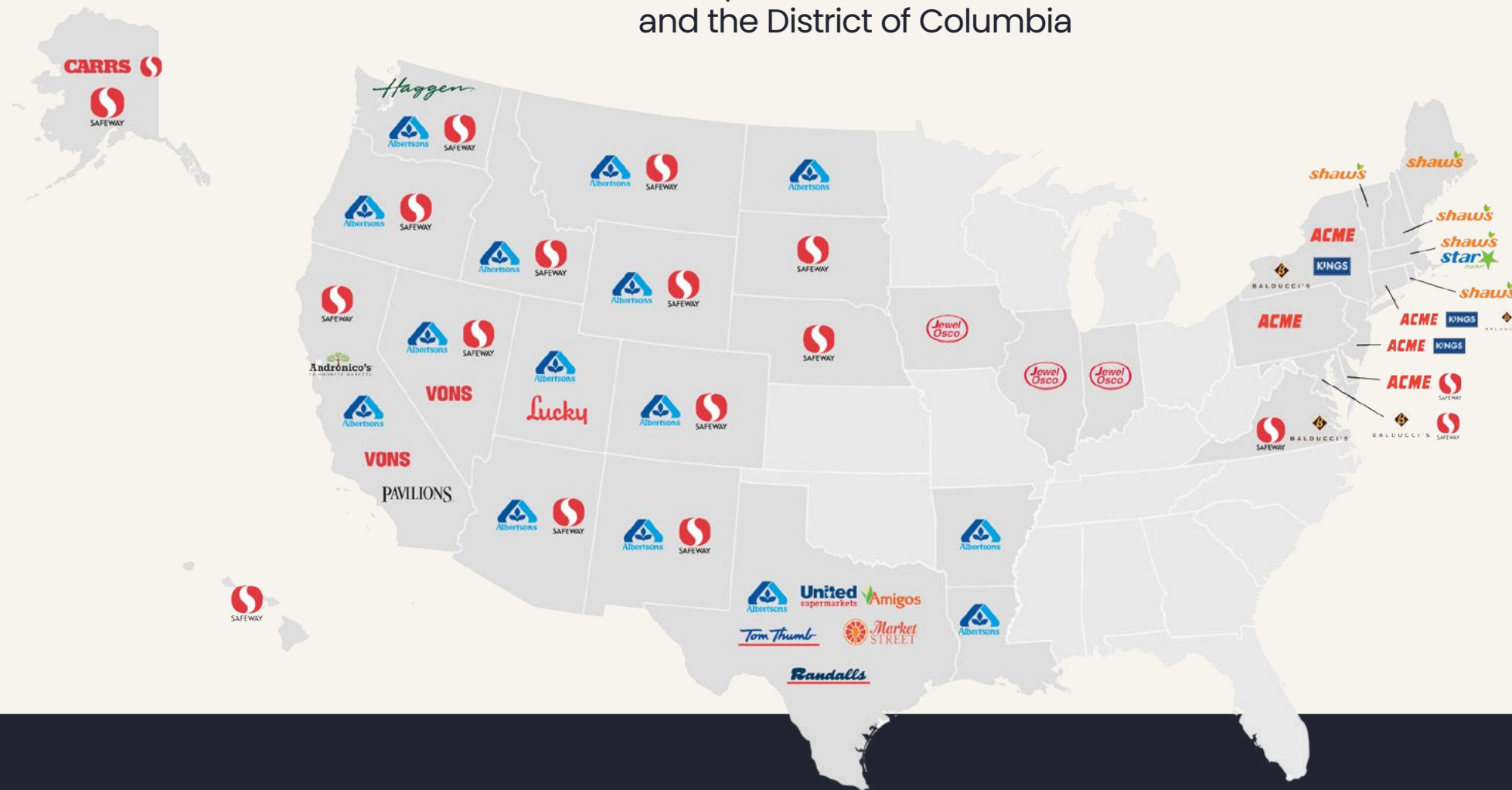


<sup>1</sup>Scope 1 and 2 emissions

# Fiscal Year 2021 Company Highlights

As one of the largest food and drug retailers in the United States, Albertsons Companies, Inc. is committed to helping people across the country live better lives. The Company's omnichannel approach and commitment to innovation are making it easier and more convenient for customers to shop, paving the way for profitable, sustainable growth.

We operate in **34 states**  
and the District of Columbia



**2,276**  
retail stores

**\$72 Billion**  
FY 2021 sales

**34 million**  
customers  
per week

**~290,000**  
associates

Four exclusive  
**billion-dollar**  
Own Brands

**1,722 in-store**  
pharmacies

**#1 or #2**  
market share  
in 68% of MSAs

**22 distribution**  
centers

**20 food &  
beverage plants**

**30 million**  
loyalty members  
(at the end of Q4 '21)

# 2021 Highlights

We are committed to running a business that helps better the lives of our associates, the communities we serve, and the planet we share.

In 2021, we refined our ESG strategy and created clear goals to ensure we are making meaningful and positive changes for our planet, our people, our products, and our communities.

 Planet

Reduced carbon emissions from our own operations by 19% between 2019 and 2021<sup>1</sup>

Recycled more than 875 million pounds of cardboard and 25 million pounds of plastic film and bags

 People

Delivered over 430 “Leading with Inclusion” workshops to more than 10,000 associates

Increased the representation of Women and People of Color in our management

 Product

Offered more than 26,600 unique local products

Diverted more than 215 million pounds of food from landfill through anaerobic digestion

 Community

Donated more than 78 million pounds of food to Feeding America partners

Raised nearly \$40 million through our Nourishing Neighbors program for hunger relief



<sup>1</sup>Scope 1 and 2 emissions



# Great food isn't possible without a healthy planet.

We're committed to reducing our carbon footprint and nurturing the environment.

## A Better Tomorrow Starts at the Source

As part of our Recipe for Change, we are letting science lead the way in our goal to reduce carbon emissions across our operations and value chain.

### Our Goals:

- Achieve Science Based Targets initiative (SBTi) approved emissions reduction goals by 2030.
  - Reduce emissions from our own operations by 47%.<sup>1</sup>
  - Reduce downstream emissions from the use of sold goods by approximately 27%.
  - Engage our top suppliers to set science-based targets by 2026.
- Achieve Net Zero emissions in our own operations by 2040.

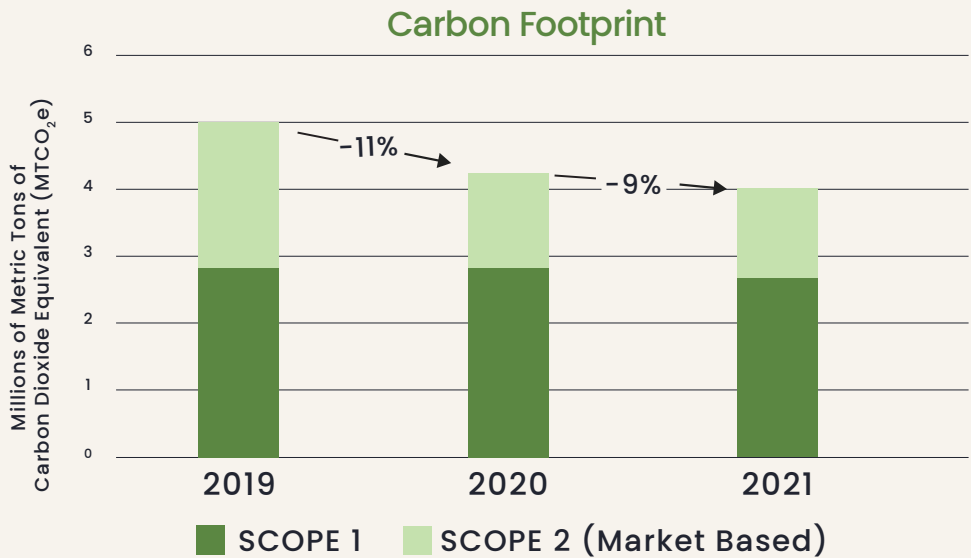


A carbon emissions reduction target is considered “science-based” when it aligns with what the latest climate science says is necessary to meet the goals of the Paris Climate Agreement, which calls for pursuing efforts to limit global warming to 1.5°C above preindustrial levels.

Albertsons Companies' 2030 emissions reduction goal has been approved by the Science Based Targets initiative (SBTi), the gold standard for emissions goals developed by the CDP, World Resources Institute, World Wildlife Fund, and the United Nations Global Compact. The SBTi standards require companies to not only address emissions from their own operations (Scopes 1 and 2), but also material emissions from their value chain (Scope 3).

Our emissions reduction goals are based on a 2019 baseline, and we annually report carbon emissions through the CDP’s Climate Change Disclosure. Our emissions between 2019 and 2021 were as follows:

Carbon Footprint (Metric Tons of Carbon Dioxide Equivalent - MTCO <sub>2</sub> e)			
EMISSIONS CATEGORY <sup>1</sup>	2019	2020	2021
SCOPE 1	2,828,955	2,767,382	2,487,920
SCOPE 2 – LOCATION BASED	1,998,819	1,663,522	1,583,471
SCOPE 2 – MARKET BASED <sup>2</sup>	2,130,132	1,646,087	1,521,677
<b>SCOPES 1 &amp; 2 MARKET BASED TOTAL</b>	<b>4,959,087</b>	<b>4,413,469</b>	<b>4,009,597</b>
SCOPE 3 TOTAL <sup>3</sup>	43,709,500		
> SCOPE 3 CATEGORY I: PURCHASED GOODS AND SERVICES	30,363,100		
> SCOPE 3 CATEGORY II: USE OF SOLD	10,241,700		



<sup>1</sup> Scope 1 and 2 emissions  
<sup>2</sup> Includes Renewable Energy Credits used to meet renewable portfolio standards  
<sup>3</sup> We are continuing to refine our scope 3 reporting beyond our baseline year due to the unique operating environment caused by the COVID-19 pandemic in 2020

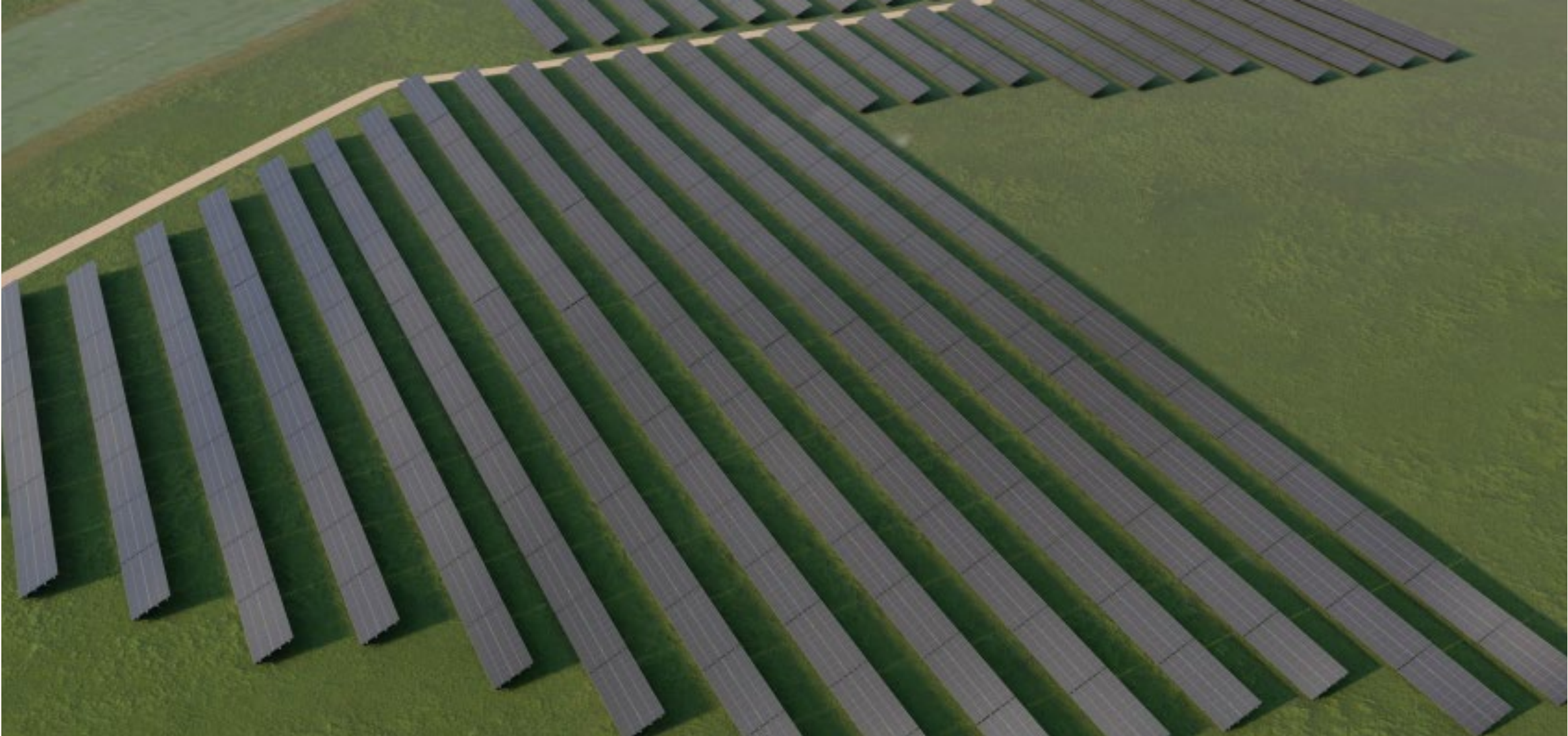
Energy Efficiency Projects

We completed more than 850 energy efficiency projects across our operations in 2021, including installing LED lighting retrofits, doors on refrigerated cases, anti-sweat heaters, and more.

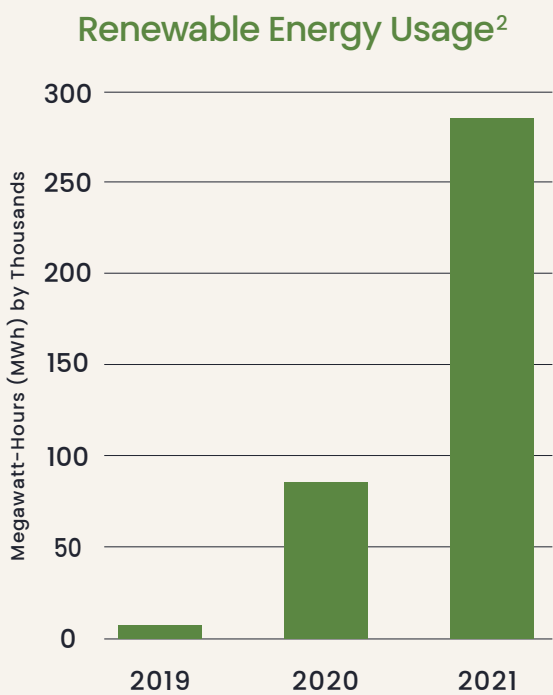
Renewable Energy

Using renewable energy generated through wind and solar projects helps us to reduce our carbon footprint. In addition, where feasible, we use our facilities to generate renewable energy. We were one of the first grocery retailers in the country to use utility-grade wind turbines in our operations. Today, we have 55 locations with on-site solar generation and plan to install more in the coming year.

We work with energy providers in our operating areas to utilize utility-scale renewable energy at Safeway stores in Virginia, more than 40 sites in Arizona, and soon at Shaw’s stores in Maine. Learn more about the project in Maine in the [Taking Action in Our Communities](#) section of this report.



RENDERING COURTESY OF DYNAMIC ENERGY



Refrigerants

Improving our refrigerant infrastructure is one of our primary areas of focus for our Climate Action strategy. We have developed a roadmap to reduce our leakage rate and implement lower global warming potential refrigerants in our operations. We have committed capital to these projects and are working with our operating divisions to ensure we execute projects that support local and state refrigerant goals and requirements.

Transportation

As part of our Climate Action efforts, we continue to increase the sustainability of our truck fleet. Last year, we were recognized as one of *Heavy Duty Trucking’s* 2021 Top Green Fleets for leading the way in sustainable trucking.<sup>4</sup> Our entire private truck fleet is certified by the EPA’s SmartWay program to advance supply chain sustainability and freight transportation efficiency.

We continued to explore opportunities to utilize electric vehicles within our distribution operations to supplement our existing fleet. At the end of 2021, 97% percent of our forklifts were electric, and we had 11 electric terminal tractors with plans to purchase more in 2022.

Value Chain Emissions

To reduce emissions from our value chain (activities that take place up- or downstream of our operations), we have a goal to engage our top suppliers about science-based carbon reduction targets. We aim to have these suppliers set, commit to setting, and/or track their progress against an existing target by 2026. Today, we are more than 10% of the way toward achieving this goal and look forward to partnering with other vendors in our supply chain to reduce our collective impact on the environment.

To meet our goals to reduce emissions from the use of sold goods, we are also evaluating our fuel strategies and innovative opportunities to reduce the emissions associated with these products.

<sup>2</sup> Includes Renewable Energy Credits used to meet renewable portfolio standards

<sup>4</sup> <https://www.3blmedia.com/news/meet-hdts-2021-top-green-fleets>

## Planet

### Operational Waste

In 2021, we recycled more than 875 million pounds of cardboard as well as 25 million pounds of plastic film and bags. We recycle the plastic pallet wrap used to safely distribute products as well as plastic film and bags returned by our customers, a service available in many of our stores.

In addition to finding opportunities to reduce our operational waste, we are committed to eliminating food waste going to the landfill as part of our **Recipe for Change**. See the [Food Waste](#) section of this report to learn more.

### Electric Vehicle Charging

As part of our efforts to support the planet we share, we strive to help our customers reduce their carbon footprints, too. At the end of 2021, we had more than 220 electric vehicle chargers across our portfolio that our customers used for more than 200,000 charging sessions.



COURTESY OF VOLTA CHARGING

### Taking Action in Our Communities

In addition to our efforts to reduce our carbon footprint on a macro scale, we are also taking action to reduce the climate impacts in the communities we serve.

#### Completing the Nation's First Zero-Emission Refrigerated Grocery Delivery

We purchased two Volvo electric tractors and nine electric refrigerated trailers for our Southern California division to complete the nation's first commercial 100% zero-emission refrigerated grocery delivery with a Class 8 truck. This first delivery was to a LEED-certified Albertsons store in Irvine, California.

#### Partnering on the Largest Commercial Solar Installation in Maine

We are collaborating with an energy provider in Maine to receive more than 8.5 million kWh of clean energy annually from one of the first and largest commercial solar installations in the state. Once operational, the energy will be used at many of our Shaw's stores throughout the area.





# Our people are our greatest asset.

We're committed to fostering the personal and professional well-being of every Albertsons Companies associate.



## Diversity, Equity & Inclusion

### Equal Opportunity in Every Aisle

As part of our Recipe for Change, we are committed to cultivating a workforce that reflects the rich diversity of the communities we serve and fostering an inclusive culture that embraces differences.

#### Our Goals:

- Increase **diverse representation** within our management to reflect the communities we serve.
- Foster an **inclusive culture** that embraces our differences and drives innovation to accelerate growth.
- Ensure all associates have **equal access** to opportunities and resources.



## Diversity, Equity & Inclusion Framework

We have a 6-part Diversity, Equity & Inclusion (DE&I) framework to guide our efforts toward achieving our goals.

### INCLUSION & BELONGING

Ensure that each associate's voice is heard and integrated into the workplace. Cultivate a supportive, welcoming, inclusive, and equitable work environment that allows associates to feel connected to the company's purpose and success.

### HIRING & PROMOTIONS

We will strive to increase the pool of diverse candidates considered for promotion and have diverse slates and interviewers for all management roles.

### TALENT DEVELOPMENT

Embed Diversity, Equity & Inclusion into the lifecycles of talent development and succession planning. Raise awareness about training and development opportunities.

### IMPACTFUL ASSOCIATE RESOURCE GROUPS

Promote Associate Resource Groups (ARGs) and empower them as a resource for leadership development, associate engagement and belonging, sharing ideas and concerns, and supporting the company's initiatives.

### COMMUNITY ENGAGEMENT

Use financial support, volunteerism, and advocacy to promote racial equality and social justice while strengthening ties with customers, diverse suppliers, and the communities we serve.

### MEANINGFUL METRICS

Set targets and establish diversity metrics to ensure successful and sustainable outcomes with recruitment, retention, development, and promotion goals.

Representation

We strive to reflect the rich diversity of our communities within our management and throughout our company, and we annually track our progress toward this goal. We are proud that in 2021 five of the nine members of our Senior Leadership Team were women, and three were People of Color.

Diversity Councils

Our National Diversity Council is chaired by our CEO Vivek Sankaran and works to advance DE&I across Albertsons Companies. This group of executive sponsors and leaders is focused on promoting and growing Diversity, Equity & Inclusion to help our company be the best place to work and shop. We have Diversity Councils for our 12 operating divisions and individual councils for our Technology & Engineering, Digital & Consumer, and Supply Chain departments.

Representation at Albertsons Companies

	2020			2021		
	VP & ABOVE	COMPANY-WIDE	US DEMOGRAPHICS	VP & ABOVE	COMPANY-WIDE	US DEMOGRAPHICS
GENDER						
Men	78%	51%	49%	67%	51%	49%
Women	22%	49%	51%	33%	49%	51%
ETHNICITY						
Black/African American	4%	10%	12%	5%	11%	14%
Hispanic/Latino	5%	22%	19%	4%	21%	18%
Asian/Asian American	8%	6%	6%	12%	7%	6%
Other	4%	3%	5%	4%	7%	3%



“Our leadership is driving collective action and shared ownership to embed Diversity, Equity & Inclusion into the fabric of our company. With this support, we were able to increase the representation of women and People of Color in our management last year.”

- Monique Lanaux  
GVP, Chief Talent and Diversity Officer, Albertsons Companies



## Inclusion

We are committed to fostering a diverse, equitable, and inclusive culture and aspire to reflect the vibrant and thriving communities where we live and work.

After redeveloping our process in 2020, we conducted our second annual Associate Engagement Survey in 2021 and saw a 16% increase in companywide participation from the previous year. Based on the responses from the surveys, we are able to gauge how many associates feel we have created an inclusive work environment.

During 2021, we offered opportunities for associates to learn more about DE&I, including:

- Training over 10,000 associates through more than 430 “Leading with Inclusion” workshops – a highly interactive experience designed to heighten awareness around bias and provide tools to support associates’ ability to create a more inclusive work environment that acknowledges and celebrates courageous conversations.
- Integrating DE&I goals into the annual performance management process of our top leaders.
- Facilitating leadership discussions on how to be more inclusive, holding bi-annual store and supply chain huddles on this topic, and providing monthly online training modules.

Our Associate Resource Groups (ARGs) enable an inclusive and welcoming culture among our associates. Our ARGs are open to all associates in corporate and division offices, as well as field leadership in our retail stores and supply chain facilities. Last year we tripled membership across our ARGs to more than 3,000 associates. In 2021, we launched our seventh ARG, the Veterans Associate Resource Group. Others include the Albertsons African American Leadership Council, Asian Network, Albertsons Pride Alliance, Green Team, Hispanic Leadership Network, and Women’s Inspiration and Inclusion Network.



## Recognition

In 2021, more than 100 women from Albertsons Companies were recognized by industry publications for their leadership, including *Progressive Grocer’s* Top Women in Grocery, *The Shelby Report’s* Women of Influence in the Food Industry, Women Impacting Storebrand Excellence (WISE), and *Store Brands* magazine’s Top Women in Store Brands.

*The Shelby Report of the West* honored Albertsons Companies with their 2021 Diversity, Equity, and Inclusion award for working to advance and uphold DE&I in the U.S. Grocery Industry.



## Supplier Diversity

We believe in fostering DE&I not only among our associates, but also among our business partners. We are dedicated to providing opportunities for diverse suppliers to grow their business and increase the presence of their products on shelves. Given one of the biggest hurdles for small businesses is access to working capital, we have launched an expanded early payment program to determine the best time and terms for payments for diverse-owned businesses. The goal is to help these companies alleviate immediate capital challenges by making working capital more accessible.

Last year, we hosted two summits to broaden our reach to businesses that are over 50% owned and controlled/operated by one of the following ethnicities or categories: African American, Asian American, Hispanic, LGBTQIA+, Native American, Service-Disabled Veteran, or Female.

## Training and Development

At the end of fiscal 2021, we employed approximately 290,000 associates and are proud that a significant number of our associates celebrated milestone anniversaries with our company. More than 61,000 of our associates commemorated at least 15 years of service, and more than 43,000 celebrated over 20 years of service.

We offer formal and informal learning and development opportunities to all associates, and in 2021 our in-store and office associates together completed more than 5 million courses through various platforms. Courses are offered through eLearning and on-demand content, virtual and in-person classes, on-the-job training, VR (virtual reality), mentoring programs, and more. We have also partnered with industry associations to provide access to relevant continuing retail education opportunities through colleges around the country.

# The Best Associates are at your Favorite Local Supermarket

Our associates often go above and beyond to delight our customers and support our communities. Whether they're driving innovation or creating an excellent shopping experience, our associates are critical to our company's success.

## Celebrating Black History Month at Jewel-Osco

Our Jewel-Osco team held their 23rd-annual Black History Month celebration, which featured more than 25 Black- and African American-owned brands in stores and online. As part of the celebration, Jewel-Osco donated \$2,000 to The Hatchery, which helps local entrepreneurs build and grow successful businesses.



## Honoring Outstanding Asian American Leadership

Anuj Dhanda, EVP Chief Information Officer was honored as one of the Outstanding 50 Asian Americans in Business by the Asian American Business Development Center, which recognizes leaders across the country who have a role in driving the U.S. economy. Anuj has been with the company since 2015 and works to create a competitive advantage by leveraging data insights, scale, omnichannel customer experience, innovation, and efficiencies.

## Providing Exemplary Service in our Southern California Division

The City of Fountain Valley Advisory Committee for Persons with Disabilities honored associate Glen Rizzo and the team at store #170 for their incredible work and exceptional services for individuals with disabilities. Glen has been an exemplary associate at his store for 25 years and has been named Associate of the Month eleven times.



## Celebrating Pride in Boise

The Albertsons Pride Alliance ARG sponsored and participated in the 2021 Boise Pride Festival. Albertsons Companies Pharmacists had a booth at the festival where they provided flu shots to attendees. In addition, throughout the month of June, courageous conversations were led by leaders of the Pride Alliance on ways to bring your whole self to work and tools to be an effective ally in the workplace.



## Receiving Industry Recognition for Wine Expertise

Curtis Mann, Group Vice President of Alcohol, was awarded the Taransaud Tonnellerie Wine Award for excellence in the production and handling of wine. Curtis' hard work has led to expansive wine offerings, a proprietary certification program for our wine stewards, and the development of shopper programs like virtual tastings and in-person events.

## Ensuring Access to COVID-19 Vaccines in Mid-Atlantic

The Safeway Pharmacy team was recognized by the Maryland Governor for the integral role pharmacists played in COVID-19 vaccination efforts. Our pharmacists created access points across the state in partnership with the Vaccine Equity Task Force that helped ensure the most vulnerable populations within the state were served. The Governor's Citation recognized that innovative public-private partnerships were a key factor in over 83% of the 18+ population receiving their vaccines.



## Going the Extra Mile in our Mid-Atlantic Division

Sue Thomas, Store Director in ACME, won the Mid-Atlantic Division's President's Award for her commitment to our customers. When a customer who had been shopping at her store for more than 47 years hadn't been by in a while, Sue went above and beyond to check in on the customer and help her in a time of need by personally delivering groceries to the customer's home.





Our company's environmental footprint is directly tied to what we make and sell.

We're committed to creating and sourcing sustainable products and reducing unnecessary packaging and food waste.

# Waste Reduction & Circularity

## Less Waste, More Hope

As part of our Recipe for Change, we are working to eliminate food waste going to landfills, reducing the use of plastic in our products, and accelerating our transition to a more circular economy.

Our Goals:

- Zero food waste going to landfills by 2030.<sup>5</sup>
- Leverage alliances and platforms to report on and achieve our Plastics & Packaging Pledge goals.



## Food Waste

Reducing food waste has been a long-standing priority across our stores, distribution centers, and manufacturing plants. The USDA estimates that up to 30–40% of food is wasted across the U.S. food supply chain, from farms to transportation, stores, and homes.<sup>6</sup>

We are members of the USDA and US EPA's Food Loss and Waste Champions as well as the Pacific Coast Food Waste Commitment and work across our industry to identify opportunities and best practices to report and reduce food waste. We are establishing methodologies to measure and report our food waste baseline and progress toward our newly announced company-wide zero food waste to landfill goal.<sup>7</sup> To meet our goal of zero food waste to landfill, our stores, distribution centers, and manufacturing plants must divert at least 90% of food waste from the landfill.

As we work to address our food waste, we look to the US EPA's food recovery hierarchy to prioritize our actions, including preventing food from becoming waste, donating edible food, and diverting inedible food waste.

## Preventing Food Waste

We are leveraging a variety of innovative methods and technologies to reduce food from ever becoming waste. One way we accomplish this is by using technology to accurately order the correct amount and assortment of products for our customers.

In 2021, we raised the bar with a pilot of the Afresh Fresh Operating System in the produce departments of 20 stores. Associates leveraged artificial intelligence technology to improve ordering and reduce unsold food. Early results were impressive and enabled a substantial reduction in product loss. After this successful pilot, Afresh is now rolling out across the

company. This technology will enable Greenhouse Gas (GHG) and water reduction savings from farm to retail across the supply chain and reduce food waste.

We also work to reduce food waste of fresh produce by sourcing from vendors using innovative growing technologies, including controlled environment agriculture. Last year, we expanded the availability of packaged salads grown using vertical farming across more of our operating divisions and will continue to look for opportunities as more farmers utilize these methods. The US Department of Agriculture found that controlled environment agriculture systems can help to reduce food waste through their ability to match production schedules to consumer demand patterns and to reduce cosmetic imperfections in crops.<sup>8</sup>

## Donating Edible Food

We are a Feeding America Visionary Partner and in 2021 donated more than 78 million pounds of food from our stores to local Feeding America food recovery organizations. Through these programs, we help reduce the amount of food going to landfills and support our neighbors in need. See the [Community Stewardship](#) section of this report to learn more about our hunger relief efforts.

## Diverting Inedible Food

The food we are not able to sell or donate to local food banks can be diverted from the landfill through animal feed, anaerobic digestion, composting, or other methods.

In 2021, we diverted more than 215 million pounds of food and trimmings from our operations through anaerobic digestion. This process not only keeps food and trim out of landfills but also creates a rich soil amendment and can serve as a source of renewable natural gas.

<sup>5</sup> <https://calrecycle.ca.gov/zerowaste/>  
<sup>6</sup> <https://www.usda.gov/foodwaste/faqs#:~:text=In%20the%20United%20States%2C%20food,worth%20of%20food%20in%202010>  
<sup>7</sup> <https://calrecycle.ca.gov/zerowaste/>  
<sup>8</sup> <https://www.ers.usda.gov/webdocs/publications/95779/eib-216.pdf?v=9897.2>

Plastics & Packaging

We made our Plastics and Packaging Pledge to advance sustainability throughout the company, starting with our extensive Own Brands portfolio.

Standardized Recycling Communications

We strive to continuously improve how we communicate recyclability to our customers. Our goal is by the end of 2022, customers will see standardized recycling communications on all Own Brands packaging and/or through our Smart Label QR code system. We leverage the How2Recycle labeling system across various product categories to improve the reliability and transparency of recyclability claims. This label helps customers know how to properly dispose of and recycle our Own Brands product packaging to help keep plastic out of landfills.

Reducing Single-Use Bags

We are members of the Beyond the Bag Initiative and are collaborating with retailers from various industries to find sustainable alternatives to single-use plastic bags.

In our operations last year, we launched a program to increase the number of items our associates place in each bag to reduce the number of single-use bags used in each transaction. As a result, we used 500 million fewer single-use bags than the previous year.

Product

Sustainable Products & Ingredients

Responsible Seafood

We met our “Top 5 by 2022” sushi commitment, an ambitious goal to transition the sourcing of all salmon, tuna, shrimp, imitation crab, and eel in our prepared sushi to meet our Responsible Seafood Policy. This commitment included discontinuing eel offerings in our sushi until sustainable sources become available and working with suppliers to confirm sources of all salmon, tuna, shrimp, and imitation crab used in our sushi meet our robust policy.

Additionally, we conducted a traceability study of the tuna used in our sushi to help improve transparency within our seafood supply chain, protect the oceans, and provide fair and equitable treatment for the people who depend on them for their livelihoods. The three vendors we included in our study performed well, demonstrating they had readily available and accurate supply chain documentation and that they were following seafood industry best practices and meeting seafood import monitoring program requirements.

Fair Trade

We offer a variety of Own Brand Fair Trade Certified™ products including produce, chocolate, coffee, and more. All our O Organics® coffee is Fair Trade Certified. Fair Trade Certified coffee protects the environment through standards covering topics such as soil and water quality and ensures that hard-working farmers earn fair wages and work in safe conditions. In 2021, purchases of our Own Brand Fair Trade Certified coffee generated more than \$700,000 in community development funds for coffee farmers, their families, and communities.



debi lilly design™

Last year we launched debi lilly design™ wedding flowers, all of which are sustainably grown and harvested as certified by BloomCheck and the Rainforest Alliance. Our debi lilly design™ Extending Smiles bouquets are also Rainforest Alliance certified, and each bouquet purchased enables a donation to a charitable organization. In 2021, more than \$230,000 was raised for organizations including Soles4Souls, Homes For Our Troops, Trinity Health, and others.

Sustainable Wine Options

In 2021, we added Kalyana sustainable wines to our growing portfolio of Own Brands products. The vineyards and winery that craft the Kalyana Pinot Noir, Cabernet Sauvignon, and Chardonnay wines are certified sustainable by the Certified California Sustainable Winegrowing Alliance. Kalyana practices careful stewardship and land preservation to produce high-quality wines that will be around for generations to come.

Last year we also began rolling out new and more environmentally friendly 6-pack wine carriers. These carriers are made with 100% recycled paper fibers, use water-based inks, and are easier to recycle than our previous carriers.



*Safer Choice Partner of the Year*

In 2021 we received the EPA Safer Choice Partner of the Year award for the fourth time. The EPA recognized our efforts to launch new Safer Choice–certified Own Brands products, raise awareness of the program, and help identify opportunities for educating consumers. Our Own Brands portfolio now offers six Open Nature® laundry detergent products that are Safer Choice–certified.

*Animal Welfare*

Maintaining high animal care standards is important to Albertsons Companies, and we prioritize implementing science-based animal welfare policies that ensure safe and humane treatment.

In 2021, 27% of our liquid and shell eggs were cage-free. All O Organics® and Open Nature® shell and liquid eggs and all Own Brand hard-boiled eggs are cage-free.

Last year we expanded our commitment to broiler chicken welfare and aim to have 50% of O Organics® chicken supply chain certified to Global Animal Partnership Step 3 (GAP-3) standards by 2024. As of 2021, we are more than 85% of the way to achieving this goal.



*Local Product Offerings*

We’ve spent decades nurturing partnerships with suppliers and farmers in our neighborhoods, helping to create jobs and allowing our communities to grow. Across our company, we offer more than 26,600 unique local products. Each of our operating divisions has local goods from their communities, allowing us to offer the highest-quality products available in each area.

Whether it’s sourcing world-famous Idaho potatoes for our Idaho stores or Northeastern apples for our Shaw’s and Star Market stores, local offerings are often at the heart of our produce operations. We are the largest customer of local produce in California and purchase all produce types that are grown in the state. We are also one of the largest customers of local produce in Oregon and Washington.

In our Southwest division, we leverage a variety of local produce growers throughout the year. For example, during the winter months we source

all leafy greens and row crop items out of Yuma, Arizona; in the fall we source carrots grown in Arizona; and in the summer, we get melons and corn grown in the desert along the border of Arizona and California.

Our sourcing of local and fresh products doesn’t stop at produce. We also support ranchers and farmers in our market areas to offer our customers local assortments of meat. We carry Hill’s Premium Meat Products from Pendleton, Oregon in our Portland and Intermountain divisions and Double R Ranch Northwest Beef in our Intermountain division.





We're at our best  
when we are  
stewards of our  
communities.

We're committed to reducing  
food insecurity and lifting up  
the neighborhoods we serve.



## Community Stewardship

### Extending Our Table

As part of our Recipe for Change, we are committed to fighting food insecurity at a local level so all our neighbors thrive.

#### Our Goals:

- Enable the donation of **1 billion meals** for our neighbors in need by 2030.
- **Champion innovative programs and partnerships** to help break the cycle of hunger in the communities we serve.

Each year our stores donate millions of pounds of food to local food banks, pantries, and other agencies that are on the front lines in the fight against hunger in America. Our 2,200+ stores support hunger relief through a variety of efforts, including product donations, in-store food drives, and fundraising campaigns.

We are a Feeding America Visionary Partner, and in 2021 we donated more than 78 million pounds of food from our stores, distribution centers, and manufacturing plants. Our Nourishing Neighbors program provides hunger relief for our neighbors in need and helps support partnerships and programs to break the cycle of hunger in our communities.

Food insecurity is a complex issue impacting more than 33 million people in the United States in 2021, including 5 million children.<sup>9</sup> As we continue our commitment to fighting hunger at the local level, we are leveraging our strong community ties to explore programs and partnerships advancing innovative approaches and community-specific solutions to break the cycle of hunger.



#### 2021 Nourishing Neighbors Impact:

- Total Grants to local Organizations: 1,088
- Total Given: \$40 million
- Total Lives Impacted: 8 million
- Total Meals: 160 million

Through the Albertsons Companies Foundation's Nourishing Neighbors program (formerly known as Hunger Is), we donated nearly \$40 million toward eradicating hunger in 2021, including:

- \$9 million to provide 37 million healthy breakfasts for children through our Nourishing Neighbors breakfast campaign.
- \$500,000 to local food banks and other hunger organizations to provide food for those impacted by Hurricane Ida and the California wildfires, providing nearly 2 million meals to affected communities.

In addition to our hunger relief efforts, the Albertsons Companies Foundation raised \$27.5 million for other causes important to our local communities, including education, cancer research and treatment, programs for people with disabilities, and veteran outreach.

#### Ensuring Kids Start the Day with Breakfast

A study conducted by Deloitte and No Kid Hungry Center for Best Practices<sup>10</sup> showed that ensuring kids start the day with breakfast can have a dramatic positive effect by helping students perform better in class and attend more days of school each year.

We raise money to ensure all kids have access to breakfast every day. These funds provide grants to organizations that enhance school breakfasts, provide weekend breakfast food backpack programs, supply summer breakfast meals, and many other breakfast-related programs.

Since 2014, our Nourishing Neighbors program has donated \$47.2 million and provided 200 million breakfasts to kids in need.

“If your tummy isn't full, if you're hungry, we aren't giving you a fair chance. By providing Breakfast After the Bell we can provide more help for our students, especially the ones in need. Thank you to Jewel-Osco's Nourishing Neighbors for your support.”

– Principal,  
Prairie Oak Elementary School,  
Berwyn North School District 98

<sup>9</sup> <https://www.ers.usda.gov/topics/food-nutrition-assistance/food-security-in-the-u-s/key-statistics-graphics/#insecure>  
<sup>10</sup> [https://bestpractices.nokidhungry.org/sites/default/files/no-kid-hungry-starts-with-breakfast\\_0.pdf](https://bestpractices.nokidhungry.org/sites/default/files/no-kid-hungry-starts-with-breakfast_0.pdf)

### Associate-Sponsored Funding

The Albertsons Companies Foundation's We Care program is a voluntary associate-sponsored disaster relief and personal hardship fund that provides support to our communities and fellow associates in times of crisis. In 2021, more than \$500,000 was given out in grants to more than 220 associates.

### Community Well-Being

Throughout the COVID-19 pandemic, we have prioritized the well-being of our associates and customers. We have continued to work with the Department of Health and Human Services and local health authorities and administered more than 12 million doses of the COVID-19 vaccine in 2021 through our in-store pharmacies and community vaccination clinics.

### Innovative Partnerships and Programs

#### Engaging Students in Finding Solutions in Their Communities

Explore. Act. Tell. (EAT) teaches young people how to become aware of food insecurity issues in their neighborhoods. Funded by the Albertsons Companies Foundation's Nourishing Neighbors program and the Foundation for Impact on Literacy and Learning, students identify solutions for food insecurity by:

- Exploring the topic of hunger in their community
- Designing ways to act on solutions
- Producing public service announcements encouraging others to take action

Over 20,142 students, 170 schools, and 216 educators have participated in this program since it began in 2020.

#### Teaming Up with State Governments to Increase Access to Healthy Foods

Our Seattle Division is collaborating with the Washington State Department of Health on a variety of programs to address food insecurity. The Fruit and Vegetable Prescription Program allows select health care sites to provide patients experiencing food insecurity with "prescriptions" for fruits and vegetables. These "prescriptions" can then be used like cash to buy produce at Safeway stores in Washington. Our Seattle division also participates in the SNAP Produce Match program, which provides shoppers using EBT who spend at least \$10 on fresh fruit and vegetables a \$5 coupon for produce on their next shopping trip.



“My students' empathy and sense of community were in evidence today as they packed lunches to be placed in two community refrigerators. The students decorated the bags and wrote notes and jokes to be included. After the bags were packed, the kids calculated the cost of each lunch, and said things like 'I feel like I can make a difference,' and 'It always feels good to help out.'”

– Participating school in Philadelphia



## Taking Care of our Local Communities

Thanks to our associates' passion, generous customer donations, and collaborative efforts with community partners, our stores provide the opportunity to mobilize funding efforts and actively engage customers in helping their local communities.

### Supporting Research to Eradicate Pediatric Cancer

Thanks to our associates, customers, and a partnership with the Why Not You Foundation, the Immuno Heroes campaign raised \$2.7 million for Seattle Children's Therapeutics. The donation will fund cutting-edge pediatric immunotherapy research to help find a cure for pediatric cancer.



### Delivering Holiday Dinners in Santa Barbara, CA

Store Directors, Assistant Store Directors, e-commerce teams, and retired Store Directors wanted to make sure often forgotten members of their community could have a happy holiday season. The associates volunteered at The Ridley-Tree Cancer Center and delivered holiday dinners to patients.

### Helping the Ferndale, WA Food Bank Get Back on the Road

When major flooding totaled the Ferndale Food Bank's fleet of delivery vans just before Thanksgiving, Haggen associates recognized the importance of helping them recover from the devastating loss. The Haggen team acted quickly to donate two fleet vehicles so they could once again deliver meals to local families in need.

### Donating more than \$227,000 to the March of Dimes of West Texas

After weeks of generous donations from customers, United Supermarkets presented the March of Dimes with a donation of more than \$227,000. These funds will support communities across West Texas.

### Donating Over One Million Meals for the Hawaii Foodbank

The team at the Lihue Safeway donated over one million meals to the Hawaii Foodbank – Kauai Branch as part of Safeway's Nourishing Neighbors hunger relief program. Safeway stores in Hawaii raised donations at check stands to assist local food banks and hunger relief organizations to help feed people in need.



### Supporting Veterans on Chicago's South Side

On Veterans Day weekend, more than two dozen volunteers from Jewel-Osco's Black Inclusive Network of Diversity (BIND) Associate Resource Group partnered with Humble Design Chicago to support formerly homeless veterans, individuals, and families. Associates cleaned, furnished, and stocked the kitchens of new apartments for veterans in their community.

### Helping Kick Hunger in Washington D.C.

Safeway and the Safeway Foundation's Nourishing Neighbors program partnered with the Baltimore Ravens, the Washington Commanders, and local TV news and radio stations to increase awareness about food insecurity in the region and raise funds for local food banks. Thanks to generous donations from Safeway and our customers throughout Washington D.C., Maryland, and Virginia, we raised nearly \$322,000 for the Capital Area and Maryland Food Banks.





## ESG Governance

Our company is locally great and nationally strong thanks to our divisions' localized expertise, our corporate teams' support, and our Board of Directors' oversight.

This helps us identify and act upon the greatest opportunities to support the communities we serve and the planet we share.



## ESG Governance

Albertsons Companies is committed to responsible corporate governance. Our ESG Team collaborates with teams and leaders across our company to help drive and report on our environmental and social impact.

As we developed our **Recipe for Change** framework, we sought counsel from leaders throughout our company that work on our focus areas to set goals that will create meaningful change. We received regular feedback and final approval from our Senior Leadership Team; the Governance, Compliance & ESG Committee of our Board of Directors (Board); and the broader Board to establish our platform and goals.

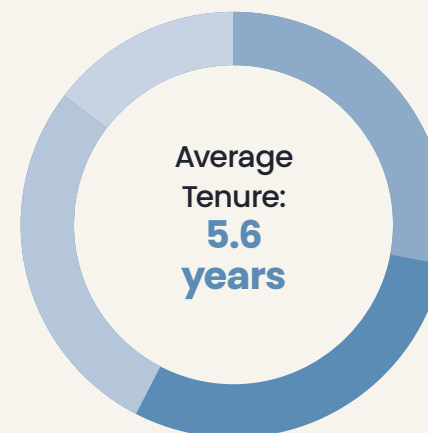
Management teams regularly report on applicable risks and opportunities to the relevant Board committees or the full Board of Directors.

## Board Diversity

Our Board broadly construes diversity to mean diversity of backgrounds, experience, qualifications, skills, age, and expertise, among other factors, which when taken together best serve our Company and our stockholders. In selecting board members, our Board considers, in addition to the core attributes, the range of talents, experience, and expertise that are needed and complementary to those that are currently represented on the Board. The Board seeks to achieve a mix of members whose experience and backgrounds are relevant to the Company's strategic priorities and the scope and complexity of our business.

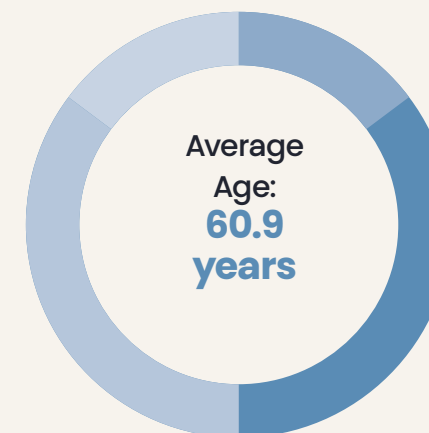
For more information about our Board of Directors and Governance, please see our Proxy Statement on the Investors sector of our website.<sup>11</sup>

### Tenure



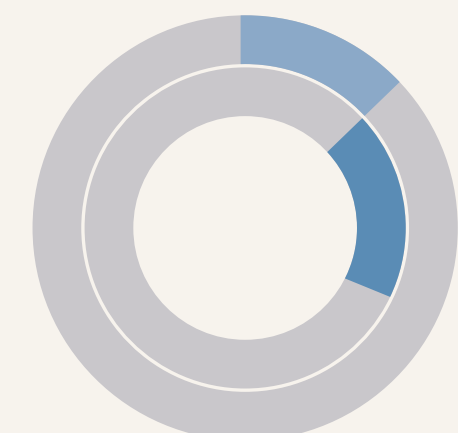
< 3 years **4**  
 3-6 years **4**  
 7-10 years **4**  
 > 10 years **2**

### Age



< 50 years **2**  
 50-60 years **5**  
 61-70 years **5**  
 > 70 years **2**

### Diversity



Female **2**  
 Ethnically diverse **3**

<sup>11</sup> <https://www.albertsonscorporation.com/investors/overview/default.aspx>

# Appendix

## United Nations Sustainable Development Goals

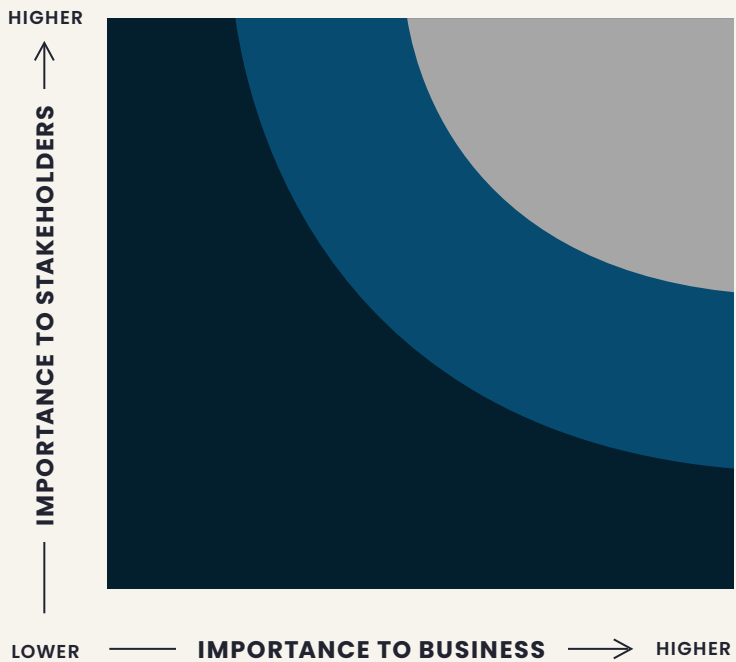
SUSTAINABLE DEVELOPMENT GOAL	EFFORTS BY ALBERTSONS COMPANIES	REFERENCES IN REPORT
2. Zero Hunger	<ul style="list-style-type: none"><li>Goal to <b>enable the donation of 1 billion meals</b> by 2030</li><li><b>Donating food from stores</b> to local hunger relief organizations</li><li><b>Fundraising</b> for local hunger relief organizations in our stores</li></ul>	<ul style="list-style-type: none"><li>Recipe for Change</li><li>Product: Food Waste</li><li>Community</li></ul>
5. Gender Equality	<ul style="list-style-type: none"><li>Goal to reflect the communities we serve and <b>increase diverse representation</b> at our management level</li><li>Supporting <b>women-owned businesses</b> through our Supplier Diversity Program</li></ul>	<ul style="list-style-type: none"><li>People: Diversity, Equity &amp; Inclusion</li><li>People: Supplier Diversity</li></ul>
7. Affordable & Clean Energy	<ul style="list-style-type: none"><li>Increasing generation and procurement of <b>renewable energy</b></li><li>Continuing to implement projects to improve our <b>energy efficiency</b></li></ul>	<ul style="list-style-type: none"><li>Planet: Climate Action</li><li>Planet: Taking Action in Our Communities</li></ul>
8. Decent Work & Economic Growth	<ul style="list-style-type: none"><li>Providing <b>training and opportunities for growth</b></li></ul>	<ul style="list-style-type: none"><li>People: Training and Development</li></ul>
10. Reduced Inequalities	<ul style="list-style-type: none"><li>Goal to reflect the communities we serve and <b>increase diverse representation</b> at our management level</li><li>Supporting <b>minority-owned businesses</b> through our Supplier Diversity Program</li></ul>	<ul style="list-style-type: none"><li>People: Diversity, Equity &amp; Inclusion</li><li>People: Supplier Diversity</li></ul>
11. Sustainable Cities & Communities	<ul style="list-style-type: none"><li>Providing funds for <b>disaster relief</b></li></ul>	<ul style="list-style-type: none"><li>Community</li></ul>
12. Responsible Consumption and Production	<ul style="list-style-type: none"><li>Committed to zero <b>food waste</b> to landfill by 2030</li><li>Executing our <b>Plastics and Packaging Pledge</b></li><li><b>Sustainable product and ingredient offerings</b>, including US EPA Safer Choice certified products, certified sustainable florals, Fair Trade-certified coffee, etc.</li></ul>	<ul style="list-style-type: none"><li>Recipe for Change</li><li>Product: Waste Reduction &amp; Circularity</li><li>Product: Sustainable Products &amp; Ingredients</li></ul>
13. Climate Action	<ul style="list-style-type: none"><li>Science Based Targets initiative (SBTi) approved <b>carbon reduction goal aligned with a 1.5°C pathway</b></li><li><b>2040 Net Zero goal</b> for our own operations</li></ul>	<ul style="list-style-type: none"><li>Recipe for Change</li><li>Planet: Climate Action</li></ul>
14. Life Below Water	<ul style="list-style-type: none"><li>Implementing our <b>Responsible Seafood Policy</b></li></ul>	<ul style="list-style-type: none"><li>Product: Sustainable Products &amp; Ingredients</li></ul>



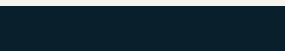


# Materiality Assessment

In 2020, we refreshed our Materiality Assessment to prioritize how we address ESG. This assessment identified our internal and external stakeholders’ top-ranking ESG topic areas, and the outcome shaped our Recipe for Change.

We analyzed the most critical ESG topics specific to our business and industry and worked with stakeholders to better understand where we should focus our efforts. We conducted interviews and surveys with internal business leaders, customers, investors, suppliers, and industry groups and included insights from industry reports and ESG rating agencies. Based on the responses received, we aggregated topics into ranked, or “tiered,” priorities.



- TIER 1**  
  
Invest time and resources to set goals, advance our efforts, and regularly report on progress.
- TIER 2**  
  
Proactively manage performance and report on continuous improvement.
- TIER 3**  
  
Develop policies, position statements, and brand standards as needed and report on activities as appropriate.

## The Results of our Materiality Assessment

- Climate Action (*focus on energy and emissions*)
  - Community Stewardship
  - Diversity, Equity & Inclusion
  - Waste Reduction & Circularity (*focus on food waste, plastics, and consumer packaging*)
- Customer Health & Wellness
  - Supplier Environmental Stewardship
  - Supplier Social Responsibility
  - Sustainable Products & Ingredients
- Animal Welfare
  - Product Marketing & Transparency
  - Water Stewardship
- FOUNDATIONAL TOPICS**  
Focus on internal excellence to minimize risk and meet or exceed regulatory requirements.
  - Data Privacy & Security
  - Employee Attraction, Development & Retention
  - Employee Health & Safety
  - Governance Ethics & Compliance
  - Food & Product Safety
  - Resilience & Adaptation