

Corporate Human Rights Benchmark 2018 Company Scoresheet



Company Name Kroger
Industry Agricultural Products (Supply Chain only)
Overall Score (*) 20.2 out of 100

| Theme Score | Out of | For Theme |
|-------------|--------|---|
| 2.0 | 10 | A. Governance and Policies |
| 5.9 | 25 | B. Embedding Respect and Human Rights Due Diligence |
| 1.7 | 15 | C. Remedies and Grievance Mechanisms |
| 3.5 | 20 | D. Performance: Company Human Rights Practices |
| 3.8 | 20 | E. Performance: Responses to Serious Allegations |
| 3.4 | 10 | F. Transparency |

(*) Please note that any small differences between the Overall Score and the added total of Measurement Theme scores are due to rounding the numbers at different stages of the score calculation process.

Please note also that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2018 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

Detailed assessment

A. Governance and Policies (10% of Total)

A.1 Policy Commitments (5% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|------------------------------------|------------------|---|
| A.1.1 | Commitment to respect human rights | 1 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: General HRs commitment: The Company discloses in their statement on human rights 'We care deeply about the rights of those with whom we work and rely on to operate our business every day. Our Values, Policy on Business Ethics and Vendor Code of Conduct have long served as the guideposts of our fundamental respect for human rights. 'We continue to affirm our commitment to uphold our high standards and expectations for human rights and fair labor in our U.S. and global supply chain.' [Vendor Code of Conduct, 42979: thekrogerco.com & Statement on Human Rights, 01/07/2018: thekrogerco.com] • Not met: UNGC principles 1 & 2 • Not met: UDHR • Not met: International Bill of Rights <p>Score 2</p> <ul style="list-style-type: none"> • Not met: UNGPs: The Company states that 'our policies and practices are aligned with these important international and industry standards: • The United Nations Guiding Principles (UNGP) on Business and Human Rights, and • The International Labour Organization (ILO) Conventions.' However, being 'aligned with' the UNGPs is not considered a commitment to the UNGPs. [Statement on Human Rights, 01/07/2018: thekrogerco.com] • Not met: OECD |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| A.1.2 | Commitment to respect the human rights of workers | 2 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: ILO Core: The Company does states that they 'prohibit discrimination and any forced, trafficked or child labor. We are committed to safe and healthy working conditions and the dignity of all individuals. We are also committed to the rights to freedom of association and to collective bargaining'. [Statement on Human Rights, 01/07/2018: thekrogerco.com] • Met: All four ILO for AG suppliers: The statement above also applies to suppliers and other business partners. [Statement on Human Rights, 01/07/2018: thekrogerco.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: All four ILO Core: The Company does states that they 'prohibit discrimination and any forced, trafficked or child labor. We are committed to safe and healthy working conditions and the dignity of all individuals. We are also committed to the rights to freedom of association and to collective bargaining'. • Met: Respect H&S of workers: Kroger's Policy on Business Ethics notes that "the safety and health of associates is paramount, and working conditions will reflect this." Separate to this, the Vendor Code of Conduct specifies that "Workers may not be exposed to unreasonably hazardous, unsafe, or unhealthy conditions". The Social Responsibility Audit document notes 63 indicators in relation to H&S. [Policy on Business Ethics, 42373: ir.kroger.com & Vendor Code of Conduct, 42979: thekrogerco.com] • Met: H&S applies to AG suppliers: Vendor Code of Conduct notes that "Workers may not be exposed to unreasonably hazardous, unsafe, or unhealthy conditions.". The Social Responsibility Audit includes 63 indicators in relation to H&S. [Vendor Code of Conduct, 42979: thekrogerco.com & Social Responsibility Audit Content, 42979: thekrogerco.com] |
| A.1.3.a.AG | Commitment to respect human rights particularly relevant to the industry - land and natural resources (AG) | 0.5 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Respect land ownership and resources • Met: Respecting the right to water: The Company states in their sustainability report 'At Kroger, we recognise our responsibility to reduce water use, find reuse opportunities and manage water discharge quality to protect local water sources.' [Sustainability Report, 2018: sustainability.kroger.com] • Not met: Expecting suppliers to respect these rights <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Voluntary Guidelines on Tenure • Not met: IFC Performance Standards • Not met: FPIC for all • Not met: Zero tolerance for land grabs • Not met: Respecting the right to water • Not met: Expecting suppliers to respect these rights |
| A.1.3.b.AG | Commitment to respect human rights particularly relevant to the industry - people's rights (AG) | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Women's rights • Not met: Children's rights • Not met: Migrant worker's rights • Not met: Expects suppliers to respect these rights <p>Score 2</p> <ul style="list-style-type: none"> • Not met: CEDAW/Women's Empowerment Principles • Not met: Child Rights Convention/Business Principles • Not met: Convention on migrant workers • Not met: Expecting suppliers to respect these rights |
| A.1.4 | Commitment to engage with stakeholders | 2 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Commits to stakeholder engagement: The Company states 'We define stakeholders as those groups and individuals that affect our ability to successfully run our business, and who may be affected by our business operations. We proactively manage a wide variety of stakeholder relationships to foster open dialogue and capture feedback. Our approach to engagement varies by stakeholder group' Furthermore, Kroger makes the following commitment: 'Kroger is committed to meaningful engagement with our stakeholders.' [Sustainability Report, 2018: sustainability.kroger.com] • Met: Regular stakeholder engagement: The Company states 'Notably, in 2017, Kroger captured the perspective of all key stakeholder groups in a detailed materiality assessment as part of preparing this report. 'The Company also details their key stakeholders and the channels in which they communicate with them. For example, |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| | | | <p>the Company details Trade Unions as one of their key stakeholders and states 'We communicate on a regular basis with our local unions and the international unions, which represent many of our associates, through scheduled meetings, telephone calls and ongoing collective bargaining agreement negotiations throughout the year.' [Sustainability Report, 2018: sustainability.kroger.com]</p> <p>Score 2</p> <ul style="list-style-type: none"> • Met: Regular stakeholder design engagement: The Company details its engagement with Trade Unions in the collective bargaining process. The Company discloses 'We communicate on a regular basis with our local unions and the international unions, which represent many of our associates, through scheduled meetings, telephone calls and ongoing collective bargaining agreement negotiations throughout the year'. Furthermore, the Company details its commitment to working together with NGOs and specifically refers to their program 'Kroger's Zero Hunger Zero Waste social impact plan' and their work with Feeding America and the World Wildlife Fund. The Company also consulted their key stakeholders in their materiality assessment, which resulted in Human Rights issues being included under 'Supply Chain accountability' and 'Responsible Sourcing'. [Sustainability Report, 2018: sustainability.kroger.com] |
| A.1.5 | Commitment to remedy | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Commits to remedy <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Not obstructing access to other remedies • Not met: Collaborating with other remedy initiatives • Not met: Work with AG suppliers to remedy impacts |
| A.1.6 | Commitment to respect the rights of human rights defenders | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Zero tolerance attacks on HRs Defenders (HRDs) <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Expects AG suppliers to reflect company HRD commitments |

A.2 Policy Commitments (5% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---------------------------------------|------------------|--|
| A.2.1 | Commitment from the top | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: CEO or Board approves policy: The Kroger Company Policy on Business Ethics is signed by the Chairman and CEO Rodney McMullen. However, this does not cover human rights. [Policy on Business Ethics, 42373: ir.kroger.com] • Not met: Board level responsibility for HRs <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Speeches/letters by Board members or CEO |
| A.2.2 | Board discussions | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Board/Committee review of salient HRs: Although the Company details a wide array of human rights issues in their Sustainability Report, the Company does not detail whether a board, or specific board committee, conducted a review of salient human rights risks for the Company. The Company has a Social Responsibility Compliance Team, which focuses on Kroger's commitment to safe and fair working conditions in their global supply chain. However, it is not clear whether the Social Responsibility Compliance Team has responsibility for broader human rights issues that affect the Company. [Sustainability Report, 2018: sustainability.kroger.com] • Not met: Examples or trends re HR discussion: Kroger discloses a statement on its website from 2015 that discusses its concern regarding human rights violations in the seafood supply chain in South East Asia and commits to improving social compliance. However, this does not seem to refer to the last reporting period since its an issue from 2015. [Statement on Human Rights Violation in Seafood Supply Chain, 42088: thekrogerco.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both examples and process |
| A.2.3 | Incentives and performance management | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Incentives for at least one board member • Not met: At least one key AG HR risk, beyond employee H&S <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Performance criteria made public |

B. Embedding Respect and Human Rights Due Diligence (25% of Total)

B.1 Embedding Respect for Human Rights in Company Culture and Management Systems (10% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| B.1.1 | Responsibility and resources for day-to-day human rights functions | 1.5 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Senior responsibility fo HR (inc ILO): Responsibility for social compliance in our supply chain ladders up to our Chief Ethics & Compliance Officer, who has accountability to the Audit Committee of the Kroger Board of Directors and Kroger Chief Executive Officer. The Human Rights Statement details that the Company's work in Human Rights is overseen by the Chief Ethics & Compliance Officer in addition to the Group Vice President of Corporate Affairs, Group Vice President of Human Resources, Vice President of Sourcing, and Head of Sustainability. However, this does not cover the core ILO human rights provisions. [Sustainability Report, 2018: sustainability.kroger.com & Social Responsibility Audit Content, 42979: thekrogerco.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Day-to-day responsibility: Supporting the Chief Ethics & Compliance Officer's mandates are several functions in the company such as social compliance managers, supplier integrity management, Corporate Affairs and sustainability, corporate food technology, and merchandising and sourcing team. [Sustainability Report, 2018: sustainability.kroger.com] • Not met: Day-to-day responsibility in supply chain |
| B.1.2 | Incentives and performance management | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Senior manager incentives for human rights • Not met: At least one key AG HR risk, beyond employee H&S <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Performance criteria made public |
| B.1.3 | Integration with enterprise risk management | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: HR part of enterprise risk system: The Company indicates in the purpose of the responsible sourcing framework is both to avoid and mitigate risks and negative impacts, and it does it through its 'risk management framework, dialogue and engagement with stakeholders...'. The Company refers to their Statement on Human Rights is part of their responsible sourcing commitments. Furthermore, in their CSR Report the Company discloses 'We monitor our supply chain for social and environmental impacts in multiple ways including data collection and tracking, engagement with suppliers, risk management frameworks, codes of conduct, certification schemes and auditing. The purpose of our management approach is both to avoid and mitigate risks and negative impacts, and to use our influence to create positive impact where we can.' [Statement on Human Rights, 01/07/2018: thekrogerco.com & Responsible Sourcing Framework, 01/07/2018: thekrogerco.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Audit Ctte or independent risk assessment |
| B.1.4.a | Communication /dissemination of policy commitment(s) within Company's own operations | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Communicates its policy to all workers in own operations: The Company discloses 'Each year, associates, including officers, are asked to affirm their understanding of Kroger's Policy on Business Ethics, respond to related questions, and submit annual statements listing gifts that they have accepted. In 2017, 100% of relevant associates acknowledged the Policy on Business Ethics.' However, the Kroger business ethics does not cover human rights. [Responsible Sourcing Framework, 01/07/2018: thekrogerco.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Communication of policy commitments to stakeholder • Not met: How policy commitments are made accessible to audience |
| B.1.4.b | Communication /dissemination of policy commitment(s) to business relationships | 1 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Steps to communicate policy commitments to BRs: Vendor Code of Conduct notes "Vendor will act with reasonable diligence to ensure that any of its contractors, subcontractors, manufacturing facilities, labour providers, agents, agencies, associations, distributors, partner organizations, suppliers, affiliated companies, or subsidiaries who are involved in Kroger business, also comply with this Code of Conduct." The Company has clarified that this covers core ILO standards. [Vendor Code of Conduct, 42979: thekrogerco.com] |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|-----------------------------------|------------------|--|
| | | | <ul style="list-style-type: none"> • Met: Including to AG suppliers: As above. Score 2 <ul style="list-style-type: none"> • Not met: How HR commitments made binding/contractual • Not met: Including on AG suppliers |
| B.1.5 | Training on Human Rights | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Trains all workers on HR policy commitments: The Company states that 'Category Managers in the General Merchandise department receive annual training on the Code of Conduct, which includes updates and discussions of child labour laws and their importance in sourcing goods. 'The Company has clarified that the code commits to all core ILO labour standards. However, this is not training all workers. [California Transparency in Supply Chains Act of 2010, 07/09/2018: thekrogerco.com] Score 2 <ul style="list-style-type: none"> • Not met: Trains relevant managers including procurement Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met |
| B.1.6 | Monitoring and corrective actions | 0.5 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Monitoring implementation of HR policy commitments: Social Responsibility Audit monitors a range of HR-related commitments (although not specifying HR explicitly). This includes child labour, forced labour, working hours, H&S and FoA. [Social Responsibility Audit Content, 42979: thekrogerco.com] • Not met: Monitoring AG suppliers: Audits are conducted at foreign facilities of Our Brands suppliers. It is not clear whether these include agricultural suppliers. [Social Responsibility Audit Content, 42979: thekrogerco.com] Score 2 <ul style="list-style-type: none"> • Not met: Describes corrective action process • Not met: Example of corrective action • Not met: Discloses % of supply chain monitored: Kroger Letter to Vendors notes that: "Each supplier facility that manufactures or performs the last assembly, packing, or processing step to a Kroger branded product before the product ships from the country of origin to the United States must schedule an onsite social responsibility audit." This implies that all suppliers outside of the United States are monitored. However, the Company needs to clarify the total percentage of supply chain monitored. [Vendor Letter, 42964: thekrogerco.com] |
| B.1.7 | Engaging business relationships | 1.5 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: HR affects selection of suppliers: The Company discloses ' In order to do business with Kroger, a supplier is required to agree to our Vendor Code of Conduct. When registering in the Supplier Hub, suppliers must acknowledge their assent to the Code, which includes that the facilities they operate and subcontract with can be subject to Social Compliance Audits. This Code makes it clear that our suppliers (and their suppliers) must meet the legal requirements applicable to them and meet the high ethical standards expected by Kroger. [Social Responsibility Audit Content, 42979: thekrogerco.com] • Met: HR affects on-going supplier relationships: The Company describes how "When registering in the Supplier Hub, suppliers must acknowledge their assent to the Code, which includes that the facilities they operate and subcontract with can be subject to Social Compliance Audits." This covers human rights related indicators. Corrective Action Plans are implemented when the Social Responsibility Audit failed - If applicable, the facility has a determined amount of time to correct violation. An onsite follow-up may be required. With regards to the Social Compliance Program the Company states ' we maintain regular engagement with suppliers to keep them informed about our program requirements and developments, as well as provide trainings for our company merchandising and sourcing teams, as well as suppliers.' The Company also states 'Kroger has evaluated its supplier base against multiple criteria, such as where facilities are located, what products they produce and inherent industry risks. We also use risk indicators such as the United Nations Human Development Index, the U.S. State Department Trafficking in Persons Report and The World Bank Worldwide Governance Indicators. ' The Company states that Audit scores can be Approved, result in a 12 month Corrective action plan, a 6 month corrective action plan, not approved - must have direct/immediate action, or prohibited. The Company Social Compliance Program Requirements states that 'If suppliers do not live up to our Code, we will not do business with them'. [Sustainability Report, 2018: sustainability.kroger.com] |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|--|
| | | | <p>Score 2</p> <ul style="list-style-type: none"> • Met: Both requirement under score 1 met: Kroger's Social Compliance Audits are designed to check our suppliers' alignment with our Vendor Code of Conduct. Vendors must agree to our Vendor Code of Conduct when registering to become a supplier in our Supplier Hub. The Social Compliance Program Requirements states ' In order to do business with Kroger, a supplier is required to agree to our Vendor Code of Conduct. When registering in the Supplier Hub, suppliers must acknowledge their assent to the Code, which includes that the facilities they operate and subcontract with can be subject to Social Compliance Audits.' Furthermore, the Company discloses ' Most suppliers will require a new audit annually, however a risk-based assessment may allow for a longer period between audits. ' The Company also discloses ' Facilities that accumulate any Zero Tolerance violations are automatically designated as "Not Approved," and are required to resolve issues before business with Kroger can continue, while those on Corrective Action Plans are conditionally approved and required to resolve pending corrective action items according to schedule.' • Not met: Working with suppliers to improve performance: The Company states 'Facilities that accumulate any Zero Tolerance violations are automatically designated as "Not Approved," and are required to resolve issues before business with Kroger can continue, while those on Corrective Action Plans are conditionally approved and required to resolve pending corrective action items according to schedule. 'The Company discloses ' And finally, we maintain regular engagement with suppliers to keep them informed about our program requirements and developments, as well as provide trainings for our company merchandising and sourcing teams. However, this is considered more to be compliance and corrective action rather than positively working with suppliers to improve performance. ' The Company also began, in April 2018, a centralised vendor management system called 'The Supplier Hub' - however, there is not more information available as to how the Company utilises the Supplier Hub to work with suppliers to improve their human rights performance. [Social Responsibility Audit Content, 42979: thekrogerco.com] |
| B.1.8 | Approach to engagement with potentially affected stakeholders | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Stakeholder process or systems • Not met: Frequency and triggers for engagement • Not met: Workers in SC engaged • Not met: Communities in the SC engaged <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Analysis of stakeholder views and company's actions on them |

B.2 Human Rights Due Diligence (15% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| B.2.1 | Identifying: Processes and triggers for identifying human rights risks and impacts | 0.5 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Identifying risks in own operations: The Company discloses 'In our own operations and in our business with suppliers, we use multiple risk management protocols to reduce risk to our associates, customers and the communities we serve.' However, the company does not clarify how they identify human rights specific risks in their own operations. [Quality and Our Brands Manufacturing Standards, 43235: sustainability.kroger.com & Sustainability Report, 2017: thekrogerco.com] • Met: Identifying risks in AG suppliers: The Company states that 'in 2015, we expanded our social compliance team. This team assesses risks of human rights violations in the supply chain, reviews our social compliance audits, and provides reports that inform our business decisions.' <p>Social Responsibility Audit aims to identify HR-related risks among suppliers. As described above, the Company describes how they assess certain countries and products to be of higher risk (with regards to social and human rights practices) in their supply chain. [Social Responsibility Audit Content, 42979: thekrogerco.com & Sustainability Report, 2017: thekrogerco.com]</p> <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Ongoing global risk identification • Not met: In consultation with stakeholders • Not met: In consultation with HR experts |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|--|
| | | | <ul style="list-style-type: none"> • Met: Triggered by new circumstances: Kroger reviewed its seafood supply-chain protocols after complaints of HR violations in seafood suppliers in South East Asia. The company now has sustainable seafood goals disclosed in its CSR strategy. [Statement on Human Rights Violation in Seafood Supply Chain, 42088: thekrogerco.com] • Not met: Explains use of HRIAs or ESIA (inc HR) |
| B.2.2 | Assessing: Assessment of risks and impacts identified (salient risks and key industry risks) | 1 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Salient risk assessment (and context): The Company discloses 'In our own operations and in our business with suppliers, we use multiple risk management protocols to reduce risk to our associates, customers and the communities we serve.' In the Company's audit process, which covers human rights issues, they use their 'risk classification process to determine which countries we consider higher risk, so that we can prioritize facilities located in these countries during the audit scheduling process, if needed. In some instances, we will also audit U.S.-based suppliers if there is a perceived risk for a facility, product or region of the country. For certain high-risk product categories such as produce, we audit all facilities regardless of whether they produce private label or national brand. We regularly evaluate and adjust our audit protocol, our process and our scope to reflect changing risks.' [Quality and Our Brands Manufacturing Standards, 43235: sustainability.kroger.com] • Not met: Public disclosure of salient risks <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met |
| B.2.3 | Integrating and Acting: Integrating assessment findings internally and taking appropriate action | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Action Plans to mitigate risks: The Company explains their corrective action plan processes in their monitoring processes to remediate non-compliances. However, the company does not provide evidence of proactive work to reduce risks. • Not met: Example of Actions decided • Not met: Including in AG supply chain <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met |
| B.2.4 | Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: System to check if Actions are effective • Not met: Lessons learnt from checking effectiveness <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirement under score 1 met |
| B.2.5 | Communicating : Accounting for how human rights impacts are addressed | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Comms plan re identifying risks • Not met: Comms plan re assessing risks • Not met: Comms plan re action plans for risks • Not met: Comms plan re reviewing action plans • Not met: Including AG suppliers <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Responding to affected stakeholders concerns • Not met: Ensuring affected stakeholders can access communications |

C. Remedies and Grievance Mechanisms (15% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| C.1 | Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers | 1.5 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Channel accessible to all workers: Vendor Code of Conduct includes access to Kroger helpline, which states: "Violations of this Code of Conduct may be reported using the Kroger Helpline – a toll-free number (800-689-4609), email address (helpline@kroger.com), and website (Ethicspoint.com). Users of the Helpline may choose to remain anonymous." The helpline is accessible to all workers. [Kroger Ethics Point, 43235: secure.ethicspoint.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Number grievances filed, addressed or resolved |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|--|
| | | | <ul style="list-style-type: none"> • Met: Channel is available in all appropriate languages: EthicsPoint is hosted by third party provider Navex Global and can be accessed in multiple languages. [Ethicspoint: secure.ethicspoint.com] • Not met: Expect AG supplier to have equivalent grievance systems • Met: Opens own system to AG supplier workers: The Vendor Code of Conduct, which extends to suppliers, includes access to Kroger helpline, which states: "Violations of this Code of Conduct may be reported using the Kroger Helpline – a toll-free number (800-689-4609), email address (helpline@kroger.com), and website (Ethicspoint.com). Users of the Helpline may choose to remain anonymous." [Vendor Code of Conduct, 42979: thekrogerco.com] |
| C.2 | Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Grievance mechanism for community: The Company website has a feedback mechanism, however it is unclear whether this covers human rights grievances. <p>The Company Human Rights Statement links to the grievance mechanism website EthicsPoint, the Kroger Helpline and email address. You do not have to be an employee of Kroger to make a report via the EthicsPoint site. However, grievances can only be made for the United States operation and are site specific. [Ethicspoint: secure.ethicspoint.com]</p> <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Describes accessibility and local languages: EthicsPoint is available in multiple languages. The Kroger Helpline is a toll-free number. Furthermore, the Company states that the users of the Kroger Helpline may choose to remain anonymous. However, grievances can only be made for the United States operations and are site specific. [Statement on Human Rights Violation in Seafood Supply Chain, 42088: thekrogerco.com & Ethicspoint: secure.ethicspoint.com] • Not met: Expects AG supplier to have community grievance systems • Not met: AG supplier communities use global system |
| C.3 | Users are involved in the design and performance of the channel(s)/mechanism(s) | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Engages users to create or assess system • Not met: Description of how they do this <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Engages with users on system performance • Not met: Provides user engagement example on performance • Not met: AG suppliers consult users in creation or assessment |
| C.4 | Procedures related to the mechanism(s)/channel(s) are publicly available and explained | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Response timescales: Kroger Letter to Vendor specifies timeframes for Social Responsibility Audit, noting: "The audit must be performed within 30 Days (or within the negotiated timeframe in reference to seasonal operations) of the initial communication received from audit firm." and that "If a Corrective Action Plan (CAP) is provided by the auditing firm, the violations must be corrected within the designated timeframe." However, the reporting timeframes for grievances made through the grievance mechanism are not disclosed. [Vendor Letter, 42964: thekrogerco.com] • Not met: How complainants will be informed <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Escalation to senior/independent level |
| C.5 | Commitment to non-retaliation over complaints or concerns made | 0.5 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Public statement prohibiting retaliation: Policy on Business Ethics notes: "The company will not take any adverse action against any associate in retaliation for the proper and lawful reporting of improprieties." [Policy on Business Ethics, 42373: ir.kroger.com] • Not met: Practical measures to prevent retaliation <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Has not retaliated in practice • Not met: Expects AG suppliers to prohibit retaliation |
| C.6 | Company involvement with State-based judicial and non-judicial | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Won't impede state based mechanisms • Not met: Complainants not asked to waive rights <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Will work with state based or non judicial mechanisms • Not met: Example of issue resolved (if applicable) |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|---|
| | grievance mechanisms | | |
| C.7 | Remediating adverse impacts and incorporating lessons learned | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Describes how remedy has been provided • Not met: Says how it would remedy key sector risks Score 2 <ul style="list-style-type: none"> • Not met: Changes introduced to stop repetition • Not met: Approach to learning from incident to prevent future impacts • Not met: Evaluation of the channel/mechanism |

D. Performance: Company Human Rights Practices (20% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|---|
| D.1.1.b | Living wage (in the supply chain) | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Living wage in supplier code or contracts: Vendor Code of Conduct notes "Wages paid to workers must meet or exceed legal and industry standards". It also notes that "Vendor may not engage in any action or practice in violation of the laws or regulations of any country or other location in which it does business. This includes, but is not limited to, laws and regulations related to labour, immigration, health and safety, working hours, and the environment." However, this is not sufficient to be awarded the living wage indicator. [Vendor Code of Conduct, 42979: thekrogerco.com] • Not met: Improving living wage practices of suppliers Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Not met: Provides analysis of trends in progress made |
| D.1.2 | Aligning purchasing decisions with human rights | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Avoids business model pressure on HRs (purchasing practices): Although there's a lot of information regarding the audit and the Compliance Action Plans, the Company does not detail the practices it adopts to avoid price or short notice requirements or other business considerations undermining human rights. Vendors must agree to the Vendor Code of Conduct when registering to become a supplier to Kroger. Furthermore, in this Vendor Code of Conduct, the vendor agrees to allow Kroger, or a third party auditor selected by Kroger, to audit Vendor's compliance with this Code of Conduct. However, this is not sufficient enough to be considered a positive incentive. [Vendor Code of Conduct, 42979: thekrogerco.com] • Not met: Positive incentives to respect human rights (purchasing practices) Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met |
| D.1.3 | Mapping and disclosing the supply chain | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Identifies suppliers back to manufacturing sites (factories or fields): Some Kroger suppliers are disclosed as case studies on their website, but this is not an exhaustive list of all suppliers, factories or fields. [Our Food and Products, 43235: sustainability.kroger.com] Score 2 <ul style="list-style-type: none"> • Not met: Discloses significant parts of SP and why |
| D.1.4.b | Child labour: Age verification and corrective actions (in the supply chain) | 1.5 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Child Labour rules in codes or contracts: Vendor Code of Conduct specifies that "Child, indentured, involuntary, or prison labour must not be used or supported." [Vendor Code of Conduct, 42979: thekrogerco.com] • Met: How working with suppliers on child labour: Social Responsibility Audit for vendors details 13 indicators regarding compensation, which includes "Are wage slips given to workers and do they understand the wage breakdown?". [Social Responsibility Audit Content, 42979: thekrogerco.com] Score 2 <ul style="list-style-type: none"> • Met: Both requirements under score 1 met • Not met: Analysis of trends in progress made: The Company audits suppliers surrounding issues relating to Child Labour. However, the Company has not produced an analysis of trends found among suppliers relating to child labour. |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|---|
| D.1.5.b | Forced labour: Debt bondage and other unacceptable financial costs (in the supply chain) | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Debt and fees rules in codes or contracts • Not met: How working with suppliers on debt & fees Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Not met: Analysis of trends in progress made |
| D.1.5.d | Forced labour: Restrictions on workers (in the supply chain) | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Free movement rules in codes or contracts • Not met: How working with suppliers on free movement: The Company Audit Checklist includes information relating to Forced Labour. This includes information such as 'do all workers sign legal employment contracts with the factory if required by law.' However, there is no explicit information regarding free movement, the retention of passports or other personal identification or travel documents or ATM cards or similar arrangements for accessing wages or other measures to physically restrict movement. [Social Responsibility Audit Content, 42979: thekrogerco.com] Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Not met: Analysis of trends in progress made |
| D.1.6.b | Freedom of association and collective bargaining (in the supply chain) | 1.5 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: FoA & CB rules in codes or contracts: The Vendor Code of Conduct states that 'Workers at all times must be treated fairly, with dignity and respect. Vendor will not prevent workers from choosing to associate (or not) with any group or bargaining collectively (or not), consistent with applicable laws.' [Vendor Code of Conduct, 42979: thekrogerco.com] • Met: How working with suppliers on FoA and CB: The Company Social Responsibility Audit Content includes information regarding Freedom of Association. For example, one of the requirements is 'does the e factory have a copy of valid laws and regulations on trade union and freedom of association or understand its requirements?', 'Does the factory allow/permit workers to elect a representative from their own group to facilitate communication with senior management?', 'Do workers have access to and are familiar with procedures for filing complaints about their concerns?' and 'For a non-unionized factory, are fair and effective mechanisms in place to address the concerns of workers.' [Social Responsibility Audit Content, 42979: thekrogerco.com] Score 2 <ul style="list-style-type: none"> • Met: Both requirements under score 1 met: As above. • Not met: Provides analysis of trends in progress made |
| D.1.7.b | Health and safety: Fatalities, lost days, injury rates (in the supply chain) | 0.5 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Sets out clear Health and Safety requirements: In the Vendor Code of Conduct, the Company only has the following information 'Vendor may not engage in any action or practice in violation of the laws or regulations of any country or other location in which it does business. This includes, but is not limited to, laws and regulations related to labor, immigration, health and safety...' This information is not considered sufficient to be awarded this indicator. [Vendor Code of Conduct, 42979: thekrogerco.com] • Not met: Injury Rate disclosures • Not met: Lost days or near miss disclosures • Not met: Fatalities disclosure Score 2 <ul style="list-style-type: none"> • Met: How working with suppliers on H&S: The Company has health and safety requirements for their Social Responsibility Audit Checklist. This covers information such as 'Is a senior management representative for health and safety appointed?', 'Does the factory arrange health and safety training for all workers? Does it include fire safety training?', and 'Are accidents or daily injury recorded?'. [Social Responsibility Audit Content, 42979: thekrogerco.com] • Not met: Provide analysis of trends in progress made |
| D.1.8.b | Land rights: Land acquisition (in the supply chain) | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Rules on land & owners in codes or contracts • Not met: How working with suppliers on land issues Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|---|
| | | | <ul style="list-style-type: none"> • Not met: Provides analysis of trends in the progress made |
| D.1.9.b | Water and sanitation (in the supply chain) | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Rules on water stewardship in codes or contracts • Not met: How working with suppliers on water stewardship issues <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends in progress made |
| D.1.10.b | Women's rights (in the supply chain) | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Women's rights in codes or contracts • Not met: How working with suppliers on women's rights: Kroger is part of the Billion Dollar Roundtable initiative and reports the following in its CSR "Since 2006, Kroger has spent more than \$1 billion annually with minority and women-owned enterprises.". This is reported under its supplier diversity program. However, it is not clear how the Company actively works with suppliers on women's rights. [Sustainability Report, 2017: thekrogerco.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends in progress made |

E. Performance: Responses to Serious Allegations (20% of Total)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| E(1).0 | Serious allegation No 1 | | <ul style="list-style-type: none"> • Area: Discrimination in own operation • Headline: a class-action lawsuit was filed on behalf of a Tennessee employee who claims Kroger discriminated against her because she was pregnant • Sources: Kroger targeted in pregnancy discrimination class-action lawsuit - Business Courier of Cincinnati Online - 16/11/2016; Kroger Worker Says She Was Forced Out Over Pregnancy - Law360 - 17/11/2016 - law360.com wsmv.com robertabelllaw.com Company website • Allegation: In 2016 a Tennessee employee of the company claimed Kroger had discriminated against her, forcing her into seven weeks of unpaid leave because the company refused to accommodate pregnant workers. The Equal Employment Opportunity Commission found reasonable cause to believe a legal violation had occurred, prompting a class-action lawsuit. The lawsuit covers 12,000 employees at more than 90 stores in Tennessee, Kentucky, and Alabama. The lawsuit seeks a change in Kroger's policies to accommodate pregnant women. It argues that Kroger has a policy for making arrangements for workers who are injured on the job to shift to light-duty positions if necessary but does not make similar provisions for pregnant employees. |
| E(1).1 | The Company has responded publicly to the allegation | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Public response available <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Response goes into detail |
| E(1).2 | The Company has appropriate policies in place | 1 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Company policies address the general issues raised • Met: Policies apply to the type of business relationships involved: Vendor Code of Conduct covers non-discrimination, the prohibition of child labour and forced labour as well as health and safety. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Policies address the specific rights in question |
| E(1).3 | The Company has taken appropriate action | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Engages with affected stakeholders • Not met: Encourages linked business to engage affected stakeholders • Not met: Provides remedies to affected stakeholders • Not met: Has improved systems and engaged affected stakeholders <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Remedies are satisfactory to the victims • Not met: Has improved systems and engaged affected stakeholders |
| E(2).0 | Serious allegation No 2 | | <ul style="list-style-type: none"> • Area: Forced labour • Headline: Kroger Supply chain alleged to be involved in slavery, human trafficking and forced labour in Thailand • Sources: theglobeandmail.com bbc.com theguardian.com apnews.com |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|---|
| | | | <ul style="list-style-type: none"> Allegation: In 2015 an investigative report by the Associated Press alleged slavery, human trafficking and forced labour at shrimp peeling facilities in Thailand that supply major supermarkets including Wal-Mart, Kroger, Whole Foods, Olive Garden a subsidiary of Darden Restaurants, and the retailer Dollar General <p>The investigation focused on the Gig Peeling Factory in Samut Sakhon, which supplies the second largest Thai sea food supplier Thai Union as well as others, but makes clear there are other peeling sheds that also illicitly supply major exporters.</p> <p>Employees at the Gig Peeling Factory were alleged to be migrant workers and children and were reportedly subject to human rights abuses including being beaten, detained, trapped, forbidden to talk with colleagues and forced to work 16-hours a day sometimes without pay. Most workers were migrants from Burma without visas or work permits, it was reported. They were sold by a broker with promises of well-paid jobs, but expected to pay their debt to the employer (the purchaser) or the boat owner. When complaining, employees are alleged to be threatened because of their illegal status. Documented migrants were also vulnerable because their employer held on to identification papers so they could not leave.</p> |
| E(2).1 | The Company has responded publicly to the allegation | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Not met: Public response available <p>Score 2</p> <ul style="list-style-type: none"> Not met: Response goes into detail |
| E(2).2 | The Company has appropriate policies in place | 2 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: Company policies address the general issues raised Met: Policies apply to the type of business relationships involved: Vendor Code of Conduct covers non-discrimination, the prohibition of child labour and forced labour as well as health and safety. <p>Score 2</p> <ul style="list-style-type: none"> Met: Policies address the specific rights in question: Vendor Code of Conduct covers non-discrimination, the prohibition of child labour and forced labour as well as health and safety. |
| E(2).3 | The Company has taken appropriate action | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Not met: Engages with affected stakeholders Not met: Encourages linked business to engage affected stakeholders Not met: Provides remedies to affected stakeholders Not met: Has reviewed management systems to prevent recurrence <p>Score 2</p> <ul style="list-style-type: none"> Not met: Remedies are satisfactory to the victims Not met: Has improved systems and engaged affected stakeholders |

F. Transparency (10% of Total)

| Indicator Code | Indicator name | Score | Explanation |
|----------------|--|---------------|--|
| F.1 | Company willingness to publish information | 1.43 out of 4 | Out of a total of 42 indicators assessed under sections A-D of the benchmark, Kroger made data public that met one or more elements of the methodology in 15 cases, leading to a disclosure score of 1.43 out of 4 points. |
| F.2 | Recognised Reporting Initiatives | 2 out of 2 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 2</p> <ul style="list-style-type: none"> Met: Company reports on GRI: Kroger reports on the GRI via its CSR report. [Sustainability Report, 2017: the Krogerco.com] |
| F.3 | Key, High Quality Disclosures | 0 out of 4 | <p>Kroger met 0 of the 8 thresholds listed below and therefore gets 0 out of 4 points for the high quality disclosure indicator.</p> <p>Specificity and use of concrete examples</p> <ul style="list-style-type: none"> Not met: Score 2 for A.2.2 : Board discussions Not met: Score 2 for B.1.6 : Monitoring and corrective actions Not met: Score 2 for C.1 : Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers Not met: Score 2 for C.3 : Users are involved in the design and performance of the channel(s)/mechanism(s) <p>Discussing challenges openly</p> |

| Indicator Code | Indicator name | Score | Explanation |
|----------------|----------------|-------|---|
| | | | <ul style="list-style-type: none"> • Not met: Score 2 for B.2.4 : Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts • Not met: Score 2 for C.7 : Remedying adverse impacts and incorporating lessons learned Demonstrating a forward focus <ul style="list-style-type: none"> • Not met: Score 2 for A.2.3 : Incentives and performance management • Not met: Score 2 for B.1.2 : Incentives and performance management |

Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2018 Key Findings report for more details of the research process.

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As CHRB Ltd, we want to emphasise that the results will always be a proxy for good human rights management, and not an absolute measure of performance. This is because there are no fundamental units of measurement for human rights. Human rights assessments are therefore necessarily more subjective than objective. The Benchmark also captures only a snap shot in time. We therefore want to encourage companies, investors, civil society and governments to look at the broad performance bands that companies are ranked within rather than their precise score because, as with all measurements, there is a reasonably wide margin of error possible in interpretation. We also want to encourage a greater analytical focus on how scores improve over time rather than upon how a company compares to other companies in the same industry today. The spirit of the exercise is to promote continual improvement via an open assessment process and a common understanding of the importance of the UN Guiding Principles on Business and Human Rights.