



**The Kroger Co. Board of Directors**  
**Guidelines on Issues of Corporate Governance**

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**(Rev. 3/9/17)**

## **THE KROGER CO. BOARD OF DIRECTORS GUIDELINES ON ISSUES OF CORPORATE GOVERNANCE**

The Kroger Co. Board of Directors serves the Company's shareholders and other constituencies by its direction of corporate policy; its election of the chief executive and other officers; and its continuing oversight of management. The following guidelines describe the Board's current practices, policies and processes for performing these functions.

The Board believes these guidelines reflect a sound approach to the governance of the corporation. The guidelines should not be interpreted as by-laws or fixed rules to regulate conduct. Rather, they organize the Board's present consensus on significant corporate governance issues. The Corporate Governance Committee of the Board will review these guidelines on a regular basis and recommend changes as appropriate.

### 1. Selection of Chairman and Chief Executive Officer

The Board believes that it is in the best interests of the Company and its shareholders for one person to serve as Chairman and Chief Executive Officer. The Board recognizes that there might be circumstances under which the best interests of the Company and its shareholders require the separation of these offices. Upon selection of a new Chief Executive Officer, or upon a significant change in circumstances, the Board will determine whether a separation of the offices is appropriate.

### 2. Lead Director

The Lead Director will preside over all meetings of the Board when the Chairman is not present; preside over all executive sessions of the non-management directors and may convene meetings of the non-management directors at any time; serve as the principal liaison to the non-management directors; and consult with the Chairman regarding, and approve, information to be sent to the Board, meeting agendas and meeting schedules. The Lead Director will be the Board's representative for any consultation and direct communication, following a request, with major shareholders. Unless otherwise determined by the independent members of the Board, the Chair of the Corporate Governance Committee will be designated as the Lead Director.

### 3. Size of the Board

The Company's regulations require that there be at least nine and not more than twenty-one directors. Under current circumstances, an appropriate size is in the middle of that range. The number of directors will vary within that range as plans are made for the retirement of directors and as outstanding candidates become available.

#### 4. Composition of the Board

The substantial majority of directors will be independent of the Company's management. An independent director is one who has never held a position as officer of the Company or any of its subsidiaries, has no significant business or personal interest connected with the Company, and who meets the definition of "independent" under the NYSE listing standards. A retired officer of the Company or one of its subsidiaries who continues to serve as a director will be considered an outside director but not an independent director. Ownership of at least that number of shares required under the stock ownership policy described in paragraph 25 of these Guidelines is required and will not impair the independent status of a director.

#### 5. Employee Directors

It is appropriate that the Chairman and the Chief Executive Officer be members of the Board. From time to time in its judgment, the Board may appoint one or more additional officers to fill vacancies or nominate officers for election by the shareholders but in all cases will maintain a substantial majority of independent directors. The Chief Executive Officer may invite members of management to attend meetings, or portions of meetings, subject to the determination of the Board that such attendance is appropriate.

#### 6. Criteria for Board Membership

The Board of Directors has a fiduciary obligation to act in good faith in the best interests of the Company and its shareholders. The Corporate Governance Committee will seek candidates for Board membership who fully accept that responsibility and whose specific experience and abilities meet the current or expected needs of the Board and who meet and continue to exhibit the following general criteria:

- (a) demonstrated ability in fields considered to be of value in the deliberations of the Board, including business management, public service, education, science, law and government;
- (b) highest standards of personal character and conduct;
- (c) willingness to fulfill the obligations of directors and to make the contribution of which he or she is capable, including regular attendance and participation at Board and committee meetings, and preparation for all meetings including review of all meeting materials provided in advance of the meeting; and
- (d) ability to understand the perspectives of the Company's customers, taking into consideration the diversity of the Company's customers including regional and geographic differences.

It is anticipated that the Corporate Governance Committee, through its own efforts and through suggestions by other directors and shareholders, will be able to recruit candidates for Board membership as needs arise. The Corporate Governance Committee may retain an outside search firm under appropriate circumstances.

Racial, ethnic, and gender diversity is an important element in promoting full, open, and balanced deliberations of issues presented to the Board, and should be considered by the Corporate Governance Committee. Some consideration also should be given to the geographic location of director candidates in order to provide a reasonable distribution of members from the operating areas of the Company.

7. Shareholder Nominees for Board Membership

The Board will consider nominees submitted by shareholders for membership to the Board. The names of all proposed nominees, along with information regarding the background and experience of the proposed nominees, should be submitted to the Company's Secretary. The Secretary will forward the information to the Corporate Governance Committee for its consideration. The Corporate Governance Committee will consider the potential nominees using the same criteria identified in paragraph 6 of these Guidelines.

The Company will include within its annual meeting proxy materials information regarding the procedures to be followed by shareholders who desire to propose nominees for Board membership, including the date by which all proposals must be submitted in order to be considered by the Corporate Governance Committee.

8. Committees of the Board

The Board has established the committees and their charters as described in Exhibit A to these Guidelines. Changes in circumstances may warrant the establishment of new committees, the disbanding of current committees or the reassignment of responsibilities among committees.

The Audit, Corporate Governance and Compensation Committees will be comprised exclusively of independent directors, and the members of each of the Board's other committees should be independent or outside directors. A director will not serve on the Compensation Committee if he or she is an officer of a corporation whose board of directors includes a Kroger officer.

The Chair of each committee will consult with the appropriate person among the Company's senior management to determine the agenda for committee meetings. The Chair will ensure that a report of the committee's meeting is delivered to the Board.

9. Assignment and Rotation of Committee Membership

The Corporate Governance Committee will be responsible for designating membership on and chairmanship of the committees, taking into account the desire of individual directors, the suggestions of the Chairman of the Board and these Guidelines.

The Board believes that continuity and experience, as well as new perspectives, are important considerations in appointing members to committees. The Corporate Governance Committee will rotate committee memberships with these considerations in mind. Further, every three to five years

the Corporate Governance Committee will consider, and make as appropriate, changes to the chairmanship of each committee.

10. Frequency of Committee Meetings

The Chair of each committee, in consultation with committee members, will determine the frequency of committee meetings. The Board anticipates that the Audit Committee will meet at least four times each year, the Compensation, Corporate Governance and Financial Policy Committees at least twice each year, and the Public Responsibilities Committee at least once each year.

11. Executive Sessions of Directors

The non-management directors will meet in executive session, *i.e.* without the presence of any management member or non-member, before or after each regular meeting of the Board, and at such other times as they deem appropriate. The Chair for such executive sessions will be the Lead Director.

In addition, the independent directors will meet annually in executive session at which the Chair of the Corporate Governance Committee will lead a discussion concerning the business and financial performance of the Company, the performance of the Chief Executive Officer and, if desired, the performance of other members of senior management. Following the discussion, the Chief Executive Officer will meet with the Chairs of the Corporate Governance and Compensation Committees to review any comments.

12. Attendance

Directors will use their best efforts to attend Board and committee meetings in person. When necessary, a director who is unable to attend in person may attend by telephone if appropriate under the circumstances.

13. Board Access to Management, Advisors and Consultants

The Board will have complete access to management, any inside or outside counsel employed by the Company, and any internal or independent auditor serving the Company. The Board may determine to engage its own counsel, auditors, or other advisors and consultants with respect to any issue. The Board will endeavor to ensure that any such contacts do not distract from the business operations of the Company.

14. Resignations from the Board

A director will tender his or her resignation from the Board if he or she discontinues the principal position held at the time of election to the Board or otherwise does not continue to meet or exhibit the general criteria for selection to the Board. A director will also tender his or her resignation from the Board if he or she serves on the board of another company, and that company by merger,

acquisition, change of control, material change in business, or otherwise, becomes a competitor of Kroger. In each case, the Board may conclude that the continued service of such director is desirable, but the Board should be afforded the opportunity to review the circumstances. In addition, a director who fails to attend meetings on a regular basis for an extended period of time, or becomes aware that he or she will be unable regularly to attend, is expected to tender a resignation.

The Corporate Governance Committee will review the circumstances related to tenders of resignation and make a recommendation to the Board.

#### 15. Membership of Employee Director Following Retirement

When the Chief Executive Officer, or other officer who is a Board member, retires from the Company, he or she will tender his or her resignation from the Board to the Chair of the Corporate Governance Committee at the time of retirement. If the Board concludes that continued service of such retired officer is desirable, the Chair of the Corporate Governance Committee will extend an invitation.

#### 16. Retirement from the Board

A director will retire from the Board no later than the date of the Annual Meeting of Shareholders next following such director's 72nd birthday, unless the Board determines that it is in the best interests of the Company to extend the retirement date for an additional period of time as deemed reasonable and appropriate by the Board.

#### 17. Compensation of Directors

Management will report periodically to the Corporate Governance Committee regarding the compensation of directors in comparison to other public companies in the United States. Recommendations for changes in director compensation, if any, will be made by the Corporate Governance Committee. The Corporate Governance Committee will have the sole authority to retain and terminate any firm or other professional to assist in the evaluation of director compensation. The Board will discuss the Committee's recommendations and take action as appropriate, taking into consideration concerns regarding independence if proposed or actual compensation exceeds that which is customary for similar positions. Directors may defer their compensation by electing to participate in any applicable deferred compensation plan in existence from time to time.

#### 18. Assessment of Director and Board Performance

The Corporate Governance Committee will review annually the Board's performance, as well as the performance of the Chief Executive Officer, and discuss its findings with the full Board. In determining whether to recommend directors for nomination to an additional term, the Corporate Governance Committee should assess each director's performance, contribution and continued suitability for the position of director. Each committee will perform an annual performance evaluation and will provide a copy to the full Board.

19. Shareholder Communications with Board

The Board has established two separate mechanisms for shareholders to communicate with the Board.

Any shareholder who has concerns regarding accounting, improper use of Company assets, or ethical improprieties, may report these concerns to the toll-free hotline or email address established by the Board's Audit Committee. These concerns are forwarded directly to the Company's Vice President of Auditing for further investigation and reporting to the Audit Committee as deemed appropriate by the Vice President of Auditing.

Shareholders who desire to communicate with the Board also may do so in writing directed to the Company's Secretary. The Secretary will consider the nature of the communication and determine whether to forward the communication to the Chair of the Corporate Governance Committee. Communications relating to the ordinary business operations of the Company, seeking to do business with the Company, or pertaining to personnel issues, will be forwarded by the Secretary to the proper business unit, as deemed appropriate by the Secretary. The Secretary will forward all other communications to the Chair of the Corporate Governance Committee for further consideration. The Chair of the Corporate Governance Committee will take such action as he or she deems appropriate, which may include referral to the Committee or the entire Board.

The Company will include within its annual meeting proxy materials and will publish on its website information regarding the procedures to be followed by shareholders who desire to communicate with the Board.

20. Director Contact With Institutional Investors, The News Media and Others

The Board has assigned responsibility to the Chief Executive Officer and senior management to speak for the Company. Directors are expected to refrain from communication with investors, the news media, unions representing Company employees, and others, on matters pertaining to the Company, except at the request of the Chief Executive Officer or the full Board.

21. Board Orientation and Continuing Education

The Secretary of the Company will arrange for new members of the Board to meet with appropriate officers and associates in order to familiarize them with the Company's strategic plans, financial statements, and key policies and practices. This orientation will begin as soon as possible after election to the Board and will be completed within one year after the new member joins the Board. From time to time the Company will provide Board members with presentations from experts within the Company and outside of the Company on topics relevant to the Board's responsibilities. In the event that the Corporate Governance Committee deems it appropriate, any members of the Board may attend accredited third party training and the reasonable expenses will be paid by the Company.

22. Service on Other Boards

No director who is an officer of the Company may serve as a director of another company without the approval of the Corporate Governance Committee. Directors who are not officers of the Company may not serve as a director of another company if in so doing such service would interfere with the director's ability properly to perform his or her responsibilities on behalf of the Company and its shareholders, as determined by the Corporate Governance Committee.

23. Severance Policy

Unreasonably large severance arrangements with executive officers are not appropriate. Although the Company must maintain the flexibility to design employment arrangements as needed, based on future circumstances that cannot be predicted, to attract and retain qualified executives, the Board will submit to shareholders for approval any new severance arrangement with an executive officer that provides a benefit in excess of 2.99 times the officer's average W-2 earnings over the preceding five years.

24. Voting for Directors

As long as cumulative voting is not in effect, in an uncontested election, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "Majority Withheld Vote") promptly will tender his or her resignation following certification of the shareholder vote.

The Corporate Governance Committee will consider the resignation offer and recommend to the Board whether to accept it. The Board will act on the Corporate Governance Committee's recommendation within 90 days following certification of the shareholder vote.

Thereafter, the Board will promptly disclose its decision whether to accept the director's resignation offer, along with the reasons for rejecting the resignation offer, if applicable, in a press release to be disseminated in the manner that Company press releases typically are distributed.

Any director who tenders his or her resignation pursuant to this provision may not participate in the Corporate Governance Committee recommendation or Board action regarding whether to accept the resignation offer.

If each member of the Corporate Governance Committee received a Majority Withheld Vote at the same election, then the independent directors who did not receive a Majority Withheld Vote will appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them.

If the only directors who did not receive a Majority Withheld Vote in the same election constitute three or fewer directors, all directors may participate in the action regarding whether to accept the resignation offers.

25. Stock Ownership Policy

The Company has in place policies regarding stock ownership for its officers, certain of its other key executives, and the non-employee members of the Board of Directors. In order to align the interests of the members of the Board with those of shareholders, the Board requires that its non-employee directors achieve and maintain substantial ownership positions in Company stock. No later than five years from the date on which a non-employee director is elected to the Board, that director must maintain a level of Company stock ownership of not less than five times the amount of the annual base cash retainer earned for service on the Board, exclusive of additional amounts paid to the Lead Director, to members of the Audit Committee, and to each Committee chairperson.

For the purposes of this policy, shares of restricted stock will not be included in a director's calculation of shares owned until the restrictions on those shares have lapsed.

Until the applicable ownership threshold has been achieved, a director will not dispose of currently held shares, and in the case of equity awards received from the Company, may only dispose of that number of shares necessary to pay any acquisition cost for the shares and the tax liability associated with the award.

The Corporate Governance Committee will administer this policy and will cause a calculation to be performed on an annual basis in order to determine compliance with this policy.

**COMMITTEES OF THE BOARD OF DIRECTORS**

**Audit**

**Compensation**

**Corporate Governance**

**Financial Policy**

**Public Responsibilities**

## AUDIT COMMITTEE

### I. PURPOSE

The primary function of the Audit Committee is to represent and assist the Board of Directors in fulfilling its oversight responsibilities regarding The Kroger Co.'s financial reporting and accounting practices including the integrity of the Company's financial statements; the Company's compliance with legal and regulatory requirements; the qualifications and independence of the independent registered public accounting firm (the "independent accountants"); the performance of the Company's internal audit function and independent accountants; and the preparation of the report that SEC rules require be included in the Company's annual proxy statement.

### II. COMPOSITION

The Audit Committee will be composed of three or more directors, as determined by the Board of Directors, each of whom must be "independent" directors (as defined by the NYSE listing requirements and SEC Rule 10A-3). The Corporate Governance Committee of the Board will establish committee membership and will be empowered to remove Audit Committee members at any time. Audit Committee members may not serve on the audit committee of more than three public companies, unless approved in advance by the entire Board of Directors.

All members of the Audit Committee must be "financially literate" as determined by the Board of Directors in its business judgment. At least one member of the Audit Committee must be an "audit committee financial expert" as defined in Item 407(d) of Regulation S-K.

All members of the Audit Committee must comply with all requirements of the NYSE, SEC and all other applicable regulatory authorities.

### III. MEETINGS

The Audit Committee will meet at least quarterly, if not more frequently as circumstances dictate, and will report to the full Board after each meeting. To foster open communications, the Audit Committee will meet separately and periodically with management, including without limitation the Chief Financial Officer and the General Counsel, the independent accountants and the Vice President of Auditing. The Audit Committee will meet with its independent counsel as necessary.

### IV. RESPONSIBILITIES AND DUTIES

The Audit Committee will:

1. Meet to review and discuss with management and the independent accountants the Company's annual audited financial statements, including the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and any certification, report or opinion rendered by the Company's independent accountants or the Company's principal executive or financial officers in

connection with those financial statements prior to filing with the SEC, and recommend to the Board whether the audited financial statements should be included in the annual report on Form 10-K.

2. Meet to review and discuss with management and the independent accountants the quarterly financial statements, including the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and any certification, report or opinion rendered by the Company's independent accountants or the Company's principal executive or financial officers in connection with those financial statements prior to filing with the SEC.
3. Discuss with the independent accountants the matters that the independent accountants must communicate to the Audit Committee under applicable requirements of the Public Company Accounting Oversight Board.
4. Review earnings press releases, and discuss the Company's practices with respect to earnings press releases, and financial information and earnings guidance provided to analysts and rating agencies.
5. Review material changes in accounting policies, and financial reporting practices and material developments in financial reporting standards brought to the attention of the Audit Committee by the Company's management or independent accountants.
6. Review material alternative treatments of choice with respect to the appropriate accounting principles and practices to be used in the preparation of the Company's financial statements and brought to the attention of the Audit Committee by the Company's management or independent accountants.
7. Review the performance of the independent accountants annually, and select (subject to ratification by the Company's shareholders); evaluate; compensate; oversee; and, where appropriate, replace the independent accountants, which will report directly to the Audit Committee. The Audit Committee will oversee compliance by the independent accountants with the applicable requirements respecting the rotation of audit partners.
8. Consider the independence of the independent accountants at least annually, and review an annual written statement, prepared by the independent accountants, delineating all relationships between the independent accountants or their affiliates, and the Company or persons in financial reporting oversight roles at the Company, that may reasonably be thought to bear on the independence of the independent accountants, and discuss with the independent accountants the potential effects of any such relationships on independence, consistent with applicable requirements of the Public Company Accounting Oversight Board.
9. Obtain and review an annual written report, prepared by the independent accountants, describing: their internal quality control procedures and any material issues raised by the

most recent internal quality control review or peer review, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.

10. Approve in advance all audit and non-audit services to be performed by the independent accountants.
11. In consultation with management, the independent accountants and the internal auditors, review the reliability and integrity of the Company's financial accounting policies, financial reporting processes, and disclosure and disclosure control practices and procedures.
12. Oversee the Company's major financial statement exposures and the steps management is taking to monitor and control these exposures, discuss with management the Company's processes to monitor and manage the other key business risks facing the Company, and discuss the Company's policies with respect to risk assessment and risk management.
13. Review any significant disagreement among management and the independent accountants or the internal auditing department in connection with the preparation of the financial statements.
14. Review annually the audit plans of both the internal auditor and the independent accountants.
15. Review periodically with the independent accountants and internal auditors any audit problems or difficulties and management's responses.
16. Review with the Company's counsel any legal matter, including environmental matters, that could have a significant effect on the Company.
17. Receive reports from the independent accountants and management regarding, and review and discuss the adequacy and effectiveness of, the Company's internal controls over financial reporting, including any significant deficiencies in internal controls and significant changes in internal controls over financial reporting brought to the attention of the Audit Committee by the independent accountants or management.
18. Establish and oversee procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls, auditing or federal securities law matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting, internal accounting controls, auditing or federal securities law matters.
19. Establish and oversee procedures for compliance with and reporting violations of *The Kroger Co. Policy on Business Ethics* and at least annually meet to review the

implementation and effectiveness of the Company's compliance programs with the Vice President & Chief Ethics and Compliance Officer, who has the authority to communicate directly to the Audit Committee, promptly, about reports of actual and alleged violations of the *Policy on Business Ethics*, including any matters involving criminal conduct or potential criminal conduct.

20. Set clear hiring policies for employees or former employees of the independent accountants.
21. Review and assess, annually or more frequently as circumstances dictate, the adequacy of this Charter and recommend changes to the Corporate Governance Committee as appropriate.
22. Review and approve related person transactions, as defined in SEC rules, and establish and oversee policies and procedures for the review, approval, and ratification of related person transactions.
23. Annually evaluate the Audit Committee's performance and discuss the evaluation with the full Board of Directors.

## V. OUTSIDE ADVISORS

The Audit Committee may retain at the Company's expense independent counsel, accountants or other advisors for such purposes as the Audit Committee, in its sole discretion, determines to be appropriate, and will receive appropriate funding from the Company, as determined by the Audit Committee, for the payment of compensation to any such advisors and for the payment of ordinary administrative expenses that are necessary or appropriate in carrying out the Committee's duties.

Company contact: Dennis H. Hackett

## COMPENSATION COMMITTEE

The Compensation Committee (the “Committee”) will establish the compensation of Company officers, except assistant officers.

The Committee will establish, amend, and review the pension, savings, stock, incentive, and other benefit plans of the Company; take other appropriate action pursuant to the terms of those plans; and recommend such action to the Board, when necessary. The Corporate Governance Committee will establish committee membership and will be empowered to remove Committee members at any time.

The Committee will review and take appropriate action, or make recommendations to the Board, on issues and other relevant practices relating to employee compensation and benefits, including consideration and analysis of the extent to which risks arising from the Company’s compensation practices are reasonably likely to have a material adverse effect on the Company. In particular, the Committee will review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer and the compensation of all officers, taking into consideration the performance evaluations conducted by the Corporate Governance Committee, evaluate the CEO’s performance in light of those goals and objectives, and recommend for approval by all of the independent directors, including members of the Committee, the CEO’s compensation level based on this evaluation and the evaluation conducted by the Corporate Governance Committee. It will prepare annually a report regarding executive compensation for inclusion in the Company’s proxy materials. It also will review and discuss with management the Compensation Discussion and Analysis to be included in the Company’s proxy materials and will determine whether to recommend to the Board that the Compensation Discussion and Analysis be included in the proxy materials. The Committee will act or make recommendations to the Board regarding non-CEO executive officer compensation, incentive compensation plans, equity-based plans and other compensation issues.

The Committee will have the sole authority, at the Company’s expense, to retain and terminate

any firm or other professional used to assist in the evaluation of director, CEO or senior executive compensation, and to approve the terms of and fees for such retention. The authority granted to the Committee may not be delegated to subcommittees.

The Committee will assure itself that appropriate normal and emergency plans for succession in senior management positions are in place.

Annually, the Committee will furnish to the full Board a performance evaluation of the Committee.

The Committee will consist of at least three members, all of whom have experience in setting or reviewing compensation policies and practices. The Corporate Governance Committee of the Board will establish committee membership annually and will be empowered to remove Committee members at any time. The Committee will meet at least twice each year and will report to the full Board after each meeting. The Committee membership will consist only of “independent” directors, as defined by the listing requirements of the New York Stock Exchange.

Company contact: Tim Massa

## **CORPORATE GOVERNANCE COMMITTEE**

The Corporate Governance Committee (the “Committee”) will be responsible for assuring that appropriate policies and procedures are developed to maintain the quality and continuity of Board membership. The Committee will establish and review the practices, policies and procedures by which the Board performs its functions, and will identify individuals qualified to become members of the Board, consistent with criteria developed by the Committee and approved by the Board. It will develop and recommend to the Board corporate governance principles applicable to the Company.

Consistent with the “Guidelines on Issues of Corporate Governance,” the Committee will determine a desirable balance of expertise among Board members, seek out possible candidates to fill Board positions, and aid in attracting qualified candidates to the Board. The Committee will recommend qualified candidates for election to the Board. The Committee will be responsible for designating membership on and chairmanship of the committees of the Board, including the Committee, and is empowered to remove committee members at any time, taking into account the desires of individual members and the suggestions of the Chairman of the Board. The authority granted to the Committee may not be delegated to subcommittees. The Committee will have the sole authority, at the Company’s expense, to retain and terminate any search firm or other professional used to identify director candidates, and to approve the terms of and fees for such retention.

Annually, the Committee will review the business and financial performance of the Company, the performance of the Chief Executive Officer, and in its discretion, the performance of other members of senior management. The Committee will coordinate its evaluations with the Compensation Committee so that the Compensation Committee can use the results of the evaluations in establishing officer compensation.

Annually, the Committee will evaluate the Committee’s and the Board’s performance, as well as the Chief Executive Officer’s performance, and discuss its evaluations with the

full Board.

The Committee will be composed of a minimum of three members, all of whom have experience in establishing or reviewing corporate governance principles applicable to corporations. The Committee will meet at least twice each year and will report to the full Board after each meeting. The Committee will establish committee membership and will be empowered to remove Committee members at any time.

The Committee membership will consist only of “independent” directors, as defined by the listing requirements of the New York Stock Exchange.

Company contact: W. Rodney McMullen

## **FINANCIAL POLICY COMMITTEE**

It is the function of the Financial Policy Committee (the “Committee”), through appropriate inquiry and review, to assure itself and the Board that management is managing the Company’s financial resources prudently and effectively.

This Committee will be responsible for examining and recommending to the Board the appropriate financial policies that will serve the best interest of the Company.

The Committee will review the Company’s annual financial plan and the major financial decisions of the Company with appropriate consideration of the Company’s financial condition.

The Committee will consider any plans for major asset acquisitions or sales, issues of new common or preferred stock, creation of additional debt and other events that would effect additional leverage or, conversely, dilution in ownership, etc.

The trade-offs between dilution from using stock in lieu of cash to motivate employees and the improvement in financial condition resulting therefrom will be considered by the Committee although the Compensation Committee is responsible for specific programs.

The Committee will provide advice and counsel to the Chief Financial Officer and the Chief Executive Officer on such matters as it may deem beneficial or desirable. The Committee will meet at least twice each year and will report to the full Board after each meeting.

The Committee will monitor the investment management of assets held in pension and profit sharing plans administered by the Company.

The Committee will from time to time report to the Board with respect to its activities and will make such recommendations as it believes necessary for the sound fiscal management of the Company. If circumstances warrant, the Committee may retain at the Company’s expense such

independent advisors or consultants as it, in its sole discretion, determines to be appropriate. The Corporate Governance Committee will establish committee membership and will be empowered to remove Committee members at any time.

Annually, the Committee will furnish to the full Board a performance evaluation of the Committee.

Company contact: J. Michael Schlotman

## **PUBLIC RESPONSIBILITIES COMMITTEE**

The Public Responsibilities Committee (the “Committee”) will examine and review the practices of the Company affecting its responsibility as a corporate citizen and assess the Company’s effort in evaluating and responding to changing public expectations and public issues that affect the business.

The Committee will meet at least once each year and will report to the full Board after each meeting. The Committee may hold additional meetings on call of the Committee Chair. The Corporate Governance Committee will establish committee membership and will be empowered to remove Committee members at any time.

The Committee will examine and review the following subjects: community relations, charitable giving, supplier diversity, sustainability, government relations, political action, consumer relations, media relations, food safety, pharmacy safety, and the safety of customers and employees. If circumstances warrant, the Committee may retain at the Company’s expense such independent advisors or consultants as it, in its sole discretion, determines to be appropriate.

Annually, the Committee will furnish to the full Board a performance evaluation of the Committee.

Company contact: Jessica Adelman