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A year of
Transformation

Letter



from our CEO

Vivek Sankaran | Chief Executive Officer

2020 was a year of transformation for many, and our company was no exception. The events of last year brought to the surface the positive impact our company has on our customers and communities. I would like to thank each of our 300,000 associates for their unwavering commitment to serving our communities during such unprecedented times.

Throughout the pandemic, our teams acted swiftly to implement in-store safety measures, keep food and supplies on the shelves for customers, and distribute COVID-19 vaccinations in partnership with the Department of Health and Human Services.

As our communities faced rising food insecurity, Albertsons Companies, the Albertsons Companies Foundation Nourishing Neighbors program, and our customers stepped up to help those in need. We set a record \$260 million in food and monetary donations to aid hunger relief organizations in our local communities. This helped us reach 13 million individuals and over 3,000 organizations.

When acts of racism and inequity shook our communities, we came together as a company to support one another and stand united in the face of prejudice, hatred, and intolerance. We are committed to equality and are driven by our guiding principle to be a diverse and inclusive team.

I'm proud that over the past year we have not only increased our diverse representation at all levels of the company, but have also prioritized Diversity, Equity, and Inclusion training, created opportunities to have courageous conversations, and outlined a framework to continue to improve. As part of these efforts, we committed \$5 million to social justice & equality causes.

In the face of these challenges, our teams still made meaningful progress to reduce our impact on the environment. As part of this, we recently announced our commitment to setting a science-based target to reduce carbon emissions. This broadens our existing environmental commitments, which include making 100% of our Own Brands packaging recyclable, reusable, or industrially compostable by 2025.

Looking Ahead

In 2020, we completed a new materiality assessment, which will be the foundation for our Environmental Social Governance (ESG) strategy and initiatives going forward. Through this process we identified high priority areas that align with our long-term company strategy and are most critical to our stakeholders, including Climate Action, Community Stewardship, Diversity, Equity & Inclusion, and Waste Reduction & Circularity. I am encouraged by the progress we made in 2020, as it established a framework from which we can accelerate our efforts.

We have a bold vision for the future and will soon be launching commitments with specific metrics to measure our progress. I invite you to learn more about our progress in 2020 in this report, and I look forward to sharing more with you in the coming months.

Vivek



Compassion
is at the *core* of
our *business*

2020 was an unprecedented year, and we are proud of the unwavering commitment our teams showed to supporting each other, our customers, and our communities.

COVID-19

Times of extraordinary need require an unprecedented response, and we're thankful to our associates for their commitment to safety and supporting our neighbors during the COVID-19 pandemic. Their amazing work and dedication created hope within our communities during uncertain times. Ensuring the health and safety of our associates, customers, and communities was our top priority in 2020.

COMMUNITIES: There has never been a more important time to help our neighbors than during the COVID-19 crisis. As hunger relief programs were stretched to capacity, we pledged \$53 million and started a fundraising campaign through the Albertsons Companies Foundation Nourishing Neighbors program. Additionally, our generous customers donated more than \$67 million to our Nourishing Neighbor hunger relief campaigns throughout 2020.

We developed new partnerships to support businesses and their employees as companies had to close or scale back operations. We offered streamlined job application processes to employees that were furloughed or had hours reduced at other hospitality and retail companies. We purchased supplies from the restaurant and service industries to keep food from going to waste and ensure our customers could find the products they needed.



CUSTOMERS: Our stores offered senior citizens and vulnerable customers dedicated shopping hours to ensure all customers had the opportunity to get the items they needed. Additionally, we expanded our Grocery Delivery, Drive Up & Go, and Pharmacy Delivery services so customers could have contact-free shopping experiences.

As of June 19, 2021, we have administered more than 6 million COVID-19 vaccines through our 1,700 pharmacies. We continue to offer our customers new resources to help them navigate this health crisis, including digital vaccine records and rapid antigen self-tests.

ASSOCIATES: For the safety of our employees and customers, we implemented social distancing and face mask requirements, rigorous cleaning and disinfecting procedures, health checks before the start of shifts, and plexiglass barriers at check stands.

To show our gratitude, we gave all front-line associates temporary Appreciation Pay, bonuses, and other benefits.

Through the Albertsons Companies Foundation's We Care Fund, we also provided more than \$800,000 to support associates experiencing unanticipated or unavoidable hardships.

Social Justice

Courtesy, Dignity, and Respect are core values at Albertsons Companies. They are the foundation of our associate training, and by living these principles, we strive to make a difference in our operations, communities, and beyond. We condemn hate or discrimination of any kind, and this past year has underscored the importance of standing together to boldly face inequity and injustice head on.

SUPPORTING CAUSES TO ADVANCE SOCIAL JUSTICE:

Last year, we formed a Racial Justice & Equity Advisory Group, which advised us on our \$5 million commitment from Albertsons Companies and the Albertsons Companies Foundation to the following social justice organizations to help our communities lay a foundation for racial equity and social justice:

\$1 million

donation toward our African American Associate Resource Group's efforts to partner with local organizations who support communities and neighborhood actions in our market areas.

\$1 million

donation to the City of Chicago's Together Now fund.

\$2 million

donation toward the social justice efforts of the NAACP Legal Defense and Education Fund and the National Urban League Inc.

\$1 million

reserve fund for social justice and diversity initiatives in the future, including community outreach, supplier diversity, and ongoing education.

Listening with *compassion* and taking *action* when it is needed are critical to ensuring that racism and hatred have no place at our company.

– Vivek Sankaran, CEO

SUPPORTING ASSOCIATES:

Last year we seized the opportunity to prioritize courageous conversations within our teams to achieve meaningful change. To create a safe and inclusive environment where associates could share thoughts, feelings, and experiences, we held company-wide town halls, reenergized our Associate Resource Groups, and launched an interactive workshop, "Leading with Inclusion."

We continuously review our Diversity, Equity and Inclusion (DE&I) practices and training, and are always working to do more and better. In 2020, we launched a new DE&I aspiration and accompanying framework to achieve it. Since then, we have been diligently working on expanding programs and resources across our company.



Products

Meeting the demands of an evolving marketplace

- 100% of O Organics® and Open Nature® shell and liquid eggs are cage-free. All Own Brands hard-boiled eggs are cage-free
- 100% of O Organics coffee is Certified Fair Trade™
- 100% of our Open Nature® and Waterfront BISTRO® seafood meets our Responsible Seafood Policy and is clearly marked with our Responsible Choice logo
- Donated ~\$500,000 since launching debi lilly design™ Extending Smiles bouquets



Fair Trade Certified™ Coffee

In 2020, we transitioned our O Organics coffee to 100% Fair Trade Certified™ sources, meeting our Sustainable Coffee Challenge Commitment. Purchases of our Fair Trade Certified™ coffee generated more than \$650,000 in community development funds for coffee farmers, their families, and communities in 2020.

This coffee is certified to rigorous standards, providing safe working conditions, upholding fundamental human rights, and helping to protect the environment in our sourcing regions — including Ethiopia, Peru, Honduras, and Colombia.

We put a lot of effort into helping people live better lives and strengthening the communities where we do business. By responsibly sourcing our O Organics coffee, Albertsons Companies is demonstrating its commitment to improving livelihoods and the environment.

– Chad Coester, Senior Vice President, Albertsons Companies Own Brands

Plastics and Packaging Pledge

We made our Plastics and Packaging Pledge in 2019 to advance sustainability throughout the company, starting with our extensive Own Brands portfolio.

- 100% of Own Brands packaging will be recyclable, reusable, or industrially compostable by 2025
- Own Brands plastic packaging will include 20% recycled content by 2025
- Own Brands products will have clear recycling communications on packaging by 2022 via platforms such as How2Recycle® and Smart Label®

We are diligently working toward achieving our Pledge, and customers can find updated examples of recycling communications on many of our products today.



People

Supporting employees to reach their full potential

- First national grocery chain to join the Business Coalition for the Equality Act
- Integrated Diversity & Inclusion goals into more than 5,000 top leaders' performance plans
- Conducted more than 120 "Leading With Inclusion" sessions, with 4,000+ total participants
- 70+ women recognized by leading industry publications
- We have 6 Associate Resource Groups to enable an inclusive and welcoming culture among our associates



Albertsons Companies Associate Resource Groups





Our Aspiration

Reflect the rich diversity of the communities we serve by offering our associates, suppliers, and customers equitable access to opportunities and resources.

Diversity, Equity and Inclusion Framework

In 2020, we introduced our Diversity, Equity and Inclusion Aspiration, along with a 6-part framework to achieve it:

1. Inclusion & Belonging
2. Hiring & Promotion
3. Talent Development
4. Impactful Associate Resource Groups
5. Community Engagement
6. Metrics

We strive to reflect the diversity of our communities within our management and throughout our company. As part of our framework to achieve this, we are measuring our progress by tracking metrics, such as representation.

Representation at Albertsons Companies			U.S. Demographics ²
	VP & Above	Companywide	
Women	22%	49%	51%
People of Color¹			
<i>Black/African American</i>	4%	10%	12%
<i>Hispanic/Latino</i>	5%	22%	19%
<i>Asian/Asian American</i>	8%	6%	6%
<i>Other</i>	4%	3%	5%

¹ Associate did not disclose: 3% VP & Above; 4% Companywide

² 2020 U.S. Census Data

We formed a National Diversity Council that is chaired by our CEO, Vivek Sankaran, to advance DE&I within our company. In addition, each of our 12 operating Divisions have Diversity Councils and we have individual councils for our Technology & Engineering, Digital & Consumer, and Supply Chain departments. These councils collectively host monthly town halls and fireside chats to discuss Diversity, Equity & Inclusion subjects such as anti-Asian hate, the verdict in the George Floyd murder trial, and other timely topics.

We continue to expand opportunities for our associates to learn more about DE&I, including:

- Monthly trainings to top 5,500 leaders to continue their education about how to be more inclusive
- Bi-annual store and supply chain huddles to further embed DE&I into our frontline

“ We must continue to set the example of Courtesy, Dignity, and Respect towards everyone who walks through our doors. ”

– Vivek Sankaran, CEO
Albertsons Companies

Training & Development

Our associates are the key component to delighting our customers. As such, we are proud to offer a myriad of opportunities to grow and advance. Over the last year, our associates from the frontlines to our offices completed over 6 million hours of training through various programs, including on-the-job training, mentoring programs, eLearning, and classroom-style events. We have also partnered with industry associations to provide access to relevant continuing retail education opportunities through colleges around the country.



Planet

Minimizing our impact on the planet

- Completed 800+ energy efficiency projects that will annually save 2 million+ metric tons of CO₂e
- Enabled 160+ electric vehicle charging stations to date
- Recycled more than 880 million pounds of cardboard
- Recycled more than 26 million pounds of plastic bags and film
- Private fleet is 100% US EPA Smart Way certified





Reducing Our Energy Use

Every year, our teams implement hundreds of energy efficiency projects to reduce our energy use in our stores, plants, distribution centers, and offices. Some projects, like Energy Management System or HVAC upgrades, happen behind the scenes, but installing doors on refrigerated cases and transitioning to LED lights are energy efficiency projects that our customers can see in our stores.

In fiscal year 2020, we completed more than 800 energy efficiency projects that are estimated to annually save more than 2 million metric tons of CO₂e – an equivalent savings of taking 430,000 cars off the road each year!

Generating Renewable Energy

We have more than 50 on-site solar arrays and two wind turbines providing our operations with renewable energy. Our renewable energy procurement has made us a top 30 company in the US EPA's Green Power Partnership.

In the spring of 2021, we committed to setting a science-based target and our investments in on-site renewable energy and the purchase of renewable energy credits will be important enablers to achieving our goals.

Through this program, Albertsons and Safeway stores in Arizona will invest in, and use, renewable energy while adding more solar power to Arizona's grid. We are honored to support Salt River Project's promise to deliver more clean energy to customers.

– Michelle Larson,
President of
Albertsons Companies
Southwest Division



Impactful Partnerships

Collaborating with our peers and suppliers helps us to develop and implement best practices, create innovative solutions, and reduce our impact on the planet.

Utilizing Clean Energy Efficiently: As a longtime partner of the Salt River Project (SRP), our Southwest Division was awarded SRP's 2020 Sustained Excellence Award for our ongoing commitment to energy efficiency. As one of the first companies to participate in the SRP's Sustainable Energy Offering, 40 of our Arizona locations are receiving renewable energy from a new solar plant.

Reducing Food Waste: As part of the Pacific Coast Food Waste Commitment, we are working together with retailers and local and state governments to reduce food waste in the Pacific Coast region by 50% by 2030.

Identifying Sustainable Retail Bags: To find sustainable alternatives to the single-use plastic bag, we joined the Consortium to Reinvent the Retail Bag, a collaborative group of retailers that launched the Beyond the Bag Initiative and is piloting innovative solutions.



Community

Supporting causes that impact our customers' lives

- Donated more than 83 million pounds of food to our Feeding America partners
- Administered 6 million COVID-19 vaccinations through July 19, 2021
- Won the "Community Hero Award" at Benevity's 2020 Corporate Goodness Awards for The Albertsons Companies Foundation's best-in-class approach to community investment
- Earned the silver award in Engage for Good's 2020 America's Charity Checkout Champions Awards for the Albertsons Companies Foundation's point-of-sale fundraising
- Raised more than \$11 million for causes important to our local communities, including education, cancer research and treatment, programs for people with disabilities and veterans' outreach
- Piloted in-school curriculum to help kids learn what they can do to help stop hunger within their own communities



We are committed to help feed our neighbors in need.

\$95 million given to our communities	13 million individuals reached	3,000+ organizations helped
350 million meals	\$9 million invested in empowering BIPOC communities through hunger programs	\$10.4 million invested in schools to feed kids during the pandemic
\$472,000 to support feeding seniors	\$4 million invested in innovative programs to unlock new ways to feed our neighbors	65,000 people connected with SNAP benefits

Supporting Community Organizations

With a grant from the Albertsons Companies Nourishing Neighbors program, the LGBTQ Community Center of the Desert in California was able to purchase a cargo van to help distribute food to those in need in the community.

Having the van has been a HUGE help when we're prepping for our Thursday night food distribution every week. In the last month, The Center has converted our van into a mobile pantry, providing more than 125 families with emergency relief boxes. We've been fortunate to build relationships with community leaders that are dedicated to support these rural areas.

- LGBTQ Community Center of the Desert

We Care is a voluntary associate-sponsored disaster relief and personal hardship fund providing financial support to our communities and fellow associates in times of crisis.

During 2020, more than 300 grants totaling more than \$800,000 were given out to support our associates and communities during hardships.



Thank you very much. The We Care program really helps. It's been reassuring to know that I work for a company that has my back.

- Recipient of We Care grant

We Care was instrumental in getting me going in a positive direction. I have since signed up to donate weekly. A fantastic program that has helped many in my division.

- Recipient of We Care grant

Thank you so much, this is super helpful in this trying time. As a single dad, it's been a little overwhelming during the pandemic and this is a great help and a wonderful thing.

- Recipient of We Care grant

The *future* of ESG at Albertsons Companies

Recognizing the importance of Environmental Social Governance (ESG) to our customers, associates, and investors, we refreshed our Materiality Assessment to prioritize how we address ESG. This assessment identified our internal and external stakeholder's top-ranking ESG topic areas, and the outcome has shaped our bold vision for the future. In the coming months, we will release our new ESG strategy and commitment for the four Tier 1 topics identified: Climate Action, Community Stewardship, Diversity, Equity & Inclusion, and Waste Reduction & Circularity.

“ Our efforts in these areas will support a healthier planet and vibrant communities, and I look forward to sharing our new ESG strategy and commitments soon. ”

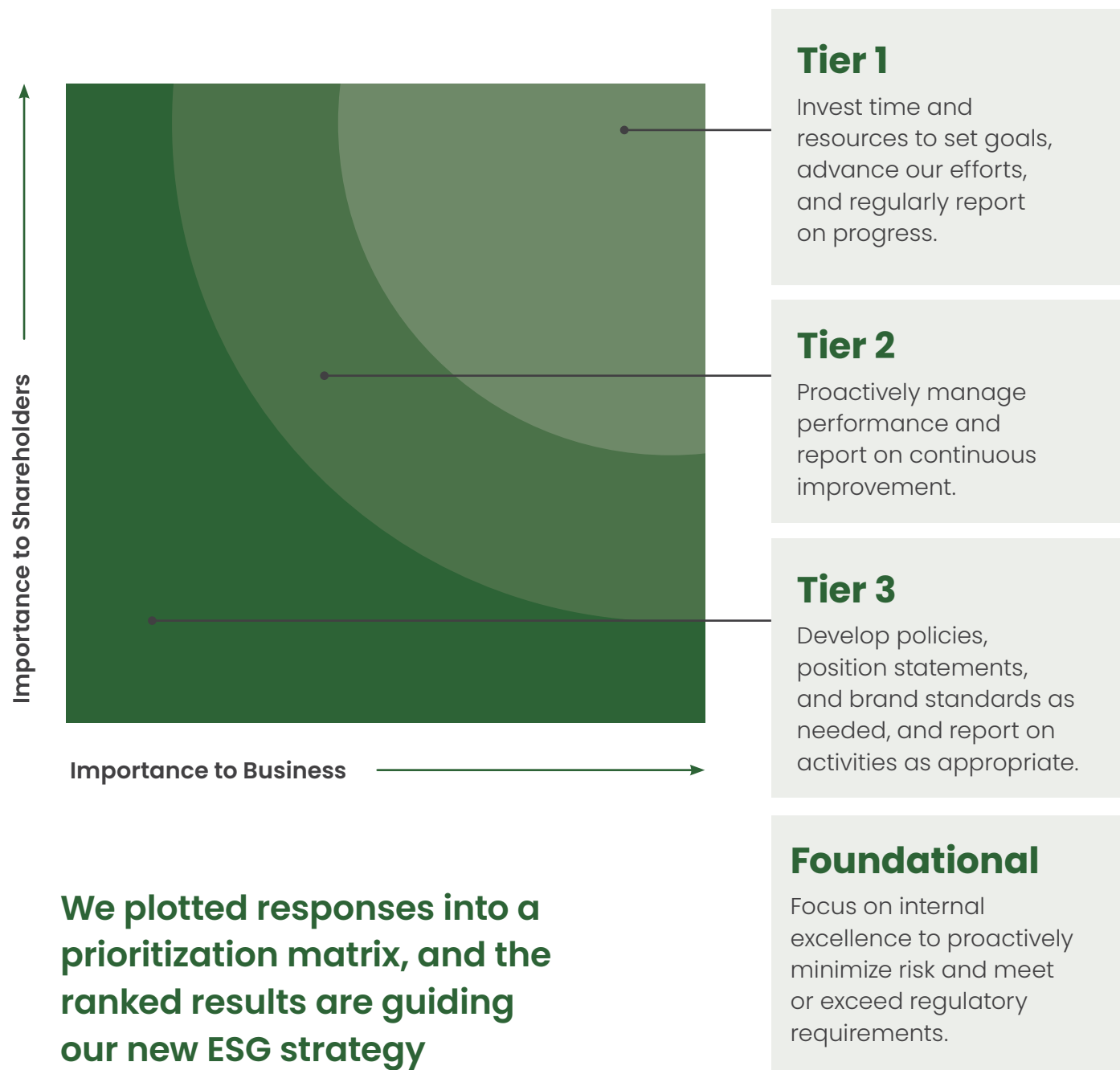
– **Vivek Sankaran,**
CEO of Albertsons Companies





Identifying Our ESG Priorities

We analyzed 19 ESG topics specific to our business and industry and worked with stakeholders to better understand where we should focus our efforts. We conducted interviews and surveys with internal business leaders, customers, investors, suppliers, industry groups, and included insights from industry reports and ESG rating agencies. Based on the responses received we aggregated topics into ranked, or "tiered," priorities.



Our ESG *priorities*

The Results of our Materiality Assessment

Tier 1

- Climate Action (*focus on energy and emissions*)
- Community Stewardship
- Diversity, Equity & Inclusion
- Waste Reduction & Circularity (*focus on food waste, plastics, and consumer packaging*)

Tier 2

- Customer Health & Wellness
- Supplier Environmental Stewardship
- Supplier Social Responsibility
- Sustainable Products & Ingredients

Tier 3

- Animal Welfare
- Product Marketing & Transparency
- Water Stewardship

Foundational

- Data Privacy & Security
- Employee Attraction, Development & Retention
- Employee Health & Safety
- Governance Ethics & Compliance
- Product Safety
- Resilience & Adaptation



ESG Governance *Overview*

Bringing together our dedicated ESG team with cross-functional business units ensures our ESG goals and values are incorporated into our business decisions and strategic plans. With our operating divisions' localized expertise, our corporate teams' support, and the oversight by our Board of Directors, our company is both *locally great and nationally strong.*

This helps us to identify and act upon the greatest opportunities to create a healthy planet and vibrant neighborhoods.

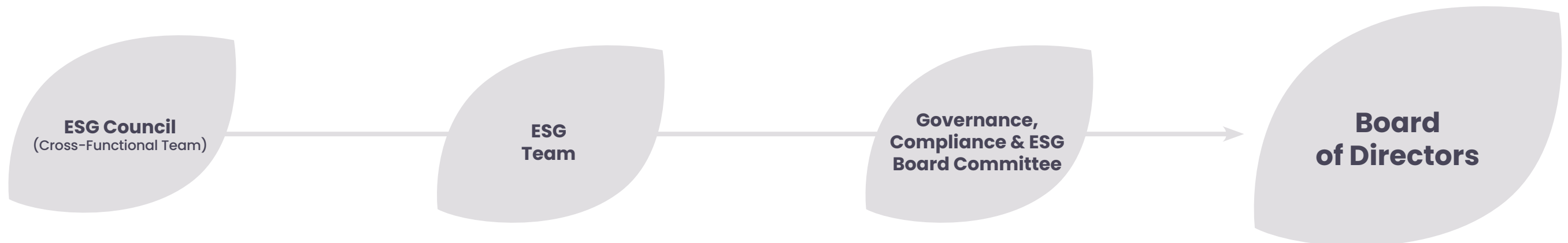


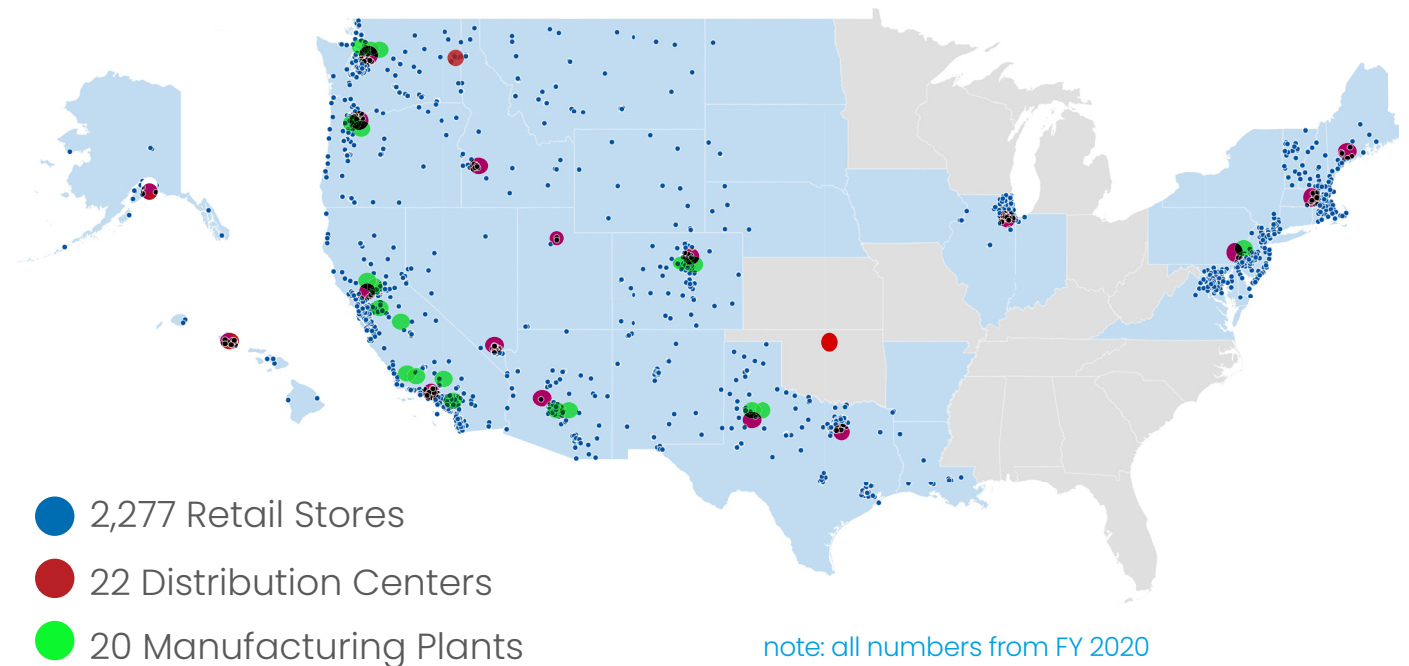
ESG Governance

Albertsons Companies is committed to responsible corporate governance. Our ESG Team collaborates with teams and leaders across our company to help drive and report on our environmental and social impact. Our ESG Council brings together leaders that drive initiatives within our product, people, planet, and community reporting platforms to report progress and discuss new programs, risks, and opportunities.

Our Governance, Compliance & ESG Board Committee oversees risks associated with corporate governance, business conduct and ethics, ESG, and the management of compliance and regulatory risks.

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





Locally great.
Nationally strong.

Albertsons Companies is a leading food and drug retailer in the United States, with both a strong local presence and national scale. Albertsons Companies is committed to helping people across the country live better lives by making a meaningful difference, neighborhood by neighborhood.

\$70 billion
YE 2020 Sales

30 million+
customers per week

1,727
in-store pharmacies

4
exclusive billion-dollar Own Brands

25 million+
loyalty members

~300,000
jobs provided by one of the largest retail employers

\$260 million+
donated in 2020 through our Albertsons Foundation

\$1 billion
invested in COVID-19 related expenses; including expansive safety protocols



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albertsonscompanies.com

