



2023 **IMPACT REPORT**



Yes, WE'RE
LOCAL ✨

Now!



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As used in this report, references to “Grocery Outlet,” “we,” “us,” “Company” and “our” refer to Grocery Outlet Holding Corp. and its subsidiaries. Unless otherwise indicated or the context otherwise requires, information in this report is as of the end of our 2023 fiscal year ended December 30, 2023.

FORWARD-LOOKING STATEMENTS: This report contains “forward-looking statements” that reflect our current views about future events and involve risks, uncertainties and assumptions that may cause our actual results to differ materially from those expressed or implied by those forward-looking statements. Unless otherwise indicated or the context otherwise requires, any forward-looking statements are made as of August 2024, the published timing of this report. Examples of forward-looking statements in this report include but are not limited to, our anticipated growth, employee development, the amount we seek to raise with our Independence from Hunger program in 2024, the sustainable and healthy attributes planned for certain of our private label products and future Environmental, Social and Governance (ESG) strategy and initiatives.

NOTE ON MATERIALITY: The issues, statements and data included in this report are being provided because they are important to us, and we believe they may be topics of interest to our stakeholders. Our inclusion of these issues, statements and data is not intended to convey that we believe our efforts in these areas or the associated metrics are material under applicable securities and other laws and regulations, including for reports we file with or furnish to the U.S. Securities and Exchange Commission.

DATA: Certain information in this report is based on third-party information and projections from sources that management believes to be reputable, although we have not independently verified such information. See the Appendix for additional information applicable to us regarding the SASB Index, including carbon emissions data and the TCFD Index.



Dear Valued Stakeholders,



Grocery Outlet's roots trace back to 1946 when Jim Read founded the company with his first store in San Francisco. Initially named "Cannery Sales", our humble beginnings were built on selling surplus military goods at deeply discounted prices. This innovative and pioneering spirit laid the foundation for what would eventually become the national retail business we are today.

AT THE FOUNDATION OF OUR BUSINESS IS THE MISSION THAT STILL GUIDES US TODAY: TOUCHING LIVES FOR THE BETTER.

Jim pioneered our opportunistic buying strategy and subsequently developed the Independent Operator (IO) selling approach, which harnesses individual entrepreneurship and local decision-making to better serve our customers and communities. To this day, our unique model continues to be fueled by how we buy and how we sell.

Over the years, Grocery Outlet has evolved and expanded thanks to the dedication and passion of our employees and IOs, and we are deeply invested in benefiting our people. We embody a sense of family among our employees and IOs. Today, Grocery Outlet continues to promote entrepreneurial opportunities across the nation, with hundreds of IOs managing our stores around the U.S.

Throughout our history, we have provided access to affordable food, saving customers money and empowering local communities. Our opportunistic buying model allows us to offer products at deep discounts while reducing food waste and keeping food out of landfills. Millions of customers shop in our stores weekly for deep discounts on top brands, and we offer them a unique shopping experience characterized by value, quality, variety and a fun treasure hunt. We call this the "WOW!" shopping experience.

The spirit of innovation and dedication continues to drive us forward. In my first year as Chief Executive Officer, I am proud of our accomplishments, from growing our store base and market share to achieving record sales and adjusted EBITDA, to laying the foundation for our private label program and piloting our new mobile personalization app. We are poised and confident in our ability to sustain our success well into the future.

Grocery Outlet is more than just a business; we are a family dedicated to the communities we serve and the people we work with. Our journey from humble beginnings to becoming a leading extreme-value grocery retailer is driven by a profound sense of care and commitment to *Touching Lives for the Better*.

We firmly believe that our success is intertwined with the well-being of our IOs, employees, communities and customers. As we move forward, we will continue to nurture these relationships and ensure that every step we take is aimed at improving lives, fostering connections and building stronger, more resilient communities.

Thank you for being an essential part of the Grocery Outlet family. We are excited and motivated as we continue to open more stores across the U.S., expanding our leadership position in the discount grocery industry and having an even bigger positive impact as we grow.

RJ Sheedy

President & Chief Executive Officer
Grocery Outlet

ABOUT GROCERY OUTLET

Based in Emeryville, California, Grocery Outlet is a high-growth, extreme-value retailer of quality, name-brand consumables and fresh products sold through a network of independently operated stores. Our opportunistic buying model allows us to offer products at deep discounts while reducing waste. Grocery Outlet currently has more than 470 stores in California, Washington, Oregon, Pennsylvania, Idaho, Nevada, Maryland, New Jersey, Ohio and Delaware. Grocery Outlet also owns United Grocery Outlet, a closeout grocery retailer with 41 stores in Tennessee, North Carolina, Georgia, Alabama, Kentucky and Virginia.¹

2023 HIGHLIGHTS²

CUSTOMER SAVINGS

40%

savings over conventional grocer prices on average

40-70%

savings generally offered on WOW! items

\$2.8B

estimated savings passed on to customers³

PRODUCTS

5,200+

SKUs sold weekly in stores

COMMUNITY

\$3.9M+

donated through Independence from Hunger (the equivalent of approximately two million meals⁴)

OPPORTUNITIES

447⁵

Independent Operators supported network-wide

44

entrepreneurial opportunities created in new and existing Grocery Outlet stores in 2023

COMPANY PERFORMANCE

\$3.9B SALES

468 STORES

PEOPLE

90%+

participation in our annual employee engagement survey

55%

of employees at the Director level or above are women or racial/ethnic minorities⁶

ENVIRONMENT

98%+

of stores use timed lighting and heating systems to lower energy consumption

100%

of stores use an Energy Management System

33%

of stores currently use cloud-based refrigeration analytics to reduce energy use and refrigerant leak rates

DISCONTINUED

printed advertisement circulars in 2023

71%

of our 3rd party carrier partners are SmartWay⁷ certified

¹ The acquisition of United Grocery Outlet was completed in April 2024. This report excludes the impact of that acquisition.

² All highlights are for, or as of the end of, fiscal year 2023 except where otherwise noted.

³ Calculated using 2023 net sales and average savings of 40% compared with conventional grocery stores and based on Grocery Outlet's pricing research.

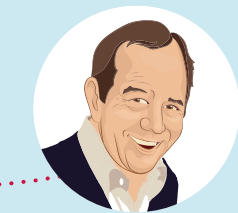
⁴ Based on a meal efficiency metric calculated by a prominent food bank.

⁵ A small number of IOs operated multiple stores. Two stores were operated by Grocery Outlet.

⁶ Diversity data throughout this report excludes individuals who opted not to disclose or left the field blank.

⁷ [Learn about SmartWay | US EPA](#)

Our Evolution



1946

Jim Reed
Opens Cannery
Sales



1971

First Supplier:
Del Monte



1973

First IO Agreement
Signed in
Redmond, Oregon



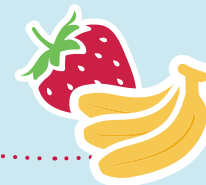
1985

Frozen &
Refrigerated
Introduced



1988

Grocery Outlet
University
Launched



1999

Fresh Produce
Introduced



2003

Fresh Meat
Introduced



2006

MacGregor Read
& Eric Lindberg
become Co-CEOs

NOSH

2007

NOSH Launched

Now!

2011

Reached \$1B
in Sales
|
East Coast
Expansion
|
TLF & IFH
Launched



2012

Southern California
Expansion



2013

200th Store
Opens

**What a
DEAL**

2014

Saved Customers \$1B

Now!

2017

Reached \$2B
in Sales



2019

IPO listed
on NASDAQ

**What a
DEAL**

2020

Reached \$3B
in Sales
|
Saved
Customers \$2B



2021

400th Store Opens



2022

First ESG Materiality
Assessment &
GHG Inventory



2023

RJ Sheedy
Becomes CEO
|
Reached \$4B
in Sales

NOSH: Natural, Organic, Specialty, or Healthy

TLF: Touching Lives Foundation

IFH: Independence from Hunger

OUR ESG STRATEGY

At the heart of Grocery Outlet's ESG strategy lies our commitment to *Touching Lives for the Better* across our Communities, our People and our Planet. In our communities, we strive to save customers money, improve food accessibility and serve our local communities through collaboration with our IOs. We prioritize our people by offering entrepreneurial prospects and assistance to local IOs while also empowering our staff with avenues for personal and professional growth. We impact our planet through deliberate actions designed to mitigate food waste and energy consumption through our opportunistic buying model, supplier alliances, operating efficiencies, donation practices and cooperative efforts with our IOs.

Our MISSION

TOUCHING LIVES FOR THE BETTER

Our VALUES

ENTREPRENEURSHIP ACHIEVEMENT DIVERSITY FUN INTEGRITY FAMILY SERVICE

IMPACT OUR COMMUNITIES

Saving Our Customers Money
Providing Affordable
Quality Food
Giving Back



IMPACT OUR PEOPLE

Providing Opportunities
for IOs
Providing Opportunities
for Employees



IMPACT OUR PLANET

Reducing Food Waste
Improving Operational
Efficiency



UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Grocery Outlet's ESG strategy aligns with several of the United Nations Sustainable Development Goals:

ZERO HUNGER

Through substantial discounts and ensuring the availability of nutritious food, alongside our Independence from Hunger campaign and partnerships with local food banks, we actively work to alleviate food insecurity.

2 ZERO HUNGER



RESPONSIBLE CONSUMPTION & PRODUCTION

Our opportunistic buying model minimizes waste by buying excess inventory from suppliers to increase the likelihood that surplus food is sold rather than discarded.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



CLIMATE ACTION

We are working to reduce our carbon footprint and improve energy efficiency by implementing energy-saving measures in stores, such as timed lighting and heating systems, and by reducing the global warming potential (GWP) of our refrigerants.

13 CLIMATE ACTION



DECENT WORK & ECONOMIC GROWTH

We create opportunities for IOs to run their own stores. This entrepreneurial model fosters local business ownership and job creation, enhancing economic stability in communities.

8 DECENT WORK AND ECONOMIC GROWTH



REDUCED INEQUALITIES

We help customers from all income brackets maximize their purchasing power with average savings of 40% compared to traditional grocers and 20% compared to other discount retailers, enabling them to allocate funds to other important aspects of their lives. We are proud to pass these savings on while offering a varied range of fresh, healthy options, including NOSH products.

10 REDUCED INEQUALITIES





COMMUNITY

Grocery Outlet IOs are deeply embedded within their local communities and offer a variety of innovative and dynamic approaches to bolster their community's vitality and growth.



SAVING CUSTOMERS MONEY

As a leading extreme value retailer of quality, name-brand consumables and fresh products, we take pride in assisting customers from all income brackets to maximize their purchasing power. With average savings approximately 40% lower compared to traditional grocery stores and approximately 20% lower compared to other discount retailers, we ensure our customers can make their dollars go further. These savings are not just about groceries; they enable our customers to allocate funds to other important aspects of their lives.

Every day at Grocery Outlet, customers can discover exceptional deals on quality, name-brand opportunistic products with certain WOW! deals that generally provide deep discounts of 40% to 70% relative to conventional grocers. Our discounted offerings span all departments, including fresh produce, meat and seafood, deli, refrigerated and frozen foods, packaged goods, health and beauty care and general merchandise. Through close partnerships with suppliers and strategic management of excess inventory, Grocery Outlet consistently delivers fantastic savings to our customers across all opportunistic product categories.



“I LOVE THE COMMUNITY FEEL OF GROCERY OUTLET. THE EMPLOYEES GREET YOU AND ARE ALWAYS LOOKING TO ASSIST IF NEEDED.”

—Grocery Outlet Customer

What a Deal!

In 2023, we provided a savings of over 50% (as compared to traditional grocery store prices) to our customers on a premium pet food brand due to an oversupply situation. With over 70,000 bags purchased, we diverted more than two million pounds of high-quality pet food from possible waste while passing steeply discounted prices on to our customers on a much-needed household item.

Throughout 2023, we prevented two million units of bottled and canned beverages from being discarded due to short code dates.⁸ These products were successfully purchased and sold through our stores at over a 50% discount, avoiding unnecessary waste.

“There is always a great variety of items at terrific prices. Staff are always friendly, and the store is well-stocked and well-maintained. Great shopping experience, I am a repeat customer!”

—GROCERY OUTLET CUSTOMER

The money we save customers adds up. Over the past five years, we estimate that we have saved customers over \$10.5 billion compared to conventional grocers, including close to \$3 billion in 2023.

⁸ Short code date means that a product's "use by" or "best by" date is deemed "too soon" by conventional retailers, who do not stock or sell these items as a result. These products are safe to consume and would have most likely otherwise gone to waste.

Wow!

PROVIDING AFFORDABLE, QUALITY FOOD FOR OUR COMMUNITIES

We are proud of our ability to pass savings onto our customers and our dedication to offering a varied range of fresh, healthy options that align with their financial means. From fresh produce, meat and seafood to trusted brands and everyday staples, we ensure that our customers have access to wholesome choices they can afford.

The issue of food insecurity remains a significant concern for families across the U.S., with a year-over-year increase for the second straight year in 2023. According to the Urban Institute, more than one in four adults (27%) reported food insecurity in 2023, up from 25% in 2022.⁹ For the median low-income family, food costs account for an unsustainable approximate 30% of total income. During 2023, increased inflation in grocery and restaurant food prices, coupled with expiring post-pandemic aid, exacerbated this challenge. By providing an average savings of 40% compared to conventional grocery store prices, we enable individuals and families to nourish themselves with quality products while also freeing up resources for other essential expenses.



PRIVATE LABEL

We aim to offer our customers a comprehensive and all-encompassing shopping experience. Customers shared feedback highlighting instances where our store inventory could be further enhanced to ensure that all items on their shopping lists are readily available when they shop with us.

In 2023, we took substantial measures to lay the groundwork for the introduction of a new private label product line (coming soon to a shelf near you!), with assortment and variety to increase over time. Private label products present a significant opportunity for us to provide even more consistent quality, healthy and nutritious products to our customers at affordable prices.

HEALTH & NUTRITION

At Grocery Outlet, we aim to provide our customers with healthy and nutritious offerings, including our perishable/fresh assortment (dairy, deli, produce, fresh meat and seafood) and Natural, Organic, Specialty, or Healthy (NOSH) items. Our focus on NOSH and other fresh products not only enriches the diversity of our offerings but also caters to a range of dietary needs and individual health aspirations. By prioritizing the availability of these items, our stores consistently offer a wide array of affordable and nutritious options. In 2023, approximately 46% of our net sales were attributable to perishable/fresh items and other NOSH offerings. As we look ahead, the introduction of our private label line presents additional opportunities to amplify the health and nutrition of our products holistically.

FOOD SAFETY

Food safety and quality remain a high priority for Grocery Outlet. Our rigorous standards are designed to promote safe storage and handling of products. While IOs manage their stores independently, we support them with education and resources to support compliance with applicable regulations. All IOs are provided with a food safety playbook that provides guidance on industry protocols and our high freshness standards. Together, we maintain trust with suppliers who rely on us to represent their brands and provide customers with affordable, quality food.

In 2023, IOs Brian and Tammy Vieira of the Reno, NV store were recognized by Northern Nevada Public Health (NNPH) with the Excellence in Food Safety award. The Reno team consistently met and exceeded NNPH expectations through written food safety plans, employee training and high inspection scores.



⁹ [Food Insecurity Increased for the Second Straight Year in 2023](#)

GIVING BACK

COMMUNITY ENGAGEMENT

For over 77 years, Grocery Outlet has been committed to giving back to local community organizations. Our dedication extends far beyond our offices and warehouses. Our IOs actively collaborate with community organizations, schools and local food banks and pantries to enrich their neighborhoods. Through these partnerships, IOs have organized charity fundraisers, mentored youth in exploring career paths and contributed to numerous community events. IOs regularly provide generous donations of food and essential items to make a meaningful impact in alleviating hunger within their communities.

TOUCHING LIVES FOUNDATION

Established in 2011, the Touching Lives Foundation (TLF) is a nonprofit organization that extends support to our employees, as well as our IOs and their store employees. In 2023, TLF granted \$280,000 to 81 members of the Grocery Outlet family who encountered hardships such as the loss of a loved one, illness, natural disasters and other unforeseen tragedies. Since 2011, TLF has contributed nearly \$2 million to more than 730 recipients.

INDEPENDENCE FROM HUNGER

Annually, Grocery Outlet and our IOs join forces to support communities through our annual Independence from Hunger (IFH) initiative. Every July, all Grocery Outlet stores rally to collect food and monetary donations (including donations from suppliers) for local food banks and pantries. Recognizing the heightened challenge of food insecurity during the summer months when school meal programs are unavailable, we collaborate with our IOs to raise crucial funds to assist families in need. In 2023, our collective efforts raised over \$3.9 million, which is the equivalent of two million meals. This brings the total contributions from IFH to over \$20 million since its inception in 2011. In 2024, we aim to raise \$4.5 million for this cause.

COMMUNITY SPOTLIGHT: OC FOOD DRIVE

La Habra, Tustin, Costa Mesa, Anaheim, Fullerton, Orange, Lake Forest, & Woodbridge Village Operators donated over 3,000 pounds of food to the Orange County Rescue Mission in honor of their 2023 Annual Food Drive! This non-profit provides meals for over 300 hungry people each day. Special shoutout to AOT Recruiter, Danny King & Transition Coach, Mario Guajardo for loading that truck! That's alot of heavy lifting!

“Grocery Outlet has always upheld our commitment to give back to the local communities in which we operate, and our annual Independence from Hunger campaign is an integral part of that promise.”

-RJ SHEEDY



IO GIVE BACK HIGHLIGHTS

LEBANON, OR: IOs Kevin and DeeDee Froeber rallied together to aid a local family who tragically lost their father in a car accident. The event garnered immense local support and a \$10,000 donation was made to the grieving family. The event's success demonstrated the power of purpose-driven shopping and showcased the unwavering spirit of compassion within the Grocery Outlet community.

SPRINGFIELD, OR: IOs Tom and Tracy Hogan are dedicated champions of hearing accessibility within their community. In 2023, they installed assistive hearing loops at their registers to enhance inclusivity for hearing-impaired customers. Their commitment has earned notable recognition, with Tracy representing Grocery Outlet of Springfield at the Hearing Loss Association of America's national convention.

EAST VILLAGE, CA: IOs Dave and Teresa Hogan hosted a semi-annual homeless outreach event. With the help of over 100 volunteers, their largest turnout yet, they collected enough items to clothe over 500 homeless individuals.

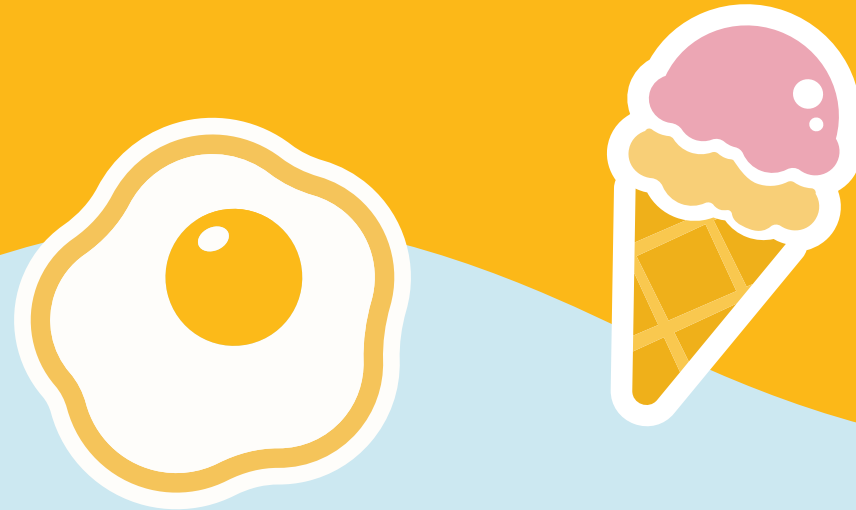
YELM, WA: IOs Greg and Stefanie Vinyard extended support to a local community with limited grocery options and a financially challenged school. They paid all outstanding lunch balances for students at a local elementary school and facilitated the delivery of the final 136 boxes of cereal required for the school's annual assembly of cereal dominos.

WE RAISED OVER \$3.9 MILLION!



PEOPLE

Our IOs and employees lie at the core of our identity and mission. Their welfare is crucial to our ability to make a positive difference and achieve success together. We hold the belief that as our workforce flourishes, so does the entire community.



OUR INDEPENDENT OPERATORS

CREATING OPPORTUNITIES

At Grocery Outlet, we empower individuals to step into the realm of entrepreneurship and operate our stores. Many of our IOs have backgrounds leading stores at major retailers. With a modest initial investment that we often support with a loan, our IOs transition into the rewarding role of running their own businesses. Our IOs have significant autonomy over most facets of store operations, including selecting the majority of products, merchandising, launching local marketing initiatives and overseeing their employees. Each IO has strong earnings potential directly tied to their store's success. In 2023, the average mature IO net income exceeded \$250,000. We had over 30,000 people reach out to us to inquire about becoming an IO and we proudly welcomed 44 new IOs into our business during 2023.

Beyond the financial rewards, IOs often find their quality of life improved compared to conventional retail positions. Many operate alongside family members or close friends, fostering a unique atmosphere of camaraderie. They craft their schedules to suit their lifestyles and have the freedom to contribute to their communities in meaningful ways. While relishing the perks of being their own bosses, IOs also benefit from the unwavering support of Grocery Outlet, mitigating some of the inherent risks of entrepreneurship.

OUR INDEPENDENT OPERATORS



“To be an Independent Operator means having the flexibility to put my family and community first, creating a sense of belonging and fulfillment. It’s a relief to have the freedom to work together as a family, allowing us to build a strong and sustainable future for our business. Embracing our power to make a positive impact is the most rewarding experience ever.”

—MARCO SERRANO FROM BRAWLEY, CA



“Becoming an Independent Operator for Grocery Outlet has afforded us the opportunity to learn, grow and expand professionally and personally. The community and partnership between us, corporate, our town, employees and other IO’s is priceless.”

—SCOTT AND AMY YACULLO FROM AUBURN, CA



“Being an Independent Owner allows me to have the freedom to help and serve. With the family-first approach, I get a second family. The opportunities to help and serve are endless. You get the ability to drive your success while helping your own family, your Grocery Outlet family and your community. Touching lives for the better!”

—DENNIS TALLEY FROM NORTH HIGHLANDS, CA

ONGOING SUPPORT

At Grocery Outlet, we provide diverse support systems and resources to empower IOs in their journey to becoming successful entrepreneurs and sustaining that success over time. Collaboration lies at the core of our business, ensuring that we work hand in hand with our IOs to achieve mutual success.

TRAINING

Grocery Outlet lays the groundwork for the success of new IOs with our thorough and practical Aspiring Operators in Training (AOT) program. As IOs transition into managing their stores, our dedicated Operator Support team continues to foster growth by facilitating ongoing knowledge exchange and sharing best practices. This happens through inclusive all-operator and regional gatherings, our tailored intranet platform for IOs and other communication channels.

UPGRADED SYSTEM

Every IO has access to our nationwide purchasing network, sophisticated ordering systems and product inventory consignment model. We continually enhance and expand our technological infrastructure to streamline store operations and facilitate smarter decision-making. In 2023, we undertook the replacement of crucial components within our Enterprise Resource Planning system, including our financial ledger, inventory management platform and product data warehouse system.

NEW STORE SUPPORT

During the initial phases of launching a new store, Grocery Outlet steps in with extra marketing assistance, assigns dedicated transition coaches, facilitates regular meetings with the Operator Support team and initiates strategic promotional campaigns to drive customer engagement. As the store gains traction and establishes itself, each IO is paired with a dedicated point of contact at Grocery Outlet. This liaison is available to address inquiries, relay updates on products and services and offer on-the-ground support.

GROCERY OUTLET APP LAUNCH

In 2023, we piloted our Grocery Outlet app, and it rolled out officially in 2024. This app will increase customer engagement and provide better analytics to IOs nationwide. The app will help our shoppers know what is currently in stock and showcase our fresh meat and produce offerings and other products necessary for a full basket.



SHANE ANDERSON

Hailey, ID

As an entrepreneur, Shane drove significant sales growth for his store by planning strategic events to increase foot traffic, starting with plants in 2022 and expanding to pumpkins, resulting in a 350% increase in pumpkin sales. In 2023, his floral success grew further, leading to the store becoming the company's top performer with a 44% sales increase and over \$3 million in additional sales. Shane attributes his success to taking risks and creating excitement through merchandising, marketing and gaining loyal customers.

CARLA AND JUSTIN HASKINS

Murrieta, CA

Carla and Justin embarked on their journey as IOs in June 2019 with a store in Escondido, CA. Thanks to their dedication and strong family support, the Escondido store thrived, prompting them to expand their business. In November 2022, they opened their dream store in Murrieta, CA. The couple continues to achieve impressive sales growth and maintain high regional rankings. While managing both stores, they skillfully balance their family life, underscoring their deep commitment to community and connection within their Grocery Outlet family and personal lives.



ADDITIONAL AREAS OF SUPPORT FOR IOs INCLUDE:

- Technology upgrades and training to improve information accessibility, ordering, usability and data analytics.
- Assistance in reducing credit card processing fees.
- Retrofit of IT networks and guest Wi-Fi to enhance connectivity and user experience.
- Investment in pilot programs, such as self-checkout, to explore new operational efficiencies.
- Provision of handheld devices and an app to facilitate better management of expiration dates and minimize product shrinkage.
- Cross-functional collaboration projects to collectively lower costs pertaining to areas such as energy and other operational expenses.
- Development of a safety and compliance playbook, outlining essential steps for IOs to maintain compliance with safety, environmental and food regulations.

SUPPORTING OUR EMPLOYEES



OUR CULTURE

We take great pride in our comprehensive support system, which enhances the lives of our employees. It begins with a workplace anchored in the dedication and passion of our employees, who embody our core values of Entrepreneurship, Achievement, Diversity, Fun, Integrity, Family and Service daily.

For much of our 77+ years in operation, we have been guided by a family atmosphere, directed by a family management team. That culture continues under RJ Sheedy's leadership as CEO and former CEO Eric Lindberg's role as Chairman of the Board. We are committed to fostering an atmosphere of trust where every employee feels valued and empowered to contribute their unique talents and abilities.

EMPLOYEE ENGAGEMENT

We prioritize transparency and open dialogue through initiatives such as our open-door policy, regular All Hands and CEO Roundtable meetings and our weekly internal newsletter (the Bargain Bulletin). Our cultural philosophy directly correlates with a high level of employee engagement. In 2023, Grocery Outlet conducted its annual employee engagement survey, boasting over 90% participation from our then workforce of almost 1,000 employees. The largely positive responses underscored our employees' satisfaction

with our culture and work environment, affirming their sense of purpose and impact. Through ongoing efforts such as mentorship and career development programs, recognition initiatives, regular festivities and our commitment to Equity, Diversity and Inclusion (ED&I), we remain dedicated to further bolstering employee engagement in the years to come.

EMPLOYEE HEALTH & SAFETY

Ensuring the health and safety of our employees remains a top priority, and we take a comprehensive approach to promote their overall well-being.

In 2023, we implemented measures to enhance safety within our warehouses, resulting in employees needing less time away from work and lower costs per incident. We introduced a comprehensive safety program for both warehouse and corporate staff, offering training through town hall meetings, safety committee sessions and safety leadership gatherings to educate our workforce on best practices. Moreover, our company-owned stores ensured adherence to Occupational Safety and Health Administration (OSHA) programs and provided necessary training, including forklift certification.



EMPLOYEE COMPENSATION & BENEFITS

We pride ourselves on providing competitive compensation and comprehensive benefits packages that are carefully crafted to attract and retain the talent essential for driving our mission forward, achieving our business objectives and executing our long-term growth strategy. Our compensation structures are tailored to each employee level and may encompass various components, including base salary, performance-based bonuses, equity grants and participation in our profit-sharing program. At the time of our Initial Public Offering, every then-current employee received an equity award, regardless of their position.

We offer robust and highly competitive health and welfare benefits programs accessible to our full-time employees. In 2023, we paired our open enrollment period with a benefits campaign that included a series of health fairs in our corporate offices and warehouses (which we refer to as Regional Fulfillment Centers or RFCs). Benefit carriers attended the health fairs, and onsite biometric screenings were provided.

OUR BENEFITS INCLUDE:

- Premier healthcare coverage, including medical, vision and dental plans, along with life insurance, accidental death and dismemberment coverage, long-term disability insurance and health savings accounts.
- Complimentary financial planning to promote our employees' financial literacy and future planning.
- Wellness education resources and quarterly wellness challenges were administered through a third-party provider to promote holistic well-being.
- Free access to on-demand mental health support services, providing confidential coaching and counseling to support employees in their personal and professional lives.
- A comprehensive 401(k) retirement savings plan and profit-sharing program are available to all eligible employees.
- An education assistance program offering tuition reimbursement for eligible employees seeking to enhance their job-related skills through additional education opportunities (subject to program conditions). Moreover, we actively participate in the California Grocers Association Educational Foundation program, extending scholarship opportunities to our employees, IOs and their respective dependents.
- A scholarship program where a dependent child of a Grocery Outlet employee who is or will be pursuing an undergraduate degree can apply for a scholarship that awards up to \$5,000. The program is also available to dependent children of our IOs.

“THE EXPERIENCE SO FAR HAS BEEN GREAT. IT’S REFRESHING TO HAVE A CLEAR PATH AND ACTION STEPS TOWARDS THE CAREER GOALS I WOULD LIKE TO ACHIEVE.”

—Foundations of Leadership Participant



EMPLOYEE DEVELOPMENT

Grocery Outlet prioritizes the development of leadership skills at all organizational levels, fostering a culture of mentorship and coaching. We aim to cultivate talent from within and have a multitude of programs to support this effort.

PERFORMANCE REVIEWS

During regular performance reviews, employees collaborate with their supervisors to align their individual goals with organizational objectives. This process enhances effective career management and succession planning, which will be further formalized later in 2024 with the introduction of an Individual Development Plan framework.

INTERNSHIP PROGRAM

Our paid 10-week internship program offers students the opportunity to develop solutions for real challenges at Grocery Outlet. Interns gain exposure to all seniority levels within our organization and learn about various business functions while contributing meaningfully to our development. The program energizes our staff and creates extensive employment opportunities for young professionals, with approximately 50% of interns transitioning to regular full-time roles within one year of completing the program.

EDUCATION ASSISTANCE PROGRAM

We offer tuition reimbursement opportunities to encourage employees to enhance their job-related skills and pursue further education.

We remain dedicated to continuous improvement, investing in learning technology, leadership programs and career pathways to foster our employees' growth and success.

TRAINING & DEVELOPMENT

We offer a variety of training opportunities designed to bolster skills within different segments of the Grocery Outlet employee base.

FOUNDATIONS OF LEADERSHIP

Our supervisors and managers at our RFCs participate in a 12-month program called Foundations of Leadership. This program includes monthly classroom training, online assignments and regular meetings with their managers to reinforce the application of the training. Participants must demonstrate how they apply their knowledge on the job and work with their managers to share and receive feedback.

THE LEADERSHIP ROOM

In 2023, we launched a custom, robust training program for high-potential senior leaders at Grocery Outlet. Facilitated by an external partner, this small group development and coaching program is designed specifically for senior leaders.

VIRTUAL LEARNING

Responding to employee feedback from an engagement survey, we introduced various new virtual learning platforms in 2023. These platforms were part of our preparations to provide a comprehensive Grocery Outlet learning management system, GO Learning, which launched in mid-2024. Currently, employees have access to virtual leadership development courses and specific hard skills training, such as project management and Excel.

EQUITY, DIVERSITY & INCLUSION

At Grocery Outlet, we understand the importance of having a diverse and inclusive team for the sustained success of our business. Embracing diversity enables us to comprehend and address the needs of a wider customer demographic, leading to improved decision-making and customer satisfaction. By fostering an inclusive atmosphere where each person is respected, listened to and appreciated, we unlock the complete potential of our team and cultivate a culture that draws and retains top talent.

DIVERSE TALENT

All decisions related to employment are strictly merit-based or based on legitimate, non-discriminatory business needs and are without any quota requirements. Our primary focus lies in our employees' training, mentoring and overall development. We have intensified our outreach efforts to connect with underrepresented groups, including active participation in various university job fairs. These endeavors yielded positive outcomes. In 2023, 73% of our newly recruited employees were racially and ethnically diverse, with over 27% of such newly recruited employees being women. Furthermore, of the 79 corporate and field employees promoted, 49% were female, and 46% represented racial and ethnic diversity.

As part of our dedication to transparency, we have pledged to disclose our workforce

diversity data, including gender, race and ethnicity, as outlined in our consolidated EEO-1 report. This initiative will commence with the 2024 data, which will be featured in our 2024 Impact Report, to be published in 2025.

EMPLOYEE RESOURCE GROUPS

We cultivate an inclusive and diverse culture through employee resource groups (ERGs) that enhance our organization. These encompass our ED&I Council, which oversees our overarching ED&I initiatives, as well as our Black Partnership Network (BPN) and WOW! (Winning with Outstanding Women) Network. Our ERGs are employee-driven and supported through annual budgets, leadership guidance and support roles. We encourage employees interested in launching an ERG to step forward. To support them, we provide an ERG Resource Guide.

INCLUSIVE CULTURE

We strive to foster a culture of inclusion and belonging. In 2023, we provided anti-bias training to employees at the "director" level and above. Additionally, throughout the year, we highlighted and celebrated various underrepresented groups with communication panels, speakers and other events. Examples included events and/or information boards centered around:

WOMEN'S HISTORY MONTH

ASIAN PACIFIC AMERICAN HERITAGE MONTH

JUNETEENTH CELEBRATION

LGBTQIA+ PRIDE MONTH

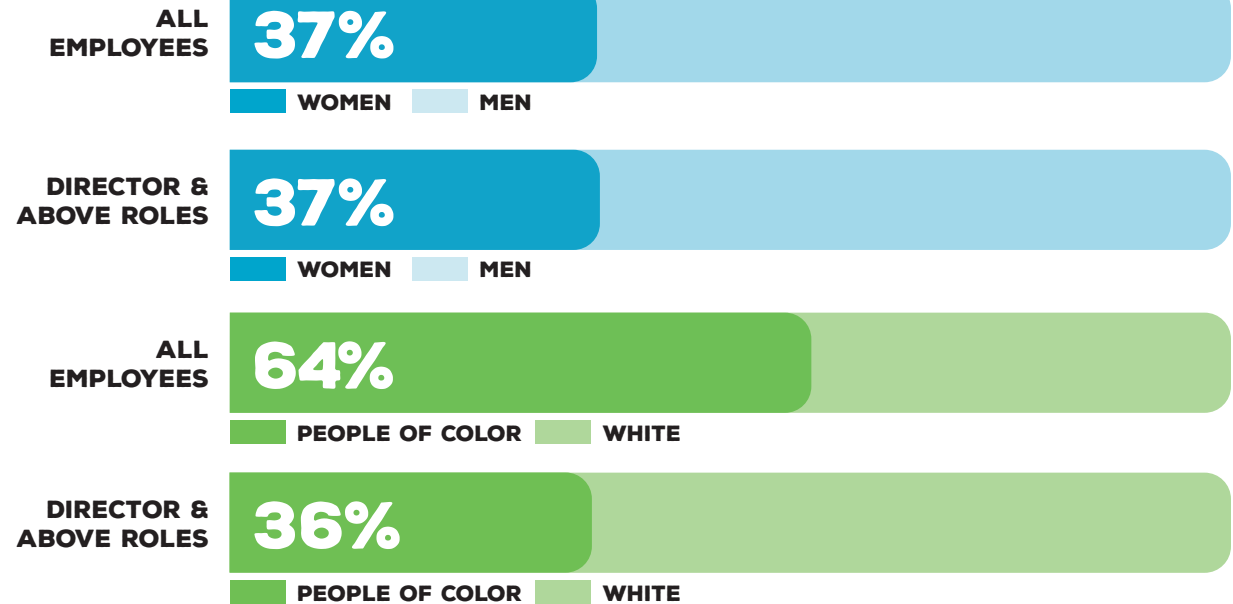
HISPANIC HERITAGE MONTH

ERG COLLABORATION: BPN & THE WOW! NETWORK

BPN organized a Juneteenth Celebration highlighting Black Music History Month. The event featured a performance by a band that played covers of Black women musicians sponsored by the WOW! Network.

DEMOGRAPHICS^{10,11,12,13}

WORKFORCE BREAKDOWN



IO BREAKDOWN¹⁴



¹⁰ All values were rounded to the nearest whole number.

¹¹ Workforce data is as of 12/30/23 and IO data is as of 6/1/24.

¹² "People of Color" includes the following: Hispanic/Latino, Asian, Black/African American, Native Hawaiian/Other Pacific Islander, Multiracial, or American Indian/Alaska Native.

¹³ Racial and ethnic data exclude those who chose not to disclose or left the field blank.

¹⁴ IOs are entities owned by one or more individuals. Most IOs are a two-person team. This demographic information was collected through a survey in which we asked each member of each IO entity to respond.



PLANET

Our dedication to environmental stewardship includes reducing food waste and beyond. We are committed to a range of initiatives aimed at enhancing operational efficiency and minimizing our environmental impact.



REDUCING FOOD WASTE

According to the [U.S. Department of Agriculture](https://www.biocycle.net/2024-food-waste-index/), between 30-40% of the food supply in the United States goes to waste. Further, food loss and waste produce 8-10% of global greenhouse gas (GHG) emissions.¹⁵ Grocery Outlet's opportunistic buying model is designed to support food waste reduction while providing exceptional value to our customers. Our flexible and efficient systems enable us to divert food from landfills, thereby offering nutrition to communities and reducing emissions from waste. This flexibility enables us to tackle suppliers' inventory challenges, such as order cancellations, packaging changes and approaching sell-by dates. Our longstanding relationships with leading brands enable us to make rapid buying decisions, purchase in large volumes and maintain brand value through attractive presentations. Additionally, we source competitively priced everyday staples from multiple suppliers, ensuring a convenient one-stop shopping experience that reduces costs for our customers.

In addition to sourcing food that may otherwise be discarded, Grocery Outlet's efficient operations help reduce waste throughout the supply chain. Our RFCs

efficiently receive, process and transport goods to minimize waste during distribution. With real-time inventory visibility and multiple deliveries per week to our stores, products move swiftly from the RFCs to shelves. A dedicated team at the RFCs manages unique product situations, such as relabeling or repackaging items that require special attention to avoid being discarded.

We work closely with IOs to reduce food waste and combat hunger in our stores. This begins with empowering IOs to stock products that customers want at our low prices. We continually invest in technologies to help IOs optimize their product selection, including tools for streamlined inventory planning, monitoring sell-by dates and tracking throwaway trends. We also educate IOs on effective markdown strategies to minimize throwaways and waste. With the autonomy to manage inventory for their stores, our IOs play a crucial role in minimizing expired items and food waste.

Both IOs and RFCs collaborate with donation partners to ensure that any unsold edible food reaches those in need.

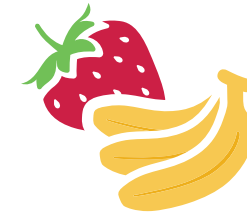
In 2023, our RFCs donated an estimated two million pounds of groceries to food banks and other charitable organizations. Looking ahead, Grocery Outlet is exploring methods for tracking IO food donations with increased accuracy to quantify our collective efforts toward fighting hunger and minimizing the impacts of food waste.

Wow!

In 2023, we diverted 1.8 million Totino's™ pizza rolls with short code dates from potential landfill disposal. Through this offering, we salvaged over one million pounds of food and passed on a massive 80% discount to our customers.

¹⁵ <https://www.biocycle.net/2024-food-waste-index/>

¹⁶ Such amount reported reflects the pounds of opportunistic food sold in 2023. While we acknowledge that some of our opportunistic product may not have ultimately gone to waste, as another retailer may have purchased it or the opportunistic product may have been donated for other use, we nevertheless believe that a substantial amount of such product was diverted from landfills as a result of our opportunistic purchasing. We believe this is a meaningful metric to report and monitor as we track our impact in this important area.



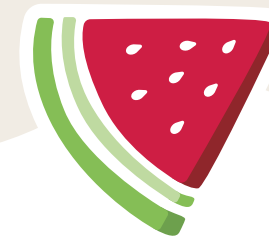
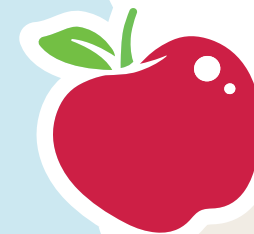
OVER 722 MILLION

POUNDS OF FOOD WASTE AVOIDANCE¹⁶



PLASTIC BAG USE REDUCTION

Over 84% of our stores have eliminated single-use plastic bags, in compliance with applicable laws and regulations in the markets that we serve.



PRIVATE LABEL LAUNCH

Grocery Outlet is thrilled to introduce our private label program to stores in 2024. Our private label brand will serve as a key marketplace differentiator and provide more value and excitement for our customers. With over 100 new SKUs hitting the shelves in 2024, we are excited to offer our customers better value and inventory consistency.

Because our business model is centered around purchasing products opportunistically, Grocery Outlet has historically had limited ability to minimize the environmental impact of the products available in our stores.

.....

As we launch and develop our private label program in 2024, we recognize the importance of incorporating broader sustainability attributes into these product offerings to the extent that we have greater influence over such matters. We expect such future attributes will include:

.....

REDUCED PACKAGING & RECYCLABILITY

Minimizing packaging waste and enhancing the recyclability of our products (including providing “How2Recycle” labels).



Wow!

SOURCING STANDARDS

Strengthening relationships with suppliers with defined ESG programs that support ethical labor standards, sustainable practices and quality assurance.

SUSTAINABLE SOURCING

Increasing the use of locally sourced ingredients to support regional economies.



COMMUNITY SUPPORT

Reinforcing our commitment to the communities we serve through initiatives linked to our private label products.

ANIMAL WELFARE

Engaging an industry animal welfare expert to develop a policy in this area to enhance our confidence that our private label products will be sourced from suppliers who adhere to policies that support humane and ethical animal sourcing standards.



PRODUCT TRANSPARENCY

Providing clear information about ingredients and sourcing to help customers make informed choices.

OPERATIONAL SUSTAINABILITY

ENERGY EFFICIENCY IN OUR STORES

Grocery Outlet collaborates with IOs to enhance the energy efficiency of our stores. We are actively monitoring our refrigeration and light fixtures in anticipation of complying with the pending [California Air Resources Board](#) requirement for companies to attain a weighted average GWP of less than 2,500 in GHGp (Greenhouse Gas Emission Potential) by the end of 2026. We equip our stores with eco-friendly and efficient fixtures, lighting and refrigeration systems wherever feasible. In new store buildouts and retrofits, we implement energy-saving features such as automatic door closure devices, anti-sweat heater control sensors and night curtains for refrigerators. We successfully worked with IOs to transition the majority of stores to LED lighting and continue to switch from traditional refrigeration systems to more efficient refrigeration systems, including CO₂ systems, which are both more energy-efficient and environmentally friendly in case of leaks. Our efforts have helped us achieve EPA GreenChill certifications for several stores, and we plan to certify additional new stores for GreenChill in 2024.



98%+ OF STORES have timed heating and lighting controls to lower energy consumption when unoccupied.

100% OF STORES use an Energy Management System (EMS) to gain control and visibility over energy use.

11 STORES use more efficient CO₂ refrigeration, with eight stores being added in 2024.

71% of our 3rd party carrier partners are SmartWay certified.

33% OF STORES currently use cloud-based refrigeration analytics to reduce energy use and refrigerant leak rates, with expansions planned for additional stores.



Fresh



SUPPLY CHAIN

In 2023, we made significant strides by partnering with several new supply chain partners renowned for their sustainability efforts. These collaborations demonstrate our commitment to driving positive impact and championing sustainable practices.

CAMANCHACA

In 2023, Grocery Outlet began collaborating with Camanchaca, a new seafood supplier committed to sustainability. Camanchaca has a robust set of sustainability goals, including carbon neutrality, responsible antibiotic use, recycled waste management, renewable energy adoption, organic certification and Aquaculture Stewardship Council (ASC) certification.

OK PRODUCE

OK Produce, a major produce supplier to Grocery Outlet, has installed over 10,000 solar panels and now procures over 70% renewable energy for its operations. Other sustainability initiatives include the use of electric vehicles, drought-resistant landscaping, a recycling and composting system with over 95% efficiency, a water reclamation system and 100% LED lighting.

EGG EDUCATIONAL SIGNAGE

The majority of our stores offer only cage-free eggs. In 2024, we launched a 90-day pilot program in ten stores located in states that have not adopted a cage-free egg mandate. As part of this pilot program, we are providing educational signage to help customers understand the differences between and identify conventional (i.e., eggs from hens raised in cages), cage-free, free-range, organic and pasture-raised eggs.

Grocery Outlet will continuously seek to drive change positively through strategic partnerships and thoughtful initiatives within its supply chain and communities served.



MANAGING OUR EMISSIONS

At Grocery Outlet, we strive to reduce our environmental impacts from energy use, food waste and carbon emissions. In 2023, we continued to better understand our impact by conducting our GHG emissions inventory (using 2021 as the baseline year¹⁷). This process included Scope 1, Scope 2 and select Scope 3 emission categories.

Our Scope 1 emissions include refrigerant and natural gas use in our facilities, including offices, RFCs and company-operated stores, as well as fuel use in our fleet of distribution trucks. Scope 2 emissions stem from purchased electricity used at our facilities. Scope 3 emissions include upstream transportation, electricity at our IO stores, refrigerants and fuel use at our IO stores, business travel, employee commuting and capital goods. We also estimated the GHG emissions of our product inventory. All estimations were performed in accordance with the GHG Protocol.

Our product inventory, a Scope 3 emission, is the largest source of our emissions and the substantial majority of our footprint.

Our second largest source of emission is our independently operated stores, which are categorized as Scope 3 since they are under the operational control of IOs. This unique operational structure, compared to most other retailers, does not lessen our commitment to reducing emissions in partnership with our IOs.

We have initiatives underway to reduce emissions across several categories. In recent years, we upgraded forklifts in our RFCs to electric models and began using electric yard tractors to move trailers between our docks. As part of a supply chain optimization initiative, we are working to consolidate and streamline store deliveries, thereby reducing our transportation emissions.

Currently, we estimate that 88% of our stores are within 250 miles of an RFC. We are also progressively deploying data analytics tools to improve refrigerant management and reduce leak rates in our stores.

COMPARING 2021 AND 2023 EMISSIONS¹⁸

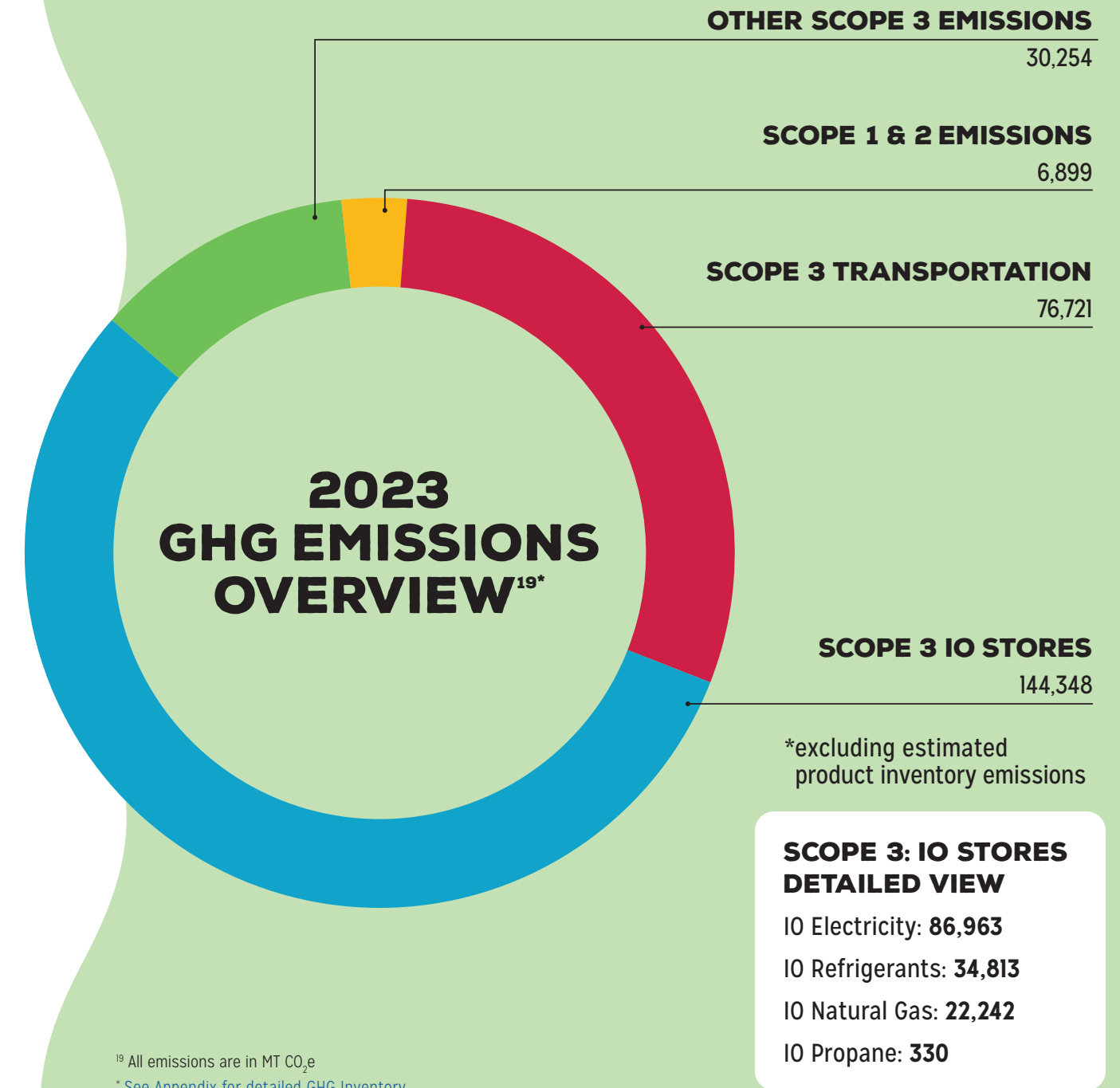
While our absolute emissions during 2023 increased by 16%, overall business revenue (net sales) increased by 29% compared to 2021, decreasing emissions intensity per unit of revenue by 15%. Total cumulative Scope 1, 2 and 3 absolute emissions increased by 10%, largely due to business and store operations growth. IO operating emissions increased by 17% due to the increase in the number of IO stores. Transportation emissions increased by 19% due to an increase in shipments to support our business growth and improved accuracy in accounting for outbound shipping of dry goods within the Transportation Management System (TMS). Absolute Scope 2 emissions decreased by 18% due to two stores transitioning from corporate to IO stores. Business travel and commute emissions increased due to increased travel spend, return to the office, and an approximate 12% increase in full-time employees.



IN 2023, WE DISCONTINUED PRINTED AD CIRCULARS.

¹⁷ Grocery Outlet's base year of 2021 was updated. Please see the [Appendix](#) for more information.

¹⁸ Our first report was published in late 2023 and contained 2021 GHG emissions data. 2023 served as a "catch-up year" to synchronize our emissions and ESG reporting. We opted to forgo reporting 2022 GHG emissions, as we believe that there were no major operational changes that would bring our emission profile out of material alignment with 2021 and 2023.





GOVERNANCE

At Grocery Outlet, our commitment to our fundamental values, notably Integrity, remains resolute. These principles form the foundation of our governance framework, shaping our corporate structure, the composition of our Board of Directors, our perspective on ESG matters and our dedication to engaging with stakeholders.

NOTABLE STATISTICS²⁰

8 OF 10
INDEPENDENT DIRECTORS

1 OF 3
BOARD COMMITTEES
CHAIRD BY WOMEN

3 OF 10
FEMALE DIRECTORS

1 OF 10
ETHNICALLY DIVERSE
DIRECTORS

9.1 YEARS
AVERAGE DIRECTOR
TENURE

²⁰ The information above reflects statistics as of the date of Grocery Outlet's 2024 Proxy Statement

ESG MANAGEMENT

DIVERSE PERSPECTIVES ON OUR BOARD

Our Board is composed of highly accomplished corporate leaders with diverse backgrounds, experience and skill sets. The Nominating and Corporate Governance Committee oversees the composition of our Board, ensuring a balanced mix of diverse experience, qualifications and skills essential for effective oversight aligned with Grocery Outlet's business and structure. Our periodic Board refreshment has greatly increased the breadth of skills and industry experience on the Board. For additional information on our Board's skills and qualifications, please see our [2024 Proxy Statement](#).



ESG MANAGEMENT

MANAGEMENT & BOARD-LEVEL OVERSIGHT

Grocery Outlet's growth is intrinsically linked to our distinctive business model, which makes sustainability a key component of our culture, strategy and operations. Many of our ESG areas of focus complement our long-term growth strategies and we are committed to the effective management of ESG topics, with oversight from our Board, Board Committees and active engagement from our executive team.

- Our Nominating and Corporate Governance Committee oversees our corporate governance structure, practices and sustainability initiatives and assesses ESG impacts on our business.
- Our Compensation Committee oversees programs concerning human capital matters and risks, including a focus on employee engagement, ED&I, talent development and succession planning.
- The Audit and Risk Committee oversees cybersecurity, data privacy and data security controls.
- Our entire Board regularly reviews our ESG strategy, ensuring its alignment with our business model, and receives updates on ESG progress from the Nominating and Corporate Governance Committee and management.

Furthermore, our ESG Steering Committee, which includes our CEO, CFO and other senior management members, meets quarterly and on an ad hoc basis to drive and implement our ESG strategy, including climate-related risks and opportunities. This committee collaborates with external advisors and departmental representatives. Regular updates on these efforts are provided to the Board.

RISK MANAGEMENT

Our enterprise risk management program spans all facets of our operations, aiming to pinpoint, evaluate and mitigate risks as appropriate for our business. The Board, through the Audit and Risk Committee, plays a pivotal role in overseeing our risk management activities. Conducting an annual assessment, our Internal Audit team collaborates with executive management to identify and rank risks that could significantly affect our business financially or strategically. The outcomes of this assessment, along with mitigating strategies, are reviewed with the Audit and Risk Committee and periodically reported to the Board. ESG risks are integrated into our annual risk assessment and addressed through our ESG approach and associated initiatives.

CLIMATE RISK

Through our enterprise risk management protocol, we identify material risks that could significantly affect our business financially or strategically. Material risks are highly likely to impact Grocery Outlet's operations and financial performance. Climate change is one such factor that we consider under ESG risks, and it is discussed in the Risk Factors section of our [Annual Report on Form 10-K](#).

In 2023, Grocery Outlet initiated an assessment of our climate-related risks,

and we undertook our first climate-related scenario analysis exercise for our corporate and retail facilities in an effort to align with the recommendations set forth by the Taskforce on Climate-related Financial Disclosures (TCFD).

Our climate-related risks were assessed in terms of their short-, medium- and long-term implications. We categorized our time horizons as short-term (0-3 years), medium-term (3-10 years) and long-term (10+ years). Physical risks were examined with a high-degree scenario,²¹ and transition risks were looked at using a low-degree scenario²².

The assessment evaluated acute physical risks, such as drought and tornadoes; along with chronic physical risks, such as temperature variability, sea level rise and coastal flooding. We also examined transition risks, such as regulatory, market and technology changes.

Through this assessment we identified the primary physical and transition risks most pertinent to our operations, how they would affect us, the likelihood that they will occur and the primary drivers behind each. We will continue to monitor and mitigate these risks. In the future, we will evaluate whether to include opportunities and the quantification of the potential financial impacts of each risk to Grocery Outlet.

ETHICS & COMPLIANCE

At Grocery Outlet, upholding ethics, integrity and regulatory compliance is a fundamental priority. We adhere to a comprehensive [Code of Business Conduct and Ethics](#) (Code) applicable to all employees, executive officers and members of our Board. This Code offers clear guidance on legal and ethical considerations encountered in the course of our duties, covering areas such as anti-bribery, equal opportunity and conflicts of interest. Emphasizing the importance of accountability, the Code encourages the reporting of any conduct that may breach its principles and provides anonymous and confidential third-party hotlines for this purpose. Regular training ensures that employees are familiar with the Code's provisions.

Moreover, we recognize the indispensable role of our suppliers and manufacturers in upholding regulatory standards and legislative requirements for the products we offer. To uphold our commitment to quality, Grocery Outlet's purchase orders require that our suppliers comply with all applicable laws when doing business with us. This approach underscores our dedication to ethical conduct and regulatory integrity throughout our operations.

CYBERSECURITY & PRIVACY

Cybersecurity and data privacy remain a paramount concern for Grocery Outlet, and significant efforts have been directed toward enhancing information security over the last few years. We provide regular employee communications and mandatory training, periodically review our incident response and breach notification plan and leverage third-party expertise for testing, assessments and improvements. Our Chief Information Officer regularly provides updates to the Audit and Risk Committee, ensuring comprehensive oversight of cybersecurity matters. We have implemented controls aligned with international standards and regularly assess our cybersecurity maturity against established frameworks, such as those provided by the National Institute of Standards and Technology. Our proactive approach includes threat monitoring, employee training initiatives and third-party assessments to fortify our defenses against evolving risks. In addition to these foundational efforts, we have undertaken several key initiatives to bolster our cybersecurity posture and mitigate risks across our operations:

VENDOR COLLABORATION & RISK MITIGATION

We have engaged with vendors to raise awareness about cybersecurity threats and assess their readiness to counter potential attacks. This proactive approach extends our security efforts beyond internal operations to enhance the security of the supply chain.

SECURITY AWARENESS FOR SMALL BUSINESSES

Recognizing the importance of empowering our IOs, we have provided access to information security training to them and their employees. This initiative fosters a culture of cyber vigilance among essential components of the Grocery Outlet network.

ESG-CONSCIOUS TECHNOLOGY UPGRADES

As part of our commitment to sustainability and social responsibility, we have modernized our infrastructure, including wireless networks and point-of-sale hardware, across all locations. Outdated equipment is responsibly disposed of through donations to organizations like Human-IT, aligning our technology upgrades with environmentally and socially conscious practices.

NETWORK RESILIENCY & CUSTOMER-CENTRIC ENHANCEMENTS

We have established network redundancy across our locations to support uninterrupted service and reliability, minimizing potential disruptions to operations and customer experience. Furthermore, implementing guest Wi-Fi capabilities offers added value to customers while attracting foot traffic to our stores.

²¹ International Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 8.5 and Shared Socioeconomic Pathways (SSP) Climate Scenarios 3 & 5, as defined by the IPCC.

²² International Energy Agency (IEA) World Energy Outlook (Sustainable Development Scenario (SDS) and Net Zero Emissions (NZE) Scenarios), as defined by the IEA.

OUR STAKEHOLDERS

MATERIALITY ASSESSMENT

Our 2022 Materiality Assessment identified and prioritized the ESG topics most important to our stakeholders and long-term business success. We engaged an external expert to conduct industry benchmarking and hold discussions with company leaders.

Through this process, an initial list of ESG topics that may impact our business and our stakeholders was narrowed down to 16 potential material topics.

Through surveys and focus groups, we engaged our Board, executives, IOs, corporate employees, investors, suppliers and customers to evaluate this list of potential material topics according to business importance and importance to a specific group of external stakeholders. Stakeholders also helped identify Grocery Outlet's risks, impacts and opportunities related to the ESG topics under discussion.

During this assessment, we identified several ESG topics crucial to Grocery Outlet's stakeholders and long-term business success.

These topics are the focus of Grocery Outlet's ESG Approach and are covered in detail in this report. Grocery Outlet's material topics include:

CRITICAL ESG TOPICS	PRIORITY ESG TOPICS
Responsible support of IOs	Employee experience, safety and retention
Commitment to food waste avoidance	Energy efficiency
Ensuring affordable food access	Equity, diversity and inclusion

OUR STAKEHOLDERS

STAKEHOLDER GROUP

ENGAGEMENT STRATEGY

IOS

We engage our IOs regularly through relationships with our Directors of Sales and Merchandising, company intranet, email communications, our annual conference, regional gatherings and other touchpoints. IOs have regular opportunities to provide feedback to Grocery Outlet, including quarterly and ad hoc surveys.

CUSTOMERS

Our IOs also engage customers and communities regularly through events, promotions, local marketing and direct contact. Grocery Outlet engages our customers on a monthly basis through feedback surveys.

EMPLOYEES

Our employees are part of the Grocery Outlet family, and their perspectives are always welcomed. We have an open-door policy to collect qualitative feedback and conduct an annual employee engagement survey to quantify sentiments. We also have regular All Hands meetings where our CEO, corporate leaders and employees provide updates and seek feedback, along with monthly CEO Roundtable meetings with smaller groups of employees.

SUPPLIERS

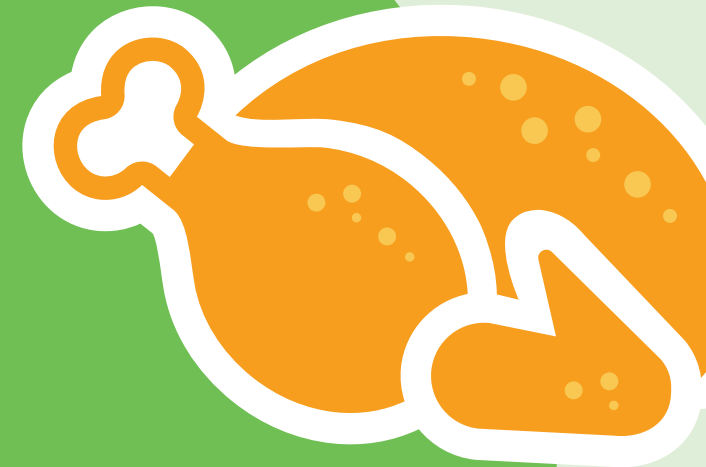
Our purchasing team maintains close relationships with suppliers and regularly seeks their feedback. In addition to ongoing one-on-one engagement, we host an annual supplier conference where we align on opportunities and needs.

INVESTORS

Throughout the year, our Investor Relations team and leaders of our business engage with our stockholders to seek their input, remain well-informed regarding their perspectives, and help increase their understanding of our business, industry and long-term strategy. In early fiscal year 2024 we reached out to our major investors and were able to engage with stockholders representing a majority of our issued and outstanding shares regarding ESG topics. We also host quarterly earnings calls to provide timely updates on the company. Since going public in 2019, Grocery Outlet has responded to investor feedback by strengthening our governance practices in a variety of ways, including the elimination of supermajority voting provisions in our charter, implementing majority voting in uncontested director elections, and agreeing to sunset our staggered Board structure in 2026. For detailed information on our corporate governance, see our [2024 Proxy Statement](#).

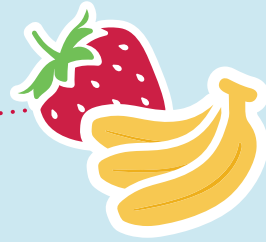


CONCLUSION



OUR JOURNEY CONTINUES

Grocery Outlet remains unwavering in our commitment to our communities, our people, and our planet. Our dedicated Board and ESG-focused management team will continue to oversee our efforts. Over the years, we have built upon the positive impacts inherent to our business model—providing access to affordable food, reducing food waste and creating entrepreneurial opportunities—and we look forward to expanding our ESG program in the years to come. In partnership with our IOs, employees, suppliers, investors and communities, we are proud to continue *“Touching Lives for the Better.”*



Yes, WE'RE LOCAL



SASB INDEX

The Sustainability Accounting Standards Board (SASB) table presented below provides an overview of our performance against key ESG metrics for the Food Retail & Distributors industry. The information shared covers our fiscal year from January 1, 2023, to December 31, 2023. While we currently do not have the capability to report on all activity metrics within the SASB framework, we recognize its significance and anticipate utilizing it as a valuable roadmap for data collection and ESG goals in the future. By aligning with the SASB framework, we aim to enhance our transparency, improve sustainability practices and effectively meet the evolving expectations of our stakeholders and investors.

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	RESPONSE
Fleet Fuel Management	Fleet fuel consumed, percentage renewable	Gigajoules (GJ), Percentage (%)	FB-FR-110a.1	Fleet Fuel Consumed: 109,692 GJ Renewable: 0%
Air Emissions from Refrigeration	Gross global Scope 1 emissions from refrigerants	Metric tons (t) CO ₂ -e	FB-FR-110b.1	690 MT CO ₂ e
	Percentage of refrigerants consumed with zero ozone-depleting potential	Percentage (%) by weight	FB-FR-110b.2	7.3%
	Average refrigerant emissions rate	Percentage (%)	FB-FR-110b.3	9.4%
Energy Management	(1) Operational energy consumed, (2) percentage grid electricity and (3) percentage renewable	Gigajoules (GJ), Percentage (%)	FB-FR-130a.1	(1) Operational Energy: 31 GJ (2) Percentage Grid: 71% (3) Percentage Renewable: 0
Food Waste Management	(1) Amount of food waste generated and (2) percentage diverted from the waste stream	Metric tons (t), Percentage (%)	FB-FR-150a.1	(1) At this time, Grocery Outlet does not collect this information. (2) See Reducing Food Waste section of this report for Grocery Outlet's estimations for food waste avoidance in 2023
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	Number, Percentage (%)	FB-FR-230a.1	If public disclosure criteria are met, required information about data breaches would be included in Grocery Outlet's filings with the U.S. Securities and Exchange Commission. No such incidents were included in any of Grocery Outlet's filings.
	Description of approach to identifying and addressing data security risks	N/A	FB-FR-230a.2	Grocery Outlet's approach to data security includes board-level oversight of cybersecurity risks and data security, third-party-audited IT systems, and regular employee training on data security. See also the Cybersecurity and Privacy section. Grocery Outlet included additional information in its most recent Annual Report on Form 10-K regarding its risk management and strategy with respect to cybersecurity threats, along with Board oversight and management's role in assessing and managing material cybersecurity threats.

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	RESPONSE
Food Safety	High-risk food safety violation rate	Rate	FB-FR-250a.1	At this time, Grocery Outlet does not collect this information.
	(1) Number of recalls, (2) number of units recalled, (3) percentage of units recalled that are private-label products	Number, Percentage (%)	FB-FR-250a.2	(1) Total Recalls: 22 (2) Number of Units: At this time, Grocery Outlet does not collect this information. (3) Private Label: 0
Product Health & Nutrition	Revenue from products labeled and/or marketed to promote health and nutrition attributes	N/A	FB-FR-260a.1	In 2023, 45.8% of our net sales was attributable to perishable items and other NOSH offerings that were not perishable. ¹
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	N/A	FB-FR-260a.2	Grocery Outlet does not publicly disclose this information at this time.
Product Labeling & Marketing	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	Number	FB-FR-270a.1	Grocery Outlet does not publicly disclose this information at this time.
	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices	Reporting currency	FB-FR-270a.2	Grocery Outlet does not publicly disclose this information at this time.
	Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	Reporting currency	FB-FR-270a.3	At this time, Grocery Outlet does not collect this information.
Labor Practices	(1) Average hourly wage and (2) percentage of in-store and distribution center employees earning minimum wage, by region	Reporting currency, Percentage (%)	FB-FR-310a.1	(1) Average Hourly Wage: \$24.66 (2) Percentage Minimum Wage: 0.4%.
	Percentage of active workforce covered under collective bargaining agreements	Percentage (%)	FB-FR-310a.2	Grocery Outlet does not publicly disclose this information at this time.
	(1) Number of work stoppages and (2) total days idle	Number of days idle	FB-FR-310a.3	Grocery Outlet does not publicly disclose this information at this time.
	Total amount of monetary losses as a result of legal proceedings associated with: (1) labor law violations and (2) employment discrimination	Reporting currency	FB-FR-310a.4	Grocery Outlet does not publicly disclose this information at this time.

¹ NOSH products are designated by Grocery Outlet's employees in the purchasing department, in their discretion. A small percentage of NOSH products in the "specialty" category may not be considered to promote health and nutrition attributes.

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	RESPONSE
Management of Environmental & Social Impacts in the Supply Chain	Revenue from products third-party certified to environmental or social sustainability sourcing standard	Reporting currency	FB-FR-430a.1	At this time, Grocery Outlet does not collect this information.
	Percentage of revenue from (1) eggs that originated from a cage-free environment and (2) pork produced without the use of gestation crates	Percentage (%) by revenue	FB-FR-430a.2	(1) Eggs: The majority of our stores sell only cage-free eggs (2) Pork: At this time, Grocery Outlet does not collect this information.
	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	N/A	FB-FR-430a.3	See the Animal Welfare section of this report
	Discussion of strategies to reduce the environmental impact of packaging	N/A	FB-FR-430a.4	See the Private Label section of this report

ACTIVITY METRIC	UNIT OF MEASURE	CODE	RESPONSE
Number of (1) retail locations and (2) distribution centers	Number	FB-FR-000.A	(1) 468 retail locations (2) 3 distribution centers/RFCs that Grocery Outlet operates
Total area of (1) retail space and (2) distribution centers	Square meters (m ²)	FB-FR-000.B	(1) Retail space from 2 stores (as of end of 2023) = 5,480 m ² (2) Operated distribution center (RFC) space = 86,205 m ² Offices = 6,039 m ² 10 stores = 906,093 m ²
Number of vehicles in commercial fleet	Number	FB-FR-000.C	59
Ton miles traveled	Ton Miles	FB-FR-000.D	19,372,844 ton-miles ²

² The ton-mile figure in last year's report was stated as 8,289,688 ton-miles. Upon review, the correct value is 14,248,000 million ton-miles. This variance is attributable to increased weights resulting from insufficient data in 2021, notably the absence of dry goods information.

2023, 2021 GREENHOUSE GAS INVENTORY^{1,2,3}

	2023 MT CO ₂ E	2021 MT CO ₂ E
Scope 1	5,257	4,599
Mobile Combustion	4,114	3,002
Stationary Combustion	454	434
Refrigerants	689	1,163
Scope 2	1,642	2,000
Electricity (Location-based)	1,642	2,000
Scope 3	251,322	215,450
Purchased Goods & Services	22,761	20,671
Capital Goods	3,713	3,305
FERA (Transmission & Distribution Loss from electricity in Scope 2)	79	97
Upstream Transportation & Distribution	76,721	64,610
Waste	514	384
Business Travel	1,625	1,418
Employee Commute (& remote work)	1,562	1,079
Downstream Leased Assets (10 Store Operations)	144,348	123,886
Total MTCO₂e	258,221	222,049

DATA

Standards of measurement and methods of calculating sustainability and other data included in this report are evolving and numbers reported (other than audited financial data) are based on our calculations and good faith estimates, which include a number of assumptions and have not been externally assured. We believe that the estimates employed are appropriate and reasonable; however, due to inherent uncertainties in making estimates and assumptions and as internal controls and processes continue to evolve, actual results could differ materially from the original estimates.

¹ Excludes emissions from product inventory, which are projected to be a substantial majority of Grocery Outlet's GHG footprint. Emissions from Purchased Goods and Services, including product inventory, were estimated for internal use.

² 2021 emissions information from our 2022 ESG Report has been updated in this 2023 Impact Report due to improved calculation methodologies, alignment with GHG protocol (which provided for recalculations based on new commercial building energy consumption surveys (industry average) data) and certain identified errors in our emissions data previously provided. We anticipate that there could be further needs to update and/or refresh previously provided emissions data in future years, due to evolving reporting requirements and or IPCC updates on official carbon conversion factors (depending on the significance of such changes). Updating data may also be needed to reflect the impact of an acquisition, due to errors in our reporting (as a result of incorrect data or calculations) or for other similar reasons.

³ Components may not sum to totals due to rounding.

TCFD INDEX

TCFD RECOMMENDED DISCLOSURE	DISCLOSURE LOCATION
Governance	
a) Describe the board's oversight of climate-related risks and opportunities	2024 Proxy Statement : Committees of the Board p. 31-34
b) Describe management's role in assessing and managing climate-related risks and opportunities	2024 Proxy Statement : Committees of the Board p. 31-34
Strategy	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	Risk Management Section
b) Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning	Risk Management Section
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2C or lower scenario	Risk Management Section
Risk Management	
a) Describe the organization's processes for identifying and assessing climate-related risks	2023 Annual Report Risk Factors p. 21-33
b) Describe the organization's processes for managing climate-related risks	2023 Annual Report Risk Factors p. 21-33
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	2023 Annual Report Risk Factors p. 21-33
Metrics and Targets	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	2023 GHG Inventory
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks	2023 GHG Inventory
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	We are currently exploring the feasibility of setting climate-related targets.

The logo is centered on a green background. It consists of a dark red circle containing the text "GROCERY OUTLET" in white, bold, uppercase letters, and "bargain market" in a yellow, lowercase, cursive font below it. A light blue wavy border is at the bottom of the image.

**GROCERY
OUTLET**
bargain market[®]