



Sustainability Update

2018

About Albertsons Companies



Jim Donald
President & Chief Executive Officer

“Our associates are at the heart of our company and I’m extremely proud of their commitment and hard work to Make Every Day A Better Day for our customers, communities and the environment.”

At Albertsons Companies, we know that there is a direct connection between food and the health of our neighborhoods and environment. That’s why I’m excited to share our Sustainability Update. Inside, you’ll find detailed information about how we foster better lives, create vibrant neighborhoods, and contribute to a healthier planet.

Reducing our carbon footprint and taking a leadership position on safe environmental practices is a top priority. The EPA has taken notice of our sustainability efforts, naming Albertsons Companies a Green Power Partner and Safer Choice Partner of the Year for multiple years. We’re committed to operating zero waste manufacturing facilities, which means that 90% of waste is diverted from landfills.

Over the last six years, our partnership with Fair Trade USA has generated more than \$1.8 million in community development funds. These funds support farming communities and fight poverty worldwide. Similarly, as leaders in seafood sustainability, we’ve implemented systems to increase product traceability to ensure that they are sourced in the most responsible way.

Thanks to generous contributions from customers and employees, we support causes such as cancer research, disaster relief, services for people with disabilities, and veterans’ programs. Our 2,300+ stores are involved in local and companywide hunger relief programs that support communities in need across the country, especially those that provide breakfasts to children.

Our employee promise is to Make Every Day a Better Day. That means being a good community partner and a committed steward of the environment. We take that obligation seriously because our company is growing and innovating at lightning speed. And when we move forward, we leave a trail behind.

Sincerely,

Jim Donald



Our mission is to be the Favorite Local Supermarket™ across thousands of neighborhoods by fostering better lives, creating vibrant neighborhoods and contributing to a healthier planet.

We are one of the largest food and drug retailers in the U.S., with both a strong local presence and national scale, operating stores in 35 states and the District of Columbia under 20 well-known banners, including Albertsons, Safeway, Vons, Jewel-Osco, Shaw's, ACME, Tom Thumb, Randalls, United Supermarkets, Amigos, Haggen and Star Market. We're committed to helping people live better lives by making a meaningful difference, one neighborhood at a time.




2,300+
retail stores




\$59.9 billion
annual sales*



34 million
customers
per week



1,775+
in-store pharmacies



Approximately
5.5 million
patients



24
distribution
centers



18
food and
beverage plants



Own Brands
Albertsons Companies

1,400
new items
launching in 2018



Four exclusive
billion-dollar
brands



— Foundation —

With our Foundation,
in 2017 we
donated nearly
\$300 million

*as of FY2017

Our Products

Carrying responsibly sourced products that are better for you and the planet



Our Own Brands

- O Organics® surpassed the milestone of \$1B+ in sales, becoming one of the nation's largest private-label USDA-certified organic brands. In 2017, we introduced nearly 200 new O Organics items to meet the growing demand for organic and responsibly sourced products.
- 100% of eggs sold under our O Organics and Open Nature™ brands are cage-free and are certified to meet humane standards for animal treatment.

Sustainability Partnerships

- Became founding members of the North American Sustainable Palm Oil Network (NASPON), part of the Roundtable on Sustainable Palm Oil (RSPO), to help increase adoption of certified sustainable palm oil throughout the supply chain. The move furthers our commitment to source 100% certified sustainable palm oil for our Own Brands products by 2021.
- Expanded our Animal Well-Being Committee and continued engagement with industry experts to further improve the meat and dairy industries' workplace standards and humane treatment of animals.
- Won the 2017 Silver Effie Award with Colgate-Palmolive and The Mars Agency for Colgate's "Turn Off the Water" campaign. The campaign was a sustainability-focused shopper marketing initiative at Safeway stores in Northern California.



Offering Safer Products

- Won the Environmental Protection Agency (EPA) Safer Choice Partner of the Year Award for two consecutive years for continuing to promote both our Open Nature household cleaning products and other national brand products that qualify for the EPA Safer Choice label.
- Furthered our commitment to transition our Own Brands products to non-BPA lined packaging. More than 300 Own Brands canned goods are now packaged and labeled in non-BPA lined cans. This represents more than 80% of our Own Brands canned offerings.
- Expanded the Open Nature line of products that are free from 110 ingredients that some consumers wish to avoid, such as antibiotics, MSG-type ingredients, nitrates, and preservatives like sulfites and benzoate.



Protecting our Oceans and Workers

We are committed to providing our customers with high-quality, sustainable, and traceable seafood from environmentally and socially responsible sources. Our Responsible Seafood Program aims to improve transparency within our seafood supply chains; to protect the oceans; and to provide fair and equitable treatment for the people who depend on them for their livelihoods. These are some of the highlights from the past year:

- 100% of our waterfront BISTRO™ farmed shrimp products meet Albertsons Companies' Responsible Seafood Policy.
- Pledged support for the United Nations' Sustainable Development Goal (SDG) 14, known as the "Oceans Goal," which sets international targets to conserve and sustainably use the oceans, seas, and marine resources for sustainable development.
- Joined the Seafood Task Force, a global effort to mitigate the potential for labor abuse in seafood supply chains.
- Partnered with Trace Register to provide end-to-end, electronic, and interoperable traceability to improve seafood traceability and make progress towards our Traceability Policy and Commitment.



Sustainable Development through Fair Trade

Over the last five years, our Fair Trade Certified™ O Organics coffee has generated over \$1.6M in premium funds for community development. We partnered with Fair Trade USA on this effort because empowering farming communities and promoting economic stability can have a positive impact for generations.

“Our biggest purpose is to improve the quality of life of our members through the implementation of productive economic projects, providing technical assistance and the decision to continue operating within the Fair Trade system.”

Mariano Susnavar, General Manager, ACODIHUE, a coffee producer in Guatemala



waterfrontBISTRO

Our Planet

Reducing the environmental impact of our operations

We are always on the lookout for opportunities to lower our energy and fuel consumption, and reduce waste across the company. The more efficient we are, the smaller our greenhouse gas footprint is. In 2017, we completed over 200 energy efficiency projects in 164 stores and will complete over 800 more energy efficiency projects in over 500 stores and warehouses by the end of 2018.



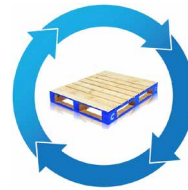
We expanded our renewable energy portfolio with four 400kW solar installations last year bringing the total to 48 sites across the country. We were also recognized as an EPA Green Power Partner for the last four years.



We actively promote the EPA SmartWay certification program for both our private and third-party carrier fleets to improve freight transportation efficiency. Currently, 100% of our private fleets are SmartWay certified and 92% of our third-party carriers are certified, up from 89% in 2016.



Our manufacturing facilities have committed to zero waste by 2022. As of 2017, 9 of our 16 manufacturing plants are zero waste, diverting over 90% of waste from the landfill. The remaining facilities are actively working to meet our goal.



More than 12 million CHEP pooled, aka shared-use, pallets flowed through our manufacturing plants and distribution centers to our retail locations, enabling over 6.7 million lbs. of solid waste reduction and preventing 5.1 million lbs. of greenhouse gases from entering the atmosphere.



Our stores, distribution centers and manufacturing facilities recycled over 545 million lbs. of cardboard, the equivalent of saving approximately 1.5 million trees.



Our IT Asset Recovery Program recovers and reuses assets through restoration and redeployment, where feasible. In 2017, the complete lifecycle service center recovered 1.8 million lbs. of e-waste.



11 stores in our NorCal division participated in a pilot and received the Grocery Stewardship Certification for commitment to adopt operational best practices.

Going Beyond to Reduce Food Waste

We recognize that food waste is a serious problem across the country and are constantly working to address the issue in our stores, distribution centers and manufacturing facilities. As founding members of Food Waste Reduction Alliance, we have an ongoing commitment to reduce food waste and are focused on source reduction and food diversion via donations and other innovations.

Our teams explore opportunities for source reduction, continuous improvement for inventory management and food diversion from all our facilities. We continue to expand Fresh Rescue, our perishable food donation program, to feed the communities we serve. We donated over 117 million lbs. of safe, nutritious food to people in need. We partner with local farmers to divert food scraps and other organic materials to animal feed. We also compost organic materials, diverting it from landfills and in some places we convert it to create energy.

“Our internal programs are not just about tackling food waste at the source; we’re building a culture of awareness. Our teams work hard on inventory management, planning, ordering and receiving practices. We’ve combined these best practices with our Fresh Rescue program to supply quality food to help those in need. It’s a win-win situation.”

Susan Morris
Executive Vice President and Chief Operations Officer



Tackling Plastic Waste

Plastic waste can come from a variety of sources, including clear film in plastic bags or product packaging. We are committed to reducing plastic waste by reducing, reusing and recycling plastic in our operations.

In 2017, we recycled nearly 24 million lbs. of plastic film from our stores and distribution centers. Our partners at Trex Company, Inc., a manufacturer of composite lumber that is commonly used for decking, railings and other commercial purposes, helped us take plastic recycling a step further. It takes approximately 1,000 lbs. of plastic film to manufacture one 500-square foot composite deck. Last year alone, the plastic we recycled helped create more than 24,000 composite decks.

The reusable shopping bags in our stores also contain postconsumer resin, reducing the amount of plastic going to the landfill. The bags are printed with water-based inks and without heavy metals, utilizing energy efficient and clean product processes.

Our Community

We support causes that impact our customers' lives

Community outreach is part of our business model. Our stores provide the opportunity to mobilize funding and create awareness in our neighborhoods through the generous contributions by our customers, our employees' passion, and partnerships with our vendors. Albertsons Companies and Albertsons Companies Foundation have invested \$1 billion in our neighborhoods since 2001.



\$44.6 Million
given

2.8 Million
individuals reached

2,000
organizations



\$17
Million

Raised to help the victims of hurricanes and wildfires



445

Families of fallen veterans helped



628
Thousand

People with disabilities gained access to specialty care



58
Thousand

Patients with cancer provided access to alternative medicine



50
Million

Breakfasts to kids in need through HUNGER IS®

“We’re proud of our longstanding partnerships with some of the most respected organizations and worthy causes in the U.S. Each day is another opportunity to make a difference — one school, organization and charity at a time.”

Christy Duncan Anderson, Executive Director, Albertsons Companies Foundation

Supporting our neighborhoods

It takes every one of us to make a difference and help our communities thrive. We build lasting relationships in the neighborhoods we serve, and support local causes that are important to our customers.

HUNGER IS[®]

Hunger Is, a recipient of the 2017 Engage for Good Halo Award for Best Social Services campaign.



Donated nearly \$250 million in food to local food banks, pantries and other programs. Recognized as a "Visionary Partner" by Feeding America™ for being a top-tier food donor.



Supported arts programs in Chicago Public Schools. Our Jewel-Osco stores donated \$1 million to Chance the Rapper's charity, New Chance: Arts & Literature Fund.



Held 3,700+ community flu clinics and donated over 6,200+ flu vaccines to communities in need.



Hunger Is - \$30K in 30 Days Project

According to Feeding America, 41 million Americans struggle with hunger and children are particularly vulnerable. 1 in 6 children live in a household without consistent access to adequate food. *Hunger Is* works to provide breakfast in communities across America to eradicate childhood hunger. During a partnership with the Entertainment Industry Foundation, Albertsons Companies Foundation's *Hunger Is* created the \$30K in 30 Days Project to award an additional \$30,000 to organizations that are working to address childhood hunger in their neighborhoods.

The goal of the \$30K in 30 Days Project was to provide a platform for organizations to promote their community work and increase local support of the *Hunger Is* campaign. Over the past four years, *Hunger Is* has raised more than \$21.3 million and awarded grants to over 270 programs addressing childhood hunger, while benefitting more than 200,000 children nationwide.

Our People

Working together to be the favorite local supermarket™



One of the largest retail employers, providing approximately 275,000 jobs in 2017



Partnered with Mission 43 and Hire Heroes to help transitioning veterans find jobs in the Greater Boise area



Trained 3,000 pharmacists to administer NARCAN and counsel patients to help tackle the opioid crisis



31 employees were recognized as Top Women in Grocery by Progressive Grocer. Eight women were inducted into Progressive Grocer's introductory Top Women in Grocery Hall of Fame.



The United Family, our stores in Texas, was honored as the Large Employer of the Year at the 17th Annual Workforce Solutions South Plains Employer Awards Luncheon. The award recognizes our stores' continued commitment to creating jobs and opportunities for area residents.

“Bringing together people with diverse perspectives and backgrounds promotes a broader range of ideas which, in turn, yields the creativity and innovations to maximize our ability to be successful.”

Jonathan Mayes, SVP of External Affairs and Chief Diversity Officer

Truckers Against Trafficking



As a community partner, we work to protect our neighbors and neighborhoods. After realizing the scope of the crime of human trafficking throughout our communities and learning about an organization working to mobilize the trucking industry to combat it, we decided to join the anti-human trafficking forces.

We became a shipping partner of Truckers Against Trafficking (TAT), and took immediate action to train our teams. As a shipping partner, we began by training our private fleet drivers with TAT materials, so they could recognize the signs of human trafficking, and if they saw it, follow through with the appropriate actions.

To date, 1,510 drivers have been trained. We also work with 150 carrier partners and have strongly recommended that their drivers become TAT trained.

Employees with Disabilities



We have thousands of exceptional employees who have physical or developmental disabilities. Port Angeles, Washington Safeway Store #1492 was honored to be recognized as one of Washington State's leaders in hiring people with disabilities.

Store Director Mike LaGrange accepted the 2017 Governor's Employer Award at a ceremony in Redmond. Mike's store was honored for going above and beyond to recruit, hire, promote and retain employees with disabilities.

"We do it because we want to reflect our community and want our employees to reflect the people around us," he said. "We want to provide people the chance to excel, grow and enjoy their employment." In 2017, the store employed 13 people with developmental disabilities which was nearly 10% of its employees.

Volunteerism



A community is only as strong as its people. Our employees volunteer to make the neighborhoods and communities in which we operate better places to live and work. It's the right thing to do, and we live there, too.

On any given day, you'll find our volunteer teams sorting food at a food bank in Los Angeles, celebrating Special Olympic victories in Seattle and stuffing backpacks for school kids in Chicago. Our teams act to improve lives and offer assistance where it is needed the most.

For example, our teams in the Portland area not only participate in fundraising and food drives for their local foodbank, Sunshine Division, but they also donate their time for this important cause. During the holiday season, they help pack over 3,500 holiday food boxes at the Sunshine Division. These boxes are delivered across Portland in a single day by volunteers and police officers.

