



# Sustainability Update



2016

# About Albertsons Companies



Bob Miller  
Chairman & Chief Executive Officer

*“We will continue to expand on our progress and commitments to make a positive difference in the lives of the people we serve, neighborhoods we support and the planet we share.”*

Part of our mission to be the Favorite Local Supermarket™ across thousands of neighborhoods includes making smart, sustainable decisions that foster better lives, create vibrant neighborhoods, and contribute to a healthier planet. At Albertsons Companies, we've integrated sustainability into our everyday business decisions, and made community giving one of our priorities. I'm proud to share the results of our 2016 Corporate Social Responsibility efforts.

Our teams actively strive to provide quality service and products at a fair price while also working to reduce our environmental impact – from buying more local products to support local growers and suppliers to ensuring that wholesome food is distributed to organizations, helping those who need it most. Over the years, we have helped feed millions of families through our robust food donation program and giving platforms. Thanks to the generous contributions from our customers and employees, we also supported important causes such as hunger relief, cancer research, disaster relief, services for people with disabilities, and veterans' programs.

As we work to make our operations more efficient, we'll continue to focus our efforts on reducing our overall environmental footprint; a successful business and a sustainable business aren't mutually exclusive. We will continue to expand on our progress and commitments to make a positive difference in the lives of the people we serve, neighborhoods we support and the planet we share.

Sincerely,

*Bob Miller*

Bob Miller



# Albertsons Companies is committed to helping people across the country live better lives by making a meaningful difference, neighborhood by neighborhood.

When Joe Albertson opened his first store in 1939, he knew the key to running a really great store is all about working hard for the customers: give them the products they want, at a fair price, with lots of tender love and care. A customer first philosophy was shared by all of the retail pioneers who founded the businesses that make up Albertsons Companies today. We are one of the largest food and drug retailers in the United States, with both a strong local presence and national scale. We focus on running great stores across each of our 13 divisions.

We operate stores across 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, Pavilions, Star Market, Haggen and Carrs. Albertsons Companies is committed to helping people across the country live better lives by making a meaningful difference, neighborhood by neighborhood.



**2,300+**  
retail stores



**\$59.7**  
billion  
annual sales\*



**28**  
distribution  
centers\*



**18**  
food and  
beverage plants\*



Nation's largest  
brand of  
**USDA-certified**  
organic products

\*FY2016 ended February 25, 2017

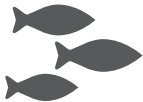
# Our Products

## We offer organic, earth friendlier, and sustainably-sourced products



### Sustainable Products

- O Organics is the nation's largest brand of USDA-certified organic products
- Over 2,000 OWN Brands product SKU's that are organic, sustainable and healthy



### Responsible Seafood

- Committed to responsibly sourcing 100% of our top 20 fresh and private-label frozen seafood products by 2022
- 56% of our fresh and frozen products (by volume) included in our Top 20 by 2022 Commitment met our Responsible Sourcing Policy last year



### Certified Palm Oil

- Exceeded our 2016 goal of sourcing 4.8M lbs. of Certified Sustainable Palm Oil (CSPO) by 15%
- Set a new goal to source 100% CSPO for OWN Brands products by 2021 or sooner



### Animal Welfare

- One of the first retailers to commit to exclusively sourcing cage-free shell and liquid eggs by 2025
- Our dairy suppliers are certified in the National Dairy Farmers Assuring Responsible Management (FARM) program, which means they are committed to the highest standard of animal care to create quality dairy products



### Dairy Innovation

- Joined the Innovation Center for U.S. Dairy to advance the efforts of the dairy community by sharing best practices and improving accountability within the industry

## Responsible sourcing through lasting partnerships

### Ocean Conservation

We set out to expand our sustainable seafood initiatives into a comprehensive program with credible policies and public-facing goals. To do so, we partnered with FishWise, a nonprofit marine conservation organization and other stakeholders to generate collaborative solutions to the most pressing issues in seafood and promote socially and environmentally responsible sourced seafood.



*Albertsons Companies has charted an ambitious course with their Responsible Seafood Program by taking on some of the biggest challenges in seafood, from supply chain traceability to responsible sourcing of shelf-stable tuna. As a company, they are serious about seafood sustainability.*

– Tobias Aguirre, Executive Director, FishWise

### Community Empowerment

Since 2013, our partnership with Fair Trade USA has generated over \$1.2M in community development funds from the sale of Fair Trade Certified™ products at our stores. Producers choose how to best utilize the premium funds to support sustainable development and community empowerment projects in their region.



*From launching the world's first Fair Trade Certified seafood in 2015 to offering a variety of Fair Trade produce, coffee and packaged foods, Albertsons Companies continues to be a leader in responsible sourcing. Their commitment to Fair Trade across store banners and categories means that more shoppers than ever have access to great products that align with their values.*

– Paul Rice, President & CEO, Fair Trade USA

### Award-Winning Choices

We continue to promote safer chemicals in our products that are healthier for our communities and planet. We were recognized by the Environmental Protection Agency (EPA) Safer Choice program for offering our OWN Brands household cleaning products that qualify for the EPA Safer Choice label, in addition to other Safer Choice-certified national brands products.

*Congratulations to Albertsons Companies for being a 2016 EPA Safer Choice Partner of the Year Award winner. Winners were recognized for outstanding achievement in the design, manufacture, and promotion of cleaning and other products that carry the Safer Choice label for use in households and facilities nationwide. EPA appreciates Albertsons Companies partnering with Safer Choice and making it easy for consumers to find Safer Choice-certified products, with ingredients that are safer for all of us.*

– Wendy Cleland-Hamnett, Acting Assistant Administrator, U.S. Environmental Protection Agency's Office of Chemical Safety & Pollution Prevention



# Our Community

We support causes that impact our customers' lives



Over **\$25 million**  
helped **2,000 organizations** across the U.S.



**250,000 children** participated in programs, showed increased test scores, classroom attendance, and performance



**HUNGER IS**

provided more than

**5 million**

breakfast meals to kids in need



Nearly **3,000 veterans** participated in training programs and gained employment in the civilian workforce



**35,000+ people** received access to preventative tests like mammograms

**10,000+ people** enrolled in potentially life-saving medical trials



Almost **2,000 kids** with disabilities went to camp for their "best week of the year"



**3,500 people** with disabilities gained skills and training, ultimately gaining employment

Thanks to generous contributions to our Foundation, we support causes that impact our customers' lives and create brighter futures for our neighborhoods.

## Creating healthy communities

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.



\$271 million in food donations to local food banks; the equivalent of serving > 118 million meals to communities in need



expanded to assist customers in making informed eating choices in over 400+ locations



free hearing tests in 24 stores to promote hearing wellness



Recognized as a "Visionary Partner" by Feeding America™ for being a top-tier food donor



5,000 flu vaccines donated through 21 non-profit partners

## Flood Relief in Louisiana

The Louisiana flood in 2016 was said to be one of the worst natural disasters to hit the U.S. since Superstorm Sandy. Within two days of the first rains, Albertsons stores in Louisiana launched an in-store fundraising campaign benefiting the American Red Cross Louisiana Flood Relief, with Randalls banner stores in Houston and Austin joining shortly thereafter. The Albertsons Companies Foundation matched donations up to \$300,000; resulting in a \$600,000 donation. Albertsons also arranged donations of food to the Baton Rouge Food Bank and our Denham Springs store, in the hardest-hit area, served as an emergency shelter and command station for city officials, and the Fire and Police departments.

Over 100 Albertsons employees lost everything in the flood, and more than 200 suffered major damage to their homes. The Albertsons Care Team (ACT) raised funds to help these fellow employees. Employees from all over the country donated more than \$200,000 of their own money to help in their recovery and sent an 18-wheeler packed with more than 5,000 donated items.



# Our Planet

## We minimize our impact on the planet

### Energy Efficiency

We continue to reduce our carbon footprint by investing in energy efficiency across our service territories. In 2016, we partnered with Ecology Action and Avail Services to identify incentive-based energy efficiency projects to upgrade existing mechanical equipment across our Northern California facilities saving enough energy to power nearly 390 homes for one year.



### Solar Arrays

45 of our stores in six states are powered by solar energy and produce more than 16 million kilowatt hours per year; the equivalent to removing CO2 emissions from nearly 2,400 cars for one year.



### Fuel Cells and Batteries

One of our Safeway stores in Santa Cruz, CA receives power from two clean-burning 100 kilowatt fuel cells which helps reduce greenhouse gas emissions. Over 10 stores have on-site battery storage units to help reduce dependency on the electrical grid.



### Wind Turbines

Two 1 megawatt wind turbines at our Tracy, CA distribution center produce roughly 2.7 million kilowatt-hours a year; the equivalent to removing CO2 emissions from nearly 400 cars for one year.

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***“Our corporate commitment to environmental stewardship helps guide improvements in our business operations that reflect the values and concerns of our customers and the communities we serve.”***

George Waidelich, Vice President, Energy Operations



## Moving in the right direction

Continued innovation and thoughtful consideration guide our goal of balancing our customer's needs with long-term sustainable business practices.



### Transportation

- 89% of our truck fleet are EPA SmartWay certified carriers to advance supply chain sustainability and freight transportation efficiency
- Over the past five years, our biodiesel program has converted over 13 million lbs. of used cooking oil from our California stores. This not only reduces waste, but also powers a portion of our truck fleets; reducing the equivalent amount of emissions from driving a car across the U.S. more than 2,700 times.



### Waste Reduction

- Committed to zero waste at our manufacturing facilities by 2022. In 2016, 11 of our 18 manufacturing facilities were zero waste having achieved over 90% diversion from landfill.
- Recycled more than 24 million lbs. of plastic film from our stores and distribution centers

## Journey to Zero Waste

Curt Smith is more than a Manager of Refuse and Recycling in our Southern California Division. He has changed the way we look at waste since he first started working with us in 1976. He's proof that movements can start with one person.

Curt has been pioneering innovative zero-waste efforts at our facilities and distribution centers for decades by finding viable recycling, reuse, and composting solutions that divert waste from landfills. He has also successfully implemented best practices from both the legacy Albertsons and Safeway sides of the business. "We are a leader, and I want to continue to ensure we are leaders going forward." Curt says, "It's about continuous improvement."

Curt also expanded **Fresh Rescue**, our fresh food donation program to reduce food waste in our stores and make sure it reaches people in need. Through the program, we partner with Feeding America to donate food to local food banks and food pantries to support the communities we serve.



# Our People

## We believe in celebrating our employees

Our company is built on two small words: people first. Our employees are essential to who we are today and who we will be tomorrow. We believe in hiring the best talent, developing leaders from within and giving them the tools to succeed. We're proud to have a talented, diverse workforce that helps drive our business forward every day. They help make us the favorite local supermarket™.



**47,000**  
**team members**

celebrated 20+ years of service



One of the largest  
retail employers,  
providing approximately  
**276,000 jobs**  
in 2016

**48 employees**

recognized by Progressive Grocer  
as "Top Women in Grocery"



Launched Albertsons University  
to help employees develop key  
skills to reach their leadership  
potential

**26,000 jobs**  
created since 2015



*"The tremendous progress we've made is unbelievable – I attribute it all to the people in our company and how hard they work."*

Bob Miller, CEO of Albertsons Companies

## The differences that unite us

Employee Resource Groups recognize, celebrate, and benefit from the uniqueness of each employee and provide professional and personal growth opportunities in the workplace and the community.



Cultivating a work environment that promotes business opportunities and builds educational awareness of Asian Cultures



Promoting awareness, recognition, and celebrating our rich and diverse Hispanic cultural heritage within our company and the community we serve



Facilitating the growth of a healthy and supportive work environment for gay, lesbian, bisexual, and transgender employees



Providing a forum to explore issues facing African American employees, while promoting their personal and professional development



Making a difference throughout our organization, our communities, and the lives of others by increasing our collective knowledge of resource conservation



Creating an environment for women to develop professional relationships, and to enhance professional and personal growth

## Celebrating Service

When Donna Adams landed her job at a Jewel-Osco store back in 1967, she was told about the great benefits, including the profit-sharing program for employees with five or more years of service. "I said 'Oh no. I won't be here for five years.'"

She laughs when telling that story. Donna, a cashier at Store 3063 in South Holland, Illinois, was one of 11 Jewel-Osco employees who were recognized in May 2017 for 50 years of service. She could have retired long ago, but enjoys the camaraderie of her coworkers and the interaction with customers. "It's like a second family here. That's why I stay," she said.

As a company, our real strength lies with our people and our culture. We give our employees trust, respect and responsibility. When we empower employees like Donna, they will exceed their own expectations, and we'll continue to thrive as a company.





Working together to be the *favorite local supermarket*™

