



CORPORATE SOCIAL RESPONSIBILITY REPORT

2016

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A LETTER FROM STEVE



Steve Spinner

This year we're celebrating 40 years of Moving Food Forward. Looking back on our journey of delivering healthier foods to more people, we are extraordinarily proud of the contributions we have made and of the many associates that have made them possible.

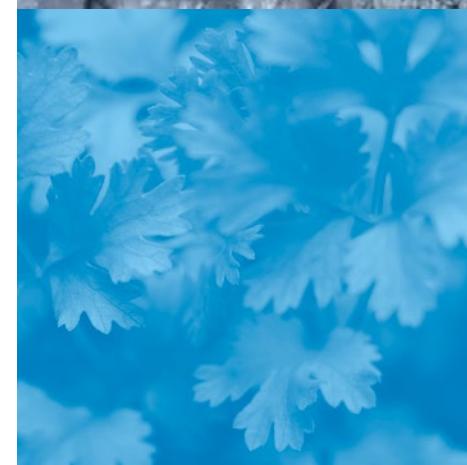
At our core, we are pioneers, and we will continue to be courageous and future-focused for the next 40 years, energizing tomorrow and guiding a healthier road ahead.

Our focus on fresh foods is not only evident in the products we carry, we're also growing it in our backyard. This year we began preparing soil near our Racine, Wisconsin distribution center. An organic farmer will nurture a Community-Supported Agriculture (CSA) program that will soon provide our associates and neighbors with locally grown organic food. You can read more about this on Melody Meyer's [Organic Matters blog](#).

This initiative is just one way we Discover What's Next. We do what's right for the environment, our communities and our people. I'm excited and inspired for what's ahead.

Sincerely,

Steven L. Spinner
President, Chief Executive Officer
& Chairman of the Board



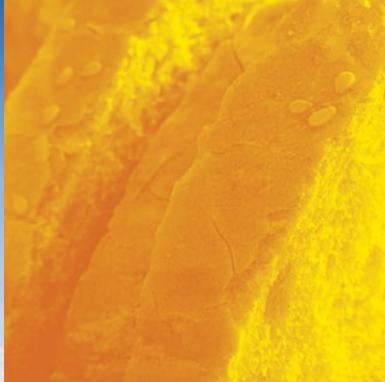
ABOUT US

who we are

Since 1976, when our founder, Michael Funk, started selling organic produce out of the back of his Volkswagen van, to 2016 when we welcomed Haddon House, Global Organic, Nor-Cal Produce and Gourmet Guru to our family, we've always done the right thing for our people and the planet. Every day, we're Moving Food Forward and doing it with integrity.

	9,528 associates		100,000+ products
	\$8.47 billion in revenue		10,000+ suppliers
	33 locations		43,000+ customer locations
	1,179 trucks		40 years





our mission: connecting farms to families

what we do

We deliver more organic and natural food to more plates across North America. We connect food, people and the planet.

why we do it

Because everyone deserves to have healthier food options.

our values

passion for the planet

Seeing the big picture – doing what's right for people and the earth.

adapt to serve

We embrace change to Discover What's Next.

integrity comes naturally

Every day, we do the right thing.

many routes – one direction

We live our mission – bringing healthier food options to people every day.

together we're better

Collaboration is our inspiration and delivers success for us all.

our journey

2007

1st solar arrays installed in Rocklin and Dayville. Ridgefield achieves 1st LEED® certification.

2008

York achieves LEED® certification.

2009

Helping Hands Committees formed. Providence achieves LEED® certification. Hybrid Incentive program established. Providence solar array installed.

2010

1st CSR report. Payroll Giving Program launched. Hydrogen fuel cell project in Sarasota. Lancaster achieves LEED® certification.

2011

Partnership formed with Feeding America®. Associate Relief Fund established.

2012

UNFI Foundation established. Water risk assessment conducted.

2013

Increased use of rail for inbound loads. Aurora achieves LEED® certification. Moreno Valley solar array installed. Eco-flaps installed on fleet.

2014

Air tab pilot for fleet efficiency. Hudson Valley achieves LEED® certification. Operational recycling program initiated. Lancaster solar array installed. Racine achieves LEED® certification.

2015

25% improvement in diversion from landfill. Twin Cities achieves LEED® certification. Gilroy achieves LEED® certification.

2016

Sustainability software launched. Entered national waste agreement. Gilroy solar array installed.



PHILANTHROPY



At UNFI, we're tremendously engaged in our communities. Our size gives us the ability to have a big impact and our associates are more dedicated than ever to making a difference. We're a driven organization and in 2016, we plugged into our competitive spirit to make an even greater impact. Each UNFI facility has goals around volunteer hours, engagement, and fundraising. At the end of the year, we recognize the leader of the team with the biggest contribution to their community.



spotlight on service

This year, **Ryan Hull, Warehouse Manager** at our Ridgefield distribution center was recognized for his leadership of their Helping Hands Committee. His General Manager, Sam Braden, describes him as a "charismatic leader that uses humor and creative innovation to connect with people and organizations." In 2016, Ryan's team volunteered nearly 400 hours and fundraised over \$10,000 for the UNFI Associate Relief Fund.



associate relief fund

Our Associate Relief Fund is there when members of the UNFI team need it most. It's an internal program that provides grants of up to \$1,000 when associates are facing a hardship from a medical situation, natural disaster, death in the family or other personal situations. This safety net allowed us to grant over \$85,000 this year. We're really proud of the contribution our associates made to the Fund this year – raising over \$140,000 for their fellow UNFIers.

helping hands

Our Helping Hands Committees coordinate local volunteer projects and donations to support healthy, vibrant and sustainable communities. Their efforts focus on:



environment

Protecting the planet for future generations.

project highlight:

Volunteers at our Providence headquarters worked with Save the Bay®, a local environmental education and advocacy group, to build up a tidal marsh habitat by planting grasses.



hunger relief

Providing nutritious food for at-risk community members.

project highlight:

UNFI Auburn was honored with the Silver Spoon Award from the Emergency Food Network in Lakewood, WA for their volunteerism and contributions at the Mother Earth Farm.



nutrition education

Educating community members about the importance of healthy eating.

project highlight:

Each year, many of our sites host Food Day activities in October to celebrate local farmers and food businesses and to encourage healthy eating habits. Healthy recipe competitions, farmers markets and vendor demonstrations are just a few of the ways we mark the occasion.



helping hands (continued)



Photo Credit: © Clif Bar & Company

sustainable agriculture

Supporting organic and sustainable farming practices.

project highlight:

Lori Murphy, Inside Sales for Albert's Organics, spent a week volunteering with Clif Bar's In Good Company program in the South Bronx, NY. The group built organic raised bed gardens in a community with little access to nutritious food.

pro bono volunteerism

Our associates have a lot of talent to offer. Through UNFI's pro bono volunteer program, we help our nonprofit partners with things like marketing, communications, brand development, strategic planning and web design.

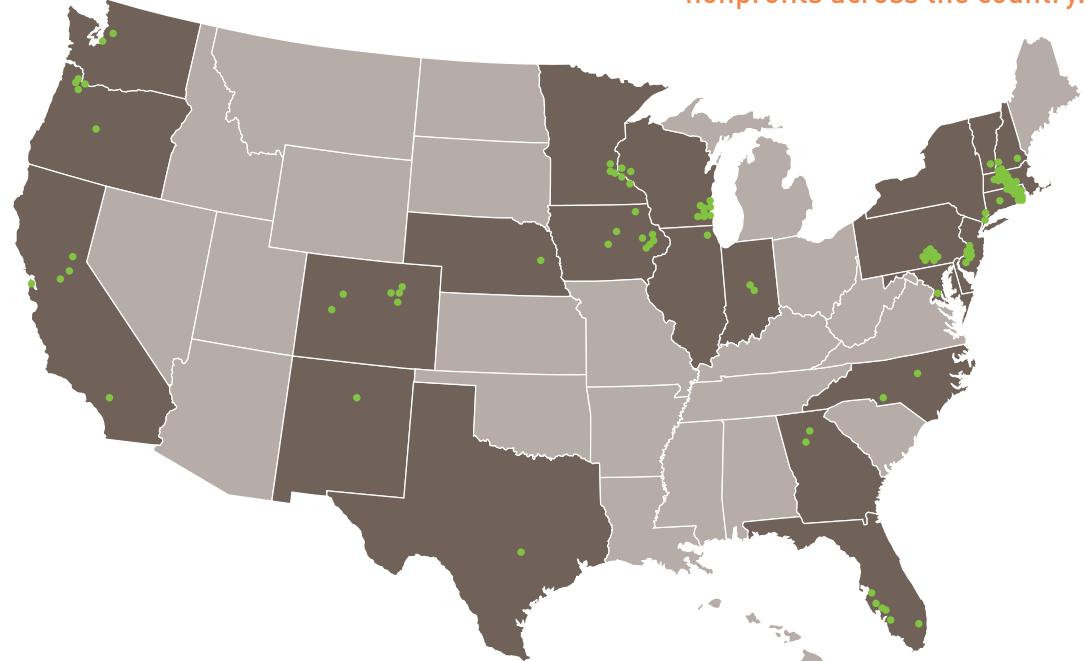


Josephine Eke, Vice President of Branding & Communications

Served as a coach to Fox Point Pickling Company, an emerging food business through an accelerator program run by Social Enterprise Greenhouse, a Rhode Island-based nonprofit.

map of our partners

Over \$340K donated to 133 nonprofits across the country.



Alissa Silver, Operations Project Manager

Worked with the Washington State University Bread Lab to expand awareness of the Skagit Valley's rich agricultural resources through the Skagit Valley Innovation Partnership Zone. The partnership aims to enhance the local agricultural industry. Alissa helped to frame the communication for this project.

“ Supporting the partnerships these organizations have built to enhance the local agricultural industry gave me a renewed belief in positive impacts being made for future generations. Seeing the engagement of their community to promote innovative approaches to farming and research made me proud to play a role in the difference they are making for the planet.

- Alissa Silver



SUSTAINABILITY

overview

We believe sustainability is our responsibility. We're always looking ahead – seeking new technologies and leveraging our size for greater efficiency and less impact on the earth. It's an evolution and there's always room for improvement. In 2016, we:

- Entered a national waste partnership to improve our recycling program.
- Solidified our commitment to sourcing green power.
- Launched a sustainability software system to tie it all together and better engage our associates.

New routes can take us anywhere. Sometimes the road is bumpy, but we keep moving forward and trying new things.

green building

We are laser-focused on our strategy of building out the store. This means expanding our offering of fresh and specialty products. To accommodate this growth, we needed more space. In the last five years, we built five new distribution centers – over 2 million square feet of warehouse.

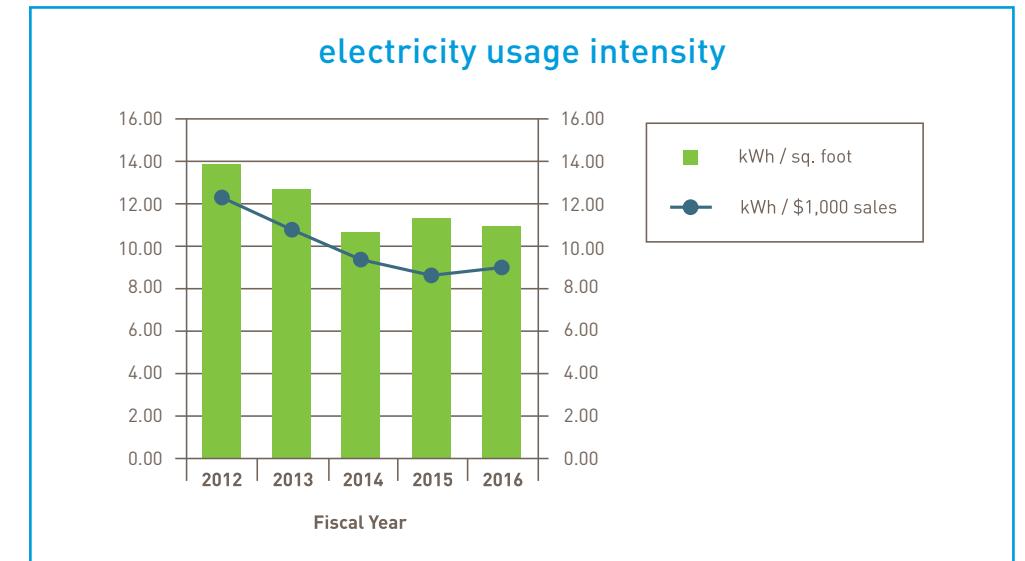
We also made several important acquisitions to support our strategy. The newest members of the UNFI Family share our dedication to green building practices. Tony's Fine Foods, in West Sacramento, has a 1MW solar array and Gourmet Guru, the newest addition to our team, has a LEED® Silver certified facility in the Bronx, NY.

LEED® certification			
Location	Completed	Certification	Sq. Footage
Ridgefield	2007	Gold	262,791
York	2008	Gold	619,900
Providence	2009	Silver	69,000
Lancaster	2010	Gold	537,000
Aurora	2013	Gold	535,069
Racine	2014	Gold	425,000
Hudson Valley	2014	Gold	500,000
Twin Cities	2015	Gold	300,000
Gilroy	2015	Gold	452,601

energy

Reducing our reliance on fossil fuels makes sense for the environment and the bottom line. Our distribution centers are energy efficient – making use of LED lighting in freezers, motion sensors and Energy Star® equipment, and participating in demand response programs. We're also committed to sourcing 25% green power for new electricity supply agreements.

In our UNFI distribution centers, electricity usage intensity continues to decrease, showing that as we grow, we become more and more energy efficient.



renewable energy

Renewable energy is the future – that's why we invest in solar. Our newest solar array in Gilroy went live in August and will generate around 1.6M kWh of clean energy each year. In locations with on-site solar, renewable energy represented 14% of our total electricity usage.

our solar arrays		
Location	Online Date	System Size (kW)
West Sacramento	2006	1,000
Rocklin	2007	1,193
Dayville	2007	551
Providence	2009	143
Moreno Valley	2013	1,122
Lancaster	2014	665
Gilroy	2016	792



4.3M kWh
solar energy
generated
on site

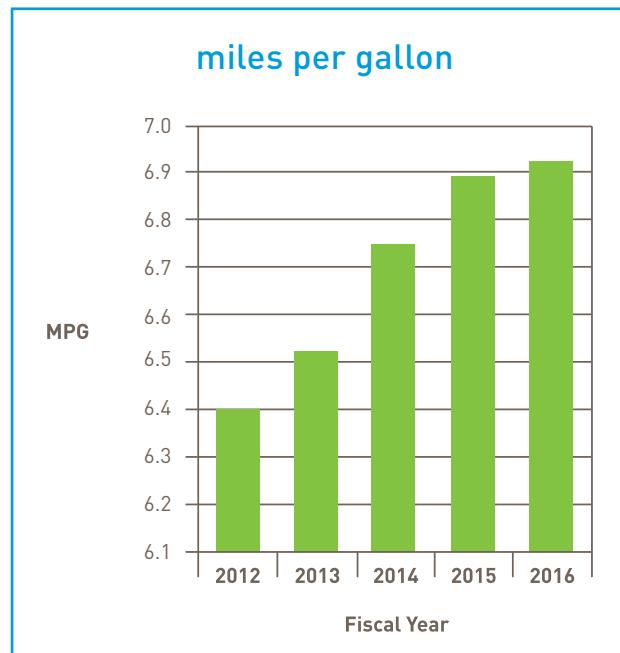


fleet efficiency

With more than 1,000 trucks on the road, fleet efficiency is key to our success. We closely monitor fuel consumption, driver habits and routes. Over the years, our commitment to these practices has resulted in a steady increase of our fuel economy.



0.43% YOY improvement in fleet fuel efficiency



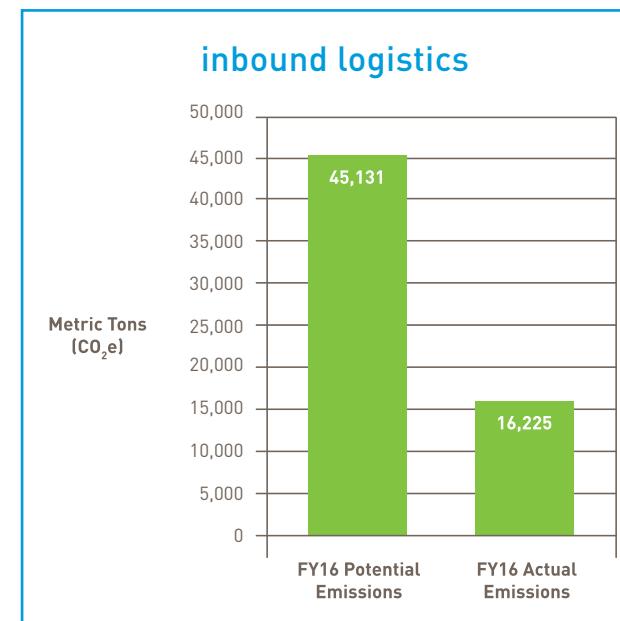
MPG calculations do not include trailer fuel consumption.



UNFI named to *Food Logistics' Top Green Provider List for 2016*



inbound logistics
28,906 metric tons CO₂e avoided by using rail in place of over-the-road trucks

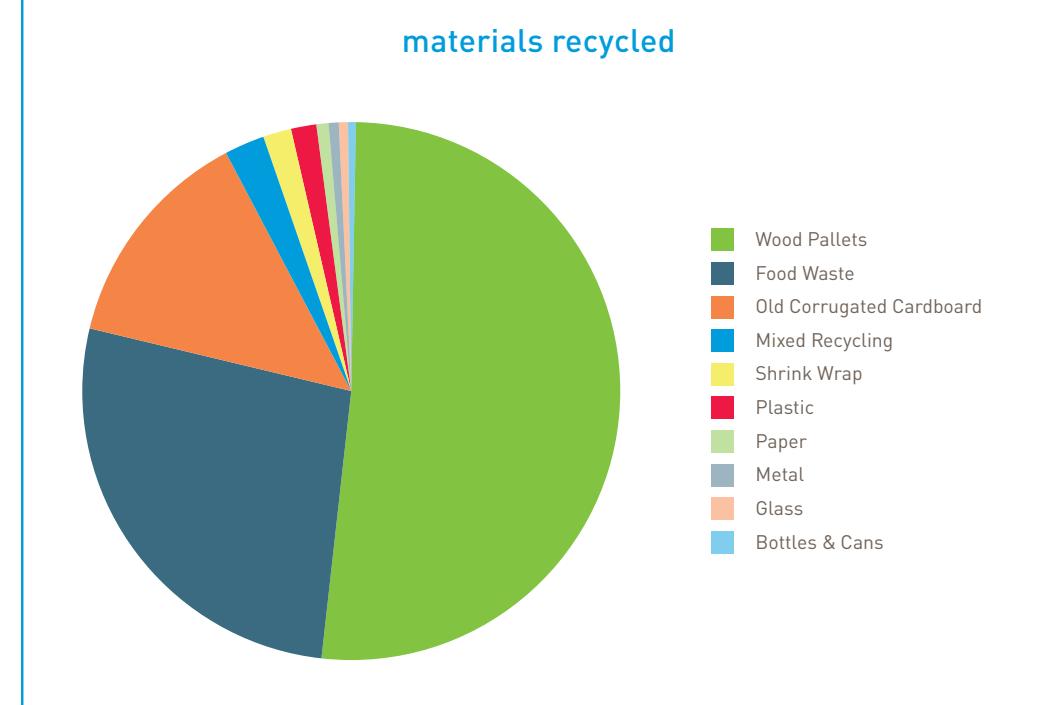


waste management

We're worried about the environmental impact of landfills, so waste is a big focus. A few years ago, we began tracking our waste streams and the recycling program has taken off. We see the status quo as a barrier, meant to be broken. In 2016, our associates got creative:

Travis Lighty, Maintenance Manager, is pushing boundaries to limit operational waste in our York, distribution center. His system works, but he's always finding creative ways to increase their diversion rate.

Rosa Ovadia, Business Analyst, found an innovative solution to organic waste at our Albert's Organics facility in Logan Township. The new aerobic digester, a product of BioHiTech, converts food waste into nutrient-neutral water. If the pilot is successful, we'll install digesters at other facilities.



24,700 tons of waste diverted from landfills



76% recycled, 9% improvement over FY15

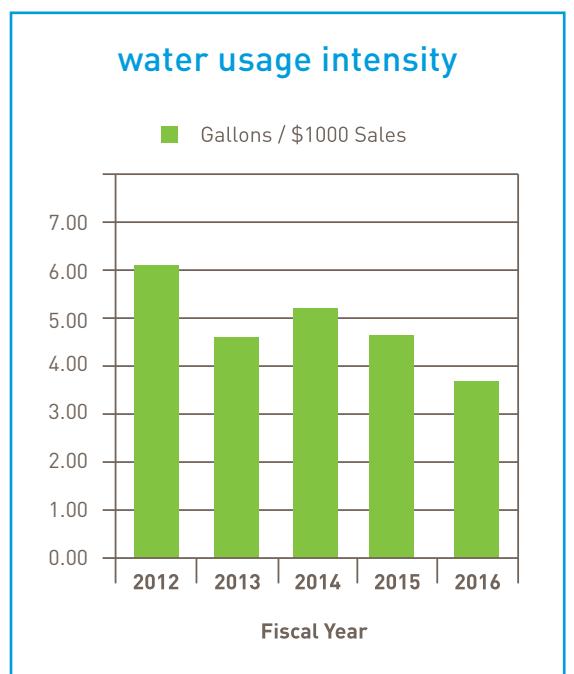


water use & quality

Our buildings are designed to conserve water with low-flow, motion-activated fixtures, rainwater recovery systems and native landscaping. Agriculture is the single largest user of water. We support organic farming practices as a way to reduce pollution and improve water quality.

In an area of particular risk, our new Gilroy distribution center uses native, drought-tolerant plants for landscaping. Irrigation is done with recycled water – limiting water use and costs while making it a beautiful place to work. Western Redbud, Anchors Bay, Storm Cloud, Sentinel Manzanita and California Native Grape are a few of the species used.

At our UNFI distribution centers, we've seen a year-over-year improvement in our water efficiency. As sales continue to grow, our water usage intensity has decreased.



packaging & marketing materials

Packaging is one of the biggest sustainability challenges. Our suppliers are innovators in this area – many use compostable, biodegradable, recyclable or reusable packaging. With over 100,000 consumer products, in-depth tracking and engagement with our suppliers on packaging isn't realistic.

Our publications and marketing materials are printed on either recycled or Forest Stewardship Council (FSC) certified paper. In 2017, our Biannual Catalog is going digital. Customers will have the option to print "on-demand" if they'd still like a hard copy, but we will no longer print this publication. We expect this change will save 30,000 sheets of paper each year.



what's next?

We're keeping focused on the future. In the next year, we'll:



- Take another look at our fleet – our biggest source of emissions. Fleet technologies have made great strides since our last attempt at alternative fuels.



- Roll out a consolidated waste management program. Tackle food waste and add recycling streams.



- Get the most out of our new sustainability software. We'll get back on track with GHG accounting and start by establishing a baseline; then set some goals.





UNFI FOUNDATION



Melody Meyer
Executive Director
UNFI Foundation

overview

We believe organic is the best path forward for a healthy planet and healthy people. Organic farmers have a tough job and we want to make it as easy as possible for new and transitioning farmers to adopt organic practices. Consumers want organic foods and today there's a gap between supply and demand. Through the UNFI Foundation, we're doing our small part to close the gap – it's a win, win.

evolution

In 2012, when we founded the UNFI Foundation, we had lofty goals with many priority areas that included labeling and nutrition education. To deepen our impact, in 2014 we focused on programs to support the development of healthy, organic foods and food practices, and the health of our planet.

Our review process is thorough and engages associates from all areas of our business. Associates are leading the charge on reviewing grant applications and making recommendations to our Board of Directors. This includes members of IT, sales, operations and finance from our Atlantic, Central and Pacific regions. The final review is done by our Board of Directors, which is made up of UNFI leadership team members who are committed to increasing organic agriculture with their unique skillsets.

“
In this time of climate change it is critical that we embrace organic agriculture as a path forward to reduce our carbon impact, cleanse our waterways, and rid our food supply of toxic chemicals. The UNFI Foundation seeks to increase organic agriculture to benefit our planet and future generations.
”

– Melody Meyer

\$
Over \$2M
donated
since 2011



\$
Over \$590K
donated
in 2016

unfi foundation's 5 priorities

1

increase organic agriculture

Oregon Tilth is working to remove barriers for new organic farmers. With our grant, they held outreach and training events to teach farmers about opportunities, strategies, and tools available to help them transition from conventional to organic.

2

provide research and science to develop organic farming practices

A healthy farm is one with abundant wildlife, pollinators and fertile soils. **The Organic Center** is creating a web tool to help farmers increase biodiversity on their farms. The tool will use the Healthy Farm Index – an assessment that considers on-farm species diversity and ecosystem services. With this calculator, farmers can see the financial benefits of on-farm biodiversity.

3

protect the biodiversity of our seed supply and the stewardship of genetic resources of organic seed

Organic food should begin with organic seed, but that isn't always the case. This year, **The Organic Seed Alliance** released their [State of the Organic Seed Report](#) highlighting key challenges facing organic seed systems. In the next year, they'll be working on a Roadmap to address challenges like increasing investments in organic plant breeding.

4

teach organic farming practices that promote conservation of resources

The Ceres Community Project supports low-income families struggling with serious health challenges by providing free, home-delivered, nourishing organic meals, and nutrition education. We're proud to support their organic garden, where they grow many of their ingredients. Their founder, Cathryn Couch, was recently recognized as one of [CNN's Heroes for 2016](#).

5

foster the next generation of organic farmers

The Center for Agroecology & Sustainable Food Systems is a research, education, and public service program at the University of California, Santa Cruz, dedicated to increasing ecological sustainability and social justice in the food and agriculture system. The Center operates the 3-acre Alan Chadwick Garden and the 33-acre UCSC Farm, which serve as research, teaching, and training facilities. Watch [this video](#) of an undergraduate on getting a real education at the CASFS Farm & Garden.





2016 grant recipients



Wild Farm Alliance

Turning Green • The Seed Farm

Agriculture and Land-Based Training Assoc.

The Center for Transformation, Inc. • Pie Ranch

Angelic Organics Learning Center • The Organic Center

Washington State University Bread Lab • Eco-Justice Center

California Certified Organic Farmers (CCOF) • FamilyFarmed.org

California Climate and Agriculture Network • PCC Farmland Trust

Leg Up Farm • Midwest Organic and Sustainable Education Service

University of Vermont and State Agricultural College • FoodCorps, Inc.

Farmworker Association of Florida • National Young Farmers Coalition

University of Massachusetts • Oregon Tilth • Florida Organic Growers

National Sustainable Agriculture Coalition • Homeless Garden Project

Food Tank: The Food Think Tank • Organic Farming Research Foundation

Food, What?! • Friends of Zenger Farm • University of Georgia Foundation

Life Lab Science Program • Minnesota Food Association • Soil Born Farms

Georgia Organics • Kitchen Table Advisors • Organic Seed Alliance

The Hummingbird Project • The Ceres Community Project

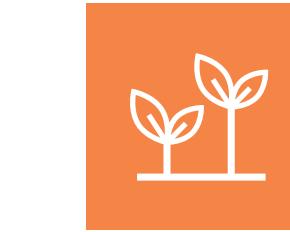
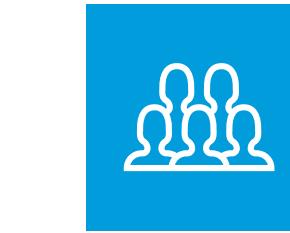
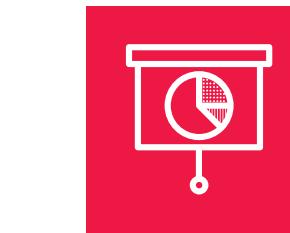
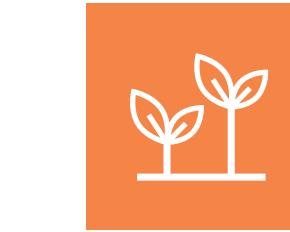
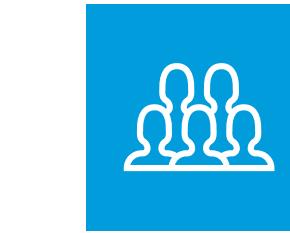
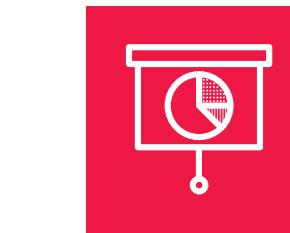
The Regents of the University of California – Berkley Food Institute

Regents of the University of California at Santa Cruz (CASFS)

Northwest Center for Alternatives to Pesticides

Pesticide Action Network North America

Rocky Mountain Seed Alliance



2016 impact

34,997

farmers impacted by programming.

329,336

pounds of organic food served or distributed.

710

new organic farmers created.

101

varieties of seed protected.

1,047,520

organic acres impacted.

14,452

acres protected from development.



INDUSTRY

overview

Consumers are demanding greater transparency and integrity in their food choices. We work closely with the USDA, as well as Congressional and local representatives to support a positive change in our food and agricultural policies.

Our sales are driven by consumer trends and the growing demand for foods that are “better for you” and for the environment. The heart of our business is driven with the intention of building and delivering a food system that is healthy and sustainable for generations to come.



62,000 views by
35,000 visitors on
organic matters blog



stakeholder engagement

Understanding the fundamentals of our industry is the first step to being an active member and a thoughtful leader in our community. We want all of our stakeholders to understand the essentials of our trade. The industry needs active members to be aware and to make a difference. It requires informed citizens and consumers to help heal the soil, the water and our people. For this reason, we conduct quarterly Organic IQ Webinars and post weekly blogs on www.organicmattersblog.com.

our stakeholders

- Associates
- Stockholders
- Retailers
- Consumers
- Supplier Brands
- Industry Leaders



Quarterly Organic IQ webinars hosted with over 400 participants

sourcing

certified organic distribution

The USDA organic seal is the gold standard in sustainable food production. UNFI was the first national distributor to be certified organic in 2002 – just two years after the organic regulations were finalized. Now, we have 19 certified organic distribution centers, we foster 1,200 organic suppliers and carry 15,000 certified products. Our facilities are audited annually with multiple processes in place to guarantee that the items we sell as organic have the right documentation.

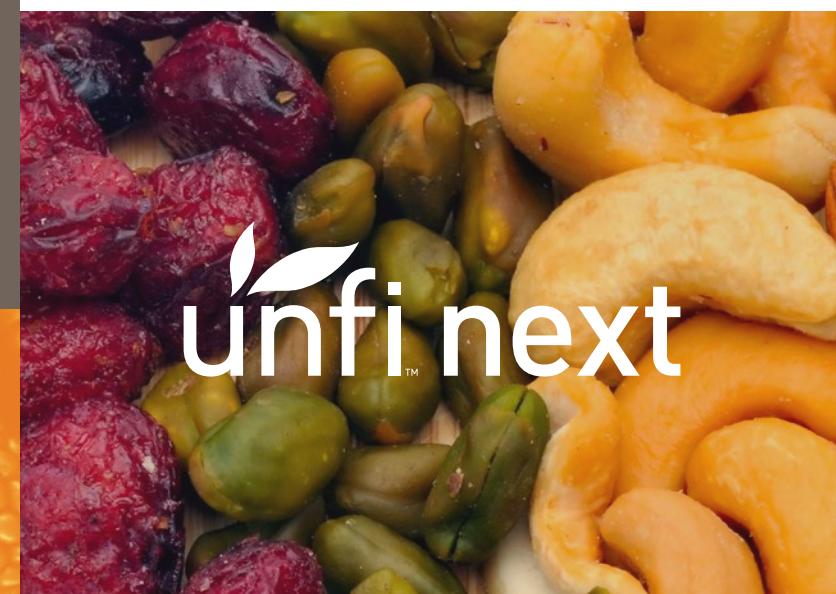
From farm to table, we are committed to delivering clean, nutritious and delicious food to more kitchens across North America. By the numbers, we are a leading distributor of Organic, Fair Trade, Non-GMO products and Cage Free Eggs in North America:



additionally, we verify that:

- Our supply chain evaluates and addresses the risks of human trafficking.
- Our supply chain prohibits discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, race, color, religion, sex, sexual orientation, gender identity or national origin.

local food



“ UNFI Next is moving food forward with expertise and innovation. Our goal is to foster the development and growth of smaller emerging and local suppliers within UNFI to enable sales growth, entrepreneurial spirit and the potential expansion of these brands throughout the enterprise when the time is right.

– Kirsten Hogan
National Vice President,
Retail Services



If you want to go fast,
go alone. If you want
to go far, go together.

- African Proverb



industry partners

It is critical to engage with key industry partners to build a more sustainable food system through collaboration, science, political will and transparency. Re-visioning our food system can only be achieved through strong alliances that take many paths towards environmental and social justice in food and agriculture.

Organic Trade Association (OTA)

OTA's mission is to promote and protect organic. UNFI has held a seat on OTA's Board of Directors for 8 years now. OTA plays an indispensable role in navigating the challenges and opportunities for the organic industry by:

Creating a unified and impactful voice for the organic industry.

Empowering their members to remove barriers and provide access across the value chain.

Upholding and advancing robust organic standards across the globe.

Building infrastructures which cooperatively support the growth of organic.

Sustainable Food Trade Association (SFTA)

SFTA is a hub for businesses to learn, improve performance, communicate results, and share common metrics and best practices. UNFI is a founding member and each year we submit a report on our sustainability metrics. The annual [SFTA Members' Sustainability Progress Report](#) shows the combined progress of our industry.



conferences

UNFI believes it is important to sponsor conferences that educate, inspire, and empower farmers to thrive in a sustainable, organic system of agriculture.

conferences we sponsor

- Carolina Farm Stewardship Association
- Ecological Farming Association
- Georgia Organics
- Midwest Organic and Sustainable Education Service
- National Young Farmers Coalition
- Ohio Ecological Food and Farm Association
- Organic Seed Alliance
- Organicology
- Tilth Producers of Washington

conference impact



attendee profile

- **9,120** total attendees
- **4,557** farmers
- **1,886** new and transitional organic farmers



conference curriculum

- **23,375** lbs. organic food served
- **94** lessons on increasing organic production
- **144** sessions teaching organic farming practices
- **8** sessions on seed diversity



A LETTER FROM TOM

I'm proud of our Corporate Social Responsibility report, which shows in so many ways how our mission of connecting farms to families is helping people and our planet.

Today we have nearly 10,000 associates working together to Move Food Forward with integrity. We do what's right because it is our responsibility to contribute positively, through strategies that give us new ways to limit our footprint and help improve our communities.

Our facilities continuously find new ways to limit waste, save energy and reduce emissions. This year, these efforts landed us a spot on Food Logistics' Top Green Providers list.

We are especially excited to welcome nearly 1,000 new associates from Haddon House, Global Organic, Nor-Cal Produce and Gourmet Guru. We've challenged them to Discover What's Next and help us make even more of a difference – and I can't wait to see the results.

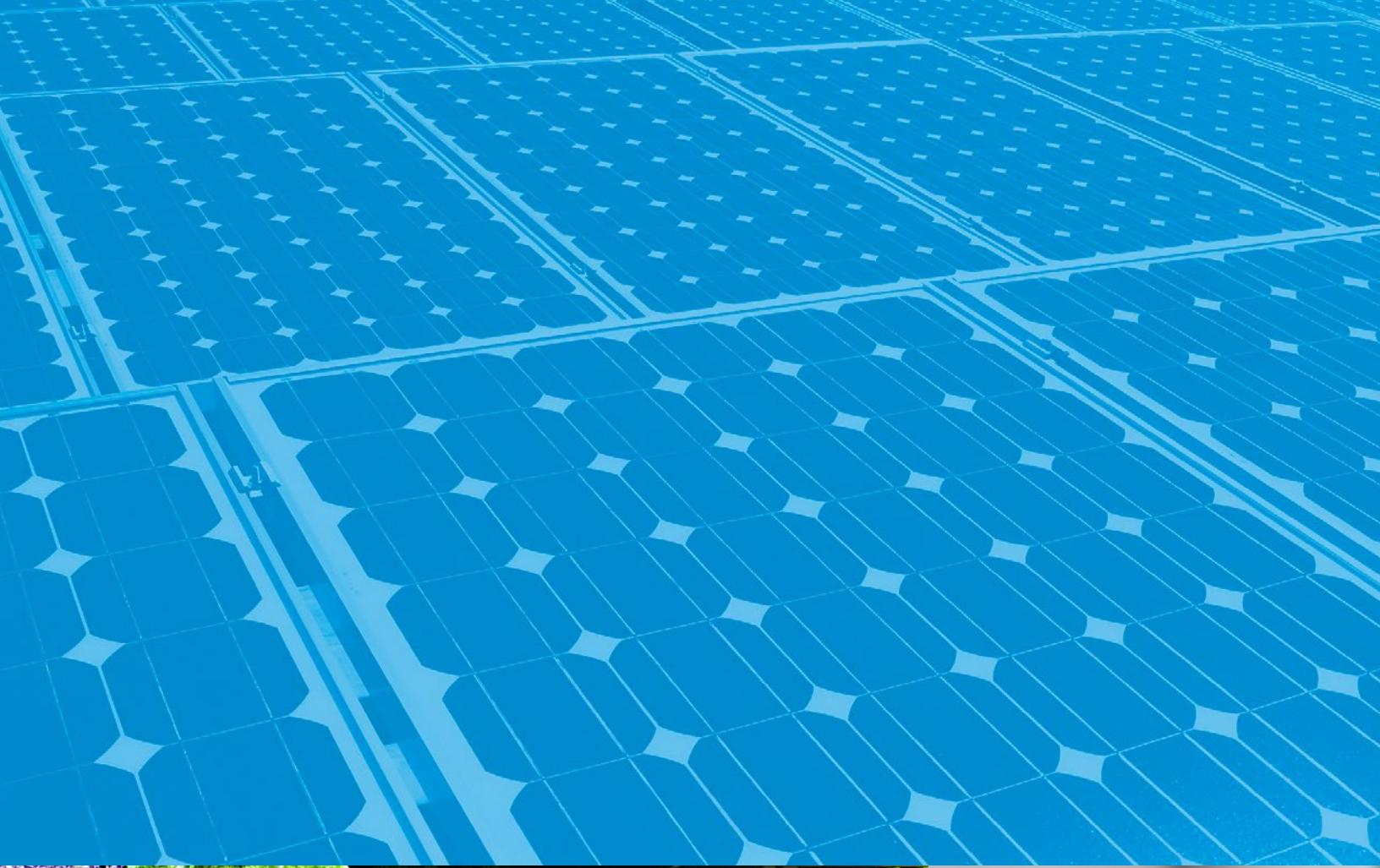
I look forward to continuing this important work, which began 40 years ago when our company was founded, and am thankful for our associates who make it happen.

Kind regards,

Thomas Dziki
Senior Vice President
Real Estate & Sustainability

Tom Dziki

discover
what's
next





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