

Albertsons Safeway

Objective

Albertsons LLC and Safeway Inc. officially merged in January 2015, bringing together more than 2,200 stores under 18 banners in 34 states and the District of Columbia. Our newly combined company remains committed to reducing the amount of food waste we send to landfills and are working towards further diversion programs in our divisions nationwide.

Several of our supply operations facilities are already zero waste: nine of our 27 distribution centers, and nine of our 20 manufacturing and food processing plants. Zero waste means that over 90% of the waste that the facility produces is diverted away from landfills. The facilities recycle materials such as metals, plastics and cardboard, and send unsold food to food banks, animal feed facilities and compost facilities. Our Internal Audit experts check each facility to make sure that the correct processes are being followed. The facility employees need to provide documents that show they are above the 90% diversion mark.

In addition to addressing our own diversion practices, we are collaborating with others to tackle the food waste issue. Albertsons Safeway is a founding member of the U.S. Zero Waste Business Council, which aims to standardize zero waste practices. We are also an active member of the Food Waste Reduction Alliance (FWRA), a cross-sector industry initiative led by the Food Marketing Institute, the Grocery Manufacturers Association and the National Restaurant Association. FWRA focuses on the challenges of food waste to help shrink the grocery, manufacturing and restaurant sector's environmental footprint while also addressing hunger in America.

We follow the USDA/EPA food waste hierarchy in our practices regarding food waste. Each of our 2,200+ stores follows one or more of the best practice activities outlined below.

Activity 1

Source Reduction - We have source reduced food waste (also known as "shrink" in the grocery retail industry) and will continue to work to improve this aspect. There are several ways that we reduce shrink. One is through best practice order guides that store employees use to make sure to order the appropriate amount of product. It enables flexibility based on what is on the shelf and what is in our storage area. Another tool the stores use is "just-in-time" ordering, where they can receive a delivery very quickly if they need something, thus they don't need to over-order in advance.

Activity 2

Feed Hungry People - Every year, we donate edible food to food banks and other hunger relief organizations. In 2013, Safeway donated nearly 72 million pounds of food to hunger relief facilities, equivalent to over 59 million meals and worth \$129 million.

Activity 3

Feed Animals - We divert food waste for animal feed from our manufacturing plants in addition to stores in our Portland, Seattle, Northern California and Southern California divisions. In 2013, Safeway sent 42,880 tons of discarded products to animal feed.

Activity 4

Industrial Uses - Excess bone, fat and used cooking oil collected from 1,275 of our stores is used in industrial processes. In 2013, Safeway diverted 14,804 tons of bone and fat and 4,680 tons of used cooking oil from landfills. In our Portland, Seattle, Northern California and Southern California divisions, the used cooking oil is blended with diesel and the resulting biodiesel blend is used in those Divisions' truck fleets.

Activity 5

Composting - At least 941 stores in our Portland, Seattle, Northern California and Southern California and Eastern divisions carry out composting. We also compost in our LA bread and Bellevue bread manufacturing plants. In 2013, Safeway sent 63,226 tons of discarded products to composting facilities.