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WHAT WE CARE ABOUT AND WHY

At Meijer, we believe that to be a good company, we must be a good neighbor. As a result, we engage in a range of initiatives that focus on reducing our environmental impact and contribute to the communities we serve. Meijer integrates environmental sustainability into its daily operations, not only because it makes good business sense, but because it aligns with our values and is the right thing to do.

In 2016, the company’s Environmental Commitment was developed to provide a framework for goal setting and sustainability programs. The Meijer Sustainability Council was also launched in 2016 to bring together diverse internal stakeholders around sustainability initiatives, to identify actions, and to set goals for each business area.

The following report provides an overview of our current sustainability performance and where we hope to go from here.
MEIJER ENVIRONMENTAL COMMITMENT

At Meijer, we conduct business under the guidance of our five core values. We also understand that to be a good company, we must be a good neighbor. As a result, we engage in a range of initiatives that focus on reducing our environmental impact and contribute to the communities that we serve. Meijer integrates environmental sustainability into its daily operations, not only because it makes good business sense, but because it aligns with our values and is the right thing to do.

Customers We thrive by meeting our customers’ needs and expectations. Environmental sustainability is a priority for customers, so it is a priority for us.

Competition By improving business functions, we reduce our environmental impact while simultaneously lowering costs and bringing additional value to our customers.

Family Meijer strives to be a good neighbor. Through environmental stewardship and community partnerships, we help people and the planet.

Freshness Meijer creates better value through providing fresh, local products and sustainable options. This value also drives innovative and fresh thinking that we leverage to improve our environmental performance.

Safety and Health Meijer is committed to providing a safe and healthy environment for our team members and customers.

“I want to leave the world in a little better shape than when I entered it.”

“Set your standards—then live by them.”

-Fred Meijer

At Meijer, we understand our environmental footprint and are committed to continual improvement through smart decisions and innovations that benefit our customers and communities. We do so through five primary categories:

- Environmental compliance as a baseline
- Local and sustainable product offerings
- Energy, refrigerant, and logistics management to reduce carbon footprint intensity
- Waste reduction, recycling, and pollution prevention
- Responsible growth
Why This Topic is Important
Meijer currently has more than 230 stores that are open 24 hours a day, 364 days a year. This requires a large amount of energy to keep the stores lit and temperature controlled, but also provides an abundance of opportunities for energy efficiencies. Additionally, Meijer operates five distribution centers, five manufacturing facilities, and a fleet of trucks. Electricity and natural gas usage, transportation, and refrigerant leakage also emit greenhouse gases (GHG), which contribute to climate change. Meijer manages energy use by designing energy-efficient buildings and retrofitting older buildings with more energy-efficient technology, such as LED lighting. We also proactively manage refrigeration units in our stores to continually reduce the amount of refrigerant gas that is leaked to the atmosphere.

Performance in the Topic and Initiatives Past and Present
FLEET  Meijer has proactively managed its fleet for more than a decade, continually working to reduce emissions. In 2014, Meijer was the first fleet in North America to have 100% of its private fleet of 225 trucks meet 2014 Environmental Protection Agency (EPA) Emission and SmartWay certifications for clean diesel and emissions standards. In 2016, the Logistics team acquired new hybrid models of refrigerated trailers and put in place a protocol to purchase hybrid models going forward.

This new fleet is 20% more fuel efficient than the national average. Due to these and other improvements in the Meijer fleet, total GHG emissions from the Meijer-owned fleet have remained nearly flat since FY2013, while driving more than 1.8 million more miles in FY2016 compared to FY2013.

Meijer is a member of the U.S. EPA SmartWay program to track fleet efficiency and emission factors. We have consistently been a top-performing partner in the program out of thousands of North American carriers, and we work diligently to utilize new technology to continually reduce emissions and improve fuel economy. Meijer has also increased backhauling of recyclables from stores to distribution facilities to more efficiently sort and increase the amount of material recycled. This decreases the amount of miles trucks drive without cargo in their trailers, ultimately reducing the number of miles needed altogether.
ENERGY AND AIR EMISSIONS

REFRIGERATION  Meijer joined the EPA’s GreenChill Partnership in 2012, and have been making great strides in reducing refrigerant leakages. GHG emissions from leaked refrigerants decreased 11% since FY2014. This was achieved by installing leak detection monitors, lower pressure systems to reduce leaks, and switching to refrigerants that have a lower global warming potential (GWP). With these improvements, Meijer is performing well ahead of the industry standard for refrigerant management. In 2016, Green Chill credited Meijer with a Superior Goal Achievement Award for meeting “challenging goals to reduce refrigerant emissions.” Since joining the partnership, the company’s reduction in greenhouse gas emissions caused by refrigerant leaks equates to taking 10,680 cars off of the road in one year. In addition, since Meijer improved the design of our refrigeration system in 2013, the company has reduced the amount of refrigerant used per store from about 4,400 pounds to about 2,500 pounds.

GHG EMISSIONS  GHG emissions come from electricity and natural gas use, as well as refrigerant leakage and transportation. Meijer tracks Scope 1 and Scope 2 emissions, following the GHG Protocol. Scope 1, or direct emissions, includes natural gas combustion, Meijer-owned vehicle fuel combustion, and refrigerant leakage. Scope 2 includes the indirect emissions from purchased electricity. Since FY2014, emissions per square foot of Meijer-owned buildings have decreased by approximately 3%. Since more than 75% of the retailer’s GHG emissions are from electricity usage, this will be a future area of focus.
ENERGY AND AIR EMISSIONS

TOTAL ENERGY USE  Total energy usage per square feet fell by 2% between FY2013 and FY2016, which includes natural gas for heating and electricity. Prior to FY2013, Meijer made large strides in energy efficiency; since 2005, electricity use in stores has decreased by more than 25% per square foot. This means that the biggest energy-saving projects have been implemented, and the retailer's main focus has turned to energy-efficient construction and smaller energy efficiency projects, such as LED retrofits.

<table>
<thead>
<tr>
<th>Year</th>
<th>Kwh/SQFT</th>
</tr>
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<tbody>
<tr>
<td>2005</td>
<td>34.00</td>
</tr>
<tr>
<td>2006</td>
<td>33.00</td>
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<td>32.00</td>
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<td>26.00</td>
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<tr>
<td>2014</td>
<td>25.00</td>
</tr>
<tr>
<td>2015</td>
<td>24.00</td>
</tr>
</tbody>
</table>

Goals on This Topic
Currently, Meijer only purchases conventional electricity from the grid. In collaboration with a student team from University of Michigan, Meijer is evaluating renewable energy options, including onsite solar or wind, power purchase agreements, and renewable energy certificates.

In 2011, Meijer set a goal to save $20 million in energy costs by 2020 through energy efficiency investments. Through LED retrofits, improvements to freezers and other energy-intensive units in stores, Meijer is on track to meet this goal. Meijer has been committed to reducing refrigerant leakage for many years. After achieving a refrigerant leakage rate of 8.5% in FY2016 and being recognized by the EPA GreenChill program as a top achiever, Meijer set a goal of reducing the leakage to less than 8.3% in FY2017. Reaching this ambitious goal will place us even farther ahead of the industry average leak rate of 25% and GreenChill partner rate of 13.9%.
WATER

Why This Topic is Important
Five of the six states Meijer operates in are located in the Great Lakes Basin, home to the largest collective bodies of liquid fresh water in the world. Water usage and responsible water management is important to the communities in this region, and Meijer is committed to being a responsible neighbor.

Performance in the Topic and Initiatives Past and Present
Water use, per square foot of Meijer-owned buildings, has remained relatively constant since FY2013. While retail uses the most water (more than 80% of total water use), manufacturing operations are the most water intensive. When building new stores, Meijer installs water-efficient fixtures, including ultra-low flow toilets that use half as much water as an average toilet.

Meijer also strives to maintain compliance with all applicable wastewater and storm water regulations. Meijer stores and parking lots have large impervious surfaces. Storm water is managed at stores and manufacturing locations by following municipal and state design standards, and by identifying and implementing best management practices. Meijer evaluates on-site storm water infiltration (green infrastructure) as part of the new store due diligence process. Green infrastructure has been installed at stores in Grand Rapids and Manistee, Michigan.

Goals on This Topic
Meijer strives to gain a better understanding of water usage in retail and manufacturing operations in order to identify reduction opportunities. Meijer expects that there could be some water-saving opportunities related to irrigation practices at the stores and will work to identify these in the coming years.
WASTE

Why This Topic is Important
Meijer operations encompass a broad range of activities that generate a variety of waste products, including recyclable products, food waste, other organic wastes, electronic wastes, hazardous wastes, and general trash. We strive to recycle all materials that can be recycled, minimize hazardous waste, and find the highest and best use for organic and food wastes.

Performance in the Topic and Initiatives Past and Present

LANDFILL DIVERSION  In FY2016, Meijer improved its landfill diversion rate at distribution centers, manufacturing facilities, and the corporate offices. The company’s overall landfill diversion rate in FY2016 was 53.8%. See the table below for diversion rates for FY2015 and FY2016 split up by business area. Retail is the biggest contributor of waste to landfill, so that segment of the company will be a leading focus in the future.

<table>
<thead>
<tr>
<th>Landfill Diversion Rate</th>
<th>2015</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>62.4%</td>
<td>71.8%</td>
<td>+9.4%</td>
</tr>
<tr>
<td>Distribution</td>
<td>66.6%</td>
<td>68.0%</td>
<td>+1.4%</td>
</tr>
<tr>
<td>Logistics</td>
<td>51.5%</td>
<td>53.2%</td>
<td>+1.7%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>86.7%</td>
<td>95.1%</td>
<td>+8.4%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>49.0%</td>
<td>37.4%</td>
<td>-11.6%</td>
</tr>
<tr>
<td>Retail</td>
<td>54.6%</td>
<td>48.7%</td>
<td>-5.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>56.4%</td>
<td>53.8%</td>
<td>-2.6%</td>
</tr>
</tbody>
</table>

Corporate Recycling and Food Waste

For Earth week 2016, Meijer launched a recycling and composting program at its corporate offices in Grand Rapids, Mich. Features included transitioning the campus cafeterias to compostable food containers and trays and improving employee education on waste segregation. These efforts led to a 9.4% increase in waste diversion at the corporate campus between FY2014 and FY2016.
WASTE

FOOD WASTE The Environmental Protection Agency (EPA) Food Recovery Hierarchy helps Meijer find the highest and best use for food and food products that cannot be sold.

• Source Reduction Meijer works diligently to reduce food waste by actively managing what is purchased to match supply with customer demand. With a devotion to freshness, we work to keep our shelves stocked with the freshest product, which leads to less wasted product overall. Transportation methods are also important to prevent damage, and therefore, waste. Through our Misfits Program, we also sell cosmetically imperfect produce to customers for a discounted price, keeping fresh produce out of the landfill.

• Feed Hungry People In FY2016, Meijer donated more than 10.4 million pounds of food to Midwestern food banks. This is a 17% increase in food bank donations over FY2015. Every Meijer store has a food bank partner to help maximize the amount of food that can be donated rather than recycled or discarded.

• Organics Recycling Meijer recycles organics through composting, anaerobic digestion, or animal feed. In FY2016, Meijer recycled more than 47.8 million pounds of food waste. The largest contributor to this increase was the launch of milk processing in late 2015 at the Tipp City Dairy in Ohio, which produces large amounts of sludge and whey that are taken to an anaerobic digester. Additionally, increased composting at the Lansing Distribution Center and manufacturing facilities began in early 2016, and the corporate offices began a composting program in April 2016. We are currently on a mission to address retail food waste and are conducting food waste pilot studies at 22 of our stores. We are on track to improve our overall food waste recovery and landfill diversion rate.
WASTE

Goals on This Topic
Increasing the waste diversion rate is a key focus for Meijer. We have made some great progress over the last few years to improve recycling programs, decrease food waste, and increase food rescue programs, but there is still more that can be done. In FY2017, Meijer plans to set a formal goal for waste diversion and shift the main waste reduction efforts to retail, which makes up more than 80% of all waste produced.

Food Rescue
In 2016, Meijer stores donated the following to local food banks (in lbs.)
Why This Topic is Important
Meijer continues to grow, and that means engaging in construction activities. Meijer is committed to building stores in an environmentally-conscious manner that minimizes environmental impact, both during construction and in operations over the buildings’ lifetimes.

Performance in the Topic and Initiatives Past and Present
By designing stores to run more efficiently, we can reduce energy use and our carbon footprint. For example, all new Meijer stores are built using Leadership in Energy and Environmental Design (LEED) program guidelines and principles. Meijer was also the first retailer to remodel a store following LEED certification standards. We also recycle much of the steel and concrete from the existing buildings in remodel projects. Additionally, lighting used in all stores has transitioned to highly efficient fluorescent fixtures or LEDs. High efficiency motors and improved ventilation equipment have also been incorporated in all stores. Refrigerated cases are being upgraded in many stores with glass doors, designed to keep the cold where it belongs – inside the cases.

Goals on This Topic
Meijer understands the benefit of well-designed buildings from a cost-savings and a sustainability perspective. We are committed to constructing all new buildings to at least a LEED Certified standard and to achieving United States Green Building Council (USGBC) certification of one new store every year. We are also working on tracking wastes from construction activities and determining their highest and best use.
LOCAL

Why This Topic is Important
Meijer strongly believes in supporting the local communities that we serve, and this extends to the local farmers and growers. Buying locally-grown produce is a business practice that began when founder Hendrik Meijer opened the first Meijer store more than 80 years ago, out of his barber shop in Greenville, Mich., and continues today thanks to strong relationships with more than 125 growers in the Midwest. Local products mean less miles traveled, which, in turn, translates to lower emissions. Local also means supporting our local economies where our customers and team members live, work and play.

Performance in the Topic and Initiatives Past and Present
Our commitment to locally-grown food has made Meijer one of the largest purchasers of many fruits and vegetables in the Midwest with an economic impact of nearly $100 million annually. It has also helped the company cut fuel consumption for deliveries, which is not only good for the environment, but also helps reduce transportation costs and keeps fresh produce prices down for customers.

Goals on This Topic
Meijer will continue to support and grow our support for local businesses, including continuing to supply fresh, Midwestern produce. One Meijer supplier has even started to grow produce in greenhouses in Michigan so that Meijer can provide fresh, local tomatoes to our customers even in the winter.
SUMMARY

Meijer took big strides in FY2016 to formalize its environmental commitment and create the structures and programs necessary to drive sustainability performance forward. Through the Sustainability Council, each of the company’s business areas are taking ownership of their sustainability performance by setting goals and taking planned actions to meet them.

Energy and Air Emissions
Energy use and GHG emissions are an important issue for Meijer due to the almost-continual operations of its 235 stores. Since 2005, electricity usage has decreased by more than 25% per square foot in stores, but in recent years, decreases have slowed. This is to be expected, as we started our energy-efficiency program by investing in the projects that had the biggest opportunity for efficiency improvements. Our energy-efficiency opportunities now focus on designing efficient new buildings and continuing to upgrade equipment. Company-wide, greenhouse gas emissions have decreased per square foot by about 3.2% since FY2014, but between FY2015 and FY2016, they rose 1.1%. The increase from FY2015 is attributed, in part, to increased production at manufacturing facilities. Greenhouse gas emissions from leaked refrigerants decreased 10% since FY2014, due to focused efforts on reducing refrigerant leakage. Meijer is developing a renewable energy strategy, whose implementation would decrease emissions and energy usage from the grid. Additionally, Meijer has achieved consistent increases in fuel efficiency with its fleet, maintaining the same level of emissions while driving 1.8 million more miles in FY2016 compared to FY2013.

Water
Operating in the Great Lakes Basin, we care about protecting water quality. Water use, per square foot of Meijer-owned buildings, has remained relatively constant since FY2013. Retail uses the most water (more than 80% of total water use), since the vast majority of our operations are stores, but manufacturing operations are the most water intensive. Meijer works to proactively manage storm water, including evaluating the potential to improve green infrastructure at all new Meijer stores.
SUMMARY

**Waste**
Improving waste management was a key focus in FY2016, and will remain a focus going forward. In FY2016, Meijer sent 46% of waste to the landfill, 44% to recycling, 8.2% to organics recycling (including composting, anaerobic digestion and animal feed), 0.2% to hazardous waste, and 1.5% to food bank donations. Despite several new waste reduction initiatives that were introduced in FY2016, overall diversion rate decreased from 56% in FY2015 to 54% in FY2016, due to reduced performance in retail and pharmacy. Retail is the biggest contributor of waste to landfill, so that segment of the company will be a leading focus in FY2017.

**Design and Construction**
Meijer is committed to designing sustainable buildings, and designs all its buildings to meet LEED Certification standards. For one new store a year, Meijer completes the LEED Certification processes to independently verify the sustainable design of our new stores.

**Local**
Our commitment to local sourcing stems from Meijer founder, Hendrik Meijer, and the commitment he made more than 80 years ago when he opened his first grocery store. Our commitment to locally-grown food has made Meijer one of the largest purchasers of many fruits and vegetables in the Midwest with an economic impact of nearly $100 million annually. We will continue our commitment to sourcing locally-grown produce.

Overall, the FY2016 data demonstrate that Meijer made important progress in energy use reduction in the stores and recycling organic waste, but there are still plenty of opportunities for improvement. In FY2017, we will continue to integrate environmental sustainability into the daily operations of the company, not only because it makes good business sense, but because it aligns with our values and is the right thing to do.