

ESTTA Tracking number: **ESTTA604221**

Filing date: **05/14/2014**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91186148
Party	Defendant The Great Atlantic & Pacific Tea Company, Inc.
Correspondence Address	ARLANA S COHEN COWAN LIEBOWITZ & LATMAN PC 1133 AVENUE OF THE AMERICAS NEW YORK, NY 10036-6710 UNITED STATES asc@cll.com, mgg@cll.com, trademark@cll.com, sbi@cll.com, jaj@cll.com, rje@cll.com, spc@cll.com
Submission	Testimony For Defendant
Filer's Name	Arlana S. Cohen
Filer's e-mail	asc@cll.com
Signature	/Arlana S. Cohen/
Date	05/14/2014
Attachments	Warren Notice of Filing Trial Testimony (Non-Confidential) Part 3a of 3.pdf(3097322 bytes)

Specialty Foods: Allegro Coffee

Whole Foods Market is fortunate to own Allegro Coffee, a partnership of shared priorities and ideals.

In 2011, Allegro sourced coffee from 22 countries in the Americas, East Africa, and Asian Pacific Rim Islands. Allegro purchases its beans from approximately 80 farms and cooperatives. They continue to maintain relationships with producers from whom they've bought for years and at the same time search out new farms that can meet Allegro's quality requirements. Allegro has paid particular attention to new sources in El Salvador and Burundi.

While the commercial market price for coffee has climbed over the last year or so, Allegro hopes that this means life will become a little better for farmers around the world who have for years produced a crop that has been hugely undervalued. Allegro pays a premium over the market price for, among other things, quality selection, relationship building,



and certifications like Organic and Rainforest Alliance.

The fair price provides coffee growers the means to reinvest in their farms, hire and retain the best workers, and stay in business over the long term.

Allegro also partners with coffee growers who share their values for environmentally friendly practices. These farmers utilize traditional and

sustainable growing, harvesting and processing practices, including the use of shade trees, manual weeding (forgoing the use of pesticides), water conservation and other organic farming practices. Allegro gives back to various cooperative communities as part of its Special Reserve program.

Allegro insists on transparency throughout the coffee supply chain and chooses

to partner with suppliers who share their values of equitable and traceable sourcing. And most importantly, Allegro will continue to buy coffee of exceptional quality that represents the best of its particular growing region.

In addition to its socially aware sourcing efforts, Allegro has made impressive strides in its other [sustainability measures](#) in the past few years.

A Sampler of Allegro Special Reserve Projects in Producer Communities



In Ecuador, Guatemala and Nicaragua, Allegro's Special Reserve program donates \$10,000 to selected organic farms to support community-based education, health care and agricultural projects.

In Rwanda, Allegro sources coffee from the Koakaka cooperative, and in 2011 donated \$10,000 for technical support and raw materials for an income- and food-generating specialty mushroom growing program for the cooperative.

In Tanzania, Allegro worked directly with their chosen co-ops' cuppers in the Kigoma Region to select the beans for a Special Reserve coffee program. Allegro's lot was the first that the co-op exported independently, which allowed the members to garner more of the profits and began the move towards self-sufficiency. To honor this relationship, Allegro donated \$10,000 to Grounds for Health, a non-profit organization which creates effective cancer screening programs on coffee-producing regions. Cervical cancer is the leading cause of cancer deaths for women in low-resource countries like Tanzania, which has one of the highest rates in the world due to a lack of screening and prevention services. Grounds for Health programs deliver a simple and affordable solution to this problem.

Grocery

Whole Foods Market can spotlight several exciting developments in our grocery department in the last three years.

These involve impressive increases in our sales of organic products and Whole Trade items, revitalization of our bulk departments, our new focus on non-GMO verified products and, finally, our brand new home cleaning product standards and rating system.

As the largest department in our stores, you'll understand our excitement when our organic grocery sales topped \$1 Billion in 2010; this equates to more than 39% of our grocery food sales for the year and double our organic sales in 2006. In just four years we are offering and selling more organic grocery products primarily because our customers are voting with their dollars in favor of organics.

In 2010, sales topped \$54 million on products with third party certifications for our Whole Trade Guarantee. This is 25% higher than the previous year, with more than 1,000 individual items. We're proud to offer products that provide additional benefits to producers and workers in developing countries and are delighted that one percent of the sale of each prod-

uct goes to fund microloans through our Whole Planet Foundation.

As part of Whole Foods Market's focus on healthy eating education, we're bringing a renewed focus to our bulk departments, and in some areas re-naming the department "Cooking." We now offer an expanded selection of specialty grains and beans, bulk olive oils, and specialty vinegars, along with the typical nuts, trail mixes, and granolas that you'll still find.

Team Members staffing the department are happy to advise shoppers on how to prepare nutritious whole grains and beans.

As our customers return to the kitchen and retake their plates, we are positioning ourselves to help every step of the way.

Purchasing in bulk helps consumers customize the amount that they need for recipes therefore cutting down on potential food waste. Another benefit is minimizing the packaging brought into households, especially when customers bring their own containers.

GMOs are becoming a more visible issue in the US. Many of our 365 Everyday Value® products have already

been verified as fully compliant to the Non-GMO Project Standard, with others at some stage in the verification pipeline. As our customers become more educated about the issues surrounding GMO corn, soybeans, and canola, the demand for GMO-free products is likely to rise.

Many of our kid-friendly brands and products have been through the verification process already. Customers can avoid consuming GMO-tainted foods by choosing organically produced foods.

Cleaning Products Standards and Eco-Scale

Whole Foods Market launched our Eco-Scale™ Rating System for household cleaning products on Earth Day in 2011 as a way to evaluate these products for environmental impact, safety, efficacy, source, labeling, and animal testing. Based on how the product ranks on the evaluation, we will rate it red, orange, yellow, or green on the Eco-Scale.

When we launched the rating scale, many of our nationally distributed cleaning products – including our own 365 Everyday Value®, Biokleen, Method, Ecover, Better Life, and Greenshield – were already audited and rated.

We are counting on the success of this effort to build enough awareness among consumers that sales data on higher-



rated products will provide incentives for our vendors to reformulate products to meet the next tier.

As the first retailer to create quality standards for household care products, Whole Foods Market is doing the research for our customers.

We have carefully evaluated each and every ingredient in our cleaning supply products based-upon environmental impact, safety, efficacy, source, labeling, and animal testing.

This is another service we provide to our customers, especially since, according to current US regulations, ingredient listings are not required on cleaning supply products.



“Orange” tier standards:

- Full transparency, disclosure of ingredients on packaging
- Removal of ingredients with significant environmental or safety concerns
- No phosphates, chlorine, or synthetic colors
- No animal testing
- Independent 3rd party verified compliance to standards



“Yellow” tier standards
(all of the above plus:)

- Removal of ingredients with moderate environmental or safety concerns
- 100% natural fragrances



“Green” tier standards
(all of the above plus:)

- No petroleum-derived ingredients; only 100% natural ingredients

Wine

Whole Foods Market’s national wine program represents a significant percentage of the company’s total wine sales.

We work closely with vintners and vendors on these products, many of which are private label or co-branded products. National wine categories are classified as core (national brands), control (private labels), or eco-friendly, which includes: Sustainable, Organically Grown / Made from Organic Grapes, Organic (NOP), No Sulfite Added, and Fair Trade (Whole Trade). Currently there are no Biodynamic wines on the national core list, although some stores may carry them based on local availability and customer demand.

Eco-friendly wines are closely tied to company values. In terms of sales floor space, stores typically allocate more merchandising space to eco-friendly wines than to wines with equivalent sales volume. The intent is to build awareness of these wines as products of quality and value that still are produced with sustainable principles in mind.

The eco-friendly category has steadily increased both in volume and percentage

compared to overall wine sales over the last five years. The category has faced a steep climb in terms of quality perception among wine drinkers. Ten years ago most casual or regular wine shoppers considered organically grown wines inferior to conventional wines. In our opinion, naturally produced wines exhibit the truest expressions of grape and soil.

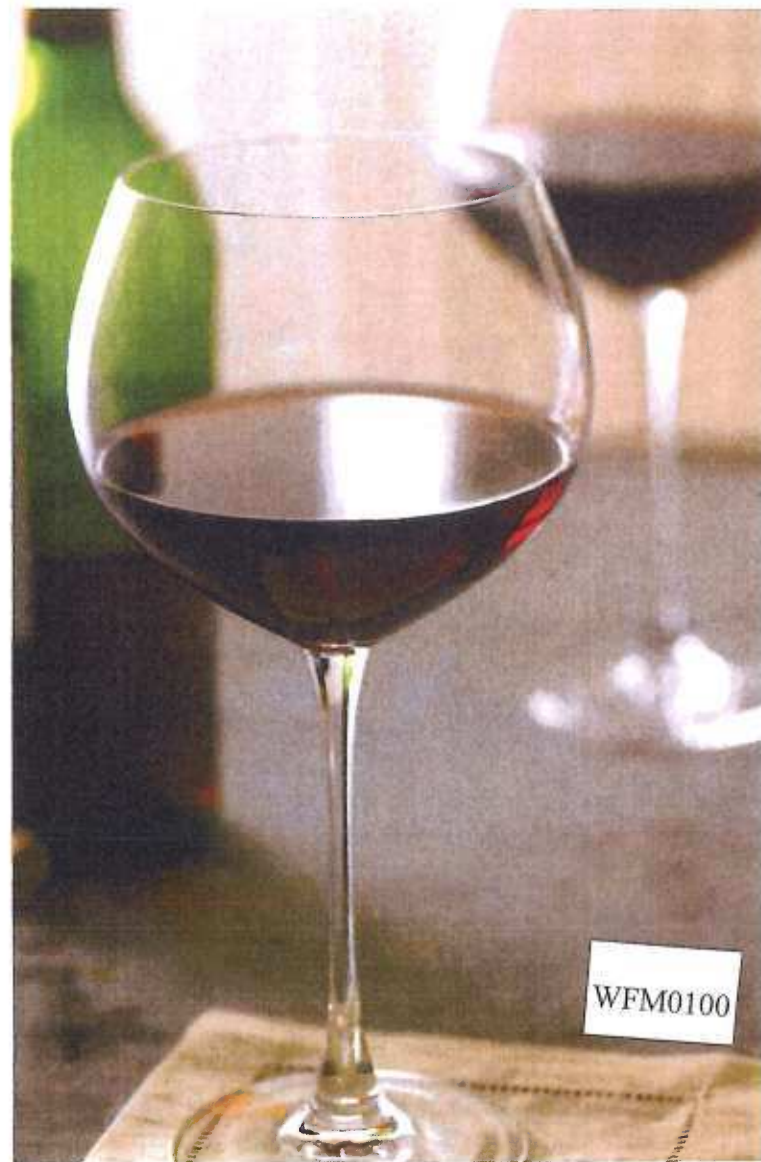
Our focus on partnering with wineries to produce accessible, affordable, and environmentally responsible products is helping to re-shape consumer perceptions of the quality of sustainably grown wine!

In our efforts to bring all national wine products to market, Whole Foods Market directs vendor partners to use recycled cardboard shippers and soy-based inks on packaging.

Along with many winemakers, we are supportive of efforts to conserve cork forests from overharvesting. Most of our stores provide receptacles where natural corks (a slow-to-replenish resource) are collected through the Cork Reharvest program and are recycled into durable goods.

We also fully support the use of alternative packaging to diminish the overall carbon footprint of wine consumption. We have developed both bag-in-box and tetra-pack private label wines.

Our biggest wine launch of 2010 was the Three Wishes label, which includes Chardonnay, Cabernet Sauvignon, and Merlot. The successful brand was devised using lightweight glass bottles rather than conventional wine bottles and the packaging message was part of the promotion of the wine's extreme value.



Parducci

Whole Foods Market teamed with noted natural agriculturalist Paul Dolan to create Parducci Sustainable Red and White wines. Parducci is one of the most iconic brands in California and under Mr. Dolan's stewardship has converted their vineyard to biodynamic principles.

WFM suggested that Parducci take credit for their efforts by releasing affordable red and white wines with their responsible winegrowing practices, such as carbon neutral production, grapes from family farms, solar power, earth-friendly packaging, protecting the environment and locally-owned and operated clearly conveyed on the packaging.

Green Truck

Whole Foods Market asked popular brand Red Truck to source and bottle organically grown wine for a private label project that became the "Green Truck" brand, which alludes to organic practices in the vineyards. The brand is so popular that many of the vineyards supplying Red Truck with grape juice now follow organic farming principles. Green Truck has become a large and prosperous national brand as a result of this partnership.

Whole Body

Our Whole Body departments carry a variety of supplements, personal care products, and a range of other items that vary widely depending on location.

Many of our stores offer a selection of cotton clothing and home goods made from organic and sustainable raw materials, chosen because their manufacturers support wise environmental practices; many of these goods are also Fair Trade

items. Many of our stores also carry items such as blessing baskets, scarves and other items produced by Whole Planet Foundation loan recipients.

Whole Foods Market is excited about two environmentally focused initiatives in Whole Body. First, we now have organic labeling on our personal care items with actual standards behind the label. Second, our Whole Body packaging is getting an environmentally friendly makeover. The items in this department may

be small, but the change these initiatives may have on the industry and the environment can be huge.

We believe that the “organic” claim used on personal care products should have the same meaning as the “organic” claim used on food products, which is regulated by the USDA’s National Organic Program. Our customers do not expect the definition of “organic” to change substantially between the food and the non-food aisles of our stores.

As of late 2011, we’re happy to announce that all cosmetic and personal care products that use the word “organic” in any way on the product label were required to be in compliance with our Whole Foods Market personal care labeling standards.

In addition, our new Whole Foods Market responsible packaging guidelines for nutritional supplements and personal care products went into effect in September 2010. The guidelines require our Whole Body suppliers to reduce the use of plastic in product packaging, encourage the switch to glass when possible, and limit acceptable packaging materials to those that are the most recyclable and/or feature the highest possible recycled content.

Any prospective new Whole Body department suppliers must meet the packaging guidelines before their products can be sold in our stores. When the guidelines were implemented, our current Whole Body vendors were encouraged to change their packaging to fit the new guidelines as soon as operationally possible.

We walked our talk by switching to a 100% post-consumer recycled (PCR) content bottle for several store-brand supplements. Our 365 Everyday Value® brand body care items are also in 50% PCR content HDPE (high-density polyethylene) bottles. Supplements in boxes are transitioning to 100% recycled (50% PCR) paperboard.

All of our house-brand Whole Foods Market supplement products switched to packaging with a high percentage of PCR by the end of 2010. The leaf symbol on our store-branded supplements indicates that the bottles are made from 100% PCR PET (post-consumer recycled polyethylene terephthalate) plastic. We chose to do this because PCR materials require less energy and water to produce. They also generate far fewer greenhouse gases and divert reusable materials away from landfills while reducing reliance on virgin petrochemicals or wood pulp.

While developing our new packaging guidelines, we worked with 25 of our largest Whole Body product suppliers. We also called on packaging experts in plastic, glass, and paper media to help us define the most responsible path for product suppliers to take when designing their packaging. Happily, our vendors

have responded by providing many more environmentally friendly options for our customers. Through the development process we've been able to create a forum for vendors to share best practices, helping the whole industry move forward with the environment in mind.

Alaffia Sustainable Skincare

Alaffia was created to help West African communities become sustainable through the fair trade of indigenous resources. They encourage empowerment through community projects, women's cooperatives, and education and involvement in customer communities.

Whole Foods Market carries a line of premium skin care from Alaffia, but when the US economy slowed down in 2008, sales fell dramatically. We then supported Alaffia in creating their value-priced EveryDay Shea, which has had an enormous impact beyond providing an excellent skin moisturizer at an affordable price for our customers.

Here's what consumer purchases of EveryDay Shea mean to the Alaffia shea co-operative:

- collected and distributed over 500 bicycles to encourage young women to stay in school
- built our first biogas system to reduce fuel wood use
- planted 1,000 trees and set aside enough funds to propagate and plant another 4,000 trees
- increased the number of women in their maternal health project from 100 to 400
- recruited 18 more women to join our shea butter cooperative (with Togo's extended family structure, this income will support 200 people)

The cost to handcraft shea butter at the Alaffia Cooperative is over two times the price of shea butter at West African ports. Why the high cost? Alaffia pays 15-25% more for shea nuts, cooperative members receive a salary that is more than four times the average family income in Togo, and cooperative members also receive full medical care, employment security, and one paid month of vacation each year.

Our Green Mission

Much of Whole Foods Market's environmental stewardship occurs at the store or facility level. Nearly every store has a green mission team, and some of our regions have Green Mission Specialists who help coordinate larger programs.

While most of our customer-facing efforts such as recycling centers, sales of reusable grocery bags, and educational outreach are widely known, some of our back-of-the-house efforts with waste reduction, energy conservation, renewable energy, and green building are pretty impressive, too.

Waste Reduction

Whole Foods Market is committed to diverting materials from community landfills.

The majority of the stores in our operating regions have experienced significant volumes of waste reduction through recycling and composting programs.

Most of our stores offer compostable deli containers in prepared food areas, further reducing burdens on area landfills once our customers leave the store. We're doing a lot on multiple fronts, yet because our communities vary widely



in the waste services offered we are a few years away from providing an aggregated waste diversion rate with fully transparent accuracy.

The good news is that many of our stores have achieved a waste stream diversion rate of more than 80%, with some approaching and even exceeding the 90% level, which the EPA defines as the level at which they consider zero waste has been achieved.

We are in the early days of the effort to aggregate and normalize the data on waste diversion, and we have a commitment to grow the number.

We achieve this level of diversion at stores with several factors in place including a trained, committed staff and

leadership, accurate initial benchmarking of the store or facility's waste stream, a community infrastructure that supports comprehensive recycling and commercial composting and/or access to a regional distribution center fleet capable of backhauling compost, shrink wrap, and other recyclables to a central location with better access to recycling and composting programs.

In the Northeast Region, for example, all 23 stores have full recycling programs that accommodate film and rigid plastics (#1 through 7), glass, metal, paper, bulk fixtures, and electronics (including lamps and batteries).

Our transportation fleet and regional distribution centers are key players in our recycling efforts, with delivery trucks backhauling cardboard, pallets, plastic wrap, and in some areas without community recycling opportunities, compost and even glass.

With that said, 20 of the 23 stores average about 80 to 90 percent diversion, with the majority at the 80% level.

The three stores without access to a commercial compost solution are at the 30 to 40% diversion rate. Given the high percentage of perishables and prepared foods featured in our stores, ready access to commercial composting facilities is absolutely critical for limiting our contributions to community landfills.

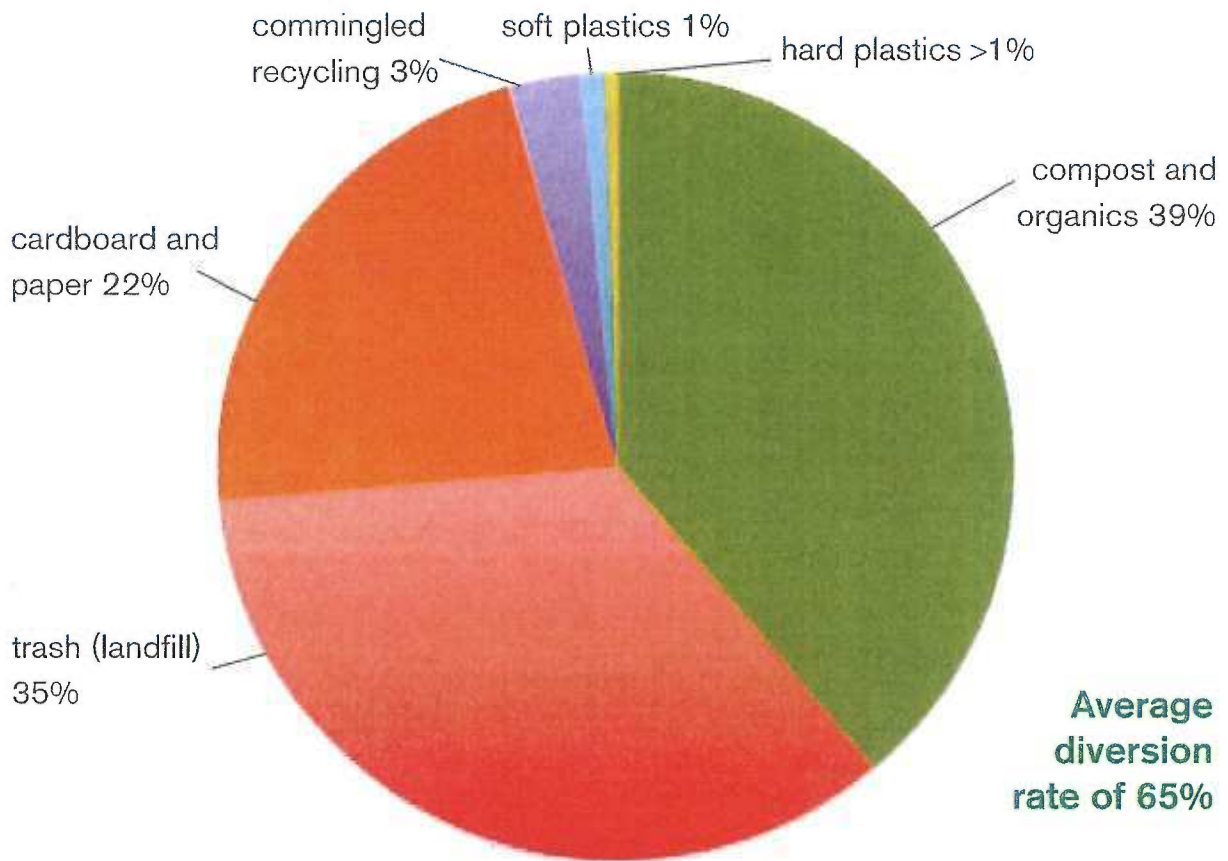
Green Mission Congress

Team Members (most of them with jobs that specifically touched our Green Mission) convened from across the company in 2008 for our Green Mission Congress, a three-day summit on sustainability goal-setting.

We invited several subject-matter-experts from outside the company to help us put our unique opportunities and goals into an appropriate perspective.

One outcome of the Green Mission Congress was a list of prioritized environmental goals for the company. This ranked list was offered to the Whole Foods Leadership Network (our company leadership group) for consideration, approval, and funding; many projects such as the elimination of Styrofoam from our supply chain and energy use reductions have since been initiated. This process exemplifies our bottom-up approach to environmental stewardship—many of our best ideas come from our passionate Team Members.

2010 Average Waste Diversion Whole Foods Market Stores



Our Northeast Region also typifies our approach to reusable non-recyclables: Cull– Community–Compost. Every store has a cull program for usable perishable food. Culled items may be diverted to our prepared foods, cut fruit, or bakery departments to provide nutritious ingredients for salsa, muffins, or coleslaw, among other things. The numbers on culling are difficult to track, although we may make it a future goal to try to do so.

Every store has community food donation programs, and while we don't yet have accurate metrics for every single

store—this is a company goal for 2012—we do have some impressive numbers from the NYC stores. These six stores donated more than 400,000 pounds of food in 2010—that's a whopping 200 tons of food for shelters and food banks or 400,000 meals per food bank calculations!

Finally, composting is a critical part of our waste diversion program. In those communities where commercial composting is available, our stores have developed protocols in every department to make sure that we capture anything

that can be diverted away from landfills. In some parts of the US we still have a way to go. For example, in the entire state of Florida it was illegal to commercially compost anything other than yard waste until 2010. Now that composting is legal for pre-consumer use items, the community infrastructure for composting is not yet in place.

Once composting is available, though, Whole Foods Market will be first in line to use those services. Similarly, in Illinois, food waste composting was made legal in 2010 and the Midwest region has been working with the first licensed food waste composter in the Chicago area to roll out a composting program to our Chicago area stores, with impressive diversion rates in the first year.

A few of our stores are piloting the Waste to Water machine that relies on microbes to break down food waste; it handles a ton of food waste every day, helping us avoid hauling and tipping fees, while also decreasing our carbon footprint. Other stores are experimenting with worm compost systems—in the employee break rooms! In the name of recycling and composting, our Team Members are willing to try just about anything.

Full Circle Composting

One example of our full circle success stories takes place in our South region

(Tennessee, Alabama, Georgia, Mississippi, North and South Carolina). Our Braselton Distribution Center serves as the hub for the backhauled compostable and recyclable materials coming from the stores in the region. Using our custom-painted Green Machine, we haul the compostable materials acquired from our stores to Longwood Plantation, where many of our local farmers get their compost. We are able to keep 25 tons of reusable materials per week out of local landfills with this relationship. The biodynamic compost is used to grow the vegetables we sell in our stores. We also sell the compost at our stores. This is very much a full circle!

Customer Programs

On the customer-facing side of the business, most of our stores have full recycling available to our customers in our dining areas. Most stores accept plastic shopping bags for recycling, even though we no longer offer them as a bagging option.

Two popular recycling partnerships featured in our stores are Gimme 5 and Cork ReHarvest. Customers can drop off their #5 plastic yogurt cups and Brita filters in the Gimme 5 bins at the stores. The plastics are bundled and sent to our vendor/partner Preserve, who manufactures the plastics into completely new products, saving resources such as energy and virgin petrochemicals in the

Full Circle Composting



meantime. Customers also bring their wine corks into our stores for recycling. Cork ReHarvest takes the collected cork from us and their recycling partners manufacture useful items like cork flooring.

Many of our stores partner with electronic reclamation firms or organizations like Goodwill to hold annual electronics drop-off days. Customers are encouraged to load their old equipment in their cars to drop off at a Whole Foods Market location.

Grocery Bags

Every year Americans come home from shopping with 1 billion one-use shopping bags, creating 300,000 tons of landfill waste. Only about one percent of bags are actually recycled. Unfortunately, many of those that are recycled jam up the sorting machines' programs.

Whole Foods Market discontinued the use of disposable plastic grocery bags at the checkouts at our stores in the US, Canada and the UK on Earth Day 2008. The goal is to reduce our environmental impact, help protect wildlife, decrease litter, and promote reusing and recycling. We offer a variety of reusable bags for sale, including our low-cost Better Bags in two sizes, and most stores offer customers a refund of up to 10 cents for bringing their own carrier bags.

We estimate, conservatively, that we've kept tens of millions of plastic bags out of landfills with our decision and our customers' willingness to reuse shopping bags. To illustrate how individual actions can add up to big numbers, our customers filled more than 70 million reusable bags with groceries in 2011.

In 2009, Whole Foods Market became the first national retailer to use Forest Stewardship Council-certified paper grocery bags. These paper bags close the loop with 100 percent post-consum-

er reclaimed material and can be tracked throughout the supply chain—from post-consumer waste through processing and distribution to the customers toting groceries back to their homes—all while reducing pressure on virgin forests and protecting biodiversity.

Responsible Packaging and Supplies

One of the big environmental benefits that Whole Foods Market can co-create is working with our vendor partners to ensure more responsible packaging for the products coming into our stores.

Happily, many of our vendors voluntarily participate in our evolving standards for packaging. For example, in 2009, we contacted all vendors who use Styrofoam packing materials, giving them a deadline of November 30 to migrate to alternative materials—and almost everyone complied. We've had heartening successes in recent months with our Whole Body product vendors, which were discussed in the section on Whole Body.

Understandably, we have the most control over our own store branded

items, such as our 365 Everyday Value® products, and the packaging we use in our prepared foods venues and our perishable departments, such as meat and seafood. Over the last four years we replaced many of our traditional plastic and paper prepared food containers and utensils with all-natural fiber packaging that is environmentally friendly and often tree-free. Made from renewable resources—such as bulrushes, sugar cane pulp, corn starch, and bamboo—the containers and wrappers are compostable and, because they are unbleached, are free from chlorine and dioxins.

But even in those areas where we think we might have a lot of control over packaging, we have found that it isn't always a straightforward path. Many packaging product vendors have entered the "green marketing" space with solutions promising many environmental benefits. Upon further investigation, these claims may not always match up to reality, such as biodegradability in a reasonable amount of time. If the claims do pan out, the product may not meet our quality standards. The very real probability of GMO-tainting exists if the product contains soy or corn. Sourcing truly recyclable or compostable flatware and straws that will stand up to customer use continues to be a challenge for us.

Sometimes our choices are between an unacceptable option and a "less bad"

option. Packaging is an area where we know we have quite a bit of work ahead of us and where we're keeping a close eye on the packaging marketplace for truly better solutions. The up side is that many of our vendors are willing to partner with us to come up with better solutions. A few of our vendors are very serious about taking responsibility for the entire life cycle of the packaging they use for their products. Understandably, we support their intentions and successes.



Whole Foods Market has had some impressive packaging wins in the last few years, even if on a small scale.

One of the most visible is our deployment of a 16" pizza box made from 100% post-consumer fiber that can easily be converted to four plates or a half box for storage of leftovers in the refrigerator. Introduced in our Rocky Mountain region in 2010, the box is available in our other regions now as well.

Another packaging win with a 5-year track record is the food bar container you'll find in many of our stores. Made from annually renewable bulrush and a blend of other plant fibers, the container is harvested from the wild, tree-free, compostable in 90 days and Cradle-to-Cradle Silver certified.

Several back-of-the-store solutions with customer-facing overlaps aren't as sexy as the convertible pizza box, but they also represent our dedication to choosing environmentally friendly options.

In the supply realm, we introduced trash can liners for store use that are made from 70% post-consumer resin content and we switched to using DEHP-free vinyl gloves. We also eliminated BPA in our scale labels and cash register tapes at our stores. The health implications of these changes impact our Team Members more than customers, although the environmental implications affect us all.

We recently launched a national test initiative to convert as many Styrofoam trays, used primarily in our meat departments, to compostable fiber as possible. We're still working out the kinks on this effort, but would like to eliminate all use of Styrofoam packaging in the near future.

Whole Foods Market uses a process that goes beyond cost alone for selecting new packaging and supply materials that are negotiated at a national or company-wide scale. We typically test a new product in a few stores or in a region before rolling the material out to the rest of the company. We use the following criteria for our bulk purchases of these items.

The product must:

- Be as environmentally responsible as possible, with third party certifications that back up any environmental claims, and show that our quality standards are being met,
- Have an ingredient list that tells us what the item is made from, as opposed to a formula,
- Offer a description of where and how the item is made, including the environmental and social impacts of its production,
- Provide an analysis of the life cycle of the product,
- Lend itself to an investigation of the item's performance both in-store and in the consumer's hands.

If the European market is any indication, consumer demands for more responsible packaging will impact food retailing dramatically in the next few years. Whole Foods Market fully supports this trend and is working with our vendors to make better choices for our environment.

Renewable and Alternative Energy

In 2006, Whole Foods Market made a landmark purchase of renewable energy credits (RECs) from wind farms to offset 100% of the electricity used in all of our stores, facilities, and offices in the US and Canada.

It was the largest wind energy credit purchase by a public company to that date. We continue to offset up to 100% of our electricity use with RECs. So far we've purchased more than 4 billion kWh of wind-based renewable energy credits, which has helped grow the wind energy industry in the United States over the last seven years.



For 2012, Whole Foods Market purchased 800 million kWh of wind RECs.

This ensures that for every kilowatt hour of electricity used by Whole Foods Market in 2012, another kilowatt hour of electricity funded by Whole Foods Market will be generated by US wind farms and delivered to the power grid. The 2012 purchase is equivalent to the annual electricity production of more than 125 wind turbines (1.5 megawatt capacity), or the annual electricity production of more than 1,500 photovoltaic solar panels (230 watt capacity).

We are proud to have been named an EPA Green Power Partner of the year in 2006, 2007, 2010, and 2011.

Whole Foods Market hosts or owns solar energy systems at 16 retail store locations and one distribution center and has contracted for up to 20 more. In 2002, the Berkeley store became the nation's first major food retailer to introduce solar energy as its primary lighting power source. For more recent examples, the Brentwood, California store uses solar energy for 24% of its power needs, and the Edgewater, New Jersey store (pictured above) hosts an impressive array of 14,000 square feet of solar panels.

A typical solar installation can produce (and save!) more than 2.2 million kilowatt hours over a 20-year period, help avoid more than 1,650 tons of CO₂ emissions—the equivalent of removing 440 cars from

the roadways—and lower the draw on our country’s power grids. Two of our stores in Connecticut (Glastonbury and Fairfield) and one each in California (San Jose) and Massachusetts (Dedham) host on-site fuel cells that provide up to 100% of the facility’s power needs during much of the year.

Our Dedham store also hosts solar panels on its roof, therefore meeting most of its yearly power needs off the grid. In addition, Whole Foods Market became the first company in the US to generate its electricity needs on-site using recycled cooking oil at its Everett, Massachusetts-based commissary kitchen. We’re gaining a wealth of experience using alternative energy systems in retail environments.

Our transportation fleet uses Bio-diesel in nearly one third of our company’s trucks, reducing our dependence on fossil fuels and reducing CO2 emissions into the atmosphere.

For example, our Atlanta-area distribution center, which uses the South Region’s spent cooking oil to supply fuel for its trucks, eliminates more than 250,000 pounds of emissions per year.

Energy Conservation

One of the smartest ways to save utility costs and reduce GHG emissions is not to use the energy in the first place.

Whole Foods Market implemented energy-efficiency upgrades in many existing retail stores during the last three years that have saved more than 20 million kWh of energy. This is the equivalent of NOT burning more than 1.5 million



gallons of gasoline! While these upgrades represent considerable capital investment—more than \$10 million in the last 18 months—we’ve found that the payback time in terms of energy costs avoided averages less than two years among our various projects.

Among the easiest of our long-term investments is installing energy efficient LED fixtures, which we’ve undertaken at

dozens of stores to date. Can you imagine not having to change the bulb for 10 years or more? Refrigeration represents one of the largest draws on power in a grocery store.

To cut down on refrigeration energy use, we've focused on specific enhancements and upgrades in our older stores including the installation of:

- Energy efficient doors on freezer and dairy cases
- Triple-pane glass with an anti-fog coating on refrigerator doors, eliminating the need for door heaters for icing or fogging
- Night curtains on refrigerators to conserve energy while keeping product at the appropriate temperature when stores are closed
- LED lighting in all chilled cases

We've also incorporated many minimum energy-efficiency standards into new store designs, and many stores exceed the minimum by leaps and bounds.

For example, our South Glenn, Colorado store (approximately 15 percent smaller in square footage) uses roughly 35 percent less energy than two older stores nearby, and our newest Santa Barbara store in California uses 45 percent less

energy than a nearby store of comparable size.



In April 2010, Whole Foods Market announced our commitment to reduce energy consumption at all stores by 25 percent per square foot by 2015. The plans for some tiers of this ambitious goal are still in development, but we've made significant progress to date.

Some of our newly opened stores are realizing an average of 10-30% less energy usage than existing stores of comparable size. We're continuing with our energy conservation projects in existing stores, which will reduce our energy usage by a total of 31.75 million kWh when currently scheduled upgrades are complete. The impact on our GHG emissions will be similar to removing more than 4,300 cars from the road for a year.

One challenge ahead of us is the organizational and individual behavior changes necessary to achieve (and maintain) the final 5-10 percent of our energy reduction goals.

Some of our regions already have Green Mission training for Team Members and at least one has mandatory education programs available. All Team Members have a part to play in meeting our goal; targeted education and awareness campaigns will help empower each person to make a difference.

Carbon Tracking & Reduction

Whole Foods Market understands that if we're using conventional electricity and natural gas, we're responsible for emitting greenhouse gasses (GHG).

We've implemented a tracking and reporting system for natural gas and electricity consumption which, along with already-tracked refrigerant leaks and transportation fleet emissions, will allow us to develop an inventory of scope 1 and 2 greenhouse gas emissions. Rolled out in 2008 in select regions, our goal is to have all of our stores and facilities in the US entered into the tracking system using 2008 baseline information by 2012.

In the interest of transparency Whole Foods Market has participated in the Carbon Disclosure Project since 2008 even though we will not have the ability to report on all of our global facilities until the 2012 report.

We employ a comprehensive approach to electricity monitoring in more than 100 of our stores by employing a web-based, near-real-time energy metering and sub-metering and exception reporting system to reduce energy usage and costs. We are also upgrading equipment and older systems with more modern, efficient systems. In stores where we've conducted energy retrofits and alternative energy audits, we've reduced grid energy consumption between 10 and 50%. The company is also setting internal goals for greenhouse gas reduction in future years by using smart design and energy-reduction technologies.

Whole Foods Market is a GreenChill partner. GreenChill is an EPA Partnership with food retailers to reduce refrigerant emissions and decrease their impact on the ozone layer and climate change.

Along with the use of bio-fuels mentioned earlier, our transportation fleet was fitted with aerodynamic aprons to cut down on wind resistance, resulting in less fuel consumption. These trucks also use a fuel-saving (and emissions-cutting) system that allows the

engine to be turned off completely at loading and delivery, rather than remain idling.

In addition, by implementing transportation optimization programs for our fleet, we have reduced truck deliveries by more than two million miles and are using approximately 360,000 fewer gallons of diesel fuel per year.

We believe this number can increase in the coming year as other regions adopt this initiative. Finally, some of our Distribution Centers have joined the EPA's Smartway trucking program.

Our corporate travel policy strongly encourages use of public transportation rather than individual car rentals and discourages travel for meetings that can be conducted using technology such as Microsoft Live Meeting or conference calling. Many of our regions offer employee incentives for using public transportation, carpooling, biking to work, or using hybrid or electric cars. All of these options reduce or eliminate emissions and save on petroleum-based fuel usage.

We are one of the first national retailers to install recharging stations for electric cars. Our customers have already proven that they are early adopters and supporters of this technology.

Green Building and Design

Whole Foods Market received the first "Green Building" award in Austin, Texas in 1998 for the expansion and renovation of our corporate headquarters, which was completed in 1995.

Sustainable material specifications combined with conscientious construction methods resulted in a healthy, durable facility.

Because of the 42% waste reduction during the construction process, we were profiled by the EPA as a construction waste reduction and recycling record-setter. We've grown considerably since that time, as has the green building industry, and in 2005, moved into a new headquarters building, also an award winner for its energy conservation features.

Whole Foods Market typically builds its new stores, or retrofits existing structures, in mixed-use shopping centers. Our stores are designed to fit in with their particular neighborhoods and designs typically incorporate locally available building materials— including re-purposed or recycled materials—which can save on transportation of materials.

The green building techniques we use also conserve natural resources by reducing the use of virgin raw materials and minimizing the amount of toxic resins and volatile organic compounds (VOCs) off-gassed by traditional building materials such as laminates, paint, and carpeting. Our newest generation of green buildings also saves significant energy costs over the life of the buildings and its various retail support systems. For example, our SouthGlenn store in Colorado (opened in 2009) operates with 35% less energy use (though only 15% smaller in square footage) than the nearby, older Tamarac and Belmar stores.

Our current new store construction includes innovative green materials such as MDF (medium density fiberboard), made from 100% recovered and recycled wood fiber; Marmoleum, a

natural linoleum product; and FSC (Forest Stewardship Council) Certified Wood. We're also proud that we're in a continual learning process with our green building efforts. We find out what works well in one store and replicate that material—or improve upon it—for other stores in our development queue.

Nearly every one of our newer stores has a long list of environmentally friendly materials, building systems, and design elements. We pay attention to everything, from saving energy to supporting local artists who use recycled materials as their medium to saving bird habitat! For example as you can see on the following page, our Jacksonville, Florida store (which opened in 2010) included the following intentions, materials, and design features.

Jacksonville, Florida Store Design Features

Exterior:

- Regenerating an existing shopping center helps prevent sprawl.
- Refurbishing the buildings and salvaging and transplanting the landscaping help reduce waste.
- Reclaimed Florida cypress is used for the canopy underside, reducing the consumption of new growth resources.
- Highly reflective white roof reduces the energy required to air-condition the building by decreasing heat flow through the building envelope.
- Living Walls of native plants along the South facade increase insulation, reduce heat gain, and provide habitat for local fauna.
- Native plants, low water landscaping, and low velocity watering systems around the building help control water use.
- Rainwater harvesting tanks on the east side of the building drain water off of the roof; stored water is used to irrigate the landscaping without drawing from the water reserves of the community.
- In the vicinity for more than 20 years, we made sure a birdhouse that had seen steady use was undisturbed during the store remodel.

Interior:

- Wall and counter coverings include Caba BARKSKIN, a hand-pounded

and hand-woven organic material made from the bark of fallen trees, and local artisan-crafted recycled glass Stardust tiles.

- Our floor covering, Forbo Marmoleum, is produced from these renewable materials: linseed oil, rosin, wood flour, cork flour, and limestone. The preferred backing material, jute, is spun from the fibers of jute plants in India and Bangladesh, where they are abundant and the business helps support the developing economy.
- We chose real wood veneer laminates that are sustainably harvested from plantations subjected to third-party oversight and treated using water-based dyes and stains free of heavy metals.
- We used water-based, zero-VOC interior paint; no chemicals are off-gassed into the environment.
- We used 100% recycled glass tiles; the manufacturing process uses one half of the energy used to produce ceramic tile.
- Restrooms are equipped with self-flushing toilets (also self-generating for power due to a hydro-powered turbine in the fixture) and non-flushing urinals, motion sensor lighting, automatic water faucets and hand dryers that require 80% less energy and reduce paper towel use by 95%.
- The solar tube day-lighting system and skylights throughout the store and office provide natural lighting, which reduces energy costs by up to 30%.

LEED, Green Globes and GreenChill

Numerous environmental certifications for our stores reflect our company's commitment to energy-efficient designs and equipment as well as using recycled and sustainable building materials where possible.

In 2005, our store in Sarasota, Florida received LEED (Leadership in Energy and Environmental Design) Silver Certification by the [US Green Building Council](#), the first-ever environmentally friendly supermarket designed in accordance with the LEED Green Building Rating System®. As of late 2011, we had nearly 40 stores that are either LEED or Green Globes certified, registered, or in development.

We don't register all of our stores for certification, but all are designed with green building elements that equal or exceed LEED-certified or Green Globes criteria. In fact some of our stores were certified after the fact!

Green Globes is an alternative green building standard with energy criteria more applicable to the food retail sector. Whole Foods Market is the first supermarket to be certified through the Green Globes program. Our Dedham, Massachusetts store earned 3 Green Globes (similar to LEED Gold), thanks in part to a fuel cell and solar panels that generate on site at least 90% of the store's power needs. Our Lake Grove, New York store earned both 3 Green Globes *and* LEED Gold certification.

LEED Certifications for Whole Foods Market Stores

Whole Foods Market Store	Certification Date	Certification Level
Sarasota, Florida	2005	Silver
Lamar, Texas	2006	Certified
El Segundo, California	2008	Certified
South Loop, Illinois	2009	Gold
Glastonbury, Connecticut	2009	Certified
Arroyo, California	2009	Certified
Jamboree, California	2009	Certified
Upper West Side, New York	2010	Gold
Milford, Connecticut	2010	Gold
Lake Grove, New York	2010	Gold
Lincoln Park, Illinois	2011	Certified
Venice, California	2011	Certified
Darien, Connecticut	2011	Gold
N. Raleigh, N. Carolina	2011	Gold
Fairfield, Connecticut	–	Registered
Yonkers, New York	–	Registered
57th Street, New York	–	Registered
Danbury, Connecticut	–	Registered
Brooklyn, New York	–	Registered
Marlboro, New Jersey	–	Registered
Closter, New York	–	Registered
Yonkers, New York	–	Registered
Chandler, Arizona	–	Registered
Kahala Mall, Hawaii	–	Registered
Las Vegas, Nevada	–	Registered
Maui Mall, Hawaii	–	Registered
Scottsdale, Arizona	–	Registered
Yonkers, New York	–	Registered
Tempe, Arizona	–	Registered
Kailua, Hawaii	–	Registered
Santa Barbara, California	–	Registered
Belmar, California	–	Registered

Green Globes Certifications for Whole Foods Market Stores

Whole Foods Market Store	Certification Date	No. of Globes/ LEED equivalency
Dedham, Massachusetts	2009	3 (Eq. to LEED Gold)
Southglenn, Colorado	2009	1 (Eq. to LEED Certified)
Lake Grove, New York	2010	3 (Eq. to LEED Gold)
Wellesley, Massachusetts	2011	3 (Eq. to LEED Gold)
Salt Lake City, Utah	2011	2 (Eq. to LEED Silver)
Brooklyn, New York		Registered

Several recently opened Whole Foods Market stores received the EPA's GreenChill's Silver Level store certification: Schaumburg, Illinois, San Jose, California, Fairview, Texas, and Dedham, Massachusetts; our Santa Rosa, California store achieved GreenChill's Gold Level store certification.

GreenChill Awards (Renewed Yearly) for Whole Foods Market Stores

Whole Foods Market Store	Award Date	No. of Globes/ LEED equivalency
Fairfield, Connecticut	2011	Gold
Southglenn, Colorado	2009	Certified
Lake Grove, New York	2010	Gold
Wellesley, Massachusetts	2011	Gold
Dedham, Massachusetts	2011	Silver
Marietta, Georgia	2011	Gold
Lakewood, Texas	2011	Silver
Park Lane, Texas	2011	Silver
Fairview, Texas	2011	Silver
Foggy Bottom, Virginia	2011	Gold
Charlottesville, Virginia	2011	Silver
Coddington, California	2011	Gold
Blossom Hill, California	2011	Silver
Stanyan, California	2011	Gold
Lafayette, California	2011	Gold
Folsom, California	2011	Gold
Shaumburg, Illinois	2011	Silver

Community Partnering

As a company, Whole Foods Market donates at least five percent of profits to charitable organizations in a variety of ways, including our 5% days, donation of product and services, and Team Member volunteer projects.

We also partner with our local producer community by offering an innovative low-interest loan program that bypasses traditional banks.



On designated days throughout the year, a total of 5% of the day's net sales in our stores are donated to a

designated local non-profit organization. Customers help support these pre-selected organizations just by shopping on these 5% Days.

Occasionally all of the stores in a metropolitan area agree to sponsor an organization on a chosen day, which ups the amount of the donation considerably. Recipient organizations get to share their cause with the public by maintaining a booth at the store with a representative from the organization for the entire day. This is a great way for an organization to increase funds and gain exposure.

Whole Foods Market also partners with community organizations via product or services donations. We may donate cases of water and frozen fruit bars for a summer fun run, pastries for a concert held to raise funds for charity, the use of a cooking school for a cooking demonstration during a food-related conference, or even larger donations during local emergencies, such as floods or hurricanes.

Finally, the number of ways we partner with community organizations off-site or on-site to help community gardens, provide space for art exhibits from fine painting to guerilla art, teach nutrition to school children or feed the homeless is limited only by the imaginations of our Team Members and community partners. For example, every store in our Mid-Atlantic region helps with a community garden project. Team Members at our Braselton Distribution center grow vegetables and fruit on the facility's grounds and donate the produce to local