

**HyVee® 2017 CORPORATE CITIZENSHIP**

# REPORT

# MESSAGE FROM RANDY EDEKER

## HY-VEE CHAIRMAN, CEO & PRESIDENT

For 87 years, our company's roots have been deeply planted in the Midwest. Many of our customers and neighbors are the same ones who carry out the monumental task of feeding the world. Their attentiveness to caring for the land and the environment is something that is also ingrained in our company, which is why we take our sustainability efforts very seriously.

We recognize that as one of the top 20 supermarket chains in the country, we are uniquely positioned to lead the way in terms of sustainability. Last year, our food waste diversion and recycling efforts received the Iowa Governor's Environmental Excellence Award in Waste Management. This year, we are building on those successes and continuing our proactive approach to preserving the environment.

In this corporate citizenship report, you'll see the progress we've made this year in terms of food waste diversion, seafood sustainability, companywide recycling and renewable energy. A few highlights include:

### PLATINUM LEVEL ZERO WASTE FACILITY

We are proud of our subsidiary, Perishable Distributors of Iowa, for becoming the first in the state of Iowa to reach the highest designation a company can receive from the Zero Waste Business Council.

### GROWING COMMUNITY INVOLVEMENT

Our caring culture and passion for helping others is demonstrated through the outreach done by our stores and employees, as well as the financial support we provide to a multitude of national organizations and local initiatives.



### UNVEILING THE ELECTRIC HIGHWAY

We announced that Tesla Superchargers were installed in the parking lots of several Hy-Vee stores as part of the car manufacturer's first electric highway across Iowa.

We are proud of how far we have come and yet we recognize there's still more we can do. For decades, Hy-Vee has been a company focused on doing the right thing. And we will continue to lead the way in terms of sustainability because it's the right thing to do.

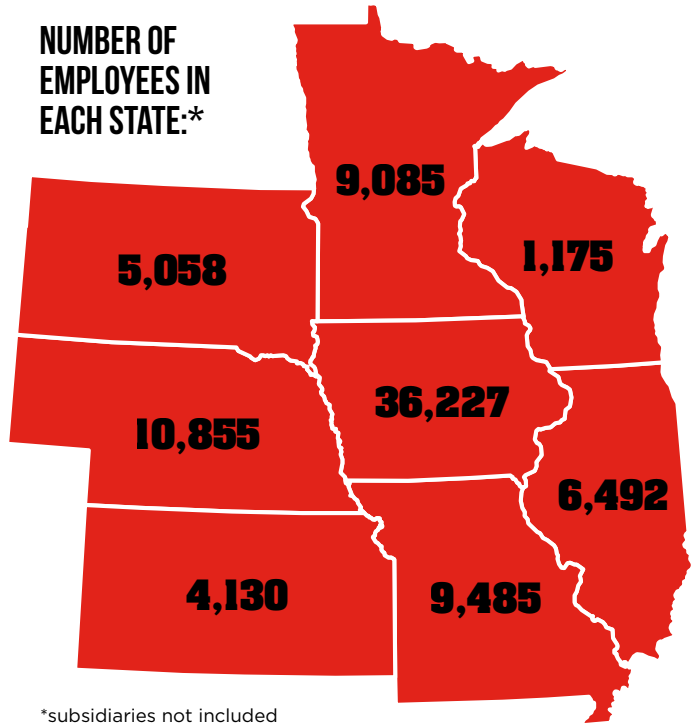
Sincerely,

Randy B. Edeker  
Hy-Vee Chairman, CEO & President



# BRINGING JOBS TO COMMUNITIES

We added 2,677 new jobs\* throughout our eight-state region in fiscal year 2016, bringing our total to more than 84,000 employees.



### OUR GREATEST ASSET

As an employee-owned company, when Hy-Vee succeeds, our employees share in that success. Hy-Vee shares through a variety of employee benefits, including bonuses to full- and part-time workers and matching 401(k) contributions. In fiscal year 2016, Hy-Vee paid employees more than \$36 million in full- and part-time employee bonuses. At Hy-Vee, we understand our employees are our greatest asset and we reward them accordingly.

MORE THAN  
**84,000**  
EMPLOYEES

### HY-VEE'S RECOGNITION

#### Governor's Environmental Excellence Award

For our food waste diversion and recycling efforts, Hy-Vee was recognized with the Iowa Governor's Environmental Excellence Award in Waste Management. Gov. Terry Branstad highlighted our efforts to compost organic waste and complete the recycling loop as a model for the entire state, and he acknowledged our leadership in protecting Iowa's environment.

#### Top 5 Customer-Centric Grocery Store

In a Customer Quotient survey, shoppers were asked to choose a grocery store they felt really understood them. Hy-Vee ranked fourth, and nearly 88 percent of those surveyed had positive things to say.

#### Hy-Vee Voted One of America's Favorite Grocers

A 2016 study by Market Force revealed that Hy-Vee is America's fourth most favorite grocery retailer, particularly shining in the areas of cashier courtesy and store cleanliness.

### PLATINUM LEVEL ZERO WASTE FACILITY

In 2016, Hy-Vee subsidiary Perishable Distributors of Iowa (PDI) was awarded platinum level certification from the Zero Waste Business Council as a Zero Waste Facility. PDI became the first in the state of Iowa to achieve the platinum designation, which is the highest designation a company can receive.



# COMMUNITY INVOLVEMENT

## HELPING COMMUNITIES WITH DONATION SUPPORT

Hy-Vee believes strongly in giving back to our communities. We are involved in a multitude of national organizations and local initiatives. In fiscal year 2016, Hy-Vee donated \$50.8 million in corporate and store donations, including:

**\$896,000**

TO JDRF

**\$550,000**

TO VARIETY—THE CHILDREN'S CHARITY

**\$217,000**

TO HY-VEE HOMEFRONT

**\$105,000**

TO MAKE-A-WISH

**\$100,000**

TO AMERICAN RED CROSS

**\$50.8  
MILLION  
DONATED**



**Hy-Vee  
HOMEFRONT**



NBA star and One Step ambassador Harrison Barnes.

## MAKING A BIG DIFFERENCE



Hy-Vee and PinkySwear® Foundation have continued to grow our partnership to provide financial support and programs to children with cancer and their families. The Hy-Vee Pinky Swear events focus on fundraising versus competition and are fun, accessible and engaging for children at all fitness levels. During the last fiscal year, our events raised more than \$300,000 and drew 2,385 participants.

## Hy-Vee KIDSFIT

Hy-Vee KidsFit® is one of our most popular outreach programs with youth between the ages of 7 and 17. The KidsFit website features fun workout videos, nutrition blogs written by Hy-Vee dietitians and health lessons. Nearly 30,000 kids attended a KidsFit event in the 2016 fiscal year, and our team visited 45 schools to teach kids about health, exercise and nutrition.



The Hy-Vee One Step® program offers our customers a selection of products with a portion of the proceeds going to worthy causes. In 2016, Hy-Vee announced the expansion of our One Step products to include paper towels and napkins to help fund the planting of 100,000 trees throughout our eight-state region. Since its inception in 2012, One Step has helped provide:



**740**  
COMMUNITY GARDENS



**114,040**  
TREES



**305,431**  
MEALS



**23**  
WELLS







**223 STORES  
PARTICIPATING  
IN FOOD WASTE  
RECYCLING**

# FOOD WASTE DIVERSION

## FOOD WASTE DIVERSION

In May 2015, Hy-Vee implemented a food waste diversion program as part of our overall company sustainability efforts. We reduce food waste in our stores by diverting food and other organic waste from landfills through partnerships with recyclers. In addition to reducing food waste in our stores through inventory and shelf management and efficient product purchasing, employees at each store are trained on how to properly sort the waste throughout their work day so it can be collected on a regular pickup schedule set by our food waste recycling partners. At every level, Hy-Vee employees are working to make our food waste diversion efforts successful. In 2016, many of our stores completed the recycling loop by offering the compost made from their organic waste as a garden center product for customers to purchase.



**6 BILLION  
POUNDS  
OF FRESH  
PRODUCE  
GOES UNUSED  
EACH YEAR**



Up to 6 billion pounds of produce goes unharvested or unshipped every year because they do not grow to be the perfect size, shape or color. In 2016, Hy-Vee partnered with Robinson Fresh to launch Misfits to help reduce food waste by offering our customers produce that is of the utmost quality and flavor, just slightly off-sized or cosmetically challenged. For years, Hy-Vee has focused on incorporating energy conservation practices, food waste diversion programs and sustainable procurement policies to reduce our footprint on the environment. Offering Misfits products is another way we can help reduce food waste.







# SUSTAINABLE SEAFOOD



Recognizing that certain types of seafood are overfished or harvested in a manner that causes undue stress to the environment, Hy-Vee implemented the Responsible Choice Sourcing Commitment in 2014. This pledge to protect ocean resources has been an integral part of Hy-Vee's sustainability mission. In 2015, we met our commitment of selling 100 percent responsibly sourced fresh and private label frozen seafood.

In 2016, we stepped up our efforts to guarantee all tuna steaks were caught in a way that did not harm the oceans or jeopardize tuna fish populations. We also believe that while tuna needs to be protected, so do the people who fish for them, which is why Hy-Vee committed to sourcing its service case tuna only from Fair Trade tuna purveyors.

Fair Trade Certified™ indicates that rigorous social and environmental standards have been met and that the fishers are able to work in safe conditions and earn additional funds to invest in much-needed community projects like health care and clean water.

## HY-VEE IS THE ONLY RETAILER CURRENTLY PUTTING FORTH AN EFFORT OF THIS MAGNITUDE.

At Hy-Vee, we believe we have an obligation to be a leader in seafood by not only delivering the freshest product and offering it at a fair price, but also by sourcing it responsibly.



**1** MILLION POUNDS RECYCLED



**6** MILLION POUNDS RECYCLED



**250** MILLION POUNDS RECYCLED

\*Figures reflect 2014-2016.

# COMPANY RECYCLING



## REDUCE, REUSE, RECYCLE

Both in stores and at our distribution centers, Hy-Vee is working to increase recycling rates for items like cardboard, plastic, paper and cooking grease.

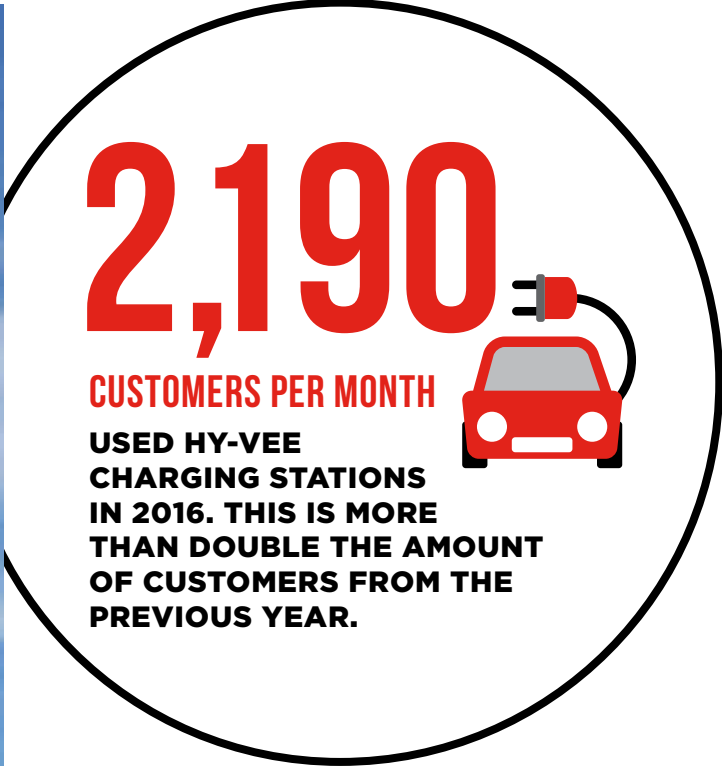
In the last three years, our efforts have resulted in the recycling of an estimated 6 million pounds of plastic, 250 million pounds of cardboard and 1 million pounds of paper.

## ZERO WASTE INITIATIVE

Efforts at Hy-Vee's subsidiary company Perishable Distributors of Iowa (PDI) resulted in 13.8 million pounds of waste diverted from the landfill this year. At its facility in Ankeny, Iowa, PDI implemented composting of paper towels from restrooms, lawn trimmings, soiled cardboard and food scraps from their break areas. The company also increased recycling collections of small batteries by installing desk recycling inserts.



# RENEWABLE ENERGY



**CONTINUING TO LEAD THE CHARGE**

Hy-Vee remains committed to providing customers with access to cleaner fuel and other opportunities to be more environmentally friendly with regard to their transportation.

In 2016, Hy-Vee added more electric vehicle charging stations, making them available at 44 of our stores; six stores have Tesla Supercharging stations, four stores have DC Fast Chargers and 37 stores have Level II charging capability. Hy-Vee offers the capability of charging 182 cars at the same time across our trade area and all of our charging stations are on the ChargePoint network, with the exception of Tesla Supercharger stations.

**TESLA SUPERCHARGERS**

In fall 2016, Hy-Vee and Tesla unveiled new Tesla Superchargers that were installed in the parking lots of several Hy-Vee stores as part of Tesla’s first electric highway across Iowa. Hy-Vee has six grocery stores with fully operational Supercharger stations. Each location provides eight stalls for customers to charge their Tesla cars. Locations include: Peru, Illinois; Oakdale, Minnesota; Coralville, Iowa; West Des Moines, Iowa; Davenport, Iowa; and Lincoln, Nebraska.



Working with Tesla, the Supercharger stations located at Hy-Vee stores provide greater convenience for drivers, giving them a clean, safe and friendly environment where they can charge their vehicles while grocery shopping or having a meal.

**E85 EXPANSION**

Our convenience stores continue to offer E85 pumps. In 2016, we added seven pumps, bringing the total to 14 locations.

IOWA	ILLINOIS	MINNESOTA	NEBRASKA
Ames	Galesburg	Brooklyn Park	Lincoln
Burlington		Lakeville	
Coralville		New Hope	
Newton		Oakdale	
West Des Moines		Rochester (North)	
		Rochester (W Circle Drive)	
		Savage	





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