



2017 SUSTAINABILITY REPORT

FISCAL YEAR 2016: DECEMBER 27, 2015 – DECEMBER 31, 2016

By Melissa Elkins, Sustainability Coordinator



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Data is collected quarterly in an internal reporting template. Information is gathered and recorded by the Sustainability Program Coordinator (with some contributions from the General Manager), sourced from the Management Team, Department Managers, Catapult, and internal tracking.

Downtown store	Cordata store	Mixed Use Building
1220 N Forest St	315 Westerly Rd	405 E Holly St.
Bellingham, WA 98225	Bellingham, WA 98226	Bellingham, WA 98225
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ANNUAL REPORTING COMMITMENT

On *April 10, 2013* – **Community Food Co-op (Bellingham)** became a member of the Sustainable Food Trade Association (SFTA). This organization provides businesses in the organic food trade with guidelines and recommendations for how to embody sustainability in their own operations. The SFTA spent two years compiling input from organic growers, distributors, processors, retailers, and certifiers to create an 11-point action plan titled “*Declaration of Sustainability in the Organic Food Trade.*” *Companies that sign the pledge commit to continuous improvement and transparency around practices in key areas.*

On that date, **Community Food Co-op** signed on to the *Declaration* committing to reporting annually our performance in the 11 action categories that include organic and land use, distribution and sourcing, energy, climate change and emissions, water use and quality, solid waste reduction, packaging and marketing materials, labor, animal care, sustainability education, and governance and community engagement.

Each year, we will strive for continuous progressive improvement and to practice transparency in annually auditing our performance and selecting reporting metrics that are relevant to our business. This report is a compilation of information we have collected and intend to submit to the SFTA to qualify for ongoing membership in the association.



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ORGANIC and LAND USE PRACTICES

ORGANIC PRODUCTION AND PURCHASING

I.02 – Year operation was certified organic, name of certifier
2007, WSDA

I.03 – List crops, ingredients, and products that are certified organic
Produce departments at both locations

I.04 - Percentage of organic of total sales (all departments)
33.25%

I.05 - % of increase / decrease of organic sales over last year's reporting
1% increase

I.06 - Describe in narrative any company position or policy on GMOs
In October 2013, the Community Food Co-op committed to not bring in any product in all areas of operations that contain or are at high-risk of containing GMOs. Products that are dropped will be replaced with non-GMO alternatives, so eventually all products that contain GMOs will be phased out.

We use zero GMO ingredients in our production departments and don't purchase "Dirty Dozen" produce items.

I.12 - Total Annual Organic Products/Ingredients Sold in Dollars (Total Dollars)

I.13 - % of Annual Organic Products/Ingredients Sold in Dollars. (% of Total Dollars)

All Products	\$ Total organic sales	\$11,571,837
	Organic sales as % of total sales	33.25%
Grocery	\$ Sales	\$6,593,088
	% of total dept. category	38.63%
Produce	\$ Sales	\$4,391,277
	% of total dept. category	86.88%
Wellness	\$ sales	\$192,754
	% of total dept. category	4.25%
Deli	\$ sales	\$62,678
	% of total dept. category	1.13%
Meat	\$ sales	\$331,505
	% of total dept. category	11.75%



Successfully transition organic certification duties from produce department managers to Sustainability Coordinator.

DISTRIBUTION and SOURCING

FUEL EFFICIENCY AND VEHICLES

2.02 - Number and Type of Vehicles

Delivery van – 2006 Ford Econoline E150

Delivery van – 2015 Dodge Pro Master

2.03 - Total Annual Fuel Consumed (Gallons, estimated)

1,178 gallons

2.04 - Percentage Increase/Decrease in Fuel Consumption

43% increase (first full year of new vehicle)

2.05 - Normalized Annual Fuel Use Per Revenue (Gallons)

0.00003

2.06 - Normalized Annual Fuel Use Per Square Foot (Gallons)

.02

Average Miles per Gallon for vehicles in past year

Ford – 10.55 mpg

Dodge – 15 mpg

2.08 - Percentage Increase/Decrease in Gallons Per Revenue

Due to the addition of a new vehicle halfway through 2015, we will have to use 2016 as our new benchmark.

Statistics are based on the average price of gas in Bellingham in 2016.

MODES OF TRANSPORT

2.12 - Product Shipped by Truck in past year

90%

2.15 - Product Shipped by Air in past year

10%

PRODUCT SOURCING

2.22 - Regionally Produced Product in past year (percentage)

13.5% from Washington state

2.23- Purchases from local and regional products sourced (dollar value, growing total)

Whatcom County – \$1,625,758 / 7.4% of total COG / 35% local COG

Five County Local – 2,297,056 / 10.5% of total COG / 78% local COG

Washington – \$2,955,144 / 13.5% of total COG / 100% local COG

For reporting purposes we consider all products produced in the state of Washington as local.

On our shelves, we label products as "Local" if they were produced and distributed within a five-county area; all other products that are produced and distributed within Washington state are labeled as "WA"

Our main distributor is United Natural Foods, Inc. (UNFI). Deliveries are made to our stores three times a week from its Auburn, WA warehouse, which is 100 miles (one way). UNFI is also a member of the Sustainable Food Trade Association (SFTA) and employs a wide range of sustainability programs in its operations. Distribution routes are optimized using Roadnet software and employ PeopleNet on-board technology to help drivers utilize efficient driving practices. UNFI has also increased use of rail transport.

2017
GOAL

Create new protocol to track local product sales (as opposed to cost of goods) in our POS system, and update all product info by the end of Q3.



ENERGY USE

TRADITIONAL ENERGY USE

3.02 - Annual Electric Purchased (kWh)

1,459,960 kWh purchased
2016 is new benchmark year

3.03 - Total Annual Electricity Purchased converted to BTUs

4,981,383,520 BTUs

3.04 - Annual Natural Gas Purchased

63,809 therms

3.05 - Annual Natural Gas Purchased converted to BTUs

6,380,900,000 BTUs

RENEWABLE ENERGY

3.09 - Total Annual Renewable Electricity (wind; solar; small-scale, low-impact hydro) **purchased** directly from utility (kWh)

Puget Sound Energy Green Power – 175,000 kWh purchased in 2015
3Degrees PNW RECs – 1,275,000 kWh purchased in RECs
Total Purchase = 1,450,000 kWh

We started purchasing 100% RECs in June 2015. For FY2016 we purchased them from Puget Sound Energy's Green Power program and also through 3Degrees. All alternative energy produced through our purchases was generated in the Western United States.

3.10 - Total Annual Renewable Electricity Purchased converted to BTUs

4,947,400,000 BTUs

3.11 - Percent Annual Renewable Electricity Purchased

99.32%

3.12 - Annual Renewable Electrical Power Produced On-site: Total kWh

30,390 kWh solar generated power, on-site

3.13 - Renewable Electrical Power Produced On-site converted to BTUs

103,690,680 BTUs

3.14 - Percent Annual Renewable Electricity Produced (on-site)

2.08%

3.18 - Total Renewable Energy, Purchased and Generated (BTUs)

5,051,090,680 BTUs

3.19 - Percentage Renewable Energy, Purchased and Generated

101%

3.20 - Percentage Increase/Decrease Renewable Energy (BTUs) vs 2015

30.16% increase

TOTAL AND NORMALIZED ENERGY

3.21 - Total Annual Energy Use (BTUs)

11,465,974,200 BTUs

3.22 - % of increase / decrease of total Energy use (BTUs) over last year's report

11.83% increase

Note – 2016 is our new base year

3.23 - Normalized Annual Total Facility Energy per Annual Revenue (BTUs)

328 BTUs

3.24 - Normalized Annual Total Facility Energy per Square Foot (BTUs)

238,056 BTUs per square foot

3.25 - Normalized Annual Total Facility Energy per Transaction (BTUs)

11,857 BTUs per transaction

Electricity Use 2012-2016



2017
GOAL

Renew ENERGY STAR® certification at our Cordata and Downtown store locations by Q3.

CLIMATE CHANGE and AIR EMISSIONS

4.03 - Provide a narrative describing employee commuting programs including rideshare, bicycle commuting, use of public transportation.

The Co-op is an active participant in the Whatcom Transportation Authority [Smart Trips](#) program. Approximately 6% of our staff are active participants in the program and about 11% participate in our Commuter Tax Reimbursement program (under the [Bicycle-Bus Commuter Act](#)) where staff can be reimbursed up to \$20 a month (up to \$240 per year, tax free) for qualified expenses incurred by the employee in conjunction with his or her commute to work by bike or bus. Qualified expenses include purchase of a bus pass, bike, bike helmet, and general bike maintenance and improvements. A goal in 2017 is to promote both programs more heavily to increase participation.

GHG EMISSIONS

EPA Simplified GHG Emissions Calculator <http://www.epa.gov/climateleadership/documents/summaryform.xls>

4.04 - Total Annual Direct/Scope 1 GHG Emissions (metric tons CO₂) (Core Metric)

Company vehicles – 10 metric tons CO₂e
 Natural Gas – 3 metric tons CO₂e
 Refrigeration – 20 metric tons CO₂e
 TOTAL = 33 metric tons CO₂e

4.05 - Total Annual Indirect/Scope 2 GHG Emissions (metric tons CO₂e)

Electricity – 561 metric tons CO₂e

4.06 - Total Annual Indirect/Scope 3 GHG Emissions (metric tons of CO₂e)

Employee Business Travel – 3 metric tons CO₂e
 Employee Commuting – 120 metric tons CO₂e (compared to 125 in 2015)
 Product Transport (UNFI, OGC, and UG only) – 70 metric tons CO₂e
 TOTAL = 193 metric tons CO₂e

4.07 - Total Annual Gross GHG Emissions (metric tons CO₂e)

787 metric tons CO₂e

4.08 - % of increase / decrease of total GHG Emissions over last year's report. (Core metric)

.01% increase

4.09 - Total Certified RECs or Offsets Purchased (metric tons CO₂e)

561 metric tons CO₂e

4.10 - Total Annual Net GHG Emissions (metric tons CO₂e)

226 metric tons CO₂e

4.11 - Normalized Annual Gross GHG Emissions per Revenue (metric tons CO₂e)

.00002

4.12 - Normalized Annual Gross GHG Emissions per Square Foot (metric tons CO₂e)

.016

4.13 - Normalized Annual Gross GHG Emissions per Transaction (metric tons of CO₂e)

.0006



OTHER GHG EMISSIONS

4.15 - Report refrigerant use, list by type and weight.

- R-404A – 360 pounds
- R-134A – 2 pounds
- R-408A – 8 pounds
- R-410A – 5 pounds

4.16 - Total Annual Emissions from Workforce Commuting (metric tons of CO₂e)

120 metric tons CO₂e

4.17 - Average Annual Emissions per Worker, metric tons of CO₂e

.47 metric tons CO₂e per employee

4.18 - Total Annual Emissions from Corporate Air Travel (metric tons of CO₂e)

3 metric tons CO₂e

4.19 - Annual Emissions Offset from Employee Commuting and Business Travel (metric tons of CO₂e)

We do not purchase any offsets for staff commuting and travel, although National Cooperative Grocers does for all travel costs that they cover for our staff.

4.20 - Percentage of Employees Using Alternative Transportation

29.38% of total commuting miles were attributed to alternative transportation, down 1.77% from 2015

- Biking, walking, carpooling, 100% electric vehicles, skateboarding, or taking the bus is considered alternative transportation.

- Car miles traveled – 312,925
- Motorcycle miles traveled – 5,267
- Hybrid miles traveled – 1,872
- Electric Car miles traveled – 13,421
- Bike miles traveled – 69,607
- Walking miles traveled – 17,385
- Bus/Carpool miles traveled – 32,719

Organization totals are based on 125 responses to our commuter survey (out of 250 staff). 50% of staff responded and the miles traveled were computed based on that percentage.

2017
GOAL

Continue education on greenhouse gas emission reporting for Sustainability Coordinator (ongoing throughout year).



WATER USE and QUALITY

WATER USAGE

5.03 - Annual Potable Water Consumed (Gallons)

3,158,056 gallons

5.06 - Total Annual Water Consumed (Gallons)

3,158,056 gallons

5.07 - Percentage Increase/Decrease Total Water Consumed vs 2015

5.31% increase

5.08 - Normalized Annual Water Use, per Revenue (Gallons)

.09

5.09 - Normalized Annual Water Use, per Square Foot (Gallons)

65.57 gallons per square foot

5.10 - Normalized Annual Water Use, per Transaction

3.27 gallons per transaction

5.13 - Annual Water Saved in Past Year Due to Conservation and Efficiency Upgrades (Gallons)

0/unknown

WATER QUALITY

5.12 - Total Waste Water Discharge (Gallons)

0

5.17 - Internally Filtered Water (Gallons, Percentage of Total Water)

3,158,056 gallons/100%

Water that is sold to customers, run through our bottle stations/drinking fountains, and sprayed on produce goes through additional filtration (183,057 gallons total)

Note —2016 is our new base year

2017 GOAL

Identify cause(s) of water use increase at the Cordata store by the end of Q3.

SOLID WASTE REDUCTION

TOTAL WASTE AND BYPRODUCTS

Note – our local recycler does not weigh single-sort recyclables, so totals are estimates based on container volumes.

6.04 - Annual Landfill and Incinerator Output (Tons)

73.77 tons (approximate)

6.05 - Total Annual Hazardous Waste (Tons)

(Collected from customers, although we contributed to the recycling total)

We pay for these items to be recycled as a customer service so we include them in our store totals.

3.11 tons of household batteries and CFL light bulbs

6.06 - Total Annual Recycling Output (Tons)

199.43 tons of recyclables (paper, plastic, metal, glass)

6.07 - Total Reuse, Internal and External (Tons)

We repurpose as many items as we can, from fixtures to office supplies.

.13 tons (primarily paper reuse)

6.08 - Total Annual Compost Output (Tons)

164.89 tons of Food Plus! recycling

6.10 - Total Other Materials (Tons)

209.44 tons recycled or repurposed

waxed cardboard, cardboard, "other" plastic/plastic film, food bank donations, and compost given as animal feed or raw compost to customers.

6.11 - Total Annual Waste and byproducts (Tons)

650.77 tons

6.12 - Total Annual Waste Diverted From Landfill (Tons)

577 tons / 89%

6.13 - % of increase / decrease of total waste diverted from landfill over last year's report

4% decrease, due to an audit of how we account for waste weights. We are now using Portfolio Manager to track our waste and feel that we are getting much closer to accurate tracking.

6.14 - Proportional breakdown of byproducts stream (% landfill, compost, recycling, reuse, etc.) by weight in pounds

Landfill – 11%

Recyclables/Reuse – 63%

Compost – 25%

6.15 - Normalized Annual Waste/Byproducts per Revenue (net profit/loss)

.004 pounds/\$

6.16 - Normalized Annual Waste/Byproducts per Square Foot

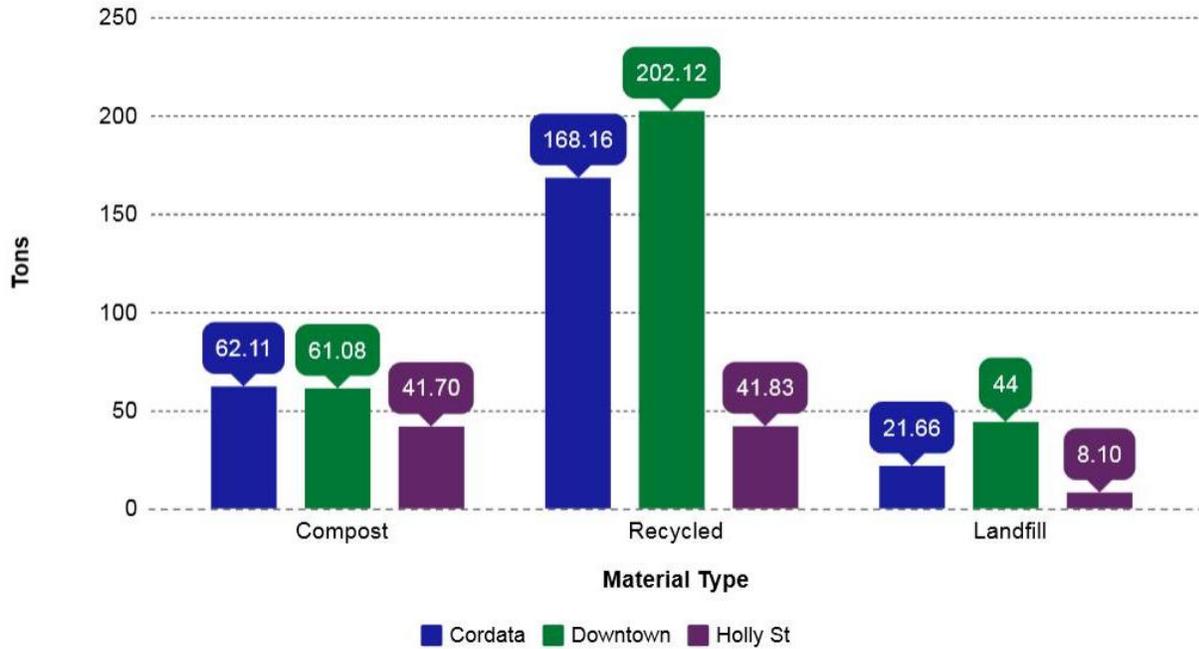
3.06 pounds per square foot

6.17 - Normalized Annual Waste per Transaction

.03 pounds per transaction



2016 Waste Generated, by Location



2017 GOAL
COMPLETED

Reduce downtown store landfill dumpster from 6 yards to 4 yards by the end of Q1.

PACKAGING and MARKETING MATERIALS

PACKAGING AND MARKETING MATERIALS USE

For this and future reports, we will be reporting on dollars and quantities rather than weight of items, which create statistics of greater organizational value for the Co-op. FY2016 will be our new benchmark year based on new internal tracking systems.

7.03 - Total Annual Packaging Materials – Pounds* (cost) by material type.

\$91,203 biodegradable/compostable materials

\$85,027 recyclable materials

\$26,378 landfill materials

Total: \$202,608

Note: We are reporting on packaging purchases made through our main supplier, West Coast Paper, which makes up roughly 91% of our total packaging purchases used for Community Food Co-op produced products.

7.04 - Total Annual Marketing Materials – Pounds* (cost) by material type.

In Season magazine (mailed to member-owners)

50,554 distributed

Newsletter (available in-store and at various locations around Whatcom County)

25,000 distributed

National Cooperative Grocers (NCG) Co+op Coupon Books/FSC Recycled

38,400 distributed

NCG Co+op Sales Flyers/FSC Mix

24,000 distributed

7.05 - Total Annual Packaging Materials Eliminated in the Last Year (dollars)

Packaging materials increased due to growth and the addition of a new retail location and wholesale bakery in mid-2015 (and better tracking systems put in place in Period 7 FY2015). FY2016 was the first full year of operation with all three of our locations.

7.06 - Total Annual Marketing Materials Eliminated in the Last Year (# distributed)

Direct mailings of our magazine were down 32% in 2016 over the previous year, and our newsletter (only available in store and in a few locations around town) distribution was up 9% over the previous year. NCG materials remained the same.

7.11 - Amount of Packaging That Can Be Recycled by End User in Their Locality (% by dollars)

87% can be recycled/composted

7.12 - Amount of Packaging That Can Be Composted by End User (% by dollars)

45% of total packaging

5% of compostable packaging contains GMOs

7.13 - Amount of Reusable Packaging (% by dollars) - % of total packaging by dollars.

Technically 0% - all are considered disposable.

7.14 - Full-size Paper Bags Used Per Year

202,600 full-size paper bags purchased in 2016

Cost for bags in 2016 - \$20,790.14

Cost per bag = 10¢

Amount collected at register = \$753

Average # of bags per customer = .15



7.15 - Amount of Renewable Content of Packaging and Marketing Materials (% by dollars)

45% of our packaging materials are made using biodegradable/compostable materials, and/or renewable fiber. Approximately 92% of our marketing materials and signage are made with renewable materials. We started using recyclable plastic paper to replace laminated cardstock, and we have started using vinyl coatings on some items to increase their durability, which makes up the remaining 8%.

7.16 - Amount of Recycled Content of Packaging Materials (% by dollars)

28% (Post-consumer) of category purchase; 12% of total packaging purchases

7.17 - Amount of Recycled Content of Marketing Materials (% by dollars) -% of marketing materials that are made from recycled material.

In Season Magazine – 0% PCW
Newsletter – 20% PCW

7.18 - Third Party Certified Virgin Packaging Materials and Marketing Materials (% by dollars) - % of virgin packaging and marketing materials by type that are certified for responsible sourcing such as Forest Stewardship Council.

Unknown, although all of the paper we purchase for internal use is either SFI or FSC certified.

7.19 - Environmentally Responsible Inks (% of materials printed)

100% of NCG materials, Co-op Community Newsletter

PACKAGING WASTE

7.20 - Describe what your company does to encourage end user to reuse, recycle, or compost, including take-back services.

We have highly visible recycling stations in all of our stores in various locations, but we haven't been very good about communicating to customers about what they can do once they bring our in-house made products home.

7.21 - Types of Packaging Materials Used

Recycled Plastic, Plastic, Paper, Glass, Paperboard, Plastic film, Styrofoam trays, soaker pads, poly-lined paper, PLA-lined paperboard and paper, and PLA plastic.

2017 GOAL	Eliminate foam packaging from our meat and specialty cheese departments by the end of Q4.
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LABOR

WORKFORCE COMPOSITION AND DIVERSITY

8.03 - Total Workplace Employment (type, i.e contract, at-will, etc.)

100% Employment at-will employer.

8.04 - % increase/decrease of employees from previous year (Core)

7% decrease

8.05 - Workforce Diversity

Gender Self-Identification

52% male; 48% female

Age

0-19 = 1%

20-29 = 37%

30-39 = 30%

40-49 = 19%

50-59 = 9%

60+ = 4%

Ethnic Diversity

Hispanic or Latino = 2%

White = 87%

Black or African American = 1%

Native Hawaiian or Pacific Islander = 1%

Asian = 2%

American Indian or Alaskan Native = 2%

Two or More Races = 5%

Whatcom County 2013 Census Statistics:

Race:

Caucasian – 80%

Black – 1%

Asian – 4%

Native American – 3%

Two or More Races – 4%

Hispanic or Latino – 9%

Gender:

Male – 49.6%

Female – 50.4%

8.06 - Annual Total and Rate of Employee Turnover

18.47%

We do not track turnover demographics

8.07 - Employee Satisfaction

Our last employee survey was in July 2014, conducted by Carolee Colter from CDS Consulting Co-op. 99% of eligible staff participated.

99% of questions scored 3.5 or higher (out of 5)

61% of questions scored 4 or higher (out of 5)

Indicates a “modest but perceptible increase in staff satisfaction from the survey in 2011”. Nine out of ten topics increased in score and only one question decreased dramatically.

Our next extensive employee satisfaction survey will be conducted in 2017.

COMPENSATION

8.08 - Average Training Hours per Employee

All new employees receive 6 hours of training before they start working and approximately 24-30 hours of specific department training (department training hours are not reported on). All staff receive about 10 hours team meeting training per year. External trainings average 20 hours each for about 15-25 staff yearly. We instituted an outside training freeze halfway through 2016 as we tightened our budget due to sales losses. 3.16 hours per staff member; 791 total hours

8.09 - Total Expenditure on Employee Training and Education

\$15,900



8.10 - Employee Health Care Benefits - % of health care costs (health, vision, and dental) covered for employees.

Full-time – 75% of premium, 90% of other (non-premium) medical costs

Part-time – 50% of premium, 90% of other (non-premium) medical costs

8.11 - Employee Health Care Benefits - % of total, full-time and part-time employees eligible

Full-time – 100% for employees that work 30 or more hours per week

Part-time – 100% for employees that work 20 or more hours per week

8.12 - Employee 401(k) Plan or Other Retirement Plan Contribution - % of total, full-time and part-time employees eligible for employer 401K plans.

Employees over the age of 18 are eligible after 1 year/1000 hours of employment

Full-time – 100% for employees that work 30 or more hours per week

Part-time – 100% for employees that work 20 or more hours per week

8.13 - Employer 401(k) Matching Contribution or Other Retirement Plan

The Co-op matches up to 6%

8.14 - Profit Sharing

The Community Food Co-op offers three types of profit sharing for staff: quarterly gain share payouts, yearend bonus, and patronage refunds. See appendix for the full text from our by-laws.

8.15 - State the Number of Career Advancements from Within Your Business - as a % of total new hires.

15% of new hires were career advancements from existing staff.

- We had 9 internal staff promotions in 2016
- 62 new staff were hired in 2016

8.16 - Ratio Between Lowest and Highest Paid Employee.

The upper limit for exempt manager salaries can be no more than three times the previous fiscal year's average hourly wage of non-salaried staff multiplied by 2,730 hours. The General Manager is exempt from this policy as the Board of Directors sets their salary.

8.17 - Total Amount of Employee Wages and Benefits Normalized to Revenue (sales)

24.15%

8.18 - % of Employees Receiving Living Wage for Local Economy

A minimum of 82% of our employees receive a living wage for our local economy, based on length of employment. Experience raises received inflates the percentage to a minimum of 85%. Staff who have worked for the Co-op for less than one year account for the 15-18% of staff that did not receive what we consider a living wage. While our starting wage is higher than the state's minimum wage (which is one of the highest in the country) not all benefits kick in until after one year of employment, which affects the methods we use to determine a living wage.

Our GM assesses living wages yearly based on one year of employment at the Co-op using the Living Wage Model from the Cooperative Grocers Information Network. Ours is slightly different since we include statistics on our staff being paid enough to put money into savings.

We are phasing in a \$15 starting wage over the next three years (by the start of 2019).

HEALTH AND SAFETY

8.19 - Number of Recordable Injuries and Illnesses Under OSHA

11 (down from 17 in 2015)

8.20 - Accident Frequency Ratio for Company Vehicles [AFR]

0



8.21 - Injury Frequency Ratio [IFR] per 100,000 hours worked
5.54

8.22 - Describe how your business provides your workers a clean, safe, sanitary, healthy work environment.
From our Employee Manual: The Co-op values a safe work environment for all employees and shoppers. We have a Safety Committee at each store. Our committee, with the help of each Co-op employee, works to maintain a safe working environment and to provide safety education for Co-op employees. It is the responsibility of all employees to report real and potential hazards in our stores to a member of the Safety Committee, supervisor, or store manager. In case of an accident while working, it is the responsibility of the injured employee to fill out an accident report as soon as possible and give it to the store supervisor. If an employee seeks treatment for a work-related injury it is their responsibility to bring any doctor's note designating work restrictions to HR.

8.23 - Wellness programs
We offer discounted gym memberships to staff as part of their benefit package. Our health insurance covers \$200 worth of smoking cessation benefits (one-time use).

8.25 – Ethical Sales (Fair Trade)
Note: We report on products that hold any of the industry recognized fair trade certifications. Prepared products with a single fair trade ingredient are not considered part of our fair trade reporting.
SKU = Stock Keeping Unit
Fair Trade certified grocery SKUs = 296
Fair Trade certified wellness SKUs = 359
Fair Trade certified produce SKUs = 33

ETHICAL SOURCING

Verification

Our New Vendor Applications asks questions about employment practices and working conditions.

The Co-op joined the Domestic Fair Trade Association in 2015 and is an active member.

We have been working on improving our tracking methods for Fair Trade. The creation of a merchandising department in 2015 and adding category manager(s) should help contribute to more accurate tracking systems in years to come.

2017 GOAL
Promote available commuting incentives to staff throughout the year and create a rewards program using existing partnerships.



ANIMAL CARE

HEALTH AND WELL-BEING

9.05 - Production Enhancement: Milk

100% is rBST/BGH, antibiotic, and hormone free

9.06 - Production Enhancement: Meat

100% free of growth promoters, antibiotics, and hormones

LIVING CONDITIONS

9.13, 9.14, 9.17 – based on sales of products, not number of products carried.

Eggs

- % Cage Free – 6%
- % free range – 93%
- % organic – 86%

Pork

- % free range – 23%
- % GMO free diet – 13%

Beef

- % grass fed – 35%
- % GMO free diet – 6%

Fish/Seafood

% purchased from sustainable seafood sources – 99%

Chicken

- % free range – 95%
- % organic – 64%

Some notes about our meat and seafood items, based on number of products we carry:

19% of total beef, lamb, and bison products carried are fed grass-fed diets.

- Bison products are 100% grass-fed.

80% of our products are free-range.

- 98% of beef products are from free-range animals
- 98% of turkey products are from free-range animals
- 100% of lamb products are from free-range animals
- 100% of bison products are from free-range animals
- 70% of the duck, pheasant, rabbit and elk products we carry are from free-range animals

30% of our products are fed GMO-free diets.

- 75% of the chicken we carry is fed a GMO-free diet.

2017
GOAL

Determine an external seafood rating system, or commit to an internal system by the end of Q4.

SUSTAINABILITY EDUCATION

TRAINING

10.02 - Annual Average Workplace Sustainability Training

A short sustainability training is included in our New Employee Orientation. Additional training is provided at our Annual Staff Meeting. Logbook notes and emails are used when information is needed to be conveyed, and articles are written periodically for our In-Store newsletter. The sustainability coordinator also attends team meetings as needed.

10.03 - Relevant Certifications and Labels Displayed on Products

Our Cordata store achieved LEED certification in 2015.

10.04 - Total investment in Sustainability Activities

.001% of sales

10.05 – Percentage Increase/Decrease of Total Investment in Sustainability Activities vs. Last Year

Remains unchanged.

The Sustainability Coordinator spends 10-20 hours a week working on various projects and duties related to sustainability. This position has been combined with the Administrative Assistant to the management team to create a full-time position, and there is complete flexibility regarding time management. They work closely with the entire management team as well as the department managers in both aspects of their job descriptions, so it is a system that works well for our organization and is easily adaptable as needed.

2017
GOAL

Work with WSU Master Recycler program to provide community outreach credit for those being certified by the end of Q4.

GOVERNANCE and COMMUNITY ENGAGEMENT

COMMUNITY ENGAGEMENT

(See Appendix for policy and other general practices.)

Our [Real Food Show](#), created in 2014, had another great year in 2016. The show is produced by the Community Food Co-op and uses a highly energetic and entertaining format to motivate and teach children to make healthy food and lifestyle choices. Utilizing comedy, juggling, and other circus skills to delight, entertain, and inspire audiences. The show is performed by local circus performers and to date has been seen by well over 10,000 elementary school students across the western half of Washington state.

The Co-op maintains an active presence on Facebook, Instagram, Pinterest, and Twitter; a website; and a number of food-related blogs. We produce a periodic [newsletter](#) (available in our stores and around the county) and E-Newsletter, as well as a tri-yearly magazine that is mailed to our membership.

Every year the Co-op Board of Directors selects 12 community organizations to receive a [Community Shopping Day](#) (CSD), vetted by the Member Affairs Committee (MAC). Selected organizations receive 2% of one day's (combined) sales and the opportunity to educate shoppers about their programs in the Co-op newsletter and with in-store displays and tabling. MAC also administers five \$400 grants each year. Note that the CSD program's name was changed to SEED in 2017.

- 2016 CSD recipients were: Three Rivers Educational Cooperative, Alternative Humane Society of Whatcom County, Lummi Island Foundation for Education (LIFE), Sean Humphrey House, Twin Sisters Market, Ferndale Community Meal Program, Bellingham Childcare and Learning Center, Friends of the Nooksack Samish Watershed, Whatcom Literacy Council, Make.Shift Art Space, Whatcom Dispute and Resolution Center, and Foothills Foodbank. \$23,743 (2% of sales) + \$1,355 (register donations) = **\$25,098 total**
- 2016 Member Affairs Committee (MAC) grant recipients were (\$400 each): Ferndale Farmer's Market, Explorations Academy, Kulshan College of Intuitive Medicine, Familias Unidas por la Justicia (FUJ), and Community to Community Development. **\$2,400 total**

The Co-op offers many grants, sponsorships, and donations to community groups. The largest program is the [Co-op's Farm Fund](#), which offers grants and low interest loans to local farmers. The Farm Fund works to increase the supply of local, sustainable, and organic food by supporting and establishing projects that benefit the local farming community. The Fund also works to educate consumers, increase access to local food, and to encourage ecological and socially responsible stewardship of our farmland. Over \$18,000 was granted or loaned to local farmers in 2016.

- 2016 Farm Fund Grants awarded to: Bellingham Food Bank – Seed Money project; Matheson Farms, McIntyre Family Farm, Off Ox Project, Pachamama Organics, Twin Sisters Market, and Viva Farms.
- 2016 Next Step Grants: Boldly Grown Farm, Brittle Barn Farms, Growing Garden, Moondance Farm, Sage and Sky Farm, and Triple Wren Farms.

You can find more info here <http://communityfood.coop/community-giving/farm-fund/current-projects/>

11.05 - Charitable Contributions (dollar amount)

\$221,543 or .63% of net sales

- Financial – \$199,769 or .57% of net sales (includes sponsorships, donations, scrip, Community Shopping Days, volunteer coupons given to other organizations, and Farm Fund grants and loans)
- In-Kind – \$21,774 or .06% of net sales (community room use donations)

In-kind total and grand total do not reflect shopper donations (see chart on next page).

11.06 - Charitable Contributions as a % of net profits

27% of net loss

11.07 - Charitable Contributions: % increase/decrease of total donations as % of net profits over previous year (Core)

60% increase as a % of net loss.



We experienced a net loss in 2016 but that didn't stop us from giving back. With that in mind, our charitable contributions increased from \$120,533 in 2015 to \$199,769 in 2016, in part with help from the Next Step grants administered through our Farm Fund program.

11.08 - Employee Volunteerism – total hours
15 staff, at two work parties, 35 hours total

We offer a few volunteer opportunities to staff throughout the year (trail maintenance, community garden help, tree planting, etc.), although this program is still in development. We also donate \$50 to any organization that a staff member volunteers for that isn't through an organized Co-op partnership. These opportunities are not tracked internally.

11.09 - Employee Volunteerism: Average hours per employee
.14 hours per staff member

11.10 - Classes offered to the community
The Co-op offered 156 classes through its Healthy Connections series in 2016, with 2,693 students attending. Cooking, nutrition, and a wide range of health topics were covered.

ADDITIONAL THIRD PARTY CERTIFICATIONS AND RECOGNITIONS

11.11 – Certifications
Certified Organic produce departments, organization wide

11.12 - Awards
We were voted as the Best Grocery Store in the annual Best of Bellingham contest held by the *Cascadia Weekly* publication.

We were awarded the Gold Medal for Best Health Food Shop by *Bellingham Alive!* magazine and the Gold Medal for Best Grocery Store in Bellingham.

We were awarded a Citation Award from AIA Northwest Washington in recognition of the professional excellence manifested in the design of our mixed use building, which opened in June 2015, as elements of our project were considered worthy of study.

(Toot our own horn) Note: a highly anticipated Whole Foods opened in spring 2016 (fortunately for us, with a loud meow instead of a roar) and we (and other local businesses) beat them in all local polls for “Best of”.

2017 GOAL

Review and revise sustainability metrics to better represent the data that is compelling to our customers, required for reporting to the SFTA and NCG, and useful internally.

APPENDIX

BACKGROUND INFORMATION

In early 1970, the Community Food Co-op was essentially a concept that was being developed into a reality. A handful of dedicated community members raised money to open a storefront in the Good Earth building in Fairhaven (a neighborhood located in Bellingham, Wash.) that would morph into the Co-op you know and love today. Back then, we opened our doors with about \$500 in inventory and membership was \$8 total (and you were supposed to send your check in with “a kiss” according to old literature).

In the beginning, the Co-op primarily sold select local and hard-to-find products, mostly in bulk (like brown rice and organic raisins). The items were purchased in California, and one of the founding owners would drive to an Oregon truck stop to pick up the goods and bring them back to Bellingham. There were no check stands or scanners, no credit cards or paid employees. This was a “quiet” time for the Co-op, and as word spread we eventually outgrew our location.

In October 1982, the Co-op moved to 1059 N. State Street—by that time we had a whopping five paid employees (and over 40 worker volunteers) and we published our first newsletter. The volunteers served as cashiers, janitors, and grocery clerks and worked for a discount. The '80s and early '90s inspired big changes at our store, including a newly created (and elected) Board of Directors, a transition from a mostly volunteer staff to paid employees, a newly hired General Manager (who has been with the Co-op since then, with the exception of a short break in the late 2000s), and a big vote in 1989 about whether or not to carry products that contained meat (an entire newsletter was devoted to the pros and cons). One of the big issues in 1990 was whether or not we should purchase cash registers with scanners. At the time, the Co-op was proud of the fact that we owned four computers, a dot matrix and a laser printer, a modem that linked one of our computers to our main distributor (that's right—the internet had been invented, but no one would really use it until 1995), and hand-held order machines that transmitted our orders over the phone handset.

By 1989, our Board knew that we were outgrowing our current location on State Street and plans to move to a new location started to take shape (we did have a whopping 3,200 owners by then and 32 employees). By May 1994, we had moved into the Swan's Moving and Cold Storage building just a few blocks away on North Forest Street, and in true Community Food Co-op style we had a big parade to signify the move. It was exciting and a little scary to move into such a large space, but with a lot of work and dedication we got the store open and hired an additional 15 staff (which brought us up to 47). While the store has had some interior remodeling over the years, it still looks very similar to when we moved in and many of our shoppers really appreciate this sense of “home” they get when they shop.

Things went along great for a few years, and then we started to outgrow our “new” store. We tried to find ways to make parking easier by reconfiguring the lot numerous times and we remodeled the interior, but it became apparent that we would have to start thinking of either building a second store or moving once again to a larger building with more parking. By 2001 we decided that building a second store was our best option and we got down to serious work. The LEED certified Cordata store opened in January 2009, and seven years later the store is going strong and sales continue to grow. To our pleasure, the new location did free up some parking at our downtown store for several years, but by summer 2013 the downtown store was seeing comparable sales to 2008 figures (when we still only had one store) and parking was becoming an issue again during afternoon and early evening hours. Construction on a major parking lot revision was completed in 2016 which added over 30 parking spots to the lot, new access points to help with bottleneck issues, a redesigned foyer and nicely complements the extensive kitchen and deli remodel that was completed in late 2015, which added an upstairs seating mezzanine, a hot bar and salad bar, and essentially a brand new production kitchen.

Today, many things have changed—we have over 250 employees, two bustling full-service stores, a multi-use building, over 18,000 active owners, and inventory around \$1 million. But many things haven't changed, such as our commitment to our community, our interesting and sometimes quirky staff, our love of wholesome foods, and our dedication to our customers. People come and go, but we feel that the community and local history at our co-op is unparalleled by almost any other local business.

Our Vision

A just and livable world with a sustainable economy founded on informed choice and cooperative values.

Our Mission

Consumer owned grocery stores serving our community with quality products and honest information.

Our Values

We are committed to maintaining the economic viability of the Co-op in order to:

-  Promote cooperative ownership by fostering member involvement and responding to member needs.
-  Build community by respecting diversity and cultivating connections within the Co-op and Whatcom County.
-  Encourage informed choices by educating ourselves and our community on issues of food, healthy lifestyles, the environment, and human rights.
-  Model ethical business and employment practices by acting with honesty, integrity, and respect in the workplace and marketplace.
-  Promote a sustainable economy by supporting organic and sustainable food production and other environmentally and socially responsible businesses locally, regionally, and nationally.

GOVERNANCE

The Community Food Co-op is governed by a member-owner elected nine-member Board of Directors, one of which is a staff representative that is elected by staff (up to three staff members can serve at one time, but two must be elected by the membership). Directors are expected at every monthly Board meeting and also are expected to serve on at least one Board committee. The Board committees consist of the Board Development Committee (BDC), Strategic Planning Committee (SPC), Member Affairs Committee (MAC), and the Finance Committee. The Board of Directors uses policy governance and the General Manager reports to the Board, serves on the SPC, and is in charge of operations. The Board generally only gets involved in operations when expansion projects are underway or when member concerns arise.

Our full Board governing policies and by-laws can be found at <http://communityfood.coop/join-us/board-of-directors/>

SCOPE OF BUSINESS

The Community Food Co-op is a full-service grocer that specializes in local and organic foods. We operate the following departments:

Operational – Grocery, Produce, Wellness, Deli, Wholesale Bakery Production, Meat/Seafood, Front End, Merchandising, Deli Production, Retail Bakery

Non-Operational – Outreach, Pricing/POS, Human Resources, Maintenance, Accounting, Administrative, Facilities

PRODUCT MIX

We're in business to:

1. Offer **high quality products** that:
 - 🍃 Meet or exceed our product standards.
 - 🍃 Meet a customer need and will sell.

2. Offer **prices that are affordable** to people living in a broad range of financial circumstances, which means we need to:
 - 🍃 Build category sets that have groups of similar products at a range of price points.
 - 🍃 Choose between similar products that each have some, but not all, of the quality attributes we consider important (because similar products that sell for different prices usually don't have identical "quality" attributes).

3. Offer the **best quality products possible at every price point** which means we need to:
 - 🍃 Know what the attributes of a quality product are.
 - 🍃 Understand the relative importance of each attribute.

The basic list of quality attributes below is arranged in the order that our merchandising department and department managers consider them.

- 🍃 **CLEAN** – no harmful ingredients or additives; organic and/or non-GMO ingredients or feed.
- 🍃 **SUSTAINABLY PRODUCED** – organic, transitional, or other sustainable practices.
- 🍃 **LOCALLY PRODUCED** – 50 miles, 100 miles, Washington state.
- 🍃 **SOCIALLY RESPONSIBLE PRODUCTION** – cooperative, fair trade, production scale, business practices.
- 🍃 **APPROPRIATELY PACKAGED** – minimized packaging, recyclable, compostable.
- 🍃 **HEALTHFUL** – reasonable sugar, fat, and salt contents; minimize empty calories.

Find out more information in our New Vendor Packet and application(s) on our website at www.communityfood.coop/shop/sell-to-the-coop/

LOCAL STRATEGY

Our bias is to bring in any local product that meets the same basic criteria we'd apply in any of the departments.

Value proposition – when you buy a local product you are:

- 🍃 creating jobs in our community
- 🍃 keeping money in the community
- 🍃 helping support a more independent local economy

CATEGORY MANAGEMENT AND LOCAL PRODUCTS

Strategies for local products carried in our stores:

1. **Promotion** – Set up in-store demos, use introductory pricing, develop shelf talkers, signs, etc.
2. **Price** – Manage pricing within the products category to maintain no more than a 25% price differential between the local product and other comparable products whenever possible.
3. **Placement** – Good shelf placement within the category (even if the turns are low).

GENETICALLY MODIFIED ORGANISMS (GMOs)

The Community Food Cooperative strongly supports *sustainable agriculture, organic farming, and efforts to prevent the proliferation of GMOs in foods.*

To this end we will:

-  Decline new products at high risk of containing GMOs.
-  Continually work with vendors, producers, and advocacy groups to encourage responsible labeling and to provide GMO-free products as much as possible.
-  Support our shoppers' rights to make informed purchase decisions through educational opportunities and materials that address the issues facing our food system.
-  Ensure access to food by supporting a food source that is free from corporate control of seed stock.

HEALTHY FOOD ACCESS HIGHLIGHT

As part of our strategic planning, the Community Food Co-op constantly looks for ways to make natural foods more accessible to our community.

Fresh Bucks is a unique partnership between the Bellingham Farmers Market, Community Food Co-op, Opportunity Council, Sustainable Connections, Whatcom Community Foundation, and the Whatcom County Health Department. It is made possible by a three year grant through the 2014 USDA Farm Bill.

Fresh Bucks match up to \$10 per day towards purchases of fresh fruit and vegetables from the Community Food Co-op or three area farmers markets for those that participate in the Supplemental Nutrition Assistance Program (SNAP) – also known as EBT or Food Stamps.

The Co-op started participating in July 2015 and will continue participation as long as funds exist from the USDA grant. The program was a huge success in its inaugural year and again in 2016.



POLICY, GUIDELINES, AND PRACTICES

Organic and Land Use Practices

E4 Healthy Food Access; B10 Environment (B10.5)

For full copy of our governing policies, go to <http://communityfood.coop/join-us/board-of-directors/>

When choosing what products to carry, organically grown products are always given priority. That being said, if a product doesn't fall into every category in our product selection criteria (see page 31) each department employs methods to pick the product that fills as many criteria as possible. For example, in our produce department ideally we look to fill the department with local, organic, in-season, and cooperatively and/or fair trade grown items (think of those attributes being at the center of a series of concentric circles). If not all of that criteria is met, we will move out a circle and look for something that has almost all of those attributes, and so on.

Distribution and Sourcing

E2 Local Food System Development; B10 Environment (B10.5, B10.6)

For full copy of our governing policies, go to <http://communityfood.coop/join-us/board-of-directors/>

We do our best to purchase products from companies that share our sustainability philosophy.

We are members of the Domestic Fair Trade Association, and our sustainability coordinator attended the 2016 annual meeting held in Portland, OR. They also serve on the membership committee.

We have delivery schedules for products that we produce in-house (delivered by van); in mid-2015 we moved bakery production to our new facility, located across the street from our Downtown store, and we hope to increase our distribution of baked goods made with organic, local, and fair trade ingredients to other local businesses in future years.

We hired Joshua Jackson as our Merchandising Manager in summer 2016 and one of his duties is to assist people who are interested in selling to the Co-op using the resources in the New Vendor Packet.

We are big supporters of fair trade certified products, but we also recognize that there are other sourcing options that are beneficial to the farmers and workers involved, especially if fair trade certification isn't cost effective for their business (see identifiers used in signage below).

- Most of our local coffees are sourced through an organic/fair trade importer, with a few coffees that are sourced via direct trade. The chocolate used in our bakery is fair trade certified.

We had hoped to have a better idea of local ingredient purchases in our deli and bakery production by the end of 2016 but that proved to be a larger task than we anticipated; we purchase many ingredients in-season and local but currently don't have a tracking system in place to report on dollar totals so we are working on creating a tracking system.

We eliminated all GMO ingredients from our kitchen production in 2016.

Energy Use

B10 Environment, (B10.1, B10.3, B10.4, B10.5, B10.7)

For full copy of our governing policies, go to <http://communityfood.coop/join-us/board-of-directors/>

We are participants in the [Community Energy Challenge](#) which performs energy audits, and provides facility action plans, utility monitoring, and enhanced rebates for upgrades; we have performed upgrades based on their recommendations and share the information with staff.

We are part of Puget Sound Energy's Green Power program supporters and participants.



We are an ENERGY STAR® Partner and our retail stores were 2016 ENERGY STAR® certified (satisfying our goal in 2016).

- We were the only grocery stores west of the Rocky Mountains to be ENERGY STAR® certified in 2016.

Climate Change and Air Emissions

B10 Environment (B10.4)

For full copy of our governing polices, go to <http://communityfood.coop/join-us/board-of-directors/>

All of our stores are located in close proximity to the two central public transit stations in Bellingham. We also have two electric car charging stations at both of our main retail locations for use by customers, at no cost.

The Community Food Co-op is a proud supporter of Bike to Work and School Day, sponsored by Whatcom Smart Trips.

We offer customer incentive for using alternative transportation to travel to our stores with Eco Saver Cards. For each filled punch card (20 punches) customers get \$1 off a purchase.

Native plantings at both of our stores greatly minimize watering our landscaping to only a few times a year during the driest months. We remodeled our parking lot in late 2016 and replanted, so we'll have to irrigate in 2017 to establish the new plantings.

2016 goals were achieved – we now have electric car chargers at our Downtown store location as well as at our Cordata store.

Water Use and Quality

B10 Environment (B10.1, B10.3)

For full copy of our governing polices, go to <http://communityfood.coop/join-us/board-of-directors/>

We have water bottle filling stations at all three locations that make it convenient to fill up any size water bottle (the stations display a running total of plastic bottles saved, although power outages automatically reset the counters).

We sell reverse osmosis filtered water in both of our retail stores. Filtered water sales amounted to 104,520 gallons, reducing the introduction of approximately **836,160** 16 ounce water bottles to the environment.

5.02 - Green Building Standards Related to Water Use and Pollution Prevention

At our Cordata store, and in our mixed use building, we have motion-activated sinks in customer and staff restrooms and low-flow, variable-flush toilets; Cordata also has a waterless urinal. The landscaping requires little to no watering at all locations. Our Downtown store has a few low-flow, variable-flush toilets and motion-activated sinks after our remodel in 2016.

We participate in the [Community Energy Challenge](#), which offers rebates and referrals for energy-efficient building projects.

There are filters in our storm drains at our Downtown store as well as a newly constructed bio-swale, and we have extensive storm water vaults under our Cordata store that filter all water runoff. They are inspected annually.

We use the most environmentally friendly cleaning and pest control products possible.



Cordata Stormwater Vaults:

Stormwater detention vaults are underground structures that are designed to manage excess stormwater runoff. While they don't generally provide treatment to improve water quality, they do help prevent flooding and reduce erosion into rivers and streams. We utilize media filters that do contribute to increased water quality before the runoff reaches underground streams in the area.

Solid Waste Reduction

B10 Environment, (B10.1, B10.2, B10.3, B10.5)

For full copy of our governing polices, go to <http://communityfood.coop/join-us/board-of-directors/>

We train staff to recycle everything possible. Since our garbage is charged by volume, we are working on reducing the volume by removing the air from bags to reduce the space used in the dumpsters, but this is still a work in progress. We have recycling bins throughout the stores in back rooms, stock rooms, customer areas, each check stand, offices, community rooms, etc. We have illustrative displays above garbage and recycling receptacles in our café seating areas to help customers properly dispose of items and recycling stations for toner/ink cartridges, batteries/cell phones, plastic/reusable bags, and CFL bulbs. A full audit and "rebranding" of staff-use recycling bins occurred in 2016.

An expanded recycling component to our New Worker Orientation and Department orientations was added in 2016.

Waxed cardboard boxes are recyclable in our community through [Sanitary Service Company's FoodPlus!](#) composting program. All food scraps (including meat/bones and dairy), yard debris, compostable papers (like tissue paper, corks, frozen food containers, etc.) and bio-plastics are composted by Green Earth Technologies locally in Lynden, WA. The compost created by the waste is also sold in Whatcom County.

We offer a cooking oil recycling bin at our Cordata store (which we also use to dispose of our frying oil). The oil is picked up by a local biofuel processor.

6.02 - Does your company have a policy and procedure for handling hazardous waste?

We offer recycling options for staff and customers for CFL bulbs and batteries. All of our internal hazardous waste is brought to our local hazardous recycling/disposal station.

6.03 - Green Building Standards Related to Source Reduction and Landfill Diversion

Construction waste is reused and recycled when applicable. The companies and contractors we work with are dedicated to reducing waste and most practice green building standards for all of their projects, including those contracted by the Community Food Co-op.

- Major construction projects completed in 2016: Complete kitchen and deli seating remodel in our Downtown store; complete remodel of our parking lot at our Downtown store (including demolition of a detached building which was removed by DeConstruction Services).
 - We repurposed materials from the building demolition for our new bike shelter and the bulk of the rest was donated to a local reseller of building materials and repurposed by community members.
 - A large Yew tree was removed during the process; the wood was donated to local Native Indian wood carvers and other interested artists in our community.

Packaging and Marketing Materials

B10 Environment, B10.2, B10.6

For full copy of our governing polices, go to <http://communityfood.coop/join-us/board-of-directors/>

We have offered our EcoSaver card to shoppers since roughly 2002 – customers give the card to the cashier and they are able to get up to one punch in each of four categories every time they shop. Once the card is full (20 punches), they get \$1 off a purchase. We offer punches in the following categories: reusable bag use, reusable cup use, alternative transportation to the store, and reusable bulk bag use.

In 2012, we started subsidizing the cost of reusable shopping bags to make them more affordable to shoppers and to encourage shoppers to avoid using new paper bags. We have shelving in both of our front ends for product boxes that customers can reuse to pack their groceries and spots at each register for customers to bring in reusable plastic and paper bags to leave for others. Less than 1 in 10 of our shoppers elects to use a new paper bag.

We purchase FSC certified paper exclusively for in-house use, with recycled content taken into consideration.

- Our 8.5"x11" 20# copy paper is 100% post-consumer recycled
- Our 8.5"x14" 20# copy paper is 100% post-consumer recycled
- Our 12"x18" copy paper is 30% post-consumer recycled
- We use several specialty papers in our Outreach/Graphics department. All of them are FSC certified and all but one contains post-consumer recycled content
- We use Revlar plastic paper in many departments – the paper is made from recyclable plastic. We starting using this paper in areas that we were laminating signs for durability (which then can't be recycled)

Our Pricing department purchases FSC certified, 100% post-consumer recycled paper for promotional signage.

We produce a large portion of our product labels in-house (for Co-op made product) including all of our Bakery's baking mixes and all of our shelf tags/talkers and sale signs. In most cases, the durability of recycled-content labels is not sufficient for our purposes (especially in refrigerated departments). To that end, we use the following non-recyclable products:

- 100% recycled content labels (in-house produced baking mixes)
- 0% recycled content labels
- "Weatherproof" labels (Meat department)
- Dymo compatible labels (shelf tags)
- Bulk department labels (customer use)

None of the toner used in our printers is vegetable based. Midway through 2013 we started purchasing fully remanufactured toners from Magnum Print Solutions, located in Seattle, Wash. They are unique in that they refurbish all cartridge components sustainably in their Seattle production plant, making them recyclable for over a dozen refills, and then package and ship them in locally made boxes that are reused an average of 30 times. Once the toner cartridge can no longer be reused, they fully recycle all parts of the cartridge. They have been recognized two years running for the Washington Green 50 Awards, which recognizes businesses in all sectors that advocate, create, and enhance sustainability practices.

- 53 toners were sent to Magnum for recycling in 2016

In late 2015, we eliminated plastic to-go containers as the primary option at our deli counters in favor of the NCG Co+op paperboard packaging.

Labor

From our Employee Manual:

Equal Opportunity Employer

The Community Food Co-op is committed to equal opportunity in employment practices including hiring, promotions, compensation, discipline, termination, and access to benefits and training. In order to provide equal employment and advancement opportunities to all individuals, employment decisions at the Community Food Co-op are based on performance, qualifications, and abilities. Employees will not be discriminated against on the basis of race, sex, age, religious or political beliefs, national origin, sexual orientation, marital and parental status, veteran status, or disability.

Harassment-free Workplace

The Community Food Co-op is committed to providing a work environment free from discrimination and harassment. The Co-op will not allow any form of sexual harassment, or harassment based on race, religion, color, gender characteristic, national origin, creed, ancestry, pregnancy, age, physical, mental or psychological



disability, mental condition, gender, sex, childbirth or related conditions, marital, family, or military status, nor any other status prevented by law.

It is the intent of the Co-op to provide a work environment free of verbal, physical, and visual (signs, posters, or documents) forms of sexual or other harassment. All employees are asked to be sensitive to the individual rights of their co-workers. In addition, it is an employee's right to be protected from harassment by persons providing services to the Co-op and Co-op members and customers.

Grievance Policy

A formal grievance procedure is available to Co-op employees to address problems or issues relating to their employment at the Co-op. The grievance procedure should be used only after demonstrable effort has been made to find an acceptable solution by informal means and at the lowest possible level of supervision.

This grievance procedure is not an appeal process for discharge for cause, nor does it in any way change the Co-op's right as an employer to discharge employees. This policy does not apply to temporary employees, contracted employees, or to employees during their probationary period.

The Co-op offers many avenues to solve problems, short of the formal grievance procedure. Filing a formal grievance should be used only to deal with serious problems or issues that have become chronic and as a last resort after other forms of problem solving have failed to address the problem or issue to the employee's satisfaction. Issues that would be appropriate to the grievance procedure are: unfair, capricious, or discriminatory application of rules or policies by management or supervisory staff; violations of Co-op policy; unsafe working conditions; sexual harassment; discrimination on the basis of sex, race, religion, national origin, and/or sexual preference.

Work Environment

The Co-op fosters a satisfying work environment that we hope will meet your employment goals. In creating this work environment, we strive for the following objectives:

Offer pay opportunities that are fair, equitable, and competitive.

Offer regular raises (non-merit based – automatic seniority raises based on number of hours worked).

Provide progressive, comprehensive benefit programs, including platinum health insurance plan, matching 401(k) up to 6%, and paid vacation and sick time).

Treat all employees in a non-discriminatory manner, providing equal employment opportunity without regard to race, color, religion, age, sex, marital and/or dependent status, sexual preference, national origin, differently-abled, or veteran status.

Encourage employees to apply for job changes when openings occur.

Promote from within whenever possible.

Post work schedules three weeks in advance.

Assure each employee the opportunity to discuss freely with a supervisor any matter concerning the individual or Co-op.

Provide safe, healthful, productive, and harmonious working conditions.

Do everything we can to make the Co-op an excellent place to work and an asset to the community.

New Employee Orientations

The Co-op's Orientations are designed to welcome each new employee and to provide a comprehensive understanding of how the Co-op operates. After hiring, there are two phases of orientation: Phase I – New Hire Orientation, and Phase II – The Co-op Difference. Phase I includes filling out paperwork, a review of the



policy manual, customer service expectations, and general safety training. Phase II includes an overview of the cooperative business model and an introduction to natural foods and the products the Co-op carries.

Other trainings – the Co-op provides internal and external training opportunities annually to employees. These can include trade shows, leadership training, or ongoing customer service training.

Each department spends approximately three to five shifts training new employees on their daily operations.

8.02 - Employee Manual: Has your business developed an employee manual that's available to all workers, etc. Yes

8.14 - Profit Sharing

Gain Share is a system that shares money realized from better-than-projected financial performance equally between the Co-op and the staff. For Gain Share to be paid out, both Co-op stores and at least one individual department must have done better than expected according to Margin minus Labor (MML). 30% of the staff portion of the gain is paid out to all staff regardless of whether their department beat their projected MML%. In addition, staff in departments that did better than their projections receive a share of the remaining 70% of the staff portion of the gain. Gain share is paid to individual employees based on the hours they worked in the quarter that there is a payout.

Yearend/Profit Sharing Bonus – the Board of Directors may approve a yearend bonus based on the previous year's financial performance. Distribution is based on actual hours worked during the year, excluding a new employee's three-month trial period. To be eligible for the yearend bonus, an employee must have passed their trial period and accumulated non-trial period hours during the fiscal year for which the bonus is being paid. Former employees or employees who have given notice of termination are not eligible for any portion of the bonus.

P9 Profit Sharing Bonus – at the February or March Board meeting the Board will consider granting a profit sharing bonus to Co-op staff based on:

P9.1 A comparison of budget to actual performance in the following income statement categories: staff wages, staff benefits, productivity, operating profit, and net profit.

P9.2 The recommendation of the General Manager.

P9.3 Any other factors or circumstances that the Board thinks are material to this decision.

Patronage Dividends (From our Articles of Incorporation)

4.2 Patronage Dividends.

The Co-op shall return the Co-op's net distributable surplus to its members annually as a patronage dividend, subject to the provisions of this Article 4. As used in the Co-op's Articles of Incorporation and these bylaws, the term "net distributable surplus" means (a) the annual earnings from the Co-op's sales attributable to the patronage of its members minus (b) any reserves the Board of Directors decides to retain for necessary or appropriate business purposes or contingencies. The Co-op shall calculate members' patronage dividends in proportion to their purchases from the Co-op during the year, subject to the provisions of this Article 4. The Co-op shall be entitled to take into account losses for prior years when calculating its net distributable surplus.

4.3 Annual Determination.

The Board of Directors shall decide after the close of the Co-op's fiscal year whether a net distributable surplus exists for that year, how and when to distribute patronage dividends, and any other related matters, based on the Board's policies. The Board of Directors may elect not to declare or distribute a patronage dividend if it is in the best interest of the Co-op. Under Article VI of the Co-op's Articles of Incorporation, however, the Board of Directors may not forgo a patronage dividend more than once every other fiscal year.

4.4 Payment and Compliance.

The Co-op shall pay patronage dividends within the time frames provided in, and according to the Internal Revenue Service Code and Treasury Department regulations to qualify for income tax deductions for the Co-op. The Co-op may distribute patronage dividends in cash, merchandise credits, a qualified written notice of allocation or a non-qualified written notice of allocation as defined in 26 U.S.C. Section 1388, other property, or any combination of these methods as the Board of Directors may determine from time to time. Any



patronage dividend distributed as a qualified written notice of allocation or a non-qualified written notice of allocation shall be designated as such by the Board of Directors in accordance with the provisions of 26 U.S.C. Section 1388. Any part of a patronage dividend that the Board of Directors elects not to pay in cash, merchandise credits or other property is called the retained patronage dividend.

4.5 Application of Retained Patronage Dividend.

The Board of Directors may apply any part of a member’s retained patronage dividend to cover that member’s unpaid membership dues or capital contributions for that year and future years. The Co-op shall hold the retained patronage dividends in revolving patronage dividend accounts in the names of the receiving members, and may apply the retained patronage dividends toward the Co-op’s operating capital needs. Members will not accrue interest or other monetary return on investment, and the accounts are non-transferable and in whole dollars only. The Co-op shall be entitled to offset against retained patronage dividend accounts the amount of any losses subsequently sustained by the Co-op, in such manner as the Board of Directors may reasonably determine.

4.6 Repayment of Retained Patronage Dividends.

At any time, the Co-op may pay some or all of the retained patronage dividends to qualifying members if the Board of Directors decides the funds are no longer required for operating capital. Members will receive retained patronage dividends in the order of the oldest outstanding amounts on a pro rata basis from these amounts. If the Co-op dissolves as a corporation, it shall pay retained patronage dividends to members after payment of all other liabilities. If the remaining funds are insufficient to repay all retained patronage dividends, members will receive retained patronage dividends in proportion to their revolving account balances at the time of dissolution. The Board of Directors may also repay an individual member’s retained patronage dividends under compelling circumstances in the Board’s discretion. Retained patronage dividends are available at all times to pay amounts otherwise due and payable to the Co-op.

The Board of Directors may in its discretion pay retained patronage dividends to qualifying members in cash, as merchandise credits, or any combination of cash and merchandise credits. The Board of Directors may in its discretion establish the terms and conditions governing the issue and use of merchandise credits, including any period within which merchandise credits must be used or forfeited.

4.7 Unclaimed Dividends.

If the Co-op wishes to pay retained patronage dividends to any member who holds a revolving patronage dividend account, but such payment fails to reach such member via a single mailing through U.S. mail at such member’s last known address on file with the Co-op, such member shall be deemed to have contributed such payment entitlement to the Co-op and the Board of Directors may, by appropriate action, pay such amount to all other active members who hold revolving patronage dividend accounts as a supplemental patronage dividend in the same ratio that such members would then be entitled to patronage dividends.

4.8 Treatment of Nominal Amounts.

The Board of Directors may exclude from distribution any patronage dividend that is so small that it does not justify the cost of distribution. These nominal amounts may not be distributed at any time to other members.

4.9 Tax Provision.

If the Co-op distributes part of its annual earnings or income as a patronage dividend, and then discovers it cannot deduct some part of its annual earnings or income as a patronage dividend under the Internal Revenue Code and applicable regulations, then the Co-op and its Board of Directors deem that all of the patronage dividend declared shall come from earnings or income that does qualify for a deduction under the revenue laws. This designation shall occur regardless of whether the Board adopted a resolution or act that makes specific reference to the source of revenues for the dividend.

4.10 Consent of Member to Tax Treatment.

By joining the Co-op, all members consent to having their patronage dividends, whether paid or retained, taken into account for the taxable year. Any patronage distribution the Co-op makes with a qualified written notice of allocation under 26 U.S.C. § 1388 will be taken into account by the receiving member at the stated dollar amount of the distribution as provided in 26 U.S.C. § 1385(a) in the taxable year the member receives the written notice of allocation.

We are currently still working on updating all of our department manuals; due to a complete staffing shift in our HR department in 2016 the project was postponed and will be completed by the end of Q3 2017.

Ethical Sourcing

8.24 Policy

Board policy B10.5

For full copy of our governing polices, go to <http://communityfood.coop/join-us/board-of-directors/>

We worked on revising our product standards in 2014 and 2015 (see page 24 for current standards), but they already include Socially Responsible Production as one of our qualifiers.

We are members of the Domestic Fair Trade Association.

We do our best to only provide and promote products that are ethically sourced. That being said, we are a cooperative and our member-owners do dictate some of the products we carry, so we carry some products that we wouldn't carry if member-owners didn't want to purchase them at our stores. We look for alternatives to these products when appropriate.

Animal Care

We do our best to stock our shelves with the best available meat products that will sell within our community's demographic. We give priority to locally raised meat/eggs/dairy. We would love to be able to exclusively provide products from animals that are fed organic, GMO-free diets and are raised sustainably and ethically, but unfortunately we do not have access to or have the sales to support eliminating all products that do not fall into these categories.

We achieved our goal of becoming a Monterey Bay Aquarium Seafood Watch business partner in 2015 but are looking at changing our ratings partnership in 2017 as Seafood Watch does not rate enough Pacific Northwest related seafood for us to realistically use their system.

We created a new meat and seafood vendor application that went into use in 2016.

9.03 - List humane treatment certifications from animal products purchased/produced.

- Humane Farm Animal Care
- American Humane Certified
- Global Animal Partnership (the following companies are GAP members, which in 2014 opened up their retail partnerships to include retailers other than Whole Foods – we are looking into becoming GAP retail partners).

Sustainability Education

External Communications and Education

We have recycling centers for customers at both of our stores, and publish results of our recycling efforts in our newsletter and in our stores.

We utilize social media to share information, and have action-alert boards in the front of our stores.

A display at our Cordata store displays statistics of our solar production as well as photos of other sustainability measures.

We have a sustainability section on our website that includes our reports. The Co-op's website was updated in 2016, including a more extensive sustainability section.

Internal Communications and Education

We offer training to staff about how we deal with our waste and are planning on expanding that portion of our new worker orientation.

A sustainability report is presented to staff at our annual All Staff Meeting.

The Co-op hired a Sustainability Program Coordinator in 2012. It is their responsibility to:

Administrative:

- Provide overall coordination and support for sustainability programs Co-op wide.
- Work with the General Manager to identify the sustainability metrics to be monitored and maintain and develop tracking tools as needed to maintain up-to-date information.
- Stay up-to-date on sustainability issues in the natural food industry.
- Work with the Outreach department to produce an annual sustainability report.
- Write articles and develop other information to publicize our sustainability efforts.
- Propose new programs or initiatives to improve our performance related to sustainability.
- Work with store and department managers to develop implementation plans for sustainability programs.
- Develop orientation and other training materials as needed to support the implementation of sustainability programs and to promote employee engagement with the process to increase overall awareness of our programs.
- Provide training and problem solving support to store and department managers for sustainability programs as needed.
- Work with industry groups, suppliers, agricultural groups, government agencies, and others to accomplish sustainability goals.
- Maintain up-to-date information on our suppliers sustainability programs.
- Research alternative sources for products related to sustainability.
- Seek out educational opportunities related to sustainability through webinars and local opportunities.

Reporting:

- Maintain our membership with the Sustainable Food Trade Association (SFTA) and create an annual sustainability report for the prior fiscal year, due by June 30 of each year.
- Maintain the Energy Star Portfolio Manager, a program of the Environmental Protection Agency. When possible, maintain Energy Star certification for all store locations.
- Maintain internal triple bottom line reporting spreadsheet. Information gathering on a quarterly basis.
- Report to the Department of Revenue as needed regarding solar energy rebates, incentives, etc.
- Report to any third party agencies (such as the NCG) as directed by the General Manager.

Governance and Community Engagement

Ends Policies E3 and E6

For full copy of our governing policies, go to <http://communityfood.coop/join-us/board-of-directors/>

We offer a few volunteer opportunities to staff throughout the year (trail maintenance, community garden help, tree planting, etc.), and we also donate \$50 up to twice a year to any organization that a staff member volunteers for that isn't through an organized Co-op partnership.

We have two community parties each year – an Annual Meeting and Party in March, a Community Party held at a local park in July, and the Hootenanny, our Farm Fund benefit event. Both are well attended (usually about 600 people per event) and we offer opportunities for local vendors and nonprofits to table at each event. Board members and management staff are available at each event to talk to community members.

We have an [online comment system](#) for shoppers to share their questions, kudos, suggestions, and complaints. The system is monitored quarterly by our Member Affairs Committee.



Our [Local Business Partner Program](#) is another way we support buying local and our community. Local business owners can sign up to offer a special discount only for member-owners of our co-op. We currently have 43 local business partners participating in the program.

Ethical Conduct

P3. Directors Code of Conduct and Ethics

For full copy of our governing polices, go to <http://communityfood.coop/join-us/board-of-directors/>

I 1.02 Is your company a producer cooperative where owners are supplier members who organize production?

No

I 1.03 - List memberships of associations (such as industry associations) and national or international advocacy organizations.

- Cooperative Grocer Network (CGN)
- Domestic Fair Trade Association (DFTA)
- EPA Green Power Leadership Club (GPLC)
- Frontier Co-operative
- Industrial Credit Union
- National Cooperative Business Association (NCBA)
- National Cooperative Grocers (NCG)
- Natural Products Association
- Provender Alliance
- Sustainable Connections
- Sustainable Food Trade Association (SFTA)
- Whatcom Educational Credit Union
- Washington Food Industry (WFI)
- Whatcom Food Network (WFN)

I 1.04 - Results of Surveys Measuring Customer Satisfaction

Report the results or key conclusions of customer satisfaction surveys (based on statistically relevant sample sizes) conducted in the reporting period relating to information about:

The bulk of surveys conducted to customers in 2014 revolved around feedback on our new building purchase. We also give new members a short satisfaction survey to fill out, although not all are returned. We will be conducting another customer survey in Q1 2017.

Of those returned in 2014:

- Product Selection – scored 4.49 out of 5
- Customer Service – scored 4.69 out of 5
- Only one survey respondent wouldn't recommend our stores to a friend.

Transparency and Stakeholder Engagement

Our policies and most financial documents are made available to member-owners upon request. Product selection guidelines are available on our website. Our department managers and management team are available to shoppers to answer questions or concerns, and our Board directors contact information is easily available to shoppers. Member-owners are encouraged to attend Board of Director meetings and a 10-minute member forum is held at the beginning of each Board meeting. Our Member Affairs Committee is open to all member-owners of our co-op, and their main focus is education and outreach to the membership.

Our full sustainability report is available on our website.

We are involved with the Western Washington University Office of Sustainability.

Refer to policies – E2, E3, E6, B8.5, B8.6, B8.7, B8.12, B9.4, B9.5