

Conscious Capitalism and Innovative Energy & Environmental Management

What's the Deal XII Business Energy Conference

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Conscious Capitalism

Conscious Capitalism is a way of looking at the purpose of business that Whole Foods Market Co-Founder and Co-CEO John Mackey has embraced. The idea is simple: don't aim to make profits, rather aim for a deeper purpose; balance the needs of all stakeholders and the result will be long term profits.



What is a Conscious Business?

Conscious Business is based on three primary principles of enterprise:

1. The enterprise has a higher purpose beyond maximizing profits and shareholder value
2. The enterprise is managed to optimize value for all of the major interdependent stakeholders
3. Conscious Leadership to the enterprise & its stakeholders

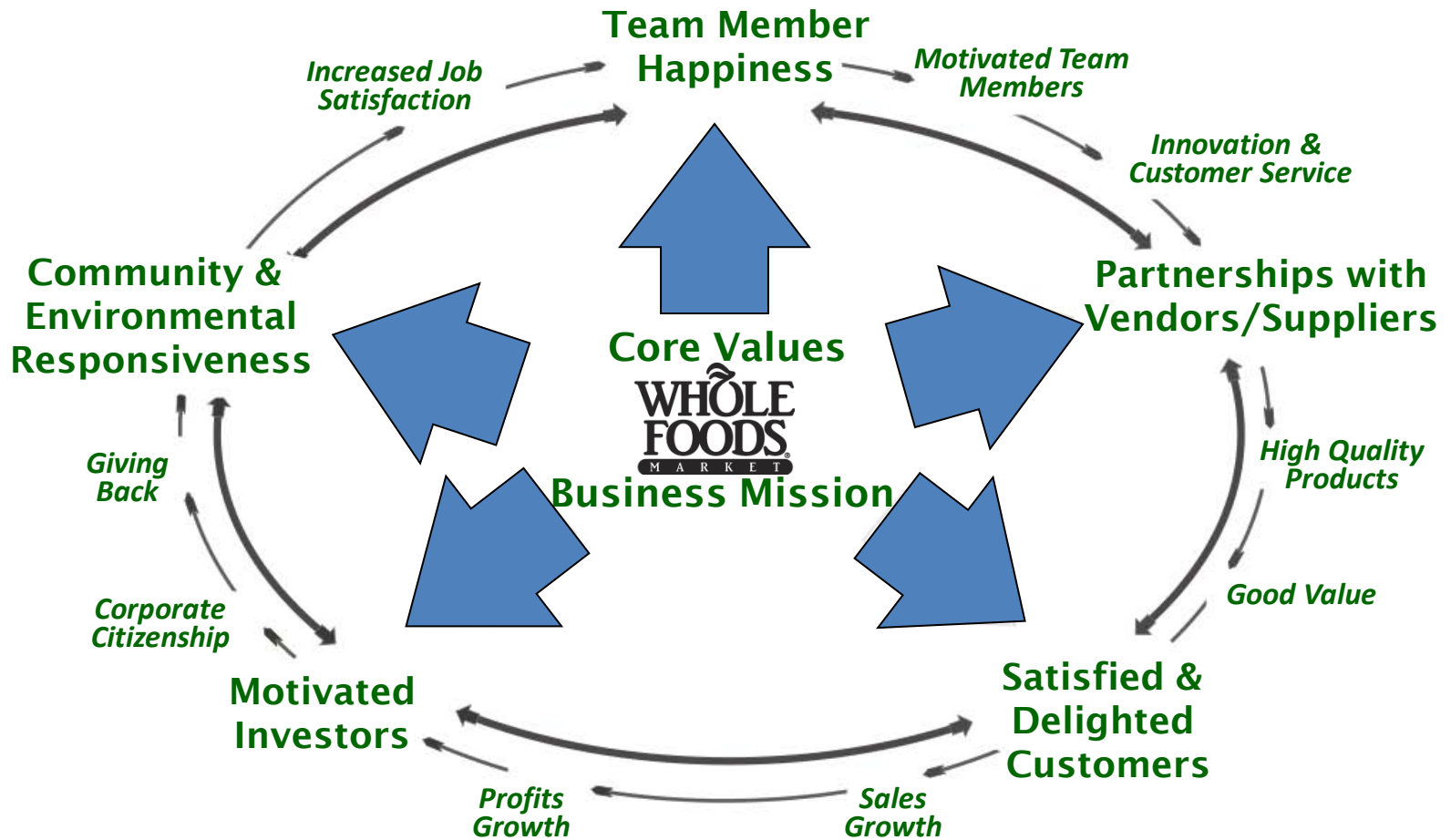


Who are our Stakeholders?

- Stakeholder community helps shape the purpose
 - Customers
 - Employees (Team Members)
 - Investors
 - Suppliers (Vendors)
 - Communities & the Environment



The Whole Foods Market Business Model: Holistic Interdependence



Whole Foods Market's Highest Purpose is:

The Heroic: Courage to Do What is Right to Change and Improve the World

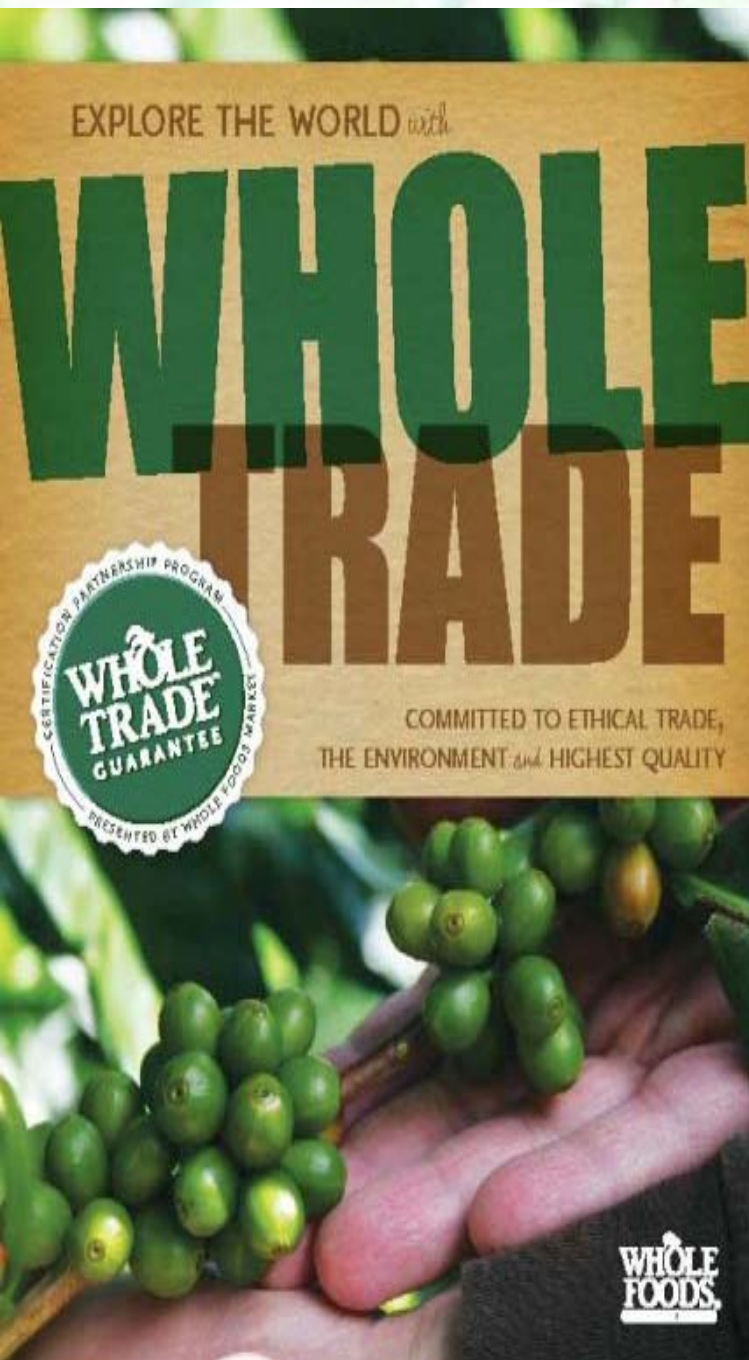
Our Core Values

1 Selling the highest quality natural and organic products available **2** Satisfying & delighting our customers **3** Supporting team member happiness & excellence **4** Creating wealth through profits & growth **5** Caring about our communities & environment **6** Encouraging win-win partnerships with our suppliers **7** Promoting the health of our stakeholders through healthy eating education

Our Core Values in Action

- We are the first Certified Organic grocer in the U.S.
- Fortune's "100 Best Companies to Work For" 14 yrs in a row as of 2011!
- Local Loan Producer Program: \$3,000,000+ loaned out in more than 54 loans
- We believe business has a fundamental responsibility to create prosperity for individuals, society & the world...





Whole Trade Guarantee

- Helping poor farmers around the world
- Over \$200 million in sales in 2009 with \$2 million donated to Whole Planet Foundation
- Partners: Rainforest Alliance, TransFair USA, FLO, Institute of Marketecology (IMO)
- Quality Guarantee
- Price Guarantee
- Labor Practices Guarantee
- Environmental Sustainability Guarantee
- 1% of sales to Whole Planet Foundation



Caring About our Communities

- We donate more than 5% of profits to non-profits; more than \$10 million a year.
- On a local basis we support many thousands of local community events and organizations
- Earth Month 2011 we raised more than \$116K for Clean Air – Cool Planet as part of a region-wide 5% Day.



Whole Planet Foundation Global Citizenship



SHOP ON TUESDAY, OCTOBER 25, AND
FIGHT POVERTY
BY EMPOWERING THOSE WHO ARE IN IT.

5% of company-wide sales will be donated to fight global poverty through our Whole Planet Foundation.

.....
The Whole Planet Foundation helps the developing-world communities where we do business. By encouraging entrepreneurship through micro-lending, we empower those most in need to start businesses and lift themselves out of poverty.

wholeplanetfoundation.org

.....
WHOLE PLANET
FOUNDATION

- Create economic partnerships in developing-world communities
- Provide innovative assistance for entrepreneurship
- Poverty reduction is a critical first step in environmental protection and restoration
- We currently work in Costa Rica, Guatemala, Honduras & Nicaragua
- 13,935 Members; \$2,990,110 loaned out with a 99% Repayment to date
- Loans are used for:
 - Agriculture & Livestock
 - Indigenous handicrafts for local tourism
 - Corner Stores
 - Prepared Foods

The logo for Whole Foods Market, featuring the words "WHOLE FOODS" in a large, green, serif font, with "MARKET" in a smaller, green, sans-serif font below it, all enclosed in a green rectangular border.

Animal Compassion Foundation



Discovering and sharing knowledge to improve the lives of farm animals

- Non-profit foundation begun by Whole Foods Market in 2005
- Funding research projects globally
- Sharing best practices with farmers
- Multi-stakeholder farmer workshops nationwide
- Most animal compassionate initiatives are also green initiatives, reducing use of antibiotics, industrial confinement and associated air and water pollution



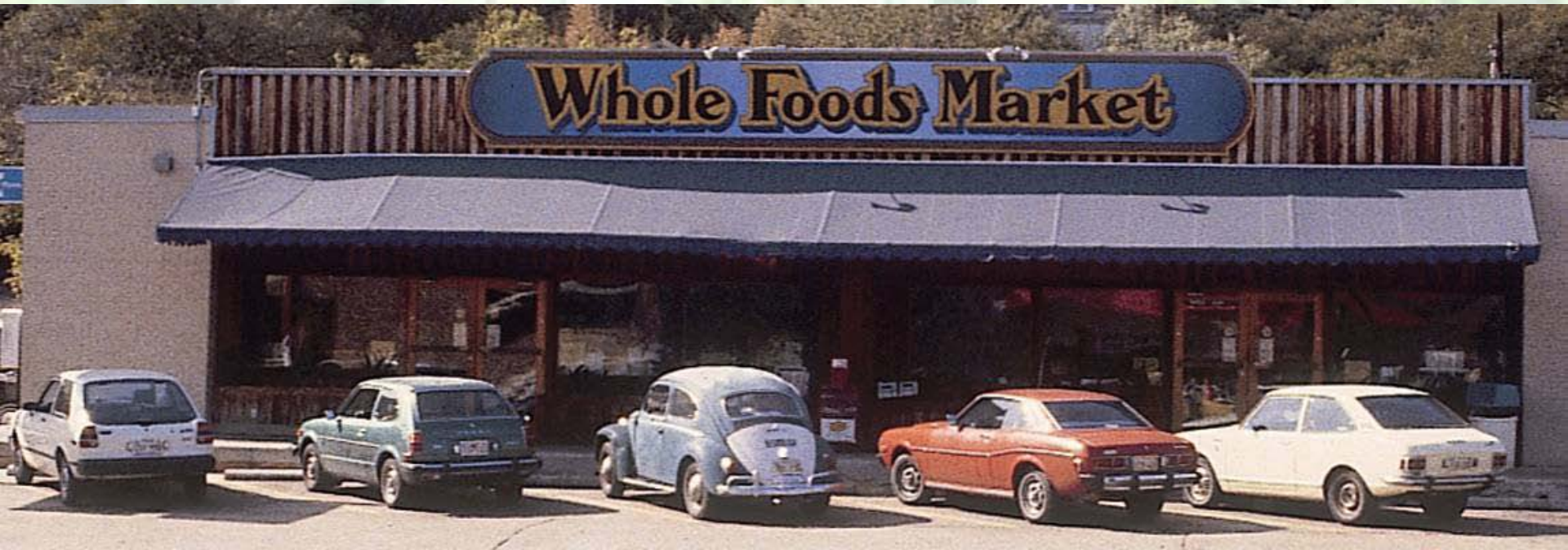
Caring About our Environment

- We *strongly* support organic, local, & sustainable agriculture: national Organic Standards Board
- Sustainable seafood—Marine Stewardship Council Blue Ocean Institute Ratings. Red Listed Species no longer sold after April 2012
- Animal Welfare: free range and grass-fed better for the animal, better for the environment. Step Rated Farms.
- Commitment to waste diversion. More than 70% of our stores have compost programs.
- Green Mission Teams
- Green Building leadership
- Responsible Resource Management (i.e. Energy)



We've Been Building Green a Long Time

- We've been at it since 1980; our original store featured a high percentage of "recycled" or second-hand equipment and materials
- We received the first "Green Building" award in Austin in 1998 for the expansion and renovation of our corporate headquarters. Because of the 42% waste reduction, we were profiled by the EPA as a construction waste reduction and recycling case study



Opportunities for "Green Design"

- Everyone assumes this means green roofs, recycled and reclaimed products that are locally procured, etc.
- Let's first focus on size of systems: roof, glazing, lighting, HVAC and downsize service size and steel requirements where possible-resource reduction
- Then incorporate green building techniques
- We consider longer term pay back periods for certain initiatives; we've got a life cycle cost perspective and broaden the IRR analysis to include less tangible benefits, for example team member happiness and excellence (and attraction), as well as other triple bottom line considerations.



We're Leading LEED in Supermarket Construction



- Sarasota, Florida, received LEED Silver Certification by the USGBC, the first-ever environmentally-friendly supermarket designed in accordance with the LEED Green Building Rating System®.
- Flagship Lamar store (Austin) designed in accordance with LEED system; LEED certified.
- The Northeast region is building LEED in all new/relocating stores (post summer 2009). Four Gold Certified Stores to date including the 1st & 2nd Gold Grocery Stores in CT.
- Worked with the USGBC on pilot program to help them understand grocery stores and make the certification process less cumbersome.
- WFM has over 20 stores registered with LEED (many in development).

Green Globes Building Certification

- Dedham, MA—Wanted to try Green Globes, as it's marketed as an easier, less expensive green building certification process. Achieved 3 Green Globes for Dedham.
- Southglenn, CO -Achieved 1 Green Globe (started late in development)
- Boulder, CO Pearl Street Store achieved 3 Green Globes.
- Lake Grove, NY -Achieved 3 Green Globes & LEED Gold making it the first dual certified grocery store in the U.S.!



Whole Foods Market Partnerships

Sector Leader for National Action Plan for Energy Efficiency

- EPA Energy Star
- EPA Climate Leaders
- EPA Green Chill
- EPA Green Power Partner



The U.S. Department of Energy says...

- 40% of buildings in 2050 haven't been built yet
- 40% of GHG produced by buildings
- 20% of energy generated is for retail buildings
- Before last year, retail sector was growing...
- Its largest GHG impact is electricity from carbon

- WFM consumes about 810,000 MWh annually
- Our largest electrical energy consumption is for refrigeration: 50% of pie
- Lighting and HVAC about 20% each
- This gives us order of magnitude perspectives...



The Economics of Efficiency

- Climate protection can save money, because **energy efficiency costs less than the fuel it saves**. Interestingly enough, 100% of the experts involved in energy efficiency measures talk about profits, and 100% of the politicians concentrate on the costs.
- The fact is that using energy more efficiently offers economic benefits not just in terms of stopping global warming, but because saving fossil fuel is a lot cheaper than buying it.
- Preventable energy waste costs the global economy more than USD 1 trillion a year. For example, **saving each barrel of oil through efficiency improvements costs only USD 12, about one-fifth of what petroleum sells for today.**



Amory Lovins Director of Rocky Mountain
Institute & Advisor to US DOE and DOD

The Business Case for Energy Management

For most food retailers, a 10% reduction in energy costs is equivalent to...

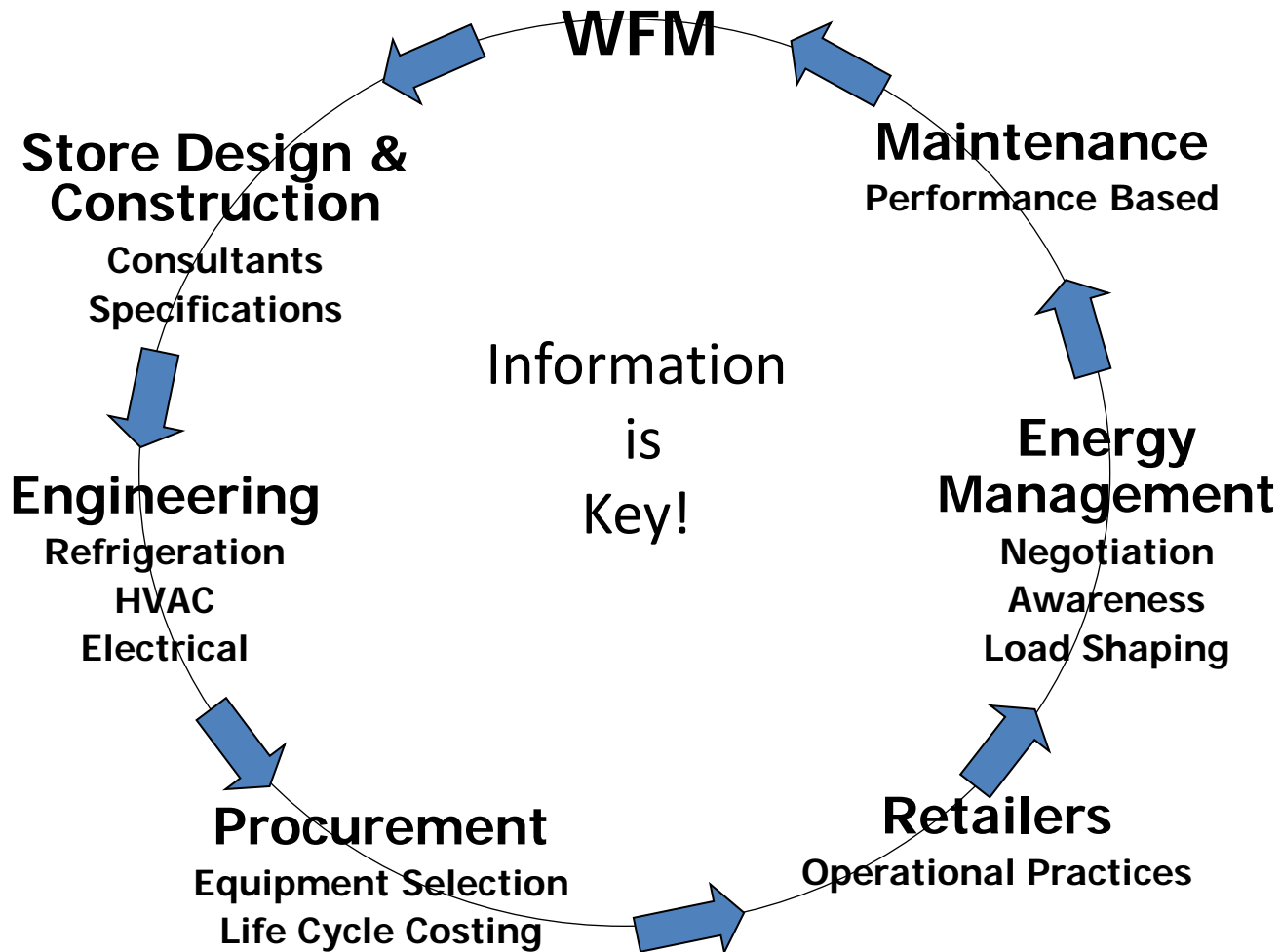
| | |
|-----------------------------------|-----|
| Increase in profit margins of.... | 15% |
|-----------------------------------|-----|

| | |
|--------------------------------------|-------|
| Increase in earnings per share of... | \$.06 |
|--------------------------------------|-------|

| | |
|---|------|
| Increase in sales per square foot of... | \$71 |
|---|------|

And increased market capitalization

The Holistic Approach to Store Development and Operation



Whole Foods Market's Strategy

- Energy conservation through technology
- Conservation through behavior
- Employ on site distributed energy (combined heating and power)
- Employ on site renewable sources (fuel cell, waste cooking oil generators, solar, wind)
- Offset usage with RECs and by investing in new renewable power generation



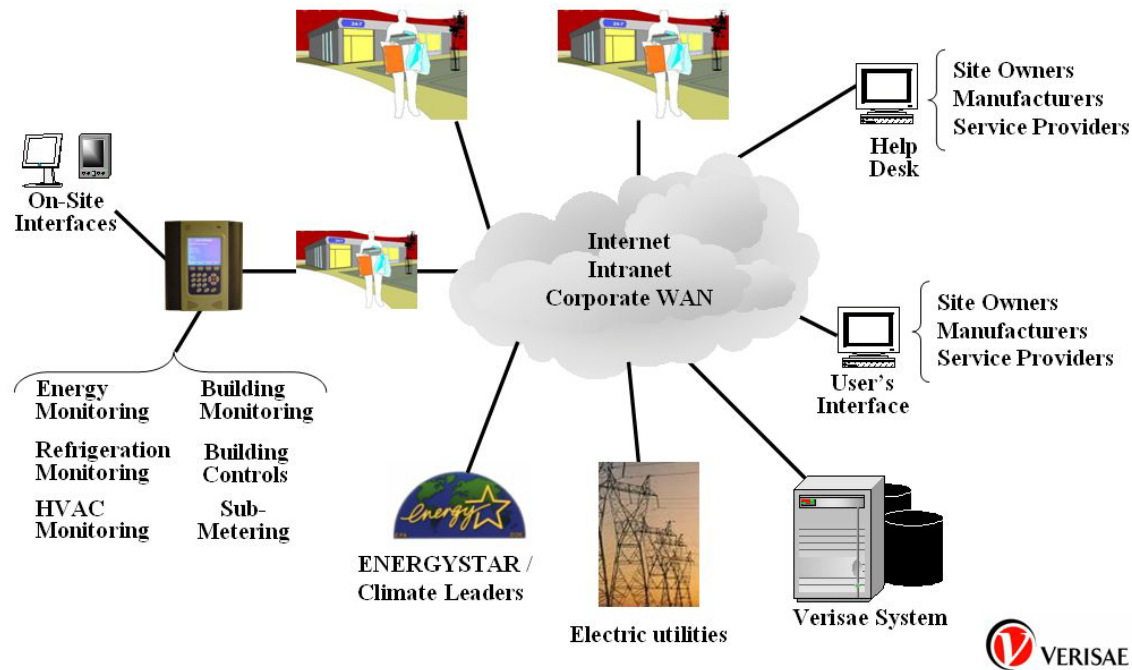
Current and Proposed Energy Programs

- Metering, sub-metering, tracking, benchmarking and reporting (both graphical exceptions & executive financials)
- Capital improvements for permanent peak load reduction: lighting, motors, cases
- Commissioning/Re-commissioning
- Load Profile Analysis and Modification-demand response, etc.
- Ongoing expense reduction identification-operational
- Strategic Procurement (DR, capacity markets)





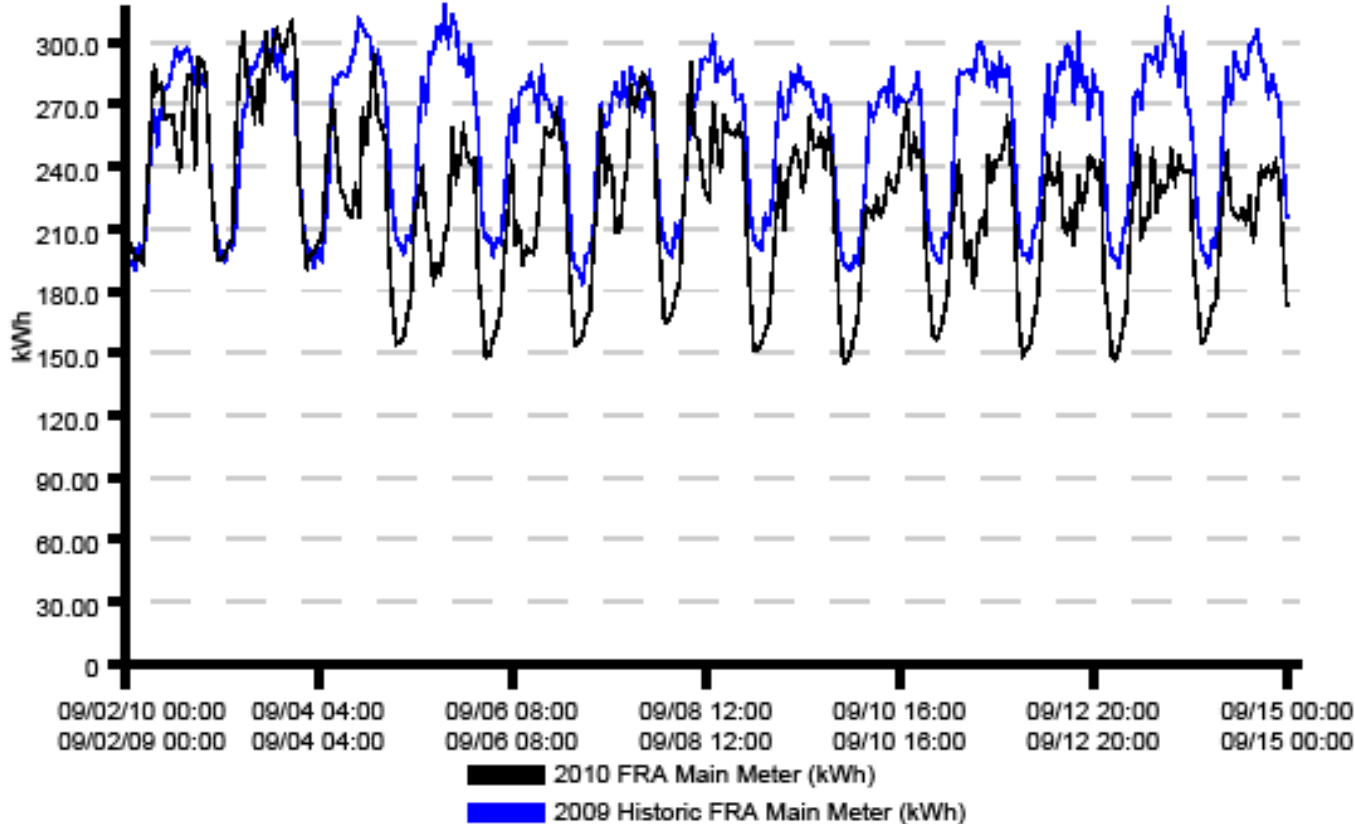
Green Energy Efficiency Initiatives



- Implementing a web-based, enterprise-wide tracking and reporting system to identify high-usage and high-cost stores and facilities
- Implementing equipment upgrades for savings
- Working with design and engineering teams to see that efficient systems, equipment, & control strategies are specified for new stores

**Framingham, MA Whole Foods Market
Main Meter Energy Usage Data:**

Load Profile Report

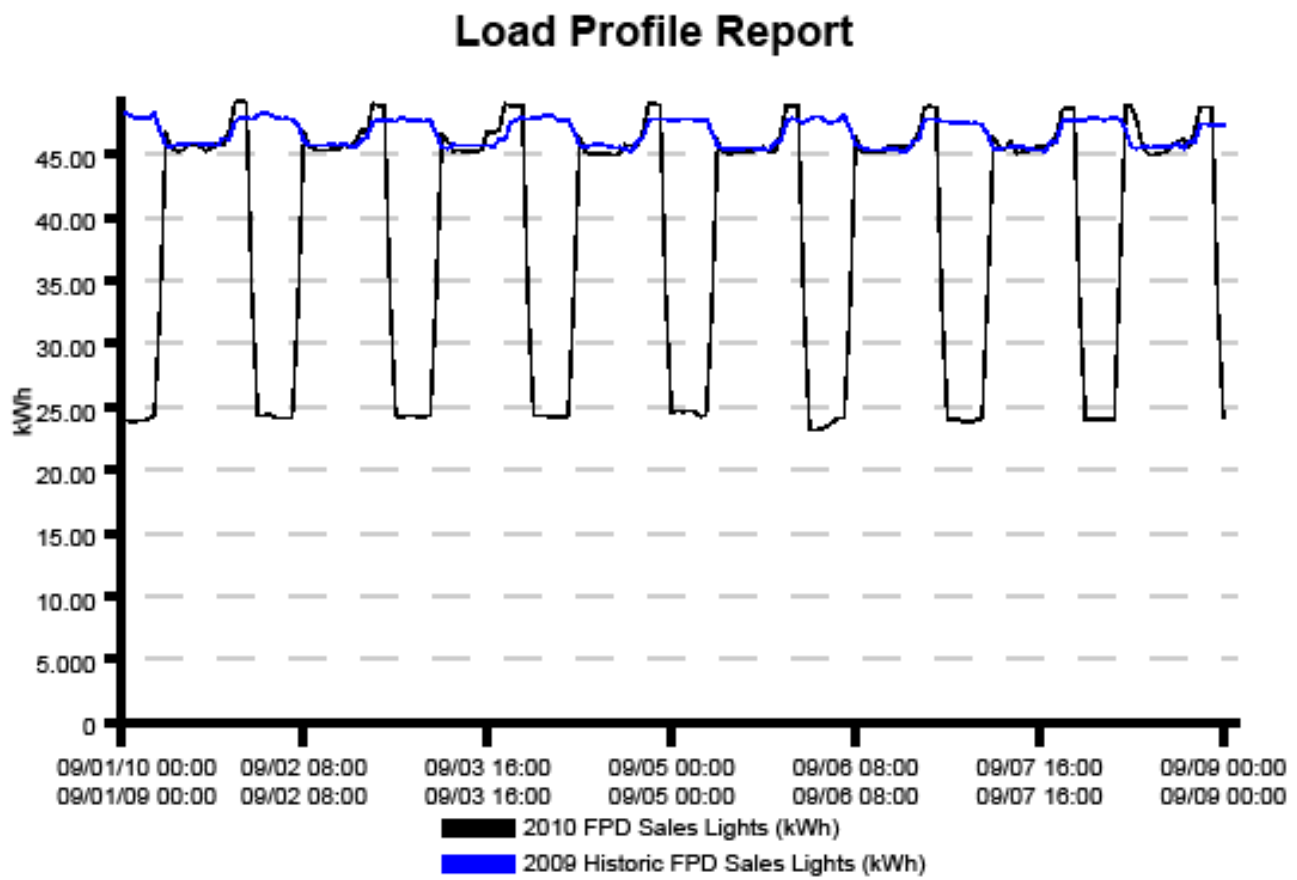


Energy Savings Summary:

16.5% decrease in kWh usage compared to 2009
\$47,989.00 Annual Savings
495,025 lbs Avoided CO₂ Emissions

Fresh Pond Cambridge, MA Whole Foods Market

Lighting Energy Usage Data:

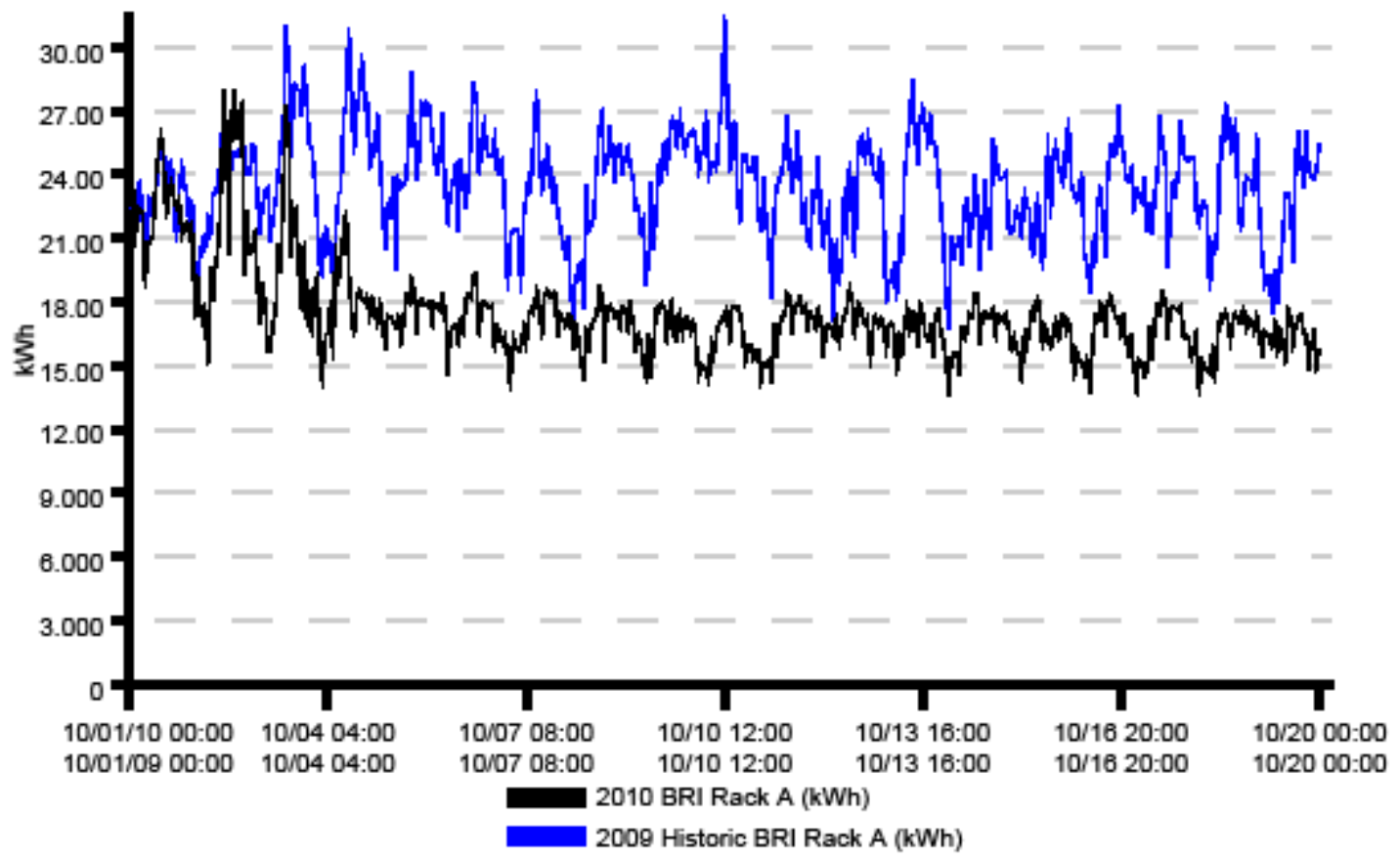


Energy Savings Summary:

16.7% decrease in kWh usage compared to 2009
\$8,826.00 Annual Savings
91,040 lbs Avoided CO₂ Emissions

Brighton, MA Whole Foods Market
Refrigeration Energy Usage Data:

Load Profile Report



Energy Savings Summary:

28.4% decrease in kWh usage compared to 2009
\$7,505.00 Annual Savings
77,414 lbs Avoided CO₂ Emissions

Photovoltaic Case Study: Edgewater, NJ

- Size: 121 kWdc – meets about 25% of peak energy needs
- Term: 10 years; operational since March, 2004
- Since installation, electricity prices have risen from \$0.09/kWh to over \$0.12 per kWh, annual savings have increased \$1,000
- Operations run smoothly, no interruption; total production more than 246,000 kWh
- Savings have risen from a projected 5% to over 20%!
- Communication & Education including Earth Day “solarbration”



Fuel Cells

From outer space...into supermarkets!

- More than half of the energy potential in traditional power generation goes up the stack as waste heat.
- The UTC Power fuel cell converts heat exhaust into heating and cooling, turning potential waste into usable energy.
- Central power plants achieve efficiencies of between 30-40%; fuel cells can attain energy conversion efficiencies up to 90%.
- High system efficiencies translate into greater fuel utilization, thereby contributing to the conservation of natural resources and energy.



WFM's Fuel Cells

- 400 KW Fuel Cells providing 90% of the stores energy needs in Dedham MA, Fairfield CT, and San Jose, CA.
- 200 KW Fuel Cell providing ~ 50% of the stores energy needs in Glastonbury, CT.



2010 & 2009 Earth Month Press Releases

- Reduce our Energy Usage 25% per square foot by 2015
- Expand Solar on Roofs (now ~20)
- Wind-contracted for 100% offsets
- Alternative Energy-Fuel Cells, waste to electricity
- Energy Conservation-20 million kWh saved more to come
- Energy & GHG tracking approved!



Thanks!

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