

# Annie's



**SUSTAINABILITY**



**REPORT 2013**

# Goodness Grows

**25**  
YEARS OF  
Good

## Supply Chain

WHY ORGANIC MATTERS .....	7
PARTNERING WITH FARMERS .....	9
STRIVING FOR BETTER PACKAGING .....	12
IMPROVING MANUFACTURING PRACTICES .....	14

## Office Practices

EMPLOYEES AT ANNIE'S .....	17
OFFICE ENVIRONMENTAL INITIATIVES .....	21

## Inspire Change

INDUSTRY ENGAGEMENT .....	25
GIVING BACK .....	26

### At Annie's, good runs deep.

As Annie's approaches its 25th year in business, we are taking time to reflect on our sustainability milestones. "Doing well" (financially and strategically) and "doing good" (for people and the planet) are part of who we are. Although we've learned a lot along the way, we know there's still a long way to go. In the pages that follow, we share some key achievements in our sustainability journey.

Dear Friend,

We've had an exhilarating journey during our first year of being a public company. It's been both gratifying and humbling to see the response of the market to our company and products. It has kept us all the more steadfast in ensuring that we continue to live our mission and core values. One of the things I like to tell our employees is that we strive to be a company that doesn't yet exist — one that has the capabilities and speed of a large consumer-products company while remaining steadfast to the mission of being socially and environmentally responsible.

Sustainability continues to be an important part of what we do at Annie's. We aim to make the best and most thoughtful choices about the food we make, how we practice our values at the office, how we inspire change in the food system, and how we hold ourselves accountable.

In this year's sustainability report, we share with you some of the highlights from FY2013. We continue to work further back in our ingredient supply chains, including programs focused on wheat, sugarcane, and dairy. We've learned a lot more about our packaging impacts and are looking for opportunities to improve. We've evolved our programs with manufacturers to ensure that we can work collaboratively together on minimizing our footprint. While the supply chain remains the biggest part of our footprint and thus our programmatic focus, we also have developed new programs at the office, and we remain committed to industry outreach and engagement. We know that without collaboration and partnership in our greater community, our success would not be nearly as impactful.

Thank you for taking the time to read through our report. We endeavor to be transparent and to be a sustainable leader. We know there is more work ahead and we welcome your feedback along the way. Thank you for joining us on this journey.

Sincerely,  
John Foraker



## A world without waste? We love a good challenge!

**O**ur sustainability focus has evolved over the years, but we've never lost sight of our goal: to do business differently — and for good. Our co-founder, Annie Withey, created a company that challenged competitors, farmers, and consumers to think differently about food, business, and the environment. As we've grown to where we are today, we continue to look for ways that we can use the engine of our business to do good.

We think it's important to share with you what we focus on and why. That is why we've changed the format of our report this year to better reflect the work we're doing. For us, sustainability isn't only about minimizing negative impacts. It's also about looking for ways to regenerate living systems and to protect the food, air, water, and habitat needed for living things (including us!) to thrive. In the simplest of terms, we want to move from a "take, make, waste less" sustainability approach to one where there is no waste in the first place. Just as in nature, everything that is "waste" would become "food" for something else.

Can you imagine a world with no waste? Where everything that you do, everything that you touch, has a positive impact on our environment and society? We wouldn't

have pollution from toxic chemicals, nothing would be thrown in the trash so we wouldn't need landfills, and energy would come from renewable sources. We're certainly a long way from this point, but Annie's wants to do our part to move closer to it.

Achieving this lofty goal means having a solid plan in place. And we recognize that, as a food company, we must seek improvements all along the way, from farm to fork. Our pathway to sustainability thus encompasses change across four significant platforms: 1) our supply chain, 2) our office and employees, 3) inspiring change in our local community and the larger food system, and 4) tracking and measuring our performance across each of these areas.

In this report, we will describe our work on the first three of these areas over the past year. The final and fourth area is what this report is all about. So thanks for reading. We welcome your feedback as we continue on our journey.



2.  
Office  
Practices



ire Change

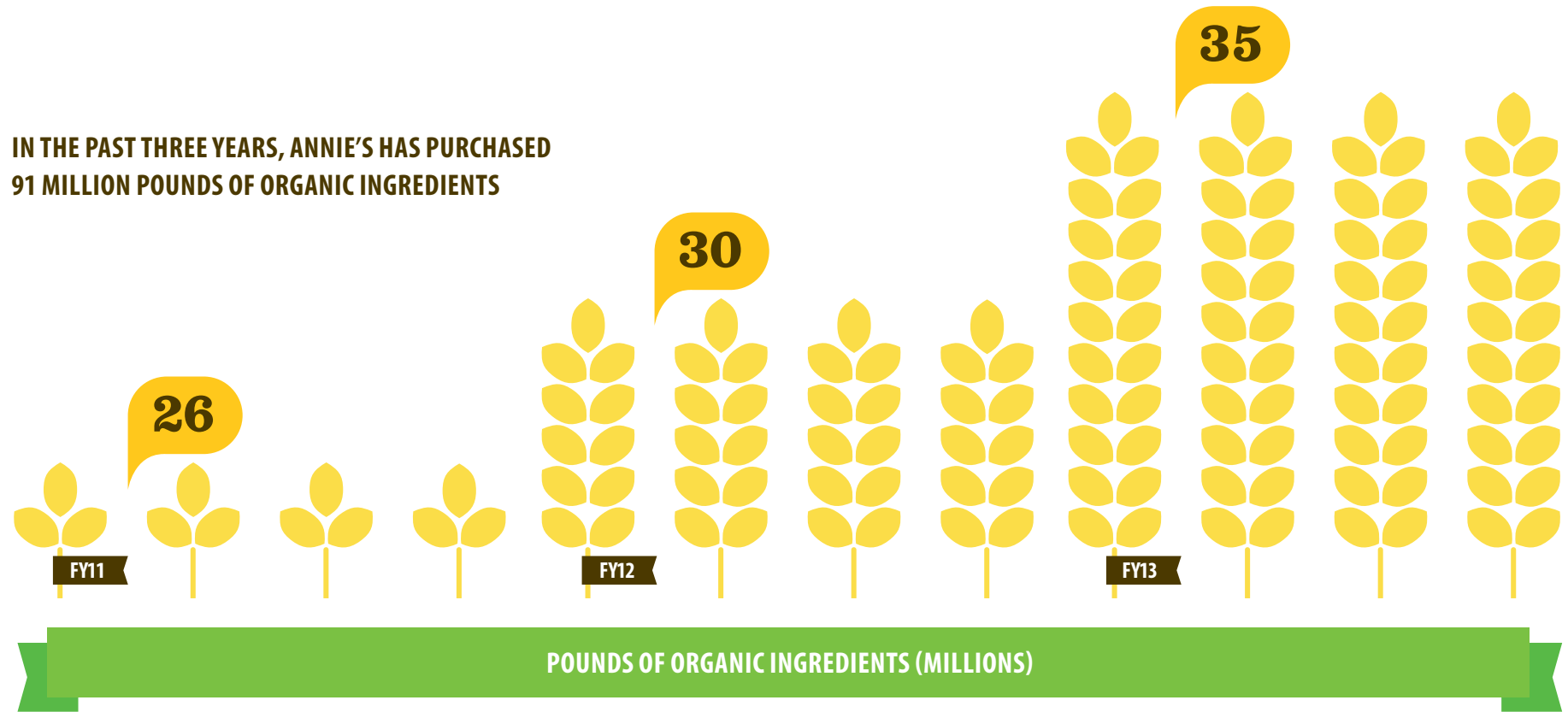
4. Track & Measure

# Building a more resilient supply chain.

The greatest opportunity for us to drive positive change in the food system is by employing our economic engine. We spend a significant amount on ingredients each year, so what we purchase and who we purchase from can make a big difference. This belief was validated last year when we conducted our lifecycle assessment (LCA) and found that the majority of our carbon impact takes place within the supply chain.



**IN THE PAST THREE YEARS, ANNIE'S HAS PURCHASED  
91 MILLION POUNDS OF ORGANIC INGREDIENTS**



## Why organic matters

In late 2012, there was a flurry of media activity when a Stanford University meta-analysis research study<sup>1</sup> concluded that organic foods were not significantly more nutritious than conventionally produced foods. Experts immediately called the study's methodology, findings, and interpretation into question, but headlines from many media outlets still asked:

Why buy organic if it's not any healthier?

The question of health is an important one. Certainly, the vitamins, minerals, fats, proteins, and carbohydrates in food contribute to good health. While the controversial study concluded that there isn't a nutritional difference between organic and conventional foods, other studies have shown that organic foods have increased levels of Vitamin C, antioxidants, and polyphenols<sup>2</sup>. When it comes to the question of health, though, it's about more than just nutrients. It's also about what we put in — or

do not put in — our bodies and the health of our environment.

Increasingly, people want to know what is in the food they eat. Are fruits and vegetables grown with toxic, persistent pesticides and herbicides? Are animals raised with growth hormones or antibiotics? Do foods come from genetically engineered crops? Do they contain artificial flavors, synthetic colors, or



**1989** Annie co-founded our company, setting out to do business differently: do well by doing good.

preservatives? Organic foods can answer “No!” to each of these questions, and the USDA’s organic standard mandates these requirements. In fact, the Stanford study found that organic foods may reduce one’s exposure to pesticide residues and antibiotic-resistant bacteria. The researchers reported that pesticide residues were present in only 7% of organic foods versus 38% in conventional — an 81% relative difference. This is one of the many reasons that people buy organic.

Organic farming can strengthen the land’s health as well. Researchers from Cornell University found that, globally, soil is lost 10 to 40 times faster than it can be naturally replenished due to its exposure to rain and wind.<sup>3</sup> This human-caused soil erosion poses a serious threat to food production. But there are practices that can help slow the damage to — and better yet, rebuild — our soils. Recent scientific data show that organic practices can build soil quality, enhance microbial activity, and help cycle nutrients through the soil. In a long-term study<sup>4</sup> conducted in Iowa, researchers have been analyzing organic and conventional soils since 1998. The study

concludes that “soil properties related to biologically active organic matter were up to 40% higher in organic soil.” This is significant because active organic matter is critical to ensuring healthy, productive soil, which in turn produces the healthy crops essential for a healthy food system.

So the question of health is a good one. But it’s important to understand how one defines health. We believe organic farming is better for the earth because it focuses on creating healthy soils. Healthy soils are the foundation for healthy food, which ultimately leads to healthy bodies.

For us, organic is the foundation of our sustainability efforts, and we continue to invest in organic as we grow our business. In FY2013, we purchased 35 million pounds of organic ingredients. This represents an 18% increase over FY2012 and a 36% increase since FY2011. Furthermore, we increased sales of our organic products, which now represent 86% of Annie’s total sales, up 1 percentage-point from last year.



As a company, Annie’s works with trusted suppliers to source only non-genetically engineered ingredients. By definition, organic ingredients are not genetically engineered. We are partnering with the Non-GMO Project to verify all our products (certified organic, made with organic and natural) against their standard. Currently, we have 70 product SKUs Non-GMO Project-verified and are working through the rest.

1. Smith-Spangler C, et al. Are organic foods safer or healthier than conventional alternatives? A systematic review. *Ann Intern Med* 157(5):348–366 (2012); <http://www.ncbi.nlm.nih.gov/pubmed/22944875>.
2. Brandt, K, et al. Agroecosystem management and nutritional quality of plant foods: the case of organic fruits and vegetables. *Critical Review of Plant Sciences*, 29 April 2011; <http://www.tandfonline.com/doi/abs/10.1080/07352689.2011.554417>.
3. Pimentel, D and Burgess M. Soil erosion threatens food production. *Agriculture*. 8 August 2013; <http://www.mdpi.com/2077-0472/3/3/443>.
4. Delate, K. et al. The long-term agroecological research (LTAR) experiment supports organic yields, soil quality and economic performance in Iowa. *Plant Management Network*, 29 April 2013; <http://www.plantmanagementnetwork.org/pub/cm/symposium/organic/farm/LTAR/>.



**CASES**  
FOR  
**CAUSES**

**1989** Cases for Causes launched.



# Partnering with farmers

While organic is the foundation of our sustainability efforts, our sustainability work doesn't stop there. Building sustainable relationships with farmers is also vital to our mission. These relationships allow us to create greater transparency and trust from farm to fork.

### ORGANIC WHEAT

We use only organic wheat in our products that contain wheat, such as macaroni and cheese, crackers, cookies, pretzels, and pizzas. Different types of wheat, from different farms, are used to make these products. For example, we use durum wheat to make the pasta for our mac and cheese. Most of this durum wheat is grown in the American Northern Plains, which have ideal conditions for wheat production. In the past few years, we've made several trips to visit farmers in this region, including a couple from Montana — Anna Jones-Crabtree and Doug Crabtree — who began farming in 2009.



**Anna and Doug are no ordinary couple. They come to farming with extensive sustainability and organic expertise.**

Anna and Doug are no ordinary couple. They come to farming with extensive sustainability and organic expertise. Anna serves as the national sustainability coordinator for a federal agency, while Doug spent 11 years managing organic certification in the state of Montana. In their "free time," they farm a diverse array of heirloom and specialty grains, pulse, oilseed, and broadleaf crops on approximately 1,800 acres of land. They take a holistic approach to their farming system — applying ecological practices like the use of cover crops, pollinator habitat development, green manures, intercropping, oilseeds for fuel, and a comprehensive 5-year crop rotation. They extend this holistic approach even further by building programs that can help educate the next generation of farmers. Annie's is proud to support their Farm Apprenticeship Program for organic dryland systems, and we hope to see many young farmers benefit from Anna and Doug's experience.

**1991** Started the Be Green environmental awareness program.



## ORGANIC SUGARCANE

We use organic sugarcane in many of our snack products, such as our Bunny Graham cookies, fruit snacks and granola bars. While sugarcane is an important ingredient for us to have, it's also very important that we source from places we trust. Much of the world's sugarcane is farmed in ways that degrade the environment and don't provide a sustainable living for farming families. We choose to use organic sugarcane in our products because it is grown without use of expensive synthetic inputs. Organic also does not expose farmers to harmful chemicals. But we want to do more.

We have partnered with the Sustainable Food Lab for the past two years to assess the sustainability of small-scale farmers. Our research has focused on Paraguay and culminated with a trip to meet several different Paraguayan cooperative farmer groups. On this trip, we also visited a large-scale sugarcane farm in Brazil, from whom we currently purchase some sugarcane, so we could compare and contrast the systems.

The trip provided valuable insights into the daily challenges and opportunities these farmers face. In Paraguay, we learned the importance of regular communication up



and down the supply chain in order to build trusted relationships. We also learned that the cooperatives' management team plays a very important role in the farmers' and overall cooperative's success, as it is the lynchpin between farmers and the market. And we were grateful for the generosity of our hosts in both countries: from the home-cooked meals to open and honest dialogue, we felt graciously welcomed.

In Brazil, we met a farmer named Leontino Balbo who has dedicated his life to building a viable, thriving agricultural system for sugarcane. He has introduced many innovative practices, such as green cane harvesting that keeps the ground covered and helps build the soil, spraying vinassa (a by-product from the milling process) that helps the groundcover naturally decompose and return to the soil, and using high flotation tires to avoid soil compaction. His goals are agricultural self-sufficiency and the preservation of natural resources such as water, air, fertile soil, and biodiversity. He calls his approach "ecosystem revitalizing agriculture" (ERA). It certainly inspired us, and we are proud to work with partners like him. We hope to find more examples like him on our sustainability journey.

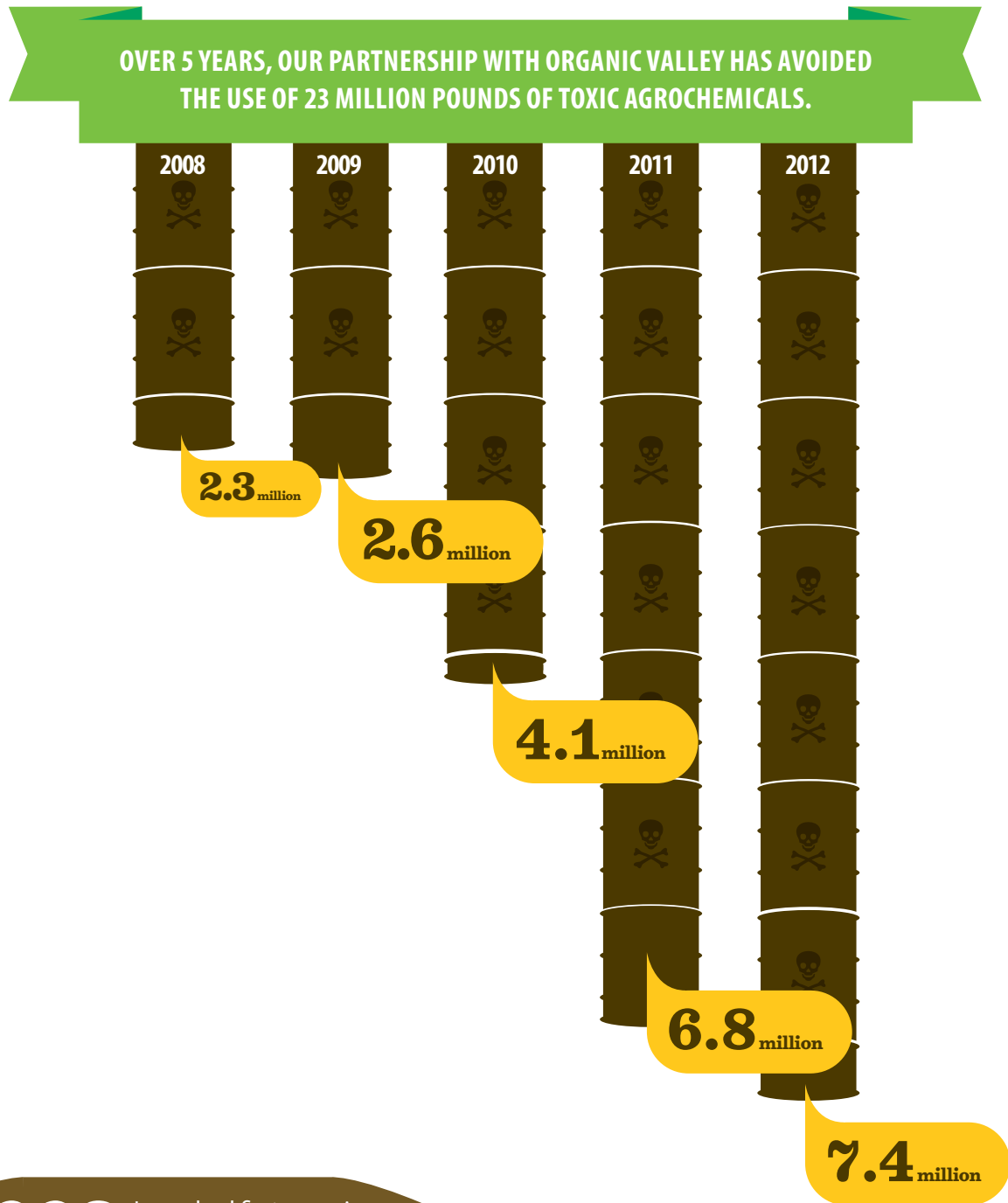
## ORGANIC DAIRY

Since 2008, we've partnered with Organic Valley, a cooperative of more than 1,800 farm families, to provide the organic cheese in our organic macaroni and cheese products. The benefits of working with Organic Valley have added up over the years: due to this partnership, Annie's has prevented more than 23 million pounds of synthetic nitrogen fertilizer, pesticides, and herbicides from polluting the air, land, and water.

We appreciate the hard work of farm families in Organic Valley and throughout our supply chain. This is one of the reasons we launched a new line of macaroni and cheese this year that contains farm shapes, such as cows, carrots, tractors and — of course — bunnies! As Robyn Defina, one of our senior brand marketing managers says, "We knew Bernie's Farm Mac & Cheese would delight our littlest fans with fun pasta shapes inspired by life on the farm, but I was also excited to share the Organic Valley farmer stories on the back of the box. I love that we can provide a great-tasting product that kids love, but also a little lesson about where their food comes from."



**1998** Launched first organic product – mac and cheese.



## Striving for better packaging

At Annie's, we care about our packaging's impact on people and the planet — and we know a lot of our consumers care about it, too. If sustainability was just about whether the package could be recycled or not, Annie's would be doing really well: over 90% of our packaging, by weight, is recyclable. But there's a lot more to it than that. We think about packaging as a system, with inputs and outputs. Now, let's take a look at what that really means....

Just as in the natural world — where everything that is "waste" becomes food for something else — we want our packaging to feed, instead of weaken, natural systems. To move closer to that goal, we've tried to learn more about the entire lifecycle of our packaging this year — where it comes from to where it ends up.

We prioritize recycled content for our paper and glass. And not just any recycled content, but 35–50% post-consumer recycled content,



which comes from recycling programs like the ones in neighborhoods across the United States and Canada. We also review our baseline inventory of materials annually to see how changes to our product portfolio or other aspects of our business affect our packaging needs. We collect details on our packaging materials for more than 80% of our products, and the data show that our packaging materials are increasing at about the same rate as our business is growing. Our goal for this year is to prioritize where we should make improvements to our packaging, which we can track by comparing with our baseline inventory.

**More than 90% of all our packaging is recyclable.**



We do not shy away from examining and re-examining our own practices. In response to consumer concerns about Bisphenol A (BPA), a chemical commonly used in plastics that may be an endocrine disrupter, we have been working with our suppliers to find an alternative. Until recently, there was not a non-BPA lined can that was approved by the Food and Drug Administration (FDA) for use with tomato-based, high acid products, like our canned pasta meals. We worked with our suppliers to develop an FDA-approved, non-BPA lined can. Production began in December 2012 and is being used in all production going forward. We will continue to work with our suppliers to ensure our packaging is safe for consumers and the planet.

## MASTERCASE REDUCTION

A lot of the packaging used when food is transported is never seen by the public. A "mastercase," for example, is a corrugated cardboard box we use to ship our products to the stores where people buy them. We believe it's important to do the right thing even (and especially) when no one is watching, so this year we've moved many of our mac and cheese products from a regular mastercase to a tray with shrinkwrap. The result? A more-than 55% reduction in corrugate for these products.

We've made some good improvements to our packaging, but we have a lot more to do, and we have a goal in mind: to use packaging that contributes to, instead of takes from, natural systems. We have established a baseline so we can measure our successes (or failures), and we also are working on a strategy to help us achieve the long-term goal of not only doing less harm, but more good.



## DID YOU KNOW?

At Annie's, we try to understand sustainability issues from as many angles as possible, so when we took employees to our local recycling facility and saw how much paper still ended up going to landfills (about 1/3, according to the U.S. EPA), we started wondering about the impact of recycling on our own paper packaging. Paper in landfills contributes to climate change by producing methane, a potent greenhouse gas. It turns out that if all of our paper packaging used this year got recycled instead of thrown away, Annie's consumers would prevent more than 17,000 metric tonnes of Carbon Dioxide Equivalent<sup>1</sup> from entering the atmosphere, which is like taking 3,542 passenger cars off the road.<sup>2</sup> We think that's pretty important, so we will continue to educate our consumers about the relationship between recycling, packaging, climate change, and other issues that matter to them.

1. US Environmental Protection Agency. Waste Reduction Model (WARM). Updated June 2013. Accessed 11 October 2013. [http://epa.gov/epawaste/conserve/tools/warm/Warm\\_Form.html](http://epa.gov/epawaste/conserve/tools/warm/Warm_Form.html).
2. US Environmental Protection Agency. Greenhouse Gas Equivalencies Calculator. Updated September 2013. Accessed 24 October 2013. <http://www.epa.gov/cleanenergy/energy-resources/calculator.html#results>.

**2000** Sustainable Agriculture Scholarship program began.



## Improving manufacturing practices

**W**e work with several manufacturing supplier partners to make our products and get them to market. Some have been part of the Annie's family for many years; others are new relationships forged because of product innovations. In either case, our operations team seeks out suppliers that understand Annie's brand and values. We then work with these trusted partners to ensure they understand that sustainability is a key part of our business strategy.

Over the past few years, we've evolved our sustainability engagement strategy with suppliers. Initially, we focused on baseline assessments and quantitative data collection. This built a solid foundation from which we could determine how our suppliers were performing in key sustainability areas. We shared scorecards with our suppliers so they knew how they performed. This year, we added new programs to teach suppliers how they can continue to improve their practices.

First, we developed a Supplier Code of Conduct for Manufactured Goods that ensures our suppliers' manufacturing facilities meet our basic expectations in terms of labor and human rights, health and safety, environmental protection, and ethical practices. Our standards are primarily based on the Universal Declaration of Human Rights and the International Labor Organization (ILO) conventions. We ask our manufacturing partners to review and acknowledge receipt of this code. They also are required to open themselves up to future audits to verify compliance. We strive to work with suppliers who share our values and demonstrate a commitment to improving social and environmental conditions at manufacturing facilities worldwide.

Our second supplier engagement program is an expansion of the scorecard. It includes both software for tracking numeric data and a supplier survey covering six categories: GHG emissions, energy, water use, priority chemicals, waste, and organizational commitment. The survey is simple yet quantifiable, so suppliers receive progress scores, and we receive context to the numbers they input into the quantitative

data tracking tool. With these two approaches, Annie's now has a clear understanding of how our suppliers are performing and where they have opportunities to improve.

We assess our greenhouse gas emissions according to the GHG Protocol, which is the most widely used international accounting tool for businesses to quantify and manage their greenhouse gas emissions. As part of our greenhouse gas (GHG) emissions disclosure, we share GHG emissions from three different source areas: GHG emissions that are in our direct control, from purchased energy sources, and that aren't in our direct control. These categories for GHG emissions are also called Scopes 1, 2, and 3. As part of our Scope 3 emissions, we assess suppliers that directly manufacture for us (also called Tier 1) and those who warehouse and repack our products, because they offer a more accurate representation of where our carbon impacts lie from a manufactured product perspective. (We have even greater impacts at the farm level, which is why we have programs on farming as well, but we don't have measurable data at this time.) While we don't have the same degree of

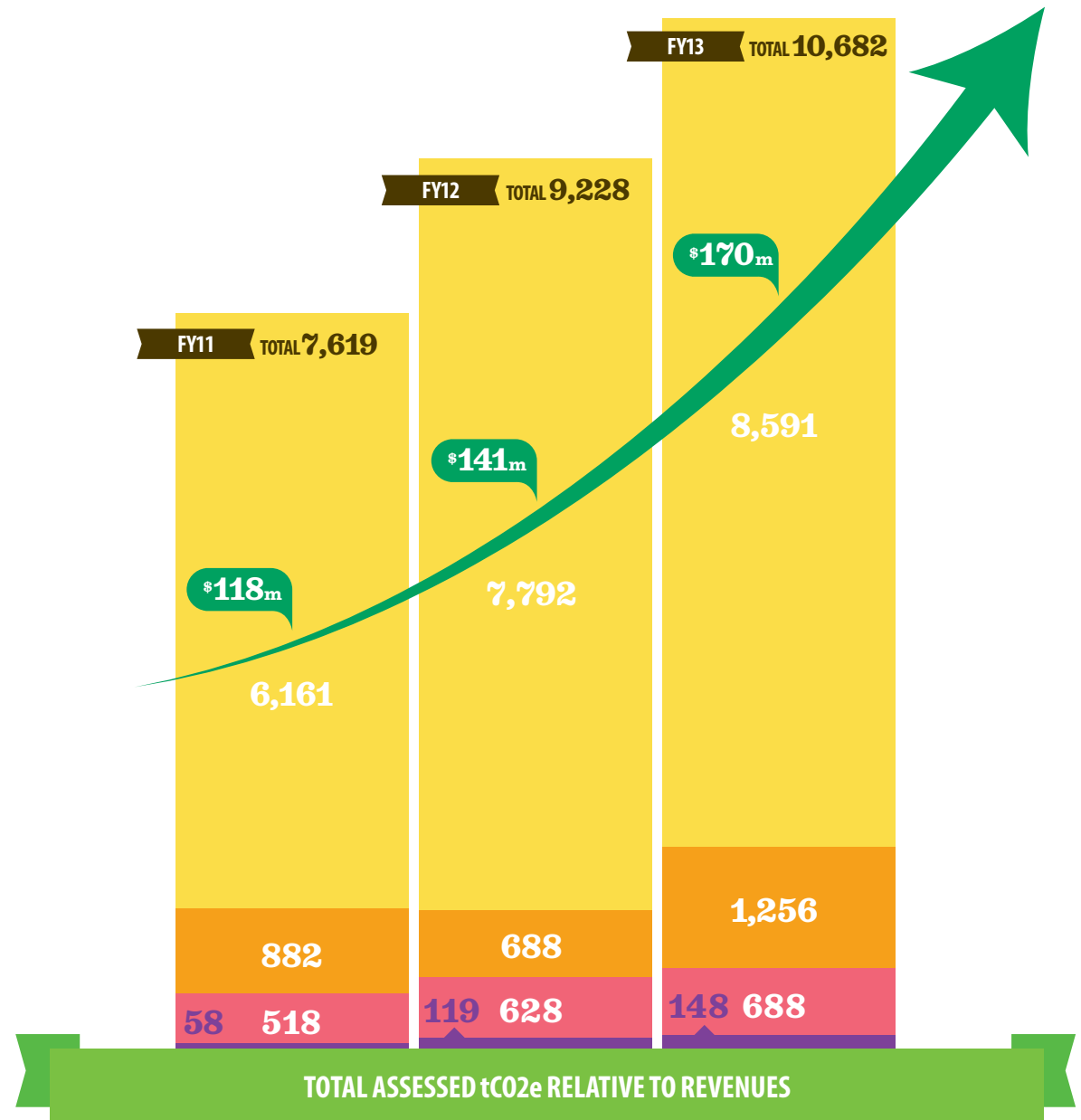


**2006** Started partnership with NativeEnergy to support renewable energy projects.

control over these suppliers' operations, we do have an opportunity to influence.

Across the board, absolute emissions have increased in each of the categories we measure. However, our normalized emissions decreased slightly vis-à-vis our overall revenue growth; relative emissions decreased by 4%. We continue to look for ways to separate emissions and revenue growth, and we hope that the new programs developed this past year will move us closer to our goal.

**We recognize our suppliers that are making a positive difference with the Green Bernie Award.**



# Workin' It: The Annie's Office

As a growing, public company, we consider it more important than ever to create an awesome workplace where our values thrive — and to keep that momentum going. Happy employees and a healthy office are part of the Annie's mission.







## Employees at Annie's

Our employees are the heart of our business. John Foraker, Annie's CEO, often says that we seek to create a company that doesn't exist yet, and we like to think the way we treat our employees is a prime example of that philosophy. We are proud to report that as of late 2012, the last time we surveyed our employees, 86% were satisfied working at Annie's.

One of the reasons for that satisfaction — and one of the reasons we attract and retain the best people — is our commitment to work-life integration, which allows employees meaningful professional and personal lives. Through practices like flexible scheduling, telecommuting, an on-site gym, and on-site massage, we offer a workplace where women and men can flourish, and where both have role models in the executive team and on our board of directors.

We're particularly proud that so many of our company leaders are women. We want diversity of people and opinion, because that delivers the best decisions in any business. We also value women's perspectives because our products are popular among families, where women are important decision-makers.

**2007** Transitioned to using only organic wheat for all our mac and cheese products.



## CORE BENEFITS AND COMPENSATION

In addition to our comprehensive healthcare, 401k, disability, and other benefits, Annie's works to do even more for our employees. This effort shines through in our sustainability benefits package. After 6 months at Annie's, employees are eligible for \$500 towards the purchase or upgrade of a commuter bike, and \$1,000 towards improvements that decrease waste, water, or energy usage in their homes. After 12 months, employees qualify for \$5,000 towards a low-emissions vehicle such as a hybrid or plug-in electric.

Employees have used these benefits to buy hybrid vehicles, install home composting systems, and upgrade their appliances to more efficient Energy STAR rated units. Our product innovation manager, Debra Langford, who purchased a car with help from the vehicle benefit, says, "Where I live is not convenient to take public transportation, so having a plug-in hybrid electric car makes me feel a little better that I am being environmentally conscious when I drive to work."

## WELLNESS

Annie's has a grassroots, employee-driven team called ALOHAS, an acronym that stands for Annie's Lifestyle of Health & Sustainability. ALOHAS develops programs to support a healthy workplace, including fitness classes and access to fresh, organic fruit. Yoga classes have

a particularly devoted following. A member of our sales team, Navdeep Jassal, says, "Practicing yoga three times a week at Annie's has really changed my life for the better. It keeps me energized and balanced throughout the work week."

**"Practicing yoga  
three times a week  
at Annie's has  
really changed my  
life for the better."**

– Navdeep Jassal



## INTERNSHIPS

Every year, Annie's hires college interns to join our team for the summer. These interns work with our Product Innovation, Sales, Marketing, Sustainability, and Operations teams, and not only provide fresh perspectives, but also receive a great work experience. Over the years, the internship program has grown in both number of interns and activities. One highlight of the program: interns have weekly lunches with different members of Annie's senior leadership team, where they learn about the career paths of the speakers and ask questions about the company. As our intern Alicia Halpern says, "Being a Sustainability Intern at Annie's was a fantastic experience. The skills I learned have helped prepare me to move from the student life into the professional world. Not only was working at Annie's a lot of fun, I came away with a broad sense of what it takes to push a company onto a more sustainable path."





**FACILITY SPOTLIGHT:  
ON-SITE ORGANIC GARDEN**

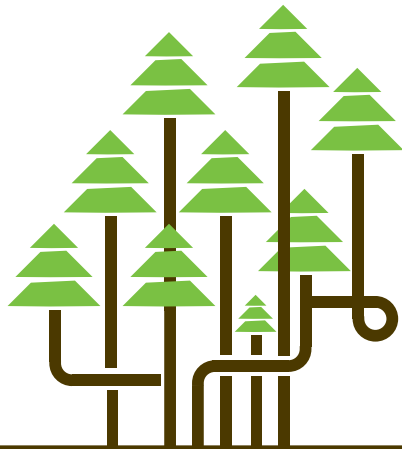
We have a beautiful edible garden and patio space complete with Wi-Fi where employees can take time during their day to enjoy the sunshine and get fresh air. Employees use the space for meetings and lunch breaks, and are welcome to harvest vegetables to munch on during the workday. Once a week our garden guru brings a bounty of fresh vegetables and

herbs in from the garden to the employee kitchen for all to enjoy. We have also trained employees to plant and harvest in our garden. Our Accounts Payable Supervisor, Willette Battle, says, "I love to work, take a break, and take lunch in the garden. At times, I harvest ingredients from the garden to nibble on or include in my lunch!"

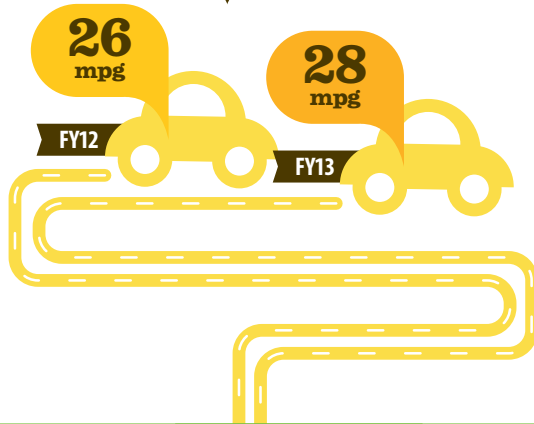
**QUARTERLY SUSTAINABILITY EDUCATION**

As a mission-driven company, we believe that sustainability education is core to who we are and how we can help influence positive change. Many of our employees are engaged in living a more sustainable lifestyle, but they are also interested in continuous education, which is why we have a quarterly sustainability education series. At these informal gatherings, we share an organic lunch and learn about a variety of issues key to Annie's and society as a whole. Some recent topics include waste and resource recovery, genetically engineered foods, and climate change.





The carbon savings from this efficiency gain is equivalent to the carbon stored by 8.4 tree seedlings grown for 10 years.<sup>1</sup>



**AVERAGE EMPLOYEE COMMUTE TO WORK (MILES PER GALLON)**

### EMPLOYEE COMMUTING PROGRAM

We know that commuting to and from work is a major contributor to transportation emissions, which in turn contribute to smog and climate change. When we moved our headquarters from Napa to Berkeley, California, we chose a facility that's about a mile from a commuter rail station in the Bay Area Rapid Transit (BART) system to help lower the impact of our business. We offer a points-based system to reward employees for carpooling, riding transit, walking, and riding their bikes. Employees can redeem the points for additional transit funds or for cash. Currently 13% of employees take advantage of this program. We'd like to see that number increase, so we're reviewing the program and collecting input from employees to make it work better for them.

### COMMUTER SPOTLIGHT

Curt Clawson works in IT at Annie's and is our local commuting hero. He rides his folding bike three miles from his house to the BART station in Fremont, then hops on the train for a relaxing 45 minutes. Once he reaches Berkeley, he rides the short mile or so from the station to our office.

<sup>1</sup> US EPA. Greenhouse Gas Equivalencies Calculator. Available at [www.epa.gov](http://www.epa.gov). Accessed 12/3/13.



We sat down with Curt to ask him a few questions about his commute.

**Q** What do you like best about your commute? What's your least favorite part?

**A** The best part is no stress. Instead of dreading the drive, I look forward to the short bike ride and the 45 minutes of reading each way. The worst part is when it is wet and cold in the winter.

**Q** How many days a week do you do the bike/BART combo?

**A** I take BART 4 times per week. The other day I drive my Prius or my motorcycle. Until now, I very rarely took BART during the winter (rainy) season. I would like to do so at least once per week this year, but I'll need to get extra lights and warm clothes so I can stay comfortable and safe!

## Office Environmental Initiatives

While we know our greatest environmental impact lies in our supply chain, we also believe it's important to live "green" at our company headquarters in Berkeley, California. In addition to our LEED gold status, achieved in 2012, we are now proud to be certified as a Bay Area Green Business — a partnership between local governments and area businesses large and small, to ensure that we conserve energy and water, minimize waste, prevent pollution, and shrink our carbon footprint. These two

standards support our vision of a world where natural resources are not wasted, but rather regenerated and restored.



### ENERGY AND WATER

Consumption of energy from fossil fuels is the most significant contributor to climate change worldwide, so we aim to reduce our impact on the planet through our office energy management practices. We lower our electricity consumption by utilizing daylight and big ceiling fans, purchasing Energy STAR appliances, maintaining our heating and cooling system, and buying renewable energy in the form of high-quality renewable energy certificates for the balance we can't reduce.

Similarly, we upgraded our kitchens and bathrooms to conserve water by installing low-flow toilets, faucets, urinals, and showerheads, and buying water-saving dishwashers and other appliances. As part of our green business certification, we also tested the "flow rates" of our taps (the speed with which water comes out) and were surprised to learn that some of our water-saving faucets were still over-producing. Thanks to the audit, we were able to remedy that by adjusting the pressure.



# 2009

Joined Sustainable Food Trade Association.



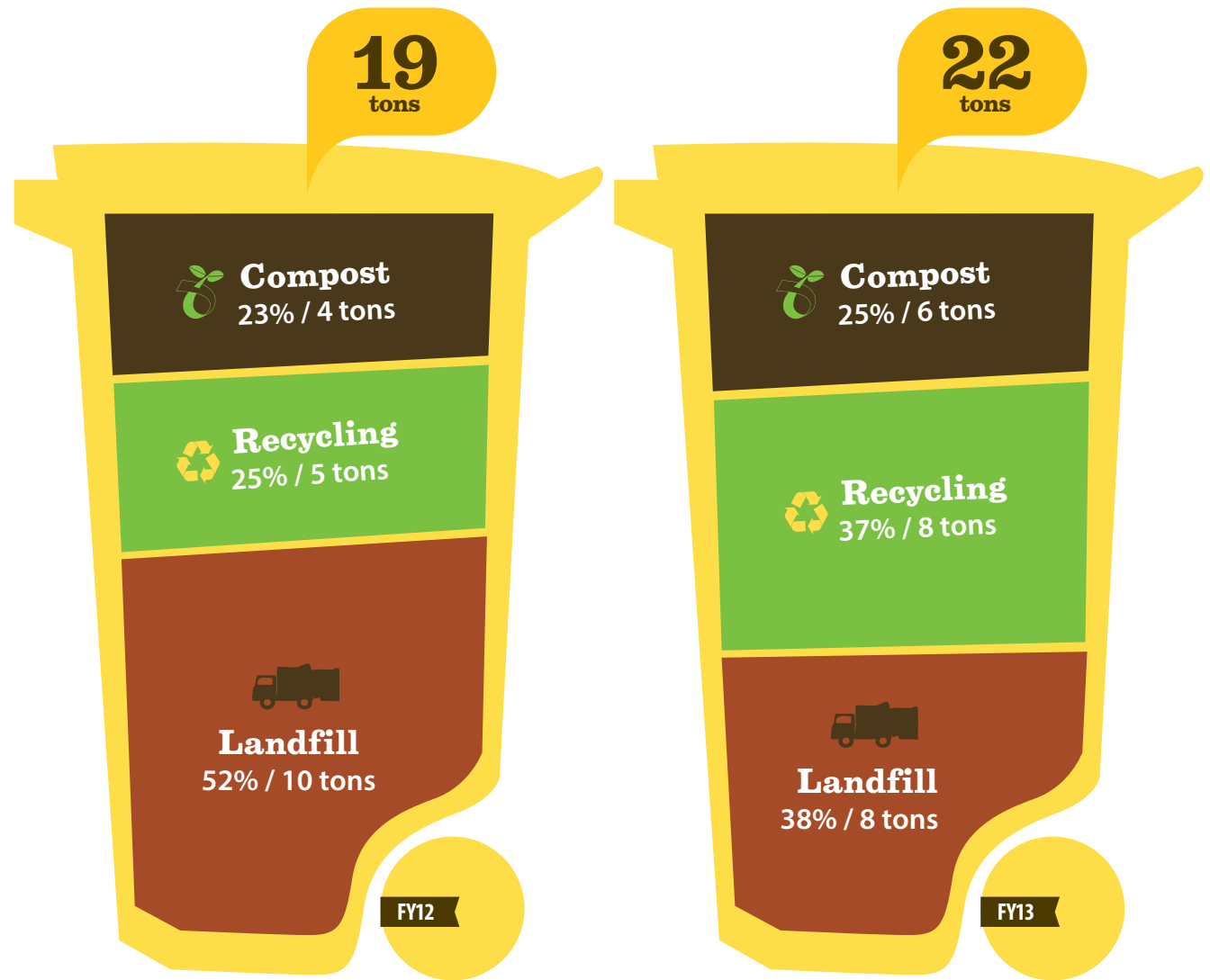
# 2010

Hired Sustainability Director.

### RESOURCE RECOVERY

At Annie's, we work to compost or recycle as many of our materials – like coffee grinds and paper – as we can. This year we took a look at our resource recovery numbers and realized we were using assumptions that inflated the weight of our compost. Like most companies that keep careful track of their waste management, we must use conversions instead of the actual weight because our waste hauler tracks data in terms of volume. We now have a standardized set of assumptions from our waste hauler that will improve the accuracy of the data we get.

We know our waste numbers can be even better, however, so in the coming fiscal year, we plan to weigh the contents of our dumpsters to get the most accurate densities. We recalculated our waste disposal figures for 2012 using the same factors as 2013 so we can compare across years. As our resource recovery infographic shows, we've significantly increased the percentage of our materials that get recycled and composted since last year, from 48% to 62%, and we're confident we're getting closer to the most accurate number.



RESOURCE RECOVERY AT ANNIE'S HEADQUARTERS, FY12-13



2011

Completed first Sustainability Report.

...we've significantly increased the percentage of our materials that get recycled and composted since last year, from 48% to 62%

**MOOP GAME SPOTLIGHT**

We want to keep as much waste out of landfills as possible, so we piloted a game at our office that addresses the eternal question: "What goes where?" We call it the MOOP game, which stands for Matter out of Place. To play, employees study a photo of a landfill, recycling bin, or compost bin, emailed to them in the Annie's weekly newsletter. Then, they decide what items in the photo are out of place (or "MOOP") and where they're supposed to go. In the case of a compost bin with a plastic bottle in it, for example, the plastic bottle is the MOOP, and it belongs in recycling.

We've now played one round of the game and handed out prizes at the end for participation and to those who had the most correct guesses. During the first round, we overheard a lot more conversations about "trash" around the office, and we're looking for ways to continue the momentum — especially since our employee headcount is growing so fast. We might even decide to play again soon!

**Matter out of place**



- Paper Towel** ♻️ Compost
- Tea Bag** ♻️ Compost
- Plastic Bottle** ♻️ Recycle



**2012**

Completed a lifecycle assessment across our product portfolio.



Recognized with LEED Gold certification at Berkeley.



## **The Big Picture: Inspiring Larger Change**

We're proud of our environmental achievements at home and in our supply chain, but we're still relatively small players in the food system. To extend our reach, we collaborate with others in the industry to share what we know and to learn from them, so we can collectively move toward a healthier, more sustainable food system. We also give back to like-minded organizations that we believe are making a positive difference.



# Industry Engagement

Annie's is deeply committed to inspiring change and supporting a momentous shift at an industry level. We focus on a couple of key areas: organic integrity and climate change action. We get involved in several ways, including employee participation, financial support, and civic engagement.

## STRENGTHEN ORGANIC AND SUSTAINABLE FOOD SYSTEMS

Annie's employees actively participate in the industry by serving on advisory boards and speaking at conferences and universities. As a company, we also offer financial support to some industry organizations. Through these many channels, we are helping the industry develop the best, most responsible business practices. Annie's employees serve on the following industry advisory boards:



The Organic Trade Association commits to promoting and protecting organic trade for farmers, the environment, the public, and the economy. A leader in advocating and defending organic standards, the OTA envisions organic food and products becoming part of everyday life through increasing the amount of land under organic management.



The Organic Center scientifically proves the benefits of organic food through peer-reviewed scientific studies. The studies communicate benefits of organic food and farming to society in the hope of seeing an increase in organic production and consumption.



Sustainable Food Trade Association is a non-profit trade association that represents North American, mission-aligned, organic food companies. It supports members in implementing innovative sustainable business practices across the supply chain, from farm to retail.



Sustainable Food Laboratory facilitates the development of market-based solutions to key issues — including climate, soil, poverty, nutrition, and water — that are necessary for a healthy and sustainable food system that can better feed a growing world.

## SUPPORT RENEWABLE ENERGY PROJECTS

Since 2006, we've partnered with NativeEnergy to purchase carbon offsets from new renewable energy projects as one step in managing our carbon footprint. NativeEnergy provides funding for the construction



of new renewable energy projects that need additional upfront financing to succeed. This year, we're supporting the Indiana Community Wind Project. Schools in Indiana, facing tight budgets, decided to install wind turbines to power school buildings, as well as provide hands-on renewable energy education for students.

## ADVOCATE FOR POLICY IMPROVEMENTS

We work with key partners to promote a policy agenda that aligns with our company values.



We are a founding partner of the Just Label It campaign, an organization pushing for national GMO labeling standards at the federal level.



We are a member of the Business for Innovative Climate and Energy Policy (BICEP), a coalition of companies dedicated to bringing about effective policy reforms for climate change.

We are a member of the Organic Trade Association and participate in their annual Hill Visits in Washington, DC, where we talk to senators and representatives about the important role of the organic industry.



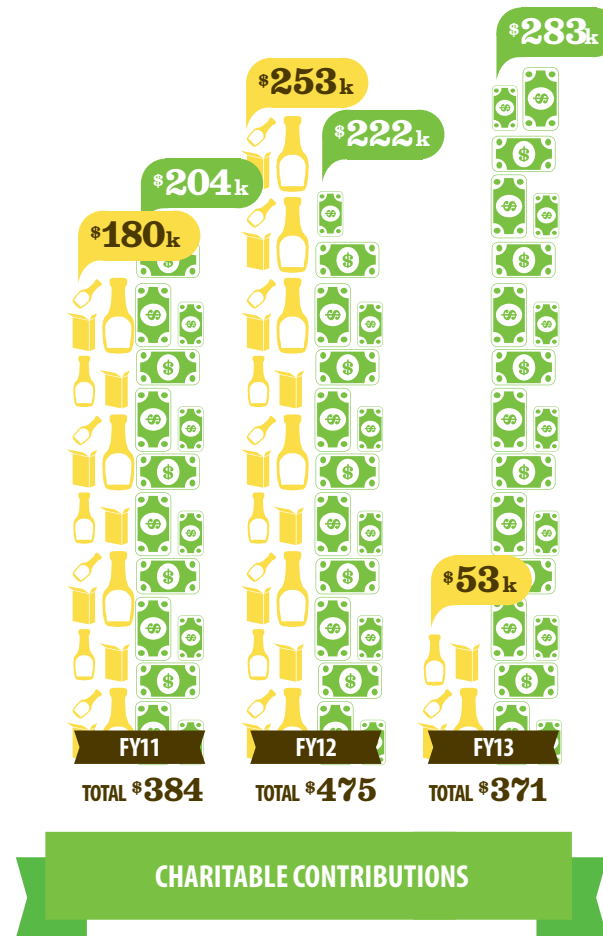
2012

Gave first Green Bernie Award to supplier.

## Giving back

At Annie's, we try to employ the engine of our business to make the food system more sustainable and the world a better place, but we know this approach doesn't accomplish all of the changes we want to see. And we know that we can't do it by ourselves. So, we find strategic ways to give back to organizations that are doing good work toward these goals, via funds and hands-on time from our employees.

In the past three years, we have given more than \$1.2 million to organizations that are helping to support a more sustainable food system. While the charitable contributions chart shows our product donations have gone down, we actually see a positive side to this, because it means we are managing our ingredients and finished goods better. Three programs in particular — Grants for Gardens, Agricultural Scholarships, and FoodCorps —



extend our reach into schools and universities across the United States.

### GRANTS FOR GARDENS

We strongly believe that children should have the opportunity to see how real food is grown, so in 2008 we started Annie's Grants for Gardens — a program that supports school gardens across the United States. In FY2013, we happily gave \$38,000 in grants to this program. Creating small gardens doesn't take much — nature does most of the hard work — but we've seen firsthand how gardening can change a child's life. When kids grow vegetables, herbs, and fruits themselves, they're much more likely to try and enjoy them, making mealtime an educational, fun, and healthy experience. (For kids and parents alike!)



### AGRICULTURAL SCHOLARSHIPS

In FY2013 we supported undergraduate and graduate-level students with \$100,000 in scholarships to support the next generation of organic- and sustainability-focused environmental science and agriculture students.

Maclovia says: "The practice of agriculture is vital for the maintenance of northern New Mexico's unique culture and ecology. Agriculture *is* culture, especially for those with

long family histories in the region. A happy and healthy world is one in which everyone who wants to is empowered to grow food; where land and water are preserved for future generations; where communities have access to locally grown produce, especially culturally specific foods; where farmers are valued and respected; and where everyone feels a love for and a connection to the land. Preserving small-scale agriculture in northern New Mexico will guarantee that this is the case, if only in one small corner of the world."



winner  
**\$2,500**

**MACLOVIA QUINTANA**

Yale School of Forestry and Environmental Studies,  
Master's candidate in Environmental Studies

## FOODCORPS

Annie's is a "Seed Funder" of FoodCorps, and in FY2013 we supported them with \$100,000. FoodCorps is a national nonprofit whose service members teach kids about healthy food, build and tend school gardens, and partner with local farmers to bring high-quality local produce into public schools, promoting healthy eating while supporting the next generation of food producers.

## VOLUNTEERING

Another key way we give back is by contributing time to our local community. We began a more formalized volunteering program this year, whereby we provide opportunities to volunteer at specific organizations in the Bay Area during the workday. This year we set a goal for all employees to volunteer at least four hours

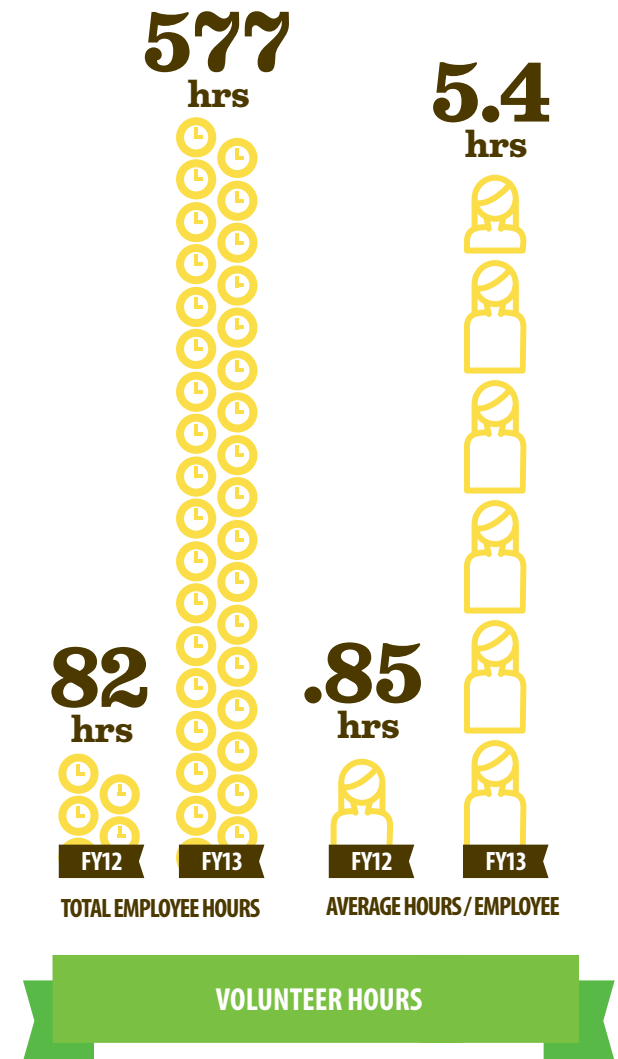
**"...it finally hit us that we were standing in the middle of a brand new neighborhood-based farm."**

annually. These volunteer hours can take place during the workday and can be organized by Annie's or individual employees. As a result, the average number of volunteer hours jumped from just under one hour to almost five and a half hours per employee. Two non-profit organizations where we volunteered were the Alameda County Food Bank and Save the Bay, where we participated in a San Francisco Bay cleanup.

Additionally, we had four employees participate in the In Good Company collaboration, which brings like-minded companies together to share in a week of volunteering at locations across the country. This year we had employees volunteer in both the South Bronx and the Gulf Coast to help build urban gardens and restore wetlands, respectively.

As Nellie Boonman, our digital marketing manager, says: "When our team finished assembling 74 garden beds, 14 farm tables, and prepping tons of wood chips, mulch, and compost in what had been an eyesore of a school parking lot, it finally hit us that we were standing in the middle of a brand new neighborhood-based farm. Soon after our trip, we learned our efforts increased school farm growing capacity by 7 times, granting 4 times as much student access to local produce in an area known for its lack of fresh, affordable options.

I'll never forget the hard work and generosity in spirit demonstrated by the community partners and fellow IGC participants, and hope to return again someday."



[ANNIES.COM](http://ANNIES.COM)