

## **ROUNDY'S SUPERMARKETS, INC.**

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**Pick 'n Save · Copps · Metro Market · Mariano's**

**2015 Green Tier Annual Report**

**Roundy's Oconomowoc Distribution Center  
Oconomowoc, Wisconsin**

July 2016



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**1. Executive Summary**

Roundy's Supermarkets, Inc. (Roundy's) is pleased to provide its ninth Annual Report under Green Tier. This report covers the activities and accomplishments related to the Roundy's Oconomowoc Distribution Center, a Green Tier participant since December 22, 2006.

## **2. Business Overview**

As a division of Cincinnati based Kroger Company, Roundy's, headquartered in Milwaukee, Wisconsin, operates as one of the Midwest's oldest and largest grocers. As of June 30, 2016, the division owns and operates 154 retail grocery stores in Wisconsin and Illinois under the Pick 'n Save, Copps Food Center, Mariano's and Metro Market banners. In 2015, Roundy's opened five new stores in Illinois, further expanding its presence in the Midwest.

This results-driven company emphasizes its customers, communities and respect for its employees. Its commitment to the environment and its people begins with its upper management and permeates throughout the organization.

By the end of 2015, the Roundy's private label included eleven brands ranging from Roundy's Organic and Roundy's Select to Roundy's Pet Care and Clear Value. Many of Roundy's signature items are made in its food processing plant in Kenosha, Wisconsin. In addition, Roundy's operates two Wisconsin distribution centers, including the 1.1 million square foot Oconomowoc Distribution Center facility opened in April, 2005.

Roundy's has always strived to be a good neighbor, a positive influence on the community and to be a good environmental steward. Roundy's continues to show its commitment with involvement as a Green Tier participant

### **2.1 Roundy's Supermarkets Inc. Corporate-wide Continual Improvement**

Although this annual report is largely focused on the Oconomowoc Distribution Center's Green Tier accomplishments, Roundy's continues to establish and implement energy-saving and environmentally conscious programs across our organization.

#### **2.1.1 Wisconsin Partners for Clean Air<sup>1</sup> Partnership**

The Wisconsin Partners for Clean Air ("WPCA") honors those businesses and organizations that have undertaken innovative strategies in the previous year to reduce

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<sup>1</sup> The WPCA program is a coalition of about 250 businesses, community organizations, schools and government agencies committed to improving air quality through voluntary action. WPCA educates Wisconsin businesses and residents on air quality issues and works to effect behavior to improve air quality and reduce harmful air emissions as required by Wisconsin's state implementation plan under the federal Clean Air Act. See <http://www.cleanairwisconsin.org/businesses/aboutus.php>

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harmful emissions. Roundy's was selected to receive a WPCA Recognition Award in 2011 based upon its demonstrated commitment to reducing emissions through voluntary actions. Roundy's also won the 2014 Clean Air Recognition Award for its commitment in areas such as environmentally friendly refrigeration and use of LED lighting, among many other efforts. Roundy's has maintained its involvement in WPCA and was a judge for the 2015 awards.

### 2.1.2 New and Existing Store Initiatives

#### *Facility Management Systems (FMS) Update*

All of Roundy's facilities -- retail stores, commissary and distribution centers -- are monitored through Energy Star's Portfolio Manager System. Based on the Energy Star criteria, Roundy's currently has ten locations that qualify for the Energy Star certification. An FMS (building automation system) is installed in 78 stores, which includes the addition of five new stores in 2015. The systems monitor, manage and control the lighting, heating, ventilation, and air conditioning (HVAC), refrigeration, department fan hoods, ceiling fans and sub-metering of electric and water.

In 2012, Roundy's evaluated the use of a complete CO<sub>2</sub> refrigeration design at store level. In 2013 the system was installed in the new Menomonee Falls Pick 'n Save store (which opened in January, 2014). The Menomonee Falls Pick 'n Save refrigeration system utilizes CO<sub>2</sub>, an alternative to HFC (hydro-fluorocarbon) refrigerants. After analyzing the results of this system, Roundy's has decided to utilize it in all new stores, starting with those opening in 2016. Though no stores opened with this technology in 2015, as of the date of this report, four stores opened with this system in place 2016, including a Metro Market in Shorewood, Wisconsin.

Also at the store level, Roundy's does not allow vendors to idle engines while loading or unloading.

#### *LED (Light Emitting Diode) Technology*

LED design standards have been in place for several years for certain store areas, including produce, liquor, frozen door cases, exit signs and building signage. Roundy's has since added LED design standards to open multi-deck cases and walk in coolers/freezers. New in 2014 and continuing in 2015 has been the integration of LED

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lighting in exterior parking lot lighting. Roundy's continually seeks to improve the energy savings that LED lights provide by testing and incorporating new generations of lower wattage and more efficient bulbs as they become available. The technology has proven to provide improved lighting characteristics as well as energy efficiencies.

### *Day Lighting Technology*

Starting in 2013 Roundy's has designed its stores with more windows than in the past in order to take advantage of day lighting technology. In 2013, two stores were built with a raised roof section to allow for ribbon windows on the interior to act as skylights. This strategy increases the ability to use natural light for maximum visual comfort and to reduce energy consumption. This has continued in 2015 with new Mariano's stores being built with glass atriums to provide natural light into the stores.

### *2015 Renewable Energy Initiatives*

In 2015, Roundy's continued its participation in Wisconsin's Focus on Energy Incentive Program that involved the implementation of various cost-effective energy efficiency and renewable projects. According to Focus on Energy, the total energy savings from all Wisconsin projects Roundy's submitted to the program in 2015 was 4,004,337 kWh. This involved 7 projects at 6 store locations plus the Oconomowoc Distribution Center (ODC project is more fully described in Section 4.1). Roundy's was able to utilize \$145,101 in incentives and saved an estimated 2,814 metric tons of CO<sub>2</sub> from being released.

Roundy's also implemented projects in its Illinois stores. These included the construction of 5 new stores, where according to Com Ed, this resulted in a savings of 3,967,030 kWh. The total saved in 2015 between ComEd and Focus on Energy was 7,971,367kWh which equates to approximately 5,746 tons of (CO<sub>2</sub>) averted.<sup>2</sup>

Another visible way Roundy's gets involved with green awareness is by continuing to offer reusable bags. Roundy's rewards customers who use reusable bags by providing them a rebate.

Many of these initiatives are identified and implemented by Roundy's corporate full-time Energy Program Manager.

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<sup>2</sup> CO<sub>2</sub> was calculated using the United States Environmental Protection Agency Clean Energy Green House Gas Equivalencies Calculator at: <http://www.epa.gov/cleanenergy/energy-resources/calculator.html>

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*Energy & Sustainability Mission Statement*

Roundy's has developed the following mission statement for its energy and sustainability efforts:

**ROUNDY'S**  
**Energy &**  
**Sustainability**  
**Mission Statement**

Roundy's Energy and Sustainability team is committed to enhancing the well-being of our customers, associates, communities, and global environment. We are dedicated to reducing energy demand and consumption through innovations in technology and environmentally friendly resources.

The team will focus on increasing and promoting positive awareness of our conservation efforts. As a leader, we will cooperate and support local and national energy programs. Our devotion will maintain Roundy's standard of excellence in providing the best possible experience for the customer.

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### 3. Environmental Management System (EMS) Status

The Roundy's Oconomowoc Distribution Center environmental team initially developed and implemented its EMS in 2007. Pursuant to statute, an external audit of the EMS must be conducted every three years. 2015 was an external audit year. The audit was completed by Perfect Environmental Performance and it found, "The results of the audit indicate that the Roundy's Distribution Center's environmental management system **is** in conformance with the requirements found in 299.83 (dg) of the Environmental Results Program and that it is operationally equivalent to the ISO 14001(2004) standard. There were no Major or Minor nonconformities identified during this audit. The Roundy's Environmental Management System also demonstrated performance that can be classified as "superior environmental performance. Based upon these findings, the Roundy's Oconomowoc Distribution Center environmental management system **has** been found to continue to meet the "Functionally Equivalent" criteria and the continual improvement requirements of the Green Tier Program.<sup>3</sup>

### 4. 2006 / 2010 Agreement

Roundy's participation in Green Tier dates back to December 22, 2006, when the Wisconsin Department of Natural Resources (WDNR) first accepted it into the program. In November, 2010, Roundy's re-confirmed its commitment to Green Tier. The updated commitment letter is attached at Appendix A. Information outlining Roundy's continual efforts to address its Green Tier measures at the Oconomowoc Distribution Center are outlined in the following section.

#### 4.1 Minimize Energy Use

Roundy's 2014 Green Tier Annual Report detailed objectives and targets for 2015 relating to energy minimization. These are outlined below:

Objective: Reduce electricity and natural gas usage at Oconomowoc warehouse.

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<sup>3</sup> Roundy's 3rd Year EMS Audit 2015 Letter of Conformance; Attached as Addendum E.

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**Target:** Seeking a 2% to 3% reduction at the Oconomowoc warehouse of 2014 levels by tracking kW hours and Therms.

**Result:** Roundy's saw significant natural gas savings, but did not see a decrease in overall electric usage at the Oconomowoc Distribution Center. In spite of measures taken to reduce usage, there was more activity due to the increased business resulting from the closure of Stevens Point facility in 2014. In addition, the ODC was open for 365 days in 2015, but only 350 days in 2014. Overall, natural gas usage went from 241,509 Therms to 189,038 Therms, a 21.73% decrease while electricity usage went from 17,568,301 KWA to 17,911,891 KWA, a 1.95% increase. One measure taken to reduce electricity usage at the ODC involved retrofitting 616 old HID lights in the two main freezers with LED lights. Because HID lights produce more heat than LED lights, the conversion to LED lights was projected to result in less heat in the two main freezers that would need to be removed by the refrigeration system.

**Objective:** Explore use of fuel cell technology in forklift batteries using 900 amp hydrogen/lithium batteries.

**Target:** Test battery life versus current batteries. Evaluate cost of battery and its life versus standard batteries.

**Result:** Test took place. It was determined this was not a viable use moving forward. The costs of these forklift batteries were more than the existing ones used and the battery life was not found to be greater.

**Objective:** Potential test of solar energy

**Target:** If test is implemented, chart energy saving versus cost to implement. Calculate payback.

**Result:** This test did not take place. It was contingent on receiving funds that were not awarded.

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### Objectives and Targets for 2016

Objective: Reduce electricity and natural gas usage at Oconomowoc warehouse.

Target: Seeking a 2% to 3% reduction at the Oconomowoc warehouse of 2015 levels by tracking kW hours and Therms.

#### **4.2 Waste Minimization**

The Oconomowoc Distribution Center continues to work towards greater waste minimization. In 2012, a project was started that included the introduction of a project to convert food waste into compost throughout our network. In 2013 that project was expanded as Roundy's partnered with a third party firm and worked on a pilot project in 13 stores to convert produce into animal feed. A composting pilot program will be re-implemented in 2016.

Roundy's continues, where feasible, to reuse select sturdy product containers for packing and shipping to and from the Oconomowoc Distribution Center. For example, the facility has fully converted to plastic pallets that are reused for all shipping occurring on the Roundy's fleet. Plastic flip sheets are also used as a stable base when stacking certain products on a pallet, replacing traditional cardboard sheets and, thus, further reducing cardboard usage.

Roundy's continues to maintain its program for recycling cardboard, scrap metal, and plastic. The Oconomowoc Distribution Center serves as an aggregation point for plastic, cardboard, and scrap metal for both this facility and the retail stores it services.

The Oconomowoc Distribution Center also continues to deice parking lots with sand instead of salt. The use of sand, however, requires more effort from the Oconomowoc Distribution Center as it must periodically sweep parking lots and the tractor yard during winter thaws. New sand is then applied during deteriorating weather conditions. The Oconomowoc Distribution Center continues to use a contractor to periodically remove used sand mixed with snow back to the contractor's operation where the sand is filtered and washed for reuse. In 2015, this practice resulted in approximately 85 tons of used sand being reclaimed. This was a reduction from 2014 levels because lower precipitation resulted in less sand being used, resulting in less sand to be reclaimed.

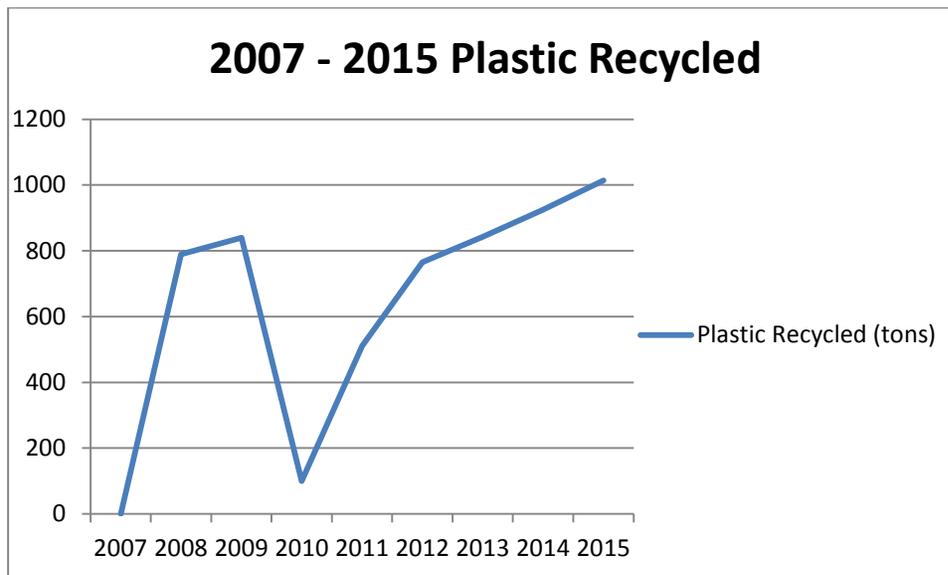
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In addition to the specific recycling programs tracked below, the Oconomowoc Distribution Center provides for an employee recycling program. Though not specifically tracked, recycling opportunities exist for plastic, aluminum and paper.

### 4.2.1 2015 Plastic Recycling

Plastic is widely used at many distribution centers and grocery retailers to wrap pallets and cases prior to shipment. Product received from suppliers is often plastic wrapped and plastic is removed at the Oconomowoc Distribution Center to break apart the delivery and stage it for smaller shipments to individual Roundy's stores. In addition to this plastic wrap, the Oconomowoc Distribution Center currently includes in its recycling program bags, bubble wrap, and plastic pallet corner guards.



In 2015, plastic recycling at the Oconomowoc Distribution Center totaled 1,014 tons, up from 925 tons in 2014. The increase in the amount of plastic recycled since 2010 is likely due to factors such as an increase in volume due to additional Mariano's stores, increased use of plastic by manufacturers, the amount of plastic needed to wrap shipments to stores, and the increased recycling of plastic corner guards (initiated in 2011). The Oconomowoc Distribution Center continues to look for more sources for recycling and continues to track conformance with its internal recycling program through formal and informal source segregation inspections and observations.

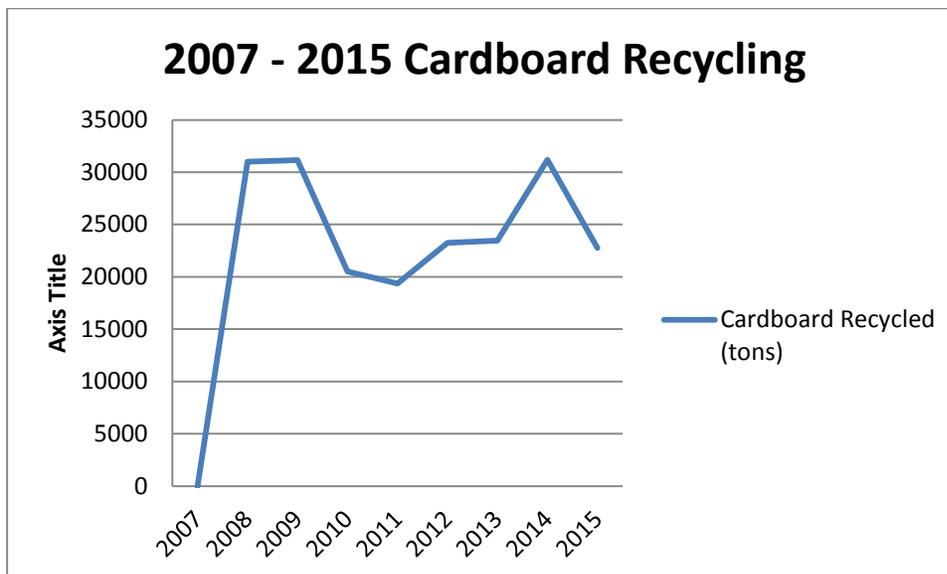
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Additionally, company representatives undergo awareness training and the program provides continued diligence through supervisor monitoring for adherence to the recycling program.

### 4.2.2 2015 Cardboard Recycling

In 2015, a total of 22,768 tons of cardboard were recycled, which represents a decrease from 2014 levels. Though the same materials continue to be recycled, a large part of this reduction is likely packaging advancements that result in the use of less packaging material. Also, the use of more reusable bins has likely resulted in less cardboard being used and recycled.



The Oconomowoc Distribution Center continues to look for more sources for recycling and continues to track internal conformance through formal and informal source segregation inspections and observations. Additionally, company representatives have awareness training and continued diligence through supervisor monitoring for adherence to the recycling program. All of these activities will help promote cardboard recycling.

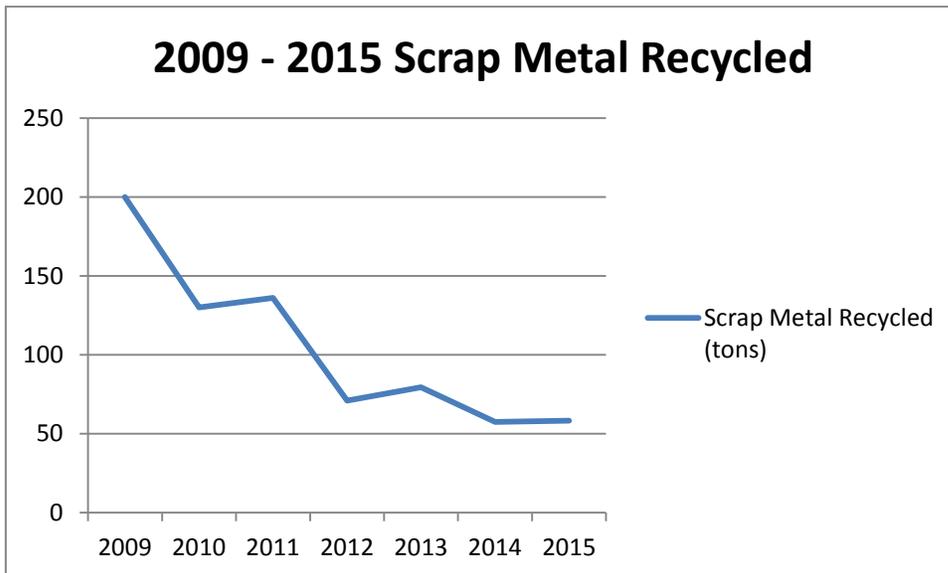
### 4.2.3 2015 Metal Recycling

In 2015 approximately 58 tons of scrap metal were recycled from the Oconomowoc Distribution Center. This volume includes scrap metal collected from the retail stores

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that is accumulated at the Oconomowoc Distribution Center. This figure closely matched the results from 2014.



Roundy's 2014 Green Tier Annual Report detailed objectives and targets for 2015 relating to waste minimization. These are outlined below:

**Objective:** Reduce volume sent to landfills.

**Target:** Increase recycle of cardboard and plastic by 2% to 3% over 2014 levels.

**Result:** Plastic recycling increased by 89 tons, a 10% increase in recycled materials. Cardboard had a significant decrease, going down by 8,419 tons, a 27% decrease. This was likely due to the use of reusable bins and more efficient packaging. Metal recycling remained roughly the same, going from 57.56 tons to 58.36 tons for a 1% increase.

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Objective: Continue evaluation of Compost program which started in 2013.

Target: Perform cost benefit analysis to see if it can be rolled out to more stores.

Result: This test was not implemented, but is scheduled for 2016.

### Objectives and Targets for 2016

Objective: Reduce waste to landfill through recycling cardboard, plastic and pallets.

Target: Increase recycling of cardboard and plastics by 2% to 3% over 2015 normalized values.

Objective: Initiate compost program.

Target: Pilot new composting program in 23 retail stores (15 in Wisconsin and 8 in Illinois) and track results.

### **4.3 Evaluate Vendor Technologies**

Per its Green Tier commitment, Roundy's also continually evaluates whether new technological and operational equipment processes and/or devices might present an actual benefit to reducing mobile emissions and improved fuel economy. Roundy's also works with the WDNR to evaluate the potential, estimated emission reductions associated with its transportation efforts. The information presented concerning estimated emission reductions associated with Roundy's transportation efforts are all calculated based upon estimated vehicle miles traveled attributed to the Oconomowoc Distribution Center. This section of the report will also, however, provide information on transportation requested by WDNR's Green Tier Annual Report Guidance dated August 19, 2015.

At the end of 2015, the Oconomowoc Distribution Center fleet consisted of (27) MY 2005, (22) MY 2007, (9) MY 2008 and (1) CNG.

CNG

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On June 26, 2013 Roundy's began a pilot project utilizing an alternate fuel tractor to determine if a 12 Liter compressed natural gas ("CNG") engine would perform consistent with its current business model and needs. A MY 2013 tractor with a 12 Liter CNG engine was leased from June 26 to July 14, 2013, with the purpose of tracking natural gas fuel consumption and engine performance delivering actual loads to Roundy's grocery stores. The test demonstrated that the tractor had enough torque and horsepower to suit Roundy's application without concern. The test also provided enough preliminary fuel cost savings to justify the purchase of one new 12 Liter CNG powered tractor in 2014.

For purposes of this 2015 Annual Report, WDNR calculated the potential estimated emission reductions associated with replacing a heavy duty diesel tractor with a tractor using CNG technology. Because the information readily available at this time to the WDNR within the EPA Diesel Emissions Quantifier only provides emission information associated with CNG fuel in general, and does not provide emission information associated with different sizes of CNG engines, the WDNR's calculated potential estimated emission reductions cannot be deemed to be representative of actual emission reductions at Roundy's ODC.

For purposes of WDNR's calculations, WDNR calculated the potential emissions associated with Roundy's average MY HD Diesel Truck traveling 40,371 miles using the MOVES 2014a model and the emissions associated with a MY 2015 CNG Truck based upon the use of 7,734 CNG equivalent gallons traveling 40,371 miles using EPA's Diesel Emissions Quantifier. The difference between the emissions calculated using a Roundy's average MY diesel tractor, and the emissions calculated using a MY 2015 CNG Truck, comprises the potential estimated emission reductions associated with replacing a Roundy's average MY diesel tractor with a MY 2015 CNG truck.

WDNR's calculations reflect a potential estimated emission reductions associated with the use of CNG technology as follows:

985 pounds of NOx  
33 pounds of PM 2.5  
92 pounds of VOC  
227 pounds of CO  
74.3 short tons or 148,600 pounds of CO<sub>2</sub>

#### **4.4 Transportation**

##### **4.4.1 Super Single Tires**

Super Single Tires (referred to as single wide tires by the United States Environmental Protection Agency Smart Way Program) are intended to provide low rolling resistance – in other words, the tires are intended to reduce the drag from the weight of the tires on the road and thereby improve fuel efficiency.

For purposes of the 2015 report, WDNR estimated the potential yearly emission reductions associated with the Oconomowoc Distribution Center fleet's use of super single tires by assuming that super single tires had been used on all diesel fleet trucks for all of 2015 and using EPA estimates that super single tires improve fuel efficiency by at least 3%. Using the 2015 ODC average fleet fuel efficiency of 6.68 miles per gallon with super single tires and a fleet average of 6.49 miles per gallon without super single tires, the installation of super single tires on a diesel fleet traveling an estimated 4,287,080 miles could potentially result in a reduction of 207 tons of CO<sub>2</sub>. See Appendix B for the WDNR emission calculations.

##### **4.4.2 Trailer Skirts**

Trailer skirts are designed to reduce aerodynamic drag. Like the Super Single Tires, EPA's Smart Way program considers aerodynamic trailer skirting to be a verified technology category to reduce aerodynamic drag. Due to Roundy's extensive corporate -wide initiative to install skirts on trailers, WDNR assumed that all Oconomowoc Distribution Center diesel vehicle miles traveled in 2015 involved trailers with skirts. WDNR in its emission calculation communication indicated that EPA estimates that aerodynamic trailer skirts improve fuel efficiency by at least 4% and that emission calculations from scientific studies show that aerodynamic trailer skirts are estimated to improve fuel efficiency from 5-7%. For purposes of this report, WDNR assumed a 5% fuel efficiency from use of skirts.

Results of WDNR's calculations show an estimated potential yearly reduction of 357 tons of CO<sub>2</sub>, assuming all estimated diesel vehicle miles traveled attributable to the Oconomowoc Distribution Center fleet included the use of trailers with skirts. Appendix B contains the WDNR calculations.

#### 4.4.3 Idling Provisions

Roundy's prohibits all tractor-trailer trucks from idling on the premises. The only exceptions are when the temperature is above 90 or below 10 degrees Fahrenheit (see Appendix C). A short warm up may occur to prevent diesel fuel from gelling and engine startup difficulties. A copy of the Driver/Unloader Responsibilities handout containing Roundy's Oconomowoc Distribution Center idling policy is provided in writing to third-party vendors that deliver to the facility.

WDNR calculated estimated emission reductions associated with the Oconomowoc Distribution Center idling policy in accordance with the following assumptions:

1. Based upon 1113 actual truck deliveries over a 7-day period in November, 2015, there is assumed to be an average of 159 truck trips per day to the Oconomowoc Distribution Center.
2. Based upon data from that 7-day period, each truck was on site for an average of approximately 5.54 hours; however, 0.4 hours has been deducted for maneuvering and it is assumed that a driver would not physically be in a tractor for 57 minutes for each trip.
3. Using these assumptions, emissions from idling could be reduced by approximately 4.19 hours per truck per day.
4. The Oconomowoc Distribution Center operated 365 days in 2015.
5. Using Roundy's Fleet Average MOVES 2014a Emission Factors for Heavy Duty Diesel Trucks, the estimated emission reductions from implementation of Roundy's idling policy in 2015 are as follows:

23.5 tons of CO

61 tons of NOx

11.7 tons of VOC

2,409 tons of CO<sub>2</sub>

0.80 tons of PM<sub>2.5</sub>

See Appendix B for WDNR emission calculations.

Going forward, the Oconomowoc Distribution Center will continue to restrict idling through a combination of measures. These include training Roundy's fleet drivers on anti-idling requirements and audits of compliance with the idling policy. Audits for compliance with the idling policy are included in the Oconomowoc Distribution Center internal audits that are conducted throughout the year. Transportation management staff conducts periodic, unannounced yard walks to confirm compliance with the policy. Finally, if a complaint is filed, then transportation management will respond appropriately.

#### 4.4.4 Speed Control Technology

Roundy's utilizes technology such that when the tractor is in operation, the engine computer reduces the fuel when the driver reaches 63 miles per hour (mph) (referred to as speed control technology).

WDNR's evaluation of the potential impact this initiative can have in reducing air emissions is based upon the estimated total diesel vehicle miles traveled in 2015, includes an assumption that approximately 70 percent of travel is on highways and interstate roads and that speed control technology is active on all of the tractors.

Due to the speed limit changing in June, 2015 from 65 mph to 70 mph, WDNR calculated expected emissions at 65 mph and then at 62 mph (for the period between January and June) and the expected emissions at 70 mph and 63 mph (for the period between July and December). The difference between the two speeds for each time period comprises the estimated potential difference in emissions from the use of speed control technology for that time period. WDNR's calculations resulted in total estimated potential emission differences of: 1,962 pounds of NO<sub>x</sub> reduced, 26 pounds of PM 2.5 reduced, 132 pounds of VOC increased, 577 pounds of CO increased, and 373 tons of CO<sub>2</sub> reduced as a result of the use of speed control technology. More information concerning WDNR's emission calculations is presented in Appendix B.

#### 4.4.5 Ride Share Program

In 2007, the Oconomowoc Distribution Center established a carpool program. At the program onset, the Center issued five carpool permits. The permit allows the

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designated carpool driver to park in a preferred parking spot that is nearest to an employee building entrance. In 2015, 53 permits were issued for participation in the program.

WDNR calculated estimated emission reductions from the rideshare program based upon a 2011 Southeastern Wisconsin Regional Planning Commission (SEWRPC) travel survey indicating that the average roundtrip commute in the southeast Wisconsin seven-county region to and from work is 22 miles. WDNR also considered information on transportation research that quantifies potential benefits from rideshare programs. WDNR assumed 10 percent participation for its calculation of potential emission reductions for the Oconomowoc Distribution Center. Using 5.3 (10 percent X 53 employees) multiplied by 22 miles round trip would result in approximately 116.6 average miles. Assuming that a participating employee commutes to work an average of 230 days per year, in 2015 this could have resulted in a reduction of approximately 26,818 miles. Using emission factors for passenger vehicles, WDNR calculated estimated annual emission reductions of: 29 pounds of NO<sub>x</sub>, 16 pounds of VOC, 227 pounds of CO, 1.0 pounds of PM 2.5 and 23,805 pounds of CO<sub>2</sub>. See Appendix B for WDNR's emission calculations.

In addition to the carpool program, the Oconomowoc Distribution Center offers preferred employee parking for motorcycle riders. There are also bike racks and shower facilities for those riding bikes to work.

### **4.5 Stakeholder Education**

The Green Tier agreement and energy program at the Oconomowoc Distribution Center have resulted in energy conscious programs for new projects at existing stores and for new construction. The company continues to promote ideas and conversations on energy conservation and waste minimization, not just at the Oconomowoc Distribution Center, but with internal stakeholders, our retail stores, and at the corporate headquarters building as described in Section 2.

Roundy's continues to utilize the Employee Environmental Continual Improvement suggestion program implemented in mid-2007 to record and respond to suggestions and comments from employees. All suggestions and feedback are logged into the Environmental Continual Action Database. Once logged, each idea, concern or question is evaluated at Management Review meetings for implementation or response.

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The Oconomowoc Distribution Center has the opportunity to make contact with hundreds of drivers daily as they deliver goods to the Oconomowoc Distribution Center. Each driver receives a copy of the Driver/Unloader Responsibilities handout documenting the Oconomowoc Distribution Center's idling policy, and information about Roundy's Environmental Policy attached at Appendix C. Roundy's idle policy is further discussed in Section 4.4.3 of this report.

Roundy's 2014 Green Tier Annual Report detailed objectives and targets for 2015 relating to stakeholder education. These are outlined below:

**Objective:** Educate employees on EMS, conservation and waste reduction

**Target:** Management will cover topics relating to each of these subjects in quarterly EMS meetings.

**Result:** Meetings took place on topics included recycling, litter reduction, and reporting of environmental situations.

**Objective:** Educate store personnel on EMS, conservation, and waste reduction

**Target:** Give one tour a quarter of the Oconomowoc Distribution Center to store personnel.

**Result:** Tours were conducted. In October alone 24 store directors and/or corporate executives toured the facility and were given details on the EMS program.

**Objective:** Educate other businesses regarding Green Tier and benefits of EMS.

**Target:** Conduct two educational speeches or meetings per year to outside parties.

**Result:** Roundy's Vice President of Distribution spoke multiple times, including at a WDNR sponsored event.

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### Objectives and Targets for 2016

Objective: Educate employees on EMS, conservation and waste reduction

Target: Management will cover topics relating to each of these subjects in quarterly EMS meetings.

Objective: Educate store personnel on EMS, conservation, and waste reduction

Target: Give one tour a quarter of the Oconomowoc Distribution Center to store personnel.

Objective: Educate other businesses regarding Green Tier and benefits of EMS.

Target: Conduct two educational speeches or meetings per year to outside parties.

### **4.6 Continued Community Efforts**

#### 4.6.1 Oconomowoc Distribution Center Efforts

The Oconomowoc Distribution Center continues its alliance with the Oconomowoc Area Chamber of Commerce. In 2010, Roundy's spearheaded an effort to create a Green Business Initiative Committee. The mission of the Committee is "to protect the environment by reducing waste, saving energy and eliminating pollution." According to the Committee:

It is our obligation to explore and implement environmentally sound business practices that reduce waste, save energy and prevent pollution. A cleaner environmental footprint will benefit our community, our businesses and set an example for others to help guarantee a healthy environment for future generations. The Oconomowoc Area Chamber of Commerce is committed to partnering with its member businesses, and the community-at-large, to achieve these goals.<sup>4</sup>

In 2015, Roundy's continued its involvement with the Green Business Initiative Committee. As an active member of the Green Business Initiative Committee, Roundy's also participates in key projects including Adopt a Highway, tree plantings, and energy seminars. In 2011, the Oconomowoc Distribution Center began

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<sup>4</sup> <http://www.oconomowoc.org/green-business.php>

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collaboration with the Oconomowoc Area Chamber of Commerce, the Oconomowoc School District, and the WDNR on a long term program to protect and support Rosenow Creek, a Class A Trout Stream located within the Oconomowoc School District property.

### 4.6.2 About Roundy's Foundation

Chartered in August 2003, the Roundy's Foundation was created to further strengthen the commitment between Roundy's Supermarkets, Inc. and the communities it serves. Roundy's Pick 'n Save, Cops and Metro Market stores are found throughout Wisconsin and Mariano's stores serve Illinois. The Roundy's Foundation is dedicated to hunger relief and families in crisis due to domestic abuse. Since its inception, it has given close to \$10 million to organizations focused on community service in those areas of need. Major grant recipients include food banks and women and family violence shelters throughout Wisconsin and Illinois.

### 4.6.3 Roundy's Foundation Focused on Feeding Families Tours

In 2015 Roundy's Foundation donated more than \$985,000 to various organizations. 70 grants were issued in addition to 120 food pantries that received gifts through the spring and Fall Focused on Feeding Families food tours.

45% went to Hunger Relief programs

13% went to Domestic Abuse programs

42% went to Focused on Feeding Families tour

The Roundy's Focused on Feeding Families tours involved a total of 120 food pantries that were provided donations, 60 in both the spring and fall. To accomplish this project, the Roundy's Foundation truck stops at pre-selected stores throughout Wisconsin and Illinois. The pantries selected in each community come to the store with their vehicles and store volunteers help unload food from the Roundy's Foundation truck and distribute the donated items into pantry vehicles. In addition, many stores choose to host food drives to allow customers to add to the Roundy's Foundation donation being given to each pantry during the tours.

Outside of the *Focused on Feeding Families* tours, the Roundy's Foundation Board of Directors meets every other month to consider grants and continues to expand their partnerships with local food banks, women's shelters and local police departments.

## **5 Annual Report Environmental Performance**

Roundy's is also providing information on the topics below as part of its annual report. Applicable information is either presented below or a reference is provided to where it is placed in other sections of this report.

### **5.1 Energy and Climate Change**

The Oconomowoc Distribution Center was constructed with numerous energy conservation measures that have either been sustained or further improved. These include energy efficient lighting utilizing motion sensors, natural daylight, and sufficient insulation to provide cooling of non-freezer portions of the building during the normal summer season.

### **5.2 Supply Chain**

The company continues to communicate with its customers and vendors on the value of reusable pallets and plastic flip sheets and routinely uses these for shipments on Roundy's fleet. While the company cannot directly influence how manufacturers package their product for distribution, it must contend with the result from improper packaging from broken containers and boxes. Roundy's routinely communicates its experiences with vendors and/or manufacturers and salvages retail ready products from these deliveries.

### **5.3 Stakeholder Involvement**

As described in Section 4.5 Roundy's has engaged in internal and external stakeholder coordination. Involvement with employees, suppliers, and customers is documented through:

- Employee Suggestion Program
- Employee Training and Awareness
- Coordination with External Stakeholders, Drivers, Suppliers, and Vendors
- Participation in the Community through organizations such as the Oconomowoc Area Chamber of Commerce, and implementation of energy conservation programs at their stores

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One specific example of stakeholders working in concert with Roundy's corporate continuous improvement efforts involves the construction of the new Shorewood Metro Market. It was an infill redevelopment project where the developer had a goal of recycling 85% of materials from demolition and construction. According to the developer, this goal was exceeded with a final diversion rate of 93.13%. 9,731.51 tons of materials were diverted from Wisconsin landfills<sup>5</sup>.

### **6 Annual Metrics Reporting**

Metrics requested by WDNR are contained in the Wisconsin WDNR Green Tier Sustainability Metrics spreadsheet contained in Appendix D.

### **7 Closing**

Roundy's Supermarkets Inc., is pleased to be a Tier 1 participant in Wisconsin's forward thinking Green Tier program. The program goals and objectives match the Company's thinking with regard to environmental stewardship and waste minimization.

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<sup>5</sup> Shorewood Metro Market Project: Final Recycling Report prepared by WasteCap Resource Solutions dated 3/31/2016.

## Appendix A

WDNR Amended 2015 Green Tier  
Acceptance Letter for Tier 1

## Appendix B

WDNR Air Management Emission  
Reduction Calculations

**Appendix C**

Roundy's Driver/Unloader  
Responsibilities Oconomowoc  
Distribution Center

## Appendix D

WDNR Green Tier Sustainability  
Metrics Spreadsheet

## Appendix E

EMS Audit 2015 – Letter of  
Conformance

<b>WISCONSIN DNR GREEN TIER SUSTAINABILITY METRICS</b>		Period Covered: 2015		
Company Name:	Roundy's			
Facility Name:	Oconomowoc Distribution Center			
Address:	111 Delafield Rd.			
City, State, Zip:	Oconomowoc, WI 53066			
Environmental Coordinator:	Jim Fenzel			
Coordinator Phone:	262-560-3345			
Coordinator E-Mail:	<a href="mailto:james.fenzel@roundys.com">james.fenzel@roundys.com</a>			
Metric	Not Collected/ Not Available	Quantity	Units	Period - if not Calendar Year
<b>DEMOGRAPHICS</b>				
Sales	x			
Money saved because of material or process improvements	x		\$	0
Profit or Loss	x		%	
Employees		675	Each	
Multiple between highest paid and lowest paid employee	x		%	
Alternative Transportation Support		53	Ride share participants	
Total Purchases	x		\$	
In-State Purchases	x		\$	
% of Purchases Made from Companies that participate in Green Tier or Green Masters:	x		%	
<b>LAND</b>				
Total Land		112	Acres	
Paved/Covered Land		Approx. 60	Acres or sq ft	
<b>ENERGY</b>				
Electricity		17,911,891	kWh	
		-2%	% reduction	
Natural Gas		189,038	therms	
Renewable Energy		22%	% reduction	
<b>WATER</b>				
Total Water Used		9,459,000	gallons/year	
		-9%	% reduction	
Water Recycled/Reused			gallons/year	
			% reduction	
Regulated Pollutants Discharged			lbs/ year	
			% reduction	
<b>AIR</b>				
Total Air Emissions	x		lbs/ year	
	x		% reduction	
Ozone-Depleting Substances	x		lbs/ year	
	x		% reduction	
Greenhouse Gas Emissions	x		lbs/ year	
	x		% reduction	
<b>WASTE</b>				

Hazardous Waste Disposal (batteries)		113,300	lbs/ year	
		30%	% reduction	
Non-Hazardous Waste Disposal		1,680,936	lbs/ year	
		-121%	% reduction	
Material Recycled/ Reused		47,500,000.00	lbs/ year	
		12%	% reduction	
Recycled/ Reused Content			% of product	
<b>TRANSPORTATION</b>				
Hybrid Vehicles			Each	
Gasoline Used			Gallons	
Diesel Used		641,900	Gallons	
Alternative Fuels Used				
<b>ADDITIONAL METRICS</b>				
Please list all other certifications (for example: LEED, Energy Star, ISO 14001):				