



WHEREAS:

Post-consumer packaging and printed paper comprises nearly half of U.S. landfill waste and is a significant consumer of natural resources, energy and source of greenhouse gas emissions. Half of printed paper and packaging is landfilled or burned rather than recycled. Plastic packaging debris migrates to oceans where it damages fisheries, tourism and marine life. There is a growing link between ineffective waste management and plastic debris piling up in Earth's oceans and waterways, where it injures and kills marine animals, transports invasive species and poses a threat to human health. California spends nearly \$500 million annually to prevent trash, much of it packaging, from polluting beaches, rivers and ocean frontage.

The estimated market value of wasted packaging that could be recycled is \$11.4 billion. Increased recycling provides more efficient use of valuable resources. It generates less pollution, and requires less energy than using virgin raw materials. In the U.S., taxpayers pay to recycle packaging, but poor infrastructure and strapped municipal budgets have yielded lagging recycling rates: 38% for aluminum, 34% for glass, and only 12% for plastic. Further, Safeway's house brands, among other products, are recently *increasing* use of non-recyclable flexible plastic packaging, such as pouches.

More than 40 countries have shifted some or all costs of packaging recycling onto producers. Safeway is already required to contribute to packaging recycling costs in parts of Canada. U.S. producers of packaging-intensive brands can expect to be asked to take more responsibility for recycling of packaging in the future. We believe some measure of responsibility for packaging is a key component of a corporate environmental sustainability policy.

Extended Producer Responsibility (EPR), a corporate and public policy that shifts accountability for financing recycling of materials from taxpayers to producers, is a promising potential solution. Two major brands, Coca-Cola Co. and Nestle Waters NA, have called for producers to adopt EPR programs in the U.S. Legislation is pending in several states. Taking an active role in planning for mandated producer responsibility for packaging will reduce risk, ensure continued high quality packaging, reduce wasted resources, and increase program efficiencies. The company has not moved decisively to lead or participate in such an effort nor addressed its responsibility for post-consumer packaging for its brands.

THEREFORE BE IT RESOLVED:

Shareowners of Safeway request that the board of directors issue a report by September 1, 2014, at reasonable cost and omitting confidential information, developing a policy position on the company's responsibility for post-consumer product packaging of its private label brands, and assessing whether alternative approaches could lead to substantially increased packaging recycling.

SUPPORTING STATEMENT:

Options reviewed in the report should include analyses of company-based actions that will increase recyclability of packaging materials, and participation in policy and technical development of EPR or other producer responsibility strategies in collaboration with sector



AS YOU SOW

2014 Shareholder Resolution
SAFEWAY
Extended Producer Responsibility

peers, policymakers and suppliers with a goal of greatly increased U.S. recycling rates and reduced energy use and pollution.