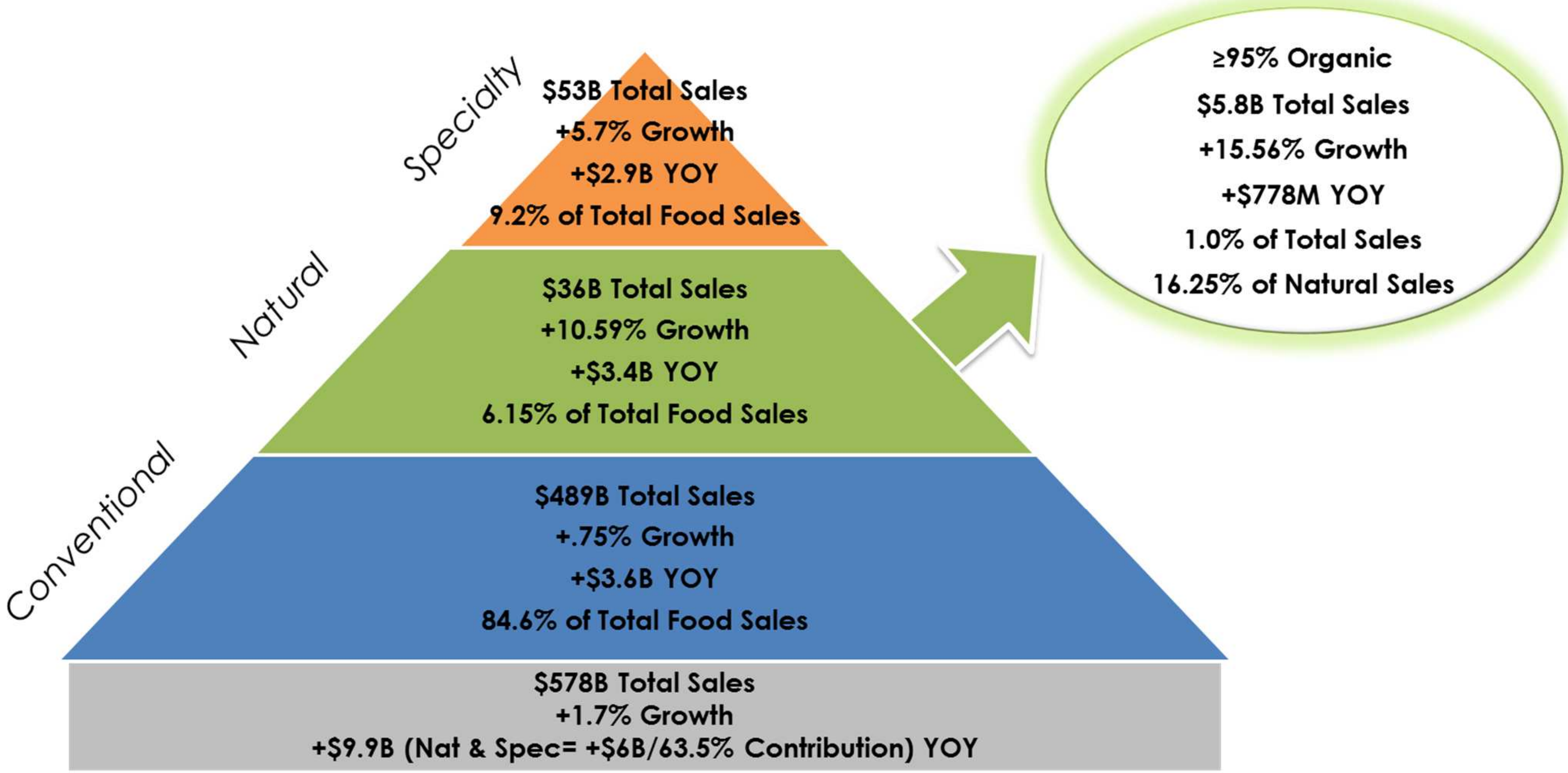

KeHE™
Where KeHE Goes... Goodness Follows.
Certified B Corporation

MARKETPLACE GROWTH



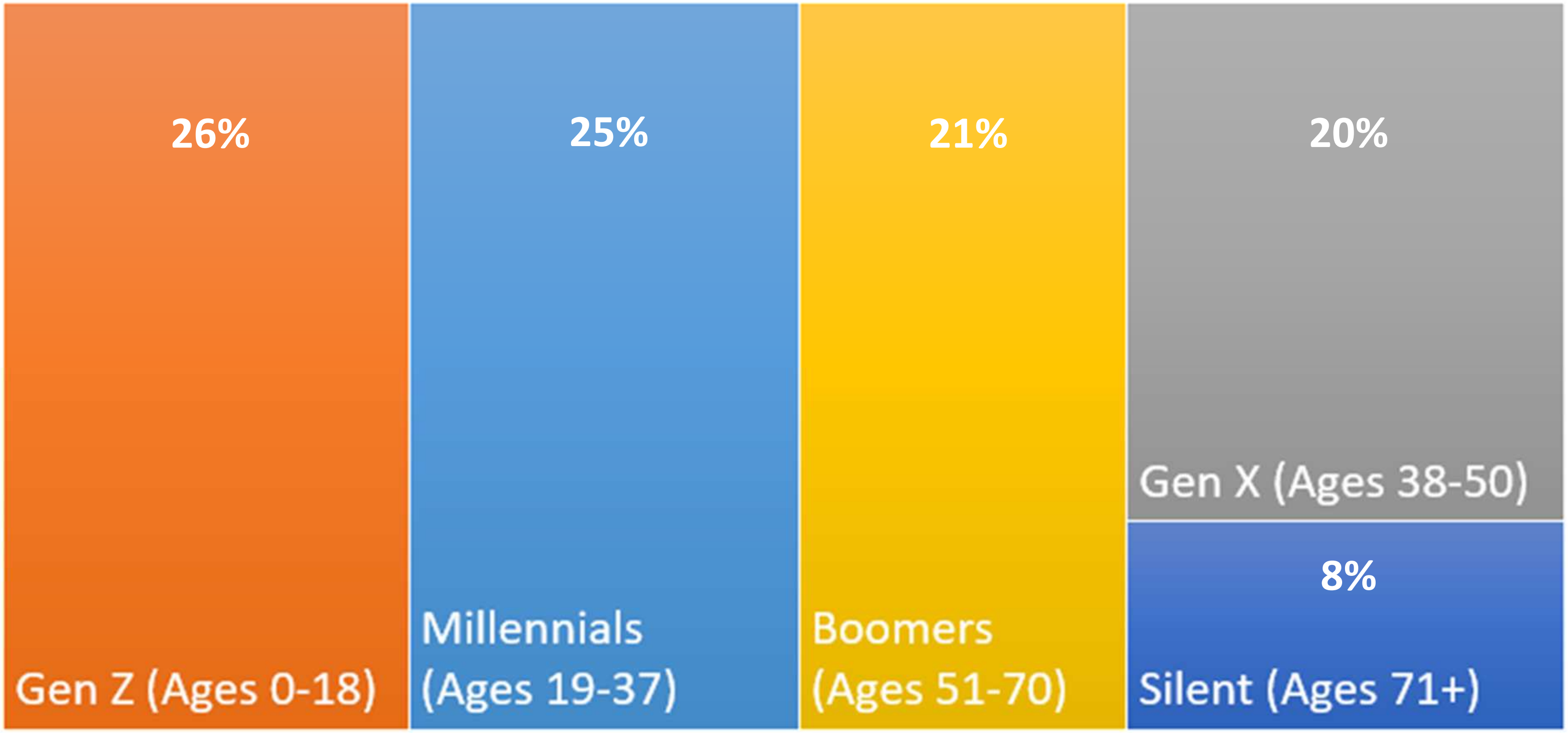
Source: IRI/SPINS 52 MULO Grocery, Refrigerated, Frozen Weeks Ending 5/15/16

Millennials

Gen Z

Younger Consumer Market Influences

GENERATIONAL SIZES



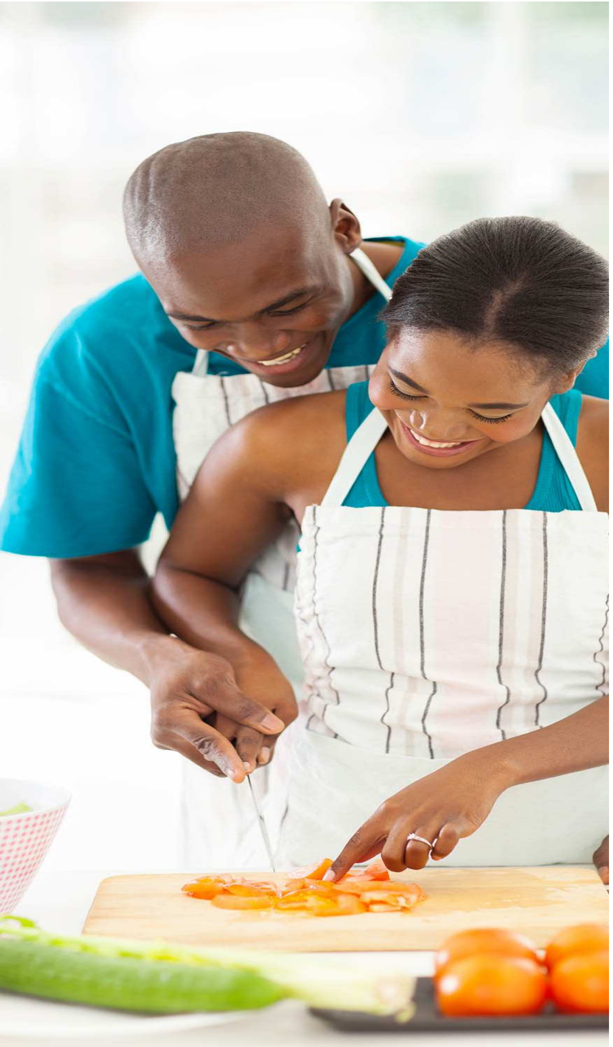
Source: US Census, July 2015

DEMOGRAPHICS BY GENERATION

	Gen Z (15 – 18)	Millennials at home	Millennials on own	Millennials w/children	Gen X	Boomers
Average Age	16.6	24.3	28.3	29.1	44.3	59.9
% Non-Caucasian	46%	27%	28%	27%	20%	17%
% Hispanic	25%	16%	13%	23%	15%	10%
% Married/Living Together/CU	7%	2%	35%	77%	71%	58%
Average Household Size	4.0	3.3	1.8	3.9	2.9	2.2
% College Grad +	2%	22%	54%	37%	43%	44%
HH Income >$80K	NA	10%	20%	25%	40%	40%
% Employed Full-time	5%	27%	57%	43%	70%	40%

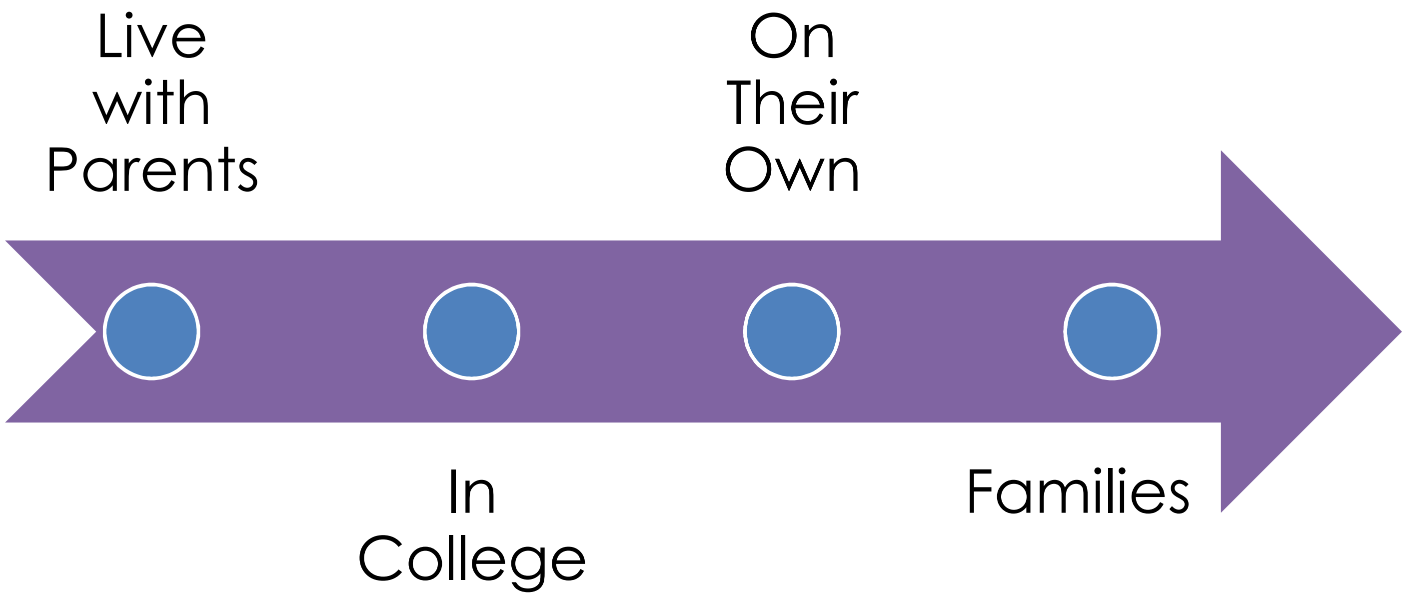
Ethnicity/ Cultural Heritage

Source: THG Foodways Report 4.2016



MILLENNIALS

Ages 19 to 37



MILLENNIAL SHOPPERS

Nutrition Labels

Brands

Price & Proximity

Pantry Filling

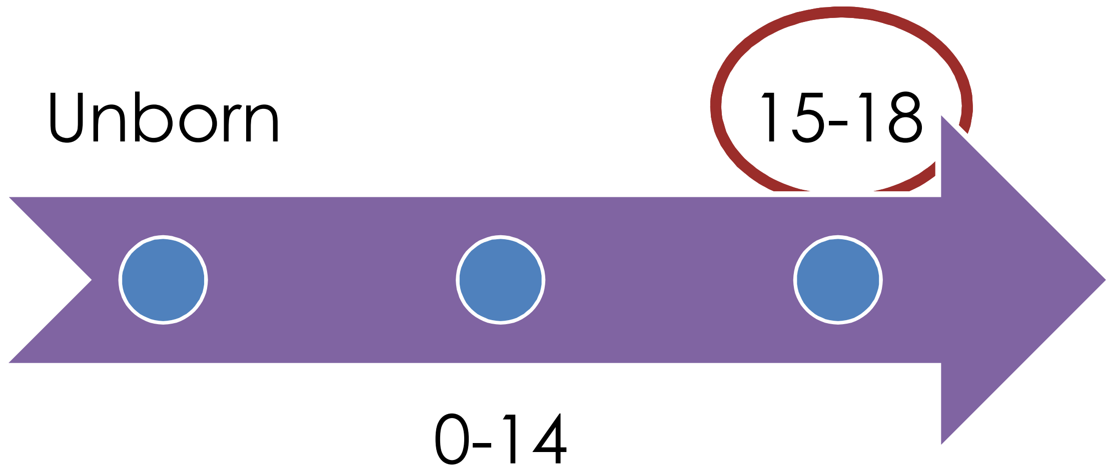
Local

Digital

Source: THG Foodways Report 4.2016

GEN Z

Ages Unborn (0) to 18



GEN Z SHOPPERS

Current Living

Wired

Healthy Eating

Social Causes

Influential Generation

Source: THG Foodways Report 4.2016

REACHING THE YOUNGER CUSTOMER

Shopping and home delivery

Easy shopping list creation

Recipe inspiration

Loyalty rewards

Coupons and specials

New product news

Ingredient lists

Nutrition details

Source: THG Foodways Report 4.2016

TRENDS

MACRO TRENDS IDENTIFIED IN MARKETPLACE

Allergen Friendly

Global Flavors

Food You Can Trust

Vitality

Smarter Snacking

Plant Power

Better Bevs

PERSONALIZED HEALTH & WELLNESS SERVICES DRIVES LOYALTY

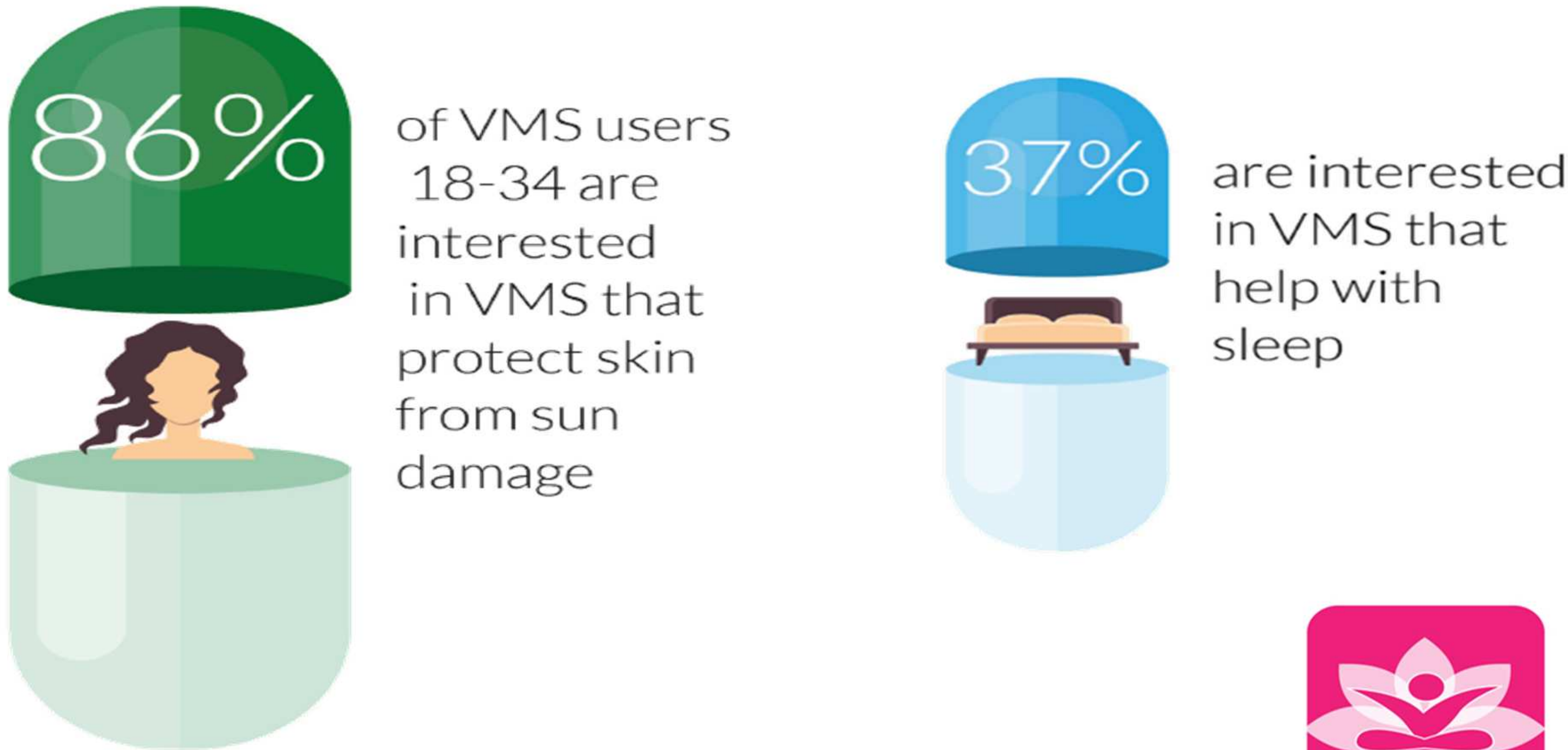
Vitality™

27%

of Millennials said they would shop more at stores that support a healthy lifestyle

Base: 1,914 internet users aged 18+ who shopped at a drug store in last 12 months
Source: Lightspeed Mintel Drug Store Retailing February 2016

SHORT-TERM BENEFITS APPEAL TO YOUNGER CONSUMERS



Vitality™

Base: 1,564 internet users aged 18+ who have taken VMS in the past year | S

Source: Mintel Vitamins, Minerals, & Supplements September 2015

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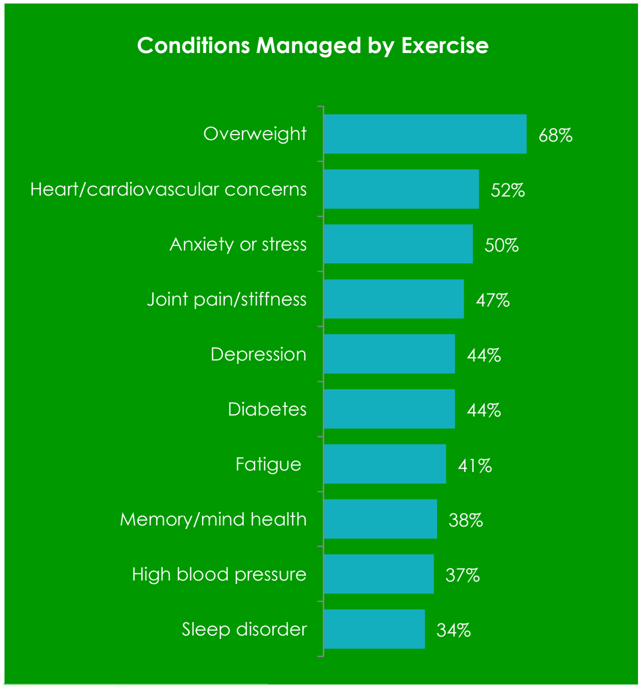
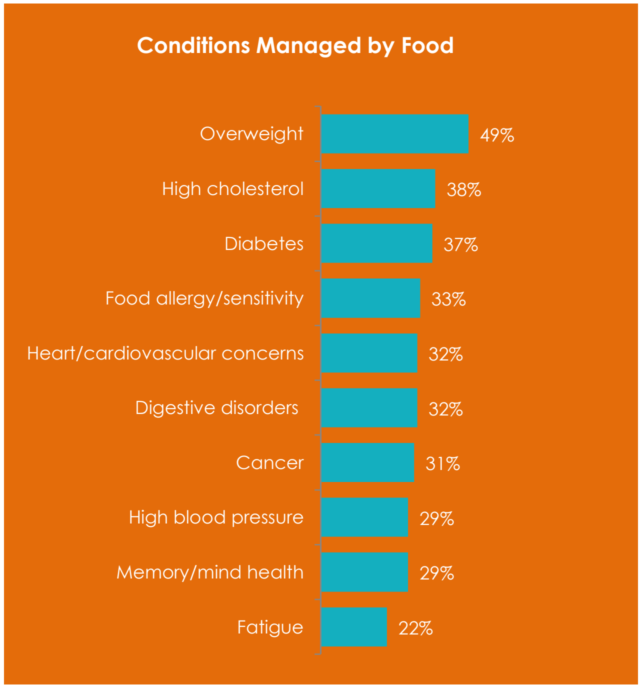
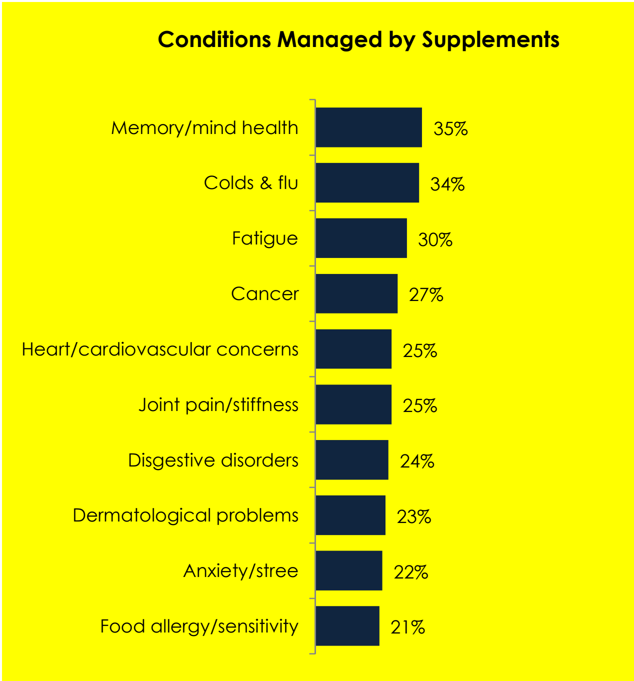
GEN Z'S MOST COMMON HEALTH MANAGEMENT TECHNIQUES

***47% of Gen Z** is already taking vitamin/mineral supplements.*







Vitality™

*"**If you exercise, you want to eat healthy and you just feel good about yourself.**" FEMALE, 15*

Source: The Hartman Group Gen Z Health Wellness 2015

RELEVANCE OF THIRD PARTY CERTIFICATIONS

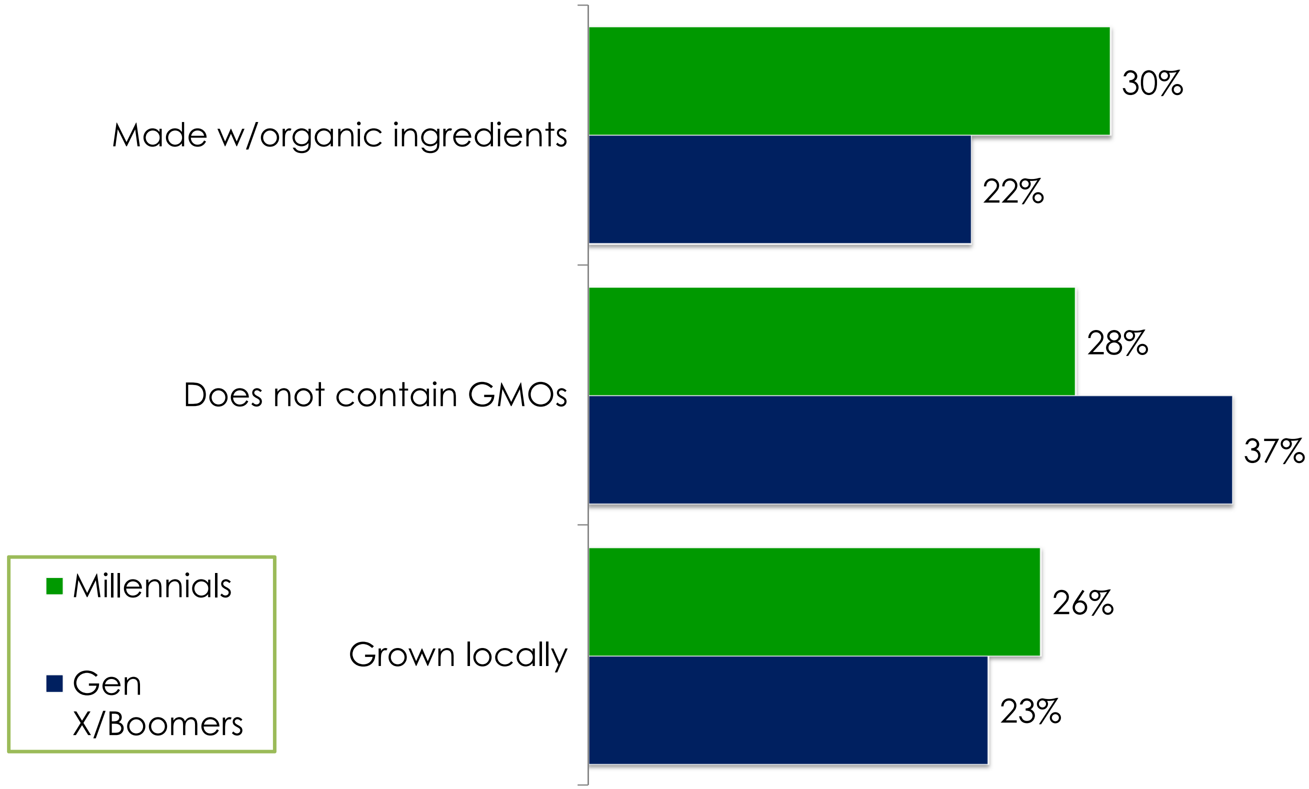
FOOD YOU CAN TRUST

Certification	YOY Growth %	VMS/ HBC Sku Representation
USDA ORGANIC	12.4%	982
NON GMO Project VERIFIED	10.3%	809
FAIR TRADE CERTIFIED	26.8%	47
Certified B Corporation	14.1%	2,050

Source: SPINS Conventional (powered by IRI) TTLUS – Food L52W 1/24/16

ORGANIC VERSUS NON GMO

Importance of Fresh, Less Processed Food Cues
% Extremely/Very Important



Source: THG Foodways Report 4.2016

HOT TREND: NON GMO

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Trend Education

"GMOs are organisms whose genetic material has been artificially manipulated in a laboratory through genetic engineering. This relatively new science creates unstable combinations of plant, animal, bacteria and viral genes that do not occur in nature or through traditional crossbreeding methods."

High Risk Crops

Alfalfa *Soy*
Canola *Sugar Beets*
Papaya *Corn*
Zucchini & Yellow Summer Squash

52% of consumers say they understand what GMOs are, yet less than one-third of consumers say they know which crops are most likely to use GMO.

Source: Non- GMO Project Verified Organization & Mintel Natural Organic Report

57% of consumers are unaware of the Non-GMO Seal

Trend Data

Natural & Conventional Channel +10%

Top 10 Categories by Unit Sales			
Rank	**Category**	**Units**	**Unit % Chg**
	Topline	**2,288,382,816**	**8.8%**
1	CHIPS PRETZELS & SNACKS	255,849,406	15.7%
2	REFRIGERATED NON-DAIRY BEVERAGES	239,649,816	5.8%
3	SHELF STABLE PASTAS	213,934,527	-3.9%
4	SWEETENERS	163,413,322	-1.8%
5	PACKAGED FRESH PRODUCE	158,709,509	31.4%
6	SHELF STABLE FRUITS & VEGETABLES	119,819,101	3.2%
7	REFRIGERATED JUICES & FUNCTIONAL BEVERAGES	106,272,589	32.1%
8	BEANS GRAINS & RICE	103,552,989	1.7%
9	COLD CEREALS	89,861,951	-1.1%
10	BABY FOOD	71,142,452	37.4%

Source: SPINS TPL L52W Ending 8/9/15

Trend Implementation

- Feature an end cap solution for Non-GMO month (October)
- Execute through 4ft and 8ft planograms available in public folders
- Educate the consumer
  - *FAQ Trifold*

Trend Spotlight

LATE JULY ORGANIC

Late July
Sea Salt & Lime

Madhava Honey
Sugar Coconut

Cascadian Farm
Graham Crunch

WHAT IS FAIR TRADE?

Sustainable Livelihoods

Farmers & Workers

Activation

Consumer

FAIR TRADE CERTIFIED™

Value Creation

es

Fair Trade is an ethical certification system which aims to promote more equality and sustainability in the farming sector.

Source: Fair Trade USA

ENVIRONMENTAL SUSTAINABILITY & CARE

Source: THG Foodways Report 4.2016

HOT TREND: FAIR TRADE

Trend Education

Fair Trade is a global trade model, and Fair Trade certification allows shoppers to quickly identify products that were produced in an **ethical manner**.

For consumers, Fair Trade offers a powerful way to **reduce poverty** through their everyday shopping.

For farmers and workers in developing countries, Fair Trade offers better prices, improved terms of trade, and the business skills necessary to produce high-quality products that can compete in the global marketplace.

Globally, the Fair Trade network certifies coffee, tea and herbs, cocoa, fresh fruit and vegetables, sugar, beans and grains, flowers, nuts, oils and butters, honey and spices, wine and apparel.

Source: www.FairTradeUSA.org

Trend Data

According to **SPINS**, the YOY dollar growth for Grocery products with a Fair Trade Claim or Fair Trade 3rd Party Certification was 12.8% for the US Food Channel.

TOTAL Fair Trade Claim or Fair Trade 3rd Party Certified	$495,347,376	12.8%
Subcategory	Total US Dollars	YOY Dollar % Chg
PACKAGED COFFEE	$231,744,183	-1.2%
CHOCOLATE CANDY	$69,041,837	43.5%
SS RTD TEAS	$45,718,343	32.3%
FRUIT JUICE BLENDS	$30,837,588	12.0%
LIFESTYLE & WELLNESS BARS	$20,710,165	40.0%
MEDICINAL TEAS (BAGS)	$15,120,072	27.6%
GRAIN & RICE DISHES	$10,439,856	3.0%
OTHER LIQUID SWEETENERS	$9,603,863	18.8%
LIQUID TEA CONCENTRATES	$9,156,610	-8.5%
BLACK TEAS (BAGS)	$8,334,480	34.6%
GRANULATED SUGAR CANE	$5,450,519	9.3%
ALL OTHER SUBCATEGORIES	$39,189,861	37.4%

Source: SPINS Total US Conventional TPL Grocery L52W ending 10-04-15

Trend Implementation

Point out Fair Trade products. Use shelf talkers and signage to highlight Fair Trade products. October is Fair Trade Month.

Provide KeHE's **Fair Trade National Planogram**.

Educate the consumer on what Fair Trade means and why it is important. The Fair Trade USA website is a great place to start.

Trend Spotlight

FAIR TRADE CERTIFIED

Endangered Species Chocolate

Wholesome Sweeteners

Wicked Joe Packaged Coffee

WHAT IS A B-CORP?

Certified Corporation

1,609 B Corporations

43 Countries

130 Industries

1 Unifying Goal

It's a certification…

Like Fair Trade, but for the whole company that meets the highest standards of verified performance, transparency, and accountability.

It's an approach…

For a better way to do business – better for workers, communities and the environment.

It's a community…

Of practice to increase our individual and collective impact.

It's a movement…

Of global leaders using business as a force for good.

Source: www.bcorporation.net

CONSUMER BEHAVIOR

55% will pay extra for products from companies committed to sustainability

52% check packaging to ensure sustainable impact

52% purchased at least one product in the last 6 months from one or more socially responsible companies

Source: Nielsen Global Corporate Social Responsibility Report June 2014

HOT TREND: B CORP

Trend Education

B Corp is to business what Fair Trade certification is to coffee or USDA Organic certification is to milk.

B Corps are for-profit companies certified by the nonprofit B Lab to meet rigorous standards of **social and environmental performance, accountability, and transparency.**

PEOPLE USING BUSINESS AS A FORCE FOR GOOD

Certified B Corporation™
bcorporation.net

Trend Data

B-Corp certified brands & products are up **+12.6%** L52W and are trending up L4W at **+13.6%**

3 categories make up **30%** of the B-Corp certified sales:

1) Vitamins & Minerals (+11.3%)
2) Teas (+8.2%)
3) Digestive Aids & Enzymes (+55.7%)

Source: SPINScan Natural TTL US L52W ending 1/24/2016

Trend Implementation

Trend Spotlight

KeHE™

Bare Fruit Chips

Nutriblade Wheatgrass

Ethical Bean Coffee

ADDITIONAL TRENDS

HOT TREND: BETTER BEV

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Trend Education

The **consumer shift** away from full sugar and high calorie beverages are driving the surge in "better for you" beverages in both shelf stable and refrigerated formats.

BETTER BEVS

Calories: 140
Sugar: 39g

Calories: 0
Sugar: 0g

Trend Data

All Better Bevs are growing!

- Ref coconut & plant waters **+22.9%**

Coconut

Aloe

Cactus

Maple

- Ref kombucha & fermented bev **+16.9%**
- Ref rtd coffee & tea **+73.4%**
- Shelf stable functional **+17.2%**
- Soda (alternatively sweetened) **+7.1%**
- Sports & isotonics **+4.0%**
- Water **+20.1%**

Source: SPINScan Natural TTL US L52W ending 1/24/2016

Trend Implementation

Low Sugar Soda

Plant Water, Cold Pressed & HPP Kombucha

Energy, RTD Coffee & Tea

Flavored, Sparkling, Mineral, & Enhanced Water

Trend Spotlight

Bucha Live Kombucha

Guru Energy Beverage

WTRMLN Juice

Runa Energy Drink

HOT TREND: PLANT POWER

Trend Education

13% of consumers state that they occasionally like to have a "meat-free" day, such as **"Meatless Mondays"**

PLANT POWER

Flexitarianism is the act of conscious consumers cutting back on meat in their diet but still enjoying a good serving of animal protein when the timing is right

Trend Data

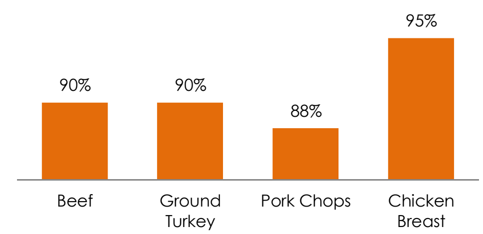
Vegetarian & Vegan Sales Growth:

22.9%

with 3X growth by 2018*

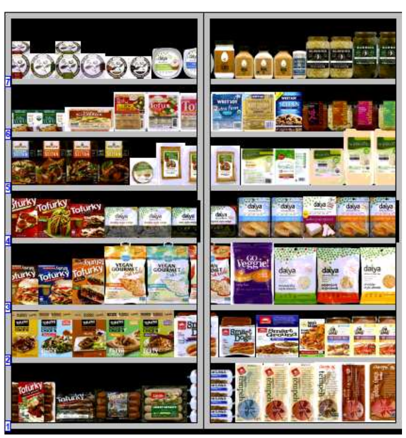
11% of meat alternative consumers are concerned with **animal welfare**

60% of consumers believe they can obtain the **necessary amount of protein and nutrients** from foods other than meat



Source: FDA Report; Nutrition Business Journal 2015; Supermarket News; Mintel

Trend Implementation



2 Door Refrigerated Meat & Cheese Alternatives

Natural ←

Conventional →

Trend Spotlight

Daiya
Cheddar Style Mac

Luna & Larry's
Coconut Bliss

Orgain
Plant Based Powder

HOT TREND: ALLERGEN FRIENDLY

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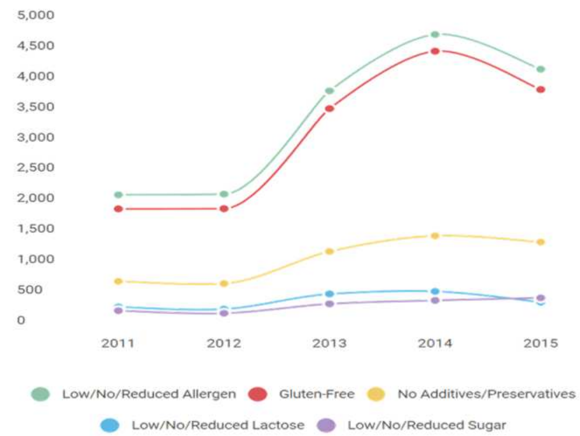
Trend Education

- 8 Common Allergens (+ Gluten Free)

- Allergy or Intolerance?
  - Food Allergy: exposure (even in trace amounts) produces symptoms ranging from discomfort to life threatening.
  - Food Intolerance: may cause discomfort, but not life threatening and immune system is not involved.
- Opportunity is Increasing
  - 1 in 50 (1990) → 1 in 9 (2016)
  - Food allergies and diets are becoming a way of life

Trend Data



Source: Mintel

- Snack/Cereal/Energy Bars
- Sweet Biscuits/Cookies
- Pasta
- Bread & Bread Products

Trend Implementation

- Establish relationships with food allergy groups
- Educational resources on shelves/shelf talkers

ALLERGEN FRIENDLY

8ft Allergen Friendly POG

Trend Spotlight

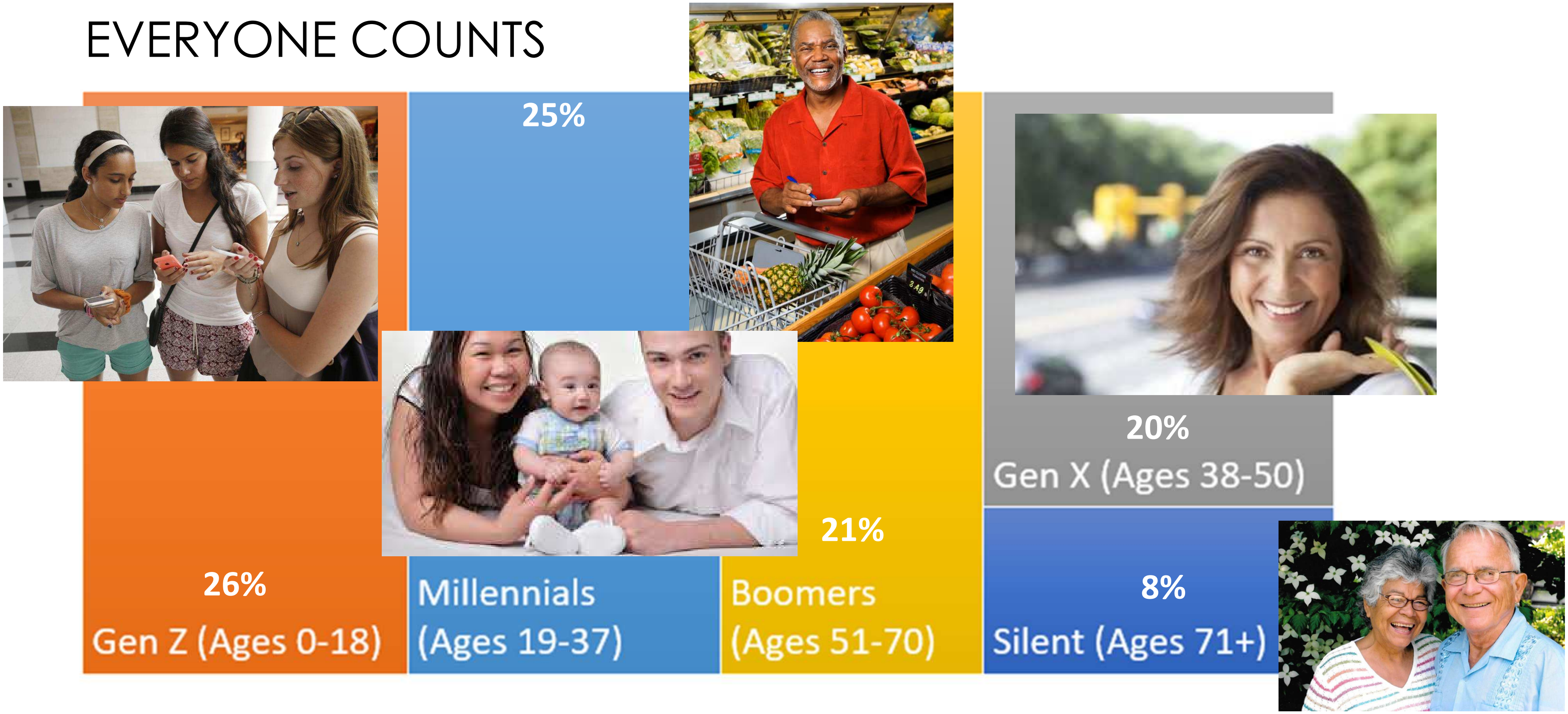
enjoy life eat freely

Enjoy Life
Pancake & Waffle Mix

Bonavita
Elbow Pasta

Beanfields
Bean & Rice Chips
Pico de Gallo

EVERYONE COUNTS



THANK YOU!

Lisa Burke I Director
Customer Insights & Growth Solutions