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decisions on product assortment, placement, pricing, promotional plans and capital spending to best serve the local communities and neighborhoods they serve. Our division leaders collaborate to facilitate the rapid sharing of best practices. Our local merchandising teams spend considerable time working with store directors to make sure we are satisfying consumer preferences. Our store directors are responsible for ensuring that our employees provide outstanding service to our customers. We believe that this aspect of our operating playbook, combined with ongoing investments in store labor, coordinated employee training and a simple, well-understood quarterly sales and EBITDA-based bonus structure, fosters an organization that is nimble and responsive to the local tastes and preferences of our customers.

Our executive management team sets long-term strategy and annual objectives for our 14 divisions. They also facilitate the sharing of expertise and best practices across our business, including through the operation of centers of excellence for areas such as our own brands, space planning, pricing analytics, promotional effectiveness, product category trends and consumer insights. They seek to leverage our national scale by driving our efforts to maintain and deepen strong relationships with large, national consumer products vendors. The executive management team also provides substantial data-driven analytical support for decision-making, providing division management teams with insights on their relative performance. Together, all of these elements reinforce our high standards of store-level execution and foster a collaborative, competitive and winning culture.

Our Operating Playbook

Our management team has developed and implemented a proven and successful operating playbook to drive sales growth, profitability and free cash flow. Our playbook covers every major facet of store-level operations and is based on the following key concepts:

- *Operate Our Stores to the Highest Standards.* We ensure that our stores are always “full, fresh, friendly and clean.” Our efforts are driven through our rigorous G.O.L.D. (Grand Opening Look Daily) program focused on delivering fresh offerings, well-stocked shelves, and clean and brightly lit departments.
- *Deliver Superior Customer Service.* We focus on providing superior customer service. We consistently invest in store labor and training, and our simple and well-understood sales- and EBITDA-based bonus structure ensures that our employees are properly incentivized. We measure customer satisfaction scores weekly and hold management accountable for continuous improvement. Our focus on customer service is reflected in our improving customer satisfaction scores and identical store sales growth.
- *Provide a Compelling Product Offering.* We focus on providing the highest quality fresh, natural and organic assortments to meet the demands of our customers, including through our private label brands, which we refer to as our own brands, such as *Open Nature* and *O Organics*. In addition, we offer high-volume, high-quality and differentiated signature products, including fresh fruit and vegetables cut in-store, cookies and fried chicken prepared using our proprietary recipes, in-store roasted turkey and freshly-baked bread. Our decentralized operating structure enables our divisions to offer products that are responsive to local tastes and preferences.
- *Offer an Attractive Value Proposition to Our Customers.* We maintain price competitiveness through systematic, selective and thoughtful price investment to drive customer traffic and basket size. We also use our loyalty programs, including *just for U*, *MyMixx* and our fuel-based rewards programs, as well as our strong own brand assortment to improve customer perception of our value proposition.
- *Drive Innovation Across our Network of Stores.* We focus on innovation to enhance our customers’ in-store experience, generate customer loyalty and drive traffic and sales growth. We ensure that our stores benefit from modern décor, fixtures and store layout. We