



# NCG Programs Update

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February 2021

# Greetings, Valued NCG Partners!



A new year brings a fresh outlook — and with it, plans for new initiatives that will enrich the ways in which food co-ops, natural products brands and industry partners work together. We are eager to tell you about coming enhancements to our programs and our continued efforts to create a more equitable food system.

Throughout 2021, we plan to test new types of promotions on a scale both large and small as we explore how best to adapt to the ever-evolving shopping patterns of consumers. Later this year, we'll also be extending the digital promotions platforms that deliver our highly successful Co+op Deals promotions to shopper's browsers and smartphones. Our Core Sets program is now live and we continue to strategically expand KeHE distribution across our co-ops.

Concern for community is one of our core co-op principles and NCG is committed to cultivating a more just food system. We are excited to take further action on our commitment through our developing supplier diversity program, in which we will work to increase the distribution and sales of brands owned by underrepresented populations. Additionally, through our advocacy and sustainability work we will do our part to foster an inclusive culture that drives greater innovation and a healthier competitive environment that more equitably distributes benefits among all stakeholders. We believe it is crucial for us all to take action to dismantle systemic racism and create a more inclusive and equitable culture that welcomes, values and empowers all people.

2020 offered us so many chances to consider different ways of approaching our business, and we are enthusiastically looking forward to the opportunities that 2021 has in store. We appreciate all that you are doing to ensure the natural products industry is thriving — NCG's 147 food co-ops nationwide are eager to keep building on our vibrant partnership!

A handwritten signature in black ink, appearing to read "Jason Stein".

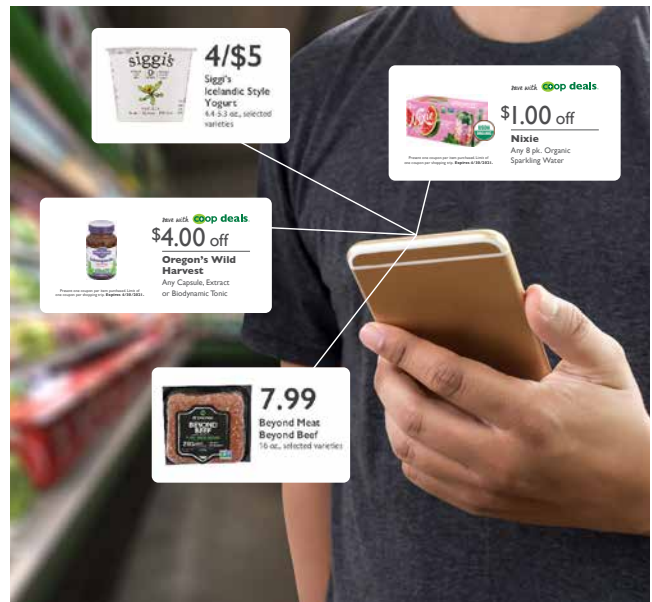
Jason Stein  
NCG Category Management Director

*ON THE COVER: The Merc Co+op in Kansas City, Kan.*

## Program Updates

### New Digital Promotions Platforms Launching in 2021

NCG is enhancing the digital presence of Co+op Deals flyers and coupons in 2021! The first phase of our expanded push into digital will include updated microsites and a mobile app that will feature Co+op Deals flyer promotions and build shopper awareness of the coupon offers that can be found in-store. Print flyers and paper coupons will continue to be distributed; this first phase of digital expansion will simply increase the number of impressions brands receive when participating in Co+op Deals. The second phase, which will get underway in 2022, will allow for digital-only promotional and coupon offers. We'll pilot the first phase with select co-op locations through the spring and summer and expand to all co-ops in fall. Look for more updates and your opportunity to participate as we move forward with development in 2021!



### New Coupon Processing Partnership between NCG and RPR

In January, NCG expanded our relationship with the retail coupon clearinghouse Redemption Processing Representatives, Inc. (RPR) to include processing of manufacturer coupons for all of our member co-ops in addition to processing of our Co+op Deals and New Member coupons. With the addition of manufacturer coupons to our agreement with RPR, NCG is assuming responsibility for settlement of manufacturer coupons on behalf of all of our member co-ops, providing them with a “one-stop shop” for coupon redemption.

NCG will be updating the terms of participation for our programs with the following requirements:

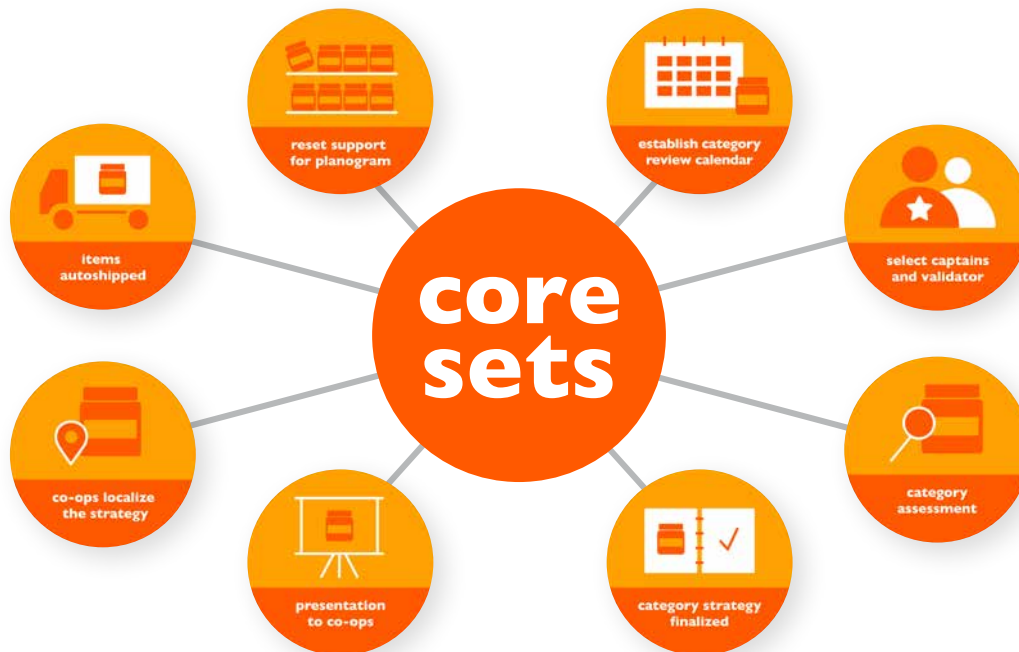
- Brands participating in NCG programs must honor the reimbursement terms listed on any manufacturer coupons put into circulation.
- All redemption and handling fee amounts for valid manufacturer coupons sent to RPR by NCG member co-ops must be reimbursed within 30 days of submission by RPR to the brand or its agent.

- If a co-op is not reimbursed within 30 days of submission for settlement, NCG reserves the right to bill the brand directly or, in the case of brands distributed by UNFI or KeHE, upon notification of the brand to deduct the amounts from the distributor of NCG’s preference.

These requirements are included in further detail in NCG’s promotional contract terms. For more information, log into [Partner Co+nnexion](#) and access the Co+op Deals Promotions and Discover Coupon Contract Terms and Instructions.



## Program Updates continued



## Core Sets is Live!

We've now shipped our first two rounds of new products to participating co-ops under the New Item Only (NIO) review type. We have another round of NIO reviews in March before our first full category review of refrigerated plant-based proteins goes live to member co-ops in April. Through the rest of 2021, we'll reset 16 more categories in addition to launching more new items in several NIO categories. Our 2022 Category Review Calendar expands this work to more categories and will be available March 1, 2021, on the homepage of [Partner Co+nection](#) under "Helpful Information."

NCG's Core Sets program provides our member co-ops with a highly beneficial, user-friendly, comprehensive category management solution, including support for monthly reset execution from

UNFI's retail services team. Member enthusiasm for this program is very strong; 92% of co-ops signed up right away and we'll have two additional member co-ops coming on board in June. The benefits are realized through our strong partnerships with our brand and broker partners, and the program's success wouldn't be possible without your participation and support!

Core Sets will continue to evolve as we progress and gain new understanding of how to improve for all stakeholders. As we iron out the wrinkles on the core program, we plan to enhance it for member co-ops and brands alike with opportunities for exclusive products, speed-to-market product launch pathways, and new promotional opportunities that our digital platform will unlock.



## 2022 Category Review Calendar

Our 2022 Category Review Calendar will be available March 1, 2021. You'll find it on the homepage of [Partner Co+nection](#) under "Helpful Information."



## Program Updates *continued*

### KeHE Update

Early last fall, NCG announced our selection of KeHE as a secondary source of grocery, refrigerated, bulk, frozen and wellness products. In addition to helping co-ops satisfy shoppers' needs on many products purchased primarily from UNFI during this period of sustained elevated demand and volatility in supply, we're also excited to provide our member co-ops with a single supplier of many products that are unique to KeHE and the potential for these brands to participate in NCG programs in the future.

UNFI remains NCG's primary distributor. For the time being, Co+op Deals, Co+op Basics and Core Sets (including new item introductions) will not be supported by KeHE. While initially NCG will continue to work exclusively with UNFI as the distributor for these programs, we plan to add support for them through KeHE once KeHE service has been extended to all of our member co-ops and we reach the critical mass of volume required to make these programs successful. In the meantime, if your brand is distributed at KeHE but not by UNFI, we encourage you to be in touch with those NCG co-ops that stock your brand and work with them directly to ensure that your products are supported by your promotions.

If you're uncertain which co-ops stock your products, you can access item-level and NCG store-level data for your brand through NCG's partnership with SPINS. By subscribing to the NCG Key Account with SPINS, your brand gains access to data that will confirm distribution for each of your products at individual NCG co-ops, as well as provide insight on distribution and sales opportunities. If you're not yet working with SPINS, we recommend that you engage with them via [growth@spins.com](mailto:growth@spins.com) to learn more.

KeHE will onboard NCG co-ops by region starting with the Central region in March. We expect national coverage to be in place prior to July. Once onboarding is complete, NCG co-ops will be serviced out of one of

the following KeHE facilities: Bloomington, Ind.; Flower Mound, Texas; Chino, Calif.; Portland, Ore.; Stockton, Calif.; Elkton, Fla.; and North East, Md. We look forward to partnering with brands and other industry stakeholders in making KeHE an indispensable partner for years to come!





### Coming Soon: Supplier Diversity Program

In the world of co-ops, working together is about more than creating the economic benefits of scale that result from working with brands and distributors like a “virtual chain.” Through all of the natural products industry’s ups and downs, food co-ops have kept true to our ideals — using business as a force for good in the world and being unwavering in the conviction that everyone deserves access to healthy, delicious food. Our highest value is to be a place where everyone feels connected, valued and welcome at the table.

Our commitment to making a seat at the table for everyone extends to our brand partners. We’re excited to inform you that NCG is launching a supplier diversity program focused on measuring and reporting the extent to which businesses owned by systemically underrepresented populations — including women, Black, Indigenous, People of Color, LGBTQIA+, persons with disabilities and veterans — are

represented in our supply chains. Food co-op members and shoppers continue to seek opportunities to create positive change through their purchases. And because our co-ops are consumer-owned businesses deeply rooted in their communities, NCG is committed to contributing to a more just society by ensuring strong representation and participation among diverse suppliers in our programs and on co-op shelves.

In the coming months, we’ll reach out to all of the brands we work with and request your involvement via a survey — participation is both voluntary and encouraged. NCG’s supplier diversity program will be managed by Heidi Traore, our Business Development Manager. If your brand identifies as any of these ownership groups and would like to learn more, contact Heidi: [heidi.traore@ncc.coop](mailto:heidi.traore@ncc.coop). Look for more information on this program later this year!

## Advocacy and Sustainability Priorities

### Building a Just and Equitable Food System

In 2017, NCG was one of 153 organizations to participate in B Lab's inaugural [B Corp Inclusion Challenge](#). We're now in our third year of working on our Diversity, Equity and Inclusion (DEI) roadmap guided by [TMI Consulting](#), a diversity and inclusion management consultancy. NCG's work with TMI is focused on embedding structural changes that support diversity and inclusion at a systems level, laying the groundwork for long-term transformation.

In addition to the work we're doing to educate ourselves and understand our complicity in an unjust food system, in 2020 [NCG invested more than \\$75,000](#) in organizations working to build a more just and equitable food system, endorsed the [Justice for Black Farmers Act](#), advocated for legislation to end qualified immunity for police officers and supported proposals to reserve COVID-19 relief funding for community development and minority depository financial institutions that serve BIPOC communities.



### USDA Certified Organic: The Gold Standard for Consumer Transparency

Food co-ops, including many of NCG's members, helped to create a thriving market for natural, organic and whole foods in the United States; organic products make up 39% of sales at NCG co-ops today. We believe [organic is the gold standard](#) of food labels — it is non-GMO and signals a host of environmental benefits, including the ability to [regenerate the soil](#) and increase its ability to store carbon and [slow climate change](#). Organic is regenerative.

NCG advocates on Capitol Hill for strong organic standards that protect consumer trust in the USDA Certified Organic label and we are actively supporting [increased organic enforcement](#), recognizing that fraud





## Advocacy and Sustainability Priorities continued

poses a serious threat to consumer trust in organic. We are engaged in a [lawsuit against USDA](#), filed by the Organic Trade Association, asking for immediate implementation of the Organic Livestock and Poultry Practices Rule (OLPP) that would strengthen and codify animal welfare regulations to ensure they are in line with what consumers expect to be happening on organic farms. These organic legislative priorities have wide support among organic farmers and industry, and are shared by NCG's fellow members of the [National Organic Coalition](#) and [Organic Trade Association](#).



### Climate Impact: NCG Planted 3,348 Trees to Offset Operations in 2020

Project Drawdown ranks [regenerating the world's tropical rainforests](#) near the top of the most effective global strategies we can employ right now to reverse the climate crisis. In 2020, NCG planted 3,348 trees in the Peruvian Amazon rainforest to offset our 2019 CO2 emissions from business travel and utilities. Now in its eighth year, our [Co+op Forest program](#) has planted and/or protected 1.8 million trees in this vitally important region. Planting native trees in tropical areas benefits the entire planet, as tropical trees reach maturity quickly, allowing them to store more carbon over their lifetimes.

Want to join us in empowering fair trade farmers to regenerate the rainforest? Check out [PUR Projet](#) to explore opportunities for your company.

