



# GROWING

A DIFFERENT KIND OF COMPANY








**Welcome!** The entryway mural in our new Twin Falls bakery says it all: **“Our purpose is to run a different kind of company, the kind of place we’d like to work, that makes the kind of food we’d like to eat, that strives for a healthier, more sustainable world, the kind of world we’d like to pass on to our children.”** – KIT CRAWFORD





## Welcome to the 2017 All Aspirations Annual Report

In 2017, Gary and I continued our tradition of choosing a word or two that captured something important about the year. I chose *honesty*, a powerful word that people have reflected on for ages, and that's particularly relevant for this past year. John Lennon said, "Being honest may not get you a lot of friends, but it will always get you the right ones." Les Crawford, my dad, was the first person to teach me about honesty. He frequently reminded my siblings and me, "Honest in the little things, honest in the big things," a refrain that's stayed with me all my life. Honesty is a core value at Clif Bar—that's our path. There are a lot of words to describe the opposite of honesty—spin, half-truth, fudging, exaggeration, fib, and our recent favorite, "alternative facts." In 2017, the Collins Dictionary's Word of the Year was "fake news." Honesty is clearly more important than ever—personally, in business, and in public life.

Benjamin Franklin said, "Honesty is the best policy," but in the *HuffPost*, Karen Ann Kennedy said that's not true, that honesty isn't a policy. It's a value. Policies change, but values don't. This got me thinking about our values at Clif Bar, and how proud we are to be a family- and employee-owned company. Being privately held allows us to choose our own destiny, and building on a foundation of honesty allows good things to grow.

"Honesty pays, but it doesn't seem to pay enough to suit some people," said journalist Kin Hubbard 100 years ago. Lance Armstrong taught us that sometimes, in the short term, people can reap great benefits from dishonesty. How many times did we hear him say, "I never used performance-enhancing drugs," as if he thought that, maybe, if you say something enough, it will start to seem true. Maybe he started to believe it himself. (What was he thinking, going on *Oprah*?) Honesty becomes even more important as the stakes go up. Risks rise, too, and lives can be ruined.

Now more than ever, Gary and I believe our country needs every one of us to commit to the value of honesty. Why is this so important? Honesty leads to integrity, integrity leads to trust, and trust is a rare and precious thing.

We both wish you a happy 2018,



Kit and Gary, Owners and Chief Visionary Officers, Clif Bar & Company



## Stepping Up

From the beginning, Gary and Kit made a commitment to build a different kind of company, one that would thrive not at the expense of its employees or the environment, but because of them. What started out as a gutsy move to cook up a better tasting energy bar has grown into an international food company feeding adventures around the world. What makes us different? Five bottom lines (aka our Five Aspirations) guide our company to make decisions that are not only good for people and the environment, but also smart decisions that keep Clif Bar relevant in today's rapidly changing market. Our 25-year commitment to creating real food that makes a positive impact on people's health and the food system is more relevant now than ever.

At the heart of this company is our commitment to people. Our consumers matter, and we craft our food with high-quality, organic oats, fruits, and nuts to feed the adventure in everyone. Workers in the Clif Bar supply chain matter, and we look beyond just the quality of the ingredients to the quality of life for the people who produced them. Our communities matter, and in response to this year's natural disasters, when others were in need, Clif Bar sent products to support people in Florida, Houston, Northern and Southern California, Puerto Rico, and a dozen other locations. Our planet matters—it's where we all live—and by helping to build a climate movement through partnerships and advocacy, we're working to make an impact beyond our four walls. And in all that we do, our employees matter. They champion our commitment to quality, innovation, and community. They're our friends and mentors; they are creative minds, engaged parents, passionate athletes, committed advocates, and above all, people who care about people.

As we close out our 25th year, we are as excited as ever about running a different kind of company, one that operates on a business model of five-bottom-lines—Sustaining Our Business, Brands, People, Community, and Planet—setting us apart from every other food company. I'm incredibly proud of what we've accomplished in 2017 across all of our Aspirations. And as we move into our next 25 years, we will continue to put people at the center of what we do.



Kevin Cleary, CEO, Clif Bar & Company



CLIF

OUR PEOPLE

# Working side by side, encouraging each other, our company is our people.

## THE CLIF DIFFERENCE: **LEADING, LEARNING, NURTURING OUR CULTURE**

"...our company is alive with passionate, intelligent, creative, and responsible human beings...and it is our job to inspire them to do their best. People thrive in an environment when we consider and nourish the whole person." -Gary Erickson, *Raising the Bar*, 2004

In 2017, we introduced The Clif Difference, a framework for experiences, tools, and new ways of working that develop and sustain our people. The Clif Difference fosters growth and learning, empowers people to lead at every level, and celebrates Clif's unique culture. Stay tuned!



## CLIF'S ESOP GEARS UP TO INCLUDE OUR NEWEST EMPLOYEES

At Clif Bar, people are more than employees: We're all employee-owners. This year, largely through our bakeries, 600 new people joined the Clif family. Our Employee Stock Ownership Plan (ESOP) means that Clif people don't retire with just a handshake and a 401(k), but with a solid retirement plan.

**YEAR-END AWARDS** Congratulations to Eric, Andrea, RM, Michelle, David (front row), Michele, April, Ritu, Abby, Stephanie, Greg, Susan, and Will (back row), winners of the 2017 Mary Erickson, Cliff Erickson, Ingredients, and Five Aspiration Awards, which celebrate the Clif spirit.

KP (left) won the All Aspiration Award, which recognizes a Clif person who demonstrates deep commitment to all Five Aspirations.



**50%**

of leadership positions  
filled by women

**42%**

of our Clif team are  
people of color



# Creating brands with integrity, quality, and authenticity.

## OUR BRANDS

### EQUAL = EQUAL: CLOSE THE 20% PAY GAP

On Equal Pay Day 2017, LUNA helped to fund 100 salary negotiation workshops for women across the country. For 18 years, LUNA has championed women in areas where they've been underrepresented—including sports, business, and film—with breakthrough initiatives like LUNAFEST®, an annual film festival that raises the visibility of female filmmakers, and has raised more than \$4 million for more than 1,600 women's nonprofits.



Equal  
Equal



### GET OUT AND PLAY

Clif Bar is a company of people who love the outdoors. It's why Clif Kid's main message is *Get outside and play*. It's why our new CLIF BAR package illustrates the Sawtooth Ridge in north Yosemite, a wild place near and dear to our hearts.

And it's why we sponsor activist athletes like Jeremy Jones and nonprofits like Protect Our Winters.

Real ingredients,  
real food



#1

Clif Bar is #1 among energy bars





OUR PLANET

# Conserving and restoring our natural resources; growing a business in harmony with nature.

## 2017: CLIF BAR'S CLIMATE ACTION BY THE NUMBERS

- **100% renewable electricity** sourced for all Clif facilities (HQ, bakeries, offices).
- **850,000 miles of truck driving avoided** by switching to rail transport. Shipping by rail reduces carbon emissions 70% over conventional trucking.
- **430 fuel-efficient hybrid and electric cars** purchased to date by employees through Clif's sustainability benefits program.
- **42 supply chain facilities** sourced 50% or more renewable electricity for Clif's products and services.
- **15 years of climate-neutral business operations** by investing in Help Build™ carbon offsets.
- **10 years of climate advocacy** at state and national levels.
- **135,000 trees planted** with American Forests.

### Clif Bar Recognized for Climate Action

- **Climate Leadership in Supply Chain, and Excellence in Green Power Use** from U.S. EPA
- **Leadership in Green Power Education** from the Center for Resource Solutions



CLIMATE  
LEADERSHIP  
AWARDS

# 77%

of all ingredients we use are **organic** and/or certified sustainable

# 89%

of our waste stream is **diverted from landfills or incinerators**

# 100%

**green power** for electricity for all Clif facilities

### Investing in the Next Generation of Clean Energy Leaders

Clif Bar supported the development of 36 renewable and energy efficiency projects, including five school-owned wind turbines in Indiana, inspiring a new, statewide clean-energy curriculum available to grades K-12.





# Promoting healthy, sustainable communities, local and global.

## OUR COMMUNITY

### LIVING WAGE AND OTHER ADVANCES

When it comes to communities where we source and produce our food, we ask ourselves how we can add value and co-create solutions. In 2017, Clif Bar's Community Team:

- Took action to ensure **all employees at our baking facilities are paid a living wage**, and launched the first-ever research project to determine the living income level for organic cacao smallholders.
- Sponsored our second organic research endowment, the **Clif Bar and King Arthur Flour Endowed Chair in Organic Grain Breeding & Innovation** at Washington State University's Bread Lab. Clif Bar is now the largest private funder of organic research in the U.S.
- Helped forge the framework for a 2018 Farm Bill that will **provide farmers with more organic research**, greater protection from foreign fraud, and also improve infrastructure investments and economic success in rural communities.
- **Introduced the Clif Ag Fund** to strengthen organic farms and our supply chain by financing infrastructure, farm inputs, and training in agricultural communities where we source.



\$1.5 million endowment awarded to Dr. Stephen Jones, WSU

# 116,778

volunteer hours to date  
(19,847 hours in 2017)

# \$75.6M

cash and product donations over the  
past 14 years (\$13,921,656 in 2017)



On our 2017 Service Day in Emeryville, California, 400 Clif employees packed 94,000 meals for Rise Against Hunger, and built 38 playhouses through Habitat for Humanity for children whose parents are deployed in the military.





# Building a resilient company, investing for the long term.

## OUR BUSINESS

### RAISING THE BAR IN EUROPE

To support a strong and resilient company for the long term, Clif Bar is choosing to grow and diversify geographically. In 2017, we created a new company, Clif Bar Europe, B.V., based in the Netherlands. This is a wholly owned subsidiary of Clif Bar & Company, with a team of local employees that allows us to grow in new countries, share more bars with more people, and grow our Five Aspirations way of doing business, too. You can now find Clif Bar in 15 European countries—the UK, Ireland, Germany, Spain, Portugal, France, Italy, Austria, Switzerland, Sweden, Denmark, Finland, Belgium, the Netherlands, and Luxembourg—as well as Australia, New Zealand, and Canada.

This year brought great growth in Canada, too: Clif is now the market leader in Health & Lifestyle Bars, with 39% of market share. This didn't just happen overnight, but took years of investment, learning, and persistence, and we're thrilled with the response.

17%

10-year compounded annual growth rate

31%

market share in the Health & Lifestyle Bar category

888

million pounds of organic ingredients purchased to date

In 2017, we bought more than 138 million pounds of organic ingredients.



CLIF BAR celebrated its second year as an official supplier of Prudential RideLondon, a three-day cycling festival for men, women, families, and handcyclists that included 100,000 participants.



# CLIF BAR BAKING COMPANY

TWIN FALLS | INDIANAPOLIS



A different kind of company should have a different kind of bakery. Better yet, we have two. Our bakeries in Idaho and Indiana, like all of Clif Bar, operate on an alternative business model based on five bottom lines: Sustaining Our Business, Brands, People, Community, and Planet. It's all part of our ongoing commitment to raising the bar, from field to final product.

In 2017, *Food Engineering* magazine honored Clif Bar's Idaho bakery with its Sustainable Plant of the Year Award: "The plant goes above and beyond industry standards, using 100 percent renewable energy and, in comparison with most bakeries, reducing refrigerant emissions by 40 percent, water use by 37 percent and energy use by 21 percent." Both bakeries are on track for zero waste certification in 2020. And there's more—read on to learn about our bakers, bars, and benefits.



Our bars are made from **organic ingredients**

including cacao, cinnamon, coconut, figs, ginger, macadamia nuts, oats, peanuts, vanilla beans, and sunflower seeds.



Both bakeries are **certified organic processors.**

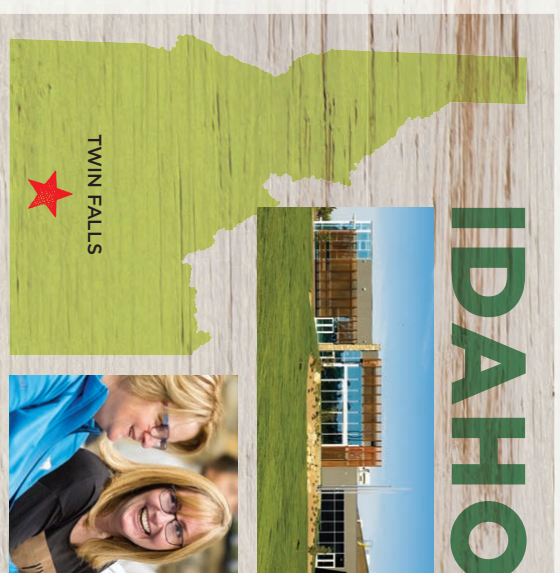


Working around the clock to ensure **the highest quality bars.**

# Raising



A **fitness center** in a bakery? Makes sense to us.







Employees at both bakeries are paid a **living wage.**



**Work hard, play hard.**



Both bakeries are **BUILT TO LEED®** (Leadership in Energy and Environmental Design) standards: Indianapolis was LEED Certified in 2014; Twin Falls' certification is forthcoming.



INDIANAPOLIS



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# the bar

*on making the bar*



**Onsite learning centers** offer ongoing educational programs, from ESL to best practices for baking.



**community gardeners**

10 Indianapolis grew zucchini, cucumbers, tomatoes, and sweet and hot peppers—and donated it all to the Westminster Food Pantry.



**Sparking change:** Employees purchased 200+ fuel-efficient hybrid and electric cars in 2017 through our sustainability benefits program.

**Getting charged up** in Twin Falls.



Bakers volunteered 8814 hours of **community service** on company time.

We built our Twin Falls bakery using **biophilic design**

to connect people to nature: Natural light pours inside through 200+ windows.







Our culinary team includes culinary students, recent graduates from the CIA (Culinary Institute of America) California, or others just starting their careers, and each one gets to select and execute a menu for Street Food Napa Valley.

## A different kind of winery

At the Clif Family Tasting Room, we share our love of food, wine, and adventure. Not many Napa Valley tasting rooms offer cycling advice for an epic Napa ride, fresh cappuccino, and CLIF Bars to launch the trip, and then welcome cyclists back with a glass of wine and fresh polenta, porchetta, or farm-fresh salads from our Bruschetteria Food Truck. Every Wednesday night we now offer Street Food Napa Valley, highlighting dishes from around the world. Guests can also share the harvest from our Clif Family Farm with our preserves, hot sauces, and olive oil (our fruit preserves were included on the 2017 list of Oprah's Favorite Things).



CLIF FAMILY



Farm-to-truck cuisine: Most of the truck's organic veggies come from our own organic farm. We grow Floriani Red Flint Corn, an heirloom varietal that we harvest, dry, and hand-mill to make a creamy polenta.





## Growing the love with a different kind of investment company



This year was the seven-year mark for White Road Investments, an alternative investment firm that funds mission-driven companies. Our peloton of partners has grown to 11, including our most recent investment in Om™, a nutritional

mushroom supplier that organically grows 11 different species of mushrooms in its Carlsbad, California, facility. To spread the mushroom love, Om sells these highest-quality products to customers worldwide under its own brand. We're truly excited about the possibilities for this spirited and scrappy organization as it turns people on to healthier and happier lives with the daily ritual of mushrooms.



## Heroes Ride honors first responders

In November, to thank local fire-fighters and other first responders who battled the Northern California wildfires, we hosted a Heroes Ride. Many first responders joined in, and the same day we donated \$6800 to Napa Bike and Bikes for Tots and hosted a building event, assembling 60+ bikes for kids who lost theirs in the fires.



In 2017, our incredible friend and colleague John Anthony passed away. John was an integral part of our team and a legend in the natural products community. We were so lucky and grateful to know and love John as he always brought out the best in us. He seemed to know almost everybody, and everybody loved him. He leaves a big hole in our industry and in our hearts.



# Growing the Clif Bar Family Foundation



## CELEBRATING MORE THAN 10 YEARS OF GIVING

Clif Bar Family Foundation concentrates on small grassroots groups working for social change at the local and state levels, a focus that's even more important now when prospects for improvements at the national level are especially limited. In 2017, the foundation awarded over \$3.8 million in grants to more than 500 pioneering organizations. **Since inception, the foundation has awarded more than 2700 grants to 969 unique nonprofits totaling over \$27 million.** We're proud that, in contrast to most foundations, we award more unrestricted grants that support general operations and capacity-building than funding for special projects.

Clif Bar's Matthew Dillon with Colin Curwen-McAdams, 2017 Seed Matters fellow studying organic wheat at Washington State University.



## SEED MATTERS REINVIGORATES ORGANIC RESEARCH

The foundation identified a huge gap in the nation's organic seed development capabilities and, through our groundbreaking Seed Matters initiative, we're reinvigorating public organic crop breeding. Since 2013, we've underwritten just over \$1.4 million worth of graduate student organic crop breeding fellowships, the first ever in the U.S., which has allowed 17 graduate students to work with 10 professors at seven land-grant universities across the country. On average, this equals roughly 20% of professors' budgets on organic seed projects.



To date, fellows have conducted successful research on crops including barley, beans, beets, corn, carrots, quinoa, tomatoes, and zucchini squash. At least 10 new varieties have moved to field trial level or beyond, providing organic farmers with greater seed selection options. And, more good news, over 80% of the grad students have found work with organic seed programs.

## GROWING GLOBAL: SHARING THE LOVE IN CANADA

This year the foundation began funding nonprofits based in Canada, awarding four grants averaging more than US\$40,000 to groups committed to connecting a healthy environment and a sustainable food supply.

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