

# Corporate Governance

**UNITED NATURAL FOODS, INC.**  
**(the "Company")**  
**Corporate Governance Principles,**  
**Board of Directors' Mission Statement,**  
**Role and Composition**

## **Role and Composition of the Board of Directors**

1. **Role of the Board of Directors (the "Board").** The Board is elected by the stockholders to oversee the leadership of the Company and its business. In so doing, the Board should be guided by what it considers to be in the best long-term interests of the Company's stockholders.
2. **Interaction.** Sound governance requires effective interaction among the Board, Company leadership, the external auditors, the internal auditors, and external legal counsel. This interaction should occur both formally and informally throughout the year.
3. **Responsibilities.** The major areas of the Board's responsibility are monitoring Company leadership's operation of the Company's business, overseeing the Company's business strategy, and monitoring risks and the Company's internal control systems. The Board (either as a whole or through a committee thereof) performs the following specific functions, among others:
  1. Engaging a Chief Executive Officer ("CEO") to lead the Company, monitoring the performance of the CEO, and approving the CEO's compensation;
  2. Overseeing the integrity of the financial statements and the Company's financial reporting processes, and the adequacy of the Company's internal controls;
  3. Reviewing and monitoring the Company's leadership succession plan;

4. Reviewing and approving the compensation of executive officers other than the CEO;
5. Reviewing and approving significant corporate actions and advising Company leaders on significant issues;
6. Nominating directors, appointing committee members and shaping effective corporate governance;
7. Assessing the performance of the Board and its committees;
8. Reviewing the Company's long-term strategy and plans, and approving annual operating and capital expenditure budgets;
9. Overseeing legal and ethical compliance; and
10. Assisting the Company's leadership in dealing with crisis situations.

4. Independence. The majority of the members of the Board shall be independent directors. An independent director is one who meets the NASDAQ Stock Market ("*NASDAQ*") definition of "independent director." This independence should be in both fact and appearance so as to promote arms-length oversight. The Board makes an affirmative determination regarding the independence of each director annually, based upon the recommendation of the Nominating and Governance Committee.
5. Director Qualifications. The Nominating and Governance Committee is responsible for reviewing annually with the Board the qualifications for membership on the Board. The Board believes that it is in the best interests of the Company and its stockholders to identify and select highly-qualified candidates to serve as directors and for the Board to be comprised of a diverse group of individuals with different backgrounds and perspectives. The Nominating and Governance Committee reviews director candidates in light of the Board membership qualifications and recommends candidates to the Board for

election by the Company's stockholders at the annual meeting. The Nominating and Governance Committee considers nominations by Company stockholders who recommend candidates for election to the Board in compliance with the procedures described in the Company's proxy statement. The Nominating and Governance Committee also recommends candidates for appointment by the Board as necessary to fill vacancies and newly created directorships. All nominations or appointments of new directors must be approved by a majority of the independent directors.

6. Leadership; Lead Independent Director. The Board presently believes that it is in the best interests of the Company for two (2) separate Board members to lead the Board. One such member shall serve as Chair of the Board and the other such member shall serve as Lead Independent Director. The Board may in its discretion combine these roles if it deems it advisable and in the Company's best interests to do so. The Lead Independent Director shall be elected annually by the independent directors on the Board and shall serve for a term of one (1) year or until a successor is appointed by the Board. The primary responsibilities of the Lead Independent Director shall be as follows:
  1. To serve as principal liaison between the independent directors, the Chair of the Board, and the President and CEO on sensitive issues, and facilitate communication between meetings;
  2. To recommend to the Board, and the Nominating and Governance Committee the membership of the various committees of the Board.
  3. To advise and assist the Chairs of the Audit Committee, Compensation Committee and Nominating and Governance Committee in fulfilling such individuals' roles and responsibilities.
  4. To advise the Chair of the Board as to an appropriate schedule of Board meetings, seeking to ensure that the independent directors can perform their duties responsibly while not interfering with ongoing corporate operations;
  5. To ensure the Board's input into the agenda for Board meetings, and work with the Chair of the Board and the President and CEO to set the agenda for each meeting;

6. To recommend to the Chair of the Board the retention of advisers and consultants who report directly to the Board;
  7. To act as Chair of Board meetings when the Chair is unable to preside at regular and special meetings; and
  8. To develop the agendas for and serve as chair of the executive sessions of the Board's independent directors.
7. **Change in Principal Occupation.** When a director's principal occupation or business association changes substantially during the director's tenure on the Board, the director must promptly notify the Nominating and Governance Committee. The Nominating and Governance Committee shall then evaluate the propriety of continued service on the Board and recommend to the Board the action, if any, to be taken with respect to the notice.
  8. **Service on Other Boards.** Independent directors may serve on a maximum of four (4) Boards of public companies, including that of the Company. The CEO and other executive officers may serve on a maximum of two (2) Boards of public companies, including that of the Company. Directors and executive officers should also advise the chair of the Nominating and Governance Committee in advance of accepting an invitation to serve on another corporate board.
  9. **Retirement Age; Term Limits.** No director may stand for election or re-election to the Board after the director has reached the age of 72. A director that turns 72 during his or her term, however, may serve out the remainder of that term. The Board has not established a limit on the number of terms that a director may serve.

#### **Board Meetings and Communications**

1. **Meetings.** In discharging its fiduciary responsibility to the stockholders of the Company, the Board meets as necessary, but no less than four (4) times a year.
2. **Agendas.** The Chair of the Board and the Lead Independent Director, working together with

the President and CEO, set the agenda for each Board meeting. However, the Lead Independent Director shall have final approval of the agenda for all regular and special meetings of the Board (including the meeting schedule to assure sufficient time for discussion of all agenda items), as well as, final approval of information sent to the Board for each such regular and special meeting. Directors are encouraged to suggest the inclusion of items on the agenda. Directors are also free to raise subjects at a Board meeting that are not on the agenda for that meeting.

3. **Distribution of Board Materials.** Materials related to agenda items generally are distributed one (1) week prior to each Board meeting, unless timing or the sensitivity of information dictates that information is presented at a time just prior to a meeting.
4. **Executive Sessions of Independent Directors.** The independent directors meet regularly in executive sessions at which only independent directors are present. The Lead Independent Director presides at meetings in executive sessions and may call such a meeting.
5. **Access to Leadership.** The Board should have open access to the information and personnel it needs to perform its duties. Regarding communication and the relationship between the Board and management, it is crucial that an atmosphere of courtesy and respect exist. Feedback between the Board and Company leadership should be given freely, without hesitation, and received in a constructive spirit.
6. **Communications from Leadership.** The Board shall be notified immediately upon: a) receipt of any communication from the SEC, IRS, or any regulatory agency outside of the normal course of business, b) notice of any significant pending or threatened litigation, or c) the occurrence of any other situation which might result in a significant loss or other exposure to the Company.
7. **Access to Outside Advisors.** The Board has the authority to retain such outside counsel, experts, and other advisors as it determines appropriate to assist it in the performance of its functions. Each of the Audit, Nominating and Governance and Compensation Committees has similar authority to retain outside advisors as it determines appropriate to assist it in the performance of its functions. The Company shall provide sufficient funding, as determined by these Committees, to retain outside advisors.

8. **Lead Independent Director Access.** The Lead Independent Director shall be reasonably available to speak with Company stockholders owning 5% or more of the Company's stock.

### **Annual Performance Evaluations**

The Board conducts an annual evaluation to assess the effectiveness of the Board, its committees, and individual directors. The Nominating and Governance Committee is responsible for administering the processes, for conducting evaluations and for reviewing the results of the evaluations with the Board.

### **Evaluation of the CEO**

The Board is responsible for reviewing annual and long-term performance goals for the CEO, and evaluating the CEO's performance against those goals. Both the goals and the evaluation are submitted for consideration by the independent directors meeting in executive session. The results of the evaluation are shared with the CEO and used by the Compensation Committee in considering the CEO's compensation, which is approved by the independent directors meeting in executive session.

### **Director Compensation; Stock Ownership Guidelines**

The Compensation Committee annually reviews the compensation of directors. Director compensation is set by the Board based upon the recommendation of the Committee. Independent directors receive a combination of cash and equity compensation for service on the Board. Directors who are also employees of the Company or its subsidiaries do not receive additional compensation for service on the Board. The Company requires each director and executive officer to maintain a stock ownership investment in the Company equal to 50% of the estimated stock option equivalent received by each such director or executive officer for the most recent full year of service on the Board or as an executive officer. For instance, a stock option equivalent of 10,000 would require stock ownership of 5,000 shares. The Board recognizes that a new director or executive officer may not be able to accumulate this investment immediately, and recommends that the ownership position be established gradually over the first four (4) years of service on the Board or as an executive officer.

## **Director Orientation and Continuing Education**

The Company has an orientation process for directors that is designed to familiarize new directors with the Company's business, operations, finances, and governance practices. The Board encourages directors to participate in educational programs. These programs include Board educational seminars lead by outside counsel, membership in National Association of Corporate Directors, KPMG Audit Committee Roundtable meetings, and participation in Company tabletop shows, industry Expos, and other tradeshow and conferences.

## **Succession Planning**

The Board reviews succession plans for the position of CEO as well as certain other senior leadership positions. The CEO reports to the Board periodically on succession planning and leadership development, and provides the Board with recommendations of potential successors. The CEO also makes available to the Board, on a continuing basis, recommendations regarding who should assume the position of CEO in the event that he/she becomes unable or unwilling to perform the duties of this position.

## **Committees**

1. **Number, Structure, and Independence of Committees.** The Board has three (3) standing committees: an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. These committees consist solely of independent directors. In addition, members of the Audit Committee and Compensation Committee must meet additional, heightened independence criteria applicable to Audit Committee and Compensation Committee members under NASDAQ, SEC and, in the case of the Compensation Committee, IRS rules. The Board may also establish and maintain other committees from time to time as it deems necessary and appropriate.
2. **Assignment of Committee Members.** Committee members are recommended to the Board by the Nominating and Governance Committee and appointed by the full Board.
3. **Responsibilities.** Each standing committee operates under a written charter that sets forth the purposes and responsibilities of the committee and qualifications for committee membership. Each standing committee assesses the adequacy of its charter annually and recommends changes to the Board as appropriate. All committees report regularly to the

full Board with respect to their activities.

4. Meetings and Agendas. The chair of each committee, in consultation with other directors and Company leaders as appropriate, determines the frequency, length, and agenda of the committee's meetings. Materials related to agenda items are provided to committee members sufficiently in advance of meetings to allow the members to review and prepare for discussion of the items at the meeting.

Adopted: September 10, 2014