



Envisioning Sustainability in Convenience Store Design

FEATURED SPEAKERS



James Owens,
Vice President
of Retail
Architecture, HFA
Architecture and
Engineering



Aksel Solberg,
Development
Design Studio
Lead, HFA
Architecture
and Engineering

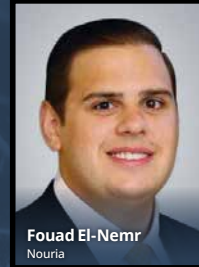
VISION REPORT MAY 2024



Hal Adams
Proximity FEMSA/OXXO



Lisa Dell Alba
Square One Markets Inc



Fouad El-Nemr
Nouria



**Annie St. Romain
Gauthier**
Y-Not, Stop - St. Romain Oil



Scott Hartman
Rutter's



Tony Miller
Delek Retail



Drayton McLane, Jr.
McLane Group



Greg Parker
Parker's

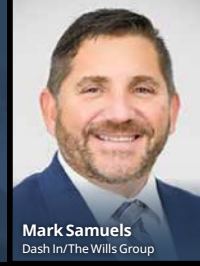


JP Patel
Hari 1 dba Fish River Food Mart



Darren Rebelez
Casey's General Stores

CLVG MEMBERS 2024



Mark Samuels
Dash In/The Wills Group



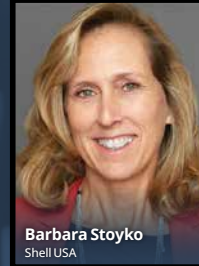
Donna Sanker
Parkland USA



Joe Sheetz
Sheetz, Inc



Kevin Smartt
TXB Stores



Barbara Stoyko
Shell USA



Eva Strasburger
StrasGlobal/Compliance Safe,
Vision Group Network Co-Founder



Roy Strasburger
StrasGlobal/Compliance Safe,
Vision Group Network Co-Founder

FACILITATOR

Myra Kressner
Kressner Strategy Group,
Vision Group Network Co-Founder



We are Convenience Leaders Vision Group (CLVG), a group of invited leaders of the convenience industry who has volunteered our time to help our fellow retailers, solution providers and product suppliers. The only reason we gather is to discuss, debate and share our experiences and ideas. Each of us is offering our personal opinions. We are not looking for “group think” — we are promoting problem solving and looking to the future. We make our conversations available to everyone in the industry through CLVG Vision Reports. These reports will help you better understand current challenges, solutions, and opportunities while giving you access to different opinions and perspectives, regardless of the size of your business.

Convenience Leaders Vision Group is part of the Vision Group Network, whose mission is to gather the best minds in the industry, put them in a virtual room, and let the ideas and opinions develop.

This **CLVG Vision Report** is comprised of three parts:

CLVG Views provides a summary of the conversation with additional resources for extra context including “Valuable Resources” for more in-depth education.

In The Room With CLVG provides you with the meeting transcript, tagged for easy reference so that you can be “in the room” with us rather than only having access to selected quotes and paraphrasing.

HFA’s full presentation “Discussing Sustainability in Convenience Store Design” is included and linked throughout the transcript for easy navigation.

We highly recommend that you read all three components.

The main topics in this CLVG Vision Report:

Sustainability in Convenience Store Design

A Balancing Act for Sustainability vs. ROI

The 80/20 Rule and Customer Opinion

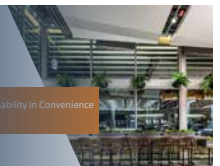
Telling the Sustainability Story and Greenwashing

CLVG VIEWS

IN THE ROOM WITH CLVG



PRESENTATION DISCUSSING SUSTAINABILITY IN CONVENIENCE STORE DESIGN





CLVG VIEWS

A CONVENIENCE LEADERS VISION GROUP DISCUSSION

This meeting of the Convenience Leaders Vision Group (CLVG) focused on sustainability. It featured a presentation by two architecture and design experts from HFA Architecture and Engineering. After the presentation, CLVG members shared their experiences and perspectives.



More than 50 years after the founding of Earth Day in 1970, sustainability has evolved from a one-day awareness campaign to a smart way of doing business. In celebration of Earth Month, CLVG tackled the issue of sustainability in their quarterly virtual meeting on April 18, 2024.

At the inaugural CLVG meeting in November 2022, members suggested topics to explore in future quarterly meetings. **Kevin Smartt**, president and CEO of TXB was the first to suggest sustainability, seeking “reasonable, easy things that as retailers, we could do that are low hanging fruit and then what’s that next level of sustainability measures we should be thinking about.” **Barbara Stoyko**, senior vice president for mobility Americas for Shell USA, seconded addressing sustainability, hoping for actionable, scalable options that are “workable” across their network of stores and wholesale operations. Both shared examples of current initiatives around recycling, biodegradable cups and bags, and water reclamation that they are implementing or exploring.

At the June 2023 CLVG quarterly meeting, **Hal Adams**, senior advisor/project lead

CLVG Views

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Discussing Sustainability in
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U.S. Proximity for FEMSA/OXXO, also suggested the sustainability topic asking, “How our industry and companies are beginning to address sustainability within their communities, within their brands, how they’re using different processes to hold themselves up as responsible retailers.” In that same discussion, Smartt requested to hear about “alternative building materials that might be sustainable and/or just lower the cost of building.”

Fast forward to the April 2024 meeting, facilitated by **Myra Kressner**, president of Kressner Strategy Group and Vision Group Network co-founder, and CLVG members heard a presentation from **James Owens**, vice president of retail architecture and **Aksel Solberg**, development design studio lead, both of HFA Architecture and Engineering, a firm devoted to architectural design and solutions.

*For these and more insightful comments on sustainability from CLVG members, be sure to read the **Additional Views** section in this report.*



Sustainability in Convenience Store Design

HFA’s orientation to this industry’s sustainability journey included referencing the 2021 report on customer opinions on sustainability issues, *Convenience Store Customers and Sustainability: The Journey to Creating Brand Ambassadors*, produced by the Coca-Cola Retailing Research Council. The report examined the business case for sustainability through shopper concerns and that impact on store loyalty. Owens and Solberg briefly discussed the spectrum of customer attitudes toward sustainability and brands as covered in that report.

In their thorough presentation, Owens and Solberg stressed the evolving landscape of sustainability, emphasizing “sustainability is not a trend, but it’s really a strategic imperative and an opportunity for leadership to show innovation.” They outlined the regulatory framework driving sustainability

initiatives, noting the influence of federal and state mandates alongside emerging legislative actions. They also mentioned several certifications that retailers can obtain. From well-known certifications like LEED and ENERGY STAR to material-based programs, certifications can reward recipients with positive marketing messaging in addition to the environmental benefits achieved.

Resources

CONVENIENCE STORE CUSTOMERS AND SUSTAINABILITY: THE JOURNEY TO CREATING BRAND AMBASSADORS, produced by the Coca-Cola Retailing Research Council in 2021, compares sustainability issues with customer behavior and opinion.

[**Learn more here.**](#)

Their presentation also offered several specific, practical solutions for every stage of a construction project, from site configuration to construction materials and practices. They each stressed that the options presented were intended to provide a range of easily achievable solutions. As Owens said, “it’s probably a combination of many things to make the overall program sustainable, but we’re also trying to show some tangible, so very simple things, versus something that’s so conceptual that you’re like, ‘Oh, I’m never going to implement that.’”

With a deep dive into sustainable construction materials, the duo emphasized the role of smart design in optimizing energy efficiency and minimizing environmental footprint. They discussed exterior innovations such as cool roofs, insulated siding, high-performance glazing, and thermal insulation. Installing “cool roofs” in southern states for example, uses white roofing material instead of dark tones which has an immediate impact on overall energy consumption, reflecting the sunlight versus absorbing it. Other sustainable building materials were suggested like glass,

fiber cement and aluminum. Aluminum siding, for instance, has become incredibly popular and can now be designed to look exactly like wood.

Additionally, Owens and Solberg stressed the importance of proper waste management and recycling, using local mat-

erials to save on transportation energy, and suggested reducing store footprints to reduce the materials needed.

Looking inside the store, the team shared how efficient lighting can reduce energy consumption and enhance the overall look and feel of the store and products. Additionally, they suggested that energy-efficient HVAC and proper air systems management can reduce air leakage and enhance air quality. They also recommended choosing locally sourced design elements like wood, rock and other natural materials that are not only sustainable choices but aesthetically pleasing. And, for retailers with foodservice, they said that appropriate fat, oil and grease management can improve air quality, as well as reduce mold growth, critical for employee and customer health.

*For a complete understanding of the certifications, construction materials, and technical terminology outlined in this section, we recommend reading further to **Defined Terms**, precise explanations provided by the speakers in their slide presentation.*



A Balancing Act for Sustainability vs. ROI

CLVG members picked up the discussion sharing a range of perspectives on present and future sustainability executions, exploring various viewpoints, and posing questions about both current and future sustainability initiatives and strategies.

Jumping right into economic implications and practical considerations in construction and operations, **Roy Strasburger**, CEO of StrasGlobal, president of Compliance Safe, and Vision Group Network co-founder, highlighted the channel's historical perception of sustainability as

“expensive” and asking if costs are now more feasible beyond the “feel good, environmental, telling your story aspect of it.” Solberg asserted that sustainable practices don't necessarily equate to exorbitant costs, especially when costly and lengthy certification processes like LEED certification are eliminated. Suggesting a long-term approach, he emphasized the future benefits including longer-lasting materials, energy savings, federal incentives and tax credits could help offset costs. “You have to think long-term, and you have to think big picture.

Because if all you're looking at is the bottom line, upfront cost of construction and materials, then it is going to likely be more expensive,” says Solberg.

Tony Miller, president of Delek Retail and executive vice president of Delek US Holdings, Inc., asked where he can immediately focus for real results, even if it costs a little more. Owens offered that the more expensive behind-the-scenes projects that a customer won't see, like efficient and well-constructed mechanical and ventilation systems were worth considering as they had longer lifespans. Solberg also promoted aiming for an energy-saving building envelope, taking advantage of the orientation of the building and investing in energy modeling, asserting that these practices

“Everybody's at a different point in their sustainability journey. Some are just starting or maybe they're feeling that this is the best they can do, and then you've got others that are on the far extreme. But ultimately, I think we can all safely say we are much further along as a whole, as a group, than we were 20 years ago, than we were 40 years ago, we weren't even talking about these things.

So we're slowly moving forward, and I think everybody's just at a different juncture in their store, with their consumers, and that's okay. I think that's part of the healthy discussion to find out what everybody's doing and where we go.

James Owens, Vice President of Retail Architecture, HFA Architecture and Engineering

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could save hundreds of thousands of dollars over time.

Adams posed a three-pronged question on messaging, retrofitting solutions, and process audits to ensure store staff is operating in the correct way to achieve optimal results. He used examples of door propping that let chilled air out and not reclaiming water. Owens suggested a practical first step known as commissioning, which designates a member of the facilities team to educate staff to create checklists to ensure training in preventative maintenance and proper operating procedures. Owens said this is the most overlooked task after the construction and installation teams depart.

Roy Strasburger commented that his teams proactively communicated operational best practices during employee training. Activities like not propping doors during deliveries and breaking down cardboard boxes for recycling were examples given. He admitted that these were done at the time without sustainability in mind and out of a sense of good business practices. However, these activities may now be more frequently executed with sustainability in mind.

The 80/20 Rule and Customer Opinion

Taking a more pragmatic approach, **Scott Hartman**, president and CEO of Rutter's, believes in balancing sustainability with practicality and cost-effectiveness. He referenced the 80/20 rule whereas "80% of the stuff is good, applies, we can do it the right way, and the other 20% is a lift that is not necessarily worth the squeeze, nor can we do the squeeze."

Hartman ran through a list of sustainable initiatives that Rutter's has employed or continues to employ such as having white (cool) roofs, vestibules to maintain inside air temperature, cooking ventilation to contain fry oil, and offering recycling at all stores. Rutter's has also studied air circulation and moisture content and ultimately decided to do things to operate efficiently, but not necessarily with the goal of being sustainable. **Mark Samuels**, executive vice president of convenience retailing for Dash In/The Wills Group, agreed that what "we retailers are doing today [is] without the goal of specifically being sustainable and just doing it because it's good business."

Owens expressed interest in the 80/20 rule, pivoting to ask the group if they're being proactive in telling their sustainability story to customers, highlighting the importance of marketing sustainable practices and engaging consumers effectively.

Throughout the discussion, the practicality of telling customers and employees about sustainability practices is imperative.

The topic of building smaller stores to increase efficiency and lower costs came up a few times. Hartman vehemently disagreed with this approach, stating that Rutter's will continue to build bigger stores to achieve their business goals. He asserted that having stores that accommodate more services offer customers a "one-stop shop" so they don't need to drive to multiple stores which has its own negative environmental impact. Roy Strasburger offered a strategy like "right sizing" to support the intended mission, but also cautioned against over-building just for the sake of doing so.





Telling the Sustainability Story and Greenwashing

Communication about sustainability initiatives also stimulated robust discussion. Regardless of taking the certification route, letting customers know about sustainable practices will go a long way. Examples cited TXB doing a great job of promoting sustainability in their new building, as well as non-convenience examples like REI, Starbucks, Nike, Whole Foods and Publix

Samuels asked about consumer perceptions of sustainability and its influence on purchasing decisions, particularly amongst Generation Z and Millennials. Solberg cited a study by Cushman and Wakefield, a commercial real estate firm, that “Gen Z and Millennials are the most sustainably minded demographic of really anybody that’s walking the planet right now.”

Read more on this study, [How Generation Z is Fueling the Demand for Multifamily](#), on the Cushman and Wakefield website.

Hartman shared his concern about greenwashing and stressed the need for honesty in business practices. Additionally, he strongly asserted his position deferring to customer satisfaction over the sustainable or most efficient way to do things, calling out an example of how Rutter’s maintains 29-degree beer caves versus a more energy-efficient 43 degrees to keep customers happy.

Eva Strasburger, president of StrasGlobal, CEO of Compliance Safe and Vision Group Network co-founder, asked Hartman how they keep the pulse of his customers to affirm his position, especially with regards to



“Greenwashing is all over the place and I really don’t like it. I see people doing it. I see people bragging about how great they are in some of these things and the reality is, it’s a very complicated place to measure and to hang my hat on something that I know is good, I know it’s a good answer, but to try to then go to the public and tell them that I just saved 80% of energy savings in my store, unless I can truly hang my hat on that, I’m not really the type who likes to go out and do that.

Scott Hartman,
President and CEO, Rutter’s

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Generation Z. He said they aren't doing any surveys, but they aren't directly catering to a certain generation, either. His customers are aged "zero to ninety-nine" and he says Rutters will do and sell what they need to keep the majority coming back. Hartman again asserted his need for realism and moderation in approaching sustainability.

Miller appreciated that pragmatism and underscored the importance of taking meaningful steps forward while acknowledging that the gasoline-selling convenience channel will always have a target on their backs and taking moderate steps forward will certainly help.

To close the meeting, Kressner and Roy Strasburger announced the formal creation of the Electric Vehicles Vision Group (evVG). This group will bring together stakeholders from various sectors, including private sector, convenience, grocery, mass merchandise, and hospitality retailers as well as municipalities, car manufacturers, energy providers, infrastructure providers, and government officials to discuss topics related to electric vehicles. The group's inaugural virtual quarterly meeting is expected to take place in mid-2024.

Final Reflection

Sustainable operations navigate dual lanes of environmental responsibility and practicality. While prioritizing cost-effective strategies that enhance energy efficiency, retailers can benefit irrespective of their sustainability label. Honest communication and genuine commitment to sustainable practices align with consumer values while also showing valuable returns on investment.



Review

LIGHTNING ROUND

The January 18, 2024 CLVG quarterly meeting discussed the topic of making the convenience retailing industry an employer of choice amongst job seekers. **Myra Kressner** summarized key points from that meeting's presentation by **Michael Sansolo**, research director with the Coca-Cola Retailing Research, Convenience, and Supermarket Councils (CCRRC), which included expanding the applicant pool, engagement strategies, and improving the industry's image. The presentation and discussion were reported in the CLVG Vision Report, *Making the Convenience Industry an Employer of Choice*.

During the March meeting, CLVG members were given an opportunity to provide updates on their company strategies since the January discussion.

Nouria Energy Corporation's Executive Vice President **Fouad El-Nemr**, shared an update on their ongoing leadership programs in collaboration with NACS and MIT for senior level executives focused on driving innovation across their firms. **Mark Samuels** shared the importance of being a place that attracts new talent as well as proudly reporting

their recently bestowed Great Place to Work certification.

Hal Adams emphasized the need for creating an employee value proposition, akin to the consumer value proposition that many spend a lot of time and effort developing. "Focusing on the employee and the human resource piece of our business just as seriously as we focus on the dollar share from the consumer, not only helps save money, but creates a better customer experience, also an employee experience that will reflect on all of our business."

Likewise, **Tony Miller** elaborated on rewards, recognition, and career development initiatives. He shared about the Delek Core Value Pin recognition program, emphasizing its impact on employee morale and explained the need to communicate thoroughly about all their programs, particularly at store level.

Additionally, **Scott Hartman** highlighted the overwhelming significance of store managers in creating a positive work environment and mentioned their continued focus on competitive wages and internal promotions at Rutter's.

Roy Strasburger concluded by reiterating the increasing relevance of addressing labor-related challenges in the industry and bolstering the industry's image.

Resources

***MAKING THE CONVENIENCE
INDUSTRY AN EMPLOYER OF CHOICE***

[*Download the full report here.*](#)

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VALUABLE RESOURCES

The quantity of resources available makes for an insurmountable amount on your bedside table, phone, tablet or laptop. To help you navigate through the masses, here are three resources worthy of making your quick-read list.



Myra Kressner,
Vision Group
Network Founder

The latest **Green Gauge® Report from Growth from Knowledge (GFK)** is

worth a read. For example, their latest Report Preview states that the top 3 issues include: Climate Change and Resiliency, Electrified Mobility, and The Circular Economy.

Vision Group Network is stepping into the sustainability/electric mobility discussion with Electric Vehicles Vision Group (evVG) launching mid-2024. evVG will focus on the challenges and opportunities of the entire EV ecosystem. For example, new players are entering while existing ones exit. Regulations are in flux and differ from place to place. Is the infrastructure there or not? Where is public policy going to lead us?

evVG is being formed to bring clarity to these, and dozens of other questions for convenience, grocery stores, hotels and foodservice, travel centers, parks and public spaces, transportation

(airports/ports), government agencies & municipalities, vehicle manufacturers, electricity generators & suppliers (utilities; battery), Finance/ Investors, associations, and Ally Supporters.



Eva Strasburger,
Vision Group
Network Founder

The cost of sustainable building was a big focus in our discussion

and several members spoke about needing to look at the ROI before committing to sustainable solutions. James Owens and Aksel Solberg pointed out that what is presently considered cutting edge or not a requirement may eventually be considered the norm. Read about the **[Top 10 Sustainable HQs of The World's Largest Companies](#)** by Sustainability Magazine to learn what is coming down the road.



Roy Strasburger,
Vision Group
Network Founder

During our conversation, James and Aksel referred several times to

building certification and LEED. I find the certification process to be interesting because its objective is to take an intangible idea – “what is environmentally friendly” – and turn it into a measurable standard. Although LEED was not the first environmental certification program, it has led the way in quantifying sustainable building practices. You can find out more about the history of LEED in this **[blog post by equipment rental business Dozr](#)**.

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NOTABLE AND QUOTABLE

“ When you’re looking at it, you have to think long-term, and you have to think big picture. Because if all you’re looking at is the bottom-line upfront cost of construction and materials, then it is going to likely be more expensive. **Aksel Solberg**, *Development Design Studio Lead, HFA Architecture and Engineering*

“ I do think that there’s quite a few things that we retailers are doing today without the goal of specifically being sustainable, and just doing it because it’s good business. **Mark Samuels**, *EVP of Convenience Retailing, Dash In/The Wills Group*

“ I think a good community partner with the right image can just keep trying to do the right things. And that’s the way I just stress to our team always try to do the right things and it’ll hold your brand up that way rather than trying to brag too much on something because for every good we do, someone can find something they don’t like that we do. **Scott Hartman**, *President and CEO, Rutter’s*

“ Everything’s about moderation. And I think, yes, we sell gasoline and we have plastic changing tables, but what are some of the things that we can do? And I think if we all just open up our eyes, I think we can take some steps forward. We’re always going to be the guy that’s got that target on our back no matter what we do because of what we’re selling in front of our stores. **Tony Miller**, *President, Delek Retail*

“ We used to try to do a lot of training for our employees about how to handle and run the business, which was sustainable and environmentally friendly, but we were putting it in terms of store operating profits and efficiencies of operations such as breaking down the boxes before you put them in the dumpster back before we started recycling them, and making sure you didn’t leave the door open for air conditioning purposes and/or safety issues. So we tried to do a lot of that through employee training, but it wasn’t, at the time, a sustainability question. It was more related to the running of the business. **Roy Strasburger**, *CEO of StrasGlobal, President of Compliance Safe, and Vision Group Network Co-Founder*

“ Maybe today our employees care more about some of those things if they also do contribute to sustainability and we link the why back to why we’re trying to do things. We shouldn’t short sell our employees that they might not really think, ‘you know what, I appreciate the company cares about the water condensation from the air conditioning not coming onto the sidewalk because it’s not good for the environment, or that I want to keep the door closed when the Coca-Cola salesman is in the store because it keeps me comfortable, keeps my customers comfortable and it’s better for the environment.’ **Hal Adams**, *Senior Advisor/Project Lead U.S. Proximity FEMSA/OXXO*

“ While each program is a little bit different, they all primarily focus on improving the user comfort while also reducing the impact on the overall environment. **James Owens**, *Vice President of Retail Architecture, HFA Architecture and Engineering*

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ADDITIONAL VIEWS

“ Our companies are on the path of growth, and in a lot of the towns and areas where we’re trying to get permitted currently, those cities are asking us, and want to understand, what we’re doing to make our sites more sustainable. And, of course, I think it is high on a lot of people’s list, the consumers’ list, of being a good actor today and doing your part. So, I’d like to have a conversation around reasonable, easy things that as retailers we could do, that are low hanging fruit and then what’s that next level of sustainability measures we should be thinking about. **Kevin Smartt, President and CEO, TXB**

“ I’m interested in sustainability and how our industry and companies are beginning to address sustainability within their communities, within their brands, how they’re using different processes to hold themselves up as responsible retailers. **Hal Adams, Senior Advisor/Project Lead U.S., Proximity FEMSA/OXXO**

“ I think sustainability is a really interesting [topic]. We’ve done a lot of looking at that. We have not been able to get it off the ground, whether it’s recycling at site or something else. It’s just so difficult to do because we’re trying to always think about what we can do, not just for our own company network, but for all of our wholesalers throughout the market. It’s very difficult. Even things like biodegradable bags or cups or all those kinds of things. So, there’s a lot of potential options. It’s just very difficult to land a solution that is workable. **Barbara Stoyko, Senior Vice President for Mobility Americas, Shell USA.**

“ At TXB we are focused on continuing to make progress on becoming more sustainable in many different areas. We have a roadmap that will help us do that in various departments in our company. Our motto is “Leave Em’ Better”, and we think becoming a more sustainable company does just that in that it leaves our communities, current guest and future guest better off. We do not publicize in the media our efforts, but we do try and call out some of these sustainable benefits at the site location. I find that our customer base in general is more conscientious about product packaging than ever before and does move some purchasing behavior.

Kevin Smartt, President and CEO, TXB

“ For me personally, sustainability is very important. But, what I have seen is that when it comes to different areas there is no consistency or uniformity. It also changes based on the demographics of the stores. So, as a company we adhere to all the requirements for environmental safety. At this site we spent more than \$200k to make sure that the site was up to standard and passed all environmental regulations. I believe that a bigger impact is created inside the store and that is where a wider dialogue needs to happen where all the parts of supply chain are on the table and talk about how to create a product, package it, ship it, recycle it and re-purpose it. Until then it will be up to each individual companies to do what they think is the best. ROI is a very important factor when building and operating. It becomes even more of a priority when money is not so cheap. This is my first ground up experience and the growing pain is very similar as to when my wife was expecting.

We only have general policies on sustainability but nothing detailed because of the fact that each store/area is different as to what they think is important for sustainability. But, I would love to learn what others are doing and incorporate that in our business.

JP Patel, Owner, Hari 1 dba Fish River Food Mart

“ We participate in all building sustainability programs including no plastic bags, recycling and electric cost mitigation using presence sensors. We have removed all fluorescent bulbs and replaced with LED’s including our walk-in coolers. Our goal is to save money and be in synch with our highly educated consumer base. **Raymond Huff, President, HJB Convenience Corporation (CTVG member)**

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CONVENIENCE LEADERS
VISION GROUP

MEMBERS

FOUNDING MEMBERS



Myra Kressner
President, Kressner
Strategy Group;
CLVG Facilitator



Eva Strasburger
President, StrasGlobal;
CEO, Compliance Safe



Roy Strasburger
CEO, StrasGlobal;
President,
Compliance Safe



Hal Adams
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**Annie St. Romain
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Darren Rebelez
Chief Executive Officer,
Casey's General
Stores, Inc.



Mark Samuels
EVP of Convenience
Retailing, Dash In/
The Wills Group



Donna Sanker
President, Parkland
USA



Joe Sheetz
Executive Vice
Chairman, Sheetz, Inc



Kevin Smartt
CEO/President,
TXB (Texas Born)



Barbara Stoyko
SVP Mobility Americas,
Shell USA

CLVG Views

In The Room With CLVG

Discussing Sustainability in
Convenience Store Design

IN THE ROOM WITH CLVG:

*Envisioning Sustainability
in Convenience Store Design*



Convenience Leadership Vision Group (CLVG) invites you to join us **In The Room** to experience our meeting on April 18, 2024. We are providing you with the entire conversation so that you can be “in the room” with us, rather than simply reading polished sound bites.



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In The Room With CLVG

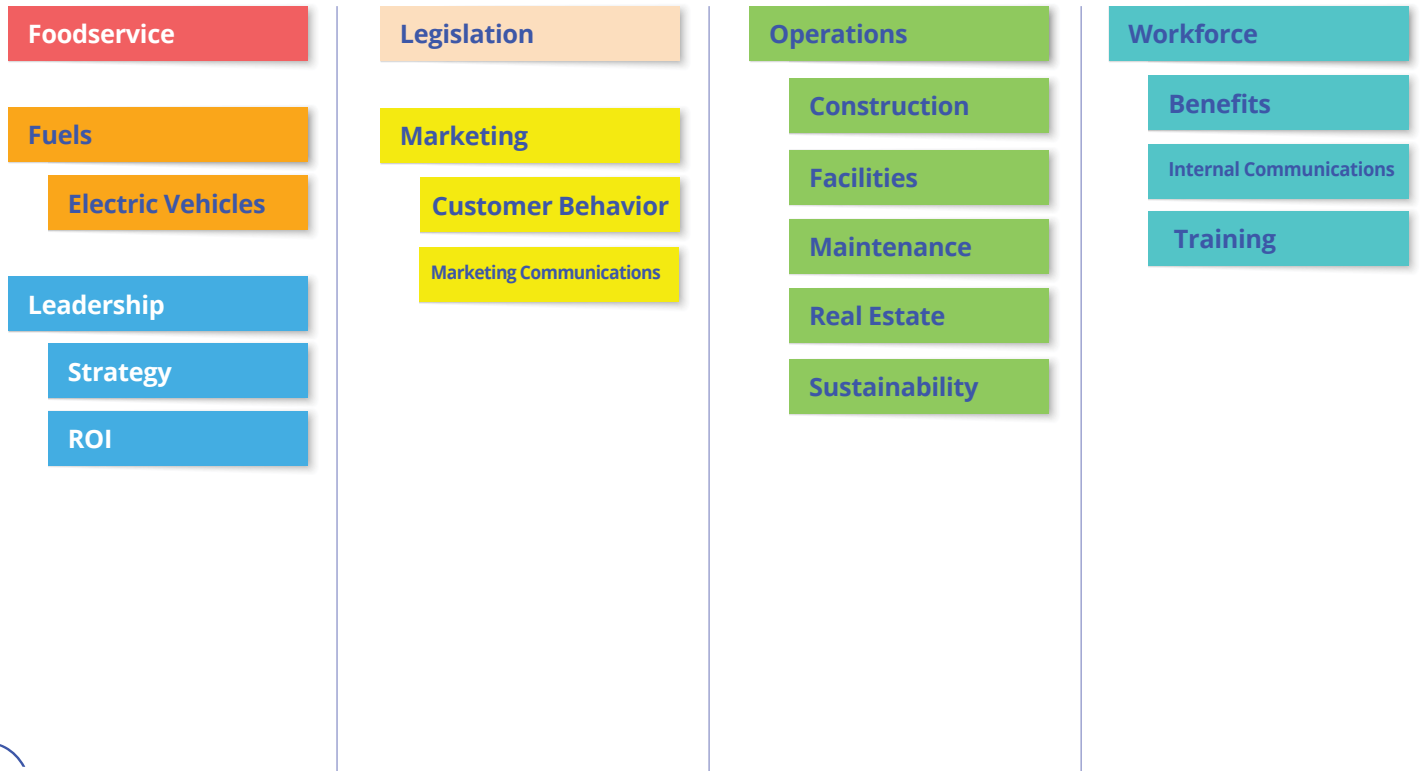
Discussing Sustainability in
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Agenda

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| 21 | Lightning Round |
| 27 | The Presentation |
| 40 | The Discussion |
| 54 | Closing Thoughts |

Topic Reference Key

CLVG's mission is to increase the institutional knowledge of the retail industry by sharing ideas and perspectives. For your convenience, we have placed topic indicators throughout the dialogue. Below is a key to the list of topics.



CLVG Views

In The Room With CLVG

Discussing Sustainability in
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Defined Terms

There are several terms and acronyms used throughout the presentation. When each term is used for the first time in the presentation, there will be an asterisk (*) next to it.

ASTM Standards: formerly known as American Society for Testing and Materials, is an international standards organization that develops and publishes voluntary consensus technical standards for a wide range of materials, products, systems, and services.

Brise soleil: an architectural feature of a building that reduces heat gain within that building by deflecting sunlight.

CALGreen: In California, the purpose is to improve public health, safety, and general welfare through enhanced design and construction of buildings using concepts which reduce negative impacts and promote those principles which have a positive environmental impact and encourage sustainable construction practices.

Cladding: the application of one material over another to provide a skin or layer. In construction cladding is used to provide a degree of thermal insulation and weather resistance, and to improve the appearance of buildings.

Commissioning: a systematic process of ensuring that a building performs in accordance with the design intent, contract documents, and the owner's operational needs.

Cut and Fill: a construction technique used to modify the topography of a site by excavating material from one location (cut) and using it to fill another location (fill) to create a level surface or desired slope for various construction activities.

Embodied Carbon: also known as greenhouse gas (GHG) emissions, refers to the amount of GHG emissions associated with upstream stages of a product's lifecycle, such as extractions, production, transport, and manufacturing. Conversely, operational carbon refers to the emissions associated with energy used to operate the building or in the production of the infrastructure, including heating, hot water, cooling, lightings systems, etc.

ENERGY STAR: a label from the Department of Energy (DOE) and Environmental Protection Agency (EPA) that identifies buildings that are energy efficient and cost-effective.

Fenestration: the arrangement, proportioning, and design of windows and doors on the elevations of a building.

International Energy Conservation Code (IECC): building code created by the International Code Council in 2000. It is a model code adopted by many states and municipal governments in the United States for the establishment of minimum design and construction requirements for energy efficiency. The code is updated every 3 years, to provide an ongoing standard of best practices for energy efficiency.

International Existing Building Code (IEBC): This code covers repair, alteration, addition and change of occupancy for existing buildings, and historic buildings, while achieving appropriate levels of safety without requiring full compliance with the new construction requirements contained in the other I-codes.

LEED (Leadership in Energy and Environmental Design): the world's most widely used green building rating system. LEED certification, awarded by the U.S. Green Building Council, provides a framework for healthy, highly efficient, and cost-saving green buildings, which offer environmental, social and governance benefits.

Passive House: a sustainable certification like LEED, a performance-based green building certification that focuses on limiting total energy use and increasing the interior air quality of buildings.

R-value/U-value: R-value is a product's resistance to heat flow which means that the higher the R-value, the better it is at insulating the home and improving energy efficiency. U-value measures the rate of heat transfer which means that products with a lower U-value will be more energy efficient.

WELL Building Standard: a roadmap for creating and certifying spaces that advance human health and well-being.

ZIP System: new approach to building enclosures that offers durable structural performance and moisture and air protection in an easy-to-install sheathing system.

Welcome, Introductions, Meeting Rules



Myra Kressner

Hello, everyone. I am Myra Kressner, and on behalf of my fellow CLVG co-founders, Eva Strasburger and Roy Strasburger, welcome to the sixth CLVG meeting since we started in November of 2022.

So here are some brief housekeeping reminders as we get started. We're going to put up that antitrust screenshot. This screenshot [antitrust statement is shown on the screen] reminds every one of the antitrust statement and publication acknowledgement that every member and meeting participant has signed.

We are recording this discussion.

A few other reminders. Everyone, please use your camera and keep it on as much as possible. Conversely, please keep your audio on mute unless you're speaking, so we're not bothered by ambient noise. Please use the raise hand icon or just raise your hand for conversation flow unless members are clearly in a back-and-forth discussion.

If you do need to leave the meeting for any reason, you can either write a note in chat or just leave and return when you are able. Since we want frank and diverse discussion, if anyone wants to make an off-the-record comment, just let us know that what you are about to say or have said is off the record.

So, with this meeting's agenda, we're going to change things up just a little bit. We've decided to add a very quick "Lightning Round" that we've done with some other Vision Group meetings that has worked very well. This Lightning Round will be to ask our members here for any updates from last January's meeting where we discussed the CCRRC (Coca-Cola Retailer Research Council) report on making the convenience industry an employer of choice.

If you would share just real briefly if you've taken any action, if there's internal feedback from it, any additional insights from NACS Leadership presentation.

Then after the Lightning Round, we'll have about an hour, maybe a little bit more, to discuss sustainability, which is a topic that was raised by several members at past meetings as a subject that you all would like to discuss, especially since many are building and/or acquiring new sites.

So, James Owens and Aksel Solberg with HFA, who are highly recommended, will lead this discussion on engineering, design, building materials, water reclamation, operational cost savings, packaging products, alternative fuels, as well as communication to external and internal customers. James and Aksel will top line these topics for us for about 20 minutes, after which we'll have a robust and interactive discussion.

We will begin this meeting just with an update on our new members and members that are leaving in 2024. We are delighted that Tony Miller, who's with us, as well as Lisa Dell Alba (Square One Markets) and Darren Rebelez (Casey's) have joined CLVG this year. Unfortunately, Darren and Lisa couldn't make this meeting, but we will ask you, Tony, to introduce yourself in just a couple of minutes.

We also do very much thank our inaugural members from our very first meeting that helped get us get started -- Henry Armour, Varish Goyal, and Liz Williams -- who have left the group due to other commitments.

Today we've got some folks who do send their regrets for this meeting -- Drayton McLane, Annie St. Romain Gauthier, JP Patel, Greg Parker, Donna Sanker, Joe Sheetz, and Barbara Stoyko, who either had something come up that they couldn't reschedule or are on a plane.

So, just briefly, though, before we proceed today, we will ask Tony to introduce himself. Again, Eva, Roy, and I thank you all for helping the Vision Group Network to fulfill our mission and our goal to "share today to shape tomorrow", which reflects our mission to be an information resource for industry leaders to share their insights, challenges, and solutions guided by the premise that "a rising tide lifts all boats". So, we thank you for making your commitment and sharing with the rest of the industry.

Last point, NYACS, the New York Association of Convenience Stores, has asked VGN to lead a panel on tech and AI at their annual conference and trade show next month. We will be sharing key insights from several CLVG and CTVG Vision Reports.

Let's get started and we'll kick off this meeting with Tony Miller, president of Delek USA. Would you please take a few minutes to introduce yourself and your company?

Yes. Well, thank you, Myra. I want to thank you, guys. It's a pleasure to join you. I'm very interested in this process and seeing what I can learn along the way.



Tony Miller

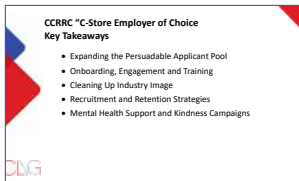
I'm president of Delek Retail. We're a subsidiary of Delek US, which is an integrated midstream/downstream company. I've been in the industry for 25 years, know many of you guys. I started off cutting my teeth with Thornton Oil out of Louisville, Kentucky. Prior to that I spent 17 years with the Coca-Cola Company.

I have been in retail on one side of the table or the other since I was 16 years old. It's all I know. So, again, thank you for welcoming me aboard and I look forward to learning from you.

Lightning Round

Workforce

Myra Kressner



Fouad El-Nemr

Myra Kressner

It's great. Thank you. Let's just do the Lightning Round real quick. Just to remind everyone, this slide shows key takeaways from the Coca-Cola Retail Research Council presentation that Michael Sansolo made at our meeting in January on how the convenience channel can be an **employer of choice**. Some of the things that we talked about were expanding the persuadable applicant pool, onboarding, engagement, and training, cleaning up the industry image, recruitment and retention strategies, as well as mental health support and kindness campaigns.

I'll just ask some of the folks that were on that call and are with us here today to comment. Fouad, do you mind if I ask you? The last time you talked about Nouria's feedback strategies. Is there anything to add about this or other strategies that were talked about in that meeting from the research?

So I know on the retail side, where Joe Hamza runs the retail operations side of the business, and then with HR too, we're still developing different kinds of internal programs and expanding from there. But, also, we're working with NACS right now and MIT. We're implementing that NACS program that they're doing. (The program referenced is the NACS Innovation Leadership Program at MIT designed to be relevant, engaging and useful to senior level executives who are interested in driving innovation across their firms.) We're doing that currently right now. But other than that, there's nothing been additional so far, just from everything being in the works in the short time period from January to now.

Okay. That's good. Perfect. Thank you. Mark, you talked last time about clarifying Dash In's shift duties. Anything to add to that, or changes, anything since we discussed it in January?

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Mark Samuels

Workforce

Yes. I think, overall, it was a good reminder as to **what's important to employees**, what's important to bring people on that makes them feel welcomed and actually be a place that attracts new talent. I think every individual company is going to have to find out what in particular is important to them and what they can do.

I'm pleased to report, we've just been Great Place to Work Certified for now the second year in a row, and our store associates ranked us as an 87% positive on that, which was actually 2% higher than our corporate office, which is kind of unheard of. So it means that I think we're on the right track, clarifying roles, having supportive store leadership, being able to pay a competitive wage and offer retirement savings and things that support the person in addition to supporting them at work.

We're looking at all these different ways of doing that. Michael's presentation was a great reminder of all the different things that are possible and what we can be doing.

Myra Kressner



Hal Adams

Thank you. Hal, I think you were driving somewhere and you had to drop off during the last meeting, but anything that you would want to share about this research?

Yes, absolutely. Thanks, Myra. First of all, I would say that I fully support and endorse the work that the Coca-Cola/NACS Retail Leadership Council does. Anybody that hasn't been through the process -- and I had the opportunity to serve on that committee for three years, and the past two as chairman -- anyone that's not aware of the rigor and the detail that goes on during that process shouldn't doubt the quality of the work that those councils put out. It's free for the industry, available on the CCRRC website, and I highly recommend using those materials.

When I was listening to Michael speak about the work that he did on this topic, it reminded me of a seminar, an in-depth seminar, that took place about three years ago surrounding creating an **employee value proposition** for your company. For years, we've all had consumer value propositions on what are we trying to provide our consumer? Who is our target consumer? What are the advantages that we have over our competition for a particular dollar share in our market?

We've spent a lot of time and effort developing plans around that CVP or the consumer value proposition. But up until then, I hadn't really thought about putting as much effort and time into creating an employee value proposition of what type of employee did we want to attract? How were we going to attract them? What was important to them? How would we endear ourselves to that pool of people so that not only could we recruit them, but we could retain them and they could grow with us?

Workforce

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Strategy

Myra Kressner



Scott Hartman

Strategy

Benefits

Myra Kressner

This is where I think Mark was heading, is **focusing on the employee and the human resource piece** of the business just as seriously as we focus on the dollar share from the consumer, not only helps save money, but creates a better customer experience, but also an employee experience that will reflect on all of our business.

So I was very excited about the presentation and I wish I could have shared those thoughts at that time. But thank you for letting me share them now.

Thank you. Scott, I was going to ask you, even though you were not in that meeting, do you have anything you'd like to add to the discussion or what Rutter's is doing? Have you seen the research or just, otherwise, what your organization is doing in this regard?

Sure. At Rutter's, we've been focused on trying to understand **how to have the best teams** out there in the stores for quite some time. Honestly, we get to some golden rules, which is it **starts with the manager** of a store. They make all the difference. And so, if you have a bad manager, you've got a lousy job. That's a way to sum it up.

So we make heavy **investment in our management team**. They get paid top dollar. They manage large stores, large staffs, but they get compensated very well. We train a lot with them about how to manage a team.

And so, I always say retail, there's a million lousy jobs out there. The people who are looking for a job are looking for the good ones. If you can position yourself that you've got a great manager it shows in your store, the customers know that. They see a well-run store and a poorly run store very quickly.

So we have our managers that drive it, and then we try to make sure that we drive the wages strongly, **wage and benefits**, for our team members too -- at \$18 an hour starting wage, a lot of people over \$20 an hour in our company.

It is about delivering ultimately the service to the customer that makes them come back. Again, just summary-wise, it starts with the manager. It goes down to assistant managers who were in those roles and obviously want to get promoted. And so, we promote from within as well.

It's a cyclical thing, and we do it consistently. It does show in our stores and cleanliness and Mystery Shops and things that go with it. So that's our little secret sauce. Is that good?

Yes. Well, thank you, Scott. I know you've got that secret sauce, but I will say, and others can chime in, or, Tony, if you want to -- because I'm going to hand this over to you in a minute. But it's been consistent in many of our discussions about the

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manager and how important that store manager and region manager, but particularly the store manager, is. It does make all of the difference. So thank you for pointing that out.

Tony, do you mind if I put you on the spot a little bit. I don't know if you saw that research, but to the point about how can the convenience industry be an employer of choice. There were some unique aspects to it.

I mean one of the points that even came up in the meeting was that some folks need transportation. So some of this is also thinking out of the box in some untraditional ways, but I'll now hand it over to you with all of the experience that you have.

Internal Communications

Tony Miller

Well, I think the timing's perfect because I just hung up from a Teams meeting prior to joining this one, and it was on our **engagement survey scores** that we had with the company and our plans around our engagement scores. We're very happy with what our employees are telling us. What I would say, management level and above, store management level and above, we scored very high. Very high. We were very, very pleased with our engagement scores.

When you get down below the managers, we were good, but we were more at an industry average type of number. And so, the meeting that I just left was what's our action plan? Now we hear what the employees are telling us and what's our action plan?

It goes back to a lot of the things that we all know, and let's just start off with communication. Depending on the level of employee inside the company, they don't feel like we're **engaging with them** enough from a communication perspective. So **how can we enhance that communication?**

In our case, we have 250 stores spread across a large area of Texas and New Mexico, and it's really difficult to get out there with them every day. And so, you're really counting on those frontline leaders to be those people. But yet at the same time, we have an obligation. Myself, some of my direct reports, we still have an obligation.

We're starting up things such as **podcasts** to communicate the latest things that are going on. We're just now finishing up a re-imaging initiative in part of our market. We want to do a good job of getting at that, socializing that across our company. But how can we improve that communication level all the way from, let's call it, me all the way down to that store level? We do a really effective job halfway throughout the organization, not as good on the second half. So we've got to continue to focus on that.

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The other thing that was loud and clear on our engagement survey was **rewards and recognition**. We sit up here in the oval office, so to speak, and think that we do a great job on rewards and recognition, but our employees tell us we don't. So how can we do a better job of that?

I think where we fall short is communicating everything that we do, because we do a lot of cool stuff. But do we do an effective job of communicating out what's going on?

Career development was another key point. One of the conversations that we had is we don't do an effective job of talking about all of the **career advancements** that people made inside of our company. It's good to talk about your career management framework and you've got a plan, but when people actually see peers in different stores, different markets getting promoted up throughout the organization, that's when it really pays out.

By and large, the majority of the people in our organization have grown organically in the industry. I don't want to say all within our company because we're relatively new. We acquired Alon six years ago, but have grown up organically inside the industry, from store levels to district managers, et cetera.

We've got to do a better job of communicating that, letting people know there is a career in retail and we're not just a bridge position for someone until their next job, and to start looking at it as a career. We've got a long way to go as a company, but we're learning, and **learning from listening** to our employees and what's important to our employees.

Good. Yes, good. Thank you, Tony. Thanks for sharing that. Roy, Eva, anything that you'd like to add to this discussion before we hand it over?

I was just going to say I'd like to hear some of the cool things that Tony referenced. He said, "We're doing lots of cool things." Tony, do you mind sharing some of them?

When you're saying cool things, could you clarify that a little bit?

You were saying on the loyalty and the recognition for your employees, you're doing some really cool things and they don't know about them.

Yes. It's not that they don't know about them. We don't do a good enough job socializing it and celebrating it. We have our core values from our company perspective. It's really important to us, our core values. And so, we started up a Core Value Pin Program years ago and I'll just use safety as one of our core values.

Internal Communications



Myra Kressner

Eva Strasburger

Tony Miller

Eva Strasburger

Tony Miller

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Myra Kressner

Roy Strasburger

Myra Kressner

Every time we go into a store—and it's not just me, district managers and above going into a store -- and you see the employee going above and beyond on safety. Not just doing their job but going above and beyond. We immediately recognize them with what we call Core Value Pin. That's on the lapel and they put it on their lanyard. And so, you go into our stores and you see people that have 15, 20 of these pins.

When we first started this four or five years ago, we did a really, really good job of posting a lot of that in the newsletter, and we got away from it. So we need to do a **better job of communicating where people have done a really good job** and where we've recognized them. It goes a long way because when you go into a store and you see an associate that has 15 pins on their lapel and you ask them about it, you'd be amazed the amount of pride they take.

Now whether it's from me or just say Brian Veasman our VP of ops, we may not think a lot about it, but that store associate, if Brian Veasman pinned their lapel, they're going home telling that story and that means a lot to them.

Yes. Thanks, Tony. Roy, anything that you would like to add?

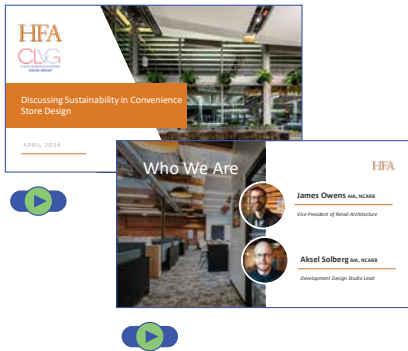
First of all, Tony, welcome to the group. Glad to have you. The only thing I'd add is that since we've had our discussion, the topic seems to keep coming up in the media and the industry press. Labor really is a major issue -- keeping people, attracting people, and making sure they feel part of the team. So I think it was a very timely conversation and very relevant.

Yes. Well, thanks everyone for that Lightning Round. And so, now we'll get on to talk sustainability. So it is a pleasure to introduce James Owens and Aksel Solberg with HFA. We're going to ask James and Aksel to present for about 20 minutes. So please jot down any questions or comments so that we can have our discussion after they complete their presentation.

The Presentation



James Owens



Aksel Solberg

Aksel is going to share. I'll just start us off and say thank you, Myra and Eva and Roy, for allowing us to present here today. It's an amazing organization. We all have small circles and we just happened to come across each other through mutual colleagues. But we're really excited and honored to be in front of this group and audience today. So we've learned a great deal about this organization and hope to continue the discussions beyond today.

Like Myra said, it makes sense to just have people hold their questions into the end, and Aksel and I will go through this relatively quickly. Then we'll start the discussion.

I'm James Owens. I'm an architect and vice president here at HFA. I'm actually broadcasting from lovely Alpine, Texas, but I live and reside in the northeast, just west of Boston. So I've got 20 years of architectural experience, 15 of the last have been in retail. The last 10 have really been in specifically supporting a lot of your colleagues and counterparts in the convenience and petroleum market.

I've had the fortunate pleasure of speaking about sustainability internationally at some conferences. I've also authored a lot of white papers and different articles in some of the industry publications.

I've got the fortunate pleasure with me today to have Aksel Solberg, who's a colleague and friend. I'll let him give his introduction.

Yes. Thanks, Jim. So my name is Aksel. I've been an architect now for 17 years. Jim and I first started working together a little over 12 years ago now. So we've been at this for a while.

I've dabbled in the retail side of things with Jim, but I have spent the most of my time in the real estate development sector working with landlords, municipal entities, developers, lots of major-scale master planning and things like that for planned developments into which c-stores are often a critical part of the tenant mix. And so, I've had a lot of experience working with energy codes, sustainability reviews by municipalities, talking with local governmental officials, and also working with the International Code Council in the development of the 2021 IEBC* (International Existing Building Code). And also, I've become pretty well-versed in the Massachusetts Stretch Energy Code, which for those of us who are based in this area, is

** term explained in Defined Terms list on page 18*

James Owens



Sustainability

Customer Behavior



Strategy

really life-consuming and a little bit daunting to deal with since it was rolled out last year. But it is just the tip of the iceberg and it's actually becoming the way that most codes are going in the future. So anyway, without further ado, I think we'll get into the meat and bones of the presentation here.

Yes. And just real briefly, a little bit about HFA. So we are an architectural and engineering firm. We've been around for about 30 years. We have in-house architects, engineers, mechanical, plumbing, structural fueling, permitters, commissioning* agents, really that full turnkey service for our clients. So I mentioned I actually lead and support a group of individuals that primarily focus on convenience and petroleum. We work with a lot of national and regional brands. In addition to supporting the retail sector at HFA here, we also support, as Aksel mentioned, real estate developers, hospitality, entertainment, logistics, healthcare. We actually pride ourselves in leading our clients to fulfill their vision by building lasting relationships. We've got four physical offices. Boston is where Aksel and I actually work out of. We've got an office in Dallas/Fort Worth, Mexico City, and our headquarters is in Bentonville, Arkansas. So we're about 375 individuals, and we actually have a lot of remote staff that work across 35 states, so that gives us our regional presence. And then we're licensed in all 50 states, so that gives us our national presence.

When we were starting the talk about the topic with the CLVG group, they shared an article that was published in 2020. I think it was actually shared by Kevin Smartt from Texas Born. He reshared this article with the group and we took a look at it. This was not something that was prepared by HFA, but it was really a really strong document with good information. Again, this one was published by the Coca-Cola Retailing Research Council. And it documented three types of consumers, all placing a different level of importance within their **sustainability journey**. So there were the consumers who were just at the beginning stages and trying to understand what that meant, and then it outlined the far extreme consumers who were a little bit more focused-minded. So that was a great analysis about those **different consumers**.

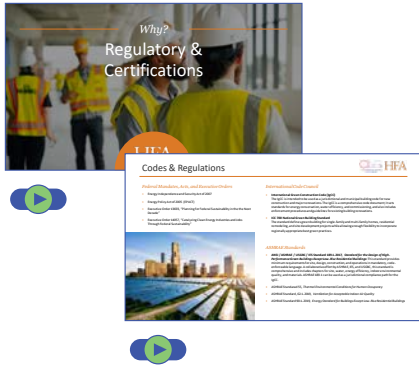
And really, the conclusion of the study summarized that customers are really likely to have their purchase decisions swayed by their chosen convenience store's level of sustainability, so that was interesting to read. And we all know that consumers and customers are connected to their local convenience stores in a deeply personal and passionate way through community engagement and sustainable options are vital to just continuing for them to shop and spend and stay on as a consumer.

One of the graphics in the presentation highlighted this roadmap, and it was that no two retailers' journey on sustainability was the same. So it really did a good risk assessment, **strategizing the different ways to go**, whether it's on the very

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Legislation

Sustainability



simple low-end entry into the sustainability market, and the other extreme being more robust initiatives that you could take. So being that Aksel and I are on the architectural side, and really, our background is focused on building the physical environment, our discussion and talking points are really going to be focused around that. We will spend a little bit talking about some **sustainability initiatives**, but what we're talking about are **physical changes** that you can take to either an existing store or a new store and how that may impact your environmental footprint.

Okay, so before we really talk about some initiatives and strategies, Aksel started to dive into it a little bit about just the regulatory side of things, and we just want to take a moment and talk about how we got here and what that looks like. And sustainability is not a trend, but it's really a strategic imperative and an opportunity for leadership to show innovation. It's been interesting to watch over my 20-year career how the codes have really evolved, and certainly **legislation has a huge impact**. They really dictate what is code minimum. There's federal and state mandates that are in place, and it's really not a matter of when to comply. It's once these legislative acts are passed, it's like, well, you have to comply. So we see a lot of states leading the way in the sustainability initiatives. You've got more forward-leading states like California with CALGreen*. You've got a lot of municipalities in the Northeast and Aksel mentioned here in Massachusetts.

We've adopted a **base minimum code**, which is the national code. That's the International Energy Conservation Code (IECC)*. And then each municipality then has an opportunity to adapt something a little bit more stringent. They can get together at a city level or a town level and enact voting more strategic legislation. And that's great, but it just is adding that much more complexity to what is the minimum that you have to do. Ultimately, what we see is as these forward progressing states enact legislation, eventually that becomes the base minimum around the country. So things that were done 10 years ago that were forward-thinking are really the norm today, and that's just going to continue to always move that target. That bar is always being reset. And so things that we're doing today that's above and beyond code minimum, in five, 10 years, even less, it's going to be just again, the bare minimum that you have to do.

Certainly, on the regulatory side, those aren't really options. You have to do these things to create sustainability within your remodel or new construction program. There are some **options** out there that retailers are looking at to take their sustainability to the next level, which are above and beyond. And this can be achieved through a multitude of **certification programs**. Some of them are listed here. Many of you may have already been or are familiar with these. Actually, these certification programs provide an avenue for retailers to be recognized for their sustainability efforts by providing verification that specific design and construction elements were implemented. So it not only becomes

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a marketing tool to support the brand, but it also becomes an education tool to help inform the consumer and their employees.

And so while each program is a little bit different, they all primarily focus on improving the user comfort while also reducing the impact on the overall environment. And I should say that these are not just simple, “Hey, you do one thing and all of a sudden you’re certified.” It’s really a program that’s outlined and there are several steps and several paths that need to be upheld.

Aksel Solberg

And something interesting about these, too, is that some of these code certification processes are now **getting gradually adopted by the base building code**. So it’s likely that within the next 10 years, all of the things that we’re used to seeing as going above and beyond a LEED*-certified process are just going to be required across the board. In Massachusetts, the Stretch Energy Code that we’re dealing with here gives you a litany of processes you can go through to certify your project as compliant with the Stretch Code, or they just tell you follow the Stretch Code because in 10 years that’s going to be our code anyway. This is just the tip of the iceberg.

James Owens:

Yes. And all these certification programs, again, they’re all very similar, each one placing a different emphasis on a certain initiative. Ultimately, they’re looking to improve the overall health for customers, employees, looking at cost savings for energy consumption. They’re looking at one’s responsibility to the environment, the value that your project is going to bring, and then ultimately loyalty and brand awareness. So that’s all what these certification programs are looking to do.

And this is just a slide illustrating one particular sustainability program. It happens to be **LEED**, which stands for Leadership in Energy and Environmental Design, and that’s been around since the nineties. And again, this particular certification, LEED, is not just limited to the United States, it’s actually internationally recognized and used on projects around the world. It has four levels of certification, certified, silver, gold, and then platinum being the most recognized as highly sustainable.

And then there’s one in particular certification path within the LEED program that is really geared specifically towards retail projects, because I think retail in general is a little bit more unique than, say, a municipal or educational project type. And certainly, the certification programs acknowledge that and create paths to achieve those requirements.

And not to add confusion. We’re talking a lot about the different programs that are out there, but then there’s also **green products**. And so as I mentioned, when you look at a certification program, there are several steps that you need to do



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Aksel Solberg



Construction



James Owens

and implement. It's not just one thing. On the product side, those are individual products that have been certified by a third-party vendor to really show a compliance against a measured standard. And I'm sure many of you are familiar with these. One of the more common ones is ENERGY STAR*. That's a rating system, a certification that you may see on an appliance or on a piece of equipment to identify the energy savings on a particular piece of equipment.

Then you've got some other newer certifications coming onto the market like **Declare**, which is essentially a nutrition label on a product which summarizes everything that is used in the making of that material, whether it's good or bad, it just spells it out. So again, these are all just ways to look at a product's individual sustainability, environmental impact.

And we're going to talk about now on the outside of the building. Just how some of these different products, different approaches may apply to your specific building. So with that, I'll let Aksel talk. We're going to work our way outside the building and then work towards the inside.

There's a lot to absorb here. This is going to be a crash course in all of the aspects of **site building design**. There's going to be a lot of things that we'll talk on here at a bird's eye level. But a good way to think about it is the same way all projects start at the site, **sustainability starts at the site**. And one of the most impactful ways that you can start that journey of a sustainable approach to a project is in how you configure the site. Where do you lay out the building? What's the solar orientation? Where is your window primary fenestration* area facing? Is it south? Is it east? How does it align with the solar path in the winter and summer months? Cut and fill* on a site are huge in impacting factors on how sustainable a project is because a lot of sustainability comes from this concept of embodied carbon*.

And so when we're talking about sustainability, we're not just talking about whether the products are green or the landscaping is using locally grown species, native species. We're talking about the amount of energy used in transporting products to the site, how much energy is used in excavation, how much energy is used in the production of the materials going into the site. So there's a litany of things that go into this, and a lot of it really does start at that first drafting table exercise when you're laying out the site. So we can talk about that more, but we'll keep going here through various elements.

Yes. And I think what Aksel and I are trying to do is just highlight for discussion ways that you can start to think about how you can make your project or program sustainable. Again, it's probably a combination of many things to make the overall program sustainable, but we're also trying to show some tangible, some very simple things, versus something that's so



Aksel Solberg

Construction

conceptual that you're like, "Oh, I'm never going to implement that. Where can I start?" And so that was one of the focuses for pulling this presentation together is where can I start? Give me something small that I can start to do to work towards a more sustainable approach. So, **cool roofs**. Everybody has roofs, and that's a great place to look at reducing overall energy consumption. So something as simple as changing the color of your roofing material, so going from a darker tone color to a white, is going to have a pretty immediate impact on your overall energy consumption, because now you're reflecting the sunlight versus absorbing that.

I think we've all experienced that when we've gotten into a hot car and sitting on a black leather seat on a summer day versus sitting on a lighter colored fabric or leather. I will point out that there are still ways and there's still an appropriate time to use darker color roofs. Again, I think every strategy that gets looked at needs to be evaluated when it makes sense. White reflective roofs are great in those southern and temperate climates, but when you get up north, it may not be the best choice. So we deal with a lot of clients that in the Northeast are subject to snow, snow drifts, a lot of snow loads. They've got pitched roofs with carved-out roof wells. So having black roofs to absorb that sunlight actually makes sense because the snow melts quicker and it actually serves as an opportunity to warm up the building in those cooler months. So again, everything's got to be looked at. It's not to say, "Yep, just do this and you're good." I'll let Aksel talk about some other cladding* materials.

And similar to the way roofs are put together, the R-value or U-value*, whichever method you're going to use, every piece of the project that comes into the building has a natural **insulation value**, so that's something that all of the energy codes are raising the bar on consistently throughout the years as time progresses. So even something like stone does have an inherent R-value, although here it's probably about as minuscule as you can get, at the top of the chart, 0.01. But when we're designing buildings now and we're forced to comply with these higher levels of insulation required by the building code, the whole reason for that is because we're talking about the full life cycle of a project. So we're talking about after the building is completed, how much energy are you spending each year to operate that building? And if the building is tighter with greater insulation, then you're leaking less energy and your building is that much more efficient.

So when we're talking about wall assemblies and figuring out details, we're exploring **products** that are just coming onto the market now, which combine a lot of aspects of things that we would previously have thought of as just being separated amongst different products. So like **insulated siding, vinyl siding, or fiber cement siding** that have integral insulation behind what you see on the outside. These are products which are now becoming more widely available and cost

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competitive. And they also eliminate time in the field, so if you can combine a lot of products together into one material, one system that goes into the building, you've just eliminated multiple passes around the building by the subcontractor trades in the field, and you've reduced the amount of energy needed to construct the building. So the concepts are pretty broad.

James Owens



And Aksel's right. There's a lot of new products on the market. Some of them have actually been around for close to a decade. Fiber cement, 10 years ago you would've scratched your head and said, "Well, what the heck is that?" But it's becoming a little bit more commonplace. And I think as more and more people start using it, I'm sure many of you have probably seen that or seen this product or used it on your own maybe home or residential application, they are becoming a little bit more available. They are becoming a little bit more time-tested. So **fiber cement** is made of some recycled content. It is a combination of sand cement and cellulose fibers. These materials, they're still traditionally installed, which is great, so you can have those same kinds of carpenters that you were using install these products because they're easy to cut, they're easy to manipulate in the field to achieve the look at you're striving for.



Aksel Solberg

Construction

And nowadays, they're coming out with just so many more various colors, textures, prints than they were a few years ago. So a lot of different design options, which is great. But again, we're not suggesting that, oh, you use this on your building, all of a sudden you're green and sustainable. It's just simple things that you may not have been thinking about we're trying to highlight to say, "Oh geez, here's an avenue for me to start to change and alter my sustainable footprint."



James Owens

Yes, and something else that achieves that wood-simulated appearance. Fiber cement does a great job at doing that, but **aluminum** materials and products are now becoming very popular and easy to work with as well, and they have that integral installation to them. And some of the patterns and textures that some of these product manufacturers are able to achieve are very convincing. You don't even realize that it's not wood if you're standing five feet away from the building. You really have to get up close to see the granularity of the print that was put onto it. But integrally colored all the way through, insulated, very low-maintenance, long-lasting, and aluminum is a highly recyclable material, so lots of sustainability benefits to using aluminum materials as well.

Yes. And the technology has really come a long way too, to create those natural looks that we're trying to achieve. Certainly, we have a lot of clients where some of these materials that we've highlighted are a little bit more sleek and modern. We've got a lot of clients that want to stick with what they know in that true traditional sense of, "Hey, look, my building's going

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Aksel Solberg



James Owens

to be brick.” And that’s fine, that’s great. When you’re looking at products, it’s important to not just look at the product and say, “Oh yeah, it’s got good recycled content, or it’s highly sustainable.” It’s also, as Aksel mentioned, looking at the totality of how that material impacts your project, as well as the environment.

So again, looking at **locally sourced materials** so that if you’re doing a project on the East Coast, you don’t want to be importing, or it’s going to be highly unsustainable to be importing these green products onto a site location that’s on the other side of the coast. Transportation costs, all those embodied energies that Aksel was talking about, really come into play. When there’s the opportunity to look at reusing materials that are locally sourced, great. It may not seem intuitive to use local materials, but in fact that’s **good for the economy and that’s really supporting the community**. And in my mind, and I think a lot of people’s minds, that’s sustainable. That’s what we’re talking about, beyond just the energy consumption of your building, is just looking at the overall building impact on the environment. Go ahead. Aksel, you can talk about glazing.

Most people don’t think of **glazing** as a sustainable material. It’s been around forever. It’s just glass and aluminum. But what does make using glass to contribute to sustainability is that it really does start at the site, and orienting the building the right way and utilizing the solar heat gain that you naturally get from south-facing windows to actually provide heat to the building in the winter minimizes the systems that you need to heat and cool the building in the winter. And if you use effective Brise Soleil* shading devices cleverly enough, you can also reduce the cooling load on the inside of your building in the summer. And so you can actually, through very **clever orientations** at the building, energy studies, daylight studies, ensure that your windows are actually helping to improve the energy efficiency of your building rather than just being seen as a leaky part of the building where you’re losing heat and energy.

And with the current products on the market, storefronts and curtain walls, the thermally broken systems that are out there are very high-performing, and the energy code is pushing us too. Double-paned glazing has been the standard for a long time, but it’s eventually going to become pretty standard that triple-paned glazing is actually the way to go. And so most manufacturers are now trying to find a way of doing that in an affordable way so that it becomes competitive with the pricing of traditional double-paned storefronts and curtain walls.

Yes. And this next slide, again, it’s reiterating with Aksel was saying. A lot of retailers, both convenience and non-convenience, are using these strategies. Is it a trend? Not really. I think it’s smart building design, smart building approach. It only becomes a trend when it’s just applied haphazardly and not really thought about. So Aksel mentioned orientation

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Myra Kressner

Aksel Solberg



James Owens

plays a big part. To throw a louvred siding elements on a north-facing facade doesn't make a lot of sense. You really want to put it where it needs to be. Builders, owners, retailers are becoming a lot more conscious of **how these elements can improve their overall building design, energy consumption, and overall aesthetic**. And I think they look great. I think it's really pushing the envelope on what we think stores need to look like. So go ahead, Aksel.

and they're not just flashy things that look nice to the people who are walking under them. They really do have a noticeable, significant impact on the energy performance of the building in the long term. And energy models have proven that for years now. Thermal insulation, too. I know we're probably running a little bit past our timeframe, so we'll try to blow through some of the last ones here quickly and get to the conversation.

That's okay, you're doing good, so let's just keep the pace.

So **thermal insulation, this is what the energy code is really all about**—thermal insulation and the air envelope around the building, making sure that it's really tight. The R-value requirements or the U-value requirements are only increasing with each passing iteration of the energy codes. And so **spray foam** is probably one of the more favored approaches these days, just given the performance of closed cell products. Now, the issue and the contentious topic with spray foam insulation is the use of petrochemicals in most of those brands that are out there. And while that does give you a very high-performing energy efficient insulation product, the process that is required to produce those and the byproducts from petrochemicals processes lead some to say that the spray foam is not one of the best products out there.

However, there are water-based spray foam products, which don't perform as well as the petrochemically-based ones, but they do give you the same essence of performance, which is they really do help form a seal between the cavities. And spray foam we're really looking at as becoming the new standard, because those traditional fiberglass bats, over time, start to sag. They're really held in place by friction and gravity. And a 20-year-old building, you could take off the drywall and you're going to see that over time, that insulation has started to shrink over time, and you're probably ending up with air gaps and leakage gaps in your building envelope. So spray foam holds its form, stays rigidly attached to the structure, and it performs very well.

Yes. And certainly, Aksel and I are probably over-highlighting a lot of design things to think about, but it really just emphasizes the point to talk with your design team, talk with your store design team, find out what they're implementing.

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Aksel Solberg



Real Estate

James Owens



But also talk with your construction design team as well as your construction partners because they also have an impact on the overall environmental impact. So there's **construction waste management procedures** that they can implement on a project to make sure that they're recycling, how are they removing job site waste, not just the demolition and unsuitable soils, but just normal packaging and things like that. So definitely there's a construction aspect to be considered here as well, that we're focused a lot on the design here, but it really is all the way through the store construction and then ultimately in operations. So go ahead, Aksel.

Air leakage. This goes hand in hand with the building insulation, the thermal insulation. So this is a pretty good image. I think we're all familiar with the ZIP system*. It's relatively affordable. Straightforward contractors know how to work with it. And you can see the tapes, all the seams between the panels. The energy codes now are requiring that these types of structures are now tested by an ASTM* (formerly known as American Society for Testing and Materials) standard air blower test to make sure that all potential areas of air leakage are found before the cladding is put up, so that's a new thing with the 2021 IEBC. And with the draft of the forthcoming 2024 IEBC, the thresholds at which you are required to conduct that testing are shrinking and eventually will just be eliminated. But air leakage, it's probably one of the biggest contributors to poor performing, energy inefficient buildings.

Making your footprint smaller. I think probably everybody on this call has had discussions about that tipping point as the stores grow in size so that you can hold more and more SKUs, more products, more offerings. There's that balancing act as when do construction costs get out of control and you need to scale it back, but also, scaling back **helps reduce your overall environmental impact**. So smaller buildings, obviously less costs, less energy consumption, less site acreage needed. That inevitably is a strong sustainability approach, to go smaller. It does pose some operational challenges. So now you're going to have to really take a look at what SKUs you do have in the store and your deliveries.

And so we've had a lot of our clients that had to go through that analysis because now they can't have as many offerings. They really need to be more controlling of those deliveries, and I think that's probably where some AI technology can come in and help control that a little better. SLIDE 25 So we're going to move inside the building here. SLIDE 26 [Facilities] I'll just talk about **lighting**. So I think most everybody is probably familiar with the different lighting types, and most of us these days are using LED in most of our projects and even in our personal spaces at home.

So the other thing about lighting that probably gets overlooked with regards to sustainability design is just the control aspect of it. So it's certainly a great **reduction in energy usage to have LED lighting**. We talked about the use of natural

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Aksel Solberg

daylight with that beautiful clear glazing and curtain wall, but then beyond that to implement some type of lighting control system that you can actually control the lights, the lighting levels, because this is retail, and we like those nice high foot candles, but that's probably not appropriate at all times during the day. So to implement a lighting control system that probably dims throughout the day, maybe there's some sensors on there, helps control those lighting levels. So daylighting controls that actually monitor the outdoor lighting levels and then kind of reduce it internally. So lots to do with lighting, lots of additional ways to save costs and integrate it into your building automation system. I'll let you take the next slide Aksel.

Yes, so **wood construction**. It's funny to think about this as something that contributes to sustainability, but this really comes into play when we're looking at the embodied carbon required to produce a project. So steel, there's a lot of heat, a lot of energy required to produce it, smelting operations, everything like that.

One of the things that was on the earlier slides for the sustainability certifications is a sustainably certified forestry program. And so through carefully selected forests, if you're working with a provider of mass timber, that's another term that you've probably all heard and are becoming familiar with, the wood harvested from those forests, they size them, they make sure that the wood harvested from it is harvested at a certain threshold so that it still allows for a sustainable regrowth of the forest. And so they size it pretty well and it's kind of gotten to a science, but it really does reduce the amount of energy used to produce that framing material and the ability to laminate beams together, create design pre-engineered wood trusses. It really does help reduce the weight of the building, the load in terms of energy.

It does put you into a different construction classification, but the way that the designs are these days, they are very long-lasting. You really don't have to worry about rot or insects that much anymore, especially with the latest and greatest building wraps and barriers that you can have on the exterior of the building.

And I'm just going to gloss over these last few here just to keep the pace. Again, just a lot of different products out there. **Hybrid** is becoming a lot more popular in the building systems that we see, so trying to achieve that. Maybe you can't afford or maybe a heavy timber look is not part of your sustainable building package because it's not readily available, but certainly there's these combinations of wood and steel that are a little bit more available and can be easily integrated into your current building design.

All these images that you see, you probably are familiar with them because they're different convenience stores and you can see how **everybody's taking a different tact with this sustainability approach**.



Construction

James Owens

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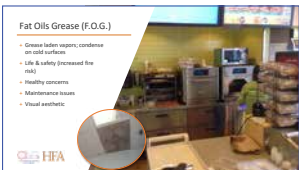
Facilities

Aksel Solber



James Owens

Foodservice



Aksel Solberg



Facilities



And **natural materials**, stone, porcelain, tiles, anything that's long-lasting and durable, reduces the amount of maintenance and the need to replace things over time. All of that is very simple, low hanging fruit that you can adopt into your building and your project design to at least help push the needle towards the sustainable side of the spectrum. And of course, if they're natural, i.e., not manufactured or synthetic, that again reduces the amount of carbon and energy needed to produce that material to begin with.

Yes, we're getting towards the tail end here. So I'll just say this slide probably looks familiar to a lot of people. You've seen these types of very condensed **cooking equipment**, heat to order, foodservice on site.

And why are we showing this? Why are we showing something that's probably more related to fats, oil, and greases and your board of health requirements? Because it's really talking about just that **indoor air quality** in the environment. So convenience stores, when they have those food service elements, they're producing a lot of grease-laden vapors, that if there's not a ventilation hood, or properly sized designed ventilation hood, all those grease-laden fumes are finding their way into the environment. They're condensing on those cold surfaces, and ultimately, they're impacting the overall indoor quality, which next slide, Aksel, I'll let you take that and what that means.

And that indoor air quality, LEED and Passive House* are really concerned with the energy efficiency of the building but there are other programs. WELL* is a pretty popular one nowadays that has to really do with the **interior environment** and the comfort of the people inhabiting that space.

And **indoor air quality contributes heavily to how compliant you are with those certifications**. And it also can contribute to your building's longevity and resilience to mold growth.

So if you have air on the inside that is laden with a high moisture content, you are taking an increased risk in mold accumulating in your walls over time. So with **good filtration systems**, good ventilations systems, you not only give the inhabitants of the space a greater level of comfort, but you also do improve the resilience of your building envelope over time. And we can accommodate this in many different ways, but it's an important one.

Commissioning, I'll take this last one. So building **commissioning is a post-construction process**, or a feather that you put in your cap when the building is almost finished, and it has been an option in the building code and the energy code for a long time.

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Sustainability

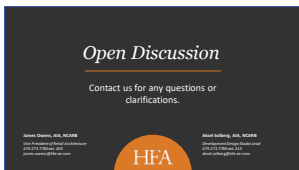
However, 2021 IECC now requires this for projects above a certain size threshold and within a certain use group. And that threshold, as with many other thresholds currently in the codes, are going to be reduced in size over the years ahead and eventually eliminated altogether.

And so commissioning really **ensures that your building systems are operating the way that they were designed and specified to**. And the reason this is given such importance by the code councils is because leaky buildings and inefficient buildings are a huge contributor to the greater climate issues that we're facing.

And so it's not uncommon that you have an architect and an engineer who work tirelessly to specify the best system for your space, and it goes into construction and then changes are made, things are value engineered, and then the systems are not performing the way that the building is spec'd. And if this is a LEED-certified project, now you have violated LEED's guidelines and your building can no longer be certified in the end. And so there's a lot of headaches that can be caused by equipment that isn't performing the way that it should.

And so this ensures that after the building is designed and completed, that the systems are tested, balanced, fine-tuned to be operating exactly within the bandwidths that they're supposed to. And on big projects that the commissioning team operates with the design team all the way throughout, energy modeling, verifying that the specs are being put together the right way, and that the contractor is aware of all of the protocols that need to be properly executed on to get compliance there.

That does bring us to the end of our gauntlet of sustainability topics, and a lot of information here. So Jim and I are happy to answer questions. I'm sure there's probably a lot of food for thought here that is going to take a while to digest.



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The Discussion

ROI

Myra Kressner

Thank you, James and Aksel, excellent presentation. You did say you had condensed a lot into the 20 minutes that we had asked, so I appreciate all that you've shared with us. Roy's raising his hand.

Roy Strasburger

Well, guys, thank you very much for the presentation. It's very, very interesting. Can you speak a little bit more about the economics of sustainability, because back in the day, "sustainable" meant really expensive. Is the economic case better now? By using possibly more expensive materials and designs are you getting a **payback over time** from your cost savings so that it actually makes economic sense, in addition to the feel good, environmentally aware, telling your story aspect of it?

Aksel Solberg

I can probably start to respond to that one. I think a lot of that view of sustainability as being expensive comes from the certification processes that most people have thought of up until recently as being required to consider yourself sustainable.

So a lot of projects that we're looking at nowadays, the clients want them to be designed so that they are LEED-certifiable, but they don't go through the process of filling out the paperwork, working with the USGBC (U.S. Green Building Council) and hiring the consultants and the verifiers to come in and check the boxes. So there are a lot of things that you can do, which we're probably already doing in many ways across many different projects, that are actually sustainable.

And the question at the end of the day is, do you want that plaque on your building that's going to send the message and establish your brand as being a leader in this thing?

And if that doesn't matter, and **what matters are the results to you, then the finances and the economics will show up in the energy usage of the building and how it performs over time**, and also in the employee satisfaction of working in a place like that. Think about the costs that it takes to replace employees that you lose over time just due to attrition. It costs more to replace an employee that you lose.

There are so many products out there which are combining multiple aspects of the building envelope that we've thought of traditionally up until now, which have a little bit of a higher price tag. But as the contractor is working in the field, if it eliminates two, three, sometimes four passes around the building and multiple trades from the project, then we've seen

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ROI

Legislation

Strategy

Myra Kressner

Tony Miller

the numbers actually balance out where those more expensive products can actually result in cost savings in labor and time required to construct the building.

So I think the economics, when you're looking at it, you have to **think long-term**, and you have to think **big picture**. Because if all you're looking at is the bottom-line upfront cost of construction and materials, then it is going to likely be more expensive.

And to help with that, there are also **federal incentives** which are widely available for commercial construction. There are two primary ones which are intended to help facilitate and supplement the cost of sustainable certifiable projects. One is 179D and 45L. Those are in the IRS tax code. And they basically say that if you have a project that is certifiable as ENERGY STAR, which if you build to 2021 IEBC, you already are. If you can achieve that threshold, then you can save X amount of dollars per square foot based on the use group. And there's also advanced depreciation of the property and the asset value, which can help contribute to the success of a pro forma.

Thank you. Tony, question?

Yes, I want to build on what Roy said. And I think you all answered a lot, but James, Aksel, want to thank you all. You gave us a lot to digest there, and being convenience store guys, as each page you flip to, we probably just put a dollar sign on each one of those, but that's who we are.

But even in our business today, our carbon footprint is really important to us from a refining perspective. I sat in a presentation yesterday, and we were looking at one, **how do we do the right things** in reducing our carbon footprint, and what's the most economical way to get the biggest bang for what we're doing?

And just like what you went through, you threw up how many slides and how many different examples of things we could do to be more sustainable and be more responsible. And all those pieces, we could not build the building that we need to if everything in the building was sustainable and we want some type of return, we couldn't do that.

But are there things that we can do that will have the biggest impact and make sense? We don't mind spending an extra, and I'll make it up, an extra 10% on the building, but how do we spend that extra 10% where we're going to have the largest impact? And I think that would be something for us to really try to understand as an industry.

Aksel, I'll probably start and say your **systems**. So you're going to have to put in mechanical systems, ventilation systems. When you can invest in something that much more efficient and see that return on investment over five years, I think that's where you want to focus your money. You're going to have to do it anyway, you're going to have to put a rooftop unit in, or a DOAS (Dedicated Outdoor Air System) or whatever you're doing.

I also think that **making the building as energy efficient as possible**. So not just looking at the aesthetic with the glass and everything, it's more just, "Hey, look, I'm going to be smart about making smart choices, good thermal insulation, making it tight."

Unfortunately, those are things that the consumer is not going to see. You're only going to see it on your bills every quarter or whatnot. So it's finding that balance a little bit. And maybe that becomes part of the messaging campaign that you're building around these efforts, this brand.

Aksel said you don't have to be LEED-certified, but you can certainly do certain things that may push you in that sustainable direction. So I would say your **systems is probably the most important**, what you put into the building, because that's going to be how often you're going to have to place that unit. If you can get a few more years life out of it, great, that's going to be more sustainable than if you just put bottom dollar cheap, I'm going to have to replace it in 10 years, things like that. But unfortunately, those are the things that probably aren't outward facing.

Aksel, if you want to add or have different take on that?

Well, the **systems I would've said also is one of the biggest things**.

And if you can reduce the size of your systems, you're going to reduce the cost of your systems. And if you can reduce the size of your systems by increasing the efficiency of the building envelope and optimizing the configuration and the orientation of your building on the site, then for a little bit of additional soft cost to your design team to take the time and go through the diligence of accounting for all that in the building design, you can save tens...you can save five, six figures sometimes on projects just in reduced building system sizes.

One of the processes or certification paths we were looking at earlier is Passive House. LEED is kind of like a jack of all trades. When you're talking about LEED certification there's the environment, there's the interior quality, there's the exterior building envelope, and you can check a lot of boxes, but at the end of the day, it's going to use less energy, yes, but it might not be zero energy.

Passive House process is very focused on the building envelope and making it as tight and efficient as you can, so that way your building systems can be as minimally sized as possible. It's not uncommon for Passive House buildings to have a single small heat pump on a project where you might normally need a 20-ton RTU (rooftop unit), just because of how efficient the building actually is at retaining the interior air and environmental quality.

So any of those things that you can do to optimize the efficiency of the building envelope. You'll spend a little bit more on the products used in the installation. You'll spend a little bit more on the design team just because they have to go through that process of energy modeling and really diligently digging into the details. But you're going to see the savings in the cost of the systems if it's done right. And then again, of course you see that time and again with each bill.

Myra Kressner

Thanks, Aksel. Hope that helped Tony. And we now have Hal and Mark. So Hal, would you go ahead?

Hal Adams

Great. And thank you guys. This is a topic that I'm particularly interested in and you gave a great overview of your deep, deep knowledge and you could have gone for hours, I understand.

A couple of questions that I have, again, going to being the retail or the c-store guy that I am, the detail is in the return and in the messaging, but also the affordability. I've got three comments.

One is, do you have some examples of companies in the convenience space or other retail that have been particularly great at messaging once they've gotten the sustainability right? Because I think, being a marketing guy, the messaging would be very interesting to me, number one.

Number two is, have you done any work or in your work, do you concentrate on the particular retail processes that we do inside our stores that affect the sustainability of the work that you do? So this morning I was visiting some stores, they were competitors, great operators, but you see things like doors propped open while the delivery is being made. You see water running from the condensation of the AC through the lot rather than in some sort of way to reuse that water. You see kitchens being probably squeezed into spaces that they don't belong.

So if there were any sustainable processes that were put into that store in the making, they're probably being counteracted. So does your work involve, and do you recommend any kind of an audit on the offices that we have as an industry?

And then number three, can you speak at all to retrofitting? We have 160,000 convenience stores in the U.S. We're probably going to build fewer than that in the next five years. So do you have examples of companies or business cases where it

makes sense to go to existing sites and do sustainable work that both can save money, make a statement, and be good for the environment? Thank you.

James Owens

I will have to punt on question number one. I'll have to put some thought into it in terms of who does a really great job of marketing their sustainable approach. I know I've seen some on my social media. I just can't think of somebody at the moment.

Marketing Communications

Aksel Solberg

I could probably address that. So with respect to question number one, I don't know of any really great examples [of **messaging**] in the c-store sector. However, in retailers' sector, **REI does an excellent job. Starbucks also does a really good job, and Nike.**

All of those brands have very **public-facing campaigns** about the sustainability of their stores. And those are just a few that come to mind. I know **Alta does a good job** as well.

Hal Adams

Whole Foods.

Aksel Solberg

Whole Foods does a really great job. So does **Publix** if we're talking about grocery sector, there's so many that come to my mind. Everybody's on board the bandwagon at this point. But I think the ones who come to the top of, or the cream of the crop, so to say, in terms of their marketing success, REI would say is number one, followed closely by Starbucks.

Hal Adams

Thank you for that.

Aksel Solberg

[Question] number two and number three, I might have to punt to Jim for a little bit more.

James Owens

Well, again, I think it's more having discussion and certainly if anybody else knows of a brand or wants to provide an example, by all means chime in.

As I mentioned earlier, our team, we've got a strong focus in convenience design. And so we actually had the opportunity to go work in some of our client stores, which was really great because then we saw firsthand the challenges and could offer some direct feedback.

Maintenance

So I personally remember our team working at a store, it was hot foods, and they were just heat to order stuff. And it became very apparent that the ventilation was poor. So it's just too hot. The vent was on a timer, the timer wasn't set up properly. And so **the systems were there, but they weren't being maintained properly** and they weren't operating at the level they needed to.

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And Aksel talked about commissioning, and maybe that sounds a little expensive, but we work with a lot of our clients, and it's just making sure that the simple systems that you have in place are operating when you turn over the store.

No offense to the general contracting team, but there's a lot of stuff that they have to finish. And then it's like staging comes in, marketing, and then boom, the doors are open, and nobody goes through and checks, "Okay, well, did we have the thermostats set correctly? Was the ventilation temperature set so that it would kick on at 80 degrees and not be baking the employees that are working there, do we have the water filtration working properly?"

So very little small things that's **part of the commissioning process**, is somebody's just got to go through, whether it's your facilities team or your store construction, to make sure everything is working properly.

And that often gets overlooked and missed. And this idea of commissioning is really somebody else coming in, or you have a procedure where you can make sure that all these things are working appropriately and the building is commissioned. It doesn't have to be certified it's just, "Hey, things are working the way they're designed."

We see a lot of that. We work through a lot of **checklists** And working with our clients, simple things, "Geez, the fuel controls, they weren't set up properly. The UPS [backup power] system was put in standby mode versus operational." Go ahead Myra.

Maintenance

Myra Kressner

Can I just ask are there folks here who have been using commissioning? Is that a process that you all do as a standard with your sites? Mark, I know your hand is raised. I didn't know if you wanted to talk about this, or if you can even answer that question, or Scott, or anyone else on that subject?

Mark Samuels

I was going to ask a different question, Myra. As far as the exact question about, was it commissioning, right? And making sure everything's working as it's supposed to and all that. I would say that I think we all probably do a lot of things that are good for business, that help things run smoothly and efficiently, not necessarily with the goal of sustainability.

But I know that we do quite a few things that were talked about, except getting our timbers for our buildings from Oregon, that probably isn't very smart, but I think that's a different topic.

Strategy

But I **do think that there's quite a few things that we retailers are doing today without the goal of specifically being sustainable, and just doing it because it's good business.**

Myra Kressner

Okay. Go ahead, Scott, and then we'll circle back to get Hal's questions answered. Go ahead, please, Scott.

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We embrace the concept of trying to make sure we're sustainable and we're a good community partner.

I think in our experience of going through many of these things, whether it's LEED certification and others, is that it's sort of the mathematics of business in the world anyhow, the 80/20 rule, which is in LEED, 80% of the stuff is good, applies, we can do it the right way, and the other 20% is a lift that is not necessarily worth the squeeze, nor can we do the squeeze.

So that's where there's some **level of practicality** that comes into business and business decisions. So you have that.

We've done white roofs, we have vestibules where we control the entrance ways so the air temperatures in our stores is right. We've had plenty of air circulation studies done, because when you do heavy foodservice, it is indeed a very complex area, and there is no perfect answer to it, because air circulation in a store is important.

If you're frying in a store, it's even more important. If you put hoods in a store, what do you gain? You're yinging and yanging, because you're pulling air out of a store, but the air you're pulling out is low quality air because of the oil that's in it.

And then you have to look at your studies for moisture and quality of the air. And we've done all those studies, but it's not perfect. And to try to get to perfection is where I say the **80/20 rule comes into play**. You can accomplish an awful lot by not trying to do everything.

And even to the point of **recycling** materials in our foodservice, we've been recycling, we're the first to voluntarily recycle at our stores, I think in the industry. But when you get into the actual products that people want to sell you, if they sell you, "Hey, these utensils are recyclable," that's nice, but nobody recycles utensils, so they end up in the trash anyhow. And we all waste time and money trying to do something that our community hasn't been able to accomplish. If they can recycle it, we can do it, but you got to be careful about the steps you take and where you go on some of these because it sounds good, but if you have recyclable food containers and they just go right into the trash, you're almost like greenwashing because that's a bad thing to do -- trying to tell people this is going somewhere where it's not if it's going in a general trash.

And the only thing that, from your list of things that I saw that I really did **take issue with is store size**. As a guy who's building 10,000 to 14,000 square foot stores, I'll tell you I 100% disagree. If I can get all of my customers to come to my store and complete their shopping experience rather than having to go to three, which means they're driving, store size is not a good thing to measure to for environmental friendliness in my opinion because we are aiming to be the one-stop shop and that saves people their time, their driving, their cars, you name it. So I'm just saying if there's one thing I saw on your slides, I just wrote it down, I was like, no way. How's that?

Myra Kressner

Okay. Well, thanks Scott. So James, I know you wanted a comment about something else that Scott said, but do you want to either talk about store size or the 80/20 rule?

James Owens

The 80/20 rule. And Scott, I appreciate the comments and the feedback, so I'm curious really to the group, because it sounds like a lot of people here, you're doing something, but how are people either campaigning it or marketing it? Because again, you may already be doing some sustainable practices and it's just well, you're not really telling anybody. How far does this group feel like they are addressing some of that sustainability discussion?

Marketing Communications

Roy Strasburger

Well, I'll say that I'm sorry that Kevin Smartt at TXB is not on the call, because he is one of the people that brought this conversation up and they do a **nice job of promoting their sustainability** at their new buildings. They're putting up signage about their xeriscaping, recycling their water, and things like that in a low-key way of trying to promote what they're doing and showing that they're having an impact. I think that they've done a nice job with that.

Real Estate

I'm going to go a little bit against what Scott was just saying about store sizing. I think of it more as **right sizing the stores** for what we're trying to do. And I know there's an argument in the industry that your store can never be too big. But I think there is a case of overbuilding and one of the things that we used to try to do when we were building stores is to make sure that we were putting just enough store in to accomplish what we wanted to do so that we wouldn't have the extra cost of running that space and we could make it as efficient as possible. Going small just to be economically viable or environmentally viable, I agree with Scott on, but to make sure that you have the right size store for what you're trying to do is the way we used to approach it.

Training

And finally, going to Hal's second question. We used to try to do a **lot of training for our employees about how to handle and run the business**, which was sustainable and environmentally friendly, but we were putting it in terms of store operating profits and efficiencies of operations such as breaking down the boxes before you put them in the dumpster back before we started recycling them, and making sure you didn't leave the door open for air conditioning purposes and/or safety issues. So we tried to do a lot of that through employee training, but it wasn't, at the time, a sustainability question. It was more related to the running of the business.

Myra Kressner

Thanks, Roy. Anyone want to build on that or comment on that or go back to Hal's? Yes, go ahead Scott.

Marketing Communications

Scott Hartman

We do some, what I call forward talking points on our recycling and some of those things, but honestly, I'm always worried about being the honest business partner. Again, **greenwashing** is all over the place and I really don't like it. I see people

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doing it. I see people bragging about how great they are in some of these things and the reality is it's a very complicated place to measure and to hang my hat on something that I know is good, I know it's a good answer, but to try to then go to the public and tell them that I just saved 80% of energy savings in my store, unless I can truly hang my hat on that, I'm not really the type who likes to go out and do that. I think a lot of our customers may not even see the things we're doing, but to point them out is that going to be any good to show them that we have a solar tube in there that's bringing natural light in on products?

I don't have to do that because what does it do? It makes my products look better, it saves me on utilities and I do turn my lighting up and down for all those reasons, but I don't really try to go measure that and sell it to people. [Strategy] Again, I think a good community partner with the right image can just **keep trying to do the right things**. And that's the way I just stress to our team always try to do the right things and it'll hold your brand up that way rather than trying to brag too much on something because for every good we do, someone can find something they don't like that we do -- like sell carbon. So I am not going to get into that battle. I take care of my customers, my customer's needs, and I do it in all the right ways that I think are appropriate. So that's why I take issue if you try to get too far out there that we're doing something like that, because you probably couldn't hold your hat to that if you had to. Okay. Is that fair?

Myra Kressner

Yes. Hal, did you want to comment on that?

Hal Adams

Scott, I agree with you in the terms of you got to really be careful that you **don't overreach** and can't sustain the promise that you make and brag about things that people don't care about. Piggybacking on what Roy said about **teaching and training** his employees 20 years ago to keep the doors closed and the air conditioning in and processes that made sense both business wise and now sustainability wise, it brings me back to the conversation we had at the very beginning about the employee value proposition. Maybe today our employees care more about some of those things if they also do contribute to sustainability and we link the why back to why we're trying to do things. We **shouldn't short sell our employees** that they might not really think, "you know what, I appreciate the company cares about the water condensation from the air conditioning not coming onto the sidewalk because it's not good for the environment, or that I want to keep the door closed when the Coca-Cola salesman is in the store because it keeps me comfortable, keeps my customers comfortable and it's better for the environment".

So maybe it's part of what we talked about earlier, about the employee value proposition and how we can make it a better place to work.

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Myra Kressner

Aksel Solberg

If we could just circle back really quickly, I don't want to hog the conversation, but what about the retrofitting?

Is that worth the squeeze as Scott would say. Are there big things that when we own hundreds of stores that we should think about, instead of creating a whole new NTI program, what do we do with our existing store?

Aksel, you want to take that?

Yes, I mean for **retrofitting**, the impact that you can see from just the process of making sure that your interior air barrier alone is tight, can actually provide noticeable results on your energy bill. And so the existing building codes ubiquitously tell you that if you don't touch something, you don't have to adjust it. And if you demo a portion of the exterior envelope and rebuild it, you have to build it for current energy codes. But there's a lot that you can do without touching the exterior envelope and just work on the inside and you can actually still improve the energy efficiency of the building. And in doing that, you can then subsequently reduce the size of your systems.

So a smart retrofit, if you know the areas where you're going to get the most bang for your buck, which I think the systems are the big thing, lighting and electricity usage, if the existing space is conducive to active daylighting systems, which automatically adjust the amount of energy used by your lighting as the sun moves across the site over the course of the day **can be very beneficial**. And I think that's just one aspect. The building envelope, there are many things you can do and it starts with the air barrier. And if all it takes is a couple of furring strips with a plane to fasten that to then for minimal effort and upfront cost, you've likely just saved yourself tenfold that in energy savings over the course of a five-year period.

Myra Kressner

So Hal, does that help answer your question? Yes. And Mark, I'm going to call on you in a moment, but also if people didn't see Roy's chat, he agrees with Hal's comment in response to Roy's earlier comment about how the employees maybe care a little bit more about some of these environmental sustainable issues that was part of the training 20 years ago. So there's perhaps a whole other employee dynamic now. So, Mark.

Mark Samuels

Great. Thanks Myra, by the way, great thought-provoking presentation. This is probably the most in-depth discussion that we've had on sustainability or I've actually been part of, so I really appreciate that. The question I have is that we always want to do what's best for our community. We want to be embedded in the community, much like what Scott was talking about. Today's day and age, there's a lot of discussion around EVs and the environment and Green New Deal and all this

Customer Behavior

stuff that people are more aware of it, but I think that a lot of times they don't really understand it. It's a lot of what they hear and they recite what they hear and it sounds like a good thing to do.

So my question is: is that for those that really embrace this and promote it and message it right, do you have any insights on **consumers intent to purchase** from someone that really supports sustainability and it's part of the messaging, and given choices, that they will go out of their way to purchase from somebody that embraces this versus others? So just curious about that as far as the changing perceptions of what being good environmental stewards are and would like to hear your thoughts on that.

Myra Kressner

Well, we can open that up to anyone but Aksel, why don't you go ahead.

Aksel Solberg

Yes, just because this was a very recent thing that I had just participated in at the end of last year, there was a study released by Cushman and Wakefield that Gen Z and Millennials are the most sustainably minded demographic of really anybody that's walking the planet right now. And if your primary demographic that your business caters to are falling within those bands right there, then there is a strong likelihood that they are going to really identify with your brand over a competitor who might not have either as much sustainable practices in their business model or might not message it as well. And that's how I know about REI's messaging and Starbucks and Nike's. It was all part of the same case study that I heard a great lecture on at one of the ICSC (International Council of Shopping Centers) conferences I attended in December. So I'll just share that insight, that was very recent, and it does seem like the statistics are compelling and they don't lie.

James Owens

And I'll just add in that clearly there's a direct relationship if you have EV charging that you're going to have consumers on site. There's 20 minutes there or whatever the fast charge is. And I think a lot of retailers are trying to figure out how do they capture that. And certainly to go with an EV strategy is great, but you have to be able to know how to get that consumer and make the best use of their time. So I think it goes hand in hand. A lot of retailers are trying to figure out how do we better improve our stores to make them more inviting, to increase the sales, to draw people in. There's a lot of discussion about that right now. I think a lot of people are jumping in headfirst, oh, I'm going to put EV chargers and that's great, but what are you going to do with it? How are you going to best utilize that consumer's time? I'm sure that's a lot of discussion that you all are having with your stores. I'll leave it at that.

Myra Kressner

I'll interject now. I don't want to divert the discussion, but we were going to close this meeting with some information about the new EV Vision Group that the Vision Group Network has started. We didn't even ask you to set that up, Mark.

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Scott Hartman

But anyway, I just wanted to say that, but also circle back if anyone else wants to address Mark's question? Scott?

Well, I'm trying to follow all the great conversation here and for me, and maybe I missed a couple of the pieces, but **I'm still back to this 80/20 rule. Striving for perfection** and being environmentally friendly is a balance act and the people who say it isn't are probably not living in the real world. I'll use some cases in my stores: I have a 29-degree beer cave. I could sell beer at 43 degrees but not nearly as much. The consumer wants cold beer, so I have to have refrigeration, to make it cold enough and that may not be the most energy efficient. The same would be when you get your white wine. Do you want it chilled so you can go home and drink it, or do you want it warm sitting on a shelf somewhere?

I'm **trying to balance** and life is about balance and sometimes our whole social media environment goes to the extreme and I'm one who just likes to call people out on some of this stuff. The world we live in is not perfect. We strive to be very good. Everybody should strive to be very good, but perfection has its own costs. You want 43-degree beer or you want room temperature beer, you're going to go somewhere else. Good, go. But I'm going to **cater to what the customers want**. And we're in a convenience business and our goal is to have everybody say, brothers, why go anywhere else?

And if it's 43-degree beer, they're going to go somewhere else. So it's just the nature of what we're talking about here -- doing white roofs, trying to get your store position in the right way for the sun. But I can tell you in the real world, if you're buying a corner and that corner doesn't accommodate positioning your store for the sun, very few people are going to put the back of their store to the front of the street because that's where the sun goes. So that's my nature of how I view the world. We just have to have a little bit of a temperament as we approach the 80/20 rules because you'll get a lot more done if you do it that way than trying to get to perfection. Is that fair?

Myra Kressner

Yes. I think it certainly makes sense. I don't know if James or Aksel want to go back to comment. I don't need to speak for them, but you can say that there's times when that's the way it needs to be or the way it should be or it's not going to work. I guess it is like anything, you need to have a balance on where and when all of this belongs.

Strategy

Aksel Solberg

Absolutely. I think that's a really poignant thing to say. If you have a corner lot that's not conducive to good solar orientation, then absolutely, then that's something you don't even think about. Then you try to find, okay, where can I make an impactful move? And that's where you focus your efforts. Same thing with store footprint, as I think Hal said it right, you **optimize the plan as best as you can** for what your purpose is, and you try to eliminate as much inefficiencies from your plan as you can. And some of that might come from the workflow of your employees over the course of their daily routines

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and really working with your own teams or your design teams to really program things for the best flow throughout the facility, so that way you can eliminate dead space in areas that aren't giving you a good income per square foot. So there's a lot of things you can do to not necessarily shrink your store size, but at least make sure that it's the most efficient that it can be.

James Owens

I'll just add too, we started the discussion referencing the Coca-Cola NACS research study that talked about how the consumers are at a different point in their journey of sustainability. They're either at the early beginning stages or the kind of the far extreme. And I think the thing can be said with retailers, everybody's at a different point in their sustainability journey. Some are just starting or maybe they're feeling that this is the best they can do, and then you've got others that are on the far extreme. But ultimately, I think we can all safely say we are much further along as a group than we were 20 years ago, than we were 40 years ago, we weren't even talking about these things. So we're slowly moving forward and I think everybody's just at a different juncture in their store, with their consumers, and that's okay. I think that's part of the healthy discussion to find out what everybody's doing and where we go.

Myra Kressner

Eva?

Eva Strasburger

Scott, I've got a question for you. With the Gen Z saying that they're interested in sustainability and what a brand is doing, are you doing anything to keep your finger on the pulse of that? Do you do any surveys? Do you get any feedback? Have you seen anything to indicate that the Gen Z proportion of your clientele are less interested in shopping with you because you're not messaging what you're doing?

Scott Hartman

I don't think we are. I mean, we're listening to our customers, we're listening to our team members who provide us a lot of feedback, but we're not really trying to gauge ourselves to any particular generational group. We're about all of our customers and they're from zero to 99, and when they come in, we want the best experience for all of them. So if we're going to have a baby changing table in our restrooms, that's great, but it's made of plastic, but that's what it's made of. It's a petroleum product, it's made of plastics. I don't have wooden ones there because they won't be health certified. So I'm just listening to everybody and trying to follow all the trends. And that's why listening to something like this and these experts here, hearing what they have to say, again, I would say I'm on board 80/20 with you guys.

Okay, but I'm not going to build a smaller store and I'm not going to stop selling gasoline and if anybody wants to take issue with me on being "environmentally friendly," they're going to go right after "why are you selling gasoline." Well, that's

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Eva Strasburger

what my customers want and that's what they need, and I would sell it as long as that's what they want and need, it's legal. So there are things like that that you just can't, like I said, try to be perfect. I keep saying that, if you're trying to be perfect, you might as well close up shop in my book because we will never be perfect when it comes to being absolutely green. And that's where even if you're doing EV charging, guess what, that takes energy. They burn coal in the plants to make electricity. Stop trying to say it's environmentally perfectly clean. It's not. Okay. Let's just get to the real world and that's the way I like to run my business and talk to my customers and they react a lot to that. So that's my two cents. Did I answer that either or did I just go overboard here?

Scott Hartman

I suppose my question was are you seeing what the studies are showing? You listen to your customers, are you hearing that from the **Gen Z's** at all? Are you getting any indication to back up the statistics that we were being told that they feel?

No, I would never tell you something that I don't do, and I can't tell you I have any studies internally to tell you what those results are. I can tell you we are a top five volume per outlet store in the country in most categories, so somebody must like us for something.

Eva Strasburger

And you're still seeing Gen Z come in. So they're not being as tough as the statistics show.

Scott Hartman

Gen Z's coming in. They're all coming in. They'll get their craft beers or buy the bottle of wine, whatever they want we'll give to them. Okay, well, we'll sell to them. How's that?

Eva Strasburger

Thank you.

Myra Kressner

So I see Tony, I was just going to say we've got just a couple of minutes left, but I see Tony's been smiling through a lot of this last few minutes, and I guess as our newest member on the call, I'll say, do you want to close us out with either thoughts that you have or what did you think of this convenience leaders meeting that you participated in?

Tony Miller

Well, one, it exceeded my expectations. I thoroughly enjoyed it. So thank you guys. I'm a little pragmatic when it comes to this business, so that's why I'm smiling with Scott, at what Scott was saying, because Scott's speaking the reality of what we live with. But everything's about moderation. And I think, yes, we sell gasoline and we have plastic changing tables, but what are some of the things that we can do? And I think if we all just open up our eyes, I think we can take some steps forward. We're always going to be the guy that's got that target on our back no matter what we do because of what we're selling in front of our stores. So a lot of good learnings today. Thank you, guys.

Myra Kressner

Thanks Tony. We do have one minute left, so I'm going to hand it over to Roy and Eva to thank everyone and any closing comments?

Closing Thoughts

Roy Strasburger

Thank you everybody for joining us. Myra, are you going to talk about the evVG?

Myra Kressner

Oh, I thought you were going to.

Roy Strasburger

OK I'll do that. Well, we're very excited to announce that the Vision Group Network is going to be launching a **new Vision Group** called the **Electric Vehicles Vision Group**. This will be a group of people that include not only retailers, but also car manufacturers, energy providers, infrastructure providers, and government officials. Everybody in the whole ecosystem of the EV industry is going to gather around the table to have discussions so that we can hear things from everybody's different perspectives. We're looking at mid-2024 to make this happen so keep your eyes out for the information and the new Vision Reports that'll be coming out from it. And thank you very much to James and Aksel for your presentation today. It was really good. We really appreciate it.

Myra Kressner

Thank you. Excellent.

Eva Strasburger

Thank you to James and Aksel. I will say that after listening to their presentation, I will be looking at not just convenience stores but other retailers as well, at how they're building their stores, and decide where I shop accordingly.

Myra Kressner

Thank you. Anyone have any closing comments before we close this meeting? Good. Again, thank you James and Aksel, for your excellent presentation. To all of our members, thank you. And as Eva said, we will have the Vision Report in about three weeks, so this will be an excellent report. Thank you so much. Have a good rest of the day, and we'll see you soon.

Electric Vehicles

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Who We Are

HFA



James Owens AIA, NCARB

Vice President of Retail Architecture



Aksel Solberg AIA, NCARB

Development Design Studio Lead



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About Sustainability

- 2020 Publication by NACS
- Outlined (3) types of consumers
- Outlined (4) areas in sustainability progression
 - Business Ethics
 - Social
 - Product
 - Environmental

Convenience Store Customers and Sustainability

The Journey to Creating Brand Ambassadors



“ This store lacks any seeable effort of energy efficiency. One simple change would be energy efficient coolers. The lights aren't LED either. I feel this is a simple yet tremendous change that could be made . . . I again have a negative view of this store viewing it from an environmental perspective. ”

- Mikella, Kentucky



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About Sustainability: Road Map

- 1 Encourages employees to volunteer in the community
- 2 Sponsorship of major charity organizations
- 3 Offers career development to employees to become franchisees
- 4 Offers contactless payment options
- 5 Encourages employment and acceptance of minorities
- 6 Donates money to local community
- 7 Requires face masks inside the store
- 8 Pays employees fair wages
- 9 Encourages social distancing
- 10 Has hand sanitizer available for customers
- 11 Donates excess food instead of letting it go to waste
- 12 Offers plant-based (vegan/vegetarian) pre-packaged food options
- 13 Offers plant-based (vegan/vegetarian) made-on-site food options
- 14 Offers paper straws
- 15 Offers fair trade coffee
- 16 Offers natural or organic food options
- 17 Offers products with certifications saying their ingredients/packaging was sustainably sourced
- 18 Intentionally reduced the amount of packaging for products
- 19 Implemented policies for offering healthy food options
- 20 Sources products locally (within 150 miles)
- 21 Reduced plastic packaging
- 22 Intentionally offers items in recyclable packaging
- 23 Offers or incentivizes using a reusable container for drinks, coffee, etc.

IMPACT ON STORE CHOICE VS. DIFFICULTY OF IMPLEMENTATION



24 Sources products made in the USA

25 Installed EV charging stations

26 Uses electric delivery vehicles (where applicable)

27 Implemented green building standard: (LEED, WELL, etc.)

28 Intentionally uses windows/daylight to decrease energy waste from in-store lighting

29 Uses energy-efficient lighting (timers, LEDs, etc.)

30 Sources some amount of energy from renewable resources

31 Uses energy-efficient appliances (closed-door coolers, heaters, etc.)

32 Makes recycling bins available



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Discussing Sustainability in Convenience Store Design



Why? Regulatory & Certifications

HFA



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Codes & Regulations

Federal Mandates, Acts, and Executive Orders

- + Energy Independence and Security Act of 2007
- + Energy Policy Act of 2005 (EPACT)
- + Executive Order 13693, "Planning for Federal Sustainability in the the Next Decade"
- + Executive Order 14057, "Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability"



International Code Council

- + **International Green Construction Code (IgCC)**
The IgCC is intended to be used as a jurisdictional and municipal building code for new construction and major renovations. The IgCC is a comprehensive code document; it sets standards for energy conservation, water efficiency, and commissioning, and also includes enforcement procedures and guidelines for existing building renovations.
- + **ICC 700 National Green Building Standard**
The standard defines green building for single-family and multi-family homes, residential remodeling, and site development projects while allowing enough flexibility to incorporate regionally appropriate best green practices.

ASHRAE Standards

- + **ANSI / ASHRAE / USGBC / IES Standard 189.1-2017, *Standard for the Design of High-Performance Green Buildings Except Low-Rise Residential Buildings***: This standard provides minimum requirements for site, design, construction, and operations in mandatory, code-enforceable language. A collaborative effort by ASHRAE, IES, and USGBC, this standard is comprehensive and includes chapters for site, water, energy efficiency, indoor environmental quality, and materials. ASHRAE 189.1 can be used as a jurisdictional compliance path for the IgCC.
- + ASHRAE Standard 55, *Thermal Environmental Conditions for Human Occupancy*
- + ASHRAE Standard, 62.1-2019, *Ventilation for Acceptable Indoor Air Quality*
- + ASHRAE Standard 90.1-2019, *Energy Standard for Buildings Except Low-Rise Residential Buildings*



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Building Certification Programs

US Green Building Council

+ LEED Certification

Passive House Institute US

+ Passive Building Certification

International WELL Building Institute (IWBI)

+ WELL

BGE Global

+ Building Research Establish Environmental Assessment Methods (BREEAM)

Creative for Active Design

+ Fitwell



AIR



WATER



NOURISHMENT



LIGHT



MOVEMENT



THERMAL
COMFORT



SOUND



MATERIALS



MIND



COMMUNITY

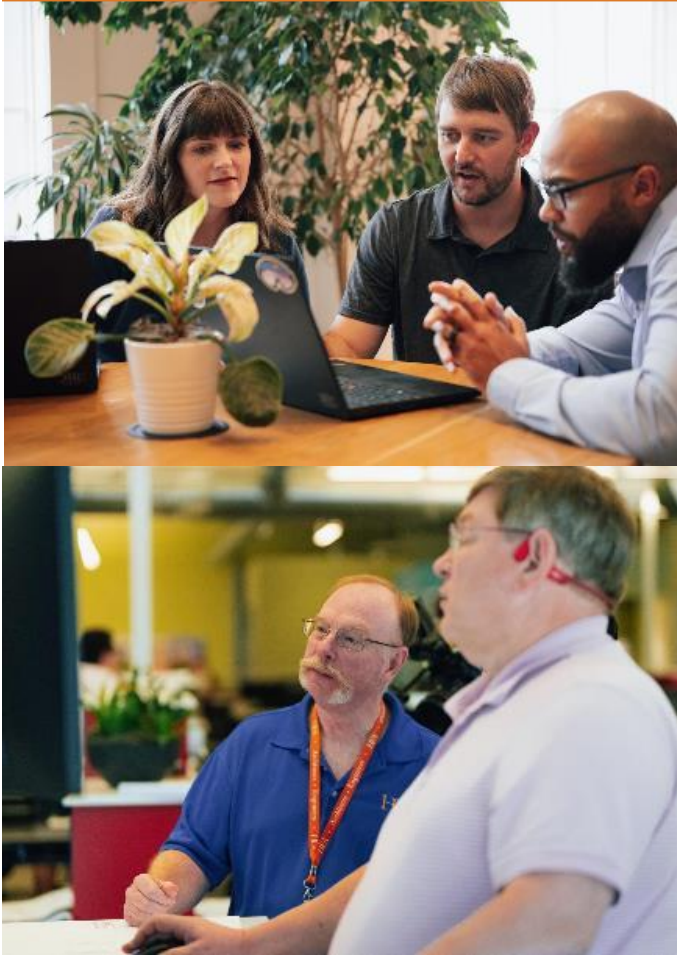


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Certification Benefits



Health | Employees and customers of LEED-certified retail locations benefit from spaces designed to maximize indoor fresh air and minimize exposure to airborne toxins and pollutants



Savings | LEED stores can benefit the financial bottom line. On average, the life-cycle savings amounting to 20% of total construction costs represents a ten fold payback on the upfront investment.



Responsibility | LEED certification sends a powerful message about a company's values and priorities. By using LEED, retailers actively demonstrate to their employees and customers that they care about human health, community resilience, and environmental protection.



Value | On the whole, LEED-certified retail spaces attract and retain more customers than non-certified comparable spaces and operate with lower overhead costs.



Loyalty | LEED certification means improved health, daylight and better cognitive capability. These factors send a powerful message about a company's values and improve overall brand experience and increase brand loyalty.



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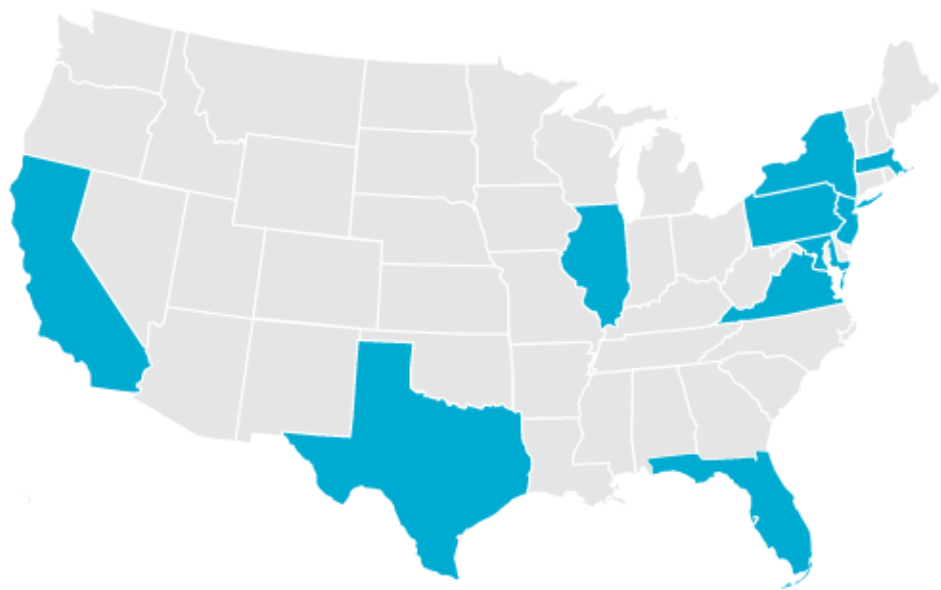
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Sustainable Project Locations

Top 10 U.S. States for LEED-Certified Retail Projects

As of May 2019



Top 10 States	Projects	GSF
California	962	25,701,139
New York	518	13,137,213
Florida	418	6,794,245
Texas	377	7,695,787
Illinois	286	8,011,922
New Jersey	221	4,843,185
Pennsylvania	211	4,894,186
Maryland	203	5,184,679
Massachusetts	171	4,985,289
Virginia	168	3,802,565



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Green Product Certifications



PRODUCT CERTIFICATION	SINGLE- OR MULTI-ATTRIBUTE	TYPE OF STANDARD OR CERTIFICATION	MANAGING ORGANIZATION	ISSUE OF FOCUS
Energy Star	Single-Attribute	Government certification relying on manufacturer-provided data or third-party testing	U.S. EPA and U.S. DOE	Energy consuming products
WaterSense	Single-Attribute	Government label based on third-party testing	U.S. EPA	Showerheads, toilets, faucets, urinals, and valves
Forest Stewardship Council	Single-Attribute	Third-party certification	Forest Stewardship Council (FSC)	Forests and forestry products
SCS Global Services	Multi-Attribute	Third-party certification	SCS Global Services	Wide range of products (i.e. carpets, textiles, wood products, insulation, and more)
Green Seal	Multi-Attribute	Third-party ISO Type 1 certification	Green Seal	Wide range of sectors (paints, adhesives, lamps, electric chillers, windows, window films, occupancy sensors)
Cradle to Cradle	Multi-Attribute	Third-party certification, Cradle to Cradle Certified ^{CM} Product Standard is managed and updated by the Institute's Certification Standards Board	Cradle to Cradle Products Innovation Institute C2CPii	Building materials, interior design products, textiles and fabrics, paper and packaging, and personal and homecare products
GREENGUARD	Multi-attribute	Third-party certification	UL Environment	Indoor air quality, children and schools focus
Green Squared	Multi-attribute	Third-party ISO Type 1 environmental labeling and declaration requirements (ISO 14024)	TCNA	Tiles and tile installations
International Green Mark (IGM)	Single and Multi-Attribute	ISO 17065 and ISO 17067	The GORD Institute	Various building products including wood, sealants, paints, concrete, and more
Natural Stone Sustainability Standard (ANSI 373)	Multi-attribute	Independent consensus-based standard	Natural Stone Institute and NSF International	Natural stone production

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Site Strategies

- + Site sustainable design practices
- + GOAL: Keep site at pre-development conditions to minimize impact
- + Native plants
- + Landscape design to minimize bldg. energy consumption
- + Minimize soil erosion (stabilization techniques/grading/vegetation)
- + Manage the water / stormwater controls
- + Low Impact Development (LID)
- + Reduce “heat island” effect



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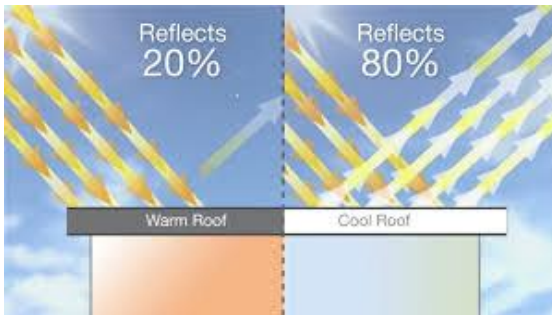
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Cool Roofs

- + White/gray roof to REFLECT sunlight in warmer climates
 - + Reduce cooling load
 - + Energy Savings
- + Black/darker roofs to melt snow / some heating benefit (used in more northerly climates)



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Sustainable Cladding Materials

- + Thermal efficiency of materials refers to ability for material to retain warmth in winter; keep cool in summer
- + Reduce energy costs

SIDING PRODUCTS	R-VALUE
● Stone	.01
● Stucco	.10
● Brick	.11
● Fiber Cement	.15
● Vinyl Siding	.60
● Wood	.81
● Insulated Siding	2.0 - 3.5

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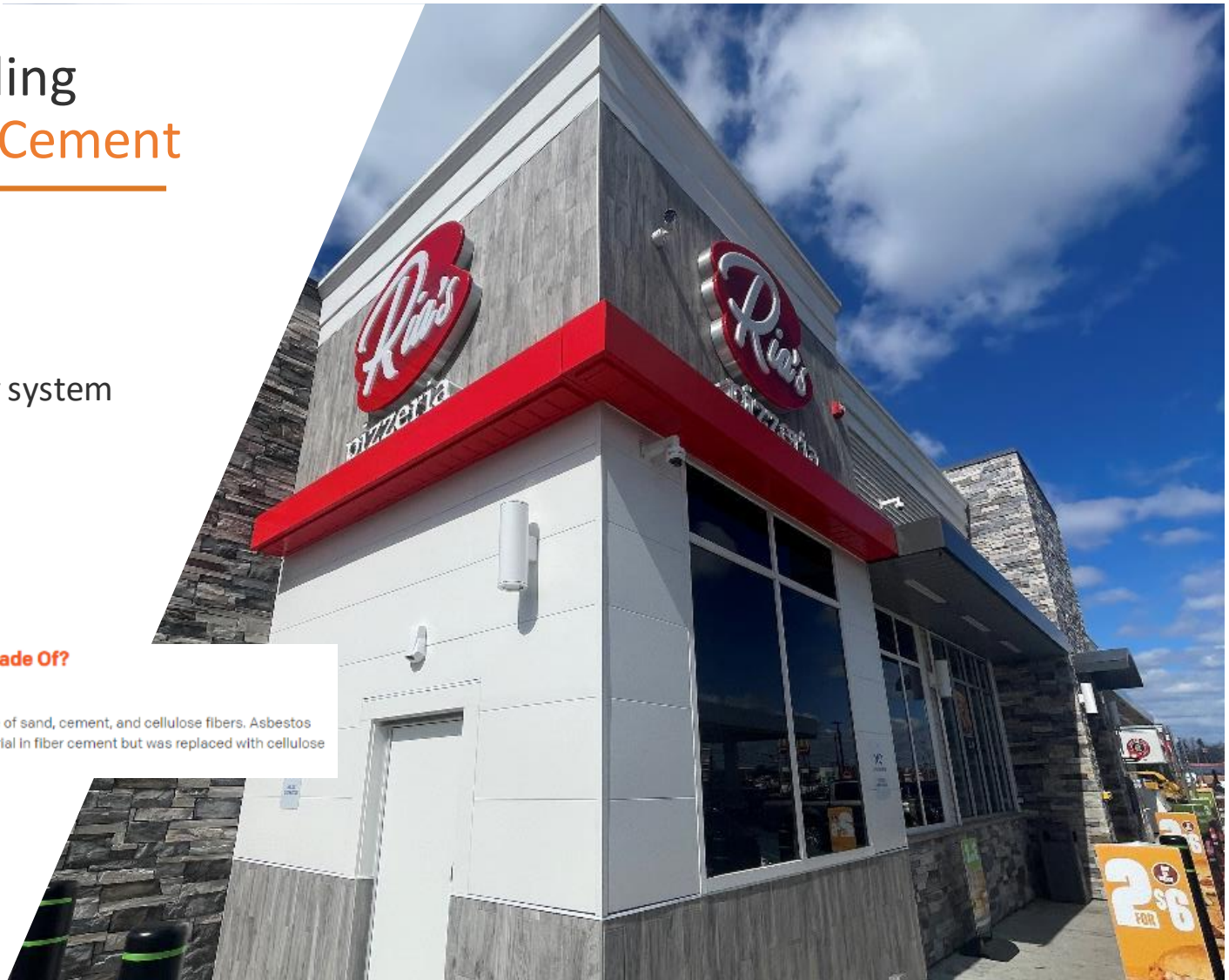
Sustainable Cladding Materials – Fiber Cement

- + Durable
- + Fire resistant
- + Drainage/open wall cavity system
- + Various colors / patterns
- + Ease of installation



What is Fiber Cement Siding Made Of?

Fiber cement siding is made from a mixture of sand, cement, and cellulose fibers. Asbestos was originally used as the reinforcing material in fiber cement but was replaced with cellulose in the 1980's due to safety concerns.



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Sustainable Cladding Materials - Aluminum

- + Wood Alternatives
- + Fire resistant
- + Long lasting
- + Low maintenance
- + Recyclable



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Sustainable Cladding Materials – Local

- + Less transportation / less fuel
- + Support local economy
- + Local vernacular
- + Repurposed materials



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Sustainable Cladding Materials - Glazing

- + Glazing / Natural Daylight
- + Reduced energy consumption
- + Daylight control (overhangs, louvers)
- + Warm materials (wood tones)
- + Plantings



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Brise Soleil

- + Reduce heat gain
- + Deflects sunlight
- + Low level sun AM/winter
- + Block summer light



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Thermal Insulation

- + Spray Foam Insulation
- + Benefits
 - + Control air leakages
 - + Improved thermal resistance
 - + Damaged areas are visible



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Construction Waste Management

- + Partner with GC
- + Waste Management program
- + Job-site debris
- + Multiple dumpsters
- + Recycling
- + Material packaging
- + Reduce, reuse, recycle
- + Demolition waste
- + Unsuitable soils



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Air Leakage

+ Air + Water barriers

- + Fluid applied
- + Self adhered
- + Integrated
- + Mechanically fastened

+ Benefits

- + Improved building efficiency
- + Cost savings
- + Reduced air leakage
- + Moisture control



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Reduce Store Size

- + Think creatively
- + Reduction in footprint results in reduction in sustainable impact
- + Reduction in overall materials
- + New brand awareness
- + Embrace small acreage sites



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Lighting

- + Use of natural light
- + Lighting controls systems
- + LED lights
- + Shades
- + Improved lighting has positive impact on human health & well being
 - + Customers
 - + Employees



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Wood Construction

- + Heavy Timber
- + Stronger than light frame construction; longer lasting
- + Warmer feel
- + Energy Efficiency; less energy consumption during production
- + Improved thermal resistance/insulation
- + Less need for ceilings; exposed structure



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Engineered Products

- + Certifications
- + Hybrid systems



Environmental Product Declaration

RedBuilt™ Open-Web Truss

RedBUILT™



CLVG HFA
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Natural Materials

- + Stone
- + Porcelain
- + Tile
- + Long lasting / durable
- + Reduce product off-gassing / airborne release of chemicals
- + Volatile Organic Compounds (VOCs)
- + Look for product certifications



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Fat Oils Grease (F.O.G.)

- + Grease laden vapors; condense on cold surfaces
- + Life & safety (increased fire risk)
- + Healthy concerns
- + Maintenance issues
- + Visual aesthetic



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Indoor Air Quality

- + HVAC
- + Designing / installing the right system
- + Maintaining the system
 - + Changing filters, etc.
- + Employee benefits
 - + Healthier
 - + Reduce illness
 - + Reduce call-ins
- + Customer benefits
 - + Improved overall experience



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Commissioning

- + Why?
- + 3rd party certification
- + Ensure systems have operating as designed
- + HVAC systems
- + Water / filtrations systems
- + Power systems
- + Lighting controls
- + Fueling controls



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Open Discussion

Contact us for any questions or clarifications.

James Owens, AIA, NCARB

Vice President of Retail Architecture

479.273.7780 ext. 403

james.owens@hfa-ae.com



HFA

Aksel Solberg, AIA, NCARB

Development Design Studio Lead

479.273.7780 ext. 413

aksel.solberg@hfa-ae.com



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The Convenience Leaders Vision Group (CLVG) brings together convenience retail icons and trailblazers for quarterly virtual meetings. During these sessions, members identify trends, challenges and disruptions in retail as well as present possible solutions and opportunities. The group is committed to sharing its views and perspectives in order to advance the convenience retailing and mobility industry. CLVG operates under the Vision Group Network, which gathers the collective knowledge and ideas of its members to create a legacy of sharing within the retail community. For more information and to sign up for future Vision Reports, visit our website: tvgsolutions.com/vision-reports



A part of Vision Group Network

For more information about Vision Group Network email us:



Myra Kressner
myra.kressner@tvgsolutions.com



Eva Strasburger
eva.strasburger@tvgsolutions.com



Roy Strasburger
roy.strasburger@tvgsolutions.com



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Fighting for Tomorrow's Customers

April 2024

What it means to fight for customers, reflecting on winning the “fuel” customer, reliance on 3rd party technology, data analytics, loyalty, and payments



Generative AI and Retailing: Real Results and Real Challenges

January 2024

AI and data integrity, how retailers are currently using AI and what's next for AI in convenience retail?



In Focus: A CTVG Conversation with POS Solution Providers

November 2023

POS decoupling; major oil companies; foodservice as the future; the unique needs of independent operators; integration challenges



To the Point: The Evolving State of POS in Convenience Retail

September 2023

EV Infrastructure and Strategy Updates and POS Systems Challenges and Opportunities.



Unraveling the Road to EV Charging Infrastructure

July 2023

Explosive EV growth; the role of utility companies; government funding programs; operators moving forward



Tech Trailblazing

May 2023

Debating the AI hype, tech as it relates to shift flexibility, and the breaking point on data collection

CLVG | CONVENIENCE LEADERS VISION REPORTS



Making the Convenience Industry an Employer of Choice

February 2024

Expanding the Persuadable Applicant Pool; Onboarding, Engagement and Training; Cleaning Up Industry Image; Recruitment and Retentions Strategies; Mental Health Support and Kindness Campaigns



AI: Predictive Fuel and Dynamic In-Store Pricing

December 2023

Examining AI fuel and product pricing potential.



AI: Dawning of a New Era in Retail Analytics

June 2023
The dawning of a new era in analytics as generative AI evolves, generative AI in simple terms; how AI is quickening the pace of business today; A micro perspective of AI at TXB stores; personalization through AI



The Business Case for EV Charging: Is It for You?

March 2023
The pace of EV adoption; c-store operators' views of the EV-charging customer; three pathways of EV retailing; a micro case study



Currents of Change

January 2023
Changing work schedules and the gig economy; foodservice tipping in the convenience segment; alternative fuels and the timeframe for electric vehicles

TVG | THE VISION GROUP



Loosening the Tight Labor Market

February 2024
Journey to Become an Employer of Choice; Expanding the Applicant Pool; Retaining Employees Though; Skill Growth; A Post-COVID Reality