



Lab
Global

KeHE

Disclosure Report
Date Submitted: April 12th, 2023



Disclosure Materials

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire that B Lab deems relevant for public stakeholders, then, as a condition of their certification, the company must:

- 1) Be transparent about details of the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue
- 3) Demonstrate that management practices are in place to avoid similar issues from arising in the future, when necessary.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit and integrity of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to a background check by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company



Disclosure Questionnaire

Industries and Products

	Yes	No
Please indicate if the company is involved in production of or trade in any of the following. Select Yes for all options that apply.		
Animal Products or Services	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Biodiversity Impacts	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Chemicals	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Alcohol	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Firearms Weapons	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Mining	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Pornography	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Tobacco	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Energy and Emissions Intensive Industries	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Fossil fuels Gambling	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Genetically Modified Organisms	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Illegal Products or Subject to Phase Out	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Industries at Risk of Human Rights Violations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Monoculture Agriculture	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Nuclear Power or Hazardous Materials	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Payday, Short Term, or High Interest Lending	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Water Intensive Industries	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tax Advisory Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other Disclosure Industry 1 Disclosure Industry 2 Disclosure Industry 3	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Outcomes & Penalties

	Yes	No
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Breaches of Confidential Information	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Bribery, Fraud, or Corruption	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company has filed for bankruptcy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Consumer Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Financial Reporting, Taxes, Investments, or Loans	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Labor Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Large Scale Land Conversion, Acquisition, or Relocation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Litigation or Arbitration	<input checked="" type="checkbox"/>	<input type="checkbox"/>
On-Site Fatality	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Penalties Assessed For Environmental Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Political Contributions or International Affairs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Recalls	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Significant Layoffs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Violation of Indigenous Peoples Rights	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input checked="" type="checkbox"/>	<input type="checkbox"/>



Practices

	Yes	No
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company prohibits freedom of association/collective bargaining	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company workers are prisoners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Conduct Business in Conflict Zones	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Confirmation of Right to Work	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Does not transparently report corporate financials to government	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Employs Individuals on Zero-Hour Contracts	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Facilities located in sensitive ecosystems	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ID Cards Withheld or Penalties for Resignation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
No formal Registration Under Domestic Regulations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
No signed employment contracts for all workers	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Overtime For Hourly Workers Is Compulsory	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Payslips not provided to show wage calculation and deductions	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Yes	No
Sale of Data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tax Reduction Through Corporate Shells	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers cannot leave site during non-working hours	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers not Provided Clean Drinking Water or Toilets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers paid below minimum wage	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers Under Bond	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Supply Chain Disclosures

	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Child or Forced Labor	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Negative Environmental Impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Negative Social Impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Penalties Assessed Regarding Company's Employee Safety

Issue Date	2019-2022
Topic	Occupational Safety and Health Administration (OSHA) penalties related to employee injuries.
Summary of Issue	<p>In the past 5 years, OSHA has assessed 5 penalties relating to incidents in the workplace that resulted in injury:</p> <p>8/30/2019 Stockton:</p> <ul style="list-style-type: none">- Employer failed to require appropriate foot protection for their employees that are exposed to foot injuries from falling objects, crushing or penetrating actions - \$5,400 <p>12/18/2019 Douglasville:</p> <ul style="list-style-type: none">- Loading citation for not having a load engaging means placed under the load as far as possible; the mast shall be carefully tilted backward to stabilize the load – \$8,096 <p>3/26/2021 Stockton:</p> <ul style="list-style-type: none">- The floor inside the freezer area was not reasonably free of ice, and presented a slipping hazard \$700- The storage areas inside the facility were not being kept clean, orderly and in sanitary condition \$700- The abrasive wheel on the bench grinder did not have a required work rest installed \$700
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	No individuals sustained injury. The financial scope (OSHA penalties) totalled \$15,596, ranging from \$700 to \$8,096
Impact on Stakeholders	None of the penalties resulted in injuries - only lack of measures to avoid the risk of injury on employees.
Resolution	The 5 OSHA cases have been closed with a penalty paid by KeHE
Management Practices	For every incident, KeHE agreed (with OSHA) to corrective/preventative actions to resolve the hazards involved in the incident. To date, all of these corrective/preventative actions have been completed.
Management Comments	Safety programs and/or procedures related to the corrective/preventative actions were revised as needed. These programs/procedures are reviewed in detail on an annual basis and whenever findings from an injury investigation warrant change.
Related Incidents? Yes/No	No



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Animal Products and Services

Topic	KeHE is a large food distributor in the US and has material revenues from the sale of animal products, sourcing 9,16% of its supplier expenses from animal farms.
Summary of Issue	The company does not own or operate animal farms, nor does the company have direct control over the treatment of animals or the catching of fish. As a wholesale company, the company buys from suppliers and packages these items as own-brand products. The company sources its animal products from grass fed animal farms (2,8%), Cage Free farms (5.8%) and Organic Farms (8.16%).
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	4% of the company's revenue in the last fiscal year was derived from the sale of animal products of which 0.013% was from the sale of own-brand product revenues.
Impact on Stakeholders	The sale or use of animal products and animal-related services by businesses poses a risk to the humane treatment of animals if adequate management practices are not in place.
Management Practices	<p>For the Company's own label products, the company has implemented the following practices:</p> <ul style="list-style-type: none">- Cadia Eggs and Cadia Cheeses are American Humane Certified. Cadia Cheese is Pasture-Raised.- Cadia Tuna is Dolphin Safe, wild caught, and caught using purse seine, pole and line and longline fishing methods, not gill nets or drift nets, and the company's supplier is a member of the International Seafood Sustainability Foundation (ISSF). <p>The company seeks suppliers with animal welfare in mind, and third party certification when relevant/possible. Additionally, the company ensures supplier certifications are kept up to date.</p> <p>The company has not set any targets/KPIs on animal welfare and does not publicly report on this topic.</p>



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Disclosure Industries- Bottled Water

Topic	Manufacturing and selling of bottled water.
Summary of Issue	KeHE is a North American company that produces and sells bottled water under its own brand and also sells bottled water produced by third parties. For its own brand bottled water, the company extracts its water through a paid concession charged by volume consumed, that is regulated by the Local health authority and regional environmental protection agency. Water sources include two naturally flowing spring waters and one well by pumped emunition (from the same basin) that is not used by any other stakeholders. Additionally, public use of these water sources would be required only in the event of a drought.
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	Sales of bottled water represented 2.6% of the company's 2022 FY revenue. The company's own brand of water, "Cadia" represents 0.01% of total revenues.
Impact on Stakeholders	B Lab recognizes production and sales of bottled water as a material business issue and has a Framework for Evaluating Bottled Water Companies for B Corp Certification. As the company does not reach the 1% revenue threshold for the sale of its own brand bottled water, B Lab's specific Bottled Water Industry Certification Requirements do not apply at this time. The water sources are near Val di Meti and San Giuliano, Italy. The 2 areas are not considered water stressed areas. In the case of an exceptional drought, which has not occurred, the region could requisition water for public use.
Management Practices	<p>For the company's own brand bottled water products, a hydrological study was carried out in order to receive the relevant permits for the construction of catchments. To ensure the long term sustainability of water extracted through the well, emunition is regulated by flow tests carried out during well construction. It is also regulated by a maximum emunition by regional decree at the mining concession level. Periodic sanitation is performed at the catchments to minimize potential contamination to water sources.</p> <p>In the water collection stage, energy is saved by taking advantage of gravity and avoiding the use of water pumps. with the spring water sources. In the emunition and bottling stages, the company is installing a solar plant that will be operational in early Q2 2023.</p> <p>Production wastewater is treated by a company owned biological wastewater treatment plant.</p> <p>The company does not have practices implemented to ensure the long term sustainability of the natural spring water sources to date. The company's water supplier has recently been certified by the Social Accountability System according to the SAS000 standard and is also embarking on the path towards the AWS standard (alliance for water stewardship) by Q2 2023. The AWS is a global collaboration comprising companies, NGOs, and the public sector. Members contribute to the sustainability of local water resources through the adoption and promotion of a universal framework for sustainable water use,</p>



	the International Water Stewardship Standard, or AWS Standard, which guides, recognizes, and rewards good water stewardship performance. The main focus points of the standard are sustainable water abstraction, good water status, High Conservation Value areas, and water governance.



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Disclosure Industries- Packaging Practices

Topic	Packaging practices
Summary of Issue	As a food and beverage distributor, the company operates in an industry where packaging is a material issue both due to the product specific packaging as well as the film used for handling pallets during distribution.
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	48% of the company's FY2022 dollar sales excluding discontinued items are in Plastic, Plastic Film, Flexible Film, or Stand Up Pouch. The company currently does not measure the percentage of rPET in the company's plastic packaging.
Impact on Stakeholders	The use of packaging in the production of food and beverages is a material environmental issue. Packaging life-cycle and waste management practices are an important consideration to mitigate impact caused by this industry.
Management Practices	<p>Whenever possible and when not cost prohibitive, the company chooses recyclable or more sustainable packaging options, such the Cadia Nut Butters brand packaged in glass instead of plastic jars, durum pasta in paperboard boxes instead of plastic film and frozen food boxes without plastic coating. Although the company has conversations with suppliers to evaluate packaging alternatives to increase sustainability or recyclability of its packaging (such as choosing a thinner film for frozen fruit bags, eliminating internal packing hives for bottled beverages, and frozen food boxes without a plastic coating), the company does not have specific targets for reducing the wasteful elements of the products it sells.</p> <p>Lastly, the company also includes communication on recycling best practices on packaging, to educate consumers on recycling best practices.</p>



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Onsite Fatality

Topic	Onsite Fatality
Summary of Issue	KeHE distributors is one of the largest food distributors in the US. In the past five years, they have suffered one onsite fatality for a third party contractor who was involved in an accident on the highway in Connecticut while operating a KeHE leased tractors trailer. The driver of the KeHE vehicle passed away as a result of the injuries sustained in the accident. The driver was making a delivery on behalf of KeHE at the time of the accident. The ultimate cause of the accident is not known, but may have been that the driver fell asleep while operating the vehicle. The KeHE tractor struck a second vehicle and two other individuals were injured as well. Litigation has been initiated in this matter and is ongoing. The KeHE transportation team has a robust safety program that was followed at the time of the accident, which includes compliance with all DOT standards, background checks, and other various safety features on the vehicle
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	1 employee out of 7,000 which equals less than 1% of the workforce.
Management Practices	It is believed that the driver in this instance fell asleep or had a medical incident while operating the KeHE truck. As a result it is not known if this incident was preventable. However, KeHE requires all employees to be medically certified to operate commercial trucks. KeHE reviews and audits medical certifications for all of its drivers.



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Litigation and Arbitration

Topic	Litigation and Arbitration
Summary of Issue	Over the past five years, KeHE has had material cases of litigation taken against them. The most frequent cases include labor lawsuits related to injury, failure to properly pay overtime and other wages, and unfair hiring practices.
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	<p>In the past five years, the company has had three class action lawsuits taken against them by former employees</p> <p>Settlements from these cases accounted for less than 1% of overall revenue.</p> <p>The company also had a settlement for an individual labor lawsuit taken by a former employee that accounted for less than 1% of overall revenue.</p>
Impact on Stakeholders	Frequent cases of litigation and arbitration that are found against a company can signify recurring negative impacts to stakeholders.
Management Practices	<p>KeHE has a health and safety program, with written policies and procedures. They now have safety coordinators in each of their facilities to ensure implementation and compliance with OSHA standards and their own written safety programs. Facilities are also regularly audited to ensure compliance.</p> <p>KeHE has denied any wrongdoing in each of the class actions, but it has settled after weighing the cost of litigation in California. KeHE believes their practices are compliant, and it has audited wage and hour practices by outside lawyers to ensure compliance with California's demanding wage and hour laws. KeHE regularly consults with CA lawyers on new changes to laws in California.</p> <p>KeHE has a whistle blower policy, as well as a hotline/website for employees to lodge complaints.</p>



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Disclosure Industries- Food Waste

Topic	Food Waste
Summary of Issue	Food Waste in the food distribution industry is a significant environmental issue. Waste is derived from over ordering, products expiring on shelf prior to reaching customers, customer returns due to alterations in product temperature or damage caused during handling and distribution.
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	In the last fiscal year 95% of the company's revenue was from the sale of food products.
Impact on Stakeholders	A proportion of wasted food ends up in a landfill site, where it rots and releases methane, a powerful greenhouse gas.
Management Practices	<p>KeHE has set the target of being as close to Zero Waste by 2030. The company has elaborated a "Guide to Zero Waste" integrating all departments in the achievement of this goal. Over-ordering is avoided using an on-time approach, forecasting customer needs according to multiple demand patterns. Intracompany transfers are carried out to avoid spoilage on shelf within distribution centers considering dated and aged products and safety stock optimization.</p> <p>The company prioritizes how it palletizes products to reduce damages (for example by putting heavy products on the bottom of the pallet, and lighter/fragile items on the top). The company shrink wraps its pallets to prevent products from falling off of the pallets during transit.</p> <p>Suppliers are offered the option of pick-up, donation or salvage sale for discontinued or at risk inventory and Late Breaking Deals and are implemented for overstocked items. The company also aims to carry out monthly Deal Dash for customers through KeHE's Digital Marketing Platform to ensure supply chain health and move items with mid-term sell by dates as well as publish discount lists on a weekly basis.</p> <p>In addition, employee appreciation events are carried out offering warehouse employees the possibility to purchase discounted food.</p> <p>Although KeHE aims to reduce waste during its operation, the company partners with New Market Waste Solutions across all of its distribution centers to deal responsibly with company waste and track sustainability and recycling metrics.</p>



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Compulsory Overtime

Topic	Overtime for hourly workers is compulsory
Summary of Issue	Due to the volume and nature of the industry that KeHE operates in, overtime is considered part of the everyday environment for their workers. Typically all employees will work overtime. In some instances, pending on staffing and volume, locations will offer employees sign up options.
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	KeHE employs a total of 6,593 employees that work on average 3.1 hours overtime per week. FTE workers are assigned 40 hour shifts. The company does not have a set maximum for weekly hours but the average maximum is 48 hours.
Impact on Stakeholders	The potential for overtime is communicated during the hiring process. During the phone screen, the recruiters talk about the potential of overtime and they also talk about the schedule where there is a definite start time but not a definite end time. The company states that there have not been any health or safety incidents related to working required overtime hours.
Management Practices	<p>Overtime is paid at 1.5 times an employee's base pay. As well as 1.5 times any shift differential and job premiums. Overtime is also subject to any applicable state laws</p> <p>If an employee cannot meet the overtime requirement, the Warehouse Operations Attendance Policy would be followed. On the first page of the policy under Definitions, "Leaving Early" spells out about overtime. "Leaving the work station or clocking out before the end of the scheduled work shift and any required overtime without pre-approval from management. An employee is expected to be at his/her work station until his/her scheduled stop time including any required overtime." If an employee refuses to work overtime, it could be considered insubordination and the employee could be subject up to and including termination, and the attendance policy would be followed.</p> <p>Focused efforts on getting fully staffed and improving retention, working key projects to help such as pay and schedule changes. Work on changes/tools/training to help increase productivity. The company partners with Doctors of Physical Therapy to provide education and training on safe lifting habits, proper hydration, body mechanics and proper rest. This material is covered repetitively in staff meetings and pre-shift meetings when overtime is expected.</p>