



The good pathTM

Goodness Report May 2021 – April 2022





Every year at KeHE, our people pave the way to goodness. We do it day by day, month after month, by pouring our hearts into our work and trusting our values to guide us.

This is the good path.

Following the good path makes KeHE better able to serve its community, employees, and stakeholders. It makes goodness both a journey all by itself, and the foundation for everything KeHE can achieve.

In this report, we recall milestones along the path we traveled this past year, a year full of both challenges and wonder. It describes how our commitments to people, planet, purpose, and performance weave together over the course of one year's journey.

Let's get started!

Highlights from the good path

**There's so much goodness
in the pages to come;**

we hope you'll take the time to read and appreciate all of it.
But meanwhile, here's a quick summary of some standout
highlights from the FY22 good path.



Helped the less fortunate in the U.S., Honduras, Guatemala, Nepal, and elsewhere See page 30



18,000

new items onboarded See page 10



Reduced transportation emissions by

12%

See page 17



Named one of the best B Corps for the world for workers See page 38



Record high value for our employee stock ownership plan See page 12

170 R.A.R.E.TM
graduates See page 13

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Responding to the unexpected	39
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Letter



from Brandon

It was not the year any of us envisioned. We were almost, but not quite, back together in our offices, attending shows, launching serving trips, and traveling to meet with external partners. “Back to Normal” never came, but we learned a lot about “Next Normal” and began to adapt and embrace changes that will be important to our company for years to come.

From a business perspective, although we never felt like we “hit our stride” in fiscal 2022, KeHE Nation found ways to grind out a path to profitable growth. By year’s end, our company had achieved almost all of our financial, operational, and people-centric goals, but it wasn’t easy, and high fives were infrequent.

Sometimes you have years like this past one; years when despite everyone’s focus and hard work, the conditions are difficult, the way is steep, and results don’t come easily.

In years like this, we are learning it is important to collectively reaffirm the path we are on, revisit why we do what we do, and recommit to our ultimate destination. At KeHE, our goal is not simply to be a successful company; our goal is to be a force for good in the world, and to steward the time, talents, and resources we’ve been given to make a positive impact on as many lives as we can.

We call it the good path, and this report provides a glimpse into how KeHE people traveled the good path again this year and made an impact on the lives of many and for our planet. Among other accomplishments, it was a year of new beginnings, including a new distribution center in Goodyear, Arizona, a new office and Innovation Center in Boulder, Colorado, the start of construction on a new safe house for trafficked girls in Nepal, and the completion of a new trade school for under-resourced children in Honduras.

All these projects were born from KeHE employees and partners, seeing opportunity or brokenness and injustice, and getting involved to bring help, hope, and positive change.

In the end, it does not matter how steep the way, it matters what path you are on. At KeHE, we will continue to travel the good path and invest ourselves in building a legacy of goodness. We invite any and all to join us!

A handwritten signature in black ink that reads "Brandon".

Brandon K. Barnholt
President & Chief Executive Officer



Planning the journey



Projections from FY 2021

Before embarking on a journey, smart travelers assess the terrain ahead. They plot their course, consider the obstacles they will encounter, and reaffirm their goals.

For KeHE, traveling the good path means consciously choosing a destination beyond commercial success—our ultimate goal is making a positive impact on the lives of people, both inside and outside our company.

In FY 2022,

KeHE President & CEO Brandon Barnholt helped our path traverse the uncharted challenges imposed by the COVID-19 pandemic. He shared his views and projections in an open letter entitled ["The 'Next Normal' For the Food Industry."](#)

We're focused on growth

While demand sometimes made it more difficult to secure supplies, Brandon asserted that KeHE innovation would keep retailers and consumers happy with our offerings.

"Our innovation gurus remain keenly focused on onboarding new brands—18,000 new items this past year—which serve as both differentiation and alternatives to constrained supply items."



Inflation will continue

We've all seen inflation grow in FY22, but Brandon saw it coming, citing,

"It's the highest level of price changes from suppliers we've ever experienced. We expect inflation to continue as more of our 4,000 plus suppliers initiate increases to offset rising costs of labor, transportation, raw materials, and packaging."



The labor market is challenging

Brandon acknowledged that it was getting harder to find good workers, but that if anyone could attract them, it would be KeHE.

"Demand for warehouse associates and professional truck drivers has required significant advancements in recruiting and retention for our organization. Fortunately, our competitive associate programs, unique culture, and ESOP enable KeHE to be a sought-after workplace."



Our sector is strong

People want the kinds of foods we distribute, and this demand is fuel for growth. Brandon wrote,

"Natural & organic, specialty, and fresh products continue to outpace conventional products in growth rates, and we see no end in sight." Plus, "At-home food consumption continues to be higher than pre-pandemic levels."

Brandon's projections have proven to be highly accurate and, as you'll see in the next section, **KeHE has responded to these challenges with vigor.**

Making strides



Throughout FY22, the people of KeHE walked the good path by taking a step toward finding better ways to serve and uplift people every day. We brought goodness not just to store shelves and dinner tables, but also to each other, communities in need, and our planet itself.

Here is a quick look at some of this year's highlights along the good path.

Innovations and milestones

FY22 saw our teams launch lots of innovative improvements and achieve significant milestones.



Warehouse innovations

In our warehouses across the U.S., we are continuously testing and adopting new and smarter technologies and innovations to expedite quality orders faster, improve our performance, and operate more safely. Here's what we introduced in FY22:

Crew mobile app – A new warehouse communication platform that makes it easy for warehouse teams to communicate with each other in real time

DEMATIC shuttle and pick mod – A highly automated shuttle system and pick mod that eliminates the need for shipping conveyors

Perfect Pick® pallet jacks – with light indicators that help selectors get the right case on the right pallet every time

Improved pick locations – that make selecting and replenishing, location organization, and product facings easier

Warehouse innovations

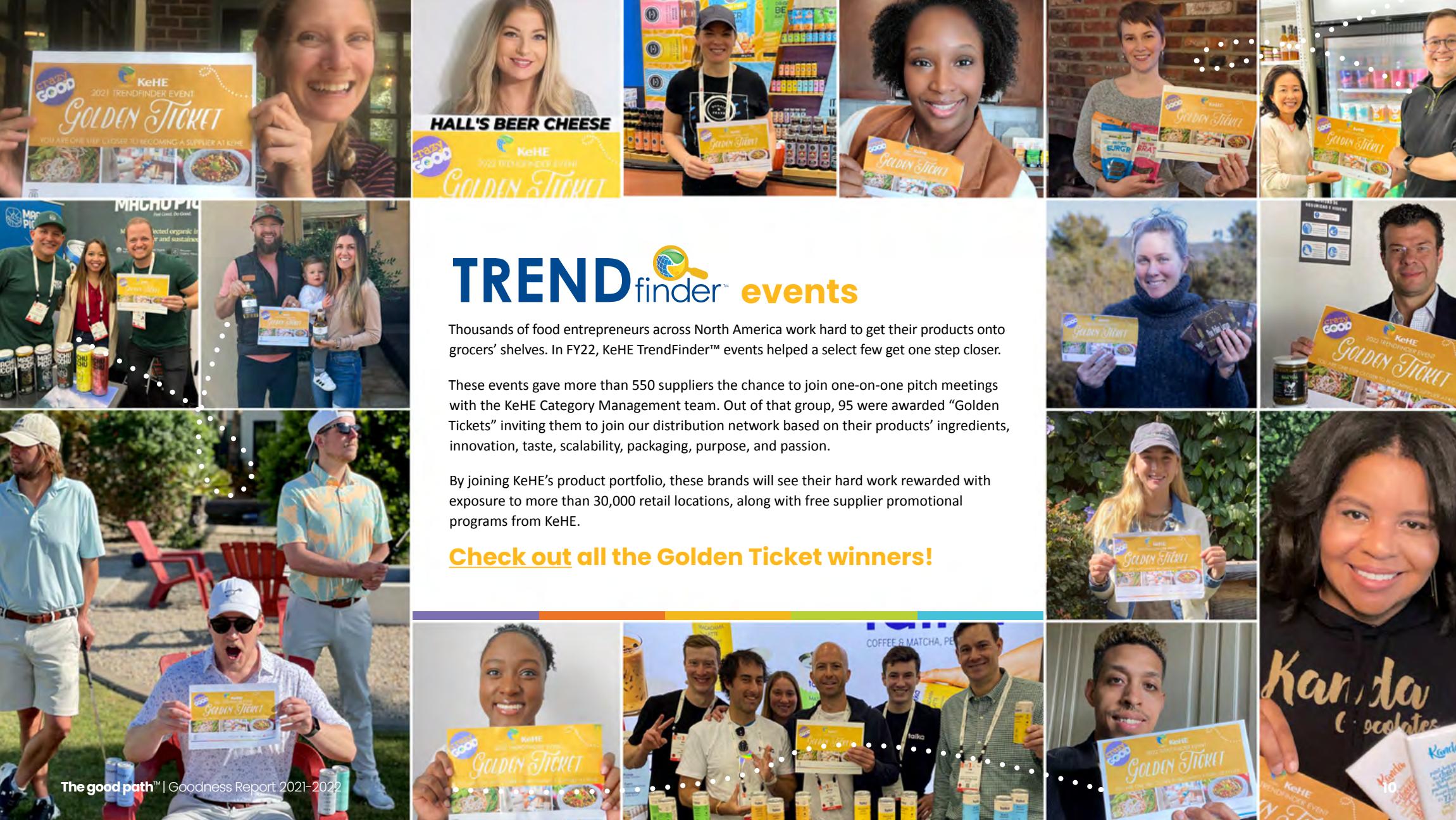
Slotting software implementation - with advanced mathematical algorithms that automatically create slotting moves

A gametime performance monitor - that shows associates' production stats for real-time data tracking, engagement, and benchmarking

New distribution centers designed with six different climate zones - that include a climate-controlled ambient warehouse and an ice cream room

New Goodyear, AZ, and Dallas-Ft. Worth, TX distribution centers - opened with state-of-the-art systems, energy-efficient cooler/freezer systems, MHE batteries, and solar panels, boosting our presence in the fast growing southwest U.S.





TRENDfinder™ events

Thousands of food entrepreneurs across North America work hard to get their products onto grocers' shelves. In FY22, KeHE TrendFinder™ events helped a select few get one step closer.

These events gave more than 550 suppliers the chance to join one-on-one pitch meetings with the KeHE Category Management team. Out of that group, 95 were awarded "Golden Tickets" inviting them to join our distribution network based on their products' ingredients, innovation, taste, scalability, packaging, purpose, and passion.

By joining KeHE's product portfolio, these brands will see their hard work rewarded with exposure to more than 30,000 retail locations, along with free supplier promotional programs from KeHE.

Check out all the Golden Ticket winners!

Retailer milestones

In January 2022, KeHE announced an expanded distribution partnership with southeast U.S. giant Publix Supermarket, giving Publix a broader selection of offerings, particularly in categories such as vitamins, supplements, and body care products.

From independent grocery to independent natural to alternative channels, we added 33 new retailers in FY22.
That means more crazy Good™ brands on more shelves!



33 new retailers onboarded in FY22

ESOP™ Employee stock ownership plan

KeHE associates don't just earn a salary. After their first year, they can also earn stock in the company, which is good for the company—and very good for KeHE associates!

KeHE is a majority employee-owned company. Because we are all owners of the company, everyone who works hard to help make the company great is also making a huge contribution to their own financial future.

Eligible employees earn stock at no cost, and the amount can equal up to 25% of their annual compensation every year. And that's a big deal, because KeHE stock has reached **new all-time highs over the last couple of years.**

By the end of FY21, there were 57 past and present employees whose ESOP balances exceeded



Listen to the
2021 ESOP Share Price
podcast

Employee leadership and recruitment

At KeHE, people are our most important investment. We believe everyone can learn, grow, and shoulder greater responsibility—and our leadership programs help make it happen. In FY22, record numbers of KeHE associates took advantage of these programs.



KeHE develops R.A.R.E. leaders through an immersive leadership development experience focused on 4 principles:

- R**emain Relational
- A**ct Like Your Best Self
- R**eturn to Joy
- E**ndure Hardship Well

"I learned so many great things in R.A.R.E. I have already been practicing these in both my personal and work life and see the impact."

Karen Fancher,
Senior Account Manager

Relate

Relate is a development experience for warehouse and transportation frontline leaders that teaches empathetic listening, behaviors that value people and enhance relationships, feedback delivery, and recognition and celebration practices.

"This course not only will make me a better supervisor—it will definitely make me a better mom."

a Feb-March 2022 Relate attendee



Rising Stars, Aspiring Leaders, & Executive Development

These programs support our leaders' growth through individualized, peer, and group experiences that include instructor-led training, peer learning, and serving from frontline to senior leadership.



prepares employees for director-level roles managing departments and teams within three to five years.

"I've enjoyed the program and have implemented some of the mindset strategies into my day-to-day work and leadership."

Ryan Williams
Director, Financial
Planning & Analysis

Aspiring Leaders

prepares employees to advance from Directors to the VP level, where they'll manage more than one discipline, and get results from others.

"It has helped me build relationships with people I may never have met, while also teaching me ways to better serve the relationships I already had."

Frank Moore
RVP, Transportation

Executive Development

helps current VPs join the senior team where they'll guide development and key moves, while leading functions and senior executive preparation.

"It's been an incredible opportunity not only to learn more about myself and hone my leadership skills, but also to collaborate, share best practices, and learn from my peer group at KeHE."

Lisa MacNeil
Tree of Life Canada



The THRIVE competency model clearly outlines 20 measurable skills and competencies that employees will need to find success. People who develop these skills make themselves candidates to be leaders at every level:

Influence leaders

Frontline leaders

Mid-level leaders

Senior leaders

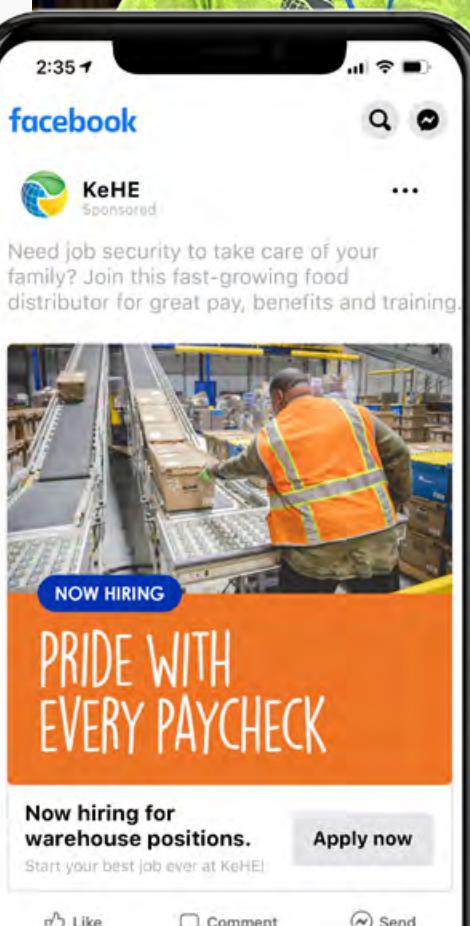
Recruiting awesome new teammates

As President & CEO Brandon Barnholt predicted in his “Next Normal” open letter, as we grow and need more good workers, it’s challenging to attract them in today’s difficult labor environment.

Fortunately, job seekers love KeHE’s unique culture and strong benefits, so we launched two new campaigns to tell warehouse workers and professional truck drivers all about them.

New social ads saying, “Start Your Best Job Ever!” made nearly 11 million impressions and attracted 2,297 job applications.

The new “Friends & Family” referral program featured KeHE associates along with the friends, neighbors, and family members they brought to our team. The program increased employee referrals by 125% in Q3-Q4 over the first two quarters. Employees hired from the program also had a significantly higher retention rate.



11 million
impressions

2,297
job applications

Our commitment to the planet



Traveling the good path means creating a healthier environment for all life on planet Earth. It's a long, long journey, so every year we make meaningful strides toward a more sustainable future. Here are some strides we made in FY22.



Our 4 sustainability commitments

Transportation

We're on track to reduce emissions by 20% by 2030, and have already reduced our transportation emissions by 12% in FY22 thanks to these initiatives.

- Our Stockton, California transportation team uses an alternate energy solution. KeHE utilizes five compressed natural gas tractors which reduce greenhouse gas emissions by at least 70% versus diesel.
- Other transportation initiatives increased miles per gallon by 4.4%, and route optimization decreased miles driven by 7.1%.
- Partnership with the EPA's Smartway Program, which helps companies measure, benchmark, and improve freight transportation efficiency.
- Travel credits—purchased from a fellow B Corporation that supports cleaner-burning cookstoves in Uganda—as an offset to the emissions created by KeHE business travel to serve our customers.

Reduced emissions by 12% in FY22





Our 4 sustainability commitments

Waste

By 2030, we intend to cut food waste in half and divert 90% of our waste from landfills. Here's how:

- Cardboard and plastic recycling programs at all warehouses
- A new zero-waste guide for our distribution centers and supply chain partners
- Employee Appreciation events that sell salvaged products to KeHE associates at super-low prices



[Listen to the Reducing Food Waste podcast](#)

Divert **90%**
from landfills by 2030





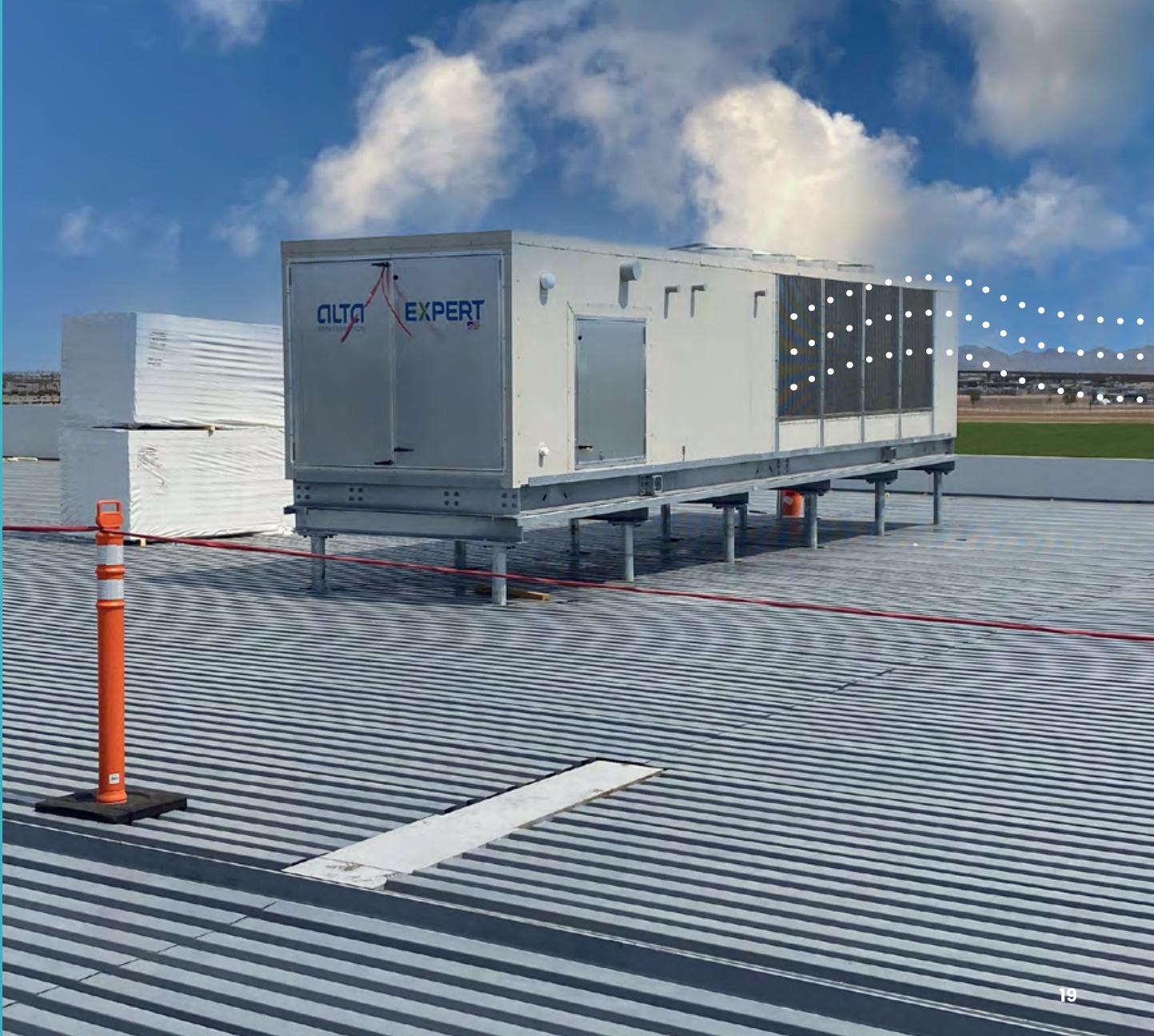
Our 4 sustainability commitments

Refrigerants

We're on track to cut the global warming potential (GWP) of our refrigerants by 2030 due to innovations such as:

- Refrigerated trucks at six locations cooled more sustainably with Shorepower technology
- Refrigerants at our new Dallas–Ft. Worth, Texas facility with 84% lower GWP than the two facilities it replaces

84% lower GWP at
Dallas–Ft. Worth





Our 4 sustainability commitments

Energy

We're always evaluating options to support renewable energy sources across the enterprise. Here's how we're making it happen:

- Seven LEED®-certified facilities and buildings across our enterprise (with two more in progress)
- A solar covered parking structure at our Goodyear, Arizona facility that reduces energy use

7 LEED®-certified facilities & buildings



Supplier and retailer solutions

As a distribution company, we work hard to connect crazy GOOD™ brands with retailers and, ultimately, consumers. Each of these thousands of connections is part of our journey, and they're all intertwined into the good path.

That's why we offer so many programs to help our suppliers and retailers be successful—and these programs are some of FY22's brightest highlights.



Supplier solutions

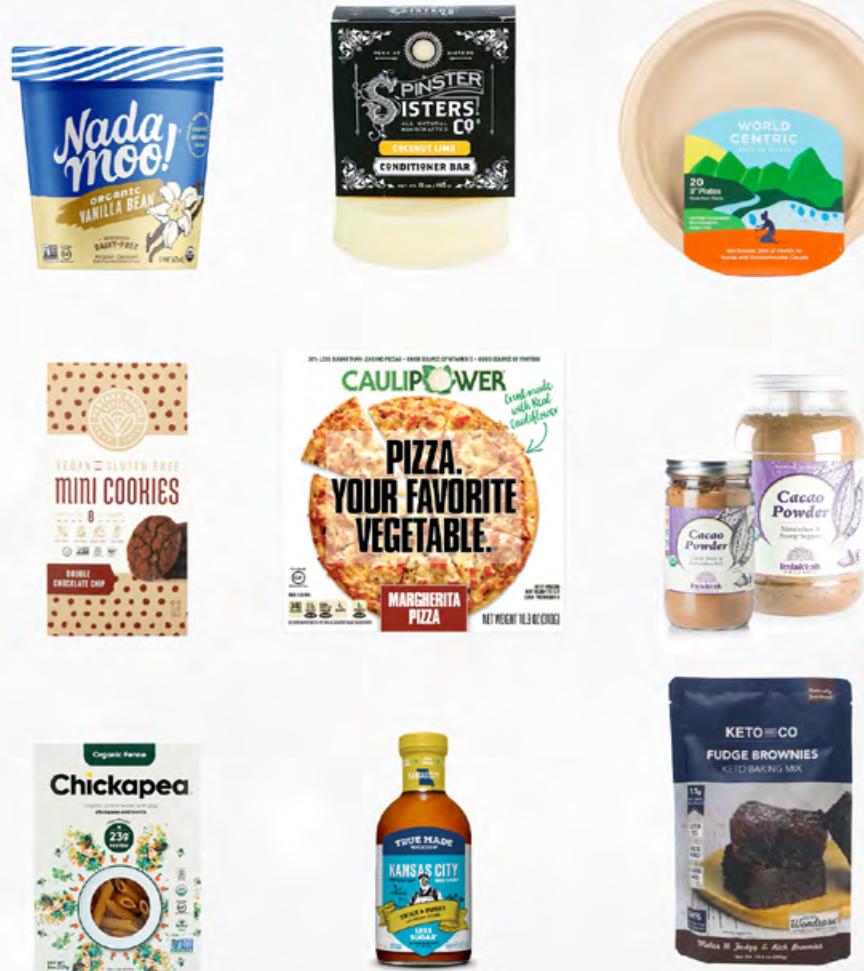


We love innovative new brands! The KeHE Elevate™ program helps new and early-stage brands reach more shelves nationwide to fulfill customer cravings. Our Category Management team acts as trusted advisors, educating brands on the evolving landscape, and propels sales and points of distribution through the program.



Diversity and inclusion are vital steps along the good path. Our DIVERSEtrade™ program boosts diversity and inclusion by supporting suppliers run by women, minorities, people with disabilities, veterans, and/or LGBTQ+ people. We help them better navigate distribution, remove barriers, and increase their opportunities for success.

[Learn more here](#)



380+ DIVERSEtrade™ suppliers like these!

241
WOMEN OWNED

126
 **NMSDC**
National Minority Supplier Development Council

7
 **nglcc**
National LGBT Chamber of Commerce

1
 **Disability:IN**

5
 **U.S. VETERAN OWNED BUSINESS**



Supplier solutions



To drive change in the food and beverage industry, our new ECOtrade™ program supports our suppliers who work as hard toward environmental sustainability as we do. Brands that focus on net zero, carbon neutral, and other science-based targets spark a valuable “race to the top” in our industry.

[Learn more here](#)

Supplier solutions



To give innovative regional suppliers a boost, we created this program to launch new items from individual distribution centers. Items with less than 90 days of sales in the region can be featured in a full-color publication available to the KeHE sales team and retailers, with inventory intended for New@KeHE™ independent retailers.





Retailer solutions



Fresh perimeter is the fastest-growing segment of retail grocery nationwide over the past two decades. To make sure KeHE stays in the forefront of distribution, we've dedicated a team of 15 category experts to sourcing best-in-class fresh products. That's why our fresh business is growing more than 15% per year.

Over the past two years, we've onboarded more than 100 new meat, seafood, and plant-based protein suppliers, and we're proud to say our cheese, deli, bakery, bulk, and protein offerings now make up more than 15% of our total business.



When shoppers look for natural, organic, and non-GMO products, they love finding KeHE-owned CADIA® and MADE•WITH™ products on store shelves. Products from these exclusive KeHE brands are made with simple ingredients and sustainable practices—at an affordable price point. They're also the only products on our trucks wholly owned by our ESOP stockholders.

[Follow us on social media](#)

Retailer solutions

Digital platform capabilities

We've recently introduced new, easy-to-use digital platforms to support our goal of becoming the next generation distributor.



The KeHE CONNECT BI™ solution gives our suppliers a suite of tools with a clear digital interface that helps them grow sales, reduce administrative costs, and improve efficiency—all with greater transparency.



The KeHE CONNECT Direct™ program offers KeHE retailers, of any size, access to an expanded assortment of items beyond their home distribution center. Orders are drop shipped via UPS, with no minimums, and free shipping on orders of \$50 or more.



The KeHE CONNECT Retailer™ platform makes ordering easy and available to retailers 24/7. They can browse products by category, with retailer-specific pricing details, and get quick access to promotion items. Retailers can also access current On Trend®, and New@KeHE™ publications, as well as regional spotlights.

[Contact our Solutions Team](#)



Supplier and retailer solutions

KeHE exclusive selling & buying shows

KeHE's award-winning trade shows connect our suppliers and retailers to drive exclusive buying opportunities. These shows help retailers discover innovative products, negotiate deep deals, and purchase On Trend® items for the next season.

We host several shows every year, including:

- Summer show (February)
- Holiday show (June)
- Winter show (October)
- Regional shows (Spring)
- International shows

[Learn more here](#)

What about eCommerce?

A growing number of consumers are discovering the convenience of buying their food and other items via eCommerce.

What role does KeHE play in eCommerce?

Our KeHE CONNECT Retailer™ platform and KeHE CONNECT Direct™ programs help retailers order KeHE suppliers' products from anywhere in the KeHE system, any time of day. Meanwhile, KeHE Brand Driver™ offerings provide digital marketing and agency solutions and B2B and B2C 3PL fulfillment services for brands across all temperature zones. We work with vendors both in and out of the KeHE distribution network.

Together, these programs help our retailers deliver our suppliers' products straight to consumers, so people can enjoy our crazy GOOD™ brands without having to even leave home.



Our mission to serve



The most essential part of the good path is doing good for others. Our culture of service goes all the way back to KeHE's founders, Art and Jerry Kehe, and lives on today through the KeHE Cares Foundation.

KeHE Cares helps our employee-owners volunteer in communities from our own backyard to the furthest corners of the world. **We contribute 10% of net profits** annually to the foundation, with direction from our KeHE Cares Employee Outreach Committee, made up of people from a variety of departments within the company.

As KeHE grows, so do our foundation contributions. We set new records for giving in FY22—and served more people in need than ever before.

Where do the donations go?

There are three main areas of investment:



Out reach

Relief of poverty and
human suffering



In reach

Hardship and scholarship aid
for our own people



CAREtrade®

Brands with purpose
and impact





Out reach

Relief of poverty and human suffering

KeHE Cares® program funds make a life-changing difference for thousands of people. We:

- Help feed people locally and around the world
- Combat sex trafficking and exploitation
- Create opportunities for adults with disabilities
- Lift young men and women out of poverty via mentorship programs
- Provide medical care and education in remote areas of Honduras, Burundi, South Africa, and Cambodia
- And much more

And it's not all about donations! More than 1,000 KeHE employees have gone on multi-day serving trips in the past 10 years, helping diverse communities find their way along the good path.

[Hear more stories here](#)





In the past 20 years, Growing Gardens has brought sustainable agriculture, education, and food donations to more than 136,000 residents of Boulder County, Colorado. On July 9, 2021, employees from our Exclusive Brands team volunteered their time helping with harvest and garden work at the Hawthorne Community Garden.



Chicago's Male Mogul Initiative works to transform the way men of color live and lead in their communities through leadership and entrepreneurial development. KeHE associates support the "After School Matters" program, which teaches high school-age men entrepreneurial and basic life skills and takes them on college visits.

CHRISTIAN FAR EAST MINISTRY

True courage: Christian Far East Ministries smuggles food, clothing, blankets, and medical supplies from Thailand to displaced people in Myanmar, where the government sanctions genocide against the Kachin and Karen ethnic groups. The KeHE Cares Foundation has partnered with this remarkable group for more than twelve years as they work with resistance organizations, establish orphanages, and support refugees.





Laredo mission trip

At New Vision Community Church in Laredo, Texas, Joseph Store House has become known as “The Little Store of Hope.” For years, KeHE associates have made annual journeys to Laredo to pack food bags, load donated furniture, and contribute in many other ways to the church’s vital mission.



We support Mission Lazarus in Honduras and Haiti, where they assist people in need with programs in leadership, education, health, and economic development. Our teams have helped build schools, install latrines, and teach business skills and trades training.



Restoring Hope Nepal safehouse

Restoring Hope Nepal rescues trafficked women and girls from brothels in Nepal and India. Our support is helping the organization build a new home that will house up to 120 women, with career training classes right in the building. We resumed our trips to Nepal in spring 2022 and are planning another trip in 2023.



Three Grains Of Rice— Jacksonville, Florida

Employees from our Jacksonville office and the Elkton distribution center joined 12 volunteer events in FY22, where they helped provide meals for more than 500 international students and their families.





Impact Fund

Entrepreneurs starting new businesses in marginalized communities can make a huge difference for people who live there. They create jobs and “economic multipliers” that improve health conditions, education levels, food security, and overall well-being in these communities.

That’s why we started the KeHE Cares® Impact Fund—an endowment created to invest in growth-stage enterprises based in marginalized communities.

From \$3.1 million in 2021, we’re on target to build a \$20 million endowment by 2025 that will help make this vision a reality.





In reach

Hardship and scholarship aid for our own people

Hardship support

As strongly as KeHE associates support the company, the company stands ready to support employees in need. The Employee Benevolence program helps relieve overwhelming needs for KeHE associates and family members who have experienced catastrophic events such as unexpected medical costs and natural disasters. This strategic support gives people relief with dignity and hope for a better future.

Scholarship funds

Our employees' families matter to us. If their children want to pursue a college education, our scholarship program can help make it possible. Funds are awarded based on need, academic achievement, and character. We want all kids to have the brightest future possible!



85 scholarships awarded to
KeHE employees' children totaling **\$85k**



Brands with purpose and impact

Our CAREtrade® program is the next evolution in serving, bringing mission-based brands to the forefront so their good-for-you products connect with more consumers and help make the world a better place through trade, not aid.

We work shoulder to shoulder with like-minded suppliers and retailers to bring mission-based brands to the forefront. Since our purpose at KeHE is to serve to make lives better, we're proud to work with brands that share our purpose.

[Learn more here](#)



B Corporation status

KeHE has been certified as a B Corporation since 2015. This certification means we meet high standards for performance, accountability, and transparency in many areas, but it essentially means we believe in using business as a force for good.

Not only are we one of the largest B Corps in the world—our people-first culture was recognized as **one of the top B Corps for the world for workers in 2022**.

Several of our retailers—and more than 100 of our suppliers—are also B Corps, so our entire distribution chain works together to positively impact people, the planet, and our communities.

 **Listen to the
B Corp Factor podcast!**

Certified



Workers



Responding to the unexpected



The good path is a journey, and journeys sometimes take unpredictable turns. How we respond to those unexpected turns is a key part of the story.

These events from FY22 brought out the best in our organization and our people.

Responding to a labor shortage

One of the greatest challenges of FY22 was a global labor shortage. Organizations of every kind found it hard to attract good workers, but there was especially high demand for employees in the durables and delivery sectors where KeHE operates.

Yet consumers wanted more of our crazy GOOD™ brands than ever before. So, to meet surging demand during a nationwide shortage of workers, we:

- Deployed digital innovation to make hiring easier and faster
- Reviewed scheduling flexibility
- Ensured competitive pay for all positions
- Launched a successful national employment brand using social media, job fairs, signage, outdoor ads, direct mail, radio spots, truck decals, and more
- Launched an employee referral program to bring family members, neighbors, and friends into the company

These initiatives helped us hire an unprecedented number of new employees in FY22. We also opened two new state-of-the-art facilities, so we're ready to meet consumer demand next year—and into the future!



Helping Boulder recover from wildfires

On December 30, 2021, a raging wildfire swept through the suburbs east of Boulder, Colorado. Fanned by 100-mile-an-hour winds over the dry winter landscape, the Marshall Fire destroyed and damaged more than 1,000 homes and dozens of commercial structures, including an entire shopping center and a hotel.

Boulder is one of KeHE's communities, so we, of course, responded as quickly as possible.

- Our Exclusive Brands team donated \$5,000 to the Marshall Fire Family Relief Fund. 100% of proceeds went to impacted families.
- KeHE Cares® outreach donated \$30,000 to help displaced families with rental housing assistance, home goods, and other furnishings not covered by insurance. These funds also covered transportation costs for people who'd lost vehicles to the fire.



Response to the war in Ukraine

In February 2022, Russia invaded its neighbor Ukraine, triggering a humanitarian emergency. According to the United Nations, at least 12 million people have been forced to flee their homes, with more than five million leaving the country.

KeHE Cares® outreach

was quick to respond, working with two organizations where we have established, trusted relationships.

- World Relief is a worldwide organization that helps refugees. In Ukraine, they have been partnering with multiple local organizations to provide food, temporary accommodation, and transport for refugees, as well as supporting local churches serving on the frontlines. They're also working with churches and shelters in nearby Poland, Romania, Moldova, and Slovakia.
- Operation Deployed helps care for the emotional, physical and spiritual well-being of U.S. troops overseas. In Ukraine, they're running medical supplies and military gear to American units all over Eastern Europe. They've also supplied the Ukrainian resistance with medical supplies, waterproof bags, multi-tools, trauma blankets, socks, eye protection, and more.

**We'll continue to work with these
and other organizations to help
Ukraine and its people.**

A photograph of a man with a beard and a baseball cap, smiling and driving a truck at night. The scene is lit by the interior lights of the truck and the streetlights outside, creating a warm, orange glow. The truck's steering wheel and dashboard are visible in the foreground.

Our path forward

The good path never ends, because one year's journey always leads to another. We're continuing on the good path through FY23, with some exciting developments already here or just over the horizon.

Boulder offices & Innovation Center

We're committed to innovation and sustainability leadership, and one of the places they intersect is in beautiful Boulder, Colorado. That's why we're so excited about our new Boulder offices & Innovation Center, which opened in January 2022 in the heart of downtown Boulder (which is currently undergoing a major transformation).

This 10,000-square-foot facility combines collaboration spaces, technology, food preparation infrastructure, and natural beauty. It will be an environment that attracts talent and partnership in support of our mission and a space for KeHE employees, suppliers, and industry partners to collaborate, learn, and grow.

Once renovated, the new Innovation HQ will feature a Planogram Lab and KeHE Test Kitchen, host TrendFinder and other events, provide conference space, and broadcast and record live-streaming content and podcasts.

This facility is also the home of our Exclusive Brands, Digital Commerce, and Business Development teams.

KeHE is the only food distributor with a significant presence in this vibrant natural food community, and the new Boulder offices & Innovation Center will take our visibility to a higher level for years to come.



10,000 square feet
of inspiration!

Dallas-Ft. Worth distribution center

Our new facility in Dallas-Ft. Worth, Texas will replace the two current warehouses in Dallas and Flower Mound—with enough space and capacity to handle the volume of dry, refrigerated, and frozen products from both facilities. In fact, it will be the largest KeHE facility anywhere, with nearly 1 million square feet total. That's the equivalent of 18 football fields!

In addition to its size, the new facility will be the most advanced we've ever had, featuring:

A 210,000 square foot freezer – with a climate-controlled ice cream room

OPEX® Perfect Pick® system – lets robots work and interface with our selectors

4 conveyor sort drops – which let selectors to induct cartons directly into the shipping conveyor

Improved batch pick – that reduces passes in the building by up to 50% (reducing emissions and energy demands, too)

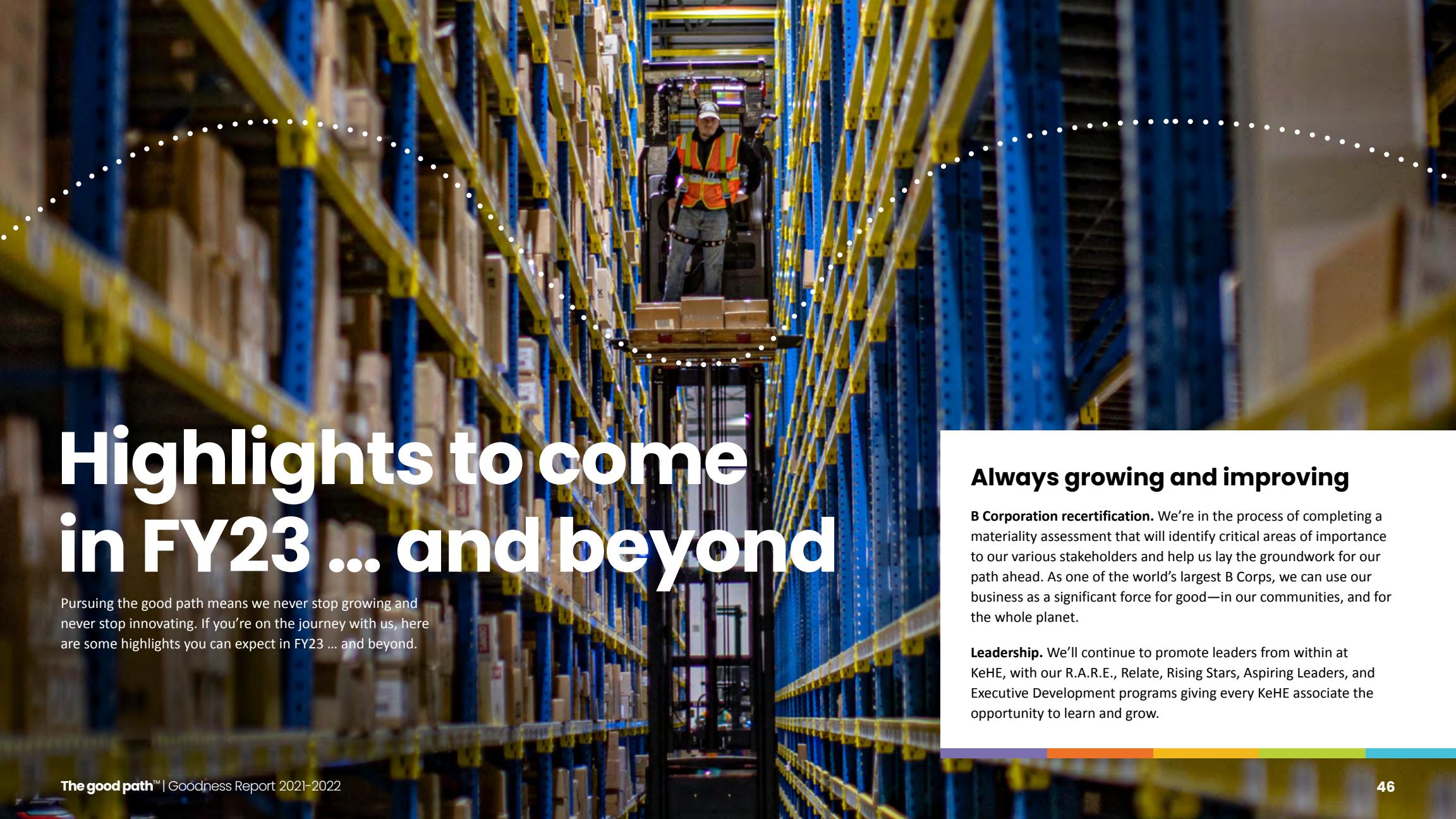
Variable height pickers – that let associates pick and stock items at multiple rack heights up to 8' for better pick density

This warehouse was open and fully operational in May 2022.



1 million square feet

That's the equivalent of 18 football fields!

A photograph showing a worker in a high-visibility vest and hard hat operating a forklift in a large warehouse. The worker is positioned in the center of a narrow aisle between tall, multi-tiered shelving units. The shelves are filled with various boxes and packages. The lighting is dramatic, with bright overhead lights reflecting off the metallic surfaces of the shelving and the floor.

Highlights to come in FY23 ... and beyond

Pursuing the good path means we never stop growing and never stop innovating. If you're on the journey with us, here are some highlights you can expect in FY23 ... and beyond.

Always growing and improving

B Corporation recertification. We're in the process of completing a materiality assessment that will identify critical areas of importance to our various stakeholders and help us lay the groundwork for our path ahead. As one of the world's largest B Corps, we can use our business as a significant force for good—in our communities, and for the whole planet.

Leadership. We'll continue to promote leaders from within at KeHE, with our R.A.R.E., Relate, Rising Stars, Aspiring Leaders, and Executive Development programs giving every KeHE associate the opportunity to learn and grow.

Award-winning trade shows

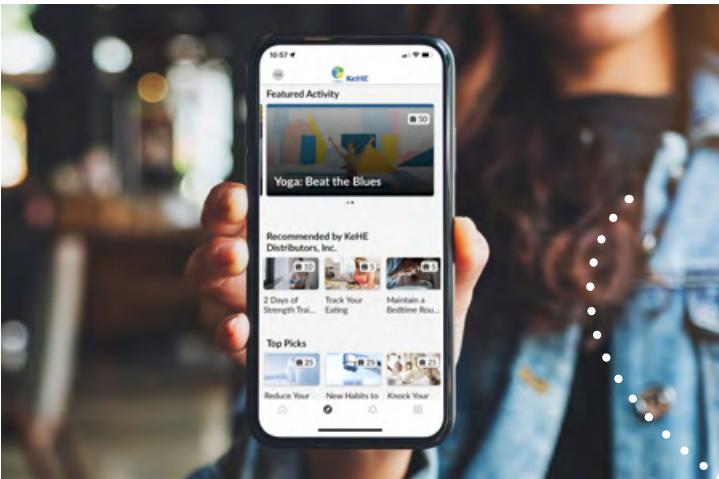
In-person shows are back! We hosted our 2022 KeHE Holiday Show on June 15 and 16 in Chicago, finally giving our customers and supplier partners the opportunity to connect, share exciting new product ideas, and explore the possibilities face to face.

Expanding channels

To meet the growing demand for innovative, wholesome products anywhere, anytime, we are expanding our eCommerce, fresh, and alternative channels. The more ways shoppers can find our crazy GOOD™ brands, the better!



New for FY23

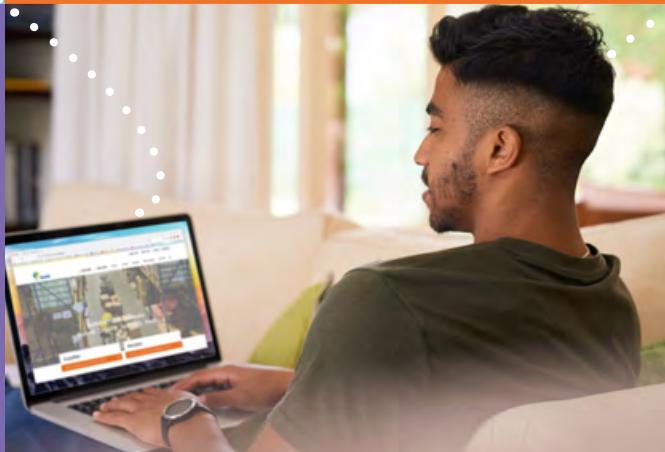


Best Self well-being app

In FY23 we launched our new Best Self well-being app, powered by Limeade (an employee experience software company), to help our employees improve their physical, emotional, financial, and work well-being and build a great place to work.

The KeHE job site in Spanish

Because so many of our employees (and potential employees) speak Spanish as their primary language, in FY23 we'll launch a Spanish version of our job site to make KeHE employment opportunities accessible to more people.



 **KeHE CONNECT DIRECT™**
ENDLESS GOODNESS

National launch

The KeHE CONNECT Direct™ program gives KeHE retailers, of any size, access to an expanded assortment of items beyond their home distribution center. In FY23, we'll make the program available nationwide to give retailers the widest possible selection.



crazy GOOD™ Benefits

For FY23, we're expanding our suite of Family Care Benefits to make our employees' lives better! Effective May 1, 2022, all KeHE full-time employees are eligible for:

- 4 weeks paid parental leave for new parents, regardless of gender identity, inclusive of biological, adoptive, and foster parents
- Daycare discounts through a wide network of providers
- Days off for a pregnancy loss
- Financial coverage for fertility diagnosis and treatment, including ART, IVF, surgery, and injections

4 weeks
paid parental leave for new parents,
regardless of gender identity, inclusive of
biological, adoptive, and foster parents



What's next on the good path for KeHE's employees, suppliers, and retailers?

Hard to say for sure, but we do know two things:
It'll be awesome, and we'll walk it together.
More to come in FY23!





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