



Environmental, Social and  
Corporate Governance Update

December 2020

# Our ESG Progress in 2020

During the past year, PFG has embarked on a journey to fully embed an Environmental, Social, and Governance (ESG) strategy into our company operations and business procedures. This process, known as ESG integration, will be a key driver in our ability to consistently maximize shareholder returns and stakeholder value. Our embedded ESG strategy will serve to reduce our operational and reputational risk and generate customer and market opportunities. The strategy will also operationalize stakeholder collaborations to address shared challenges and objectives.

In 2020, we completed a comprehensive ESG audit and materiality analysis to better understand the issues most relevant to our business and the welfare of our stakeholders, and to support the development of a high impact, enterprise wide ESG Strategy. The process included analyzing the resilience of our business model, key business drivers, customer and competitor performance, and evolving investor expectations.

This document provides our shareholders with an update about our ESG progress in 2020 and our focus areas moving into the future, as well as reporting disclosures using the recommended frameworks from the Sustainable Accounting Standards Boards (SASB) and the Task Force for Climate-related Financial Disclosures (TCFD).



## Letter from the CEO

The events in the past year, from the disruptions of the COVID-19 pandemic, to protests for racial equality, to the historic West Coast wildfires, have demonstrated that economic and societal welfare are inextricably linked. It is clearer than ever that environmental, social, and governance issues, like climate change and economic inclusion, are becoming fundamental business imperatives, and that generating value for all stakeholders can drive profitability and long-term success.

In 2020, Performance Food Group significantly increased our efforts to integrate Environmental, Social and Governance (ESG) criteria into our day-to-day business operations, long-term planning, and company culture. By building upon our historic foundation of socially responsible business and focusing on the issues most relevant to our and our stakeholders' success, we will be able to mitigate our risks as well as capitalize on the opportunities presented by a shifting economic, social, and environmental landscape.

I believe that our ESG Impact Strategy will position our company for future growth and allow us to advance environmental and social goals while continuing to drive customer success. As we set the course for 2021 and beyond, we invite our customers, partners, and communities to join us on this journey to drive company profitability, stakeholder welfare, and social impact across the country.

George Holm  
Chairman, President & CEO



## Letter from the CFO

As we look to 2021 and beyond, we will be integrating ESG issues into PFG's enterprise risk management systems, capital investments and long-term financial planning. This will support our ongoing profitability and require adaptability as we navigate the economic times ahead. PFG recognizes that issues such as natural resource scarcity, climate change impacts, and supply chain management present material risks to our business, so ESG integration is also a matter of maximizing performance and value creation for our shareholders.

We plan to leverage our ESG strategy to ensure near-term and long-term risk reduction and opportunity capitalization, enhance our corporate reputation and social license to operate, and support the development of an inclusive, performance-driven culture.

The outcomes of these collective efforts will result in greater customer acquisition opportunities, reduced costs and business losses, greater workforce productivity, and organizational resilience as we head towards the future.

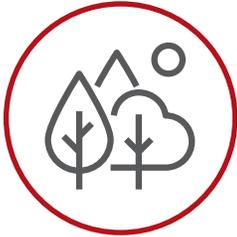
I am confident that addressing ESG issues and using our scale, influence, and capabilities to create value for all stakeholders will be a core driver of our business success for years to come.

A handwritten signature in black ink, appearing to read "Jim Hope", is positioned above the printed name and title.

Jim Hope  
Executive Vice President & CFO

# 2020 ESG Highlights

Our approach to ESG integration in 2020 was framed through a strengths-based strategic planning process with our dedicated ESG executive steering committee and ESG issue subcommittee working groups. This process enabled us to identify where and how we can build on elements we already have in place across the enterprise, what areas require greater information gathering and stakeholder engagement, and what fundamental risks and opportunities exist in the immediate and long-term. Below is a summary of our 2020 ESG Highlights:



## Environment:

- Expanded LED light and motion sensor conversions in our warehouses to reduce energy use, electricity costs, and emissions
- Continued route optimization training initiatives, reducing time on the road, gas costs, and emissions
- Reduced food waste and landfill contributions, decreasing the methane emitted in the food decomposition process
- Brought more ESG-centric procurement partners into the PFG supplier base
- Published a Climate Change Policy and Environmental Policy



## Social:

- Expanded our product portfolio of sustainably sourced, local, and health-conscious products with low carbon footprints to address evolving consumer preferences
- Invested in an enterprise-wide associate engagement initiative focused on an inclusive culture and what matters most to associates to drive the strong sense of care, connection, motivation, and ownership the organization needs to succeed
- Committed to hiring a Vice President of Diversity and Inclusion (D&I) to support the development and implementation of an enterprise D&I strategy
- Published a Human Rights Policy



## Governance:

- Responded to the COVID-19 pandemic with a multi-pronged strategy to support customers, associates, and foodbanks across the country
- Created a dedicated enterprise ESG Executive Committee that reports directly to the Board of Directors, and initiated a monthly meeting schedule to oversee ESG strategy implementation, including climate change risk management and stakeholder engagement
- Published a Supplier Code of Conduct and designed an ESG-centric Supplier Screening Tool to mitigate our ESG-related risks across our supply chains

## Setting the Course for the Road Ahead - 2030 ESG Focus Areas

Our 2020 ESG highlights demonstrate that we are already tackling environmental, social, and governance issues every day across our company. As our economy, environment, and society continues to change, we know that we must do more. Therefore, we are working to integrate and expand our ESG efforts throughout our enterprise to mitigate our material risks, drive growth, and create value for all of our stakeholders. To achieve ongoing meaningful progress, we are setting enterprise level focus areas and mobilizing collective action across all our divisions. Below is a breakdown of our focus areas for 2030, the material ESG issue each area addresses, and which business function will be responsible for implementation:

<b>Business Function</b>	<b>ESG Issue</b>	<b>2030 Focus Areas</b>
<b>Operations</b>	Energy Management	Improve power consumption intensity
	Renewable Energy	Procure more energy from renewable sources
	Scope 1 Emissions	Improve carbon intensity
	Waste Management	Divert more operations and food waste from landfill
<b>Supply Chain</b>	MBE Procurement	Increase the woman, veteran, and minority-owned businesses in our supplier base
	ESG Supplier Strategy	Develop and implement an ESG supplier screening tool and audit protocol
	ESG Food-Service Product Portfolio	Introduce sustainable alternatives for disposable items
	ESG Food Product Portfolio	Expand plant-based meat and snack selections and expand sustainably and humanely raised livestock
<b>Culture &amp; Employee Engagement</b>	Diversity, Equity, and Inclusion (DEI)	Develop and implement a DEI strategy across the enterprise
	Training and Development	Expand role-specific and management training to more associates
	ESG Knowledge	Increase stakeholder knowledge on key ESG issues and PFG's ESG Strategy to address them
<b>Communications &amp; Disclosure</b>	ESG Reporting	Produce an annual ESG Report and website presence
	Ingredient Transparency	Increase ingredient transparency for all PFG private label brands
	Sustainable Sourcing	Achieve third party sourcing certifications for more PFG private label products

As we move into 2021 and beyond, we will be enhancing the quality and consistency of our ESG reporting by using SASB and TCFD disclosures to ensure that all shareholders understand our approach and thinking regarding ESG governance, strategy, risk management, and key focus areas. Below are our first annual SASB and TCFD disclosures that expand upon our 2020 efforts and progress.

# SASB Disclosure

We are leveraging the industry-specific framework by the Sustainable Accounting Standards Board (SASB) to better understand, respond to, and communicate our progress on addressing ESG issues that present material risks to our business. By reporting our progress, challenges, and strategies using SASB recommended metrics, we are able to better communicate with investors and other interested stakeholders about how we manage our ESG-related risks in every aspect of our business. We are committed to improving the transparency, management, and performance of our ESG efforts, including proactive communications to all our financial stakeholders and those interested in our strategic approach to reducing the risks and capitalizing on the opportunities presented by changing economic, social, and environmental conditions.

## Food Retailers & Distributors Standard Sustainable Accounting Standard

Topic	SASB Code	Metric	FY 2019-2020 Performance
<b>Fleet Fuel Management</b>	FB-FR-110a.1	Fleet fuel consumed, percentage renewable	48,089,336 gallons, 0% renewable
<b>Air Emissions from Refrigeration</b>	FB-FR-110b.1	Gross Global Scope 1 Emissions from refrigerants	19,305 CO <sub>2</sub> -Equivalent Emissions Metric Tons <sup>1</sup>
	FB-FR-110b.2	Percentage of refrigerants consumed with zero ozone-depleting potential	99.4% <sup>2</sup>
	FB-FR-110b.3	Average refrigerant emissions rate	2.1% (fleet refrigeration), 8.4% (warehouse refrigeration) <sup>3</sup>
<b>Energy Management</b>	FB-FR-130a.1	(1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable	(1) 244,750,011 kWh (881,100.4 GJ) <sup>4</sup> (2) 100% <sup>5</sup> , (3) Not Available% <sup>6</sup>
<b>Food Waste Management</b>	FB-FR-150a.1	Amount of food waste generated; percentage diverted from the waste stream	1,849,593 cases, 40% diversion rate
<b>Data Security</b>	FB-FR-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information, (3) number of customers affected	(1) 1, (2) 0%, (3) 0
	FB-FR-230a.2	Description of approach to identifying and addressing data security risks	2020 Report, page 13
<b>Food Safety</b>	FB-FR-250a.1	High-risk food safety violation rate	0 - NA
	FB-FR-250a.2	(1) Number of recalls, (2) number of units recalled	0 - NA
<b>Product Health &amp; Nutrition</b>	FB-FR-260a.1	Revenue from products labeled and/or marketed to promote health and nutrition attributes	\$4,079,614,888, equaling 26.3% of total sales <sup>7</sup>
	FB-FR-260a.2	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	2020 Report, page 15

1 \*This figure accounts for all scope 1 emissions except those from PFG fleets and third-party distributor fleets.

2 \*This figure accounts for all refrigerants used except those from Reinhart Foodservice and Eby-Brown.

3 \*This figure accounts for all refrigerant emission rates except those from Reinhart Foodservice and Eby-Brown.

4 \*This figure account for all operational energy used except the amount used at Reinhart Foodservice.

5 \*This figure accounts for all operational energy used except the amount used at Reinhart Foodservice.

6 \*We are currently in the process of collecting our renewable energy use from solar and wind procured at specific operating companies.

7 These figures account for all sales excluding Reinhart Foodservice and Eby-Brown. The product label claims include reduced fat, low sodium, reduced sodium, organic, shade grown, MSC Certified, lactose free, Humanely Raised, RBST free, probiotic, vegan, wild, free range, Fair Trade, Halal, Kosher, gluten free, and trans-fat free.

<b>Product Labeling &amp; Marketing</b>	FB-FR-270a.1	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	0 - NA
	FB-FR-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices	0 - NA
	FB-FR-270a.3	Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	(1) \$33,341,978 <sup>8</sup> , (2) \$6,469,651 <sup>9</sup>
<b>Labor Practices</b>	FB-FR-310a.1	(1) Average hourly wage and (2) percentage of in-store and distribution center employees earning minimum wage, by region	(1) \$21.77*, <sup>10</sup> (2) 100% of employees receive above state minimum wages
	FB-FR-310a.2	Percentage of active workforce covered under collective bargaining agreements	6.20%
	FB-FR-310a.3	(1) Number of work stoppages and (2) total days idle	0
<b>Management of Environmental &amp; Social Impacts in the Supply Chain</b>	FB-FR-430a.1	Revenue from products third-party certified to environmental or social sustainability sourcing standard	See 2020 Report, page 18
	FB-FR-430a.2	Percentage of revenue from (1) eggs that originated from a cage-free environment and (2) pork produced without the use of gestation crates	(1) 8% (3% Shell Eggs, 5% Egg Products) <sup>11</sup> , (2)0
	FB-FR-430a.3	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	2020 Report, page 19
	FB-FR-430a.4	Discussion of strategies to reduce the environmental impact of packaging	2020 Report, page 20

8 These figures account for all organic sales (all organic is non-GMO) excluding Reinhart Foodservice and Eby-Brown.

9 These figures account for all organic sales (all organic is non-GMO) excluding Reinhart Foodservice and Eby-Brown.

10 These figures account for all divisions except Eby-Brown.

## Table 2. Activity Metrics

Activity Metric	SASB Code	FYI 2019-2020 Data
Number of (1) retail locations and (2) distribution centers	FB-FR-000.A	(1) 6 Merchant Marts, (2)109 Distribution Centers
Total area of (1) retail space and (2) distribution centers	FB-FR-000.B	(1) 62,350 square meters, (2)1,772,511 square meters
Number of vehicles in commercial fleet	FB-FR-000.C	5,307 Tractors
Ton miles travelled	FB-FR-000.D	2,094,924,926,107,650,000-ton miles

## Fleet Fuel Management

Fuel represents our third most significant transportation cost after labor and vehicles. Therefore, enhancing our fleet fuel management is both a financial opportunity and aligned with our long-term vision for reducing our carbon footprint. Achieving greater fuel efficiencies helps reduce costs, mitigates risks associated with fuel price volatility, and hedges against carbon taxes and regulatory exposure. Greater fleet fuel management also reduces our environmental impacts in communities across the country as much as possible while still ensuring our business continuity and core business model is protected.

At the pilot program stage, we have invested in several electric tractors and are currently waiting for the order to be fulfilled. We are also in the process of exploring biofuels and other renewable fuel sources that can help drive progress on our fleet fuel management. In the meantime, our fleet fuel management practices include route optimization trainings and strategically located assets, like utilization of redistribution centers, that enable us to reach more customers with less time spent on the road, while using less fuel and producing fewer carbon emissions.

### **SASB Disclosure FB-FR-110a.1: Fleet fuel consumed, percentage renewable 48,089,336 gallons, 0% renewable**

(Note This figure accounts for all refrigerants used except those from Reinhart Foodservice and Eby-Brown.)

## Air Emissions from Refrigeration

Refrigeration is a crucial aspect of our operations and essential to ensuring product safety throughout the distribution process. Due to the greenhouse gas (GHG) emissions commonly associated with hydrochlorofluorocarbons (HCFCs), refrigeration is a unique regulatory risk to PFG as federal and local regulators explore stricter emission standards and climate change-related policy. To minimize emissions from both our facility refrigeration and fleet refrigeration systems, we partner with The Linde Group to procure a combination of refrigeration products that enable us to meet our relentless commitment to product safety with the smallest emissions footprint possible. The Linde Group is a global industry leader in industrial gases and engineering and also a leader in sustainable development.

### **SASB Disclosure FB-FR-110b.1: Gross global Scope 1 emissions from refrigerants 19,305 CO<sub>2</sub>-Equivalent Emissions Metric Tons**

Our industry requires significant refrigeration and is a key source of our carbon footprint. Our warehouse emissions of 19,305 metric tons of CO<sub>2</sub> includes the entirety of our facility footprint across the country.

(Note This figure accounts for all Scope 1 emissions except those from PFG fleets and third-party distributor fleets. We are working with an electric sustainability services company to support the development of necessary data systems and collection processes.)

### **SASB Disclosure FB-FR-110b.2: Percentage of refrigerants consumed with zero ozone-depleting potential**

**100% (fleet refrigeration), 98.8% (warehouse refrigeration) = 99.4%**

We collaborate with The Linde Group, a German global industrial gas company committed to sustainable development. The Linde Group advocates for the mass adoption of refrigerant gases with zero ozone depletion potential. All refrigerants we use in our warehouses and fleets have a scientifically validated ozone depletion potential (ODP) score of 0, meaning the compound has no degradation impact on the ozone layer, a key issue associated with global warming and climate change.

(Note This figure accounts for all refrigerants used except those from Reinhart Foodservice and Eby-Brown.)

### **SASB Disclosure FB-FR-110b.3: Average refrigerant emissions rate**

**2.1% (fleet refrigeration), 8.4% (warehouse refrigeration)**

This figure was calculated using the GHG corporate accounting standard prescribed by the World Resources Institute's Greenhouse Gas Protocol.

Reducing our refrigerant emissions rate is a significant challenge due to the amount of refrigeration required to maintain food safety and quality across a nationwide distribution system. We are confident that emerging sustainable refrigerant technologies and our procurement of more renewable energy will help to lower our carbon footprint as we look to find a more long-term, systemic solution to this unique industry challenge.

(Note This figure accounts for all refrigerant emission rates except those from Reinhart Foodservice and Eby-Brown.)

# Energy Management

Food distribution is an energy intensive industry due to the unique demands of warehousing and distributing products for human consumption. Energy is used for refrigeration, heating, ventilation, air conditioning (HVAC), and lighting. This energy use is both a significant cost across the PFG enterprise as well as a key contributor to our carbon footprint. Energy production contributes to pollution and climate change, and climate change presents a significant material risk to agriculture and livestock production, product distribution, and business continuity planning.

In addition to reducing our risks through greater operational efficiencies and the standardization of an internal environmental management system (EMS), we will be exploring renewable power purchasing agreements (PPA) and leveraging national and state level tax incentives to procure more wind and solar energy across our enterprise.

We have already secured renewable energy from a solar garden in California and wind power from Maine. We are confident that a combination of growing tax incentives and more expansive renewable infrastructure will enable PFG to power our operations while minimizing our carbon footprint and contribution to climate change.

## **SASB Disclosure FB-FR-130a.1: (1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable**

**(1) 244,750,011 kWh (881,100.4 GJ) (2) 100%\*, (3) Not Available\*%**

Although we procure wind and solar energy at two of our operating companies, we know that procuring renewable energy across our enterprise will be crucial to managing both the physical risks of climate change on the power grid and our own carbon emissions. As part of our focus to expand renewable energy procurement, we will be exploring the wide range of tax incentives, power purchasing agreements, and on-site systems to help us balance our own energy costs with the externalities, or hidden costs, to the environment and the local communities we call home.

(Note This figure accounts for all operational energy used except the amount used at Reinhart Foodservice.)

(Note We are currently in the process of collecting our renewable energy use from solar and wind procured at specific operating companies.)

# Food Waste Management

Food waste accounts for approximately 6% of global GHG emissions. Over 50% of global food waste occurs during production, post-harvest handling and storage, and a little under 50% occurs at the processing, distribution, and consumption stages. As one of the largest broadline distributors in North America, food waste management in the storage and distribution stage represents one of our biggest challenges and also one of our biggest opportunities to directly address a range of material ESG issues

## **SASB Disclosure FB-FR-150a.1: Amount of food waste generated; percentage diverted from the waste stream**

### **1,849,593 cases, 40% diversion rate**

At PFG, food loss and waste represent immediate risks to our profitability due to losses of saleable merchandize as well as long-term risks to the natural resources needed for food production, including water and land, and additional resources including energy and labor. At the end of the product lifecycle, food waste is also a significant contributor of GHG emissions during landfill decomposition. Sending more food waste to the landfill also perpetuates the longstanding societal challenge of food insecurity. In order to fulfill our mission and our commitment to stakeholder value generation, we reduce our contributions to GHG emissions from food waste while addressing food insecurity around the country. We manage these risks to our business, the environment, and society as a whole in the following ways:

- **Feeding America and Local Food Shelf Partnerships:** Our longstanding corporate partnership with Feeding America, the nation's largest hunger relief organization, helps us address food insecurity while also reducing our company's GHG emissions and contributions to climate change. Our more than 100 operating companies throughout the country contribute product donations to local food pantries as well as volunteer their time and expertise to support the organizational effectiveness and impact of these food pantries. This approach to PFG's stakeholder value creation reduces our food waste and emissions, helps NGOs combat food insecurity nationwide, and helps ensure that every community in America has access to nutritious food.
- **Progressive Procurement Partners:** We have begun to incorporate ESG issues as key criteria in our approach to choosing our suppliers. We recognize that significant food waste happens at the production stage, so we ensure our suppliers have systematic approaches to environmental stewardship and are actively minimizing their waste generation at every node in the production process. For example, Vistar's Coda Coffee, a certified B-Corp, works directly with coffee farmer co-operatives to build capacity in sustainable agriculture practices, including minimizing waste upstream and reincorporating organic matter into their soil to support the growth of healthier plants.
- **SPARK Partner Program:** Although we can't directly influence how our customers manage their own food waste, we actively encourage their enrollment in our SPARK Partner Program, a collection of professional resources and providers that address a wide range of restaurant and Foodservice management topics, including reducing food waste. One of our SPARK Partners, RD Fresh, provides customers with a low tech and low-cost solution to increase food shelf life and reduce unnecessary food waste. The all-natural mineral mix solution is also biodegradable, helping our customers keep costs down, keep waste down, and reduce adverse environmental impacts of their operations. Another partner, Clean Energy Biofuels collects used restaurant fryer cooking oil waste and recycles it into biodiesel. All of the biodiesel produced is used as a road fuel or to produce clean electric energy. None of the processed biodiesel goes towards food ingredients for livestock.

# Data Security

Data protection and data privacy are paramount concerns in today's global economy. Cyberattacks represent a significant threat to the stability and resilience of the global food system. We are focused on not only our company's security but also the data security of our suppliers and customers. Although we know that many of our institutional customers such as universities, big box retailers, and hospital systems have the resources and systems in place to mitigate potential cyberattacks, our independent, chain, and franchisee restaurant customers are more vulnerable to attacks. In order to manage our own operational, financial, and reputational risks associated with a data breach, we have a robust internal defense system described below. In addition, we recommend a wide range of foodservice data solution providers to our customers through our SPARK program.

As the consequences of a PFG data breach could extend out to our suppliers, customers, and investors, ensuring our data security is paramount to our own success and the welfare of all PFG stakeholders.

## **SASB Disclosure FB-FR-230a.1: (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected**

**(1) 1, (2) 0%, (3) 0**

In response to the noted breach, PFG enacted operational, technological, and training improvements to address root causes localized to the affected PFG entity. This included, but was not limited to, improved patching processes, multi-factor identification for company VPN and emails, and additional email threat and anti-phishing protection software. We also conducted security awareness trainings and mock phishing exercises to ensure all associates were using best security practices.

## **SASB Disclosure FB-FR-230a.2: Description of approach to identifying and addressing data security risks**

PFG uses independent service providers to test PFG's network and select applications for vulnerabilities and also commissions providers to test the security of our systems on a regular schedule. PFG also maintains an internal vulnerability program which regularly assesses PFG systems and reports to our IT team and business leadership.

PFG adopts a layered "Defense in Depth" approach to addressing vulnerabilities and risks. Our security capabilities and controls include a combination of technical solutions, operational processes, and staff training to address potential operational, reputational, financial, and regulatory risks. These risks are specifically calibrated to our industry, company profile, and business objectives. The approach also considers shifting technology trends that could have a material impact on our security infrastructure (e.g. third party hosted/dependent, and a mobile workforce).

PFG maintains a three-year cybersecurity strategy that is updated every year and an ongoing policy and management program consisting of components aligned with the National Institute of Standards and Technology (NIST) Framework for Improving Critical Infrastructure Security.

# Food Safety

Our first and foremost responsibility to all of our customers is to ensure that every single product we carry is safe for human consumption. Food contamination by pathogens, hazardous substances, or spoilage presents significant human health risks to consumers. We are actively mitigating this inherent risk in the food system across our global supply chains, from food production, to processing, to distribution. Although as a distributor we are not technically responsible for food safety recalls, the reputational damage, customer losses, and eroded stakeholder trust are all directly material risks to our company and our brand promise.

To mitigate these risks and ensure our ongoing competitive advantage in the marketplace, our approach to food safety integrates exact warehousing and distribution temperature controls, a methodical approach to supplier selection, and a comprehensive food safety system designed by the PFG Quality Assurance (QA) team, a company-wide network of associates with over a century of combined food safety expertise and doctorate level knowledge.

As consumer concerns over the production, processing, and distribution of food products continue to grow, ensuring food safety will continue to be a core component of how we create value for all our stakeholders.

## SASB Disclosure FB-FR-250a.1: High-risk food safety violation rate 0 - NA

As a food distributor, PFG's regulatory exposure is minimal and in general does not relate directly to high-risk food safety concerns for storage and distribution. PFG's QA program has standardized criteria, protocols, and verification processes for both PFG operating companies and PFG approved food and non-food suppliers. We actively mitigate any food safety risks by implementing the following:

### PFG Operating Companies

All operating companies of Performance Food Group (PFG) comply with all regulatory requirements and licenses for the distribution and production of wholesome, unadulterated, and properly labeled foods. The PFG Quality Assurance (QA) Program is in place to control potential biological, physical, and chemical hazards throughout the supply chain in accordance with all relevant legislation in [21 CFR Part 109.110, 112 and 117](#).

PFG operated warehouses and processing plants, as appropriate, must achieve compliance with the following:

1. Annual third party Good Distribution Practices Audit (91% minimum passing grade)
2. Annually reviewed Hazard Analysis and Critical Control Point (HACCP) Program
3. Annually reviewed Food Safety Program for Preventative Control (PC) as required by the 2011 Food Safety Modernization Act (FSMA) and the 21 CFR Part 1.900 – 1.934 Sanitary Food Transportation Act (SFTA)
4. Pest Control Program
5. Food Protection and Biosecurity Program
6. Proper inspection by the United States Department of Agriculture (USDA)
7. Proper inspection by the United States Food and Drug Administration (FDA) – 21 CFR Part 123 for seafood
8. Comply with 9 CFR Part 416 and 417, for meat and 9 CFR Part 381 for poultry processing

## SASB Disclosure FB-FR-250a.2: (1) Number of recalls, (2) number of units recalled 0 - NA

PFG participates in product recalls as the consignee versus the issuer; issuance of product recalls is the responsibility of the food manufacturer.

### PFG Approved Suppliers— Food and Non-food

All PFG approved suppliers, as appropriate, must achieve compliance with the following:

- 1) PFG corporate-level approval
- 2) Proper inspection by FDA, USDA, and all applicable state/local regulatory agencies
- 3) Letter of Guarantee for raw materials (submitted upon request)
- 4) QA product and process control statistical analysis (submitted upon request)
- 9) Annually reviewed HACCP or PC Plan
- 10) Responsible Usage Policies for antibiotics and pesticides
- 11) Acidified foods must comply with regulations in 21 CFR Part 114.
- 12) Adherence to proper cold control based on provisions from the SFTA
- 13) Certification of PFG Brand Products quality that meets or exceeds FDA and USDA standard
- 14) Signed Hold Harmless and Guaranty, or Warranty of Product Agreements which assure:
  - a. Each product shipment to PFG is guaranteed, effective on the receipt date, to not be adulterated, mislabeled, or misbranded as defined by the Federal Food, Drug and Cosmetic Act as specified in either of Section 402 or 403 of the Act and is approved for interstate commerce
- 15) Proof of registration with the FDA Public Health Security and Bioterrorism Preparedness and Response Act of 2002
- 16) Annual Mock Recall and Effectiveness checks to assure thoroughness of product traceability and recall systems
- 17) Allergen Control Program
- 18) Annual third party Food Safety & Good Manufacturing Practices Audit/Certification Program (91% minimum passing grade)
- 19) Pest Control Program
- 20) Food Protection and Biosecurity Program
- 21) Product Complaint Management

## Product Health & Nutrition

As societal awareness around the connection between diet, food quality, and human health increases, we have continuously expanded our portfolio of healthier food options. Our product offerings have historically reflected changes in consumer preferences and market evolutions, from certified organic, low-sodium, and low-sugar, to products free of all eight common food allergies. As we look to 2030, we will be dramatically expanding our selection of plant-based alternative proteins, milks, and conventional snack alternatives. We will also partner with suppliers that leverage regenerative production practices to minimize the use of harmful synthetic pesticides and herbicides.

This commitment to providing more product selections with greater health and nutrition attributes is central to our long-term profitability and risk management.

### **SASB Disclosure FB-FR-260a.1: Revenue from products labeled and/or marketed to promote health and nutrition attributes**

**\$4,079,614,888, 26.3% of total sales**

Over a quarter of our revenue comes from products with health and nutrition attributes, including products procured to address a wide range of consumer needs such as food allergies and religious dietary restrictions. As consumer interest in nutrition, sourcing, and production methods continues to grow, we will keep expanding our product offerings to drive both our own profitability and the adoption of healthier diets across the country.

(Note These figures account for all sales excluding Reinhart Foodservice and Eby-Brown. The product label claims include reduced fat, low sodium, reduced sodium, organic, shade grown, MSC Certified, lactose free, Humanely Raised, RBST free, probiotic, vegan, wild, free range, Fair Trade, Halal, Kosher, gluten free, and trans-fat free.)

### **SASB Disclosure FB-FR-260a.2: Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers**

We use an integrated process that combines insights from targeted stakeholder engagement, real-time syndicated data, and developments in macro consumer trends to identify and manage products and ingredients of concern among consumers. Through regular and ongoing engagement with accounts in every channel, we collaborate with the sales, marketing, and procurement departments of our largest customers to understand their customer bases' evolving preferences and how these preferences are impacting real-time purchasing decisions. We also work in partnership with several suppliers to better understand where they are seeing developments in channels and markets similar to our own. The combination of stakeholder collaboration, data-driven decision making, and market research has been crucial to our ability to anticipate, plan for, and execute on the market opportunities provided by growing consumer preferences for healthier products. These products are also central to our social mission to address food-related challenges like obesity, malnourishment, and food deserts.

# Product Labeling & Marketing

As consumer awareness about food ingredients, nutritional content, and third-party sourcing bodies continues to grow, product transparency is a commitment we take seriously throughout our supply basin and with all of our customer segments. This is especially important with institutional customer channels like higher education and schools, hospitality, and healthcare systems. Although we do not directly label or market any products ourselves, we choose to maintain a conservative approach to making any label health claims. However, when it comes to transparency in the nutritional profile or sourcing credentials, we have maintained a consistent track record of compliance thanks to our due diligence and commitment to stakeholder welfare across the value chain.

## **SASB Disclosure FB-FR-270a.1: Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes**

**0 - NA**

As a foodservice distributor, PFG is not responsible for product labeling as this responsibility falls to suppliers and manufacturers, and we do not alter or change the labeling or marketing codes during storage or distribution of the products. Therefore, we have not had any incidents of non-compliance with industry or regulatory labeling or marketing codes that were our responsibility. From a procurement perspective, we manage labeling risks by choosing suppliers with a longstanding reputation for quality, transparency, and sound governance.

## **SASB Disclosure FB-FR-270a.2: Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices**

**0 - NA**

PFG has not experienced any monetary losses associated with marketing and/or labeling practices.

## **SASB Disclosure FB-FR-270a.3: Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO**

**(1) \$33,341,978, (2) \$6,469,651**

As consumer awareness of and expectations for non-GMO products grow steadily, our procurement strategy and partnerships with organic farming co-operatives will also grow to address this market opportunity. Our vision to support the scaling of organic and regenerative agriculture is also central to our strategy to reduce the chemicals and pesticides associated with conventional agriculture practices. We provide the transport, market access, and distribution infrastructure needed to help these smallholder farmers succeed in maximizing their profitability as well as positive local environmental and social impacts. Through these actions, PFG will be able to maximize revenues for non-GMO/organic products, reduce the pesticide use across our supply chains, and contribute to a more sustainable, equitable, and resilient food system.

(Note These figures account for all organic sales (all organic is non-GMO) excluding Reinhart Foodservice and Eby-Brown).

## Labor Practices

Through direct relationships between associates and leadership, we manage risks by creating an environment that effectively supports our large, distributed labor force. While we support associates joining unions, as reflected by the 6.2% of associates that are unionized, we believe our direct relationship with associates is a more effective, efficient, and engaging approach. This approach allows us to create a working environment beneficial to associates, management and our long-term success as an organization.

We mitigate our labor-related risks by providing support to our associates beyond standard benefits and compensation packages and including support services that reduce the risks associated with associate dissatisfaction and burnout. For example, our drivers are on the frontlines of achieving our mission and face unique challenges due to the nature of their work. Long hours on the road and away from home can have significant physiological and psychological consequences, and helping our drivers manage these challenges is crucial to keeping them engaged and managing our risks as a company. We provide support services unique to these challenges, like Employee Assistance Programs for professional counseling and Sleep Hygiene programs to improve the quality of driver rest when they are on the road.

### **SASB Disclosure FB-FR-310a.1: (1) Average hourly wage and (2) percentage of in-store and distribution center employees earning minimum wage, by region** **(1) \$21.77, (2) 100% of employees receive above state minimum wages**

Our hourly wage across the company averages at \$21.77, and 100% of all associates are paid above the minimum wage at the state level. Our total compensation packages for full-time hourly associates also include company sponsored healthcare plans, disability, and life insurance, a company-matched 401(k) plan, wellness programs, employee assistance programs, and a discounted employee stock purchase plan.

(Note This figure accounts for all divisions except Eby-Brown.)

### **SASB Disclosure FB-FR-310a.2: Percentage of active workforce covered under collective bargaining agreements**

**6.20%**

We have 6.20% of our workforce under collective bargaining agreements, totaling 1,214 associates in our approximately 20,000-person workforce. We encourage direct engagement and dialogue to address associate concerns and believe this commitment to collaborative problem solving positively affects our associate retention rate for voluntary turnover.

### **SASB Disclosure FB-FR-310a.3: (1) Number of work stoppages and (2) total days idle** **(1) 0, (2) 0**

In fiscal 2020, we did not experience a single work stoppage or idle day. We believe our business continuity risks are mitigated by our proactive approach to associate engagement, building an inclusive culture, and our role-specific and managerial training programs.

We have a variety of enterprise-wide and local efforts that ensure our associates are engaged, educated, and empowered in their daily roles at PFG. We drive associate engagement and commitment to our mission at PFG through town halls, team wellness initiatives and "lunch and learns" for product education.

The recent acquisitions of Reinhart Food Service and Eby-Brown, and their integration into PFG, have provided a timely opportunity to deliberately build a more inclusive culture where associates feel a sense of belonging and where they are safe to learn, contribute and challenge. We are working to strengthen our programs and practices that ensure inclusive and equitable associate experiences to create an inviting and welcoming environment for our associates.

Lastly, our business continuity risks are mitigated by our expansive training programs that provide both technical skills and content knowledge for associates across our functional areas. Our leadership trainings also provide for the growth of "soft-skills," such as communication, conflict resolution and team building. These skills have become exponentially more important to our success as we look to collaborate more deeply and meaningfully with our suppliers to reduce our collective risks and capitalize on shared rewards.

# Management of Environmental & Social Impacts in the Supply Chain

Due to the scale and expansiveness of our operations, customer bases, and product portfolio, supply chain management represents both unique risks and opportunities for PFG. We procure products from a wide and diverse range of suppliers, including multinational household brands, emerging small producers, and family farms that produce our private label livestock and produce lines.

We know that our suppliers face significant ESG-related challenges, including issues associated with natural resource scarcity, climate change impacts, guaranteeing fair wages and human rights, and abiding by rapidly changing international and domestic regulations. The complexity of the interconnected issues facing our suppliers is a risk for PFG, both in terms of business continuity in fulfilling orders on time and on budget, and also in terms of meeting consumer expectations for traceable products produced with sustainable agriculture methods and fair labor practices.

Although socially responsible production and labor practices have been an integral component of our supplier due diligence research and onboard process, our 2019 Supplier Code of Conduct Policy explicitly names our goals, expectations, and approach for collaboration with suppliers on shared ESG objectives. This outlines our expectations that all vendor partners adhere to the same Human Rights and workforce standards as PFG does. We are implementing an ESG supplier survey and audit program in 2020 to ensure greater enforcement of our policy, greater mitigation of our risks, and greater alignment with our suppliers on maximizing our positive impact across the food system. Key components of our ESG supplier survey and audit program confirm there are policies, governance protocols, strategies, implementation systems, evaluation processes, and third-party verification on the following issues:

- Environmental Management
- Human Rights Adherence and Labor Management (including human trafficking and slavery)
- Animal Welfare
- Ingredient Transparency and Traceability
- Subcontractor Risk Management and Oversight
- Farming and Production Methods
- Confirmation of Minority, Woman, Veteran business certification (to promote economic inclusion in our supply chains)

As we dive deeper into the unique risks and opportunities in our own supply chains, we will continue to procure ingredients and products certified to third-party environmental and social sourcing standards like Fair Trade and Rainforest Alliance Certified. These certifications will ensure that risks across our supply chains are reduced and that our procurement strategy supports small-scale farmers around the world.

## FB-FR-430a.1: Revenue from products third-party certified to environmental or social sustainability sourcing standards

We offer products from a wide range of industry- and cause-specific environmental and social sustainability sourcing standards, including Fair Trade International, Rainforest Alliance Certified, Marine Stewardship Council Certified, Roundtable on Sustainable Beef, US Department of Agriculture (USDA) Organic, Non-GMO Project Certified, and a wide variety of additional commodity ingredient, livestock and fishing, and produce sourcing certifications.

With the acquisitions of Reinhart Foodservice and Eby-Brown in early 2020, we are beginning to integrate the systems needed to fully understand the wide-range of third-party certified products across our portfolio categories and the revenues associated with them across our entire enterprise and customer bases

## FB-FR-430a.2: Percentage of revenue from (1) eggs that originated from a cage-free environment and (2) pork produced without the use of gestation crates

**(1) 8% (3% Shell Eggs, 5% Egg Products), (2) 0**

Our broadline division, which includes Performance Food Service and Reinhart Food Service, sell shell eggs and egg products, and we intend to expand these channels to meet growing consumer demand for cage-free eggs.

We currently do not have any pork produced without gestation crates. Although we understand the positive intent behind animal welfare activists opposing pork gestation crates, the reality in hog farming is that individual pens allow for better animal welfare conditions by enabling food monitoring and the separation of sows from other aggressive animals. With growing consumer demand for gestation-free pork and stricter animal welfare policies, we are actively supporting our suppliers' evidence-based approaches to balancing consumer preferences with the logistical realities of ensuring each animal's safety at the farm at each stage of their lives.

(Note This percentage of revenue is compared to revenue of all eggs, including those that are not "cage-free.")

## **FB-FR-430a.3: Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare**

We have a multipronged approach for mitigating environmental and social risks in both our domestic and international supply chains. Each type of procurement strategy, including our custom-built farm-to-distributor model, multinational model, and emerging brands model, all address conventional supply chain risks and the novel risks arising from the unique characteristics of each model. Below is a breakdown of each procurement model and our strategy to manage the environmental and social risks along each type of supply chain:

- **PFG's Farm-to-Distributor Model:** PFG is the first broadline distributor to design a direct farm-to-distributor supply chain, which enables us to have influence on and oversight of every stage in the livestock production process. Since livestock production requires significant natural resources, manual labor, and energy inputs, we have designed customized supply chains that use quality management systems and third-party audits to mitigate risks. Our Braveheart and Farm Smart protein lines leverage the following practices to minimize environmental and social risks:
  - **Environmental Risk Management:** Both our Braveheart and Farm Smart product lines have thorough evidence-based approaches and management systems to minimize their environmental impacts in livestock farming. Braveheart Beef, a line produced by the Progressive Beef co-operative, has prescribed operating procedures for waste and manure disposal, water stewardship, and groundwater purity protections, and utilizes warmed corn feed to support animal digestion and reduce the amount of methane released into the atmosphere. Three audits are conducted annually to ensure ongoing adherence to these protocols. Farm Smart Products produced by Big Picture Beef use regenerative agriculture practices to actively enhance the quality of local soil, cleanliness of local waterways, and ensure the health of local biodiversity.
  - **Social Risk Management:** Progressive Beef, our Braveheart Beef partner, requires all employees to undergo the safety training needed to successfully implement their standard operating procedures. Intensive documentation systems are used at each feed lot to ensure all employees have a shared understanding of the protocols needed to keep themselves, one another, and the animals safe. In order to meet the growing consumer demand for transparency and traceability in the food supply chain, we use a DNA tracking system so that all of our Braveheart products can be traced back to the specific animal and its journey through the supply chain.
  - **Animal Welfare:** Our Braveheart Beef and Farm Smart partners are industry pioneers in animal welfare protocols and implementation of these protocols across feed yards. Specific standard operating procedures, called Cattle Care Guides, are written for each feed yard. These Cattle Care Guides describe the focus on animal wellbeing for various processes in the feed yard. Those procedures include castration, dehorning/tipping, branding, aborting/calving heifers, management during extreme weather conditions (heat, cold, precipitation), chute operation, use of persuasion devices, general cattle handling, feeding/watering, transportation, handling of non-ambulatory animals, and euthanasia.
- **Branded Multinational Model:** Our branded suppliers, such as PepsiCo, Mars, and Campbells, are already industry-leading organizations in the ESG space. Their own ESG-centric approaches to supply chain stewardship ensure that both their and our business continuity and reputations are protected. We also look to our branded multinational partners to glean any insights from their own global supply chain management that we can implement within our supplier portfolio.
- **Emerging Brands Model:** We often partner with emerging brands that have an inherent commitment to ESG, stakeholder capitalism, and corporate purpose. We help these emerging brands reach more customer segments through our distribution channels and thus enable these mission-driven companies to achieve their aspirations for growth, profitability, and impact. We are proud to celebrate these successes as their distribution partner. For example, our Vistar segment recently acquired Coda Coffee, a certified B Corp. The B Corp certification recognizes the highest standards in ESG and transparency.
- **Third-Party Certification Model:** Our final approach to managing the environmental and social risks along the supply chain is to work through third-party certification bodies to identify suppliers that meet industry standards for a wide range of ESG issues, including fair wages, adequate living conditions and access to potable water, and production practices that minimize adverse environmental impacts. For example, we partner with fisheries certified by the Marine Stewardship Council to ensure sustainable fish stocks and healthy surrounding aquaculture. We also work with Fairtrade International and the Rainforest Alliance to identify responsible suppliers for more controversial ingredients like coffee, cocoa, and tea.

## **FB-FR-430a.4: Discussion of strategies to reduce the environmental impact of packaging**

Waste from single use plastics is a significant risk that we both contribute to and will be increasingly impacted by as a company. The presence of microplastics in our oceans, soils, and ecosystem habitats presents significant risks to the natural resources needed for agricultural production, sustainable livestock, and healthy fisheries. We have a strategy for reducing our contribution to packaging pollution and environmental degradation at every stage of the value chain. Our strategy includes:

- Sustainable Options Non-Food Item Initiative: We are formalizing our ESG efforts in conjunction with our Tier I non-food item suppliers. Standard disposable food items such as take-out containers, food wrappers, and food-service packaging will have 100% recyclable, biodegradable, and compostable replacements in the coming years. To participate in this initiative all suppliers either actively manage or will begin to implement management systems to address the following:
  - Systematic approaches to reducing water use, energy use, landfill waste, and GHG emissions
  - Packaging design based on product lifecycle analysis and management
  - Responsible sourcing programs with progress benchmarks
  - A culture of occupational health and safety for their people

Our suppliers are key contributors to the sustainable packaging movement through their efforts in the Sustainable Packaging Coalition, Ecologo, and the Sustainable Forestry Initiative.

# TCFD Disclosure

To improve our communications and engagement on climate change with investors, customers, and other key stakeholders, we are reporting on our vision, efforts, and progress thus far in managing the impending risks of climate change. This report is structured into four sections: Governance, Strategy, Risk Management, and Metrics & Targets. Our efforts across the enterprise and supply base will continue to focus on managing the risks and opportunities climate change presents to the industry, our customers, and our own business. This disclosure is the first step in our journey to ensure we continue to create value for all stakeholders across the food system in the years to come.



## Governance

- Board oversight
- Management's role



## Strategy

- Climate-related risks and opportunities and impact on the organization
- Scenario analysis and resilience



## Risk Management

- Risk identification and assessment processes
- Risk management processes and integration with overall risk management
- Scenario planning



## Focus Area



## Governance

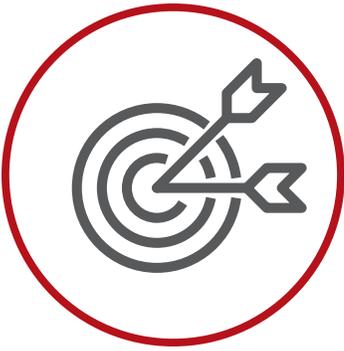
### Disclose the organization's governance around climate-related risks and opportunities.

Overview: Our Board of Directors is actively engaged on PFG's ESG journey, and they are a key driver of our enterprise-wide efforts to fully integrate our ESG strategy across our segments and business units. Our diverse board has deep experience in the food distribution industry as well as other industries that have a comparable level of ESG and climate-related risk exposure, such as consumer goods, food production, and hospitality. The board also has directors with field and management experience in infrastructure, engineering, and investment portfolio management. The combined experience of our board ensures that every aspect of ESG is well understood at the board level, from how climate change risks will impact financial markets, business operations, and infrastructure, to changing consumer preferences and customer expectations. This wealth of director experience enables us to anticipate and address the constantly changing risks and opportunities in today's economic, environmental, and social systems and will help us drive continuous improvement.

**PFG is integrating ESG related risk assessment criteria into our enterprise risk management system,** in addition to identifying opportunities for growth based on the increasing consumer demand for sustainable products. To manage and implement this process throughout our operations, we established an ESG Governance committee that includes a cross-departmental group of senior leadership representing our business segments.

The committee is assessing the financial exposure and stakeholder impacts of ESG risk factors across the company's segments and creating a course of action to manage these risks and capitalize on opportunities created by changing market conditions. The committee is also responsible for ensuring consistent communication about the execution of the ESG strategy, direction setting, and collective accountability for meeting relevant goals at the segment and department level. The committee has identified the following issues as the top climate change issues and associated risks concerning PFG's business:

- 1. Climate Change Impacts on Aging US Infrastructure:** Our fiscal success is dependent on our ability to deliver solutions on time and on budget. However, our ability to do this is affected by factors outside of our control, including aging infrastructure and climate change. The American Society of Civil Engineers currently gives US infrastructure a D+ grade, and we recognize that more frequent and intense weather events such as storms, tornados, wildfires, and flooding, in addition to rising sea levels and rapid land erosion, will exacerbate existing infrastructure challenges and in turn, impact our own business continuity. This is especially relevant to our warehouses, distribution routes, and customers in coastal and low-lying communities.
- 2. Climate Change Impacts on Our Suppliers Business Continuity and PFG Proprietary Brands:** Climate change has and will continue to impact crop cycles, soil and water quality, distribution and logistics continuity, and every aspect of the global food system. We know that both our brand name suppliers and the suppliers who produce PFG proprietary brands will be impacted. Our success is interdependent with the success of all of our suppliers, and we understand that enhanced collaboration and coordination will be required to manage these impending climate risks, ensure business continuity, and maximize stakeholder value.
- 3. Reducing Emissions Amongst Rising Temperatures:** While we are constantly working on reducing our fleet and warehouse emissions, we recognize the inherent challenges of distributing perishable food to geographies across the country with different climates and temperatures. As global temperatures increase, so will our need to use more cooling and refrigeration to protect perishable food. We have identified this balancing act as a key concern for the future.
- 4. Identifying and Managing When ESG Issues Converge to Create Novel Risks:** In an unprecedented time of change and complexity, we know that no single issue occurs in isolation. We recognize that social, environmental, and governance issues are not separate issues, but in reality, they are interconnected and interdependent, with multiple issues often converging to create novel risks and unforeseen challenges. PFG recognizes that the interdependence of ESG issues will require an increased focus on approaching challenges systemically, making sure we have a collective understanding of the root causes of ESG risks, and fully integrating comprehensive solutions into our business practices and procedures.



# Strategy

## Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s business, strategy, and financial planning.

The effects of climate change will impact the food and beverage industry, including Foodservice distribution, in several ways. The key risks we face as a company can be put into two categories:

- **Physical Risks:** Risks associated with physical impacts from climate change that could affect our hard assets and the operations of our company. These impacts may include acute physical damage from variations in weather patterns (such as severe storms, floods, and drought) and chronic impacts, such as sea-level rise and desertification. Physical risks include the disruption of operations or destruction of property.
- **Transition Risks:** Risks related to the transition to a lower-carbon economy. The risks can be grouped into four categories: policy and legal risk; technological risk; market risk (for example, consumer preferences); and reputational risk. Transition risks include policy constraints on emissions, the imposition of carbon taxes, water restrictions, land use restrictions or incentives, and market demand and supply shifts.

The following physical and transition risks are currently on PFG’s radar as we move into 2021 and set our sights on our 2030 ESG goals:

Physical Risks	
<p><b>Acute Physical risk</b></p> <p>More frequent and extreme weather events and impacts (e.g., hurricanes, snowstorms, drought, extreme heat, wildfires)</p>	<p>According to the Intergovernmental Panel on Climate Change (IPCC), a failure by carbon policy to mitigate global average temperature increases would result in even more frequent and intense events than experienced today. In a 2°C world, the limit laid out by the IPCC for manageable temperature increases, the consequences of climate change would be manageable risks rather than the existential threats to economic and social stability associated with greater temperature rise. Current and future physical risks from increased extreme and severe weather could disrupt every aspect of our business, impacting the production, procurement, and distribution of our products as well as the required infrastructure. Food is a fundamental human need, so our customers and the communities they serve depend on us to operate regardless of weather conditions or natural resource scarcity.</p>
Physical Risks	

<p><b>Impact to Business</b></p> <p><b>Time Horizon: Short to long-term</b></p> <p>There are potential risks to our business continuity, market share, and sales from a both a distribution and procurement standpoint if we are not actively anticipating and responding to adverse weather situations.</p> <p>Additionally, our business success is inextricably linked</p>	<p><b>Management Approach</b></p> <p>Enterprise Strategy</p> <p>Our comprehensive business continuity and disaster recovery readiness strategy prepares our business to react to a wide range of man-made and natural events that threaten our own business and the businesses of our suppliers and customers. Key tenants of our strategy include:</p> <ul style="list-style-type: none"> <li>• Developing, implementing, and constantly reevaluating the effectiveness of our business continuity and emergency preparedness plans for both seasonal and unexpected extreme weather events across the country (i.e. hurricane season).</li> <li>• Monitoring of the National Oceanic and Atmospheric Administration (NOAA) alert systems and reports for geographies with high climate change risk exposure to inform our own logistical response and community support efforts when disaster strikes.</li> <li>• Standardizing enterprise protocols for facility preparation, associate welfare check-ins, customer and supplier contingency plans for distribution, and the evacuation of people and product.</li> <li>• Implementing systems for controlled shutdown of facility operations and power sources, damage assessment for facilities, product, and surrounding infrastructure, and facility start-up and repair personnel notification.</li> <li>• Rerouting training for our distribution operators ensures those on the front lines of delivering products, especially in time of extreme need, can leverage their skillset in rerouting distribution when infrastructure damage poses an immediate and unanticipated threat.</li> <li>• Enhancing neighboring operating company collaboration on business continuity responses will strengthen our ability to manage threats across geographies, product categories, and stakeholder groups.</li> </ul> <p>Our strategy to manage the negative impacts on key natural resource inputs for food production, like clean water and healthy soil, is incorporated in our existing supply chain management practices. Our strategy will become increasingly focused on climate change management and resilience in 2021 as we roll out our ESG supplier screening tool and audit program. Key tenants of our strategy include:</p>
	<ul style="list-style-type: none"> <li>• <b>Building our own farm-to-distribution supply chains</b> for natural resource-heavy products like meat and dairy. We have collaborated directly with livestock farming co-operatives that implement sustainable quality management practices to reduce the environmental externalities inherent in livestock farming. Internal and third-party audits on water quality and stewardship, waste and manure management, animal welfare, and feed yard management protocols ensure that farmers are minimizing adverse environmental impacts at every stage of the process. We deliberately do not buy branded beef products from drought-prone areas like Texas or California or sell or brand any South American beef, pork, or poultry to ensure there are no deforestation risks along our supply chains. Additionally, our Braveheart supply chain was the first major beef program to implement travel limits for animal to market transport, ensuring a more humane animal welfare approach that also reduces our Scope 3 carbon emissions and overall carbon footprint.</li> <li>• <b>Partnering with farming co-operatives that use regenerative agriculture practices.</b> These partnerships help mitigate the risks associated with conventional farming practices by leveraging a conservationist approach that naturally improves soil health and surrounding water quality as well as the health of local biodiversity. This is a key component to managing our climate change threats and reducing the need for synthetic pesticides in our agricultural supply chains as much as possible.</li> <li>• <b>Our ESG supplier survey and audit program</b> will be formally implemented in 2021, making a mature environmental, social, and governance strategy a key consideration in choosing who we do business with. Our goal is to ensure that every supplier has a robust understanding of the ESG risks and opportunities facing their own business so that we are able to minimize our own risks in doing business with them, collaborate during emergencies, and ensure our collective efforts have the lowest possible impact on scarce natural resources vital to the resilience of the industry and the global food system.</li> <li>• <b>Expanding our portfolio of products with a lowered carbon footprint.</b> This also reduces the contributions we make to climate change and mitigates the risks associated with increasing water scarcity. Our Green Origins line of plant-based proteins is a significant driver of our risk management approach to natural resource scarcity and is also a market opportunity because it addresses the evolving consumer preferences for plant-based food alternatives. For example, a lifecycle analysis by the University of Michigan Center for Sustainable Systems demonstrated that a plant-based burger uses 99% fewer natural resources than a conventional beef burger. As consumer preferences expand in key institutional customer channels, such as universities and restaurant chains, we will be able to capture this opportunity while also reducing our long-term climate change risks. Our Vistar Good-to-Go Initiative also replaces conventional snack foods with healthier, sustainably sourced, plant-based alternatives that address changing consumer preferences, reduce our climate risk, and help fulfill our social mission of addressing food-based societal challenges. Lastly, our Sustainable Choices Initiative, a partnership with our Tier 1 suppliers in the non-food's category, means that all PFG branded items will be recyclable, biodegradable, or compostable, reducing our own contribution to the plastic waste damaging waterways and biodiversity globally. The collective impact of these low-carbon, sustainably produced products is key to both our mitigation of risk and our capitalization on profitable opportunities presented by changing consumer preferences.</li> </ul>

<b>Physical Risks</b>	
<p><b>Chronic physical risk</b></p> <p>Long-term changes in climate and weather patterns, including levels of precipitation, mean temperatures, and sea level rise</p>	<p>According to the IPCC, in a 4°C world where carbon policy fails to mitigate global average temperature increases, the severity of changes in overarching climate patterns will be much more intense than today, including an average rise in sea level of 11.81 inches by 2030 and a reduction in worldwide productivity and GDP growth. In a 2°C world, we expect the increase in chronic impacts to occur over a much longer timescale and to be more limited.</p>
<p><b>Impact to Business</b></p> <p><b>Time horizon:</b></p> <p>Medium to long-term</p> <p>Our operational costs may increase as a result of increasing refrigeration, and in turn, energy needs to maintain food safety amongst rising temperatures. We may also need to reexamine the locations of our facilities due physical damage from flooding, fires, etc.</p> <p>With approximately 30% of PFG’s operational footprint in geographies with high climate change risk and low climate readiness (Notre Dame Climate Adaptivity Institute), and the state of US Infrastructure (a D+ by ASCE), the roads and bridges that comprise our distribution routes could become unviable, threatening our business continuity in these markets.</p> <p>The implications of these physical risks would reverberate across our supply chains and represent significant risks for our suppliers as well, threatening the network of supply chains we rely on to run our business.</p>	<p><b>Management Approach</b></p> <p><b>Enterprise Strategy</b></p> <p>Standardizing a systematic, enterprise approach to environmental management will enable us to mitigate the impacts rising temperatures will have on our refrigeration and energy needs. Rising temperatures would require greater refrigeration in our facilities and fleets, and in turn could present additional costs and burdens on local power and water resources. We are currently deploying the following tactics:</p> <ul style="list-style-type: none"> <li>• <b>LED light conversions for all warehouses</b> are currently underway, with more than 50% of PFG operating companies using a fully LED outfitted lighting system.</li> <li>• <b>Scaling water reclamation systems for our facility refrigeration units</b>, reusing condensation as a cooling agent back into our systems.</li> <li>• <b>Procuring renewable energy</b> like solar and wind in states that have favorable conditions for these green energy sources and tax incentives that make the possibility of scaling renewable energy across our company a real possibility.</li> </ul> <p><b>Strategically located assets are also a key component of our strategy.</b> Our use of centralized redistribution centers ensures more customer orders are fulfilled with less time on the road and less strain on local infrastructure. As we expand our physical presence through new construction and acquisition, climate risk exposure will be a key tenant of the evaluation process. Our nationwide footprint and regional concentration of operating companies diversifies our risk exposure by giving us both a broader and more concentrated physical presence in key markets. The following was accomplished in FY 2019-2020 to help manage our long-term risks:</p> <ul style="list-style-type: none"> <li>• <b>34 integrated distribution centers</b> are concentrated in the Northeast and Midwest. Although these areas will experience physical climate change impacts like the rest of the United States, they will not face the same severity of coastal flooding as the Gulf Coast and South Atlantic Coast, or threats faced by the wildfire-prone West Coast.</li> <li>• <b>8 integrated distribution centers</b> are in the inland Midwest and therefore also have less exposure to the severity of coastal flooding and rising sea levels.</li> </ul>

<b>Transition Risks</b>	
<p><b>Policy and legal risk; market risk and reputational risk</b></p> <p>Changing environmental policies and emerging regulations</p> <p>Market risk</p> <p>Reputational Risk</p>	<p>As a broadline food distributor, the energy, fuel, and water needed to store, refrigerate, and distribute product is a significant risk to our enterprise. We are subject to regulatory developments related to climate change and energy-specific regulations on greenhouse gas (GHG) emissions, carbon pricing, fuel mix, energy and fuel cost, and energy policy. Market risks, such as evolving consumer preferences and calls for greater food system transparency and sustainability, and the reputational risks associated with not addressing these consumer and societal drivers, are on our long-term radar as well.</p>
<p><b>Impact to Business</b></p> <p><b>Time horizon:</b></p> <p>Short-to-medium term</p> <p><b>Policy driven changes in fuel or energy prices, and carbon taxes</b></p> <p>Increased energy and fuel prices could make standard business operations more expensive. With rising global temperatures, our refrigeration needs would increase and therefore increase the energy demands on the business. Carbon taxes could add additional costs to our standard business procedures due to the emissions from safely storing and distributing significant quantities of food products across the country. With a fleet of all diesel trucks, this is a risk to both our company and the industry at large.</p> <p>Consumer demand for nutritious, sustainably produced food products has grown exponentially in the past decade. As consumer awareness grows in regard to the environmental and social externalities, or hidden costs, associated with their dietary choices, growing our portfolio of products that meet this consumer criteria is a profitable opportunity to capitalize on while simultaneously reducing our market risk.</p> <p>Not acting on climate change in a meaningful and demonstratable way is a reputational risk for our business in terms of customer, investor, and employee acquisition and retention. This is true for all companies moving into 2021 but especially relevant for companies of our scale, level of influence, and profits.</p>	<p><b>Management Approach</b></p> <p><b>Enterprise Strategy</b></p> <p>In 2019, we began the journey of integrating environmental, social, and governance practices into our business to better understand the long term risks associated with climate change and the environment, stakeholder expectations and welfare, and the growing need for enhanced governance transparency. Our ESG strategy is the driving force in how we manage the transition risks associated with climate change and includes the following:</p> <ul style="list-style-type: none"> <li>• <b>Monitoring regulatory developments at the federal and local level</b> enables us to anticipate and plan for any materially significant policy changes both nationally and in the state and municipal markets we operate in. Our supplier base collaborates with us to share relevant information from a product, geographic, or customer channel standpoint. Our customers also keep us updated with policy changes relevant to PFG in our account relationships.</li> <li>• <b>Setting climate goals and implementing our enterprise ESG strategy</b> strategy is helping us move towards a low-carbon operating model and align with businesses around the world committing to the low-carbon economy. Our climate change strategy integrates operational, procurement, and stakeholder collaboration tactics to help us adjust to policy changes and adapt quick enough to avoid the consequences of additional carbon taxes, rising electricity prices, and the additional costs of compliance. Our goals are framed around reducing PFG's carbon footprint at every stage in the food value chain and in partnership with suppliers who share our ESG and climate change management objectives.</li> <li>• <b>Deploying renewable energy</b> both at our own operations and through power purchasing agreements (PPA) will be a key component of our ability to maintain operations amid regulatory policy changes while also reducing our own reliance on fossil fuels. This combination of energy sources also supports our own climate change resilience by giving us the ability to leverage renewable power when the electrical grid is down or damaged by the physical impacts of climate change.</li> <li>• <b>Improving power consumption intensity and carbon intensity</b> will ensure we can accomplish more using less power and emit less carbon. In partnership with our suppliers, we are committing to co-creating solutions across our supply base to reduce the carbon footprint associated with every node in the supply chain across our products' lifecycles.</li> <li>• <b>Our focus on reducing food and operations waste</b> will also reduce our carbon footprint by minimizing landfill contributions and the methane emitted from the food decomposition process.</li> <li>• <b>Expanding our product portfolio</b> with more sustainably sourced food and non-food products will reduce the carbon footprint at the product level while translating the consumer risk into a market opportunity and customer acquisition strategy. We will be expanding our portfolio of plant-based proteins and snacking alternatives, products and commodity ingredients certified by third-party responsible sourcing bodies, and replacing 100% of our PFG branded, disposable non-food items with items that are recyclable, biodegradable, and/or made from recycled content.</li> <li>• <b>To manage our reputational risks with investors, customers, and other external stakeholders</b>, we will be actively and consistently reporting on our progress, successes, and learnings throughout our ESG and climate change management journey with an annual ESG report and dedicated website page. We also designed and published <b>new policies that describe our intended actions and stakeholder expectations for climate change, environmental management, ESG supplier code of conduct, and human rights</b>.</li> </ul>

<b>Climate Related Opportunities</b>	
<b>Products, services, and markets</b>	We continue to expand our portfolio with products that have a low-carbon footprint, are produced using regenerative agriculture and responsible ranching practices, and provide the nutritional profiles demanded by consumers.
<b>Impact to Business</b> <b>Time horizon:</b> Short-to-medium term	<b>Management Approach</b> <b>Product Innovation</b> We believe food products with a low-carbon footprint and produced using regenerative agriculture and livestock practices are critical solutions for a sustainable future, a low-carbon economy, and a resilient food system capable of feeding our growing global population. We are already expanding our portfolio of plant-based proteins, plant-based snack alternatives, and plant-based dairy alternatives, both meeting the consumer demand for these products and minimizing our own environmental impacts from livestock and dairy farming. Our current actions address consumer demands for these types of products while also minimizing the natural resource challenges that threaten our own business and the industry at large. Examples of these efforts include: <ul style="list-style-type: none"> <li>• <b>Green Origins Line:</b> : This line provides plant-based protein alternatives that deliver the satisfaction of meat products without the negative environmental impacts and natural resource demands associated with livestock farming.</li> <li>• <b>Braveheart &amp; Farm Smart Meats:</b> These product lines provide the steakhouse experience in quality and flavor while minimizing the methane emitted, water consumed, and land used to raise healthy and happy livestock.</li> <li>• <b>Sustainable Options:</b> : Our customers contribute to the global plastics crisis due to the nature of their businesses and the need for single-use disposable non-food items. We are developing a program in partnership with Tier I suppliers to provide recyclable, biodegradable, and compostable non-food items. Working with partners deeply involved with the Sustainable Packaging Coalition, this strategy will reduce our own risks, the risks to our customers, and will support our competitive advantage by providing a solution to a fundamental sustainability challenge in the restaurant, hospitality, and Foodservice industries.</li> </ul> <b>Service Innovation</b> Climate change policies have the possibility to impact every aspect of food production and restaurant operations, from the way food is produced and transported to how waste disposal is implemented. We believe there will be a market pull for services related to ESG issues across our customer bases. Whether it is a suite of services to address ESG issues at the independent restaurant level or to support institutional customers in reaching their own ESG goals, we believe our role in the value chain as the crucial link between the food suppliers and end customers will give us unique opportunities to support both our supply base and customer base through innovative services. These services could address issues such as organic waste management, low-carbon meal plans, and many other direct and indirect risks of climate change. <b>Market Innovation</b> As climate change continues to impact every aspect of the global food system and the consequences of climate change become increasingly visible across the world, we believe there will be new market needs to address and new customers to support. For example, we believe that meal-replacement options with intentionally dense nutritional content will be a market when climate change disruptions become increasingly regular experiences across the country and the world. When evacuations from flooding, wildfires, and hurricanes occur, or drought cause a drop in the availability of nutritious local food, a range of meal-replacement products will be a necessity to lessen the human strain from climate migration and climate impacts on local economies. We could see meal replacement solutions for climate change emergencies as a real market opportunity in the future.
<b>Resource efficiency, energy source, and resilience</b> <b>Time Horizon:</b> Short-to-medium-term	We have been working for several years to reduce the environmental impact of our operations and partner with suppliers that share our commitment to this ongoing effort. From the reduced methane emitted from our private label Braveheart Beef to the LED light conversions across our operations, these activities not only help manage our risks, but also provide new opportunities to reduce operating costs by enhancing efficiencies and resource stewardship, taking advantage of cost-competitive renewable energy and associated tax incentives, and ensuring our business model and infrastructure is climate resilient to maintain our competitive advantage in the industry.



# Risk Management

## **Disclose how the organization identifies, assesses, and manages climate-related risks.**

### **Impacts of climate change: 2-degree Celsius scenario planning**

As part of our enterprise risk management process, PFG is assessing the risks and opportunities from the impacts of climate change on the global food supply chain, the food distribution industry, and the specific characteristics of PFG, our business model, and our stakeholders.

To achieve our 2030 goals, we will fully identify all risks and opportunities that could arise from projected climate change scenarios and will continuously fine-tune our climate-related financial disclosures to reflect an increased focus on these efforts as a serious business imperative. This fine-tuning will include the integration of SASB material metrics in enterprise data collection, monitoring, and reporting, in addition to evaluating the long-term potential business impacts and mitigation strategies the 2-degree Celsius scenario poses for each segment, product category, and geographic location we operate in.

The following are examples of PFG's initial scenario planning based on currently available information. This will inform our longer-term strategy development and implementation as more internal data is collected and additional relevant information becomes available.

### **Impact on Distribution Industry: Climate Change Meets Aging Infrastructure**

A 2-degree scenario will create more frequent and intense storms, fluctuating temperatures, and increased drought, rising sea levels, and coastal erosion. These climate change impacts, and their associated operational challenges are compounded by aging US infrastructure, which received a D+ grade from the ASCE. The converging challenges associated with climate change and aging infrastructure will increasingly become risks to business continuity for all distribution companies with a presence in the jurisdictions prone to the most intense climate change impacts.

### **Impact on Food Industry: Agriculture, Livestock Raising, and Ingredient Availability**

A 2-degree scenario will result in heatwaves, freshwater scarcity, heavy rainfall, storms, and volatility in crop yields. The scarcity of natural resources needed for raising livestock, such as drinking water and grazing land, will significantly exacerbate challenges in an already resource-intensive and carbon heavy industry. Key ingredients for products, in addition to produce yields, could become scarce or ultimately unattainable during times of extreme heat and extreme flooding. As climate change threatens to destabilize an already precarious global food system, climate migrations due to drought and hunger, armed conflict over natural resources, and political instability could become threats to commodity and ingredient sourcing at the beginning of the supply chain, creating a devastating reverberation across the food system.

### **Impact on the Restaurant, Hospitality, and Entertainment Industry: Climate Refugees and Unlivable Areas**

The 2-degree scenario will result in climate migration, populations who must leave an unlivable area due to extreme climate change impacts. Mass population migration will impact all economic activity in a given area, especially non-essential services such as restaurants, theaters, hotels, and sports and entertainment venues. In communities with significant climate risk exposure, these industries will be at risk, and independently operated and smaller institutions without corporate backing or surplus resources will be impacted the most. These impacts threaten not only the livelihoods of small business owners, but also the stability of families, local communities, and the local economy. As PFG is dependent on the stability of our customer bases' local economic and social conditions, this is a significant long-term threat.

### **Additional Impacts: Regulation on Greenhouse Gas Emissions**

Like most distribution companies, the vast majority of PFG's Scope 1 emissions result from the fuel combustion associated with standard business operations. Despite improvements in fuel efficiency, electrification, and route optimization, distribution industry growth results in higher emissions. Sudden regulatory changes are serious risks to the business continuity of all industries in the logistics and distribution sector and consequently are also relevant to all the customers dependent on this industry to ensure their own business continuity.

## Impact on Performance Food Group

PFG has identified several potential risks and opportunities arising from climate change, including but not limited to hotter weather, rising sea levels, and more extreme weather events.

- **Contingency Planning & Local Climate Change Resiliency:** With approximately 30% of PFG's operational footprint in geographies with high climate change risk and low climate readiness (Notre Dame Climate Adaptivity Institute), and the state of US Infrastructure (a D+ by ASCE), the roads and bridges that comprise our distribution routes could become unviable, complicating not only PFG's direct route optimization and business continuity but also exacerbating local traffic congestion and associated infrastructure challenges. This could result in operational strain, losses due to unfulfilled deliveries, and associate overtime pay to rectify unforeseen issues. In the short term, PFG has active contingency plans and operating procedures that allow us to leverage our vast operational footprint across ds to adjust to local conditions on the ground in real-time. We are developing longer-term plans that include active engagement with climate change stakeholders to enhance climate change resiliency and sustainable infrastructure at the local level.
- **Focusing on Local Food Systems & Regenerative Agriculture:** Climate change impacts will have the most significant disruptions for products dependent on far-reaching, global supply chains. For PFG's branded items, which include over 250 items across product categories, we are growing our focus on local food systems to meet consumer expectations and to manage the disruption climate change impacts will have on global supply chains. By working at the local level, we are able to directly support our partners in managing these challenges. We are developing longer-term plans that will focus on working with partners to scale regenerative agriculture practices, which entails a conservation and rehabilitation approach to food and farming systems. These practices regenerate topsoil, improve local water cycles, increase biodiversity and ecosystem health, and ultimately increase the resilience of local food systems to climate change.
- **Promoting Sustainable Products & Services - Customer Education & Trend Anticipation:** Although managing climate migration is outside of PFG's influence and scope, we know we can contribute to the sustainability outcomes of local communities by actively promoting sustainable products and services to our customers. As more and more consumers demand that all organizations make sustainability a key focus, PFG can contribute to the local adoption of sustainable food items and products through active customer engagement and education. For the long term, we are focused on becoming more proactive in our identification of trends and consequent impacts on customers, such as local plastics and waste bans, so that we can have the solutions ready for delivery before these trends become business continuity risks and operational challenges to our customers.
- **Immediate Action & Momentum** – Our long-term focus on electrification, integration of renewables, and deployment of emerging technologies will help us manage the uncertainty surrounding the regulatory environment. Our immediate actions include the standardization of emission reduction strategies across our operational footprint. We will draw on the learning, experience, and best practices developed by divisions at the local level. This includes standardization and implementation of these practices across our warehouses, fleets, and offices. These actions will help generate the enterprise momentum to make serious strides toward our emissions reduction goals as we prepare for the future.

## Disclose how the organization identifies, assesses, and manages climate-related risks.

### Impacts of climate change: 3-4-degree Celsius scenario planning

In a scenario where global temperatures rise 3-4 degrees Celsius, all of the above challenges identified in the 2-degree Celsius scenario will be present or exacerbated alongside additional large-scale challenges. Climate change could be a polarizing force around the world, disrupting the supply chains and geopolitical relationships crucial to the stability of the global economy.

### Supply Chain Disruptions

If all countries pivot to investing in their own climate adaptation and resiliency infrastructure, this could impact the economic aid developing countries rely on and, in turn, the ingredient and product availability of key commodities native to these countries. Nationalism, natural resource conflicts, and the human health impacts of rising temperatures and intensified weather are all possible in this scenario.

### Chronic Issues of Heat and Drought

Experts project that extreme heat and drought will cause mass migrations from affected cities and towns, taking real estate value and economic activity with them. These extremes will also limit the extent of safe outdoor work, creating both operational and personal challenges due to the labor-intensive nature of agriculture and livestock farming. This could significantly impact our business both at the supplier level and at the customer level.

### Climate-Induced GDP Loss

PFG will be affected by the impacts to natural resources, agriculture yield loss, the inhabitability of certain areas, and the financial toll of enhancing climate resilient infrastructure around the country. Experts project that the combination of these impacts will lead to GDP loss, and the resulting consequence could be that people buy less and eat less. Clearly, this means that our customers, especially independent restaurants that lack the capital reserves of our institutional customers, may no longer have a community to feed, and therefore we will no longer have customers to serve. If this projection is accurate, we could suffer significant economic losses along with the rest of the industry.

## How PFG Could Respond

The 3-4-degree scenario is certainly possible given the current rate of environmental and climate change. Below is a breakdown of our initial thinking on how to manage these immense challenges while maintaining PFG's viability and the welfare of our stakeholders:

- **Supporting Only Regenerative Agriculture and Livestock Suppliers:** Clean water, soil, and air will be in limited supply, so regenerative agriculture will be necessary to systemically ensure we have these resources in our supply base. By supporting the development and scaling of regenerative practices across our supply chains, we would be able to maintain our business continuity while ensuring that the resources required to grow food are at the forefront of our risk mitigation strategy.
- **Hydroponics, Rooftop Agriculture, & AgTech:** In addition to supporting local regenerative food systems, leveraging advances in agriculture technology and innovative production methods could be crucial to our business continuity. Hydroponics that use minimal water, rooftop agriculture that leverages existing commercial roofs for production facilities, and the ongoing innovation in food technology could help PFG maintain customer bases and procurement orders. We would leverage these approaches and partner with suppliers that have the knowledge, networks, and infrastructure to support our plans. We could also explore the incorporation of more resilient crops as replacements for ingredients that will no longer be viable. Hemp, for example, grows in adverse conditions with minimal water and has a significant nutrient profile. Hemp oil, seeds, and food products could be a core component of our future portfolio in this scenario.



# Focus Area

## Disclose focus areas used to assess and manage relevant climate-related risks and opportunities.

### Overview

Across our operations and value chain, we are tracking or currently creating tracking systems for climate-related metrics. As we continue to develop deeper collaborations and joint efforts with both suppliers and customers, we know our climate goals will become a key component of the new "business as usual." Our climate goals are below:

Metric	Focus Area	Focus Type (Absolutely/Intensity)	Time Frame
Energy Indicator	Improve power consumption intensity	Intensity	2030
Energy Indicator	Procure more power from renewable resources	Absolute	2030
Carbon Indicator	Improve carbon intensity in Scope 1 emissions	Intensity	2030
Methane Indicator	Divert more operations and food waste from landfill	Absolute	2030



# Environmental, Social and Corporate Governance Update

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