

US FOODS HOLDING CORP.
RESPONSIBLY SOURCED PALM OIL POLICY v.2
v.2 Effective Date: March 24, 2022
v.1 Effective Date: March 30, 2018

I. Purpose and General Principles

As a food service distributor, we value the opportunity to make a positive impact in the food industry. Given the potential environmental and social risks associated with palm oil production, we are working with our suppliers to ensure the palm oil and palm oil derivatives used in all US Foods Exclusive Brand products are responsibly sourced.

II. Applicability

This policy applies to suppliers of new and current Exclusive Brand products.

III. Policy

A. Responsibly Sourced Palm Oil

US Foods recognizes the Roundtable on Sustainable Palm Oil (“RSPO”) standards and enforcement mechanisms and supports the strengthening and continuous improvement of these standards by working with the RSPO, our suppliers and other organizations to drive new responsible sourcing opportunities.

We are working with our suppliers to ensure the production of palm oil and palm oil derivatives used in US Foods Exclusive Brand products follow the RSPO Principles and Criteria (P&C), Rainforest Alliance Sustainable Agriculture Standard, or other equivalent standard(s). Specifically, we will support practices to help minimize or eliminate deforestation and support smallholders¹ in producer nations.

Recognizing our role as a broadline distributor, our goal is for all US Food Exclusive Brand suppliers to source palm oil and palm oil derivatives for US Foods Exclusive Brand products based upon the following principles:

1. Compliance with RSPO P&C and Supply Chain Certification, Rainforest Alliance Sustainable Agriculture Standard, or an equivalent standard.
2. Protection of High Conservation Value (HCV) and High Carbon Stock (HCS) forests.
3. No new development on peatlands and the use of Best Management Practices for existing plantations on peatlands.
4. Commitment to no-burn policies.
5. Commitment to traceable and transparent palm oil supply chains.
6. Respect for human rights including: compliance with labor laws; controls in place that prohibit child labor forced or compulsory labor; a workplace free from discrimination or harassment; respect for the right to freely associate and organize; and the right to free, prior and informed consent for community stakeholders impacted by expansion.
7. Support for the integration of smallholders into sustainable supply chains.
8. Compliance with US Foods’ Supplier Code of Conduct, Responsible Sourcing Policy, Exclusive Brand Supplier & Co-Packer Food Safety & Quality Systems Manual, and applicable

international, national, state and local laws and regulations.

We require:

1. All palm or palm kernel oil used in any new Exclusive Brand products must be certified, at a minimum, RSPO Mass Balance², or an equivalent standard like the Rainforest Alliance Sustainable Agriculture Standard. In the case where a supplier can demonstrate that physical supply chains are unavailable, RSPO Credits (Book and Claim Supply Chain) may be used.
2. As set out in our commitment to source 100% of our palm or palm kernel oil used in Exclusive Brand products from certified sustainable sources by December 31, 2019, all palm or palm kernel oil used in any current Exclusive Brand products is certified, at a minimum, RSPO Mass Balance, or an equivalent standard like the Rainforest Alliance Sustainable Agriculture Standard. In the case where a supplier can demonstrate that physical supply chains are unavailable, RSPO Credits (Book and Claim Supply Chain) may be used.

In the event that US Foods learns that a supplier of an Exclusive Brand product is not in compliance with these requirements, we will work with the supplier and require the supplier to take remedial action to address the issue. The non-compliant supplier will be expected to create a corrective action plan, with reasonable time commitments to meet our requirements. We will terminate our relationship with any supplier that fails to make a good faith effort to remediate its non-compliance with these requirements.

B. RSPO NEXT

We will consider the use of RSPO NEXT credits as the credit market develops, particularly as it relates to High Carbon Stock (HCS) forest and protections for workers and communities in the palm oil sector.

C. Milestones and Targets

US Foods has developed a timebound palm oil sourcing policy. Working alongside our suppliers, we set out a commitment to source 100% of the palm or palm kernel oil used in US Foods Exclusive Brand products through certified sustainable sources such as sources certified RSPO Mass Balance, Identity Preserved or Segregated Supply Chain or an equivalent standard by December 31, 2019. If a physical supply is unavailable, RSPO Credits are required to cover that material to support the production of physical certified sustainable palm or palm kernel oil (CSPO).

US Foods will establish a separate timeline for sourcing complex fractional derivatives by December 31, 2023, as we continue to assess the availability of supply of sustainable palm oil ingredients.

D. Reporting

US Foods will report annually on progress toward meeting our goal of responsibly sourced palm oil and palm oil derivatives for our Exclusive Brand products.

IV. Definitions

¹RSPO defines a smallholder as a small farmer that farms approximately 50 hectares or less of oil palms.

²RSPO Mass Balance certification means the volume of palm or palm kernel oil in the product reflects an equivalent volume of palm or palm kernel oil produced by RSPO certified mills and plantations.