

US FOODS HOLDING CORP.
SERVE GOOD
Effective Date: June 29, 2018

I. Introduction

A. Purpose

This document governs the US Foods Serve Good Program (“Serve Good”), establishing the requirements for classification and marketing of Serve Good products, and ensuring that all marketing claims associated with Serve Good products comply with federal regulations.

B. Scope

These requirements are applicable to all marketing claims associated with (present in the labeling, advertising, promotional materials, and other forms of marketing in any medium) products promoted under Serve Good (whether asserted directly or by implication through words, symbols, logos, depictions, product brand names, or any other means).

II. Regulatory Enforcement Authorities

A. Marketing Claims

The Federal Trade Commission (FTC) governs marketing claims. “Section 5 of the FTC Act prohibits deceptive acts and practices in or affecting commerce. A representation, omission, or practice is deceptive if it is likely to mislead consumers acting reasonably under the circumstances and is material to consumers’ decisions. To determine if an advertisement is deceptive, marketers must identify all express and implied claims that the advertisement reasonably conveys. Marketers must ensure that all reasonable interpretations of their claims are truthful, not misleading, and supported by a reasonable basis before they make the claims.”

B. Environmental Claims

“In the context of environmental marketing claims, a reasonable basis [of support] often requires competent and reliable scientific evidence. Such evidence consists of tests, analyses, research, or studies that have been conducted and evaluated in an objective manner by qualified persons and are generally accepted in the profession to yield accurate and reliable results. Such evidence should be sufficient in quality and quantity based on standards generally accepted in the relevant scientific fields, when considered in light of the entire body of relevant and reliable scientific evidence, to substantiate that each of the marketing claims is true.”

The FTC has issued “Green Guides” to help marketers avoid making environmental marketing claims that are unfair or deceptive. The Green Guides do not have the force of law, but environmental claims inconsistent with the guides could give rise to action by the FTC under the FTC Act. Generally, qualifications and disclosures should be clear, prominent, and understandable; it should be clear whether the environmental claim refers to the product, product’s packaging, a service, or just to a portion of the product; environmental attributes should not be explicitly or implicitly overstated; and comparative claims should be clear to avoid consumer confusion.

Products marketed under the Serve Good are to be identified in marketing materials using the signature Serve Good icon clearly marked on the outer product packaging and the green stripe with the product claim housed inside the green stripe.

US Foods exclusively owns all trademarks, service marks, trade dress, trade names, domain names and other identifiers of source or origin (collectively, “Trademarks”) containing or incorporating Serve Good, and all variations or acronyms of any of the foregoing, including all registrations and applications for registration thereof and any Trademark confusingly similar thereto or dilutive thereof (collectively, “Marks”), Customers and their Affiliates have no rights, and are not acquiring any rights through purchasing Serve Good products, to use the US Foods Marks.

III. Serve Good Certification Types

There are seven pillars into which Serve Good products must fit by either a Third-Party certification; a regulated claim; or a US Foods defined and verified claim. The seven pillars include five under Responsible Sourcing and two under Waste Reduction.

A. Third Party Certified

A third-party certification is one that has been awarded by a legitimate, independent evaluator (rather than by an industry or through a self-administered program) that analyzes the product for safety, quality, or performance using a stringent and objective standard. A third-party certification or seal should convey the basis for certification or should use clear and prominent qualifying language that conveys to which specific or limited benefit the certification or seal refers. A third-party certification does not eliminate the supplier’s obligation to ensure that it has substantiation for all claims reasonably communicated by the certification.

Generally, self-administered certifications, certifications awarded by industry trade associations, or certifications of membership should not qualify as third-party certified for Serve Good. A certification awarded by an industry trade association may be acceptable for Serve Good if the certification was awarded by an independent auditor who objectively applied standards that are independently developed and maintained by a voluntary consensus body.

B. Regulated Claim

A regulated claim is a claim that the product was grown or raised in accordance with a defined government regulation or standard (i.e., “raised without antibiotics”).

It would be deceptive to promote an environmental or a nutritional benefit if the activity that gave rise to the benefit was required by law (i.e., using “raised without antibiotics” if regulations prohibit the use of antibiotics). If the activity giving rise to the claim was required by law, this information must be clearly and prominently disclosed in the marketing material.

C. US Foods Defined and Verified

For those claims that do not fall under third-party certified or regulated claim, a US Foods defined and verified claim may be used. This claim will be supported by verifiable data, evidence, and substantiating documentation from US Foods’ suppliers. For each claim there is a review process conducted with a cross-functional team of Merchandising and Legal.

IV. Serve Good Categories

A. For inclusion in Serve Good, a product must (1) have at least one sustainable product claim in the categories of Responsibly Sourced or Reduces Waste; and (2) have packaging that meets US Foods' Serve Good sustainable packaging standards. The most frequently used certifications across the Serve Good program are listed as follows. US Foods will consider and use additional third-party certifications on a per product basis.

Sustainable Product Claim

1. Responsibly Sourced

- a) Fair Trade/ Rainforest Alliance. Serve Good Products that are categorized under the Fair Trade/ Rainforest Alliance pillar generally fall under one of two categories:
 - i. Fair Trade Certification – Fair Trade verified products represent a market-based approach that empowers farmers to receive a fair price for their harvest, helps workers create safe working conditions, provides a decent living wage and guarantees the right to organize. Fair Trade certified products are from farms audited against Fair Trade product standards, conducted by 3rd party organizations.
 - ii. Rainforest Alliance Certification – Rainforest Alliance verified products work to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behavior. Farms and forestry enterprises are audited against standards maintained by the Sustainable Agriculture Network and the Forest Stewardship Council, audits are conducted by 3rd party organizations.
- b) Organic – USDA organic is a labeling term for food or other agricultural products that have been produced using cultural, biological and mechanical practices that support the cycling of on-farm resources, promote ecological balance and conserve biodiversity in accordance with the USDA organic regulations. This means that organic operations must maintain or enhance soil and water quality, while also conserving wetlands, woodlands and wildlife. Unapproved synthetic pesticides and fertilizers, sewage sludge, irradiation, and genetic engineering may not be used.
- c) Non-GMO – Non-GMO Project Verified products do not contain genetically modified organisms (GMOs), which means they have not been genetically altered in any way. Packaging with the Non-GMO Project Verified seal conveys that the product has been produced using non-GMO practices, as certified by a third party.
- d) Sustainable Seafood
 - i. Product Tiers – For our Exclusive Brand seafood products, US Foods has three tiers of products. For further information, please refer to the US Foods Responsibly Sourced Seafood Policy.
 - Tier 1 - Serve Good®: Certified sustainable with chain of custody. Meets strict Serve Good packaging standards.
 - i. Wild Caught Species will carry a Marine Stewardship Council (MSC) and MSC Chain of Custody certification; or
 - ii. Farmed Species will carry a Best Aquaculture Practices (BAP) 4 star, or have the highest level of BAP available for the species; or

- iii. Equivalent Global Sustainable Seafood Initiative (GSSI) benchmarked certifications where US Foods has the associated chain of custody certification, will be considered.
 - iv. All Serve Good products meet the standards described in the [Serve Good Packaging Policy](#), which requires criteria for minimum use of post-consumer recycled content, responsibly-managed forestry certifications, and reducing waste.
- Tier 2 - Progress Check™: Partial certification. Making significant progress towards meeting Tier 1 standards.
 - i. Wild Caught Species:
 - GSSI benchmarked certification where US foods does not have an associated chain of custody certification; or
 - Fishery Improvement Project rated, “A, B or C” by FishSource of Sustainable Fisheries Partnership (SFP); or
 - Low risk as advised by FishSource of SFP
 - ii. Farmed Species:
 - BAP 1 Star, 2 Star or 3 Star recognition; or
 - Aquaculture Stewardship Council (ASC) Certified without associated ASC Chain of Custody certification; or
 - GSSI benchmarked certification where US Foods does not have an associated chain of custody certification; or
 - Participant in the Aquaculture Improvement Project (AIP); or
 - Equivalent certification or improvement projects will also be considered
- Tier 3 - Conventional Products: US Foods is currently engaging vendors in identifying opportunities toward meeting Progress Check and Serve Good standards.
 - i. For species with sources that do not yet meet the criteria for Serve Good or Progress Check, US Foods will collaborate with vendors and encourage deeper engagement with partners like SFP and the National Fisheries Institute, fisherman, fish farmers, and other external stakeholders to help evaluate immediate opportunities toward meeting the criteria for Serve Good or Progress Check standards.
 - ii. Certifications
 - Global Sustainable Seafood Initiative (GSSI) – The mission of GSSI is to ensure confidence in the supply and promotion of certified seafood as well as to promote improvement in the seafood certification schemes. The GSSI has recognized seafood certification schemes which have been benchmarked against the Global Benchmark Tool Version 1 and is only recognized after successfully completing the 7-step benchmark process – an expert-led process involving objective assessments made against the benchmark framework.
 - Marine Stewardship Council (MSC) – The MSC is an international non-profit organization created to address the problem of unsustainable fishing and works to safeguard wild-caught seafood supplies. The blue MSC eco-label on a seafood product means that the seafood is fully traceable to sustainable fisheries that have been certified to the global MSC standard. US Foods is

MSC Chain of Custody certified which means we can ensure that we have identification, segregation and traceability systems in place. Traceability also assures that certified seafood comes from legal and sustainable sources.

- Best Aquaculture Practices (BAP) – The Global Aquaculture Alliance coordinates the development of BAP certification standards in seafood for farms, feed mills, hatcheries and processing facilities. The BAP star system indicates integration levels of certification along the aquaculture production chain.
 - One Star: Product produced by a BAP-certified processing plant
 - Two Stars: Product produced by a BAP-certified processing plant and BAP-certified farm(s) only
 - Three Stars: Product produced by a BAP-certified processing plant and BAP-certified farm(s) only, and BAP-certified hatchery and or feed mill
 - Four Stars: Product produced by a BAP-certified processing plant, BAP-certified farm(s) only, BAP-certified hatchery only and BAP-certified feed mill only
 - Alaska Sustainability – As the only state to have written strict conservation laws into its constitution, Alaska leads the nation in effective and comprehensive resource management, quality assurance, and conservation, ensuring that its seafood remains the world’s finest for future generations.
 - Aquaculture Stewardship Council (ASC) – ASC is an independent non-profit organization and labeling organization that establishes protocol on farmed seafood while ensuring sustainable aquaculture. The ASC provides sustainable and responsible aquaculture producers with a certification and labeling scheme guaranteeing to consumers that the seafood they are purchasing is sustainable for the environment, and socially responsible.
 - Fishery Improvement Project (FIP) – A fishery improvement project (FIP) is an alliance of wild-caught-seafood buyers, suppliers and producers, working together to improve specific fisheries by encouraging better policies around illegal fishing, by-catch and habitat impacts. The end goal of a FIP is to ensure the long-term viability of the fishery, and usually ends in certification.
- e) Animal Care – Serve Good products categorized under Animal Care communicate claims about how an animal was raised.
- i. American Humane Certified – Created by the American Humane Association, the American Humane Certified program is the first third-party certifying body in the U.S. to specialize in the welfare of livestock and poultry. The American Humane Association has established comprehensive, science-based standards for pork, beef, poultry and dairy to help ensure that farms raising livestock and poultry under their certification improve the welfare of animals.
 - Cage Free – “Eggs packed in USDA grade marked consumer packages labeled as cage free must be produced by hens housed in a building, room, or enclosed area that allows for unlimited access to food, water, and provides the freedom to roam within the area during the laying cycle.”
 - ii. Raised without Antibiotics – The terms “raised without antibiotics”, “no antibiotics added”, “no antibiotics ever” may be used on labels for meat or poultry products if

sufficient documentation is provided by the producer to the FSIS Agency demonstrating that the animals were raised without antibiotics. This term is not to be confused with “antibiotic-free,” a claim which is not approved by the USDA and considered misleading, as antibiotics may only be absent at the time of harvest.

2. Reduces Waste – A Serve Good product categorized under reduces waste specifically contributes to waste reduction in the manner by which it is sourced or manufactured. These products include: products produced by facilities that have significantly reduced manufacturing waste associated with a specific product, such as Chef’s Line® Guacamole; or products that create a new form of value, such as Cross Valley Farms® Chopped Broccoli Leaves.

a) Responsible Disposables

- i. Recyclable – A recyclable item is an item that that can be “collected, separated, or otherwise recovered from the waste stream through an established recycling program for reuse or use in manufacturing or assembling another item.” If every component of the product or package cannot be recycled, the labeling must clearly and prominently specify which components can and cannot be recycled.

If the availability of municipal or institutional facilities for recycling or composting is limited or not available to a substantial majority of consumers or communities where the item is sold, this fact must be clearly and prominently disclosed. The strength of qualifying language should align with the prevalence of available facilities. A “substantial majority” is defined as at least sixty (60) percent.

- ii. Compostable – A compostable item is an item that “will break down into, or otherwise become part of, usable compost (e.g., soil-conditioning material, mulch) in a safe and timely manner (i.e., in approximately the same time as the materials with which it is composted) in an appropriate composting facility, or in a home compost pile or device.” If the item cannot be composted safely or in a timely manner in a home compost pile or device, if the composted material will be unusable, or if disposal in a landfill would not produce an environmental benefit, this information must be clearly and prominently disclosed.
 - BPI Compostable – The Biodegradable Products Institute (BPI), a not-for-profit association, works to build credibility and recognition by certifying products that meet the ASTM D6400 and/or D6868 standards to ensure products are compostable.
 - Cedar Grove – A certification managed by Cedar Grove that submits products for testing through the Compost Manufacturing Alliance (CMA), which tests products against ASTM D6400, EN 13432 and ASTM D6868 standards, as well as, field test products that are made of substrates which are not covered by those previously mentioned standards.
 - USDA BioPreferred – Managed by the U.S. Department of Agriculture (USDA), the goal of the BioPreferred program is to increase the purchase and use of Biobased products, or products derived from plants and other renewable agricultural, marine and forestry materials. Within the BioPreferred program, these products do not include food, animal feed or fuel.
- iii. Responsibly Sourced Fiber – A responsibly sourced fiber material product is a product that is made with fiber which has been sourced from a forest that is managed with sustainable and responsible practices. Suppliers are required to obtain certification from one of the following:

- Forest Stewardship Council (FSC) – The Forest Stewardship Council (FSC) is a non-profit organization that promotes the responsible management of the world's forests. “FSC certification ensures that products come from well managed forests that provide environmental, social, and economic benefits.”
- Sustainable Forestry Initiative (SFI) – The Sustainable Forestry Initiative (SFI) is a non-profit organization that focuses on sustainable fiber sourcing. SFI has a sourcing label and several chain of custody labels. The sourcing label ensures that the raw material in the supply chain comes from legal and responsible sources, whether the forests are certified or not.. The chain of custody label accounts for the forest fiber content (certified forest content, certified sourcing, and recycled content) through production and manufacturing to the end product.
- Post-Consumer – Once a material or finished product has served its intended use and has been diverted or recovered from waste destined for disposal, it is then considered "post-consumer" and is made into new items. US Foods products made with post-consumer material must meet third-party certification standards.

- b) Reduces Waste – A Serve Good product categorized under reduces waste specifically contributes to waste reduction in the manner by which it is sourced or manufactured. These products include: products produced by facilities that have significantly reduced manufacturing waste associated with a specific product, such as Chef’s Line® Guacamole; or products that create a new form of value, such as Cross Valley Farms® Chopped Broccoli Leaves.

B. Serve Good Packaging Standards – All Serve Good products must meet our Serve Good Packaging requirements, in addition to one or more product claims. The following requirements apply:

1. Inner

- a) No Expanded Polystyrene Foam (EPS) Packaging
- b) No bisphenol (BPA) materials contacting food
- c) No lightweight (less than 2.5mil) HDPE box liners
- d) Non-direct food contact paper packaging must contain a minimum of 40% Recycled Content or be made from an alternative fiber renewable resource.
- e) All virgin paper content must be SFI or FSC or similar Certification.
- f) Stability Performance Validation Required

2. Outer (assumed to be a corrugated box)

- a) Unbleached kraft¹ paperboard
- b) Package Performance Validation Required
- c) Must contain a minimum of 35% Post-Consumer Recycled Content
- d) Product must fit in box without excess headspace
- e) All virgin paper content must be SFI, FSC or similar Certification
- f) Corrugated Recycles Classification or Certification
- g) BPI Certification for any Non-Recyclable corrugated material

¹ Kraft is paper or paperboard (cardboard) produced from the chemical pulp produced in the kraft process. The kraft process is a process for conversion of wood into wood pulp, which consists of almost pure cellulose fibers, the main component of paper

