

US Foods Serves Good Food and Wins KKR's Eco-Innovation Award

By Elizabeth Seeger Nov 02, 2017

This past summer, KKR launched its second annual Eco-Innovation Award to recognize one of our global portfolio companies for an innovative, environmentally beneficial initiative that creates business value. Ten KKR portfolio companies representing different sectors and regions applied for the award. Each submission showcased a unique project, addressing diverse topics such as product sustainability, waste reduction, and resource efficiency. After careful consideration, our group of expert judges awarded the 2017 Eco-Innovation Award to US Foods for its Serve Good™ product line, comprised of sustainable food and non-food products that are responsibly sourced or contribute to waste reduction.

My firsthand experience with US Foods, one of the largest foodservice distributors in the United States, goes back a number of years, even pre-dating my time at KKR. All the way back in 2008, US Foods was the first KKR portfolio company to begin participating in KKR's Green Solutions Platform (when it was still known as the Green Portfolio Program). At the time, I was working at Environmental Defense Fund and we were looking for companies to pilot an idea we had developed with KKR: that we could measure and improve both the economic and environmental benefits of the operations of KKR's portfolio companies.

Thanks to US Foods' active participation in our then-young program, we learned a lot that would inform how KKR works with portfolio companies on environmental issues to this day. For example, we spent a great deal of time trying to figure out how to tie an activity's intensity metric as closely as possible to the measure of productivity for the business so that we could understand how the financial and environmental costs are driven. In the case of US Foods, after questioning if we should measure fleet efficiency by 'gallons (or GHGs) per mile,' 'gallons (or GHGs) per stop,' or 'gallons (or GHGs) per case of product,' the right normalizing metric for us ended up being 'ton of product.' The delivery of the product is an important metric given the average weight of a case may have more impact on the fuel efficiency than the number of cases.

Our partnership with US Foods also taught us that there are rooms in the world entirely dedicated to keeping ice cream the right temperature, which was not only important to learn from the perspective of the efficiency of cooling equipment, but also unforgettable for someone who wouldn't mind spending some time in a room full of ice cream.

But I digress.

To this day, thanks to what we learned from the US Foods team, we are thoughtful about how we measure and track performance through our program, as it clearly varies on a company-by-company and even project-by-project basis. This approach has been key to all of our responsible investment work, which I've helped manage since I joined KKR from the Environmental Defense Fund in 2009.

While I am not an Eco-Innovation Award judge, I am thrilled by the outcome of this year's award process. US Foods' Serve Good product line was developed in response to the growing demand for more sustainable options in the foodservice industry. In fact, according to US Foods' research, 67% of consumers would have a better impression of a restaurant that offered more sustainable foods.

In the United States and many other developed countries, food has transformed from a necessity of sustenance to an abundant indulgence, which has resulted in unsustainable practices along the food value chain. Demand for food will also increase with the growth in the global population, exacerbating existing unsustainable practices that can decrease both crop productivity and nutrient content. Serve Good - and products and practices like it - has the potential to significantly transform the food landscape by providing cost-competitive sustainability-oriented products to meet, and then grow, customer and consumer demand.

We look forward to the expansion and evolution of US Foods' Serve Good product line and are excited to see what new eco-innovations KKR's portfolio companies continue to bring to market in the future.

Learn more about our process and US Foods' winning entry at www.green.kkr.com/award.

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