

Good things  
come from  
**Sysco**<sup>®</sup>

**If You Strive To Do  
What's Right...**

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2010 SUSTAINABILITY  
REPORT






...the path becomes clear.

## **Help a local cheese maker reach more chefs**

Sysco's distribution helps Hilary's Cheese, an artisanal cheese producer in Victoria, British Columbia, serve more of the independent restaurant chefs who can appreciate Hilary's small-batch cheeses. By giving Hilary's just one delivery point, we add reach without adding miles. And that makes everyone smile.

A woman with dark hair in a ponytail, wearing a vibrant floral-patterned shirt, is seen from the side, focused on preparing food. She is wearing white gloves and working at a counter. In the foreground, several clear plastic food containers are filled with various ingredients like lettuce, tomatoes, and meat. The background is slightly blurred, showing a kitchen or food service area with a red sign on the wall.

...the path becomes clear.

## **Make a natural attraction even more green**

The famed San Diego Zoo is a natural habitat for Sysco. We not only help the zoo feed the hungry humans who visit the animals, but support the organization's ecological commitment by providing take-away containers made from recycled plastic bottles.



# A Message from Bill DeLaney

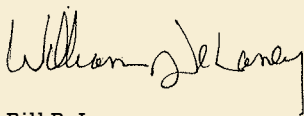
At Sysco, our focus on sustainability is driven by our long-standing commitment to doing what is right. With that solid grounding, the path ahead has been clearly visible. Moving forward has meant continuing to invest in sustainability even in tough times. We know the reward is there, whether it is stronger relationships with our customers and suppliers or an economic return on our energy savings or a healthier planet for all of us.

To keep the momentum going this year, we emphasized initiatives with a strong business case, including those where grants or rebates could reduce the capital needed to acquire new energy-efficient vehicles or equipment. You will see in this report the result of one such project – the opening of our new Houston distribution center that exclusively uses hydrogen-powered vehicles within the warehouse.

A lifecycle analysis we completed this year, using green beans as the focus, found that across the entire foodservice lifecycle, from seed germination to restaurant trash disposal, Sysco's role – transportation and distribution – accounts for less than 10 percent of the entire energy impact. This does not lessen our commitment to continue to manage our own energy use, but it reminds us of the importance of our partnerships with our suppliers and customers to achieve the greatest change.

Fortunately, both our vendors and our customers have been willing to make the journey with us. From the farmers who have adopted our recommendations to reduce use of pesticides, fertilizer and water, to the restaurants that have chosen biodegradable plates and cutlery, our fellow travelers have made the path a greener one for all of us.

Our sustainability commitment extends beyond environmental issues to encompass other social concerns. For example, we are especially proud of our partnership with Share Our Strength, which fights to eliminate childhood hunger in the United States. Such relationships are a rewarding element of all our sustainability efforts. By working with groups such as the Sustainable Food Laboratory, Oxfam and the World Wildlife Fund, and with remarkable individuals such as animal welfare leader Temple Grandin and diversity management thought leader Dr. R. Roosevelt Thomas, Jr., we have expanded our own understanding and increased our ability to make a difference in the world around us.



**Bill DeLaney**

President & Chief Executive Officer  
September 29, 2010

# Sustainability & Social Responsibility



Sysco's sustainability path has taken us from our suppliers' fields to our customers' tables as we seek ways to influence the entire foodservice lifecycle. From advocating low-impact farming methods to using hybrid diesel delivery trucks to providing biodegradable takeout containers, we strive to do what's right for our business and our planet.

## Working with our suppliers

As the global leader in foodservice marketing and distribution, we recognize the opportunity we have to work with our suppliers, not just by setting standards, but by sharing knowledge. In doing so, we encourage and empower farmers, ranchers and food processors to operate in more sustainable ways.

Our stringent food safety management requirements, and our focus on helping suppliers reach these goals, help raise the bar across the foodservice industry. As we source food globally, we help raise standards in other ways as well. Our social responsibility assessments of suppliers in Latin America, China, India and Southeast Asia have helped drive continuous improvements in these suppliers' social performance.

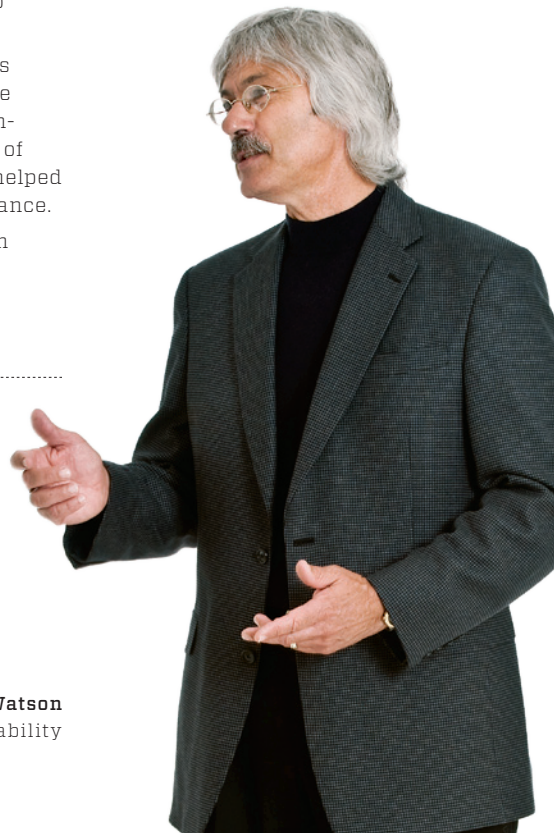
In Guatemala, we have partnered with the global non-profit Oxfam and the Sustainable Food Laboratory to support an economic development project benefiting 3,480 clusters of small broccoli farms and their communities.

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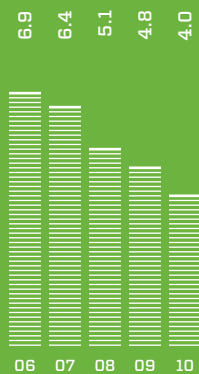
**“The life cycle of food production, distribution and consumption has many stakeholders. Sysco recognizes the importance of implementing practical sustainable improvements in our own business, but we also believe we must partner with other stakeholders in the value chain to create the greatest social, environmental and economic impact.”**

**Craig Watson**

Vice President, Agricultural Sustainability



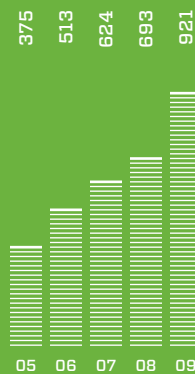
**\* OSHA Recordable Injuries**  
injuries per 100 employee equivalents



**† Estimate of Pesticides Avoided**  
in thousands of pounds of active ingredients



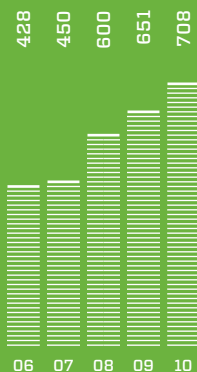
**† Acres in IPM Program**  
in thousands of acres



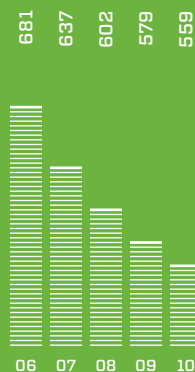
**† Number of Farmers Participating in IPM Program**



**\* Product Purchases from Minority- and Women-owned Suppliers**  
in millions of dollars



**\* Total Kilowatt Hours Used**  
in millions



\* For the fiscal years shown.

† For the calendar years shown.

Sysco continues to advance its Integrated Pest Management (IPM) program, which calls for reductions in use of agricultural inputs such as pesticides and fertilizers. In 2009, the total number of acres in the IPM program grew to more than 921,000. Also in 2009, we began tracking water used for irrigation as part of the program.

As the interest in “local food” has become an ongoing social movement, we have developed a template that our local operating companies can use to work with small and mid-sized farms in their areas, adapting the approach to fit the character of the local market. Sysco has also partnered with the Produce Marketing Association and PrimusLabs.com to provide food safety training to small growers.

Sysco uses best practices to be sure that our Sysco brand suppliers treat animals in a humane manner. We utilize third-party auditors to measure meat, poultry and egg suppliers against a comprehensive set of science-based standards; require suppliers to complete their own assessments; and now have our own certified personnel who will perform additional audits.

We are moving forward with development of shell egg animal welfare programs in Canada. Sysco is also participating in a study with the Coalition for a Sustainable Egg Supply to research the sustainability issues impacting eggs.

#### **Improving our operations**

We strive to consistently improve efficiencies in both inbound shipments from suppliers as well as outbound deliveries to our customers.

Improvements in truck fill rates on inbound shipments were equal to taking an estimated 1,600 trucks off the road in calendar 2009 compared to 2008. Our redistribution center (RDC) strategy contributes to our inbound efficiency by consolidating inbound shipments to multiple operating companies.

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**“In our warehouses, we have found that hydrogen fuel-cell-powered lifts and pallet jacks not only reduce our emissions, but reduce our maintenance costs as well because the constant power level is easier on the machines than traditional batteries. Doing what’s right pays off on multiple levels.”**

**Gary W. Cullen**  
Vice President, Distribution Services





# Our Path of Progress



**15%**

Approximate increase in case volume through our two existing redistribution centers (RDCs) in fiscal 2010 - helping us to improve truck fill rates.

**4,800** HOURS

Projected battery recharging time per year eliminated by use of fuel cells in vehicles in the new Sysco Houston distribution center.

**2.8 million**

Estimated gallons of diesel fuel we saved in calendar 2009 by converting truck freight to rail.

**18%**

Reduction in kilowatt-hours in Sysco warehouses since 2006, largely by using energy-efficient compact fluorescent lighting.





## Partnering for social good

In Guatemala, Sysco has partnered with Oxfam and the Sustainable Food Laboratory to help small broccoli farms. Says Michele Bruni, Oxfam Great Britain's Sustainable Livelihood Lead for the Latin America Caribbean Region: "Designing the project with Sysco has been a value-driven journey of building trust. It demonstrates how companies can go beyond traditional corporate social responsibility approaches to contribute to systemic sustainability."

MORE THAN  
**5,000**

Number of minority- and women-owned business enterprises with whom Sysco partners.

**40**

Approximate percentage of our fiscal 2010 charitable contributions that went toward hunger relief projects, including our ninth year as the official foodservice distributor of Share Our Strength's "Taste of the Nation" fundraising events across the nation.



In our outbound deliveries, we drive efficiencies by increasing cases per trip, routing our deliveries strategically and making our fleet more fuel-efficient. Diesel gallons used in our Broadline organization in fiscal 2010 compared to fiscal 2007 were 6 percent lower, or 3 million gallons, on an 8 percent increase in sales.

Truck refrigeration is another major energy concern in our business. We use collapsible bulkheads in our trailers to adjust the freezer space to fit the load and are continuing to test other refrigeration technology options.

We have installed automatic shutoffs on all our trucks to reduce idle time and conserve fuel, and launched a training program across our operating companies to educate drivers on fuel-saving practices.

We continue to implement energy efficiency improvements throughout our 180 distribution facilities across the United States and Canada, accounting for energy savings of 5 percent in fiscal 2010 compared to a year earlier, and 18 percent since we began our efficiency initiative in fiscal 2006.

Another environmental focus is replacing acid-battery-powered warehouse equipment with vehicles powered by hydrogen fuel cells. Our new foodservice distribution facility in Houston uses only fuel cells in its entire fleet of warehouse vehicles.

#### **Supporting our customers**

The sustainability path does not end at our customers' delivery entrance. More and more, we are working with restaurant owners, schools and other customers to meet their sustainability goals as well as bringing our own values to their tables.

In new customer discussions and in our industry-leading business reviews, we identify practices they can adopt and products and services we can offer, from organic foods and recycled and biodegradable packaging and cutlery to kitchen composting equipment.

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**“We remain focused on our diversity and inclusion efforts. By continually benchmarking our progress, we can better understand opportunities and challenges associated with achieving a more diverse workforce representative of the markets and communities that we serve”**

**Al Gaylor**

Vice President, Industry Relations and Diversity

With restaurant nutrition in the spotlight, Sysco is providing healthier options and more data to our customers so that they in turn can meet their customers' needs and comply with new guidelines and regulations.

## **SOCIAL RESPONSIBILITY**

Striving to do what is right is also the guidepost that directs how we care for our employees, how we manage risks that can affect our ability to do business, and how we support the communities where we live and work.

### **Diversity and inclusiveness**

We are committed to building a workforce, supervisory and leadership team, and supplier base that reflect the diversity of the communities in which we operate. Our Sysco Management Development Program and Sysco STEP program increase development opportunities for diverse associates at various levels.

We continue to expand the diversity of our supplier base each year. Our purchases from women- and minority-owned businesses grew to \$708 million in fiscal 2010.

We are working with the renowned diversity consulting firm Roosevelt Thomas Consulting and Training to map our progress to date and understand the direction we need to take going forward.

### **Helping in our communities**

Charitable giving to the communities we serve focuses on hunger relief, but also includes contributions to support educational development, the arts, environmental efforts and community organizations. In fiscal 2010, we contributed a total of \$8.3 million in cash and product donations.

### **Creating a safe environment for employees**

As we work toward our vision of achieving zero injuries and accidents across Sysco, our injury and vehicle incident claims counts continue to improve. Compared to fiscal year 2007, fiscal 2010 showed a 23 percent reduction in our predominant injury types and a 17 percent reduction in vehicle incident claims.

### **Managing risks and crises**

New initiatives this year are further strengthening Sysco's ability to manage risk from an enterprise-wide perspective. Furthermore, through a variety of programs, we also continue to expand our established preparedness and response capabilities at both the corporate level and at each Sysco operating site.





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