



# Good things

*are our greatest responsibility.*

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**Sysco Corporation**

2012 Sustainability Summary Report

# A Message From Bill DeLaney

**To earn the position as our customers' most valued and trusted business partner, we pride ourselves on distributing top-quality food products and foodservice supplies while delivering first-rate service.** In fiscal year 2012, we gained market share and registered record sales despite a slow economic recovery that remains uneven. Much of that success stems from our historical service commitment and operational expertise — the same ingredients that have allowed Sysco to grow successfully in our 42 years of existence.

We also believe that our commitment to sustainability will allow our business to achieve success for years to come. In this — our sixth annual and most comprehensive — sustainability report, we demonstrate this commitment by sharing with you our sustainability guiding principles which focus on three key focus areas: food, operations and community. In the year ahead, we plan to continue to refine our strategy with the goal of creating a companywide, integrated approach to advance our sustainability efforts.

Our work will include leveraging successful programs, such as our Integrated Pest Management program, which encourages responsible use of fertilizer, pesticides and water; our multiyear support for feeding hungry children through our partnership with Share Our Strength; and our ongoing warehouse efficiency initiative to conserve energy, which has reduced energy use in our Broadline and SYGMA warehouse facilities by 35 percent since 2006. Our more comprehensive approach to sustainability will provide a foundation from which we can launch new projects and tackle issues we haven't yet addressed — all to ensure that only good things come from Sysco.

We want the good things that we generate to benefit all stakeholders, from the growers and ranchers who supply our products, to the restaurants, hotels and foodservice providers that buy them, to the chefs who prepare meals with our products and to those who enjoy meals away from home. In the foodservice industry, sustainability is not just an added bonus — it is an expectation. We embrace this reality and believe there is environmental, social and economic value in making our company more sustainable.

The desire for continuous improvement is deeply ingrained in Sysco's culture. We look to improve efficiencies across the company — not only because this helps reduce operating costs, but because it's the responsible thing to do for our customers, our suppliers, our associates and the environment.

We are proud of the progress we have made over the past year, but our work is far from finished. With our strategy development under way, we will strive to better understand our environmental and social footprint, while at the same time generating new ideas to make our company more sustainable.

Sysco is currently undergoing a period of transformational change. One of the benefits of such change will be to better position ourselves to protect our environment, uphold our product integrity and serve our communities. We embrace the responsibility that comes with being an industry leader and look to the future with great excitement and anticipation.



**Bill DeLaney**  
*President & Chief Executive Officer*

October 2012

# Sustainability At Sysco

Sustainability has been a significant focus throughout our history, beginning with long-standing commitments to continuous improvements in food safety and distribution chain efficiency. Over the last decade, we have broadened our efforts to include issues such as sustainable sourcing and energy efficiency. Signature initiatives include our Integrated Pest Management program, launched in 2004, which has resulted in suppliers, in the 2011 growing season, avoiding the application of approximately six million pounds of fertilizer, and our energy management program for Sysco's Broadline and SYGMA warehouses and redistribution centers, which has generated energy savings of 35 percent since 2006.

Our sustainability strategy complements and supports our five-point business strategy and our vision to be our customers' most valued and trusted business partner.

## Principles

Our sustainability guiding principles influence our conduct wherever we operate.

- We are committed to ensuring a reliable and safe supply of food that meets the evolving needs of our customers.
- We are committed to creating positive change in our organization, the environment and communities we serve, a commitment that ultimately enhances the value of our business.
- We focus our sustainability efforts and community engagement to have a strategic and positive impact on the foodservice industry

- We base our sustainability programs on sound science and meaningful metrics. We are committed to communicating our results.

## Focus

We focus on three key areas of sustainability – those in which we have the greatest impact and which offer the greatest opportunities.

### • Food

We adopt the best practices of the industry to supply food and other products that meet high standards of safety, quality, traceability, environmental stewardship and economic sustainability for our business and our partners.

### • Operations

We use proven technologies to continuously improve resource efficiency across our distribution system of warehouses, refrigeration and modes of transportation.

### • Community

We are committed to the well-being of the communities affected by our business, including our customers, associates, suppliers, shareholders and the people who frequent our customers' outlets.

Our sustainability strategy helps to shape existing programs and initiatives and inform new actions across the company. We recognize that the scope and breadth of sustainability in our industry continues to evolve. We look forward to further building our program to help shape the landscape of sustainability in the food-service industry.



## 2012 and Beyond: The Future of Sustainability at Sysco

With our sustainability strategy work under way, we plan to create processes and systems to further enhance sustainability at Sysco. During FY2012, we established a cross-functional internal sustainability steering committee to facilitate these efforts.

Our near-term goals include:

- Continuing to further refine our strategy around three key focus areas: food, operations and community;
- Exploring opportunities to set operational efficiency targets;
- Gathering fuel, energy and water data to measure performance in our Broadline, SYGMA and redistribution center warehouses, as well as our corporate offices; and
- Reporting to the Carbon Disclosure Project (CDP) beginning in May 2013.

Our long-term sustainability goals include continuing to increase awareness of our sustainability efforts with our employees and other stakeholder groups, and further embedding sustainability into our business operations.



A man with a beard and a baseball cap, wearing a blue and white plaid shirt, is holding a large bunch of fresh celery. He is standing in a field of green plants under a clear sky. The celery stalks are thick and green, with feathery leaves at the top.

**Good things**  
*demand high standards.*



## Nearly 400

Small farmers completing Good Agricultural Practices (GAP) workshops since 2011. Workshops were staged by Sysco and industry partners including the Produce Marketing Association to help local suppliers understand and incorporate GAP requirements into their operations.

## July 2012

Sysco committed to eliminating gestation crates from our pork supply chain. We will work with suppliers on a timeline to achieve this goal.

## 1,000+

Supplier locations that underwent Sysco QA audits, visits or inspections in FY2012 to monitor food safety and quality programs.

## Food

We strive to use industry best practices to supply food products that meet high standards of safety, quality, traceability and social and environmental stewardship. Our signature programs in sustainable, responsible and safely sourced food, paired with our participation in industry efforts and in the growing sustainable food movement, help us to achieve this goal. We greatly value our strong

relationships with growers, ranchers, processors, foodservice peers and influencers. We interact with these partners through various platforms, maintaining open dialogue on important issues in our industry. These actions reinforce our commitment to ensure a reliable and safe supply of food for our customers and their customers.

## Sourcing Our Food Sustainably & Responsibly

We work with Sysco Brand suppliers, industry partners, nonprofit and research organizations to improve sustainability standards in our supply chain and across the food industry.

### Local Sourcing

Responding to a growing segment of our customers, we actively seek to source produce and products from small and midsize local producers. During FY2012, we expanded our local foods program. We now have well-developed local food programs in 29 Sysco operating companies, and are working to launch similar programs in 40 more of our businesses.

Our fundamental priority is to ensure the safety and quality of our food, so regardless of size, we hold all suppliers to the same high standards.

### Sustainable Agriculture

As a major purchaser of fruit and vegetables, we can propel improving agricultural standards among our growers, processors and distributors. Launched in 2004, our Integrated

Pest Management program has helped protect farmers and the environment by reducing fertilizer and pesticide use. In the 2011 growing season, our suppliers reported avoiding the use of approximately six million pounds of fertilizer through practices such as application modifications, cover crop programs, crop rotations and soil testing. In addition, suppliers conserved 714 million gallons of water during the 2011 growing season by improving irrigation efficiency, upgrading equipment and changing production strategies.

### Animal Welfare

We are committed to ensuring our suppliers handle animals humanely. Through a comprehensive audit program, we work to ensure our Sysco Brand suppliers maintain high animal welfare standards during commercial production, transporting and processing.

### Sustainable Seafood

We have committed, by 2015, to source 100 percent of our top 10 Sysco Brand wild-caught seafood

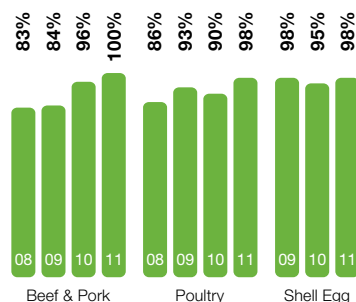
species from fisheries that are either Marine Stewardship Council (MSC) certified, under assessment by the MSC or involved in fishery improvement projects with WWF. These wild-caught seafood products include tuna, clams, cod, pollock, shrimp, scallops, salmon, calamari, lobster and crab, representing about 52 percent of the Sysco Brand seafood product line.

### Social Compliance

We require each of our suppliers to adhere to all applicable laws and regulations to provide a basic level of human rights for their employees. Sysco's rigorous Supplier Code of Conduct contains the legal, moral and ethical standards we expect of suppliers. For suppliers in the high-risk areas of Latin America and Asia, we require third-party supplier assessments to monitor compliance on topics such as basic human rights, child labor, freedom of association and discrimination.

### Animal Welfare Audit Pass Rates

percent, for calendar years shown





## Safe & Healthy Products

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Our goal is to be the most valued and trusted business partner to our more than 400,000 customers. From farm to finish, integrity, honesty and trust guide our quality assurance and food safety programs.

### Quality Assurance

Our Quality Assurance (QA) team of 40 full-time personnel and 60 contracted inspectors works closely with our Sysco Brand suppliers to ensure they meet the most exacting safety, reliability and quality standards.

Sysco QA has identified the Sysco Brand supplier facilities that provide products with the highest potential risk of food safety issues and our employees audit the food safety and quality practices of these suppliers annually.

Additionally, our Independent Audit Program (IAP), established in 1999, requires all approved Sysco Brand suppliers and packing locations to undergo one audit by a Sysco-approved auditing firm each calendar year. Sysco QA reviews all external audits to ensure a minimum score

is achieved and that adequate, timely corrective actions are taken.

### Food Safety Standards and Procedures

As the foodservice industry has grown and food production becomes more global, food safety has become a highly visible issue. We aim to not just continually improve our internal food safety programs, but to lead the industry in this area. All products distributed by Sysco are subject to our preventive controls program, which includes:

- Hazard Analysis and Critical Control Points (HACCP),
- Supplier approval programs,
- Sanitation,
- Foreign materials control,
- Allergen control,
- Good food handling practices, including temperature control, and
- Recall procedures.

By implementing effective preventive controls at every stage of food production, processing and distribution, we can stop many common food safety hazards before they become problems.



### Taking the Cake for Quality Ingredients

Since 1992, Hobee's Restaurants, a small chain in the San Francisco Bay Area, has relied on Sysco to supply ingredients for its famous cinnamon streusel-topped blueberry coffee cake. Thanks to a mouth-watering recipe made with Sysco's consistently reliable, high-quality ingredients, Hobee's uses the popular menu item to promote its business. Says Camille Chijate of Hobee's: "Our coffee cake is very important to our business. We trust Sysco to provide us with the best quality and safest ingredients to ensure that the cake is what our customers expect."



### Earthbound Farm: A Quality Food Partnership

Sysco and Earthbound Farm, which grows 22,000 acres of organic crops in Salinas, CA, have a rich, 16-year history working together to ensure the highest quality produce. Because the farm supplies Sysco Brand products, Earthbound complies with our stringent Quality Assurance (QA) guidelines for product growing, handling and inspection. But Earthbound goes

beyond the minimum requirements, for example, by delivering greens to the processing center on refrigerated trucks.

Jon Kiley, Senior Manager of National Food Service at Earthbound Farm explained the close relationship: "We really value [Sysco's] support, not only because they're our number one food-service customer, but because they are always on top of the latest technologies and trends in QA."

A photograph of the Golden Gate Bridge in San Francisco, taken from a low angle on the bridge deck. The bridge's iconic red-orange towers and suspension cables are prominent. Several cars are visible on the bridge, including a dark SUV in the foreground and a white bus further ahead. The sky is overcast and hazy.

**Good things**  
*never sit still.*





## Operations

Our operational footprint spans 185 locations throughout the United States, Canada and Ireland. We purchase and deliver ingredients and other supplies on behalf of our more than 400,000 customers through a fleet of approximately 8,000 delivery trucks. Improving the environmental impact of our operations is important to us – it benefits both the environment and our bottom line. We use proven technologies to continuously improve resource efficiencies in our logistics chain and in our warehouses. We are gathering data to measure performance in the areas of energy use, fuel and water, and will explore opportunities to set operational efficiency targets in these areas.

## Environmental Sustainability Management

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We recognize the impact our operations and complex logistics and distribution networks have on the environment. Our warehouse and redistribution centers and fuel use in our truck fleet account for our largest impacts and present significant opportunities to reduce our environmental footprint and operating costs.

We have worked with energy management consultants Cascade Energy, Inc. since 2006 to reduce energy use by an average 35 percent in our warehouses through energy use monitoring, more efficient processes, equipment upgrades and associate training.

## Moving Our Products

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Much of our energy use results from moving freight to and from our customers and suppliers. We have identified the potential to significantly reduce our negative environmental impacts by improving resource efficiency across our freight routes, as well as in our distribution chain.

### Inbound Freight

Our efforts to increase efficiency and reduce energy use begin with the shipment of product from our suppliers. For example, rather than taking receipt of a supplier's shipment at our warehouse, we often arrange pick-up and delivery ourselves. This lowers costs and reduces fuel consumption by using more efficient fleet and pooling shipments at other supplier locations.

### Intermodal Shipping

Sysco is an industry leader in using rail and intermodal shipping. We move over 1,800 rail boxcars each year into our distribution network, and in FY2012 moved more than 10,000 intermodal shipments, a 17 percent increase from FY2011. We also practice mode-shifting, which encourages us to move inbound freight from road to rail where possible.

We fill our trucks wherever possible to reduce the number of loads we move annually. This not only reduces emissions, it also improves efficiency across our supply chain. We were able to improve our load fill rate by 180 pounds per truck in FY2012, which resulted in taking more than 1,400 trucks off the road compared with FY2011.



We will expand our environmental reporting and explore opportunities to set performance goals in the following areas.

- Carbon: In 2013, we will report our carbon emissions from our operations via the Carbon Disclosure Project (CDP).
- Water: Although we are not a significant water user, there are opportunities to reduce water use in our operations. In 2013, we will establish baseline data and will report this data via the CDP Water Disclosure.

- Energy: We have set a target to achieve an annual one percent reduction in energy use through FY2015. We are currently evaluating additional measures that could add to this savings target.
- Emissions: We will track emissions, including NOx and SOx, through new technology and maintenance processes.

## Warehouse & Distribution Centers

### Distribution

Continuous improvement is deeply ingrained in Sysco's culture. We aim to make the delivery of products to our customers more energy-efficient through the following three strategies:

- **Fleet Improvements**

During FY2012, we added 55 low-emission liquid natural gas (LNG) trucks to our fleet, bringing the total number in our fleet to 165. Since January 2010, we have purchased more than 2,300 clean diesel trucks with low emission engines approved by the U.S. Environmental Protection Agency.

- **Efficient Routing**

Efficient routing increased the number of cases delivered per mile in our U.S. Broadline companies by two percent in FY2012.

- **Cutting-edge Technology**

We have significantly enhanced the efficiency of our distribution process through new technologies, including systems which limit vehicle speed, record potentially unsafe driver behavior and precisely record fuel usage.

Our more than 100 Broadline and SYGMA warehouse and redistribution centers consume a significant amount of energy through the use of forklift and pallet trucks, lighting, air conditioning and refrigeration.

Since 2006, Sysco's energy management program has significantly improved warehouse efficiency and energy use. We have reduced the energy intensity of our warehouses by 35 percent\* since the program began.

\*Measured in kWh per 1,000 ft<sup>3</sup> of weighted warehouse space, where weighting accounts for the relative energy intensity of freezers, coolers and dry storage.

### Expanding Canadian Facilities, Reducing Their Energy Use

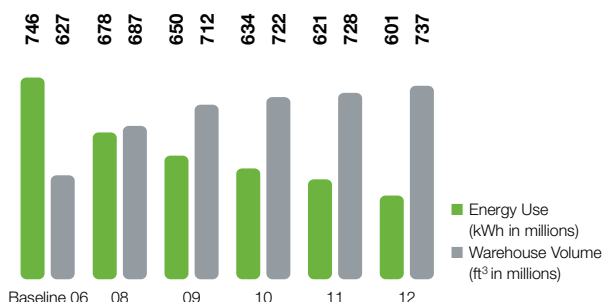
Increasing the size of a facility doesn't necessarily mean increasing energy consumption.

During the expansion of our Broadline facility in Vancouver, Canada, we worked with Cascade Energy, our energy management partner, to improve the efficiency of refrigeration units, controls, freezer and cooler doors, and lighting in both existing and new parts of the building. The facility's square footage increased by 78 percent, yet energy consumption was reduced by 15 percent, earning a finalist nomination for the 2012 BC Hydro Power Smart Excellence Award.

Sysco Victoria's new distribution facility on Vancouver Island has state-of-the-art refrigeration and freezer equipment, glycol underfloor heating and enhanced building and roof insulation. These features will reduce the facility's energy footprint by 58 percent compared with standard distribution center designs.

### Energy Savings

Broadline, RDC and SYGMA facilities, for fiscal years shown





# Good things *start at home.*



## Approximately 80,000

Courses completed by Sysco associates in FY2012 via online program Sysco Interactive University. This provides associates with professional development opportunities, builds awareness of new and existing policies and procedures, and contributes to a culture of continuous learning.



### Serving Student Meals Through Summer Break

Students from low-income families in the Bassett Unified School District were able to eat lunch this summer thanks to a partnership between Sysco Los Angeles and THINK Together.

During the school year, students get free or reduced-price lunches. To ensure they continue to get enough food during the vacation, Sysco Los Angeles joined forces with local vendors to donate and assemble boxes of kid-friendly, easy-to-prepare meals for each child in the program. THINK Together and Sysco employees distributed the boxes to children and their families on the last day of school.

## Community

The Sysco community is diverse and far-reaching. As the industry leader, we take seriously our responsibility to develop and protect our associates, give back to local communities through our philanthropic and volunteer efforts and engage with community and industry influencers to foster positive change through our business.



## 26%

Decrease in the Occupational Safety and Health Administration (OSHA) recordable injury rate at Sysco U.S. locations from FY2008 to FY2012.

## Philanthropy & Volunteering

We are committed to supporting the communities we serve through corporate giving, associate volunteer efforts and fundraising partnerships. We look for community engagements that impact the foodservice industry, and focus our time, energy and financial contributions in four areas:

- Hunger relief,
- Health and community outreach,
- Education and development, and
- Agricultural and environmental sustainability.

In 2012, we supported nonprofits working in these areas with \$9.3 million in cash and in-kind donations. Sysco associates also contributed countless hours of volunteer time.

## Our Associates

The success of our business depends on attracting the top talent in the foodservice industry and creating a culture of partnership with our customers to meet their needs. We are committed to fostering inclusion, providing a safe and healthy workplace, and promoting professional development for our 47,800 associates in the United States, Canada and Ireland.

### Learning and Development

We offer associates the tools and resources to excel in their jobs and take on new challenges that help both them and our business to grow. We take a blended approach to associate development programs including e-learning, classes and distance learning.

### Diversity and Inclusion

We value diverse backgrounds, talents and cultural identities and are committed to creating an inclusive workplace where all associates can contribute to Sysco's success. We began work in 2012 to formalize a clear, coherent strategy for diversity and inclusion that will be better integrated into our talent management process.

### Safety and Risk Management

We take a long-term approach to health and safety, which we call Vision Zero. This reflects our ultimate goal of zero injuries, zero accidents and zero negative incidents involving operational hazards and exposures. Its pursuit ensures constant focus on reducing hazards and exposures in our warehouses, offices and on the road.

### Sponsoring Women's Leadership Development

The 2012 Annual Leadership Conference of the Women's Foodservice Forum (WFF) was Sysco's sixth as Platinum Sponsor. At the conference, held in Dallas, Sysco and the WFF inaugurated a scholarship honoring Phyllis Shapiro Sewell, a former Sysco board member and champion of women's rights in the workplace.

### Workforce Diversity

percent for fiscal year 2012



**Percent of women in workforce**  
**21%**



**Percent of women in management**  
**20%**







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# Good things

For more information on sustainability initiatives described in this report or to provide feedback on our reporting, please contact us at: [sustainability@corp.sysco.com](mailto:sustainability@corp.sysco.com).

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- 3,001 lbs of emissions
- 878 lbs of solid waste

Source: Environmental Defense

