

# Sysco

The global leader in selling, marketing and distributing food products to restaurants, healthcare and educational facilities, lodging establishments and other customers who prepare meals away from home.



# Sysco

Sales and service relationships with approximately 425,000 customers

Operating from 194 locations throughout the U.S., Bahamas, Canada, Ireland & Northern Ireland



# Sysco

Sysco's product lines are as diverse as the 50,000 employees who support its daily operations.

Includes not only the ingredients needed to prepare meals, but also ancillary preparation and serving items.



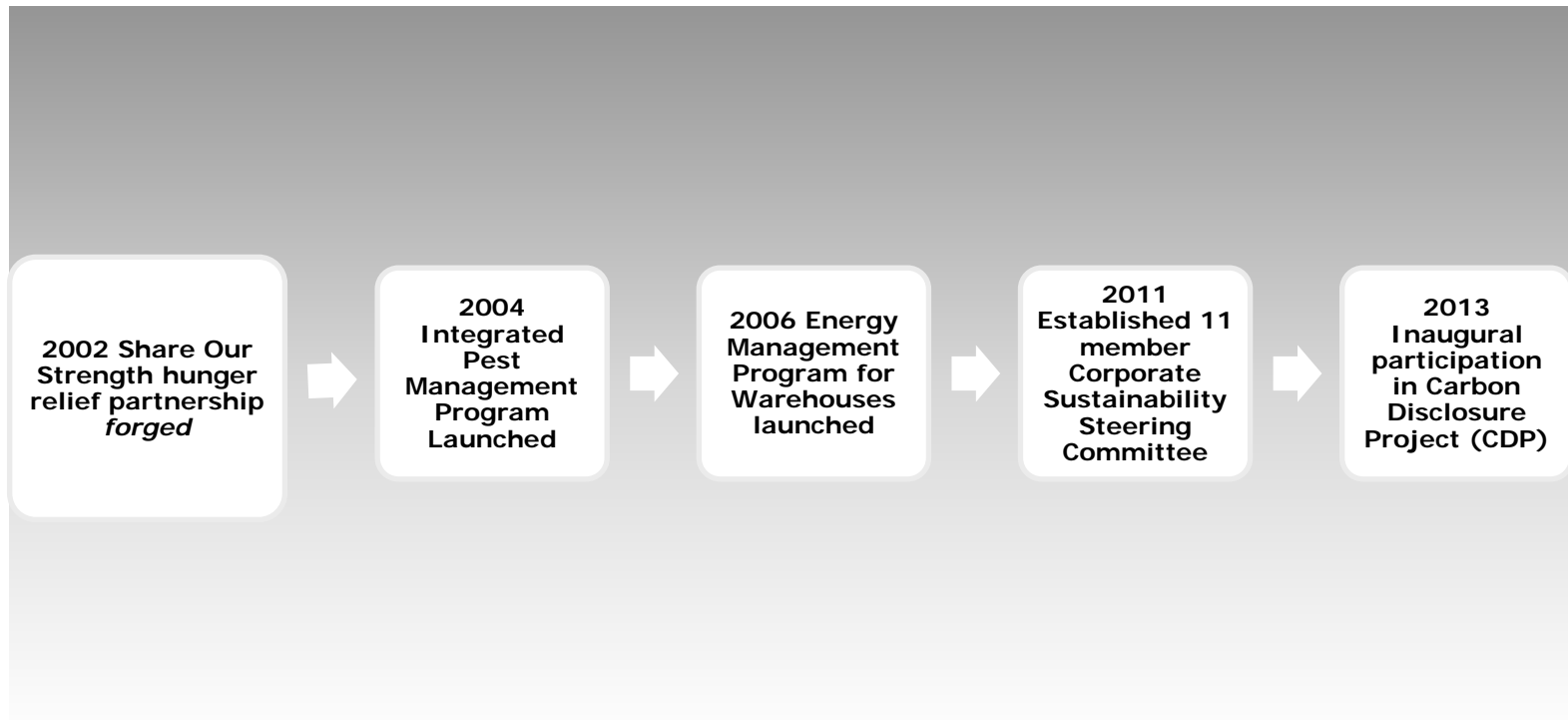
# Sustainability from Sysco's Perspective



# Sustainability Timeline

Sustainability has been a significant focus at Sysco throughout our history

Long-standing commitments to improvements in food safety and supply chain efficiency, and to philanthropic efforts in hunger relief



# Formalizing Sysco's Sustainability Approach

## Vision

To become our customers' most valued and trusted business partner.

## Guiding Principles

Ensure a reliable and safe supply of food that meets the evolving needs of our customers.

Create positive change for Sysco, the environment and communities we serve.

Focus efforts and community engagement on strategic and positive impacts on the food service industry.

Create programs based on sound science with meaningful metrics that allow us to communicate our results.

## Key Focus Areas

Food

Operations

Community



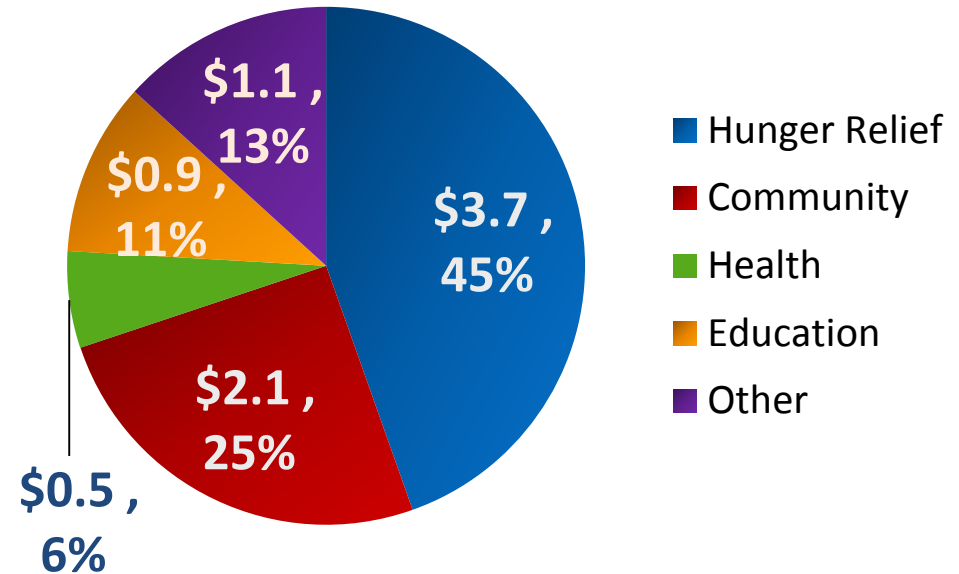
## COMMUNITY

**We are committed to the well-being of the communities affected by our business, including our customers and end-consumers, associates, suppliers and shareholders**

# Community

- Hunger relief is a natural focus area for Sysco. We prioritize programs and activities aimed at eliminating childhood hunger and encouraging good nutrition in lower-income families.
- We have contributed more than \$5 million to Share Our Strength (SOS) since 2002.
- Second year as National Presenting Sponsor of SOS Taste of the Nation. The 31 events hosted more than 23,000 people, featured 1500 chefs, and raised \$4.1 million.

**FY14 Charitable Contributions  
(\$millions)**



**FY14 charitable contributions  
totaled \$8.3 million**



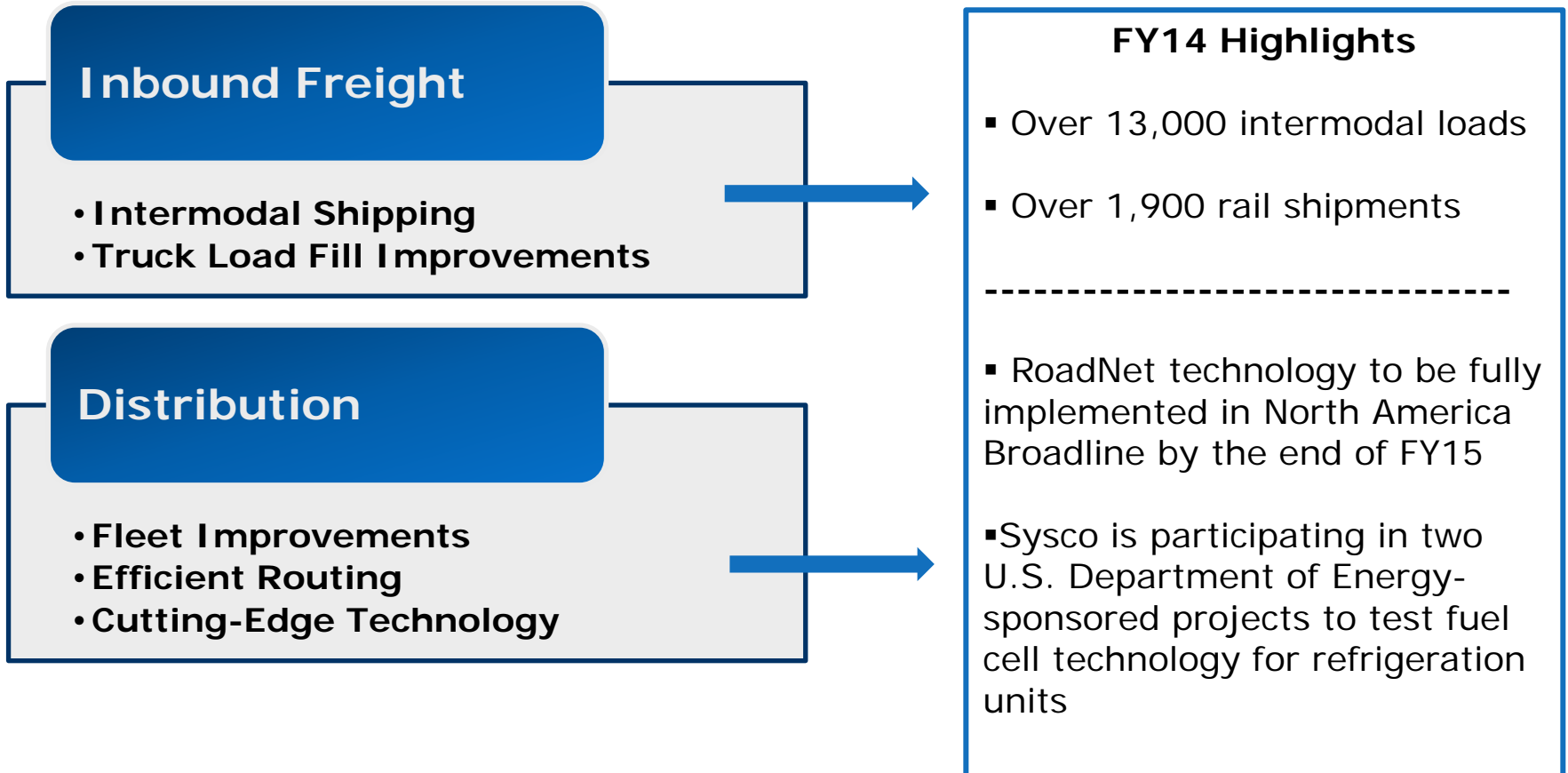
# OPERATIONS

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



## Moving Products

A large part of our business involves the movement of products by road and rail. There is significant potential to reduce our negative environmental impact by improving resource efficiency across our inbound and outbound freight.



# Warehouse and Distribution Center Efficiency

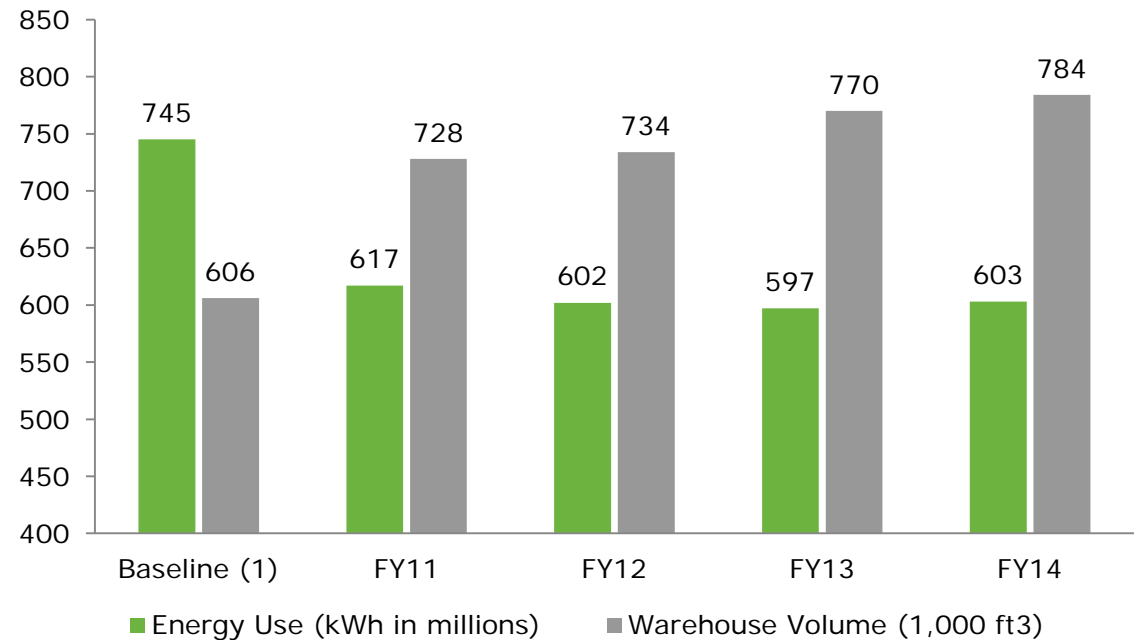
- Since 2006 our energy management program has helped us achieve approximately \$185 million in total avoided energy costs

## Energy Savings

Broadline, RDC and SYGMA facilities, for fiscal years shown

### Since FY2006

- **Nearly 40% reduction** in energy intensity of our warehouses
- **Reduced energy use by 19%**, despite increase in warehouse volume by 29%



# Comprehensive Recycling Program

- In FY2014, Sysco implemented a program to remove recyclables from our solid waste stream, lower disposal costs and increase our recycling tonnage and revenues.
- A national “Green Team” has been identified to help drive the success of the recycling program and ensure that Standard Operating Procedures are implemented across the organization.
- As most of our recycling tonnage is corrugated and shrink-wrap materials, the program began with these commodities. It will eventually incorporate the full range of recyclables including office paper, plastics, light bulbs and electronics.
- Our progress:
  - Recycling increased 41%, or 824 tons, at our U.S. Broadline companies from April to November 2014
  - Solid waste tonnage decreased by 327 tons, or 10%.
  - From March through December, we recycled more than 3,730 tons of waste; 26 million gallons of water; 29 million gallons of oil; 2.2 million pounds of air pollutants; 11,000 cubic yards of landfill space; and 258 million kilowatt hours of energy.

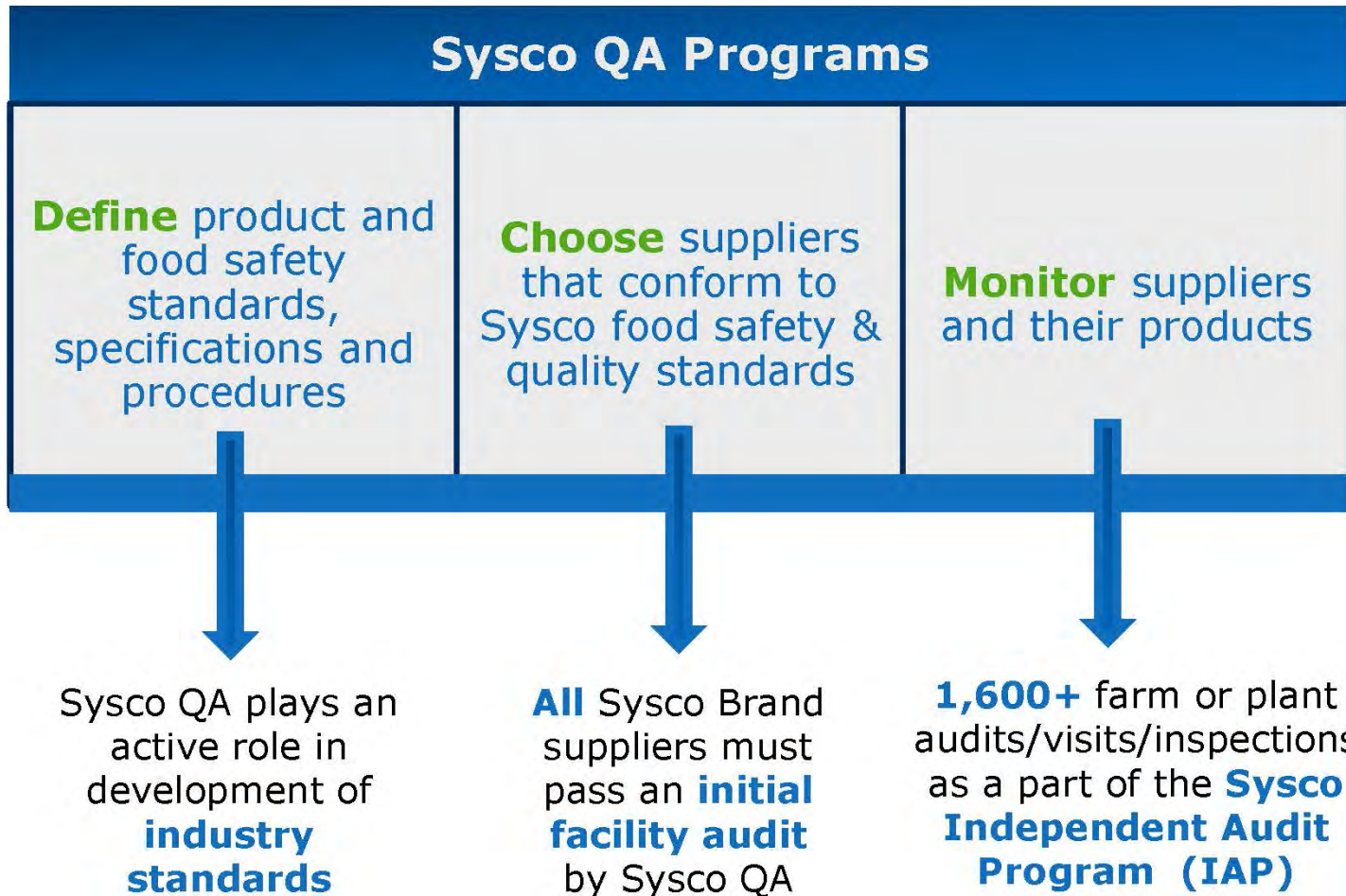


## FOOD

We strive to use industry best practices to supply food products that meet high standards of safety, quality, traceability and social and environmental stewardship

# Quality Assurance

**From farm to finish, integrity, honesty and trust guide our quality assurance and food safety programs.**



# Customer Interest in Food Agricultural Practices

Quality Assurance

Local Sourcing

Animal Welfare

Sustainable Seafood

Sustainable Agriculture



## Local Sourcing

The source of our food — where it comes from, who produced it and how it gets to the plate — is increasingly important information for our customers.

- **All Broadline and FreshPoint** locations source local products
- **Launched in 2009, our local foods initiative Sysco works closely with local farmers and producers** - providing training and advice to help them integrate a range of goods – including produce, meats, cheese and other products -- into our supply chain efficiently and safely
- **Nearly 500 small farmers** benefitting from our Good Agricultural Practice (GAP) workshops in partnership with the Produce Marketing Association and other industry partners since 2011.





## Local Food

- In CY2014, FreshPoint established a Local Foods Advisory committee of more than 50 ambassadors to develop and implement local initiatives to explore best practices and design a structure for cross-company strategies that will expedite the local food program's development and enhance its overall effectiveness
- FreshPoint also implemented technology in FY2014 that enables the tracking of local purchases from farm to customer. Our national network of local farmers relies on us for distribution, marketing and customer access
- FreshPoint San Francisco's Local Program supports the Bay Area local producers and offers customers weekly market reports, "Meet the Farmers" features and tours, and sourcing maps that can be incorporated into menus
- On Sysco Cleveland's [localcrop.com](http://localcrop.com) website, customers can find up-to-date details on the latest fresh, local products available as well as recipes. With about 50 local suppliers, Sysco Cleveland also hosts tours that bring customers face-to-face with farmers and producers

## Animal Welfare

**We are committed to supplying Sysco Brand meat and animal products that are produced responsibly and with care**

We use a three-pronged approach to ensure that suppliers of Sysco Brand veal, beef, lamb, pork, poultry and egg products meet industry-recognized standards that address key elements of animal care from the ranch or farm to harvest.

- Suppliers must complete ongoing self-assessments of their animal care programs;
- Annual, unannounced third-party animal welfare audits are conducted at our suppliers' facilities; and
- We conduct our own audits using a team of Sysco QA employees who are certified by the Professional Animal Auditor Certification Organization (PAACO).

# Animal Welfare

We are committed to supplying Sysco Brand meat and animal products that are produced responsibly and with care

## CY2013

- 105 third-party animal welfare audits were conducted with a greater than 100 percent pass rate.
- Sysco QA conducted 38 audits with a 95 percent pass rate.

**Animal Welfare Audits Conducted by Third Parties - Pass Rates (percent)**

	<b>CY11</b>	<b>CY12</b>	<b>CY13</b>
<b>Beef &amp; pork</b>	100	100	100
<b>Poultry</b>	98	98	100
<b>Shell egg</b>	98	100	100



## Sustainable Seafood

- We are making good progress toward meeting our sustainable seafood commitment.
  - By the end of **2015** we will source **100%** 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
  
- Our progress:
  - Our most recent assessment, completed in August 2013, showed that approximately 66 percent of our targeted seafood purchases met these standards.
  - Between 2011 and 2013, we doubled our purchased volume of MSC certified seafood and increased the number of our suppliers that are MSC-certified seafood fisheries by 45%
  - Sysco encouraged the creation of a new, less expensive level of ISSA membership that enabled all of our tuna suppliers to join the association. Tuna from International Seafood Sustainability Association companies is fully traceable and currently accounts for about 75 percent of the canned tuna market.

**WWF believes the work Sysco is doing to drive sustainable seafood practices is one of the most impactful programs it is involved in**

# Sysco Sustainable Agriculture Integrated Pest Management Program

- Initiated in 2004
- Worldwide Program
- Partnership with 74 Sysco Brand processed fruit and vegetable suppliers at 180 processing locations
- Designed to protect ecologically sensitive areas; improve air, water and soil quality; reduce, reuse and recycle resources; conserve energy; and promote the responsible use of agricultural inputs.



# **SYSCO SUSTAINABLE AGRICULTURE INTEGRATED PEST MANAGEMENT PROGRAM**

Approximately 40 basic and specialty crops

7,107 growers in 2013

Just under 1 million acres



# Program Execution

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Each supplier is required to complete three phases in program development:

1. Develop approved General and Crop specific written standards for a minimum of three crops being supplied to Sysco
2. Undergo an annual third party audit of the written program - provides tools to help Sysco and our suppliers measure the success of the program
3. Report environmental indicators on an annual basis



# Reporting to our Customers

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- Actual pesticide use in pounds of active ingredient per acre and by acute toxicity to mammals, indicated by the signal word (Danger, Warning or Caution) on the product label
- Estimate pesticides avoided by utilizing IPM practices
- Strategy utilized - crop rotation, scouting and thresholds, weather monitoring and pheromone mating disruption.

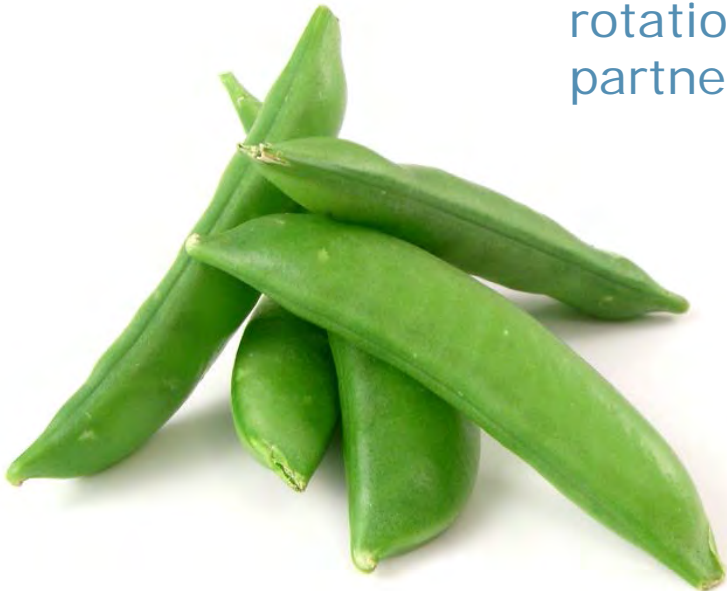




# Reporting to our Customers

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- Fertilizer Usage and Avoidance - decreasing the risk of nutrient losses and ground and surface water contamination.
- Strategy utilized - Soil testing, changes to application methodology, cover crop programs, crop rotations, use of organics/manures and university partnerships.



# Reporting to our Customers

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- Resources Reused- organic material put back into the fields, used as feed or otherwise recovered from waste stream; diverted from disposal in landfills and wastewater treatment plants
- 2013 –3 million tons



# Reporting to our Customers

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- Resources Recycled -metals, glass, cellulose-based materials, plastics and oils
- 2013 –72 Thousand Tons



# Reporting to our Customers

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Field Water Conservation - 15 billion gallons

- Drop nozzles installed on overhead irrigation
- Furrow/flood irrigation replaced by overhead drip
- Laser leveling flood irrigated fields
- Shutoff devices triggered by rainfall
- Improving irrigation water use efficiency
- Soil and plant moisture technologies, e.g., soil probes, evapotranspiration monitoring



# Reporting to our Customers

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Processing Facility Water Conservation – 256 million gallons

- Changes in processing strategy
- Upgrading processing equipment
- Water reuse/recycling
- Low flow nozzles



# Reporting to our Customers

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Estimated reductions in fuel use - 340,000 Gallons

Estimated reductions in energy use 1,560,000 kilowatt hours

- Improving efficiency of irrigation pumps
- Tractor auto-steering
- Tillage equipment used (no till, low till, avoid moldboard plow, etc.)
- Transition to biodiesel, ethanol, solar or wind energy
- Undergoing an energy audit and implementing recommendations



# SUSTAINABILITY AT SYSCO

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Food isn't the only thing  
that comes off the back  
of a Sysco truck.

Sustainable practices  
drive customer success.

Our customers want to  
know facts about  
Sustainability



# 2013 Success Stories Submitted by Suppliers

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- “We had increased uses of compost fertilizer, which has eliminated some usage of nitrogen based fertilizers. We continue to see this trend grow with the growers, and have high hopes for success rates with it.”
- “We supplied an off-site winery with 233.06 tons of cull grapes during pack season. Sending cull grapes to the winery eliminated the need for a waste truck to remove the grapes from our facility and the winery was able to use the grapes. “





# 2013 Success Stories Submitted by Suppliers

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- “Proprietary changes in plant processing methodology that has significantly increased our throughput and indirectly reduced our electricity, water and people demands per unit of end product.”
- “Using the IPM plan, we reduced the use of the highest toxicity pesticide products by 20% with the development of ecological control and the use of recycled materials.”
- “Alternate row mowing for cover crop helped reduce fuel costs in addition to creating more habitats for beneficials. We limited pruning to as-needed, based on production and mulched the prunings back into the soil.”



# 2013 Success Stories Submitted by Suppliers

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"We reduced our nitrogen application by 20% with soil testing."

"There have been reductions in pesticide use and nutrient use based on soil sampling, trapping and increased habitat for beneficials."

"Nutrient applications have seen grower base use more of the petiole laboratory testing for scientific application of fertilizer for plant requirements. Estimated nutrient reduction for reporting is shown as 10% due to soil testing and 5% to 10% due to split application timing."

"We are implementing a heated water defrost system. This will decrease water consumption by 75% during defrost. The refrigeration hot gas will heat the defrost water."



# Questions



Good things  
come from  
**Sysco**