Sysco 2018
Corporate Social Responsibility Report

DELIVERING a better tomorrow
In 2018, Sysco announced new public goals to achieve by 2025 – setting a bold course to expand and elevate our commitments in corporate social responsibility.

**People**
- Donate a total of **200 million** meals in our local communities
- Contribute **$50 million** to our local communities
- Increase total U.S. associate ethnic and gender diversity to **62%**
- Double associate participation in health and well-being programs
- Expand products in our portfolio with health and wellness benefits

**Products**
- Publish Sysco’s Animal Welfare Policy and ensure compliance by all Sysco Brand suppliers
- Identify and develop responsible sourcing commitments for **five** key commodities
- Ensure all high-risk first-tier suppliers abide by Sysco’s **Global Supplier Code of Conduct**

**Planets**
- Divert **90%** of operations and food waste from landfill
- Extend our sustainable agriculture program into five **fresh** crops
- Source **20%** of electricity from renewable sources
- Reduce the carbon footprint of our fleet and operations
- Power **20%** of the tractor fleet with alternative fuels
- Double the availability of Sysco Brand organic produce
WHAT better LOOKS LIKE

Food that’s healthy and responsibly sourced. Operations that use resources carefully and wisely. Communities that are stronger and well-nourished. An organization that’s more diverse and inclusive, where opportunities for success abound for all our associates and suppliers. Grounded in strong core values and guided by a refreshed sustainability strategy, this is the tomorrow Sysco is building today.

Let us show you what better looks like...
Our products can be found in more than 600,000 customer locations, where millions of patrons are served each day. We’re committed to providing healthy options – and are expanding the availability of good-for-you products. We’ve also pledged to double associate participation in our health and well-being programs.
Our company can better prosper if we reflect the diversity of the customers and communities we serve. That’s why we’ve launched initiatives to significantly increase the gender and ethnic diversity of U.S. associates and to boost our spending with minority- and women-owned suppliers by 25 percent.
Our distribution facilities receive, and thousands of Sysco trucks deliver, a vast assortment of food and non-food items – including refrigerated and frozen products. That presents a big opportunity to drive environmental efficiency at every step. We're committed to reducing the carbon footprint of our fleet and operations and expanding the use of renewable and alternative energy sources. We've also pledged to divert 90 percent of waste from landfill.
Too many of our neighbors, many with children, struggle to get food on the table each day. Sysco has the scale and capacity to make a meaningful difference. That’s why we have pledged to donate 200 million meals and $50 million to local communities.
From palm oil to seafood to animal protein, how products are sourced is vitally important to consumers and those who serve them. Today, we’re doing more to advance responsible sourcing. Our objective is to be as proud of how the products we deliver reach the table as we are of their quality and safety.
As a major purchaser of fruits and vegetables, Sysco plays a leading role in improving agricultural standards among growers, processors and distributors. Now we’re doing more: doubling the availability of Sysco Brand organic produce and expanding our sustainable agriculture program to include five fresh crops.
about SYSCO

Sysco is the global leader in marketing and distributing food products and related foodservice supplies to restaurants, healthcare and educational facilities, hotels and other foodservice and hospitality businesses. We market our own quality Sysco brands; major national, regional and ethnic brands; and local foods.

In pursuing our Vision to be our customers’ most valued and trusted business partner, Sysco provides a complete spectrum of quality-assured food products, from basic fare to fine imported gourmet items. Our non-food products range from kitchen equipment and glassware to eco-friendly disposables and chemicals. Sysco’s service offerings include menu consultation, marketing support, and employee training. We succeed by partnering with our customers to understand their needs, and apply the same hands-on approach with the growers, ranchers, and manufacturers who supply Sysco Brand products.

We serve our customers through a network of local operating companies complemented by specialty businesses. This structure provides an effective blend of local knowledge, wide product selection and broad service capabilities. Sysco is a growing global company with primary operations in the U.S., Canada, Mexico, Costa Rica, Panama, Bahamas, U.K., France, Sweden, and Ireland; and serving customers in an additional 81 countries.

Sysco’s portfolio includes specialty companies that enhance our ability to provide customers with premium-quality, niche and exclusive products. FreshPoint, our specialty produce company, addresses customers’ needs for fresh, unique, organic, and local produce items. Our specialty meat companies are among the industry’s largest and most recognized providers of high-quality protein products. European Imports offers foodservice professionals and retail stores an extensive variety of products from around the world. SYGMA operating locations provide multiunit customers with logistics and operational expertise. Our Guest Supply company distributes equipment, textiles, accessories, and personal care amenities to hotels and other lodging facilities. Supplies on the Fly is an innovative, 24/7 online platform offering more than 170,000 foodservice products, including heavy equipment, kitchen supplies, specialty foods, and pantry staples exclusively to Sysco customers. Sysco International Food Group (IFG) is the export specialty division of Sysco. More than 30 U.S.-based restaurant chains rely on IFG to deliver their brand and unique customer experience to consumers around the world. Sysco Labs offers a suite of technology solutions that help support the business needs of our customers while also providing technology solutions for our own internal needs.

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“Sysco’s 2025 goals are foundational as we expand our leadership in environmental and social responsibility.”

Leadership Message from Tom Bené, Chairman, President and CEO

At Sysco, we are proud to be the global leader in foodservice distribution, and we recognize that with leadership comes responsibility. I'm excited to be part of an organization that is deeply engaged in creating value for all our stakeholders – customers, associates, shareholders, and the many communities we serve – and dedicated to embracing goals which demonstrate our global sustainability commitment. We aim to lead our industry through Corporate Social Responsibility (CSR) initiatives aligned with three pillars: People, Product, and Planet, that are specific and material to Sysco and our stakeholders. We have made substantial progress against those objectives, and we see more opportunity to lead in the years ahead.

Sysco’s CSR journey began nearly four decades ago, when we conducted our first supplier audits to improve food safety, and the scope of our efforts has steadily expanded in the ensuing years. An important step occurred in 2008, when the Board of Directors established the Corporate Social Responsibility Committee to ensure that senior leadership is engaged in CSR issues. The Committee provides advice and counsel to the Board and Management regarding the objectives of our CSR Strategy and helps ensure alignment of Sysco’s policies, practices, and activities with Sysco’s CSR Strategy.

Announced earlier this year, Sysco’s 2025 CSR goals are foundational as we expand our leadership in environmental and social responsibility. These 13 specific, long-term goals, which are aligned with Sysco’s material issues, help focus our capabilities and our energies and will drive continued progress. Whether the task is feeding the hungry in our communities, doing more to promote the health and well-being of associates and consumers, taking action to make agriculture more sustainable, or lowering the carbon footprint of our operations, Sysco and our associates are poised to be at the leading edge of change.

Sysco’s Vision is to be our customers’ most valued and trusted business partner. We help create that value and earn that trust by demonstrating our commitment to operating responsibly in environmental, social, and governance matters. Our 2025 goals are the rallying point in that effort. As we continue on our CSR journey, I look forward to seeing just how much more the people of Sysco can achieve.

Tom Bené, Chairman, President and CEO
November 26, 2018
focused on WHAT MATTERS MOST

Our sustainability strategy is anchored in three pillars – People, Products, and Planet
MAKING better HAPPEN

Our CSR Journey
defining our OPPORTUNITIES

OUR MATERIALITY PROCESS UNFOLDS
The foundation of Sysco’s corporate responsibility strategy is based on the concept of materiality – the environmental, social, and governance topics that reflect what our stakeholders deem to be most important and/or that influence their decisions. In order to bring focus to our strategy and goals, we conducted a materiality assessment to identify those topics through a transparent and verifiable methodology.

That process began with an extensive engagement exercise across a broad group of internal and external stakeholders. Research was conducted with associates, customers, investors, and other influencers. We also analyzed media sources and publications to capture emerging food industry trends. This work resulted in the aggregation of 18 themes that were mapped on a matrix to indicate their level of importance to our stakeholders.

The second phase of the assessment involved the activation of a cross-functional Advisory Committee that worked to validate the initial 18 themes and identify any gaps. The Committee then held a workshop during which themes were mapped, and ranked the themes to identify nine focus areas with a defined scope. Within each pillar – People, Products, and Planet – we selected three focus areas to ensure an approach that is balanced and responsive to the concerns of all stakeholder groups.

The final phase of our materiality process utilized an OGSM (objectives, goals, strategies, and measures) Model Framework to align each focus area with corresponding goals. Specifically, this framework asked:

» What do we want to achieve?
» What is our measurable goal?
» How are we going to achieve our objective/goal?
» How will we measure our progress against our defined goal?

The resulting goals were approved by the Corporate Social Responsibility Committee of the Sysco Board of Directors, then communicated to our associates and to the public. Going forward, we are committed to documenting our progress through regular and transparent reporting practices, which we are pleased to present initially in our Fiscal Year 2018 Corporate Social Responsibility Report.
identifying & engaging
STAKEHOLDERS

CUSTOMERS
Sysco is a customer-centric organization. The needs, expectations, and perspectives of customers are front and center in establishing our CSR priorities. Our listening program is extensive and takes many forms. We engage with customers through many methods, including sales relationships, customer service surveys, online communications, and strategic meetings.

ASSOCIATES
Our 67,000 global associates bring Sysco’s strategic priorities to life and enable our growth agenda. We know that a commitment to CSR is of increasing importance in recruiting and retaining the best talent in the industry. We engage with associates via Sysco Speaks, our company-wide engagement survey; our intranet site, “The Dish;” our online learning platform, Sysco Interactive University; and through other channels as well.

INVESTORS
Earning the confidence and support of shareholders is essential to our continued success, and we know that CSR concerns are of interest to a growing segment of our investor base. We engage with these stakeholders through financial reports, annual shareholder meetings, investor conference presentations, disclosures to CDP and other ratings agencies, and meetings with socially responsible investors.
Engagement with other industry participants helps advance best practices and influence regulatory and legislative improvements. Through a collaboration with the Produce Marketing Association, we’ve reached thousands of small farmers with training on safe and responsible agricultural practices. Our work with the International Foodservice Distributors Association helps ensure that industry perspectives are considered as public policy changes are being formulated.

Partnerships with nongovernmental organizations are an important way we make progress against our CSR objectives and gain a better understanding of environmental and social challenges – as well as how Sysco can contribute to solutions. We work closely with the World Wildlife Fund, the Global Safety Initiative, and the Center for Food Integrity, among others.

Close collaboration with suppliers is critical to our ability to deliver for customers and advance our CSR agenda. We engage through supplier surveys and in-person meetings, and we conduct a Joint Business Planning program with certain strategic suppliers. We also partner with our suppliers to advance CSR with programs such as our Integrated Pest Management Program, which works with participating growers to protect environmentally sensitive areas.

Complying with regulatory requirements and interacting with appropriate regulatory authorities is essential to our business. We regularly engage with these entities, such as the U.S. Department of Transportation, the Occupational Safety and Health Administration, the Environmental Protection Agency, and the Department of Homeland Security.

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Through extensive engagement with internal and external stakeholders, our materiality process identified 10 critical issues that are material to the future of our business and the needs, interests, and concerns of Sysco’s stakeholders.

**ANIMAL WELFARE**
Ensuring the humane treatment of livestock and poultry that are the source of animal protein products is of increasing importance to our customers and the patrons they serve.

**SUSTAINABLE AGRICULTURE**
How fruits and vegetables are grown and processed impacts the quality of soil, water, air, and wildlife resources. Sysco’s size and scale positions us to play a significant role in helping support sustainable agriculture practices.

**FOOD SAFETY**
Ensuring the safety and quality of the products we distribute is critically important to our customers and their patrons. Maintaining high food-safety standards is crucial to our brand, our reputation and the well-being of everyone our products reach.

**ENERGY**
Deploying smart practices and better technology to reduce the energy intensity of our expansive operational footprint creates significant environmental benefits – and makes our business more productive and efficient as well.

**WASTE**
Diverting material from landfill saves costs, energy, and natural resources. Sysco is pursuing a lower-waste future by implementing an approach to material handling that is recycling-led.

**ANIMAL WELFARE**
Building a more diverse and inclusive culture that aligns with the changing dynamics of the markets and customers we serve is imperative from a business, human, social responsibility, and legal perspective.

**HUMAN RIGHTS**
The fair treatment of workers engaged in growing, harvesting and processing products in our global supply chain is important to our company and our customers, and we have extensive programs in place to monitor the performance of our suppliers.

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our STRATEGIC APPROACH

The Role of Corporate Social Responsibility at Sysco

Sysco has been engaged in corporate social responsibility initiatives since its inception. Over the years, our strategic approach to environmental, social, and governance matters has evolved as our business has grown. New challenges have emerged that call upon us to respond and exercise leadership to realize meaningful change. Today our approach has been sharpened through an extensive materiality assessment, active engagement with stakeholders, and the development of public goals with a clear strategy to achieve them.

Reaching our goals requires a CSR approach that generates processes and action plans that can be embedded in our operations and that are clearly communicated to associates at every level of the organization. Everywhere we operate, these fundamental principles guide our approach:

1. We are committed to ensuring a reliable and safe food supply that meets the evolving needs of our customers.

2. We are committed to creating positive change in our organization, the environment and the communities we serve, a commitment that ultimately enhances the value of our business.

3. We focus our sustainability efforts and community engagement to achieve strategic and positive impacts on the foodservice industry, our communities, and the planet.

4. Our sustainability programs are based on sound science to ensure the potential beneficial impact is greatest and where the best opportunities exist to improve sustainability within our company.
People are the essential ingredient of our success. Fostering opportunity for our customers, associates, and suppliers, keeping our associates safe and healthy, and supporting the well-being of children, families, and the communities we call home, lie at the heart of our belief in what a better tomorrow can be.

people
MAKE US BETTER
Big impacts require big commitments. That’s why Sysco is making a significant investment in communities – with a special emphasis on hunger. We’re also doing more to expand opportunity for our associates and our suppliers, and increasing the availability of healthy products that reach the tables of millions of diners each day.

By 2025

- **Contribute** $50 million to our local communities
- **Donate** a total of 200 million meals in our local communities
- **Increase** total U.S. associate ethnic and gender diversity to 62%
- **Increase** spend 25% with minority- and women-owned suppliers
- **Double** associate participation in health and well-being programs
- **Expand** products in our portfolio with health and wellness benefits
Philanthropy & COMMUNITY
Expanding Our Role as a Strong Community Partner

OUR APPROACH

Food is our business, our passion and our best opportunity to make a positive difference in the communities where we operate and live. There are hungry people who suffer from a lack of access to food in every community. As the global leader in food distribution, we have a unique capacity to be part of the solution. That’s why we have made fighting hunger and increasing food security a cornerstone of our philanthropic and volunteer efforts. Sysco’s strategic priority for our charitable activities is to direct 75 percent of community donations and volunteerism activities toward hunger relief initiatives in the United States. We have long partnered with a variety of charitable organizations engaged with food security, including Share Our Strength, which focuses on the nutritional needs of children. Now Sysco has launched a new initiative, Nourishing Neighbors, to build upon those efforts and expand our reach to people in need at every stage of life. As an organization and as individuals who care about our neighbors, we are energized by the prospect of positively impacting and improving the lives of millions of people who are touched by the food security programs’ support.

OUR PUBLIC GOAL:
Donate a total of 200M meals and contribute $50M to our local communities by 2025
NOURISHING NEIGHBORS – A UNIQUELY SYSCO SOLUTION

Tens of millions of children and adults are impacted by food insecurity in North America. Sysco and thousands of our associates are determined to tackle this challenge head on. Our work to address hunger and food insecurity began years ago, and in Fiscal Year 2018 Sysco took the next step in our journey to make a difference with the introduction of Nourishing Neighbors. Nourishing Neighbors is an endeavor that directs Sysco’s charitable donations primarily to agencies working to provide healthy, nutritious food where it’s needed: food banks, youth after-school and weekend food programs, meal deliveries to seniors, and other initiatives that connect with, and serve, hungry people.

With Nourishing Neighbors, our U.S. Broadline companies commit a portion of their local sales of Sysco Brand products to support nonprofit organizations in their own community that fight hunger, one meal at a time. Our work to engage with and support local, community-based organizations can be found in initiatives across our operations. Among them:

- Brakes UK has supported Meals & More, a charitable program that has provided meals to children during summer holidays since 2015. Brakes partners with suppliers and local charities/community organizations to run holiday clubs – providing tasty, nutritious food and enrichment activities within a safe, stimulating environment. We have grown to support over 150 clubs alongside our supplier supporters, delivery partners, local authorities and others from the food industry.

- Our Corporate office is delivering on its five-year commitment to the Houston Food Bank, Meals on Wheels, and Boys & Girls Clubs of Greater Houston, to provide more than 4 million meals to families and seniors and to serve more than 51,000 local children and youth.

- Associate volunteers at Sysco Calgary pack 400 lunches per month for a local Calgary school in need.

- In Jackson, Mississippi, a state where one in five people struggles with hunger, Sysco has partnered with local nonprofit Extra Table, which ships roughly 130 tons of food to feeding agencies across the state each year. By partnering with Sysco Jackson, Extra Table is able to purchase quality-assured, appropriately sized quantities of healthy food at the lowest possible price point.

- In 2018, Sysco Central California hosted its third annual Empty Bowls event on its warehouse dock, which raised more than $150,000 for hunger relief programs in the community.

- Associates at Sysco Atlanta partner with the Atlanta Community Food Bank and devote their time to two programs: rescuing usable food from grocery waste and packing meals for seniors. Collectively, their efforts reallocated more than 27,000 pounds of food, enough for 22,000 meals.

- Sysco Portland’s Hunger Heroes program collects food from farmers, manufacturers, wholesalers, retailers, and government sources for distribution through a statewide network of 21 regional food banks. Since 2016, the program has donated nearly 250,000 meals to those in need. Sysco Portland also committed to contribute $100 for each new customer enrolled, which generated a $10,000 contribution, funding some 30,000 meals in only three months.
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**SHARED VALUES, SHARED COMMITMENT**
Our longstanding partnership with Share Our Strength, the respected nonprofit with a mission to end hunger and poverty in the U.S. and abroad, has been ongoing for nearly two decades. In 2018, Sysco served its sixth year as the National Presenting Sponsor for Share Our Strength’s Taste of the Nation, an event we have supported as Official Food Service Marketer and Distributor for 16 years. Taste of the Nation, which raises funds for No Kid Hungry, is the premier culinary charitable program dedicated to fighting childhood hunger in the U.S. Since our support began in 2002, we have contributed nearly $8 million to Share Our Strength. Beyond our financial commitment, we offer additional support by encouraging our operating companies to volunteer and to contribute products to Taste of the Nation events in their communities.

**A BRIGHT AND NOURISHING PARTNERSHIP**
Brighter Bites, a Texas-based nonprofit, was founded on the recognition that too many children in underserved areas lack access to fresh fruits and vegetables, which are vital for them to grow up healthy and strong. Since its inception in 2012, Brighter Bites has delivered millions of pounds of fresh produce along with nutrition education resources to schools, children and families in several Texas cities. In 2016, Sysco associates from Sysco’s Supply Chain Services team began to donate their time to the initiative. Their volunteer efforts include unloading hundreds of crates of fresh fruit and vegetables donated by Sysco, our suppliers and other local organizations.

As part of Sysco’s ongoing support for Brighter Bites, we donate produce weekly through our fresh produce suppliers. Our Houston operating company stores the produce until it’s ready for distribution by the Houston Food Bank and delivered weekly to in-need elementary schools around the city. The schoolchildren also receive in-class lessons and parent educational materials to get the entire family involved in learning more about healthier eating. We also provide executive leadership to the program. Rich Dachman, Sysco’s Vice President, Produce, serves on the Board of Directors.

**STEPPING UP WHEN DISASTER STRIKES**
While the majority of our philanthropic and volunteer efforts are directed toward food security and hunger, Sysco is also committed to being a valued partner in addressing pressing human needs in the communities we serve. The necessity of quick and decisive action hit close to home in August 2017 when Hurricane Harvey dumped more than 50 inches of rain on Houston and the Texas Gulf Coast – home to our corporate headquarters and thousands of Sysco associates. Sysco stepped forward with a major financial commitment to support relief efforts in the region. An immediate $500,000 contribution to the American Red Cross supported its work to provide temporary shelter, food, clean water and other life-saving essentials. An additional $50,000 was provided to Neighborhood Centers to fund the shelters necessary to house and feed the thousands of Texans displaced by the storm.

Because so many Sysco associates and their homes were directly affected by Hurricane Harvey’s destructive path, we leveraged resources from the Sysco Disaster Relief Foundation (SDRF). More than 2,500 associates, suppliers and customers donated $943,000 to the SDRF. Sysco matched those funds dollar-for-dollar, resulting in nearly $1.9 million that was made available to assist impacted associates. The 2017 Hurricanes Irma and Maria also caused devastation in Puerto Rico, the Caribbean, and Florida, and Sysco responded quickly to those disasters as well, by supporting impacted associates and donating $150,000 to the Red Cross for recovery efforts.
**ENABLING A CLEANER, HEALTHIER WORLD**

A lack of access to adequate hygiene can have dangerous, even deadly, consequences. Clean the World’s mission is to reduce those hazards. This nonprofit’s efforts help prevent hygiene-related deaths around the world each year, work that is supported by Guest Supply, a Sysco company that provides hospitality products and other amenities for the hotel industry.

Clean the World collects and recycles soap and hygiene products discarded every day by more than 4,000 hotel and resort partners. The charity then distributes these and other donated products to impoverished people around the world. According to Clean the World, hygiene-related deaths, most often caused by unsafe water, inadequate sanitation, or insufficient hygiene, result in the deaths of approximately 1.8 million people per year. Hygiene-related diseases contribute to malnutrition, increased health care costs, and time lost at school or work. Yet research has shown that handwashing interventions can reduce the associated risks of hygiene-related disease by nearly half. By distributing more than 44 million bars of soap to over 127 countries, Clean the World is helping fill the void to keep people cleaner and healthier.

Guest Supply has supported Clean the World’s mission since 2009 with assistance in areas including logistics, soap donations, manufacturing consultation, sales and marketing support, and by contributing items for hygiene kits. We also provide executive leadership to the program. Paul Xenis, President, Guest Supply, serves on the Board of Directors.

**OTHER WAYS WE CARE**

The recipe for professional growth and success is no secret – it begins and ends with access to a quality education. We support a number of educational initiatives, including within the foodservice industry, which lend a helping hand to the next generation of professionals and empower the leaders of the future. Many of our operating companies partner with local organizations to support local culinary students, including:

» Many Sysco locations partner with ProStart, a high school culinary education program through the National Restaurant Association Education Foundation. For instance, Sysco Raleigh hosts many training classes in culinary arts to local ProStart and culinary school groups each year. Our associates meet with teachers and other faculty members to advise them in current food trends, career goals and best practices for students prior to entering the workforce. These conversations help students make informed decisions about their futures within the hospitality industry.

» Sysco Seattle supports Bates Technical College by providing opportunities for students to volunteer and assist with large customer events as a way to gain real-life work experiences. These are crucial to helping them build a solid resume to enter the workforce successfully. A number of these events are for local charities that Sysco Seattle supports directly by preparing high-profile, multiple-course dinners for organizations such as Farestart and Big Table.

As part of Sysco’s focus on education, the company awards college scholarships to 20 outstanding students each year through the Baugh Scholarship Program, established in 1996 to honor Sysco founder John F. Baugh and his wife, Eula Mae. The students, all children or dependents of Sysco associates, are selected based on academic record, leadership and potential to succeed, school and community involvement, honors, work experience, and aspirations. In 2018, Sysco expanded the scholarships awarded from 16 to 20 and further improved the program by increasing scholarship award amounts for U.S. and Canadian associates to $5,000, reducing the minimum employment requirement to two years and adding an international program for our European and Latin American associates. Since the program’s founding, we have awarded 270 annual scholarships totaling more than $4.2 million.

In 2018, Sysco established a new scholarship in honor of former CEO William J. Delaney, who retired at the end of 2017 after serving 30 years with the company, including eight years as CEO. Five scholarships of $5,000 each will be awarded annually to students attending the Conrad N. Hilton College of Hotel and Restaurant Management at the University of Houston. Sysco also provides support to scholarship programs of the United Negro College Fund and the American Indian College Fund.
Diversity & INCLUSION
Building a More Diverse and Inclusive Culture

→ OUR APPROACH
A strong commitment to diversity and inclusion (D&I) and an actionable strategy to achieve Sysco’s goal to be a more diverse and inclusive organization are essential to building a strong future for our company. Our customers, our associates, and the business landscape are evolving, and our organization must evolve as well in order to reflect the communities in which we live and work. Guided by that understanding, we have defined four strategic imperatives which underpin our D&I strategy:

A BUSINESS IMPERATIVE
We serve a customer base that is increasingly diverse – and we expect it to grow more diverse over time. Today the composition of our workforce is less diverse than the customers we serve. That is a misalignment we are determined to correct, as reflected in our new public goal. We also recognize that diverse associates bring distinct and extremely valuable experiences to their work – perspectives which contribute to our ability to innovate and evolve our business.

A HUMAN IMPERATIVE
Sysco associates perform at their best in a workplace that is inclusive and welcoming, and one that empowers each of them to bring their best selves to work each day. Creating an inclusive workplace is critical to our ability to attract top talent and to foster strong associate engagement across the organization.

A SOCIAL RESPONSIBILITY IMPERATIVE
A visible commitment to D&I is an important contributor to Sysco’s reputation as an effective and reliable partner to our communities and the organizations that serve them.

A LEGAL IMPERATIVE
Unwavering compliance with all relevant government laws, rules, and regulations concerning nondiscrimination is a must-have for Sysco.

OUR PUBLIC GOAL: Increase total U.S. associate ethnic and gender diversity to 62% by 2025.
Reaching our new public goal, which is ambitious but achievable, requires a comprehensive series of actions to position our organization for success. Several initiatives are currently underway.

**ACTION AND ACCOUNTABILITY**
In order to meet our goal, leaders throughout our company must have visibility into where we are in our D&I journey, and they must be accountable for driving progress through specific actions in their operating units. In 2018, we launched a new D&I dashboard to track representation for groups and locations over time. Beginning in Fiscal Year 2019, we began to require leaders, director level and above, to have a performance management goal for D&I. Success in fulfilling this requirement factors into their total compensation. Leaders are required to select from a menu of critical activities they can undertake, specified by function.

**LEARNING AND DEVELOPMENT**
Training, collaborating, mentoring, and networking are all important contributors to becoming a more diverse and inclusive organization. In 2018, we conducted training for more than 5,000 Sysco leaders on D&I fundamentals, inclusive leadership and unconscious bias. In Fiscal Year 2019, we will expand our D&I training program to encompass Sysco associates at all levels. Learning and development initiatives also include effective partnerships with external groups such as the Women’s Foodservice Forum, the Executive Leadership Council, which is an African-American leadership organization, and the Multicultural Food and Hospitality Association. We have also developed three mentoring toolkits to provide guidance to mentors, mentees, and supporting groups on how to establish effective mentoring relationships that support the development of women and ethnically diverse associates within Sysco. Finally, our Associate Resource Groups, organized at both the headquarters and operating company level, provide an important venue for diverse associates to strengthen their skills and foster mutually supportive interactions with their Sysco colleagues.

**TALENT ACQUISITION**
Reaching our objective of becoming a more diverse and inclusive organization requires us to reassess and strengthen our approach to talent acquisition (TA). Recruitment of new hires is the responsibility of our centralized TA organization. Initiatives to enhance the work of this group include reviewing job postings to remove biased language, training recruiters on unconscious bias and how to coach hiring managers on the topic, and customizing recruitment materials for specific audiences, including veterans and ethnically diverse candidates. We’re also doing more to build community partnerships across the U.S. and Canada to broaden the pool of candidates.

**THE POWER OF PAYS**
Sysco values our military veterans for many reasons, including the commitment they made to serving our country. We also recognize that their training and experiences during their military service translate into skill sets and capabilities that will help them grow into future leaders at Sysco. As part of our military veteran recruitment efforts, SYGMA, our business segment that supports large national chain customers, partners with the U.S. Army and its Partnership for Youth Success (PaYS) program, an enlistment option and recruitment initiative that provides American youth with a unique opportunity to simultaneously serve their country and prepare for their future. Through the Army’s partnership with a cross-section of private industry, academia, business, and local and state institutions, future soldiers and ROTC candidates are guaranteed a job interview and possible employment with their chosen PaYS Partner after completing their service. This program is just one more way we are striving to increase the number of veterans we employ.
Supplier DIVERSITY
Opening More Doors to Opportunity

Our Approach
Central to our D&I strategy is Sysco’s commitment to expand the number of supplier relationships with minority- and women-owned enterprises. Historically, these suppliers have been a valuable source of innovative products and services. As the foodservice industry leader, Sysco benefits when we align our product portfolio with the needs and expectations of the markets we serve. That means responding to emerging trends by offering new and specialty items associated with those trends. Minority consumers are the fastest-growing segment of the U.S. population and significantly influence how businesses connect with their customers. Our customer base is also highly diverse, and customers expect Sysco’s suppliers to reflect that diversity. Expanding the number of diverse supplier relationships and growing our spend with these enterprises is not only the right thing to do, it is a good business practice.

At the conclusion of Fiscal Year 2018, Sysco had ongoing partnerships with nearly 500 minority- and women-owned enterprises. For the year, our spend with these suppliers totaled approximately $750 million.

Reviewing and Strengthening Our Program
Our reported direct expenditures with minority- and women-owned enterprises in Fiscal Year 2018 mark a decrease from the total in Sysco’s 2016 CSR report, which was reported as $1.1 billion. There are a number of reasons this sum is lower in Fiscal Year 2018. Some diverse suppliers have been acquired by nondiverse enterprises, including our largest diverse supplier in 2017. The reported total spend was also reduced as a result of a comprehensive review performed of Sysco’s diverse supplier database. We have enhanced our reporting processes and we are confident that this reporting system will accurately depict our spend with these enterprises. It will also provide a strong foundation for us to expand our partnerships with minority- and women-owned enterprises and more closely mirror the communities in which we live and work.

Our Path to Progress
Moving toward achieving our new objective begins with heightened accountability among Sysco leaders to expand their efforts to identify and attract diverse suppliers. Including actions to grow diverse suppliers as a management incentive for select associates to help elevate its importance among decision-makers in relevant parts of our organization. On the demand side, we are enhancing our communication with Sysco customers to better inform them about the certified minority- and women-owned enterprises we partner with today; a new brochure provides details on products from hundreds of suppliers by category and other select criteria.

We have also introduced a “supplier playbook,” a comprehensive resource to help suppliers fully understand the requirements and processes involved in becoming part of the Sysco portfolio. For smaller producers, adequate insurance can be a major hurdle in their effort to become a Sysco supplier. We’ve initiated a program to help them overcome that obstacle by enabling them to access liability insurance that meets our requirements.

Engagement with relevant NGOs is another way to drive success. Sysco is a local member of the Houston Minority Supplier Development Council (HMSDC), a nonprofit organization that connects minority-owned businesses with major corporations committed to increasing their procurement from diverse suppliers. HMSDC programs also strengthen the capabilities of minority-owned businesses through scholarships and mentoring.
Learning & DEVELOPMENT

Investing in Associate Success

We operate our business with this insight: Sysco succeeds only when our associates succeed. Investing in their professional growth and development is one of the best choices we can make to strengthen our business performance. Attracting, retaining, and developing the premier talent in our industry is how we reach new customers, create new solutions, grow sales, and increase enterprise value. Strengthening the skills of our associates and providing opportunities for them to take on new challenges creates a competitive advantage that delivers positive results for our shareholders and all our stakeholders.

We take a blended approach to associate development, including on-the-job experiences, e-learning, and instructor-led training. Internally and externally developed training materials follow Instructional Systems Design standards, a teaching approach that emphasizes the importance of meeting the unique training needs of each associate.

Training courses and materials are available through Sysco Interactive University (SIU), which provides associates with development opportunities, builds awareness of relevant policies and procedures, and contributes to a culture of continuous learning. Participation and performance is tracked and monitored by associates, as well as their supervisors, as part of performance and development reviews.

Approximately 3,500 e-learning courses are available, provided by our partner, Skillsoft®, including discussions, simulations, leadership development, and presentations from well-known thought leaders. SIU also offers more than 125 certifications in business and IT skills as well as preparatory coursework for several industry standard exams. The Sysco learning team also works with departments such as Risk Management, Human Resources, and Sales to create and support custom-developed training initiatives as needed.

Leadership Essentials is our three-day leadership program for corporate and field leaders. The program provides guidance on holding teams accountable, communication skills, problem solving and decision making, change management, and more. To date, we have trained more than 1,200 leaders in this program across the enterprise.

Sysco Interactive University enrollment and course participation in Fiscal Year 2018

<table>
<thead>
<tr>
<th>Category</th>
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<td>Number of users in SIU</td>
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Our Total Rewards strategy is aligned with the company’s business objectives, the culture we seek to create and our talent strategy. This helps us establish the foundation for purpose-driven rewards, which reinforces Sysco’s associate value proposition.

We provide all full-time associates, defined as employees who work 30 or more hours a week, with a competitive compensation and benefits package, and approximately 99 percent of our U.S.-based associates are full-time. The benefits package includes comprehensive health care benefits such as medical, dental and vision; short- and long-term disability plans; life insurance; retirement benefits; and performance-driven incentive plans, as well as equity compensation for selected associates.

We also provide other benefits such as paid vacation and sick time benefits, an employee assistance program, an employee stock purchase plan, and tuition reimbursement. In Fiscal Year 2018, Sysco implemented new paid pregnancy and adoption leave benefits for U.S. associates. Under the program, birth mothers of newborn children are eligible for six weeks of leave with full pay, and parents of an adopted child are eligible for six weeks of leave with full pay to support the adoption process.
Deepening ASSOCIATE ENGAGEMENT

The data is quite clear: organizations with highly engaged associates are more successful and better positioned for long-term success. Sysco works to create an open and connected culture by focusing on key engagement practices throughout our TA process as well as through learning and development opportunities, manager-associate relationships, performance management, and career growth. To measure engagement, we collect associate feedback through a number of channels, including annual engagement surveys and periodic focus group sessions.

Sysco Speaks, our company-wide survey, offers associates the opportunity to provide anonymous feedback and put forward ideas to improve engagement and overall business performance. Following the completion of each survey, we communicate survey results to all associates through town hall meetings and individual function meetings. Then, action planning teams represented by leaders and associates in each function analyze the survey data and recommend key actions to increase engagement. Each quarter, teams come together to discuss action plan progress and share best practices and successes. Following these sessions, a best practice guide is disseminated to leaders, informed by inputs from operating companies with high levels of engagement.
Associate Health & WELL-BEING
Working to Build a Healthy and Vibrant Organization

→ OUR APPROACH
We believe that a culture of health and wellness creates an environment where every associate can maximize their potential – enjoying a productive work life as well as a rewarding personal and family life. Enhancing our health and well-being initiatives and engaging with associates and their families about the benefits of these programs makes Sysco a stronger and more vibrant company and helps position us as an employer of choice. That’s especially important as we seek to recruit, retain, and develop the very best and maintain our edge in a highly competitive market environment. Healthy associates are more productive, more engaged, and better equipped to flourish in their careers. And an emphasis on preventive health care contributes to better outcomes for our associates and reduced costs for all participants in the health care system.

→ OUR PATH TO PROGRESS
We communicate regularly with our associates with messages about health and wellness. Daily wellness reminders are issued from safety services via email for communication to associates and drivers in pre-shift meetings and postings on bulletin boards and break areas. Through various specialty partners and onsite occupational health nurses, we provide health and wellness information and support to our associates through many channels, including robust online resources, lunch and learn seminars, pre-shift meetings, weekly and monthly newsletters, health fairs, onsite health screenings, and one-on-one counseling. We conduct health and wellness promotion activities on a regular basis, with financial rewards and company-sponsored initiatives undertaken by wellness committees, human resources, health services, safety, and management.

Our corporate office in Houston as well as Sysco sites in East Texas, Knoxville, Hampton Roads and Syracuse have been recognized by the American Heart Association as “Fit-Friendly” workplaces since 2012. West Texas was also recognized for the Presidential Active Lifestyle Award. Our corporate office and shared business services locations have on-site fitness centers (as do many of the operating companies) with certified fitness trainers providing personal training. Wellness committees coordinate annual health fairs, quarterly fitness challenges, and luncheons highlighting information about various health topics.

NURSES MAKING A DIFFERENCE
Building on a successful grassroots initiative started within the operating companies, Sysco’s occupational health nurse management initiative has continued to expand in size and effectiveness. Currently, over 50 percent of our U.S. Broadline companies have on-site occupational health nurses. It’s an impactful way we have fortified our commitment to the overall health and safety of our associates. The benefits of the program have been many, including reductions in injury rates, lost work time and claims expense. These health care professionals address a variety of factors that contribute to the health and well-being of associates through focused programs and interventions including: health coaching and counseling, health promotion programs, legal and regulatory compliance, case management, fitness for duty, and injury and illness interventions and prevention programs. Their work contributes to a more productive workforce and to positive business results for Sysco.

OUR PUBLIC GOAL: Double associate participation in health and well-being programs
This we know: eating healthier foods can provide a host of benefits to people of any age, from maintaining a healthy weight to reducing the incidence of illnesses like diabetes, heart disease, and cancer. Reducing saturated fats, trans fats, salt, and sugar and increasing the consumption of fruits, vegetables, whole grains, and fiber puts consumers on a path to healthier, more productive and longer lives. That’s why at Sysco we’ve increased our focus on how we can contribute to better health outcomes and are working to increase availability of healthy food options that are great tasting as well.

Our customers increasingly need nutritional information about the food we supply. We address the health and nutrition profile of our offerings through a variety of tools and programs. Sysco’s interactive, web-based eNutrition tool provides product nutrition, ingredient, and allergen information for more than 280,000 items we supply. Designed to help customers search a large product database to create, analyze, print, and e-mail their own custom recipes or menus, it provides inputs that may be helpful in determining the total nutritional content of prepared menu items. eNutrition also helps school nutrition professionals plan menus for the National School Lunch and National School Breakfast programs by displaying meal pattern equivalencies for applicable foods. More than 23,000 users rely on our eNutrition database to find the product information they need.

Cutting Edge Solutions (CES) is Sysco’s platform for launching new innovations in Broadline distribution. The program helps customers differentiate their offering and delight their patrons with on-trend menu choices. An important focus within the CES portfolio are products that are better-for-you: plant-based proteins and items without any artificial flavors, preservatives, trans fats, or hydrogenated oils. These on-trend healthier items include meatless burgers, sausages, and organic chicken. To date, more than 1 million cases of CES products have been shipped to our customers, and in our test kitchens we continue to develop additional menu innovations that are healthy, nutritious, and filled with flavor.

CES is our newest, but not our only, initiative that helps promote a balanced approach to enjoying food. Launched in 2012, the Sysco Healthy and Positive Eating (SHAPE) program provides education, tools, and resources to customers and their patrons about a wide array of good-for-you food options. Through SHAPE, customers gain greater insight about the items they can incorporate into their recipes to build healthy menu offerings. Among its components: an eNewsletter that highlights healthy items, and a gluten-free toolkit that includes a gluten-free product listing and catalog as well as training resources.
Our product marketing materials are designed to familiarize our customers with emerging dining trends and opportunities to profitably align their menu offerings with what today’s consumers seek when they dine out. Our vegetable-centric offerings include basil and cilantro pestos that are healthy, convenient, and widely adaptable to enhance a variety of dishes. Sysco’s Natural Wild Caught Gulf Shrimp are sustainably sourced and processed without any artificial preservatives, which responds to consumers seeking transparency and sulfite-free seafood on menus.

Our commitment to healthier food choices has been recognized by the Produce for Better Health (PBH) Foundation, a national nonprofit organization with the mission to achieve increased daily consumption of fruits and vegetables for better health outcomes. For three consecutive years PBH has awarded Sysco and FreshPoint, our specialty produce company, its prestigious Role Model award for our work to increase the visibility and impact of the “Fruits & Veggies–More Matters” national health campaign.

**PARTNERSHIPS FOR HEALTHIER FOOD**

We believe in promoting healthier food options in partnership with others in the foodservice industry. Sysco served as the presenting sponsor at the 2018 Menus of Change Conference, a groundbreaking initiative from The Culinary Institute of America and Harvard T.H. Chan School of Public Health. The annual leadership summit, comprised of foodservice and culinary professionals, works to realize a long-term, practical vision integrating optimal nutrition and public health, environmental stewardship and restoration, and social responsibility concerns.

The initiative’s thought-leadership includes: showing that changing menus is a powerful, and previously underappreciated way to drive improvements in our health and our planet; bringing attention to protein, both animal- and plant-based, to show how that macronutrient category has the largest impact on the environment, including climate change; and making plant-forward dining a mainstream concept in the culinary profession and foodservice industry, with a clear vision for a new way to cook and serve food to others.

Additionally, Sysco has been the National Restaurant Association’s (NRA)-endorsed distribution partner supporting the Kids LiveWell™ program since 2013. This healthy eating initiative, developed by the NRA, aims to provide families with nutritional guidance and foodservice operators with a growing selection of healthful kids’ menu choices.
ENHANCING A CULTURE OF SAFETY

At Sysco, providing a safe and productive work environment for our associates is a core value. Our strategy seeks to mitigate the root causes of workplace injuries and accidents, whether by revising the ergonomics of our truck cabs and loading ramps or encouraging safer behaviors such as proper lifting techniques and safe driving practices. Our associates receive extensive training and guidance, and we work hard to ensure they adopt appropriate work practices.

In the U.S., several Sysco locations have achieved recognition through Occupational Safety and Health Administration’s (OSHA) Voluntary Protection Program (VPP), which recognizes businesses and worksites demonstrating excellence in occupational safety and health. Participating facilities have their incident rates reviewed annually and are reevaluated every three to five years for continued participation in the VPP. We encourage and support all of our operating companies to work toward readiness to apply for VPP designation.

Four Sysco locations have been recognized by OSHA for demonstrating excellence in safety and health. Two more locations have applied for OSHA VPP status.

Sysco Victoria, British Columbia, achieved two notable safety milestones in Fiscal Year 2018. In addition to meeting their annual recordable injury goal, the outbound night shift completed a full year without incident. The inbound day shift, meanwhile, set a new benchmark: four years without a single safety incident.
HOW WE APPROACH SAFETY
Ensuring the safety of our associates, business partners, and the public is how we execute our business every day. Maximizing our safety outcomes requires that we create a sustainable culture of safety. The role of the SyscoSafe behavioral management process is to build a culture that promotes the well-being of Sysco’s associates, visitors, vendors, contractors, the environment, and the general public; and ensures compliance with federal, state, and local regulations. SyscoSafe incorporates the OSHA VPP elements, including management leadership, associate involvement, work site analysis, hazard recognition, prevention and controls, and safety and health training.

SyscoSafe provides management with the tools to create an environment that fosters engagement in our safety mission by all associates at all levels, which is vital to the success of any safety program. In Fiscal Year 2018, we reduced injury frequency by 5 percent in our U.S. operations, which equates to 82 fewer injuries to our associates.

We work to ensure that each of our operating locations is supported by a well-qualified safety lead who receives continuing education with the attainment of professional certifications encouraged. These professionals provide safety leadership, strategic advice, and subject matter expertise to our management teams regarding the implementation and management of safety policies, processes, and training.

AN ESSENTIAL SAFETY INGREDIENT: TRAINING
Sysco provides safety training for all associates and management. Associates receive health and safety training during their initial orientation and ongoing job-specific instruction, including effective coaching and engagement training. We conduct these sessions through classroom orientation, retraining and recertification, one-on-one retraining and online through Sysco Interactive University.

NEW SOLUTIONS, GREATER VISIBILITY
Our Enterprise Risk Management SharePoint site is a 24/7 resource available to all Sysco operating companies. The site provides guidance and support through training programs, policies, and performance reports to identify key areas of focus and promotes best practices in managing the workplace health and safety risks facing Sysco associates. In Fiscal Year 2018, we initiated our standardized incident reporting system that included tools for our operating companies to better access incident information.

ASSESSING OUR SAFETY PERFORMANCE
Our teams work intensively to identify the root causes of near misses, injuries, and accidents and implement targeted programs designed to deliver continuous improvement and achieve our safety goals. In the U.S., Sysco continues to perform better than the Bureau for Labor Statistics averages for industry peers for OSHA recordable injuries per 100 employees and DART (injuries resulting in Days Away/Restricted/Transfer duty).

We strive to meet and exceed all regulatory safety standards established by local and federal regulators, as well as our own internal standards for a safe work environment. Safety incidents that do occur are thoroughly investigated to identify causal factors and to develop and implement solutions to prevent their recurrence and track corrective actions. Our corporate/national safety professionals partner with operating companies to train management personnel, assist in the accident investigation process, and interface with regulators from safety, transportation, and environmental agencies.

THE ROLE OF ENVIRONMENTAL COMPLIANCE
To ensure the highest level of regulatory compliance, we continue to expand on our existing monitoring and training efforts. For example, we utilize a standardized Process Safety Management program to enhance corporate monitoring capabilities. The electronic program ensures our operating companies’ compliance with various environmental regulations such as OSHA’s 29 CFR 119 and EPA 40 CFR 68 Risk Management Plan, both of which regulate anhydrous ammonia refrigeration systems.
Water and air quality, solid and hazardous waste, storage tanks, spill prevention and control, as well as regulatory reporting compliance, are monitored through our compliance software system. This system gives us the ability to document the execution of our global compliance programs. Sysco has comprehensive training to provide consistency among all environmental compliance programs, which allows management to ensure proactive and adaptable enhancements in a coordinated manner. Training webinars are provided at regular intervals, providing comprehensive guidance on an array of environmental compliance issues. Additionally, we utilize an environmental risk ranking system for all Sysco facilities and have completed comprehensive environmental audits at 105 of our operating locations. Action plans were developed to address the audit findings, and identified issues were resolved.

SAFER ON THE ROADS: EVERY DRIVER, EVERY DAY
Since Fiscal Year 2014, DriveCam, a two-directional camera system, has been operational in all Sysco vehicles in the U.S. DriveCam onboard video and monitoring technology helps reduce vehicle collisions by identifying and addressing behaviors that put our associates and members of the public at risk. This technology improves compliance with procedures designed to maximize the safe and efficient operation of our vehicles, which includes defensive driving to mitigate the unsafe driving of others. DriveCam also provides insight into at-risk behaviors that contribute to distracted driving and fatigue-related incidents, many of which are near-miss incidents that do not lead to an actual accident. Near-miss incidents are used as a training tool to improve driver behaviors and provide guidance on steps to avoid distraction and fatigue. We have also developed a series of supplemental online courses focused on avoiding distracted driving and handling fatigue for our associates at our distribution centers.

We continue to improve our comprehensive programs to reduce events related to fatigued and drowsy driving. The three-pronged approach includes application of high-visibility hours of service regulation compliance, with weekly reports distributed to all operations groups using Telogis onboard systems. In Fiscal Year 2017, we added an associate-level training program. Sysco also enforces a Zero Tolerance Distracted Driving Electronics Policy to reduce vehicular incidents related to using a mobile device while driving Sysco-owned equipment. We continue to enhance our comprehensive obstructive sleep apnea program to proactively detect and intervene early to decrease fatigue and other comorbidities related to sleep apnea.

We have centralized the administration of driver qualification files, standardizing program management and file management to ensure compliance with DOT regulations and have brought all companies into centralized DOT drug/alcohol test consortiums. This initiative increases compliance with required programs and ensures consistent application of the drug and alcohol testing process.

WAREHOUSE AND DISTRIBUTION SAFETY
SyscoSafe works best when we regularly focus on management and associate engagement in safety matters. A weekly safety message includes information about SyscoSafe, as well as leadership actions that prioritize safety-focused behavior and prevention of unsafe acts and conditions. In addition, we place considerable emphasis on our Safety Continuous Improvement Plans and corrective action plans.
## License to Lift
Our “License to Lift” (LTL) program, introduced in 2013, is designed to help mitigate exertion injuries by focusing on proper lifting techniques for warehouse and distribution center associates. Lift champions are identified in each location and receive specialized LTL training which qualifies them to conduct assessments of associate lifting techniques and provide retraining as needed. All current associates and new associates who manually lift product for warehouse and transportation are required to participate in this program.

## Making Partnerships Matter
Sysco participates in a number of industry partnerships to contribute to improved workplace safety and promote safety initiatives. These include the National Safety Council, the American Society of Safety Engineers, the Voluntary Protection Program Participation Association, the Commercial Vehicle Safety Alliance, the National Private Truck Council, the Texas Motor Transportation Association, International Foodservice Distributors Association, the American Trucking Association, the Risk Management Society, and the American Association of Occupational Health Nurses.

## Asset Protection and Food Defense
Corporate initiatives to continuously improve security operations and capabilities across the enterprise were initiated in 2012. Action items included the development of security vulnerability assessments for each facility, individualized site security plans, and the strategic implementation of standardized electronic security platforms. Continuous monitoring and improvement of the Food Defense Program ensures Sysco meets and exceeds all FDA/USDA regulatory requirements, as well as providing our customers with the highest levels of confidence in our food product security. In conjunction with our comprehensive Environmental Program, the Chemical Facility Anti-Terrorism Standards (CFATS) Program provides continuous monitoring for regulatory compliance and supports the security of stored chemicals of interest.

## Planning for the Unexpected
The Sysco Office of Emergency Management (OEM) was created to identify and manage emerging and potential events that may impact our personnel, assets, and business. Through monitoring of events worldwide, including weather, the OEM identifies incidents that impact or have potential to impact our businesses. This assessment allows us to effectively address those incidents through timely implementation of the Crisis Management Program while providing direct support for the affected businesses. The OEM also manages the Travel Security Program and provides a two-way communication channel with Sysco travelers to provide them with risk and incident awareness and response.
From fresh seafood and produce to frozen meats and vegetables, ensuring that the products we offer are responsibly sourced is a priority at Sysco. We’re continuing to strengthen our commitment to animal welfare, human rights, and responsible sourcing, while also maintaining the highest standards of food safety in the industry.
Because of the size and scale of Sysco’s foodservice operations, we have a unique opportunity to drive improvement in how products are produced. Our objectives are clear: improve animal welfare, minimize negative environmental, social, or ethical impacts when sourcing products, and ensure that human rights are respected throughout Sysco’s operations and our global supply chain.
Animal Welfare: ENSURING HUMANE TREATMENT

→ OUR APPROACH

The humane treatment of animals is a critical priority in our supply chain. As the global leader in foodservice distribution, Sysco is a major provider of animal protein products. The humane treatment of animals is a material issue of importance to our customers and the patrons they serve. Our approach is designed to uphold high welfare standards for Sysco Brand animal products.

We work with our Sysco Brand veal, beef, lamb, pork, and poultry suppliers, as well as shell egg and processed egg suppliers, to promote the humane treatment of animals. Not only are our suppliers expected to meet regulatory requirements, but we also require them to adhere to industry best practices for animal care.

→ OUR PATH TO PROGRESS

Sysco has an Animal Welfare Advisory Council, which meets annually with the Sysco Quality Assurance (QA) and Corporate Social Responsibility teams, to discuss animal welfare issues, including supplier performance. The Council is comprised of members of Sysco’s QA, Merchandising, and Corporate Social Responsibility teams, along with experts in animal welfare from academia and industry. The Council provides guidance to our management team on the design, development, and implementation of animal welfare programs, and offers perspectives on emerging issues.

We use a three-pronged approach to ensure that suppliers of Sysco Brand meat, poultry, and eggs meet our standards.

» Suppliers must document ongoing self-assessments of their animal care practices;
» Sysco requires unannounced, annual third-party Animal Welfare audits of our suppliers’ facilities; and
» Verification audits are performed by Sysco QA members who have been certified as Professional Animal Auditor Certification Organization (PAACO) auditors.
When instances of noncompliance with our animal welfare standards are identified, we work with suppliers to develop and implement corrective actions. If a supplier is unable or unwilling to introduce improvements, or if the supplier has committed a critical violation of our standards, we will no longer source Sysco Brand products from them. In Fiscal Year 2018, 162 third-party animal welfare audits were conducted with a 100 percent pass rate. Sysco QA conducted 37 second-party animal welfare audits; of those audits 16 locations had nonconformances and 21 were in full compliance. Those sites with nonconformances implemented corrective actions as needed.

GROUP-HOUSED PORK: WORKING FOR CHANGE
Sysco takes its role as a responsible corporate citizen in the food supply chain seriously. We use science-based standards for animal welfare and work diligently with our suppliers to ensure humane treatment of animals. We also listen closely to our customers’ needs, many of whom have expressed their desire for the industry to implement more humane sow housing systems. As a result, Sysco is working with its pork suppliers to ensure that group housing of sows is implemented over time, and we regularly monitor their progress. Sysco suppliers are actively working to adopt humane housing systems, and all supplier-owned farms in the U.S. have implemented this change. Most pork supplies come from a large number of contract and independent farms, making it difficult for these changes to happen quickly. However, these suppliers continue to make progress, and we are working with them to develop a timeline for full attainment of this goal.

CAGE-FREE EGGS: OUR COMMITMENT
In 2016, Sysco announced plans to work with our suppliers toward a goal of sourcing only cage-free eggs by 2026, dependent upon available supply, affordability and customer demand. This commitment builds on the company’s longstanding practice to demand high standards in the humane treatment of animals sourced for our Sysco Brand products. Since 2004, all Sysco Brand raw shell egg suppliers have been certified by the United Egg Producers Animal Husbandry Guidelines and also undergo annual animal welfare audits.

In establishing a sustainable egg commitment, the company weighed a number of concerns. In addition to animal welfare, they included food affordability, food safety and quality, environmental impacts, and the health and safety of egg producers. We believe the transition to a 100 percent cage-free egg supply chain by 2026 will require significant collaboration among industry participants, including our suppliers, to specifically address food affordability and environmental concerns.

Since the adoption of our commitment, we have developed a full portfolio of cage-free egg options for our customers in both the shell and processed egg categories. Cage-free eggs currently make up approximately 10 percent of our total egg sales. We have seen an increase in cage-free orders among several large, multiunit customers. However, our Merchandising, Sourcing, and Sales teams monitor market conditions weekly and have noted that many producers have stalled housing system conversions due to the expense and continued lack of demand driven by price premiums. Affordability for this high-protein source remains a challenge in the marketplace. We will continue to monitor cage-free egg sales and report progress annually.
OUR APPROACH
Effectively serving our vast customer base requires that we source commodities on a global basis. Whether commodities originate from the sea or land, we recognize that ensuring their availability tomorrow requires that we do more to ensure that they are responsibly and sustainably produced today. If resources are depleted and negative environmental costs mount, those actions threaten future supply and jeopardize not only our business, but the health and well-being of billions of people worldwide. Guided by that recognition, we have adopted comprehensive responsible sourcing practices centered on two essential commodities, Seafood and Palm Oil, and are committed to expand those commitments to encompass more agricultural products in the future.

OUR PATH TO PROGRESS
For nearly a decade, Sysco has worked to leverage our scale to be a catalyst for responsible sourcing. We prioritized commodities with increased risk profiles; our initial efforts in this arena centered on wild-caught seafood. The World Wildlife Fund (WWF) indicates that more than 85 percent of the world’s fisheries have been pushed to, or beyond, their biological limits. Preserving healthy fish populations and sustainable fisheries requires collaboration between industry and NGO stakeholders.

We subsequently expanded Sysco’s responsible sourcing efforts to encompass seafood derived from aquaculture, which has become the fastest-growing form of food production worldwide. Palm oil, because of its enhanced risk profile, including the threat of deforestation and negative social impacts, has been another area of focus as we work with suppliers to increase the use of responsibly sourced palm oil. Going forward, we will continue to assess commodity risk profiles as we look to develop responsible sourcing commitments for five commodities.
Sustainable SEAFOOD
Committed Globally to Protecting Fisheries and Ensuring Responsible Agriculture

Some 3 billion people around the world rely on wild-caught and farmed seafood as a significant source of protein. Decades of overfishing have led to the collapse of key commercial fisheries around the globe, reducing once plentiful stocks. In addition, aquaculture – the fastest-growing source of animal protein – is putting added pressure on vital coastal and marine ecosystems. By taking action to support transformational change in the management of global fisheries and promoting responsible aquaculture, Sysco is working to conserve the health of the marine ecosystem and the livelihoods of future generations.

HOW SYSCO IS MAKING A DIFFERENCE
Sysco is one of the largest purchasers of seafood in North America, which positions us to have a large and meaningful impact by working with our suppliers to improve sustainability in our seafood supply chain. We began collaborating with World Wildlife Fund (WWF) in 2009 to assess our seafood supply chain and set sourcing commitments for our top 10 Sysco Brand wild-caught seafood species through 2015.

In 2016, we reinforced our commitment to improve the sustainability of our seafood procurement practices and standards by continuing our alliance with WWF through 2020, extending our commitment to cover our top 15 wild-caught species and our top five aquaculture species. Specifically, we pledged to our customers the responsible sourcing of Sysco and Portico Brand seafood products with the following goals.

Sysco will:
» Source our top 15 wild-caught Sysco Portico Brand seafood species from fisheries that are either certified by the Marine Stewardship Council (MSC), in MSC full assessment or in a comprehensive Fishery Improvement Project (FIP) – with at least 75 percent of this volume coming from MSC-certified fisheries;
> Source our top five Sysco Portico Brand aquaculture species groups – shrimp, salmon, pangasius, tilapia, catfish – from farms that are either certified by the Aquaculture Stewardship Council (ASC), in ASC full assessment, in a comprehensive aquaculture improvement project, and/or certified against a minimum two-star rating on the Best Aquaculture Practices (BAP) standards as defined by the Global Aquaculture Alliance. In addition, Sysco will preferentially source ASC-certified product when available;

> Work with WWF to promote efforts to improve seafood traceability globally by participating in the Global Dialogue for Seafood Traceability, as well as enhancing Sysco’s current capabilities to trace seafood products throughout its supply chain; and

> Build on our work to increase the supply of sustainable tuna, including sourcing Sysco Brand canned and pouch tuna from fisheries that are MSC-certified, in MSC full assessment, in a comprehensive FIP, or showing International Seafood Sustainability Association (ISSA) membership.

**ON TRACK FOR 2020 GOALS**

As of the end of calendar year 2017, Sysco sourced approximately 88 percent of our top 15 wild-caught Portico Brand seafood species from fisheries that are either MSC-certified, in MSC full assessment, or engaged in a comprehensive FIP. In fact, all of Sysco’s Portico Brand wild-caught frozen cod, haddock, salmon, halibut, and flounder originate from MSC-certified fisheries. Sysco purchased more than 33 million pounds of seafood from MSC-certified fisheries in 2017.

The majority of the top 15 species that did not meet our commitment are sourced from calamari and shrimp fisheries. We believe the most beneficial approach is to continue working with these fisheries to improve their environmental performance and ultimately achieve MSC certification. Sysco and WWF have pledged to work together to continue to support constructive discussions with processors, fishermen, government agencies, nongovernmental agencies, and MSC to reach this goal.

Aquaculture is a rapidly growing component of global seafood production, and Sysco’s sustainability initiatives in this arena are more recent than those in the wild-caught segment, having been adopted two years ago. As of the end of 2017, Sysco sourced approximately 43 percent of our top five aquaculture Portico Brand seafood species from farms that are either ASC-certified, in ASC full assessment, in a comprehensive FIP, and/or certified against a minimum two-star rating on the BAP standards as defined by the Global Aquaculture Alliance. Sysco purchased more than 16 million pounds of seafood from ASC-certified fisheries in 2017. We are proud of the progress we’ve made, but still have long way to go. The challenges in aquaculture are the availability of certified farms, particularly in shrimp, which is the largest species we source through aquaculture. We are continuing to work with our supply chain and NGO stakeholders to promote the certification of shrimp and other aquaculture fisheries.

**CHRIS TROSIN, VICE PRESIDENT**
GLOBAL AQUACULTURE ALLIANCE, BAP DIVISION
LEADING ON THE WATER
Through our partnership with WWF, Sysco supports FIPs around the world. This collaborative effort draws together fishers, industry, researchers, government, and NGOs to help improve fishing practices and management. Through a transparent and comprehensive approach, improvement efforts increase a fishery’s level of sustainability so that it can reach the environmental standard of MSC. By working with WWF to support FIPs, Sysco is helping to safeguard marine wildlife, the natural environment, and the livelihoods of people who depend on ocean resources.

Since 2010, Sysco has supported 14 FIPs through sourcing, engagement with stakeholders, and/or direct funding. In addition, Sysco supports FisheryProgress.org, a global site for FIPs that third-party verifies continuous improvement and achievement against time-bound workplans. This ensures that the FIPs Sysco sources from are making progress to achieve their identified objectives and help Sysco reach our targets for sustainable seafood sourcing. By requiring FIPs in our procurement to report on FisheryProgress.org, Sysco can track our progress toward those objectives, as well as find new FIP sources to meet our customers’ needs.

IMPROVING THE SPINY LOBSTER FISHERY IN NICARAGUA
With support from Sysco and others, the Nicaragua spiny lobster FIP is working toward ensuring the long-term sustainability of the fishery. Nicaragua is the largest producer of Caribbean spiny lobster in Central America. The fishery is an important economic engine for the area, generating approximately $40 million annually from exports, primarily to the United States, and employing thousands of local citizens.

What’s threatening the resource? The danger comes from illegal, unreported and unregulated (IUU) fishing that weakens management of the resource and equitable access for local livelihoods. There is also a lack of verifiable data concerning fishing activity and habitat impacts. The active involvement of FIP stakeholders, including Sysco and the Nicaraguan Institute for Fisheries and Aquaculture (INSPESCA), helps drive improvements against the MSC standard. INPESCA is leading the FIP work and is undertaking several meaningful actions, including updating and implementing the fishery management plan that includes measures to

Looking back on the partnership between World Wildlife Fund and Sysco, which is approaching 10 years, the influence they have applied to the seafood industry is significant. The company actively works with its supply chains to transition fisheries and aquaculture farms globally to more sustainable, responsible resources. Sysco has demonstrated a commitment to improving the seafood sustainability landscape in the U.S.”

CAROLINE TIPPETT, SENIOR DIRECTOR OF SEAFOOD ENGAGEMENT
WORLD WILDLIFE FUND
BUILDING EFFECTIVE ALLIANCES
In 2016, Sysco became a member of the Seafood Task Force, a membership organization that includes retail, foodservice and NGO participation. The task force seeks to strengthen worker well-being and compliance with laws governing the seafood supply chain through implementation of a track and trace system of international verification from vessel to processing plant; development of a standard code of conduct model for ports, brokers and vessels; and support for FIPs to mitigate the effects of overfishing, which can contribute to human rights abuses in the shrimp supply chain.

TUNA: CONSERVING AN ESSENTIAL SPECIES
Sysco continues to support healthy tuna stocks by committing to source Sysco Brand canned and pouched tuna from MSC-certified fisheries, comprehensive tuna FIPs, and/or from the International Seafood Sustainability Foundation (ISSF) participating companies. In addition, Sysco has committed to reviewing annual ISSF compliance reports from all of its participating companies to confirm progress indicators such as ensuring all tuna is sourced only from vessels on the ISSF proactive vessel register. All of Sysco’s canned and pouched tuna suppliers are members of the International Seafood Sustainability Association (ISSA) and committed to supporting the tuna sustainability efforts of the ISSF.

Founded in 2009 to create science-based solutions for tuna fisheries worldwide and improve the management of global tuna stocks, the ISSF’s goal is for tuna to meet the MSC standard without conditions and to eliminate illegal, unregulated and unreported tuna from supply chains. Tuna from ISSF-participating companies is fully traceable. We encouraged the creation of a new, less expensive level of ISSF participation that has enabled all our tuna suppliers to join the effort.

address IUU fishing; conducting a preliminary assessment to determine the health of the lobster stock shared between Honduras and Nicaragua; updating and implementing the Nicaragua spiny lobster harvest control rules; and reviewing and documenting the bycatch, habitat, and ecosystem impacts of the fishery. To learn more about our engagement in FIPs, please visit www.seafoodsustainability.org.
Sysco recognizes the importance of contributing to the promotion of a sustainable supply of palm oil. We are committed to partnering with our suppliers to progressively increase the use of responsibly sourced palm oil in the Sysco Brand supply chain as outlined in our Palm Oil Policy.

In support of our objective to promote the sustainable supply of palm oil, we set the goal of using only RSPO-certified (Mass Balance) palm and palm kernel oil in Sysco Brand products effective December 31, 2018. We have taken a number of actions and made considerable progress against that objective. The first was identifying all Sysco Brand products that contain palm oil. This was a detailed and lengthy process, since palm oil is an ingredient in many products rather than a commodity or product in itself. Sysco also surveyed all suppliers to identify which type of palm oil they were currently using and focused our most intensive efforts on the approximately 25 suppliers that represent about 85 percent of the case volume of relevant products. By understanding their practices and encouraging them to convert to RSPO-certified sources, we believe we will have the greatest impact. While it now appears unlikely we will achieve 100% compliance, we are on track to have nearly all of these key suppliers compliant with the policy by our target of year-end 2018.

To reach our 100 percent supplier compliance objective, we are taking several additional actions, including incorporating palm oil requirements into new Sysco Brand supplier agreements and product specifications.

Sysco Palm Oil Policy

Click here to read the policy.
Ensuring that the millions of cases of products we distribute to our customers, and that they prepare and serve to their patrons, are safe and of consistent high quality is of crucial importance to Sysco’s continuing success and the success of our customers. Food safety is material to our business and an issue that impacts all our stakeholders, including customers, consumers, suppliers, associates, and shareholders. We allocate substantial human and technological resources to the effort of reducing the likelihood of any violation of safety, reliability, and quality standards. We emphasize preventing problems rather than simply reacting to them, and this effort is supported by inspections, monitoring, testing, and training. All play a role in creating a food safety and quality assurance platform that meets our high expectations, and those of our customers and other stakeholders.

Our QA team establishes and implements the food safety, reliability, and quality strategies that protect our customers and our brand. These strategies are brought to life through policies, procedures, and practices that ensure food safety and brand product quality, confirm regulatory compliance and govern Sysco’s product-related social responsibility standards. Our associates and suppliers are committed to applying these requirements, beginning at the source, for the products we distribute in order to enhance customer trust, reduce risk, support Sysco’s core values, and differentiate our product offering. We regularly evaluate our food safety processes and seek continuous improvement in all we do.
The principles of integrity, honesty, and trust guide our QA and food safety programs and allow us to provide the highest-quality products to our customers globally. Most of our QA programs cover our own Sysco Brands, over which we have the greatest level of control. However, our commitment to safe, high-quality foods sourced from domestic and international suppliers extends to all major national, regional and ethnic brands, and local foods we distribute.

In Fiscal Year 2013, Sysco QA adopted the food safety certification processes of the Global Food Safety Initiative (GFSI), which has become the benchmark standard for the food industry worldwide. Food industry stakeholders increasingly recognize the value of the systemic evaluation of the physical plant, food safety program documentation, and associate behaviors in executing food safety practices that GFSI certification represents.

We utilize the BRC Global Standards Storage & Distribution food safety certification audit program for Sysco Broadline and SYGMA distribution centers and the Safe Quality Foods (SQF) and Primus GFSI certification audit programs for processing plants in our FreshPoint processing facilities and SQF at all of the Specialty Meat Company locations.

The GFSI certification process provides two major advantages over routine Good Manufacturing Practices inspections. GFSI provides:

» A thorough evaluation of a food safety system, its execution and its conformance to risk- and science-based food safety standards as well as regulatory requirements; and

» An emphasis on independent third-party accreditation of both the standard and the auditors, thereby decreasing the potential for conflicts of interest and increasing customer and regulator confidence in the system.

The adoption of food safety certification at Sysco facilities more effectively integrates accountability for food safety across all functions, enhances our ability to mitigate food safety risk, and provides a more robust measure of performance.
THE ROLE OF TRAINING
We provide ongoing professional development for all QA associates through offsite technical training, webinars, in-house group seminars, and interactive web-based course work. The QA team, in collaboration with the corporate training department, develops annual food safety awareness training for all associates. Additionally, we provide comprehensive role-specific instruction for distribution center associates who have direct product touch points with food safety impacts. For example, warehouse associates such as receivers, selectors, loaders, delivery drivers, and will-call associates receive training designed to address food safety risks for temperature control and cross contact.

SHARING AND COLLABORATION
Knowledge that is shared leads to continuous improvement, ultimately benefiting all stakeholders in the foodservice industry, including suppliers, customers, and competitors. Our QA managers and directors play an active role in the development of industry standards and practices to improve food safety, quality, animal welfare, and sustainability, including those standards and practices encompassed by several frameworks.

Sysco is a supporter of the Center for Produce Safety (CPS), a collaborative partnership that leverages the combined expertise of industry, government, and the scientific and academic communities to focus on providing research needed to continually enhance food safety. Our alignment with and support for CPS affirms our commitment to continuously evaluate and improve the delivery of safe produce to be enjoyed by consumers in all the markets we serve.

Our QA and food safety representatives participate in several working groups of the GFSI, whose certification practices we have adopted. GFSI is a nonprofit organization focused on improving global food safety management systems by building industry acceptance of common food safety criteria and managing costs in the supply chain through improved efficiency in food safety audits.

GOOD AGRICULTURAL PRACTICES
For nearly two decades, all suppliers of Sysco Brand fresh, ready-to-eat produce have been required to comply with Good Agricultural Practices (GAP), a voluntary program administered by the FDA designed to continually improve food quality, safety and traceability. In 2007, we extended our GAP requirements to include all fresh, ready-to-eat produce distributed through our operating companies, regardless of brand or label. The Sysco GAP program monitors nearly 700 suppliers, conducting over 62,000 GAP audits each year.
SUPPLIER SELECTION: A RIGOROUS REVIEW

All Sysco Brand suppliers must pass an initial facility audit administered by Sysco QA. Conducted both via teleconference and through an on-site visit, the audit assesses adequacy of food safety control, sanitation, good manufacturing practices, employee hygiene, foreign material control, quality management systems, recall and traceability, and production capabilities.

After approval, Sysco QA establishes monitoring and verification procedures with the supplier. These procedures ensure Sysco Brand products are manufactured and packed in accordance with agreed-upon specifications in an environment conducive to food safety. Commodities such as raw ground beef, ready-to-eat deli meats and poultry, ready-to-eat seafood, and ready-to-eat produce must adhere to even more rigorous Sysco QA food safety requirements designed to mitigate pathogen risks.

Because of elevated product risk, we have dedicated supplier approval systems for all production facilities that supply raw ground beef and veal, including specialty items made from these proteins. Nonbranded ground beef and veal suppliers must be approved by Sysco QA before an operating company can purchase these high-risk items. All ground beef suppliers must adhere to strict food safety controls, including use of pretested raw materials that are confirmed negative for pathogenic E. coli O157:H7. In light of risk presented by foreign objects in ground meat, we have implemented a new requirement mandating that suppliers of Sysco Brand-sourced ground beef utilize in-line X-ray detectors on their ground beef products. Produce suppliers, regardless of brand, must adhere to our strict GAP audit requirements to ensure that growing conditions and employee practices minimize risk of pathogens being introduced into produce.

THE CRITICAL ROLE OF MONITORING

The QA team ensures ongoing high standards by continually monitoring compliance with our rigorous quality and safety guidelines. Our Independent Audit Program, established in 1999, requires all approved Sysco Brand suppliers and packing locations to undergo one audit by a Sysco-approved contract auditing firm each calendar year. Sysco QA reviews all external audits to ensure that a minimum score is achieved and that necessary corrective actions are adequate and implemented in a timely manner. In 2016, this program was improved by requiring all Sysco Brand suppliers to submit these annual food safety audits from a certification body accredited by the GFSI.

To supplement that work, all approved Sysco Brand suppliers are rated based on their food safety risk and monitored through on-site audits by QA associates according to their ranking: suppliers providing products that possess higher potential food safety risk are prioritized. During these audits, the QA team evaluates production and products, addresses any existing product quality issues, assesses the execution of food safety programs, and reviews preventive measures and corrective action plans. In Fiscal Year 2018, Sysco QA completed on-site audits and plant or field inspections at more than 380 Sysco Brand facilities, including approximately 80 outside the United States, to monitor our suppliers’ and our owned companies’ food safety and quality programs.
VIGILANCE AT THE OPERATING COMPANY LEVEL

Beginning in Fiscal Year 2015, Sysco enlisted additional professional food safety program managers with relevant food safety and industry expertise to execute food safety programs at each of the Broadline and SYGMA Distribution Centers, and the FreshPoint facilities. Food safety program managers provide training, ensure consistent implementation of the food safety programs, lead the food safety team’s preparation and execution of the food safety certification audits, and work to improve accountability.

To minimize risks in food safety from supplier to the customer, we utilize multiple preventive controls throughout our process, including hazard analysis and critical control points (HACCP) and formal prerequisite food safety programs, such as supplier approval programs, sanitation, foreign materials control, allergen control, good food handling practices, and recall procedures. We utilize standardized procedures for warehouse functions to mitigate food safety risks at receiving, in storage, during the selection process, and in loading and delivery to our customers.

We have implemented integrated cold chain temperature monitoring for product categories such as seafood, ground beef, produce and poultry that require it for safety. Product temperature is monitored wirelessly from inbound receipt through customer delivery. By implementing effective preventive controls at every stage of food production, processing, and distribution, we can prevent or reduce the risk of many food safety hazards.

PRODUCT RECALLS: FASTER CONNECTIONS MATTER

When a Sysco supplier identifies a problem with either the safety or quality of its products, we work quickly to help ensure that the products in question are removed from the distribution system. Our recall communication system is designed to notify all parties involved of the details of the recall or withdrawal, as well as to describe responsibilities and procedures. To ensure accurate traceability in the event of a recall, all suppliers must be able to trace products back to raw material. In addition, Sysco Brand cartons and, if applicable, internal packages, are identified with a production code.

When it comes to product recalls, faster communication often means safer consumers, so we have invested in additional capabilities to accelerate communication across our operating companies and customer base. Busy foodservice professionals are often not at a desk – they are serving their patrons. A new Sysco app provides real-time alerts in the event of a recall or food safety issue. Customers can indicate to us how much recalled product is in stock, how much was destroyed, and what needs to be replaced. These tools are proving effective in reducing cycle time and improving communication among all affected stakeholders.
Our customers, and the patrons they serve, have an increasing interest in locally sourced products of every kind – whether it’s fresh produce, meat, seafood, or dairy products. Our ability to successfully meet the demand for specialty and seasonal products from small and midsized local producers is an important differentiator that makes Sysco a stronger competitor. The National Restaurant Association’s 2018 survey of American Culinary Federation chefs found that locally sourced meat, seafood, and produce were among the year’s top menu trends. It’s about freshness and flavor – joined by the desire to support hometown suppliers and local communities.

Sysco has led in enabling the growth of local sourcing by using technology and a vast database of local suppliers to build connections between local producers and our customers. Since 2014, FreshPoint, our specialty produce company, has continued to strengthen its capabilities to make sourcing local produce easy and convenient. In the foodservice industry, the definition of “local” often varies. That’s why FreshPoint developed an online tool that enables customers to “define their own local” within a distance they designate and allows them to sort by crop or growing method. Users can search for in-state purchases. It was an industry first – an active local database with full reporting capabilities. FreshPoint’s Local Foods Advisory Committee of more than 50 ambassadors explores best practices to support further development of its local food program and enhance its overall effectiveness.

STRENGTHENING THE CAPABILITIES OF OUR PARTNERS

We work with local produce suppliers to help them efficiently and safely integrate their products into our supply chain. All our suppliers – whatever their size – are held to the same high food safety standards, and some small farming operations need training and assistance to fully meet those standards. Since 2011, we have partnered with the Produce Marketing Association to conduct Good Agricultural Practice (GAP) workshops, educating more than 1,200 small farmers on how to integrate GAP requirements into their operations.
Packaging & Labeling: COMMUNICATING WHAT MATTERS

Transparently communicating product attributes, including nutritional information, in a clear and accessible way is our goal when designing all Sysco packaging. The appearance of Sysco traditional and specialty-branded products reflects the improvements Sysco has made in recent years to bring a fresh, updated look to our packaging. These packaging and brand updates provide information to customers in a clear, concise, and modern format.

Included among the attributes of our current product packaging are:

- **Updated Nutritional Panels:** FDA-regulated products have an updated panel layout, making nutritional information easier to read for consumers;

- **Standardized Product Information:** Information is presented in a consistent manner across all refreshed Sysco brands;

- **Bilingual Labels:** Spanish language descriptions are included across Sysco brands when possible;

- **Customer Facing Designs:** “Front of the house,” or consumer-facing products are given special attention to make sure our packaging is relevant to the market and the consumer; and

- **Digital Workflow Process:** We require suppliers to use our central source for packaging and labeling artwork to provide greater consistency in data, formatting, and appearance.

We continue to strive to create packaging that clearly communicates the information customers want and, when appropriate, consumers need about our products.
Because we are the leader in foodservice distribution, Sysco has a meaningful role to play in protecting and strengthening human rights within our global supply chain. The fair treatment of workers involved in growing, harvesting, processing, and shipping food products is of great importance to our company and the customers we serve. Any violation of human rights at any point in our supply chain has the potential to negatively impact our reputation, our business relationships, and our ability to reach new customers and new markets. We continually strive to identify new, better, and more impactful ways to drive improvement in human rights throughout our supply chain. We embrace the responsibility to employ industry best practices and distribute food products only from those suppliers that meet high standards of safety, quality, traceability, and social and environmental stewardship.

Sysco expects its suppliers to uphold the rights of individuals as outlined in the United Nations Declaration of Human Rights, the Core Conventions of the International Labour Organization (ILO), and the ILO Declaration on Fundamental Principles and Rights at Work. Any act of human trafficking, slavery, or child labor within Sysco's supply chain is unacceptable and, if identified, will be addressed in a manner to ensure compliance with Sysco's established policies and procedures.
Sysco has established a **Global Supplier Code of Conduct** (Supplier COC), which describes the legal, moral, and ethical standards we expect from suppliers, including the protection of human rights. In Fiscal Year 2018, the Code was updated to include enhanced sections pertaining to anticorruption, foreign or migrant workers, and conflicts of interest. It also expands Sysco’s monitoring rights with third parties beyond Sysco Brand products and provides clear reporting requirements for any violation or potential violations. The updated Code is being communicated via multiple channels and applies to all suppliers throughout our global operations.

Additionally, our Fiscal Year 2019 annual Global Code of Conduct training includes associate training on human rights.

In 2018, we reiterated our goal to ensure that all high-risk, first-tier suppliers abide by the Supplier COC. We expect each supplier to operate in full compliance with the Supplier COC and with all applicable national, state, provincial, regional, local, and other laws and regulations. The Supplier COC also applies to affiliates and subcontractors of suppliers, and to their respective facilities to the extent those facilities supply goods for ultimate sale to Sysco. The Supplier COC makes clear that Sysco will initiate and renew contractual relationships only with suppliers who do not violate basic human rights.

All Sysco Brand approved suppliers in high-risk Latin American and Asian countries must undergo third-party assessments to identify potential risks relating to wages, working hours, discrimination, worker safety, living conditions, and child and forced labor. UL’s Responsible Sourcing group, a global independent social compliance assessment provider and key Sysco partner, has conducted assessments on Sysco’s behalf since 2008. We believe strongly in continuous improvement. Based on assessment findings, we work with Sysco Brand suppliers and processors that do not achieve perfect scores to develop and implement improvement plans. Sysco takes immediate action, including termination of business relationships, with any suppliers that fail to comply and meet our social compliance assessment program.

In Fiscal Year 2018, there were 160 assessments conducted in 17 countries. This total included 26 initial audits and 134 assessments of facilities that had been assessed in the preceding year. Of the suppliers that have participated in the program for multiple years, 20 percent demonstrated improvement when compared to the previous audit. Additionally, nine facilities achieved a perfect score. We will continue to work with our suppliers to identify and minimize human rights risks in their operations.

**COLLABORATIONS MOVE US FORWARD**

In response to public reports of labor violations in the overall seafood supply chain, we have increased our efforts on several fronts, both independently and through collaboration with other companies, associations, and NGOs. Sysco is a member of the National Fisheries Institute (NFI), which has conducted a comprehensive analysis of the leading global social responsibility standards to help participating companies find the most thorough and credible labor systems. Sysco will conduct business only with entities that comply with international law to ensure a safe, ethical, and sustainable food supply chain. Through its membership in NFI, Sysco has joined with other stakeholders to support actions to end human rights violations, including a call for governments in Southeast Asia and throughout the world to be more vigilant in enforcing fair, moral and ethical labor practices.
Sysco is a member of the Seafood Task Force, an organization that includes retail, foodservice, and NGO representation. The task force’s mission is to strengthen worker well-being and compliance with laws governing the seafood supply chain by implementing a track and trace international verification system from vessel to feed mill; developing a standard code of conduct model for ports, brokers, and vessels; and supporting FIPs to mitigate the effects of overfishing, which can contribute to human rights abuses in the shrimp supply chain.

We reinforced our commitment to enhancing the sustainability of seafood procurement practices and standards by extending our longstanding alliance with WWF through 2020. Sysco’s WWF partnership was created with the goal of enhancing seafood traceability within the supply chain and globally by participating in the Global Dialogue for Seafood Traceability.

Sysco has remained vigilant in monitoring the performance of suppliers and processors in Southeast Asia. We have maintained regular communication with all of our seafood suppliers, including dialogue with suppliers in Thailand about actions they are taking to eradicate human rights issues in the supply chain. We continue to monitor actions by processors in Thailand on an ongoing basis to evaluate their progress and proactively look for proof that they remain active participants in efforts to protect human rights.

Sysco believes ongoing engagement and monitoring of suppliers is necessary to drive continuous improvement. By continuing to participate in the international seafood market, we believe we can contribute to the type of successful reforms that have taken place in land-based industries with simpler supply chains, such as textiles, technology, and other food products.

In addition to the many steps already undertaken, Sysco will continue to consider further actions to evaluate and strengthen current practices as well as opportunities to collaborate with other stakeholders to ensure that our seafood supply chain is free from any human rights concerns. We’re committed to playing a meaningful role in addressing this serious issue and will engage with interested stakeholders to develop and implement actionable, practical, and effective solutions.
Food is essential to life, and at Sysco we’re proud to play a major role in feeding millions of consumers each day. But how food is cultivated, harvested, processed, warehoused, and distributed impacts our global environment – sometimes in negative ways. Sysco is embracing the opportunity to leverage our scale and market leadership to make agriculture more sustainable and our own operations more resource efficient.

SOLUTIONS FOR A BETTER planet
Sysco’s foundational environmental priorities advance our objective to protect the planet and reduce harmful impacts. We are committed to lead by promoting sustainable agriculture practices, reducing the company’s carbon footprint, and diverting waste, including food waste, from landfill.

**OVERVIEW**

- **Double** the availability of **Sysco Brand organic produce**
- **Reduce** the carbon footprint of our fleet and operations by sourcing **20%** of electricity from **renewable sources** and powering **20%** of the tractor fleet with **alternative fuels**
- **Divert** **90%** of operations and food waste from landfill
- **Extend** our sustainable agriculture program into **five fresh crops**
**Sustainable AGRICULTURE**

*Greater Resource Efficiency, Fewer Chemical Inputs*

→ OUR APPROACH

As a major purchaser of fruits and vegetables, Sysco leverages our size and scale to play a significant role in improving agricultural standards among the many growers, processors, and distributors of Sysco Brand canned and frozen fruits, vegetables, and potatoes. It’s part of our commitment to thoroughly evaluate our products and processes from field to table, which enables us to provide customers with products that are of consistent high quality and as sustainably produced as possible. We promote economically viable practices to protect sensitive areas, improve air, water, soil, and wildlife resources, and conserve nonrenewable mineral resources. Sysco’s Sustainable Agriculture/Integrated Pest Management (IPM) program encourages restrictions on the use of pesticide and nutrient inputs to only those needed for a successful crop. The initiative also promotes waste reduction through recycling and the conservation of energy and water in farming, processing, and distribution.

Suppliers and growers participating in our program typically apply IPM practices throughout their operations, not only on those acres devoted to Sysco product. This elevates standards and practices across the industry, yielding valuable data about suppliers’ agricultural inputs and conservation efforts. Since its inception in 2004, Sysco’s IPM program has helped participating farmers protect environmentally sensitive growing areas, soils, and water resources, and has encouraged the responsible use of fertilizers and pesticides, as well as cover crops, crop rotation, and natural pest control practices.

OUR PUBLIC GOALS:

Expand our sustainable agriculture program to double the availability of Sysco Brand organic produce.


**OUR PATH TO PROGRESS**

Sysco’s IPM program currently covers a wide range of basic and specialty crops we purchase. By the end of the 2017 growing season, which is the most recent data available, this included 77 Sysco Brand suppliers of canned and frozen fruit, vegetables, and potatoes. The impact of our IPM program is broad and global, involving 181 processing locations and 8,164 growers of agricultural products worldwide. In crop year 2017, there were nearly 1.1 million acres under cultivation in the program.

Participating suppliers must track their pesticide use, with the goal of limiting the quantity applied or using lower-toxicity-level products when possible. In the 2017 growing season, our suppliers reported avoiding 5.1 million pounds of pesticides by utilizing IPM principles. This included avoidance of nearly 18,000 pounds of pesticides by utilizing practices that disrupt pheromone mating of nonbeneficial organisms; more than 143,000 pounds avoided through the release of beneficial organisms; and more than 9,000 pounds avoided through trapping. Pesticides avoided since the inception of the program 12 years ago now totals 34.5 million pounds.

During the crop year, participants also reported they averted using more than 22.4 million pounds of chemical fertilizer, thereby decreasing risks of nutrient loss and reducing impacts on surface and ground water. IPM practices are recognized to improve water quality by reducing negative impacts on the health of local water sources.

Pollinators are essential to successful agriculture, and our IPM program includes standards that encourage suppliers to protect the bee pollination process. In 2014, we established standards under our IPM program that encourage Sysco Brand suppliers to protect and create habitat and forage sources for pollinators on their farms.

**BENEFICIAL USE OF VEGETATIVE WASTE**

Recycling and reuse of vegetative waste material is another core IPM strategy, and the options for beneficial reuse are many: leaving the material on fields after harvest, returning it to fields after processing, composting it, or utilizing it for cattle feed. All these approaches divert material from the waste stream of landfill and wastewater treatment plants. In the 2017 growing season, participants reported reusing more than 900,000 tons of vegetative resources. Participating suppliers and growers have also reported significant reductions in other waste outputs through recycling. For the 2017 growing season, they reported recycling more than 21,600 tons of metal, glass, paper, plastics, and oils.

**DIGGING INTO A MORE SUSTAINABLE POTATO**

As part of Sysco’s commitment to collaborate with industry peers, growers, agriculture scientists, and other stakeholders to drive more sustainable agricultural practices, we have partnered with The Sustainability Consortium (TSC) and the Potato Sustainability Initiative (PSI) to support more sustainable practices across the potato supply chain. PSI is the leading program in North America for growers producing potatoes for the processing market, with more than 500 participating potato growers. Sysco and McDonald’s, two of the largest buyers of potatoes in today’s market, are among the leading supporters of the initiative, which also partners with major processors. PSI works to advance and communicate continuous improvement in sustainability measures to potato growers, buyers, and consumers. TSC and PSI recently joined forces and entered into an agreement to align sustainability metrics among the grower community, with an emphasis on GHG emissions from fertilizer use, soil management, and pesticide utilization, as well as labor issues.
IPM Grower Success Stories From Crop Year 2017:

We are excited when our participating suppliers share not only positive data trends, but also successful examples from their operations that illustrate how more sustainable practices are benefiting their operations and delivering positive environmental results.

A green bean grower began using drones to help reduce the amount of fungicide required by doing selective spraying. Only the areas identified by drones that are estimated as being at risk are sprayed, instead of spraying the whole field.

By converting to drip irrigation, one grower increased production with less water and less fertilizer usage, while also addressing weed control and reducing herbicide usage. Overall production increased 15 percent and expenses decreased 10 percent.

A processing facility provided treated processing water to three cooperative growers. This provided 525,000 lbs. of readily available nitrogen at no additional cost to the growers.

GETTING INTO ORGANICS

Step into nearly any retail grocery store and the number-one trend in produce is front and center: organics. In the retail setting, the growth in organic produce sales volume is remarkable – and shows no sign of slowing. Health-focused consumers are attracted to organic options across the produce department. Growers are responding to those trends in a big way and are often increasing their profitability when they go organic.

In the foodservice industry, however, the trend has been slower to take hold. While Sysco and our specialty produce company, FreshPoint, are major purveyors of fresh produce, many operators of restaurants and other foodservice establishments have been reluctant to absorb the higher cost and uncertain availability of organics without strong consumer demand for those options.

With our new public goal – to double the availability of Sysco Brand organic produce – in mind, we are working today to create a new paradigm for organics in foodservice. We believe that a good, consistent organics program with an appealing variety of products that are reasonably priced can drive increased adoption across our customer base. As we move forward, we will be offering more organic items on a consistent, year-round basis and helping our customers incorporate them into menus and communicate their benefits to the patrons they serve.
Energy
Warehousing and Redistributing Our Products More Efficiently

→ OUR APPROACH

The energy intensity of Sysco's global operations, which encompass more than 330 distribution facilities in 13 countries, as well as some 13,000 vehicles, is material from an environmental perspective and an area of intense focus as we strive to improve organizational efficiency and business performance. Our teams approach this work with a continuous improvement mindset – evaluating new approaches and technologies that reach from how we fuel our vehicles to how we route shipments to how we keep products cold. For example, in Fiscal Year 2018, more than 60 percent of total Sysco product sales volume consisted of items that require refrigeration, which demands significant energy inputs. That means adopting the most effective refrigeration equipment and practices can yield meaningful benefits across our enterprise.

Sysco's new public goal to reduce the energy intensity of operations drives us to strengthen our commitment to improve through innovation. This includes deploying new, smaller, more fuel-efficient trucks in several markets.

For years we have explored a variety of alternative fuel technologies and are now researching the electrification of our truck fleet. Using sophisticated technology to identify the most economically and environmentally efficient route to transport every shipment is another way we reduce the energy intensity of operations. Going forward, renewables will play a much larger role in Sysco's energy future, and new long-term commitments to access solar generation reflect that emphasis. We are carefully examining the benefits, costs, and opportunities of each approach to ensure that the new solutions we select will deliver the environmental gains we seek. Our goal is to deploy energy efficiency measures that are the right ones not just for today, but for years to come.

OUR PUBLIC GOAL:

20% of electricity from renewable sources and power
20% of the tractor fleet with alternative fuels
FLEET IMPROVEMENTS: NEW TECHNOLOGIES THAT DRIVE EFFICIENCY

We replace approximately 10 percent of Sysco’s fleet annually, and with every new vehicle purchase, fuel efficiency and EPA emission standards are important considerations. When Sysco’s oldest vehicles are removed from the road and replaced with cleaner and more efficient models, we reduce our total output of particulate matter, carbon dioxide, and nitrogen emissions. Additionally, trailers are now ordered with electric standby capability as we anticipate the installation of electric vehicle charging stations at our facilities. This can be used to power our trailer refrigeration units and eliminates operation of the diesel engine to conserve fuel and reduce emissions. New tractors also come equipped with air disk brakes for improved stopping distances at highway speeds and collision avoidance systems that provide our drivers with enhanced awareness to minimize accidents. As we plan for the future, discussions are now underway with manufacturers to develop and test zero-emission and near-zero-emission technology in order to meet our goal of having 20 percent of our tractor fleet converted to alternative fuel vehicles by 2025.

In recent years we have explored a number of alternative fuel technologies for our truck fleet. At Sysco Intermountain, our operating company in Utah, we are evaluating five low-emission compressed natural gas (CNG) tractor units. We continue to purchase biodiesel for our tractors at 33 of our operating companies, but a reduction in government subsidies for biofuel producers makes securing an adequate supply an ongoing challenge. Our approximately 100 hybrid/electric single-axle trucks constitute 1 percent of our total fleet; each of these vehicles consumes less diesel than a standard engine.

We see vehicle electrification as a potentially viable option as we move toward our goal to power 20 percent of Sysco’s tractor fleet with alternative fuels. In Fiscal Year 2018, we announced that Sysco had submitted a reservation for 50 of Tesla’s new fully electric Semi tractors. The vehicles are expected to have a range of up to 500 miles on a single charge while generating no tailpipe emissions. As we continue to evaluate emerging electric technologies, we are mindful of requirements specific to our business, most notably refrigeration, which adds weight associated with refrigeration hardware and insulation.

THE RIGHT VEHICLE FOR THE RIGHT MISSION ON THE RIGHT ROUTE

In pursuit of our efficiency objectives, we are also taking new approaches to match the right vehicle for each mission. In Fiscal Year 2018, Sysco announced a new delivery solution utilizing smaller-sized commercial vehicles in targeted delivery areas, with initial pilots underway at our Los Angeles, Nashville, San Francisco, and Toronto operating companies. These new vehicles allow us to match orders with appropriate-sized vehicles and add flexibility and agility to our delivery system. The new trucks are especially well-suited for congested urban areas. In this setting, their smaller, more maneuverable footprint can translate into faster service and increased customer satisfaction while providing better fuel economy and reduced emissions.
BETTER WAYS TO GET THERE
Optimized delivery routing is an important method to save fuel and curb emissions. Our specialized technology maps the most efficient delivery route to our customers. We also use it to help our marketing associates reduce their time on the roads as they make customer visits. We continue to introduce enhancements to our routing technology and processes to further improve delivery efficiencies, and we measure six distinct key performance indicators to assess our progress. Since 2015, these tools have allowed us to deliver more cases while driving fewer miles on fewer trips. We will launch the next phase of our routing initiative in Fiscal Year 2019 to further optimize deliveries to our customers, reduce the time our drivers and trucks spend on the road, and increase efficiencies.

CONTRIBUTIONS FROM EVERY TEAM MEMBER
Educating our delivery associates on efficient driving practices also helps save fuel and energy while enhancing safety. Technology installed on all our heavy trucks limits their speed to 65 miles per hour, reducing fuel use and improving delivery associate safety. All Sysco delivery associates are trained on the SMITH (defensive driving) System and instructed to maintain proper following distances in all driving situations. On-board computers are an important tool used to monitor and improve individual vehicle and delivery associate fuel efficiency. Delivery associates who work with manual transmissions are trained in progressive shifting techniques to ensure maximum fuel efficiency. Automatic transmissions are calibrated to increase fuel economy, and our tractors are equipped with an auto-idle shutoff timer that shuts down the truck engines after three consecutive minutes of idling. We have also installed devices on our fuel tanks and our fueling nozzles at our operating companies and redistribution facilities, where most of our truck refueling takes place, to precisely track fuel use per vehicle and account for all fuel dispensed.

INBOUND FREIGHT: STRIVING FOR INCREASED EFFICIENCY
The opportunity to save energy begins with the journey of products from suppliers to a Sysco facility. Sysco’s logistics team is intensely focused on increased efficiency, energy reduction, and data-driven transportation management. Utilizing state-of-the-art logistics tools and selecting the most efficient transportation method for each shipment helps us reduce the carbon intensity of our inbound logistics programs. By evaluating routing alternatives, we identify efficiencies that lower miles, save time, and reduce energy usage as Sysco products move to their final destination. Overseeing the pickup and delivery of our merchandise directly from our suppliers creates opportunities for savings. We consolidate product from multiple supplier locations to lower costs and reduce fuel consumption. Carefully selecting the carrier best suited to move each shipment mitigates costs and increases on-time service performance. Building strategic relationships with carriers provides Sysco increased capacity, with product arriving in compliance with all safety and quality regulations – enabling our operating companies to effectively serve our customers.

We consolidate shipments and cross-dock products in specific markets to reduce cost and shipment delivery time. This approach also lessens the likelihood of damage and often allows product to be available sooner, with longer shelf life. Sysco utilizes numerous transportation modes: truckload, less than truckload, intermodal, and rail. Our choice depends on time constraints, packaging requirements, distance and, for temperature-controlled products, and weather conditions.

In Fiscal Year 2018, we adopted new measures to find network opportunities across companies that link both inbound and outbound distribution to increase efficiency. These include an advanced visibility platform that allows for greater efficiency and productivity, controlling cost and service across the enterprise. Our “Destination of Choice” program is geared to reduce driver wait time and keep product and drivers moving quickly. This is an especially important initiative in light of the current shortage of drivers impacting our industry – a condition we expect to continue for several years. Destination of Choice is designed to improve our strategic relationships with carrier and supplier partners and reduce shared energy consumption, all while improving service to our customers.
THE INTERMODAL ADVANTAGE
Because of intermodal shipping's inherent environmental and cost advantages, Sysco remains an industry leader in utilizing this shipping platform for foodservice distribution. In Fiscal Year 2018, we moved approximately 1,600 rail boxcars within our North American distribution network and shipped more than 19,000 intermodal loads. Utilizing rail and intermodal transportation has allowed Sysco to avoid the use of 5.4 million gallons of fuel and 121 million pounds of carbon emissions. We continually review opportunities to shift transportation modes, moving over-the-road trucks to railroad or intermodal whenever possible.

Sysco continues to increase the use of SmartWay-certified providers. SmartWay is the Environmental Protection Agency program that reduces transportation-related emissions by creating incentives to improve supply chain fuel efficiency for all parties engaged in the movement of goods.

FULLER TRUCKS, BETTER PERFORMANCE
One of our most important efficiency measures is also the simplest: completely fill every trailer whenever possible. This reduces the total number of loads each year to improve efficiency across our supply chain and reduce emissions. In Fiscal Year 2018, our truckload fill rates, a measure of how full inbound trailers are, continued to increase. Contributing to this improved performance are automated tools, review of packing opportunities, pallet utilization, and lighter trailers to increase weight and cube whenever feasible. Our approach prioritizes backhauls recovered on our own equipment, consolidation of regional supplier shipments, and co-loading shipments across our operating companies from single and multiple suppliers. Benefits include more efficient unloading and decreased congestion at our operating companies' facilities.

SYSCO’S ENERGY MANAGEMENT PROGRAM: THE CENTERPIECE OF ENHANCED EFFICIENCY
With more than 300 facilities across the Sysco enterprise, deploying technology and best practices at our locations is crucial to reaching our energy intensity reduction goal. Sysco’s efficiency improvements began in 2006, when we launched an Energy Management (EM) program in partnership with Cascade Energy focused on optimizing electrical energy usage at the Sysco Broadline, SYGMA, and redistribution facilities that lie at the heart of our operations. Our EM program focuses on implementing more efficient processes as well as equipment upgrades. In Fiscal Year 2018, we began to add several of Sysco’s specialty facilities to the energy efficiency platform, and at fiscal year-end 124 facilities were included in the EM program. It’s an initiative that will continue to expand: by the end of Fiscal Year 2021, we expect 143 facilities to be enrolled.

We calculate that our EM program has increased energy efficiency 12.1 percent across participating locations since 2014. In Fiscal Year 2018, we identified nearly 600 emissions-reduction improvements at 23 facilities, representing nearly
$700,000 in energy savings annually. Since the inception of our EM program, we calculate that we have avoided $270 million in costs over a 12-year period.

We are proud of the progress we’ve made and ready to continue saving energy. In Fiscal Year 2018, we entered into a new three-year year contract with Cascade focusing on maintaining our savings and driving continued improvement. Our goal is to further reduce the energy intensity of locations in the program by 1.6 percent by the end of Fiscal Year 2021. Key aspects for the new contract period include:

» Completing 53 on-site facility commissioning events by the end of Fiscal Year 2021 designed to identify savings and training opportunities. Each commissioning event is a chance to alter our energy usage paradigm. An example: Prior to its commissioning event, one facility had been trending a 5 percent increase in energy consumption above the prior year. After the event, it achieved energy savings of more than 10 percent.

» Creating Sysco-specific energy efficiency training events and certification exams for facility personnel that focus on refrigeration and warehouse efficiency best practices. Our associates play a big role in reaching our efficiency objectives, and ensuring they have the necessary skills and knowledge contributes to the effectiveness of the EM program. Day-long training sessions will be held annually and will benefit new facility managers, regional maintenance directors, and new or future energy champions. The energy champions are associates designated at each facility to advocate for and support increased engagement with our energy conservation goals.

LOOKING TO LEDS
Our facilities are often expansive, and our energy efficiency initiatives encompass lighting improvements at these large locations. Beginning in Fiscal Year 2016, we identified substantial energy and cost savings opportunities from installing LED lighting in all our warehouse freezers, coolers, and cold docks. By Fiscal Year-end 2018, we had performed LED installation at 19 operating locations. Our plan is to complete installation of LED lighting at all operating locations by the end of Fiscal Year 2023.

EXPANDING OUR COMMITMENT TO RENEWABLES
Sysco is building on our previous success in accessing energy from renewable sources, specifically solar, with a new and expanded commitment to renewables. We evaluated multiple renewable options in developing a plan to meet our goal of having 20 percent of Sysco’s global electrical energy consumption generated by renewable sources by 2025. In June 2018, we announced a 10-year renewable energy agreement with a subsidiary of NRG Energy. The agreement calls for construction of three new solar garden sites in the Houston and Dallas, Texas, areas. It’s a project that will support approximately 10 percent of Sysco’s total energy usage. Collectively, the three solar gardens will reduce emissions by 37,000 tons of CO2 annually, the equivalent of removing 7,000 cars from the road.

We expect to achieve the balance of the 20 percent renewable goal through a mix of additional offsite power purchase agreements that may incorporate a mix of renewable energy sources and wholly owned, on-premise solar installations.
Each day Sysco receives millions of pounds of food and product at our warehouses globally. We have designed a program of material handling that is “recycling-led” – meaning we consider recycling options first before discarding materials into landfills or incinerators. We see a host of benefits from this approach – lower disposal costs, increased recycling revenues, and conservation of natural resources, while also reducing our carbon footprint. Launched in Fiscal Year 2014, Sysco’s recycling program is comprehensive, and we are pursuing the ample opportunities to expand the scope of this initiative as we continue on course toward reaching our new public goal. We also are focused on ways to reduce food waste, ensuring more product makes its way to consumers and less is thrown away.

Our current rate of waste diversion stands at 65 percent. We are implementing the process changes and associate communication and engagement initiatives required to get to 90 percent diversion. Our recycling program has three priority action items to drive improved performance:

- Better separation at the source of recycling grades;
- Dual-stream recycling (paper separate from glass/metal/plastic) to a Material Recovery Facility (MRF); and
- Seek the highest end-use and avoid “downcycling.”

At each of our facilities, Sysco has implemented “Green Teams” who work to drive the success of our recycling program by ensuring that standard operating procedures are implemented across the organization. To date we have implemented our recycling-led program at all Sysco Broadline, SYGMA, FreshPoint, Specialty Meat & Seafood, and Canadian operations where applicable and anticipate 100 percent rollout at facilities in 2019. We are now ramping up our internal communication efforts, requiring all relevant associates, including new hires, to undergo training on standard recycling procedures as outlined in our recycling guide and video.
Our recycling program continues to gain traction, as evidenced by results from numerous Sysco facilities. Sysco’s Eastern Maryland Operating Company increased recycling revenues by 155 percent and decreased solid waste costs by 12 percent. Sysco Atlanta has raised recycling tonnage more than three-fold, while Sysco Boston increased recycling revenues by one-third and tonnage by 74 percent. The cumulative benefits of the recycling initiative are already considerable, including more than 40,000 tons of waste recycled to date, 520,236 trees saved, an annual reduction in disposal costs of $850,000, and $1.4 million generated in annual recycling revenues.

LESS WASTE, MORE NOURISHMENT
Ensuring that more food that is harvested, processed, and shipped gets to consumers’ plates, rather than becoming part of the waste stream is another component of Sysco’s waste-reduction strategy. To advance against that objective, FreshPoint, a Sysco company, introduced the Unusual But Usable (UBU) program. FreshPoint partners with produce growers to take “ugly” or “imperfect” produce that might otherwise go to waste and identifies customers interested in utilizing the product. Since foodservice personnel often chop or slice produce like peppers, carrots, or whole tomatoes as part of a recipe, taking advantage of the UBU program is a great way to reduce costs and food waste often caused by cosmetic imperfections. The UBU program not only reduces organic waste, but also ensures that the inputs used to grow the produce, such as water, fertilizer, and energy resources, are not wasted either. FreshPoint Quality Assurance applies its same high standards for the UBU Fruits and Veggies program.

We're also strengthening our efforts to divert food waste from landfill. When appropriate, excess food is donated to local nonprofits in support of our philanthropic objectives. Food waste is also redirected through agricultural feed or composting programs. Several Sysco sites have built relationships with local farmers who pick up excess food, which is then repurposed as animal feed. FreshPoint has been a leader in deploying composting technology and partnerships. Four FreshPoint facilities have installed advanced aerobic digestion technology that uses a blend of microorganisms to naturally break down food waste into liquid form so it can be safely discharged as wastewater, thereby diverting it from landfill. Going forward, we plan to expand deployment of these systems to additional FreshPoint sites. In addition to on-site composting technology, several FreshPoint locations have established relationships with local composting partners that recycle the scrap offsite.

REDUCING OFFICE IMPACTS
Although the environmental footprint of our corporate offices is much smaller than that of our vast fleet of vehicles and warehouses, we work to reduce environmental impacts from our corporate offices wherever possible, including energy use, water, and waste.

Sysco’s Houston headquarters is LEED Certified Gold by the U.S. Green Building Council for its environmental performance. Features include the use of natural light, high-efficiency glass to prevent heat loss and gain, low-energy lighting, more efficient ventilation systems, and a heat reflective roof. Water conservation is achieved through features such as water-saving fixtures in bathrooms and the use of native plants in the landscaping to reduce the need for irrigation. Office waste, including paper, cardboard, aluminum, and plastic, is collected and recycled. Similar efficiency measures, including computer-controlled air chillers, a heat reflective roof, and automatic lighting sensors, have been installed at our Sysco Business Services (SBS) facility in Cypress, Texas.

WATER: INCREASING CONSERVATION
Although Sysco is not an intensive water user, water is required in our refrigeration systems, for washing vehicles and landscaping. We have identified and implemented water-saving opportunities including recycling water from vehicle washing stations and using rainwater for landscaping at our offices. Sysco’s largest water usage is from condensers in refrigeration. We have installed technology to capture and recycle condensation from cooling processes. These systems can conserve and recycle a significant volume of water, and we are evaluating more widespread application of these systems across our operations.
appendix
### CSR Scorecard

<table>
<thead>
<tr>
<th>Impact Area</th>
<th>Fiscal Year 2025 Goals</th>
<th>Fiscal Year 2018 Baseline</th>
<th>Fiscal Year 2019 Plans/Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHARITABLE GIVING</td>
<td>Donate 200 million meals</td>
<td>6.3 million meals</td>
<td>Improve donation process and tracking across U.S. Broadline and FreshPoint operations</td>
</tr>
<tr>
<td></td>
<td>Contribute $50 million</td>
<td>$4.7 million</td>
<td>Enhance Nourishing Neighbors program across U.S. operations</td>
</tr>
<tr>
<td>DIVERSITY &amp; INCLUSION</td>
<td>Increase U.S. associate ethnic and gender diversity to 62%</td>
<td>54.8%</td>
<td>Expand Diversity &amp; Inclusion (D&amp;I) mentorship toolkits and inclusive leadership training program; require leaders to have D&amp;I performance management goal</td>
</tr>
<tr>
<td></td>
<td>Increase spend 25% with minority- and women-owned enterprises (MWBE) suppliers</td>
<td>$750 million</td>
<td>Identify MWBE suppliers with opportunities to grow spend</td>
</tr>
<tr>
<td>HEALTH &amp; WELL-BEING</td>
<td>Double associate participation in health and well-being programs</td>
<td>21%</td>
<td>Expand health and well-being program offerings</td>
</tr>
<tr>
<td></td>
<td>Expand portfolio of products with health and wellness benefits</td>
<td>TBD</td>
<td>Endorse new and existing items with health and wellness benefits</td>
</tr>
<tr>
<td>ANIMAL WELFARE</td>
<td>100% Sysco Brand supplier compliance with Animal Welfare Policy</td>
<td>TBD</td>
<td>Reengineer External Animal Welfare Advisory Council; Evaluate and define scope of proteins covered by policy</td>
</tr>
<tr>
<td>HUMAN RIGHTS</td>
<td>100% first-tier, high-risk supplier compliance</td>
<td>TBD</td>
<td>Assess first-tier, high-risk suppliers</td>
</tr>
<tr>
<td>RESPONSIBLE SOURCING</td>
<td>Five commodities identified and commitments met</td>
<td>TBD</td>
<td>Evaluate impacts and opportunities for current commodities</td>
</tr>
<tr>
<td>SUSTAINABLE AGRICULTURE</td>
<td>Double availability of organic produce</td>
<td>38 items</td>
<td>Launch new organic produce offerings under the Sysco Natural Organics Brand</td>
</tr>
<tr>
<td></td>
<td>Five fresh crops in the sustainable agriculture program</td>
<td>TBD</td>
<td>Evaluate impacts and opportunities for several fresh crops</td>
</tr>
<tr>
<td>ENERGY</td>
<td>Source 20% of electricity from renewable sources</td>
<td>1%</td>
<td>Transition to solar energy for a majority of our Texas facilities in January 2019; implement two on-site solar projects at Sysco facilities per year</td>
</tr>
<tr>
<td></td>
<td>Power 20% of tractor fleet with alternative fuels</td>
<td>0%</td>
<td>Explore partnership opportunities with alternative vehicle manufacturers</td>
</tr>
<tr>
<td>WASTE</td>
<td>Divert 90% solid and food waste from landfill</td>
<td>65%</td>
<td>Consolidate and streamline waste programs</td>
</tr>
</tbody>
</table>
ABOUT THIS REPORT

Information in this report primarily reflects the corporate social responsibility performance of Sysco Corporation in the United States and Canada during Fiscal Year 2018, ending June 30, 2018, unless stated otherwise. In preparing report content, Sysco consulted the GRI Standards reporting framework to serve as a guide, but this report is not published in full or complete accordance with The Standards. A GRI index may be found on page 76 in the Appendix. Changes from our previous report, issued subsequent to Fiscal Year 2016, include the identification of 10 material topics, which are the result of a new materiality assessment and extensive stakeholder engagement as described on pages 13-16. For more information about Sysco’s carbon footprint and water use, please see our 2017 CDP Climate and Water responses. In addition, please see our annual report and SEC filings for more information on Sysco’s operations and business performance. Going forward, we expect subsequent corporate social responsibility reports to be issued annually, upon the completion of each Fiscal Year. We value feedback from all our stakeholders. For questions or comments concerning this report please contact the Sysco Corporate Social Responsibility Team at csr@corp.sysco.com.

ABOUT OUR BUSINESS

Sysco Corporation, acting through its subsidiaries and divisions, is the largest global distributor of food and related products primarily to the foodservice or food-away-from-home industry. We provide products and related services to over 600,000 customer locations, including restaurants, health care and educational facilities, lodging establishments, and other foodservice customers. Since our founding in 1969, Sysco has grown from $115 million to $58.7 billion in annual sales, both through internal expansion of existing operations and through acquisitions. Our company is organized under the laws of Delaware. The address of our executive offices is 1390 Enclave Parkway, Houston, Texas 77077-2099.

Reporting Segments

Sysco distributes food and related products to restaurants, health care and educational facilities, lodging establishments, and other foodservice customers. Our primary operations are located in North America and Europe. Globally, we operate 332 distribution facilities in 13 countries: the U.S., Canada, Mexico, Costa Rica, Panama, Bahamas, U.K., France, Sweden, Spain, Belgium, Luxembourg, and Ireland.

Our primary business is organized into four reporting segments:

» U.S. Foodservice Operations – primarily includes U.S. Broadline operations, which distribute a full line of food products, including custom-cut meat, seafood, specialty produce, specialty imports, and a wide variety of non-food products. Broadline operating companies distribute a complete selection of food products and a wide variety of non-food products to both traditional and chain restaurant customers, hospitals, schools, hotels, industrial caterers, and other venues where foodservice products are served.

» International Foodservice Operations – includes operations in the Americas and Europe, which distribute a full line of food products and a wide variety of non-food products. The Americas primarily consists of operations in Canada, Bahamas, Mexico, Costa Rica, and Panama, as well as our operations that distribute to international customers. Our European operations primarily consist of operations in the United Kingdom (U.K.), France, Ireland, and Sweden.

» SYGMA – our U.S. customized distribution subsidiary. SYGMA operating companies distribute a full line of food products and a wide variety of non-food products to certain chain restaurant customer locations.

» Other – primarily our hotel supply operations and Sysco Labs, which includes our suite of technology solutions that help support the business needs of our customers and provide support for some of our business technology needs.

Customers and Products

Sysco’s customers in the foodservice industry include restaurants, hospitals and nursing homes, schools and colleges, hotels and motels, industrial caterers, and other similar venues where foodservice products are served. Services to our customers are supported by similar physical facilities, vehicles, material handling equipment and techniques, and administrative and operating staffs.
The products we distribute include:

» a full line of frozen foods, such as meats, seafood, fully prepared entrées, fruits, vegetables, and desserts;
» full line of canned and dry foods;
» fresh meats and seafood;
» dairy products;
» beverage products;
» imported specialties; and
» fresh produce.

We also supply a wide variety of non-food items, including:

» paper products such as disposable napkins, plates, and cups;
» tableware such as china and silverware;
» cookware such as pots, pans, and utensils;
» restaurant and kitchen equipment and supplies; and
» cleaning supplies.

Our distribution centers, which we refer to as operating companies, distribute branded merchandise, as well as products packaged under our private brands which we call Sysco Brand. Products packaged under Sysco Brand have been manufactured for Sysco according to specifications that have been developed by our QA team. In addition, the QA team certifies the manufacturing and processing plants where these products are packaged, enforces our quality control standards, and identifies supply sources that satisfy our requirements.

Our operating companies offer daily delivery to certain customer locations and have the capability of delivering special orders on short notice. Through the sales and marketing representatives and support staff of Sysco and our operating companies, we stay informed of the needs of our customers and acquaint them with new products and services. Our operating companies also provide ancillary services relating to foodservice distribution, such as providing customers with product usage reports and other data, menu-planning advice, and food safety training.

Product Sourcing
We purchase from thousands of suppliers, both domestic and international, none of which individually accounts for more than 10 percent of our purchases. These suppliers consist generally of large corporations selling brand name and private label merchandise, as well as independent regional brand and private label processors and packers. We also provide specialty and seasonal products from small to mid-sized producers to meet a growing demand for locally sourced products. Our locally sourced products, including produce, meats, cheese, and other products, help differentiate our customers’ offerings, satisfy demands for new products and support local communities.

Purchasing is generally carried out through both centrally developed purchasing programs, domestically and internationally, and direct purchasing programs established by our various operating companies. We administer a consolidated product procurement program designed to develop, obtain, and ensure consistent quality food and non-food products. The program covers the purchasing and marketing of branded merchandise, as well as products from a number of national brand suppliers, encompassing substantially all product lines. Some of our products are purchased internationally within global procurement centers in order to build strategic relationships with international suppliers and to optimize our supply chain network. In Fiscal Year 2018 there were the following changes to the Company’s size, structure, ownership, and supply chain: In February 2019 Sysco acquired Doerle Food Services, a leading Louisiana broadline distributor with approximately $250 million in annual foodservice distribution sales. In January 2019, Sysco added to our portfolio of UK businesses with the acquisition of Kent Frozen Foods. In October 2017 Sysco acquired HFM FoodService, a Hawaii-based broadline foodservice distributor with approximately $290 million in annual sales.

Associates
As of June 30, 2018, Sysco employed approximately 67,000 associates. Of that total, approximately 99 percent are permanent, full-time associates and 1 percent are part-time. Approximately 24 percent of our workforce is represented by unions, primarily the International Brotherhood of Teamsters and unions in France and Sweden. Contract negotiations are handled by each individual operating company. No significant portions of our activities are performed by non-employees.
Identifying and Managing Risk

Although Sysco does not apply the Precautionary Principle or approach, the Company does have in place a robust and comprehensive risk management process. Identifying, assessing, and developing mitigation strategies for potential risks to our business is an important responsibility of our senior executive leadership. Those actions are also subject to regular review and oversight by our Board of Directors.

BOARD COMPOSITION AND RESPONSIBILITIES

Board Composition

The primary functions of the Sysco Board of Directors are to review and assess the performance of the company and its plans and prospects, as well as the immediate issues it faces.

The Board met nine times in Fiscal Year 2018, including four regular meetings and five special meetings. At the end of Fiscal Year 2018, the Board consisted of 14 members. In accordance with the listing standards of the New York Stock Exchange (NYSE), at least two-thirds of the members of Sysco's Board of Directors are independent directors. During Fiscal Year 2018, 13 of the 14 directors were independent; three directors were female, 11 were male; and two directors were of a minority background.

In July 2016, our Board established our director tenure policy, which provides that no individual who, as of the date of the election to which any nomination relates, will have served as a non-employee director for 15 years will be eligible to be nominated for election or re-election to the Board. This tenure limitation is subject to a two-year transition period that expires immediately following the Annual Meeting on November 16, 2018, during which only those two non-employee directors with the longest tenure will be ineligible for re-election in connection with any particular election of directors. In that case, the ineligibility of any other impacted non-employee directors will be deferred until the next annual meeting of stockholders. This transition period is intended to ensure an orderly transition as our longest-tenured directors retire from the Board. Since the adoption of our Board refreshment plan in 2016, the Board expanded the size of the Board and elected a total of five new independent directors – three in Fiscal Year 2017 and two in Fiscal Year 2018.

As of June 30, 2018, Jackie M. Ward is chairman of the Sysco Board of Directors. Ms. Ward, a Sysco director since September 2001, was previously the Board’s lead director, chaired the Corporate Governance and Nominating Committee, and served on the Compensation Committee and the Executive Committee. In accordance with our director tenure policy described above, Ms. Ward and one of our other incumbent non-employee directors are not standing for re-election as members of the Board at the Annual Meeting and will retire from the Board at that time. As a result, the number of directors constituting the Board will be reduced from 14 to 12, effective upon the election of the directors at the Annual Meeting. Ms. Ward will continue to serve as Chairman of the Board and as a member of the Board until the adjournment of the Annual Meeting. Tom Bené, Sysco’s president and chief executive officer, has been elected chairman of the board, effective upon Ward’s retirement.

Board Committees and Their Role

The Board maintains five committees: Audit, Compensation, Corporate Governance and Nominating, Corporate Social Responsibility, and Executive. Each committee acts under a charter that sets forth its goals, membership qualifications, procedures, and duties.

Interested parties may communicate with the members of the Board of Directors as a group or individually by confidential web submission or by mail.

The Corporate Social Responsibility Committee reviews and assesses Sysco’s corporate responsibility and sustainability activities against the company’s policies and its commitment to operate as a socially responsible business. The Committee ensures that stakeholder concerns about environmental, social, and governance issues are considered with identified priorities.

Additional information on our corporate governance can be found on our investor relations website.
Executive Compensation

The Compensation Committee of the Board of Directors is responsible for Sysco's executive compensation policies. This Committee's primary responsibility is to establish compensation policies that effectively attract, retain, and incentivize executive officers. The Committee's responsibilities are as follows:

» Establishes and approves all compensation of the CEO and the other senior officers, including the named executive officers;

» Responsible for the appointment, compensation, and oversight of the work of each of the Committee's compensation consultants, counsel, or other advisers;

» Oversees the administration of Sysco's qualified and nonqualified benefit plans, incentive compensation plans, equity-based plans, and Sysco's group benefit medical plan;

» Appropriately delegates and oversees compensation and granting authority, except for decisions that impact the compensation of Sysco's CEO and executive officers;

» Oversees administrative committees or individuals delegated oversight of employee and executive benefit plans;

» Amends, establishes, or terminates any benefit plan that is maintained primarily for the benefit of Sysco's senior officers; and

» Resolves claims under any benefit plan with respect to any senior officer.

ETHICS AND COMPLIANCE

Sysco's commitment to ethical conduct, honesty, integrity, and fairness in all business affairs is the cornerstone of who we are and what we believe as an organization. Our ethics and compliance program is overseen by the Ethics & Compliance Office, which engages with and educates Sysco associates, and others who conduct business on our behalf, about the legal requirements and behaviors we expect. Meeting these expectations is essential in order to achieve our Vision of being our customers' most valued and trusted business partner. Our commitment to ethical and compliant behavior is expressed in several ways, including our Global Code of Conduct (COC). The COC sets clear expectations for our associates to deliver excellence with integrity, to be accountable for their actions, and to report actual or suspected violations. It applies to all associates in every operating company, subsidiary, division, and all affiliated companies, as well as our Board of Directors when they act in their respective capacities as Sysco directors. In addition, we expect our contractors and their employees to perform in a way that is consistent with the COC; we take appropriate actions where we believe they have not met our expectations or their contractual obligations. Another important component of our ethics and compliance program is a separate, rigorous code of conduct for our suppliers (Supplier COC).

Major features of our ethics and compliance program include:

» Oversight by our Board of Directors through its Corporate Governance and Nominating Committee;

» Written policies and supporting documentation such as the COC and other corporate compliance policies;

» Annual training and education on our ethics and compliance program, its requirements, and how to apply the COC’s principles. Targeted antitrust and anticorruption training is provided to associates whose job responsibilities may be impacted by related regulations;

» A confidential helpline, Ethics Line, through which anyone, internal or external to Sysco, can report suspected or actual misconduct without fear of retaliation. Callers may remain anonymous unless they are from countries where anonymity is discouraged or not permitted by law;

» Routine monitoring of our compliance risks through processes embedded in our operations and audits using a unified approach across our business operations;

» Timely and appropriate investigations into reported concerns and potential compliance violations;

» Reviews by Sysco's Internal Audit Department. These measures include confirming that associates have received the COC and conducting ethics training for new hires and annual training for incumbent associates.

A Vital Tool: Our Supplier Code of Conduct

We explicitly require that our suppliers adhere to all applicable laws and regulations to provide a fundamental level of human rights for workers within their own supply chains.

As a condition of doing business with Sysco, suppliers are advised they may be audited on the Supplier COC by Sysco or independent agencies at any time, with or without advance notice. Suppliers must allow unrestricted access to facilities and relevant records for the purpose of monitoring compliance with the Supplier COC.
If a supplier violates the Supplier COC, either generally or with respect to a particular supplier facility, we may either terminate its business relationship with Sysco or require the affected facility to implement a corrective action plan.

**Reporting Concerns**

We encourage associates and third parties to promptly report concerns to us about suspected unethical behavior. We offer several options to foster transparent communication:

» **The Ethics Line Reporting System**: Partnering with a third-party vendor, Sysco utilizes the Ethics Line as a formal, confidential reporting channel for associates and members of the public. The system includes online web reporting and a global, 24-hour, toll-free hotline with translators available. The Ethics Line is our primary formal mechanism for reporting ethical concerns. Its case management system is used to track and document all reports, whether or not the case is initiated via the Ethics Line.

» **Sysco Speaks**: This annual engagement survey includes opportunities for associates to communicate whether they feel comfortable reporting unethical practices without fear of retaliation, and whether they believe senior leadership would act on reports of violations.

» **Corporate Governance**: Associates, investors, and the public may contact the Sysco Board of Directors with any concerns about observed or potential unethical conduct. Concerns may be communicated via mail in care of the Office of the Corporate Secretary or the Audit Committee of the Board and by phone or web messages through the Ethics Line.

**GOVERNMENT RELATIONS AND PUBLIC POLICY**

Sysco's public policy activity touches on a number of issues, and some are material from a CSR perspective. They include food safety, animal welfare, nutrition, product labeling, labor rights, taxes, trade, workers’ compensation, occupational safety, and transportation.

To help achieve business, legislative, and regulatory goals on these issues, we maintain memberships in various industry trade associations, including the International Foodservice Distributors Association (IFDA), American Trucking Associations (ATA), and the National Restaurant Association (NRA). Sysco is a member of the IFDA Board of Directors, chairs the IFDA Government Relations Committee, and participates in meetings of the Food Safety Committee, among other panels. We take an independent approach to public policy issues to complement our participation in IFDA, ATA, and NRA. Sysco also participates in several coalitions and state trade associations where our business interests are aligned.

Sysco's government relations program:

» Monitors and engages on legislative and regulatory actions on matters important to our company, stockholders, and employees;

» Increases awareness among federal, state, and local policymakers of Sysco, our business footprint and our economic impact;

» Broadens awareness of our company and our perspectives among federal policymakers by interacting with congressional committees and congressional staff, as well as administration staff as necessary;

» Positions Sysco as an effective and trusted resource in areas such as food safety, labor, nutrition, tax, transportation, and quality assurance.

**Political Contributions**

Federal law prohibits corporate contributions to any candidate for U.S. federal office or to any political candidate, party, or campaign in connection with any election for U.S. federal office. As a result, Sysco established the Sysco Corporation Good Government Committee, Inc. (Sysco Political Action Committee) to allow eligible associates to become engaged in the political process. Sysco PAC is governed by a separate board of directors and makes contributions to federal and state candidates in accordance with election laws and regulations.

Only in limited circumstances is Sysco politically active at the state and local levels of government where we have, on occasion, weighed in on certain legislative and policy matters. The limits on our involvement stem from our Code of Conduct, which prohibits state and local political contributions without the prior consent of Sysco's General Counsel.
### GRI Standards

<table>
<thead>
<tr>
<th>Disclosure Number</th>
<th>Disclosure Title</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-1</td>
<td>Name of the organization</td>
<td>Sysco Corporation</td>
</tr>
<tr>
<td>102-2</td>
<td>Activities, brands, products, and services</td>
<td>About Sysco; Appendix; 2018 10-K, pgs. 1-3</td>
</tr>
<tr>
<td>102-3</td>
<td>Location of headquarters</td>
<td>Houston, Texas</td>
</tr>
<tr>
<td>102-4</td>
<td>Location of operations</td>
<td>About Sysco; Appendix; 2018 10-K, pgs. 1-3</td>
</tr>
<tr>
<td>102-5</td>
<td>Ownership and legal form</td>
<td>2018 10-K, pg. 1</td>
</tr>
<tr>
<td>102-6</td>
<td>Markets served</td>
<td>About Sysco; Appendix; 2018 10-K, pgs. 1-3</td>
</tr>
<tr>
<td>102-7</td>
<td>Scale of the organization</td>
<td>2018 10-K, pgs. 1-4</td>
</tr>
<tr>
<td>102-8</td>
<td>Information on employees and other workers</td>
<td>Our People; 2018 10-K, pg. 4</td>
</tr>
<tr>
<td>102-9</td>
<td>Supply chain</td>
<td>Products; 2018 10-K, pg. 3</td>
</tr>
<tr>
<td>102-10</td>
<td>Significant changes to the organization and its supply chain</td>
<td>Appendix</td>
</tr>
<tr>
<td>102-11</td>
<td>Precautionary Principle or approach</td>
<td>Appendix</td>
</tr>
<tr>
<td>102-12</td>
<td>External initiatives</td>
<td>Sysco is not currently involved in any external initiatives defined by GRI 102-12.</td>
</tr>
<tr>
<td>102-13</td>
<td>Membership of associations</td>
<td>Appendix</td>
</tr>
<tr>
<td>102-14</td>
<td>Statement from senior decision-maker</td>
<td>Leadership Message</td>
</tr>
<tr>
<td>102-15</td>
<td>Key impacts, risks, and opportunities</td>
<td>2018 10-K, pgs. 6-13</td>
</tr>
<tr>
<td>102-16</td>
<td>Values, principles, standards, and norms of behavior</td>
<td>Appendix</td>
</tr>
<tr>
<td>102-18</td>
<td>Governance structure</td>
<td>Investor Relations website; 2018 Proxy, pgs. 7-8, 17-18</td>
</tr>
<tr>
<td>102-40</td>
<td>List of stakeholder groups</td>
<td>Our Perspective – Identifying &amp; Engaging Stakeholders</td>
</tr>
<tr>
<td>102-41</td>
<td>Collective bargaining agreements</td>
<td>2018 10-K, pgs. 4 &amp; 13</td>
</tr>
<tr>
<td>102-42</td>
<td>Identifying and selecting stakeholders</td>
<td>Our Perspective – Defining Our Opportunities</td>
</tr>
<tr>
<td>Disclosure Number</td>
<td>Disclosure Title</td>
<td>Response</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>102-43</td>
<td>Approach to stakeholder engagement</td>
<td>Our Perspective – Defining Our Opportunities</td>
</tr>
<tr>
<td>102-44</td>
<td>Key topics and concerns raised</td>
<td>Our Perspective – Identifying &amp; Engaging Stakeholders, The Big Issues</td>
</tr>
</tbody>
</table>

**Reporting Practice**

<table>
<thead>
<tr>
<th>Disclosure Number</th>
<th>Disclosure Title</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-45</td>
<td>Entities included in the consolidated financial statements</td>
<td>2018 10-K, pg. 1</td>
</tr>
<tr>
<td>102-46</td>
<td>Defining report content and topic Boundaries</td>
<td>The boundary of this report includes North America (Canada and the U.S.) unless otherwise noted.</td>
</tr>
<tr>
<td>102-47</td>
<td>List of material topics</td>
<td>Our Perspective – The Big Issues</td>
</tr>
<tr>
<td>102-48</td>
<td>Restatements of information</td>
<td>There were no restatements of information in our 2018 report.</td>
</tr>
<tr>
<td>102-49</td>
<td>Changes in reporting</td>
<td>About This Report; Our Perspective – Defining Opportunities</td>
</tr>
<tr>
<td>102-50</td>
<td>Reporting period</td>
<td>About This Report</td>
</tr>
<tr>
<td>102-51</td>
<td>Date of most recent report</td>
<td>About This Report</td>
</tr>
<tr>
<td>102-52</td>
<td>Reporting cycle</td>
<td>About This Report</td>
</tr>
<tr>
<td>102-53</td>
<td>Contact point for questions regarding the report</td>
<td>Contact the Corporate Social Responsibility team at <a href="mailto:csr@corp.sysco.com">csr@corp.sysco.com</a></td>
</tr>
<tr>
<td>102-54</td>
<td>Claims of reporting in accordance with the GRI Standards</td>
<td>About This Report</td>
</tr>
<tr>
<td>102-55</td>
<td>GRI content index</td>
<td>About This Report</td>
</tr>
<tr>
<td>102-56</td>
<td>External assurance</td>
<td>Sysco’s financial data provided from the Company’s Annual Report and Form 10-K are independently assured by Ernst &amp; Young. Sysco has also secured assurance on certain environmental data including GHG Inventory and Environmental Performance Indicators from Lloyd’s Register (LRQA).</td>
</tr>
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</table>

**GRI 200: Economic**

**RI 203: Indirect Economic Impacts**

<table>
<thead>
<tr>
<th>Disclosure Number</th>
<th>Disclosure Title</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>People – Overview, Philanthropy &amp; Community</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>People – Overview, Philanthropy &amp; Community</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>People – Overview, Philanthropy &amp; Community</td>
</tr>
<tr>
<td>203-1</td>
<td>Infrastructure investments and services supported</td>
<td>People – Overview, Philanthropy &amp; Community</td>
</tr>
</tbody>
</table>

**GRI 204: Procurement Practices**

<table>
<thead>
<tr>
<th>Disclosure Number</th>
<th>Disclosure Title</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>Products</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Products</td>
</tr>
<tr>
<td>Disclosure Number</td>
<td>Disclosure Title</td>
<td>Response</td>
</tr>
<tr>
<td>-------------------</td>
<td>------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Products</td>
</tr>
<tr>
<td>204-1</td>
<td>Proportion of spending on local suppliers</td>
<td>We purchase from thousands of suppliers, both domestic and international, none of which individually accounts for more than 10 percent of our purchases. Although we do not disclose the percentage of our supplier spend made with local suppliers, the proportion of these purchases of total expenditures is substantial. There is increasing customer demand for locally-sourced products, and we address that demand through our purchases of produce, meat, cheese, specialty and seasonal items from a large number of small and mid-sized local producers.</td>
</tr>
</tbody>
</table>

**GRI 300: Environmental**

**GRI 302: Energy**

| 103-1             | Explanation of the material topic and its Boundary      | Planet – Energy                                                                                     |
| 103-2             | The management approach and its components            | Planet – Energy                                                                                     |
| 103-3             | Evaluation of the management approach                 | Planet – Energy                                                                                     |
| 302-1             | Energy consumption within the organization            | CDP – Climate Change                                                                               |

**GRI 305: Emissions**

| 103-1             | Explanation of the material topic and its Boundary      | Planet – Energy                                                                                     |
| 103-2             | The management approach and its components            | Planet – Energy                                                                                     |
| 103-3             | Evaluation of the management approach                 | Planet – Energy                                                                                     |
| 305-5             | Reduction of GHG emissions                            | CDP – Climate Change                                                                               |

**GRI 306: Effluents and Waste**

| 103-1             | Explanation of the material topic and its Boundary      | Planet – Waste & Recycling                                                                         |
| 103-2             | The management approach and its components            | Planet – Waste & Recycling                                                                         |
| 103-3             | Evaluation of the management approach                 | Planet – Waste & Recycling                                                                         |
| 306-1             | Water discharge by quality and destination            | CDP – Water                                                                                         |

**GRI 308: Supplier Environmental Assessment**

<p>| 103-1             | Explanation of the material topic and its Boundary      | Products                                                                                           |</p>
<table>
<thead>
<tr>
<th>Disclosure Number</th>
<th>Disclosure Title</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Products</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Products</td>
</tr>
<tr>
<td>308-1</td>
<td>New suppliers that were screened using environmental criteria</td>
<td>Sysco requires each of its suppliers, and each of their subcontractors and supply chain providers that ultimately supply goods and services to Sysco to comply with our Supplier Code of Conduct.</td>
</tr>
</tbody>
</table>

**GRI 400: Social**

**GRI 401: Employment**

<table>
<thead>
<tr>
<th>Disclosure Number</th>
<th>Disclosure Title</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>People – Overview</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>People – Overview</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>People – Overview</td>
</tr>
<tr>
<td>401-2</td>
<td>Benefits provided to full-time employees that are not provided to temporary or part-time employees</td>
<td>People – Total Rewards; Delivering Good Benefits Benefits are provided to employees who work 30+ hours per week.</td>
</tr>
</tbody>
</table>

**GRI 403: Occupational Health and Safety**

<table>
<thead>
<tr>
<th>Disclosure Number</th>
<th>Disclosure Title</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>People – Associate Health &amp; Well-being, Safety &amp; Risk Management</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>People – Associate Health &amp; Well-being, Safety &amp; Risk Management</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>People – Associate Health &amp; Well-being, Safety &amp; Risk Management</td>
</tr>
<tr>
<td>403-2</td>
<td>Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities</td>
<td>Sysco monitors this information but does not publicly report it at this time.</td>
</tr>
</tbody>
</table>

**GRI 404: Training and Education**

<table>
<thead>
<tr>
<th>Disclosure Number</th>
<th>Disclosure Title</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>People – Learning &amp; Development</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>People – Learning &amp; Development</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>People – Learning &amp; Development</td>
</tr>
<tr>
<td>404-2</td>
<td>Programs for upgrading employee skills and transition assistance programs</td>
<td>People – Learning &amp; Development</td>
</tr>
</tbody>
</table>

**GRI 405: Diversity and Equal Opportunity**

<table>
<thead>
<tr>
<th>Disclosure Number</th>
<th>Disclosure Title</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>People – Diversity &amp; Inclusion</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>People – Diversity &amp; Inclusion</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>People – Diversity &amp; Inclusion</td>
</tr>
</tbody>
</table>
### Disclosure 405-1: Diversity of governance bodies and employees

<table>
<thead>
<tr>
<th>Disclosure Number</th>
<th>Disclosure Title</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>405-1</td>
<td>Diversity of governance bodies and employees</td>
<td>People – Diversity &amp; Inclusion 2018 Proxy, pgs. 24-32 While we track this information for employees as well, we consider it confidential and do not publish it at this time.</td>
</tr>
</tbody>
</table>

### Board of Directors

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10</td>
<td>2</td>
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</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>under 30 years</th>
<th>30-50 years</th>
<th>50+ years</th>
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<tbody>
<tr>
<td></td>
<td>0</td>
<td>2</td>
<td>10</td>
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<table>
<thead>
<tr>
<th>Diversity</th>
<th>White</th>
<th>African-American</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11</td>
<td>1</td>
</tr>
</tbody>
</table>

### F

<table>
<thead>
<tr>
<th>Disclosure Number</th>
<th>Disclosure Title</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>People – Diversity &amp; Inclusion</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>People – Diversity &amp; Inclusion</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>People – Diversity &amp; Inclusion</td>
</tr>
<tr>
<td>406-1</td>
<td>Incidents of discrimination and corrective actions taken</td>
<td>All reports of discrimination are taken seriously and thoroughly assessed and investigated. We do not, however, publicly report the number of incidents reported, reviewed or remediated.</td>
</tr>
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</table>

### GRI 408: Child Labor

<table>
<thead>
<tr>
<th>Disclosure Number</th>
<th>Disclosure Title</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>Products – Human Rights, Supplier Code of Conduct</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Products – Human Rights, Supplier Code of Conduct</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Products – Human Rights, Supplier Code of Conduct</td>
</tr>
<tr>
<td>408-1</td>
<td>Operations and suppliers at significant risk for incidents of child labor</td>
<td>Products – Human Rights, Supplier Code of Conduct</td>
</tr>
</tbody>
</table>

### GRI 409: Forced or Compulsory Labor

<table>
<thead>
<tr>
<th>Disclosure Number</th>
<th>Disclosure Title</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>Products – Human Rights, Supplier Code of Conduct</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Products – Human Rights, Supplier Code of Conduct</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Products – Human Rights, Supplier Code of Conduct</td>
</tr>
<tr>
<td>409-1</td>
<td>Operations and suppliers at significant risk for incidents of forced or compulsory labor</td>
<td>Products – Human Rights, Supplier Code of Conduct</td>
</tr>
<tr>
<td>Disclosure Number</td>
<td>Disclosure Title</td>
<td>Response</td>
</tr>
<tr>
<td>-------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>GRI 412: Human Rights Assessment</td>
<td></td>
<td></td>
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<tr>
<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>Products – Human Rights, Supplier Code of Conduct</td>
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<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Products – Human Rights, Supplier Code of Conduct</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Products – Human Rights, Supplier Code of Conduct</td>
</tr>
<tr>
<td>412-2</td>
<td>Employee training on human rights policies or procedures</td>
<td>Sysco does not currently train employees on human rights policies and procedures, but we plan to expand that training in the future.</td>
</tr>
<tr>
<td>GRI 413: Local Communities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>People – Philanthropy &amp; Community</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>People – Philanthropy &amp; Community</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>People – Philanthropy &amp; Community</td>
</tr>
<tr>
<td>413-1</td>
<td>Operations with local community engagement, impact assessments, and development programs</td>
<td>People – Philanthropy &amp; Community</td>
</tr>
<tr>
<td>GRI 414: Supplier Social Assessment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>Products – Human Rights, Supplier Code of Conduct</td>
</tr>
<tr>
<td>103-2</td>
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<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Products – Human Rights, Supplier Code of Conduct</td>
</tr>
<tr>
<td>414-1</td>
<td>New suppliers that were screened using social criteria</td>
<td>Sysco requires each of its suppliers, and each of their subcontractors and supply chain providers that ultimately supply goods and services to Sysco to comply with our Supplier Code of Conduct.</td>
</tr>
</tbody>
</table>