



SYSCO Good Food Product and Procedure Initiatives





Executive Summary

For over 35 years, SYSCO Corporation has been the food service distribution leader regarding the safety, quality and wholesomeness of the food and food service supply products we provide to our customers.

Many of our programs have been an integral component of our business success for years such as our award-winning Quality Assurance program and team. Others are more recently introduced as responses to the changing needs of our customers, our suppliers, our associates and our communities.

This document details the initiatives in process that are upholding our leadership position of quality and responsibility not only in the SYSCO branded food products we market but throughout the supply chain.



Current Initiatives

Quality Assurance — Social Initiatives

Programs for SYSCO Brand Suppliers & Products

Initiative	Description
Animal Welfare Policy	<p>SYSCO is committed to the humane treatment of animals. We believe it is our ethical responsibility to address issues involving the comfort, physical safety and health of the animals. SYSCO requires that all approved facilities comply with our rigorous standards that include documented information about raising and handling practices, feed, facility design, environmental conditions, employee training, medical practices and animal welfare at the farm, during transportation and throughout processing. SYSCO is committed to working with our beef, pork, poultry, veal and lamb suppliers, as well as our shell egg and processed egg suppliers to ensure animals are treated in a humane manner at all times. Suppliers are audited against these requirements as a condition of approval, and on-going by approved 3rd party auditing companies and by the SYSCO QA Team.</p>

Quality Assurance — Social Initiatives

Programs for SYSCO Brand Suppliers & Products

Initiative	Description
GMO Position Statement	<p>The FDA does not require labeling of genetically engineered food products which is widespread with respect to certain raw material such as corn and soybeans. The organization along with the EPA and USDA is committed to help consumers understand the scientific issues and policies concerning genetically engineered food. SYSCO will continue to urge regulatory authorities to take all steps necessary to assure that all new food technologies are safe for consumers and the environment. SYSCO is further committed to the distribution of products that comply with federal and state laws and labeling regulations as well as our own exacting standards and will continue to work actively with our suppliers to develop even greater product choices for our customers, including certain GMO-free products.</p>

Quality Assurance — Social Initiatives

Programs for SYSCO Brand Suppliers & Products

Initiative	Description
International Supplier Code Conduct	<p>SYSCO has partnered with a third party Social Auditing firm to assist in the development and implementation of our corporate responsibility program.</p> <p>SYSCO's current code of conduct served as a platform for the development of its social responsibility program.</p> <p>The program will ensure, via the execution of training and assessments, that our supplier community is conducting business in accordance with our code of conduct, resident country laws and the principles of social responsibility.</p> <p>The program is designed to work with our supplier community when necessary to correct identified deficiencies and to strive toward continuous improvement.</p>

Quality Assurance — Social Initiatives

All Suppliers

Initiative	Description
SYSCO Supplier Diversity Program	SYSCO has a monitored program that promotes purchases from over 300 minority- and woman-owned suppliers. Operating company and corporate procurement personnel are encouraged to evaluate the viability of these suppliers and support their growth. Diverse suppliers help SYSCO meet the changing demands of foodservice operators while supporting strategic alliances that enable the continued success of SYSCO, our customers and our supplier partners
Buy Local, Sell Fresh Program	A program for operating companies to support the sale and distribution of locally grown produce to enhance overall produce sales and improve market position while meeting the end consumer need of wanting to support local, sustainable agriculture and their communities. Provides a best practice guideline for operating companies for program setup, communication and marketing

Quality Assurance — Environmental Initiatives

Programs for SYSCO Brand Suppliers & Products

Initiative	Description
Corrugate Recycled Content	SYSCO brand products must be packaged using a minimum of 35% recycled corrugate
DfE Chemicals Program	SYSCO's membership in this program has resulted in the development of an improved set of 16 SYSCO Earth Plus® brand cleaning products which contain not inorganic phosphates, chlorine bleach or environmentally harmful surfactants common to most institutional detergent and cleansers.
Safe Detergent Stewardship Initiative (SDSI)	SYSCO has been voluntarily removing nonylphenol ethoxylate surfactants from SYSCO Brand chemical products since 2004. NPEs have been found to harm aquatic life. The SDSI initiative being developed by the US Environmental Protection Agency is designed to recognize SYSCO and other companies who are voluntarily phasing out the use of these products. Since 2004, SYSCO has replaced over 345,876 pounds of NPEs and is committed to the total replacement of such formulations by the end of calendar 2007.

Quality Assurance — Environmental Initiatives

Programs for SYSCO Brand Suppliers & Products

Initiative	Description
<p><u>Sustainable Agricultural Practices</u></p> <p>Business Coalition for a More Sustainable Food System</p> <ul style="list-style-type: none"> Integrated Pest Management (IPM) 	<p>SYSCO actively participates in the Sustainable Food Laboratory, a business initiative with over 90 members from public and private companies, academia and research. SYSCO's primary activity is a sub-initiative known as the Business Coalition for a More Sustainable Food System which includes the activity of the Integrated Pest Management Program (IPM). IPM promotes the protection of environmentally sensitive growing areas, soil and water conservation, and the prudent management of crop pests and herbicide usage. The goal of the program is to use pesticides only to the extent necessary and when necessary to use those that are environmentally friendly. Seventy-eight SYSCO Brand suppliers of canned and frozen fruit and vegetables, representing 168 food factories and approximately 375,000 acres of crops land were included in the first year of the program. Using IPM practices, participating suppliers reported the avoidance of more than 300,000 pounds of active ingredient pesticides during the year. In addition, approximately 155,000 tons of organic waste material, 6,400,000 pounds of cardboard and paper, 2,900,000 pounds of metal products and 1,600,000 pounds of paper were reused or recycled by those same suppliers.</p>

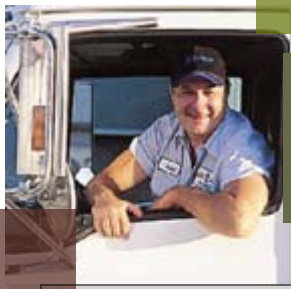
Supply Chain





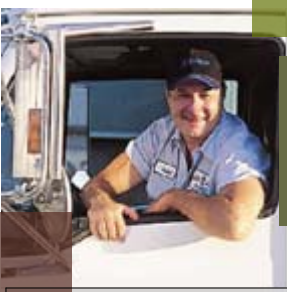
Supply Chain Initiatives – Transportation Programs

Initiative	Description
Alternative Fuels for Diesel Truck Fleet	Working with Caterpillar engines and Clean Air Partners, SYSCO is using LNG (Liquid Natural Gas) in conjunction with diesel to reduce emissions, decrease noise levels and extend maintenance intervals. For each vehicle that SYSCO converts to LNG, it is the equivalent of removing 63 cars worth of emissions from our roads. Currently we have Houston, Dallas and Los Angeles using LNG in part of their fleets.
Cryogenic Fuels for Refrigerated Trucks	SYSCO along with Thermo King, have developed the first dual temperature cryogenics truck in the industry. Cryogenics is the use of compressed CO2 gas as a refrigerant. These units have very few moving parts, run very quietly and emissions are environmentally friendly. Currently Houston and Austin are using the cryogenics straight trucks in their fleets. By early spring of 08, we are expecting to have the first dual temp. cryogenic trailers in test in the US.
Fuel & Oil Additives	SYSCO is testing additives to improve engine performance and improve the fleet MPG. This helps SYSCO reduce the amount of diesel required to service our customers and will reduce maintenance cost



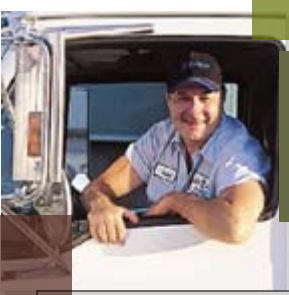
Supply Chain Initiatives – Transportation Programs

Initiative	Description
<p><u>Operationally Excellent Transportation Initiatives:</u></p> <ul style="list-style-type: none"> ▪ XY Routing ▪ Designated Delivery Days ▪ Night Deliveries ▪ 60 MPH Initiative 	<p>Strategic initiatives in process of implementation throughout US broadline opcos; designed to improve efficiencies and reduce operating cost while maintaining or improving customer satisfaction and service levels. They also reduce fuel consumption, emissions and traffic congestion. Sysco nationally also rolled out a 60 MPH initiative to help reduce consumption of fossil fuels.</p>
<p>Centralization & Regionalization of Inbound & Outbound Freight to Opcos (Logistics)</p>	<p>Truck fill - Aggressively filling up trucks to their capacity allows same amount of product moved on fewer trucks</p> <p>Balanced lanes and continuous moves – helps carriers balance lanes and continuous moves; minimizes the miles they run empty to pick up the next load</p> <p>Mode shift - moving freight from truck to intermodal and to rail boxcar. We are trading off the longer transit time, its effect on inventory and lower transportation cost.</p> <p>Establishing cross dock operations - pick up at suppliers for multiple Opcos, cross dock product from multiple suppliers, and aggregate into full outbound loads for Opcos. At present we have many carriers with 53’ trailers making many stops, picking up small shipments, in metropolitan areas.</p>



Supply Chain Initiatives – Warehouse Programs

Initiative	Description
Fuel Cell Technology	<p>Cellex Power Products Inc. is in the development stages of a fuel cell that will replace the conventional lead acid batteries. SYSCO is testing this new technology in a few of its warehouse operations. The fuel cells will not have to be charged. (reducing electricity demands). The disposal for old batteries is eliminated. The area for charging the lead batteries will be eliminated and will allow a better use of our resources. In early 2007 Cellex Power and General Hydrogen were merged and purchased by Plugpower. SYSCO in conjunction with the Department of Defense has a joint test being conducted in Detroit and Grand Rapids operating companies. Approximately 30 units in total will be tested in these facilities for the next 12 months.</p>



Supply Chain Initiatives –Warehouse Programs

Initiative	Description
<p><u>Operationally Excellent Warehouse Initiatives:</u></p> <ul style="list-style-type: none">▪ Shrink Management▪ Energy Reduction▪ Pallet Bands	<p>Strategic initiatives in process of implementation throughout US broadline opcos; designed to improve efficiencies and reduce operating cost while maintaining or improving customer satisfaction and service levels. The utilization of pallet bands as opposed to shrink wrap in the warehouse is one example of waste, labor and expense reduction that these programs are bringing throughout SYSCO</p>
<p>Automated Product Storage & Retrieval</p>	<p>SYSCO has installed its first AS/RS Mini Load in our Raleigh warehouse. This automated storage and retrieval system allows Sysco to reduce the footprint needed to warehouse items. By utilizing the mini load, Sysco can locate up to 1,200 pick locations and 5,500 reserve locations in the space of one aisle which would take approximately 2 1/2 aisles of conventional racking.</p>