



Sysco

May 2021

Forests Report



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Tackling the Deforestation Challenge

Sysco is the global leader in selling, marketing and distributing food products to restaurants, healthcare and educational facilities, lodging establishments and other customers who prepare meals away from home. Our family of products also includes equipment and supplies for the foodservice and hospitality industries. With more than 57,000 associates, the company operates 326 distribution facilities worldwide and serves more than 625,000 customer locations.

Acting responsibly is vital as a trusted provider for our customers and communities. Sysco's Corporate Social Responsibility (CSR) priorities and initiatives are anchored in three pillars — People, Products and Planet. We are committed to caring for people, sourcing products responsibly and respecting the planet. Within this framework, we have prioritized our efforts on issues that most closely touch our operations and where we believe we can drive the most impact.

Deforestation is one of those issues. Our customers depend on Sysco to deliver high quality, safe products, many of which depend on forest commodities given the pervasiveness of these commodities in the foodservice value chain.



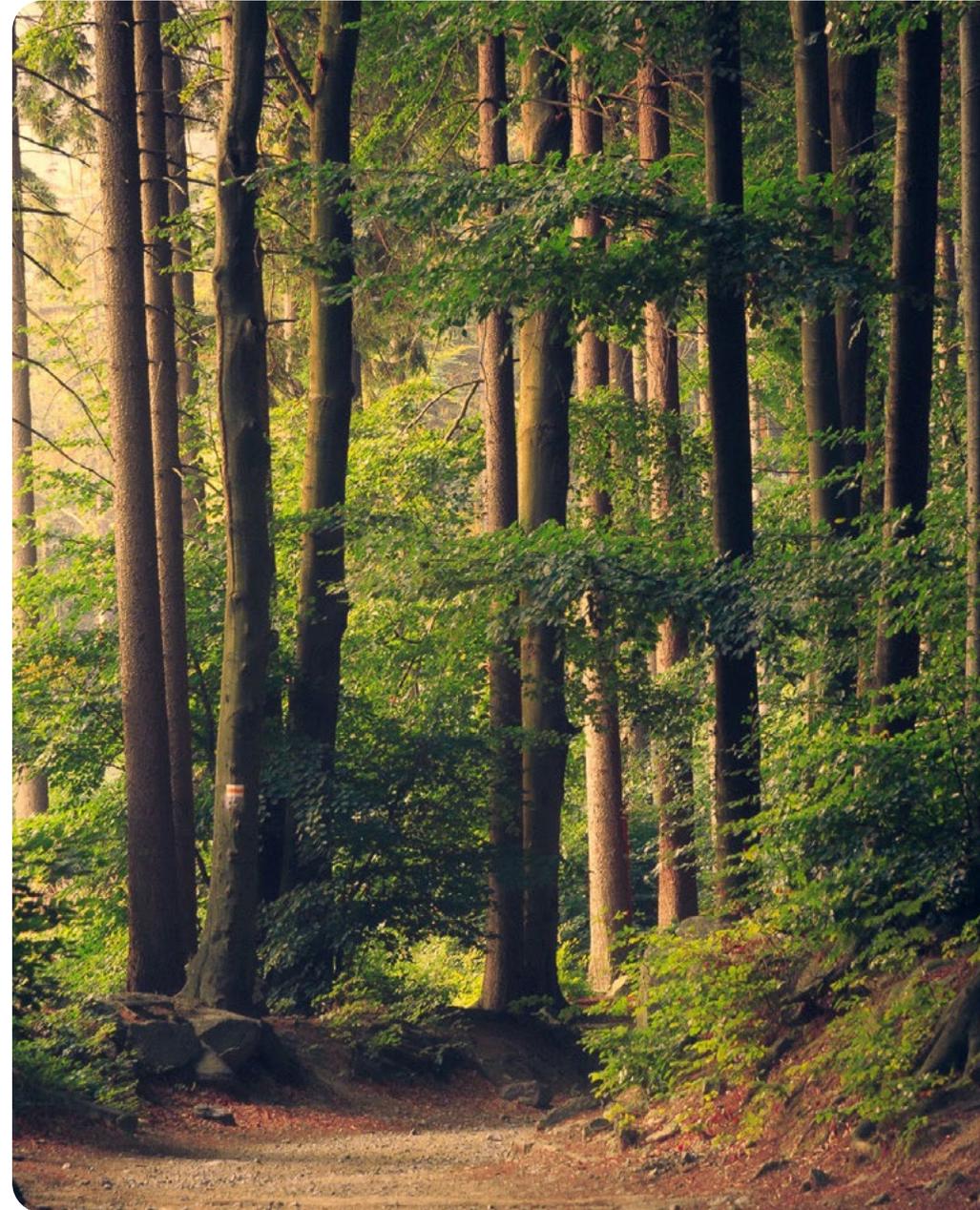
57,000
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We recognize the growing impacts of deforestation, including our role, and are committed to responsibly managing the related social and environmental footprint, as well as associated risks. Between 2001 and 2015, seven agricultural commodities accounted for 57% of all tree cover loss associated with agriculture, according to the World Resources Institute Global Forest Review¹. Furthermore, CDP's recent forest report indicates that, based on responding companies, the total financial impact of risks from deforestation was estimated at US\$53.1 billion², while the cost of responding to all risks was just over US\$6.6 billion³.

By leveraging our size, scale and knowledge of best practices in sustainable agriculture, we are addressing the challenge of deforestation within our agricultural supply chain. This report serves as an introduction to our efforts; we look forward to regularly sharing our ongoing progress with stakeholders in the future.

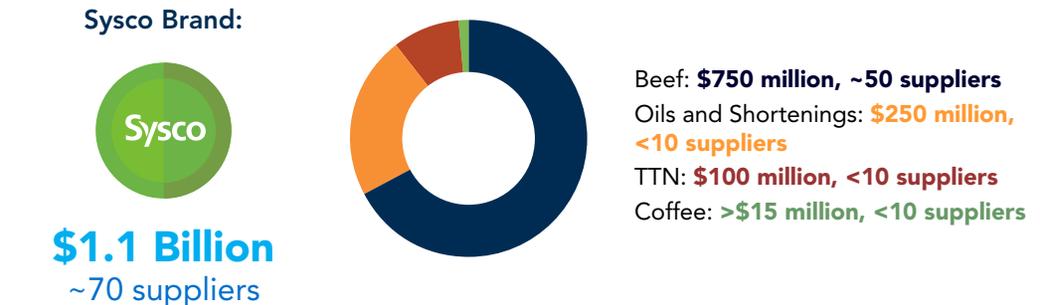
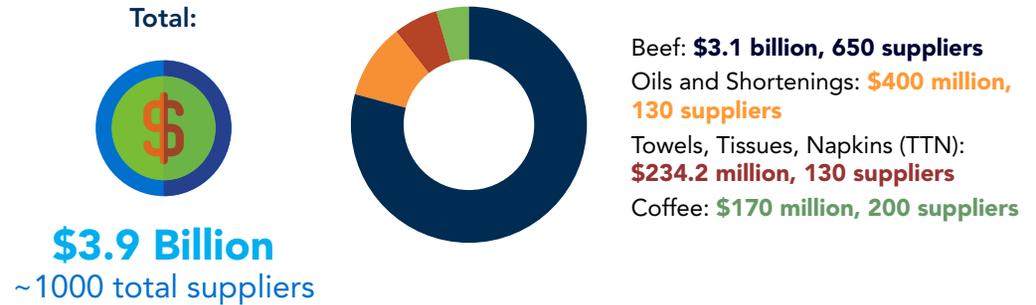
¹ World Resources Institute, Global Forest Review

² CDP Global Forests Report 2020

³ Ibid.

KEY FACTS AND FIGURES: COMMODITY CATEGORY SPEND AND SUPPLIERS

Sysco's forests-related commodity exposure in product mix (U.S. Broadline segment)*



These product categories represent approximately **17%** of total U.S. Broadline spend, or **13%** of suppliers.

* Data is from FY20, and is approximate and rounded. For these calculations, Sysco used the following product categories that represent most of our commodity consumption for the Broadline segment (United States only): Beef, Oils and Shortenings (includes both soy-based products as well as some related to palm oil), Towels Tissues and Napkins (paper-based), and Coffee. This data is continually being refined to develop more granular snapshots of our commodity spend.



Taking Action on our Commitments

Sysco's North American Broadline operations is the largest segment of our business, distributing a full line of food products and a wide variety of non-food products in the United States and Canada; a portion of these products is procured from third parties and manufactured under our Sysco Brand name. We have initiated our deforestation-related risk management, data analysis, and target setting efforts within our Sysco Brand offerings, as it represents our greatest area of influence and opportunity. The information presented throughout this report is, therefore, reflective of this scope; our goal is to continually build on lessons learned to expand our coverage over time.

Our supply chain is integral to achieving our sustainability goals, and in 2020, we established responsible sourcing commitments in our U.S. and Canadian markets for four key commodities including beef, paper, coffee, and soy, by 2025. The scope of these commodity specific commitments is currently limited to Sysco Brands due to our direct control over the associated supply chain as a purchaser and distributor. These efforts expand on existing commitments described in [our Palm Oil Policy](#), published in 2016. We are currently reviewing our supply chain and impact to select a fifth commodity by the end of 2021.

OUR COMMODITY SPECIFIC COMMITMENTS INCLUDE:

Beef



Our Commitment:

- As a member of the U.S. and Canadian Roundtables for Sustainable Beef, actively participate in forming the principles and approaches for defining and measuring a sustainable beef supply chain.
- Partner with our major beef suppliers to pilot a minimum of two projects by 2022 that will result in positive impacts in the beef supply chain. These could include, but are not limited to, procurement initiatives that reduce miles driven and optimize load fill for our beef purchases; and mapping the carbon footprint of our beef supply chain to find mutual opportunities for improvement.

Our Progress:

We recently partnered with Cargill and the National Wildlife Foundation to accelerate sustainable grazing practices in the Southern Great Plains.

Sysco became members of the U.S. and Canadian Roundtables for Sustainable Beef (USRSB, CRSB) in 2020.

We have preliminarily determined that ~30% of our spend is associated with suppliers that have a formalized deforestation commitment in place related to cattle products. Additionally, the majority of our beef is sourced from the United States and Canada. With this in mind, we are working to obtain assurance of this data, how these commitments apply to the products we procure from these suppliers and understand opportunities to increase this percentage going forward.



Paper

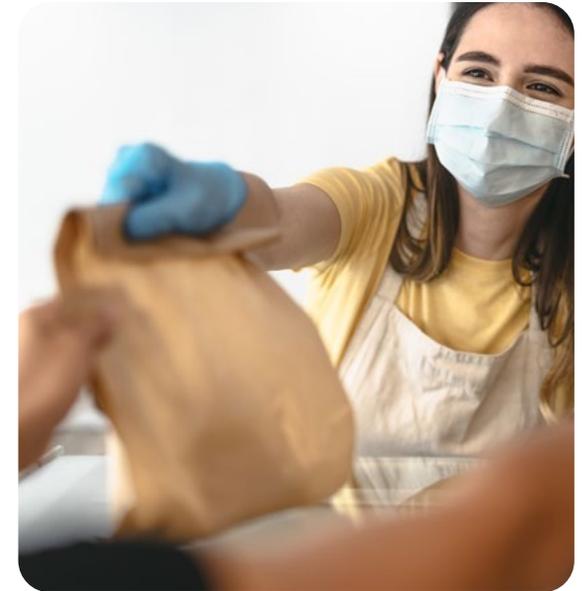


Our Commitment:

By 2025, all Sysco Brand paper towels, paper napkins, bath and facial tissues will come from Forest Stewardship Council or Sustainable Forestry Initiative-certified sources or equivalent standards.

Our Progress:

We have preliminarily determined that ~80% of our spend is associated with suppliers that have a formalized sustainable forestry commitment in place related to paper products. With this in mind, we are working to obtain assurance of this data, how these commitments apply to the products we procure from these suppliers and understand opportunities to increase this percentage going forward. We will report the FY21 progress in our upcoming CSR report, due to be published in Fall 2021.



Coffee



Our Commitment:

By 2025, 75% of Sysco Brand Coffee will come from certified sources or verified sustainable sourcing programs.

Our Progress:

We have preliminarily determined that ~30% of our spend is associated with suppliers that have a formalized deforestation commitment in place related to coffee. Therefore, we are working to obtain assurance of this data, how these commitments apply to the products we procure from these suppliers and understand opportunities to increase this percentage going forward. We will report the FY21 progress in our upcoming CSR report, due to be published in Fall 2021.



Soy



Our Commitment:

Partner with our Sysco Brand suppliers and soybean industry stakeholders to identify opportunities to address the environmental impacts of soybean production in the U.S. and Canada, beginning with farmers enrolled in the USDA Farm program or equivalent assurance as determined by Sysco.

Incorporate sustainability criteria into future Sysco Brand commodity soybean oil events.

Should we need to source soybean oil from high-risk areas around the globe, ensure sustainability standards are factored into sourcing decisions.

Our Progress:

We have preliminarily determined that our top 4 soy suppliers, comprising 90% of soy procured, source the commodity from within the United States. Three of these suppliers have published deforestation related commitments, covering ~50% of our spend. With this in mind, we are working to obtain assurance of this data, how these commitments apply to the soy procured from these suppliers and understand opportunities to increase this percentage going forward. We are also initiating identification of farmers enrolled in the U.S. Department of Agriculture (USDA) Farm program in line with our commitment.

Palm



Our Commitment:

Have 100% of the palm oil in Sysco Brand products be certified by the Roundtable on Sustainable Palm Oil (RSPO) by 2020. We also formalized a Palm Oil Policy in 2016 to address additional palm oil concerns and establish our commitment to NDPE (no deforestation, no peatland loss, and no exploitation of people).

Our Progress:

As of FY19, 90% of our current case volume is compliant with our Palm Oil Policy. While we have not yet achieved our original goal of achieving 100% RSPO mass balanced certified palm oil in our Sysco brand products, we continue to work towards achieving our original goal and are collaborating with our suppliers to reach 100% RSPO mass balance certification in all Sysco brand products.



Approach to forests-related risk management

Sysco's approach to mitigating forests-related risks centers primarily on assessment of and engagement with our commodity suppliers. As a first step, we undertook a high-level assessment to understand our top suppliers' commitments toward mitigating deforestation risk.

To ensure that we are on track and making progress on our goals, we have global monthly meetings with corporate responsibility counterparts from other global geographies/offices across Sysco to share strategies, ideas, and knowledge about our key commodities.



For example, from FY19-FY20 our Swedish company, Menigo, maintained 100% use of sustainably sourced palm oil and sustainable soy in its branded products, including the feed used for producing meat, poultry, fish and dairy products.

These meetings enable us to leverage Sysco's worldwide insight and talent to reduce our deforestation impacts.

Additionally, our operations in France partnered with the World Wildlife Fund (WWF) to undertake a footprint estimation considering the use of soy in animal feed, giving insight into both our potential impacts and risk exposure. These activities happening in global regions of our business can provide useful learnings for our U.S. operations and Sysco Brand team.





Collaborating for impact

We understand that combating deforestation is an ongoing process, and Sysco is continually exploring ways to increase our knowledge and become more sustainable. We know that partnering with our suppliers, NGOs, and organizations on deforestation issues, and undertaking a thorough review of our practices and opportunities for improvement to inform targets is key to our success.



Sysco joined the North American Sustainable Palm Oil Networks (NASPON) in May 2021, allowing us an opportunity to engage with dozens of members all in pursuit of achieving 100% certified sustainable palm oil.

These memberships afford us the opportunity to contribute to innovation and industry best practice through engagement with working groups, as well as strengthen our own programs through collaboration and leveraging the tools developed through these platforms.

Sysco is also working to address and improve practices related to other natural ecosystems. We recently partnered with Cargill and the National Wildlife Foundation to accelerate sustainable grazing practices in the Southern Great Plains. The Great Plains are critical to our supply chain and over a span of five years this collaboration



will enable sustainable grazing practices on 1 million acres, sequester scope 3 greenhouse gas emissions of 360,000 metric tons of carbon per year, and further Sysco's sustainable cattle goals.

Sysco has also partnered with WWF to engage with suppliers of Sysco Portico Brand farmed shrimp products to ensure supply chains are traceable to the farm's geographic location and address issues of deforestation or conversion of natural ecosystems – particularly mangrove ecosystems and other natural wetlands.

As opportunities arise, Sysco will continue to review additional partnerships and engage with stakeholder initiatives to strengthen and build on our existing goals.



Building a Path to Progress

Sysco's next steps in FY22 are multifold, using tools, engagement strategies and data to deepen our understanding of the opportunities we have to strengthen our approach to deforestation:

Utilize AFI



We will utilize the Accountability Framework Initiative (AFI) self-assessment tool to identify gaps and inform future policy development.

Engage suppliers



We will engage our top suppliers for Sysco Brand products – representing ~75% or more of each product category related to the top commodities presented in this report – to discuss opportunities for collaboration, assess traceability and otherwise verify claims regarding deforestation-related sustainable attributes and/or risk exposure of sourced commodities.

Refine the data



We will further refine the data regarding our sourced products and ingredients to more accurately assess exposure to forest-related risks for relevant commodities.

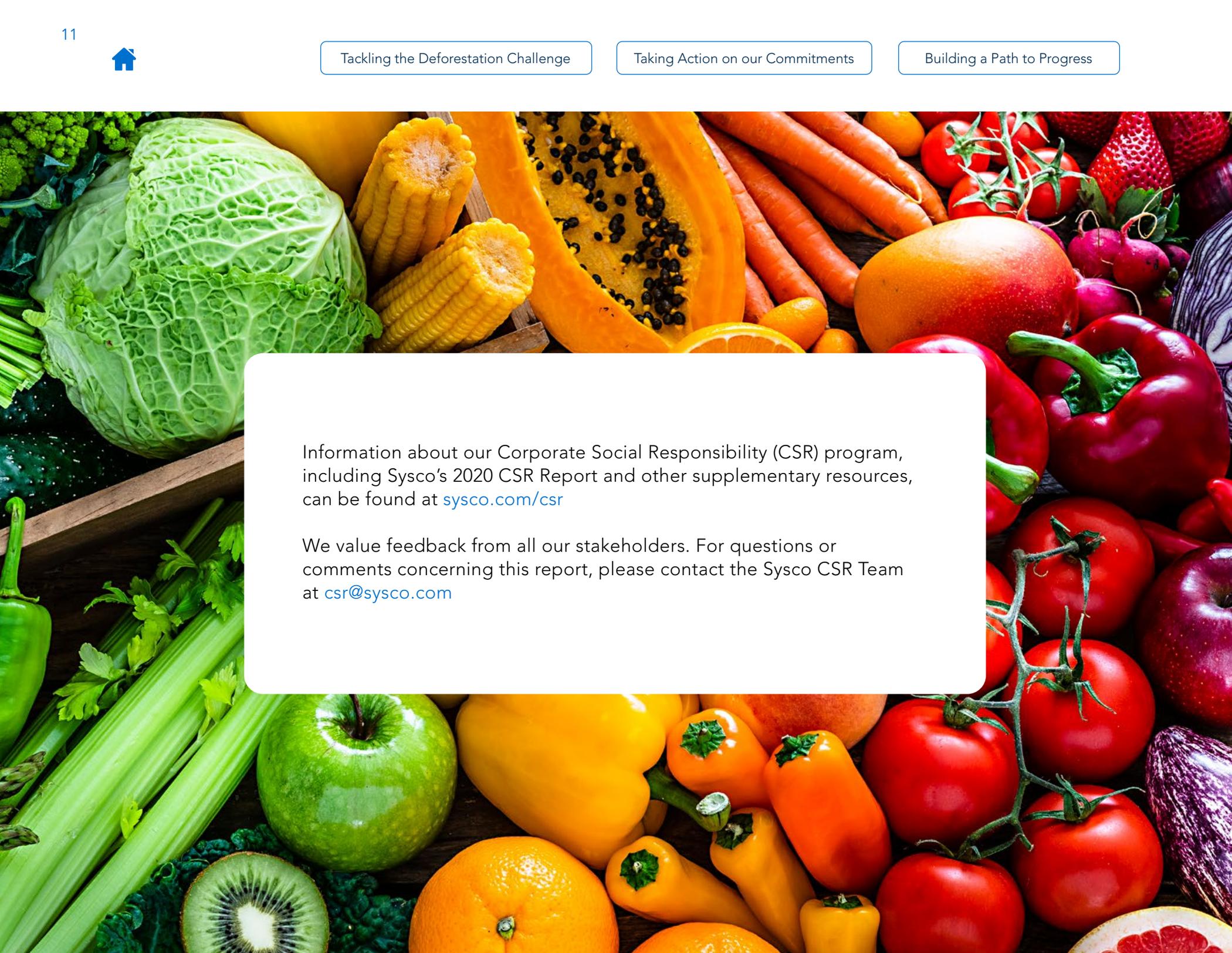
Collaborative platforms



We will assess opportunities to contribute to working groups of the collaborative platforms we have joined.

This work will support our goal to formalize and implement a deforestation policy with an initial focus on our Sysco Brand, where we have the most direct opportunity to influence the supply chain. We plan to expand the scope of our work and set additional stepwise, time-bound commitments for all relevant commodities and geographies, leveraging the learnings gathered from initial work on Sysco Brand.

To establish accountability with our stakeholders, Sysco also commits to responding to the CDP Forest questionnaire – the foremost reporting avenue which will also allow us to assess our management of forests-related issues – no later than 2023. We will also publish annual updates on our deforestation commitments and progress in our annual corporate responsibility reporting.



Information about our Corporate Social Responsibility (CSR) program, including Sysco's 2020 CSR Report and other supplementary resources, can be found at [sysco.com/csr](https://www.sysco.com/csr)

We value feedback from all our stakeholders. For questions or comments concerning this report, please contact the Sysco CSR Team at csr@sysco.com

