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OVERVIEW

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 commitment to quality and food safety can be traced back to those responsible for the founding of the Sysco Corporation. The principles and vision outlined in 1970 have served as the foundation on which our quality and food safety programs have been built. Today, Sysco’s commitment to providing safe, wholesome and consistent quality products to our valued customers has never been stronger. The Sysco Quality Assurance team is responsible for ensuring we meet today’s challenges relative to quality and food safety. We accomplish this through the diligent efforts of our fulltime Quality Assurance staff members and over 100 supportive Quality Specialists around the world.

We are actively involved in quality, food safety, regulatory and environmental initiatives, with Sysco Quality Assurance staff members serving on various advisory committees and/or participating in current food safety, regulatory, quality and environmental initiatives. We are committed to the belief that shared knowledge leads to continuous improvement in these areas and ultimately benefits all stakeholders in the foodservice industry, including our supply partners, valued customers and our competitors.

Our Mission: To market and deliver great products to our customers with exceptional service.

Our Vision: To be our customers’ most valued and trusted business partner.
SUPPLIER APPROVAL

Initial Facility Audit (IFA)
Potential supplier facilities from all product categories must pass an Initial Facility Audit (IFA) performed by a Sysco Quality Assurance team member. No facility is allowed to produce under the Sysco Brand without first passing a rigorous process of quality and food safety audit and product evaluations. Suppliers must demonstrate capability of producing food products to our requirements. If the product evaluations and business analysis warrant proceeding through the approval process, a representative of Sysco Quality Assurance will conduct a comprehensive “desk top” pre-audit teleconference with the facility management personnel in order to determine if the facility will meet our food safety and quality expectations.

Upon completion of the teleconference, if Sysco Quality Assurance obtains facts to support that the facility is capable of meeting the requirements; an initial “On Site” audit of the facility shall be scheduled. The initial audit will verify, by physical inspection, the acceptability of the plant and grounds as well as validation of the food safety and quality assurance programs in place.

If approval of the facility is granted, the supplier and the Sysco Program Quality Manager will establish monitoring and verification procedures to ensure that the food safety and quality systems are maintained and the Sysco products are manufactured or packed according to the agreed specifications. The IFA requirement applies to all potential Sysco Brand manufacturers.

Ground Beef and/or Veal Supplier Authorization
To mitigate the risk of E. coli 0157:H7 in raw ground beef and veal products distributed through Sysco Operating Companies and/or Sysco Specialty Meat Companies, Sysco has developed a specialized supplier requirement program.

Sysco has been very proactive in establishing food safety programs that will provide our customers with safe and wholesome products. In a continued effort
to improve the food safety and quality of Raw Ground Products we purchase, Corporate QA, with the support of the BSCC Beef Department and Operating Companies has implemented minimum food safety control requirements for raw ground beef and veal applicable to all suppliers of raw ground products.

The product and process requirements are reviewed and updated as needed to improve Sysco’s ability to provide safe food and to affirm compliance with USDA/CFIA Regulations, FSIS Directives and/or Notices and Industry Best Practices. The purpose of this process is to achieve a greater level of consistency between products and suppliers of this important product category.

Compliance with Sysco’s Ground Beef Food Safety Program must be verified annually by an annual independent third party Food Safety Audit which includes an approved E. coli 0157:H7 audit addendum developed specifically for “Grinders”. Any establishment identified as not complying with the minimum requirements will be disqualified from the Sysco Brand /Packer Label authorized supplier list and purchases of Raw Ground Products produced at such establishment(s) shall be suspended until compliance is achieved. If suppliers are not on the authorized list, then they cannot distribute through any Operating Company, including Broad Line, “Quick Service” or Specialty Meat companies. In addition to the annual third party audit addendums which measure compliance, Sysco’s QA personnel visit Sysco Brand suppliers on a routine basis. Moreover, the Sysco’s Corporate Operations Review Department conducts audits at Sysco Operating Companies to assure that purchases are limited to authorized suppliers.

Sysco Specialty Meat Company (SSMC) Supplier Approval
To reduce risk of the potential for introduction of pathogenic E. coli 0157:H7 into whole muscle non-intact beef cuts, the SSMC’s only purchase raw materials from approved suppliers that have confirmed compliance to the Raw Materials Supplier Approval Program.

The SSMC Supplier Approval Program requirements include a rigorous set of food safety standards including an annual Independent Food Safety Audit (IFSA) for all covered establishments, an annual E. coli O157:H7 assessment portion or addendum to the IFSA audit, ongoing Food Safety System Letter of Guarantee including ongoing verification and validation details of at least two hazard control point interventions (one pre and one post carcass chill with one being a HACCP CCP) that render E. coli O157:H7 undetectable and quarterly Beef Trim Testing Verification results for E. coli O157:H7 beef trim testing programs. Sysco QA compiles program requirements on an on-going basis and posts the information via a Sysco accessible electronic archive location for SSMC QA personnel access.

Sysco Corporation and the SSMC monitor compliance on an ongoing basis. In the event a supplier or supplier location fails to comply, they will be removed from the SSMC Approved Supplier List, and product shipments from those suppliers or individual supplier locations will not be allowed to be received into inventory at SSMC establishments and may not be used for WMNI beef production.
Global Food Safety Initiative

Sysco now accepts GFSI recognized schemes to satisfy the requirements for an independent third party food safety audit.

FOOD SAFETY

Plant Visit Risk Matrix

Sysco QA Management developed a Plant Visit Matrix based on Food Safety Risk and a Supplier’s commercial value which is used to facilitate QA PQM planning for visits to approved Sysco Brand Suppliers. Suppliers are evaluated using objective criteria to determine the target frequency of routine QA PQM Supplier Visits. The tool is used to assist Sysco QA in allocating personnel and financial resources, to direct resources to suppliers that provide products of significantly higher risk or value, (food safety or supply) while ensuring support of the company’s sourcing and other branded business initiatives. The Plant Visit Matrix is reviewed and updated on an annual basis to assist Sysco QA in making fact based decisions.

Independent Audit Program (IAP)

Sysco Corporation maintains a strong commitment to Food Safety, Product Integrity and provision of consistent quality products to our Sysco Operating Companies and their end user customers. In an effort to strengthen this commitment we have developed the Sysco Independent Audit Program (IAP). All Sysco Approved supplier locations and co-packing locations producing Sysco Brand products are required to undergo an audit each calendar year by a Sysco approved contract-auditing firm. Sysco QA reviews all audits to assure a minimum score is achieved and that all corrective actions are adequate and implemented in a timely manner. Audit documents are managed through iCiX, a secure industry network.

The development of Sysco’s IAP was an effort to consolidate the number of audits required at Sysco Brand supplier facilities. The IAP permits suppliers to utilize an existing contracted audit to satisfy the Sysco requirement. Conversely, the audit completed for Sysco can be used to satisfy another customer’s requirements, thus minimizing the occurrence of multiple audits. Our analyses of the audit results utilizing Sysco’s format versus audit results utilizing the approved contract auditor’s formats indicate a sufficient degree of parity. This parity allows us to operate a more efficient system without jeopardizing Sysco QA’s constant priorities: Food Safety and consistent product quality.

iCiX is an online Industry Network that harmonizes the way in which companies can store, share and manage audit documentation and communications with other companies that they do business with. It was developed at the request of several major manufacturers who were experiencing ever increasing requests from customers to provide them with compliance documentation and information.
**Listeria Monocytogenes Controls**
Sysco’s requirements for control of L. monocytogenes (LM) in Refrigerated Salads, Ready To Eat Seafood, Frozen Fruits and Vegetables, Processed Avocado Products and Ready To Eat Meat and Poultry products include internationally recognized best practices, many of which exceed those codified by regulations.

Listeriosis, a food borne disease caused by food products contaminated with Listeria monocytogenes, is an important public health issue. Listeriosis primarily affects persons of advanced age, pregnant women, newborns, and adults with weakened immune systems. However, persons without these risk factors can also rarely be affected. The mortality rate for persons contracting Listeriosis is nearly 30%; therefore heightened controls for Ready to Eat Meat & Poultry, Seafood, and Deli Salads have been developed to reduce risk to our customers.

Sysco Brand requirements are comprehensive to include the entire manufacturing process, including environmental controls and provide a set of minimum standards that all Sysco Brand suppliers shall assure are met through demonstration of equivalent practices for LM Control programs. Sysco Brand suppliers must have Hazard Analysis of Critical Control Point Food Safety Systems in place and such plans must include a hazard analysis for control of LM throughout the processing environment. Comprehensive pre-requisite programs for Good Manufacturing Practices, Sanitation, Food Safety, Hold and Test, Comprehensive Pre Op and During Op Environmental Sampling with Corrective Action Plans, Laboratory Testing Methodology, Microbiological Interventions and Employee Training are mandatory.

In addition to annual third party Food Safety audits, Sysco Quality Assurance personnel verify that all high risk RTE Sysco suppliers meet or exceed the minimum LM control requirements by conducting on site plant visits.

**Allergen Controls**
Approximately 7% of United States and Canadian citizens have been diagnosed with or experience some form of food allergies. Of this amount, tens of thousands are rushed to the hospital annually due to an allergic reaction to foods with allergens and even hundreds die. Despite these statistics there is still no cure for food allergens. The best remedy to date is for those sensitive to allergens is to abstain from foods containing allergens. Presently there are eight allergens recognized in the US, which include Crustacean Shellfish, Eggs, Fish, Dairy, Peanuts,
Soy, Tree Nuts and Wheat. In Canada, along with the top eight, Mustard, Sesame Seeds and Sulphites are also recognized as hazards. In order to assist individuals in avoiding potentially fatal reactions due to food allergen consumption the FDA has mandated that all food product labeling list the top eight US allergens in their ingredient legend. Canadian regulations require the same information on its labeling for its top 11 allergens and sensitive ingredients.

 Sysco has developed guidelines for its branded suppliers in order to minimize the risks of cross contamination and to ensure proper identification of all food products containing allergens. The Sysco guidelines are more far reaching than those required by the FDA for allergen control. These guidelines ensure suppliers take a systematic approach in its risk analysis of possible points of cross contamination in their process, develop risk control measures, track allergen usage, and provide proactive identification of allergens in plain language.

 Sysco provides detailed directives for its suppliers in the areas of packaging/specification development and review in addition to standard procedures to be employed during the processing of allergen containing food items. Examples of directives in these areas would be the annual review of all packaging and specifications to ensure allergens have been declared in the ingredient legend, that labels provide a “Contains” statement for allergens in plain language, (such as “Contains Dairy”), requires hourly label checks during production runs, suggests separation and segregation of allergens in storage and production, and requires cleaning of the lines whenever a changeover occurs between an allergen and non-allergen food product. Updates to these guidelines and requirements are also provided to each supplier on a periodic basis or when regulations change.

 Additionally, mandated annual third party audits are conducted and any infractions are indentified and reported to Sysco Corporate QA in an audit report.

 The Sysco Allergen Control Guidelines are also provided to all potential suppliers in an introduction packet. Suppliers incapable of meeting Sysco requirements will not be approved. Sysco’s Allergen Control Guidelines continue to evolve as present standards for both Europe and the United Arab Emirates will be added to the guidelines for products distributed in those markets.

 **Foreign Material Controls and Metal Detection Guidelines**
 Foreign materials in foods can cause injury. Sysco Brand suppliers must demonstrate effective procedures to prevent instances of foreign objects such as wood, glass, brittle plastic and metal.

 Strict raw material specifications, planned preventive maintenance programs, good engineering and application of effective Good Manufacturing Practices
are examples of the preventive measures required of all suppliers. Sysco Brand Suppliers must have approved metal detection systems on all lines, such as Filters, Magnets, Metal Detectors, and/or X-rays designed to mitigate risk of ferrous, non-ferrous, and stainless steel metals below limits established by regulatory agencies as choking hazards.

A Sysco Quality Assurance, Metal Detection Guidelines best practices document is provided to all active suppliers and each potential new supplier. The document is designed to provide guidance to the standards Sysco expects as a minimum from its suppliers. Metal detection programs which go beyond these recommendations are encouraged.

If foreign material prevention or detection programs are not acceptable, Sysco QA will not approve the prospective supplier.

**Low Acid Canned Foods**

All approved Sysco suppliers of low acid canned foods have implemented processes specific to the product processed and their method of operation to achieve commercial sterility. These processes are established by or are equivalent to a process developed by a competent processing authority. Commercial sterility of thermally processed low acid canned foods means the finished product is free of microorganisms of public health significance and those capable of reproducing in the food under ambient storage and distribution temperatures.

**Produce Good Agricultural Practices (GAP)**

The Sysco/FreshPoint GAP program focuses on two areas that improve food quality, food safety and traceability: 1) Good Agricultural Practices (GAP) and 2) Harvest Crew third party audits (GHP).

Authorized Sysco suppliers are included in a secure database system including their company profile. Suppliers upload third party GAP/GHP audits from all ranches/suppliers into the secured web based system. The program identifies each supplier’s role in the supply-chain (e.g. grower-shipper, broker, processor, etc.), the produce products they provide Sysco Operating Companies, and the source of their raw material. The system further ensures that all RTE products and total number of farms/ranches being used to supply those products to Sysco/FreshPoint Companies are accounted for and have been uploaded into the GAP program.
All non Brand “Packer” cases/items/packages will be required to contain pertinent information allowing for full and complete traceability from the finished product case/carton/bag back to the field. Suppliers may devise their own method of code dating but must keep in mind that all pertinent information allowing for complete and thorough traceability to the field be provided and legible within all cases/items/packages. The database monitors supplier audits, providing reminders of impending expiration dates, thus helping to assure continued compliance. Benefits of the database includes the ability to monitor third party auditor performance, expanding GPS capabilities, and the generation of GAP/GHP-compliant suppliers from whom our Operating Companies are authorized to purchase RTE produce products.

Sysco/FreshPoint supports and enforces all current requirements set forth by the California Marketing Agreement with higher standards in the areas pertaining to water quality and ATP Bioluminescence Testing. The program must identify monitoring methods, sampling plan, frequency of tests performed, acceptable limits and corrective actions taken when limits are exceeded.

Additionally, Initial Audits of all potential suppliers of Sysco/FreshPoint brand field products include GAP/GHP assessments. These initial assessments are conducted by trained Sysco QA staff.

**FOOD DEFENSE**

Branded supplier and Sysco Operating Company facilities have effective food defense programs including, but not limited to, a food security team with defined roles and responsibilities. Each team conducts a unique product security risk evaluation which helps the management team to prioritize the preventive measures that are likely to have the greatest impact on reducing the risk of tampering or other malicious, criminal or terrorist actions against Sysco branded products. All aspects of facility operations are evaluated for vulnerability to sabotage. Ingredient and packaging suppliers must undergo food security evaluations at their facilities or distribution centers, and must have demonstrated procedures for the receipt of damaged goods including inspection and justification for product disposition.

Non USDA facility manufacturing plant warehouse or distribution centers are registered with the FDA under the Public Health Security and Bioterrorism Preparedness and Response Act of 2002. Sysco branded suppliers and Sysco Operating Companies have effective systems to control access to and from the plant grounds and the manufacturing and storage facilities.
Access to sensitive areas is controlled during operations as well as during off hours or times of shut down. Vehicles entering facility property park in areas visible to plant food security patrol individuals. Non employee personnel have a designated waiting area that restricts non-employees from processing and/or warehouse areas. Trucks and/or trailers are inspected by trained personnel before and after unloading. Non-traffic doors, dock doors, receiving pipes and hoses are secured at all times. Security processes are in place for issuing, tracking and retrieving keys, identification badges and passes for the building and secured areas. Only authorized personnel have access to the facility and their whereabouts are monitored at all times. In addition, facilities have documented contractor program with procedures including; GMP, food safety and hygiene rules with training, restriction to defined work areas, options to inspect tool and lunch boxes and a sign in and out log. Regular patrol of outside grounds, outside buildings and roof tops are part of the security programs. Patrols are documented and suspicious activity investigated with law enforcement notified as deemed appropriate by the designated individuals.

Packaging & Graphics

Packaging Requirements
The Sysco Corporate Packaging and Labeling team is part of the Quality Assurance Department. Sysco Corporate Packaging and Labeling provides graphics support to Sysco suppliers for Syco Brand products.

The OneClick system hosted by Logix3 is utilized by Sysco to digitally manage packaging approvals. It is a fee based platform designed to maintain packaging compliance in accordance with Sysco brand specifications and regulatory requirements.

Additionally, the Sysco Packaging and Labeling team strives to improve pallet configuration & reduce customer returns by monitoring packaging damage information captured from Sysco Operating Companies, the Redistribution Center (RDC), and packaging audits. Packaging monitoring includes but is not limited to graphics, liner and fluting, inserts, gluing and sealing and minimized corrugated head space.

Information contained in specs may include, but is not limited to, the following as applicable:
- Product description
- Ingredient statement
- Packaging and code dating
- Raw material information
- Unique processing procedures or other point of differentiation information
- Foreign material prevention requirements
- Pack Size
- General quality specifications and defect limits
- Piece counts, weights, dimensions, colors, etc.
- Handling, Storage and Distribution information
- Shelf Life
- General analytical information
- Nutrition Panel information

Sysco Suppliers and Operating Companies are required to have demonstrated programs and procedures in place addressing:

- Physical security of buildings,
- Surveillance and monitoring
- Activities to identify and help prevent intentional acts intended to disrupt the food supply
- Personnel security, and
- Emergency response
- Food Defense program compliance is verified by third party audits and QA plant visits
The Sysco Brand Packaging Specification Manual and the Sysco Packaging Process Guide are available in the resource center of the OneClick system and ensure the information printed on the packaging is compliant with trade dress, brand integrity, and that the product information matches the Sysco Item Master and Quality Assurance Specification Database exactly. The supplier must pass an initial facility audit and Sysco brand product information in the QA specification database must be QA APPROVED before receiving approval for artwork to the OneClick system.

**QUALITY**

**Individual Product Specifications**

Sysco QA manages a Product Specification Database describing the finished Sysco Branded products we distribute. Suppliers create Product Specifications by entering data into the shared database. To that end, suppliers are required to submit supplier-specific product information into the Sysco product specification system for items they produce under the Sysco brand. Suppliers are not to develop packaging, produce and distribute product until each specification is in QA Approved status.

All individual product specifications are reviewed by the product quality manager and department manager for content and to assure they clearly align with the Sysco Brand strategies for points of differentiation and consistency within Sysco brands. The specifications shall not be moved to QA Approved status by a department manager or director until all criteria are met. These finished product specifications are customer facing and describe the product as sold.

The supplier’s product specification information is stored in Sysco’s managed database for future use and may be requested anytime by both Operating Company and corporate personnel as the need arises.

**Monitoring and Compliance**

Sysco uses various means of monitoring and compliance to verify that the products we purchase are meeting our product specifications and our customer expectations. Food safety risk, volume, and origin determine method and frequency of monitoring and compliance activities.
Product Evaluations – On Site and In the Product Evaluation Center (PEC)

Professionally evaluating products provides value to Sysco and its suppliers. Products are evaluated against agreed purchase specifications to measure supplier performance. The PEC is also utilized extensively in partnership with suppliers to develop foodservice products that meet our customers’ needs and expectations.

Supplier performance evaluations are an ongoing verification activity across all Sysco product categories. Evaluations are performed during plant visits and in the PEC. QA personnel issue reports after each evaluation and corrective action plans are developed as needed to improve the product and processes.

In March of 2008, Sysco opened a 20,606 sq. ft. Product Evaluation Center (PEC), located at the corporate headquarters in Houston, Texas, to evaluate new samples, current Sysco brand product and competitors’ products. The Center includes an advanced foodservice kitchen with 17 workstations, a sensory panel area, and a 200 seat auditorium and adjacent R&D kitchen. The Product Evaluation Center is a manifestation of Sysco’s desire to meet customers’ expectations and maintain a competitive edge in the industry.

The following are examples of the foodservice equipment used: fryers, convection ovens, stoves, steam kettles, char-broiler, salamander, and steamers to prepare and evaluate a wide array of food categories that are distributed in the marketplace. The sensory panel area provides the company with an opportunity to gain consumer insight prior to the release of a new or improved product. The area includes 8 individual sensory booths which allow internal, external, and expert participants to sample and evaluate single or multiple product attributes including visual, texture, taste, and aroma. The auditorium and R&D kitchen are available for food demonstrations and presentations. The Product Evaluation Center (PEC) is a welcome addition to the corporate headquarters which allows Sysco to deliver on customers’ demands.

Field Specialists
SySCO Brand approved suppliers have the responsibility of producing products that meet the mutually agreed upon Sysco specifications and must maintain effective QA/QC procedures to monitor and ensure specification compliance. The success of the program

Monitoring and compliance programs are tailored to the product category, but will include one or more of the following:

- Product and Packaging Evaluations
- Field Specialist Inspection
- Lot Set Aside Evaluations
- Point Source Inspection
- Provision of Certificates of Analysis/Conformance
- Food Safety and Quality Reviews
- Sysco Program Quality Manager Plant Visits
- Independent Lab Analysis
- Initial Production Run Inspection
- Random Lot Inspection
- Submission of on-going Analytical Reports
- QA Documents (from supplier)
- Verification Supplier Product Evaluations
- Time and Temperature Recorders for Supply Chain Control
- Complaint Tracking
remains now, as it always has, dependent on sound production and quality assurance efforts by our valued suppliers. Sysco QA works closely with its suppliers to define the monitoring requirements and reporting to demonstrate compliance.

In addition to supplier monitoring, Sysco Quality Assurance has long used contracted Field Specialists to routinely evaluate the quality of our Sysco Brand products. Sysco Quality Assurance worked closely with BSCC and our approved suppliers in the establishment of inspection procedures for Sysco Brand products. In addition to our supplier’s routine monitoring and verification, Sysco Quality Assurance also routinely checks the product, typically at the supplier’s facility. Normally used for domestic processed products, the inspection of Sysco Brand products is conducted by highly skilled independent inspectors. The sampling plans and evaluation requirements utilized by our Field Specialists are established and maintained by Sysco Quality Assurance.

Field Specialists typically inspect high volume, and high value commodities that due to nature of product may be inconsistent. Examples include Fresh Poultry, Ground Beef, Boxed Beef, Processed Meats such as Hams and Bacon, Domestic Seafood, and Fresh Produce. Sysco Field Specialists inspect branded products during production runs and/or post processing against the Sysco brand specifications.

**Point Source Inspection**
The implementation of the Point Source Inspection Program (PSIP) effectively changed the inspection methods associated with Sysco Brand imported products (Import Commodities and Seafood) procured from many of our suppliers. Sysco Quality Assurance worked closely with BSCC and our approved Import Commodity and Seafood suppliers in the establishment of inspection procedures for Sysco Brand products, resulting in a streamlined and more efficient inspection process.

In the case of internationally based approved suppliers, the inspection of Sysco Brand products occurred following arrival in the United States. The determination that product failed to comply with Sysco Brand Product Quality Specifications following arrival in the United States added cost, supply disruptions and considerable inconvenience for all parties throughout the distribution chain. Sysco Quality Assurance and BSCC Merchandising determined, with input from our valued import supplier base, that the inspection of SYSCO Brand products had to be executed at the point of production, now known as PSIP. Sysco Quality Assurance developed strategic alliances with offshore partners for the execution of sampling and quality evaluations at our approved supplier’s processing facilities. These efforts are coordinated by Sysco Quality Assurance following receipt of a Sysco Brand production and shipping notification form. The sampling plans and evaluation requirements utilized by our partners are established and maintained by Sysco Quality.
Assurance. The PSIP program includes procedures associated with third party analysis of products for contaminants, as directed by Sysco Quality Assurance.

The implementation of the PSIP program does not relieve our approved suppliers from their responsibility of producing products that meet the mutually agreed upon Sysco specifications nor does it eliminate the suppliers/importers responsibility for maintaining bona-fide, effective QA/QC procedures to monitor and ensure specification compliance. The success of the program remains now, as it always has, dependent on sound production and quality assurance efforts by our valued suppliers.

The procedures outlined in the PSIP program are intended only as an additional “check” on the system. PSIP includes, at the direction of Sysco Quality Assurance, routine audits of approved supplier’s quality assurance programs and associated documentation.

In depth information pertaining to the PSIP program can be reviewed in the Standard Operating Procedure Guidelines for Import and Seafood products.

**Sysco Brand Product Discrepancy Notice (PDN) Program**

The Quality Assurance department makes it a priority to ensure we market consistent quality products on a continuous basis to our Sysco operating companies and their customers. Whenever an Operating Company receives a product that does not meet the Sysco brand standard of quality, or if a customer contacts an Operating Company with a product quality complaint, a Product Discrepancy Notice (PDN) form is completed to notify Sysco QA of the issue.

Upon submission of the PDN, an email with the pertinent information is sent to the following parties: the risk manager, senior claims manager, QA Vice President, and QA Directors. The PDN is then routed and assigned to the responsible Program Quality Manager (PQM) responsible for that particular product category. The PQM pursues a thorough investigation of the product discrepancy, confirms any corrective actions taken by the supplier, reports results of investigation to Operating Company and Customer, and records the findings on the PDN form for aggregation of data.

PDN summary reports are reviewed by the Sysco QA management team in order to ensure that all discrepancies are resolved quickly, as well as to evaluate and address any trends that may be occurring. The Product Discrepancy Notice system helps the QA department ensure Sysco’s customers are satisfied and are receiving consistent quality and value for products purchased under the Sysco brand.

**Sysco Quality Assurance (QA) Plant Visits – Approved Suppliers**

To help ensure the consistency, food safety, and quality of Sysco Brand products, Sysco QA personnel are required to complete announced and unannounced plant visits to approved supplier locations that manufacture those Sysco Brand products. Sysco QA Plant visits are assigned based on risk and managed through a plant visit matrix. The plant visits are made by Sysco Program Quality Managers, Department Managers or Directors and involve, but are not limited to, completion of a physical inspection of the facility,
a review of the facility Food Safety and Quality Systems, Managements Commitment and an in-depth review of specific supporting documents and process controls pertinent to key food safety programs.

The physical plant inspection includes examination of the manufacturing processes/equipment, foreign material control (metal detection, magnet traps, screens, filters, X-ray, etc.), temperatures (ambient and/or product), GMP (Good Manufacturing Practices) policies and procedures, verification of HACCP documentation (Critical Control Points), verification of corrective actions completed arising from deficiencies noted on 3rd party audits, and product evaluations. Plant documentation review may include traceability (back to raw materials and through production and forward through distribution), pest control documentation, allergen program compliance, on-line finished product inspection documentation, environmental and microbial test results, HACCP related documents, validation and verification supporting documents for pre-requisite programs and other pertinent areas associated with required Sysco program(s) relevant to the individual category.

Other visits to approved locations may be for the purpose of observing activities of a field specialist(s) assigned to a particular facility. A visit could also be for the purpose of addressing immediate food safety or quality issues. These may include, recent recalls, follow-up to a failed Independent Third Party Audit, product complaints, initial production runs, review of new technology implementation, and/or equipment replacement on lines producing Sysco Brand items.

**SUSTAINABILITY**

**Corporate Social Responsibility**

The success of Sysco is tied inevitably to the success of our customers and our mission reminds us daily that we must continue to strive to help them succeed. Our financial success is also tied to managing our business in a responsible manner—not only by meeting the needs of our customers, but also by providing a workplace that fosters a diversity of talented employees and by embracing a corporate mindset that is concerned with the many environmental and community issues relating to the sustainability of the food supply.

The responsibility for our corporate social responsibility commitment ultimately rests on every individual in Sysco’s organization, whether it is environmental, economic or social. Although we do have several individuals who oversee key segments pertaining to these goals, Sysco will continue to conduct our business on principles that have been ingrained in our culture—integrity, reliability, entrepreneurialism and quality—to ensure that our
business remains profitable and sustainable for future generations to come.

Execution of this commitment is illustrated by the international social audit program. This independent, third party audit has been implemented at Sysco branded supplier locations in sensitive areas of the world to include South East Asia, Vietnam, Thailand, China and India.

**Animal Welfare / Animal Handling Standards**

Sysco is committed to the humane treatment of livestock animals used for production of food products. With the assistance of our supplier base, industry experts and academic animal scientists, Sysco strives to continually educate ourselves, and our supplier base to improve conditions for animals. Sysco has an independent advisory council including Animal Welfare experts in US and Canada. Sysco QA meets routinely with our Animal Welfare Council to review our program, to receive feedback on the performance of the program and to discuss emerging issues and improvement ideas.

Sysco’s Animal Welfare Program requires all applicable Branded suppliers within Sysco’s distribution network to adhere to strict standards for the care, housing, transport, and slaughter of beef and dairy cattle, swine, veal, lamb, poultry (chicken and turkey), and laying hens for shell and processed eggs. Sysco’s Animal Welfare programs are enforced through routine announced and unannounced on site audits of approved supplier facilities by designated trained professionals. Animal Welfare and Handling Practices Audits are performed by select third party audit agencies who utilize PAACO certified auditors. Sysco QA reviews the results of all Animal Welfare Animal Welfare Audits and Corrective Actions to determine if they are acceptable and that corrective actions are implemented in a timely manner.

Sysco QA also has personnel experienced with live animal handling who are certified by the Professional Animal Auditor Certification Organization (PAACO). These Sysco personnel conduct Animal Welfare Audits of our suppliers throughout the year. Suppliers who do not meet Sysco’s Animal Handling standards face disciplinary action and de-authorization as a Sysco supplier.

**Integrated Pest Management (IPM)**

The Sysco Sustainable Integrated Pest Management Program (IPM) was developed and implemented beginning in the 2005 growing season. This program is currently supported by Sysco Brand suppliers of canned and frozen fruits, vegetables, and potatoes.
The Sysco Integrated Pest Management Program protects environmentally sensitive growing areas, soils and water by strictly controlling the use of pesticides to eliminate pests. This program minimizes the use of pesticides and fertilizers—and only when deemed absolutely necessary. Sysco’s Integrated Pest Management Program currently encompasses 78 SYSCO Brand suppliers of canned and frozen fruit and vegetables, representing 168 food factories and close to 700,000 acres under cultivation. This has promoted the recycling and reuse of nearly 185 million pounds of organic matter, eliminating the need for 18.2 million pounds of fertilizer that would have been used in its place.

IPM has proven to be an effective and environmentally sensitive approach to pest management that relies on a combination of common-sense practices. IPM programs use current, comprehensive information on the life cycles of pests and their interaction with the environment. This information, in combination with available pest control methods, is used to manage pest damage by the most economical means, and with the least possible hazard to people, property, and the environment.

Changes to pesticide and fertilizer application, cover crop programs, and crop rotations were identified by our suppliers as strategies to minimize pesticide and fertilizer applications. Obviously, nutrient avoidance decreased the risk of nutrient runoff and ground and surface water contamination.

The IPM program takes the full engagement and cooperation of approximately 4,400 growers, Sysco branded suppliers, and numerous certified auditing agencies to document results. Independently, other members of the supply chain utilized include state and federal regulatory agencies and specific NGO organizations to affirm information and verify credibility. IPM takes advantage of all appropriate pest management options including, but not limited to, the judicious use of pesticides to support a more sustainable state of land, water, and the environment.

**Sustainable Food Laboratory**

Sysco actively participates in the Sustainable Food Laboratory, an international initiative made up of more than 70 members from the public and private sectors, academia, and the scientific community. While the academic side supports going green because “it’s the right thing to do,” the Sustainable Food Laboratory has a vision of a sustainable food and agricultural system that enhances soil fertility and water quality, cleans the air, and protects biodiversity while ensuring that the food we eat is not only safe and healthy, but also affordable. In this pragmatic formulation, sustaining natural resources goes hand-in-hand with sustaining business growth. The Sysco Integrated Pest Management Program exemplifies our efforts with the Sustainable Food Laboratory.
SUPPLY CHAIN

Cold Chain Management - Temperature Controls
Sysco adheres to a strict set of cold chain management protocols to measure supply chain performance from supplier to Operating Company. A Time Temperature Recorder (TTR) must accompany each purchase order (PO) for specified products.

Sysco adheres to a strict set of cold chain management protocols including category specific requirements for pre-chilled trailers and transport air temperature monitoring devices.

Sysco Operating Companies have strict receiving procedures describing the process to follow when loads exceed limits established for the commodities. These procedures are detailed in standard operating procedures available in each Operating Company and include taking product temperatures, and involving Sysco QA in decisions regarding load disposition.

Warehouse Receiving Procedures
Frozen and chilled products are received on chilled docks and are put away in accordance with Sysco best practices.

The Vice President of Operations at each Sysco Company is ultimately responsible for compliance with the SOP’s. The receiver or designated person assigned by the area manager is responsible for adhering to the defined procedures for receiving, labeling, quality checking and information recording in conjunction with standard SWMS procedures.

When the Operating Company receives the PO, they must receive documentation and inspect the condition of the product before it enters the warehouse. They must obtain the PO and pallet worksheet before opening the load door, along with the required equipment to receive the product, such as a thermometer, writing utensils, a camera, a black light, and so on. All goods are received according to a predetermined purchase specification. Defective trailers and goods are rejected and placed on Quality Assurance Hold awaiting final disposition.

Out of specification products are handled via Sysco’s Distressed Goods Program whereby procedures are specified to protect the Sysco Brand and to assure adherence to state and federal food safety regulations.

In an effort to address the receiving of products in a consistent and effective manner, all Sysco warehouses adhere to a best practice Standard Operating Procedures manual for receiving. Procedures detail the daily responsibilities for the roles within the Sysco Operating Company Warehouse Operations Merchandising departments, including:

- Warehouse Personnel
- Warehouse Operations Management
- HACCP Coordinator
- Seafood Merchandiser
- Merchandiser

More specifically, these Standard Operating Procedures describe:

1. The receiving, put away, and storage of frozen, dry, and cooler product
2. The receiving of HACCP product, including Temperature Sampling, the receiving of refrigerated seafood and refrigerated ready to eat seafood salad loads
3. The receiving of trucks with TTR’s
Warehousing

Sysco utilizes the Sysco Warehouse Management System or SWMS to direct the handling and storage of product in our warehouses. This warehouse management system was developed in house to more efficiently handle and respect the needs of our customers and the food service industry. It utilizes state of the art Radio Frequency (RF) technologies for all facets of the operation from receiving to put-away to selection to loading to delivery.

Upon receipt into the appropriate storage temperature zone, the product is directed to its put-away location by a number of standard configuration settings. These settings ensure that the product is put-away to the correct area of the zone that maximizes productivity and ensures efficient product rotation, while keeping storage requirement integrity (temperature, segregation—Beef/Chicken, chemicals, etc.).

Product is strictly monitored for freshness based on its expiration date and is tracked to ensure first-in, first-out (FIFO) rotation. Product is let down to selection locations based on system directed replenishments and any product that is in the location as replenishments occur are manually rotated to the front of the selection location to ensure they are picked first. Each forklift operator is trained through preferred work methods to visually inspect the product for freshness, damage and/spoilage before placing the product in the selection location.

Product in Sysco Operating Companies is required to be counted and inspected quarterly to assure count verification, rotation and expiration (daily). Counts/inspections are directed electronically and can be reviewed on line for follow-up and resolution. Selectors are directed to each selection location via the Sysco Order Selection system (SOS). This RF based systems directs the selector to pick product in a predetermined pick path that ensures pallet building that maintains the integrity of the product and its packaging. Each selector is trained through preferred work methods to visually inspect the product for freshness, damage and/spoilage before placing the product on a pallet for delivery and taken to the dock for loading. Selectors input catch weights during the selection process to accurately collect the weight of the product for billing.

Loaders are directed to load the trailers from a predetermined “map” that accurately reflects the appropriate temperature zone and location on the trailer to ensure product integrity throughout the delivery cycle. Loaders use the RF Based Sysco Loader System
(SLS) to scan product to the correct location on the trailer. Product is loaded in strict compliance with AIB guidelines.

Products returned during the delivery cycle are subject to the same, rigorous receiving examination process that occurs during normal receiving before being placed back into inventory.

**Delivery**

Sysco Delivery Associates utilize the Sysco Transportation System (STS) to account for each and every case selected/loaded for delivery to customer locations. Customer and item data for the route are transmitted to the STS mobile computer via RF Bar-coded labels generated by SOS, and affixed to product during the selection process. This uniquely identifies each individual case on the truck. Delivery Associates scan these barcodes to verify that the correct product is being delivered to the correct customer. Information on customer returns, pickups and customer payments are entered by the Delivery Associate into the STS system and transmitted to SWMS via RF.

Commercial Motor Vehicles within the Sysco delivery fleet are equipped with the XATA onboard computer system. This system assists in tracking compliance with the Federal Motor Carrier Safety Regulations Hours of Service provisions. It also allows for real-time GPS tracking of all Sysco delivery vehicles, and the current status of delivery routes in progress. This allows Operations management personnel to proactively deal with problems that may arise in a particular delivery area, such as routing other vehicles to assist with deliveries in case of mechanical problems with a piece of equipment.

Sysco utilizes multi-temperature trailers with integrated refrigeration units and insulated exterior walls/doors during delivery operations. Regularly scheduled preventative maintenance is performed on all trailers and refrigeration units to ensure proper operation and regulatory compliance.

Delivery Associates monitor the ambient temperature of different compartments within the trailer using the integrated sensors and display on the controls of the refrigeration system. If any problems are identified, management is notified and qualified repair personnel and/or replacement equipment is dispatched.
A typical trailer configuration consists of a forward frozen compartment, a middle refrigerated compartment and a rear dry compartment. Compartments are separated by insulated, moveable bulkheads and each compartment is accessed by a separate trailer door. This allows compartments to stay at the necessary temperature to ensure integrity of food products. Insulated bulkheads are closed/secured during and between deliveries to ensure temperature integrity. Refrigeration units are set to run when the trailer rear/side doors are closed. When doors are opened for delivery, pressure switches turn the appropriate units off in the needed compartments. Once the doors are closed, the switches turn the units back on. Delivery Associates ensure that temperature sensitive products are moved directly from cold storage areas of the trailer to appropriate cold storage areas inside of delivery locations.

All the above systems and processes are designed to ensure cold chain integrity throughout the delivery cycle.

**REGULATORY and TECHNICAL SERVICES**

**Crisis Management Program**
In the event of a crisis situation the Crisis Notification System is designed to notify key individuals within the corporation to effectively protect our brand integrity and shareholder equity. A list of key customer contacts has also been included to assist Sysco customers in addressing a crisis situation rapidly. Triggering events for this process would include but not be limited to nationwide Class 1 recalls of a national brand or Sysco brand product where serious illness is a distinct possibility and Sysco involvement is extensive.

The information provided during an actual crisis situation will include mostly the same information that is routinely forwarded to Sysco Operating Companies via e-mail in the event of a recall. The Crisis Notification System message will not replace the e-mail communications but instead is intended to emphasize the importance of following the directions provided. Generally, there will be no action required of the call recipients in response to the call beyond ensuring that the recall directions provided are followed as described.

**Recall Procedures**
Product recalls are an ever increasing fact of business. When manufacturers find a problem either with the safety or quality of their products it is incumbent upon them to remove the product from the distribution system. As Sysco grows and becomes an even bigger part of the distribution system our involvement in product recalls and withdrawals has grown as well.

A basic tenet of effective crisis management is efficient and comprehensive communication. All involved have to be aware of the situation and their responsibilities. Sysco Quality Assurance has taken the lead in this regard and has developed a recall communication system designed to notify all involved, in as rapid a manner as possible
of the details of any product recall/withdrawal situation, as well as any responsibilities they might have. Guidelines have been developed to facilitate communication between the recalling firm/supplier and Sysco Operating Companies involved. This plan minimizes disruption and describes, step by step, the procedure to follow in the event of a recall.

These communications in no way relieve the recalling firm/supplier of their duty to communicate directly with each Sysco Operating Company involved. If a recalling firm/supplier fails to act in a manner appropriate to the situation, Sysco Quality Assurance may recommend to operating companies that product be held from further distribution.

**Seafood HACCP**

In accordance with Title 21 Code of Federal Regulations Part 123, the Seafood HACCP Regulation, Sysco fish and fishery product suppliers shall have an adequate Hazard Analysis and if any significant hazards are found a corresponding HACCP plan. The HACCP plan, if required, shall follow at least one of the strategies outlined in the US Food & Drug Administration’s Fish and Fishery Products Hazard and Control Guide for the specific type of fish and processing. The HACCP plan must be adequate to ensure control of all hazards associated with the specific seafood product. Additionally, processors of raw molluscan shellfish must include in their HACCP plan the requirements as recommended by the National Shellfish Sanitation Program Model Ordinance. Sysco Operating Companies that receive, store and distribute Sysco fish and fishery products have conducted a Hazard Analysis and when significant hazards were found a corresponding HACCP plan is in place.

**EDUCATION and DEVELOPMENT**

**Employee Training**

Sysco Corporation provides ongoing professional development training for all QA associates through a number of resources including individual offsite technical training, webinars, in house group seminars and interactive web based course work.

**Operating Company and Customer Support**

Sysco’s QA Department is a viable resource to support the Sysco Operating Companies and their customers with product expertise or knowledge on current technical and/or regulatory issues related to our functional areas of Food Safety, Seafood HACCP, Product Quality, Product Claims, Regulatory, Recall Communications, and Health/Nutrition. Sysco’s degreed QA Staff members have product expertise acquired from their formal education and on-going skills development, as well as practical work experience in all of the food and related food service supply categories that Sysco markets. Our organizational structure has been
established based on product expertise, which enables us to direct resources to address and support specific Operating Company or MUA customer needs, including support during Regulatory Authority visits, Customer Audits, Sales Meetings, Sysco Techs, or Sysco Brand Advantage Evaluations. Many of the Sysco QA staff member’s office remotely which can facilitate a more immediate response to critical issues.

**Industry and Research Engagement**
Sysco Corporation encourages active involvement with professional associations within the Food and Beverage Industry. Sysco QA Managers and Directors actively serve on professional committees and sustainable stewardship initiatives to improve the food safety, quality, animal welfare and sustainability in their respective food industry segments. Sysco also contributes personnel time and financial resources to food safety research and education outreach programs.

Our specialized professional staff members have years of combined experience when it comes to developing and implementing food quality and safety programs. Our QA Staff is available to support Sysco Sales functions related to training as well as assisting with customer presentations and technical needs.

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