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### **Statement from the President and Chief Operating Officer of the OSI Group, David McDonald**

We are taking what happened at Husi Shanghai seriously and consider the actions of those involved completely unacceptable. I would like to repeat what Sheldon Lavin has already said: we as a company sincerely apologize for this unfortunate event. We are moving as quickly as possible to address specific and more general identified shortcomings. Overall these actions are the first stage of many required to start rebuilding respect and the trust of our customers, the government, and the public.

Today I want to update you on three parts - first, the preliminary investigation findings; second, our actions to date; and third, organization and management changes and more rectification measures.

#### Preliminary investigation findings

Our internal investigation is still ongoing. We are working closely with the Shanghai CFDA to ensure that we meet their expectation. To date our investigations have found issues that are absolutely inconsistent with our internal requirements for highest standards, process and policies.

#### Actions we have taken to date:

Yesterday we announced some of the actions we were taking:

- Withdrawal of all products manufactured by Shanghai Husi from the marketplace.
- Conducting a thorough internal investigation into possible failures or misconduct on the part of current and former senior management.
- Creation of a new management structure for China to ensure that operations meet global expectations and standards.

#### New rectification measures:

I am announcing today a number of sweeping changes of the OSI China organizational and management structure to assure corporate compliance and the integrity of the systems and processes of our operations in China.

Our China operations will now become a part of the OSI International umbrella, directly embedded into our corporate organization, rather than operating as a separate, decentralized entity. This new organization will be called OSI International China.

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#### **About OSI**

For close to 60 years, OSI Group, LLC has been a global leader in supplying value-added protein items and other food products to leading foodservice and retail brands. It is a privately held corporation with 60 facilities in 17 countries. The company's global headquarters is located outside of Chicago in Aurora, Illinois, USA.

# A World of Food Solutions

**OSI Group, LLC**  
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Leadership responsibilities for China operations have also been reassigned effective today. The OSI International China leadership team will include experienced individuals from around the world to ensure full compliance with the OSI Group's world-class standards for quality.

They will be complementing our existing China management team to focus on operations, quality assurance, and compliance and auditing.

These individuals and some of their credentials include:

- Brent Afman, Senior Vice President and a direct corporate employee with the company for 20 years, is Managing Director of Asia Pacific with responsibility for China. Brent has been responsible previously for our operations in Australia, Taiwan and two U.S. facilities.
- Michael Boccio, Vice President of Further Processed Operations, is a 22-year OSI veteran and previously General Manager of China operations from 1992 to 1998. He has also been responsible previously for operations in Indonesia, the Philippines and has held various responsibilities in the U.S. Mr. Boccio will report to Brent Afman and will be responsible for the Further Processing activities. The operations of Beijing, Henan, Produce, Human Relations, and Sales will report directly to him.
- Dr. B.K. Girdhar, Vice President of Quality Assurance – China, has 25 years of OSI experience and will be responsible for quality systems in our Further Processing and Produce businesses in China. B.K will report to Brent Afman.
- The responsibilities of Sharon Birkett, currently Vice President of North America Quality, will be elevated to additionally include Global Quality Compliance and Auditing and Sharon will be responsible for enhanced surveillance of quality compliance in China.
- In addition to these changes, we will assign a vigilant rotation of global experts to continuously survey these operations and implement exhaustive audit steps, which will include constant visual surveillance and extensive employee interviews that concretely identify not only critical production measures and document compliance, but actual visual confirmation through extended observation.

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- Eric Wu, Global Financial Internal Audit will be responsible for enhanced surveillance, as will Alice Wang, Corporate Compliance.

The distinct, separate reporting of these activities will further ensure the checks and balances that are required will be in place.

On top of the management structural changes, we will take the following actions to further our commitment to the resolution of the issue:

- Immediately cease the operations of the Shanghai Husi plant for internal and external investigations
- Extend our internal reviews to other manufacturing sites in China to ensure compliance to our global standards

### **Committed to China**

OSI International China remains committed to China and we still have plenty to offer. We've invested over 500M USD in China in the past 5 years. Over the last 105 years we've accumulated a lot of experience, expertise and technology in food processing.

We will set up an OSI Asia Quality Control Center – located in Shanghai. The center, staffed by a team of international and local teams, will provide quality assurance for all OSI sites across the country. It can also provide support to other Chinese food companies.

To promote the awareness for food safety among the Chinese public, we will also create a 3-year, OSI Food Safety Education Campaign in China with a 10 Million RMB investment. More details will be shared in the near future.

Food safety is never compromised at OSI. It is the cornerstone of our business and for our customers. We understand that we still have a lot of work to do to reclaim the respect and trust of our customers, the government, and consumers. We are committed to doing this work.

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