

From an environmental perspective, iGPS pallets are 30 percent lighter than their wood counterparts, which results in greater transport efficiency and a significant reduction in carbon emissions. In addition, unlike wood, iGPS plastic pallets do not require fumigation or heat-treatment, which further reduces energy consumption and emissions throughout the production chain. Lastly, and perhaps most importantly, iGPS pallets are 100 percent recyclable, and will never end up in a landfill.

Although iGPS pallets are more costly, when we take a longer view of the costs; both to our business and to our planet, the benefits of iGPS far outweigh conventional pallets and provide another great opportunity for Mazzetta Company to reduce its' footprint on the environment.

❖ **U.S. Import and Food Safety Policy**

Mazzetta Company maintains a strong presence in Washington, D.C., within the federal agencies, and on Capitol Hill. We believe firmly that to assume a leadership role in our industry we must have the ability to speak with our own voice where decisions are made on the most important policy issues of the day. Changes in *import law and food safety and inspection* are two key policy areas being considered for change in the halls of the U.S. Congress and federal agencies. In particular, we expect the federal government to continue to look closely at the issues of transshipment, country of origin, and labor and human rights issues abroad. In our view, these issues are critically important in terms of maintaining the integrity of our industry and its products, a level playing field for industry competitors, and also in terms of guarding against the potential for unintended consequences and interruption of supply. In this regard, Mazzetta Company works closely with our Congressional delegation, key Committees of jurisdiction, and policy-makers within the federal agencies to serve as a sounding board on policy issues and an on-the-ground contact abroad to help them fully understand how proposed policy changes may work in application.

Forthcoming changes in *U.S. food safety policy* have been well documented, and Mazzetta Company has been fully engaged in these policy discussions for over three years. We have been fortunate that one of the leading voices in this discussion at the federal level is Senator Richard Durbin of Illinois. Having our senator at the heart of this policy debate has positioned Mazzetta Company well in terms of having a platform. If things go as expected, it is likely to see food safety reform legislation passed by Congress sometime in late 2010 or early 2011. As a company that prides itself on exceptionally high standards, we have long been strong an advocate for a high bar in terms of food safety. The current U.S. food safety model is a risk-based approach to inspection, and if that is to continue there is significant value in working



closely with federal regulators to create expedited avenues for companies having high internal standards and a solid track record in terms of compliance. Regarding policy specifics, we expect product recall, traceability, importer registration, creation of an accredited FDA third-party audit and laboratory program, increased inspection including overseas FDA offices, and import fees to be covered among other issues. We also envision an environment of greater transparency, which aims to promote both trust and to ensure timely delivery of supply. As stated, Mazzetta Company believes firmly in high industry standards and the necessary federal safeguards to allow consumers to be confident that their food supply is among the safest in the world.

❖ **U.S. Climate Policy**

Climate change is a debate that has been raging for more than a decade and is now beginning to find its way into federal legislation and international agreements. The most recent U.S. legislative proposals involve various cap-and-trade systems and are premised on placing a value on carbon emissions such that carbon credits can be bought or sold in the marketplace. There is no question that the passage of a cap-and-trade model would have a major impact on U.S. businesses. In our view, there is great potential in a model that taps into the market and fosters innovation and competition. It is unclear to us at this point if any of the most recent legislative proposals making their way through the U.S. Congress represent the best approach to create opportunities for U.S. consumers and businesses to reduce emissions. It is also impossible in our view to look at climate change policy without discussing U.S. energy policy and the necessary transition to energy sources beyond fossil fuels. Although we have not yet taken formal positions on various legislative proposals, we continue to monitor closely U.S. climate change policy and resulting legislation in addition to continually considering internal decisions that may result in Mazzetta Company reducing its carbon footprint.

Food Safety and Social Overview

Mazzetta Company has throughout its history strived to maintain the highest level of ethical, business, and social standards. We have extremely high internal standards and know that it's part of our job to continually seek to improve what we do to meet our customers growing needs and expectations. We believe that being responsible in every aspect of our business decision-making not only helps us to produce the highest quality products, but also demonstrates to our customers our shared commitment to the products they bring to their family's dinner table. In this section of the Report we'll look at our audit process; discuss how we've applied

