



LEPRINO FOODS COMPANY



**TRUE
TO OUR
CORE**

GLOBAL RESPONSIBILITY 2017



LEPRINO
GLOBAL
RESPONSIBILITY

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About This Report

This is Leprino Foods Company's third biennial report to provide our stakeholders with a balanced and accurate representation of our approach to global responsibility and our goals and performance in key areas. Our previous report was published in May 2016. The report covers our U.S. operations, which comprise our Denver headquarters and our nine U.S. manufacturing plants. Our international operations, which include a joint venture in the United Kingdom, a sales and culinary innovation hub in Singapore, representative offices in Shanghai and Tokyo, representation in Korea, and an interest in a cheese supplier in Brazil, are not part of this report. Unless otherwise noted, this report covers our 2016 and 2017 fiscal years, a period from Nov. 1, 2015, to Oct. 31, 2017. Except as noted, performance data cover our headquarters and U.S. plants at the close of the reporting period. To guide report development, we referenced the *Stewardship and Sustainability Framework for U.S. Dairy* (June 2017) and the GRI Standards. Refer to the Reporting Information section at the end of this report for additional information. This report is not intended as an advertisement or as promotional material.

Framing Our Commitment: We are excited to feature photos submitted by our employees throughout the report. The images, which are credited by employee first name and location, were selected from submissions to a contest that encouraged employees to submit photos that reflected their perspectives of Leprino Foods' Global Responsibility commitment.



Welcome

At Leprino Foods Company, we have an unwavering belief in doing business the right way, guided by our vision to be the world's best dairy food and ingredient company. Our Global Responsibility (GR) theme, "True to Our Core," frames this commitment

by emphasizing our most enduring strengths and time-tested core values of quality, service, competitive price and ethics.

We believe we can do better every day. Our proactive approach to GR begins with the ethical sourcing of ingredients and continues all the way to our customers and those who use and enjoy our products. Our actions are focused in five areas – Product Responsibility, Supply Chain Responsibility, Our People, Environmental Responsibility and Our Communities.

In 2016, we further integrated GR as one of our three key business priorities. Not only is GR an integral part of how we will achieve our vision, we believe it is a strategic tool for driving innovation and positive change. It enables us to evaluate and improve our social, economic and environmental impacts and deliver ever-increasing value to our customers, our people and our communities.

Across our GR efforts, we leverage the ingenuity of our people and our relentless drive to do better. We also collaborate broadly and take leadership roles to support improvements across the dairy community. I am proud of our recent accomplishments, including the new digester in Greeley, recognition for our exemplary safety performance, efforts to reduce water use, and the impact our employees and the Leprino Foods Company Foundation have in communities across the country.

What you will see in this report demonstrates not only our accomplishments but also our firm commitment to continually improve.

A handwritten signature in black ink that reads "Mike Durkin".

Mike Durkin
President
Leprino Foods Company



About Leprino Foods Company

Vision | To be the world's best dairy food and ingredient company

Mission | To make every customer feel like our only customer through our core values of quality, service, competitive price and ethics

We employ more than 4,000 people in six states across the United States.

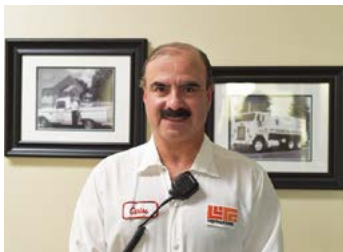


Honoring Our Founder and Our Exemplary Employees



Created in 1972 in honor of the company's founder, the Mike Leprino Sr. Award recognizes employees who exemplify the qualities Mike Leprino Sr. valued most: **a strong work ethic, loyalty, tough-mindedness and a positive attitude.** The award is presented annually to non-exempt employees at each of our 10 locations.

We congratulate our 2016 and 2017 winners:



TRACY, CA
Operations began in 1977 | 309 employees
Carlos Renteria
Not pictured: Ronald Martinez



LEMOORE WEST, CA
Operations began in 2003 | 983 employees
Yolanda Sanchez
Not pictured: Elizabeth England
Chris Aguilar | Daryl Hawkins
Renato Rodriguez



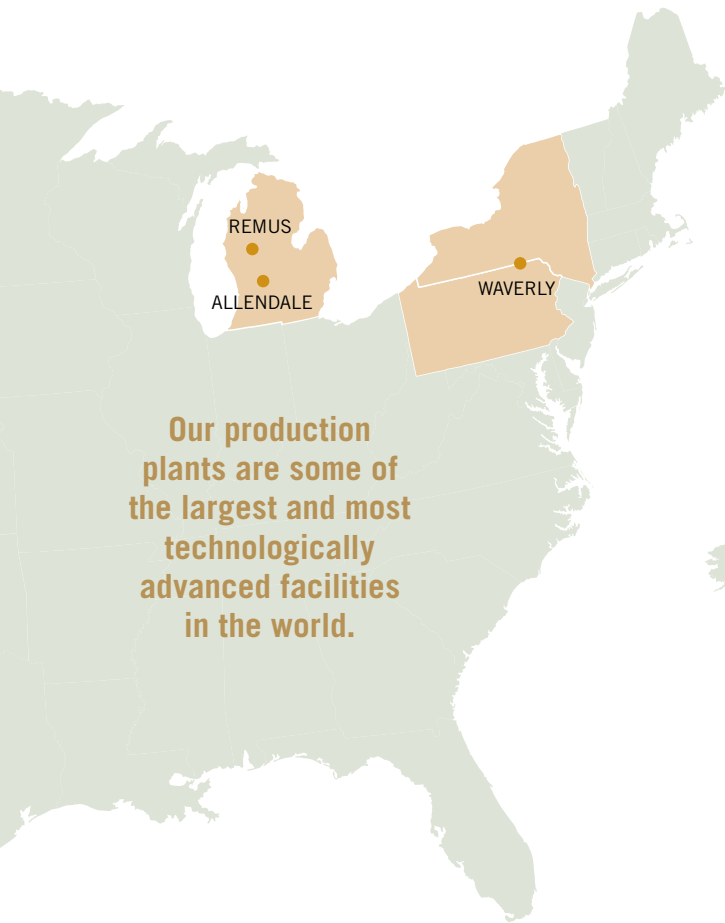
LEMOORE EAST, CA
Operations began in 1986 | 306 employees
Harold Davis | Daymon Silva



DENVER, CO
Operations began in 1950 | 526 employees
Roberto Solano Hernandez | Devin Walecka



GREELEY, CO
Operations began in 2011 | 474 employees
Jeremy Black | Brandon Kelley
Not pictured: Ivan Adkins | Miguel Gutierrez



Our production plants are some of the largest and most technologically advanced facilities in the world.

Leprino Foods transforms ~6% of the U.S. fluid milk supply into billions of pounds of cheese and nutrition products.

World's largest mozzarella cheese manufacturer

One of the largest producers of lactose

Leading supplier of whey protein



Global Sales

To support worldwide sales, we have a joint venture in the United Kingdom, a business hub in Singapore, representative offices in Shanghai and Tokyo, and representation in Korea. In 2016, we acquired an interest in a cheese supplier in Brazil.



ROSWELL, NM

Operations began in 1993 | 556 employees
Carlos Juarez | Juan Romero
Not pictured: Mario Solorio



FORT MORGAN, CO

Operations began in 1994 | 357 employees
Sheryl Groves | Jean Burton
Not pictured: Jonathan Prell | Carlos Sosa



REMUS, MI

Operations began in 1987 | 136 employees
Matthew Paulson | Angela Dutcher



ALLENDALE, MI

Operations began in 1989 | 276 employees
Jason Matthyse | Dianne Sherd



WAVERLY, NY

Operations began in 1980 | 229 employees
Robert Ward | Aaron Geisinger

Global Responsibility Strategy

Our global responsibility (GR) strategy encompasses five broad categories that address the economic, environmental and social aspects of our operations and the main interests of our key stakeholders. Within each category, we identify priority areas of focus.



PRODUCT RESPONSIBILITY

Our commitment to deliver high-quality, nutritious and responsibly produced products to our customers and consumers

LEPRINO QUALITY AND FOOD SAFETY

HIGHLIGHTS

- Continued to invest in developing leading-edge food safety protocols and technologies.
- Enhanced our food safety and quality capabilities with the launch of our new genomics research center.
- Continued to support organizations and initiatives dedicated to improving food safety.

Learn more on pages 8-13



SUPPLY CHAIN RESPONSIBILITY

Our commitment to promote and ensure responsible practices throughout our supply chain

RESPONSIBLE PROCUREMENT AND ANIMAL CARE IN OUR DAIRY SUPPLY

HIGHLIGHTS

- Achieved goal for full compliance with the Leprino Quality Animal Care program across 100 percent of our U.S. milk supply by Dec. 31, 2016.
- Strengthened our supplier diversity program to encourage the evaluation and use of small, diverse businesses.

Learn more on pages 14-16



OUR PEOPLE

Our commitment to ensure employee health and safety and to energize, empower and engage our team to succeed

HEALTH AND SAFETY AND EMPLOYEE ENGAGEMENT

HIGHLIGHTS

- Achieved safety goal for top-quartile performance in the food manufacturing industry sector for recordable work-related injuries and illnesses.
- Recognized as one of “America’s Safest Companies” by *EHS Today*.
- Achieved high levels of employee engagement toward goal for top-quartile performance.

Learn more on pages 17-23

Vision | Growing stakeholder value through global responsibility consistent with our core values



ENVIRONMENTAL RESPONSIBILITY

Our commitment to comply with regulations and use natural resources responsibly

ENVIRONMENTAL COMPLIANCE, ENERGY, GREENHOUSE GAS EMISSIONS AND WATER

HIGHLIGHTS

- Completed projects aimed at saving energy, water and other resources.
- Invested in a new digester and a combined heat and power system at our Greeley location, both of which deliver environmental and cost benefits.
- Continued efforts to maximize the capture and reuse of water that comes from milk.
- Kicked off a cross-functional team to perform a deep dive on water conservation.

Learn more on pages 24-32



OUR COMMUNITIES

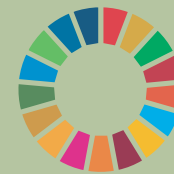
Our commitment to strengthen relationships and benefit communities close to home and beyond

VOLUNTEERISM/COMMUNITY INVOLVEMENT, COMPANY GIVING AND INDUSTRY EDUCATION

HIGHLIGHTS

- Increased employee involvement in efforts to support their local communities.
- During the report period, employees logged nearly 26,000 volunteer hours.
- The Leprino Foods Company Foundation donated nearly \$1 million to over 80 different organizations.

Learn more on pages 33-39



SUPPORT FOR THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations (UN) Sustainable Development Goals (SDGs) within the 2030 UN Agenda are a worldwide call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. We recognize the positive contribution our progress has on supporting the achievement of the goals. In particular, our efforts within our GR areas of focus align with the following UN SDGs:

Goal 2 | Zero Hunger

Goal 3 | Good Health and Well-Being

Goal 6 | Clean Water and Sanitation

Goal 8 | Decent Work and Economic Growth

Goal 12 | Responsible Consumption and Production

Goal 13 | Climate Action

Goal 17 | Partnerships for the Goals

Our Responsibility as a Supplier

Leprino Foods is a key supplier of core ingredients to some of the food sector's largest brands. Our customers rely on us not only to deliver high-quality cheese and nutrition products but also to run our operations responsibly, safely and ethically. We take that responsibility seriously.



One of the ways we do this is by participating in third-party audits mandated as part of some customers' responsible sourcing programs. Sedex, the Supplier Ethical Data Exchange, is an international not-for-profit membership organization that helps drive improvements in global supply chains. Sedex develops third-party audit standards that evaluate suppliers based on a set of ethical and responsible labor practices, health and safety standards, and environmental and business practices.

The process provides valuable external validation of our company-wide practices and standards, as well as insights on ways to improve. During the reporting period, audits were completed at our Fort Morgan, Roswell and Lemoore West plants.

Our Approach to Global Responsibility

In simple terms, Global Responsibility is a platform that formalizes our commitment to doing things the right way. It stems from our core values of quality, service, competitive price and ethics, guiding everything we do.

Running our business responsibly has been an uncompromising principle from the start. As customer and consumer needs and expectations continue to evolve, we have expanded our commitment to GR as a way to earn and maintain the trust of our stakeholders and society at large. Our stakeholders include employees, shareholders, customers, consumers, suppliers, communities and others we interact with and impact as a business.

Sharpening Our Focus on GR

We recognize the central role GR plays in our overall success, today and tomorrow. As a result, we chose Global Responsibility as one of our three key business priorities when we updated our strategic framework in 2016 to better prioritize our objectives and anticipate future needs. Our main GR strategies emphasize

proactive action, innovation and employee engagement to deliver value to the customer and the business while increasing our positive impacts on communities and the environment.

Our approach for integrating GR principles throughout our operations involves all levels of the organization. A cross-functional group of senior management representatives serves on a steering committee that develops and directs initiatives, sets performance goals and monitors performance. Our President, Mike Durkin, is the executive sponsor and an active member of the committee. Employees at each location bring our GR initiatives to life: In both formal assignments and volunteer roles, they are engaging their colleagues and leading a range of activities and projects.

Together, we continue to strengthen and broaden our GR efforts. The sections that follow describe the progress our people have enabled us to make across each area of focus.



2016
Tony Rodrigues
Maintenance Manager
Lemoore East



2017
Thurman Blanchard
Engineering Manager (retired)
Waverly

Recognizing excellence in GR



Our Gina Awards recognize outstanding performance by employees who contribute to the achievement of our vision (page 23). GR is one of the 10 award categories, emphasizing the importance of being a sustainable, responsible company and encouraging employee actions and ideas.

Working Together for Shared Progress

We believe in taking a leadership role in promoting positive change throughout the dairy value chain. Through company support and employee involvement, we leverage our expertise, energy and resources for shared benefit, focusing on key pre-competitive areas such as food safety, traceability, sustainability and animal care. Participation and leadership in national and international organizations (see below) enable us to connect with, contribute to and lead meaningful, industry-wide efforts. Additional highlights of our participation and leadership in such initiatives appear throughout the report.

Support for the U.S. Dairy Industry's Sustainability Commitment

Our involvement with the Innovation Center for U.S. Dairy has been an important channel to help guide and contribute to efforts that promote and scale beneficial change across the dairy value chain. The Innovation Center is a forum for dairy farmers, cooperatives and companies to collaborate pre-competitively on industry-wide efforts to offer nutritious dairy foods and ingredients and to help promote the health of people, communities, the planet and the industry.

Since the Innovation Center was created in 2008, members of our leadership and management teams have held various governance positions and been actively involved in projects and initiatives to strengthen dairy's sustainability, including:

- Serving on the Board of Directors of the Innovation Center; on the Sustainability Operating Committee, which provides guidance on sustainability program structure and strategy; as a U.S. Dairy Sustainability Alliance member; and on various task forces.

Participating in life cycle assessment research and pilot tests of tools that promote improvement in environmental performance.

- Sharing the results of energy reduction projects in a series of validated case studies published by the Innovation Center.
- Contributing to the development of the *Stewardship and Sustainability Framework for U.S. Dairy*, a voluntary framework for tracking and communicating progress. The framework supports the industry's objective to build continued consumer trust and confidence in dairy foods and beverages. We use the framework to inform our reporting, and we promote its use with our dairy suppliers.
- Serving on the Innovation Center's Food Safety Committee. The committee's objective is to improve pathogen controls in all dairy processing facilities in order to help prevent food safety incidents and recalls. Our employees have contributed in areas such as dairy plant food safety workshops, supplier food safety risk assessment and management and traceability. Learn more on page 12.

Playing an active role

Sue Taylor, our Vice President of Dairy Economics and Policy, is recognized for her leadership across the dairy community. Taylor serves in many positions, including the following roles:



Board member of the U.S. Dairy Export Council and chair of its Trade Policy Committee

Board member and Economic Policy Committee chair for the Dairy Institute of California

Chair of the Economic Policy Committee for the National Cheese Institute

Collaborating to amplify our efforts



We participate in national and international organizations to support and accelerate beneficial change across the dairy community.

- | | |
|-------------------------------------|---|
| • American Dairy Products Institute | • Innovation Center for U.S. Dairy |
| • Dairy Institute of California | • International Dairy Foods Association |
| • Global Cheese Technology Forum | • U.S. Dairy Export Council |



PRODUCT RESPONSIBILITY

OUR COMMITMENT TO DELIVER HIGH-QUALITY, NUTRITIOUS AND RESPONSIBLY PRODUCED PRODUCTS TO OUR CUSTOMERS AND CONSUMERS

Everything we do connects to delivering the Leprino Foods products that our customers trust and have come to expect. Our emphasis on product responsibility is embodied by our relentless pursuit of world-class quality and food safety.

OUR PRODUCTS

All our products start with milk, one of the most nutrient-rich foods available. Leprino Foods Company's premium-quality cheese and dairy ingredients deliver milk's inherent nutrition to people around the world.



Gary, Denver

@MacroChef

Erin, Denver

Leprino Cheese

Our cheese is made with the highest-quality ingredients, including fresh Grade A milk, to meet our customers' unique requirements in areas such as taste, texture, performance and nutrition. We built our business around pizza and continue to supply the top pizza chains and frozen pizza brands around the world. In addition, our cheese is used in other products by leading food companies and sold through distributors to regional chains and independent restaurants as well as thousands of retail stores.

Fresh Pizza | Frozen Pizza | Food Service | String & Snack Cheese | Packaged Shredded Cheese

Our cheese is available in a range of options, including reduced-fat and reduced-sodium varieties. We collaborate with our customers to produce cheese products that meet federal and state nutrition standards and respond to consumer preferences and market trends.

Leprino Nutrition

Our nutrition products deliver the wholesome building blocks that enable healthy lifestyles. Our nutrition business serves the following four key segments, which reflect the main ways our customers use our lactose, sweet whey, whey protein, micellar casein and other dairy ingredients.

Infant Formula | Adult Nutrition | Sports Nutrition | Commercial Ingredients

Our nutrition products are used in infant formula, nutrition bars, protein powders and beverages, yogurt, baked goods, confections, soups and a range of packaged foods.

Innovation at Our Core

Product innovation has played a pivotal role in our success for decades, as shown by our steady stream of patents. Advancements in technology often lead to new offerings, as is the case with our native protein products. "Native" describes the process of extracting proteins directly from milk, without first making cheese, to deliver the proteins in their purest forms. We use this advanced process to produce both native whey and micellar casein powders, and the process also gave birth to our new Ascent® Protein brand, highlighted below.

We also explore opportunities for new products derived from milk's many useful components. For example, components of simple sugars that occur naturally in milk are used as prebiotics to feed beneficial bacteria in the intestine. We are looking at a variety of valuable uses for these prebiotics, including to support infant health and animal health.



Collaboration spurs innovation, and nowhere is that more evident than in the LFC Innovation Studio, where we partner with our customers to enhance their brands through insight-driven product development.

Learn more about all our products at leprinofoods.com/products.

Ascent® Protein: New product, new company

In 2016, Leprino Foods entered the direct-to-consumer market with Ascent® Protein, launching both a new product category and a new business model. The brand, which operates under a wholly

owned subsidiary of the company, offers the Native Fuel™ line of native whey and micellar casein protein powders. Committed to using the best real food ingredients, Ascent is designed to improve

muscle health and performance, supporting the nutritional needs of athletes and those leading active lifestyles. Learn more at ascentprotein.com.

LEPRINO QUALITY

Our Chairman, Jim Leprino, says it best: “Leprino Quality is a way of life.” Our commitment to this enduring core value and our consistent delivery in everything we do separate Leprino Foods from the competition. The relentless pursuit of quality motivates us to deliver ever-higher value to our customers.

LEPRINO QUALITY CONTINUOUS IMPROVEMENT MISSION

Energize, empower and engage employees to continuously improve our business to be the world's best, while creating ownership that cultivates responsibility and accountability. We achieve our organizational goals through leadership, communication, continuous improvement, innovation, rewards and recognition.

Delivering Quality

Quality begins with our core values and culture, establishing a shared mindset throughout the company. Our quality management system focuses on prevention, continuous improvement and best practices to ensure we meet our high quality standards and exceed our customers' expectations. Each manufacturing plant has rigorous, documented world-class quality systems, which include complete assessment and control of all ingredients and processes, sanitation and pathogen environmental controls, and distribution controls. Finished product analysis is undertaken only as confirmation of these proactive systems.

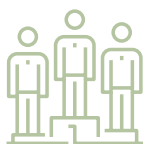
Our quality framework integrates several key initiatives, such as Leprino Quality Continuous Improvement (LQCI), Preventing Problems Before They Happen, Zero Tolerance, which is discussed in the Food Safety section, and Leprino Quality Animal Care, which is discussed on page 16. The preventive mindset and proactive behaviors fostered by these initiatives also guide how we manage our Global Responsibility areas of focus.

Powered by our people: Our people are the key to our success. Quality is everyone's responsibility; therefore, all employees play a role in prevention, problem solving, knowledge sharing and idea generation. We encourage team members to stay vigilant and empower them to work together to analyze and address problems.



Aimed at continuous improvement: Our food safety and quality systems have consistently demonstrated full compliance with customer and third-party standards such as the Safe Quality Food (SQF) Code. In addition, we regularly perform internal assessments to identify areas for improvement. Our ongoing pursuit of innovation inspires us to look for creative solutions and develop more effective processes.

Rewarding what matters most



The Leprino Quality Continuous Improvement (LQCI) program recognizes Location Teams of the Year and a Company Team of the Year. For the first time in the history of the award, two teams received the LQCI Company Team of the Year Award in 2016:

- Lemoore West Lactose Dryer Deep Dive Improvement Team
- Lemoore West Bulk Ribbon Efficiency Team

FOOD SAFETY

The first principle in our Preventing Problems Before They Happen initiative is “Understand what cannot be compromised.” When it comes to food safety, there are no shortcuts in meeting our responsibility to produce and distribute wholesome, safe cheese and dairy nutrition products.



and ingredient pathogen testing; and ongoing employee education on design, sanitation and hygienic practices and protocols.

The dedicated people who focus on food safety every day at Leprino Foods ensure that our uncompromising approach to food safety is second to none. We make sure everyone understands the vital role they play in helping to feed families around the world safely.

Raising the bar: We use meaningful metrics to monitor and benchmark internal performance, setting higher goals each year. In addition, our investment in advanced technology enables us to monitor in increasingly sophisticated ways, as described in the highlight about our new genomics lab.

Managing for Food Safety

We recognize that exceptional performance demands a continuous improvement mindset where we are never satisfied and always striving to do better. Our holistic approach to food safety is called Zero Tolerance, underscoring the elevated standards we must always meet. The Zero Tolerance philosophy directs all aspects of our work. While our responsibility to ensure food safety primarily applies to our direct operations, it starts in our supply chain and extends across the dairy value chain.

Ensuring Food Safety in Our Plants

Our plants comply with stringent food safety regulations from the U.S. Food and Drug Administration (FDA) and facility and equipment guidance from the U.S. Department of Agriculture (USDA). To address food safety at all stages and from all angles, our food safety program is integrated with our quality (page 10) and employee health and safety (page 18) programs. Our rigorous approach covers areas such as facility and equipment sanitary design and installation; an aggressive pathogen environmental monitoring program for verification of hygienic controls; extensive product

Testing in new and deeper ways

Preventing the microorganisms that put food safety at risk takes vigilance and ongoing testing and monitoring. The new genomics research center at our Denver headquarters brings together sophisticated testing capabilities and tools unmatched within the dairy food industry. The lab is able to perform genomic “fingerprinting” and analysis on ingredients from third-party suppliers and our products, offering useful insight into food spoilage and control. Such findings can provide valuable lead time to investigate and resolve potential food safety issues.

Balancing water's dual role in food safety

Water plays a key role in cleaning; however, from a food safety perspective, water is also an opponent because it supports the growth of microorganisms. Our facilities launched a “war on water” with the goal of improving food safety. Eliminating or minimizing water use is especially critical in areas

where we produce dry products such as the lactose used in infant formula. Of course, dry cleaning methods also reduce our overall water consumption, but the emphasis is on food safety. Education and behavior change are critical components of this effort. For example, using a hose to clean an area is

second nature, but we are encouraging our employees to consider whether using a vacuum instead would get the job done right. Minimizing unnecessary water use and wet floors is critical to this objective.

Assessing Food Safety in Our Supply Chain

Our products depend on the quality and safety of the milk and other ingredients we use. Management of our dairy supply and critical ingredients starts with a comprehensive qualification and selection process, which covers the supplier's safety commitment, culture, quality program and personnel training, as well as the results of its regulatory

Milk, our primary ingredient, is evaluated at the farm and goes through extensive testing when it reaches our plants.

inspections. We provide each supplier with our supplier expectation manual, which details our requirements, and then perform annual reviews and re-inspections for all suppliers of critical ingredients to ensure continued compliance.

To drive continual improvement, we evaluate food safety risk in our supply chain using a supply chain risk assessment calculator developed by the Innovation Center for U.S. Dairy.

As a result, we can better assess and quantify potential supplier risk areas and proactively prioritize resources to concentrate on identified opportunities for improvement.

Committed to traceability best practices: We worked with the Innovation Center for U.S. Dairy to establish and then promote dairy industry minimum best practices in traceability, which is the ability to track a product through all stages of production, processing and distribution. Leprino Foods was one of the first companies to commit to these voluntary practices, which focus on product flows, labeling, record keeping, data collection and other protocols. Our current practices substantially exceed the industry's minimum guidelines.

Advancing Food Safety Across the Industry

Leprino Foods' commitment to food safety does not end with the distribution of our products. We take a collaborative position to build knowledge and strengthen practices across the dairy community. Although dairy products, as a whole, have a strong food safety track record – due to both pasteurization and the hard work and diligence of the industry – prevention and improvement are never-ending obligations.

As a longtime food safety advocate, Leprino Foods supports a range of organizations and initiatives through corporate memberships, funding and the direct involvement of our senior leaders and team members (see sidebar). Employees share their expertise and experience by serving on committees and working groups, collaborating on food safety initiatives, contributing to publications, assisting with training events, speaking at conferences and participating on panels. The spotlight on the next page highlights many of the ways our Vice President of Food Safety and Regulatory Compliance has contributed to food safety beyond our operations.

Participation in food safety initiatives

Leprino Foods Company employees are involved with a number of organizations and initiatives focused on food safety.

Scientific Advisory Committee of the National Conference on Interstate Milk Shipments

Key involvement has included reviewing proposed changes to processes in the Pasteurized Milk Ordinance.

Innovation Center for U.S. Dairy

Key involvement and support has included:

- Serving on the Food Safety Committee
- Teaching Dairy Supplier Food Safety Management workshops on assessing and mitigating risks
- Teaching Dairy Plant Food Safety workshops on best practices
- Developing and reviewing *Guidance for Dairy Product Enhanced Traceability*
- Leading the development of food safety guidance publications
- Supporting the creation and operation of the Listeria Research Consortium to fund research and identify science-based solutions that protect consumers

Learn more about our involvement with the Innovation Center on page 7.

Food Safety Preventive Controls Alliance

Key involvement in this alliance of industry, academic and government stakeholders has included:

- Contributing to the curriculum for a course to help food companies understand and comply with the Food Safety Modernization Act's Preventive Controls for Human Food
- Serving as a trainer of trainers to prepare new lead instructors

SPOTLIGHT on Leprino's Food Safety Trailblazer

EDITH WILKIN is a 21st-century detective. But she's not searching for human culprits; she's hunting something much, much smaller. As Vice President of Food Safety and Regulatory Compliance, Wilkin is laser focused on microorganisms, tracking them down and trying to predict their next moves.

Her philosophy is not to let those microorganisms harm us and instead to harness them for good.

"I'm a nosy person, I suppose," she said. "I find something fascinating and I dig in."

A University of Missouri course in food microbiology sparked what would become her life's passion. She switched her focus from medicine and earned a master's degree in food microbiology. Wilkin joined Leprino Foods' quality assurance program at the plant level in December 1980 and then worked in sanitation before moving to the company lab in Denver.

A natural collaborator, she works closely with Leprino Foods team members, suppliers and customers, industry colleagues and scientific researchers to ensure the highest standards of quality and food safety. As such, Wilkin has become an invaluable leader in the company and within her field (see sidebar).

Her areas of expertise include pathogen control, process validations, laboratory operations and food regulations. She has contributed to numerous industry initiatives and publications, most notably FDA's Food Safety Modernization Act and Food Current Good Manufacturing Practices, IFT's Best Practices for Food Traceability, and the Innovation Center for U.S. Dairy publications *Guidance for Dairy Product Enhanced Traceability* and *Listeria Control Guidance for Dairy Operations*.

In addition, Wilkin has been selected by the International Life Sciences Institute, a nonprofit organization serving the food and beverage industry, to serve a two-year



appointment as chair of its North American Food Microbiology Committee. The committee addresses issues of broad public health interest such as pathogens, biological agents and changing nutritional guidelines.

"The work is never done. Customers are always coming up with new ways to use ingredients," she said, adding that she enjoys the variety and challenges of her work at Leprino Foods as well as the autonomy she has had to pursue research in her field.

Her friends and colleagues at Leprino Foods praise Wilkin for her deep skills, passion, natural curiosity and far-looking, innovative approach.

Edith Wilkin serves in many leadership roles:

Chair, International Life Sciences Institute's
North American Food Microbiology Committee

Member, Innovation Center for U.S. Dairy's
Food Safety Committee

Vice Chair, National Conference on Interstate
Milk Shipments' Scientific Advisory Committee

Chair, International Association for Food
Protection's Low Water Activity Foods
Professional Development Group

A man in a blue plaid shirt, blue jeans, and a blue baseball cap stands in a farm setting. He is positioned next to a black and white cow that is partially visible in the foreground. The cow has a yellow tag with the number 1043. In the background, there is a wooden structure with large fans, and a dirt road leads into the distance under a clear blue sky.

SUPPLY CHAIN RESPONSIBILITY

**OUR COMMITMENT TO PROMOTE AND ENSURE RESPONSIBLE
PRACTICES THROUGHOUT OUR SUPPLY CHAIN**

The quality of our products begins with our suppliers; therefore, we work to ensure responsible practices across our supply chain, with an emphasis on our dairy supply.

RESPONSIBLE PROCUREMENT

Our success depends on reliable, high-quality sources for milk and other ingredients, products and services. We view our suppliers as long-term partners with whom we build mutually beneficial relationships based on shared values, high standards and a strong commitment to responsible management practices.

Managing Sourcing and Procurement

To manage sourcing and procurement effectively, we direct the most attention and resources to the most significant supply categories, such as dairy, other ingredients and packaging. Based on purchase costs and the associated level of risk and impact involved in a range of areas, our milk supply is our highest priority.

Quality and food safety, discussed previously, are the most critical assessment criteria for dairy and other ingredient suppliers. For our milk suppliers, adherence to industry-sanctioned animal care practices is another key area of assessment (page 16). With these priorities in mind, we have taken an industry-leading role to ensure that suppliers meet our stringent requirements.

We set clear expectations for our suppliers, which are communicated directly and through our Supplier Code of Conduct. Comprehensive policies guide supplier selection and assessment, and verification and auditing systems ensure ongoing adherence and quality. Building strong, collaborative relationships is also an important component of our work with suppliers.

Moving forward, we will continue to identify opportunities to strengthen our approach to managing supply categories in relation to their associated significance in our operations. In addition, we are considering ways to incorporate the assessment of environmental and social factors across categories.

Strengthening Our Responsible Practices

Leprino Foods is committed to procurement strategies that support local economies and diversity across the supply chain.

Contributing to local economies: Because we are one of the largest dairy manufacturers in the world, our sourcing and procurement expenditures contribute direct economic benefits in our communities of operation, supporting local and state economies. Our plants are sited in dairy-producing regions, which are mostly rural. Our partnerships with dairy farmers are mutually rewarding and create indirect economic benefits in the form of dairy farm and dairy support jobs in the local community.

Supporting supplier diversity: We are committed to continuing our support of small and diverse businesses across our dairy and nondairy purchasing network. Our supply chain includes a significant number of small and diverse businesses, and we are working on improving our tracking methods and solicitation strategies to establish and grow existing and potential business relationships with qualified and certified diverse suppliers. We are also coordinating with our largest dairy supplier, Dairy Farmers of America (DFA), to gain a better understanding of the characteristics of the member farms within this cooperative.

Extending Our Influence

We recognize that the scale of our operations and our market position carry a significant level of influence and responsibility; therefore, we strive to be a positive force in demonstrating and promoting responsible practices in our supply chain and the dairy community. In addition to our efforts to promote food safety (page 12), we encourage improvements in environmental performance and collaborate with our suppliers to develop solutions that enhance our collective impact and reduce the footprint of our products. Some of these efforts are highlighted on page 29.

Recognizing smart environmental practices: As we improve our supplier environmental assessment methods, we have added environmental criteria for contract transportation providers to support fuel efficiency and reduce the greenhouse gas (GHG) emissions associated with the distribution of our products. Learn more on page 29.

Relationships built on shared values



Many of our key suppliers are private or family-owned companies, with which we have many values in common. For example, most dairy farms are family owned – and women-owned – business we are proud to have worked with since 2010 is Edlong Dairy Technologies. Edlong is the only women-owned flavor company in the world exclusively focused on the unique functions provided by the taste of dairy.

ANIMAL CARE IN OUR DAIRY SUPPLY

Leprino Foods cares deeply about the health and welfare of the dairy cows on the farms that supply us with fresh milk. That's why we confirm that the dairy farmers with whom we partner share our commitment to the highest level of ethical treatment of animals.



Photo courtesy of DFA

“Leprino’s investment in LQAC sets them apart as leaders in the industry and sends a strong message to all of their customers about the value they place on on-farm practices, continuous improvement and animal health and welfare.”

Emily Meredith

Chief of Staff, National Milk Producers Federation

Ensuring Animal Care

The dairy farmers who deliver milk to our plants every day are essential partners in ensuring the purity and integrity of our cheese and dairy ingredients. We work closely with our dairy suppliers to safeguard the quality and safety of our milk supply, as described on page 12.

Our industry-leading approach to animal care in our dairy supply is based on the recognition that healthy, comfortable cows that are treated well will always be the best and most productive source of high-quality milk. True to our own high standards, we created a rigorous program that raised the bar on animal care accountability. We partnered with our milk suppliers, influential dairy farmers, industry leaders and the Innovation Center for U.S. Dairy to identify best practices in both the U.S. and the U.K.

The Leprino Quality Animal Care (LQAC) program, which was updated in 2014, mandates that our milk suppliers and dairy farmers comply with world-leading animal care practices and commit to ongoing animal care education. To ensure continued responsible behavior at the farm level, the LQAC program incorporates multiple approaches:

- Enrollment in the National Dairy FARM (Farmers Assuring Responsible Management) Program – the first ISO-compliant livestock animal care program in the world – in the U.S. and the Red Tractor program in the U.K.
- On-farm evaluations and herd health assessments by independent second parties
- Annual farm employee education and training programs, including a signed code of ethics by each employee upon program completion

Since 2016, all farms supplying raw milk to Leprino Foods have been fully compliant with the LQAC program. The entire program undergoes an independent third-party verification for compliance. In addition, an independent advisory council helps guide policy development and best practice adoption, and an oversight committee is responsible for investigating instances where animal care standards do not meet LQAC program expectations. The full policy is available at our [website](#).

Our Performance

We achieved our goal to ensure that 100 percent of our U.S. milk supply is in full compliance with the Leprino Quality Animal Care program by Dec. 31, 2016.

A photograph of two workers in a food processing facility. On the left, a woman wearing an orange hard hat, safety glasses, and a blue hairnet is smiling. On the right, a man wearing a green hard hat, safety glasses, and a blue hairnet is looking towards her. They are both wearing white lab coats and blue gloves. The background is a plain, light-colored wall.

OUR PEOPLE

**OUR COMMITMENT TO ENSURE EMPLOYEE HEALTH AND SAFETY AND
TO ENERGIZE, EMPOWER AND ENGAGE OUR TEAM TO SUCCEED**

Our valued team members are integral to the success of Leprino Foods and our vision to be the world's best dairy food and ingredient company. Providing a safe and engaging environment in which our employees can thrive and build rewarding careers is an essential element of our corporate philosophy and strategy.

Our Performance

Leprino Foods continued to achieve strong safety performance during the report period, reaching our goal for results in the top quartile of the food manufacturing industry sector. Both our 2017 Occupational Safety and Health Administration (OSHA) recordable incident rate and our 2017 DART (days of restricted work activity or job transfer) rate decreased from 2016 levels.

Safety Goal:
Achieve performance in the top quartile of the food manufacturing industry sector.

OSHA Recordable Incident Rate		
Fiscal Year	OSHA Recordable Incident Rate	Top Quartile Goal*
2013	3.06	2.40
2014	2.76	2.33
2015	2.30	2.40
2016	2.41	2.40
2017	2.03	2.12

Our 2017 OSHA recordable incident rate of 2.03, which is a 15% reduction from 2016, represents performance within the top quartile of the food manufacturing industry sector.

DART Rate		
Fiscal Year	DART Rate	Top Quartile Goal*
2013	1.97	1.33
2014	2.07	1.33
2015	1.62	1.27
2016	1.88	1.27
2017	1.36	1.10

Our DART rate for 2017 was 1.36, a 25% decrease from 2016.

***Top Quartile Goal:** We compare our fiscal-year performance with the latest available annual data from OSHA for the top quartile of the food manufacturing industry sector; therefore, the top quartile values listed for our 2016 and 2017 fiscal years correspond with the OSHA reports for calendar years 2014 and 2015, respectively. Industry values used reflect weighted calculations based on location sizes.

HEALTH & SAFETY

Safety is an extension of our core value of ethics; ensuring a healthy and safe workplace is one of our fundamental responsibilities. We foster a company culture that supports employee well-being, both on and off the job.

SAFETY MISSION

We will create a world-class safety culture through leadership, personal commitment and accountability. Together, we are all responsible to care for each other's health and safety, and are dedicated to prevent all injuries before they happen.

SAFETY VISION

To be the world's safest food manufacturing company, driven by the world's safest employees.

Managing for World-Class Safety

Our health and safety mission and vision articulate our commitment and approach to achieving world-class performance. Our comprehensive management system fosters a safety-first culture, characterized by continuous improvement through the adoption of best practices. We provide a framework for rigorous safety management, from risk assessment and mitigation through emergency planning. In addition, our Preventing Problems Before They Happen program and emphasis on employee involvement encourage the safety behaviors and proactive mindset needed to bring workplace safety to life.

At Leprino Foods, everyone owns safety. Every employee has a role in designing safe work processes, maintaining safe working conditions and promoting safe and healthy habits on and off the job, with our leadership having ultimate responsibility for safety performance. Safety committees, wellness teams, daily pre-shift meetings and regular department safety meetings offer opportunities for engagement and dialogue. Many locations also have teams focused on specific aspects of safety, such as warehouse operations and ergonomics.

Safety scorecards, which track leading indicators and actions taken to improve safety, keep the focus on achieving our safety vision and goals. Our employee recognition and rewards program spotlights individuals and teams who champion workplace safety at their locations and across the company.

To help drive our progress, we conduct annual audits to evaluate ongoing improvement. In 2017, these reviews showed our fourth straight year of improvement. Safety professionals from our plants now participate in audits at other locations to help assess safety culture and processes that can raise the bar on our performance. This combination of perspectives is empowering our top safety experts to learn about and share approaches that have been successful at different plants and to identify opportunities to improve the processes that most contribute to injuries and lost work time.

Honored as one of America's safest companies



Leprino Foods received recognition as one of America's Safest Companies for 2016 from *EHS Today*, a magazine for environment, health and safety leaders. Established in 2002, the award honors companies that have achieved innovative and strategic safety goals. Leprino Foods is only the fourth food company in the award's history to be recognized.

The magazine cited Leprino Foods' drive to keep safety at the forefront of company communications as well as our efforts to expand safety discussions to address wellness, safe driving and off-the-job safety. *EHS Today* also recognized Leprino Foods for making safety a priority for employees on the warehouse floor and for the protocol that executives review all significant safety incidents and rule violations.

"Over the past three years, the company has shifted its thinking from an emphasis on lagging indicators to employee engagement and safety process quality," *EHS Today* stated.



Waverly puts safety first.

Waverly has consistently demonstrated some of the strongest safety processes at Leprino Foods. Every department has a set of safety goals tied to training, regular inspections and other activities designed to eliminate injuries.

Waverly launched the All Waverly On Lookout (AWOL) program to encourage employees to make observations and safety suggestions and to recognize employees whose actions advance our goal of being the world's safest food manufacturing company. Employees who provide the best suggestions are rewarded with formal recognition and a gift certificate.

The plant also held its first forklift skills and safety competition in 2017. The outstanding safety practices at Waverly have led to a more than 50 percent reduction in injuries since 2015.



Lemoore West stays prepared.

The Lemoore West plant has a long history of outstanding safety. In 2017, its entire HAZMAT team participated in horizontal confined space rescue training using the Sked evacuation stretcher system.

Because conducting drills in active areas of the plant would have created risks for people and product, the Power department developed an entry device simulator that can be used in a classroom setting (pictured above). This allowed all team members to watch and learn, step by step, how to perform a rescue of an incapacitated person through the small round openings to vessels, which are common in the food manufacturing industry.

The team was also able to plan for other scenarios, including the need for rescue in oxygen-deprived settings while wearing a self-contained breathing apparatus.

Promoting Employee Wellness

At Leprino Foods, we believe in helping our employees live safe and healthy lives.

Health and wellness teams at every location promote initiatives such as neighborhood walks, healthy snacks and meals, backyard garden vegetable exchanges and the annual Curds & Whey 5K (see highlight). We also encourage healthy lifestyle behaviors by sharing the cost of registration fees for races, athletic classes and similar activities, and by offering nutritious menu options in our cafeterias and break areas.

83%

**Employee participation
in the health incentive
reward program**

Our wellness strategy also helps reduce health costs – not just for the company, but also for employees and their families – and raises morale, productivity and overall

employee engagement. Our health incentive reward program gives employees a wide range of tools and incentives to help them manage their health. Through this enhanced interactive program, which includes the Rally website and smartphone app, employees can earn financial rewards for health and wellness activities such as completing a lifestyle questionnaire, attending seminars, or visiting a medical provider for preventive care. The online platform provides ongoing motivation as employees log activities and receive rewards.

We also provide free health coaching, a weight management program and other offerings to promote well-being. In addition, each location hosts free and confidential biometric screenings annually.



“The weight loss challenge coupled with my enrollment in the 12-month online weight loss program provided through our benefits package gave me a double dose of support to stay away from tempting holiday food.”

Lynne Hogan

Accountant and the female winner of the 2017
Denver holiday weight loss challenge

Staying active together

2017 marked the 10th annual Curds & Whey 5K and 1 mile run/walk. The event is hosted at each of our locations to encourage employees to spend time with colleagues, family, friends and neighbors in a fun, active way. The location with the highest employee participation is awarded a cash prize.

56%

**Employee participation
in 2016 Curds & Whey,
the highest rate to date**

Overall, the 2016 event stands as the largest to date, with more than 2,300 participants across our 10 locations. The Greeley plant took home the prize with an impressive 93 percent participation rate. In 2017, the Tracy plant earned the prize with a 75 percent participation rate.

EMPLOYEE ENGAGEMENT

We invest in our people. Fostering employee engagement helps us bring out the best in our employees so they can achieve their personal and professional ambitions while contributing to the company's continued success.



Ken, Denver



Ryan, Denver



Ana, Lemoore East



Attracting and Retaining the Best Talent

Our approach to employee engagement is to encourage the passion, energy and innovation of our employees in our pursuit of shared objectives. This mindset informs the ways we attract candidates who are a great fit for our family-owned company and extends to the ways we work to develop, engage and retain the talented people on our team. Our dedicated people and unique Leprino culture, as well as our employee benefits, diversity and inclusion initiatives, training and development, and employee recognition efforts, support employee engagement.

To strengthen our recruitment efforts and more clearly express the appeal of a career with Leprino Foods, we launched our employee value proposition (EVP), also known as our Employment Brand, at the end of 2017. Our EVP, which employees across the country helped define, gives prospective and current employees an authentic sense of who we are at Leprino Foods, what we expect of our team members and what we offer in return.

Learn more at leprinofoods.com/careers.

We also have enhanced our employee referral program, increasing the financial incentives and adding a new tier for hard-to-fill positions to help us recruit the best candidates we can in a challenging job market. Various outreach programs such as military recruiting help us reach a diverse range of potential employees.

Providing Robust Benefits

Our total rewards package reflects the value we place on our employees and on retaining an engaged workforce. We continue to enhance our benefit offerings and increase options. Full-time employees – who represent more than 98 percent of our workforce – receive a total rewards package that includes competitive compensation, profit sharing, health and wellness benefits, company-paid life insurance and other benefits such as tuition reimbursement, enhanced service awards and discount offerings.

Learn more at leprinofoods.com/careers/why-work-at-leprino/.

4,152
Full-time employees

Our Performance

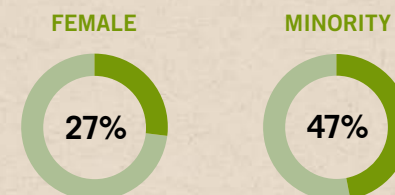
We formally measure employee engagement every two years through the Leprino Voice survey, which was distributed to all employees in 2016. We had strong results overall, with engagement levels close to the 75th percentile industry benchmark for U.S. manufacturing, which we have set as our “world’s best” goal. The survey also provided valuable insight on drivers of engagement and areas for improvement, including many of the new programs and initiatives discussed in this section. We also track a number of employee measures, such as turnover and retention, to assess our progress.

Employee Retention (Percentage of employees by years of employment)

% < 5 Years	% 5-9.99 Years	% 10-20 Years	% > 20 Years
46%	24%	21%	9%

At Leprino Foods, we are proud so many employees have chosen to build long careers with our company. In 2017, 30 percent of our workforce had 10 or more years of service – an important indicator of employee satisfaction and engagement.

Diversity



Although our female representation is higher than the dairy product manufacturing sector average, we are not satisfied with the gender gap in the industry. We place a large focus on attracting and retaining women, and demonstrating to them that there are long-term career advancement opportunities at Leprino Foods, as highlighted on the next page. (Source: BLS Labor Force Statistics. Employed persons by detailed industry, sex, race, and Hispanic or Latino ethnicity)

Promoting Diversity and Inclusion

Both the company and our employees benefit from a work environment that respects and values our differences and the unique contributions they bring. In 2017, Leprino Foods adopted a formal commitment statement to reinforce the vital role diversity plays within our company:

“We’re committed to creating an inclusive and supportive culture that leverages the unique talents of all our employees to further foster our company’s vision, mission and core values. By leveraging the diverse experiences, backgrounds and perspectives of our employees, we realize a competitive position in today’s ever-changing environment. Through key focus areas in attracting, developing, engaging and retaining our high performing diverse workforce, our employees can reach their full potential at Leprino Foods.”

In addition, we have been working on several new initiatives, including our focus on furthering women’s leadership and development (see highlight).



Supporting women in manufacturing

We are committed to creating an inviting and supportive culture that leverages the unique talents of women in realizing our company’s mission and vision. Recognizing that attracting and retaining women in the manufacturing industry can be challenging and competitive, we direct attention to women’s leadership and development.

By facilitating learning, leadership, networking and outreach, we aim to inspire and empower women to reach their full potential. As part of this initiative, Leprino Foods joined Women in Manufacturing, a national association dedicated to supporting women interested in or working in the manufacturing industry. The membership provides access to resources, local chapter events, and opportunities for mentoring and networking with industry peers.

Developing Our Employees for Success

Our Talent Management department concentrates on cultivating the talents of Leprino employees to spur innovation and to enable us to achieve consistently high performance. We offer a wide range of ongoing training, leadership and professional development opportunities, and educational assistance. Furthermore, our employees work with their supervisors to formulate individual development plans.

Leprino University: Launched in 2017 with a five-month pilot program at our Denver headquarters, Leprino University is designed to educate, inspire and engage employees through high-impact learning opportunities such as in-house courses, self-study curricula, e-learning and speakers’ series. Leprino University provides a more formal and consistent platform for learning technical, functional, business and leadership skills in a way that enhances and reinforces employees’ on-the-job experiences.

Focus on leadership development: We believe that to build the world’s best dairy food and ingredient company, we must develop the industry’s best leaders. Therefore, we continuously raise our standards for leadership development. In 2017, we fine-tuned our leadership philosophy, updating our expectations and approach to reflect the Leprino culture and better align with our business strategy. We also solidified our leadership competencies, which identify 12 common observable skills and behaviors that distinguish extraordinary leadership at Leprino Foods. Additional initiatives include in-role training, Leprino University (described above) and the following new programs:

- Leprino Leadership Development 360: an assessment tailored to our 12 leadership competencies that gauges leadership effectiveness and gives our employees feedback to help them grow.
- Choose to Lead: quarterly skills workshops for all frontline plant managers that focus on communication, coaching, problem solving and delegation.

Preparing for the future: Along with our leadership development efforts, our Build The Organization Planning (BTOP) initiative supports succession planning and meeting future business needs. BTOP enables managers to assess organizational capability and to put plans in place for closing gaps between current capabilities and those required to achieve our goals. For example, BTOP helps ensure that employees get the crossover experience they need to be ready to take on different roles and responsibilities throughout the organization.

Recognizing Employee Excellence

Applauding the contributions of the amazing employees who work to make Leprino Foods the world's best is an important part of our company culture and engagement efforts. We recognize outstanding efforts in informal one-on-one interactions, in team meetings and town halls and on recognition boards, as well as through company-wide award programs, highlighted below. In 2017, we launched a new recognition platform with enhanced service awards.



The Maximo Project Team with Tom Hegarty, Senior Vice President of Production Operations, and Lance FitzSimmons, Senior Vice President and Chief Financial Officer.

Gina Awards: Since 1969, Leprino Foods has recognized outstanding performance by employees who contribute to the achievement of our vision. There are 10 Gina Award categories, including the global responsibility category (page 6), which underscores the importance of being a sustainable, responsible company and encourages employee actions and ideas.

In 2017, we added a new team category to acknowledge examples of superior collaboration. The Denver-based Maximo Project Team (pictured above) received the inaugural award in recognition of the efficient deployment of the Maximo data tool across all production facilities.



Gina Award



Mike Leprino Sr. Award

LQCI Teams of the Year: Each year, as part of the Leprino Quality Continuous Improvement (LQCI) program, we name a Team of the Year at each location and an overall Company Team of the Year. In 2016, there was a historic tie for the company award. The two winning teams are highlighted on page 10.

Mike Leprino Sr. Awards: This annual award honors the company's founder; the 2016 and 2017 award recipients are featured on pages 2-3.



ENVIRONMENTAL RESPONSIBILITY

**OUR COMMITMENT TO COMPLY WITH REGULATIONS
AND TO USE NATURAL RESOURCES RESPONSIBLY**

Our environmental responsibility extends beyond compliance with environmental regulations and laws to include resource conservation and the reduction of environmental impacts. We concentrate our efforts on our most significant impacts – energy, greenhouse gas emissions and water – while striving for responsible use of all resources.



ENVIRONMENTAL MANAGEMENT & COMPLIANCE

The principles of doing the right thing and doing more with less drive us to be dedicated environmental stewards. Our innovative and collaborative spirit supports our aim to reduce the resource intensity and impacts of our operations while maintaining the highest standards of quality.

Environmental Areas of Focus

Our evaluation of our environmental impacts identified environmental compliance, energy, GHG emissions and water as our top priorities.

We also are working to minimize our impacts in the areas of packaging, transportation, solid waste and chemical use.



Managing Environmental Impacts and Resource Use

Compliance, efficiency and conservation are at the core of our environmental efforts. Our environmental management system (EMS) emphasizes the prevention of problems and continual improvement through best practices, employee involvement and investment in new technologies. Firmly grounded in the principles of Leprino Quality, the EMS brings together many related components to manage and improve our performance, including policies, procedures and practices; training and employee engagement; measurement and reward systems; and audit processes.

Our Greeley plant has implemented our first externally verified EMS as part of its pursuit of the Gold Leader designation from the Colorado Environmental Leadership Program (see highlight on page 28). We will be extending Greeley's comprehensive EMS approach to our other locations in the near future.

Oversight for environmental compliance and management occurs at the corporate level, with each plant being responsible for achieving performance targets specific to their unique product mixes, processes and location.

Zeroing in on opportunities: We understand that advancements are best nurtured through collaboration and knowledge sharing, both among our teams and plants and with external stakeholders. That's why we decided to task a cross-functional team of problem solvers with investigating one topic at a time at a single plant. Our Technical Services Team will work with internal experts in sanitation, facilities management and environmental management. The diversity of perspectives and expertise will support the objectives of identifying opportunities and considering bold ideas to help reach

our goals. The plan is to pilot test this approach and learn from our efforts at one plant before scaling to other locations. In 2018, the team will concentrate on water, beginning with our Tracy plant (page 30). We are confident this exciting period of laser-focused investigation and trial will yield new knowledge and solutions, both large and small.

We also are reviewing our initial reduction goals for energy, GHG emissions and water to incorporate what we have learned in the last several years. As part of our evaluation, we performed benchmarking and researched science-based targets to inform setting future goals that are challenging but attainable.

At work on tomorrow's progress: As a company, Leprino Foods has always looked for new and better ways to manufacture cheese and other dairy products. That same passion for innovation drives us to seek opportunities to help protect our environment. While we are implementing many incremental innovations, we are investigating and investing in breakthrough technologies with the potential for significant reductions in resource use. Through collaborations with our customers and suppliers and with organizations both within and outside the dairy industry, we seek to break new ground and improve environmental performance for Leprino Foods and others. For example, we are in the early stages of testing new, game-changing cheese processing technology that has the potential to deliver tremendous resource and space savings, while reducing energy consumption, water use and more.

SPOTLIGHT on Resource Conservation

RESOURCE CONSERVATION VISION

To engage the skills and passions of every employee toward world's best natural resource conservation performance via tenacious continuous improvement.

Engaging Employees to Encourage Resource Conservation

Some of the best ideas to help us achieve our performance goals come straight from our employees. Resource Conservation Teams at each of our plants work with organized support from the Denver corporate office to foster grassroots solutions to resource conservation.

Since 2015, the teams have been educating fellow employees, raising awareness about resource-smart behaviors and engaging co-workers in finding low- and no-cost ways to save energy, water and other resources, as highlighted to the right. Resource conservation leaders with a passion for environmental progress act as team champions. We recognize accomplishments at the individual, team and plant levels with an awards program.

Allendale changes processes to save resources.

When the Allendale plant contemplated 90-hour production runs, the goal was to increase cheese production. But the initiative, which was tested in late 2015 and ramped up in 2016, is also saving energy and 2.2 million gallons of water a year, said Project Engineer and Resource Conservation Team Leader Sean McNamara.

2.2M

Gallons of water
a year saved by
extending run time

Typically, processing runs last 18 to 20 hours, followed by a cleaning cycle. Allendale worked with Michigan state regulators to extend the run time and eliminate intermediate cleaning cycles. The team also has achieved annual savings of 657,238 kWh through LED lighting and other projects. In addition, the team brought in experts from the local utility company who assessed the plant's processes and offered conservation suggestions.

Lemoore West focuses on employee behaviors.

Resource Conservation Team members at Lemoore West got creative to improve utility consumption. They hand out color-coded cards on the production floor to highlight good, not-so-good and negative behaviors such as wasting water. The cards come with a “vending



Danielle, Lemoore West

buck” to spend on a soda or snack and an invitation to a biannual pizza party to discuss conservation issues.

The team also sponsors e-waste recycling and maintains bins to separate cardboard and plastic from trash, reducing annual sorting fees by \$50,000 or more. A switch in production from compressed air to motor-driven blowers with HEPA filters improved food safety and reduced electricity use, saving another \$50,000 a year. In the works for 2018 is a \$1 million LED lighting retrofit underwritten by a \$70,000 rebate, which is expected to save \$140,000 annually.



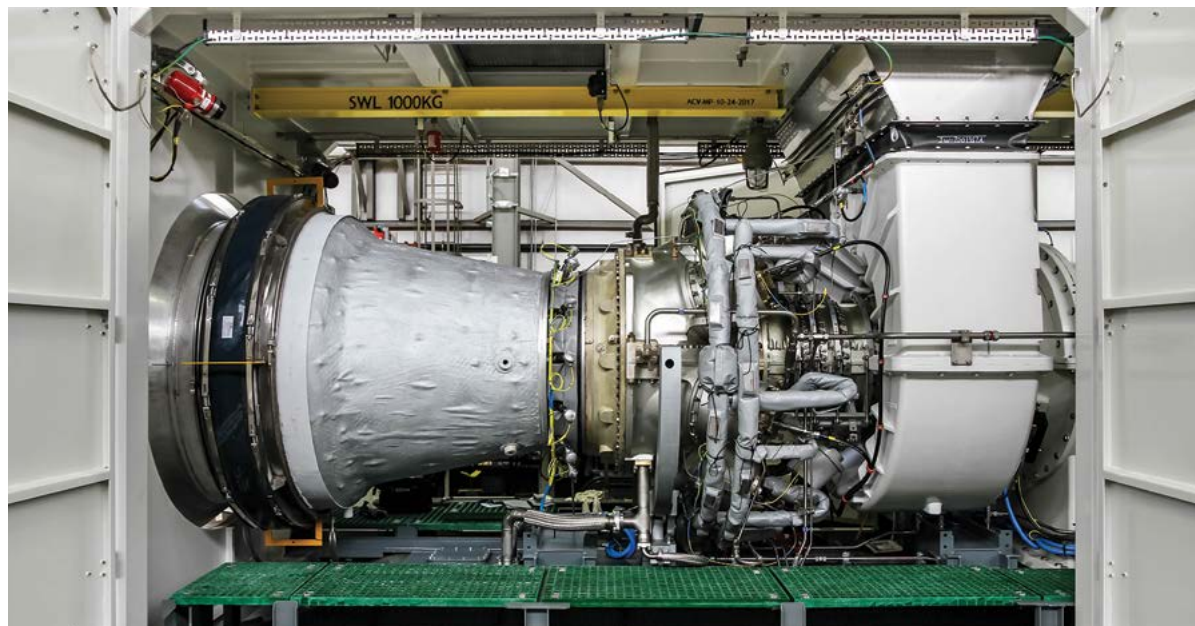
Lemoore East moves beyond recycling.

The Lemoore East QStar Team, which has been tackling recycling for several years, absorbed the work of the Resource Conservation Team and broadened its mission in 2017.

Team members identified several potential projects, and the team began collaborating with plant inspection teams to target water and steam leaks. Other initiatives planned for 2018 include a boiler economizer project, LED lighting retrofits and an effort to identify vacuum leaks in the evaporator area, said Tony Rodrigues, Maintenance Manager.

ENERGY & GHG EMISSIONS

Energy is one of our largest operating costs; therefore, reducing our use makes good financial sense. We are further motivated to lower our energy use because it reduces our contribution to climate change.



A combined heat and power (CHP) turbine, which is part of the system to be installed in Greeley, is discussed on page 28.

Reducing Energy and GHG Emissions

Working within our overall environmental management system, we undertake reduction efforts through company-wide initiatives, plant-specific projects and Resource Conservation Team actions. Advancement toward our energy and GHG emissions targets occurs through incremental steps and larger strides, such as the digester project highlighted on page 28.

Lighting projects such as converting to LED lighting and installing motion sensors continue to contribute big energy reductions and cost savings across the company. The energy savings from lighting projects completed during the reporting period exceed 5.5 million kWh annually. On an as-needed basis, equipment upgrades at our plants provide the opportunity to install the most energy-efficient models.



Ben, Tracy

Charging up for cleaner commutes

Our employees are working both on and off the job to be more environmentally responsible. To support them, we have added electric vehicle charging at our Tracy plant and are working on a Lemoore West installation.

Our Performance

While we have made significant and measurable improvements in energy use, and therefore GHG emissions, reductions have been partially offset by increased energy demands related to food safety improvements and production requirements across the company. For example, higher-concentration nutrition products have a larger energy footprint than those products at lower concentrations. We are excited for our combined heat and power system in 2018, which will drastically lower our GHG emissions.

Energy Reduction Goal:
Reduce energy intensity by 10 percent from the 2013 baseline by 2018.

Energy Intensity
(MMBtu per 1,000 lbs. of milk processed)

Fiscal Year	Direct Energy Intensity	Indirect Energy Intensity	Total Energy Intensity
2013	0.359	0.165	0.525
2014	0.344	0.164	0.508
2015	0.340	0.168	0.508
2016	0.342	0.168	0.510
2017	0.338	0.168	0.506

GHG Reduction Goal:
Reduce GHG emissions intensity by 10 percent from the 2013 baseline by 2018.

GHG Emissions Intensity
(MTCO₂e per 1,000 lbs. of milk processed)

Fiscal Year	Direct GHG Emissions Intensity	Indirect GHG Emissions Intensity	Total GHG Emissions Intensity
2013	0.0191	0.0239	0.0430
2014	0.0183	0.0234	0.0417
2015	0.0181	0.0242	0.0422
2016	0.0181	0.0244	0.0425
2017	0.0180	0.0246	0.0425

The intensity measures are based on energy consumption per 1,000 pounds of milk processed to enable us to compare performance across plants of varying sizes and production levels and to assess the organization as a whole. Direct energy includes natural gas and other fuels, and indirect energy is from purchased electricity. Performance data covers our U.S. plants and excludes our headquarters (see Endnotes).

At Work on Tomorrow's Progress: New CHP System

Aiming to be the world's best means always looking forward. Leprino Foods strives to be a pioneer not only in cheesemaking but also in finding the best ways to make our plants good stewards of natural resources.

In pursuit of those goals, we have embarked on an exciting new project to bring a combined heat and power (CHP) system, also known as cogeneration, to our Greeley plant. This should allow us to meet the company's 10 percent GHG reduction goal for 2018. The CHP system will use two natural gas turbines to generate electricity and capture waste heat on-site, producing 85 percent to 100 percent of the plant's energy needs. Natural gas is cleaner than the coal used to produce purchased electricity, so our carbon footprint will decrease even with increased natural gas use.



Erik, Denver

We anticipate having the system up and running in the summer of 2018 and hope to use what we learn in Greeley to implement similar systems at other plants. The CHP system installation also put in place the infrastructure we need to add renewable energy technologies, such as solar power, in the future.

Having our own CHP system on-site will move us toward energy independence and help ease pressure on the local electrical grid, while remaining fiscally responsible.



Waste-to-energy solution at Greeley delivers multiple benefits

As we planned for increased production at our Greeley plant, we knew we would have to find ways to handle the accompanying increase in wastewater. Our wastewater treatment process results in residual biosolids, which were hauled off-site for beneficial use. While considering these additional needs, we explored alternative ways to decrease our impact on the environment with respect to the residual solids. Ultimately, we decided to install an anaerobic digester to reduce this waste volume while generating methane as a byproduct that we could combust for electrical generation to use within our own facility.

Previously, we separated residual solids from the wastewater stream and sent them away for beneficial use. Now, those solids are used to feed microorganisms within the anaerobic digester, which went online in September 2017. We continue to haul digested solids out of the digester, but the volume is significantly reduced by digestion.

The methane gas created in the digester process is expected to generate 6 megawatts of power a day for use at the wastewater treatment plant, yielding an estimated \$180,000 a year in energy savings. This is approximately 25 percent of the daily energy demand at the facility. In addition, the process reduces residual solids hauling volume by 40 percent, resulting in a savings of \$260,000 annually. This positively impacts our overall carbon footprint, with fewer trucks hitting the road and less demand on the utility power grid.

We considered several potential technologies and concluded that an anaerobic digester, which leveraged federal tax credits to offset the capital investment, was the best option for Greeley. We will continue to assess the feasibility of digester technology for our other plants.



Greeley strikes gold

In 2017, the Greeley plant achieved the highest tier of performance in the Colorado Environmental Leadership Program. The Colorado Department of Public Health and Environment recognized the plant with its Gold Leader designation.

SPOTLIGHT on Efforts Outside Our Plants

We collaborate with our suppliers and customers and participate at the industry level (described on page 7) to influence and support environmental improvements throughout the dairy value chain. Several of our efforts are aimed at supporting the reduction of energy use and GHG emissions associated with the sourcing and distribution of our products.

“At DFA we are excited to partner with Leprino to continuously improve farm-level sustainability practices in support of GHG emissions reduction. We are also working in partnership with Leprino to better understand and represent our diverse member owners and explore opportunities to report their status as diverse suppliers.”

David Darr

President, Farm Services, and Vice President,
Sustainability and Member Services, Dairy Farmers of America



Photo courtesy of DFA

GHG benchmarking project looks at our milk supply.

The majority of the GHG emissions associated with the life cycle of our products occurs before milk reaches our plants. To extend our internal GHG emissions reduction efforts, we wanted to learn more about the carbon footprint of our dairy supply. In 2017, we collaborated with our largest supplier, Dairy Farmers of America (DFA), to conduct a 60-farm assessment to establish a GHG emissions benchmark. The results will identify opportunities for improvement and inform the setting of a reduction goal. In the coming year, we will work with DFA to determine ways we can impact future results.

Smart product distribution further reduces our environmental footprint and lowers costs.

69%

Over-the-road
carrier base that is
SmartWay certified

We work with our contract transportation providers to improve fuel efficiency and reduce the GHG emissions associated with the distribution of our products. Our selection process for over-the-road carriers requires participation in the U.S. Environmental Protection Agency's SmartWay program, which helps shippers improve fuel efficiency. At the end of our 2017 fiscal year, 69 percent of our over-the-road carrier base was SmartWay certified,

resulting in nearly 70 percent of our over-the-road product volume being transported in certified trucks.

22K

MTCO₂e in GHG
emissions avoided
through rail shipments

In addition, we optimize the use of rail, which is more fuel efficient and has a lower carbon footprint per pound of product shipped. In 2017, shipments by rail resulted in the avoidance of more than 22,000 MTCO₂e in GHG emissions, compared to shipping by truck.

WATER USAGE & QUALITY

Water is a shared resource that is vital to our supply chain and the production of our products. We are committed to using it wisely and ensuring the quality of the water we return for beneficial reuse.

Our Performance

Our water reduction efforts in California have proved we can reduce water use significantly but also have highlighted challenges along with the opportunities. We are confident that our new approach will yield positive results beginning in 2018.

Water Reduction Goal:
Reduce water intensity by 10 percent from the 2013 baseline by 2018.

Water Intensity (Gallons per 1,000 lbs. of milk processed)	
Fiscal Year	Water Intensity
2013	187.99
2014	201.15
2015	195.69
2016	191.72
2017	194.44

The intensity measure is based on water consumption per 1,000 pounds of milk processed to enable us to compare performance across plants of varying sizes and production levels and to assess the organization as a whole. Performance data covers our U.S. plants and excludes our headquarters.

At our plants in California, we have set a goal to reduce water use by 25 percent from the 2013 baseline.

Leveraging a Unique Source of Water



The raw milk coming into our plants is 87 percent water. Capturing and reusing most of this water enables all our plants to be net generators of water, meaning water output exceeds the amount of fresh

water used. See the water cycle infographics in our previous reports, available on our website, to learn more: leprinofoods.com/global-responsibility.

Managing for Water Efficiency

Water is necessary for the intensive cleaning, heating, cooling and sterilization processes used to meet our stringent food safety and cleanliness standards and to comply with government regulations. At Leprino Foods, we have been implementing water-saving methods for years and continue to investigate ways to reduce our use without sacrificing quality or safety.

The critical role of water is set against a backdrop of limited water availability in some of the areas where we operate. The severe drought in California, where more than 40 percent of our production occurs, intensified our water reduction efforts. While the drought emergency in California officially ended in March 2017, we are not ending our conservation work. In fact, we believe we can further the progress we have made by drawing on our innovative and collaborative culture.



Seth Waverly

Our approach to managing water includes looking at it from all angles, both at the company and plant levels, to identify, investigate and implement solutions to conserve water and to maximize opportunities for reuse. To achieve our reduction goals, we continue to invest time and resources in a portfolio of incremental and large-scale improvements across our locations, including the following highlights:

- **Progress at our plants:** Each location is at work to increase water efficiency and recycling. Multiple water projects at Lemoore West, for example, have delivered more than 87 million gallons in annual savings.
- **Passion-driven Resource Conservation Teams:** As discussed on page 26, teams of dedicated employees at each location are educating their colleagues and promoting water-smart behaviors.
- **Bold thinking by our California Water Task Force:** In 2015, we created a cross-functional California Water Task Force made up of Leprino Foods regulatory, food safety, legal and engineering experts as well as maintenance and plant operations specialists. The team has explored advanced water-saving technologies and continues to investigate innovative approaches to maximizing water reuse at our plants in California and in other states (see highlight on page 31).
- **Deep dive on water at Tracy:** At the end of 2017, we launched our targeted approach of having a cross-functional team investigate one resource at a single plant, with the decision to focus first on water at our Tracy location. By bringing together specialists at the plant with a group of technical and environmental experts, we will examine a variety of water issues at Tracy, explore advanced and creative approaches, pilot test promising solutions and share findings and best practices with all locations.

Beneficial reuse of water

In Greeley, Colorado, treated water discharged into the Cache la Poudre River must adhere to strict water quality standards, including matching the water temperature in the river so there is no harm to aquatic life. We have made the necessary investments to ensure that the water we discharge delivers full benefits to the river itself and the communities it serves.



Ensuring Water Quality

Leprino Foods views water as a “borrowed” resource that we use at our plants and then treat to stringent quality standards before discharging it for beneficial reuse.

The water that has been used at our plants contains residual traces of minerals and salts from the milk, as well as traces of the cleaning products and detergents used in our rigorous quality and food safety processes. We clean this wastewater at sophisticated on-site treatment plants and store it in tanks or ponds to ensure it meets the appropriate regulatory standards for the area and the intended reuse.

At Work on Tomorrow's Progress: Maximizing the Use of COW Water

Our California Water Task Force is pushing the envelope to optimize water efficiency, finding ways to minimize the amount of municipal water or private groundwater we use at our plants and maximize water reuse. We have a unique water source called COW (condensate of whey) water – the water that we recover from raw milk through evaporation and condensation. The use of this water in our processes already enables all our plants to be net generators of water, meaning they discharge more water than is supplied to them (see page 30).

Currently our plants treat and reuse both supplied water and COW water in several production processes, such as in boilers and coolers and in “first rinse” cleaning applications. Our task force has been working with other companies to investigate how we can increase water reuse through on-site storage and purification systems.

The big picture for the future is a plant that achieves near zero water use by increasing the approved reuse applications for water that is treated on-site. Recycling the water over and over again and not wasting a drop would also reduce the amount of wastewater that our plants discharge.

Ensuring food safety is the primary consideration in exploring new reuse opportunities. Although significant investment is required, advanced technologies exist to treat process wastewater to meet or exceed municipal drinking water standards, making it usable in all parts of the food manufacturing process. Changes in existing regulations would be required to expand the processes that can use treated water. Our task force has been collaborating with another dairy company and with California state regulators to explore different paths toward this ambitious approach to water management.

SPOTLIGHT on Waste Reduction

In line with the thinking that there is no waste in nature, we believe that reducing waste of all kinds is the right thing to do for our business and for communities and the planet.

Striving for Zero Waste

98%

diversion rate

Our plants divert most of their solid waste, sending only 2% of waste to landfill.

Minimizing the amount of solid waste that goes to municipal landfills is part of our commitment to reducing our environmental footprint. We have implemented multiple strategies at our plants and our Denver

headquarters to reduce waste overall and to minimize the amount of waste that is sent to landfill. Our resource recovery efforts capture valuable resources in disposed materials for a specific next use, such as recycling, composting or energy generation, resulting in little waste being sent to landfill.

Keeping plastic foam out of the landfill



Enterprising Denver employee **Miguel Ramirez**, Associate Director of Dairy Economics and Policy, found a company to recycle the roughly 100 expanded polystyrene (EPS)

foam containers that our plants use to send samples to the headquarters lab each week.

"We're one of the few companies in Denver that's recycling EPS. I'm very proud."

A LOOK AT THE FOOD WASTE CHALLENGE

We expect every ounce of the cheese and nutrition products we produce to be enjoyed by families around the world. The facts about food waste, however, present a different outcome:



WHERE FOOD WASTE OCCURS

Food wasted by weight (63 million tons)

Most of the food waste associated with our products occurs at the retail and consumer stages. The dairy industry is quite efficient at processing, with losses estimated at less than **2% of total production**.



- > Our frozen Quality-Locked Cheese helps customers maximize ingredient use.
- > Our nutrition products have a long, stable shelf life.

WAYS WE MINIMIZE FOOD WASTE AT OUR PLANTS

We strive for the highest-value use for food and avoid sending food or organic material to landfill.



Too good to waste: Our cheese tops pizzas from some of the largest pizza chains. We want every slice to be enjoyed. Keep in mind that leftover takeout or restaurant pizza freezes well.



OUR COMMUNITIES

**OUR COMMITMENT TO STRENGTHEN RELATIONSHIPS
AND BENEFIT COMMUNITIES CLOSE TO HOME AND BEYOND**

Supporting the communities where we live and work is a cornerstone of the Leprino Foods way of doing business. Our contributions focus on employee volunteerism, community involvement, company giving and industry education.

COMMUNITY SUPPORT

Leprino Foods takes to heart our responsibility to our local communities. Giving our time and resources to help communities thrive is part of our company's core value of ethics. We are committed to making a positive difference and building strong relationships with the people and organizations in the communities we share.

Key Areas of Community Support

Employee support and company giving efforts focus on four key areas of support:



NUTRITION



EDUCATION



FITNESS



LOCAL NEEDS

Promoting Employee Volunteerism and Community Involvement

The power of our workforce extends well beyond our business. Our employees are passionate about assisting others in the communities where we live and work. As a company, we help provide avenues for employees to participate collectively in causes important to them and their local communities. We also promote employees' individual volunteerism.

Community Impact Teams: At each of our locations, Community Impact Teams (CITs) encourage employees to get involved in charitable events and service projects that the teams organize. Opportunities include building houses; collecting food, clothing and school supplies for those in need; and participating in charity sports and fitness events. The CITs are powered by dedicated employee volunteers and are provided with an annual budget for community support. Each team has conducted a community impact study to identify local needs so that both the teams and the Leprino Foods Company Foundation (page 38) can better target efforts. A sampling of the teams' community activities is highlighted on pages 36-37.

Individuals making a difference: Our employees regularly donate their time and energy outside of their working hours to take care of their neighbors and make their communities great places to live. In Remus, Michigan, for example, Leprino employees make up half of the volunteer fire department.

25K
Volunteer hours
logged by employees
since April 2015

We applaud all volunteer efforts and invite employees to record their individual activities in the Volunteer Portal. Since the launch of our Volunteer Portal in April 2015, our team members have logged more than 25,000 individual volunteer hours, participating in charity walks and runs; coaching youth sports teams; helping out at churches, food banks and schools, and much more.

Employee exemplifies spirit of giving back

For **Joe Herrud**, Director of Environmental Operations, helping others is a way of life. He is passionate about Habitat for Humanity, working on building homes and talking up the group to attract volunteers from different organizations around Denver. In 2017, he took a week off to help hurricane victims in Houston. Herrud also participates in company-sponsored efforts such as Impact Day and opportunities to mentor schoolchildren.



"I don't think the world's supposed to be our oyster to just take what we want," he said. "I believe we're all supposed to help out and give a little back."

Increasing Our Impact Through Company Giving

We also contribute to our local communities through company giving. Leprino Foods supports causes and activities in Denver and in the areas where our plants are located through monetary and product donations.

Financial support: Because we believe that the employees at each of our locations are the best judges of local needs, we provide annual funding for charitable giving and community support at each location. Our principal mechanism for company-wide charitable donations is through the Leprino Foods Company Foundation, which is discussed on page 38.

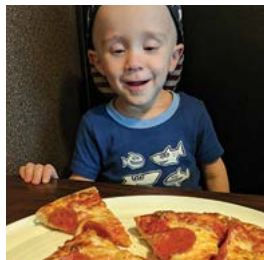
Product donations: Our corporate office and each of our plants donate products throughout the year. Blocks of mozzarella and boxes of shredded cheese are welcome additions at food banks and other charitable organizations that feed those in need. We regularly donate string cheese as a convenient and nutritious snack at school and fitness events – such as the Pedal The Plains event highlighted to the right.



The Leprino team traveled a combined 885 miles over the three days of the 2017 Pedal The Plains bike tour.

Supporting Colorado agriculture

In September 2017, four of our Colorado employees participated in a three-day bicycle tour through the state's eastern plains to spotlight Colorado's agriculture and rural communities. Leprino Foods has supported the annual Pedal The Plains for many years. In 2017, the company donated \$5,000 and 2,500 cheese sticks. The event is a good fit for Leprino Foods because it aligns with several of our key areas of community support – fitness, education and local needs – as well as support of agriculture.



John Allendale

Support by the slice

Ensuring that our pizza cheese is the world's best and continues to meet the changing needs of our customers requires regular testing and results in lots of sample pizzas. We donate the unused pizzas made each week by the culinary innovation chefs in our Denver research and development kitchens to local food banks.

Joining in hurricane relief efforts

\$40K
Total amount
donated for
hurricane relief

In the aftermath of Hurricanes Harvey, Irma and Nate in the fall of 2017, Leprino Foods employees gave \$20,000 to the American Red Cross for relief efforts. The Foundation matched employee contributions for a total donation of \$40,000. In addition, Ascent® Protein donated 10 percent of sales at ascentprotein.com in September to the Houston Food Bank to support those affected by Hurricane Harvey.

SPOTLIGHT on Volunteerism/Community Involvement

The stories to the right highlight some of the ways our employees and plants make a difference in their local communities.



We encourage all employees to log their hours in our internal Volunteer Portal.



ALLENDALE In 2016, the Community Impact Team partnered with Big Brothers Big Sisters of Grand Rapids. The team provided 50 backpacks with school supplies, blankets and hygiene kits for children in foster and residential care. In addition, employee volunteers took 16 “Bigs” and “Littles” to a West Michigan Whitecaps baseball game, the first baseball game the kids ever attended.



DENVER In 2017, more than 70 employees volunteered for the office's annual Impact Day at local nonprofit organizations. Volunteers landscaped, cleaned and painted at Little Sisters of the Poor Mullen Home for the Aged, Mount Saint Vincent, Redistribution Center, Inc.'s Warriors Warehouse and Tennyson Center for Children. Employee participation also included diaper donations.



FORT MORGAN Employees helped local students start off the school year better prepared through the donation of nearly 60 boxes of school supplies. The boxes – filled with everything from pencils to notebooks to arts and crafts supplies – were distributed to 10 local schools. Many employees also volunteered to load the supplies into teachers' cars during their lunch breaks.



GREELEY In 2016 and 2017, Greeley employees partnered with the Weld Food Bank to help feed the approximately 58,000 people who benefit from its services each year. The plant donated Leprino string cheese and food collected by employees – more than 20,000 pounds combined – as well as cash. Employees and their families volunteered almost 200 hours helping prepare food and manage food drives.



“Through Amanda’s Home, we are truly making an impact in a much-needed area of our community. My wish is that everyone knows they have touched me in a way that is much deeper than I can communicate.”

Ana Nicks
Lemoore East HR Manager



REMUS In 2016, Remus won the LFC Foundation-sponsored volunteerism contest with an average of three volunteer hours per employee. The plant was awarded \$20,000 to be used for supporting local needs. Among the many volunteer activities, employees and their families distributed food to community members in need through the Barryton Area Mobile Food Pantry.



ROSWELL For the past two years, the Roswell plant has partnered with The Salvation Army to provide Christmas gifts for children through the Angel Tree program. The plant doubled its 2016 donation in 2017 by providing 200 gifts donated by employees. In 2017, several employees also volunteered to wrap gifts once they were collected by The Salvation Army.



TRACY The Tracy Community Impact Team continued its partnership with the Child Abuse Prevention Council of San Joaquin County (CAPC) with several volunteer activities, including building and installing planter boxes and organizing clothing, diaper and food drives throughout 2016 and 2017. The CAPC was awarded an LFC Foundation grant in 2016.



WAVERLY The Waverly plant supported two local emergency services providers. The plant contributed funds for volunteer, career and training services for Greater Valley Emergency Medical Services and supported the Waverly Barton Fire Department, which has partnered with the plant to ensure its emergency response equipment is in order.

The Leprino Foods Company Foundation increases our impact

The Leprino Foods Company Foundation expands our philanthropic reach, allowing us to leave a legacy in our communities by supporting and advancing education, nutrition, fitness and local needs, the four areas of focus for the Foundation.

We established the private, nonprofit Foundation in 2015 with a \$10 million commitment from Leprino Foods. The Foundation has named a part-time executive director, and in 2018, the board of directors will finish building out the Foundation's long-term strategy. Because

In 2016 and 2017, the Foundation donated nearly \$1 million to over 80 different organizations.

community needs differ across the country and in the locations in which we operate, we look to our Community

Impact Teams and the community impact analyses they conducted to help identify local investment opportunities that will have the most impact. The Foundation also awards grants to national nonprofit organizations that provide services in its key support areas and that advance its mission.



Better together: Although the company and the Foundation are separate entities, we coordinate our efforts to maximize their positive impact. Employees can request funding and invite local nonprofits to submit grant applications. In addition, the company and our employees participate in events funded by the Foundation, such as the Health Innovation Challenge described below. The following examples highlight ways the company, our employees and the Foundation are working together for greater benefit.

- **Health Innovation Challenge:** More than 50 students from Colorado middle and secondary schools designed and pitched their ideas to improve school nutrition and wellness at a daylong Health Innovation Challenge in 2016. A panel of Leprino Foods judges chose 10 winners, who received individual \$1,500 grants to implement their ideas. The Leprino Foods Company Foundation, in collaboration with GENYOUth and Western Dairy Association, created the event to empower students and help them gain leadership, collaboration and innovation experience.



- **Rodarte Community Center:** Leprino Foods Membrane Operator Sonya Gallegos and Lactose Operator Gilbert Davila in Greeley, Colorado, helped bring together the Foundation and the Rodarte Community Center's boxing program. Davila is a longtime coach at the center, which offers recreational and competitive boxing programs for area youth and adults. Gallegos is a championship boxer who has trained there since her youth. In June 2017, the Foundation presented the center with \$5,000, which is being used to purchase equipment and pay for memberships and fees for students who cannot afford the cost.

"I would not be who I am today if it wasn't for the Rodarte Center," Gallegos said, adding that she wanted to give back "big time." "Being part of a company willing to do so much for the community is amazing."

Learn more at leprinofoods.com/global-responsibility/leprino-foundation.

INDUSTRY EDUCATION & OUTREACH

Investment in academic programs such as dairy and food science, technology and engineering helps prepare tomorrow's workforce and spurs innovation. Involvement in outreach efforts to educate people about the dairy community builds trust. Both contribute to our long-term success and a thriving industry.

Nurturing the Next Generation of Dairy Professionals and Investing in Dairy Science

Scientific and technological advances are transforming the dairy industry, fueling the need for a highly educated workforce to fill manufacturing management and technical positions at our plants. To ensure we can find qualified candidates, we support industry education and recruitment efforts.

We partner with and provide financial sponsorship to support higher education institutions (see highlight below) and fund academic scholarships. Employees across the company participate in local career fairs to encourage young people to pursue work in the dairy science, food manufacturing and technology fields, and several of our locations offer internships. In addition, we support education initiatives within the dairy industry through organizations such as the Innovation Center for U.S. Dairy (page 7).



Sharing Dairy's Story

By participating in education and outreach activities, such as local festivals, state fairs and community events, Leprino Foods helps promote awareness about the dairy industry. These events and activities offer opportunities for employees to connect with our neighbors and inform people about our operations and the dairy industry in general. Employees look forward to several recurring events that enable us to offer support while engaging with the local community. For example, we regularly sponsor the Lemoore Chamber of Commerce's annual Central Valley Pizza Festival and host a booth at the Susan G. Komen Race for the Cure, where employees hand out string cheese. Our Roswell plant offers tours during the annual Roswell Chile Cheese Festival.

Supporting dairy education and research

Our support of leading higher education agricultural programs includes sponsorships, endowed faculty positions, educational partnerships and funding for dairy science research at the following academic institutions and others:

- California Polytechnic State University, San Luis Obispo
- California State University, Fresno
- Colorado State University
- New Mexico Institute of Mining and Technology
- South Dakota State University
- University of Wisconsin-Madison
- Utah State University

Interns tackle sustainability challenges

Leprino Foods offers college students valuable real-world experience through summer intern programs at many of our plants. Students are paired with a coach to work on actual business challenges, such as water reduction and other plant operations optimization issues. At the end of the internship, they present their research, accomplishments, conclusions and next steps at our Denver headquarters. The company provides the students with housing and a stipend. The students and their professors have praised the richness and depth of the program.

Encouraging tomorrow's farmers

Dairy farmers are not only our lifeblood, but are the backbone of their rural communities. That is why we are proud to contribute to fostering the next generation of farmers through our support of 4-H and FFA. These youth-focused organizations bolster interest in agriculture and dairy farming as a career and have been shown to drive positive outcomes in personal and leadership development, as well as increase civic and community engagement. Over the years, the Leprino Foods Company Foundation and plants such as Fort Morgan, Greeley, Waverly, Tracy and Lemoore West have helped fund these programs.

Looking Ahead

As a family-owned company, we see ourselves as an extended family of individuals dedicated to producing high-quality products that help feed and nourish families around the world. These closing images capture personal visions of global responsibility from employees across the company. They can inspire us all to do better every day – to carry on the family tradition to work harder, invest more and continually innovate to deliver tomorrow's progress.

We welcome your feedback on this report. Please share at GR@leprinofoods.com.



Photos submitted by (left to right): Row 1: Ana, Greeley; Nathan, Lemoore West; Brian, Denver; Kevin, Remus; Mark, Denver; Frank, Waverly; Sara, Roswell | Row 2: Melissa, Allendale; Tammy, Remus; Sophie, Denver; Spencer, Denver; Mike, Remus; Ana, Lemoore East; Brian, Denver | Row 3: Daniel, Allendale; Brian, Denver; Brian, Denver; Ashley, Denver; Brian, Denver; Ana, Lemoore East; Adam, Denver | Row 4: Hortencia, Roswell; Mary Ellen, Denver; Joe, Denver; Shannon, Denver; Julie, Remus; Melissa, Allendale; Brooke, Denver.

Reporting Information

We referenced two voluntary reporting frameworks to inform report development.

- We used the *Stewardship and Sustainability Framework for U.S. Dairy* (Framework) to select, measure and communicate topics and indicators that have been developed for dairy food processors and manufacturers. Most of our areas of focus align with the topics in the Framework, which are considered to be the most important topics for the dairy industry and its stakeholders for credible, transparent reporting. Where applicable, we reported our performance based on indicators in the guide.
- We referenced the Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards), the world's most widely accepted sustainability reporting framework.

The following reference table maps Processor and Manufacturer (PM) indicators from the Framework and associated disclosures from the GRI Standards to their location in this report. A GRI Content Index with all reported disclosures is available at leprinofoods.com.

Focus Area & Guide Indicator	GRI	Page
PRODUCT RESPONSIBILITY		
○ Customer Health and Safety (GRI)	416-1	10-12
OUR PEOPLE		
○ Employment Opportunities	102-8	21
● Employee Benefits	401-1	21
● Employee Retention		21
○ Employee Engagement in Health and Safety Management		18
● Days of Restricted Work Activity or Job Transfer	403-2	18
ENVIRONMENTAL RESPONSIBILITY		
● Energy Intensity	302-3	27
○ Energy Reductions (GRI)	302-4	26-28
● GHG Intensity	305-4	27
● Water Efficiency		30
OUR COMMUNITIES		
○ Community Volunteering and Capacity Building		34, 36-37
○ Monetary and Product Donations		35-38
○ Educational Opportunities		38-39

● Indicates full disclosure ○ Indicates partial disclosure

Acknowledgments

The Global Responsibility report team would like to extend its appreciation to the Leprino family for their leadership and support of this project. We also would like to thank all the Leprino Foods colleagues who contributed their time and expertise, as well as our report development and design partners: JF Pontzer, LLC for project management and report development, and Irish Design for graphic design.

Endnotes

GHG emissions data (page 27): The indirect GHG emissions data include recalculated values from our previous report; however, the effect of the restatements is insignificant. Our 2013 report used 2009 eGRID data. We have recalculated FY2013-2015 values and calculated FY2016 and 2017 values in this report as follows: The 2013 value uses 2012 eGRID data, and the 2014-2017 values use 2014 eGRID data. In addition, we corrected an error we identified in global warming potential calculations for 2013-2015 Scope 2 emissions. The calculations for 2014-2015 values have been updated to use the emissions factors updated by U.S. EPA in 2014, which the values for 2016 and 2017 also use.



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