



LEPRINO
GLOBAL
RESPONSIBILITY

2015

True to Our Core



LEPRINO FOODS COMPANY
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ABOUT THIS REPORT

This is Leprino Foods Company's second Global Responsibility report. Our previous report was published in July 2014, covering our 2013 fiscal year. The report is intended to provide our stakeholders with a balanced and accurate representation of our approach to global responsibility and our goals and performance in key areas.

The report covers our U.S. operations, which comprise our Denver, Colorado, headquarters and our nine U.S. manufacturing plants. Our international operations, which are not part of this report, include a joint venture in the United Kingdom, a sales and culinary innovation hub in Singapore and representative offices in Shanghai, China, and Tokyo, Japan.

We publish reports on a biennial basis. Unless otherwise noted, this report covers our 2014 and 2015 fiscal years, a period from Nov. 1, 2013, to Oct. 31, 2015.

In preparing this report, we were diligent in ensuring the accuracy of the information presented, but we did not seek external assurance. Performance data covers our headquarters and U.S. plants at the close of the reporting period, except as noted for environmental performance results that exclude our headquarters.

To guide report development, we referenced the *Stewardship and Sustainability Guide for U.S. Dairy* and GRI's *Sustainability Reporting Guidelines*. The Reporting Information section at the end of this report provides additional information.

This report is not intended as an advertisement or as promotional material.

Linda, Remus



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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. Front cover photos from left to right were submitted by Kate, Denver; Darcy, Denver; Henry, Roswell.

WELCOME

I am pleased to welcome you to Leprino Foods Company's 2015 Global Responsibility report.

I have been impressed with our recent progress in growing and formalizing our Global Responsibility initiative, which builds on our Core Value of Ethics. Simply put, it's our commitment to doing things the right way. We continue to deepen what this means to us and how it informs and influences our actions and decisions.

Whether we're aiming for world-class safety performance, implementing new approaches to conserve natural resources or rolling up our sleeves to help our local communities, a few things stand out:

WE ARE PROPELLED BY OUR PEOPLE. They are the heart and soul of the company. Our employees play an important role in Leprino Foods' success, so we strive to bring out the best in them and empower all to do their best work.

Our people – more than 4,000 strong – possess a tremendous dedication to making a positive difference. To support Global Responsibility initiatives, they are not only bringing their ideas to the table, they are taking ownership to bring these plans to life and help accomplish our objectives.

ACHIEVING SIGNIFICANT RESULTS TAKES EFFORT AND INVESTMENT.

We've set some ambitious targets for ourselves on this journey, and we're committed to making meaningful progress. Although we face a number of challenges ahead, our relentless focus on continuous improvement will keep the momentum going and spark the kind of innovative solutions we're known for. We're taking the long view to give larger projects the time and resources needed to deliver economic, social and environmental returns.

COLLABORATION AND COLLECTIVE ACTION ARE CRITICAL. Our greatest challenges as a food company are shared by many. From food safety and climate change to meeting the nutritional needs of a growing global population with scarce resources, these critical challenges affect the entire food system. Through working together and exchanging information and best practices, we can achieve greater results, which benefit us all. That's why Leprino Foods has been a longtime leader and active participant in cooperative efforts to drive widespread positive change across the dairy industry.

In this report, we present the progress we've made across our Global Responsibility areas of focus, as well as identify areas where there is more work to be done.

I appreciate your interest in learning about our efforts and welcome your feedback.



We're taking the long view to give larger projects the time and resources needed to deliver economic, social and environmental returns.

Mike Durkin
President
Leprino Foods Company

ABOUT LEPRINO FOODS COMPANY

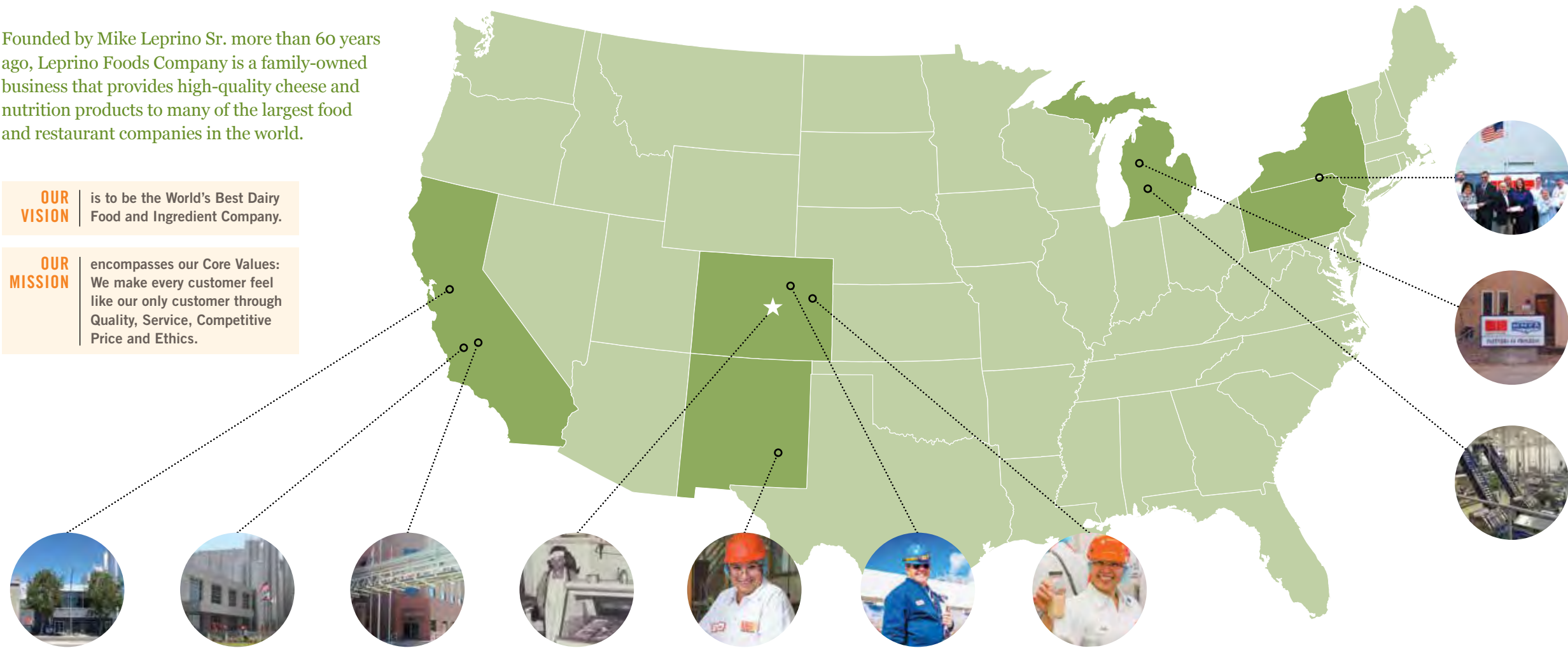
Founded by Mike Leprino Sr. more than 60 years ago, Leprino Foods Company is a family-owned business that provides high-quality cheese and nutrition products to many of the largest food and restaurant companies in the world.

OUR VISION

is to be the World's Best Dairy Food and Ingredient Company.

OUR MISSION

encompasses our Core Values: We make every customer feel like our only customer through Quality, Service, Competitive Price and Ethics.



WE EMPLOY MORE THAN 4,000 PEOPLE AT 10 LOCATIONS IN SIX STATES ACROSS THE UNITED STATES. Leprino Foods’ nine production plants are some of the largest and most technologically advanced facilities in the world. We hold more than 50 production and manufacturing patents.

TRACY, CA Operations began in 1977 301 employees The plant has made every variety of our cheese products including string, QLC, block and ribbon.	LEMOORE WEST, CA Operations began in 2003 1,031 employees The size of 11 football fields, our largest plant contains over 640,000 square feet of cheesemaking capacity.	LEMOORE EAST, CA Operations began in 1986 302 employees The facility has been a continuous dairy operation since about 1910, producing butter, yogurt and sour cream among other dairy products.	DENVER, CO Operations began in 1950 530 employees Our headquarters is located on the same corner where the Leprino family's original grocery store once stood.	ROSWELL, NM Operations began in 1993 574 employees All the water used by the plant is reused on our farm to grow feed for local live-stock, including dairy cows.	GREELEY, CO Operations began in 2011 434 employees Our newest plant contains 120 miles of sanitary stain-less steel piping and 250 miles of electrical conduit.	FORT MORGAN, CO Operations began in 1994 366 employees Fort Morgan was once a safe stopping point for travelers along the Overland Trail, one of the Oregon Trail's main branches.
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GLOBAL SALES TO 40+ COUNTRIES

To support worldwide sales, we have a joint venture in the United Kingdom, a business hub in Singapore and representative offices in Shanghai, China, and Tokyo, Japan.



LEPRINO FOODS TRANSFORMS ~6% OF THE U.S. FLUID MILK SUPPLY INTO HIGH-QUALITY CHEESE AND NUTRITION PRODUCTS.

CHEESE PRODUCTS

Originally, Leprino cheese was sold under the Gina Marie brand, a name that is a contraction of the Italian word *regina*, meaning “queen.” Today, Leprino Foods’ premium-quality cheeses are made especially for pizzeria and foodservice operators, frozen food manufacturers and private-label cheese packagers.

- We produce more than 1.5 billion pounds of cheese annually.
- Cheese for pizza represents over half of our business.

A close-up photograph of several pizzas being prepared on a conveyor belt in a factory setting.

WORLD'S LARGEST MOZZARELLA CHEESE MANUFACTURER

NUTRITION PRODUCTS

Our dairy nutrition products include lactose, whey protein and other dairy ingredients. They provide nutrition enhancement and functional improvement to infant formula, protein beverages, nutrition bars, yogurt, reduced-fat ice cream and other foods.

A photograph of a baby in a white onesie drinking from a white bottle.

WORLD'S LARGEST LACTOSE MANUFACTURER

LEADING SUPPLIER OF WHEY PROTEIN

GLOBAL RESPONSIBILITY AT LEPRINO FOODS

Our Framework & Key Accomplishments

We structure our Global Responsibility strategy and approach within five broad categories. Each category contains areas of focus to prioritize our efforts. The summary below presents each category, its areas of focus and key accomplishments during the reporting period.



PRODUCT RESPONSIBILITY

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

QUALITY FOOD SAFETY

- Contributed to and participated in industry efforts on pathogen control and dairy supplier management for food safety

[→ LEARN MORE | 8](#)



SUPPLY CHAIN RESPONSIBILITY

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

RESPONSIBLE PROCUREMENT DAIRY SUPPLY

- Launched Leprino Quality Animal Care (LQAC) program
- Confirmed that all our milk producers have enrolled in the National Dairy FARM (Farmers Assuring Responsible Management) Program

[→ LEARN MORE | 13](#)



OUR PEOPLE

Our commitment to ensure employee health and safety, while we promote an energized, empowered and engaged workforce.

HEALTH & SAFETY

- Achieved “World’s Best” safety goal for top-quartile performance in the food manufacturing industry sector for recordable work-related injuries and illnesses
- Reduced DART (days of restricted work activity or job transfer) rate to lowest rate in the company’s history

EMPLOYEE ENGAGEMENT

- Conducted first phase of employee engagement survey

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ENVIRONMENTAL RESPONSIBILITY

Our commitment to compliance and the responsible use of natural resources.

ENVIRONMENTAL COMPLIANCE ENERGY & GREENHOUSE GAS EMISSIONS WATER

- Launched Resource Conservation Teams
- Completed a range of energy- and water-reduction projects across our plants
- Created California Water Task Force and set aggressive water reduction goals at California plants

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OUR COMMUNITIES

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

VOLUNTEERISM/COMMUNITY INVOLVEMENT

- Developed new metrics and goals
- Strengthened Community Involvement Teams
- Launched Volunteer Portal

COMPANY GIVING

- Established the Leprino Foods Company Foundation

DAIRY INDUSTRY EDUCATION

- Participated in career fairs and continued to support partnerships with higher education institutions

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GLOBAL RESPONSIBILITY VISION

Growing stakeholder value through global responsibility consistent with our Core Values

Progress on Goals

- ☒ Achieve OSHA recordable incident rate in the top quartile of the food manufacturing industry sector by 2015.
- Reduce energy intensity by 10 percent from 2013 baseline by 2018.
- Reduce greenhouse gas (GHG) emissions intensity by 10 percent from 2013 baseline by 2018.
- Reduce water intensity by 10 percent from 2013 baseline by 2018.
- Reduce water use at our Lemoore and Tracy locations by 25 percent from 2013 baseline by the end of the 2016 calendar year.
- ☒ Ensure that 100 percent of our U.S. milk supply is enrolled in the National Dairy FARM Program by Dec. 31, 2015.
- Ensure 100 percent of our U.S. milk supply is in full compliance with LQAC by Dec. 31, 2016.

☒ Achieved → In progress

Note: In the period since our last report, we refined our areas of focus to better reflect the way we prioritize and organize our efforts. We moved the Dairy Supply focus area previously under the Product Responsibility category to a new Supply Chain Responsibility category with Responsible Procurement. We also refined the Our Communities focus areas.

Oversight for
Global Responsibility

The Leprino Foods senior leadership team is ultimately accountable for the company's global responsibility efforts. A cross-functional group of senior management representatives serves on a steering committee that develops and directs initiatives, sets performance goals and ensures integration of global responsibility principles within operational efforts. Our President, Mike Durkin, is the executive sponsor and an active member of the committee.

Our Approach to Global Responsibility

Our strategy for global responsibility reflects our long-held belief in doing things the right way. Everything connects to our Core Values of Quality, Service, Competitive Price and Ethics.



From this shared foundation, we view global responsibility as a way to guide our uncompromising ethical commitment to our stakeholders and society at large. Our stakeholders include employees, shareholders, communities, customers, consumers, suppliers and many others that we interact with and impact as a business.

In 2015, we announced the renaming of our corporate responsibility initiative. The new name, Global Responsibility, better reflects and captures the full scope of our efforts as well as the reach of our company and our products around the world. To bring this initiative to life and make meaningful progress, we build on Leprino Quality. As our approach to employee engagement, Leprino Quality aims to 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 strengthened our overall approach over the past two years by focusing on continuous improvement and increasing opportunities for employees to get involved and lead efforts across each category. That meant working hard to ensure we achieve the initial goals we set, establishing baselines and setting targets in new areas, and further refining and formalizing our processes. To support evaluation and improvement across the categories, we implemented a data collection and reporting system. The sections that follow describe these efforts and the progress our people have enabled us to make.



Our Responsibility as a Supplier

Leprino Foods is a key supplier of core ingredients to some of the food sector's largest brands. We take that responsibility seriously.

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. One of the ways we ensure this is by participating in third-party Sedex 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. During the reporting period, the Sedex audits conducted at our plants (Greeley, Lemoore West and Roswell) found full conformity to the Sedex supplier standards, thereby meeting responsible sourcing audit program requirements.

The audit reports also highlighted examples of good practices at all three plants in areas such as management systems, safety and hygienic conditions, wages and benefits, and environmental practices.



Responsibility as an Industry Leader

Taking a leadership role in promoting positive change throughout the dairy value chain is an important aspect of our approach to global responsibility. We contribute to the dairy industry through participation and leadership in national and international organizations such as the Innovation Center for U.S. Dairy (Innovation Center), the Dairy Institute of California, the Dairy Practices Council, the International Dairy Foods Association (including participation on its Environmental and Worker Safety Committee), the Global Cheese Technology Forum, the U.S. Dairy Export Council and American Dairy Products Institute.

Focusing on key precompetitive areas such as food safety, traceability, sustainability and animal care enables us to leverage our expertise, energy and resources for shared benefit. Our involvement with the Innovation Center, which is described next, has been an essential channel to connect with and contribute to meaningful, industry-wide efforts. Additional highlights of our participation in industry-wide efforts appear throughout the report.

We will continue to play an active role in setting expectations and finding ways to support, incentivize and scale beneficial change.

INNOVATION CENTER FOR U.S. DAIRY

The Innovation Center provides a forum for the dairy industry to work together to overcome barriers and identify opportunities for long-term, sustainable growth. The Innovation Center's cooperative, precompetitive approach brings together a diverse group of collaborators ranging from leaders in the dairy industry to representatives from academia, government agencies and nongovernmental organizations.

SUSTAINABILITY: Since the Innovation Center held its groundbreaking Sustainability Summit in 2008, members of our leadership and management teams have held 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 for U.S. Dairy
- Being a member of the Sustainability Operating Committee, which provides guidance on sustainability program structure and strategy, and various Innovation Center task forces
- Participating in the Comprehensive Life Cycle Assessment for Cheese and Whey, which was conducted by the Applied Sustainability

Center at the University of Arkansas for the Innovation Center

- Pilot testing the Innovation Center's Dairy Plant Smart™ program, which promotes energy efficiency and best management practices that support economically viable environmental improvement projects for dairy processors
- 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 Guide for U.S. Dairy*, a voluntary framework for tracking and communicating progress, which is described in the highlight to the right

FOOD SAFETY: Leprino Foods played a key role in establishing 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. As part of our ongoing participation on the committee, we have contributed in key areas such as dairy plant food safety workshops; supplier food safety risk assessment, training and management; and traceability. Learn more on page 12.

“Leprino Foods provides invaluable leadership and resources to help improve the safety of the entire dairy industry. Without their altruism and leadership, our efforts would not be as successful.”

Timothy Stubbs
Vice President Product Research &
Food Safety, Innovation Center for
U.S. Dairy

Supporting Measurement
& Communication

The Stewardship and Sustainability Guide for U.S. Dairy provides a credible, industry-wide framework for voluntarily measuring and communicating continuous sustainability improvements to dairy customers and consumers. It supports the dairy industry's objective to build continued consumer trust and confidence in dairy foods and beverages. We not only participate in the collaborative multi-stakeholder development process, but also use the Guide to inform our reporting and promote its use with our dairy suppliers.



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. Product responsibility is brought to light in our relentless pursuit of world-class quality and food safety.

Our Products

Leprino Foods Company's premium-quality cheese and nutrition products deliver milk's inherent nutrition to people around the world. With nine essential nutrients, milk is one of the most nutrient-rich foods available. As part of the cheesemaking process, the curds are separated from the whey. Both parts are highly nutritious; therefore, we strive to utilize every valuable component in the fresh Grade A milk we receive.



Supporting school nutrition programs: Leprino Foods is a market leader in providing reduced-fat and reduced-sodium cheese for school meal programs. Furthermore, our culinary innovation chefs have collaborated with other key suppliers to create great-tasting, nutritious meals that meet federal and state nutrition standards and kids' taste preferences.

Meeting a range of dietary preferences: In response to consumer preferences and market trends, many of our customers are working to improve the nutritional profile of their product portfolios and menu offerings. To support these needs and meet customer product requests, we produce cheese in a range of options, including reduced-fat and reduced-sodium varieties.

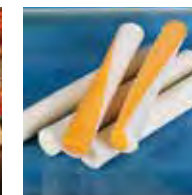
Furthermore, Leprino Foods is looking at how we can make additional reductions in sodium, without sacrificing the taste, quality or safety of our products. Sodium plays several important roles in food, from helping keep products fresh to enhancing taste and texture. Although cheese contributes only 8 percent of the sodium in the U.S. diet, we are collaborating with the dairy industry, large pizza chains, food manufacturers and others to test and launch lower-sodium products that meet both consumer expectations for great taste and National Salt Reduction Initiative targets.



Cheese contributes high-quality protein, as well as calcium, phosphorus and vitamin A, to the American diet.¹

Cheese is the No. 2 dietary source of calcium for Americans.²

Diets higher in protein have been shown to help slow muscle loss that occurs with age, help curb hunger and help maintain a healthy weight.³



NUTRITION PRODUCTS

Products include: Lactose, Heat-Stable Proteins, Gelling Proteins, Whey Protein Isolate, Whey Protein Concentrates, Whey Protein Hydrolysates and Sweet Whey.

Our nutrition business has three main categories, which cover the range of ways our customers use our dairy ingredients:

- **Infant and adult:** Our unique lactose derivatives are used as the primary carbohydrate source in infant formula, which underscores our dedication to quality and food safety. Whey protein concentrate is added to a variety of beverages designed to improve health and wellness.
- **Sports and beverage:** Products such as our whey protein concentrates, whey protein isolate and heat-stable proteins boost the amount of high-quality protein in sports nutrition and other beverages.
- **Commercial ingredients:** Ingredients such as lactose, sweet whey and gelling proteins provide nutrition enrichment, texture enhancement or functional improvements to a variety of food products, including yogurt, reduced-fat ice cream and nutrition bars.

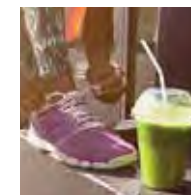


Calorie for calorie, whey protein can help people feel fuller longer than carbohydrates or fats.⁴

Consuming whey protein post-exercise helps build and repair muscle.⁵

Higher protein intake, including whey protein, may help older adults to protect against age-related muscle loss (sarcopenia).⁶

Nikolaus, Denver



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.

Leprino Quality

What sets Leprino Foods apart from our competition is our commitment to quality. Quality has been a cornerstone of our company since the beginning. It's the relentless effort of driving higher quality into our products and delivering on our Core Values. As our Chairman, Jim Leprino, has often said, "Leprino Quality is a way of life."

To ensure that we meet our high standards for quality and exceed our customers' expectations, our quality management system focuses on prevention, continuous improvement and best practices. Our manufacturing facilities have rigorous, documented quality assurance programs, which include the inspection of all ingredients, process controls, finished product analysis, sanitation and environmental controls, as well as distribution controls.

Our people are the key to our success. We foster a quality mindset defined by prevention, problem solving and idea generation. In addition, we promote ways for employees to stay vigilant and focused on identifying and addressing potential issues. When we do have issues, we seek to solve them at the root cause and then share that knowledge. Our ongoing pursuit of innovation inspires us to look for new or creative solutions and create more effective processes.

FOCUS ON CONTINUOUS IMPROVEMENT

Our food safety and quality systems have consistently garnered high points for compliance with customer and third-party standards such as the Safe Quality Food standards. Nevertheless, in 2014, with an eye toward continuous improvement, we engaged an independent and highly reputable firm to assess our food safety and quality policies and implementation at both the corporate and facility levels. The assessment did not uncover any gaps, but it pointed out improvements to streamline policies and procedures and align them to specific intended food safety expectations. The resulting efforts helped deepen our employees' understanding while providing them with the opportunity to apply their



Jebari, Roswell

knowledge of the plant to develop the best procedures to achieve policy expectations at their location.

We will continue to evaluate and enhance our approaches through key quality initiatives, such as Leprino Quality Continuous Improvement, PPBTH (described below) and Leprino Quality Animal Care, which is discussed on page 15.

Preventing Problems Before They Happen'

At the core of our approach to managing quality is a true preventive mindset that we call PPBTH, which stands for preventing problems before they happen. Through nine central principles, PPBTH promotes ways for employees to stay vigilant and remain focused on identifying and addressing potential issues.

This emphasis on prevention permeates our approach to managing all our Global Responsibility areas of focus.

Nine PPBTH Principles:

- 1. Understand what cannot be compromised.
- 2. Don't ignore warning signs.
- 3. Share and seek know-how.
- 4. Manage risk smartly.
- 5. Never, ever get complacent.
- 6. Over-communicate.
- 7. Always have a Leprino Quality mindset.
- 8. Don't fumble handoffs.
- 9. Give customers what they need.

Food Safety



Darcy, Denver

At Leprino Foods, food safety is not negotiable. There are no compromises or shortcuts when it comes to our responsibility to produce and distribute wholesome, safe products. That's why we named our approach to food safety "Zero Tolerance."

Because we take a holistic view of food safety, the Zero Tolerance philosophy is demonstrated in all aspects of our work, from the design of our plants and the use of highly advanced quality assurance technology to the way we train and engage our employees.

Our responsibility to ensure food safety begins in our supply chain, permeates our direct operations – encompassing each individual in our plants – and extends across the dairy value chain.

ENSURING FOOD SAFETY IN OUR PLANTS

Our plants comply with and typically exceed regulatory standards under the U.S. Food and Drug Administration (FDA) and U.S. Department of Agriculture. In addition, we work closely with state regulatory officials and industry leaders to establish safety regulations and practices to deliver wholesome products to customers and consumers. Milk is tested at the farm and when it reaches our plants.

Our food safety program integrates with our quality (page 10) and employee health and safety (page 17) programs. Comprehensive and

rigorous, it covers areas such as facility design; hygienic equipment and installation; an aggressive pathogen environmental monitoring program for verification of hygienic controls; extensive product and ingredient pathogen testing; and ongoing personnel education on design, sanitation and hygienic practices and protocols.

Moreover, the dedicated people who focus on food safety every day ensure our uncompromising approach to food safety is second to none. Leprino Quality teams regularly initiate projects that drive continual improvement in food safety.

ASSESSING FOOD SAFETY IN OUR SUPPLY CHAIN

Our focus on food safety begins well before milk and other ingredients arrive at our plants. 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 its regulatory inspections. Each supplier we select receives detailed information on our expectations and philosophy through personal briefing and a copy of our Supplier Expectations Manual. Annual reviews and re-inspections for all suppliers of critical ingredients ensure ongoing compliance with those requirements.

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, our ability to quantify potential supplier risk areas has expanded, and we are better able to proactively prioritize our resources on identified opportunities.

Industry Education & Outreach: Dairy Supplier Management Food Safety

As part of the Innovation Center for U.S. Dairy's industry-wide food safety efforts, our Vice President of Supply Chain serves on the team that developed and now conducts the Dairy Supplier Management Food Safety workshop. Offered twice a year, the workshop is designed to help dairy companies and their suppliers identify, quantify and mitigate risks from ingredients, packaging, equipment and services. Participants learn how to use tools to assess their supplies for food safety hazards and determine appropriate prevention and mitigation steps.



"To make the best product we can, teaching is critical. That includes not only the how and why of their work, but also what it means if it's not done or not done correctly. Employees are invaluable, and we need to ensure they understand how crucial their efforts and contributions are."

Monty Bohanan
Senior Manager,
Corporate Sanitation, Denver

“Leprino Foods Company has led the effort to develop and distribute cutting-edge food safety practices and protocols for the betterment of the entire dairy sector and consumers everywhere. They have supported this laudable goal through a focused senior executive priority and a huge commitment of staff time. They are second to none in this regard.”

Clay Hough
Senior Group Vice President and
General Counsel, International
Dairy Foods Association

“Leprino Foods Company’s commitment to food safety, both domestically and internationally, takes many forms: from the robust safety analysis of innovative processing in its facilities to sharing time and talent training industry personnel, and investing in food safety research. We commend Leprino Foods on its dedication and leadership to support the entire dairy industry in delivering safe and wholesome foods to consumers around the world.”

Charles Czuprynski, Ph.D.
Professor, Department of Pathobiological Sciences
Director, Food Research Institute
University of Wisconsin-Madison

Kathleen Glass, Ph.D.
Distinguished Scientist
Associate Director, Food Research Institute
University of Wisconsin-Madison

ADVANCING FOOD SAFETY ACROSS THE INDUSTRY

Although dairy products as a whole have a very good food safety track record – due to both pasteurization and the hard work and diligence of the industry – focus on foodborne illness prevention remains mission critical. By taking a collaborative and precompetitive position on food safety, we work to foster knowledge sharing and best practices across the dairy community, and thus help elevate the entire industry. As a longtime and leading advocate of food safety, we invest in food safety research, initiate collective action and contribute expertise to advance food safety. The following examples highlight some of the ways we contribute.

Playing an active role: Our team members serve on committees and working groups for a range of organizations dedicated to improving food safety. Two key committees are:

- The Scientific Advisory Committee of the National Conference on Interstate Milk Shipments, a nonprofit government-industry cooperative organization whose goal is to “assure the safest possible milk supply for all the people”
- The Innovation Center for U.S. Dairy’s Food Safety committee, which is dedicated to improving conditions within dairy processing and manufacturing to help mitigate food safety risks and safeguard consumer confidence in dairy

Supporting education and knowledge sharing: Leprino Foods team members share their food safety expertise and experience by assisting with training events, speaking at conferences, participating on panels and contributing to publications.

- Several of our team members help design and regularly conduct workshops sponsored by the Innovation Center’s Food Safety

committee, including the Dairy Plant Food Safety and the Dairy Supplier Management Food Safety workshops (page 11).

- We worked with the Food Safety Preventive Controls Alliance, a collaboration of industry, FDA, state regulators and academia, to contribute to a course designed to help small and medium-sized food companies understand and comply with the Food Safety Modernization Act’s Preventive Controls for Human Food.
- We reviewed best practices for enhanced dairy traceability at several industry events in 2015. Leprino Foods was among the first dairy companies to commit to the voluntary practices for strengthening the U.S. dairy supply chain that are outlined in the *Guidance for Dairy Product Enhanced Traceability*.
- Our Vice President of Food Safety and Regulatory Compliance was lead author of “Control of *Listeria Monocytogenes*: Guidance for the U.S. Dairy Industry” (October 2015), working with more than a dozen food safety experts in the dairy industry as well as industry and government reviewers. The guidance document, which is the first of its kind specifically for the dairy industry, will help build knowledge and communicate best practices for effective pathogen control to a wide spectrum of food safety practitioners.

Investing in research: In January 2015, the Innovation Center’s Food Safety committee created the Listeria Research Consortium to identify science-based solutions that further protect consumers. Leprino Foods initiated the idea for the consortium and joined with other member companies to provide funding for research that can help identify solutions that can make dairy even safer.



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.

“International Paper and Leprino Foods share a commitment to ensure the highest level of excellence relative to food safety. Our long-term relationship has allowed teams from both organizations to implement solutions that significantly improved food safety processes throughout the corrugated packaging supply chain. We are proud to join Leprino Foods in supporting this very important initiative.”

Ron Wise
Vice President, Commercial & National Accounts
Container The Americas,
International Paper

Responsible Procurement

We set high expectations for ourselves, and we expect nothing less of our suppliers. That’s why finding the right partnerships for building long-term, mutually beneficial relationships is so important to us. Many of our key suppliers are private or family-owned companies with which we share similar values.

To prioritize responsible sourcing and procurement efforts, we consider the percentage of procurement dollars spent and the level of risk and impact involved in a range of areas. Based upon those considerations, our milk supply is our highest procurement priority.

Comprehensive policies guide supplier selection and ongoing assessment and set clear expectations for our suppliers. Quality and food safety, described in the previous section, are the foundation of our rigorous approach to managing our dairy and ingredient suppliers. Furthermore, the animal care practices used in our milk supply are a key consideration, as discussed on the following page.

Moving forward, we will consider other supply categories, such as packaging, and the associated aspects and impacts of each. Future efforts will follow our approach of taking an industry-leading role as we broaden expectations, ensuring that all food safety, quality and logistical requirements are met while considering additional environmental and societal factors.

EXTENDING RESPONSIBLE PRACTICES

We recognize that the scale of our operations and market position carry a significant level of influence; therefore, we strive to be a positive force in demonstrating and promoting responsible practices in our supply chain and the dairy community.

Supporting supplier diversity: We have begun to work on an approach that expands our evaluation and support of small and diverse businesses. We will continue efforts underway and seek new opportunities, including within our nondairy purchasing.

Promoting environmental improvements: Because the majority of our products’ environmental footprint occurs upstream of our manufacturing operations (see page 25), we look for ways to encourage reductions in resource consumption and greenhouse gas (GHG) emissions with our suppliers.

For example, we give preference to contract transportation providers that have taken steps to improve fuel efficiency and reduce the emissions associated with the distribution of our products. One of the evaluation factors we consider for new transportation partners is participation in the U.S. Environmental Protection Agency’s SmartWay program, which helps shippers improve fuel efficiency and reduce emissions.

At the end of our 2015 fiscal year, 64 percent of our over-the-road carrier base was SmartWay certified, resulting in 76 percent of all over-the-road product volume being transported in SmartWay-certified trucks. The intense weather conditions in early 2015 caused many transportation challenges, leading some shippers to source freight on whichever carriers they could find. As a result, our percentage decreased from the previous year’s value. However, we are committed to growing our SmartWay carrier base in 2016.

We also collaborate with our customers and work at the industry level (described on page 7) to influence and support positive change and progress throughout the dairy supply chain.

Supply Chain Overview



Leprino Foods sources goods and services from thousands of suppliers and vendors, most of which are located in the United States. Key suppliers provide raw milk and other dairy and nondairy ingredients (nonfat dry milk, flavors, etc.), sanitation programs and supplies, product packaging (wraps, slip sheets, boxes, etc.), equipment and other materials. We also work closely with a variety of service providers and suppliers of energy and transportation.

Our Dairy Supply



Courtesy of DFA

In our business, it’s all about high-quality milk. The dairy farmers who supply fresh Grade A milk to our plants every day are essential partners in ensuring the purity and integrity of our cheese and dairy ingredients.

Having our plants strategically located near our dairy supply (typically within 50 miles of one another) promotes the close, mutually beneficial relationships we strive to cultivate – and reduces the cost and environmental impact of transporting milk.

The Food Safety section on page 11 covers the ways we work with dairy farmers to ensure the quality and safety of our milk supply. In addition, we focus on animal care because we know that healthy, comfortable cows that are well fed and cared for will always be the best and most productive source of high-quality milk.

ANIMAL CARE

Leprino Foods cares deeply about the health and welfare of the dairy cows on the farms that supply our milk. And the dairy farmers who supply our milk must share our commitment to the highest level of ethical treatment and care of animals through the adoption of best practices.

Similar to our influential industry role in the area of food safety, we feel strongly about being a leader in animal welfare. Therefore, we looked at best practices across the dairy industry, both in the U.S. and the U.K., to provide us with insight and considerations for enhancing our animal care policy. We also partnered with our milk suppliers, influential dairy farmers, industry leaders and the Innovation Center for U.S. Dairy to create a rigorous program that raises the bar on animal care accountability.

Launched in December 2014, the updated Leprino Quality Animal Care (LQAC) program mandates that our dairy suppliers and 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 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

All farmers supplying raw milk to Leprino Foods are required to be fully compliant with the LQAC policy by the end of 2016. We’ve established an independent third-party auditing system to verify compliance with the standards at the farm level.

In addition, we developed an independent advisory council to help guide policy development and best practice adoption and an oversight committee responsible for investigating instances where animal care standards do not meet LQAC program expectations. The full policy is available on our website.

Animal Care Goals & Progress

Ensure 100% of our U.S. milk supply is enrolled in the National Dairy FARM Program by Dec. 31, 2015.

☑ In the beginning of 2016, we confirmed that 100% of our milk producers have enrolled in FARM.

Ensure 100% of our U.S. milk supply is in full compliance with Leprino Quality Animal Care by Dec. 31, 2016.

Recognition of the Five Freedoms

We fully support the work of the World Organisation for Animal Health (OIE) in promoting the implementation of the internationally accepted Five Freedoms in our global food supply chain:

1. Freedom from hunger and thirst;
2. Freedom from discomfort;
3. Freedom from pain, injury and disease;
4. Freedom to express normal behavior; and
5. Freedom from fear and distress.



Our People

OUR COMMITMENT TO ENSURE EMPLOYEE HEALTH AND SAFETY, WHILE WE PROMOTE AN ENERGIZED, EMPOWERED AND ENGAGED WORKFORCE

One of our greatest assets is our people. The success of Leprino Foods and our vision to be the World’s Best dairy food and ingredient company begins with our employees. 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.

Health & Safety

Our safety vision is “to be the world’s safest food manufacturing company, driven by the world’s safest employees.” Company leadership established this vision in 2015 to align with the Leprino Foods vision to be the World’s Best dairy food and ingredient company.

We strive to provide work processes and methods that enable people to work a lifetime with an expectation of no injuries. Our approach is rooted in our health and 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.”

Our health and safety management systems are designed to share responsibility among everyone in the organization for the design of safe work processes, the maintenance of safe working conditions and the promotion of safe and healthy habits on and off the job. Furthermore, we have individuals with professional certifications and degrees in safety supporting all locations.

An emphasis on management systems supports our focus on prevention and helps drive continuous improvement and adoption of best practices. Since 2013, the company has conducted rigorous safety audits of our plants to measure the maturity of key safety programs and identify improvement opportunities in the processes that most influence injury and loss performance. Additionally, the reviews ensure processes are in place to maintain a high level of due diligence for safety compliance with state and federal laws and regulations.

The leadership of each facility is responsible and accountable for safety performance. The company regularly conducts executive reviews of safety performance, incident reports and safety process maturity; performs compliance risk assessments within the company; and compares our experiences with those of our industry to ensure we remain vigilant.

The launch of the new safety vision led to annual safety meetings at all locations to establish safety goals and to give our people the opportunity to sign a pledge to work toward our vision. More than 4,000 employees signed this pledge and made personal commitments to improve safety for themselves and their coworkers and to strive to eliminate all injuries.



SAFETY PERFORMANCE

For the last two decades, Leprino Foods has consistently achieved injury frequency rates far below industry averages. In 2013, we began tracking performance relative to the food manufacturing industry sector, as defined by the Occupational Safety and Health Administration (OSHA) division of the U.S. Bureau of Labor Statistics (see charts in outer column). At the same time, we established a two-year goal of reaching the top quartile of the industry, a target that we were able to surpass in 2015.

Our 2015 rate of recordable OSHA incidents was 2.3, a 17 percent decrease from the previous year. The DART (days of restricted work activity or job transfer) rate decreased from 2.07 in 2014 to 1.62 in 2015. Both results are the lowest rates in our company’s history.

“WORLD’S BEST” SAFETY GOAL
Reduce recordable work-related injuries and illnesses to achieve top-quartile performance in the food manufacturing industry sector.

2014 & 2015 Safety Performance

OSHA recordable incident rate and DART rate as compared to prior year’s top quartile of the food manufacturing industry sector (Bureau of Labor Statistics). Industry values used reflect weighted calculations based on location sizes.

OSHA Recordable Incident Rate

Fiscal Year	OSHA Recordable Incident Rate	Top Quartile
2013	3.06	2.4
2014	2.76	2.33
2015	2.3	2.4

In 2015, we achieved our goal to be in the top quartile of the food manufacturing industry sector.

DART Rate

Fiscal Year	DART Incident Rate	Top Quartile
2013	1.97	1.33
2014	2.07	1.33
2015	1.62	1.27

In 2015, we surpassed our best DART rate ever by 18 percent.

Recognizing Accomplishments

In 2015, the Lemoore West, Lemoore East and Allendale plants reached our top-quartile industry goal, with incident rates in the top 25th percentile for our sector. Our Roswell and Greeley plants both reduced injuries from 2014 by more than 30 percent.



“We set the bar high when it comes to personal safety. I love the teamwork we demonstrate, the togetherness we show, and how we communicate. We have done so much this year for safety that it really makes me proud to work for Leprino Foods.”

Victor McMillan
Cheese Relief Operator, Allendale



An employee signs the pledge to work toward our safety vision “to be the world’s safest food manufacturing company, driven by the world’s safest employees.”

ENGAGING EMPLOYEES IN HEALTH & SAFETY MANAGEMENT

Communication, training and employee involvement are key components in maintaining a safe work environment. Each plant strives to maintain safety committees and wellness teams with cross-functional participation.

Each site dedicates a significant amount of time to safety training, communication and promotion activities. Daily pre-shift meetings and regular departmental safety meetings promote information sharing and

encourage dialogue among employees and managers. Most locations also have teams dedicated to improving critical aspects of safety such as warehouse operations, ergonomics, ammonia refrigeration, hazardous materials response and emergency planning.

Employee recognition programs and sharing success stories promote safety-first behaviors, while showing our appreciation for the individuals and teams who are true champions for workplace safety.

SPOTLIGHT on Safety

Within a single year, **LEMOORE EAST** went from one of our lowest safety performing plants to among the top three safety performers. The management team has made great strides in implementing practices that increase employee engagement, not only at work but outside of work as well. The plant actively discusses safety concerns in pre-shift meetings and departmental safety committees. These concerns are then addressed through corrective actions, which are posted on a weekly basis to track progress. Incident investigations involve employees at all levels of the plant. Even near misses are tracked and reviewed by senior management. Additionally, Lemoore East encourages a focus on safety at home by sending to each employee’s home a monthly plant newsletter that includes safety issues that might arise outside of the workplace.

GREELEY also has worked diligently to improve safety performance, despite the challenge of starting new processes. Since the plant’s opening in 2011, the plant leadership team has been continuously executing strategies for safety culture improvement. Senior management created 10 Critical Safety Rules for all levels of employees to follow, which reinforces the message that employee safety truly is the first priority. One of these rules pertains to the plant’s lockout/tagout program (a safety procedure critical for the service and maintenance of machinery or electrical systems), which includes documented procedures, procedural placards and equipment shadow boards posted throughout departments, and task-specific training. The plant conducts regular strategy meetings for safety, many of which involve employee-driven safety committees. Senior management and department leadership are also actively and quickly involved in the injury investigation process.

PROMOTING EMPLOYEE WELLNESS

Our commitment to employee health and safety doesn’t end at work. At Leprino Foods, we recognize the importance of promoting the overall health and wellness of our employees so that they can live their lives to the fullest.

We believe our wellness strategy supports employee health and well-being, helps reduce health costs – both for the company and for employees and their families – and also increases employee morale, productivity, safety and overall employee engagement.

In addition to providing medical and health benefits (see page 21), we offer a range of company-wide and location-specific initiatives to foster healthy lifestyle behaviors. Each location has a health and wellness team to promote company-wide initiatives and impactful tools and resources. The teams also develop and implement employee wellness initiatives for their locations.

Educational communications: Information on our wellness website, in newsletters and on bulletin boards helps employees learn about ways to promote health, fitness and wellness.

Healthy events: We promote participation in events that foster health and support nutritious food choices. For example, Leprino Foods locations host health fairs and hold weight-loss challenges that leverage friendly competition with team support. We also encourage employee participation in events that promote physical activity, such as the annual Curds and Whey 5K (see highlight on this page), and have reimbursement programs to cover portions of registration fees for races, athletic classes and similar activities.

Healthy food choices: We strive to include more nutritious menu options in our cafeterias and break areas. In addition, many locations occasionally provide free fruit and healthy snacks to employees.

HEALTH INCENTIVE PROGRAM

Leprino Foods has a health incentive program, which enables employees who practice healthy lifestyle behaviors to receive financial rewards tied to our medical plan options. A third party administers confidential and voluntary health assessments at no cost

to employees and provides Leprino Foods with an aggregate health score that helps us evaluate the effectiveness of our health and wellness strategy.

Employees participating in the program have access to a range of methods to help improve their health:

- Confidential health assessment questionnaires
- Free, confidential biometric screenings
- Free, certified health coaching
- Educational well-being information



CURDS & WHEY 5K AND 1 MILE FUN RUN/WALK

51% OF EMPLOYEES PARTICIPATED IN THE 2015 CURDS & WHEY For the past eight years, Leprino Foods has hosted this annual event at each of our locations to spend time with our families, friends and neighbors in a fun, active way. To inspire some friendly competition, the company awards a cash prize to the location with the highest employee participation.

The Tracy plant won in 2014 with an outstanding 90 percent participation rate. Overall, the 2014 event stands as the largest to date, with more than 2,184 participants across the company.

The Greeley plant’s impressive 85 percent participation rate earned it the prize in 2015. The total number of participants across the company was 2,126.

70% OF ELIGIBLE EMPLOYEES PARTICIPATE IN THE HEALTH INCENTIVE PROGRAM

Bike to Work Day

Fifty-seven Leprino Foods employees joined more than 20,000 riders in the 2015 Bike to Work Day organized by the Denver Regional Council of Governments. Leprino Foods created park-and-ride routes to the corporate headquarters that passed event breakfast stations, offered free bike tune-ups and held a drawing for bicycle gear.



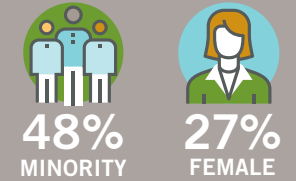
“When I moved to Denver I was intimidated about riding to work. Thanks to Bike to Work Day, I learned a safe route to work and tricks to make me feel safer. This gave me the confidence to explore trails and bike regularly.”

Alma Perez-Mendez
Senior Project Microbiologist
Denver

2015 Number of Employees

Location	State	Total
Denver	CO	530
Lemoore West	CA	1,031
Roswell	NM	574
Greeley	CO	434
Fort Morgan	CO	366
Lemoore East	CA	302
Tracy	CA	301
Allendale	MI	280
Waverly	NY	232
Remus	MI	140
Total		4,190

More than 98 percent of our employees work full time.



2015 Employee Retention

Percentage of employees by years of employment



Employee Engagement

We strive to connect with the hearts and minds of our people and to empower them to do the job we hired them to do. Fostering employee engagement at all levels of the organization helps our team members achieve personal and professional success, which in turn contributes to the success of Leprino Foods.



As part of our support of initiatives important to employees, Leprino Foods co-sponsored an International Women’s Day Celebration Luncheon presented by WorldDenver.

In the spring of 2015, all salaried and Denver employees – more than 900 people – took part in an engagement survey we called Leprino Voice: Engaging Hearts and Minds. All employees will have the opportunity to participate in spring 2016, but the initial results already are giving us an idea of how we’re doing and providing us with insights to better measure and understand our strengths and opportunities.

We are creating action plans around these opportunities in three main areas: the creation of an employee value proposition that will be used for recruiting and retaining our highly talented team, improvements in communication between employees and management, and the development of strategies to better manage work-life integration.

BRINGING ON THE BEST

The variety of perspectives that our diverse workforce brings to the job helps foster an innovative spirit that is a key part of the Leprino Foods

difference. We benefit from employing individuals with a diverse set of experiences and viewpoints as well as people from different cultural and ethnic backgrounds.

Our annual planning and goal-setting process maintains our focus on the important issue of diversity in our workforce. Senior members of our Legal and Human Resources departments regularly review performance to evaluate progress and identify any areas that need attention.

In 2015, we started a number of women’s leadership development initiatives to further enhance our ability to attract, retain, develop and engage women at Leprino Foods, including a mentoring process, a leadership development series, targeted recruitment efforts and networking opportunities.

Although we recognize that we face some challenges, such as the rural location of some of our plants, we will continue to explore ways to develop a more diverse workforce at all levels of the organization. We are confident we can keep doing better.

Before joining Leprino Foods’ Lemoore West team as Block Packaging Supervisor, Al Collier served 30 years in the U.S. Navy where he was Chief Warrant Officer, Aviation Maintenance Management.

Military Recruitment Program

Military personnel, both veterans and active duty, possess experience and leadership skills that are a great fit with Leprino Foods’ quality-driven culture. To recruit for our Production and Maintenance Trainee programs, we host military recruiting events at different plants. Pre-qualified military candidates are invited to participate in a full day of interviews at the plant hosting the event. In fiscal year 2015, we hosted military events in our Lemoore West and Allendale plants and hired 10 military candidates.



Summitting a 14-er. Debbie, Denver



Bring Your Kids to Work Day. Jennifer, Denver



Sanitary valve maintenance.



The Micro Lab.

PROVIDING ROBUST BENEFITS

The value we place on our employees and on retaining an engaged workforce is reflected in our comprehensive total rewards package. We continue to enhance our program by giving employees more choices. A new third-party administrator for our medical plan was introduced to employees in 2015, and in 2016 we are expanding our medical plan options. The total rewards package for full-time employees – who represent more than 98 percent of our workforce – includes competitive compensation; profit sharing; a 401(k) retirement plan with employer matching and after-tax contributions; medical, dental, prescription and vision programs; paid time off; company-paid life and accident insurance; company-paid income replacement in the event of a disability; and, of course, discounts on our cheese and whey products.

Learn more at leprinofoods.com/careers/benefits/.

TRAINING & DEVELOPING OUR EMPLOYEES FOR SUCCESS

At Leprino Foods, we are proud that many employees choose to make long, successful careers with our company. In 2015, 27 percent of our workforce had more than 10 years of service – an important indicator of employee satisfaction and engagement.

We support our employees in their careers with ongoing training, professional and leadership development opportunities, educational assistance including tuition reimbursement as well as a management trainee program for college graduates.

Our training program is critical not only to developing and retaining the best talent, but also to achieving our quality objectives. We use a combination of online tools and on-the-job training to build knowledge and skills in our technical training program. We also regularly add resources to our comprehensive library of technical information.

Career and leadership development is an essential factor in our current and future success. The use of individual development plans helps employees and managers identify and maximize individual strengths, while identifying and developing opportunity areas.

In 2015, we started the development of our career-modeling program to give employees direction on how they can advance their career at Leprino Foods. It outlines the progression of advancement from position to position and defines necessary skills and experience. Our Technical Services, Quality, Research and Development and IT divisions have long-standing, successful career models in place, and now other divisions are working to follow suit.

We also offer a variety of approaches specific to leadership development, including classroom and online training, behavior and personality assessments, mentoring programs and coaching.



“Learning the fundamentals of the business is an important part of the Leprino Foods success story, and it serves as a foundation for continuous learning. Around here, we learn by doing. We believe we can learn to be better every day.”

Kevin Munson
Director, Leadership and Organizational Development
Denver

RECOGNIZING EMPLOYEE EXCELLENCE

We believe in the importance of acknowledging the amazing contributions made every day by individuals and teams throughout the company. Recognizing exceptional efforts occurs regularly, both in informal ways through one-on-one interactions, team meetings, town halls and recognition boards and more formally through the following company-wide award programs:



John Forrester, Operations Safety Manager, recipient of the 2015 President's Gina Award.

Gina Awards: Since 1969, Leprino Foods has recognized outstanding performance by employees who contribute to the achievement of our vision to be the World's Best. There are nine categories, including the newly created global responsibility category that underscores the importance of being a sustainable, responsible company and to encourage employee actions and ideas.



The 2015 Mike Leprino Sr. Award recipients.

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



Roswell Sanitation/Water Improvement Team, 2014 LQ Team of the Year.

Allen Cup and LQ Teams of the Year: Each year, we also recognize the plant with the highest annual performance on a set of metrics with the Allen Cup. As part of the Leprino Quality (LQ) program, we name Location Teams of the Year and a Company Team of the Year.

Gina Award Recipients Contribute to Global Responsibility

Although global responsibility as a distinct award category is new, over the years we have been recognizing employees who exemplify our Global Responsibility commitment in other Gina Award categories.



2014 LEADERSHIP AWARD

Jon Alby, Associate General Counsel, was honored for his significant contributions to the company's Global Responsibility initiative, including his principal role in delivering our first corporate

responsibility report and his influential role as a Leprino Foods representative and thought leader on sustainability.



2014 INNOVATION AWARD

Manny Egbuna, Lemoore West Project Engineer, was recognized for the many inventive approaches he implemented to deliver substantial reductions in the consumption of electricity, natural

gas and water – contributing to an improved bottom line. His passion for sustainability and continuous improvement inspires people throughout the organization to follow his lead.



2015 GLOBAL RESPONSIBILITY AWARD

Joe Herrud, Director, Environmental Operations, was honored as the first-ever Global Responsibility Award winner for his continuous pursuit of identifying new ways to reduce water consumption,

waste generation and energy use across our locations and for his dedication to improving the community through numerous initiatives including his leadership of – and numerous hours of manual labor contributed to – the corporate office's Habitat for Humanity project (see page 36).

Environmental Responsibility

OUR COMMITMENT TO COMPLIANCE AND THE RESPONSIBLE USE OF NATURAL RESOURCES

Starting with adherence to environmental regulations and laws, our environmental responsibility extends to resource conservation and minimizing impacts. Our conservation efforts and goals focus on energy, greenhouse gas emissions and water – our most significant impacts – while striving for responsible use of all resources.



“We take an all-inclusive approach to environmental responsibility, combining investments for big gains with the incremental progress that comes from being attentive to the smallest opportunities. And we strive to involve everyone in reducing our footprint.”

Tom Hegarty
Senior Vice President,
Production Operations, Denver

Our Approach

We aim to reduce the resource intensity and impacts of our operations while maintaining the highest standards of quality, food safety and environmental compliance. We are dedicated to making the best use of limited resources: A mindset of doing more with less is an inherent aspect of who we are.

Compliance, efficiency and conservation form the foundation of our environmental efforts. Managing environmental performance involves both corporate direction and location-level responsibility. Plant managers each develop an annual plan for their location to meet or exceed company-wide performance goals.

Our overall approach emphasizes preventing problems and continuous improvement through best practices, investment in technology and employee engagement. We recognize that improvements come in all sizes and from all levels of the organization; therefore, we combine grassroots efforts and behavior change with large-scale initiatives that have broad impacts across the company.

Through an evaluation of our environmental impacts, we prioritized environmental compliance, energy, GHG emissions and water as our top priorities, as highlighted on the following page. In addition, we are working on projects and initiatives to evaluate and minimize the impacts of additional areas such as packaging, solid waste and transportation.

ENVIRONMENTAL COMPLIANCE

Full environmental compliance is fundamental to our approach to managing the environmental impacts of our operations. It is an expectation embedded in our culture of doing the right thing.

Our Environmental Compliance Manager oversees environmental compliance at each U.S. location (plants and headquarters). The policies, standard operating procedures, audit processes, training and feedback mechanisms within our environmental management system drive continual improvement. The implementation of a new application for compliance-related task management and tracking is a recent enhancement to the overall system.



LOWERING BARRIERS TO BREAKTHROUGH CHANGE

Over the years, Leprino Foods has made significant investments in our production plants to enable us to produce high-quality products on a large scale while reducing our resource use and utility costs. While we have accomplished a lot, we are confident that we can do more.

We also recognize that making large-scale improvements often requires taking the long view to receive the necessary financial return along with anticipated environmental benefits. To demonstrate their strong commitment to achieving our environmental goals, senior leadership established dedicated funding to support investment in innovative approaches and new technology that deliver significant reductions in resource consumption. The fund lowers financial barriers by setting longer return-on-investment criteria for environmental capital projects compared to other capital investments.

We are currently investigating the feasibility of a range of large-scale, innovative approaches to reduce energy use, GHG emissions and water use, including combined heat and power (CHP)/cogeneration systems, anaerobic digestion of wastewater and advanced water-saving technologies.

ENVIRONMENTAL AREAS OF FOCUS



Environmental compliance is an expectation embedded in our culture of doing the right thing. It is fundamental to our approach to managing the environmental impacts of our operations.



ENERGY: Our operations rely on electricity and natural gas to power equipment; light, heat and cool facilities; and treat process water, among other uses. We continually seek opportunities for energy efficiency and conservation.



GHG EMISSIONS: GHG emissions are tied to our energy consumption. Gas-fired dryers and boilers are the main source of our direct GHG emissions, and purchased electricity accounts for our indirect emissions.

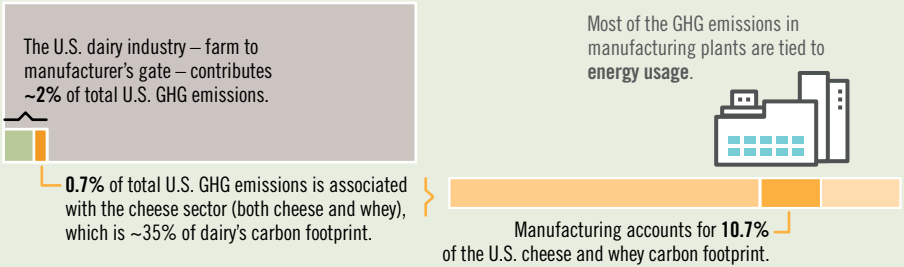


WATER: Water is a key resource in our operations and is critical for cleaning and sterilizing our plants and production equipment. We strive to recycle and reuse as much water as we can in our plants. **EFFLUENT/WATER QUALITY:** Our effluent impacts local watersheds and, in most locations, farms. We treat the water we use before discharging it back to regional ground and surface waters for beneficial reuse.

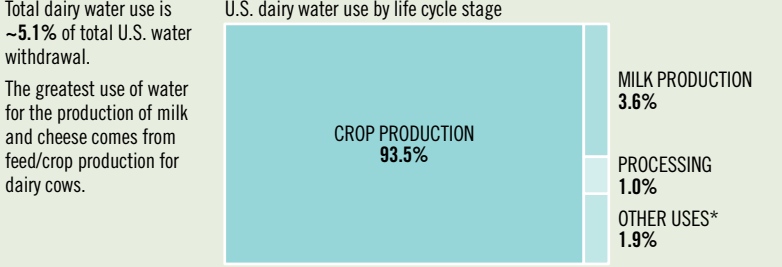
OUR AREAS OF FOCUS IN CONTEXT: U.S. DAIRY LIFE CYCLE ASSESSMENT (LCA) FINDINGS

Although the majority of GHG emissions and water use associated with the life cycle of our products occurs before milk reaches our plants, we have many opportunities to reduce the impacts of our operations.

Carbon Footprint



Water Footprint



Source for GHG emissions and energy data: Thoma et al., Life Cycle Greenhouse Gas and Energy Demand Assessment for Cheese and Whey Products, University of Arkansas, 2012. Source for water data: Henderson et al., U.S. Fluid Milk Comprehensive LCA, University of Michigan and University of Arkansas, 2012. *The Other Uses category includes the packaging, transport/distribution, retail and consumer stages.

Additional Areas

PACKAGING: Packaging safeguards our products and protects them during transit. We work with customers and suppliers to resize packaging, which can minimize the use of plastic, cardboard and other materials.

TRANSPORTATION: We work with the contract transportation providers that deliver our products to enhance fuel efficiency and reduce emissions associated with product distribution.

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SOLID WASTE: Our headquarters and plants generate waste/byproducts that are recycled, used as a soil amendment or disposed of in municipal landfills. We strive to reduce waste overall and minimize the amount of waste that is sent to landfills.

→ LEARN MORE | 32

Resource Conservation Team Vision

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



Resource Conservation Champions participate in workshop activities.

RESOURCE CONSERVATION TEAMS

Progress is a collective effort. The skills and passions of every employee contribute to our success in reaching our performance goals. That's why we established Resource Conservation Teams at every plant. The teams educate fellow employees, raise awareness about resource-smart behaviors and encourage everyone to come up with creative approaches to conserve energy, water and other resources.

Educating employees and empowering them to create change through low- and no-cost fixes are common threads of the teams' efforts.

The team approach, which we started in 2015, includes direct support from the corporate team and a new online tool for employees to submit resource conservation ideas and for the teams to track conservation efforts. In addition, an awards program recognizes accomplishments and efforts at the individual, team and plant levels.

Waverly Resource Conservation Team Delivers Positive Changes

With an 18-member team of employees from every department, the Waverly Resource Conservation Team, the KilloGalloTherms, has established an impressive record of improvements, both large and small.

The team members started their efforts by educating themselves and then sharing what they learned through an education and awareness campaign. Using booklets, posters and, most importantly, conversation, the team helped people understand the connection between resource use and waste and the associated impacts and costs. For example, one interactive poster asked viewers to guess the annual cost of a dripping faucet. (Answer: Three drops per second equates to approximately 1,250 gallons per year, which at Waverly costs \$209.) Another topic was the energy use and cost associated with air leaks.

KilloGalloTherms' first project was to turn off lights in empty rooms, and the team drove the idea home by explaining to employees that it costs more than \$1,300 a year to keep the break room lights on. "It sounds ridiculous, but it was the easiest thing," said team leader, Troy Erickson.

Bringing Resource Conservation Home

To encourage ideas from employees and bring energy-smart habits (and cost savings) into people's homes, the Allendale Resource Conservation Team gave an LED bulb to each employee who submitted an idea along with an incandescent bulb.

Most importantly, employees are becoming engaged and learning about what and how much we consume and how they can help us reduce our impacts. By empowering our people to create change through low- and no-cost fixes, our Resource Conservation Teams are the key to engaging our people to make a real difference.

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The team members started their efforts by educating themselves and then sharing what they learned through an education and awareness campaign. Using booklets, posters and, most importantly, conversation, the team helped people understand the connection between resource use and waste and the associated impacts and costs. For example, one interactive poster asked viewers to guess the annual cost of a dripping faucet. (Answer: Three drops per second equates to approximately 1,250 gallons per year, which at Waverly costs \$209.) Another topic was the energy use and cost associated with air leaks.

KilloGalloTherms' first project was to turn off lights in empty rooms, and the team drove the idea home by explaining to employees that it costs more than \$1,300 a year to keep the break room lights on. "It sounds ridiculous, but it was the easiest thing," said team leader, Troy Erickson.

By responding to employees' ideas and paying attention to the little things, we demonstrate to our employees that our commitment is real.

Committed to employee involvement, the team solicits ideas from employees and posts updates in break rooms about what it is doing. The team also promotes resource-smart behaviors such as encouraging employees to point out leaks or other problems rather than walking past them. Steps like these are adding up to big savings.

Energy & Greenhouse Gas Emissions

Like all businesses, our operations rely on electricity and natural gas for everything from powering equipment to heating and cooling facilities and treating effluent. In food production, energy plays a critical role in quality and food safety through heating and refrigeration.

The energy consumed in the production of our products is the main source of our GHG emissions; therefore, our energy-efficiency and conservation efforts drive the reductions in our carbon footprint.

REDUCING ENERGY USAGE AND GHG EMISSIONS

We continue to identify and implement energy-efficiency projects and technologies at our plants to meet our energy and GHG emissions targets (see outer column). The types of initiatives include replacing older equipment and parts with more efficient models, identifying and addressing air and steam leaks, converting to LED lighting and making adjustments to equipment settings for energy and cost savings. The following projects highlight some of our energy-saving efforts:

- Greeley replaced boiler burners with more energy-efficient models. The upgrade is projected to reduce the gas therm usage by 6.9 percent at medium firing rate, and initial testing achieved a higher reduction.
- Lemoore East completed a compressed air system automation and optimization project. The first month's performance exceeded projections, resulting in a higher return on investment. Based on November 2015 values, the energy management provider calculated annualized energy reductions of 714,643 kilowatt-hours.
- Lemoore West undertook a project to capture more condensate from the boiler room heaters. The project saved 104,363 therms in the first year plus wastewater treatment costs.
- Tracy's boiler retubing project addressed scale buildup, which had impacted energy efficiency. In the first year of service (July 2014 to June 2015), there was a total savings of 184,491 therms, which reflects a 5.62 percent reduction in boiler therms used from the previous 12-month period.
- The Waverly Resource Conservation Team found it was possible to reduce air pressures in the plant, saving about \$9,000, or 150,000 kilowatt-hours a year. Although the effort required a lot of research up front to make sure changes would not affect operations, the actual fix was as easy as pushing a button.

GOALS & PERFORMANCE

The intensity measures are based on usage or 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. While we've made significant improvements to energy intensity – and therefore GHG emissions – reductions have been partially offset by increased energy demands related to food safety improvements and production requirements across the company.

ENERGY REDUCTION GOAL: Reduce energy intensity by 10 percent from 2013 baseline by 2018.

2013-2015 Energy Performance (MMBtu per 1,000 lbs. of milk processed)

Energy Intensity	2013	2014	2015
Total Energy Intensity	0.525	0.508	0.508
Direct Energy Intensity (Natural gas and other fuels)	0.359	0.344	0.340
Indirect Energy Intensity (Electricity)	0.165	0.164	0.168

The 2013 baseline value has been slightly adjusted from the figure published in the 2013 report.⁸

GHG REDUCTION GOAL: Reduce GHG emissions intensity by 10 percent from 2013 baseline by 2018.

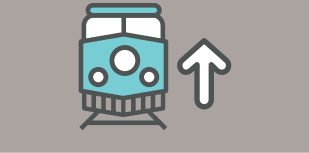
2013-2015 GHG Emissions Performance (MTCO₂e per 1,000 lbs. of milk processed)

GHG Intensity	2013	2014	2015
Total GHG Emissions Intensity	0.043	0.042	0.042
Direct GHG Emissions Intensity	0.019	0.018	0.018
Indirect GHG Emissions Intensity	0.024	0.023	0.024

The 2013 indirect GHG emissions intensity baseline value has been updated from the value published in the 2013 report due to an update in eGRID data.⁹

California Cap-and-Trade Program

Our Lemoore West plant is subject to and in full compliance with the state's Cap-and-Trade Program, which establishes a limit, or "cap," on permitted GHG emissions. Organizations must offset any emissions over their cap by purchasing carbon emission credits on an open carbon trading market. We continually monitor our energy use and associated GHG emissions to maintain our compliance record.



By increasing the use of rail carriers and working with providers that participate in EPA's SmartWay program (page 14), we reduced the carbon footprint for product distribution by 12 percent from 2013 to 2015.



Managing Water

Goals & Performance

The water intensity measure is based on usage 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. While we've made progress in lowering water intensity, increased demands related to food safety improvements, production requirements and changes in product mix at some locations have partially offset reductions.

WATER REDUCTION GOAL:
Reduce water intensity by 10 percent from 2013 baseline by 2018.

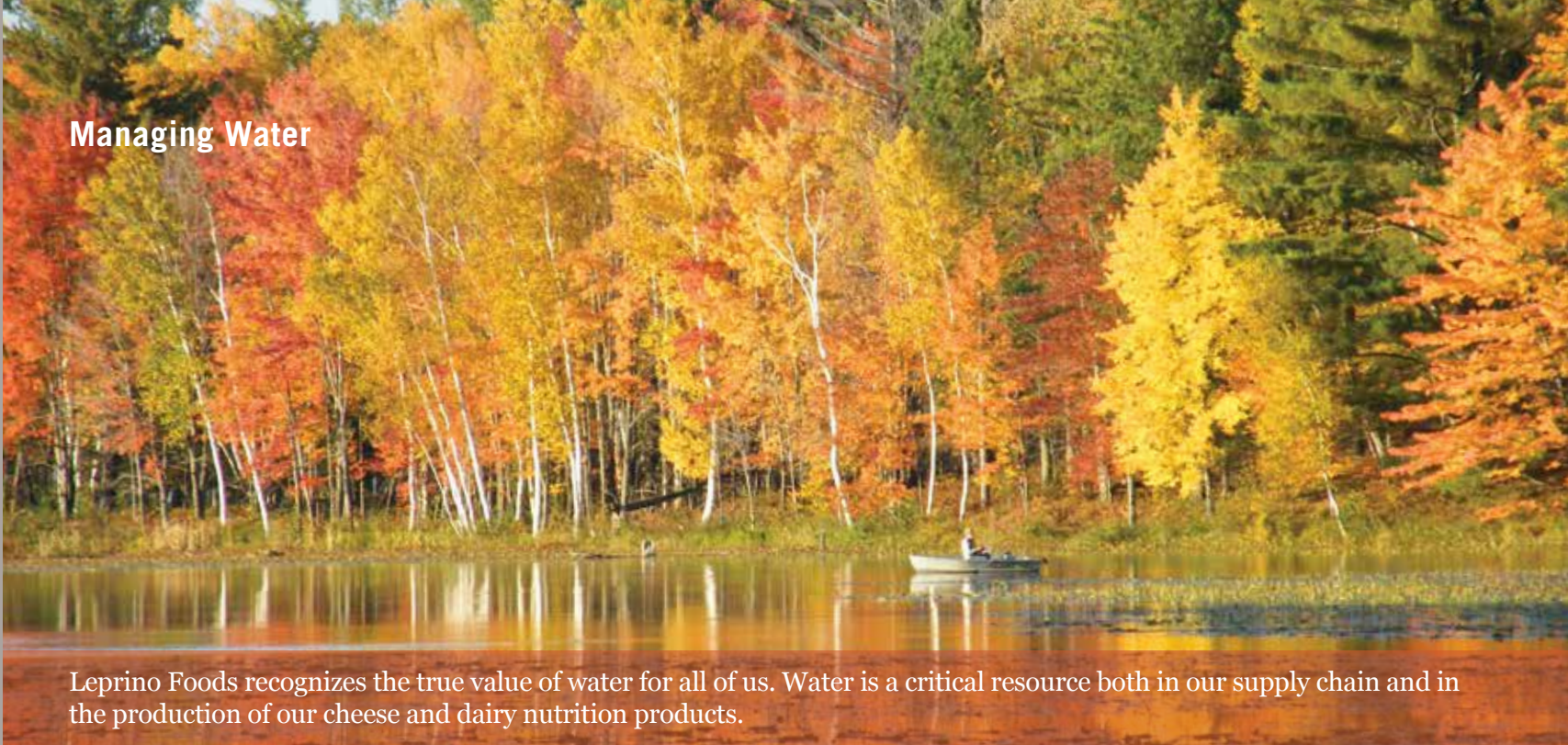
2013-2015 Water Intensity (Gallons per 1,000 lbs. of milk processed)

Fiscal Year	Water Intensity
2013	187.99
2014	201.15
2015	195.69

The 2013 baseline value for water has been adjusted from the figure published in the 2013 report.¹⁰



CALIFORNIA WATER GOAL:
Reduce water use at Lemoore and Tracy locations by 25 percent from 2013 baseline by the end of the 2016 calendar year.



Leprino Foods recognizes the true value of water for all of us. Water is a critical resource both in our supply chain and in the production of our cheese and dairy nutrition products.

We use water for the intensive cleaning, heating, cooling and sterilization processes needed to meet our stringent standards of food safety and cleanliness, as well as various federal and state regulations. However, we believe there are ways we can continue to reduce our water footprint without sacrificing food quality or safety.

Using water wisely has long been a priority for Leprino Foods. California, where more than 40 percent of our production occurs, is struggling to adapt to the worst drought in centuries. As residents, cities and farmers are cutting back water usage, we also are doing our part to conserve. The drought has driven us to be even more aggressive about water reduction efforts and sparked innovation at all levels. From our corporate leadership team to the employees working in our plants, we have embraced the careful use of our limited water supplies with projects big and small.

In response to the drought, Leprino Foods has created a cross-functional California Water Task Force, which is made up of experts in areas ranging from legal and engineering to maintenance and plant operations. The task force is embracing bold thinking and advanced water-saving technologies

MAKING THE MOST OF WATER RESOURCES

Reducing our demand for fresh water is just one side of the equation. Leprino Foods also is focusing on ways to get as much value as possible from the water we use to ensure we are maximizing the benefits from this critical resource.

The raw milk that is delivered to our plants is made up of almost 90 percent water. We capture most of that water, called condensate of whey or “COW water,” at the end of the cheesemaking and whey processing stages. We then are able to reuse this unique water source in our production processes. COW water also enables all our plants to be net generators of water, meaning the water discharged from our plants exceeds the amount of fresh water supplied to them. By leveraging the use of COW water with water conservation, treatment and storage efforts, we are striving to get as close to zero municipal or private well water use as possible. Refer to the Water Cycle highlight on page 31 for more detail.

Leprino Foods’ plants also recycle water for use in several production process cycles, such as in “first rinse” cleaning applications and in coolers and boilers. In addition, we strive to use water as efficiently as possible; for example, we rinse equipment with foam-based cleaners that require less water.

As we consider new ways to reduce water use, we remain focused on not compromising food safety and quality so that we can always deliver the best and safest cheese and nutrition products.

WATER REDUCTION INITIATIVES

During the reporting period, each location worked to conserve water and to maximize opportunities for reuse, as highlighted in the following examples:

- After receiving the necessary approvals to qualify for reuse, Lemoore East was able to re-categorize COW water for more extensive reuse. This new reuse opportunity saves approximately 100,000 gallons a day, reducing the plant’s usage of city water.
- In October 2015, the wastewater treatment plant operators at Lemoore West implemented a project to reuse water from a production process and save an estimated 4 million gallons of water a year.



Paul, Lemoore West

- The Waverly Resource Conservation Team began capturing wasted condensate water for reuse and made adjustments to rinse run times, for an annual savings of 3.4 million gallons.
- Lemoore West’s cooling tower blowdown reclamation project utilized a unique application for reverse osmosis membrane filtration technology to recover and recycle the evaporative condensers’ blowdown by removing the mineral buildup from the water that is drained from cooling equipment. Common practice was to send the blowdown to the drain. Instead, the reverse osmosis system removes over 90 percent of the total dissolved solids from the water and recycles it as make-up water for use in the evaporative condensers, reducing usage of city water by up to 260,000 gallons per day.



“We’ve set a very ambitious goal to see how close we can get to a zero water facility – one that uses no municipal or ground water. There’s no doubt that it’s going to require a lot of effort and investment to get there, but I’m confident we’re going to get close.”

Mike Durkin
President, Leprino Foods Company



“I feel empowered to do the right thing all the time. I can go home every day and feel good about what I do.”

Bryan Wischer
Environmental and Utilities Manager
Greeley



ENSURING WATER QUALITY

Because we view water as a community resource, we are committed to ensuring that the water we use at our plants meets stringent quality standards before being discharged for beneficial reuse, as described in the Water Cycle highlight on the following page.

The water that has been used in our plants contains residual traces of minerals and salts from the milk, as well as traces of the cleaning products and detergents from our rigorous quality and food safety processes. We treat this water on-site at our plants, using processes specific to each location and dependent on other factors such as where the effluent is discharged.

The treated water is stored in tanks or ponds at our plants and analyzed to ensure it meets the appropriate criteria before being returned to farmland, municipal treatment plants or surface waters.

Henry, Roswell

**Roswell Sanitation/Water Improvement Team
Recognized as 2014 Leprino Quality Team of the Year**

Roswell’s Sanitation/Water Improvement Team tackled several projects to reduce fresh water use and effluent discharges, saving 61,000 gallons per day, bringing wastewater flows down to levels not seen in years and earning the title of Leprino Quality Team of the Year.

Suggestions for the improvements came from the ground up, so to speak, mostly from the mechanics, utility operators, equipment operators and others working on the plant floor. The team collaborated with many departments, such as engineering, maintenance, controls, production and sanitation, to execute the ideas, building strong, long-lasting relationships along the way.

Several projects focused on COW water recovery, including one that addressed inefficiency in a filtration system. The solution also reduced waste and equipment maintenance costs, making it one of many projects that yielded benefits beyond water conservation.

A Look at our Water Cycle

At Leprino Foods Company, we consider water to be a “borrowed” resource that we use in our plants and then treat and return for beneficial community and environmental reuse. A look at the water cycle at our state-of-the-art manufacturing facility in Greeley, Colorado, demonstrates our vigilance in this area.

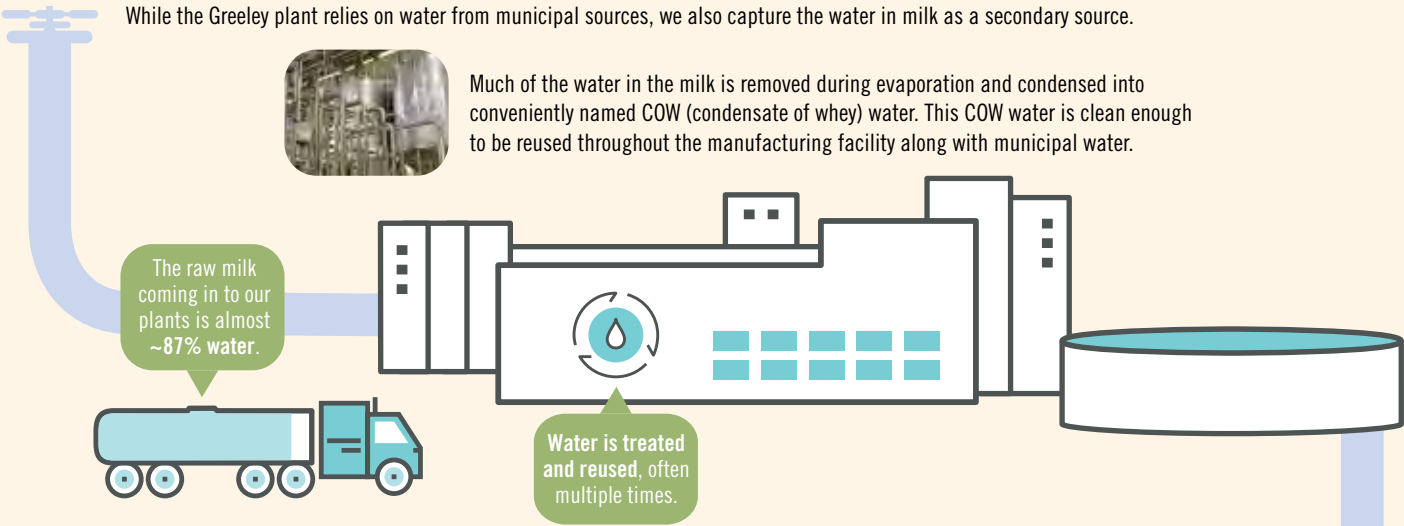
The Greeley plant was designed and built to very high food safety and efficiency standards. This includes the energy and water efficiency associated with the facility’s manufacturing and processing equipment and the various reuse systems designed to help maximize our use of resources.




In 2014, the Colorado Department of Public Health and Environment recognized the Greeley plant at the Silver Tier within its Environmental Leadership Program. The facility is currently pursuing the Gold Leader designation, the program’s highest tier (anticipated in 2016).

Environmental Purposes photo: Jodie, Denver
Recreational Uses photo: Nikolaus, Denver


LET’S START WITH MILK – OUR UNIQUE SUPPLEMENTAL SOURCE OF WATER.



COW WATER CONTRIBUTES TO OUR RESOURCE CONSERVATION AND REUSE EFFORTS...



The plant treats and recycles water (both municipal and COW) in several production process cycles, such as in “first rinse” cleaning applications and in coolers and boilers.

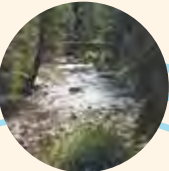


The Greeley team is currently exploring more advanced technologies and systems to reuse even more water internally.


...AND IT ENABLES US TO GIVE BACK MORE THAN WE TAKE IN.

The use of COW water makes the Greeley plant a net generator of water, meaning the water output from the facility exceeds the amount of fresh water supplied.


COMMITMENT TO WATER QUALITY: The highest standards of water quality are critical to Greeley, Colorado, and the surrounding communities and water users in the Poudre and South Platte River basins. After the water is used at the plant, it is treated at our wastewater facility to make sure it meets the appropriate quality standards before it is returned to the Cache la Poudre River where it can be beneficially used:




Environmental Purposes



Drinking Water



Irrigation for Agriculture



Recreational Uses



Extra Attention on E-Waste

The Resource Conservation Team at Lemoore West organized an e-waste collection in October 2015. Employees brought approximately 3,000 pounds of old electronic products, which the team took to a local facility for recycling. The team also used the event as an opportunity to educate employees on waste and recycling, including impacts on landfills.

Solid Waste

As part of being a globally responsible company, we are dedicated to reducing our impact on the environment by minimizing solid waste. Daily operations at our headquarters and plants generate waste that is recycled, used as a soil amendment or disposed of in municipal landfills. All our plants compact or bale cardboard for recycling. We recycle paper and plastic at our headquarters and many of our plants.

Moving toward zero waste: Our Greeley plant has been working to minimize waste going to the landfill and has been able to achieve a 98.15 percent diversion rate, meaning that only 1.85 percent of waste is sent to the local landfill. Cardboard, paper and plastic waste is recycled; liquid ingredient totes are reused by our suppliers; fat removed during wastewater treatment is processed through a digester and converted to methane gas; and dried biosolids from the wastewater treatment process are composted into mulch for use by local farmers. We are currently working with a vendor to evaluate cost-effective options for moving toward zero waste to the landfill.



Dismissing disposables: In September 2015, the Denver office expanded its “No Cups Fridays” to go disposable cup free. In planning the shift from disposable cups to durable, reusable ones, the Denver Recycling Committee calculated that the corporate office was using 90,000 red Solo cups and 24,000 foam cups each year. Although the Solo cups are recyclable, most ended up in the trash. Foam cups do not decompose: According to the U.S. Environmental Protection Agency, the plastic foam cups we use today will still be sitting in a landfill in 500 years.

To thank employees in Denver for helping us reduce waste and promote our sustainability efforts, we provided each individual with a Leprino Foods-branded reusable cup, which is BPA-free, made in the U.S. and usable for hot and cold beverages.

Efforts like these help raise awareness and shift habits to minimize unnecessary waste and environmental impact – not only at work but at home and beyond.



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 and community involvement, company giving and industry education.

Key Areas of Community Support



EDUCATION



NUTRITION



FITNESS



LOCAL NEEDS

Community Support



Leprino Foods has taken our commitment to community involvement and giving to a new level. In 2014 and 2015, we worked to expand and further formalize our approach to supporting our local communities, while maintaining our key areas of support for education, nutrition, fitness and local needs.

Employee-driven teams at each of our locations are active in our communities, learning more about local needs as well as causes that our people are passionate about. To support our efforts, we have developed new tracking systems to set baseline criteria and monitor ongoing performance for volunteer hours, monetary and product donations and dairy education activities. See pages 36 and 37 for more information on our progress and highlights of community activities.

EMPLOYEE VOLUNTEERISM & COMMUNITY INVOLVEMENT

At Leprino Foods, we have a long tradition of making a difference in the neighborhoods and communities in which we operate through volunteer efforts, product donations and charitable giving. Our employees



participate in company-sponsored efforts such as Impact Day at our Denver headquarters and plant-specific events, including food drives and clothing collections.

Community Involvement Teams

At Leprino Foods, we believe in people helping people. Each location has a Community Involvement Team (CIT) made up of individuals who are passionate about making an impact in their community. With a reinvigorated focus, the teams and champions are stepping up their involvement to become active participants in decisions about how our company contributes time, talent and resources in our communities.

The employee-led teams coordinate company-sponsored events and encourage employees to get involved in their communities. Furthermore, to create an understanding of important community issues or needs, the CITs at each location work with community leaders to analyze local needs and develop community impact plans. These plans explore the potential impact of grants from the Leprino Foods Company Foundation (highlighted on page 35) to local nonprofits.

Individuals making an impact

In addition to participating in company-sponsored community activities, our employees donate their time and energy to personal causes. They participate in charity walks and runs such as Relay for Life; coach youth sports teams; visit senior citizen homes; volunteer with local nonprofits, churches and schools; and much more. In April 2015, we launched an online Volunteer Portal for employees to share their individual volunteer activities. At the end of October 2015, employees had logged more than 7,500 hours.

Gaining insight on activities and causes that employees are passionate about allows us to better focus our company's charitable efforts and volunteerism on activities that resonate with our people. This information also gives us a better understanding of how our employees are making a difference and highlights the "power of the workforce" in our local communities.

COMPANY GIVING

As a company, we are committed to being a positive force in the places where we do business. And we believe that the employees at each of our locations know how best to support the unique needs of their communities.

Company giving includes both monetary and product donations. To empower our employees and leverage their connections to local groups, we provide each location with an annual company-funded budget for charitable giving and community support.

In 2015, we augmented our corporate approach to company giving through the establishment of the Leprino Foods Company Foundation, which is described to the right.

2,204 POUNDS OF DONATED PRODUCT IN FISCAL YEAR 2015



Leprino Foods Company Foundation

We established the Leprino Foods Company Foundation in 2015 as a separate 501(c)(3) nonprofit organization to help support and advance the success of the communities where the company and our employees are most active. The foundation drives positive change in our communities by leveraging time, talent and resources to improve education, nutrition, fitness and local needs.

Leprino Foods has made a commitment to provide \$10 million to the foundation. In the first year (2016), the Leprino Foods Company Foundation will give a minimum of \$250,000, with the majority of funding going to programs that support the communities where our nine facilities are located. The foundation will make grants in three ways:

- Results of the community impact analyses being conducted by each Community Involvement Team will help identify investment opportunities to help address significant local needs and guide the team members in inviting area nonprofits to submit grant applications.
- The board will identify national nonprofit organizations that provide services in the foundation's four focus areas of education, nutrition, fitness and local needs and that advance its mission. Those groups also will be eligible for funding.
- Leprino Foods employees and community nonprofit organizations that support the foundation's focus areas may also request funding.

Volunteer Super Star

Greg Ogan is one of Tracy's Quality Execution Supervisors by day, but after work this father of three puts in hundreds of hours each year as a Swine Leader for a local 4-H group. Greg leads a group of 11- to 18-year-olds through the process researching, buying, caring for, learning about and ultimately selling pigs at auction.



"Showing livestock is a character-building experience that teaches responsibility and loss. I wanted my kids and others in the community to have a positive experience that helps them grow as individuals, like I did in my youth."

Greg Ogan
Quality Execution Supervisor
Tracy

SPOTLIGHT on Volunteerism/Community Involvement & Company Giving

**2015
Community Volunteering**

All in all, Leprino Foods volunteers spent over 11,000 hours working in their local communities through either their individual efforts or company-sponsored events.

3,500 company-sponsored employee volunteer hours

7,589 individual employee volunteer hours
(from Volunteer Portal*)

*The portal was rolled out in April 2015, and employees were asked to submit for fiscal year.

Leprino Foods employees are active volunteers, giving their time and talents as individuals and as part of our company. Every year, each of our plants is involved in activities within its community. The following stories are a sampling of the ways our employees make a difference.



ALLENDALE In 2015, plant employees collected 134 pounds of canned and non-perishable food items for local nonprofit Love, Inc. Nearly 50 plant employees and family members participated in the local 2015 Susan G. Komen Race for the Cure. The plant hosted a booth with string cheese snacks and donated \$2,000 and more than \$1,000 worth of cheese to the event.



DENVER Between December 2014 and March 2015, more than 240 employees – almost half of the Denver office – and some of their family members worked 2,200 hours to build a company-sponsored Habitat for Humanity home in the office's neighborhood. An \$85,000 donation from Leprino Foods covered the cost of the building supplies.



LEMOORE WEST The annual food drive at Lemoore West started out with donations of canned goods. Now, employees may choose to have money deducted from their paychecks to be donated to God's Bread Box, which distributes boxes of food to about 350 people a month, and to the Soup Kitchen, which feeds people in need every day. The donations enable both organizations to stock up on much needed supplies.



REMUS The Community Involvement Team volunteers monthly for Angels of Action, a local organization that provides weekend meals and snacks for children who do not have enough food to eat. Team members put lunches in school lockers for kids to take home to eat over the weekend. The plant also hosted a food drive for a local food pantry and donates string cheese to local organizations.

“The best experience is when people who had never thought about volunteering participate in an event and realize they’re making a difference. They find a passion they never knew existed. It’s also a great opportunity to build relationships with coworkers and see who they are off the plant floor.”

Gina Peace
Payroll Clerk, Tracy
Gina serves as Tracy's Community Involvement Team Lead.



FORT MORGAN Since 2009, the plant has participated in the Fort Morgan Relay for Life event that celebrates cancer survivors and raises funds for research and survivor support. In 2015, the 29 volunteer members of the “Mozz Squad” raised more than \$3,000 for the American Cancer Society. Each team member, joined by friends and family, walked for a portion of the relay.



GREELEY The Community Involvement Team organized a coat drive for the local Salvation Army. While delivering the 75 coats, one employee noticed that the stove in the organization's kitchen was broken. The team immediately donated money for a new stove, and the Salvation Army has since been able to serve hot meals to 750 to 1,200 people a week.



LEMOORE EAST Leprino Foods has been a major sponsor of the Lemoore Chamber of Commerce's annual Central Valley Pizza Festival since its inception in 2001. In 2015, a team from Lemoore East created a nine-foot slice of pizza for the pizza-decorating contest. Leprino Foods donated the cheese for the contest.



ROSWELL Tours of the Roswell plant are a highlight of the annual Roswell Chile Cheese Festival. The city sells tickets, and all the money raised goes to support city programs. Visitors learn about the plant's safe, high-quality production operations and are treated to pizza, drinks and souvenirs. The popular festival also features family activities, fresh produce for sale and, of course, roasted green chiles.



TRACY The plant raised more than \$8,000 for Tracy's annual Relay for Life event, which celebrates those who have battled cancer by walking laps to raise money for cancer research and survivor support. Twenty-five employees attended, including five cancer survivors (pictured above with an employee's mother, also a survivor) who were cheered with surprise signs made by their coworkers as they completed their “Survivor Lap.”

Alisha, Tracy



WAVERLY In 2015, the plant partnered with the Salvation Army to fill baskets with Thanksgiving dinner fixings for 10 families in the community. Each employee brought in a food item or contributed financially to fill the baskets with everything from rolls to pies to turkeys. Employees from each department delivered the baskets to each family's home before Thanksgiving.

**Supporting Efforts to
Share Dairy's Story**

Promoting awareness about the dairy industry is an important dimension of our community involvement. Education and outreach opportunities, such as local festivals and events, allow us to meet our neighbors and give our employees a chance to educate people about our operations and the dairy industry in general. Although safety concerns and the proprietary nature of our business prevent us from offering regular plant tours, we do invite the public in to our Roswell plant during the city's annual Chile Cheese Festival described to the left. We also participate in field trips, local agricultural events such as state fairs, and school events.



SCHOOL PLAYGROUND REINVIGORATED

Leprino Foods has a longstanding relationship with nearby Bryant-Webster K-8 School, where almost 90 percent of the 441 students qualify for free or reduced lunch and 97 percent are minorities. Around 40 Denver employees participate in a school program that pairs them with sixth-grade students. During the year, they exchange letters and visit each other at school events and at the corporate office. In 2015, our employees brought new life to the playground by painting stencils for games such as leapfrog, hopscotch and four-square to promote physical activity. We also purchased and stocked an activity cart with jump ropes and other equipment. In addition, our employees brightened up the cafeteria with fresh coats of bold colored paint and a healthy food mural.



CAFETERIA GOES FROM DULL TO DELIGHTFUL

Edison Elementary School asked us to give their drab cafeteria a makeover. With colorful murals, walls painted in school colors and a new recycling and composting station that has led to an 89 percent reduction in trash to the landfill, Leprino Foods volunteers transformed the lunchroom into an inviting space now called the Edison Munchroom. Our volunteers also gave the gym a new coat of paint and installed a Wii Fit system, giving students a more appealing alternative to watching a movie during recess on bad weather days.

SPOTLIGHT on Fuel Up to Play 60



Leprino Foods is committed to fostering nutrition, health and fitness in schools. In 2015, we partnered with Western Dairy Association to pioneer a pilot program, which has made a big difference in the lives of students at two Denver elementary schools (see highlights to the left).



“Our employee volunteer pilot program with Fuel Up to Play 60, which empowers students to make a positive change in their school and community, has been a huge success. It’s been a great experience to be part of that change and so rewarding to see the reactions from the kids; they have been so thankful.”

Mike Doyle
Manager, Commercial FP&A, Denver
Mike serves as the Leprino Foods program volunteer and coordinator.

The Fuel Up to Play 60 pilot program involved our employees in hands-on projects to transform two school cafeterias and a playground. In addition to the 260-plus hours that 27 Leprino Foods volunteers invested in the projects, we donated string cheese for the kick-off assemblies and \$15,000 to allow the schools to activate the Fuel Up to Play 60 program and to pay for campus improvements.

The schools decided how we could address their greatest needs by choosing their “play,” such as a cafeteria or playground remodel, a field day or a cooking class to focus on healthy eating and nutrition. The pilot supports our focus areas of nutrition, fitness and local needs and is scalable. In October 2015, we sponsored the enrollment of two Fort Morgan and eight Greeley elementary schools in the Fuel Up to Play 60 program. Leprino Foods provided \$4,000 grants to each school for recreational or exercise-related equipment or facilities or programming. Kick-off events at the schools featured a visit by Denver Broncos mascot Miles.

Dairy Industry Outreach & Education

We partner with dairy industry peers and educational institutions to support programs that educate people about the dairy industry – including programs and projects that build skills in science, technology and engineering; increase knowledge of dairy and food science, as well as food safety (page 11); and encourage dairy industry careers.



Photo courtesy of IDFA
Mike Reidy, Senior Vice President, Corporate Affairs, speaking at a recent IDFA Dairy Forum.

Leprino Foods recognizes that the success of our company depends on the people who make up our team. To ensure that we can find qualified individuals to fill manufacturing management and technical positions at our plants, we support industry education and recruitment programs. We regularly participate in career fairs to encourage young people to pursue work in the dairy, science and technology fields. We also believe strongly in supporting higher education and have partnerships with several universities, including an endowed faculty position and master’s degree program at California Polytechnic State University, San Luis Obispo. Leprino Foods provides funding for the Dairy Science program at Colorado State University and partners with the University of Wisconsin; California State University, Fresno; and others. In addition, we offer tours to intern candidates and help fund scholarships and internships at several of our locations.

Cultivating Local Talent in Roswell

Our Roswell plant has taken a very active role in forming partnerships with higher education institutions and helping to develop a talent pool of skilled operations and maintenance technicians. The plant offers scholarships and summer internships to students at the New Mexico Institute of Mining and Technology (New Mexico Tech) and also sponsors a senior design project with engineering students from the school. Roswell also helped Eastern New Mexico University-Roswell (ENMU-R) develop certificate and associate degree programs, and the plant offers scholarships in multi-craft maintenance. Leprino Foods also supports the Roswell Independent School District’s Early College High School at ENMU-R, which provides students with the opportunity to obtain their high school diploma and an associate degree in a fast-paced four years. These efforts have not only helped strengthen the plant’s team but also enriched relationships with local academic communities.
Pete Mayadag
Plant Manager, Roswell



“We have a complex and sophisticated business. We are also the largest private employer in the community and have a responsibility to the educational process. Not only is it great to give back to our community in the educational arena, but it gives us an opportunity to support people who may one day join our team.”

Supporting Local Communities

Because we are one of the largest dairy manufacturers in the world, our sourcing and procurement expenditures contribute real economic benefits in our communities of operation, supporting healthy 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.

LOOKING AHEAD

Because we are a family-owned company employing many families, it's second nature for us to think in terms of generations. We understand that the most important efforts and investments we make today will have lasting impact. It seemed fitting, therefore, to close this report with photos submitted by our employees to capture their personal visions of global responsibility, many of which highlight moments with their children in nature.



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

REPORTING INFORMATION

We referenced two voluntary reporting frameworks to inform report development.

- We used the *Stewardship and Sustainability Guide for U.S. Dairy* (Version 1.3) 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 guide, which are considered to be most important for the dairy industry and its stakeholders for credible, transparent reporting. Where applicable, we reported our performance based on indicators in the guide.
- To guide the development of this report, we referenced the Global Reporting Initiative's *Sustainability Reporting Guidelines* (G4), the world's most widely accepted sustainability reporting framework.

The following reference table maps Processor and Manufacturer (PM) indicators from the *Stewardship and Sustainability Guide for U.S. Dairy* (Guide) and associated GRI G4 disclosures to their location in this report. A GRI Content Index with all reported G4 disclosures is available at leprinofoods.com.

Focus Area & Indicator	Guide	GRI	Page
PRODUCT RESPONSIBILITY			
Customer Health and Safety		G4-PR1	10-12
OUR PEOPLE			
Employment Opportunities	PM Employees 1	G4-10	20
Employee Benefits	PM Employees 2	G4-LA2	21
Employee Retention	PM Employees 3		20
Employee Engagement in Health and Safety Management	PM Employees 4		18
Occupational Health and Safety	PM Employees 5	G4-LA6	17
ENVIRONMENTAL RESPONSIBILITY			
Environmental Compliance		G4-EN29	24
Energy Intensity	PM Energy 1	G4-EN5	27
Energy Reductions		G4-EN6	27
GHG Emissions Intensity	PM GHG 1	G4-EN18	27
Water Efficiency	PM Water 2		28
Water Recycling and Reuse	PM Water 4		29
OUR COMMUNITIES			
Community Volunteering	PM Community 1		34, 36-38
Monetary and Product Donations	PM Community 2		35-38
Educational Opportunities	PM Community 3		37

● Indicates full disclosure ○ Indicates partial disclosure

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ENDNOTES

1. National Dairy Council. (2011). *Cheese & healthy eating*. Retrieved from <http://www.nationaldairycouncil.org>
2. Auestad, N., Fulgoni, V. L., 3rd, & Houchins, J. (2015, February). Contribution of dairy foods to nutrient intakes by Americans. National Dairy Council Data Brief No. 1501. Rosemont, IL: National Dairy Council.
3. National Dairy Council. (n.d.). *Protein: Understanding the basics*. Retrieved from <http://www.nationaldairycouncil.org>
4. National Dairy Council. (n.d.). *Whey FAQ*. Retrieved from <http://wheyprotein.nationaldairycouncil.org/whey-faqs-products/>
5. Ibid.
6. National Dairy Council. (2013). *State of the science: the power of whey protein*. Retrieved from <http://www.adadc.com/Documents/health-wellness/whey-state-of-the-science.pdf>
7. Michael A. Roberto's *Know What You Don't Know: How Great Leaders Prevent Problems Before They Happen* (Prentice Hall, 2009) was a source for the development of our PPBTH initiative.
8. The 2013 baseline value for energy has been slightly adjusted from the figure published in the 2013 report. The adjustment involved using 2014 data for Greeley, because the plant was not at full production levels during 2013, and removing the Ravenna plant, which was closed in 2013.
9. The 2013 indirect GHG emissions intensity baseline value has been updated from the value published in the 2013 report due to an update in eGRID data. The value in the 2013 report was based on 2009 eGRID data but now uses 2012 data. The 2013 direct GHG emissions intensity value has been adjusted to reflect the U.S. EPA update of the global warming potentials (GWPs) for methane (21 to 25) and nitrous oxide (310 to 298).
10. The 2013 baseline value for water has been adjusted from the figure published in the 2013 report (from 169.18 to 187.99). The adjustment involved using Greeley 2014 data, because the plant was not at full production levels during 2013, and removing the Ravenna plant, which was closed in 2013.



Photos top left to right, clockwise, submitted by Adam, Denver; Allison, Denver; Richard, Denver; Joyce, Denver; Dana, Denver; Ashley, Allendale; Nikolaus, Denver.