



Farm to Fork Report

GNP Company

2014

Dedicated to healthy food, families & farms.

Planting Seeds for Growth





~ dedicated to ~

healthy food,
families & farms

Our Vision:

To be the **1ST CHOICE NATIONALLY**
for FRESH IDEAS in NATURAL CHICKEN.



Just **BARE** 
Chicken

Welcome to *GNP Company's 2014 Farm to Fork Report* and thank you for your interest in us!

Reflecting on the last year, 2014 was one of the most memorable for GNP Company™. With notable changes and transitions taking place, our business is at a turning point in our history; and the future is bright as we turn the page to our company's next chapter. But first, an explanation of what those changes were, as well as some very important acknowledgements.

I'd like to start by thanking Mike Helgeson for all he's done to build a successful company, while at the helm as Chief Executive Officer of GNP Company. Last year, Mike made the decision to retire after working in the family business for more than 40 years. Under his leadership, GNP Company grew in annual sales from \$120 million in 1993 to just over \$450 million in 2014. Two major acquisitions were made during that time: Arcadia Fryers in Arcadia, WI and a processing plant in Luverne, MN. Serving recently as Chairman of the Board for the National Chicken Council, Mike made significant, positive contributions to both our company and industry. He leaves us with a sixth consecutive, profitable year, of which we are all proud.

I'd also like to thank the Helgeson family members for their integrity, passion and innovative spirit. It's these qualities they instilled in us that led the way for our business to transform over decades from a small, seasonal hatchery to the largest fully integrated chicken producer in the upper Midwest. Since 1926, the relationships they've built with our team members, family farm partners, customers, consumers and communities have shaped who we are now and for the future. They leave us with a strong, viable, and sustainable company that's poised for growth.

Finally, I'd like to thank Jason Logsdon, Chief Executive Officer, and the executive team of Maschhoff Family Foods for their confidence in naming me as President of GNP Company. Having been with the company for more than 37 years, I am honored for the opportunity, and I'm excited to continue to implement our growth strategy. We are fortunate to have found willing partners in a new parent company who are committed to investing in our business and engaging our people.

These developments in 2014 are the seeds of growth, planted by the hands and hearts of all of these people, especially our team members and family farm partners. As you'll see in the *2014 Farm to Fork Report*, we are continually striving to be better partners, providers and stewards. Together, we are optimistic about our continued ability to meet and exceed evolving market needs and to provide opportunities for all who join us on our journey of future growth.

To a memorable 2014 and rewarding 2015!

Stephen Jurek
President
GNP Company



GNP Company™ is a provider of premium branded and custom chicken products to retail, deli, foodservice and industrial customers nationally. With passion and commitment, we are dedicated to ensuring safety and quality at every step, from farm to fork—and beyond. As members of a global community, we strive to reduce the environmental footprint of our operations by focusing on our supply chain both upstream and downstream.

At GNP Company, we have a dedicated, diverse team with:

Over **1,700**
TEAM MEMBERS

About **350** independent **family farm partners** who raise our chickens, many for as long as three generations.

Our Operations

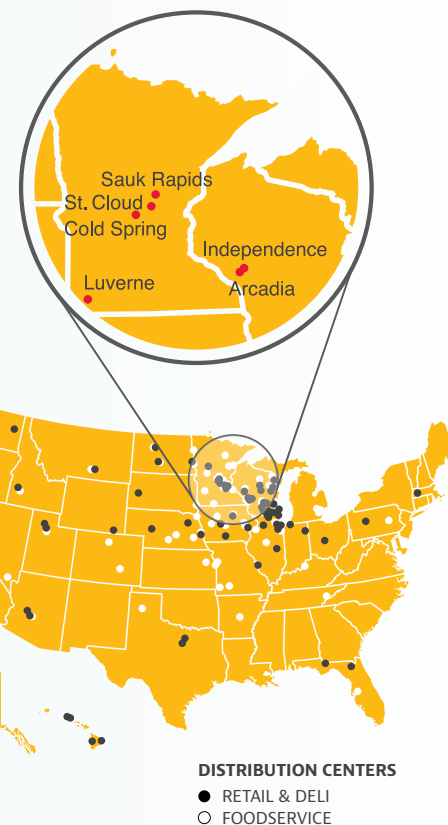
Fully integrated operations in and around Central Minnesota including St. Cloud, Cold Spring, and Sauk Rapids, as well as Luverne, Minnesota; and the Arcadia, Wisconsin area, including Independence. Operations are comprised of independent, farmer-owned broiler and breeder barns, company-owned hatcheries, feed mills, primary processing plants, a value-added processing plant, and distribution locations.

Our Sales & Distribution

Annual sales of \$452 million from branded and strategic retail, deli, foodservice, industrial and export sales under the Gold'n Plump® and Just BARE® brand labels, as well as custom products for strategic customers. Distribution area is nearly all 50 states, plus limited international export.

Our Ownership

GNP Company is a Maschhoff Family Foods company. Founded by E.M. Helgeson in 1926, GNP Company was purchased in 2013 and is family-owned by St. Louis, Missouri-based Maschhoff Family Foods.



Distribution area is nearly all 50 states, plus limited international export.



We are dedicated to building and enriching relationships through meaningful engagement. Our strong relationships with team members, family farm partners, customers, valued suppliers and our community members are at the heart of our business. We are passionate about what we do and how we impact the lives of people.



Throughout GNP Company's history, one of our greatest assets has been our people, many of whom have currently been with the company for a decade—or more. Take, for example, Manuel Gonzalez who celebrated his 20th anniversary with the company in 2014. Manuel has shown tremendous dedication to GNP Company as he has worked his way up to his current position of maintenance mechanic IV at the Cold Spring Processing Plant. He previously worked in the packout area and held positions of utility worker and station mechanic, and managed maintenance support to the entire plant as maintenance mechanic.

We're proud to build and maintain a great place to work in the Minnesota and Wisconsin communities we call home.

Team Member & Family Farm Partner Commitment

32% of team members have worked for us for **more than 10 years.** **67%** of family farm partners have been with the GNP Company for **more than 10 years.** **43%** > 20 years

68% of our St. Cloud family farm partners have been with us for more than 10 years; 59% of those for more than 20 years.

65% of our Arcadia family farm partners have been with us for more than 10 years; 21% of those for 20 years or more.

Team Member Recognition

- The GNP Company leadership program recognized 10 team members who lived GNP Company's values of safety, quality, innovation, respect and integrity.
- Launched the *Gold'n Touch Milestones & Recognitions* newsletter to celebrate team members' longevity and achievements.

Team Member Engagement

- Overall team member engagement increased in 2014; GNP Company engagement results were better than 65% of other manufacturing organizations surveyed.
- **Improvement suggestions from team members through our Employee Suggestion Program (ESP) saved the company \$269,860 with \$31,200 paid to team members for their ESP participation.**
Total number of program suggestions: 1,088



Team Member Training & Development

- 95% of team members received training in areas designed to enhance business understanding and job effectiveness, such as the 18-month Creating Leaders in Modern Business (C.L.I.M.B) Leadership Training program.
- 2014 certification and training included 31 team members being introduced to the principles of Continuous Improvement, 18 introduced to Lean Thinking, 244 salaried team members trained on the business management system, and 21 members of upper management introduced to Key Behavior Indicators. One team member completed the requirements to earn certification as a Six Sigma Green Belt.
- 23 Cold Spring team members graduated from Occupational English as a Second Language (ESL) classes, 21 from Advanced Occupational ESL.
- Eleven team members are enrolled in GNP Company Academy, which enhances skills and development opportunities in safety awareness, manufacturing process and production, quality practices, and maintenance awareness.
- GNP Company provided financial assistance to 34 team members pursuing additional education for a total of \$113,769 in education reimbursement. The reimbursement program is available to all team members.
- In its inaugural year, the Michael and Karel Helgeson Generations Scholarship Fund provided \$28,000 in scholarships to 14 students for the 2014-2015 school year. Recipients are children of GNP Company team members and family farm partners who positively impact their community, work, school or family lives.



Team Member Safety & Wellness

- For the sixth consecutive year, the average injury/illness rate of our processing plants was at or better than the average performance of the poultry processing industry (4.5), based on 2013 U.S. Bureau of Labor Statistics.
- Continued sponsorship of flu shot clinics, wellness challenges, and biometric screenings, such as blood glucose and cholesterol, to assess the risk of certain diseases and medical conditions for team members.
- The Health & Wellness Center in Arcadia continued its success and increased utilization by team members.
- Continued our Micro-Mart at the Luverne processing plant, which offers healthy alternatives to traditional vending selections.
- Luverne and Independence locations implemented the GNP Safety Way, a standardized system to engage our team members in developing a culture of safety. It will continue to roll out across all operations.
- GNP Company received two awards for outstanding safety performance from the Joint Poultry Industry Safety and Health Council, based on recordable incidents and other safety criteria.
 - Its award of distinction was given to the Arcadia Feed Mill, which is the location's second consecutive year receiving the highest honor. This is the third safety award in four years.
 - Its award of merit was given to the Cold Spring Processing Plant, which follows the award of honor received in 2010.

Consumer Affinity & Advocacy

Successfully grew and/or maintained key brand measures* for flagship Gold'n Plump® and emerging Just BARE® brands:

- Gold'n Plump: Ratings exceeded all key branded competitors in the core Minneapolis market on three of three purchase funnel measures, as well as exceeded all but one branded competitor on brand loyalty and advocacy measures.
- Just BARE: Ratings far exceeded all key competitors in four core markets of Minneapolis, Madison, St. Louis and Des Moines on three of three purchase funnel measures, were at par on brand loyalty, and nine points lower on brand advocacy versus an aggregate rating of branded competitors.

* Critical brand measures include purchase funnel (brand awareness, intent to buy and brand used most often), brand loyalty and brand advocacy.

GNP Company Academy launched!

GNP Company Academy is a Production Technician Certification Program with St. Cloud Technical & Community College. Classes are offered onsite at GNP Company facilities and are designed for team members to build skills needed to further advance within GNP Company.

“Our goal is to enhance the work experience of all by engaging our team members and family farm partners. The higher the satisfaction level of our team, the better we work together for excellent results, which is a win-win for everyone, both personally and professionally.” - Peggy Brown, Senior Director of Human Resources

Customer Service Excellence: Perfect Order Fulfillment

Overall 2014 performance was 94.94% Perfect Order against a goal of 96.94%. Following are specific details:

99.71%
Order Entry Accuracy
(exceeded goal)

99.51%
Warehouse Pick Accuracy
(exceeded goal)

99.44%
On-Time Deliveries
(met goal)

98.06%
Orders Received without Damage
(did not meet goal)

98.12%
Case Fill Rate
(did not meet goal)

Team members at the Cold Spring Processing Plant and Arcadia Feed Mill were nationally recognized for their outstanding safety efforts.

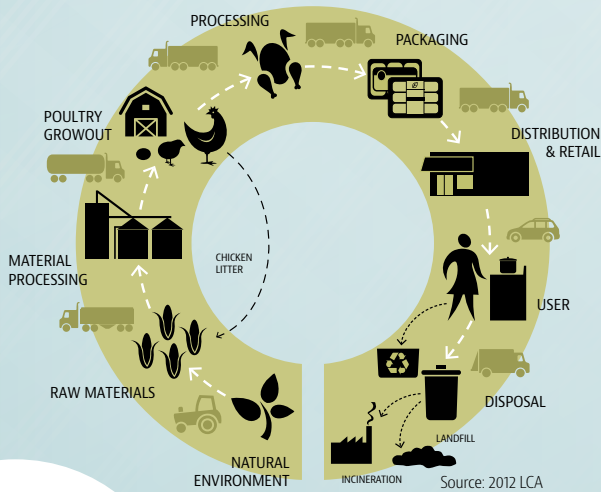
As of 2014, the feed mill also boasts no recordable incidents for five years and no lost time for seven years.





We are dedicated to reducing our environmental footprint across our value chain. Maintaining a healthy ecosystem is critical to our survival as a company—and as a global community! We’re committed to measuring and reducing environmental impacts within our own operations and across our supply chain.

THE LIFE CYCLE OF OUR PRODUCTS



GNP Company continued to use our Life Cycle Assessments to guide our efforts to create a sustainable supply chain.

35% of our GHG (Green House Gas) emissions (also referred to as carbon emissions or CO₂e) occur “upstream” and are related to growing corn and other feed ingredients.

37% come from our own operations, including energy use and packaging materials.

28% result “downstream” from the distribution, retail sale, cooking and disposal of products.

Due to our commitment to reducing our environmental footprint, we have decreased carbon emissions intensity* by **1.53%** per pound of chicken.

* Intensity is calculated by dividing total volume of energy, water, etc. used by finished pounds of chicken.

GNP Company played a critical role in the creation of the U.S. Poultry & Egg Association’s Poultry Industry Working Group, which is tasked with creating a sustainability program for the U.S. broiler, egg and turkey industry.

Water Conservation

- Saved 68 million gallons of water annually with the successful implementation of the Ecolab system (see next page).
- Decreased water use by 1.36 gallons per bird, which allowed GNP Company to increase production from 182 to 210 birds per minute using the same volume of water.
- We remain committed to our 2017 goal of a 40% reduction in water used to process each bird. To achieve our long-term goal of less than four gallons each bird, we continue to reduce water intensity at our Cold Spring and Arcadia processing facilities.
- Continued to support Field Stewards by participating in a pilot project in the Middle Sauk River watershed. The Minnesota-based program helps corn and soybean farmers minimize their impact on water quality and the environment by using credits as incentives.

Waste Reduction

- We are committed to becoming a zero waste company, though it is not likely we will reach our goal of doing so by 2017.
- We strive for zero waste by reusing, recovering and recycling resources downstream at the post-consumer stage and reducing waste upstream by diverting waste from landfills through the use of more sustainable materials.
- In 2014, we participated on a limited basis with Environmental Initiative’s Waste Reduction Collaborative; we did not renew our membership in EPA’s WasteWise program.

Energy Consumption

- Poultry production increased in 2014; by processing more pounds it allows our systems to operate more efficiently.
- In 2014, we saw a 17% increase in our natural gas and LP usage.
- GNP Company is committed to our 2017 goal of a 20% reduction in energy use.

Company-Wide Carbon Emissions

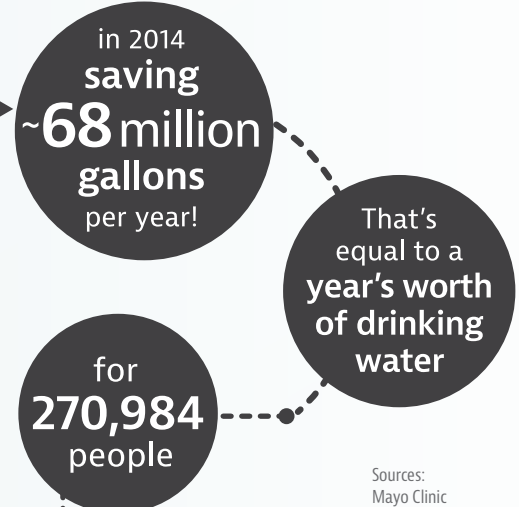
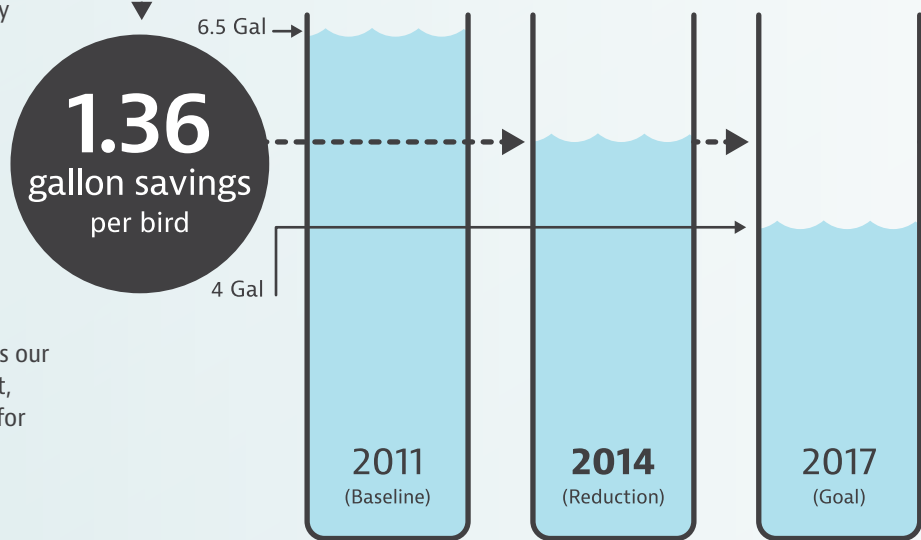
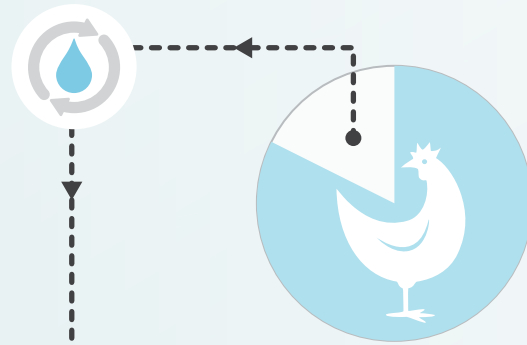
- Company-wide carbon emissions decreased per pound of chicken produced.
- Total emissions were 104,435,883 kilograms of CO₂e, which was a 4.57% increase.



Water savings and reduction at GNP Company's Cold Spring, MN plant:

Fresh water is critically important to poultry processing and also to the vitality of our local communities. Through our Ecolab partnership and Inspexx™ system investment, GNP Company has achieved meaningful reduction in water usage. The system added efficiencies to bird washing processes at our Cold Spring Processing Plant. Now we can safely and efficiently recycle water up to five times in the process by treating it with specially formulated antimicrobial solutions.

The new process has resulted in reduced water use and approximately \$250,000 in cost savings annually, eliminating the need for a \$500,000 investment in additional water treatment capacity. Using the same volume of water, we can produce more birds per minute. Improved eco-efficiency makes our operations and company more resilient, while helping to preserve fresh water for future generations.



Sources: Mayo Clinic United States Census data



Water saved is nearly enough to provide each average, healthy adult living in Minnesota's capitol city of Saint Paul with 11, 8-oz glasses of drinking water each day.



“Being good to our planet means impacting the things we have control over and influencing those things we do not. It means stepping out of our comfort zone to make a positive difference across our entire supply chain, wherever we can.”

- Paul Helgeson, Sustainability Manager



We're dedicated to delivering safe, nutritious and humanely raised products to the marketplace. We're acutely aware that consumers entrust us with the health and well-being of their families. That awareness is what drives us to make no compromises when it comes to the care of our chickens and promise of safe, quality and truthfully labeled products.

GNP Company not only passed, but also increased our American Humane Certified® score, a gauge of animal welfare performance, to **90%**.



HUMANEHEARTLAND.ORG



Animal Welfare Commitment

- Conducted routine audits of our performance against guidelines set forth by the American Humane Certified® Farm Program (AHC), the National Chicken Council (NCC) standards, the American Veterinary Medical Association (AVMA), industry experts and university scientists.
- Drove accountability back to individual animal caretakers with regular internal audits conducted to monitor and continuously improve individual caretaker performance.
- Completed rigorous, regular training for all team members responsible for animal care or handling in proper welfare practices.
- Strictly adhered to the humane slaughter standards of the AHC and NCC—using methods established and approved by the AVMA.

Annual Animal Welfare Audit Process & Performance

- **Annually, an independent auditing agency audits and assesses GNP Company against more than 200 standards of the American Humane Certified® Farm Program, of which more than 30 focus specifically on the four major areas of processing.**

An overall total score of at least 85% is needed to pass.

- In 2014, both primary production plants, both hatcheries, all new family farm partners/grow-out barns, and one-third of previously audited contracted family farm partners/grow-out facilities (randomly selected) passed with a score of 90% or better.



Chicken Feed Ingredient Quality & Cost

We remained competitive in purchasing high quality feed ingredients sourced primarily close to home.

- To ensure ingredients and finished feeds meet our quality standards, we conduct routine tests and monitoring.

Active Grower Management Program

- Continued to refine the GNP Company Active Grower Management Program, which oversees family farm partnerships.
- Streamlined the broiler process, which ensures weekly visits to broiler barns to evaluate flock performance, welfare and biosecurity.
- Added the ability to track and analyze the progress of all birds from a performance and health standpoint in the breeder program to ensure healthy chickens.



New Product Success & Direction

- Launched three new Gold'n Plump® products in the frozen retail category. The Original, Bacon & Cheddar, and Mushroom & Swiss Chicken Patties were introduced with great success and met consumer demand for healthier, more flavorful burgers.
- Launched two new Gold'n Plump boneless skinless chicken breast products. Chicken Breast Portions and Chicken Breast Strips are popular items with consumers who have asked for more convenient cuts of meat.
- Expanded Just BARE® product offering with a limited line of organic Just BARE boneless skinless breasts and boneless skinless thighs.

Food Safety Leadership

- Maintaining the score of excellent across the board, all GNP Company production plants were recertified by the Safe Quality Food Code, 7th Edition Level 2 Program.
- **100% of our chicken products are produced in processing facilities that have been audited against Global Food Safety Initiative recognized programs.**

Truthful Labeling Commitment

- GNP Company continued its support for the industry to truthfully label "natural" chicken products.
- Also supported the new United States Department of Agriculture (USDA) rule which will require chicken products with added solutions to be more prominently labeled as such, in order to make it easier for consumers to know what has been added.

The **Just Dish** Blog
won a **2014 American Web Design Award**
from **Graphic Design USA Magazine.**

JustDish.com



GNP Company enhanced our Just BARE brand of chicken to include a certified organic offering, redesigned label, and new mission of "Raising goodness." The brand's goal: To give consumers more options when it comes to their meat protein choices. "Research shows that consumer demand for natural and organic meat and poultry continues to grow," said Julie Berling, Director of Strategic Insights & Integrated Communications and forever Just BARE Brand Advocate. "Our new line of organic Just BARE is designed for people who are more mindful about what they eat and about the practices behind their food."

Organic Just BARE was first launched during a six-month market test at SuperTarget® in late 2014. Beginning April 2015, the organic line will be available for a limited number of retailers nationwide. It meets all USDA standards for organic certification and has been verified by Midwest Organic Services Association—the country's second-largest USDA-organic certifier overall and largest for livestock and dairies.

Organic Just BARE is the newest addition to the brand, which also includes a full line of Just BARE Natural/No Antibiotics-Ever products that are third party animal welfare certified, traceable to family farms, and offer no added hormones, no animal byproducts, and no unwanted additives.

"Our natural and organic Just BARE® chicken products are humanely and more sustainably raised and devoid of the things consumers do not want – thus delivering on our promise of good food for more people."

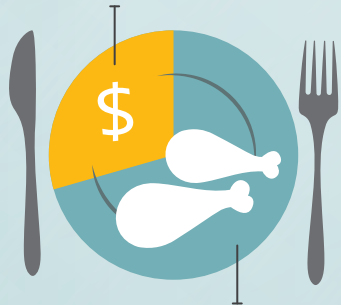
- Julie Berling, Director of Strategic Insights & Integrated Communications and forever Just BARE Brand Advocate



We're dedicated to ensuring the economic vitality of our business, suppliers, partners and communities. When we succeed as a business, we share that prosperity with our team members, family farm and business partners, and communities. We gauge our performance in Progress by our profits, business growth, and ability to invest in the local economies where we live and work.

Corporate Financial & Product Donations

FINANCIAL: 29%



CHICKEN PRODUCTS: 71%

Total financial and product donations exceeded \$1.6 million.

The breakout was 29% financial and 71% nutritious chicken products.

4.7 Million Meals

Product donations equaled nearly 4.7 million meals' worth of nutritious chicken for families in need.

Philanthropic Mission

- Supported sustainable partnerships and programs dedicated to healthy food, families and farms that also build stronger communities in the areas we call home and distribute our products.
- 2014 marks the 28th year of GNP Company™ being recognized as a Minnesota Keystone Company for donating 5% of pre-tax profits to charitable causes.

Team Member Philanthropy

- In March, the United Way of Central Minnesota honored GNP Company team members with the Best in Show Award for the 2013 campaign. In total, the company and its team members donated more than \$150,000 to United Way.
- In June, the annual team member food drive collected 697 pounds of food and raised \$625.

Brand, Community & Sustainable Causes

- Closely aligned our brands to support the values, interests and concerns of each brand's respective consumers.

<p>GNP Company supported Second Harvest Heartland by donating more than 250,000 meals' worth of chicken to the second annual KARE 11 Food Fight. The donation included Gold'n Plump and Just BARE chicken products.</p>	<p>Gold'n Plump®: Labels 2 Learn, Poultry Prince and Princess Scholarship Program, United Way, local/high school sports teams and tournaments, local fire departments, and local food shelves, such as Second Harvest Heartland.</p>	<p>Just BARE®: Mahtomedi Kids Community Garden, Renewable Choice Energy and Roots for the Home Team™.</p>
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In September, team members, alongside Kids Fighting Hunger and Elanco® Animal Health, packaged **over 14,000 meals** for citizens in Liberia affected by the Ebola outbreak.



New Customer Growth

- 2014 was a record year for GNP Company sales revenue.
- 8.5% of growth came from new customers, the remainder from existing customers.

Local Supplier Commitment

- 95% of corn in feed was purchased from farmers within 75 miles of our feed mills, in addition to small town elevators.
- 100% of our family farm partner payments were made to farms within 65 miles of our hatcheries and processing plants.

Profitable Growth & Expansion

- Continued profitability and sales revenue growth with a 10% increase in total revenue, which has grown 10% to 15% over the previous four years.
- A 14.1% increase in finished pounds sold.
- Fifteen new barns constructed in the Arcadia, WI and St. Cloud, MN areas, with 24 to 26 more barns planned in 2015.
- Upgraded the Cold Spring Distribution Center loading area and St. Cloud Live Operations truck shop.
- Started construction on an additional 28-degree storage cooler at the Cold Spring Processing Plant.
- Purchased a Sauk Rapids, MN building for future hatchery growth.

“It’s about further building on our successes, organizing and investing in infrastructure in order to continue to meet growing customer demand and expectations. I am confident in our growth strategy and execution of that strategy.”

- Tim Wensman, Executive Vice President of Processing and Supply

GNP Company won the **2014 Company of the Year Award** from the Central Minnesota Chapter of APICS (Association for Operations Management) by showing commitment in Leadership and Education in Operations Management for local industries.

Poultry Prince and Princess, a scholarship program of Gold’n Plump and Minnesota 4-H, celebrated its **fifth year**.

Since 2010, **10 winners** have received a total of

\$10,000 in scholarships.

At GNP Company, 2014 was an important year for cultivating growth. Following the late 2013 sale of GNP Company to Maschhoff Family Foods, GNP Company has since experienced leadership changes and infrastructure expansions.

In November 2014, Steve Jurek took over as President when long-time CEO Mike Helgeson retired. Jurek along with Tim Wensman, Executive Vice President of Processing and Supply, bring continuity and strength to the company’s top leadership positions—having collectively more than 71 years of experience working with GNP Company.

Also in 2014, vital areas for the company were positioned for growth with facility upgrades, construction, real estate transactions, and expansion plans. We’re journeying along the road to new growth. Watch for even more great news in 2015!



MISSION VISION VALUES



GNP Company is ready and set to grow in 2015 with a focus forward in the areas of People, Planet, Poultry and Progress.

Focus Forward for 2015:

People:

People development and engagement

Planet:

Lessening our environmental impact

Poultry:

New and relevant products

Progress:

Planting more seeds for future growth



GNPCompany.com

CORPORATE

P.O. Box 1106
St. Cloud, MN 56302-1106
Main: 320-251-3570

SALES

Toll-free: 800-892-8569
Email: TradeCustomer@GNPCompany.com

PR/MEDIA

Lexann Reischl, GNP Company
Direct: 320-240-6290
Email: lreischl@GNPCompany.com

Julie Berling, GNP Company
Direct: 320-240-6289
Email: jberling@GNPCompany.com