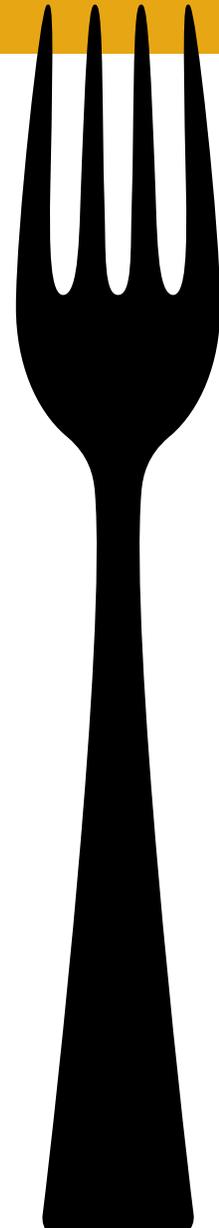


FARM to FORK REPORT 2012



2



~ dedicated to ~

**healthy** food, families & farms

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## WELCOME



to our **FARM to FORK REPORT 2012**. Look inside and you'll see how we're living our mission of "dedicated to healthy food, families & farms." Each day we produce nutritious, wholesome chicken for individuals and families while working to support and preserve the farms that are so critical to our purpose and the wellbeing of the planet. Our commitment to healthy living starts with our people—who are dedicated, hard-working and passionate about what they do. Read on to learn more. **To a healthier future!**

Watch for **FARM to FORK LIVE** on **GNPCompany.com** — an interactive section of our website coming this summer with real-time updates on some of the stories and information shared in this report.

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## A NOTE FROM MIKE

Last year, our mission of **"dedicated to healthy food, families and farms"** was the focus of our 3rd Farm To Fork Report. This year, we're building on that direction—demonstrating how our dedication has propelled us forward, helping us achieve another profitable year despite competitive market prices and continued high feed costs.

### The Year In Review

2012 dawned a new attitude of optimism. It progressed into a year of achievement and aggressive growth from production capacity and sales standpoints. Mid-year, we were honored by being named the 2012 Large Manufacturer of the Year by Minnesota Business Magazine. Following are a few major highlights of the year which contributed to our success:

- Major improvements at our Cold Spring and Arcadia Plants—resulting in new production capacity and operational efficiencies;
- Achieving a record-year in terms of sales revenue and growth;
- The construction of the company's first-ever, on-site health and wellness center in Arcadia, WI;
- Conducting our second life cycle assessment (LCA) and being recertified by the Carbon Trust—recognizing our achievements to lessening our environmental impacts;
- Receiving three separate awards for the positive impact of our water treatment facility in Cold Spring;
- Being recognized by two of our key customers, the Target® Corporation and Famous Dave's®, for excellence in our service and support of their businesses;
- Becoming recertified under the Safe Quality Food Code, 7th Edition Level 2 Program and maintaining our "EXCELLENT" status;
- Expanding the number of facilities, family farm partners, and Just BARE® products audited and certified under the American Humane Certified® Farm Program;
- Advancing our animal welfare efforts through our Active Grower Management Audit Program and Happy Healthy Chicken Initiative; and
- The highly successful launch of a line of premium chicken sausages under the Gold'n Plump® brand.

### Moving Forward

I remain very optimistic about the future of our industry—despite the challenges ahead. The reality of highly volatile feed prices continues—driven by low crop inventories, the ongoing use of feed crops for fuel, and uncertain weather—as will the disconnection between consumers and the origins of their food. For that reason, now more than ever, we need to tell the story of animal agriculture in a very transparent way, showcasing the respectful practices and passionate people behind our products.

As I look ahead, I am very confident in our company's ability to thrive. Chicken was named one of the top food trends for 2013 because of its value and versatility, and remains the most consumer-preferred animal protein domestically, with strong international export. In 2013, we will celebrate three milestones for our company—the 15th, 20th and 30th year anniversaries of the acquisition of our Luverne, Arcadia and Cold Spring facilities, respectively.

I take tremendous pride in these events as well as the culture of innovation, the strength of our premium natural chicken brands and evolving product lines, and the dedicated and hard-working team members who drive our success. In closing, I am amazed at what we accomplished this past year and look forward to the milestones and new innovations of 2013.

Sincerely,

Michael Helgeson  
CEO / Third Generation Leader  
Advocate of Health & Wellness



# ABOUT US

## WHAT WE DO

Founded in 1926 as a seasonal hatchery, today GNP Company provides wholesome, naturally nutritious chicken products to customers and consumers domestically and for export internationally.

It requires accountability at every step, from farm to fork, to ensure safety and quality. But our accountability doesn't stop there. As members of a global society, we must also commit to reducing the environmental footprint of our operations—focusing upstream and downstream of the supply chain.

## COMPANY FACTS

### OUR PEOPLE

- A dedicated, diverse team that's about 1,600 strong
- Around 350 independent family farm partners who raise our chickens, some for three generations

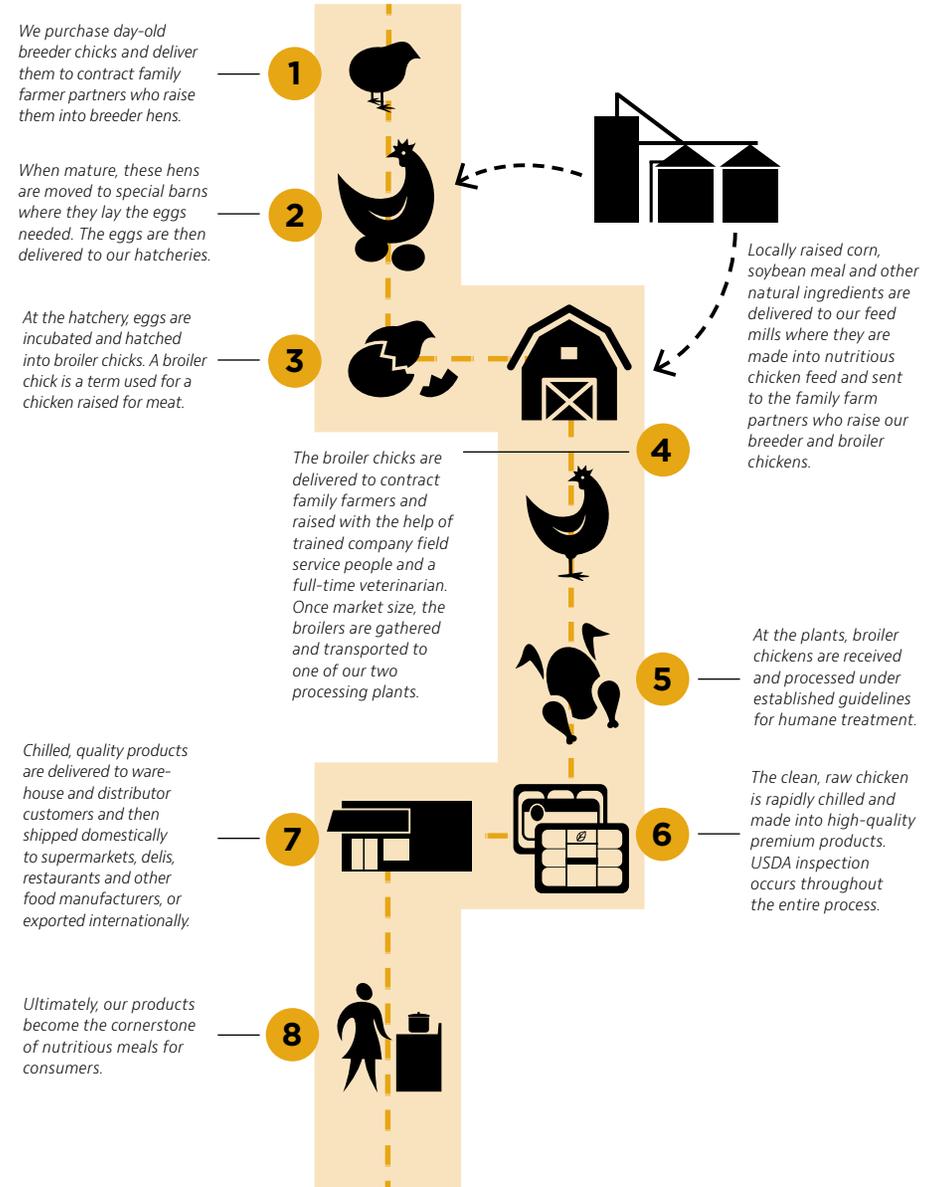
### OUR OPERATIONS

- Fully integrated operations in and around the areas of St. Cloud, MN and Arcadia, WI including:
  - Farmer-owned broiler and breeder barns
  - Company-owned hatcheries, feed mills, primary processing plants and distribution systems
- Value-added processing facility in Luverne, MN

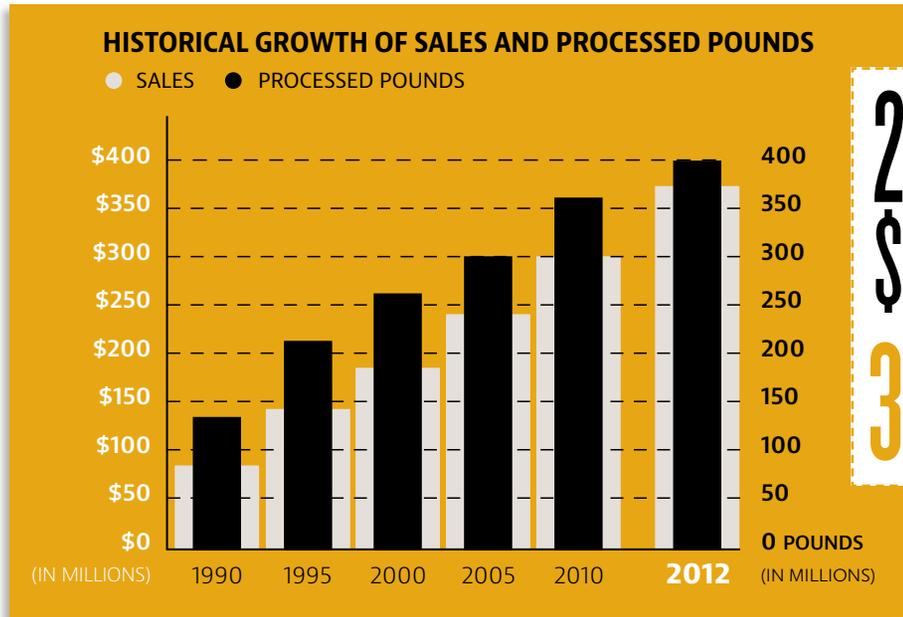
### OUR SALES & DISTRIBUTION

- Annual sales of \$400 million projected in 2013
- Branded and strategic retail, deli, foodservice, industrial and export sales
  - Brand labels include Gold'n Plump®, Just BARE® and Sunny Roost®
  - Custom products for strategic customers
- Distribution area
  - Nearly all 50 states
  - International export

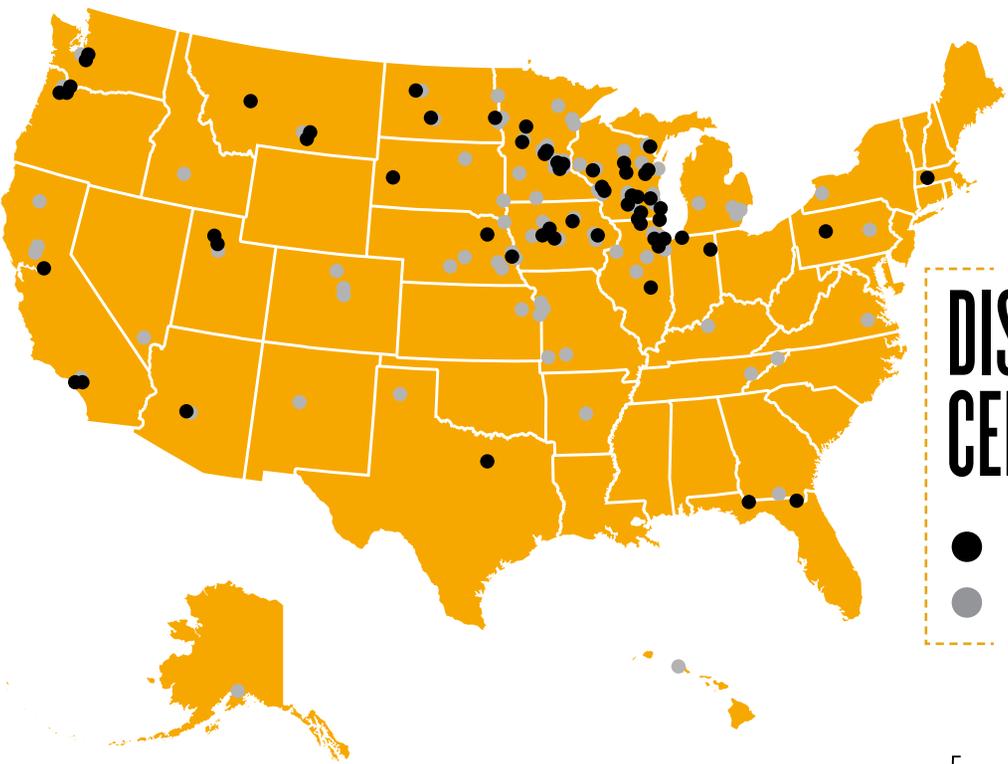
## VERTICALLY INTEGRATED EXCELLENCE



## 2012 SALES HISTORY & DISTRIBUTION



**2012 SALES:**  
**\$372 MILLION**  
**399 MILLION POUNDS**



**DISTRIBUTION CENTERS**

- RETAIL & DELI
- FOODSERVICE

BUSINESS SEGMENT	NET SALES DOLLARS*	NET SALES POUNDS*
RETAIL	38%	17%
DELI	15%	13%
FOODSERVICE	22%	16%
INDUSTRIAL/EXPORT	18%	23%
OTHER	8%	30%

\* May not add up to 100% due to rounding.



# CHICKEN FACTS

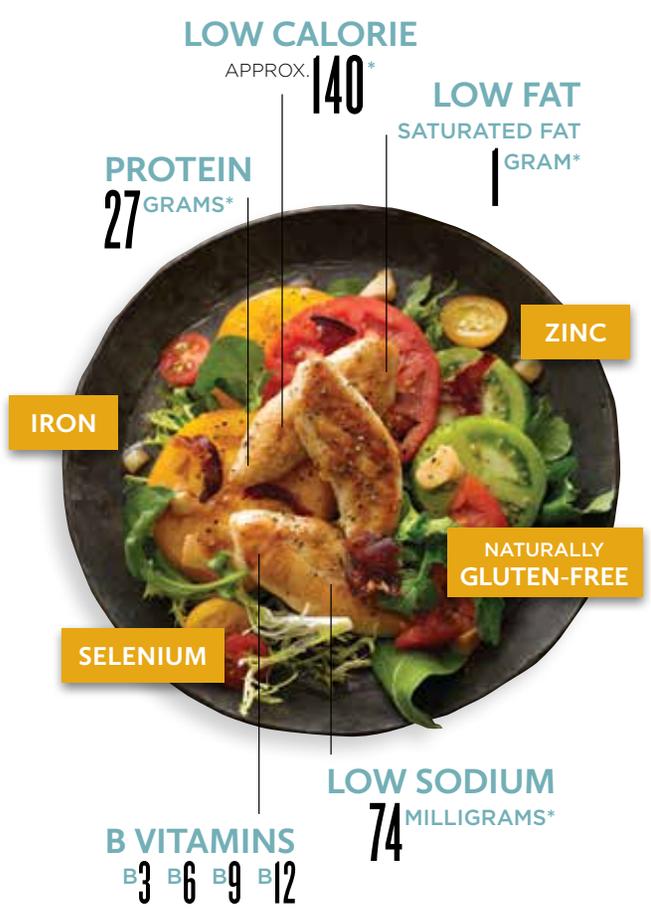
## A POPULAR, AFFORDABLE, SUSTAINABLE & NUTRITIOUS PROTEIN

GNP Company's most significant contribution comes from the quality nourishment our products provide. Chicken, by far, is the nation's most preferred and one of the most sustainable protein sources. Following are a few chicken facts worth chewing on.

TYPE OF MEAT	PER CAPITA CONSUMPTION*	AVERAGE PRICE PER POUND*	CARBON FOOTPRINT EQUIVALENT** <small>(car miles driven per 4 oz. consumed)</small>
 <b>CHICKEN</b>	81.4 lbs.	\$1.34/lb.	1.75 car miles
 <b>TURKEY</b>	16.6 lbs.	Not reported	2.75 car miles
 <b>PORK</b>	45.6 lbs.	\$3.60/lb.	3 car miles
 <b>BEEF</b>	55.4 lbs.	\$5.25/lb.	6.33 car miles
 <b>COMMERCIAL FISH/ SEAFOOD</b>	15.5 lbs.	Varies by Type	Varies by Type <small>(e.g., Tuna is equal to driving 1.5 car miles, Salmon 3 car miles)</small>

SOURCES: \*2012 Consumption & Pricing: [www.nationalchickencouncil.org](http://www.nationalchickencouncil.org)  
 \*\*Carbon Footprint: <http://www.thedailygreen.com/weird-weather-categories/global-warming-pictures/carbon-footprint-of-food-0717>

### NUTRITIONAL VALUES FOR BONELESS SKINLESS BREAST\* (SERVING SIZE OF 100 GRAMS/3 TO 3-1/2 OUNCES)



**LOW CALORIE**  
APPROX. 140\*

**LOW FAT SATURATED FAT**  
GRAM\*

**PROTEIN**  
27 GRAMS\*

**ZINC**

**IRON**

**SELENIUM**

**B VITAMINS**  
3 B6 B9 B12

**LOW SODIUM**  
74 MILLIGRAMS\*

**NATURALLY GLUTEN-FREE**

\*Piece about the size of a deck of cards that's been roasted, grilled, poached or steamed.

## PER-CAPITA CHICKEN CONSUMPTION

At 81.4 pounds per person, chicken consumption outpaces:

- Commercial Fish & Seafood by More Than **5** to **1**
- Turkey by Nearly **5** to **1**
- Pork by Almost **2** to **1**
- Beef by **1.5** to **1**



## OUR MISSION, BUSINESS STRATEGY & INTERDEPENDENCE OF THE 4Ps



~ dedicated to ~

# healthy food, families & farms

Our operating principle is simple: to thrive by embracing safety and balancing the need for economic Progress with the needs of our People, Planet and Poultry. It's what we call the 4Ps—interdependent elements that sustain the health and vitality of our business.



**PEOPLE** ..... Building and enriching relationships through meaningful engagement.

**PLANET** ..... Reducing our environmental footprint across our value chain.

**POULTRY** ..... Delivering safe, nutritious and humanely raised products to the marketplace.

**PROGRESS** ..... Ensuring the economic vitality of our business, suppliers, partners and communities.

# PEOPLE



## BUILDING AND ENRICHING RELATIONSHIPS THROUGH MEANINGFUL ENGAGEMENT.

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

### THE PEOPLE METRICS BY WHICH WE GAUGE OUR PERFORMANCE.

- Team Member Engagement
- Team Member Training Participation & Effectiveness
- Team Member Safety Commitment & Performance
- Team Member Health & Wellness
- Longevity of Team Members & Family Farm Partners
- Customer Service Excellence: Perfect Order
- Consumer Affinity & Advocacy
- PEOPLE Awards & Recognition

## TEAM MEMBER ENGAGEMENT

We're committed to building an engaged workforce. We believe team member engagement is a key component of our mission, leadership style, company success and continuous improvement.

### ENGAGEMENT SURVEY

Since 2010, we've measured our engagement through an annual survey to identify how we can continue to improve our leadership, teamwork, involvement and communication. While our scores this year were relatively unchanged from the previous year, we made significant progress in understanding how to use survey learnings to create positive and meaningful change.

GNP COMPANY'S OVERALL ENGAGEMENT RESULTS WERE BETTER THAN **60%** OF ALL MANUFACTURING ORGANIZATIONS SURVEYED.

### EMPLOYEE SUGGESTION PROGRAM (ESP) PARTICIPATION

We believe the best ideas come from the people who know the job best—our team members. This year, we saw a 32% increase in the number of ideas submitted via our Employee Suggestion Program.

ESP	# OF SUGGESTIONS RECEIVED	SUGGESTIONS ADOPTED	COMPANY SAVINGS FROM SUGGESTIONS	TOTAL REWARDS PAID FOR PARTICIPATION
2011	1,209	370	\$400,597	\$51,918
2012	1,595	512	\$468,978	\$69,892
CHANGE vs. PY	↑ 32%	↑ 38%	↑ 17%	↑ 35%



## TEAM MEMBER TRAINING PARTICIPATION & EFFECTIVENESS

Training is integral to our culture. All of our team members understand that it is a requirement and expectation of their jobs. Our Human Resources leadership team collaborates with team members to identify specific training needs and opportunities.

We survey training session attendees to help us continuously improve the quality of training content and determine if all training objectives were met. Our cumulative scores increased slightly over 2011.

- 99.2% of survey respondents said they could “apply the content of this training directly to their jobs.”
- 96.4% said the “program increased their understanding of the training topic.”

## TEAM MEMBER SAFETY COMMITMENT & PERFORMANCE

We are focused on making GNP Company a leader in world-class safety. Safety is a value that we continue to build in our day-to-day operations. We are working to create proactive systems to drive a culture of safety and wellness, with an ultimate goal of zero incidents. Our safety process focuses on team member engagement, leadership accountability and continuous improvement.

**95.2%**

**OF OUR TEAM MEMBERS RECEIVED TRAINING IN AREAS DESIGNED TO ENHANCE BUSINESS UNDERSTANDING AND JOB EFFECTIVENESS.**

## 2012 SAFETY RESULTS

For the fourth consecutive year, the average injury/illness rate for our processing plants was better than the poultry processing industry average of 5.8, based on 2011 data released in 2012.\* The chart below shows our performance versus the industry since 2008. Though our rate of improvement over the industry has leveled off since 2009, we continue to see positive change.

While we maintained our lost time injury rate of 1.5 (poultry processing industry average is 0.9), we remain committed to improving our performance

INJURY/ILLNESS RATE vs. INDUSTRY	2008	2009	2010	2011	2012
<b>GNP CO. OVERALL</b>	4.2	3.6	6.1	5.3	4.6
<b>GNP CO. AVG. PROCESSING PLANT</b>	3.9	3.1	5.5	5.6	5.0
<b>POULTRY PROCESSING INDUSTRY AVG.*</b>	6.1	5.5	5.9	5.8	not available

\*SOURCE: Industry data provided by the U.S. Bureau of Labor Statistics. The injury/illness and lost time injury rates are as defined by the U.S. Department of Labor. To learn more, visit [osha.gov](http://osha.gov).

## THE 3 COMPONENTS OF BEHAVIOR-BASED SAFETY



### Our key safety focus areas include:

- Behavior-Based Safety
- Ergonomics
- Targeting High-Risk Areas
- Fleet Safety
- Regulatory Compliance

## TEAM MEMBER HEALTH & WELLNESS

We recognize health and wellbeing as important components of our overall safety and health strategy. It is our desire to drive healthy lifestyles through a focus on prevention and engagement in the health and wellbeing process. Our key focus areas for wellness include:



- 1) PHYSICAL ACTIVITY
- 2) HEALTHY EATING
- 3) HEALTHY LIVING

In 2012, we sponsored health fairs, flu shot clinics, and weight loss and physical activity challenges. We offer healthy choice products in our vending machines and biometric screenings such as blood glucose and cholesterol to assess the risk of certain diseases and medical conditions.

Also throughout 2012, we worked towards the goal of opening our first-ever, on-site health and wellness center near the Arcadia, WI processing facility. See the full story on page 13.

## LONGEVITY OF TEAM MEMBERS & FAMILY FARM PARTNERS

### TEAM MEMBERS

GNP Company encourages team members to stay and grow with our company. In fact, more than 34% of our workforce has been with the company for more than 10 years – and many for 20 or 30 years. We reward team member longevity both with recognition programs and key anniversary celebrations. The following shows the number of team members who have worked with GNP Company for five or more years.

LONGEVITY (in years)	5 to 10	11 to 15	16 to 20	>20
# OF TEAM MEMBERS	354	166	124	262
% OF TOTAL WORKFORCE (using 1,600 as base)	22%	10%	8%	16%

**34%**  
OF TEAM MEMBERS HAVE WORKED FOR US FOR MORE THAN 10 YEARS.

### FAMILY FARM PARTNERS

Many of our family farm partners have been part of our “flock” for years—some families for three generations.

LONGEVITY (in years)	5 or less	6 to 10	11 to 19	20 to 29	30 to 39	40+ years
# OF FAMILY FARM PARTNERS	87	47	94	77	17	2
% OF TOTAL	27%	15%	29%	24%	5%	1%

NOTE: Actual number of family farm partners has grown since 2011. However, due to a reporting error in 2011, 2012 numbers add up to less than the total for 2011.

**59%** OF FAMILY FARM PARTNERS HAVE BEEN WITH US FOR MORE THAN 10 YEARS.  
**30%** AT LEAST 20 YEARS.



### Jerry Platz (right) Celebrates 25 Years

In 2012, Jerry Platz celebrated his 25-year anniversary at GNP Company. Presently a Feed Truck Driver, Jerry has worked as a Catcher, Catcher Driver, and Live Haul Driver. He is pictured here with his supervisor, Adam Haag.



## CUSTOMER SERVICE EXCELLENCE: PERFECT ORDER

We believe Perfect Order is a customer right and a key metric for assessing our customer service level. In 2012, we hit our Perfect Order goal of 96.5%, achieving historic or better-than-historic levels in all areas. The chart at right outlines the individual measures that roll up into the Perfect Order metric, and our specific performance against each.

PERFECT ORDER MEASURES	ACTUAL	GOAL	ACTUAL vs. GOAL
ORDER-ENTRY ACCURACY	99.7%	99.5%	
WAREHOUSE-PICK ACCURACY	99.6%	99.5%	
ON-TIME DELIVERY	99.7%	99.5%	
CASE FILL RATE	99.1%	99.5%	
PRODUCT RECEIVED W/O DAMAGE	98.4%	98.5%	
<b>OVERALL PERFECT ORDER SCORE</b>	<b>96.5%</b>	<b>96.5%</b>	

## CONSUMER AFFINITY & ADVOCACY

Since 1986, we have gauged the impact of our consumer marketing via an annual consumer/brand tracking study. Our key consumer measures include brand awareness, preference, loyalty and advocacy. In 2011, we added social engagement. Consumers expect the brands and companies they support to interact with them as individuals via digital and social channels. We equate "likes/followers" to awareness and "interactions" to advocacy.

## KEY CONSUMER MEASURES



MEASURE	MEASURE DESCRIPTION	GOLD'N PLUMP® Minneapolis/St. Paul Market (introduced in 1978)	JUST BARE® Core Market Average (introduced in 2008)
BRAND AWARENESS	Can name/are aware of brand	97%	17%
BRAND PREFERENCE	Purchase brand most often	64%	12%
BRAND LOYALTY	Brand is "first and only" they'll buy OR the "first one" check out	More than 8 out of 10	More than 7 out of 10
BRAND ADVOCACY	Have recommended the brand to family or friends	Nearly 4 out of 10	More than 4 out of 10
SOCIAL ENGAGEMENT	Growth in Facebook "Likes"	755%	438%
	Growth in Twitter "Followers"	88%	80%
	eClub Membership Growth	63%	86%

SOURCES: 2011 Annual Consumer Brand Tracking Study, Burke Institute, Introduction dates and markets reported for each brand are noted. Data for 2012 not available until end of April 2013. Facebook Insights, SMM Reporting & eClub Members as of 1/4/2013.



## PEOPLE AWARDS & RECOGNITION

GNP Company was honored to receive and/or give the following PEOPLE awards and recognition since our last Farm to Fork Report.

### 2011 Target® Partner Award of Excellence

One of a select group of vendor partners recognized by the Target Corporation for demonstrating extraordinary passion for performance and dedication to the Target brand.



### 2012 Famous Dave's® – Vendor of the Year Award

Named vendor of the year by Famous Dave's for excellence in service and support of their business.



### Old Glory 5K Run, Cold Spring, MN—2012 Team Spirit Award

The event was held on May 19, 2012 and GNP Company had 60 runners participating to benefit Disabled American Veterans. The event was right in line with the company's mission and supported the company's Healthy Lifestyles initiative.



### Gold'n Drumstick Award—Traveling Trophy

Awarded in 2012 to our Luverne Team Members for best performance over the previous year in GNP Company's Annual Healthy Families Food Drive. The hand-and-drumstick statue was developed in 2012 by local Minnesota sculptor, Nick Christensen, who has designed various, highly visible entertainment industry awards. The inscription on the award reads, "Honoring the people who have demonstrated their dedication to healthy food, families & farms." The trophy will "travel" each year and go to the GNP Company team and location that had the best improved performance over the previous year's food drive results.



## AN ON-SITE TEAM MEMBER HEALTH & WELLNESS CENTER FOR ALL

Over the past 15 years, GNP Company has made significant improvements to our wellness program, including providing company-paid smoking cessation programs, flu shot clinics, health screenings, weight loss and exercise challenges, and health fairs. But we wanted to do more. According to Peggy Brown, the company's Human Resources Director, it was out of this desire that the vision of an on-site health and wellness clinic was born.

"The GNP Company Health & Wellness Center took a considerable investment in terms of time, money and resources," Peggy says. "We believe the center's returns will far exceed its costs through improved overall wellness, earlier disease/illness detection, and team member satisfaction."

The construction of the center started in earnest early 2012 with a grand opening target of February 2013. Located in Arcadia, WI, the GNP Company Health & Wellness Center offers confidential, convenient, and affordable primary care services and prevention and wellness consultation to all GNP Company team members, as well as dependents covered by the company's health plan. A first-ever for the company, it opens a new chapter for the future of team member health and wellness.

*"We realize that with busy lives and families, team members don't always find the time to put themselves first. Not only does the new GNP Company Health & Wellness Center make good business sense from a long-term cost perspective, it also gives back to our team members who give so much to our company."*

*Peggy Brown, Human Resources Director & Tae Kwon Do Mom*



On February 7, 2013, the "people who made it happen" from GNP Company and Gunderson Lutheran celebrated the grand opening of the GNP Company Health & Wellness Center in Arcadia, WI. The event included a presentation, tours and refreshments.

## HOW THE CENTER WORKS:

- The center is independently run by local Wisconsin provider, Gunderson Lutheran, to ensure patient confidentiality and professional standards.
- Conveniently located, it's staffed 20 hours a week by a nurse practitioner and medical assistant.
- It offers a limited number of company-paid services and tests at no charge.



## 2013 FOCUS FORWARD

- Proactive Safety & Wellness
- Culture of Team Member Engagement & Satisfaction
- Growth & Development



# PLANET

## AN EXPANDING ENVIRONMENTAL MISSION

Our environmental mission remains focused on lessening the impacts across the entire supply chain, making positive change in the areas we directly control while proactively expanding our influence in the areas we don't. To that end, in 2012, we advanced our mission with company-wide life cycle thinking and the development of integrated planet goals.

We've continued to measure and work to minimize our environmental footprint in the the key categories of:

- ⬇️ CARBON EMISSIONS & INTENSITY
- ⬇️ ENERGY USE & INTENSITY
- ⬇️ WATER USE & INTENSITY
- ⬇️ WASTE



## REDUCING OUR ENVIRONMENTAL FOOTPRINT ACROSS OUR VALUE CHAIN.

Maintaining a healthy ecosystem is critical to our survival as a company—and as a society! We're committed to measuring and reducing environmental impacts within our own operations and across our supply chain.

## LIFE CYCLE ASSESSMENT COMPLETION

In 2012, GNP Company conducted a second life cycle assessment (LCA) to measure the environmental impact of a select range of our products. Conducted to support the recertification of our Just BARE® products through the Carbon Trust, this LCA also provided us with a benchmark by which we could measure our progress since the first LCA conducted in 2010. Moving forward, the LCA will clarify where we need to concentrate our efforts for the greatest positive environmental impact.

### THE PLANET METRICS BY WHICH WE GAUGE OUR PERFORMANCE.

- An Expanding Environmental Mission
- Life Cycle Assessment Completion
- Carbon Trust Recertification
- Company-Wide Carbon Emissions
- Energy Consumption
- Water Conservation
- Water Use & Intensity
- Waste Reduction
- PLANET Awards & Recognition

### The Life Cycle of Our Products



**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.

SOURCE: 2012 LCA

## CARBON TRUST RECERTIFICATION

Leveraging the learnings and efforts of the LCA we conducted, we successfully recertified our Just BARE® brand with the Carbon Trust. The brand remains the only U.S. poultry brand and one of the first U.S. food products to be certified and display the Carbon Reduction Label. The label demonstrates our commitment to reducing our carbon footprint and provides consumers with a means of environmental impact comparability. Widespread in the UK, the Carbon Reduction labeling has been slow to catch on in the U.S. Therefore, we continue to re-research new ways of providing consumers with a means of comparing the environmental impact of the products they buy.



Following are the carbon footprints of our prepackaged FRESH and FROZEN retail products for Just BARE (vs. 2010's LCA)—reported as carbon dioxide equivalent (gCO2e) per functional unit (equal to a 4-ounce serving of chicken).

LCA YEAR	FRESH BONELESS SKINLESS BREASTS	FRESH BREAST TENDERS	FRESH BONELESS SKINLESS THIGHS	FRESH DRUMSTICKS	FRESH WHOLE CHICKEN	FROZEN BONELESS SKINLESS BREASTS (4 & 8 PACK)	FROZEN BONELESS SKINLESS THIGHS (4 PACK)	FROZEN GROUND CHICKEN (2 PACK)
2012	850g ▼	850g ▼	600g ▼	550g ▲	400g ▲	700g	650g	750g
2010	900g	900g	650g	500g	380g	n/a	n/a	n/a

CARBON EMISSIONS AND INTENSITY*	2012	2011	2010
SCOPE 1 (kg of CO2e)	36,226,348	37,260,000	35,907,000
SCOPE 2 (kg of CO2e)	55,097,194	55,675,000	58,543,000
<b>TOTAL (kg of CO2e)</b>	<b>91,323,542</b>	<b>92,935,000</b>	<b>94,450,000</b>
INTENSITY (kg CO2e/lb)	0.2288	0.2370	0.2633
INTENSITY CHANGE YOY (Year-Over-Year)	-3.49%	-9.97%	-3.63%

### DEFINITIONS OF SCOPE 1 & 2 EMISSIONS

Scope 1 - Direct GHG emissions are emissions from sources that are owned or controlled by the company. For example, emissions from combustion in owned or controlled boilers, furnaces, and vehicles.  
 Scope 2 - Accounts for GHG emissions from the generation of purchased electricity by the company.

\*See below for reporting definitions.

### REPORTING DEFINITIONS

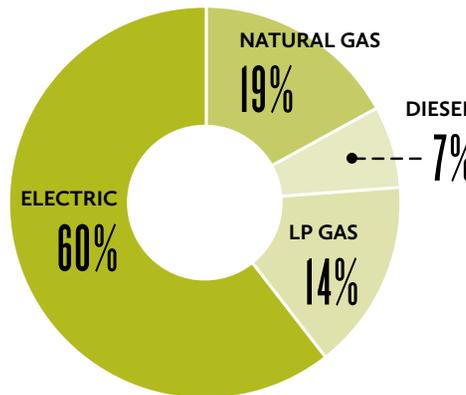
**TOTALS:** The energy, water and CO2e totals reported include the majority of our main operations (i.e. processing plants, feedmills, elevators, hatcheries, breeder and broiler barns, and GNP Company-owned trucks). Leased facilities, such as the company's corporate office, and other minor business activities are not included.

**INTENSITY:** Intensity is calculated by dividing the total volume of usage/emissions by the total pounds of finished chicken produced.

## COMPANY-WIDE CARBON EMISSIONS (CO2e)

In 2012, we saw a 3.49% reduction in CO2 emissions (also called greenhouse gas or GHG) per pound of chicken produced and a 1.73% decrease in absolute CO2 emissions. Since 2009, CO2e intensity has dropped by 16.27%. See the CO2e graph and table for details on emission sources, amount and intensity changes.

2011 COMPANY-WIDE CO2e BY ENERGY TYPE



**16.3%**  
 AMOUNT CO2e INTENSITY HAS DECREASED SINCE 2009.



## ENERGY CONSUMPTION

Energy use has long been a focal point for GNP Company. Cross-functional power management teams meet monthly to review and identify new ways to reduce energy consumption. In 2012, we saw reductions in intensity for our electric and LP gas, and increases for natural gas and diesel.

ENERGY USE AND INTENSITY*		2012	2011	2010
<b>TOTAL (kWh)</b>		70,297,610	71,035,000	70,392,000
<b>ELECTRIC</b>	INTENSITY (kWh/lb)	0.1761	0.1821	0.1962
	INTENSITY CHANGE YOY (Year-Over-Year)	-3.30%	-7.66%	-0.34%
<b>TOTAL (therms)</b>		3,238,983	3,134,000	3,064,000
<b>NATURAL GAS</b>	INTENSITY (therms/lb)	0.0080	0.0080	0.0085
	INTENSITY CHANGE YOY	1.42%	-6.39%	-6.62%
<b>TOTAL (gallons)</b>		586,014	566,000	534,000
<b>DIESEL</b>	INTENSITY (gallons/lb)	0.0015	0.0014	0.0015
	INTENSITY CHANGE YOY	4.85%	-3.05%	-0.34%
<b>TOTAL (gallons)</b>		2,218,624	2,525,000	2,414,000
<b>LP GAS</b>	INTENSITY (gallons/lb)	0.0056	0.0064	0.0067
	INTENSITY CHANGE YOY	-13.17%	-4.29%	-13.40%

\*See sidebar on page 15 for reporting definitions.

## WATER CONSERVATION

We're acutely aware of the vital role water plays in everyday life. It's a resource that's also essential to our ability to bring safe, wholesome product to market. Water scarcity is a real issue that will continue to grow in importance and urgency. For that reason, we will continue our push to find new ways to reclaim, clean and reuse water.

Potable = Water In Effluent = Water Out

WATER RECLAMATION*	POTABLE WATER TO PLANT	EFFLUENT WATER TO RIVER
<b>2010</b>	312,661,000 GALLONS	318,661,000 GALLONS
<b>2011</b>	302,839,000 GALLONS	291,517,000 GALLONS
<b>2012</b>	317,218,000 GALLONS	299,550,000 GALLONS
<b>% CHANGE vs PY</b>	↑ 4.75%	↑ 2.76%

\*See page 15 for reporting definitions.



**400,000 TO 500,000 GALLONS/DAY**

AMOUNT OF WATER CAPTURED AND REUSED IN NON-FOOD CONTACT AREAS AT THE COMPANY'S COLD SPRING PROCESSING PLANT—USING MEMBRANE BIOREACTOR (MBR) TECHNOLOGY AND EQUALLING ABOUT A THIRD OF THE PLANT'S DAILY WATER USE.

THE COMPANY'S MBR SYSTEM IS THE ONLY ONE BEING USED IN THE U.S. POULTRY INDUSTRY, THE LARGEST IN THE STATE OF MN, AND KEY FACTOR IN GNP COMPANY RECEIVING THE 2013 CLEAN WATER AWARD. LEARN MORE ON PAGE 18.

WATER USE & INTENSITY*	2012	2011	2010
<b>TOTAL USAGE (GALLONS)</b>	660,270,500	629,122,000	602,852,000
<b>INTENSITY (GALLONS/LB)</b>	1.6539	1.6046	1.6805
<b>INTENSITY CHANGE YOY (YEAR-OVER-YEAR)</b>	3.07%	-4.51%	3.73%

\*See page 15 for reporting definitions.

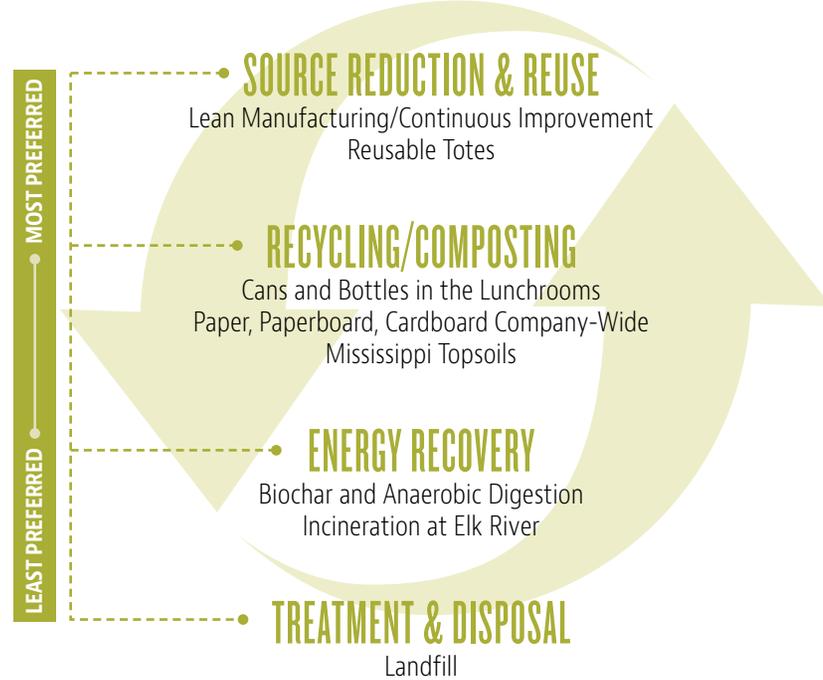


## WASTE REDUCTION

We continue to strive towards reducing waste and improving recycling throughout our operations. We remain focused on finding innovations to reduce waste in our facilities and products. Packaging is a particular challenge in that many sustainable materials do not meet the standards for food safety. Nor are they able to withstand the rigor of production, transportation and storage. However, our quest continues.



## WASTE HIERARCHY



SOURCE: <http://www.epa.gov/wastes/nonhaz/municipal/hierarchy.htm>

## OTHER ONGOING EFFORTS

- The purchase of renewable energy credits for 100% of the electricity used in the production of our Just BARE® line.
- Providing plant waste to Mississippi Topsoils which is mixed with wood/yard refuse to create natural-based potting soil and compost products.
- Capturing waste heat from the Arcadia plant's compressors and using it to preheat incoming water.
- Striving to use post-consumer recycled or recyclable materials in our marketing products whenever possible.
- Replacing the multi-page printed version of our Farm to Fork Report with this online, print-on-demand version. Only a limited number of four-page Executive Summary Reports will be commercially printed.



## PLANET AWARDS & RECOGNITION

GNP Company was honored to receive the following PLANET awards and recognition since our last Farm to Fork Report.

- 2013 Clean Water Award from the U.S. Poultry & Egg Association in the Full Treatment Category**  
 This award represents the poultry industry's highest environmental honor, recognizing GNP Company's outstanding water treatment facilities. In 2011, the company expanded and upgraded the existing Cold Spring Water Treatment Facility (which supports our Cold Spring, Minn., production plant) to membrane bioreactor (MBR) technology—a state-of-the-art system that saves energy, resources and water.
- 2013 Operations Award for the Minnesota Section from the Central States Water Environment Association**  
 This award recognizes our company's commitment to clean water in Minnesota.
- 2012 Certificate of Commendation—Minnesota Pollution Control Agency (MPCA)**  
 Given to GNP Company's Cold Spring Water Treatment Facility and Staff to recognize our company's efforts to comply with the MPCA's Permit Program and to help protect and preserve the waters of Minnesota. This marks the eighth time the company has received a certificate of commendation since 1992.



*GNP Company was awarded U.S. Poultry & Egg Association's 2013 Clean Water Award in the Full Treatment Category at the Environmental Management Seminar in New Orleans, LA. Accepting the award for GNP Company was Clay Watson (center), Environmental Manager; and Ron Olmscheid (right), Plant Supervisor.*



## A HUGE STEP FORWARD WITH LIFE CYCLE THINKING & INTEGRATED PLANET GOALS

When Paul Helgeson assumed his role as Sustainability Manager 5 years ago, he had an ambitious environmental vision in mind. The son of the company's CEO and fourth generation Helgeson wanted to make sustainability an integral component of the company's values versus a separate initiative.

In late 2012, his vision became a reality with the company's continued push towards the creation of integrated planet goals.

Fueling that progress is the company's adoption of life cycle thinking—an approach that takes a holistic view of a production system, evaluating how



the inputs upstream, the outputs downstream, and all of the production activities in between affect the environment. "The life cycle mindset informs and inspires our environmental mission," explains Paul, "which balances areas of influence like the supply chain and LCA with areas of responsibility like our planet goals."

And it's with a life cycle mindset that the company created its integrated planet goals—taking a performance-based approach to the areas of Energy and Water, and a more action-based approach to Waste.

### INTEGRATED PLANET GOALS 2013-2017

AREA	MEASURES	2013 GOAL	2017 GOAL
<b>ENERGY</b>	 KHWS, THERMS & BTUs PER BIRD	<b>5%</b> REDUCTION	<b>20%</b> REDUCTION
<b>WATER</b>	 POTABLE TO PLANT (water in), EFFLUENT (water out), GALLONS USED PER BIRD	<b>5%</b> REDUCTION	<b>40%</b> REDUCTION
<b>WASTE</b>	 FACILITY WASTE, PACKAGING MATERIAL USAGE	<b>INCREASED</b> AWARENESS OF WASTE ELIMINATION <b>REDUCED</b> PACKAGING MATERIAL USAGE	<b>ZERO</b> WASTE TO LANDFILL

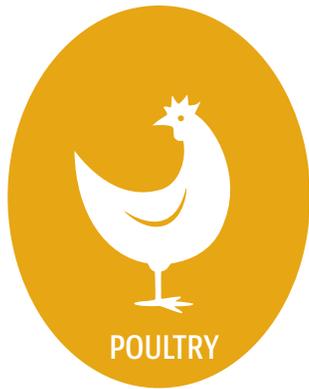
*"The company-wide adoption of the integrated planet goals is a huge step forward. It provides clear, tangible targets and a definitive means of measuring our environmental performance and progress."*

*Paul Helgeson, Sustainability Manager & Skilled Snowboarder*

## 2013 FOCUS FORWARD

- Consumer Comparability for a Product's Environmental Impacts
- Responsible Crop Certificate
- Less Packaging

## POULTRY



### DELIVERING SAFE, NUTRITIOUS AND HUMANELY RAISED PRODUCTS TO THE MARKETPLACE.

We're acutely aware that consumers entrust us with the health and wellbeing of their families. That awareness is what drives us to make no compromises when it comes to the care of our chickens, or our promise to provide safe, relevant, transparent and truthfully labeled products.

#### THE POULTRY METRICS BY WHICH WE GAUGE OUR PERFORMANCE.

Animal Welfare Commitment

Active Grower Management Audit Program Progress

Happy, Healthy Chicken Initiative Progress

Animal Humane Certification Growth

Food Safety Leadership

Chicken Feed Ingredient Quality & Cost

New Product Success & Direction

Truthful Labeling Commitment

POULTRY Awards & Recognition

## ANIMAL WELFARE COMMITMENT

GNP Company adheres to strict animal welfare standards, as established by the National Chicken Council (NCC), industry experts and university scientists. Our animal welfare program includes the following practices and safeguards:

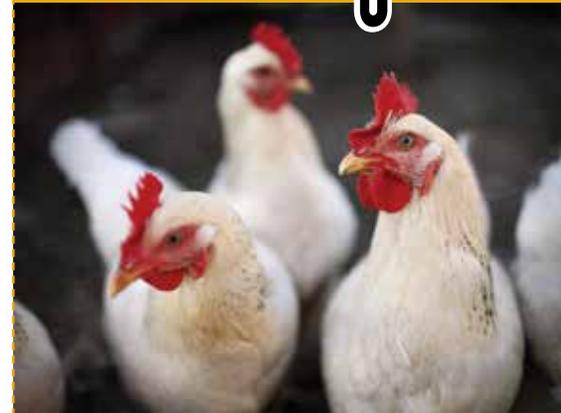
- Annual animal welfare training;
- Routine evaluations of our performance against the NCC Animal Welfare Audit Checklist;
- Adherence to humane slaughter standards established by the United States Department of Agriculture (USDA) and NCC; and
- Strict enforcement of a zero tolerance policy for any deliberate, inhumane treatment of our chickens.

### ACTIVE GROWER MANAGEMENT AUDIT PROGRAM PROGRESS

Our Active Grower Management (AGM) Auditing Program was born out of our deep commitment to providing a safe, healthy and comfortable environment for our animals. Now in its second full year, we're set to take AGM to the next level. Originally developed to standardize the way we work with our family farm partners and care for our broiler (meat/processing) and breeder (egg-laying) chickens, efforts are underway to tailor the program to support our Happy, Healthy Chicken Initiative (see page 21). This will involve the simplification of the program and the implementation of a scoring system to each section of the AGM audits.

In 2012, we also placed greater emphasis on disease prevention in areas where the grower can have an impact—using the AGM auditing process as a tool to trigger earlier intervention.

## ANIMAL WELFARE – THE 5 ABSOLUTES



- 1) Easy access to fresh water and the right type and amount of food to maintain health and vigor.
- 2) A safe, secure environment with proper shelter and resting areas.
- 3) The prevention of illness or injury and quick diagnosis and treatment of both when either occurs.
- 4) Proper conditions and treatment to maximize comfort and contentment.
- 5) Sufficient space, proper facilities and company of the animal's own kind to foster normal behavior.

## HAPPY, HEALTHY CHICKEN INITIATIVE PROGRESS

First publicly introduced in our 2011 Farm to Fork Report, the Happy, Healthy Chicken Initiative has moved forward with several external parties (who we're unable to disclose at this time due to signed confidentiality agreements). Equipment supporting the project has been selected and installed into a select number of pilot barns for real-world field testing. Our Active Grower Management Audit Program and animal humane certification documentation will be used, in part, to help assign a "Happy Score" to flocks.

## ANIMAL HUMANE CERTIFICATION GROWTH

In 2011, our company's Just BARE® brand became certified under the American Humane Certified® Farm Program. In 2012, we expanded the certification to include more facilities, grow-out locations, and product lines. Late in the year, we became recertified under the program's updated standards.



HumaneHeartland.org

### TO BECOME CERTIFIED:

- Facilities and grow-out locations are audited by a third-party agency.
- Our performance and practices are assessed against the animal farm program's more than 200 rigorous standards.
- The use of the American Humane Certified® seal is granted to signify that all audited locations and practices met or exceeded the program's requirements.

**100%** OF OUR PRODUCTS ARE MANUFACTURED IN FACILITIES THAT ARE SQF CODE, 7TH EDITION LEVEL 2 CERTIFIED. SQF CERTIFICATION IS RECOGNIZED BY THE GLOBAL FOOD SAFETY INITIATIVE.\*

**EXCELLENT** RATINGS WERE MAINTAINED AT ALL FACILITIES. AN EXCELLENT RATING REQUIRES A SCORE OF 96-100.

**ALL** PRIMARY PROCESSING PLANTS, HATCHERIES AND ANIMAL HANDLING PRACTICES ARE CERTIFIED.

**100%** OF JUST BARE® PRODUCTS ARE CERTIFIED.

**50%** OF MN FAMILY FARM GROW-OUT LOCATIONS AND

**30%** OF WI FAMILY FARM LOCATIONS ARE CERTIFIED.

**91%** OF JUST BARE'S CONSUMERS RATED THE VERIFICATION OF ANIMAL WELFARE AS VERY IMPORTANT OR EXTREMELY IMPORTANT.

## FOOD SAFETY LEADERSHIP

Food safety is a long-standing and absolute value for GNP Company. In 2012, all of our processing facilities retained their Safe Quality Food (SQF) Code, 7th Edition Level 2 Certification, receiving EXCELLENT ratings similar to last year. We first became SQF certified in 2010.

The SQF Code 7th Edition audit is a comprehensive review of how well our internal food safety management programs are working. SQF auditors evaluate each facility's Food Safety Plan, HACCP (pronounced HAS-SIP, short for Hazard Analysis Critical Control Points) documents and records, product trace and withdrawal processes, food safety training, internal audits, corrective action, validation, verification, and food defense programs.

First developed in 1994, the SQF program has been owned and managed by the Food Marketing Institute (FMI) since 2003. It emphasizes a systematic application of HACCP for the control of food quality hazards as well as food safety.

### A KEY BENEFIT:

*It's the only certification program recognized by retailers and foodservice providers who require HACCP food safety and quality management systems from their suppliers.*

## SQF Code

**A HACCP-Based Supplier Assurance Code for the Food Industry**

**7th Edition** February 2012

It also reinforces our commitment to:

- Producing safe, quality food;
- Complying with the requirements of the SQF Code; and
- Meeting all applicable food legislation.



Learn more about the American Humane Certified® Farm Program at [www.HumaneHeartland.org](http://www.HumaneHeartland.org).

\*SOURCE: SQF Code: A HACCP-Based Supplier Assurance Code for the Food Industry, 7th Edition, FEBRUARY 2012

## CHICKEN FEED INGREDIENT QUALITY & COST

Producing healthy chickens requires a healthy diet of high-quality, nutritious chicken feed. In recent years, drought and the use of feed sources for fuel has depleted feed crop stocks to record-lows. The result: record-high costs for the corn and other ingredients used to make chicken feed (see graph for ingredient breakdown). Continually finding ways to manage the extreme volatility of feed costs without compromising quality is critically important to our company's ability to succeed.

Following is a quick overview of our feed program's steadfast commitment to quality and the challenges of affordably sourcing corn—our chicken feed's main ingredient.

### INGREDIENT QUALITY IN, FEED QUALITY OUT

Company-owned mills produce all of the feed our chickens ever eat. We follow rigorous standards for sourcing as well as routine lab-testing of both incoming feed ingredients and outgoing finished feeds for nutritional content and quality. All primary grain ingredients are grown regionally and sourced as close to our feed mills as possible.

### INGREDIENT COST: THE CORN FACTOR

Corn makes up about 60% of our chicken feed and accounts for about 40% of the total cost. Since 2006, the use of corn for ethanol and unfavorable weather have driven down supply and steeply driven up price as the chart below shows.



## WHAT'S IN CHICKEN FEED?\*

60% CORN

20-30% SOYBEAN MEAL

5% FAT/FAT BLENDS

0-10% GRAIN BY-PRODUCTS\*\*

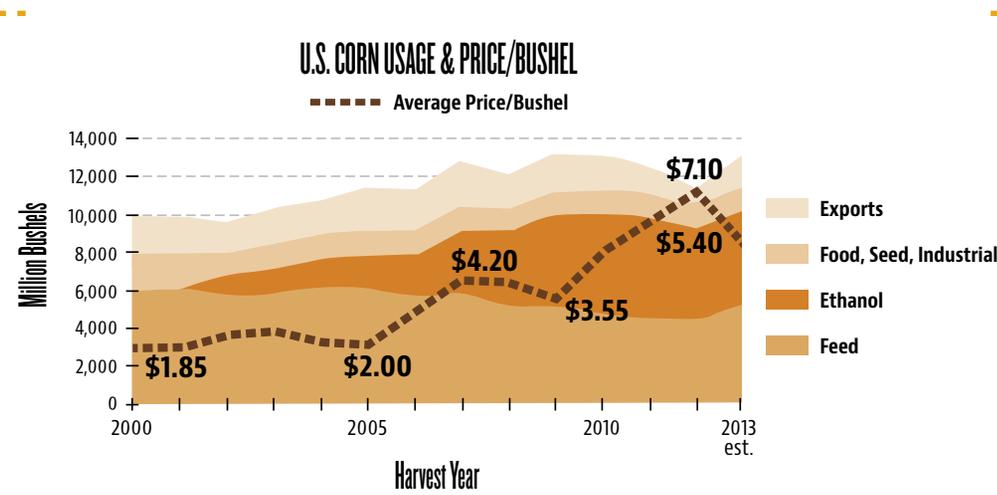
5% VITAMINS, MINERALS & MICRO-NUTRIENTS

NO HORMONES OR STEROIDS

NO ANTIBIOTICS OR ANIMAL BY-PRODUCTS (JUST BARE® FLOCKS)

\*Actual feed formulations are proprietary and vary based on bird age, flock needs, and ingredient availability.

\*\*We use wholesome grain by-products from local bakeries when available. This practice provides a nutritious food source for our chickens while eliminating the wasteful disposal of these valuable resources.



## NEW PRODUCT SUCCESS & DIRECTION

With our new product development, we strive to deliver products that meet the needs of consumers in the areas of value, health and convenience. In 2012, we witnessed tremendous success with the launch of four varieties of Gold'n Plump® Chicken Sausage, including Parmesan Italian, Hot Italian, Bratwurst and Apple Maple Breakfast Sausages.

Chicken is a natural choice for sausages and brats, because of its neutral flavor base that easily absorbs seasonings to create similar flavor to higher-fat varieties.

**100% BONELESS SKINLESS THIGH MEAT**  
**50% LESS FAT THAN MOST PORK VARIETIES**  
**NO GLUTEN OR NITRATES**



## NEW PRODUCT GROWTH STATS FOR 2012

▶ **33** NEW PRODUCT LAUNCHES ▶ **\$75** MILLION IN NEW PRODUCT REVENUE — A 60% INCREASE OVER 2011

## 2013 NEW PRODUCT DIRECTION



JUST **BARE** Chicken

▶ **RAW CHICKEN TRAY PACK**

▶ **FURTHER VALUE-ADDED CHICKEN** (pre-prepped, seasoned and cook-in package items)

▶ **EVEN MORE CONVENIENCE** (chicken as an ingredient and/or venturing into ready-to-heat items)

## TRUTHFUL LABELING COMMITMENT

In 2012, GNP Company, as a member of the Truthful Labeling Coalition (TLC), continued our fight for greater transparency in the labeling of the ingredients of all chicken products. Started nearly five years ago, the TLC is a group of truly all natural chicken producers and thousands of grassroots citizens in all 50 states that has worked diligently to stop the labeling of solution-pumped chicken products as "All Natural."

Though we're not there yet, the TLC moved one step closer in 2012. A new label ruling was proposed by USDA that would make added solutions in products more obvious to consumers. Under it, producers would need to place a "solutions statement" along with the product name (versus in the fine print) on packages, making it easier for consumers to know exactly what they're buying.

We, along with all other members of the TLC, anxiously await a decision regarding this proposed rule in 2013.



THE USDA RECEIVED **37,000** PUBLIC COMMENTS SUPPORTING NEW, MORE TRUTHFUL LABELING REQUIREMENTS FOR ENHANCED FRESH AND FROZEN MEAT AND POULTRY PRODUCTS.



## POULTRY AWARDS & RECOGNITION

GNP Company was honored to receive the following POULTRY awards and recognition since our last Farm to Fork Report.

- ### Gold'n Plump® Chicken Bratwurst Sausage Publicity

Introduced in 2012, the brats were recognized by two newsworthy sources because of their great taste and more healthful profile. Named, "Top Dog" by *Family Circle* Magazine—Summer Grilling 2012, and one of Shape.com's "Summer Foods to Keep You Bikini-Ready."

- ### Just BARE® Chicken's "Go Minimal" Booth and Photo Opportunity Gain Attention at Natural Products Expo West

In 2012, the Just BARE Booth was named "Pick of the Show" by select consumer media in attendance. In 2013, hundreds of show attendees stopped by to have their photos taken in front of one of two "Go Minimal" backdrops and/or with the brand's "Go Minimal" spokesmodels—who also served samples of chicken to all who stopped by. The spokesmodels were dressed in skin-colored, full body suits and leaves to celebrate the brand's message of "less is more" in cooking and everyday living.



## TOP DOGS

THE BEST-TASTING  
FRANKFURTERS, SAUSAGES AND  
BRATS FOR YOUR NEXT BBQ

**Applegate Organic Beef Dog**  
A quilt-free dog made with certified organic beef and spices.  
Whole Foods, \$6 for 7

**Gold'n Plump Chicken Brats**  
Premium brats with 50% less fat than traditional varieties.  
Target, \$6 for 5

**Hillshire Farm Chicken Apple Smoked Sausage with Gouda**  
Loaded with real cheese, but each link packs just 140 calories.  
Walmart, \$5 for 4

**Field Roast Veggie Frankfurter**  
Go meatless with this crowd-pleaser—it even fooled our food editors.  
Whole Foods, \$5 for 6



184 JULY 2012 familycircle.com

Just **BARE** Chicken



## THE TIME FOR TRANSPARENCY IN ANIMAL AGRICULTURE IS NOW!

At no moment in the history of animal agriculture has the time been more right for transparency. All too familiar in the media has been a steady stream of undercover videos showing alleged animal abuses and unacceptable living conditions. In a few cases, individuals have been held accountable for bad decisions they've made. In many, courts have ruled in a favor of the companies behind the products targeted by the videos.

Nonetheless, hundreds of thousands, even millions of consumers are being exposed to the images of alleged animal mistreatment. Sadly, those images are likely the only exposure many of these consumers have ever had to the inside of a barn or life on a farm. And the misconceptions and misgivings created by those images tend to stick.

While the intent of these undercover videos is often noble and meant to right a perceived wrong; they ultimately shed a negative light on the whole of animal agriculture rather than what was, perhaps, a misunderstanding of a standard, humane practice, or isolated incidence of improper training.



*"If we don't tell our story - the full story - someone else will tell it for us. It's a question of whether the chicken industry should be defined by activists or by those who are on the front lines every day working to raise healthy, well-cared-for flocks and to produce safe, quality, wholesome chicken."*

*Julie Berling, Director of Marketing & Advocacy for Company/Brands & Snowshoe Runner*

Find the infographics shown above online at [GNPCompany.com](http://GNPCompany.com).

According to Julie Berling, GNP Company's Director of Advocacy and Marketing for all brands, the company hopes to help change that. "I had the privilege of being born and raised on a farm, so I understand how agriculture works and that humane animal care isn't just right, it's key to a farmer's ability to make a living." Our goal: to tell the story of how chickens are raised and chicken products are made in a very real way, while introducing consumers to the good, caring, passionate people behind the food they eat.

"The key is finding the right balance of transparency, because not all people want to see or know it all," Julie says. In 2012, the company created two infographics that show step-by-step how chicken makes it to a consumer's table. It includes the easy and not-so-easy steps to talk about, presented in a manner that is fact-based and consumer-friendly.

"It's not always comfortable sharing what we do, even difficult at times, because although it is a natural part of food production, we are ending an animal's life," Julie says. "The reality is we're responsible for the wellbeing of our chickens while alive but also in ensuring a humane end of life. If we don't tell our story - the full story - someone else will tell it for us."

In 2013, GNP Company plans to continue to find new and innovative ways to be transparent with our customers, consumers and stakeholders. Connecting them to their food and agricultural past AND engaging animal welfare experts and advocates in pursuit of new advances in animal care.

## 2013 FOCUS FORWARD

- Next Generation of Barn Design
- A New Chicken Experience
- Interactive Infographics

## PROGRESS

## PHILANTHROPIC MISSION

Giving back is core to our company's culture. At GNP Company, our philanthropic mission is:

*To support sustainable partnerships and programs that are dedicated to healthy food, families and farms and build stronger communities in the areas we call home and distribute our products.*

Our support comes in the form of financial and chicken product donations. In 2012, we donated four million meals' worth of nutritious chicken to families in need. Following is a breakdown of our giving in 2012.



### ENSURING THE ECONOMIC VITALITY OF OUR BUSINESS, SUPPLIERS, PARTNERS AND COMMUNITIES.

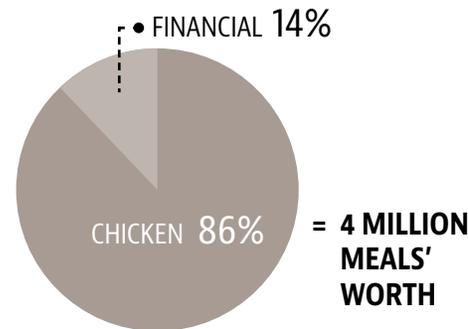
When we succeed as a business, we are committed to sharing that prosperity with our team members, business partners and communities. We gauge our performance in Progress by our profits, business growth, and ability to invest in the local economies where we live and work.

#### THE PROGRESS METRICS BY WHICH WE GAUGE OUR PERFORMANCE.

- Philanthropic Mission
- Financial & Product Donations
- Brand Sponsorships
- Process Excellence & Continuous Improvement
- Profitable Growth & Expansion
- Local Supplier Commitment
- New Customer Growth
- PROGRESS Awards & Recognition

## FINANCIAL & PRODUCT DONATIONS

### 2012 GIVING BY TYPE



2012 GIVING BY SECTOR AND VALUE	VALUE	%
COMMUNITY DEVELOPMENT	\$ 238,546	16%
EDUCATION, INDUSTRY, FAMILIES IN CRISIS	\$ 57,341	4%
HUNGER RELIEF	\$ 1,225,083	81%
<b>TOTAL</b>	<b>\$1,520,969</b>	

FOR 26 YEARS GNP COMPANY HAS BEEN RECOGNIZED AS A MINNESOTA KEYSTONE COMPANY FOR DONATING 5% OF OUR PRE-TAX PROFITS TO CHARITABLE CAUSES.



MINNESOTA KEYSTONE PROGRAM™  
Building Communities through Two and Five Percent Giving

*"MINNESOTA KEYSTONE PROGRAM PARTICIPANTS CONTINUE TO SERVE AS AN EXAMPLE TO OTHER BUSINESSES, BOTH HERE AND AROUND THE GLOBE, AND TO SUSTAIN MINNESOTA'S SPIRIT OF GENEROSITY AND SENSE OF COMMUNITY."*

- MN Keystone Program Website

## BRAND SPONSORSHIPS

GNP Company also strives to support programs that align with our Just BARE® and Gold'n Plump® brands. Accordingly, sponsorships for each vary but closely align with the values, interests and concerns of each brand's target consumers.

Sponsorships change year to year but tend to focus on these same areas with hunger relief being a priority for both.



-  Agricultural education
-  Youth leadership development
-  Community events and causes that promote healthy living, family time and active lifestyles
-  Cooking education for basic, family-friendly recipes and wholesome meal ideas



-  Education about growing, harvesting and preparing meals with simple, fresh ingredients
-  Events/programs/causes celebrating local farming, community gardening and sustainability
-  Helping families adopt healthy eating habits



## PROCESS EXCELLENCE & CONTINUOUS IMPROVEMENT

Process excellence is key to our ongoing success. It requires the use of Lean Manufacturing and Six Sigma approaches for both process and product improvement and ongoing measurement and real-time, data-driven decision making. Performance excellence is achieved by:

- Declaring a vision of where you want to be;
- Understanding where you are;
- Setting target goals that lead you to your vision; and
- Exploring and creating process improvements to reach those target "steps."

Repeating this four-step routine helps us to reach our near-term goals and long-term vision.

During the exploration and improvement step, we utilize several problem-solving methods, including but not limited to root-cause analysis, Six Sigma and Lean Manufacturing.

### 2012 PROCESS EXCELLENCE PROJECT RESULTS

**115** PROJECTS COMPLETED

**512** EMPLOYEE SUGGESTION PROGRAM (ESP) IDEAS ADOPTED

**\$1.937 MM** TOTAL SAVINGS (PROJECT + ESP WORK)

### 2012 PROCESS EXCELLENCE CERTIFICATION/TRAINING (COMPANY-WIDE)

Ongoing, company-wide training is a critical part of achieving and sustaining process excellence. For the first time in Six Sigma training history, GNP Company worked with an external partner to train employees from their company at the Gold Belt and Green Belt levels. See the chart below for the certifications and training completed in 2012 and since 2003.

CERTIFICATIONS & TRAINING	2012	2003 - PRESENT*
INTRODUCTION TO CONTINUOUS IMPROVEMENT	31	241
SIX SIGMA MASTER BLACK BELT CERTIFIED	0	2
SIX SIGMA BLACK BELT CERTIFIED	0	11
BLACK BELT TRAINED	0	25
GREEN AND GOLD BELT TRAINED	40	311
LEAN FACILITATOR CERTIFIED	5	11
LEAN FACILITATOR TRAINED	0	50

\*Based on active team members trained as of April 1, 2013.



## PROFITABLE GROWTH & EXPANSION

In 2012, GNP Company had the good fortune of achieving continued profitability despite a challenging economic environment marked by competitive market prices and high feed costs. Steady sales growth with new customers and new products was enabled by the continued expansion of our “house” of brands and increased production capacity.

**10%** GROWTH IN TOTAL SALES REVENUE FROM \$338 TO \$372 MILLION—3% COMING FROM NEW CUSTOMERS AND 1.5% FROM NEW PRODUCTS.

**8%** INCREASE IN TOTAL PRODUCTION CAPACITY DUE TO A MAJOR EXPANSION AT THE COLD SPRING PLANT (SEE PROGRESS STORY ON PAGE 28).

**15** NEW CHICKEN BARNS BUILT, WITH 20 MORE PLANNED FOR 2013.

See the About Us section on page 5 for Historical Sales & Distribution information.

OVER THE LAST 3 YEARS  
WE HAVE GROWN  
**10% TO 15%**  
VERSUS THE  
PREVIOUS 3 YEARS

*\*As measured by processed pounds*

## LOCAL SUPPLIER COMMITMENT

In our local communities, the influence of GNP Company extends beyond the direct payment of wages and taxes. By supporting local businesses in the supply chain, we can make and attract investment to the local economy—thus helping build healthy, thriving communities.

## NEW CUSTOMER GROWTH

2012 was another record year in terms of sales, with 3% of our growth coming from new customers and the rest from existing customers. In mid-2012, a dedicated position was added for the sole purpose of seeking out and gaining new customers.

*A few highlights of the year:*

### RETAIL

- Expansion to the East and West with the Target® Corporation (Gold'n Plump® and Just BARE®)
- Distribution at Gelson's in Southern California (Just BARE)

### FOODSERVICE

- Expansion with Chipotle® (Just BARE)
- Distribution through Pizza Ranch® (Gold'n Plump)

## A FEW STATISTICS THAT SUPPORT OUR “BUY LOCAL, BUILD LOCAL” PHILOSOPHY:

**100%**

OF CORN USED FOR FEED (PRIMARY INGREDIENT) WAS PURCHASED FROM FARMERS WITHIN 75 MILES OF OUR FEED MILLS.

**100%**

OF FAMILY FARM PARTNER PAYMENTS (CONTRACT GROWERS) WERE MADE TO FARMS WITHIN 60 MILES OF OUR HATCHERIES AND PROCESSING PLANTS.



## PROGRESS AWARDS & RECOGNITION

GNP Company was honored to receive the following PROGRESS awards and recognition since our last Farm to Fork Report.

- **Minnesota Keystone Company Recognition**  
GNP Company's 26th year of being recognized for donating more than 5% of our pre-tax profits to charitable causes.
- **Larry Haws Champion of Youth Humanitarian Award, Boys & Girls Club of Central Minnesota**  
This award was provided in appreciation for our long-standing partnership to help feed hungry children in Central Minnesota.
- **St. Cloud Technical High School Distinguished Tech Alumni "Hall of Fame" Inductee**  
In 2012, Don Helgeson, GNP Company's Chairman of the Board and 2nd Generation Leadership was inducted into the Distinguished Alumni "Hall of Fame"—recognizing his outstanding achievement amongst Tech graduates. Inductees must have a distinguished career in service, vocation or avocation and have made significant contributions to his or her community, society, or humanity. New inductees are selected every four years.
- **GNP Company named 2012 Large Manufacturer of the Year—Minnesota Business Magazine**  
Company featured in November 2012 issue.
- **Minnesota Business Magazine Article—July 2012**  
Michael Helgeson and GNP Company featured in article entitled, "Poised for Growth: GNP Company's Michael Helgeson talks putting Midwestern chicken on the map."
- **WI Feed My People Food Bank - 2012 Food Donor of the Year**  
Over a year ago, Feed My People set the goal of obtaining enough chicken to fill all requests from the more than 100 food-assistance programs it works with. GNP Company's match program has allowed the food bank to meet this goal, providing over 450,000 servings to people struggling with hunger. In the last twelve months, GNP Company donated 83,506 pounds of chicken.

*Plus the aforementioned awards and recognition in the following areas:*

**PEOPLE Awards/Recognition** (four total, see page 12)

**PLANET Awards/Recognition** (three total, see page 18)

**POULTRY Awards/Recognition** (two total, see page 24)



**MINNESOTA KEYSTONE PROGRAM** <sup>SM</sup>  
Building Communities through Two and Five Percent Giving



## 2012 Plant Improvements—The Key to 2013 Sales Growth

Though GNP Company ranks 18th in terms of size and accounts for about 1% of all ready-to-cook chicken produced and sold domestically,\* we believe we're number one when it comes to tackling new production challenges. So it's no surprise that in 2012, when faced with the need to quickly expand our production capacity, we did so with excellence, innovation and heart.

"For 2012, we had planned to expand the Cold Spring Plant," explains Mark Page, Director of Processing Operations at GNP Company. "The expansion went off almost without a hitch," says Mark, "starting in December 2011 and ending in June 2012." The expansion impacted four main processing areas and greatly improved processing performance—allowing us to exceed our 2012 performance goal.

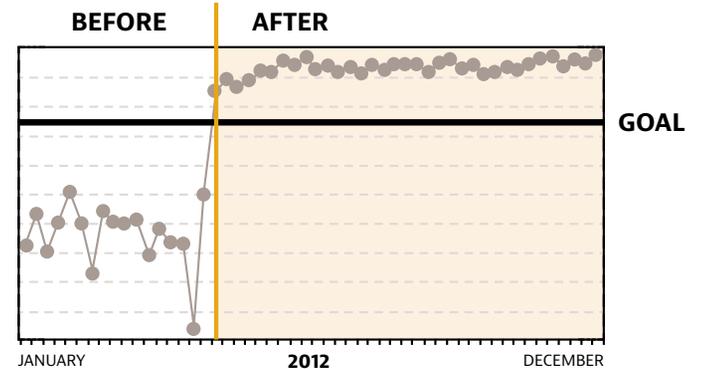
"Then, mid-year, we determined the need to increase capacity at our Arcadia Plant as well," says Mark. Our goal: to make plant improvements that would address seasonal capacity constraints and increase the value of our product mix. The project involved moving one cutting line. Seemingly simple, that task touched and impacted every single part of the plant floor. Completion is scheduled for Spring 2013.

*"I'm truly proud of our team for the passion, hard work and long hours put into these major plant improvement projects of 2012. I don't believe any other team could have done a better job."*

*Mark Page, Director of Processing Operations & Avid Fisherman*



### COLD SPRING PLANT PERFORMANCE - Before & After Expansion



Above Line

### COLD SPRING PLANT EXPANSION RESULTS

**15% INCREASE IN TOTAL PLANT CAPACITY**

**15% INCREASE IN CUTTING CAPACITY**

**21% INCREASE IN BREAST DEBONING**

**67% INCREASE IN THIGH DEBONING** (also increased at the Luverne Further Processing Plant)

**ADDITION OF GROUND CHICKEN PRODUCTION**

### ARCADIA PLANT IMPROVEMENT RESULTS (when fully complete)

**25% INCREASE IN CUTTING CAPACITY**

**25% INCREASE IN BAGGED WHOLE BIRD PRODUCTION**

## 2013 FOCUS FORWARD

- Tighter Business Alignment
- Milestone Anniversaries for Our Arcadia, Luverne and Cold Spring Facilities

# 2012 KEY PERFORMANCE INDICATOR (KPI) REPORT CARD

The following 4 pages outlines the metrics by which we gauge our performance in the areas of **PEOPLE, PLANET, POULTRY & PROGRESS**, and provides a high-level look at our progress in 2012.



## AREA: PEOPLE

**Building and enriching relationships through meaningful engagement.**

### ✓ TEAM MEMBER ENGAGEMENT

- GNP Company's overall engagement results were better than 60% of all manufacturing organizations surveyed.
- All Employee Suggestion Program (ESP) measures increased over PY: # of suggestions received-up 32%, suggestions adopted-up 38%, company savings from suggestions-up 17%, and total rewards paid for participation-up 35%.

### ✓ TEAM MEMBER TRAINING PARTICIPATION & EFFECTIVENESS

- 95.2% of team members received training in areas designed to enhance business understanding and job effectiveness.
- 99.2% of team members surveyed said they could "apply the content of this training directly to their job."
- 96.4% of team members surveyed said the "program increased their understanding of the training topic."

### ✓ TEAM MEMBER SAFETY COMMITMENT & PERFORMANCE

- Fourth consecutive year the average injury/illness rate of our processing plants (5.0) was better than the poultry processing industry average of 5.8.
- In 2012, maintained our lost time injury rate of 1.5 (poultry processing industry average is 0.9). We remain committed to improving our performance.

### ✓ TEAM MEMBER HEALTH & WELLNESS

- Started construction of the company's first-ever, on-site team member health and wellness center, which opened in February 2013.
- Continued our sponsorship of health fairs, flu shot clinics, and weight loss and physical activity challenges.
- Offered more healthful products in our vending machines.
- Provided biometric screenings such as blood glucose and cholesterol to assess the risk of certain diseases and medical conditions.

### ✓ LONGEVITY OF TEAM MEMBERS & FAMILY FARM PARTNERS

- 34% of team members have worked for us for more than 10 years.
- 59% of our family farm partners have been with us for more than 10 years; 30% for 20 years or more.

### ✓ CUSTOMER SERVICE EXCELLENCE: PERFECT ORDER

- Achieved our Perfect Order goal of 96.5%, reaching historic or better-than-historic levels in all areas. Perfect Order is the combined measure of order-entry accuracy, warehouse-pick accuracy, on-time delivery, case-fill rate, and product received without damage.

### ✓ CONSUMER AFFINITY & ADVOCACY

- Maintained key brand measures for flagship Gold'n Plump® brand; established benchmarks for emerging Just BARE® brand. Measures include brand awareness, brand preference, brand loyalty, brand advocacy and social engagement.

### ✓ PEOPLE AWARDS & RECOGNITION

- 2011 Target® Partner Award of Excellence (received in May 2012)
- 2012 Famous Dave's® Vendor of the Year
- Old Glory SK Run, Cold Spring, MN—2012 Team Spirit Award
- Gold'n Drumstick Award—Traveling Trophy

# 2012 KEY PERFORMANCE INDICATOR (KPI) REPORT CARD



## AREA: PLANET

Reducing our environmental footprint across our value chain.

### ✓ AN EXPANDING ENVIRONMENTAL MISSION

- Mission advanced to include life cycle thinking and integrated planet goals.

### ✓ LIFE CYCLE ASSESSMENT (LCA ) COMPLETION

- GNP Company completed second LCA on a select range of Just BARE® products. Results helped to gauge our progress since the first LCA conducted in 2010, and to clarify integrated planet goal direction.

### ✓ CARBON TRUST RECERTIFICATION

- The company's Just BARE brand retained its certification with the Carbon Trust and renewed its commitment to reducing its carbon footprint.

### ✓ COMPANY-WIDE CARBON EMISSIONS

- In 2012, company-wide carbon emissions (CO<sub>2</sub>e) decreased 3.49% per pound of chicken produced; absolute emissions dropped 1.73%.

### ✓ ENERGY CONSUMPTION

- In 2012, saw slight reductions in intensity for our electricity and LP gas usage, and slight increases in natural gas and diesel intensity levels.
- Established a company-wide 20% energy reduction goal by 2017.

### ✓ WATER CONSERVATION

- Water reclamation results: potable water in to plant (used) increased 4.75%, effluent water out to river increased 2.76%.
- Water usage intensity up 3.07%.
- Established a company-wide 40% water reduction goal by 2017.

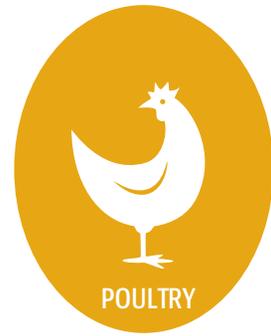
### ✓ WASTE REDUCTION

- Ongoing pursuit to reduce waste, improve recycling throughout our operations, find more eco-minded solutions to packaging, and continue to advance to the more sustainable levels of the waste hierarchy.
- Established a company-wide "zero-waste to the landfill" goal by 2017.

### ✓ PLANET AWARDS & RECOGNITION

- 2013 Clean Water Award from the U.S. Poultry & Egg Association in the Full Treatment Category
- 2013 Operations Award for the Minnesota Section from the Central States Water Environment Association
- 2012 Certificate of Commendation-Minnesota Pollution Control Agency (MPCA)

# 2012 KEY PERFORMANCE INDICATOR (KPI) REPORT CARD



## AREA: POULTRY

Delivering safe, nutritious and humanely raised products to the marketplace.

### ✓ ANIMAL WELFARE COMMITMENT

- Conducted annual animal welfare training and routine evaluation of our performance against the National Chicken Council (NCC) Animal Welfare Audit Checklist; adhered to the humane slaughter standards established by the NCC and USDA; and strictly enforced our zero tolerance policy for any deliberate, inhumane treatment of our chickens.

### ✓ ACTIVE GROWER MANAGEMENT AUDIT PROGRAM PROGRESS

- In its second full year, the program is being expanded to support new ideas and methods for animal welfare enhancement and enrichment.

### ✓ HAPPY, HEALTHY CHICKEN INITIATIVE PROGRESS

- Partners and equipment for the project have been identified; implementation planning and the development of tools/methods of calculating and assigning a "Happy Score" to flocks are underway.

### ✓ ANIMAL HUMANE CERTIFICATION GROWTH

- In 2012, we expanded our American Humane Certified® Farm Program participation to include more facilities, grow-out locations and product lines.
- Certified parties/products include: 100% of our hatching/primary processing facilities; 100% of our Just BARE® products; and 50% and 30% of our Minnesota and Wisconsin family farm grow-out locations, respectively.
- Late in 2012, we became recertified under the program's updated standards.

### ✓ FOOD SAFETY LEADERSHIP

- All GNP Company production plants were recertified by the Safe Quality Food (SQF) Code, 7th Edition Level 2 Program—maintaining scores of "EXCELLENT" across the board.
- 100% of the chicken products we produce are made in SQF-certified plants.

### ✓ CHICKEN FEED INGREDIENT QUALITY & COST

- Successfully managed the extreme volatility of feed costs while maintaining our high standards for feed quality.

### ✓ NEW PRODUCT SUCCESS & DIRECTION

- Successful launch of Gold'n Plump® Chicken Sausage Line (four product offerings) resulted in positive media coverage in two popular consumer sources.
- Launched 33 new products, resulting in \$75 million in new sales—a 60% increase over the previous year.

### ✓ TRUTHFUL LABELING COMMITMENT

- GNP Company maintained its support of the Truthful Labeling Coalition (TLC). A proposed rule is under review that would provide greater labeling truthfulness and transparency as it relates to "All Natural" labeling and "solutions added" statements.

### ✓ POULTRY AWARDS & RECOGNITION

- Gold'n Plump® Chicken Bratwurst Sausage Publicity in Family Circle and Shape.com
- Just BARE® Named "Pick of the Show" by select consumer media at 2012 Natural Products Expo West

# 2012 KEY PERFORMANCE INDICATOR (KPI) REPORT CARD



## AREA: PROGRESS

Ensuring the economic vitality of our business, suppliers, partners and community.

### ✓ PHILANTHROPIC MISSION

- Provided support to sustainable partnerships and programs that are dedicated to healthy food, families and farms and build stronger communities in the areas we call home and distribute our products.
- 2012 marks the 26th year of GNP Company being recognized as a Minnesota Keystone Company for donating 5% of pre-tax profits to charitable causes.

### ✓ FINANCIAL & PRODUCT DONATIONS

- Total financial and product donations exceeded \$1.5 million. The breakout was as follows: 14% financial, 86% chicken. Focus areas of our giving were community development; education, industry and families in crisis; and hunger relief.
- The product donated equates to four million meals' worth of nutritious chicken for families in need.

### ✓ BRAND SPONSORSHIPS

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

### ✓ PROCESS EXCELLENCE & CONTINUOUS IMPROVEMENT

- 2012 Process Excellence Results included 115 projects completed; 512 employee suggestion program (ESP) ideas adopted; and \$1.937 million in savings from project and ESP work.
- 2012 Certification and Training included 31 team members being introduced to the principles of Continuous Improvement, 40 were Green and Gold Belt trained, and five certified in Lean Facilitation. For the first time, training was extended to several vendor-partner team members as well.

### ✓ PROFITABLE GROWTH & EXPANSION

- Continued profitability.
- 10% growth in total sales revenue (have grown 10% to 15% over the previous three years).
- 8% increase in total production capability due to a major expansion at our Cold Spring Processing Plant.
- 15 new barns constructed, with 20 more planned for 2013.

### ✓ PROFITABLE GROWTH & EXPANSION

- Another record year in terms of sales—with 3% of growth coming from new customers and the rest from existing customers.
- RETAIL customer growth: Expansion East & West with Target® Corporation; New Distribution at Gelson's in Southern California.

- FOODSERVICE customer growth: Expansion with Chipotle®, New Distribution at Pizza Ranch®.
- Added a dedicated resource for the sole purpose of seeking out and gaining new customers/distribution.

### ✓ LOCAL SUPPLIER COMMITMENT

- 100% of corn used for feed was purchased from farmers within 75 miles of our feed mill.
- 100% of family farm partner payments were made to farms within 60 miles from our hatcheries and processing plants.

### ✓ PROGRESS AWARDS & RECOGNITION

- Minnesota Keystone Company Recognition
- Larry Haws Champion of Youth Humanitarian Award, Boys & Girls Club of Central Minnesota
- Don Helgeson Named to St. Cloud Technical High School Distinguished Tech Alumni "Hall of Fame"
- GNP Company named 2012 Large Manufacturer of the Year by Minnesota Business Magazine
- Michael Helgeson and GNP Company featured in Minnesota Business Magazine July 2012 article entitled, "Poised for Growth: GNP Company's...putting Midwestern chicken on the map."
- Wisconsin Feed My People Food Bank—2012 Food Donor of the Year
- PLUS aforementioned PEOPLE, PLANET & POULTRY Awards & Recognition (see individual sections for details).



#### LEARN MORE:

Visit [GNPCompany.com](http://GNPCompany.com) or talk to one of our experts. Get contact information from our Human Resource Generalist, Darla Stellmach, at [dstellmach@gnpcompany.com](mailto:dstellmach@gnpcompany.com).

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