



WE ARE COMMITTED TO...

**OUR
BUSINESS
SUSTAINABILITY**

**OUR
ASSOCIATES**

GRANIDE'S
Mission & Culture

**OUR
COMMUNITY**

**OUR
ENVIRONMENT**

FEATURE COVER IMAGE: To learn more about this sculpture please read the message from our President & CEO on page 5.

THE FOLLOW UP REPORT . . .

The Journey Continues

In late 2013, Grande Cheese Company issued its first formal Social Responsibility report. The report was a way for us to formalize and communicate our purpose, history and the ‘Grande’ way of doing things, not only to our Associates, but also to those with whom we do business. We chose and defined our four pillars (focus areas) of social responsibility and reported some of our past accomplishments as well as future goals and priorities in each of those areas (business sustainability, Associates, environment, and community.)

Our company was founded with a strong sense of family and purpose, and that tradition lives on today in a world that is far different than it was in 1941. Seventy-five years later, Grande has grown and expanded, and our actions are now much more likely to affect a larger population. Mobile devices have put data and information at the fingertips of consumers, so the choices we make related to the sustainability of our company can create ripples that are readily and quickly felt throughout the supply chain and environment. Social media provides a means for information to be shared quickly, not only across the local news media, but across the world. The consumer’s voice is being heard now, perhaps more loudly and clearly than any other time in history.

Grande Cheese Company’s commitment to being a socially responsible company has not changed, and the values inherent to that commitment remain part of Grande’s culture—even though

much else about our company has evolved over time. We remain focused on striving to fulfill a purpose greater than ourselves, growing our community presence, and providing stability for all of our Associates, producer dairies, and valued customers, all while making the “finest Italian cheese that money can buy.”

We are happy to report on the progress made since our last Grande Social Responsibility report.

Some goals have been achieved; others have been delayed as priorities changed and shifted. Many exciting things have happened at Grande in the past three years, and expansion has been the theme! We’ve grown and expanded the business on both the cheese and the whey sides of production, adding jobs while doing so. We have constructed a new Distribution Center and beautiful new Home Office and Research Center, expanding the space and resources available to all Associates, customers and the community.

On behalf of the Grande Social Responsibility team, we are proud to provide an update on our social responsibility ventures and share the progress we are making as a company. Whether you are an Associate, producer, distributor, end customer or neighbor, we want to thank you for your interest in learning about Grande Cheese Company’s social responsibility progress. Please let us know what you think by sharing your thoughts and feedback on our website grande.com/SocialResponsibility or via email socialresponsibility@grande.com.



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Grande's Commitment To SOCIAL RESPONSIBILITY



MESSAGE FROM OUR PRESIDENT & CEO

It's been said that "the more things change, the more they stay the same." I think that mantra holds true for Grande Cheese Company. We started as a small cheese company in Ashford, WI, 75 years ago and have evolved into a business enterprise that maintains processing, aging and distribution facilities at seven locations across the state of Wisconsin. We market and sell our trademark cheese products nationally, serving independent pizzerias and casual restaurants via our distribution network. Our whey products are marketed and sold internationally. We have had to evolve along with the changes and demands all around us, and you will read about our recent growth in more detail in this report, including the addition of our Juda Whey facility and the construction of both a new home office complex and warehouse distribution center.



Commitment to innovation, technology, and continuous improvement is standard in our manufacturing and distribution facilities. There is genuine passion in everything we touch, and our pledge to achieving the highest quality helps carve out our special niche in the marketplace. In today's world, a company stands alone when it can purposefully make the connection between centuries-old traditions and the modern table...and do it with undeniable passion. At Grande, we strive to be the benchmark in bridging innovation and tradition. This focus helps ensure we have a sustainable business, which is a necessary first step prior to concentrating on our three other pillars of social responsibility (Associates, Environment and Community).

We constantly challenge ourselves to do things differently in order to meet the market and economic forces we face each year. At times, change is uncomfortable; yet meeting challenges head-on helps provide security for all. We are guided by a Mission and Culture in this organization that steers our efforts to continue building our brand. We are working diligently to build a better tomorrow for all Associates, as each Associate is vital to the connection between work and success.

The sculpture on the front cover of this report was commissioned exclusively for Grande and dedicated at the opening of the new home office complex. Entitled "Greater Purpose," this sculpture symbolizes the inspired endeavor of individuals throughout Grande whose daily interactions with fellow Associates, producer dairies, customers and communities continually nurture the spirit and intent of Grande's Culture to realize "The Fulfillment of a Purpose Greater than Ourselves."

And that is what has stayed the same; Grande has changed much in the past 75 years, but we are always reminded of and keep our Mission and Culture very close to our heart.

Sincerely,

A handwritten signature in black ink that reads "Wayne E. Matzke". The signature is written in a cursive, flowing style.

Wayne E. Matzke
President

Organization

GRANDE'S MISSION

"... is to build, through outstanding performance of value-added strategies, a world-class dairy products trademark that generates the profits and capital necessary to reinvest in the future and the continuing process of fulfilling the commitments of our Culture."

GRANDE'S CULTURE

"... is based on pride in professional excellence, respect for the rights of Associates, a commitment to strengthen the financial security of all dedicated Associates and the fulfillment of a purpose greater than ourselves."

SOCIAL RESPONSIBILITY STATEMENT

Leveraging Grande's longstanding Mission and Culture objectives, to nurture and support a holistically sustainable business model that positively impacts the world around us, thus continuing to achieve our most fundamental culture commitment ...the fulfillment of a purpose greater than ourselves.

Social responsibility continues to evolve as a Grande strategy, but the commitments introduced in our first report and reiterated below continue to reflect that social responsibility is a principle to which Grande as a business adheres.



Social responsibility...

...is an evolving process.



OUR GSR COMMITMENTS

- As it regards Associates, nurture an environment of absolute respect for and between each and every Associate, provide talent management and training/development opportunities to create a workforce where all Associates can thrive and excel, while focusing on the health, wellness, and safety of all.
- Maintain product safety and regulatory compliance that far exceeds government standards.
- Focus on corporate philanthropy that enriches life in the communities in which we live and work.
- Expand our environmentally sustainable management practices, including land conservation, erosion prevention, zero waste discharge, biodiversity, energy conservation, waste water management, and water conservation.
- Continue to build a profitable and sustainable business through our exclusive brand focus and unwavering commitment to world-class trademark excellence in products and services, which in turn substantially supports our customers' and producer dairies' sustainability.
- Uphold fiscal responsibility and capital reinvestment with a commitment to long-term sustainability vs. short-term gain.
- Ensure sound corporate governance and compliance practices.

Our Business Sustainability

INTRODUCTION

Grande has been in business since 1941. So much has changed in the world and in our company since then. Many companies have come and gone in the past 75 years, so what has made Grande successful and able to remain relevant and adaptive over time? How have we survived when so many others have not?

Sometimes, business sustainability is defined by managing what is known as the “triple bottom line,” commonly referred to as people, planet, and profit (the “three pillars of sustainability”). But another definition could be that business sustainability represents resiliency over time. Businesses that are connected to healthy economic, community and environmental systems are the ones that create financial value and contribute to strong communities. Grande has survived and thrived for three quarters of a century, but what do we need to do as an organization now in order to ensure that we will still be producing the finest Italian cheeses that money can buy 75 years from today?

Grande’s leaders know that adapting to the changes around us while staying true to our Italian old-world cheesemaking heritage, while difficult, is the key to sustained success. Consumers today are more educated and knowledgeable than ever before about the products they buy, and can easily find answers via the internet and social media to questions they may have about what is in the food they eat or how a company impacts its surroundings. They want to support businesses with shared beliefs and common values. We believe that Grande is well-positioned for the future. Our focus is and always has been on producing a natural, quality product—we do not add fillers or additives to our cheese. And we focus on the values important to us . . . Associates, communities, and environment. We encourage people to “gather around the table” to enjoy good food and good company. Continue reading to find out what has happened since our last report that allows us to maintain confidence in Grande’s continued business sustainability.

EXCLUSIVE BRAND FOCUS & TRADEMARK EXCELLENCE

The Grande brand and Trademark Excellence principles are the foundation of our business. We do not private label our cheese. Our business model consists of three very distinct business units—the Foodservice Unit, Grande Custom Ingredients Group, and Grande Milk Marketing. Each unit is focused on delivering unsurpassed products and services to its respective partners.

- **The Foodservice Unit** is the original Grande business, distributing our fine Italian cheeses to independent pizzerias and casual dining Italian restaurants. Grande is the ‘Advocate of the Independent’. We partner with restaurants across the United States for growth and to understand and assist with the daily business challenges our customers face. One of our end customers, Pizzeria Lola, is the most recent Grande end user to be recognized as the “Independent Pizzeria of the Year” by *Pizza Today* magazine (2014). We thank

our end customers, such as Pizzeria Lola, for their continued dedication to using the finest quality ingredients, including Grande cheese! We will continue to be the 'Advocate of the Independent', as we truly believe these operators understand and commit to making the finest product they can, which aligns with Grande's business model of creating the 'finest Italian cheese that money can buy'!

- **The Custom Ingredients Group** uses the whey from our cheesemaking process to produce 100% natural whey protein products. These value-added whey products are used to enhance flavor and functionality of numerous food and beverage products sold throughout the world. Our food scientists work directly with manufacturers to create customer-specific solutions using these value-added whey products.
- **Grande Milk Marketing** procures quality milk to create a market for our Grande branded cheese and whey products. You will find additional details about our dairy producer sustainability in a separate section of this report.



The more long-term success our cheese and whey customers experience, the more cheese we produce. Producing more cheese means procuring more milk from our Producers. Thus, our cycle of Trademark Excellence continues through all phases of our business.

FISCAL RESPONSIBILITY & CAPITAL REINVESTMENT

The first step in caring for our Associates, environment, and community is ensuring that Grande is a financially healthy company. Reinvesting profits back into the business is critical for any enterprise that wishes to grow in its industry. Expansion has been the theme since our last report, demonstrating that Grande is dedicated to expanding our business and positioning it for the future.

In August of 2013, Grande purchased the whey processing facility of PGP International, located adjacent to our cheese facility in Juda. This addition to the Grande family supports future growth and diversification, adding significant capacity for both our existing products and any new technologies so we can better serve our customers. With the acquisition, we also welcomed over 60 new Associates to Grande!



Our Business Sustainability

FISCAL RESPONSIBILITY & CAPITAL REINVESTMENT

We have also expanded with an addition to our largest facility, the Brownsville plant. We've increased capacity for our Fior•di•Latte line of fresh mozzarella, and in the process added 18 new production jobs!

In May of 2015, President Wayne Matzke announced the purchase of almost 42 acres of land near Lomira for construction of a new Grande Warehouse & Distribution Center. This new facility consolidates our shipping activities from four warehouses into one, reduces our overall travel footprint while centralizing in an area very accessible to a major highway, and continues our long, successful history of doing business in the Lomira community. The new distribution center also improves the safety and wellness of our Associates in many ways, as the construction incorporated state-of-the-art materials handling equipment and racking systems, improved materials and traffic flow, and expanded Associate office and break room areas. We began transferring product to the new Distribution Center (DC) in April 2016, and the ribbon cutting, official dedication and Grand Opening celebration was held on May 26, 2016. By the end of May, all DC Associates had been relocated to their new facility and all products began shipping out of this one location. It is an exciting time



for Grande to now own the building where our cheese and whey products leave our possession on their way to distributors across the country and the world, and another step toward maintaining a sustainable business.

Another recent investment in the company was the construction of a new Home Office and Research Center. In 2011, Grande announced the purchase of 40 acres of land on the south side of Fond du Lac, Wisconsin (approximately 10 miles north of the Lomira home office) with the plan to develop a new office campus in





What Is LEED?

LEED is a green building certification program that recognizes best-in-class building strategies, as explained by the U.S. Green Building Council.

three phases. The new office plan was created with a focus on facilitating growth and innovation by providing a unique and creative space for the art and science of manufacturing world-class dairy products.

This is more than an ordinary office building. We worked with numerous professionals to create an inviting place for our Associates, producers and customers alike! The initial vision was creating a space for all Grande Associates to call “home”, including those from other facilities who attend meetings or visit. Grande’s leaders emphasized environmental sustainability and social responsibility as development and construction plans were finalized. We are currently in the process of seeking Leadership in Energy and Environmental Design (LEED) Gold Certification for the facility.

The campus design integrates buildings and landscape in a way that takes full advantage of the natural lay of the land, with a central courtyard connecting all structures at the hub. The Heritage Orchard, currently in its early stages, will serve to remind us all of Grande’s roots and agricultural ties as it blooms into an area for Associates to gather and work while enjoying the outdoors.

A mild Wisconsin winter allowed construction to remain on schedule, and the main office and research center portion of the office were completed in late spring of 2016. The new campus building encourages Associate

interaction and collaboration, as evidenced by the many common areas in which mobile Associates have the option to work. Meetings no longer have to be held only in offices or conference rooms, but can be conducted in the study, courtyard, or on the rooftop terrace. The many artifacts and photos from Grande’s 75 year history are displayed, along with a timeline of the company’s history, for all to view in the Heritage Room. Photos of Associates reaching length of service milestones during any current year are displayed on the recognition wall. An onsite clinic, fitness center and a walking path around the perimeter of the property help encourage Associates to participate in healthy behaviors.

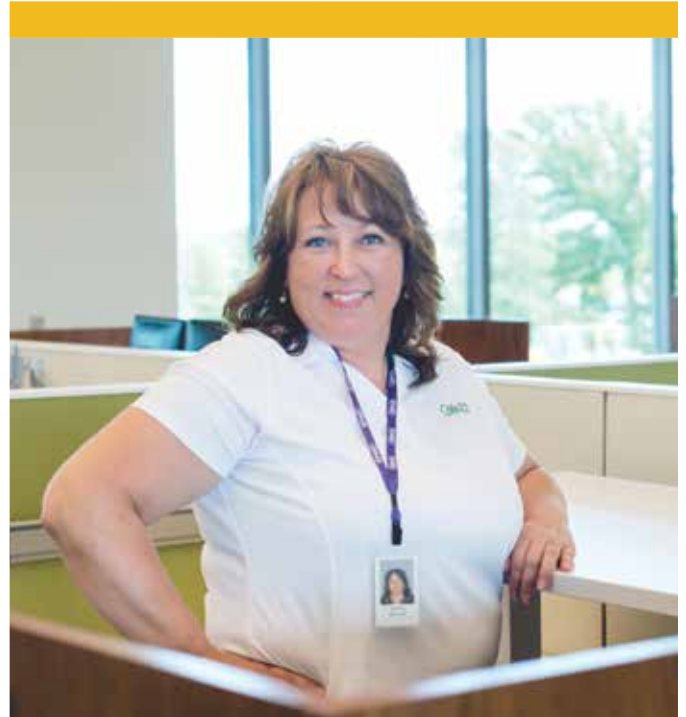
The new office campus also includes a test kitchen and dining room that customers (or potential customers) may use in collaboration with our technology team to taste and create recipe ideas with Grande products when they visit the office. The Lomira office served us well for many years, but with our new home office, we have the flagship state-of-the-art space that aligns with our mission of producing the highest-quality product at our facilities. The beauty of the building and the collaborative, modern design position Grande well for recruiting efforts as we continue building the business and searching for top talent for the organization.

Our Business Sustainability



The new Home Office and Research Center was dedicated on June 15, 2016 to honor...*“all Grande Associates...past...present...future for their dedication in giving life and vitality to the Mission and the shared values that shape our Culture.”* On that day, Associates moving into the new building toured the innovative headquarters, and learned about the structure as well as the thought process and time that went into choosing every detail. After spending considerable time ‘cleaning house’ (and recycling **A LOT** of paper) in the Lomira office and with a little help from our moving company, Home Office Associates officially relocated to the new home office complex on June 20, 2016, thus beginning a new chapter in Grande’s history.

But the move does not signal the end of this expansion. Future phases include the construction of a new research pilot plant as well as a comprehensive landscaping plan featuring vineyards, vegetable gardens and a greenhouse. The Grande Home Office complex in Fond du Lac will truly be a cornerstone of the Grande brand for many years to come.



CUSTOMER SUSTAINABILITY

As we tell our customers—“You’ll realize the difference between having a weekly special and serving something truly special.” We have uncompromising quality and consistency, and our passion for excellence starts with the ingredients we use in our cheese. We use quality Grade A milk from dedicated farms that meets our stringent quality standards to craft the cheeses used by our customers. We then complete the process by investing in our customers’ successes, a cycle that sustains itself and provides opportunities for all to grow. The more successful our customers, the more cheese we make, and the more milk we need from our producer farms!

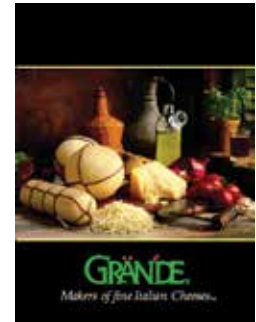
We have a dedicated national sales team that possesses first-hand knowledge of the challenges faced by independent operators. These Sales Associates understand that making the perfect pie is our customers’ goal, and in turn their objective is to ensure that our customers can deliver on that goal every time! We continuously look for solutions and innovations tailored to specific needs for building the business.

One service we continue to offer through our **Solutions @ Work**[®] team is a unique menu redesign program, which highlights our customers’ unique and popular menu items, helping to set them apart from their competition.

As we increase cheese production, we also increase our whey supply. What once was just a byproduct of cheese production has developed into a thriving Custom Ingredients business segment in the Grande portfolio. We have an experienced technical staff that can assist customers by answering consumer demands for nutrition, flavor and texture. Our scientists provide practical food and beverage solutions for the most difficult challenges faced by our customers, including the following:

Water Holding Functionality	Protein Fortification
Fat Reduction	Texture Improvement
Cost Reduction	Nutritional Improvement

It truly is a sustainable cycle...we purchase quality milk, which in turn drives quality cheese and whey. Our sales and marketing team works diligently to build our Food Service customers’ businesses while our scientists utilize our natural dairy-based ingredients to provide a variety of applications for food and beverage manufacturers. Strong customer sales lead to a further increase in cheese production, which drives a need for additional quality milk. The cycle comes full circle!



GRANDE[®]
SOLUTIONS @ WORK[®]



Our Business Sustainability

DAIRY PRODUCER SUSTAINABILITY

Our passion for quality starts at our Grande Producer Dairy Farms, which typically exceed the highest standards in the nation. The mission of our Milk Marketing segment is “to be the preferred market of innovative producer dairies with an attitude and passion to be considered among the most sustainable dairies in the nation, thereby ensuring a quality, producer based milk supply adding value to the Grande brand.”

Many of our producer dairies are very proactive in delivering positive messages about agriculture and dairy. In the spring of 2015, several Grande dairies hosted school tours and FFA-sponsored Food for America events. Both programs are designed to teach elementary students about agriculture and how the food they eat is produced. Students can interact with farm animals, watch cows being milked and gain a new appreciation for farms. Grande participated in these events by donating cheese, making pizza, and providing samples of end products developed from milk.



An example of Grande producers working together for the benefit of both industry and environmental sustainability is Yahara Pride Farms in southern Wisconsin. Twenty-three Grande producers (representing approximately 11% of Grande’s milk supply) are part of this organization, which was founded in 2011 in partnership with the Clean Lakes Alliance. The goal of the Yahara Pride Farms Conservation Board is improving and protecting the land and waterways in Dane County, Wisconsin by bringing together farmers, agronomists and local

businesses to proactively support community and environmental health as well as fiscal sustainability. This voluntary, non-governmental program helps farmers document how their operations protect soil and water quality while also identifying any high-risk situations and/or practices in need of modification.



Armed with this understanding, farmers can be proactive in reducing phosphorus pollution into the watershed thus protecting the ground and surface waters. Participating farmers planted 4,732 acres of cover crops in 2014, effectively keeping 629 pounds of phosphorus out of area waterways. In addition, a cost-share program exists which allows Yahara Pride members to test new, innovative technologies with minimum risks.

Solutions such as increased cover crops and precision agriculture (a new technique for disposing of animal waste) are tools being used by these forward-thinking producers. Many of our dairies not only strive for water quality, but also water conservation, as they reuse water as much as allowed. Examples of water reuse include collecting the wash water used to clean the milking equipment and then using that water to flush holding areas and freestall alleys, using non-potable water from plate coolers or compressors multiple times to flush and clean sand in the stalls, and irrigating fields with water mixed with liquid manure from lagoons. Grande is proud to be working with producers such as these, who strive to improve water quality and conservation while balancing their own farm profitability.

In fact, the Yahara Pride Farms were among honorees recognized by the Innovation Center for U.S. Dairy during the fifth annual U.S. Dairy Sustainability Awards on May 11, 2016. Barbara O'Brien, president of the Innovation Center, remarked that the 2016 honorees "have truly integrated sustainability into their businesses" and that their "achievements throughout the value chain, both large and small, significantly advance the dairy community's leadership in sustainable business practices." Congratulations to Yahara Pride Farms for this honor, and the recognition of practices that positively impact the health and well-being of consumers, communities, animals and the environment!



We continue 'securing our future together' with producer dairies by offering business solutions including the following:

- **Verified Premium Plus (VPP) Program** – This quality program assures consumers of a dairy's optimum quality and sustainability based on an independent audit of the dairy's animal care, environmental stewardship/sustainability, personnel development, milk quality and safety, pathogen management, and dairy beef quality and safety. VPP is what gives consumers confidence that a dairy is committed to environmental stewardship, sustainability, and animal welfare. In an environment where undercover videos of livestock mistreatment have been giving agriculture a negative image, participation in the VPP programs confirms a dairy's commitment to doing things the right way.

- **Risk Management Program** – Grande offers pricing strategies that allow our producers more control over when and at what level to price future milk production. In a volatile milk price environment, we offer our producers solutions to better manage risk, profitability and sustainability.
- **Milk Management Assistance Program (MMAP®)** – Our team, led by Dr. Andy Johnson, world-renowned expert in mastitis control and milk system evaluation, gathers vital information during on-farm evaluations to help optimize milk quality and safety, ensure animal comfort, and improve overall dairy quality.

- **Bilingual Support** – Grande hired bilingual professionals Carolina Pinzón-Sánchez and Liz Purvis to assist our producer dairies with educational training sessions based on each farm's needs. The ability to relate and communicate effectively with the largely Hispanic front-line farm employees helps create and promote a 'we care' culture within the dairy while establishing clear expectations for both managers and employees.

These valuable programs highlight some of the ways Grande partners with and invests in the future of our dairy producers.



Our Business Sustainability

FOOD SAFETY & QUALITY

Grande facilities are in compliance with all active Food Safety & Modernization Act (FMSA) standards and will comply with any new regulations as they are published and approved by the Food & Drug Administration (FDA)... but we've gone far beyond this.

When we last reported, Grande was working toward GFSI (Global Food Safety Initiative) certification, specifically obtaining SQF Level 3 (Safe Quality Food) certification, at all Grande facilities by year-end 2014. SQF Level 3 certification for food safety and quality is recognized worldwide by retailers and foodservice providers who require a rigorous, credible food safety and quality management system. We are pleased to report that the SQF Level 3 certification goal has been achieved! The Brownsville, Rubicon, Friendship, Juda Cheese, Rolling Meadows and Wyocena facilities have all completed and passed their third certification cycles while our newest facility, Juda Whey, is currently in its second certification cycle. Since we began our journey toward SQF certification, all of our facilities have scored at or above 93 points (out of 100 possible) earning either a 'good' or 'excellent' rating. These audit results are proof of the hard work and dedication of the cross-functional team members tasked with completing all the necessary components in achieving SQF Level 3 certification.

What is SQF?

SQF is recognized by retailers and foodservice providers around the world who require a rigorous, credible food safety management system. Heightened consumer demand for food safety assurance drives the process, which provides verifiable proof that robust food safety control has been effectively implemented.

SQF Audit — What Do the Scores & Ratings Mean?

Score	Rating	Audit Frequency
96-100	E – Excellent	12 monthly re-certification audit
86-95	G – Good	12 monthly re-certification audit
70-85	C – Complies	6 monthly surveillance audit
0-69	F – Fails to Comply	Failed SQF audit

Our technology team is always searching for new tools that can provide additional quality data as our cheese moves through the production process. Equipment that delivers the opportunity to analyze continuous, real-time data (when available) allows for further quality monitoring of key points, ensuring we produce cheese that will pass our strict quality testing. We continue to prioritize food safety and consistently deliver on our commitment to the absolute safety and quality of all Grande products.



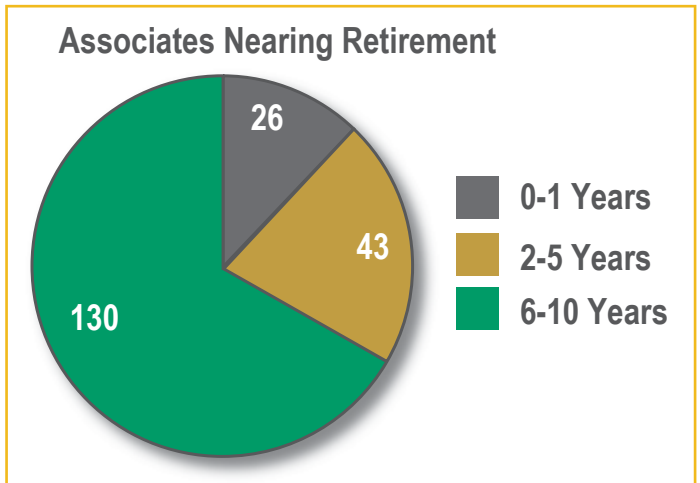
BUSINESS GOVERNANCE

Assuring proper accountability to all stakeholders is an important component in any company's sustainable development plan. Sustainable development is defined as 'development that meets the needs and aspirations of the present without compromising the ability of future generations to meet their own needs.' Grande's board of directors monitors and oversees business operations, strategy and company health. Internal control processes and internal audits, in addition to our annual external third party audit, provide additional assurance that Grande is accurately reporting financial information and complying with required laws and regulations. Measurement and control are at the heart of instituting most sustainable practices, since the more information we can collect and organize, the more transparent we can become to our stakeholders. We want our stakeholders to be engaged, understanding we can learn from our customers, producers, Associates, and surrounding communities. Engagement is not only about Grande pushing messages outward, but also involves including stakeholders in joint decision-making wherever possible while trying to understand opposing views as we search for common ground.

GOALS & PRIORITIES

Studies have shown that sustainable companies are more likely to attract and retain Associates while experiencing less risk to financial stability and reputation. We put much effort into maintaining our organizational stability so that Grande will exist for the next generation. Some upcoming plans are described briefly below.

- **Succession planning** is one key priority as we move forward. We recognize the need to ensure adequate 'bench strength' for key and critical positions, so we have begun identifying needs and creating strategies to increase the availability of capable and experienced Associates ready to assume key roles as they open. We have aligned succession management as a focus for the company, and have been working to create and implement new tools to aid management in the process.
- We have engaged in a partnership with a consultant to help analyze our current capacity and workforce to make sure that we, as a company, are prepared for projected future needs.



Our Associates



INTRODUCTION

Associates remain our key resource, vital to Grande's success. To assist Associates in both personal and professional growth, we have long-denoted ASE—Associates Striving for Excellence—as the designation earned by Associates after learning the four key components of ASE.



- **Mission** – Learn and understand the mission, demonstrate company loyalty, and passionately serve the customer.
- **Culture** – Understand the culture and the role it plays in our daily lives. Associates learn the company history and background, the importance of treating others with dignity and respect, and the pride found in professional excellence.
- **Role** – Learn the importance of understanding your job and how it supports our Mission as well as the customers' daily challenges and how each Associate can aid in finding solutions to those challenges.
- **Involvement** – Learn effective communication, the importance of being a solid team member and working cooperatively, and the expectation of active engagement in the delivery of solutions.

The concept of Associates Striving for Excellence is crucial to the success of Grande and the fulfillment of our Associates. We want Associates to understand what is expected of a Grande Associate, and also to know that respect and the commitment to strengthening the financial security of all dedicated Associates can be expected in return.

HEALTH & WELLNESS STRATEGY

Much has happened at Grande and in the nation related to national healthcare since our last GSR report was distributed. Our Health & Wellness team worked diligently to ensure Grande's compliance to the Patient Protection and Affordable Care Act requirements (PPACA, commonly referred to as Obamacare) while still offering all Associates access to quality insurance and healthcare. Our wellness strategy has not changed—we still focus on continuous improvement to **Prevent** health issues by making health and wellness resources available, **Educate** Associates on the importance of a healthy lifestyle and **Support** Associates by providing the tools needed to make healthy lifestyle changes.

We realized several years ago that wellness plays a role in supporting our Associates and our organizational culture, and we have been developing and updating our 'Wellness Benefit' since then. Wellness programs introduced over the past few years include the following:

- **Fitness Reimbursement** – Associates can defray a portion of gym membership dues, fitness class costs, Weight Watchers® fees, or race entry fees through this program, which encourages participation in healthy lifestyle habits.

- **Wellness Challenges** – Associates and spouses can participate in healthy living challenges offered several times each year. The varying focus of each challenge may be weight loss, exercise, and / or water or food consumption goals, but all are centered on creating a healthier individual. Plus, participants have the chance to win great prizes upon successful completion of the challenge!
- **Healthy Nutrition Program** – Grande has been introducing healthy food options including weekly deliveries of fresh fruit and oatmeal in break rooms across all facilities, offered at no charge to Associates. In addition, we are beginning to offer healthier vending machine options at each facility.
- **Community Supported Agriculture (CSA)** – In 2016, Grande began partnerships with area farms to provide Associates with shares of freshly picked, seasonal, locally-sourced fruits and vegetables. CSA members usually must prepay for shares to receive these fresh produce deliveries. Grande chose to pay for the upfront share costs as a benefit for those who wish to participate in the CSA program. Then, once deliveries begin, Associates pay back the cost of the share through payroll deduction. The CSA program objective is to encourage Associates and their families to eat healthier by having easy access to fresh, local, organic produce. In addition, the CSA partnership also benefits the participating farmers, encouraging the cycle of sustainability!

Grande’s “Island of Comfort” goal, introduced in the 2013 GSR report, led to the creation of the Grande Health and Wellness Centers now open at each Grande location. We have partnered with Agnesian Healthcare to provide a comprehensive wellness program that can help reduce health risks, increase productivity and promote a healthy work environment. The Health & Wellness Center concept focuses on wellness, with centralized management of care through our onsite providers. All Associates and their families now have access to convenient, affordable and high-quality primary healthcare that offers personal one-on-one attention, encourages healthy lifestyles, and reduces Associates’ time away from work. Common conditions being treated at the onsite clinics include the following:



- **Primary, Preventative Care & Health Maintenance**
- **Health & Patient Education**
- **Chronic Disease Management**
- **Management & Diagnosis of Acute Non-Emergency Concerns**
- **Lab Services**

In addition to the onsite clinics, fitness centers are now available at several facilities. These fitness centers are open 24/7 via key card access and are accessible only to Associates. Each fitness center has a variety of equipment for Associates’ fitness needs. Also, in late summer of 2015, a public Grande Health & Wellness website was launched, providing an additional way to share information about our clinics, wellness initiatives and benefit plans with our Associates and their dependents!



Our Associates



All of these programs support Grande's goal of promoting a healthy culture and encouraging positive lifestyle behaviors among Associates. Health Risk Assessments have been offered to Associates for several years as a means to provide education about modifiable health risk factors. Chronic and modifiable health risk factors result in over 25% of health care costs. Providing results and creating interventions for risk areas can reduce our overall health care costs and increase the health of our Associates. Knowing this, Grande introduced a biometric scorecard as part of the Health Risk Assessment process in 2015.

The scorecard consists of a point system designed to encourage participants to maintain or improve specific health areas. National standards are provided as a reference point; results falling within the Grande Qualifying Range count toward points. An Associate who earns all available points qualifies for discounted health insurance premiums the following year. Those who do not fall within the established Grande range in a particular category may still earn discounted insurance

premiums by completing required health coaching sessions at a Grande Health & Wellness Clinic. Discounted premiums through this program could save an Associate up to \$650 in insurance costs over a year! Our overall goal is the health and well-being of all Grande Associates. Healthier Associates have fewer chronic health insurance claims and lower premium costs, which benefit the entire Grande workforce! The sample National standards biometrics card is below.

Sample National Standards Biometrics Card	
Screening	National Standards
Systolic Blood Pressure	<120 mmHg
Diastolic Blood Pressure	<80 mmHg
Tobacco Use	Non-user
Body Mass Index (BMI)	BMI <25
LDL Cholesterol	LDL <130
HDL Cholesterol	HDL >45

SAFETY

At Grande, we believe that safety should be embedded into everything we do. Operating in a safe manner isn't just what we do; it is also how we do it. We continue to monitor metrics such as Days Away Restricted Time (DART) rates, incident rates, near misses, and workers' compensation claims in



order to find ways to improve our processes. We have expanded our dedicated Safety Team to include a Safety Manager and two Safety Resource Analysts. We have been making improvements to safety awareness programs at several locations by holding additional Safety Committee meetings during off-shifts to increase involvement among Associates. In addition, we are in the process of developing an information center with the goal of easily sharing safety information among all Associates. In 2015 we used our new Learning Management System to roll out online safety training. While we have experienced some challenges with this new tool, we continue looking for improvement opportunities for both the experience and the process in the future. Safety training is time consuming, but imperative to the health of our Associates, families, and company. We are striving to find and strike the appropriate balance between online and hands-on live training.

In April 2014, Grande Cheese Company's Home Office, Technology Center, and Rolling Meadows facility were awarded a Gold Safety Honor Award by the Fond du Lac Area Safety Council, a division of the Fond du Lac Area Association of Commerce.

The award was introduced several years ago as a way of recognizing area companies for outstanding safety records. Since these Grande locations had both incident and DART rates less than their respective industry standards, all three facilities were awarded the Gold Award. As a part of the selection process, each company's safety record is compared to the Wisconsin average for similar businesses. Grande had a level of achievement that far exceeds the average. Thank you to all Associates!

Safety milestones continue to be reached at many of our facilities, including the following:

- **March 2016** – Friendship reached 2 years without a lost time incident
- **March 2016** – Brownsville reached 1,000,000 hours without a lost time incident
- **May 2016** – Rolling Meadows reached 300,000 hours without a lost time incident



Congratulations to all Associates operating in a manner that keeps them and their co-workers safe! As part of the goal to keep safety in the forefront of people's minds, safety metrics are being distributed to managers on a monthly basis. The added visibility and accountability will continue reminding all Associates of our safety vision's core value — that safety is EVERYONE'S responsibility!



Our Associates

TRAINING & DEVELOPMENT

Grande has always supported Associates in the quest for additional knowledge and training. We have offered tuition reimbursement for many years to those pursuing additional formal education. We've developed an apprenticeship program in conjunction with an area technical college, and continue to offer courses in various computer skills, lean manufacturing, six sigma, and leadership on a regular basis. In fact, in recognition of Grande's continuous support to the improvement, promotion and development of career, technical and adult education in Wisconsin, we were awarded the Business Award of Merit from Moraine Park Technical College in March 2015. We will continue searching for partnership opportunities that benefit both Associates wishing to further their education and the area schools.

Recently, Grande emphasized providing training and development opportunities by officially launching a formal Learning Management System (LMS). Once the decision was made to explore a LMS option,



for its ability to provide our users with an interactive, intuitive and easy-to-use experience when completing training.

The Élan LMS system went live in September 2014, giving Grande the ability to offer many online training options, manage and track required trainings (such as annual safety training) and provide easy registration for live classes. We can create our own training materials in the form of videos, quizzes, or presentations which are then uploaded into the LMS. This will be especially important in the onboarding process, as we will be able to consistently deliver the same message to all Associates across locations and shifts when training proprietary practices. In recognition of our desire to use the system and integrate Brainier's cloud-based workplace learning system into our Associate training programs, Brainier awarded Grande the 2014 Customer Excellence Award, presented at the annual user's conference in June 2015. We plan to continue expanding available content while developing specific manager, sales and other training curriculum within the LMS in order

to provide an even more robust training environment with timely, useful courses for all Associates wishing to learn.

In 2016, Grande added a Talent Development position focused on promoting and enhancing available Associate training, including management training and train the trainer programs. As of the end of 2016, 100% of managers have been trained in Situational Leadership, a course based on the relationship between leaders and followers. If we expect our managers to be leaders, we need to ensure they have the proper tools to be effective in their manager roles. Situational Leadership teaches managers to analyze each situation and determine the amount of guidance, direction and support necessary in each situation. Situational Leadership is the first class in Grande's developing Manager Training curriculum. Emotional Intelligence, Optimizing Associate Performance and other courses will all be a part of the new Manager Training Curriculum being developed. All existing managers as well as those new to Grande or new to managing people will be expected to complete the manager training. By focusing training efforts on creating more prepared leaders, managers will better understand their roles as leaders of people and be able to articulate expectations to their direct reports. Future training emphasis will be placed on manufacturing and onboarding. If there are specific training requests or needs that you personally or your team may want, please contact the Grande Human Resources team.



DIVERSITY & INCLUSION

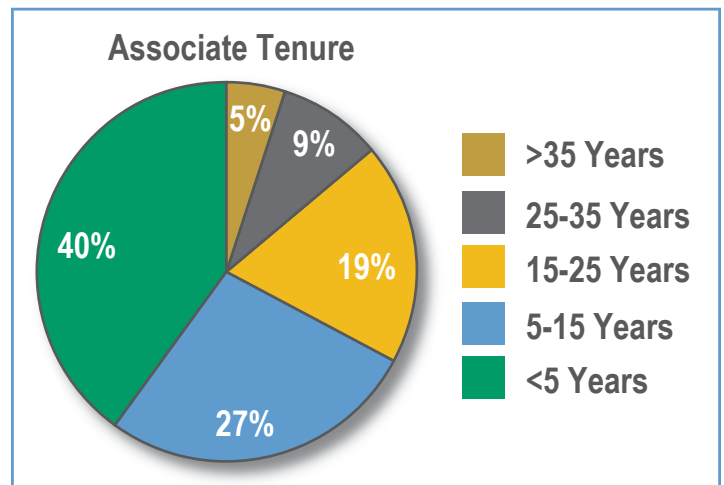
The general make-up of the Grande workforce has not changed much in the past two years. We have an open door policy and encourage open lines of communication. All Associates should expect to be treated fairly and respected regardless of race, religion or gender.

Workforce Makeup	2011	2012	2013	2014	2015
Women as % of Staff	23%	24%	23%	24%	25%
Minority as % of Staff	7%	9%	5%	5%	5%

As in much of the nation, the make-up of today's multi-generational workplace is changing. Baby boomers are retiring, and right now, millennials make up more of Grande's workforce than any other generation. The US Bureau of Labor Statistics reports that millennials will comprise approximately 75% of the nation's workforce by the year 2030, and also suggests that these younger workers, having grown up in a mobile technology boom and finished college at the same time the market crashed, have a different approach to work and employers than their predecessors. We realize at Grande that we will need to be flexible and understand the changes occurring in order to ensure we include and understand all generations of workers.

RECOGNITION & ENGAGEMENT

Grande strives to be the area's employer of choice, and we believe that providing details about our Grande culture and offering a work/life balance are two qualities that assist our recruiting and hiring efforts. But merely hiring a new Associate is not enough—we need a workforce that feels valued, informed, and engaged. That means that we continuously focus on the Associate and ways in which we can help each one be a satisfied and happy Grande Associate. Two-way communication and respect are always expected between manager and Associate. While we are not perfect, we do have a large number of Associates who have committed to a career at Grande Cheese Company. In fact, Delore Stettbacher reached a milestone in May 2015 that was a first for Grande—Delore reached his **50 year** anniversary with the company! We have many other long-tenured Associates at Grande, as our average tenure across the company is **11.2 years**.



We recognize these tenure milestones at our quarterly communication meetings, where Associates receive recognition and service awards in front of their peers. Special life events, such as weddings, births, promotions



and retirements continue to be celebrated and communicated within the company. Grande also provides opportunities for Associate interaction and engagement via the many events and charity fundraisers in which we are a corporate sponsor, most notably events involving the American Cancer Society, Big Brothers Big Sisters, and the Boys & Girls Club.



Our Associates

CASUAL FOR A CAUSE

Our last report mentioned a pilot program being tested at the home office, called ‘Casual for a Cause’. The program, introduced in 2013, allows home office participants to wear jeans on Fridays in exchange for donating to Grande’s Charity & Disaster Fund. Associates may request a donation from the fund for fellow Associates affected by natural disasters, medical issues, or other catastrophes. In addition, Associates who work closely with or have a passion about a particular charity may request a donation for that charity.

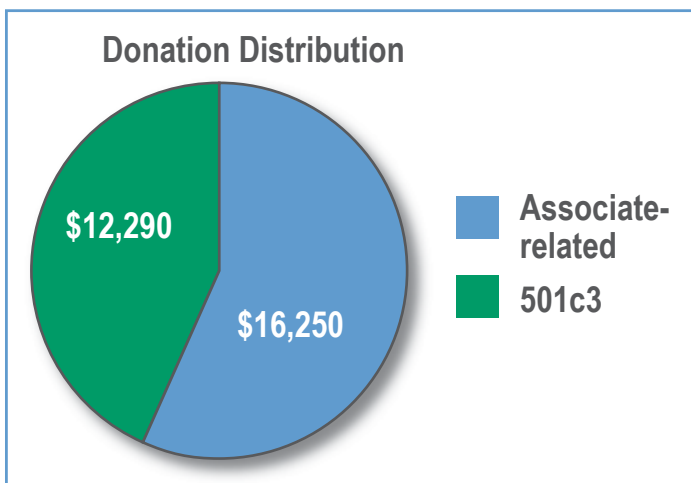


The program has been quite successful and popular since inception—contributions to the fund have reached over **\$52,000** while total donations to various recipients midway through November 2016 are over **\$35,000!** Casual for a Cause fits well into our Social Responsibility strategy in that Associates get the opportunity to wear casual clothes and enjoy a more relaxed atmosphere on Fridays while giving back to each other and to their communities! It’s a win-win for everyone!!

Year	Number of Participants	Number of Donation Requests
2013	54	14
2014	97	19
2015	124	20
2016*	140	36

*(thru November)

Examples of Casual for a Cause Recipients		
Associates with illnesses	Brownsville Fire Company	Big Brothers Big Sisters
Associates facing crisis (fire, natural disaster)	Old Glory Honor Flight	MACC Fund
Associates who lost loved ones	South Shore Chorale	Lupus Foundation, WI
Associates with ill children	4-H Foundation	Humane Societies



Many times, Associates are the best source for new ideas and programs at our company. That is true also when it comes to developing ideas to assist and benefit our Associates or provide other means of wellness or work / life balance. Casual for a Cause is one example of a program that started out on a small scale but is developing into a popular program that has the potential to aid many Associates and charities. Do you have a new idea that would potentially fit well within our Social Responsibility strategy? We want to continue adding Associate programs, and welcome discussion on any possible ideas.

GOALS & PRIORITIES

Safety – There are several additional safety initiatives slated for implementation that will further enhance our safety programs. We plan to redesign our Personal Protective Equipment (PPE) program, increase participation in onsite training by hosting live demonstrations of hazardous situations, and increase internal expertise for Maintenance Associates with regard to anhydrous ammonia, ARC flash, and lockout/tagout. As the safety team continues to ramp up, it will function as a hands-on resource, prioritizing safety by partnering with each of our 900+ Associates. Teams committed to transparency will facilitate learning from each other’s successes and opportunities.

Vacation Donation Program – Unexpected tragedy or illness can strike at any time, and even though Grande offers extended leave and FMLA, available paid time off can be exhausted quickly in these situations. Grande has many long-tenured Associates, who, as a benefit of their tenure, enjoy a significant amount of paid time off. Several have asked on occasion if there are ways to assist their fellow Associates in need. We mentioned the idea of a vacation donation program in our last report. Research has been completed, and the proposal is in the approval stage. We hope to implement this program, where Associates can help Associates in times of need, within the next year.

Casual for a Cause Expansion – As mentioned earlier in this report, Casual for a Cause has been quite successful since being implemented four years ago. We are actively trying to determine the appropriate approach to extend program participation to our facilities. On the production floor, where uniforms are required, the jean day concept will not work. But we are open to creative ideas which would allow participation across the company. In fact, we would encourage anyone with an idea for Casual for a Cause expansion to submit it at socialresponsibility@grande.com.





INTRODUCTION

At Grande, our commitment to protecting the environment is deeply rooted in the fact that “environment” has been designated as one of our four Social Responsibility pillars. Grande works diligently to protect the land, water, and air in the communities in which we operate.

The entire dairy industry is closely intertwined with the environment, and we acknowledge that our actions (or lack thereof) could have significant negative impacts on an area much larger than our immediate backyards. We must look beyond the enterprise and into our supply chain in order to assist our producer dairies in their sustainability efforts while entertaining future opportunities to work with our distributors and end customers as well.

What is a Watershed?

The simple definition – it’s the area of land that catches rain and snow that drains or seeps into a marsh, stream, river, lake, or groundwater. Homes, farms, ranches, forests, small towns, and big cities can make up watersheds. They come in all shapes and sizes, and just as creeks drain into rivers, watersheds are nearly always part of a larger watershed. The major watersheds of Wisconsin are shown on the right. Where are you?



Although the Wisconsin Department of Natural Resources (WDNR) and Environmental Protection Agency (EPA) have set tighter standards and regulations for many environmental aspects including phosphorus, nitrogen, chloride and thermal limits, we regularly set our sights on seeking creative solutions that meet these requirements. The purchase of the Juda Whey plant (formerly PGP) in August 2013 had a large business and environmental impact. Read on for progress made at all facilities since our 2013 report as well as upcoming projects that look to positively impact our environmental footprint!

WATER CONSERVATION

Water—without it, agriculture as an industry does not exist. As the prolonged California drought is showing the nation, a water crisis is difficult for dairies, driving up the cost of feed and water on the farm as well as the cost of milk and cheese at the grocery store. This is why conservation is so important in a water-intensive process such as cheese and whey production, and will be one of our greatest challenges moving forward.

High capacity wells (common in many industries) will come under regulatory pressure in the coming years as more aquifers are drawn down and more private wells are affected. Given the limited uses for recycled water in a Grade A production facility, one of our 2013 GSR goals was to reduce reliance on well water by utilizing more reclaimed water. We have been progressing toward that goal in the past three years. On the cheese side of the business, cleaning advances, capacity increases and in-process water use have allowed us to reclaim more water. Equipment investments on the whey side have enabled us to meet pasteurized equivalent water requirements allowing for reuse in Grade A whey processes.

One major growth area is dried whey protein production, which can be very water intensive. Some of these products require the use of almost 9 gallons of water for every pound produced. To address this consumption, we invested in membranes to reprocess the water so that over 90% of the water used in production is recycled. The chart below illustrates in real gallons how much water can be recycled in a day using this technology. We also continue to invest in research that not only will allow us to utilize the water but also eliminate all waste in finding value-added applications.



Water Source	Daily Gallons	% Total Water
Recycled Water	114,545	90.5%
Soft Water	12,000	9.5%
Total	126,545	100.0%

Reclaim or Recycle? What's the Difference?

Our largest product is 87.5% water. We reclaim some of that water through use of an evaporator or reverse osmosis membranes. The water pulled out of product for additional use is known as **reclaimed water**.

There are a number of processes where water can be reused for other processes within the production cycle. This water is referred to as **recycled water**.

Our Environment



At our Friendship facility, we invested in several technologies that decrease the amount of water used during processing. In 2013, we installed a larger evaporator tower and an additional lactose crystallizer cooler tower at the facility. Evaporative cooling systems use air instead of cooling water or



refrigerant to make the condensing process more efficient. A new protein dryer high-pressure pump has also been installed at the Friendship facility,

which does not use oil cooling and thus requires less water. These projects, in addition to decreasing the amount of water used, were part of replacement strategies. So, when upgrading 20 year old units near the end of their lifecycles, we also benefitted from environmental improvements.

We plan to proceed with a project at our Juda Whey location which will add a Reverse Osmosis (RO) polishing membrane, capable of removing up to 99% of bacteria and total dissolved solids. (Reverse Osmosis is an energy efficient process for making pure water.) The RO polisher allows us to clean additional water for reuse (up to over 50% of our water needs versus 24% reused today) as well as reduce chlorides in our discharged waste water.

While we constantly look for ways to reduce water use, there are some situations in which we have no available alternative but to increase usage. As production increases, so do water needs for processing and cleaning.

Realizing that water conservation will always be a focal point for the environment and our processes, in 2015 we began a more thorough investigation of the aquifers near our facilities and the impact our practices have on these aquifers and neighboring wells. As our research continues, it may offer additional ideas and solutions to lessen our impact on the water tables and aquifers near our facilities.

WASTE WATER MANAGEMENT

Waste water regulations continue to tighten in an attempt to protect stream and ground water quality. Staying in compliance with these new regulations will require costly and / or innovative solutions. Phosphorus reduction has been a hot topic of late since high phosphorus levels in streams and lakes cause algae blooms that can kill fish and endanger water users. The level of allowable phosphorus discharge will decrease in the 2019 permit cycle. We have already spent time preparing for the upcoming changes, some of which are described in detail below.

- Grande has been participating in stream monitoring for phosphorus, dissolved oxygen concentration, pH and temperature since 2012. The data we collect indicates our impact on the watershed and allows us to make better decisions regarding which management options to pursue. In fact, in 2002 the University of Wisconsin – Cooperative Extension (UWEX) and the DNR implemented the Wisconsin Volunteer Stream Monitoring Awards Program, annually recognizing individuals and groups for exemplary efforts to increase participation in stream monitoring, collecting stream data, and sharing knowledge. Each year's winners serve as role models, community leaders, and exceptional environmental stewards for Wisconsin streams, and in 2015, Grande Associate Pat Cardiff was recognized for his contributions to volunteer stream monitoring as part of his job duties!
- We have established partnerships with other companies along common watersheds near our facilities to leverage investments and share in the cost of water quality improvements. Two options for meeting phosphorus discharge requirements involve watershed restoration. Water quality trading (WQT) is an innovative program that allows facilities discharging wastewater to a stream or river to meet regulatory obligations by purchasing equivalent or larger pollution reductions from another source or taking action to protect or restore aquatic areas to reduce the impact of pollutants. We have participated in WQT by improving our own property and adding buffers along the streams. Adaptive Management (AM) involves many land owners in the watershed adding these same types of enhancements so that stream quality improves. With assistance from County Land and Water Conservation Agencies, we have evaluated a variety of WQT and AM techniques, such as native prairie restoration at our Brownsville facility, to reduce phosphorus and sediment runoff. Because of some of these restorative measures, Kummel Creek upstream of Brownsville is now meeting phosphorus levels. In addition, the previously mentioned stream monitoring authenticates both how stream conditions improve over time as well as where additional focus is needed.

Water Action Volunteers (WAV)

Water Action Volunteers (WAV) is a statewide program for Wisconsin citizens who want to learn about and improve the quality of Wisconsin's streams and rivers. The program is coordinated through a partnership between the DNR and the UWEX.

Individual citizens, environmental groups, students and other volunteer groups are participating in WAV programs across the state.



Our Environment

- Grande supports the Lower Sugar River Watershed Association (LSRWA) near our Juda facility through a number of initiatives. Through the stream monitoring program, we have organized a group of volunteers that samples most of the sub-watersheds in the Lower Sugar River. These combined efforts support both Grande's initiatives and work the DNR is doing to better understand water quality. In addition, two river groups are also using this sampling data to determine ways to improve waters feeding their lakes. With minor investments in monitoring equipment and testing, we are helping make improvements to an area much wider than just the Juda Branch.



- We partner with schools to complete restoration projects. Long term change requires educating our youth, and the LSRWA and the Juda school system have partnered to develop a Wisconsin Environmental Education Board grant for the project "Designing and Implementing a Pilot Stream Restoration Project to Demonstrate and Monitor Water Quality Improvements." The grant's goal is to facilitate problem-solving among the students of the Juda School District. Grande supported this grant by assisting with preparation, pledging supporting funds for the restoration project, and providing expert resources for education and plant tours.

As we've completed research on ways to improve the watersheds, Grande has become more vocal as an industry leader, sharing our progress with several conservation and regulation groups while also presenting and educating on issues facing the cheese industry at DNR, Wisconsin Cheese Maker Association (WCMA), and other non-profit and governmental meetings and conferences.

New thermal limits will be introduced within the next four years. We conducted stream mixing studies at Brownsville and Juda which allowed us to use the full stream flow for calculations, thereby greatly reducing our cooling needs. Grande was the first

cheese plant in the state of Wisconsin to conduct this evaluation, helping define the procedures adopted by the DNR for mixing studies. We continue investigating several other innovative approaches that will allow us to adhere to the new limits while minimizing capital and ongoing operating costs.

Grande has also evaluated a number of natural options that may meet these new thermal limits, including engineered wetlands and relocating our outfall to the higher flowing Juda Branch. While both of these options involve capital, they require no ongoing energy costs to be compliant.



Grande utilizes ridge & furrow systems for waste water treatment at two of our production plants. These are low cost natural systems effective at treating the nitrogen and BOD (biological oxygen demand) found in dairy waste. The DNR believes additional monitoring of ridge & furrow systems is necessary to guarantee effectiveness, or there is a significant risk that the limits will be decreased. Lower allowable limits in the ridge & furrow systems means Grande would need to increase the amount of waste we land spread, which would also increase cost. Grande has volunteered to participate in a University of Wisconsin study of ridge & furrow systems to help document nitrogen uptake. Friendship was selected for the study (sponsored by the WCMA and DNR) which began in August 2015 and is expected to continue for two years. Grande has also engaged hydrogeologists, soil scientists, and geophysicists to define the operation of our two existing ridge & furrow systems. The work being completed by these scientists is some of the first of its kind being done in the dairy industry, and the result will lead to increased use of natural treatment systems to improve ground water quality.

In our 2013 report, we mentioned that the tightened restrictions on chloride disposal increased the

difficulty of disposing brine generated during the cheese making process. At that time, we were considering an option to replace the salt used in winter road de-icing with brine. During the testing process, we realized that brine from the Brownsville and Wyocena facilities is too dilute to use as road de-icer. We were, however, able to use the brine from our Juda cheese facility. We sent 43,000 gallons of brine to Green County, WI, in the winter of 2013/2014 and 33,250 gallons in 2014/2015. (Less was sent in 2014/2015 because there was less snow and thus less need.) By mixing brine with the rock salt, the need for salt is reduced by 30% while coverage on the roads is improved. This is just one example of a creative solution resulting in a win-win situation! But we are not ready to stop there. The volumes used for de-icing at Juda represent a small portion of the available brine we could use for winter road de-icing. We are partnering with industry groups to identify longer term brine storage ideas and opportunities so that we could use up to 200,000 gallons each year. We have also worked with the Wisconsin Department of Transportation (DOT) to identify additional outlets for the brine and ways to expand the program.



ENERGY CONSERVATION

As reported previously, a project to produce turbine-generated electricity from anaerobic digester biogas was running at full capacity in 2012 and flared off enough methane to replace 16% of the electricity needs that year at the Brownsville plant. The biogas project was implemented in part because we had initially planned for a Brownsville whey plant expansion to meet our Custom Ingredients business needs, which would have provided a steady food supply for the biogas. Business priorities shifted when Juda Whey became part of the Grande family, as based on the capacity Juda Whey would provide, the Brownsville whey expansion was no longer necessary. While not as significant as initially predicted, the anaerobic digester does still produce annual cost savings for Grande.



In late 2013, the Central States Water Environment Association (CSWEA) awarded Grande Cheese Company the “Industrial Environmental Achievement Award” for the Anaerobic Digester Project. The Industrial Environmental Achievement Award is given to one industry per year in recognition of outstanding contributions in waste minimization, pollution prevention, environmental compliance, and environmental stewardship. Award candidates must satisfy one or more of seven criteria – and Grande met six!

While specific energy projects were not Grande’s focus in 2012 or 2013, the purchase of the Juda Whey facility led to several energy savings projects in 2014 and beyond, including lighting updates, cooling equipment upgrades, and hot glycol boiler additions. Combined, these improvements are projected to save 592,232 kWh of electricity and 6,122 therms of gas each year. In addition, a modular boiler project was completed in 2015 at our Wyocena facility, which has the potential to save up to 67,500 therms per year. These new boilers operate at a lower base level of steam load and can ramp up and down quickly to match demand.

Industrial Environmental Achievement Award Winners

- 2016 – Liberty Paper, Becker, MN
- 2015 – Forest County Potawatomi Community, Crandon, WI
- 2014 – JBS Green Bay, Green Bay, WI
- 2013 – Grande Cheese Company, Lomira, WI
- 2012 – Rahr Malting Company, Shakopee, MN
- 2011 – Malt-O-Meal, Northfield, MN
- 2010 – Frito Lay, Inc.
- 2009 – SunOpta Ingredients, Inc.
- 2008 – Armour-Eckrich Meats, St. James, MN
- 2007 – Schwan Food Company
- 2006 – Patrick Cudahy, Inc.

ZERO WASTE

For many years, Grande had a recycling program. We continue to reduce, reuse and recycle where we can, but changes in finished product quality and food safety standards in recent years have decreased the available recycling opportunities. We still recycle whenever possible and continue to explore alternative, environmental-friendly disposal options whenever they present themselves.

Our Rubicon, Wyocena, Juda, and Distribution Center facilities had been tracking small volume item recycling since 2012, using transport trucks to move items to a central location. Since the aforementioned quality standard changes were implemented in summer 2014, recyclable materials are only allowed to be moved on empty trucks. Since we have been unable to find an alternative cost effective transportation option, the recycling program at these locations has been temporarily discontinued. However, the chart below highlights the pounds of small volume items recycled at the above facilities from 2012 through mid-2014, when the change was implemented. Diverting this waste into a recycling program allowed us to keep several tons of garbage out of our landfills and reduce our disposal costs—a win for both Grande and the Earth!

In the next social responsibility cycle, we will renew our focus on finding better and additional ways to recycle and decrease our waste output. This is another area where Associates may be able to weigh in and offer any ideas they may have to our Social Responsibility team.

Type	2012	2013	2014
Cardboard	98,036	130,239	38,895
Paper	2,780	800	90
Wood	2,918	1,200	3,627
Plastic	14,959	21,661	16,123
Total	118,693	153,900	58,735

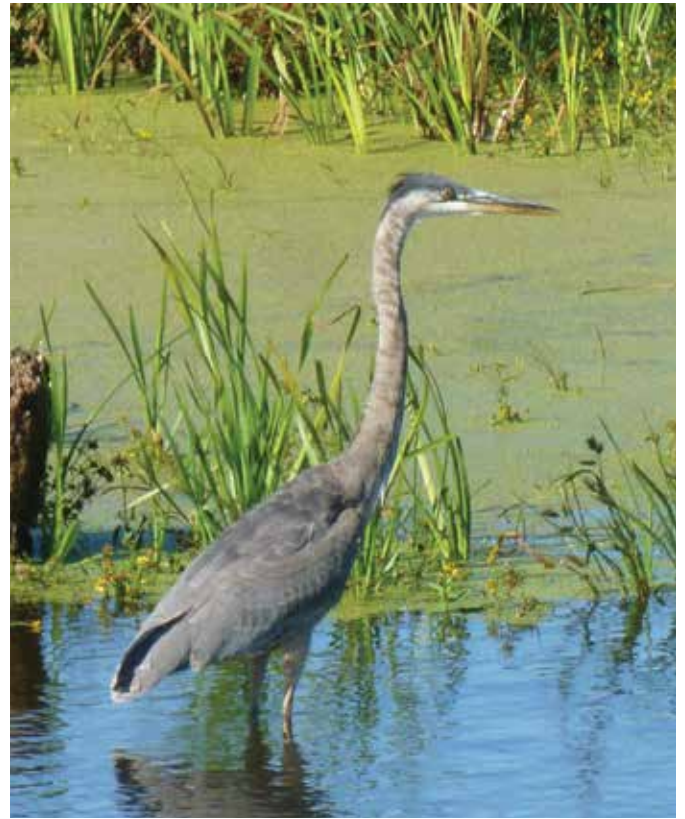


Our Environment

BIODIVERSITY

Grande began researching biodiversity improvement options at our locations five years ago. We worked with the US Fish and Wildlife Services (USF&W) and the DNR to identify endangered species near our facilities and develop plans to improve existing habitats on our properties.

The Blanding turtle is identified as an endangered species in the Wyocena area. This turtle species' survival requires ponds in which the turtle can overwinter. There is an old ridge & furrow system, abandoned thirty years ago, on sixteen acres of wetlands on our Wyocena property. Most of this ridge & furrow is overgrown with invasive species, but restoring the wetlands would provide a natural habitat for Blanding turtles in the area. The Wisconsin Waterfowl Association (WWA) has provided us free technical support in designing the restoration of the ridge & furrow system, moved the project through the process, and paid the permit fee. We are tentatively ready to move forward, which will add scrapes (ponds) to the property and control the invasive canary grass. Doing so will allow the native species to repopulate. Once complete, the property will provide a natural habitat for many additional native species.



Grande has offered to allow the DNR to use this restoration to test a new platform called the Natural Heritage Site Program, designed to recognize restoration efforts and use them for education. Since 85% of Wisconsin land is privately owned, the DNR encourages private land owners to improve wildlife on existing properties. The certification criteria includes establishing native animal and vegetation populations while removing invasive species, participating in resource and habitat conservation practices, and providing food, water, and shelter for refuge and raising young. These improved landscapes are tailored to human and wildlife needs and contribute to a greater richness of native birds, insects, and other species, opportunities for education and connection with nature, and advertisement of the environmental responsibility and conscientiousness of the property owners.



We have also identified a project at Brownsville that will convert a section of our property to native prairie. Not only will this be beneficial for native plant and animal species from a biodiversity aspect, but Grande will also benefit by gaining a phosphorus credit. As mentioned earlier in this report, allowable phosphorus limits are steadily declining, so the prairie restoration will not only help the habitat, but also benefit our waste water management practices.

Sometimes, we research a potential project only to find out that the results we hope to achieve won't be realized based on project scope. In our 2013 report, we discussed the potential of restoring nine acres of hillside at our Juda location to three different ecosystems. After discussion, we chose to focus our attention on ways to support the Juda area watershed rather than on our property itself. In addition, an idea to restore ten acres of waste storage lagoons at Rubicon was terminated after testing determined that any proposed changes would not substantially impact biodiversity.

GOALS & PRIORITIES

Environmental Sustainability remains a critical strategic initiative, and many sustainability focus areas are built into the long range plan. New goals and priorities for the upcoming years include the following:

- *Develop metrics for water, gas, electric, Green House Gas (GHG), waste water, and solid waste.* This was listed as a goal on our previous report. At this time, limited progress has been made on the metrics, but it will continue to be evaluated as part of our Key Performance Indicators (KPI) project.
- *Continue researching alternative, renewable energy sources.* Wind farms have become common in the countryside of Wisconsin over the past 10 years. As the wind energy industry has matured, new opportunities have arisen. We are researching the possibility that we may be able to reduce energy costs by procuring renewable energy directly from the nearby wind power generation companies.
- *Investigate water and energy use per unit of product produced.* An engineering recommendation to determine the amount of energy and water consumed on a per unit level of each product will allow us to focus our efforts on our most water/energy intensive products to devise conservation solutions based on the highest need.



Our Community



INTRODUCTION

Positively affecting the communities in which we live and work remains a priority at Grande. Successful companies understand the importance of being involved in the neighborhoods they call home. Community involvement is more than just responding to requests for financial support, though Grande does provide this type of much needed support to many community initiatives. Involvement takes many forms, and is an opportunity to develop shared-interest relationships, stronger personal and organizational connections, and a greater sense of personal fulfillment. Grande encourages Associates, by example and service, to help enrich and make a meaningful impact in the surrounding communities.



COMMUNITY SUPPORT & INVOLVEMENT

Grande's 'community' sphere of influence is far-reaching. We have eight facilities in Wisconsin as well as salespeople, distributors, and end customers nationwide. We are proud to be a good neighbor, supporting many events through financial contributions, product donations, and volunteer programs. Grande facilities annually raise funds for local charities during the holiday season, the total of which is matched dollar for dollar by Grande. Our 'business support' program provides funds and products to numerous events and operators across the country. The chart below is a sample of some of the programs we have supported through this program.

Country Run-Big Brothers Big Sisters – New York	St. James School Kitchen – Philadelphia, PA
Slice Night Cincinnati – Cancer Institute Fundraiser – Monroe, OH	Kids Center – Dripping Spring, TX
Giuseppi's Pizza and Pasta Christmas Charity for Orphans – Hilton Head Island, SC	Our Lady of Victory Infant Home – Lackawanna, NY
Asperger's Syndrome Dinner Fundraiser – Quakertown, PA	Autism Speaks – Princeton, NJ

Our sales team continues their tradition of supporting a different charity each year at the annual summer sales meeting.

2013	Acres of Diamonds – a transitional home for women in Duvall, WA
2014	Friends of Kenny Warren Fund – Childhood cancer fund in Smithtown, NY
2015	Big Brothers Big Sisters – 5 locations, NYC, Los Angeles, Chicago, Boston, Palm Beach & Martin Counties, FL
2016	Make-a-Wish Foundation – 5 locations, Suffolk County (NY), Connecticut, Greater PA & West Virginia, Georgia and Colorado

Charities promoting strong families, children, and the arts have traditionally been supported by Grande, as these organizations nurture the next generation and build stronger communities.

- The Big Brothers Big Sisters organization remains a focal point of Grande support. Grande sponsors the annual Bowl for Kids' Sake event, encouraging Associates to raise pledges and participate on a bowling team. We also continue (since 1989!!) our annual Christmas Card Contest for the 'littles' turning the winning drawing into our holiday greeting card, mailed to thousands of Associates, business partners, and customers throughout the world. Our goal remains inspiring creativity and positive self-esteem in the children and giving them a source of pride. After all, not many youngsters are able to say that a card based on his or her artwork has been mailed around the world! We even introduced our 2015 summer intern college students to the idea of mentoring "littles" during the course of their employment at Grande. To cap off the internship, each intern participated in a community and social event where they partnered with the "littles" for a variety of activities, including making pizzas to take home!



- Grande also remains a committed sponsor of the YMCA/Boys & Girls Club, and has supported the "Corporate Challenge" since its inception. The event is a collaboration of community leaders bringing organizations together through friendly competitions that promote healthy lifestyles. Several area businesses compete in physical and mental challenges that encourage teamwork and fun, positive interaction among co-workers – with sights set on champion bragging rights! In our previous report, we noted that after several years of competition, Grande earned the overall championship in 2012. We repeated as champions in 2013, and went into 2014 attempting for three in a row! We were unable to complete the three-peat, but all participants in the various events had fun and enjoyed some social time outside of work with fellow Grande Associates as well as other area business colleagues. After taking the year off in 2015, our return to competition in 2016 coincided with our home office move to Fond du Lac. Challenge events in 2016 included a volleyball league, golf scramble, Pictionary event, bowling, Minute-To-Win-It challenge, pickleball tournament, bags tournament, and trivia challenge. To further encourage participation, Associates participating in any Festival Foods Turkey Trot race (held throughout the state of Wisconsin) could earn additional challenge



Our Community



points as well. After two months of competition over eight events, and with the help of individual championships earned by our volleyball, golf, bowling and pickleball teams, Grande reclaimed the title of Corporate Challenge Champion! Thank you to all captains who took the time to field teams and encourage participation. This is a great community event that in addition to being a friendly competition also raises money for the collaborative 'Family Strengthening Events' at the YMCA/Boys & Girls Club.

- The American Cancer Society's Relay for Life fundraiser began in May 1985, when Dr. Gordy Klatt walked and ran for 24 hours, raising \$27,000 to help fight cancer. Since those first steps 30 years ago, the Relay for Life has turned into an organized, community fundraising walk that nationwide has raised over \$5 billion for cancer research. Since 2002 Grande has and will continue to sponsor Relay teams and support Grande walkers on those teams.



- Grande also provides financial support to various not for profit charities. Many times, an organization will develop a 'new' fundraising idea, and then look for corporate sponsorship and assistance to make the fundraiser successful. Grande has been an advocate for these new ventures, and assists organizers in getting new ideas off the ground. We encourage our Associates to get involved in their communities by serving on boards of directors and other committees, and then in turn supporting these Associate efforts as well. Examples include the following:

- Walleye Weekend is a major free festival for the Fond du Lac Community. All proceeds from the weekend go back into the community. Grande sponsors the event itself, which allows for many non-profits to participate in a fundraising opportunity.



- Fondue Fest is another Fond du Lac festival that brings 20,000 people to the downtown area each year. Grande annually donates between 70-90 pounds of cheese, which is melted by local culinary arts students into a delicious fondue recipe, enjoyed by attendees of all ages.
- In 2003, the Volunteer Center of Fond du Lac began a program called Cheers for Volunteers, an appreciation dinner recognizing volunteer efforts in the community. Award recipients are each granted a \$1,000 donation to a Fond du Lac County charity of their choice; the awards are sponsored by community businesses and organizations. Grande has supported Cheers for Volunteers since its inception, underscoring our belief in the role volunteers play in strengthening communities.



Additional examples of Grande support of various community events are listed below.

Old Glory Honor Flight – Provided funds toward an Associate to serve as guardian on a transport of WWII and Korean War veterans to Washington DC to see memorials built in their honor

ASTOP – BBQ Competition fundraiser – a new event in the community to provide funds to serve families and individuals healing from the trauma of sexual assault

Corks & Forks – Event raised funds for the UW-Fond du Lac Foundation and student scholarships

Badger Childhood Cancer Network – funds presented for childhood cancer

Baggin' for a Cure – Raised money for cancer research



Some teams within Grande also plan yearly 'Service Project' outings, and in 2015 the Technology Group participated in a community service project at Habitat for Humanity's ReStore in Fond du Lac, WI. ReStores are nonprofit home improvement stores and donation centers that sell new and gently used furniture, home accessories, building materials, and appliances at a fraction of the retail price. Since the ReStores are operated by local Habitat for Humanity affiliates, proceeds are used to build Habitat homes.



Our Community

The forty participants performed a variety of tasks for ReStore, which included painting the exterior building and parking lot, writing thank you cards, and organizing a large, newly acquired building connected to the main store. Grande Associates disassembled and moved storage racks and then restocked and organized the racks by item category. As noted by one Grande Associate who participated in this community service event, “the best part of the day is that we had a rewarding, fun experience while getting to know fellow Associates and the folks from ReStore in a greater way. I applaud the folks at ReStore for providing us with a rewarding work experience, allowing us to share our abilities in making a difference to their building, and Grande for allowing us the opportunity and commitment to have this experience.”



Not only does corporate Grande assist various charities, Associates at all facilities participate in fundraisers for local charities. Many charities, such as food pantries, Toys for Tots, the Salvation Army, and homeless and animal shelters find themselves the beneficiaries of our Associates’ generosity.

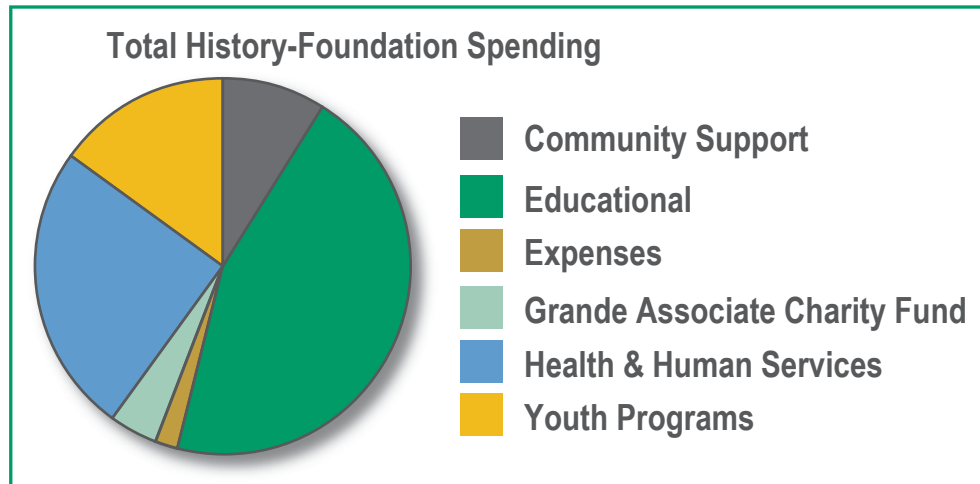
Grande supports all of these charities, volunteers, fundraisers, and community events because we truly believe that doing so is the right way for a good corporate citizen to act. Occasionally, our contributions in the community are recognized and awarded. In February 2015, the Arc of Fond du Lac recognized Grande’s support of the Arc and its mission to serve developmentally disabled in Fond du Lac County by presenting Grande with their Business Award.

And, in October 2015 the Thelma Sadoff Center for the Arts (THELMA) announced Grande as the recipient of the James C. Hubbard Windy Award, awarded to an individual or group of individuals who have made a positive impact on THELMA and the Fond du Lac community. THELMA executive director Kevin Miller noted that “Grande has been a tremendous champion and advocate for our organization and the arts.” We at Grande take pride in our contributions to enrich all the communities where we are located, and are very honored to receive this prestigious recognition. We hope to continue contributing our time, talent and treasure to further benefit our communities in a myriad of ways in the coming years.



THE GRANDE FOUNDATION

The Grande Foundation, established in 2007 as an official way for Grande to ‘give back’ to the entire Grande community, continues to focus on education, health & human services, youth programs, community support, and the environment. The strategic plan that will guide and govern the Grande Foundation in years to come is still growing and changing, but the groundwork for a foundation and entity to serve a purpose greater than ourselves remains.



GOALS & PRIORITIES

Sometimes, goals are set and accomplished, and then replaced by new ones. In relation to Grande’s community commitment, our overall goals remain the same—ensuring that Grande and its Associates remain active in the quest to improve our own backyards!

- *Continue supporting our main partners*—Big Brothers Big Sisters, the YCMA/Boys & Girls Club, and the American Cancer Society remain organizations with which Grande has maintained long and established relationships. We continue to participate in their ‘tried & true’ fundraisers and also partake and assist in any new ideas for additional events that may arise as well.
- *Continue supporting Associate causes in the community*—Our Associates are a diverse group of individuals who support many events and organizations in the community. They volunteer time serving on not for profit boards of directors, coaching youth sports, leading 4-H and Girl/Boy Scout Troops, and serving on volunteer fire departments. All members of a community benefit from commitments such as these, and Grande will continue to support our Associates and communities through sponsorships and cheese donations.
- *Continue looking for innovative ways to support the community*—Monetary and product donations continue to be an easy way for Grande to provide community support. We also know there are many needs and creative ways to assist local communities. One example of this is Barb Williams, an Associate at our Brownsville facility. She volunteers for the Paws for Reading program, established to help children improve their reading skills by reading out loud to dogs. The dogs do not judge, so studies have shown that children are more apt to read to them. Barb takes her dogs to local schools where children from kindergarten to third grade read to them, and, as Barb says “I can hear their reading skills improving and their confidence growing with each session.” This is just one small example out of many similar stories in our company, but it is an example of how sharing a little time can make a huge difference in lives and in the community. Grande will continue encouraging suggestions and determining ways to be an effective partner in our neighborhoods.



Grande continues to embrace the very broad scope that is social responsibility while recognizing and acknowledging our accountability to our triple bottom line (people, planet and profits.)

SOCIAL RESPONSIBILITY TEAM

The core GSR team consists of the Vice President of Human Resources, Social Responsibility Analyst, CEO Executive Assistant, and the Director of Manufacturing Process Innovation. Recent changes to the management structure may lead to reorganization of the team in the near future and a more formal, integrated social responsibility presence within the overall organization.

EXECUTIVE BOARD OVERSIGHT

Strategic meetings involving Grande's Chairman, President, Chief Financial Officer, and Vice President of Human Resources are held twice per year. This group continues to act in an advisory capacity to the social responsibility team with respect to proposed strategies, policies, and actions.

CULTURE COACHES & PRESIDENT'S CULTURE COUNCIL

Grande's leadership team meets on a quarterly basis to formally discuss any and all relevant topics and issues related to our culture, the key points being pride in professional excellence, respect for Associates, the commitment to strengthen the financial security of all dedicated Associates, and the fulfillment of a purpose greater than ourselves. The process, begun in 1998, remains effective today by bringing together Grande's leadership to discuss relevant issues in the company and brainstorm solutions and ideas to further solidify Grande's culture.

ALLIANCES

Grande continues to seek mutually beneficial relationships and expertise from outside partners that assist in influencing and expanding our business and social responsibility practices. At a social responsibility conference in 2015, we learned about how to potentially use a concept called "**collaboratition**" in our social responsibility strategies. "**Collaboratition**" involves identifying an issue that is too large to solve on our own. If such a situation is identified, it is most likely a problem faced by other companies in the cheese, dairy, or agriculture industry. We may find unlikely partners in companies that would normally be considered competition, but with which we can pool resources to solve larger environmental issues. Collaborating with our competitors can help leverage the efforts of all in an attempt at resolving industry issues.



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