



2014

**CORPORATE RESPONSIBILITY REPORT**

Responsible, sustainable stewardship of the earth has been a hallmark of our farmers for generations. Farmer-owners at Land O'Lakes, Inc. carry on this tradition by adopting cutting-edge practices to power their businesses, grow their crops and raise their animals. This commitment was present when the cooperative was formed in 1921, and we proudly continue it.

Responsible business practices are foundational in the Land O'Lakes, Inc. culture. They were born in the early days of our history in rural farming communities through our member-owners; neighbors looked after one another, and those values intensify today as we rapidly expand as a Fortune 200 food and agricultural enterprise. It is simply the way we do business.

Foremost is our commitment to addressing the challenges of global food security, helping to alleviate hunger as the world population expands at an unprecedented rate. Our industry must produce about 70 percent more food in the next 50 years to meet the world's soaring nutritional demands. At the same time, natural resources and arable land are shrinking. Helping farmers produce more food using fewer resources in an increasingly sustainable manner lies at the heart of what we do at Land O'Lakes. Our commitment also includes a dedication to responsible practices in key areas of our business including:

- » Resource Management
- » Sustainability
- » Supply Chain Integrity
- » Animal Care
- » Product Quality and Safety
- » Workplace Environment

Our responsible business commitment is further enhanced by the Land O'Lakes Foundation, funding programs to address such issues as hunger, education and civic vitality. This work helps make our communities better places to live and work.

The impact of Land O'Lakes' corporate responsibility also reaches around the world through the International Development Division (IDD). During its 33-year history, more than 275 IDD projects have benefited tens of thousands of vulnerable households in Africa, Asia and the Middle East by building partnerships that generate economic growth, improve health and nutrition and alleviate poverty.

As we accelerate our company's expansion to meet the expanding global needs of agribusiness and food production, we look forward to enhancing our business platforms for an even greater impact in the coming years.

Sincerely,

*Chris Policinski*



**CHRIS POLICINSKI**

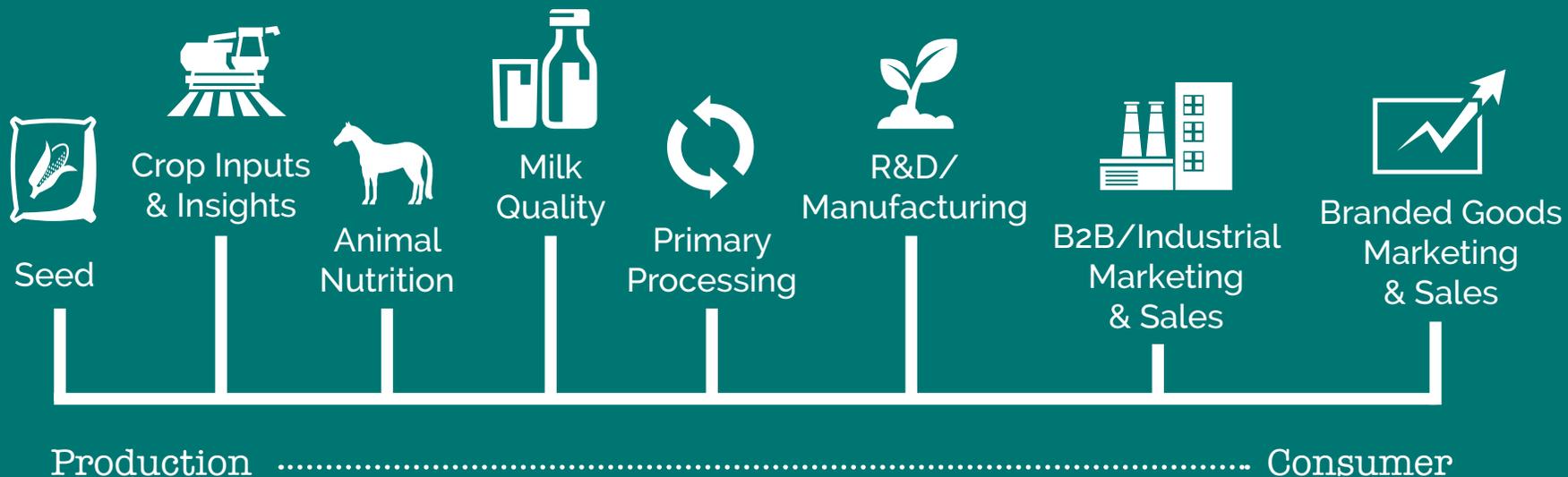
President/CEO



# LAND O'LAKES, INC.

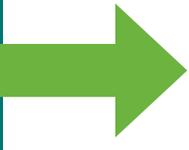
We are a farmer-owned food and agricultural cooperative with a 93-year history of sustainability. As a Fortune 200 company, we operate some of the nation's most respected brands: LAND O LAKES® Dairy Foods, Purina Animal Nutrition and WinField Solutions.

## FARMER-OWNED



Since 2012...





**99%**

Amount of member milk processed at Land O'Lakes plants comes from FARM<sup>®</sup>-verified farms

**3.5 million**



Meals donated in the U.S. by Land O'Lakes Foundation in 2013



Decreased greenhouse gas emissions from compressed natural gas (CNG)-powered trucks

**221,925**

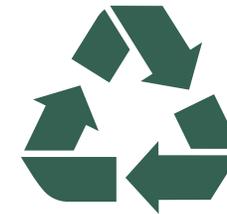


Rural households in 26 countries supported by Land O'Lakes IDD programs in 2013



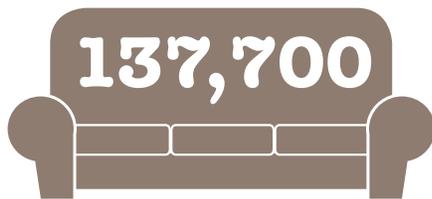
**1.8 million**

Dollars donated to 2013 United Way campaign by Land O'Lakes employees and Land O'Lakes Foundation



**290,000**

Pounds of plastic containers recycled by WinField in 2013



**137,700**

Pounds of furniture and other items repurposed or recycled in 2013



**40 million**

Approximate number of acres of U.S. cropland that use InterLock<sup>®</sup>, which reduces spray drift



More than **200,000**

Pounds of fresh produce donated to community food banks since 2012

# Sustainable Innovation

Driving resource efficiency, productivity and conservation



**70%**

of 2013 On-Farm Sustainability pilot participants are using an energy audit program to improve their farm's energy efficiency

Land O'Lakes, Inc. is committed to industry-leading approaches for improving agricultural sustainability across the dairy, crop and feed markets we serve. We support our members with innovative solutions, technologies and practices that help them use natural resources more efficiently and increase productivity. Using industry frameworks for measuring and reducing environmental impact and applying best practices in animal care, our members continue to adapt to customer and consumer expectations for sustainably produced food.

a farm's environmental profile, including its greenhouse gas (GHG) footprint. This online assessment tool was developed from benchmarks compiled by the U.S. dairy industry's Comprehensive Life Cycle Assessment for Fluid Milk. It enables farmers to compare their farm's performance with regional and national averages for energy use, GHG emissions and water use.

As part of a comprehensive Land O'Lakes assessment program, participating members also tracked integrated pest management, soil quality, irrigation practices and use of renewable energy technologies. These assessments also measured use of cover crops, conservation tillage and soil



Members have generated more than **4.5 million** kWh/year of renewable energy, **reducing 3,100 metric tons** of CO<sub>2e</sub>

## Environmental footprint assessment

As a member of the Innovation Center for U.S. Dairy's Sustainability Council, Land O'Lakes, Inc. is helping support the development of tools to measure, improve and communicate sustainability performance across the dairy value chain. In 2013, Land O'Lakes partnered with the Sustainability Council and 30 of our member-owned farms to pilot the council's new Farm Smart™ tool for measuring

## 2013 On-Farm Sustainability Pilot Assessments:



**25,100**  
ACRES OF FARMLAND

**29,740**  
MILKING COWS

**819**  
MILLION POUNDS OF MILK

sampling. This baseline data help us improve our sustainability strategies. We continued to expand our pilot with an additional 30 members participating as of August 2014.

Along with our work with the Innovation Center for U.S. Dairy, Land O'Lakes also is partnering with Field to Market: The Alliance for Sustainable Agriculture to help define, measure and promote continuous improvement across agricultural supply chains.

"As an actively engaged member in Field to Market, Land O'Lakes provides a valuable perspective on the complete farm-to-market supply chain," said Rod Synder, president of Field to Market. "With a history of engaging growers at the farm level, Land O'Lakes is helping to drive continuous improvements to reduce the environmental footprint of U.S. commodity crop production."

### Precision product application

According to the U.S. Department of Agriculture, there are about 315 million acres of harvested U.S. cropland. Farmers wage a constant battle with tough weeds, diseases and insects as well as fluctuating weather conditions as they strive to optimize yield potential for each field. WinField® offers a field-proven line of adjuvants, expertise and experience to help farmers handle challenging conditions and get the job done right the first time.

WinField® adjuvants incorporate the latest in crop protection technology to help growers get the most benefit from their spray applications. These adjuvants are produced at state-of-the-art manufacturing facilities and undergo unique

# InterLock®

By WINFIELD



234

Available nozzle types for application use

25-83%

Reduction of driftable spray volume when used at labeled rate with glyphosate<sup>(1)</sup>



40

million

Approximate number of acres of U.S. cropland that use InterLock®

<sup>(1)</sup> Results will vary due to factors outside of Winfield Solutions' control, such as product, application rates, spray tips and pressure, and other factors. Results are based upon Winfield-controlled tests at its wind tunnel facility.

testing in the company's specially designed Spray Analysis System. One of only three of its kind in the world, this facility allows testers to closely examine variables that affect crop protection applications and develop adjuvants that reduce spray drift and increase crop coverage.

WinField delivers research-driven, rigorously tested adjuvants along with information that is backed by science-based data and insights from local field trials. WinField's InterLock® improves spray accuracy to get more crop protection product where it's needed, reduces drift to keep the product on intended targets and supports depth of coverage.

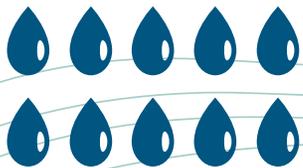
### Tailored crop solutions

With 200 locations across the United States, WinField continues to expand the Answer Plot® program. In each location, WinField agronomic experts share insights about specific local growing conditions and how to best tailor agronomic decisions to optimize yields and reduce environmental footprints. Another platform offered by WinField, the R7® Tool, uses Answer Plot® data, satellite imagery and weather information to match seed genetics with soil type and the ideal planting population, cropping system, plant nutrition and crop protection products. Growers use insights from the R7® Tool to respond to current field conditions and develop the optimal crop strategy.



**11,000** farmers representing **17 million acres** have attended Answer Plot® events across the United States

## Impact of CONSERVATION TILLAGE



1. Reduces soil erosion by as much as 60-90%
2. Optimizes soil moisture and reduces soil compaction that can interfere with plant growth
3. Improves water quality and reduces runoff
4. Saves water by reducing evaporation at the soil surface
5. Conserves energy due to fewer tractor trips across the field
6. Reduces potential air pollution from dust and diesel emissions
7. Provides food and cover for wildlife using post-harvest crop residue

# SMALL DAIRY, BIG DIGESTER

Collaboration turns waste into energy for Pennsylvania community

While economically feasible for large farms, anaerobic digesters—which break down biodegradable material in oxygen-free environments—typically aren't practical for smaller operations. This conventional wisdom didn't prevent Land O'Lakes, Inc. members Cliff and Andrea Sensenig from pursuing a way to use this technology for capturing methane from their herd of 100 cows.

The Sensenigs were determined to increase sustainability, reduce costs, improve profitability and create a new revenue stream for their dairy farm near Kirkwood, Pennsylvania. They collaborated with neighbors and a team of consultants to develop a plan. The Sensenigs' herd alone does not produce enough manure to run a methane digester. The solution involved combining food waste from the community with manure from cows, hogs and chickens from three farms. Mixing manure from different animals in the same methane digester was a new challenge, one that required extensive planning and engineering to develop an appropriate pipeline system.

Community engagement was a key aspect of the project's success. By involving neighboring farms and the wider community in the planning process, the Sensenigs gathered funds and won permission to build a pipeline underneath neighbors' properties. The resulting community digester generates more than three times the amount of electricity needed for the Sensenigs to run their business. In fact, it produces enough energy from reclaimed methane to power three farms and still sell the excess energy back to the grid.

This innovation earned the Sensenigs an Outstanding Dairy Farm Sustainability Award in 2014 from the Innovation Center for U.S. Dairy for delivering economic, environmental and social benefits while advancing sustainability of the dairy industry.

Along with reducing the environmental footprint, the digester helps save money on heat, fertilizer and taxes while also creating new revenue through carbon credits and bedding sales. Through this creative use of technology, the Sensenigs are building a financially strong and sustainable business for their children.



## BY THE NUMBERS — COMMUNITY DIGESTER

Generates more than  
 **1.4 million**  
kilowatt hours per year

Supports the  
electricity needs of  
**700 people** 

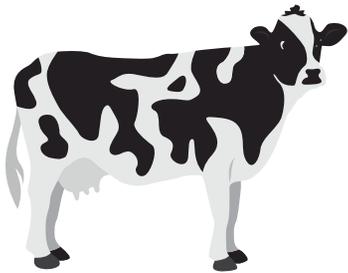
Offsets **989 metric tons**  
of GHG emissions

 (equivalent to removing  
206 cars from the road annually)

## Responsible animal care

A lifelong commitment to humane and responsible animal care is at the core of our dairy members' businesses. Cows that are treated well contribute to higher milk production, bringing more milk to market with less environmental impact.

Our customers and consumers are increasingly interested in the welfare of animals involved in food production. Land O'Lakes, Inc. has worked with our member-owners and industry organizations to support the National Milk Producers Federation's FARM® Program: Farmers Assuring Responsible Management. FARM® is a nationally recognized program that provides consistency and best practices in responsible animal care and quality assurance across the dairy industry. Today, more than 99 percent of our member milk supply comes from FARM®-verified producers, and in 2014 our Corporate Board of Directors voted to make participation in the FARM® program a mandatory condition of Land O'Lakes, Inc. dairy membership. ■



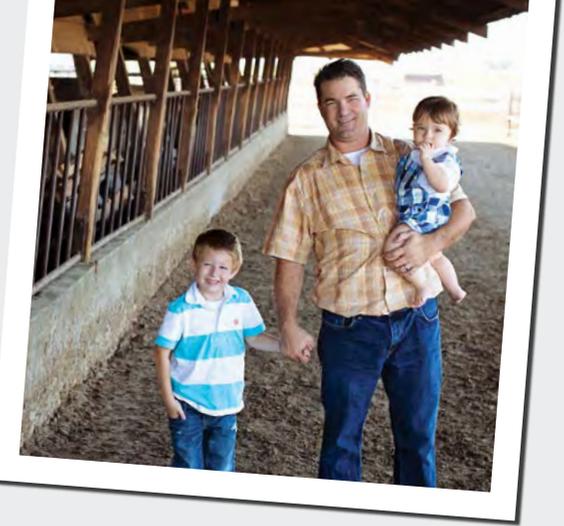
# 99%

of member milk processed at Land O'Lakes plants comes from farms that have completed FARM® verification

## MAXIMIZING CONSERVATION TILLAGE BENEFITS

Award-winning approach improves soil health and yields

Giacomazzi Dairy, a member farm in Hanford, California, has a long tradition of sustainable farming. Dino Giacomazzi is continuing that legacy by using conservation tillage on his family's 300-acre farm. This approach has reduced costs, increased yields and quality and lowered environmental impact on the land purchased by his great-grandfather in 1893. These practices helped him win the U.S. Environmental Protection Agency's Sustainable Agriculture Champion award in 2010 and the Leopold Conservation Award for exemplary land stewardship and management in 2012. Giacomazzi was the first dairy producer in



California to receive the Leopold award. Through collaboration with farmer, government and educational partners, Giacomazzi has seen significant benefits from conservation tillage including reduction of tractor passes by 85 percent, lower energy use and GHG emissions and soil improvements that enhance the overall quality and yield of crops. Using strip tillage decreases the volume of disturbed soil and dust generated by soil preparation while reducing the farm's fuel, labor and equipment costs. These sustainable practices help strengthen the family farm for the next generation.

# Reducing Impact

Delivering transportation, production and packaging improvements

## Transportation, logistics and manufacturing efficiencies

Land O'Lakes, Inc. uses a combination of truck and rail transport to deliver our dairy, crop and feed products in the most energy efficient and cost-effective ways. We also save time and reduce fuel use by upgrading our trucks and leveraging the efficiencies of rail transport. Improving productivity while decreasing waste and energy consumption allow us to generate valuable cost savings and reinvest in our strategic growth initiatives.

### Route optimization and fuel efficiency improvements

Our Northwest Food Products Transportation (NFPT) logistics team optimizes routes and territories using software developed by United Parcel Service for increasing route efficiency. Routes are created with the most cost-effective full load being delivered to the closest plant in two ways:

1. Consideration of time windows for milk pick-up and delivery and
2. Specifying only right turns, which also increases safety as a majority of accidents involve left turns.

Land O'Lakes, Inc. also electronically monitors miles traveled, miles per gallon of fuel used, hard stops, speed and other factors. NFPT uses onboard computers and collision avoidance systems to monitor all aspects of transportation. This data reduces the carbon footprint of our transportation operations, improving fleet efficiency by 13 percent. Our transportation business participates in the U.S. Environmental Protection Agency's Smartway program to enhance fuel efficiency, reduce greenhouse gas emissions and improve air quality as we move products across our supply chain.



**SINGLE TIRES =  
BETTER  
FUEL  
ECONOMY**

Savings from super single tires in place of dual tires:



Volga, South Dakota location

**ELIMINATED  
504** loads per year

**SAVED  
13,300** gallons diesel fuel

**REDUCED CARBON EMISSIONS BY  
134** metric tons

## Rail transportation savings

We transport products by rail instead of truck when possible to reduce greenhouse gas (GHG) emissions. For example, from 2012-2013 our Dairy Foods business shipped 95,752 tons of product by rail in 1,191 carloads. Shipping dairy products by rail has saved 575,000 gallons of diesel fuel, 6,440 tons of carbon dioxide emissions and has removed 2,240 trucks from the road.

## Energy conservation

Energy reduction is very important for Land O'Lakes' manufacturing operations. Our Dairy Foods manufacturing teams have been working toward an aggressive 10-year goal. By 2018, we would like to see a 25 percent reduction in energy intensity (energy input per pound of product). In 2013, we continued our focus on the energy-intensive manufacturing processes of our Dairy Foods business. These locations account for 12 percent of our manufacturing sites yet they are responsible for more than 60 percent of Land O'Lakes' total natural gas and electricity use. By the end of 2013, we achieved 7 percent energy improvement, and we continue to search for ways to increase that percentage.

## Natural gas consumption and electricity use at Dairy Foods sites

Reducing our natural gas and electricity consumption has been a key contributor to improvements in energy intensity. We have:

- » Installed several systems to recover waste heat from boilers and other combustion systems, allowing us to preheat and process air and water for sanitation
- » Added systems to recover heat from boiler blow-down streams and from oil coolers on refrigeration compressors
- » Improved insulation on steam and process piping to reduce energy losses
- » Upgraded lighting at all sites
- » Implemented programs to reduce and minimize air leaks
- » Utilized steam turbines in place of electrical motors to generate compressed air and pump water for boilers

## IN PRACTICE

# POWERED BY CNG

Cleaner-fueled vehicles reduce our carbon footprint

Each year, Land O'Lakes, Inc. replaces 20 percent of the vehicles in our NFPT fleet with new, more fuel efficient trucks. Increasingly, those new trucks are powered by compressed natural gas (CNG). CNG is an attractive substitute for gasoline, diesel or propane because it is more environmentally friendly and significantly less expensive. CNG-fueled heavy duty trucks produce about 13 percent fewer greenhouse gas emissions than comparable new diesel/gasoline-powered vehicles. We expanded our fleet of CNG-fueled trucks to 19 in 2013 (from five in 2012), representing 18 percent of our vehicles.

## Impact of CNG trucks IN CALIFORNIA



**13%**  
**reduction**

GHG emissions  
(compared to existing gas/  
diesel-fueled vehicles)



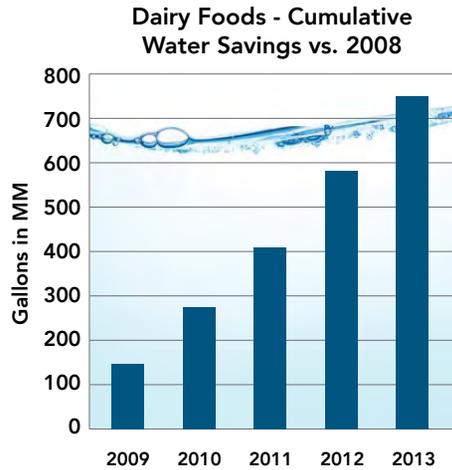
**\$11,385**  
**monthly**  
**savings**

Due to lower fuel  
costs in 2013

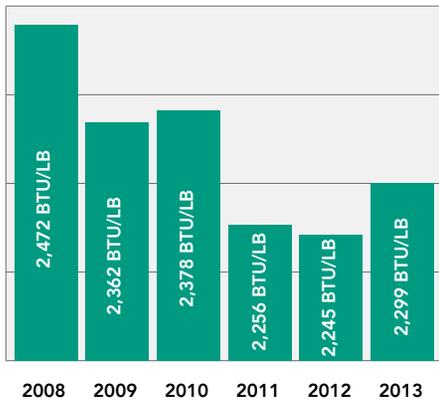
## Water savings

We are making progress toward our commitment to reduce water use in our Dairy Foods business by 25 percent from our 2008 baseline:

- » We reduced effluent water by 10.5 percent per pound of product by the end of 2013
- » Our Orland, California, plant location recovers 100 percent of its wastewater and uses it to irrigate agricultural lands for crop growth
- » Our Tulare, California, plant discharges wastewater to the city, where 100 percent of it is used to irrigate local agricultural fields



## Dairy Foods - Energy Intensity Reduction



Energy intensity indicates energy use per pound of product

## Deeper insights

While energy intensity is a good measure of energy conservation, our dairy products—especially dry powders, cheese and butter—can complicate our actual progress in this area. The Department of Energy's Better Buildings, Better Plants Program modeling technique is one way to help us better account for key influencing factors such as product mix, ambient temperatures and other manufacturing parameters. We also recognize the need to routinely

revisit our goals and strategies to ensure they align with our current manufacturing demands and business strategies. With this in mind, our Dairy Foods team is focusing on more near-term goals that will help generate and drive energy conservation efforts while adapting to business changes.

## Sustainable Packaging

Our sustainable packaging initiative guides the efforts of Land O'Lakes, Inc. to meet our dual goals of 10 percent material reduction and 15 percent energy reduction per pound of product produced during a five-year period (2009-2014).

### Improvements



Reduced weight of woven polypropylene bags for animal feed



Reduced standard label size for cattle feed



Changed buttery spread packaging from a round tub to a square tub and adjusted case design



Changed horse feed packaging from a rigid plastic pail with lid to a zippered polypropylene pouch with handles



Moved production of twin-pack sticks of butter from Peacock facility to Tulare plant (both in California)

### Projected Savings

**1.06 million pounds** of plastic annually

**124,425 pounds** of card stock annually

**37,944 pounds** of resin, increasing pallet efficiency by 55%

**50,674 pounds** of plastic annually

**Nearly 123,000 pounds** of packaging materials, removing 159 trucks from the road

## Resource conservation

### Targeting energy and water savings

Our Melrose, Minnesota, dairy facility is working to improve energy and water savings in a number of ways.

### Electricity and natural gas

**Estimated 2013 savings:** 211,000 kilowatts of electricity and 9.3 million British thermal units of natural gas<sup>(1)</sup>

- » The facility installed equipment to capture and use heat from the refrigeration system's ammonia compressor rather than letting the heat evaporate
- » After water used for cooling the compressor absorbs heat, it's used to clean equipment; no additional energy is needed to heat the water, saving both electricity and natural gas

### Water

**Total daily savings on average:** 90,000 gallons

- » Melrose received Category 1 approval for its reclaimed water system. This means the recovered water is equivalent to potable water, allowing the facility to reuse the water for processes that previously required water from the city's drinking water system
- » Using reclaimed heated water for washing 80 milk transport trucks daily saves 3,319 million BTUs of energy
- » Blending reclaimed water with city water in one of our milk filtration processes saves 20 minutes in processing time since the already-heated reclaimed water is readily available

(1) Estimated 2013 savings based on actual 2010 hours run



## FACILITY SPOTLIGHT: Improving energy management and water usage

The Land O'Lakes, Inc. Dairy Foods Carlisle facility has been working with the U.S. Department of Energy (DOE) and the Pennsylvania Technical Assistance Program (PennTAP) at Penn State University to develop an energy management program as part of the DOE's Superior Energy Performance (SEP) demo project. Carlisle continues working on this project, part of its ISO 50001 energy management certification process. Once certification is completed, the plant will be one of the first U.S. dairy plants to earn this distinction. Carlisle is implementing an energy management system that uses a standard, systematic approach and framework for continual improvement. Accountability measures include internal audits, management review and external audits.

## Recycling

### WinField container recycling program

Since 2007, our WinField business has collected and recycled high-density polyethylene (HDPE) plastic containers that contain crop protection products. WinField drivers pick up the containers from co-ops or customers and funnel the plastic through our service center network to one of nine Agronomy Service Centers equipped to chip, grind or bale plastic. It is then shipped to an approved Ag Container Recycling Council (ACRC) recycler. Most of this plastic is recycled into field drainage tile.

The WinField program also collects plastic that contained products from any non-WinField manufacturer, an important contribution to the sustainability of our supply chain. In recent years, some of our competitors have begun following Land O'Lakes' lead by establishing their own programs, further increasing HDPE recycling. Nearly 290,000 pounds of plastic containers were collected in 2013. As of May 2014, the WinField program had collected one million pounds of plastic since the program's inception in 2007.

IN PRACTICE

# PAPER OR PLASTIC?

Creating innovative recycling solutions

Brandon Calvert looked around the packaging plant in Gainesville, Georgia, and realized there had to be a better way. “We had too much trash,” said the plant manager. “The waste had a lot of recyclable value but it had to be segregated—a costly, time-consuming effort.”

The Gainesville plant packages animal feed for horses, chicken, sheep, goats and swine. When packaging the feed, a small amount of trim made of string and crepe paper is left over from the bags, which are made of either polypropylene or paper. With the exception of the string and crepe paper, the bag materials can be recycled—but not if they are mixed together.

To recycle or properly dispose of these materials, they need to be sorted—a capability the Gainesville plant did not have until Calvert took action. He wasted no time reaching out to Land O’Lakes, Inc. recycling and waste management partners to determine a solution: a one-of-a-kind sorting system.

The sorting system uses air to sort the materials. First, the bag trim and crepe tape trim are vacuumed away from the packing line and blown into a cart that is emptied into a trash compactor. The poly and paper trim are then segregated

“

**Since the project began, the Gainesville plant, which did not previously have a bag recycling program, now recycles approximately 95 percent of the leftover poly and paper trim.”**

through a two-way valve system, emptying into a poly or paper baler. The bales are stored in the plant warehouse until they can be picked up by the recycling company.

Since the project began, the Gainesville plant, which did not previously have a bag recycling program, now recycles approximately 95 percent of the leftover poly and paper trim—a win for both the environment and the facility. “We ask ourselves, ‘Can I put this in an area where it can be recycled?’” said Calvert, describing how plant workers think about how to dispose of leftover materials.

For them, the phrase “paper or plastic?” has an entirely different meaning.

## Keeping waste out of landfills

We've partnered with a national waste management company to assess our waste stream and look for market opportunities for selling and repurposing materials, reducing the amount that goes into landfills. In 2013, we focused on reducing waste from our feed facilities, which generate a significant portion of our waste.

Our feed facility in Guilderland, New York, wanted an alternative to storing or throwing away unused paper product bags. Most of the bags had plastic liners, which complicated the task. Our waste management company identified a recycling solution that gradually blends the bags with other recycled materials. As a result, 21.3 tons of paper bags with plastic liners were recycled, saving \$3,110. In Pine Island, Minnesota, our dairy facility was discarding hundreds of plastic buckets. To address this, a recycling center was identified by our waste management company and 24,000 pounds of plastic buckets have been recycled, saving \$2,700 in the first half of 2014.

## Nutrition

### Healthful options for healthy bodies

Land O'Lakes, Inc. cares about the health of our consumers. Our research and development division constantly reviews formulas to identify better-for-you dairy options that don't sacrifice flavor. In recent years, we've developed cheese products with 25 to 30 percent lower sodium and prepackaged slices of cheese with 25 percent less fat. Our flagship butter product now comes in varieties that include olive oil, olive oil and sea salt and light butter with canola oil. Our company also offers reduced fat cheeses through its Alpine Lace® brand, and our Kozy Shack Simply Well® products have no added sugar and are only 90 calories per cup.

(1) Source: School Nutrition Association Report "New Ways to Deliver Breakfast to Students On-the-Go" & School Nutrition Association "Little Big Fact Book" 2013 Edition



### Delivering nutritious options to our schools

Land O'Lakes, Inc. is a proactive leader in developing foodservice products that meet USDA nutritional guidelines for schools. We continue to introduce new products that are lower in sodium and fat and have recently launched three macaroni and cheese products that feature 51 percent whole grain noodles. These better-for-you options are delicious, maintaining the flavor children crave and the quality foodservice directors expect.

The Grab-N-Go market in schools has expanded, with about 50 percent of school districts offering Grab-N-Go options through hallway kiosks, classroom delivery or vending machines<sup>(1)</sup>. Staying in touch with our customers' needs while also providing products to meet consumers' requests is of utmost importance to us. That is why we were proud to introduce three Kozy Shack® pudding products to the Grab-N-Go line. Additionally, we offer two new reduced fat cheese cube options. These products not only meet the stringent K-12 USDA Smart Snack nutritional requirements, but are also very popular options for children. ■



# Expanding Our Reach

Applying an integrated approach to sustainable international economic development

Our International Development Division (IDD) sets Land O'Lakes, Inc. apart as it embodies our commitment to global food security and sustainable agricultural development, leveraging nearly a century of corporate technical expertise. Funded primarily by the United States Agency for International Development (USAID) and United States Department of Agriculture (USDA), IDD's programs not only improve production and food security for smaller farming operations, but they foster innovation and market linkages and strengthen the private sector. Ultimately they make small and growing enterprises more attractive for investment.

This focus on sustainability ensures that development assistance made possible by U.S. taxpayers has long-term ripple effects in communities around the world long after our programs end. Through these efforts, farmers move out of subsistence to build economies of scale in an environmentally friendly way. They also learn how to supply what the private sector demands—flourishing enterprises in formerly impoverished areas.

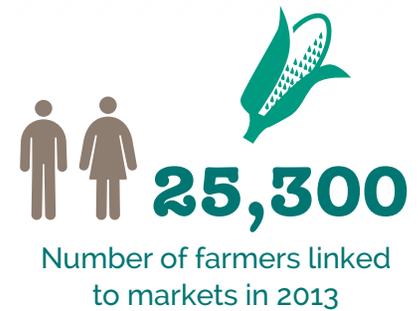
Creating a sustainable market out of food aid

## The problem

In Bangladesh, Land O'Lakes, Inc. spent more than a decade managing USDA-funded McGovern-Dole Food for Education Programs, which imported commodities that provided schoolchildren with daily snacks of milk and biscuits. In response to questions within the development community about whether this was the best way to deliver food aid, USDA issued a challenge for pilot programs to source food locally.

## The innovative solution

Land O'Lakes, Inc. worked with two local processors in Bangladesh to develop a new product category of cereal bars, comprised of 655 metric tons of nutritious whole grain products including puffed rice, chickpeas, peanuts and sesame seeds. The 17 million cereal bars they produced were half the cost and were delivered twice as fast as traditional food aid. Instead of just delivering food, the program



strengthened local processing and food safety capacity to deliver nutritious foods. It also encouraged processors to more seriously consider grains at home. Although the program ended in 2011, the processors have commercialized the cereal bar. Each month, they source 140 metric tons of local grains, producing 5.6 million cereal bars and employing more than 5,000 farmers.

## Innovative Milk Zones in Rwanda

### The problem

Rwandans typically purchase raw milk from small kiosks that sell milk with dangerously high bacterial counts. There has also been a widespread belief in the country that Rwandan consumers wouldn't want to move from raw to pasteurized milk.

### The innovative solution

The USAID-funded Rwanda Dairy Competitiveness Program II (RDCP II) implemented by Land O'Lakes International Development dispelled those concerns and has demonstrated the feasibility of growing consumer demand for pasteurized milk. RDCP II collaborated with one of the country's largest processors, Inyange, to pilot a concept called the Milk Zones, which are brightly painted, clean, strategically located milk kiosks that sell chilled, pasteurized milk at an affordable price. So far, 24 of these kiosks have been established, and they are expecting a 136 percent annual return on investment. The greatest business challenge for the kiosks is that consumer demand for pasteurized milk is already greatly outpacing supply. The program has also launched nationwide campaigns to build demand for quality, locally produced, pasteurized milk. ■



## KEY RESULTS IN 2013



**221,925**

rural households were supported, including **24,805** vulnerable households

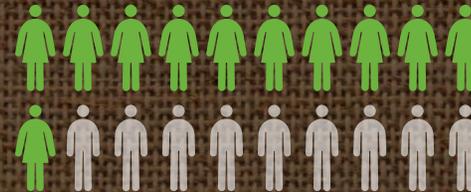
**5,561**

jobs were created or strengthened



**15,000**

households adopted environmentally friendly agricultural practices



**52%** of those assisted are women



**25,560**

people benefited from improved health and nutrition services



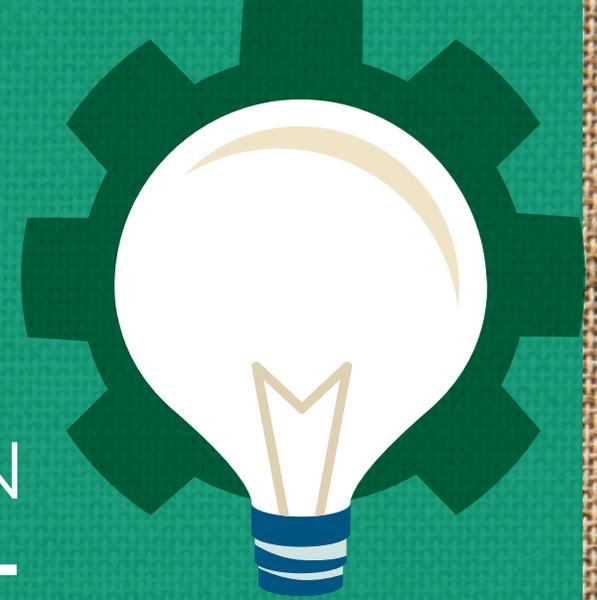
**80,856**

people received training to improve their agricultural productivity and food security

Amina Hussein, Veronica Hogo and other group members test their rice-threshing prototype, which they designed using locally available and affordable materials. This technology has a capacity to thresh 15 to 20 100-kilogram bags of rice per day without crop loss due to spillage. This is a massive improvement compared to manual hand threshing, which typically yields only two to three 100-kilogram bags of rice per day, with up to 5 percent of crops lost from spillage.



# EMPOWERING WOMEN IN TANZANIA THROUGH INNOVATION



In Tanzania's rural areas, 98 percent of working women are involved in agriculture. But they frequently struggle to effectively manage their responsibilities. They lack access to the required skills, networks, resources and decision-making power to complete the tasks at hand including preparing, planting, weeding, harvesting, transporting, storing and processing their farms' products. In collaboration with the Massachusetts Institute of Technology Development Lab (MIT D-Lab) and funded by USAID, our Innovations in Gender Equality (IGE) to Promote Household Food Security program is effectively combating many of the challenges. The program delivers community-centered technology design training to smaller farming groups in the Southern Agricultural Corridor of Tanzania (SAGCOT).

## What do the results of these technology design trainings look like?

- 1. Reduced time and labor burdens.** These technologies—developed by farmers for farmers—save time and reduce drudgery, freeing up women's time to engage in better income-generating opportunities.
- 2. Make what's impossible alone possible together.** When we ask IGE farmer-inventors why they never before developed the technology design prototypes that they are designing now, one answer is constant: They couldn't do it alone. D-Lab's community-centered design philosophy fosters technology design teamwork from the start, which farmers credit for creating a culture of innovation and invention in their villages.
- 3. Men and women working together.** Women's empowerment is a community-wide endeavor with men's active involvement and support being a critical factor. The technologies farmers are developing under IGE are extending the agricultural jobs to the entire community—including men—rather than overburdening women.



# In Our Workplace

Sustainability starts with us

One year, one half-million pounds

## Recycling moves outside the box

Like many companies, Land O'Lakes, Inc. began its sustainable corporate office efforts with basic recycling—reducing office paper use and ensuring soda cans landed in the right containers. However, the company's commitment to sustainability has grown exponentially from the early days. From leftover cafeteria food to office furniture to battery recycling, the company's corporate offices recycled or repurposed **nearly a half-million pounds** of material in a year.

In 2012, Land O'Lakes continued its food waste recycling program with the help of the Growing Green Team, an Employee Resource Group that focuses on corporate sustainability efforts. Every day, uneaten food from employee cafeteria plates and from trials in the pilot plant is sent to a local farm, which transforms the food into animal feed. In 2013 alone, 215,025 pounds of food waste went to the farm.

This program is just one of the inventive ways Land O'Lakes reduces its environmental footprint. The effort led to a partnership with ANEW, a national nonprofit that extends the lifecycle of surplus office furniture for reuse by charities, public agencies and underserved communities. Furniture that doesn't find a second home is recycled or considered for energy-from-waste so it doesn't end up in a landfill. In 2013, Land O'Lakes repurposed or recycled 137,700 pounds of furniture and other items. That year, the company won a Certificate of Social Sustainability from ANEW for our Milk Run 8, which took place from October 2013 to January 2014. For that event, we repurposed or recycled 37,640 pounds of office furniture.

"We remain committed to finding new ways to bring the culture of sustainability into action across our enterprise," said Rebecca Kenow, director of sustainability for Land O'Lakes.



**We remain committed to finding new ways to bring the culture of sustainability into action across our enterprise,"**

**—Rebecca Kenow, director of sustainability for Land O'Lakes**



## Creating a culture of safety

### Shifting from compliance to a core value

In the last few years, Land O'Lakes, Inc. has seen a consistent decline in the number of on-the-job injuries. In fact, the company reported the fewest number of injuries in its history in 2013. In the last 18 months, the company's own Environmental Health and Safety Team has trained more than 800 supply chain employees and managers, and they've socialized the development of five new safety standards that they launched in 2014.

Still, the focus of this internal team is not on numbers but on embedding safety into the culture.

"We are working to identify risks, categorize them and then tackle those issues by moving safety from a task people must do to a core value that supports their lives at work and outside of work," said Chuck Kendall, Corporate Safety Manager for Land O'Lakes.

The goal, Kendall said, is to create a safety culture in which people know the safety rules and follow them because it's the right thing to do.

The new approach also includes novel practices at plants. In October 2013, the entire company conducted a safety "stand-down." All work at every plant stopped, and employees attended a mandatory session about safety in the workplace. Employees could raise concerns and develop action plans to address any issues. Some plants voluntarily held additional stand-downs to fully embrace a safety culture. ■

## Our corporate offices have taken steps to minimize our impact on the environment, including:



### LIGHTS

- » Replaced exterior parking lot lights with energy efficient fluorescent lights
- » Installed daylight harvesting lights near windows that turn off when the sun is shining
- » Installed energy efficient interior lights, resulting in a 28% energy reduction <sup>(1)</sup>



### WATER

- » Replaced old steam boilers with new hot water condensing boilers resulting in an 18% energy reduction
- » Installed energy and water efficient faucets and toilets



### HEATING AND COOLING

- » Installed energy efficient glass in the lobby atrium to reduce the cooling load
- » Upgraded computerized energy management system that automates the HVAC system, allowing quicker response to temperature variations

(1) Based on data from Q4 2011 through Q4 2013

# TRANSFORMING OUR CULTURE

Building a diverse, inclusive workforce



Land O'Lakes, Inc. believes a high-performing organization must have a diverse and inclusive workforce as its core. Individuals and teams should represent a wide range of talents, experiences and perspectives in pursuit of shared purposes. Building a culture that embraces diversity is essential to unlocking individual potential.

## STARTING WITH A PERFECT SCORE— CORPORATE EQUALITY INDEX

We are proud to have received a perfect score on the Human Rights Campaign Foundation's 2014 Corporate Equality Index, the national benchmarking tool on corporate policies and practices related to lesbian, gay, bisexual and transgendered employees.

## LEADING BY EXAMPLE

We understand that a diverse and inclusive workforce is fostered by those who lead by example, such as our own CEO Chris Policinski, who was featured in the March/April 2014 issue of *Diversity Journal* magazine.

"Along with our senior management team, I regularly participate in Employee Resource Group events to engage in the strategies and celebrate progress in the important work that they are pursuing," said Policinski. "In fact, all employee performance goals include the responsibility of making our workplace more inclusive."

## BOTH INSIDE OUR WORKPLACE...

Employee Resource Groups encourage our employees to honor each other's diverse experiences and celebrate our inclusive culture by hosting events throughout the year that promote sharing and understanding of traditionally underrepresented groups.

## ...AND OUTSIDE

For the past several years, Land O'Lakes has co-sponsored the Forum on Workplace Inclusion, the largest diversity and inclusion conference in the country. The forum provides a compelling learning experience fostering business and thought leadership in workplace diversity and inclusion.



All employee performance goals include the responsibility of making our workplace more inclusive."

—Chris Policinski, CEO



## PAPER RECYCLING

*from January to June 2014*

# 106,910

POUNDS OF PAPER RECYCLED THIS YEAR.  
THAT'S EQUIVALENT TO CONSERVING  
THE FOLLOWING RESOURCES:

908  TREES

 20,312  
GALLONS OF OIL

374,154   
GALLONS OF WATER

 256,582  
KWH ENERGY

5,345 CUBIC YARDS OF  
LANDFILL SPACE

## FOOD WASTE RECYCLING

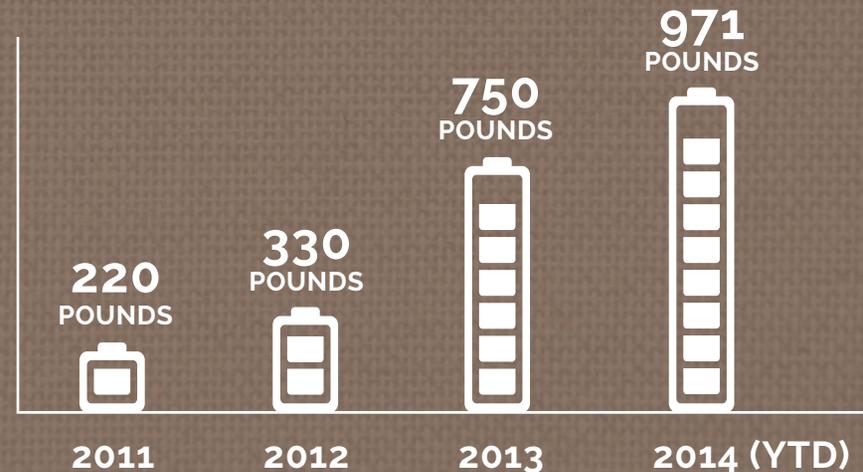


# 215,025



POUNDS OF FOOD  
WASTE WENT TO  
A LOCAL FARM  
FOR ANIMAL FEED  
IN 2013

## BATTERY RECYCLING



# Land O'Lakes Foundation and Community Relations

Standout companies are often recognized for their commitment to giving back—a commitment Land O'Lakes, Inc. exemplifies through the Land O'Lakes Foundation.

Land O'Lakes, Inc. and the Land O'Lakes Foundation are dedicated to serving the many communities where our cooperative has members, employees, plants and facilities. The Land O'Lakes Foundation proactively helps rural communities by donating resources that develop and strengthen organizations dedicated to hunger relief, education and community. Since 2012, Land O'Lakes, Inc. and the Land O'Lakes Foundation have donated more than \$18 million in cash and product to nonprofit organizations and educational institutions in the local communities of our members and employees across the country.

## Hunger

Land O'Lakes Foundation's dedication to ending hunger is rooted deeply in both its history as a cooperative and its unique position in the food industry. As we work to address the issue on both a local and global scale, we continue to partner with like-minded organizations to help those in need.

One of our largest partners in the fight against hunger is Feeding America, the nation's leading domestic hunger-relief charity. In 2013, Land O'Lakes, Inc. was named a Supporting Partner of Feeding America, an honor that signifies the continued collaboration between our operations. This partnership has resulted in product donations and fundraising campaigns that have delivered 5.7 million meals to people in need since 2012.

### First Run

Our most significant project with Feeding America is the First Run program, which leverages our existing operations and supply chain to make fresh product specifically for donation. These products are delivered by the truckload to Feeding America food banks, targeting areas with a specific need, either from a natural disaster or other crisis in communities where our members live and work. From 2012-2013, more than 1.2 million pounds of fresh product was donated to food banks in 23 states through this program.



Since 2011, the community gardens have produced more than 225,000 pounds of fresh fruits and vegetables to feed surrounding communities, equivalent to more than 1 million servings.

## Education

### Global Food Challenge program

The Land O'Lakes, Inc. Global Food Challenge program is recruiting college sophomores from five participating universities to take action and make a difference for the good of the world. The year-long program, which begins in Fall 2014, will select up to 10 students to work on three challenge assignments to create their own plans for new and more sustainable ways to produce food and solve the global food crisis.

### Advancing agricultural and dairy education

Land O'Lakes, Inc. and Purdue University have a longstanding partnership supporting agricultural education. The Land O'Lakes Foundation recently donated \$750,000 for the Land O'Lakes Chair in Food and Agribusiness, held by Agricultural Economics Professor Allan Gray. By working with the university, we have developed the Land O'Lakes Executive Agribusiness Program (LEAP). More than 100 employees and member cooperative executives have participated. Purdue's agriculture school has also been a key focus area for our recent recruitment efforts. In the past three years, Land O'Lakes has more than tripled the number of recruits from Purdue University.

In addition to our Purdue partnership, we support dairy education through the John Brandt Scholarship, created and named in memory of former Land O'Lakes President John Brandt. Scholarships are awarded to graduate students pursuing dairy-related degrees at Iowa State University, South Dakota State University, the University of Minnesota or the

continued on page 26



### Pin A Meal. Give A Meal.

Another partnership with Land O'Lakes Foundation and Feeding America is the *Pin A Meal. Give A Meal.* campaign, which completed its second year of fundraising through pins and re-pins on Pinterest. Since 2013, the Land O'Lakes Foundation made a \$550,000 match to the campaign, which resulted in 4.7 million meals.

### Community Gardens

We're also leveraging the innovative power of our WinField business to feed the hungry. Our Community Garden program brings our WinField agronomists together with FFA students to plant and tend to gardens across the United States, donating all of the produce to local food banks.

For every LAND O LAKES® recipe pinned or repinned on Pinterest, the Land O'Lakes Foundation donated \$1 for a total contribution of \$550,000

## MAKING AN IMPACT

# GIVING BACK WITH GRILLED CHEESE

Feeding America and Land O'Lakes team up to feed people in need

For many, grilled cheese is a comfort food. The buttery smell, the gooey cheese and bread that's toasted just right invoke fond memories of satisfying meals. But for families who are struggling to make ends meet, what was once comfort food can suddenly become a luxury as the food budget is often hit first and hardest.

This is why the Land O'Lakes Foundation's First Run donation of 40,000 pounds of freshly made Land O'Lakes cheese made so many people smile. Volunteers, including Land O'Lakes, Inc. dairy member and Board Director Tom Wakefield and professional baseball player Jason "Grilled Cheese" Grilli, used some of the product to make grilled cheese sandwiches for clients of the Greater Pittsburgh Community Food Bank.

As a member of Feeding America, the Greater Pittsburgh Community Food Bank collects and distributes food in 11 counties in Southwestern Pennsylvania. Through community outreach programs and outlets such as soup kitchens, food pantries, shelters, after-school programs, emergency

or disaster-related feeding sites and community centers, the Food Bank distributes about 27 million pounds of food per year.

A strong supporter of giving back to communities in need, Wakefield drove more than two hours from his dairy farm in Bedford, Pennsylvania to attend the event. He and Grilli toured the facility, made sandwiches and greeted the clients—recipients of the product Wakefield helped create. The event was a unique way for Land O'Lakes members to see the positive impact they have on the fight against hunger.

Land O'Lakes Foundation's donation was the single largest cheese donation in the food bank's 34-year history and a deeply impactful one, according to the food bank's CEO Lisa Scales, who emphasized the need for nutritious foods for children, particularly during the summer months.

The First Run donation event in Pittsburgh gave out more than just grilled cheese sandwiches—it gave children their own fond memory of a satisfying meal, something no budget cut can ever take away.

## FIRST RUN PROGRAM

Since 2010, the Land O'Lakes Foundation First Run program has committed to donating truckloads of fresh product to food banks each year to help alleviate hunger nationwide. To date, the program has donated:



**176,752**  
pounds of butter



**515,000**  
pounds of American cheese

**670,000**

pounds of  
macaroni and cheese



**4.76**  
million eggs

University of Wisconsin-Madison, in amounts of \$25,000. In 2013, we launched another scholarship in partnership with the University of Minnesota, which included \$250,000 for students in the College of Food, Agricultural and Natural Resource Sciences.

## In our communities

As a corporation and as a farmer-owned cooperative, we are only as strong as the communities around us—and we are in a unique position to help strengthen those communities. At Land O'Lakes, Inc., our employees and members are passionate about giving back, with more than 140,000 volunteer hours clocked since 2010.

### United Way

While employees spend their time volunteering in their communities, Land O'Lakes, Inc. offers an additional opportunity through our annual United Way campaign. Employees from all over the country can donate money that directly impacts their communities. Last year was a record-breaking year for our United Way campaign, with a total donation of \$1.8 million. In 2013, we joined the ranks of 120 top corporations as part of United Way's Global Corporate Leadership Program.

### American Red Cross

Land O'Lakes, Inc. employees also donate to the American Red Cross and the Salvation Army to help communities in crisis. In 2013, more than \$130,000 was donated through these organizations to the Philippines and the communities of West, Texas, and Moore, Oklahoma, through direct grants, employee donations, product donations and volunteer projects. ■



## Inspiring Women Award

Recognizing women who lead and inspire others

Land O'Lakes, Inc. and our employees are not the only ones giving back to our communities. Our partnership with the Minnesota Lynx honors those who make the home state of our corporate headquarters a strong, supportive community. Through the Minnesota Lynx Inspiring Women Award, we celebrate Minnesota women who inspire, motivate and encourage others through personal and professional leadership. The CEO and president of Greater Twin Cities United Way, the executive director of the Minnesota FFA Foundation, the executive vice president and chief financial officer of Hormel Foods Corporation and the principal of Ascension Catholic School in Minneapolis are just some examples of the community leaders we have recognized.

Through the First Run program, Land O'Lakes Foundation regularly donates truckloads of fresh product to Feeding America food banks in specific need or in communities where our members live and work. At this donation event in March 2014, Land O'Lakes members, food bank staff and community leaders joined in the donation of 40,000 pounds of macaroni and cheese to the Northeast Iowa Food Bank.



## Continuing our commitment to sustainability for future generations

While Land O'Lakes, Inc. is proud of the work we have accomplished as a result of our commitment to corporate responsibility, we continue looking for ways to enhance our sustainability work for future generations. Since the formation of our farmer-owned cooperative in 1921, we've focused on innovative ways to do more with less while helping feed a growing world population, efficiently managing environmental resources and practicing humane and responsible animal care. This endeavor is more important than ever as we look to the path ahead.

### **Reducing environmental footprint**

In Southern Indiana, Land O'Lakes, Inc. found a partner in its commitment to help farmers track how they're reducing their environmental footprint.

Premier Companies, a member co-op just south of Indianapolis, and Land O'Lakes plan to explore how the Fieldprint® Calculator can give Premier's members insights into the impact their crop production has on the environment. The calculator would give growers an analysis of the effectiveness of their cropping practices and the impact on land use, soil conservation, soil carbon, irrigation water use, water quality, energy use and greenhouse gas emissions.

"The farmers in Southern Indiana have a

great story to tell about what they already do to protect the land and natural resources," said Harold Cooper, Premier Companies General Manager. "This partnership gives us an opportunity to be at the forefront of new approaches in agriculture, to enable us to be even more productive and sustainable. Supporting advances in productivity helps us feed more people using less land, less water and with a reduced impact on the environment."

### **Solving the honey bee problem**

Honey bees and other pollinators are critical to agriculture and feeding the growing planet. In recent years, a number of honey bees and other pollinators have seen a decline in their population, a concerning trend.

That's why Land O'Lakes, Inc. is a founding member of the Honey Bee Health Coalition—a strategic partnership with stakeholders across all sectors—to focus our efforts on the importance of pollinators and honey bee health to the agricultural economy. The search for answers will include looking at potential disease and access to adequate nutrition as well as the potential impact agriculture may have on this situation. We are eager to work together to solve this problem and help restore honey bees to robust, thriving populations.

### **Assessing our dairy footprint**

Our On-Farm Sustainability pilots will help us determine a baseline of the environmental footprint of our dairy supply chain. This will help us track continuous improvement and allow more of our members to identify environmental and economic savings opportunities.

In the coming years, we will assess an increasing number of our member-owned farms and incorporate the new Farm Smart™ 2.0 tool, which includes feedback from participants of our initial pilot, with a goal of having 30 percent of our member milk supply included within the assessment data by 2015.

### **Steps forward**

At Land O'Lakes, Inc., we're proud of the work we do to serve our communities, to sustainably grow more food using fewer resources and to feed a hungry, growing population.

We paused here to share our accomplishments; we know much work remains. Together, we will continue building a value chain, partner with our communities at home and abroad and participate in producing the world's safest, most-affordable and abundant food supply. We will do so one step at a time—mindful of the footprints we leave. ■



