

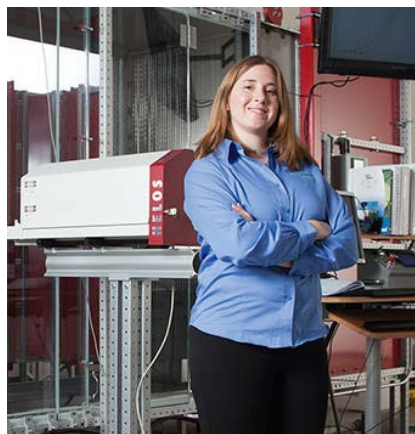
Evaluating Food/Feed Ingredient Suppliers – How We Do Business in the Supply Chain

Rosalind Zils, Land O Lakes, Inc September 30, 2015



Land O'Lakes, Inc. - Today

- ~10,000 employees
- 3,674 direct producer-members and 826 member-cooperatives
- Serve +300,000 agricultural producers
- 300+ facilities in the U.S.
- 3 diversified businesses
- Annual revenue \$15 billion
- Goal to double revenues and increase international growth in the next 10 years



Our mission and values



Our Mission

We are a market- and customer-driven cooperative committed to optimizing the value of our Members' dairy, crop and livestock production

Our Values

People, Performance, Customer
Commitment, Quality, Integrity



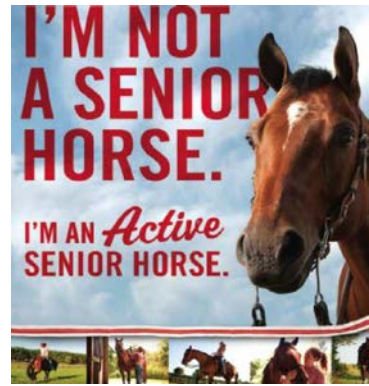
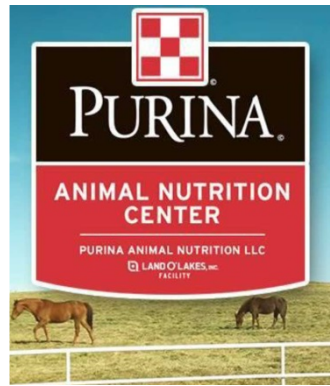
An operating company with three diversified businesses



Agriculture services, crop inputs



Animal nutrition and feed



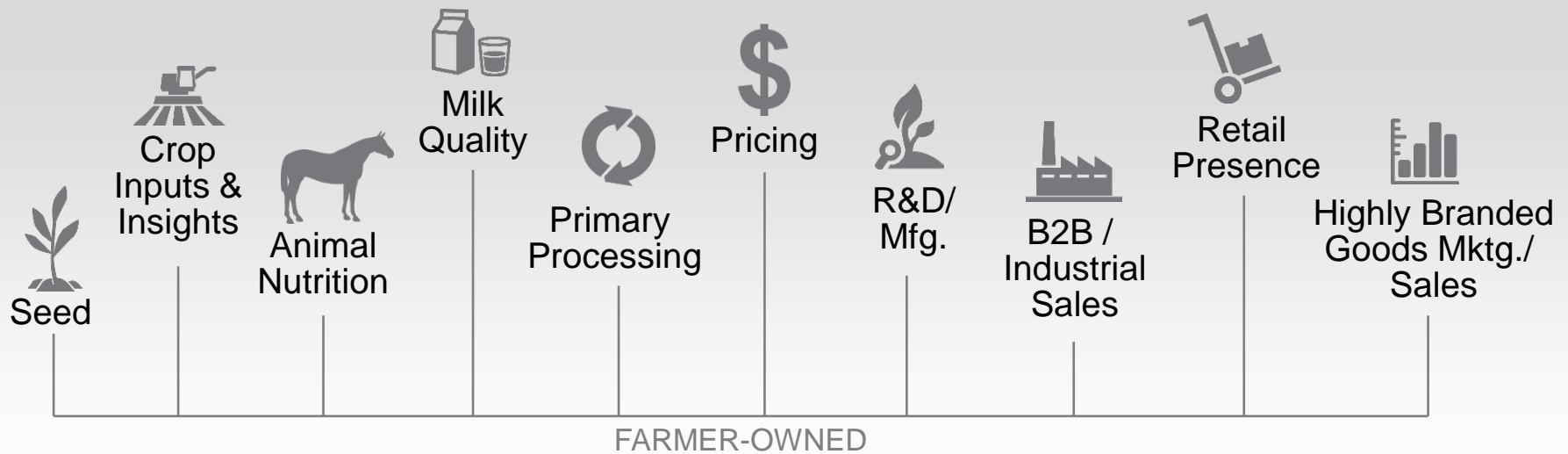
Dairy foods



WINFIELD™



Farm-to-market insights and innovation connect farmers and consumers together

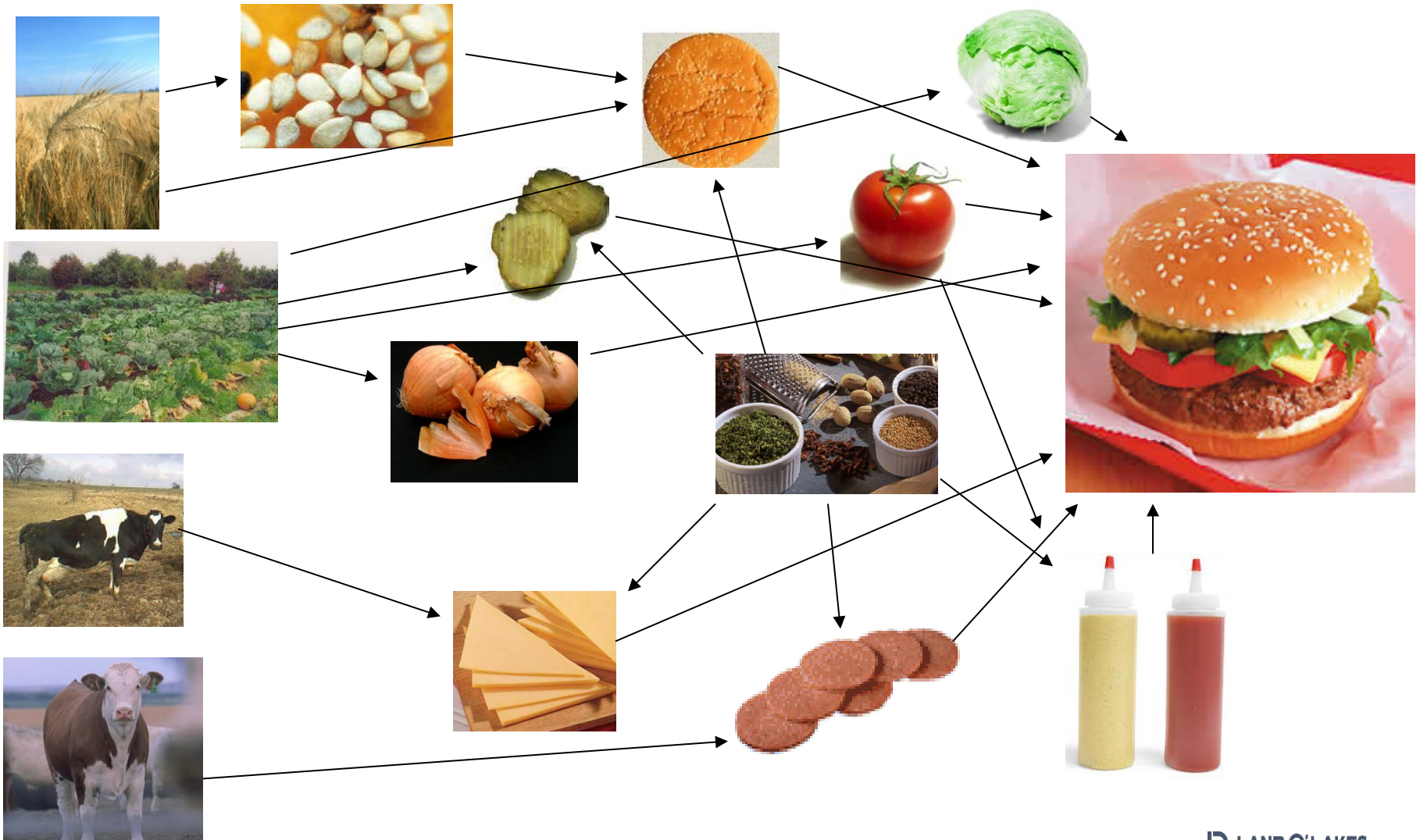


Production

Consumer



Global Supply Chain Complexity...we are part of this!



Today's Food & Feed Industry: Signs of Change →



Increased Regulatory Scrutiny

- Food Safety Modernization Act (FSMA)
- Lot Trace, Know Your Suppliers, Food Safety Registry
- Increased capability, sensitivity and frequency of testing



Larger, More Demanding Customers

- Questioning program effectiveness
- Seeking evidence of ongoing control



End Users Becoming More Sophisticated

- Internet access/communication enhances speed of news
- Higher awareness of good/bad news
- less tolerance for failures



Increased Emphasis Throughout the Food Chain

- Industry wide Initiatives & Collaboration by stakeholders
- Risk assessments, Supplier Quality Assurance, etc.



Brand Protection

- A strong product safety & quality culture is a significant point of difference
- Negative impact of events in the media can have lasting impact



As the Global Supply Chain continues to develop...

We recognize that Quality and Safety are more important than ever as critical drivers of consumer trust and confidence

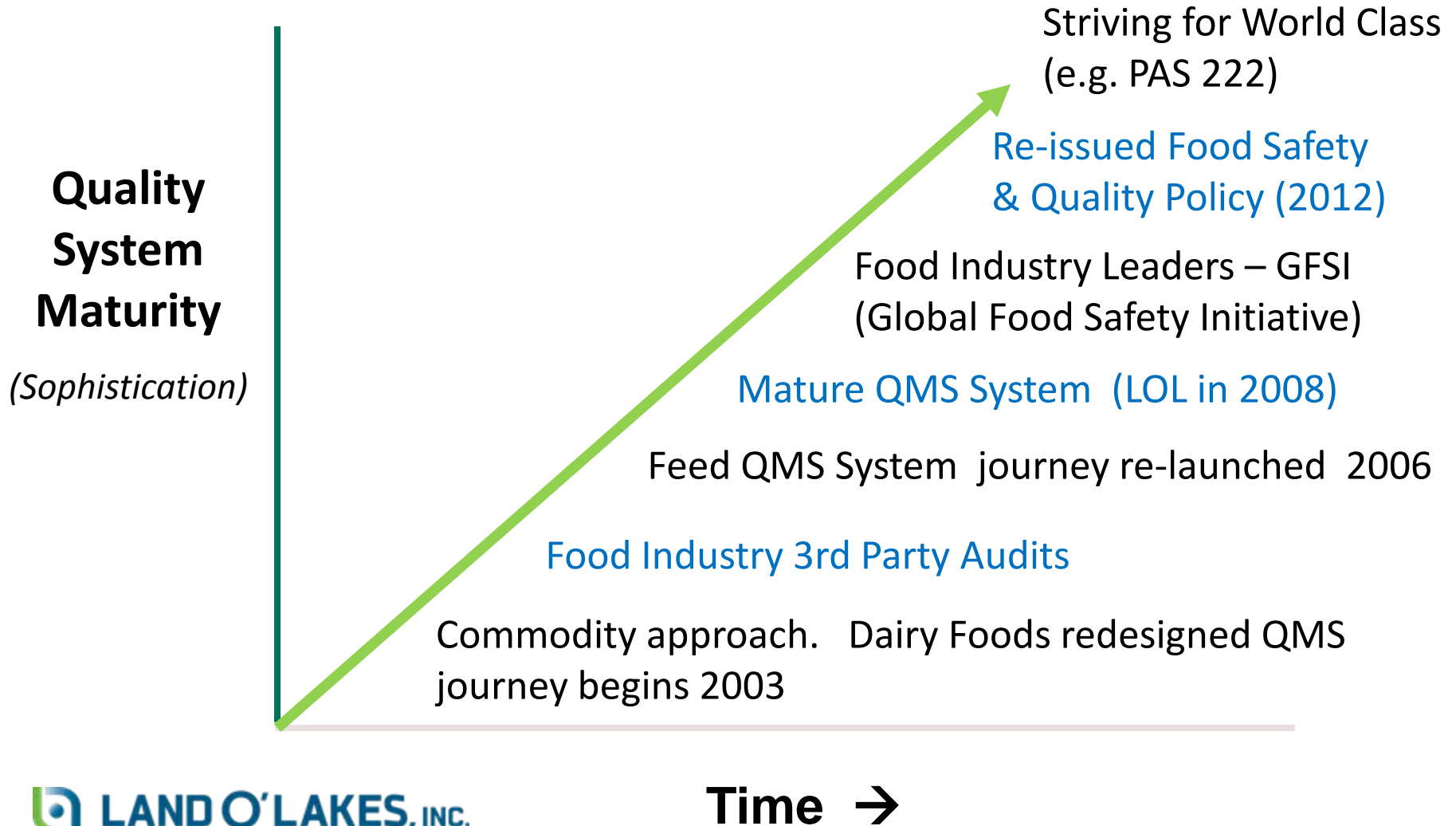


Internal Supply Chain Quality



The Land O'Lakes Journey

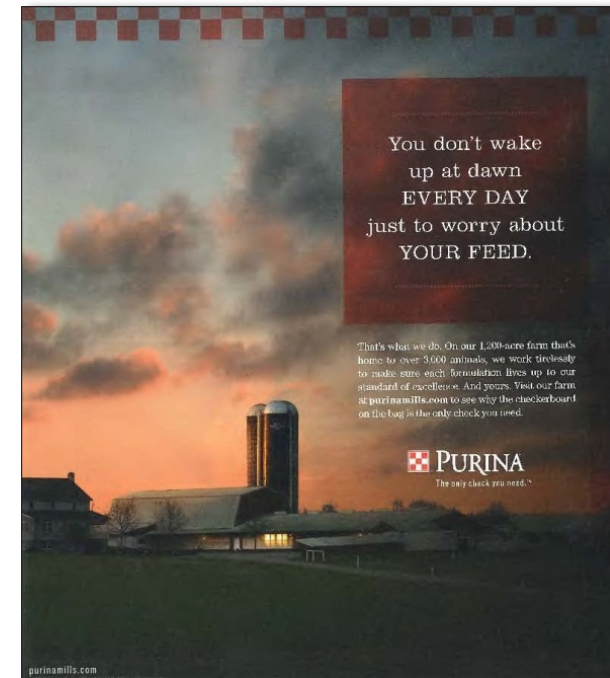
Quality Systems Continuum



Product Safety goes beyond regulatory compliance

Responsible companies invest in Product Safety and Quality to:

- Assure consumer/animal safety
- Build trust and brand loyalty
- Reduce risk & liability within the industry
- Reduce cost of failure
- Enable business growth and market access
 - Global customer base
 - Marketplace differentiation
- Engage employees to ***enhance product safety culture***



What is a Product Safety Culture?

A product safety culture is how and what the employees in an organization think about product safety. It's the behaviors that they routinely practice and demonstrate.

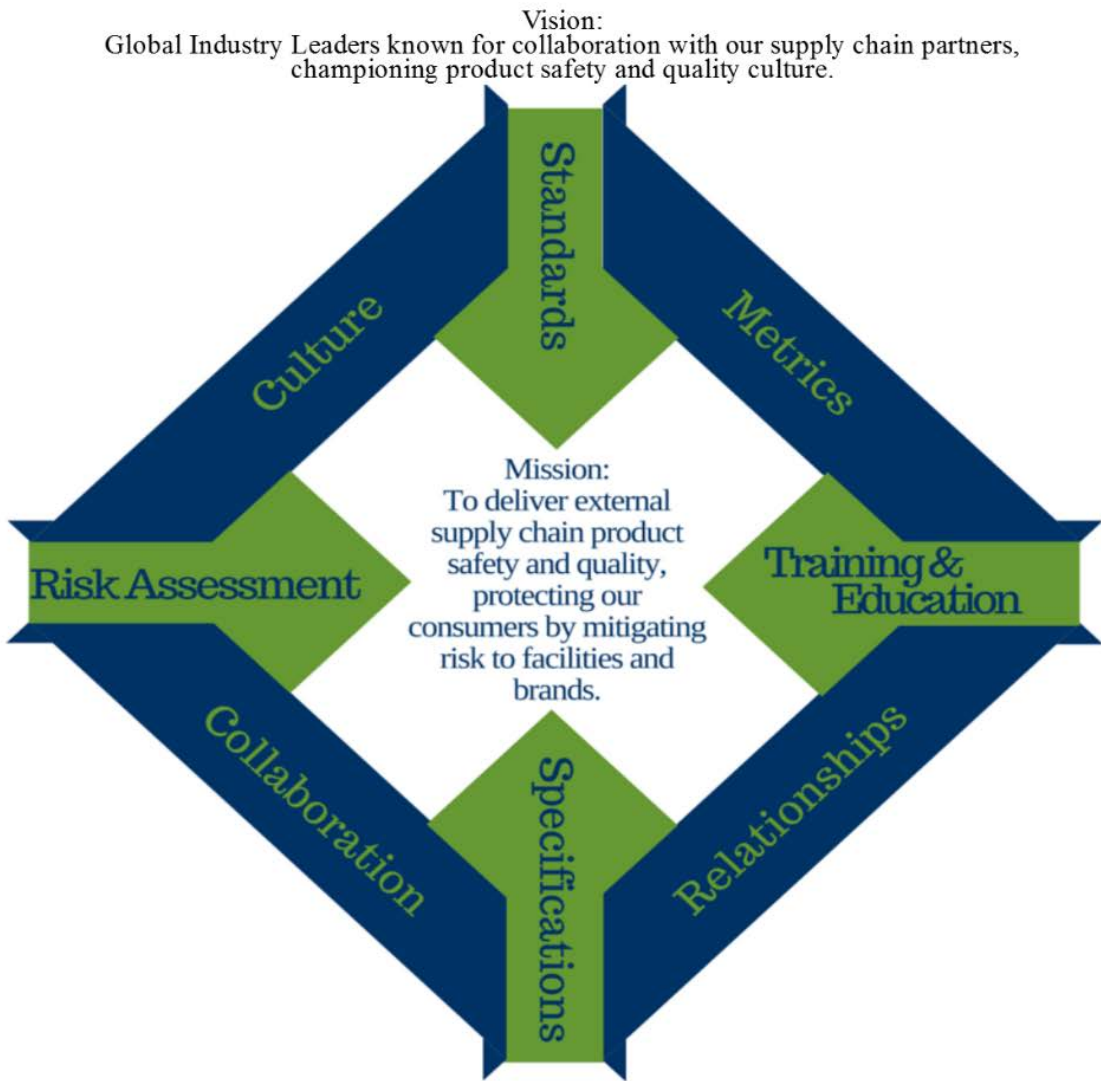
“Culture is the way we do things around here ... when no one is looking”

Adapted from Frank Yiannas--Vice President of Food Safety and Health, Wal-Mart Stores USA

External Supply Chain Quality


Start with a Vision and Mission

External Supply Chain Quality



Establish Standards and Expectations

Land O'Lakes, INC.
Purina Animal Nutrition LLC



Feed Division Quality Expectations

For: Contract Manufacturers
Ingredient Suppliers
Joint Ventures
Feed Licensee Manufacturing



LAND O'LAKES, INC.
growingtogether

Transportation
Quality Expectations



LAND O'LAKES, INC.
growingtogether

Contracted Warehouse (3PL)
Quality Expectations



Land O'Lakes
Purina Feed LLC



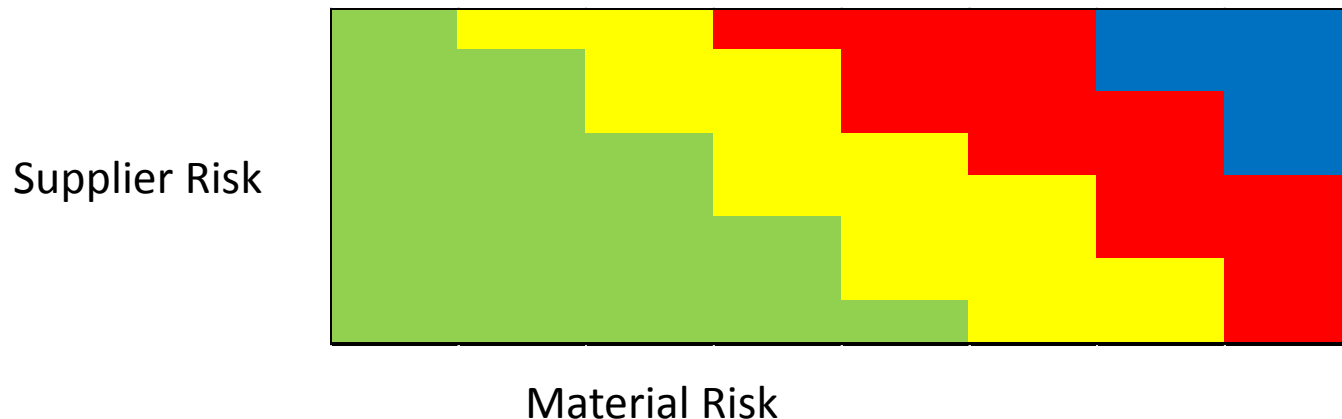
Feed Division Quality Expectations

For: Grain Ingredient
Suppliers

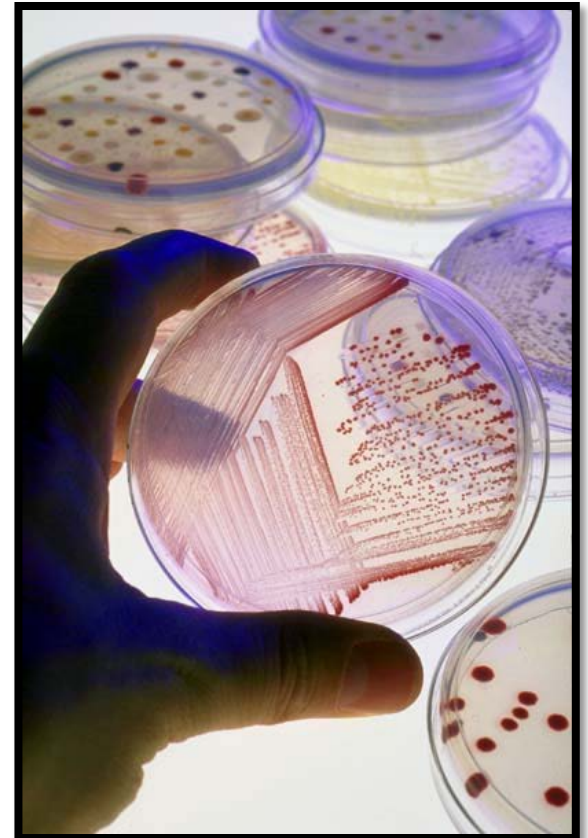
Assess Risk

Assessing risk of a feed ingredient

Assessing risk of your supplier(s)



What are the inherent biological, chemical and physical hazards associated with a feed ingredient?



What hazards may be more relevant based on a supplier's operation?



Its amazing what can come with your ingredients!



Risk Assessment- Supplier

You should know your suppliers and have a program for how you approve them

- Supplier questionnaire
- Conversation with the responsible Quality personnel
- Document review
- Company (business) review – financial stability, history
- Agreement to a written set of expectations
- Audit of the manufacturing facility

Risk Assessment

- Based on your risk assessment of feed ingredients, develop an approach to supplier approval that adequately addresses risk
- Higher risk suppliers may require more information and diligence for approval



What hazards can you adequately control in your facility?



Training and Education

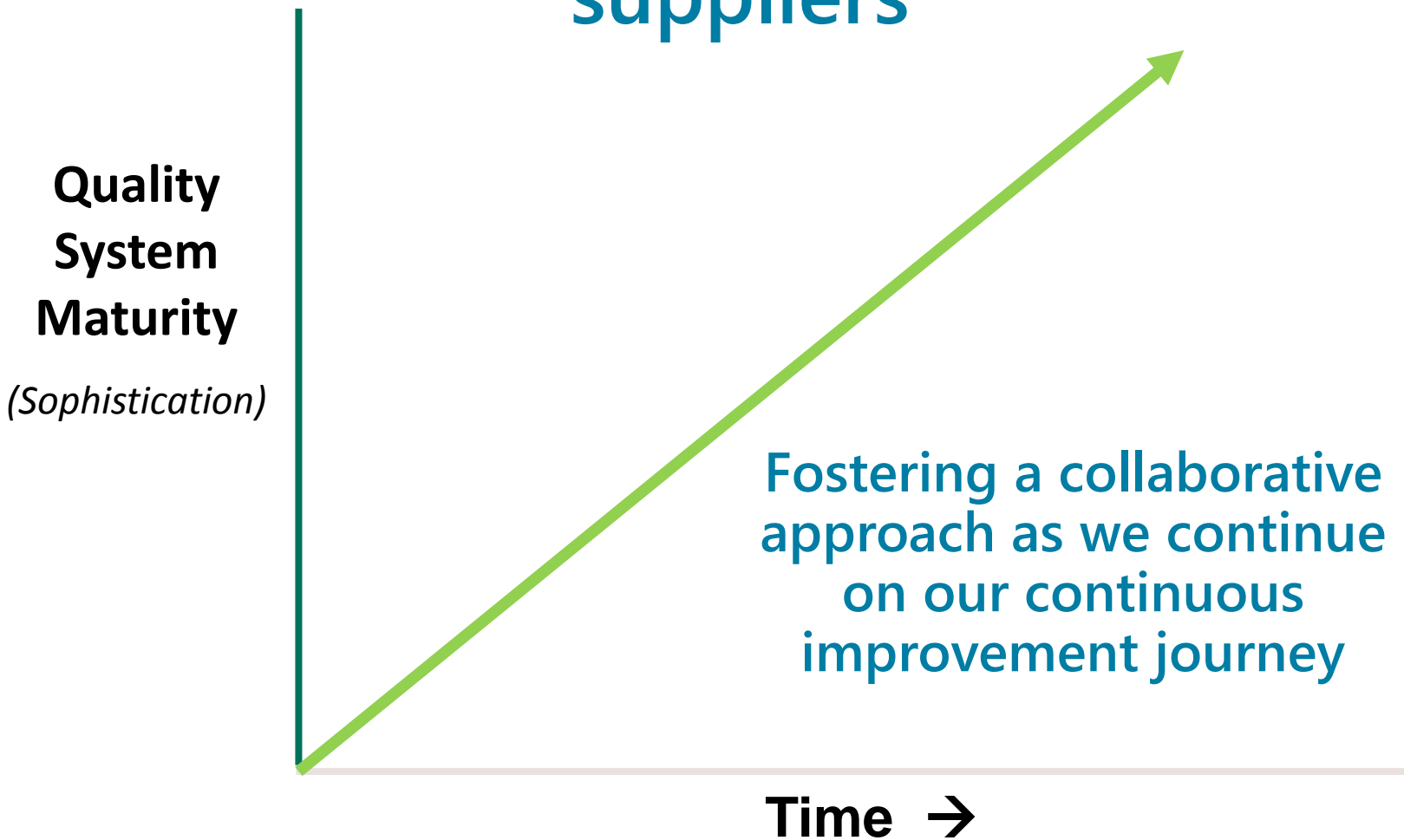
Required By All



Create a Relationship



Build the Relationship with your suppliers



What does your management expect?

Live your Vision and Mission

External Supply Chain Quality



