

# ACHIEVING BALANCE



2015 CORPORATE REPORT



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# WELCOME

## THE RIGHT BALANCE OF COMPANY GROWTH

Since our company's founding 62 years ago, Sargento has focused on innovation, collaboration and working together as a family. Our company has changed and grown over the past six decades, but we retain a strong tie to our roots by living out the words of my grandfather Leonard: "Hire good people and treat them like family™."

Our family grew by 129 members last year, bringing us to 1,784 people. This includes 70 employees with over 35 years of experience each, and notably another employee reaching 50 years with the Sargento family.

We continue to evolve as we grow, and that's a good thing. Collaboration has helped us move forward smoothly, from combining the Food Service and Food Ingredients groups into one powerful division to the retail introduction of our new, award-winning product, Balanced Breaks® snacks. It was the most successful product launch in Sargento history. Consumer feedback has been tremendous, with praise far exceeding our new-product average.

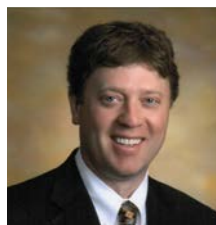
The past year also marked a significant change in how we position our consumer brand with the launch of Real Cheese People™. This new marketing campaign resulted in stronger brand awareness.

Overall, we delivered a record year for our entire stakeholder family. Last year was marked with robust growth, but with the important element of balance.

At Sargento we encourage our family and all of our stakeholders to achieve balance in their careers, their lives at home and their work in the community. In 2015, we devoted even more of ourselves to the charitable organizations that help support our neighbors in need in Wisconsin.

While we evolve, we still measure ourselves against the same values and principles instilled by my grandfather, Leonard, and my father, Lou. Investing in the Sargento family is always an easy decision, because our employees are the heart and soul of Sargento. This is why we broke ground at three of our facilities to improve the buildings for the Sargento family and to meet our growing business needs.

As we reflect on a successful year, we look to the future. We continue to focus on how we can innovate and evolve to ensure the next generation of the Sargento family is even stronger than we are today.



Louie Gentine  
Chief Executive Officer



# BALANCE

*Be passionate - about your faith, family and work.*

*In 2015, Sargento captured our corporate culture in works of art. Our principle of "Balance in Life" was the first to grace the walls, symbolizing our commitment to work-life balance for the Sargento family.*

# TWO DIVISIONS BECOME ONE

# BUILDING A STRONGER, UNITED DIVISION



**A MESSAGE FROM  
MICHAEL PELLEGRINO**  
Chief Customer Officer &  
President – Consumer Products Division

There were many organizational changes and improvements in 2015 that helped strengthen our company. Most notably, in June we merged our Food Service Division with our Food Ingredients Division to form the Food Service and Ingredients Division (FSI). Our new division supports the company's overall strategy of finding efficiencies and working smarter, improving our ability to innovate and win with our top customers by leveraging our custom cheese solutions expertise.



**A MESSAGE FROM  
MARTY ROWE**  
President – Food Service  
and Ingredients Division

As Michael mentioned, we brought together these two divisions after recognizing they had so many similarities. The move has made Sargento stronger and given the Food Service and Ingredients Division significant momentum. I'm proud to share the awards and distinctions our division has earned throughout 2015.

“Merging the two divisions helps us balance our shared resources, making us more efficient, reducing our response times, and ultimately making us more profitable.”

– Marty Rowe

## HORMEL SPIRIT OF EXCELLENCE AWARD

Earned by Sargento for the fourth consecutive year, this award recognizes **Hormel's** business partners who exceed their service expectations. Our team celebrated with a baseball-themed event in June, featuring a baseball diamond backdrop, ballpark eats and a surprise visit from Milwaukee Brewers' mascot Bernie Brewer.

During the Grand Slam Food Challenge, our chefs created unique dishes featuring famous Hormel product SPAM. One of our chefs earned the people's choice award for his version of a Scotch egg: a hard-boiled egg coated with cheese, herbs, SPAM and bread crumbs. Chef Adam Price won the judge's choice for the "Honey Badger," a SPAM slider topped with a fried egg, cheese and a sweet and spicy sauce.

At Hormel's request, Marty Rowe reprised his role as an Elvis impersonator. Always working to improve customer service, Marty brought along three of his friends: Greaser Elvis (Jay Mitchell), Hawaiian Elvis (Doug Marshall) and Vegas Elvis (Mike Lieber).

## PIZZA HUT PAN AWARD

For the second consecutive year, Sargento earned the **Pizza Hut** Pan Award at the 2015 Supplier Summit. This award is tied specifically to the execution of Pizza Hut's "Flavor of Now" brand relaunch. One of our many contributions to this relaunch was sending Sargento cheese to Italy for a Pizza Hut TV spot, which required us to navigate export requirements to get the cheese on-set quickly. A Pizza Hut representative stated, "Sargento has exceeded our expectations by providing leadership through sales, culinary, R&D and customer service.

This experience and award build on our long history of supporting Pizza Hut's new products.

## CULVER'S BRAND PROTECTION AWARD

Days after receiving the Pizza Hut award, Sargento was honored for our role in helping **Culver's** introduce a new Wisconsin cheese supplier. By onboarding the new supplier in a tight timeframe, Sargento helped Culver's continue to market their product as "Wisconsin-made."

"The can-do attitude of our award winner was just what we needed to get the job done," Culver's Senior Distribution and Purchasing Manager Timon Zander said at the awards ceremony before announcing Sargento as the winner. "They were prepared to do whatever it took to meet our very tight deadline."

## SALES MANAGERS OF THE YEAR

Two outstanding members of our sales team earned top honors:



John Meunier was named 2015 Sales Manager of the Year for the Food Ingredients channel. Throughout the year, he displayed outstanding leadership, came to work with a "can-do" attitude, provided excellent customer service and always acted as a team player. John exceeded both his volume and customer profit target while expanding product categories with his top customers.



*Bernie Brewer poses with three Elvis impersonators from the Sargento family: Mike Lieber, Jay Mitchell and Doug Marshall.*



*FSI Sales Director Bill Buranich accepts a brand protection award from Culver's CEO Phil Keiser. Photo courtesy of Culver's.*





David Kist was named 2015 Sales Manager of the Year for the Food Service channel. He also displayed outstanding leadership, remained open-minded and invincibly positive and was a total team player

throughout the year. As for his hard numbers, David exceeded his volume target and customer profit target, landed two profitable target accounts and helped ensure a smooth transition of accounts.

## KEY CONTRIBUTOR AWARD



Bob Campbell, Sr. Manager Supply Chain Strategic Analysis for the Food Service and Ingredients Division, was the first recipient of this new award. The Key Contributor

Award is given to someone who goes above daily expectations for their position, while also delivering outstanding results for the team.

Bob earned this award for both his performance and his positive attitude and approach. Throughout 2015, he performed his job in line with the Sargento statement of values and purpose. This was demonstrated by his positive and professional attitude, habit of going above and beyond daily responsibilities and team-player spirit.

Beyond his attitude, he demonstrated consistent performance results and best-in-class risk management. Bob's analytic skills also saved costs, uncovered insights to drive higher profits and aided in customer and territory realignment

## TEAM BUILDING AS A NEW DIVISION

As always, our Sargento family celebrated milestones and recognized hard work with activities and outings.

### Sale-ing Time

The theme of our 4th quarter Sales meeting was "Sale-ing to New Horizons." To complement this idea, we held several teambuilding events. The first one took place at Splash, a "painting bar" in Milwaukee. There, an instructor guided members of our Sales team through all the steps needed to complete a painting. Drinks were served and social time built in to the hands-on painting experience. To match the theme of the meeting, the painting was nautical: sailboats drifting peacefully on water.

### Discovery World

The team also spent some time at the Discovery World Museum in Milwaukee. Many of them went aboard the Denis Sullivan schooner for a private tour, and lunch was served at the Water Street Brewery.



*Members of the Sales team show off their artwork following a teambuilding event in Milwaukee.*

# A YEAR OF INNOVATION



# REACHING CONSUMERS THROUGH RELEVANT COMMUNICATIONS



**A MESSAGE FROM  
MICHAEL PELLEGRINO**  
Chief Customer Officer &  
President – Consumer Products Division

Year after year, I'm fortunate to share all the ways our company answers consumers' needs with new, delicious ways to enjoy cheese. And 2015 was no different. Smart ideas from within our family and our consumers helped us develop a wholesome new snack. Sargento Balanced Breaks® snacks, introduced in April, is already one of our most popular product lines.

Such innovation is a hallmark of the Consumer Products Division. While we know consumers love our core products like sliced, shredded and snack cheeses, they're looking for even more ways to enjoy 100% real, natural cheese. Our research tells us that people continue to seek out meals and snacks they can feel good about, with simple ingredients they love. That's why we created Balanced Breaks® snacks.

“ The spirit of innovation is alive and well at Sargento, where we rely on consumer trends to help us create the best, new ways for people to enjoy our cheese and build our brand.”

– Michael Pellegrino

# BALANCED BREAKS® SNACKS: PORTABLE, NUTRITIOUS AND DELICIOUS

Our latest product combines creamy bites of natural cheese, crunchy roasted nuts and sweet dried fruits. The launch of Balanced Breaks® snacks marked the first time we expanded our snacking options beyond cheese.

Consumers and media are praising the wholesome nature, portability and protein found in Balanced Breaks® snacks.

Industry organizations are taking notice of Balanced Breaks® snacks, too. The unique yin-yang shape of the product's tray earned a coveted award in 2015.



## AmeriStar Award from the Institute of Packaging Professionals

Our Balanced Breaks® snacks earned top honors for the refrigerated category in 2015. Judges touted our two-compartment tray and seal that allows the cheese to stay moist and the fruit and nuts to retain their texture. Our packaging partners helped Sargento bring this product to consumers and catch their eye in the dairy section.

Additionally, three members of the Sargento Engineering Department are listed as co-inventors for the patent on the tray. Chay Vue, Brian Kaufman and Kevin Heidemann share the pending patent, highlighting the innovation that happens inside the Sargento walls every day.

"Packaging can make or break any product," said Todd Purkey, Sargento Packaging Systems Director. "Packaging brings the consumer the total product offering."

Through outreach from our PR team, Balanced Breaks® snacks earned great coverage from media:

### Cooking Light 2015 Taste Test Awards:

“ The combo of ingredients hits salty, sweet, and savory notes and lets you build your own protein-packed snack (or toss it over a bed of spinach for a quick salad meal). ”

### All You 2015 Snacks Awards Editor's Pick:

“ Protein-packed with sharp Cheddar, sea-salted cashews and a raisin medley, this snack can get you through an afternoon energy slump. ”

### Women's Health Supermarket Stars 2015:

“ Like a precisely portioned mini cheese plate, this tray dishes up just-right amounts of protein, carbs...to recharge you whenever you're dragging. ”

### SHAPE Snack Awards 2015:

“ Each pre-portioned tray comes with cheese cubes, honey-roasted peanuts, and raisins. And while it's a little higher in fat than some of our other picks, the staying power provided by 7 grams of protein makes this 170-calorie combo totally worth it. ”



*The launch of Balanced Breaks® snacks was well received by both media and consumers alike.*



# PUTTING THE SPOTLIGHT ON CHEESE, CHEFS AND CONSUMERS

The Consumer Products Division continues to have a strong presence at events that align with our values and help us bring our message to the masses. Additionally, both long-standing and new programs helped us engage customers nationwide and reward their love of cheese.

## Chicago Rock 'N' Roll Half Marathon

In July, Sargento helped runners fuel up for the race with our delicious natural cheese snacks. Our booth at the Rock 'N' Roll Half Marathon expo in Chicago gave visitors the chance to sample our Snacks and pose for photos with fun signs like "Will run for cheese." We also tested visitors' knowledge on protein with an interactive quiz, rewarding them with customized water bottles. In total, we reached 12,000 people with natural cheese snack samples.



## Chopped at Home Challenge

We also put our cheese-loving community and Food Network viewers to the test with the new *Chopped at Home Challenge*. Similar

to an at-home version of the popular Food Network series *Chopped*, we challenged our fans to create a unique recipe using four mystery ingredients – always including Sargento cheese, of course.

After three rounds and more than 1,800 recipe submissions, we brought the four finalists to New York City for a *Chopped*-style cooking competition. The Grand Prize Winner also had the opportunity to attend the Food Network & Cooking Channel New York City Wine & Food Festival.

## Game Day Sweepstakes

To get fans geared up for the biggest football game of the year, we launched a daily Twitter sweepstakes where fans were asked questions for a chance at our prize of the day. Fans were asked to submit their best tailgate recipe for a chance to win a tailgate kit including a grill and a portable table. Another day, we challenged fans to share a picture of Sargento sliced natural cheese on their party sub or sliders to win a home theater.

## From the Kitchens of Sargento Program



Through a partnership with the Cooking Channel, three Sargento recipes were featured on the Cooking Channel custom special *From the Kitchens of Sargento*. Host Bridgette Nguyen came to Plymouth to meet our Real Cheese People™ in advance. The episode was filmed with Bridgette and our own Chef Ulrich Koberstein, who cooked three dishes together at the Cooking Channel in New York City.

The episode featured several Sargento recipes, including Cranberry, Apple and Cheddar Stuffed Pork Tenderloin. It began airing in February 2015 with several re-broadcasts through the end of May.

Louie and Lou Gentine opened the program to share the history of Sargento, founded by Louie's grandfather Leonard. They then gave each other a cheese taste test where they correctly identified various, unmarked cheeses. The scenes with Lou and Louie were filmed in a rustic barn north of Milwaukee in Saukville, Wisconsin.



Sargento offers a photo booth at the Rock 'N' Roll Half Marathon expo in Chicago.



Lou and Louie Gentine film scenes for the Cooking Channel special *From the Kitchens of Sargento*.



Finalists compete in New York City as part of the *Chopped at Home Challenge*.



## WE'RE REAL CHEESE PEOPLE™

In 2015, we brought our love of real cheese to people around the world with the introduction of the Real Cheese People™ campaign. To build a community of followers just as passionate about cheese as we are, we launched two new social channels: Twitter and Instagram, joining existing channels Facebook and Pinterest.

We debuted an entirely new look and feel for the brand, and created appetizing images that showcase our 100% real, natural cheese. We brought this look to life by updating our website, social media and traditional print and TV advertising.

### Making the Best Dishes with 100% Real, Natural Cheese

Our new advertising campaign focused on how real, natural cheese makes every dish better. A TV ad highlighting our Natural Cheese Slices was one of the top scoring ads the first quarter of 2015, according to Ace Matrix. Our lead message of “Real Cheese People” Don’t Eat Pasteurized Process Cheese Food” scored high in the “relevance” and “desire” categories.



## REACHING REAL CHEESE PEOPLE™ ON SOCIAL

We again tapped into consumers’ unique love and passion for cheese and successfully converted

thousands of general cheese lovers into Sargento cheese lovers. We kicked off the year on social with a Game Day promotion, building excitement with a daily Twitter sweepstakes that drew participation and engagement from nearly 35,000 consumers.

Our social team gained momentum throughout the year, with highlights including three fall-themed videos that showcased Sargento products while providing recipe and snacking inspiration to fans.

### Key achievements:

- Across social channels, exceeded average engagement rates for consumer packaged goods companies
- Social was a top driver of traffic to Sargento.com
- Thousands of consumers declared themselves #RealCheesePeople through daily social engagements

### By the numbers:

- Total social impressions grew 168% to 228M, year-over-year
- We built relationships with nearly 300 celebrities and social influencers who love cheese
- Sargento dominated National Cheese Day, with #RealCheesePeople as a top hashtag of the day

### Top Interactions with Cheese Lovers

**Ricky Dillon:** We engaged with YouTube and Snapchat star Ricky Dillon, resulting in our best engagement to-date in terms of impressions and engagement rate.

**Josh Stewart:** Now an avid brand fan, actor Josh Stewart often tags Sargento in tweets. We’ve interacted with Josh more than 10 times on Twitter.

**Jason Grilli:** Sargento used interactions on Twitter to form a relationship with professional baseball player Jason Grilli, known for his love of grilled cheese. Our interactions with Jason have led to multiple engagements and potential partnership opportunities.



Scenes from the new Real Cheese People™ campaign display our passion for cheese.



Sargento leverages Twitter to build relationships with influencers.



A message from Lou and Louie Gentine closes out a TV advertisement.

# CPD AWARDS AND DISTINCTIONS

## Walmart's Best in Class "Instock" Award

The "Instock" award recognizes companies that exceed key Walmart benchmarks when it comes to service. Our fill-rate for Walmart was nearly perfect at 99%. This distinction is especially important for Sargento, as Walmart's total U.S. food sales are over \$125 billion across thousands of food suppliers.

## Top Vendor in Publix Supply Chain Scorecard

During the Publix annual supplier meeting, with more than 700 vendors and Publix associates present, Sargento was recognized as the No. 1 vendor by Dave Bornmann, Publix Senior Vice President of Business Development and Customer Service. Sargento was chosen as part of a supply chain scorecard process that monitors efficiency using 35 different metrics.

## Four-time Service Award

Sargento earned the SpartanNash 2015 Service Excellence Award for the fourth year in a row. Our team came in at a near perfect fill rate, which means we completely fill the supermarket's order close to every time.



Our CPD team earned an "Instock" award from Walmart. Pictured from left: Michael Pellegrino, Greg Miller, Logan Underwood (Walmart), Josh Merryman and Mark Gumm.



The growing CPD team poses for a group photo.



**PEOPLE  
COME FIRST**



# OUR PEOPLE: BALANCING WORK AND FAMILY



“Those of us who succeed in achieving balance are more successful in all of our roles.”

- Karri Neils, Executive Vice President - Human Resources

This line from our corporate culture handbook defines how our Sargento family works, plays and interacts with each other. We believe people with balanced lives will be better employees, parents, spouses and friends.

During 2015, we welcomed 129 new people to the Sargento family. Now, we have nearly 1,800 people working across our four facilities.

As each new person joins our family, we remember the words of our founder: *hire good people and treat them like family*. This viewpoint helps us live out our corporate culture, helps employees develop within their roles and makes our family even stronger.

How we treat employees also reflects our caring nature. From wellness challenges and races to after-work clubs and outings, Sargento-sponsored activities helps employees achieve balance and have fun.

## Gaining Recognition for Hiring Practices

We have always been proud of our culture of caring, and of our employees who rally around their co-workers and champion their personal growth. In October 2015, our company was recognized by RCS Empowers in Sheboygan as an employer who continues to support people with disabilities. Sargento has received this award for the third time. We are humbled by this recognition, which reflects the attitude of our founders, who simply did the right thing.



The Ranger from country duo KG and the Ranger performs a lasso trick during the Sargento Family Picnic.



## FAMILY AT ITS BEST

The relationships our employees build with each other extend outside of the workplace. Employees care for each other and lend support, both in times of celebration and times of need.

### Welcoming Home a Hero

For Army National Guard Sgt. Yliyah Weber-Hawkins, serving in the military is a family affair.

His grandfather was in the U.S. Air Force during World War II, inspiring him to follow in his footsteps.

“I needed to give more and do more for my country,” said Sgt. Weber-Hawkins, a 10-year employee of Sargento working at the Hilbert facility.

He answered his calling with a deployment to Afghanistan in the spring of 2014 as part of Operation: Enduring Freedom. After several months overseas with his unit, the Sargento family welcomed Sgt. Weber-Hawkins home in early 2015 with a celebration event and cake.

He came with a special gift for our company: an American flag that flew over Bagram Airfield. While presenting the flag to his managers, Sgt. Weber-Hawkins related his experience in the military to his work at Sargento in the maintenance department at our Hilbert location.

“The attention to detail we pay at Sargento goes hand-in-hand with the military,” he said. “The Army focuses on quality, much like Sargento. Because of the support I received from my co-workers, I was able to excel at our mission.”

### Rallying Around a Coworker in Need

We said goodbye to a special member of the Sargento family in January 2016, after a battle with cancer in which his Sargento family came together to support him.

Dave Fredrick, a Maintenance Technician at our Kiel facility, passed away after being diagnosed with Stage 4 cancer months earlier. When they heard the news, Sargento employees organized potlucks and raffles. They raised more than \$8,500 for Dave.

In July of 2015, Dave expressed his appreciation for his colleagues.

“I’ve just been overwhelmed by all the support at work,” he said. “I don’t have words. I don’t have answers ... I just treat people like I want to be treated. Somehow, I guess I made a difference.”



*Sgt. Yliyah Weber-Hawkins displays an American flag he brought back from Afghanistan and presented to Sargento as a gift.*



*We remember a special member of our family, Maintenance Technician Dave Fredrick, who passed away after a battle with cancer. Dave poses with friend and colleague Margaret Roehrig, Kiel Production Coordinator.*

## Wild West: A Family Affair

The biennial Sargento Family Picnic got a new look in 2015 with a Wild West theme, complete with horseshoes and a professional whip cracker. With a skilled flick of his wrist, he cracked soda cans in half and popped balloons. The young and young-at-heart loved his performance. Pony rides, country singers, square-dancing and bouncy houses rounded out the festivities.

Picnic committee volunteers clad in cowboy boots greeted the record 3,100 Sargento employees and families who attended the event in June at the Sheboygan County Fairgrounds. There was no shortage of food: kettle corn, snow cones, ice cream, cotton candy and fried cheese curds were served all day, with a BBQ buffet for lunch.

Sargento employees enjoyed the chance to socialize with their friends from work, as well as meet new people. It was also more of a family affair than ever before: employees brought their extended families, and grandchildren were invited to join the festivities for the first time.

“This is a great way to get people together,” said Sargento Production Utility Jill Lorbecki. “You get to meet all the family members that your coworkers talk about.”

The Sargento family picnic began  
**27 years ago.**

Throughout the years there have been different themes from the 1950s to a jungle theme to this year’s Wild West affair.



This year’s picnic was  
**Saturday, June 27th.**



*Young members of the Sargento family experience a pony ride as part of the Wild West-themed picnic.*



*Cassie Ferguson and Joan Butters pose at the picnic.*



*Stephanie Brill, Sylvia Hemauer and Kelly Kastelic enjoy the Wild West-themed Sargento Family Picnic.*



## Lessons from a 50-year Employee

When Gene Littlefield started at Sargento in 1965, the company was barely a decade old. His wife (now of 58 years) had fallen ill with rheumatic fever, and he needed a second job to help make ends meet. In October of that year, Gene applied for a job working third-shift sanitation, and was given the position on the spot.

Flash forward to today. Gene is our second-ever employee to celebrate a half-century with Sargento. His daughters, Jane Habeck and Nancy Hellmer, both work at Sargento. After 30 years of service, Gene retired from Sargento and enjoyed a vacation. He later returned to us as a part-time outside worker, the role he holds today.

“I have never worked for a company that treats people so well as Sargento. I can’t leave, they’re so damn nice to me!” said Gene, laughing. “I’ll stay on until they tell me I’m too old! I just love it here!”



## Top Workplace Distinction

For the sixth year in a row, The Milwaukee Journal Sentinel named Sargento as a top workplace. We thank our employees for helping us earn this distinction again this year.

What employees said:

“I like the work atmosphere, the people I work with and the leaders at Sargento. I couldn’t ask for a better company to work for.”

“The Sargento family and culture allows for both success and treating people with respect and dignity. This is an exceptional mindset and not as common as one might hope in my experience.”

## Youth Apprentices Expand Knowledge

Sargento is committed to helping connect young people to opportunities that further their education. During the summer of 2015, Sargento welcomed two youth apprentices, Lauren Bruggink and Jacob Bartz. Both students were part of The Youth Apprentice Program, a one-year work-study program and partnership between Sargento, Lakeshore Technical College and the Wisconsin Department of Workforce Development. The program combines academia and technical classroom instruction with mentored on-the-job training for high school students.



50-year employee Gene Littlefield, second from left, poses with Mike McEvoy, Louie Gentine and Lee Gentine.

## CELEBRATING MILESTONE ANNIVERSARIES

Each year, the number of Sargento family members celebrating anniversaries grows. This year, we recognize our largest anniversary group:

- 26:** Employees celebrating 25 years
- 13:** Employees marking 30 years
- 6:** Employees celebrating 35 years
- 5:** Employees marking 40 years
- 1:** Employee marking 50 years

Lauren, who entered her senior year at Oostburg High School in fall 2015, worked in the Plymouth Quality Assurance Department. She gained knowledge and experience in laboratory, food science and quality assurance, aligning with her planned college major of biochemistry or microbiology.

Jacob, a student at Sheboygan's IDEAS Academy, worked in the Sargento manufacturing division. His experience builds on his interest in 3D CAD designs and prototypes, preparing him for a career in engineering.

## MAINTAINING CULTURE AS SARGENTO GROWS

Our company culture is one of our strongest assets, and it's something that attracts employees and keeps them here. We ask every employee to help us maintain and enhance the Sargento spirit. To help keep employees happy and engaged, we continuously assess our programs and perks to align with the changing needs of employees.

### Advancing Employee Health

The health and wellness of the Sargento family is our first priority. That's why we have several programs and activities in place to help our employees achieve their personal best. Employees have access to our fitness center, including personal training and group workout classes. We also regularly host healthy eating seminars and physical activity plans that earn employees points toward prizes like a week of vacation or even free health insurance for a year.

All employees can visit a Health and Wellness Center in the facility where they work. Our centers feature a doctor's office with nurse practitioners who prescribe medication, physical therapists, a health coach and an employee assistance counselor.

### StairWELL Challenge

Our wellness committee sponsored a stair-climbing challenge in July, bringing employees together to race to the top of the LINC building stairwell on the Plymouth campus. Employees had the option of climbing 2,900 stairs (42 times up the stairwell) or 1,860 stairs (27 times up the stairwell). Together, our two teams climbed about 145,000 stairs total. More than half of participants exceeded their goal, highlighting the persistence and dedication of our employees.

### American Cancer Society Road America Walk/Run

On a cloudy day in October that gave way to sun, about 225 people representing Sargento joined for the American Cancer Society Road America Walk/Run. The group was spearheaded by team organizer Karen Merlau, a breast cancer survivor who's led the Sargento team the past eight years.

Karen remembers the early years at the race, when Sargento didn't have a tent or booth and attracted about 60 people. Today, the well-publicized event gives Sargento a chance to honor survivors and remembers those we've lost to cancer. The 2015 team raised \$9,001 for the American Cancer Society, nearly double the 2014 total.

To kick off the whole event, two honorary survivors with ties to Sargento rode in the pace car. Karen Rhyhan, a breast cancer survivor and the widow of former Sargento Executive VP & Chief Operations Officer Mark Rhyhan, and Mitch Arnold, a leukemia survivor and son of Sargento CPD Sales Director John Arnold, helped mark the start of the race.

### Elkhart Lake Triathlon

More than a dozen members of the Sargento family trained for months to complete the Elkhart Lake triathlon in June. For many, the rigorous race was their first triathlon. Aided by onsite personal trainer Debbie Posewitz, our triathletes followed a training schedule to build their strength and endurance.



*Members of the Arnold family gather at the American Cancer Society Road America Walk/Run.*



*Sargento team runners pose after completing the Elkhart Lake Triathlon.*

# CARING FOR THE COMMUNITY

# A LONG-STANDING COMMITMENT TO SERVING OTHERS

## CARING FOR THE COMMUNITY



“Through employee giving, volunteer opportunities and corporate support, we make a difference in our local communities. It’s an important part of our culture and our commitment to People, Pride & Progress.”

- Barbara Gannon, Vice President – Corporate Communications & Community Relations

At Sargento, caring for our community is in our DNA. We still carry on the traditions of our founder Leonard A. Gentine, who always made time to give back to the community while balancing the needs of his business and family. The spirit of giving a part of yourself to others is instilled in our culture and makes our company unique.

In 2015, we continued finding new ways to service others. From growing our partnerships with United Way and Habitat for Humanity to introducing new opportunities to volunteer on and off the clock, we helped employees balance their lives and get involved.

### Innovation Department Illustrates Teamwork

On a sunny day in June, 45 members of our Innovation Department left their labs and offices and came together to support five nonprofits that align with our values.

- **Nourish**, which uses urban farming to provide fresh fruits and vegetables to people in need. Employees worked outdoors, weeding gardens and preparing the land for new crops.

“Each day,  
the Sargento  
family lives  
out our  
mission to  
help people  
in need.”

– Barbara Gannon



- **RCS Empowers**, an organization that offers programs and services for adults with special needs. Sargento volunteers painted art boards for the organization's 60th anniversary celebration.
- **Pine Haven Christian Communities, Generations** and the **Sheboygan Senior Activity Center**, all of which offer services, programs and care for the elderly. At these three locations, volunteers did a variety of tasks indoor and out, from mulching and raking to painting and cleaning.

## Championing United Way

For the past two decades, Sargento has been a longtime supporter of **United Way** in Sheboygan County. With its service to people and families seeking to reach their potential through education, income stability and better health, United Way's mission aligns closely with ours.



And in 2015, our partnership reached a new level. The generous support of our employees allowed us to set a record-breaking donation of \$840,000, up \$88,000 from the prior year. Our dollar-for-dollar match, coupled with widespread participation, helped us get there.

In 2015, 78 percent of Sargento employees participated in the campaign. Twenty-two percent of Sargento family members increased their gift over the prior year by 10 percent, helping us reach record results.

## Say Hello to "Sarge"

Things got a little cheesy when our United Way committee came up with a new way to bring awareness to the campaign.

Recognizing that we were all working toward the same goal of supporting this nonprofit, a group of campaign leaders from Sargento, Kohler, Johnsonville, Vollrath, Plenco and Rockline formed a group that became known as the United Way of Sheboygan County Business Champions.

Tasked with creating excitement for the campaign, our group kept coming back to the same idea: Mascots. Wasting no time, the Sargento team started with sketches, fabric swatches and the all-important question: "Will somebody be able to run in this thing?"

Shortly after, we introduced our family to "Sarge," a giant package of sliced Swiss cheese. Sarge joined other mascots at the Taste of Sheboygan to participate in a punt, pass and kick competition, with all proceeds benefitting United Way. At that event, together with our partners, we raised \$3,000.

## Harvest for the Hungry

As part of another initiative to support United Way, Sargento joined with Kohler to host a lunch and dinner in October. Event attendees enjoyed a fall harvest buffet featuring Sargento cheese and prepared by Kohler chefs, with proceeds benefitting United Way. In total, the event raised \$19,000.

## Scoring Touchdowns for Charity™

Thirteen proved to be a lucky number for Sargento, the official cheese of the Green Bay Packers, and the Touchdowns for Charity™ program. During the 13th year of our partnership with the Packers to alleviate hunger in Wisconsin, we raised \$93,000.



The **\$93,000** raised during the 2015-16 season brings the program's running total to more than **\$1.1 million.**



Sargento SAP Developer Analyst Paul Gloede poses with Sarge and shows off the Packers suite tickets he won during the United Way raffle.



Sargento Senior Vice President – Finance & Strategy Jeremy Behler draws a raffle prize from Recruitment Coordinator Katie Spradau.



Packers fan and Iowa resident Matt Merrick meets former player Chris Jacke at the Touchdowns for Charity™ food drive. Matt brought a photo of his dad, Don, who was a big fan of Jacke's.



That represents 48 touchdowns scored by the Packers, our hometown team. For every touchdown scored by the Packers, Sargento donates \$500 to Paul's Pantry in Green Bay and \$1,000 to the Hunger Task Force in Milwaukee. The stakes double in the post season. This partnership allows us to support our favorite team while helping feed community members in need.

Sargento upped its game for community members by hosting its fourth annual food drive at Lambeau Field during a Packers tailgate Nov. 15. Generous green-and-gold fans contributed non-perishable food and monetary donations to Paul's Pantry and Hunger Task Force.

Fans at the tailgate also got a chance to meet and get autographs from Green Bay Packers Hall of Famer No. 13 Chris Jacke.

## Supporting Habitat for Humanity



Food and shelter; every person in our community has these basic needs, and the Sargento family helps fulfill them. In 2015 we worked with longtime partner **Habitat for Humanity** to build two homes, including our 26th home in Milwaukee. For the first time, we built an ADA-accessible home for a mother and her young daughter with special needs.

The lifestyle show "Real Milwaukee" captured move-in day for our 25th Habitat for Humanity home in Milwaukee and the family's reaction to their new home. The local television program followed the Sargento build from foundation to finish. Tejuana Wade, mother of three and the new homeowner, expressed her gratitude. She also referenced her own upbringing in a Habitat home.

"I grew up in a single-parent home with my mother who made ends meet," Tejuana said. "As an adult, I realized that the reason we lived comfortably was because our

home was a Habitat home. I owe my children the same opportunity I had, a place to call their own."

Our partners at Habitat reflect on our long partnership. "Every time your volunteers come they are so happy, so enthusiastic and ready to dive right in," said Brian Sonderman, Executive Director of Milwaukee Habitat for Humanity. "It really speaks to the culture of Sargento and the sense of family at the company."

## Granting Wishes Through Make-A-Wish

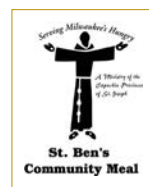
Twenty-five local children battling life-threatening medical conditions will have their dreams come true, thanks to support from the Sargento family.



For the 22nd year, Sargento lent a hand to the **Make-A-Wish** Golf Outing, this year serving as a title sponsor. Leadership team members Larry Gentine and Mike McEvoy helped plan the event, which included 156 golfers and 60 additional dinner attendees. Packer legend Donny Anderson helped raise awareness for the cause and posed for pictures.

The group raised enough money to grant wishes for more than 25 children. According to the Make-a-Wish Foundation, 95 percent of parents they work with have said that a wish come true helps their children feel stronger, more energetic and more willing and able to continue their battle.

## Serving Community Meals at St. Ben's



Many Sargento employees look forward to one day every month – the day they help serve meals to community members in need. For more than 20 years, Sargento has provided natural cheese and time from volunteers to the community meals at **St. Benedict The Moor** in Milwaukee. On average, more than 300 people are served at each meal.



*In 2015, Sargento marked 25 homes built through partner Habitat for Humanity.*



*Mike McEvoy, Nicci McEvoy, Lombardi Packers legend Donny Anderson, Jeremy Behler and Meredith Behler participate in the Sargento Make-A-Wish Golf Outing.*



*The Gentine family joins to serve meals at St. Ben's in Milwaukee.*

One night in late November, the Gentine family came together to serve sloppy joes with a hearty topping of Sargento shredded Cheddar cheese.

“This year, I’m thankful that I can spend a day with my family and friends and that I get a meal with my family,” said Louis Gentine, the 14-year-old son of CEO Louie Gentine.

### New Leadership Role for our CEO

Louie Gentine marked 2015 with a new leadership role that will allow him to bring a family-business perspective to a local organization. Louie is now the president of the Sheboygan County Chamber of Commerce, which has a full-time staff of 10 people and nearly 1,000 Chamber business members, dedicated to promoting the county’s economic growth.

“When I look at Sheboygan County, one of the ways we can have a thriving community, is to have good, healthy businesses,” Louie said. “Looking to the future, I will continue to help develop the local workforce and create more business and education partnerships.”

### Red Raider Manufacturing Initiative

At Sargento, we believe that education is critical to future success. This is why we support the Sheboygan School District’s Red Raider Manufacturing initiative. The program aims to, within a two-year period, double the number of qualified workers graduating from local high schools and also improve technical education programming in Sheboygan County. Sargento, along with several other local businesses, committed to the initiative in 2015, donating funds to help them build new learning and work spaces.

### Reception Connection Saves Supplies

A new program to reuse office supplies has helped Sargento keep items out of a landfill and save money. The Reception Connection program, started in July 2015, has

already saved nearly \$5,300. Employees are encouraged to donate gently-used items and see if they can reuse something before buying new products.

### Helping for the Holidays

While the Sargento family actively participates in volunteer opportunities throughout the year, we host programs specifically designed to support our community during the holidays.

### Toys for Tots

In 2015, we renewed a tradition to provide toys to local children in need through Toys for Tots. Special Events Sr. Manager Sylvia Hemauer revived the effort, resulting in employees donating dozens of toys in early December. We donated toys to several community agencies, including Bridgeway House, Safe Harbor Domestic Abuse Shelter, St. Vincent DePaul and the Salvation Army.

### Sargento Singers Performances

Each holiday season, jolly singers from the Sargento Employees Caring About People (SECAP) group perform at local nursing homes. Additionally, group members stuffed 600 Christmas stockings with candy canes and snacks to give to residents.

The SECAP group has a long history at Sargento that dates back 24 years. Each year, at the end of their performances, they leave behind a live Christmas tree for the nursing home staff to plant in the spring.

Sargento has adopted a similar mentality, planting our own Christmas tree on Earth Day in an outdoor area dubbed “SECAP Hill.” Our little forest grows each year, reminding our employees to be responsible stewards of the environment.



*The Sargento family contributes dozens of toys to benefit local children during the holidays.*



*The SECAP singers stuff Christmas stockings for nursing home residents.*



*SECAP singers bring holiday cheer to residents.*

# GROWTH AND EFFICIENCY

# BALANCING RESOURCES TO ACHIEVE GROWTH

As our family grows, we look to find more ways to improve our day-to-day operations. From expanding facilities to introducing new safety guidelines, our efforts in 2015 helped us make our processes better and bring our cheese to people in a safe and timely manner.



**A MESSAGE FROM  
MIKE MCEVOY**  
Executive Vice President –  
Operations

This year, Sargento balanced the needs of our growing family of employees with that of our facilities. We broke ground on several new expansion projects to improve our working environment and add more room to grow. Through it all, we have managed to continue producing safe and high-quality products while maintaining our reputation in the dairy industry.

“I am appreciative of our employees’ patience during these facility expansions. Their teamwork and flexibility has allowed everyone to perform their roles and continue to meet expectations while allowing us to grow our company.”

– Mike McEvoy



## EXPANDING OUR FACILITIES

In 2015, we announced three major construction projects that reflect the growth of our company's workforce across Wisconsin. Each renovation or expansion will result in a larger, tailored space to support new product innovation and accommodate our growing family of employees.

### Kiel Production Facility

Growing capacity from  
**540 → 720 people**

An 80,000 square-foot expansion will wrap up in October 2016 at our production facilities, where our natural shredded, sliced and snack cheese, cheese dips and frozen appetizers are produced.



*Kiel Plant Manager Jim Loseke lifts a golden shovel to symbolize the beginning of the Kiel construction.*

The majority of the updates at this facility are to enhance employee facilities, from adding a new health & wellness center and employee training room to expanding storage, meeting and lunchroom space. Kiel is also getting a new lobby and offices, plus an upgraded company store.

### Elkhart Lake Technical Center

Growing capacity from  
**60 → 140 people**

The Elkhart Lake site, the first location of the business that is known as Sargento today, is getting upgrades that will add more engineering and R&D office space. The renovations to this facility, where our Engineering, Research & Development and Culinary departments are housed, will be completed in November 2016. Improvements include a three-story office addition.

The additional space will give both R&D and engineering staff more lab space to boost our robotics testing, and enhance our product development efforts to help Sargento maintain our competitive advantage.

### Hilbert Production Facility

Growing capacity from  
**135 → 275 people**

By the end of the summer, employees at our Hilbert facility will work on new production lines. The new lines are part of a 70,000-square-foot expansion of the facility where products for retail and food service and ingredients are produced. The production building, part of the expansion, will be completed in June, with production equipment up and running in August.



*The new Kiel facility will have enhanced employee facilities.*



*An updated Elkhart Lake Technical Center will add space for our engineering and R&D staff.*



*Improvements to our Hilbert Production Facility will result in new production lines.*

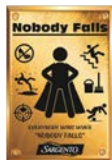
## SAFETY & QUALITY

Nothing is more important than the safety of our employees and the quality of the cheese we deliver to our customers. Safety and quality continue to be priority areas for us, as we illustrated through our leadership in 2015. As always, we are guided by our commitment to SQL: Safe, Quality and Legal products.

### Listeria Prevention Guidance

Some Americans have been affected by recent outbreaks of listeria, a serious infection caused by food contaminated by a certain type of bacteria. We believe it's important to help make sure other dairy companies are aware of the strict safety policies and guidelines we follow.

The Food and Drug Administration (FDA) recently recognized the important role Sargento and its partners play in developing a listeria guidance to be used by the broader dairy industry. Subject matter experts Janet Raddatz, Vice President – Quality & Food Safety, and Donna Klemme, Supply Quality Director, contributed their knowledge to the guidance. Additionally, Sargento donated \$50,000 toward listeria research.



### Making Sure "Nobody Falls"

Our safety campaign, "Nobody Falls," helped educate our employees on the potential of slips, trips and falls. Developed by our Employee Safety Team, the program earned a third-place prize in the J.J. Keller & Associates Safety Professional of the Year competition.

### Prioritizing Safety in All Facilities

At our facilities across the state, practicing a culture of safety remains our top priority.

- Employees at our Plymouth manufacturing facility reached five months without a recordable safety incident, which we attribute to good preparation. Since 2010, the number of OSHA recordable incidents has dropped 54 percent.
- Last year our Elkhart Lake facility reached more than 1,300 days without a recordable safety incident.
- At our Kiel location, we identified nearly 400 opportunities to improve and take corrective action, preventing a recordable incident.



*Safety is important to Sargento, illustrated during a recent offsite fire training for our Emergency Response Teams.*



## Transportation

Our transportation leaders found ways to make our fleet run more efficiently. Some key highlights include:

- Fleet exceeding 5 million miles for the first time
- Converting purchase orders from paper to our electronic Transportation Management System
- Using auto tender and freight payment through the electronic system
- Adding additional carriers to make sure our shipments arrive during busy times

Many of the drivers who make our department more efficient have been with Sargento for years, even decades. Three drivers hit mileage milestones in 2015:



- Kurt Fritz: 3 million miles, driver for 32 years
- Carlos Castillo, 1 million miles, driver for 10 years
- Ron Rosenbaum, 1 million miles, driver for 11 years

## Manufacturing Alliance AllStar

A member of our design, building and maintenance team earned well-deserved recognition for his contributions to our company and passion for mechanical design.

At the end of October, 15-year Sargento employee Josh Salm was named a 2016 N.E.W. Manufacturing Alliance AllStar, a distinction given to those who excel in manufacturing while using their technical education. Josh credits his electro-mechanical degree from Lakeshore Technical College and additional training in mechanical design technology for his success. During his career at Sargento, he has designed and built complex pieces of equipment, from an automatic cheese cuber to a cheese trimmer and shape cutting device.

“I have always enjoyed designing and building new things, so this ... was a natural fit,” Josh said. “Sargento promotes teamwork in our culture, so it’s a collaborative effort among many different people ... that allows us to be successful.”

## A Fair Judge

After years of grading our cheeses at Sargento, Supply Quality Manager Dave Wentz expanded his palette to taste even more delicious cheeses.

In August, Dave was invited to sample dozens of cheeses and select blue ribbon winners at the Wisconsin State Fair. From nutty Parmesan to wine-tinted Merlot Cheddar, the cheeses underwent Dave’s taste tests for qualities like texture, acidity, flavor and color.

Grading cheese is an art and a science with deep roots in Wisconsin and Sargento.

“It helps Wisconsin cheesemakers maintain quality and our state’s reputation of creating some of the best cheeses in America and really the world,” said Dave. “I’d like to see more people get interested in grading, so we can secure a new generation.”



*Dave Wentz serves as a judge at the Wisconsin State Fair.*



*Sargento employee Josh Salm (far right) is recognized as a 2016 N.E.W. Manufacturing Alliance AllStar.*



# A LEGACY OF LEADERSHIP

# CELEBRATING THE PAST WHILE GROWING FOR THE FUTURE

Our company was built on values and ethics. Each day, our leadership and employees live by our six values. We hold our business partners to the same standards, and hope they adopt these values both at work and in their personal lives.

## OUR OFFICERS

### Corporate

<b>Louie Gentine</b>	Chief Executive Officer
<b>George Hoff</b>	Executive Vice President – Chief Financial Officer
<b>Mike McEvoy</b>	Executive Vice President – Operations
<b>Michael Pellegrino</b>	Chief Customer Officer & President – Consumer Products Division
<b>Chad Hamilton</b>	Executive Vice President – Legal & Government Affairs
<b>Kristi Jankowski</b>	Executive Vice President – New Product Innovation
<b>Karri Neils</b>	Executive Vice President – Human Resources



*Lou and Louie (right of center, pictured alongside other winners) received the EY Entrepreneur of the Year® 2015 Award in the family business category in the Midwest program. The award, given by business management consulting firm Ernst & Young, recognizes outstanding entrepreneurs who demonstrate excellence and success in innovation, financial performance and personal commitment to their business and communities.*

## Accounting & Finance

<b>Jeremy Behler</b>	Senior Vice President – Finance & Strategy
<b>Marcy Stanczyk</b>	Senior Vice President – Treasurer
<b>Jim Birenbaum</b>	Vice President – Finance & Control

## Communications

<b>Barbara Gannon</b>	Vice President – Corporate Communications & Community Relations
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## Information Technology

<b>Sue Peterson</b>	Vice President – Information Technology
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## Innovation

<b>Phil Delpierre</b>	Vice President – Research & Development
<b>Rod Hogan</b>	Vice President – New Platform Development

## Our Board Members

**Lou Gentine**, Chairman of the Board, retired, Sargento Foods Inc.

**Louie Gentine**, CEO, Sargento Foods Inc.

**Larry Gentine**, retired, Sargento Foods Inc.

**Lee Gentine**, retired, Sargento Foods Inc.

**Dave Fuhrmann**, retired, Foremost Farms

**Trish Lukasik**, Chief Customer Officer for PepsiCo North American Nutrition

**Gail Lione**, Sr. Counsel, Dentons law firm, Adjunct Prof. Georgetown University Law School

**Mark Train**, retired, Jason Inc.

**George Hoff**, Secretary of the Board, CFO, Sargento Foods Inc.

## Operations

<b>Keith Hartlaub</b>	Senior Vice President – Supply Chain
<b>Karl Linck</b>	Vice President – Engineering
<b>Shawn Marcom</b>	Vice President – Procurement
<b>Bill Bartnik</b>	Vice President – Manufacturing
<b>Janet Raddatz</b>	Vice President – Quality & Food Safety

## Sales and Marketing

### Consumer Products Division

<b>Mark Gumm</b>	Senior Vice President – Sales
<b>Chip Schuman</b>	Senior Vice President – Marketing
<b>Mike Sokol</b>	Vice President – Sales Services

### Food Service and Ingredients Division

<b>Marty Rowe</b>	President – Food Service and Ingredients Division
<b>Kevin Delahunt</b>	Vice President – Food Service Sales
<b>Bill Schaeffer</b>	Vice President – Food Ingredients Sales



Sargento Board members pose for a photo outside the Plymouth corporate office.