

Bama Companies Corporate Citizen Report 2016

People Helping People Be Successful





The Bama Companies have a long and proud tradition of delivering the absolute highest quality of bakery products for customers. Today, that commitment to excellence extends to fostering corporate responsibility in all that we do. **That's why we work diligently to identify, develop and implement initiatives to promote a more sustainable environment within Bama, within our communities, and with our business partners worldwide – working together toward improving global sustainability.**

A Letter from Leadership

Thank you for reading our 2016 Corporate Citizen's Report. This last year has seen a whirlwind of activity in supporting our people and our planet.

One of my proudest moments of 2016 was when we started our new initiative: the Bama Caring Center. This center provides services of all kinds to our team members to help them with various challenges they may face in life. From finding affordable childcare to assisting with college enrollment, we have seen huge rates of **People Helping People Be Successful** in all areas of life.

As you will see throughout this report, Bama is committed to provide a full system of support to team members in real time. In turn, this helps the community and team members become fully realized, functional citizens. Over 150 of team members have been with us over 20 years, and they give back to the community in numerous ways. They cite their careers at Bama as a springboard into becoming active in self improvement, mentoring others, and developing as leaders in the larger community.

Our team members, and the ways we help each other, are our greatest assets. I hope you enjoy reading about our impact in 2016 as much as we enjoyed making it!

Paula Marshall

Love,
Paula Marshall



We take an all-encompassing approach to our sustainability efforts because we believe it's important to address the entire scope of people's lives – their health, their livelihood, and the world around them. We believe our company's mission statement does an excellent job illustrating this approach: "People Helping People Be Successful." These aren't just words – they serve as the foundation of the culture of caring and accountability we're building for our People, our Planet, and the ways we view Profit. **Everything we do makes a difference.**

Objectives / Measurement

People Increase Employee and Community Engagement:
Health and Wellness Engagement 86%, Community Giving 4.2% of Operating Income, and the award of 971 grants to date.

Planet Environmental Impact: Energy, Waste, Water Reductions

Profit Financial viability by System View approach:
Balanced Scorecard, Business Execution System, and Six Sigma processes and tools.

Implementation Goals are set at the beginning of each calendar year. The Sustainability Team coordinates with the facility teams and upper management to achieve them. Results will be periodically compared to the set goals by the use of the predetermined metrics.

Supply Chain Bama's expectations for suppliers regarding sustainability are integrated into the Bama Supplier Manual, supplier summits, and periodic webinars. Supplier performance is monitored through routine business reviews and an annual survey.

Reporting Results of Bama's sustainability efforts will be periodically reported to both internal and external customers.

Impact People

We firmly believe in supporting our people. That's why our objective for supporting team members has been to develop programs that increase job satisfaction through personal and professional growth, make a difference in our community, and recognize team members and suppliers who help us achieve these goals. As you'll see, a number of our programs have been wildly successful.

The Bama Foundation

In 2015, Bama created the next evolution in support: **The Bama Foundation**. This foundation supports programs like BamaAid, assisting our team members and communities so that we can achieve *prosperity through purposeful giving*. The Bama Foundation encompasses the following programs:

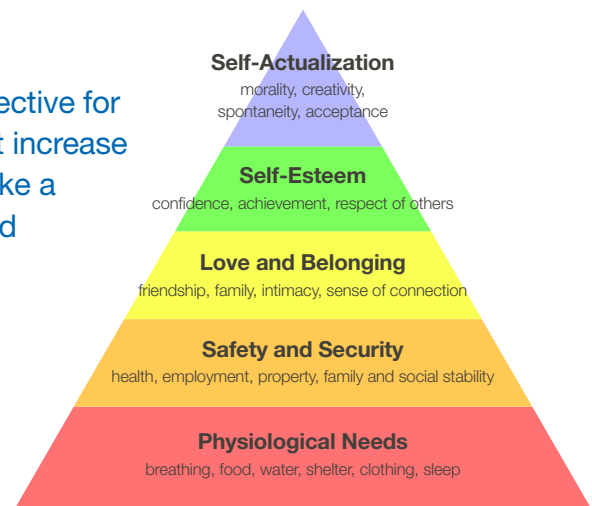
→ **Bama Aid** In 2006, Bama partnered with the Tulsa Community Foundation (TCF) to develop an emergency assistance program — BamaAid — for our team members. BamaAid funds everything from funeral costs to emergency car repairs to hospital bills. In 2016, Bama awarded **126 grants totalling over \$110,000**.

Since Bama Aid's inception, we have awarded **971 grants totaling \$611,554**.

→ **Bama Scholars** funds the dependents of team members in post-secondary scholarships, funds teachers of Bama students with classroom project grants, and helps with financial assistance for tutoring programs. In 2015-16, Bama awarded **15 scholarships and 17 grants for teachers totalling \$28,977**.

→ **Beyond Bama** is our outreach program that helps non-profits with boots on the ground in the high-need areas where our team members live. We supported the community **with \$19,500** to help address the cycle of inter-generational poverty in 2016.

→ **Bama Builds** We are the only company in Tulsa to have partnered with TCF and Rebuilding Together Tulsa (RTT) for a non-routine home repair program for our team members. This program provides repairs for electrical, plumbing, and roof maintenance; and home security, heating and cooling grants for those that meet RTT criteria. In 2016, Bama awarded \$38,550 to Bama team members. Since its inception, we have provided **34 grants totaling \$107,804**.



Maslow's Hierarchy of Needs



Bama Caring Center

In April of 2016, Bama proudly opened the Bama Caring Center. The Bama Caring Center is a vision developed by Bama's owner, Paula Marshall, based upon Maslow's Hierarchy of Needs. The Center is a unique, comprehensive service for Bama team members designed to relieve and resolve personal and family is-sues, thereby improving retention and engagement. Bama Caring Center essentially triages the needs of Bama team members in order to provide or refer individuals to services that will reduce or eliminate personal barriers to professional success. The center also helps reduce stress and anxiety, allowing the individual to focus on work while at work and home while at home. For each client, the Bama Caring team clarifies the problem, identifies choices, and develops an custom action plan. The services provided through the Bama Caring Center are at no cost to team members and their family members.

Impact Wellness & Safety

Bama team member health, safety, and wellness are key programs in helping the organization achieve its mission of **“People Helping People Be Successful.”**

Employee Health and Wellness Strategy

Program Intent – Improve the state of health and quality of life for all Bama team members, contain health plan costs, and maintain accountability for the business impact of health care reform.

Personal Health Assessments Bama educates team members and spouses each year on their health profiles during onsite biometric screenings. Over 85% of our team members participate in our Health Assessment process. Combined with our network of resources, Bama has seen a 16% reduction in the average health risks of team members and spouses since 2009.

Fitness Centers Bama tries to make fitness convenient, offering a fitness center at each of our three production facilities, free fitness instructors, and engaging fitness classes. Our fitness centers provide programs such as Bama Fit Academy, an intervention-style program designed to improve all aspects of well-being.

Bama Clinic Bama set out to remove barriers and provide access to quality medical care by opening the Bama Clinic. The Bama Clinic offers a network of clinics across the Tulsa metro area with 40 hours a week of physician time, 60 different medications, x-ray, and lab services. All of these services are free of charge to health plan participants. The Bama Clinic serves over 60% of the Bama Companies' medical needs and continues to grow. This resource has been integral in Bama's mission of People Helping People be Successful.

Healthy Meal Options In 2011, Bama wanted to build a system that gave team members access to healthy meal options at affordable prices. We have since partnered with a local vendor that delivers healthy fresh wraps, sandwiches and salads every day. To make these items more affordable, Bama subsidizes \$1.00 on the healthiest items and \$0.50 on fresh fruit. This is another way Bama invests in its most valuable resources – our people.

Employee Safety

Bama is committed to making its workforce and community successful through a daily emphasis on being safe and healthy.

To accomplish this, we've created a “culture of safety” and implemented processes to support the best safety practices.

To support our culture of individual accountability and management's commitment, Bama has also made a number of improvements to our safety processes that include:

- Tracking progress in safety accountabilities
- Ensuring team members have the information they need to do their job safely
- Oklahoma Department of Labor Safety Pays consulting program
- Back Safe Training to combat ergonomic challenges
- Installing process improvements in areas where serious strains and sprains have occurred
- Implementing Physical Demand Assessments to better understand whether a person is physically capable of performing a job without causing injury to themselves before being placed in the position
- Active Release Therapy (ART) onsite for team members to mitigate and counteract the effects of work and personal injuries. Through our Active Release program, approx. 33% of the cases potentially avoided surgical intervention and were resolved with just a few treatments of therapy.
- Safety Newsletter used as a communication tool that covers a Safety topic for both home and work, recognizing employees that are “caught being safe”, as well as showcasing our metrics, vision and mission for the safety department
- Safety Teams ensuring safety including Emergency Response, First Responder and Evacuation Teams

Impact Community

We take a great deal of pride in giving back and doing things that make a positive impact in the community. That's why Bama donates and volunteers with many nonprofit organizations. Many team members serve on nonprofit boards and give their personal time and money.

External Engagement & Memberships:

American Baker's Association*

- Food Technical Regulatory Affairs Committee
- Human Resources Committee
- Energy & Environment Committee

American Institute of Baking*

American Payroll Association*

Carrera Program*

City of Tulsa, Hispanic Commissioner

Deming Institute*

Eastern Oklahoma Food Bank*

Environmental Federation of Oklahoma

Greater Tulsa Hispanic Chamber of Commerce

KIPP Charter School

Margaret Hudson*

Meals on Wheels*

Mental Health Association*

Mosaic*, Tulsa Regional Minority Business Chamber

Multicultural Foodservice & Hospitality Alliance*

NRA's Multicultural Food-service & Hospitality Alliance*

Oklahomans for Equality

Oral Roberts University

Oklahoma Ethics

Oklahoma State Chamber*

Oklahoma State University

Institute of Technology

Owasso Chamber of Commerce

Owasso Community Resources

Operation Aware*

Project Special Chair*

Ronald McDonald House Charities*

Street School

Sustainable Tulsa* Tulsa Chamber of Commerce*

Tulsa Community College

Tulsa Day Center for the Homeless*

Tulsa Library Trust

Tulsa's Young Professionals*

University of Oklahoma

WellOK*

Women-In-Recovery,

Family & Children Services

Women's Foodservice Forum

Workforce Tulsa

YWCA*

* Denotes Board Member or Chair/Committee Participation



Bama has aligned its community involvement to include organizations that promote **Children, Women and Education**.

Community

Bama has created an outreach team at one of our facilities, which includes a cross-section of team members. This team works with 2-3 outside organizations of their choice to help in the community with the organizations' (Beyond Bama) needs. The plan is to create similar teams at the other two facilities.

Bama not only focuses its efforts nationally, but, we have an international focus as well. BamaAfrika is an international effort to support the Dr. Paula Marshall School in the village of Ayibontey, Ghana, Africa. The school services 250 children from remote villages across Ghana. A new restroom facility was recently added for the greater community to use. Several team members each year go to Africa and give their heartfelt time and talents to the wonderful people of Ghana.

Impact Inclusion & Diversity

At Bama, we embrace the differences within our Bama Family, our valued customers and our suppliers. We strive to create a culture of acceptance, active inclusivity and personal and professional growth opportunities for everyone. Within this culture, we recognize that our differences and similarities alike provide an enriching experience, not only within our workplace, but in the quality of food we make as well.

We demonstrate this by strongly adhering to the following: Inclusive talent pipeline practices, equitable talent development, CEO/Leadership commitment to diversity, and supplier diversity practices.

Policy We continue to review our diversity programs and have updated our policies to reflect in “words” the “actions” we were already practicing. Specifically, we launched our Veteran’s Business Resource Group, provided education to our team members and suppliers on the business case for Inclusion & Diversity by a national speaker, **and received a 85 percent rating by the Human Rights Campaign — Equality Index.**

Bama also received the Corporate Equality Award from Oklahomans for Equality for being the only company that provided all three protections to transgender team members: nondiscrimination protection, access to medical benefits and a transition policy.

In addition, we were **recognized and highlighted by the U.S. Department of Justice for our Second Chance hiring practices as a best practice in the state of Oklahoma.**

Women in Recovery In 2015, Bama began working with the Mayor’s Commission on the Status of Women to develop the business case for hiring non-violent female offenders who have the support of second-chance programs such as Women-In-Recovery. Bama has been employing graduates since 2010, has experienced a 75% retention rate to date, and has encouraged others in the business community to employ these graduates through CEO roundtable discussions. One of those Bama encouraged was one of their packaging suppliers, Pratt Industries, with the Women in Recovery program. ***Pratt Industries learned of this wonderful program from Bama and has mirrored it in their organization.***



“We heard about the ‘Women in Recovery’ program through our friends at The Bama Companies and we’ve been completely satisfied with the caliber of employees that have joined the Pratt Industries Family. We plan to continue to grow this program at Pratt.”

— Anthony James, Pratt Industries,
Tulsa Converting Division

Impact Suppliers

Long-term business relationships are very important to Bama, with some now over 40 years old. Since Bama's products are only as good as the ingredients that go into them, we collaborate with only the best business partners. We interact with these partners on a regular basis to ensure the best ingredients and finished products are delivered on time.

Suppliers / Customers

To celebrate those supplier relationships, Bama hosts an annual Paul Marshall Excellence Award (PMEA) banquet. Awards are given for Quality, Value, Service, Sustainability, Transportation, and Overall Performance. We also nominate an individual or supplier for the "Lilah Marshall Heart & Soul" award. The winner of this award possesses an outstanding heart and soul and has been essential in building and sustaining a partnership with Bama and has helped Bama meet its mission of "People Helping People be Successful."

Engagement For the benefit of our supply chain (suppliers and customers), Bama is purchasing 100% Roundtable for Sustainable Palm Oil (RSPO) Certified Mass Balance Palm Oil. Bama feels that using certified sustainable palm oil, and partnering with companies on the Roundtable for Sustainable Palm Oil (RSPO), will help shape responsible farming and reduce deforestation in the Southeast Asian countries of Indonesia and Malaysia.

Bama also encourages suppliers to have a comprehensive sustainability program and goals, since their products similarly impact People, Planet, and Profit. Bama engages them in this effort through an annual Sustainability Survey, a Sustainability Award during the Paul Marshall Excellence Awards, periodic Supplier Summits, business meetings, and periodic webinars for specific information.

Diversity Supplier Base at Bama – Bama currently directed approximately 8.1 percent of purchasing expenditures to minority or women-owned businesses and disadvantaged businesses in 2016. We continually look for opportunities to increase our diversity spend.

Inclusion & Diversity A cornerstone of our Organizational Development System and our business processes. We demonstrate this by committing to Inclusive talent pipeline practices, Equitable talent development, CEO/Leadership commitment to diversity, and supplier diversity practices.

In 2014, Bama formed an Inclusion Council in order to foster equitable opportunity for all team members and their success. This cross-functional team meets quarterly to review progress and identify new opportunities to support efforts reflecting the diversity of our team members, customers, suppliers and the global communities in which we serve.



Winners of the 2016 Henry Bellmon Quality of Life Award



2016 PMEA Supplier of the Year Award to Precise Food Ingredients, Inc.

Winners of the 2016 PMEA Awards were:

Quality Jewel Apple
Service Green Bay
Cost/Value AAK
Sustainability Ardent Mills
Carrier of the Year Witte Brothers
Supplier of the Year Precise Foods
Lilah Marshall Nominee
 Ronnie Fresh from Pratt Industries

Impact Planet

As a medium-sized manufacturing organization, Bama could easily have a negative impact on energy, waste, and water in the areas we operate. However, Bama has taken steps to identify, measure, and counteract those impacts. Metrics for key areas of energy, waste, and water have been developed and are tracked to continuously improve.

Reduction

Through awareness, audits / treasure hunts, programming, and equipment changes, the Bama production facilities have been able to save approximately 11% of energy intensity (energy per kilogram of product) over the past 5 years. This has not only reduced the non-renewable energy used at the upstream power plant, but has also significantly reduced facility overhead costs.

Carbon emissions are linked strongly to energy use. Bama's carbon footprint in 2016 was 49,900 MT CO₂e, but has reduced the relative intensity (kg CO₂e / kg product) by approximately 9% since 2011.

Bama is challenged with a substantial amount of raw material packaging. Activities to manage this material include:

- Cardboard recycling has been reinforced, closed loop recycling and better revenue
- Hard plastics (pails, jugs, etc.) are now being bundled and recycled into new products
- Plastic film balers were purchased and films are being baled and recycled
- Bama is actively working to resell gaylord totes and supersacks locally
- Source reductions in food waste through operational excellence



Inaugural Class of Energy Star Plant Certifications* for the Baking Industry at the **2016 IBIE**



These changes have helped Bama's waste become a significant revenue stream instead of a cost (over \$250k cost avoidance /revenue increase per year since 2009) and have diverted over 1,200 tons of waste from waste treatment, annually. Reduce and recycle activities leave Bama with over 96% waste being recycled, so Bama began sending the remaining waste to the local Covanta Energy Waste facility in 2012.

Bama realized the goal of zero waste to landfill in 2014 and targets absolute zero waste by 2020.

Impact Profit

Bama views financial health from a long-term perspective with a strategy of “smart, fun growth.” The company invests in all areas of the business to contribute to its growth and success.

Team members are encouraged and empowered to make day-to-day decisions with a long-term, System View perspective and to “think like owners” in everything that they do. We do not “bet the farm” on any one strategic perspective or investment, but instead evaluate how the entire system will be impacted today and in the future. The intent is to enjoy what we do, and generate predictable, steadily increasing returns.

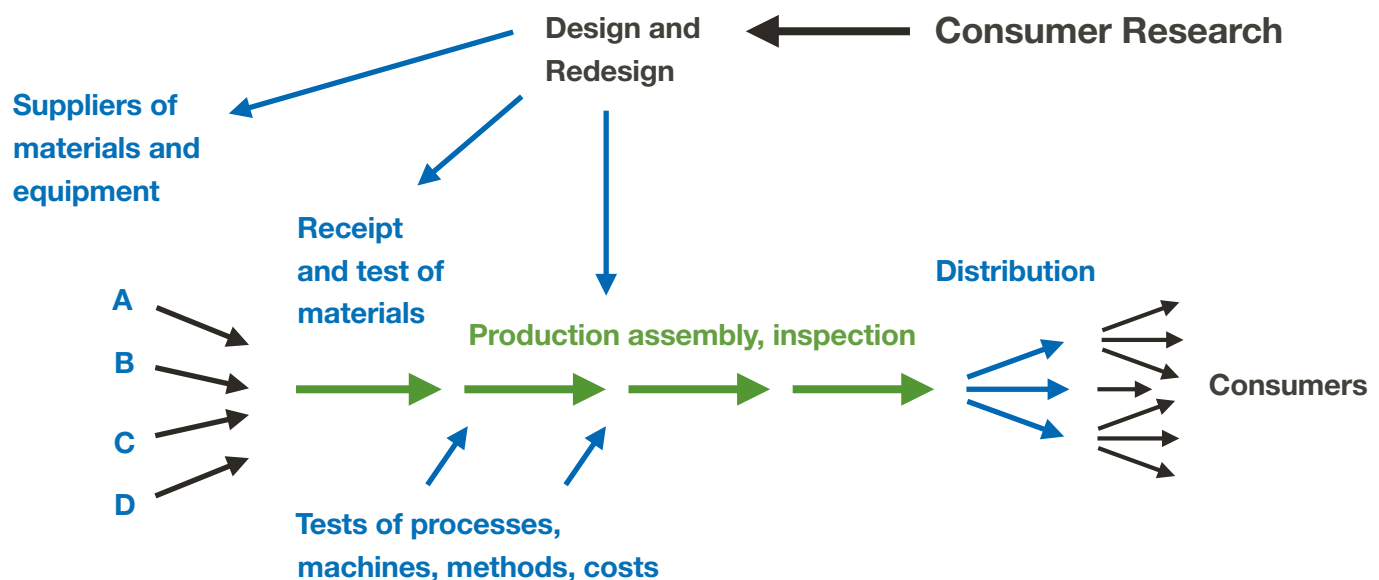
System View Approach

Bama's System View approach to business strives to reduce variation and waste in our system, with a goal to deliver the lowest-cost, highest-quality product to customers. By using a System View approach for continuous improvement, Bama evaluates all manufacturing processes to ensure quality and efficiency are built into each stage. The continuous improvement cycle includes four phases:

- **1. Plan** – Collect as much information about our system as we can to develop our plan of action for improvement
- **2. Do** – Implement the plan of action for improvement
- **3. Study** – Study how well the plan worked and what other improvements or changes need to be made
- **4. Act (Adjust)** – Act on the learnings of the study of the plan

Continuous Improvement

This four-step cycle allows for continuous process improvement, always striving for the best possible process. Using this System View cycle helps drive system wide efficiency and ultimately contributes to the financial health of the company.



Impact Profit

Bama works to improve performance from all strategic perspectives using a variety of tools and metrics. Key financial measures such as financial ratios, direct margin return, cash flow projections, conversion cost per pound, net income and IRRs are evaluated, but are only one component in the continuous improvement cycle evaluated through the company's Balanced Scorecard approach.

Balanced Scorecard

A combination of key financial and operational metrics are reviewed through a rolling forecasting process and used to evaluate changes to the company's financials due to changes in all components within the Bama system. In addition, Bama makes it a priority to ensure all team members receive basic financial training to aid in understanding how daily decisions impact the operational and financial performance of the company.

Two important non-financial measures utilized are Line Efficiency and First Pass Quality. Line Efficiency is an important strategic measure that allows Bama to measure how efficiently available production time is used by answering the question, "What percent of the theoretical maximum that we could have produced did we actually produce?" Not utilizing all the available production time in an efficient manner costs the company in downtime, inefficiencies, customer satisfaction and possibly lost sales.

First Pass Quality is the measure Bama uses to measure how effectively we make product right the first time. Reworking product takes additional time, labor, and other resources, therefore negatively impacting the bottom line. First Pass Quality helps ensure that Bama is providing high-value products to its customers, which helps maximize the financial health of the company.

Business Execution System

In 2016, Bama rolled out a new tool that manages the long-term results of the entire Bama system through the Balanced Scorecard approach. The Business Execution system allows the company to manage, track and execute on projects ensuring resources are deployed against the most critical projects and allowing for the full realization of intended operational and financial impacts. One key 2016 project managed through the Business Execution system was the addition of a new Hotcakes production line. The system was key in executing the project on time and within budget while returning the intended financial results to the business.



Six Sigma

Within the System View and Balance Scorecard approaches, Bama utilizes a data-driven decision-making process, in which team members are viewed as change agents armed with actionable data. During the plan phase mentioned previously, Bama utilizes Six Sigma principles and the expertise of six practicing company Black Belts to collect and analyze data using a variety of different tools. Through on-boarding and on-going training, all team members have an understanding of this data-driven process and tools. Six Sigma allows Bama to focus on making every area of the business better to meet the changing needs of the system with benefits for employees, customers, suppliers and the many other stakeholders that make up the Bama system.

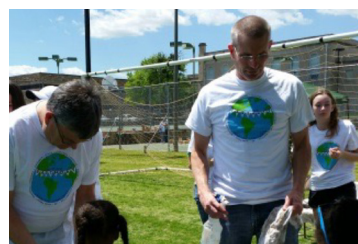
Impact Sustainability

At Bama, we've seen the valuable impact sustainability can have on our company, our people and the community. That's why we're not content to just work in our own little corner of the world. We readily partner with other companies and organizations in our industry and the communities we serve to share the importance of making a difference through sustainability – often by thinking outside the box.

Corporate Citizen Recognition / Awards:

2016 Second Chance Employer Recognition by the U.S. Department of Justice
 2016 Corporate Equality Award, Oklahoman's For Equality
 2016 Outstanding Philanthropist, Association of Fundraising Professionals
 2016 Tulsa Regional Chamber's annual Top Inclusive Workplace Award from their Diversity Business Council, Mosaic
 2016 Henry Bellmon Quality of Life Award
 2016 Energy Star Certified Facility – Bama Frozen Dough
 2016 Energy Star Certified Facility – Bama Pie

2015 Tulsa Regional Chamber's annual Top Inclusive Workplaces Award from their Diversity Business Council, Mosaic
 2015 McDonald's People First Supplier Award and finalist for their Diversity & Inclusion Award
 2015 YUM!'s Inaugural Supplier Diversity Award
 2014 Tulsa Regional Chamber's Annual Crystal Star Award for Supplier Diversity Mentorship and Top Inclusive Workplaces Award from their Diversity Business Council, Mosaic
 2014-16 For the last two years, certified as an American Heart Association Fit Friendly Company at the platinum level.
 We also are an Oklahoma Certified Healthy Business.



Not a waste can.
 But an opportunity for
 a new life. **Recycle.**