

Partner Sourced Ingredients

Quality. Honesty. Trust.

2017 Annual Report



Program Overview



Verification that you're getting only the best ingredients

Bay State Milling has always been synonymous with honesty, trust and integrity. Our Partner Sourced Ingredients program reinforces these traits even further, with 3rd party-verification of key metrics relating to our supply chain partners and capabilities.

The Partner Sourced Ingredients program evaluates sources of data and information to verify that we have achieved the metrics we set for ourselves at the beginning of the program. Travel receipts, trip reports, visitor logs and quality assurance files are among the data that we provide to a 3rd party auditor to assess our compliance.

These documents are analyzed and verified by ACET Global, a food safety consulting firm that assists companies with gap assessments and the development, implementation and maintenance of global food safety programs.

Metric
#7



Bay State Milling’s objective is to develop lasting partnerships with our ingredient suppliers. We share in their challenges and benefit from their success. We are actively engaged in providing resources and support to enable them to improve operational processes, enhance product quality systems and develop new supply chains. Our supply chain partners are an extension of our business and their practices must align with our values.

Partner Sourced Standard Operating Procedures

Visits to supplier locations worldwide

We visit at least 8 of our 26 supply chain partners per year, reviewing business operations and offering resources and expertise to farmers and processors.

Supplier	Country	Commodity	BSM Reps	Dept
1. Bora Agro Foods	India	Sesame	Jonathan Armstrong Andy Kosco	Procurement, MMB Commercial Manager, MMB
2. Accura Organics	India	Sesame, amaranth, flax	Jonathan Armstrong Andy Kosco	Procurement, MMB Commercial Manager, MMB
3. Semillas Universales S.A., Retalhuleu	Guatemala	Sesame	Jeff Roberts Andy Kosco	Procurement, MMB Commercial Manager, MMB
4. Arasy Organica	Paraguay	Sesame, chia	Jeff Roberts Sigita Baniulis-Gudeika	Procurement, MMB Senior Quality Manager, MMB
5. Spokane Seed Company, Washington	USA	Garbanzo beans	Jonathan Armstrong Shanna Trausch Andy Kosco	Procurement, MMB Sales Manager, Emerging Business Commercial Manager, MMB
6. CleanDirt Farm, Colorado	USA	Millet	David Sachs Kevin Kavanaugh Sigita Baniulis-Gudeika Donna Reiser Adam Roberts	Vice President, MMB Vice President Operations Senior Quality Manager, MMB Marketing Communications Manager Content Marketing Specialist
7. Sun West, California	USA	Medium Grain Rice	David Sachs Jonathan Armstrong	Vice President, MMB Procurement, MMB
8. Montana Gluten Free Processors, Montana	USA	Naked Oats	Dan Collins Vanessa Brovelli	Entrepreneur in Residence Manager, Product Development

Metric #2



“Being this transparent with our supply chain partners really helps to build trust with our customers. We have a better understanding of the difference between supply and a supply chain and communicate how that differentiates Bay State Milling from trading companies.”

Shanna Trausch, Sales manager, Emerging Business Segment at Bay State Milling

Supply chain partner visits to Bay State Milling

Bay State Milling hosts at least 3 supply chain partner visits per year to our US facilities - allowing us to solidify partnerships and share resources. It also gives our partners insight into the products and needs of our customers.

Supplier	Country	Product	Supplier Rep	BSM Facility
1. KHI	Peru	Quinoa	Nicoloe Holsberg	Bolingbrook, Illinois
2. OLA	Argentina	Rice	Christian Martinez	Woodland, California
3. Semillas Universales	Guatemala	Sesame	Samir Layyous Michael Sureikat Monica Figueroa	Bolingbrook, Illinois

Metric #3



“I witnessed the purity protocol in action and got to rogue the field by hand with farmers and see the labor intensity that it requires to be able to offer our customers the lowest gluten ppm specification available in the industry.”

Vanessa Brovelli, Manager, Product Development at Bay State Milling

Visits to supplier locations by at least 3 non-procurement employees per year

Visits to our supply chain partners enable employees involved in quality assurance, operations, finance, R&D, marketing and sales to see first-hand how critical supply chain partnerships are, and how they can offer support.

Supplier	Country	Product	BSM Reps	Dept
1. Arasy Organica	Paraguay	Sesame, chia	Sigita Baniulus-Gudeika	Senior Quality Manager, MMB
2. Spokane Seed Company, Washington	USA	Garbanzo beans	Andy Kosco	Commercial Manager, MMB
3. CleanDirt Farm, Colorado	USA	Millet	Shanna Trausch	Sales Manager, Emerging Business
			David Sachs	Vice President, MMB
			Kevin Kavanaugh	Vice President Operations
4. Sun West, California	USA	Medium Grain Rice	Sigita Baniulis-Gudeika	Senior Quality Manager, MMB
			Donna Reiser	Marketing Communications Manager
5. Montana Gluten Free Processors, Montana	USA	Naked Oats	Adam Roberts	Content Marketing Specialist
			David Sachs	Vice President, MMB
			Dan Collins	Entrepreneur in Residence
			Vanessa Brovelli	Manager, Product Development

Metric
#4



“From my India visit we had a very positive outcome: we managed to reevaluate risk assessments on the supplier and they received a better score. By reducing the language barrier and being face-to-face, I was able to verify and confirm certain programs and policies that are part of our requirements.”

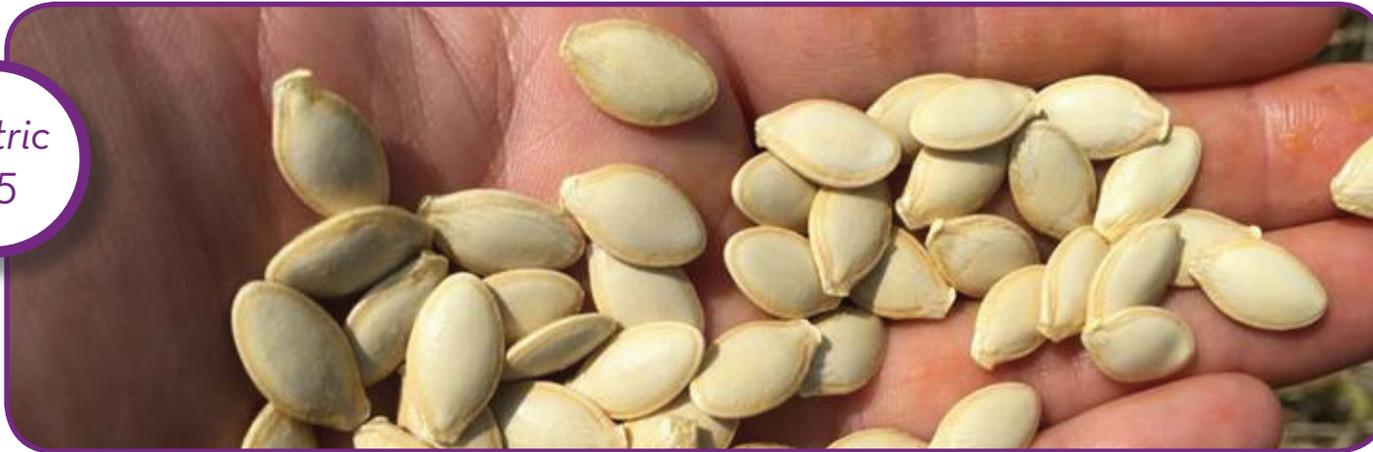
Sigita Baniulis Gudeika, Sr. Quality Manager, MMB BU at Bay State Milling

Vendor and facility risk assessments

A comprehensive questionnaire focusing on key food safety and security processes must be completed by all existing and potential supply chain partners, and updated each year. Data collected are used to assess the risk profile of suppliers for partnership decisions for improvement.

100% of our supply chain partners visited in 2017 completed a Vendor Facility and Risk Assessment audit.

Metric
#5



> 95% specification compliance for all raw materials

This is supported by striving to achieve that >95% of raw materials coming in the door meet our stringent quality specifications. We work closely with our supply partners on any raw materials that may be received out of specification with options including further cleaning, processing and/or rejection if necessary.

98.3% of Partner Sourced Ingredient shipments received from our partners met all specification criteria on receipt without any further processing necessary.

Metric #6



Publish an Annual Report of the Partner Sourced Ingredients Program with Supplier Profiles.

ACET GLOBAL Consulting, LLC is an industry-recognized company that takes a comprehensive approach to assessing food safety for a wide variety of organizations to help identify and mitigate risk within facilities and supply chains. The company was chosen by Bay State Milling for their knowledge and reputation within the food industry in addition to their ability to develop and conduct a customized objective examination of the Partner Sourced Ingredients Program. Their examination resulted in confirmation of the following:

- Metric 1** 75% of visits to eight supplier locations were verified through flight receipts and trip documentation.
- Metric 2** Three supply chain partner visits were confirmed by sign-in logs, meeting notes and documentation.
- Metric 3** A minimum of three non-procurement visits to supplier locations were verified through flight receipts and trip documentation.
- Metric 4** 100% of supply chain partners completed an annual Vendor and Facility Risk Assessment verified by the ACET GLOBAL audit.
- Metric 5** 98.5% of ingredients received within spec confirmed through Receiving and Quality Assurance documentation.
- Metric 6** Annual report published.



ACET GLOBAL team is headed by Ron Vail as President. Mr. Vail has over 38 years of experience in the food industry having held positions within quality, Manufacturing and Procurement in both international food companies and industry organizations. His knowledge has earned him positions in worldwide consulting, education and training for the development and implementation of FSMA, HACCP, Food Safety, and pre-requisite programs and schemes for SQF, BRC and FSSC 22000.

2017 Partner Profiles

Bora Agro, India - Sesame



Bora Agro Foods is a subsidiary of the K.C. Bora Group that is focused on processing white hulled sesame for export. Bay State Milling has been sourcing hulled sesame seeds from Bora since 2001.

Bora Agro Foods operates one of the largest and most sophisticated sesame hulling and grain processing facilities in India. Bora commissioned in 2016, their new, fully automated facility that was designed with a focus on sustainability. The Bora plant has been constructed to provide for energy conservation, water recycling, natural lighting, dust control and worker safety.

Bora has reduced the amount of water used in the dehulling process by 60%. sesame hulls from the wastewater are used as a fiber inclusion in animal feed while the remaining water irrigates adjacent sugar cane fields.

Bora Agro Foods provides housing, education and medical care services for its employees on site at their facility in Pune.

Bora Agro Foods originates sesame at market through dedicated Commission Agents, or Arhatiyas, who maintain relationships with 50-to-100 core farmers. Bora's Arhatiyas purchase sesame directly from the farmers and aggregate the purchases based on seed variety and quality attributes.

Accura Organic Foods, India - Amaranth



Accura is a family-owned company based in Ahmedabad, Gujarat, India that was established in 2003. Bay State Milling has been sourcing sesame, amaranth, flaxseed and dill from Accura since 2008.

Accura has dedicated Commission Agents, or Arhatiyas, that maintain relationships with specific villages and 25-to-50 farmers who form the core of their annual supply at market, called Mandi. Accura's Arhatiyas purchase amaranth and brown flaxseed directly from the farmers and aggregate the purchases based on quality attributes.

Accura Organic has worked directly with the Uttarakhand Organic Commodity Board to source Amaranth directly from the Organic Producer Groups supported by the Board ensuring higher quality and fair pricing for growers.

2017 Partner Profiles

Semillas Universales S.A., Guatemala - Sesame



Semillas Universales S.A. is a subsidiary of Unisource Holdings, Inc. and it operates an FSSC 22000 certified sesame cleaning and hulling facility in Retalhuleu, Guatemala that provides support to the economy of indigenous and local communities primarily involved in family agriculture. Established in the 1980's, Unisource began by sourcing, cleaning and exporting the sweetly aromatic spice of cardamom later expanding to include green coffee and sesame.

Bay State Milling Company has developed a long-held, sourcing partnership for white hulled Guatemalan sesame seeds with Unisource/Semillas based on experience, annual site visits and compatible objectives and guiding principles.

In May of 2010, the FDA recalled white hulled sesame seeds for a potential contamination with salmonella. The recall prompted the FDA to begin inspecting all containers of sesame being imported into the United States, continuing into 2011-12. During this timeframe, not one container supplied by Semillas was rejected for salmonella contamination.

Arasy Organica - Sesame & Chia



Following supplier visits in March of 2013, Bay State Milling established a sourcing partnership with Arasy Organica for chia, white hulled sesame, black sesame and natural sesame.

Arasy Organica was founded in 2003 as an organic cotton production supply chain in the San Pedro department of Paraguay. Arasy was purchased in 2008 by the Stadecker brothers who have worked with the small scale farms to improve their agronomic practices, provide training and organic certification services, expand their crop rotations to include sesame and chia and open international markets to their crop production.

In 2011, Arasy invested in the installation of a sesame hulling operation at their grain handling and cleaning facility in the District of Guayaibí, San Pedro. Paraguay produces two unique varieties of sesame, Inja and Escoba Blanco. Escoba Blanco is prized for a sweet taste.

2017 Partner Profiles

CleanDirt Farm, USA - Millet



Bay State Milling Company has been sourcing millet from this trusted and long-held partner in Colorado since 2006.

CleanDirt Farm is a millet cleaning and dehulling business located in Sterling, CO that, until 2017, was owned and operated by Rob Knowles and Meryl Stern. The CleanDirt facility existed on a portion of Rob's homestead which had been in his family for four generations.

In the late 1990's, Rob and Meryl began to explore the feasibility of establishing a millet processing business as a means of staying on their family farm and began to investigate the opportunity of developing a millet cleaning and dehulling facility. At this time, the market for human consumption in the United States was just beginning to flourish and the vast majority of the millet processing facilities were widely regarded as substandard.

In November of 2001, Rob and Meryl began commercial processing of millet, shipping their first truckload. In 2006, TJ Harkins (now Bay State Milling) began to source millet from CleanDirt Farm eventually becoming their largest customer.

In 2017, Rob and Meryl decided to retire and Bay State Milling acquired CleanDirt Farm in order to continue to develop this integral supply chain and support its growers and customers.

Spokane Seed Company, USA - Garbanzo Beans



Founded in 1908, Spokane Seed Company is a fourth-generation, family-owned and operated company based in the Palouse region of the Pacific Northwest that specializes in the growing, processing and marketing of dry peas, lentils and garbanzo beans. Spokane Seed Company is the largest pulse producer in the Palouse region, an area of grasslands that straddles the Washington and Idaho border and extends south into Oregon.

In 2016, Spokane Seed worked with Bay State Milling to develop a process which produces a high quality garbanzo bean flour for gluten-free manufacturing.

2017 Partner Profiles

SunWest Foods, USA - Medium Grain Rice



Beginning with our predecessor company Certified Foods, Bay State Milling Company has been sourcing conventional and organic medium grain rice from a trusted and long-held partner in California since 2006. SunWest Foods was founded in 1986 and expanded in 1991 to provide superior quality California rice and wild rice to national and global rice markets.

SunWest purchases, markets and processes medium grain rice and wild rice from over 300 farmers who represent 15% of California's rice production and over 40% of California's wild rice production. SunWest Organics is the second largest marketer of organic California rice.

SunWest operates an organic rice production program in the Sacramento valley and contracts directly with certified organic growers. SunWest has a toll milling arrangement with Far West Rice Co. in Nelson, CA for all of its Medium Grain Organic Rice and processes its Medium Grain Conventional Rice at its own mill in Biggs, CA.

Montana Gluten Free Processors, USA - Naked Oats



In 2014, Bay State Milling began to explore potential avenues to add gluten-free Oats its portfolio which brought the company in contact with Montana Gluten Free Processors. Montana Gluten Free Processors was founded to develop a 'Farm to Fork' system to grow, clean, store, process and market gluten-free oats. Montana Gluten Free oats are less than 3-ppm gluten by only planting in fields that have not contained gluten grains for four years. Prior to harvesting, each field is walked and hand-rogued twice to ensure that no gluten grains are present in the field. Moreover, only dedicated gluten-free farm equipment is used to harvest and transport the oats and, finally, the Montana Gluten Free processing facility in Belgrade, MT is a dedicated and certified gluten-free facility.

Most importantly, Montana Gluten Free Processing plants a specific variety of hullless oats that is naturally gluten-free and contains more protein and soluble fiber (beta-glucan) than a traditional oat.