

Partner Sourced Ingredients

2018 Annual Report



Quality. Honesty. Trust, Verified.

**Bay State
Milling** 
A Trusted Family of Ingredients.®



Reassurance you're getting only the best ingredients

Quality, honesty and trust – they're the key pillars that Bay State Milling has been building a successful business on for more than a century. They're also the values driving our Partner Sourced Ingredients program, a 3rd-party verification of key metrics relating to our supply chain partners and capabilities.

This innovative program, now in its second year, uses six key metrics to evaluate sources of data and verify that we have achieved the standards we set for ourselves. Travel receipts, trip reports, visitor logs and quality assurance files are some of the types of data we provide to a 3rd party auditor, who then assesses our compliance.

These documents are analyzed and verified by renowned ACET GLOBAL president, Ron Vail. Meeting the metrics of this program is key – not only because it confirms the quality and sustainability of our sourced ingredients, but also because it provides opportunities for us to help our partners excel.

Metric
#7

Visits to 8 suppliers minimum per year worldwide

We visited 14 of our 26 supply chain partners, reviewing business operations and offering resources and expertise to farmers and processors.

Supplier	Country	Commodity	BSM Procurement Team Member(s)
1. Colorex	Peru	Quinoa	Brenden Olson, Miles Henderson
2. KHI/Villa Andina/Vinculos	Peru	Quinoa	Brenden Olson, Miles Henderson
3. Andean Valley	Bolivia	Quinoa	Brenden Olson, Miles Henderson
4. Neofarms	Argentina	Organic Long Grain Rice	Jonathan Armstrong
5. Organic Latin America (OLA)	Argentina	Organic Long Grain Rice	Jonathan Armstrong
6. Montana Gluten Free Processors	USA	Oats	Brenden Olson, Miles Henderson
7. SS Johnson	Canada	Flax	Miles Henderson
8. Scoular	Canada	Flax	Miles Henderson
9. Geisbrecht	Canada	Caraway	Miles Henderson
10. Nordic	Finland	Caraway	Miles Henderson, Jonathan Armstrong
11. Red River	The Netherlands	Poppy	Miles Henderson, Jonathan Armstrong
12. Trouw	The Netherlands	Buckwheat	Miles Henderson, Jonathan Armstrong
13. Alcaliber	Spain	Poppy	Miles Henderson, Jonathan Armstrong
14. Semillas Universales S.S.	Guatemala	Sesame	Miles Henderson



Metric
#2

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	Commodity	Supplier Representatives	BSM Facility
1. Spokane Seed	USA	Garbanzo	Andrew Fontaine, Pete Johnstone	Woodland, CA
2. Sesaco	USA	Sesame	Nathan Smith	Bolingbrook, IL
3. OLA	Argentina	Organic Long Grain Rice	Ernesto Engels	Bolingbrook, IL



Exploring potential organic supply chains

A visit with students and professors at Rai University enabled Bay State Milling to share expertise and gain insight in the areas of sustainability and organic farming. Visits like this one are key to establishing strong relationships and setting expectations with future supply chain partners.

Metric #3

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	Commodity	BSM Procurement Team Member(s)	Non-Procurement Visitors
1. Neofarms	Argentina	Organic Long Grain Rice	Jonathan Armstrong	Doug DeWitt, Vice President Sales & Customer Development
2. Montana Gluten Free Processors	USA	Oats	Brenden Olson, Miles Henderson	Peter Levangie, President & CEO
3. SS Johnson	Canada	Flax	Miles Henderson	Andy Kosco, MMB Commercial Lead
4. Scoular	Canada	Flax	Miles Henderson	Andy Kosco, MMB Commercial Lead
5. Geisbrecht	Canada	Caraway	Miles Henderson	Andy Kosco, MMB Commercial Lead
6. Semillas Universales S.S.	Guatemala	Sesame	Miles Henderson	David Sachs, Vice President, MMB, Andy Kosco, MMB Commercial Lead



Metric #4



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 is used to assess the risk profile of suppliers for partnership decisions and improvement opportunities.

Result; 100% of our supply chain partners visited in 2018 completed a Vendor Facility and Risk Assessment audit.



Sowing the seeds of success in India

A visit to the annual meeting of IOPEPC, or Indian Oilseeds and Produce Export Promotion Council helped Bay State Milling gain a greater understanding of market dynamics affecting the sesame seed supply chain. It also provided an opportunity to get to know representatives from sesame seed suppliers around the world.

Metric
#5

95% of all ingredients received from our Supply Chain Partners will be within the established product specification

In the rare instances where we receive raw materials that are out of specification, we work closely with supply partners, taking steps like further cleaning, processing and/or rejection if necessary.

Result; 99.4% of Partner Sourced Ingredient shipments received from our partners met all specification criteria on receipt without further processing necessary.



Supporting high standards for quinoa production in Peru and Bolivia

With stringent test protocols from the field through the manufacturing process and substantial capital investment, Peruvian and Bolivian quinoa suppliers are firm in their commitment to quality standards. Working with these suppliers, Bay State Milling is able to support their wellbeing and their success in the areas of traceability and sustainability.

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** 100% 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** 99.4% 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.

Partner Profiles

Organic Latin America (OLA) - Organic long grain brown rice



OLA is the result of a global alliance of companies seeking excellence in the production and distribution of organic foods including an extensive and diverse line of rice varieties doing business in Argentina. Argentina has the second most acres of certified organic land in the world and is the world's third largest producer of organic products of which 90% is exported, mainly to Europe and the United States.

One of OLA's growers is Matthias Ferreri, a second-generation Argentinian rice farmer. A leader in his local community, he is a resource for other farmers helping them to plant their own land. Because local farmers value his opinions, he is OLA's collaborator when they need to trial new rice varieties.

OLA has been a supplier for four years, is FS Certified and their products are non-GMO Project Verified. They contract with and provide seed to multiple farmers in the Entre Rios province.



Andean Valley - Quinoa

Andean Valley was founded in 1996 by the uncle of Javier Fernandez, the current CEO, who is passionately involved in every aspect of the business which is focused on quinoa alone. Andean Valley's Suppliers Program is a unique project of collaboration with 18 local farming communities of the Bolivian south highlands. Andean's agronomists support and assist farmers to grow and manage quinoa from the seedling to post-harvest processes. The goal is to secure a good result in the organic crop and a fair trade price. Their program is a socially responsible way to guarantee the sustainability of their process and the traceability of organic production.

The company has a strong belief in "sharing our knowledge and energy to empower and nourish the world, while remaining -as always- steadfast protectors of our ancestral legacy, our people and our soil."

Citing a vision of "holistic empowerment" Andean Valley guarantees their farmers receive fair payment for the quinoa that is grown under established rigorous controls and quality standards. Andean Valley provides farmers with technical training and feedback to improve yields and ensure soil conservation of their lands.

Andean Valley's processing plants are FSSC 22000 certified, and their quinoa is USDA certified organic.

Partner Profiles

S.S. Johnson - Flax



SS Johnson is a third-generation farming operation in Arborg, Manitoba, Canada. The beginnings of Johnson Seeds go back to the 1930's when Kristjan and Snorri Johnson, along with their father S.S. Johnson began producing pedigreed cereal seeds and selling them to local farmers. Eventually, they built a small seed cleaning facility, and, in the early 1950's, began cleaning cereal seeds for the wholesale market in Western Canada and the United States.

S.S. Johnson Seed, run by Brian, Lorne and Keith Johnson, contracts with local growers sharing their expertise in the area of production, management and crop handling to realize the full potential of their crops in the world marketplace.

Our supplier for 19 years, S.S. Johnson Seed has built a world-wide reputation for delivering outstanding quality products and is internationally renowned for its human-consumption flax which is HACCP certified for food safety by the Canadian Grain Commission.

Nordic - Caraway



Nordic Caraway was founded in 2004 by two caraway seed companies, Trans Farm Oy and Caraway Finland Oy, who joined together to focus on the production and marketing of one product--caraway seeds from Finland. At that time, most of the world's caraway was produced by Eastern European countries. Nordic Caraway is now the largest producer and processor of caraway in the world.

The backbone of Nordic's production is their network of farmers who utilize the latest technology and know-how on caraway farming. Nordic Caraway works in close collaboration with several agricultural research centers to optimize production and shares this knowledge with the farmer network through collaborative communication and training. To avoid the adverse effects of monoculture, Nordic's farmer network utilizes effective crop rotation methods as caraway actually improves the soil for alternative crops. Through optimized farming methods, Nordic can ensure the highest quality end products with consistent size, color and flavor.

Nordic's production line cleans and processes the caraway seeds using state-of-the art equipment. Nordic Caraway's specialized plants are FSSC 22000 certified.

Partner Profiles

Trouw - Buckwheat



Trouw b.v. of is located in Rotterdam, Netherlands and was formally established in 1896; however, the company claims evidence of buckwheat processing dating back to 1702 in the form of a grits mill. They are currently the largest and most specialized buckwheat processor in Europe. With strong relationships in multiple regions throughout Eastern Europe and China, Trouw provides a wide range of buckwheat products in various forms for distribution around the globe.

As a primary supplier of buckwheat to Bay State Milling for three years, Trouw has stringent gluten-free and consistency requirements at their BRC certified facilities.

Alcaliber - Poppy Seed



Alcaliber is the parent company to Spanish Poppy Seeds of Madrid, Spain, the sales arm for poppy seed production. Alcaliber contracts with farmers across various regions of Spain. They provide seed for all farmers and have field technicians for each region to ensure proper growing techniques. This makes for a consistent supply despite varying growing conditions.

They have a custom built, state-of-the-art, FSSCC 22000 certified production facility located in Albacete where the poppy seeds are cleaned and processed shipment around the world. A dependable supplier of poppy seed to Bay State Milling for two-and-a-half years, Alcaliber is the only poppy seed producer in Spain where the industry is heavily regulated by the government.