



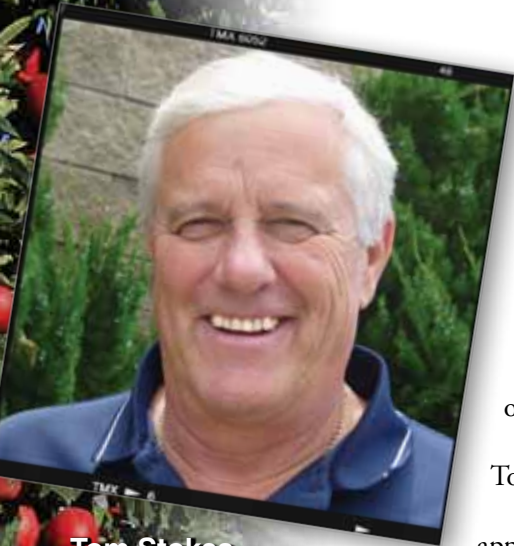
# 2010 Corporate Citizenship and Sustainability Report



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**Tom Stokes –**  
*President & CEO*  
*Tree Top, Inc.*

## **Letter from our President & CEO**

Imagine thousands of tons of fresh fruit being dumped into rivers and landfills simply because it isn't pretty enough for the fresh retail market. That is exactly what happened in the Pacific Northwest until 50 years ago when a group of apple and pear growers got together to form the Tree Top cooperative. Tree Top was established to turn less attractive fruit into delicious, wholesome juice and apple sauce.

Now, more than 50 years later, we're still making the best with some less than pretty fruit and we continue our strong focus on sustainable practices.

Our cooperative has grown over the decades from a regional producer of premium apple juice to a leader in the fruit processing industry supplying fruit ingredients to most of the world's top food manufacturers. However, we remain strongly committed to our rural values which are founded in our growers' work ethics and care for their trees and land generation after generation. We know our responsibilities to our community and to our planet which is why it's a clear part of our company's stated values.

I hope that this report reflects our good intentions as we strive for transparency and accountability in our efforts to reduce our impact on the environment and to strengthen the communities in which we live.

Thank you for taking the time to learn about Tree Top.

A handwritten signature in black ink, appearing to read "Tom Stokes". The signature is fluid and cursive, written over a white background.

## COMPANY VALUES

### Integrity –

We do the right thing, communicating openly and honestly, exhibiting behaviors consistent with our words, and are accountable for our results.

### Respect for Others –

We build strong relationships – with growers, employees, customers, and business partners – based on mutual respect and support, valuing each other’s experience, opinions, and diversity.

### Corporate Citizenship –

We are conscientious about our impact on the environment and in our communities, and do what we can to make a positive difference.

### Leadership at Every Level –

We adapt to our dynamic business environment, address challenges strategically, strive to improve performance and processes, and lead by example.

### Simplicity and Practicality –

We strive for clear, concise communication abiding by few and simple policies, using simple solutions to avoid bureaucracy and complexity.

## OUR STORY

We are a grower-owned fruit-processing cooperative established more than 50 years ago to take fruit from our local trees, not pretty enough from the fresh market, to create wholesome products such as apple juice and apple sauce which we have produced since our inception and many other widely used ingredients.

Approximately 1,100 grower-owners deliver their fruit to us from which we create not only delicious juice and sauce found under the Tree Top brand at grocery and retail outlets, but we also provide ingredients to 20 of the world’s leading 25 food manufacturers, and supply products and ingredients to restaurants and foodservice clients throughout the nation. You likely enjoy our ingredients in your favorite breakfast cereals, toaster pastries, ice creams, yogurts, and smoothies.

Over the years, Tree Top has acquired other well-known fruit-processing and fruit specialty companies which provides customers with the widest array of fruit-based offerings available, including purees and nectars—We’re All About Fruit!

Headquartered in the rural community of Selah, Washington, in the heart of Washington’s apple country, Tree Top also operates other facilities close to the source of our fruit to ensure the utmost in freshness and to limit the amount of resources consumed to obtain our fruit supplies. Our plants are located in Selah, Prosser and Wenatchee, Washington as well as Medford and Woodburn, Oregon, and even one in Oxnard, California close to delicious



berries. Our Oregon and California facilities were purchased in 2008 during the acquisition of the Sabroso Company, known for purees and nectars and their handling of soft fruits and berries. Those facilities were operated independently until August 2010, and hence the respective data was not collected and is not reported here. However, the Sabroso Company was well known for their sustainability efforts in manufacturing and received Oregon's 100 Green Company's Award.

Tree Top and its subsidiaries employ approximately 1,150 employees. Northwest Naturals, a wholly owned subsidiary is located in Bothell, Washington near Seattle, and creates unusual and specialty fruit juice blends and flavors for inclusion in refrigerated organic juice, liquors, coffee drinks, etc.

Our small-town cooperative has grown considerably over the last 50 years-- from the creator of premium clear apple juice to the leading fruit processor capable of supplying nearly every form of processed fruit and meeting the strictest quality controls imposed by the world's leading food manufacturers.

Tree Top built its reputation on discerning quality and excellent flavor and we aren't wavering on those standards or our rural heritage and values. After all, we have a clear vision in mind— to be the first choice fruit-based company of growers, customers, and consumers.

### **PEOPLE, PLANET, PROFIT**

Something is sustainable when it meets the needs of the present without compromising the ability of future generations to meet their own needs. Our growers know the meaning of caring for their land and trees to provide for their families generation after generation and the value of respecting Mother Nature and our Planet. As a grower-owned cooperative, we share those values and know its not just about current profits. We believe that it's about People, Planet and Profit. The core principles behind our practices are to:

- Minimize harm
- Maximize benefit
- Be accountable & responsive to key stakeholders, and to
- Support strong financial results

Tree Top has been working for years to reduce the company's energy use, waste and environmental impacts. However, two year's ago, a formal sustainability program was established to better capture and report data, and to identify and engage the organization further around areas for improvement, and to convey our results. This year is the second year of formally measuring and publishing our results in print and on the web.

The Sustainability and Corporate Citizenship Committee, formed in 2009, reports directly to our CEO and in turn our Board of Directors. The charter of the Committee is: “To promote social, economic and environmental health through education, influence and action.”

By listening to stakeholders, including business partners, customers, the public, employees, etc., we determined our primary focus areas. Our Sustainability and Corporate Citizenship Committee targeted in on those areas and focused the organization’s efforts on collecting baseline data and developing a plan to address each area more proactively. The following are our primary focus areas:

- Manufacturing Plant Energy Use
- Water Use and Waste Water
- Emissions/Air
- Packaging
- Employee Welfare
- Community Support & Volunteerism

## **PLANT**

### **MANUFACTURING PLANT ENERGY USE**

As reported in our first annual Corporate Citizenship & Sustainability Report last year, Tree Top participated with energy suppliers over the past several years to investigate potential energy savings, train staff, and to implement capital improvements that resulted in a savings of 4.5 million Kilowatt hours of electricity annually. That’s enough energy to serve about 285 average homes or 48 average U.S. businesses for a year!

In fiscal year 2010, our primary energy reduction efforts focused on natural gas consumption.

According to the American Gas Association the average American home consumes 77,900 cubic feet of natural gas annually or 77.9 million Btu. In addition, 51% of American homes use natural gas for their primary heating source according to the U.S. Energy Information Administration or about 27% of all natural gas consumed by the U.S. annually. Tree Top recognized significant opportunities to reduce their consumption of natural gas in fiscal year 2010. Below is a detailed description of each of the efforts, the cost and energy savings. These total efforts are projected to save 41,397,500 cubic feet of natural gas or enough to fuel 531 homes. The energy reductions and savings as a result of the described actions are also estimated to save the company in excess of \$525,000/year after the repayment of the capital invested for improvements.

The first of the energy reduction efforts was at our Selah Plant, which is our primary juice-making facility. Energy was used previously to heat and cool the juice to proper temperatures throughout the process. Tree Top installed a closed loop water system on the highest volume processing line, spending approximately \$150,000 on piping, pumps and controls. The new



closed loop water system which reuses the water for heating and cooling of the juice and vice versa, resulted in not only a significant waste water reduction which is described later in this report, but a large natural gas reduction.

The Selah Plant natural gas savings as a result of this effort is 15225 Million Btu or 15,225,000 cubic feet of natural gas annually. ***This natural gas reduction project alone will save enough energy to fuel 195 U.S. homes each year.***

Our second project was implemented at our Prosser Plant. We installed a centrifuge from a former juice concentrate facility in Cashmere, which allowed us to process fruit slurry into juice in a significantly more efficient manner than previously done at the facility. The former process involved using mixing tanks which required the addition of water to the process. The capital investment was again approximately \$150,000 with estimated annual savings of \$142,474 in water and energy costs. ***This effort is projected to save 3,396,000 cubic feet of natural gas annually, or enough for nearly 44 homes.***

Our third energy savings effort occurred in our Wenatchee Plant following an employee's bright idea. Our Wenatchee Plant dries large amounts of fruit to be used as ingredients. Fruit is washed and transferred throughout the process by water which is absorbed by the fruit. Fruit drying was previously accomplished using a large shaker and drying system. Of course, the more water that can be removed throughout the process, the less energy is spent drying the fruit at the end of the process. A WaterVac system was added to the process to actually vacuum the water from underneath the fruit as it is transported throughout the system. In addition, the former large shaker was replaced with two new more efficient smaller shakers to help in the drying of the fruit. The capital investment was approximately \$250,000 with an annual projected savings of \$121,524. ***The project is expected to save 8,663,300 cubic feet of natural gas or enough for 111 average American homes.***

A fourth effort also involved the process of drying fruit. Tree Top's 80,000 square foot Ross Plant located on our Selah campus is dedicated to producing drum-dried, low-moisture and evaporated fruit and vegetables. The Ross Plant processes more than 7 million pounds of fruit each year. All fruit processed for the dryer travels through a series of water transfers and flumes and during the transfer of fruit throughout the process, moisture is absorbed. The plant's dryer is made up of five stages and four transfer points. Each stage is used to evaporate excess moisture and heat the fruit product to boiling point. Reducing moisture prior to the drying stage reduces the amount of natural gas or energy used.

A WaterVac system was installed at a cost of \$196,500 to vacuum water from beneath the fruit during the transfer process and remove 11% more moisture. This effort resulted in as estimated savings of more than \$90,000 per year and 10,913,200 cubic feet of natural gas annually. ***The natural gas savings could fuel 140 homes.***

A final project was completed on our Medford Plant in Fiscal Year 2010. While the Plant is not included in our total energy consumption numbers for reporting purposes as the facility was recently acquired and operated independently, it does represent an investment to reduce energy. ***The boiler control was upgraded resulting in natural gas savings of 3,200,000 cubic feet annually or enough to fuel 41 average American homes.***



## WATER USE AND WASTEWATER

Water is a key element in agriculture and fruit processing and Tree Top is keenly aware of the need to be good managers of the water we use in our processes. Tree Top uses water to clean fruit, to float fruit from one station to the next, and to wash up. The amount of water we use each year varies depending on how much fruit is handled, so our goal is to reduce the amount of water per ton of fruit processed so we can measure whether we are truly more efficient or not. We apply the same logic to the wastewater we generate.

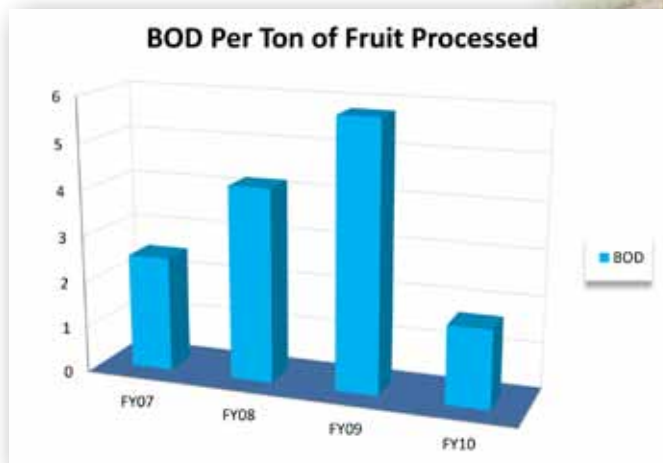
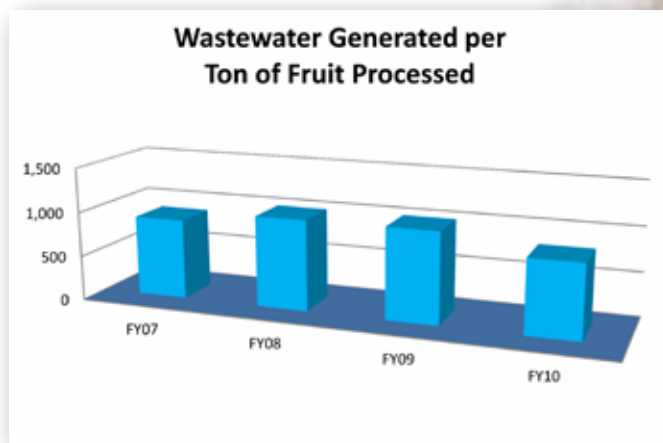
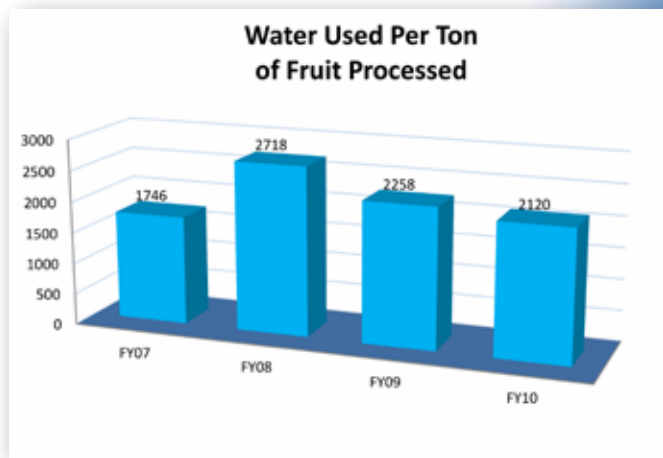
Our primary goal is to reduce our overall water needs and to ensure that as much of the used water is returned to the environment in a safe and environmentally friendly manner. Conservation and environmental integrity remain our highest priority in this area.

## WASTEWATER TREATMENT AND RELEASE

Tree Top's goal is to return as much of the water we've used back to its natural environment in as clean and environmentally manner as possible. We use water to wash and process fruit, and therefore some fruit particles are discharged in the water, which requires careful treatment and monitoring.

Biological Oxygen Demand (BOD) is the measure of oxygen used by the microorganisms to decompose waste (our fruit particles) in water. BOD is measured per one thousand gallons of water and the lower the BOD the better. Normally, BOD is reported on wastewater that is being directly released to a natural water way. Because most of our wastewater is sprayed onto spray fields for further cleansing before it finds its way to groundwater, our total BOD per gallon of wastewater discharged is not a good indicator of the quality of our wastewater treatment. Instead, we rely on intricate systems of groundwater testing from wells and we report those numbers routinely to the Department of Ecology.

At our Wenatchee Plant, prior to releasing the water back to the environment, we remove nearly all of the biosolid material or sludge created during the fruit cleansing and processing. The sludge is then used as an excellent natural



fertilizer by local gardeners and growers.

At our other fruit processing plants we follow the same process that municipalities follow to treat and release wastewater. We transfer the water to holding ponds where the oxygen and microorganism content is monitored and controlled. The goal is to encourage the microorganism to consume as much of the biosolids as possible. After this treatment stage, the water is used to grow alfalfa and other grasses on which cattle feed. The alfalfa/grass acts as another layer of filtration prior to the water finding its way back to natural waterways and groundwater. To ensure that the water returning to the groundwater source meets regulatory standards, Tree Top conducts and reports on regular testing of water from wells we've placed at key flow locations under the fields.

Our goal is to reduce the amount of wastewater discharged per ton of fruit processed yearly. We also strive to reduce the Biological Oxygen Demand within our wastewater released with a goal of remaining compliant with strict regularly guidelines established to protect the environment.

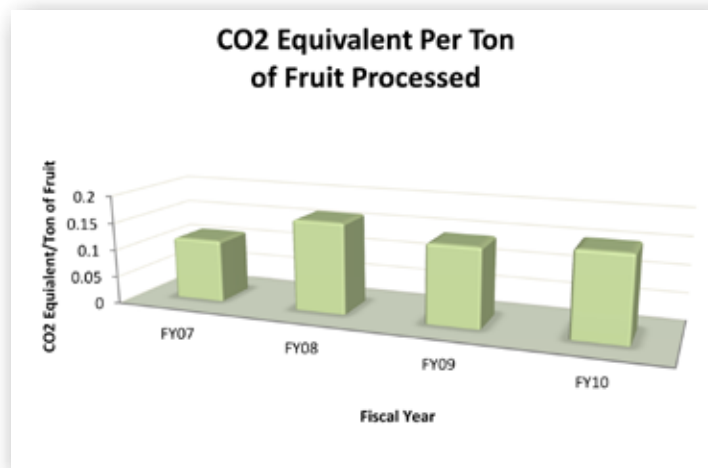
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### EMISSIONS/AIR

Natural Gas is used for heating and cooling which is attributable to air emissions. Tree Top routinely monitors our emissions and greenhouse gas emissions. Reducing energy consumption reduces our emissions, which is one more reason we are actively engaged in energy reduction and employee education efforts in partnership with our utility companies. Please refer to page 4 Manufacturing Plant Energy for details on energy reduction efforts.

The following charts provide a four year overview of our emissions. Temperatures and changing volumes in the tons of fruit processed each year impact our energy consumption and therefore our CO<sub>2</sub> emissions.

We fully anticipate the five capital improvement projects made in FY10 to reduce natural gas consumption will begin to reflect a reduction in our CO<sub>2</sub> emissions in future years.



1200  
Barrels of Oil  
No Longer  
Needed

## PACKAGING

As stated earlier, our vision is to be the first-choice fruit-based company for consumers and customers. You are our stakeholders and we listen to your concerns and try to find ways to proactively address them.

According to a recent survey (1) 34 percent of American respondents were concerned about excessively packaged goods, slightly below the global average of 44 percent. In addition, four out of five Americans believe recycling can make a difference in the solid waste problem in the U.S.

Reducing packaging, while maintaining our premium brand quality, has been a high priority for Tree Top for years. We reported last year on the reduction of weight in our 64 ounce and 10 ounce beverage containers and a weight reduction in our 24 ounce sauce container.

The effort of reducing packaging is generally referred to as “light-weighting,” which is simply the reduction of materials used to create packaging. While it sounds simple, a bottle on your grocery shelf is one thing, but when those bottles are packed and stacked for transporting to the store, they must withstand the stress of added weight and movement for safety and quality purposes, which creates a significant challenge.

Considerable research and testing took place in fiscal year 2010 on seven distinct projects including reducing shrink wrap, corrugate materials, and light-weighting bottles and caps. We also formed a program to replace many existing steel drums with plastic drums that can be thoroughly cleaned and reused thereby reducing the need for replacement drums and paint.

These package changes are underway but won't be recognized until our next report, however we're excited about a potential savings of more than a million pounds of materials. Most of those pounds of materials to be saved through packaging reductions are corrugate materials.

Corrugate (also known as cardboard) is a paper product used for case containers and displays which is made from trees. Based on calculations using published data sources about materials and energy used to produce corrugate, we anticipate saving more than 10,000 trees annually. We'll also prevent filling 2006 cubic feet of landfills with the changes. Corrugate also requires oil and energy to produce. The reduction in corrugate use will prevent the need to use more than 1200 barrels of oil and 2.5 million Kilowatts of electricity to produce the corrugate.

We think you'll agree that investing our time and energy to look for alternatives, reductions and solutions is worthwhile!

We're also proud that all of our Tree Top cans and plastic containers are recyclable and none of our plastic containers contain any poly carbonate material (Bisphenoal-A) known as BPA. We remain in strict compliance with the U.S. and Canadian Food Packaging regulations. If you'd like to better understand the recycling markings found on the bottom of a container, please visit our Web site at [www.treetop.com](http://www.treetop.com) in the FAQ section.

(1)Matthew Adams, Datamonitor, Media Center, sustainable packaging trend gathering place, <http://about.datamonitor.com/media/archives/3069> (July 2009)



Reduced  
2006 Cubic  
Feet of  
Potential  
Waste.

10,000  
Trees  
Saved  
Annually!

## EMPLOYEE WELFARE

Providing a productive and safe work environment, and highly competitive wages and benefits for Tree Top's workforce has helped create a supportive and desirable culture and earned the Co-op a very good reputation as a quality, highly desired, employer within our communities.

### HUMAN RIGHTS

**Value Statement:** We build strong relationships with growers, employees, customers, and business partners – based on mutual respect and support, valuing each other's experience, opinions, and diversity.

Tree Top employed 841 employees and its subsidiaries another 196 employees for a total workforce of 1,037 in fiscal year 2010. Of those employees, 36% are women and 36% are considered minorities. We are an Equal Opportunity/Affirmative Action Employer providing gainful employment in a wide range of fields from engineering and technical support to manufacturing to sales and marketing.

We participate in an annual audit and complete an Affirmative Action Plan in compliance with the Office of Federal Contract Compliance Programs (OFCCP), Department of Labor. Tree Top requires all vendors and suppliers to comply with applicable affirmative action, and labor laws and regulations.

Our Co-op is committed to providing competitive wages and benefits. Benefit and compensation reviews are completed regularly by Towers Watson, a global consulting firm in human capital and financial management and changes are made accordingly to maintain our competitive rankings.

Tree Top ranks in the top one-third in benefits of comparable non-durable goods manufacturing companies. Benefit offerings include:

- Medical, Dental, Vision, and Prescription Drug Coverage
- Life Insurance
- Accidental Death and Dismemberment Coverage
- Short-Term Disability
- 401(k) Plan
- Employee Assistance Program
- Ten Paid Holidays
- Vacation/Paid Time Off
- Education Reimbursement and Loans
- Wellness Program and 24-Hour Nurse Line

Ninety six percent of our employees are enrolled in Tree Top's medical and dental benefit plan and 60% of our employees also provide benefits under the plan to their families.

Tree Top maintains our starting wage for an entry level position significantly above the federal and state minimum wage. In fiscal year 2010, the starting wage of any position was 42% above the federal minimum wage and 20% above Washington State's. Unlike many employers who save costs by hiring part-time employees to



96% Of  
Employees  
are Enrolled  
in Medical/  
Dental Plan  
and 60%  
provide  
coverage  
for their  
families!

avoid offering benefits, it is Tree Top's practice to hire people to full-time positions whenever possible. This provides us with greater work consistency and quality and affords employees and their family access to our excellent benefit package.

One indicator of a quality employer is the retention of its employees. Of those employees directly employed by Tree Top (subsidiary not included), 240 or 29% have been with the company for more than 20 years. An additional 25% of our employees have been with the company 10-20 years, and seven individuals have celebrated their 40th year of service with Tree Top!

## **SAFETY**

A revised safety approach, including a heightened focus, has improved Plant safety over the past few years, which is measured against a national standard referred to as a safety index. The safety index takes into account more than the OSHA scores which was Tree Top's standard measurement previously. The safety index includes tracking the severity of the accident, the days away from work, whether or not medical treatment is sought, and the restricted duty as a result of an accident.

With a total hours worked of 1,636,643, which is an increase of nearly 400,000 more worked hours than the previous year, Tree Top's safety index for FY10 was just 5.88. This represents almost a 50% improvement over the prior year even with more hours worked.

Tree Top remains extremely committed to returning employees home from work each day to their families without harm.

## **COMMUNITY SUPPORT AND VOLUNTEERISM**

*We are conscientious about our impact on the environment and in our communities, and we do what we can to make a positive difference.*

Each year, through a formal donation and sponsorship program, Tree Top contributes monetary support to more than 50 charitable organizations throughout our communities. In addition, we contribute thousands of pounds of food to after-school programs, youth organizations, veterans, and programs that serve those less fortunate. Semi-loads of product are sent annually to our regional food bank and a children's hospital which provides free care to children with orthopedic concerns.

While our general contribution policy is intended to support those communities in which we reside, in FY10 our generosity expanded beyond our communities to respond to international effort to support starving and homeless Haitian's following a devastating earthquake. Tree Top worked with world relief agencies and local groups organizing support to collect and provide food and aid money. In addition to a monetary support, Tree Top provided in-kind design and printing to help organizers collect and send fresh apples to Haitians and we provided a semi-load of fruit products.

*In Fiscal Year 2010 Tree Top provided \$217,033 in sponsorships, cash contributions and product donations to charitable organizations.*

**Safety  
Record  
Improved  
by 50%!**



Employees are actively engaged in volunteerism and giving and they are encouraged to support several programs throughout the year in conjunction with Tree Top. For example, each year Tree Top holds an internal United Way campaign and a March of Dimes campaign run by employees who organize pledge drives, auctions, bakes sales and more during work hours to raise more than \$80,000 annually, making Tree Top a leading participant in both campaigns in Washington State.

Generally, Tree Top and its employees tend to assist programs and services that support youth programs in our communities, however, unique challenges and opportunities arise and this year was no exception. We were challenged to change our views on the “youth” we support as one special effort involved helping save big-eyed, feathered youth and their parents.

Contact from the Director of the Global Owl Project began a rewarding and interesting effort which Tree Top had the privilege of participating. Burrowing owls in North America were once plentiful and lived in burrows created by other creatures such as prairie dogs and badgers. Central Washington, among arid land, sagebrush and grasslands provided a good home to the owls which helped to naturally reduce rodents and other pests. Unfortunately, as their natural habitats declined, so did the population of the burrowing owl in North America. For example, in San Diego County, California the burrowing owl population decreased approximately 90% between the late 1970s and 2003 (Lincer and Bloom 2003).

The Global Owl Project, working with support from the Wildlife Research Institute set about creating Artificial Burrow Systems (ABS) to help in the owl conservation effort.

It just so happens that the plastic drums used by Tree Top to store juice concentrate provided the perfect structure from which to build the ABS. These artificial habitats have been used since the 1970s to provide nesting as a stop-gap measure to stabilize and increase the number of owl pairs.

When the Global Owl Project organized a trip to Umatilla, Oregon, located about 100 miles from Tree Top headquarters, to build ABS using Tree Top donated drums, we just couldn't resist getting more involved. Dozens of volunteers from the nearby Army Depot, students, and other businesses joined in to dig holes, cut barrels, etc., to create new habitats for the threatened owl population in the area which had dwindled to less than four pairs in recent years.

Tree Top sponsored the effort by providing the printing and binding of The Global Owl Project's Users Guide to Installation of Artificial Burrows for Burrowing Owls, which they hope will provide detailed instruction for others wishing to build habitats in the U.S. and Canada. We also sent a team of volunteers with ice chests and beverages to assist with volunteer efforts in the heat of the summer. The Global Owl Project Director indicates that the installation from the previous few years in the Umatilla area did increase the numbers of pairs nesting in the area and with the addition of more artificial burrows they are hopeful the population will stabilize.

Whether it's taking care of a child's wishes during Tree Top's annual Foster Children Christmas Party, or creating homes for our feathered friends --Tree Top and its employees are passionate supporters of our communities and our neighbors in need.

**TREE TOP  
GIVES A  
HOOT!**

**ON THE COVER**

Tom Stokes  
President &  
Chief Executive Officer

**PHOTO BY**

Image West  
Photography



**TREETOP**  
REAL FRUIT FROM REAL PEOPLES

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