ABA Policy Priorities

THINKING OUTSIDE THE BOX TO SHAPE THE FUTURE

March 16-19 • The Phoenician • Scottsdale, Arizona
2014 Baking Industry Policy Priorities

ABA Board of Directors Meeting
Scottsdale, Arizona
March 16, 2014

Lee Sanders
Senior Vice President, Government Relations & Public Affairs

Rasma Zvaners
Policy Director

Cory Martin
Government Relations Director
ABA Top Policy Issues

1. Food Safety
2. Volatility in the Commodity Futures Market
3. Nutrition & Wellness
4. Health Care Reform and New Regulations
5. Sustainability
6. Sugar Program Reform
7. Biotechnology & Wheat Research
8. Labor and Workforce Issues
9. Ethanol Policy
10. Combustible Dust
Nutrition Labeling

Overview & Impact

• Overhaul of Nutrition Facts Panel is a White House priority
  - Is there be justifiable consumer benefit?
• Partially Hydrogenated Oil/Trans GRAS Revocation would be far reaching for bakers
• Sodium to be released as draft guidance

ABA Goals

• Lead Food Industry in Coalition Efforts
• Lead Grain Chain in unified response to labeling proposal introduced February 28
• Educate influencers regarding grain health impact
• Demand any policy changes be based on sound science
### Nutrition Facts Panel Revisions

#### Nutrition Facts

**Serving Size**: 2/3 cup (55g)
**Servings Per Container**: About 8

<table>
<thead>
<tr>
<th>Amount Per Serving</th>
<th>% Daily Value*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Calories</strong></td>
<td>230</td>
</tr>
<tr>
<td><strong>Total Fat</strong></td>
<td>8g 12%</td>
</tr>
<tr>
<td>Saturated Fat</td>
<td>1g 5%</td>
</tr>
<tr>
<td>Trans Fat</td>
<td>0g 0%</td>
</tr>
<tr>
<td><strong>Cholesterol</strong></td>
<td>0mg 0%</td>
</tr>
<tr>
<td><strong>Sodium</strong></td>
<td>160mg 7%</td>
</tr>
<tr>
<td><strong>Total Carbohydrate</strong></td>
<td>37g 12%</td>
</tr>
<tr>
<td>Dietary Fiber</td>
<td>4g 16%</td>
</tr>
<tr>
<td>Sugars</td>
<td>1g 0%</td>
</tr>
<tr>
<td><strong>Protein</strong></td>
<td>3g 10%</td>
</tr>
</tbody>
</table>

| Vitamin A          | 10%            |
| Vitamin C          | 8%             |
| Calcium            | 20%            |
| Iron               | 45%            |

* Percent Daily Values are based on a 2,000 calorie diet. Your daily value may be higher or lower depending on your calorie needs.

#### Nutrition Facts

**8 servings per container**

**Serving size**: 2/3 cup (55g)

<table>
<thead>
<tr>
<th>Amount per 2/3 cup</th>
<th>Calories 230</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>% DV</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Fat</strong></td>
<td>12%</td>
</tr>
<tr>
<td>Saturated Fat</td>
<td>5%</td>
</tr>
<tr>
<td>Trans Fat</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Cholesterol</strong></td>
<td>0%</td>
</tr>
<tr>
<td><strong>Sodium</strong></td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total Carbs</strong></td>
<td>12%</td>
</tr>
<tr>
<td>Dietary Fiber</td>
<td>14%</td>
</tr>
<tr>
<td>Sugars</td>
<td>14%</td>
</tr>
<tr>
<td>Added Sugars</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Protein</strong></td>
<td>20%</td>
</tr>
</tbody>
</table>

| Vitamin D          | 10% 2mcg     |
| Calcium            | 20% 260mg    |
| Iron               | 45% 8mg      |
| Potassium          | 5% 235mg     |

* Footnote on Daily Values (DV) and calories reference to be inserted here.
Dietary Guidelines

Overview & Impact
- Grain Chain testified at second public meeting of 2015 Dietary Guidelines for Americans on January 13-14
- Submitted Key Studies in advance of third March 14 meeting
- DGAC Committee taking non-traditional approach
- Work to refocus committee on core review responsibilities

ABA Goals
- Lead Grain Chain in unified message to retain six servings daily
- Educate DGAC and influencers regarding positive grain health impact
Food Safety Modernization Act

Overview & Impact

- FDA continues to roll out regulatory proposals required by FSMA that will change bakers’ processes and recordkeeping
- Preventive controls; foreign supplier verification; third party audits; intentional adulteration; safe food transport and definition of “high risk foods” are current topics
- ABA working with AIB on pathogen kill step study - model will be needed moving forward

ABA Goals

- Work with industry partners to develop unified strategy
- Develop bakery specific responses to FDA proposals
- Work with members on cost effective solutions
- Continue to communicate bakers’ concerns with policy influencers
Biotechnology

Overview & Impact

- Federal legislative GMO labeling solution would stop the patchwork of state initiatives
- As biotech wheat development efforts continue, bakers need to ensure that any commercial introductions will not negatively impact consumer acceptance, perception or brand integrity

ABA Goals

- Participate in efforts to propel unified federal legislative solution to GMO biotech
- Work together with NAWG, NAMA and biotech providers on acceptable traits for commercial production
- Continue to communicate bakers’ concerns
- Support USDA ARS wheat quality funding
Overview & Impact

• After 2 years of delay, a new 5-year Farm Bill passed in Feb. 2014
• Reauthorizes CRP and sugar program (Goals)

ABA Goals

• Ensure that ABA issues are addressed…
Overview & Impact

• Program where farmers enter into 10-15 year contracts and agree not to farm their land
• Farm Bill cuts acreage to 24 million acres – Down from 32 million in the 2008 Farm Bill

ABA Goals

• Continue to see decreases in acreage allowed under CRP to open up more acreage for wheat
Sugar Program Reform

Overview & Impact

• $3.5 billion a year cost to sugar users
• Government controls supply
• Bakers typically pay 50% to 100% more than the world price

ABA Goals

• Ensure that the current program does not become permanent law
• Continue to push for reforms – cannot afford to lose momentum
Persuader Activity

Overview & Impact
• DOL rule to limit the “advice exemption”
• Would make it very difficult to use outside counsel/advice for anything impacting employee communications

ABA Goals
• Support Congressional action to repeal rule
• Support court challenges
Overview & Impact

- Obamacare changes definition of a full-time employee to 30 hours a week

ABA Goals

- Short term – Seek to change law to 40 hours a week
- Long term – possible repeal **AND** replace of ACA
HR Committee

Covering a wide variety of issues, including PPACA and talent management concerns

• Private healthcare exchanges
• Skills gap project
• Keeping the industry apprised of all HR and labor related updates

Next Meeting – July 22-24 in Chicago, IL
Potential Changes in the Rules Affecting Single and Multiemployer Defined Benefit Plans

John Wagner
The Kroger Co.
March 16, 2014
Single Employer Pension Plans

Congressional Action - Keys

• No legislative “driver” forcing Congress to take action on legislation affecting single employer plans.

• Potential legislative “drivers” include:
  • Need for additional revenue, and
  • PBGC funding concerns
Need for Additional Revenue

Pension Fund Stabilization

• Need for “non-controversial” revenue source
• Interest rates to raise revenue

PBGC Funding Concerns

• Running at a deficit
• Increasing premiums
Multiemployer Pension Plans

PPA sunset requires congressional action before the end of 2014

• PPA of 2006 included:
  • Imposition of stricter discipline on plan trustees and bargaining parties
  • Requirement that MEPPs project (and consider) future funding levels
  • Faster (15 year) amortization of unfunded liabilities
  • Special funding rules for troubled plans

• If PPA is not extended, multiemployer funding would revert to pre-PPA funding rules
The Commission’s recommendations fell into three categories:

- **Innovation**: New structures to foster innovative plan designs:
- **Remediation**: New measures for deeply troubled plans:
  - Commission recommended allowing deeply troubled plans to cut vested accrued benefits
- **Preservation**: Technical changes designed to strengthen current system.
Congressional Action – Keys

Any change to the multiemployer funding rules will need to:

• Originate in House and pass with significant bipartisan support to have chance of passage in Senate
  • House Ed & Workforce has held several hearings
• Have no or minimal adverse revenue impact (no possibility of a government bailout)
• Have strong union support
Interest Group Reaction

Union Position:

• Teamsters and Machinists oppose; UFCW, AFL-CIO, others have expressed public support

PBGC Position:

• No formal position, but has informally indicated that it will be insolvent in 10 years without changes
Current State of Multiemployer Reform

- House Democrat support lacking
- Bipartisan support critical
- Must deal with PBGC solvency
- If a bill has not been introduced by late July, it is likely Congress will simply extend the PPA sunset date
- Senate outlook unclear
Ambush Elections

Overview & Impact

• Proposal seeking to shorten time frame of election
• Forces businesses to share all contact information with unions, decreases ability to appeal, must file a statement of position.

ABA Goals

• Submit comments opposing new rule
• Support court challenges to overturn rule
Sustainability

Overview & Impact

• ENERGY STAR® program dovetails with sustainability goals
• Energy efficiency & tools save the bottom line
• Wal-Mart’s ongoing supply chain efforts

ABA Goals

• Complete benchmarking tool
• Continue engaging bakers to take ENERGY STAR® Challenge
• Continue supply chain initiatives with the wheat growers and millers
Energy Policy

Overview & Impact
• EPA’s corn based renewable fuel program (RFS)
• Continued impact on grain commodity challenges
• Opportunities for legislative solutions

ABA Goals
• Pragmatic energy policies
• Balance between alternative fuel production and affordable baked products
• Continued Congressional scrutiny over corn-based ethanol program
Permitting Issues

Overview & Impact
• EPA Region 5 continued scrutiny over bakery emissions
• Potential enforcement initiative for bakeries
• “Game changer” for industry

ABA Goals
• ABA engage state regulators as needed
• ABA engage political players as needed
• Seek legislative relief for biogenic emissions
Injury & Illness Tracking Proposal

Impact & Overview
• Requires online reporting of incident & injury records
• Records to be publically available
• Proposal November 2013
• Comments submitted March 2014

ABA Goals
• Leveraged with US Chamber on comments
Logistics – Hours of Service

Overview & Impact

• HR 3413, the “TRUE Safety Act,” defers implementation of the 34-hour restart provisions pending completion of Government Accountability Office (GAO) reviews.

• ABA made strong statement of support, including signing a letter to Congress along with more than 50 other industry groups

ABA Goals

• Continue to work with our allies to investigate other ways to mitigate impact of the HOS rules on the baking industry
ABA Addressing Policy Priorities:
Keys to Success & Value

Committee Participation
• Active participation committee/consensus process

Web Resources
• ABA Website www.americanbakers.org
• Sustainability www.nourishenrichsustain.org

Communicate with Policy Makers
• ABA Rise to Action Grassroots Action Center
  www.risetoaction.org

Bakers Enrich America
• Economic Footprint Information
  www.bakersenrichamerica.org

Social Media

COMMITTEES
• Human Resources
• Energy and Environment
• FTRAC
• Safety
• Commodity & Agricultural Policy
• Logistics
• Legal
• ELDC
Thanks for your continued support & participation
PAC Top 3

1. 2012 Cycle Fundraising Update
2. Timeline for 2014 Election
3. Key Races to Watch
Fundraising – so far 2014 Cycle
as of 3/10/14

2005-2006 $145,000
2007-2008 $202,000
2009-2010 $252,000
2011-2012 $302,000
2013-2014 $270,000

For ABA Members Only: Please do not distribute.
American Bakers PAC Timeline

**Monday, March 17**
Primary Fundraiser – PAC Roundtable & Dinner

**Week of June 8**
Draft disbursements meeting @ ABA
Contribution strategy sent to PAC Chairman Steve Avera for Approval

**Week of July 21**
Contribution checks mailed to ABA Members for Transmittal to Candidates by close of August recess

**September 16-17**
PAC Fly-In Washington, D.C.  *Minimum $2,500 annual contribution to attend

**Week of October 6**
Final Round of Contributions for 2012 Election

**November 4**
Election Day
OK: 2 Senate elections: Coburn (R) special (open seat) and Inhofe (R).
SC: 2 Senate elections: Scott (R) special and Graham (R).
Senate Lineup: 53 D, 45 R, 2 Ind.
Up in 2014: 21 D, 15 R
Key Senate Races with Large ABA Member Presence

Sen. Pat Roberts (R-KS)

Primary Fight

Sen. Kay Hagan D-NC

Challenger Thom Tillis-R

Sen. John Cornyn R-TX

Sen. Saxby Chambliss (R-GA)

- Retiring
House of Representatives

199 D, 232 R & 4 Vacancies

• **Solid Seats**
  197 GOP
  161 Dem

• **Likely/Lean Seats**
  32 GOP
  27 Dem

• **Toss Up or Worse**
  5 GOP
  13 Dem

Speaker John Boehner & House GOP Leaders
ABA Plant Visitation

Sen. Candidate Heather Wilson (R-NM) Visits Bimbo Bakeries USA Albuquerque, New Mexico

House Candidate Jackie Walorski (R-IN-2) Visits Hearthside Foods Michigan City, Indiana
PAC Check Transmittals

For ABA Members Only: Please do not distribute.
American Bakers PAC Roundtable & Dinner
Monday, March 17

Keynote Speaker:
Steve Forbes
ABA Members Only Resource

American Bakers Association
The Voice of the Baking Industry Since 1897

Rise to Action
The American Bakers Association’s Grassroots Action Center

Rise to Action Home | Election Information | Online Voting Records | Take Action | Government 101 | Grassroots Gallery | ABA PAC

Take Action on Issues Important to Your Company
- Let Congress know where you stand!

www.risetoaction.org
What’s the Baking Industry’s Impact in Your Community?
Flour, yeast, salt, water - baking is simple, yet vital to the economy.

U.S. BAKING

JOBS 706,870
WAGES $31.6 B
TAXES $37.3 B

DIRECT IMPACT

$16.3B State | $20.9B Federal

Bakersenrichamerica.com
Thank you for supporting ABA’s Political Activities.

Kelly H. Knowles
ABA Senior Director Political Affairs
202.536.8236  kknowles@americanbakers.org
Membership Services & Development
Kelly Kotche
Director, Membership & Marketing

ABA Meetings
Matt Grogg
Director, Meetings & Education
FY 2014 NEW ABA Baker Members

- Arytza
- Canyon Bakehouse
- Costanzo's Bakery Inc.
- Custom Foods, Inc.
- Franklin Street Bakery
- Mile Hi Bakery
- Monk’s Bread - Abbey of the Genesee
- Tippin's Gourmet Foods
- Ukrop’s Homestyle Foods, LLC

9 New Bakers!
FY 2014 NEW ABA Allied Members

- AAK USA KI
- CDF Corporation
- Duke Energy
- Great Plains Analytical Lab
- HDR Engineering
- International Transportation Mgmt., Inc.
- Jumbo Sack Corporation
- Kalustyan Corporation
- Lawrence Foods
- Major Products Co., Inc.
- NutriRegs, LLC
- Northstar Recycling
- Pocantico Resources Inc.
- ROUSH CleanTech
- Ryder Systems Inc.
- Tippmann Group – Interstate Warehousing
- TraceGrains Inc.
- Worthington Energy Innovations
- WP Bakery Group USA

19 New Allies!
What Do More Members Mean For You?

Stronger Association =
Louder Voice =
Legislative & Regulatory Victories

ABA’s Petition Efforts on Warehouse Exemption Comes to Fruition

Washington, D.C. – The American Bakers Association (ABA) has won a major victory on behalf of the wholesale baking industry with an inclusion of an exemption from preventive controls provisions for certain unrefrigerated distribution warehouses. The exemption was included in the recent FDA proposal, “Preventive Controls for Human Food: Current Good Manufacturing Practice and Hazard Analysis and Risk-Based Preventive Controls for Human Foods.”

In July 2012, ABA led a food industry petition urging FDA to exempt storage facilities from its preventative controls provisions. FDA’s proposal released last week offers several exceptions, including one for non-refrigerated distribution warehouses, which is how the ABA’s recommendation was included.

ABA News
www.americanbakers.org
What Do More Members Mean For You?

$120,530

$2,236,6
Do business with the companies that support YOU and support the industry!!

Look to our allieds sponsors – they are the industry’s biggest supporters!

ABA
## Upcoming ABA Meetings

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy &amp; Environment Conference</strong></td>
<td>April 8-9, 2014</td>
<td>American Bakers Association Office, Washington, DC</td>
</tr>
<tr>
<td><strong>ELDC Public Policy Forum</strong></td>
<td>September 17-19, 2014</td>
<td>Renaissance, Washington DC, Washington, DC</td>
</tr>
<tr>
<td><strong>FTRAC Conference</strong></td>
<td>June 9-10, 2014</td>
<td>Location - TBD, Washington, DC</td>
</tr>
<tr>
<td><strong>Energy &amp; Environment Conference</strong></td>
<td>September 17, 2014</td>
<td>Renaissance, Washington DC, Washington, DC</td>
</tr>
<tr>
<td><strong>ABA Board of Directors Meeting</strong></td>
<td>June 11-12, 2014</td>
<td>Bingham Law Offices &amp; Hotel Lombardy, Washington, DC</td>
</tr>
<tr>
<td><strong>Legal Conference</strong></td>
<td>September 17, 2014</td>
<td>Renaissance, Washington DC, Washington, DC</td>
</tr>
<tr>
<td><strong>HR &amp; Labor Summer Conference</strong></td>
<td>July 21-23, 2014</td>
<td>Location - TBD, Chicago, IL</td>
</tr>
<tr>
<td><strong>Safety Conference</strong></td>
<td>September 18, 2014</td>
<td>Renaissance, Washington DC, Washington, DC</td>
</tr>
<tr>
<td><strong>CAPC Conference</strong></td>
<td>September 17, 2014</td>
<td>Renaissance, Washington DC, Washington, DC</td>
</tr>
<tr>
<td><strong>2015 ABA Convention</strong></td>
<td>March 28-April 1</td>
<td>Ritz Carlton Orlando – Grande Lakes, Orlando, FL</td>
</tr>
</tbody>
</table>
Send “Rising Stars” of Your Company to the ELDC Public Policy Forum

American Bakers Association’s ELDC

Executive Leadership Development Committee

Sept. 17-19, 2014
Washington, D.C.
Meet the New ELDC Co-Chairs

Jesse Amoroso, Amoroso’s Baking Company
Morgan Murphy, Mother Murphy’s Labs
Why ELDC?

Visits to Capitol Hill

Learning the Political Process
Why ELDC?

Developing the Next Generation of the Industry’s Leaders
2015 ABA Convention – Save the Date!

March 28- April 1

Ritz Carlton Orlando
Orlando, FL
First and only online buyer’s guide and search engine developed by the baking industry for the baking industry

Easy-to-use, online and fully searchable by company name, location, words, products and/or services

Google, Yahoo and Bing search optimization

Hub for all companies, products, services, trade groups and anyone who does business in the grain-based foods industry

Essential tool designed to make your business more efficient!

www.esourcebaking.com
Look for the ABA Logo!

It looks just like this!