

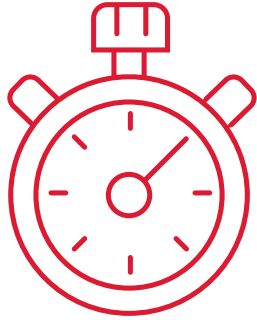
CONAGRA BRANDS
AND RYDER:
DELIVERING
CONTINUOUS
IMPROVEMENT TO
OVERCOME SUPPLY
CHAIN DEMANDS

Meeting the demands of today's consumers with increases in variety, customization, and personalization creates a complex distribution network for companies that operate 24/7 in multiple locations throughout the U.S. Coupled with industry trends at the macro and micro levels, success requires a holistic custom-made approach. This prioritizes supply chain processes and operational efficiency in a constantly improving basis. If managed correctly, businesses can overcome the changing demands and industry trends, as well as achieve cost savings at the same time. This report illustrates how Conagra Brands, one of North America's leading branded food companies, achieves greater efficiency and cost savings while meeting rising consumer demand with supply chain solutions provided through its partnership with Ryder.



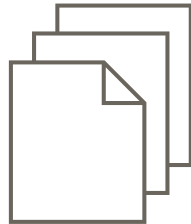
THE OUTSOURCING DIFFERENCE

With Ryder, Conagra Brands has achieved:



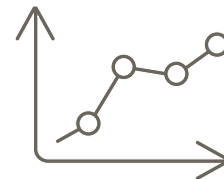
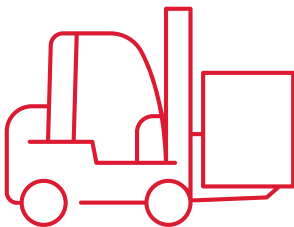
99%
on-time shipping

29% reduction
in cost per case



99.6%
warehouse order
fill rate

Increase pick productivity
by 1,000 cases/hour



38% improvement in productivity

The changing taste buds and demands of consumers are creating complexities for companies in the consumer packaged goods and food & beverage industries. With a focus on overall variety of products, as well organic products, and demand for availability, keeping up with these needs forces companies to take a closer look at their supply chain to gain an advantage. This holds true for Conagra Brands, a Fortune 500 company with more than 9,000 SKUs under its brand.

Conagra owns a wide array of brands found in grocery, convenience, mass merchandise, and club stores – with many of them being top performers in their categories. Conagra has produced some of America’s iconic brands, such as Birds Eye®, Duncan Hines®, Healthy Choice®, Marie Callender’s®, Reddi-wip®, and Slim Jim®, as well as emerging brands, including Angie’s® BOOMCHICKAPOP®, Duke’s®, Earth Balance®, Gardein®, and Frontera®, plus many more. Distributing all these products means funneling and delivering them in hundreds of different directions on a daily basis to meet the specific requirements of consumers buying them in thousands of locations throughout the nation.

Additionally, Conagra is focused on innovation and how e-commerce is evolving the food space, implementing automation in its distribution centers, and driving employee satisfaction inside its warehouses. Succeeding at overcoming all the demands in the supply chain, creating continuous efficiency, and planning for the future, is where Conagra’s partnership with Ryder comes in.

In 2002, the Chicago-based Conagra began its partnership with Ryder, awarding the transportation & logistics solutions company management of some of its warehouse processes. Conagra expanded the partnership in 2010, awarding Ryder the management of all of its warehouse processes for the distribution of its dry products via Conagra’s centers located in Lebanon, Indiana; Fort Worth, Texas; Knoxville, Tennessee; Milton, Pennsylvania; and Jacksonville, Florida. In 2017, Conagra awarded Ryder three other centers – two California based facilities, and one in Washington, D.C.

During the nearly 20-year partnership, Ryder and Conagra have been able to improve productivity by 38%, allowing

Conagra to achieve its goal to off-set annual inflation costs. This has been accomplished through network optimization, improving slotting and layer picking processes, and thousands of LEAN projects. Additionally, Ryder has lowered Conagra’s cost to operate, while raising service levels. For example, order fill rate improved to 99.6% and pick productivity increased by more than 1,000 cases per hour. The Ryder Conagra team also won the Ryder Chairman’s Safety Award – a prestigious award given to the safest operation within Ryder.

“When we award our business to a third party provider, we look at several different factors,” says Craig Weiss, Sr. Vice President of Supply Chain & Chief Transformation Officer at Conagra Brands. “First, the partner needs a common strategic vision as us - to doing business the right way. This includes being committed to a partnership, knowing there will be ups and downs, and that they will lean in when we need them to. We look at the economics of the partnership, and if it makes sense. Finally, we look at the company’s commitment to the future.

“As a partner, Ryder provides all that for us. We rely on them to bring thought leadership, strategy, and commitment to the table. That’s what is important to us.”

To exceed Conagra’s goals of creating an efficient warehouse operation with cost savings built into the process, Ryder provides Conagra with a customized supply chain solution. This includes implementing Lean Six Sigma (LEAN) to create a culture of continuous improvement, engaging and empowering the workforce, and ensuring a more effective distribution and operations process.

The LEAN philosophy of leadership, teamwork, and problem-solving that Ryder implements is based on Ryder’s values, principles, and management processes that result in continuous improvement throughout a customer’s organization by focusing on the needs of the customer’s customer, empowering employees, and optimizing existing activities in the business. LEAN practices improve safety, quality, and productivity, while cutting costs and eliminating waste.



A New Playbook for Disruption

The partnership with Ryder proved even more valuable when the coronavirus pandemic hit North America in March 2020. Conagra Brands experienced a tremendous surge in volumes, exceeding 150% to some products. Weiss stated it was a demanding 12 to 14 week period.

Because of the surge, some locations went from operating 24 hours, five days per week to 24/7. Ryder put new Centers for Disease Control safety protocols in place for employees, as well as ensuring the integrity of the products. Additionally, Ryder was able to quickly leverage its transportation resources and create a pop-up dedicated fleet for Conagra to increase its distribution capacity. The processes and strategies put in place, allowed for the operation to continue with service levels consistent with pre-coronavirus metrics including 99% order accuracy and 99% on-time shipping.

As the pandemic has continued and inventory levels have diminished, the initial order fill rates and deliveries have dropped slightly. However, the operation continues to deliver significant year-over-year increases consistent with industry performance standards.

“We were fortunate to have ample inventory to respond to the initial surge,” says Weiss. “We were able to increase capacity, and add shifts to produce as much food as possible, and Ryder helped us increase our production to meet the demand. We creatively used the resources across the network to flow resources where necessary, and Ryder was able to bring in additional trucks to help us move products during the surge. Having these pieces in place and being proactive, has helped us create a playbook to overcome disruptions.”

Partnering for Success

During the nearly 20 year partnership, Conagra Brands and Ryder have seen increased success through continuous improvement. For Conagra, this means meeting one of its top goals – driving productivity and off-setting inflation. Conagra also benefits from industry leading product integrity, and year-over-year improvements in safety. The companies share a focus in increasing employee satisfaction & retention, while looking at innovative ways to automate the supply chain to offset labor shortages.

For Conagra, implementing a LEAN culture means Ryder continually engineers processes in which more than 700 employees flow products through a supply chain that is custom-created to work at top levels of efficiency. Each step is constantly re-evaluated to address any loss of time or inefficiency. It also creates an environment where the employees have a sense of pride, which helps improve retention and satisfaction.

Additionally because of the connection of the distribution centers, Ryder is able to flex employees between locations within the network if necessary. This allows Conagra to meet surges in demand and keep products moving.

“LEAN is a core philosophy of the business,” says Weiss. “It continues to be the life-blood of our operations, as we find opportunities to improve the cost structure and employees.”

Conagra has provided Ryder with strategic insights as well, with Weiss being a member of the Ryder Customer Advisory Board. The board brings together an exclusive group of thought leaders from a cross section of the sector to consider and address the future needs of the industry.

“Ryder has a great willingness to help us creatively,” says Weiss. “Ryder provides us access to a set of resources and leadership structure that helps us stay current with trends and when it comes to evaluating technology, as well as how

to manage the human side of the distribution center. It is rare for us to ask Ryder for something and they say ‘no.’ The purview Ryder has is unique and it provides a way to learn from each other.”

About Ryder System, Inc.

Ryder System, Inc. is a leading logistics and transportation company. It provides supply chain, dedicated transportation, and commercial fleet management solutions, including full service leasing, rental, and maintenance, used vehicle sales, professional drivers, transportation services, freight brokerage, warehousing and distribution, e-commerce fulfillment, and last mile delivery services, to some of the world’s most-recognized brands. Ryder manages more than 250,000 commercial vehicles and operates more than 300 warehouses encompassing approximately 55 million square feet. Ryder is regularly recognized for its industry-leading practices in third-party logistics, technology-driven innovations, commercial vehicle maintenance, environmentally friendly solutions, corporate social responsibility, world-class safety and security programs, military veteran recruitment initiatives, and the hiring of a diverse workforce.



About Conagra Brands

Conagra Brands, Inc. (NYSE: CAG), headquartered in Chicago, is one of North America’s leading branded food companies. Guided by an entrepreneurial spirit, Conagra Brands combines a rich heritage of making great food with a sharpened focus on innovation. The Company’s portfolio is evolving to satisfy people’s changing food preferences. Conagra’s iconic brands, such as Marie Callender’s®, Reddi-wip®, Healthy Choice®, Slim Jim® and Orville Redenbacher’s®, as well as emerging brands, including Alexia®, Blake’s® and Frontera®, offer choices for every occasion. With an ongoing commitment to corporate citizenship, Conagra Brands has been named to the Dow Jones Sustainability™ North America Index for six consecutive years. For more information, visit conagrabrands.com.

