

HILLTOP™

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The 5Ps of Organic Produce

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In the Mind of: West Mathison



BE FAMOUS

We get up
every morning
with a passion
to build memory
& trust.

Kyle



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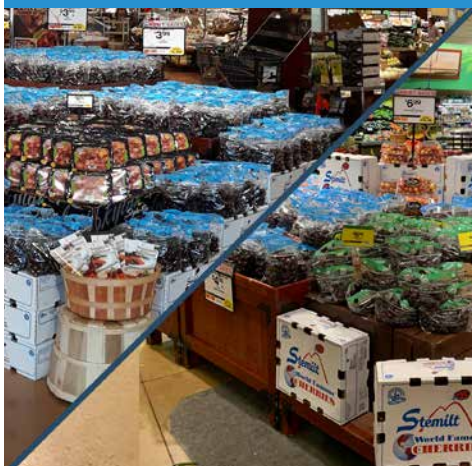
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A MESSAGE FROM THE **PRESIDENT**



CULTURE

By: West Mathison

I am rolling into my 15th year of leadership here at Stemilt and looking back, I can't believe how much has change. Since taking the helm from Stemilt founder and my grandfather, Tom (in 2005), my team and I have been working towards discovering and growing modern flavors that consumers will love.

When I started, it was evident that we were what we grew. If we wanted to evolve into the leading tree fruit company, we had to strive for modern flavors that would leave our consumers delighted. Over the last decade, we have seen a radical shift in variety development. Apple varieties like Piñata®, Sweetango® Rave® and now Cosmic Crisp® are taking the apple world by storm. I am thrilled that Stemilt is a front runner in making new apple flavors possible for consumers.

One of the reasons we have found success in featuring these modern varieties is the efforts in leadership and execution that Stemilt has put forth over the last 15 years. We have seen a huge shift in development and culture throughout the company, especially within our orchard teams. Our Stemilt Ag Services (SAS) team has made positive steps forward in creating an environment that suits our employees needs which ultimately results in a positive impact on fruit quality.

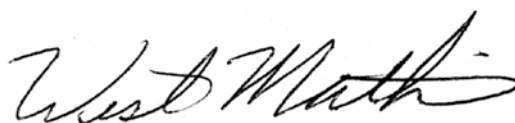
This shift can also be felt through the rest of the company, where our teams are well aligned around working to achieve our company's mission: cultivate people and delight consumers. I'm so optimistic about the future and what's to come.

I was recently asked about the advice I would've given myself 15 years ago. This is what came to mind:

1. Maintain a balance by managing my personal self, my physical self, my spiritual self and my relationships. Balance is a requirement, not an option.
2. Be less patient when it's obvious that something needs to be done.
3. Continue to practice humility.

Humility is important to me and should be practiced by anyone who lives in the fruit world. We all can be so dependent on the market or the weather when, realistically, both are out of our control. The only thing we do have control over is how we own our successes and our failures.

With all of this in mind, I know that the next 15 years will be full of successes. We are currently searching the globe for new flavors and there are a number of exciting things ahead, like colored-fleshed apples and new pear varieties to introduce. As we continue into 2020 and into this new decade, it's important that Stemilt continues to seek out the mission that is at hand: cultivate people and delight consumers. The rest, well, is out of our control.



A photograph of an orchard with young trees supported by wooden stakes. The trees are green and healthy, and the ground is brown soil. The sky is blue.

ORCHARD

By: Brianna Shales

SOIL Rx

A DNA test, probiotics, and beneficial fungi are just a few of the prescriptive tactics that Stemilt Ag Services takes to boost soil health – and fruit quality – in its orchards.

According to the Merriam-Webster dictionary, data is defined as “factual information used as a basis for reasoning, discussion, or calculation.” The definition perfectly describes how the Stemilt Ag Services (SAS) team approaches soil health in the central Washington orchards they tend to. Data drives every decision when it comes to maintaining balanced soils that help grow fruit with World Famous flavors and qualities.

“When it comes to soil health, we’ve become very data-driven and prescriptive about what we’re doing,” said Darrin Belton, SAS business development director. “There’s no one-size fits all approach to soil health, and a good soil program harnesses what is naturally found in the ground. We source and track multiple data points to build a customized nutrition program for each orchard.”

There are several tests deployed at SAS orchards throughout the year to better understand soil conditions, tree and orchard health, and fruit quality. A mineral sample is taken from golf ball-sized apples in June and when apples are fully grown at harvest time to better understand fruit quality as it relates to the soil. A leaf analysis is done in the fall to gauge critical nitrogen levels. Soil samples are taken by the cupful in the spring and fall to analyze mineral content and availability, and the genetic make-up of the soil. These biome tests determine the exact footprint of the soil, including its bacteria, fungi, and any precursors it may have to diseases.

"It's basically a 23andMe® DNA test, but for the soil biome," said Belton. "It's truly cutting edge and gives us a detailed look at the exact soil make-up in a specific growing site. We use this and other specific data to fine-tune our nutrition program so that we give the soil exactly what it needs to grow high-quality fruit."

Data collection around soil is mostly outsourced to certified labs, but eventually makes it back to a Stemilt-specific nutrition website that helps the SAS team determine a detailed fertilizer program for

each orchard. The information is what drives the decisions to introduce tactics such as compost, fertilizer, beneficial fungi, or "good" bacteria.

"Good bacteria are like probiotics for soil. They act the same way probiotic foods like yogurt do for humans. They balance good and bad bacteria to promote gut health in humans," said Belton. "In soils, good bacteria go in and munch on what is not available and solubilize critical elements. The plant is left to feed on nutrients like phosphorus, which are vital for plant growth."

The goal of this prescriptive approach to soil health in orchards is to produce high yields in every orchard, while also delivering fruit quality that helps Stemilt see the "delight consumers" part of its mission through. And with data backing each decision, that's exactly what Belton sees happening.

"While I love data and using it to make sound farming decisions, what I love most is to step in an orchard and see it happy and healthy," said Belton. "Then, I bite into a piece of fruit from one of its trees and get instant confirmation that the testing, data analysis, and the prescriptive approach we're taking for soil health is indeed working."



One cutting edge test relies on genetic sequencing to give us the A to Z make-up of a specific orchard's soil conditions.



BE GREAT



**Congratulations to our Employee of the Month recipients
& Team of the Quarter for Q3 + Q4 2019!**





CULTURE

By: Katie Harmon



MATHISON FAMILY AWARD WINNER

Juan Cuevas

In 2019, Juan Cuevas was one of two recipients of the inaugural Mathison Family Award. This award recognizes employees who exemplify Stemilt's values of integrity, trust, innovation, humility, and stewardship over the course of the year. Learn more about Juan, his role at Stemilt, and why he was given this prestigious award!

Juan Cuevas is a man who is dedicated to Stemilt's mission: to cultivate people and delight consumers. As one of two Mathison Family Award winners in 2019, Cuevas takes great pride in doing his part to fulfill the mission through training his large team and ensuring that every piece of fruit from the orchards he manages meets World Famous standards.

Hired in November 2013, Cuevas started out as a Ranch Manager for the Othello area (an area within the Columbia Basin), monitoring 800 acres of apples and cherries. By January 2019 that 800 acres rose to 3000+ acres when Cuevas was promoted to the Mattawa-Othello Regional Manager. Cuevas took the big jump and his responsibilities seamlessly.

Stemilt's Ag Services (SAS) General Manager, Robin Graham, stated this about Cuevas in the award nomination: "Juan jumped right into his new responsibilities with his steady positive attitude, somehow keeping his ability to manage both the macro and the micro details of his position. A visit to Juan's area consistently shows organization, and lots of healthy discussion around how to do the best possible job."

As regional manager, Cuevas oversees many components. From maintaining the orchard during the off season to determining harvest timing with the help of the Quality Control department and overseeing 800 employees (both guest and full-time) during the busiest time of year,

Cuevas stays upbeat and continues to seek innovative ways to improve his area. Cuevas is also involved with providing tours during harvest time when partners are looking to see a spectacular orchard view.

"If you love what you do, it makes your job feel easier," explains Cuevas. "I love farming. Every day I feel inspired as we are one day closer to closing out another successful season. It's my goal that the fruit that comes from my area is exceeding our World Famous standards."

From Scott Driscoll, SAS Director of Farming Operations:

Juan is a great leader and an excellent example of what Stemilt strives to achieve in cultivating employees. He takes full ownership of the ranches he manages, which shows in his employees and the fruit that is produced. Juan always has a smile and a positive attitude, even when times are tough and the hours are long. He is a pleasure to work with.

From International Tree Fruit Association regarding Cuevas's orchards during a tour:

From the air, it's an impressive sight to say the least and from the ground, a marvel to watch. The operation was orderly, efficient, and successful. No chaos - everyone working together as though they had done this before. Fruit handling and worker safety were the top priority. People were motivated and "all in" to get the job done.

REDUCE. REUSE. RECYCLE.

SUSTAINABILITY: PROFIT

By: Brianna Shales

Stemilt's long-time sustainability and social responsibility program, Responsible Choice®, takes a full circle approach to incorporating the 3R's into its environmental initiatives. Stemilt provides its local fiber tray manufacturer, Keyes®, with recycled paper, newsprint, and cardboard from its offices and packing facilities. Keyes® regenerates the recycled material into fiber apple trays that are then used at Stemilt to pack apples and pears. Take a look at the numbers and other packaging alterations that have led to material and cost savings at Stemilt.



2,200,000

pounds of cardboard recycled at
Stemilt in 2019

81%

of Stemilt's fiber tray needs for apples
and pears are made from its own
recycled cardboard and paper.



25,000

pounds of paper recycled at Stemilt in 2019



Our manufacturer, Keyes, makes fiber trays down the street from Stemilt's Fresh Center.



1/3 less cardboard (but increased strength) with every pallet cornerboard



Reduced cherry carton height uses 436k pounds of cardboard annually



19% less cardboard used with redesigned traypack carton



264k pounds of scrap metal recycled

KESTREL KEEPERS



SUSTAINABILITY: PLANET

By: Katie Harmon

Birds love snacking on cherries just as much as people do. Unfortunately, certain pest birds are known for making a few too many pecks that lead to cherry crop loss. Shooing pest birds away from the orchard is a big part of any cherry farmer's strategy, and that's especially true for Stemilt and its agriculture team.

"There are many ways to keep pest birds away from orchards, but they often come with loud noises that make them a nuisance to our orchard neighbors," said Robin Graham, Stemilt Ag Services general manager. "We are always looking for ways to effectively combat pest birds with sustainability in mind. That's exactly what the Kestrel house project does."

Kestrels are a migratory bird of prey and falcon relative that arrive in the Pacific Northwest before spring to lay eggs and let their chicks hatch. Before they arrive, the SAS team installs Kestrel houses throughout its Columbia Basin cherry orchards. The houses provide a haven for Kestrel families during their most vulnerable time, and the birds usually stick around to help during cherry season, before migrating south for the winter.

"If they have the right environment, Kestrels are very effective at running pest birds out of the orchard, and keeping insects and rodents in check," said Graham.

The right environment means the right bird house, and that's where Stemilt has gotten creative. Instead of purchasing houses from a business, the company



recruited help from local students to build Kestrel houses. The project is a \$7,000 fundraiser for Wenatchee High School's Future Farmers of America chapter. Nearly 70 students across three agriculture classes build well-constructed homes made from locally sourced materials. They also learn about integrated pest management practices (IPM) that local orchards like Stemilt utilize to grow fruit.

Dan Ellwood, an ag teacher and Wenatchee FFA advisor, guides students through the project. He is also a cherry grower that relies on kestrels and knows how important the right habitat is for meeting their needs.



"Everything from the hole size of the box to the nesting material inside is important to keep the kestrels happy and coming back each year," says Ellwood.

Ellwood's environmental science class tackles the house design, while the vet science class focuses on bird health and learns about migratory patterns. The advanced shop class measures and cuts wood and constructs and finishes each house.

Stemilt purchased 200 homes in late 2019 and installed them in orchards earlier this year. One house covers 200 acres of orchard and sits on a tall pole 20-30 feet above ground. The partnership with Wenatchee FFA is an example of sustainability that goes full circle, and an example of the company's environmental stewardship focus through its long-standing Responsible Choice® program.

"It's a special program because of how it touches natural farming practices, ag education, and the local economy. These future farmers have a meaningful role in helping us grow World Famous Fruit," said Graham.



CULTURE

By: Brianna Shales

IN THE MIND OF *West Mathison*

Son, brother, husband, father and president of Stemilt. West Mathison is a man of many roles, but like any great leader, always makes time to reflect on important elements in his life.

Leadership:

For me, it's about serving others and helping people achieve more than they would without that guidance.

Obstacles:

An obstacle is merely an opportunity to find a new way. I first like to think, how or why did the obstacle get there? Then, when combatting that obstacle, what is the most effective way to overcome it and learn from it to make us better in the future.

Mentors:

A great mentor is a person who has gone down a similar path as you and can share their experiences. I've had three great mentors. My dad, Kyle, taught me great work ethic, how to be focused on the orchard side of the business and examine tree quality, and showed me what a healthy tree should look like. My grandfather, Tom, demonstrated the need to always have a good vision for the future. And within that view, he taught me to especially focus on the importance of flavor and quality. Peter Spadoni is a family friend who taught me to be patient, kind, and to choose my words wisely.

Advice:

My advice would be to always practice humility. While there are many definitions of humility, I would have to say that my definition of the word is to be courageous enough to be curious enough to hear the other side of the story.

Be courageous
& curious
enough to hear
the other side
of the story

Motivation:

Your internal drive that keeps you focused and provides you with the tenacity to be persistent. I am motivated by seeing people grow. I'm also motivated when I see fruit at retail that is full of color and shine. That shows that every element in the supply chain was a success.

Do Differently:

It's important to be mindful of complacency and that the changing environment requires self-reflection to stay relevant. There are always things that are going on in the world around you. But even so, time passes, and we must always ensure that what we are doing and how we've been doing it, is still relevant. If I could do anything differently, it would be to better learn from my mistakes.

Dream Job in Alternate Universe:

A backcountry ski guide.

FAMILIAR FACE



CULTURE

By: Katie Harmon

What your role is here at Stemilt and how long have you been with the company?

I have been working at Stemilt since March 2009, so I am entering my 11th year with the company. I am the Human Resources Information Systems (HRIS) Analyst and lead for leave of absences. I started working for Stemilt after my husband and I moved up from California in 2008. We weren't sure if we wanted to stay in Wenatchee, but since we grew up here and have family here, we came back to try it out. Now, it's home.



Paloma Perez

What does an HRIS Analyst do?

As the Human Resources Information Systems (HRIS) Analyst at Stemilt, I oversee all data inputting and processing of payroll details (hiring data, wage increases, terminations, department code changes, etc.) through a software program we use here. I do this for our admin, production, and orchard sides of the business, which covers more than 1,700 employees year-round and double that during cherry season!



□□ **I love working with people. I'm a people person and interacting with employees.** □□

Paloma Perez
HRIS Analyst/Leave Specialist

When you came to Stemilt, what were you originally hired for?

I was originally hired as an HR Generalist and then became the Recruitment Specialist. My role was later split between recruiting and HRIS analyst, until work for both areas became too much for one person. We hired a recruitment manager and I took over the HRIS analyst duties. I also oversee all types of leave of absence for employees, such as FMLA (Family Medical Leave Act) or ADA (Americans With Disabilities Act). No two days are ever the same, which keeps my job very interesting!

What are your favorite aspects of your job? What are some of the most challenging? How do you work through those?

I really love working with people. I consider myself a people person and I like knowing I am helping people. Interacting with other employees makes a difference in my day. The biggest challenge with dual roles is that it can feel overwhelming at times. Many employees stop by my desk when time allows, which can disrupt my day, so multi-tasking and time management has become critical to the job. It's also crucial to be proactive in my job, because I rely on other people to get the information I need to be successful. To get through these challenges, I keep moving forward and work through each problem as they come.

What do you do outside of work for fun? What are some of

your hobbies?

I have a 13-year-old son, Elijah, who is involved in a local soccer team, Wenatchee FC. The team travels so that keeps my husband and I busy. When we aren't traveling for soccer, my husband, son and I will drive to Grandview, WA (about two and half hours south of Wenatchee, WA) every Sunday to join my dad and mom who are pastors at a Christian Hispanic church. My husband and I are youth pastors there, and we lead a bible study for kids ranging from 12-19. After church is over, we spend time with my parents, have a family dinner, and drive back home. We've been going to church in Grandview for the past five years.

What is the best advice you received during your career?

The best advice I have received during my career was from our HR Director, Zach Williams, who told me to be optimistic about things and do what I can, as best as I can. The rest is out of my control. This advice was given to me when I was a recruiter during cherry season. As a perfectionist, I wanted to be on top of everything and do it well but I knew it wasn't feasible. I had to let go a little bit, which has helped me excel in the areas that I need to focus on.

Who are your mentors?

My husband, Gersy. He is an IT Help Desk Manager for InDemand Interpreting, a nationwide company that works with hospitals to help patients and doctors connect when a language barrier exists. My husband is a great mentor because he always sees the bright side of things and handles things in a positive manner. When I've had a rough day at work, he listens, then reminds me of the following bible verse: "Whatever you do, work at it with all your heart, as working for the Lord, not for human masters, since you know that you will receive an inheritance from the Lord as a reward. It is the Lord Christ you are serving." Colossians 3:23-24

My dad has also been a mentor to me. He has always been there for me, as both a father and my pastor. I see a lot of myself in him. He is organized and thorough. Whenever I feel frustrated and overwhelmed about my job, he reminds me that I am here to serve, and that God gave me this job for a reason. That God's plan is always perfect and that one day my hard work will pay off.

What is your favorite Stemilt fruit and why?

The Piñata® apple! It is huge, crunchy and very juicy!

**Favorite Word?**

Grace

Song you can always jam to?

Oceans by Hillsong United

Pet Peeve?

Disorganized people

3 Things You Can't Live Without?

God, my family & my cell phone

Beach or Mountains?

Mountains

Coffee or Tea?

Neither

If you could have dinner with anyone (dead or alive), who would it be?

Jesus

3 Words to Describe Stemilt?

Family-oriented, opportunities & World Famous



FRUIT

By: Brianna Shales

THE 5Ps OF ORGANIC PRODUCE

Price, product, placement, and promotion are the 4Ps of marketing, but when it comes to understanding organic produce, Stemilt adds another powerful P – people. Get to know what each of the 5Ps mean when it comes to building a healthy organic category.

Organic produce keeps growing and growing. According to FMI's 2019 Power of Produce report, organics represented 7 percent of the produce category, and drove nearly 40 percent of new dollars to produce during the 52 weeks ending July 14, 2019. The growth in organics has come from every corner of the produce department but is dominated by 5 key categories: packaged salads, apples, carrots, strawberries, and bananas.

Stemilt knows organics. The company's organic brand, Artisan Organics™, has roots dating back to 1989 when Stemilt founder Tom Mathison transitioned hundreds of apple acres to organic production. He made this move to build trust with consumers.

Fast-forward to today, and you'll find Stemilt continuing to build trust through organics but with a big focus on flavor. Tom's grandsons, West and Tate Mathison, guide Stemilt's organic growth and do so through the pursuit of new consumer-centric varieties and quality above all else. After all, consumer demand is the reason organics have grown to their mainstream position today. Stemilt predicts the people, along with the 4Ps of marketing (price, product, placement, promotion), to continue to be the driving force of organics in the future.

Now, we'll dive deeper into the organic category and its 5Ps to help you keep driving organic growth in produce.



People

Who is the organic shopper?

It's the person you want to see shopping in produce. That's because organic shoppers are the spenders. According to FMI's 2019 Power of Produce report, millennials (age 24-39) are both the largest group of consumers, and the largest group of shoppers that buy organic. They have growing families to feed, and a desire to feed children healthy foods. They also have larger basket sizes and a higher trip frequency than other shopper groups.

The core organic shopper has a household income of \$125,000 or more and likely has a college or graduate degree.

"The organic shopper is a very valuable shopper to retailers," said Brianna Shales, senior marketing manager at Stemilt. "When organics are in the basket, the organic shopper has a total store spend that is nearly 1.5 times higher than other shopper groups. The organic shopper is the one you want to understand well, so that you can cater to them through a more personalized shopping experience."

Regionally, the West is the dominant and mature area where people buy organics in the U.S., but the Northeast region experienced the biggest organic growth in 2019. Within regions, urban areas index higher with organic shoppers because of higher incomes, higher populations of Millennials, and easier access to organics.

"Organics are purchased by 62 percent of households in the United States," said Shales. "They are mainstream now, and an area where nearly one-third of consumers expect to shop more of in the future. That's exciting for produce departments and makes effective merchandising and promotion of organics important for the future."



Price

What's the best pricing strategy for organics?

The answer depends entirely on your retail strategy, but organics continue to demand a premium over conventional produce today.

In 2019, the average price per pound for organic produce was \$2.98/lb. or a 50 percent premium over conventional produce. The large premium for organic produce is dominated by the berry category. Apples are among the top three organic categories from a volume standpoint but earn just \$0.56 more per pound on average than conventional.

"Pricing organics must be part of the retailer's overall produce pricing strategy, and it remains unique to each company," said Shales. "Apples, pears, peaches and nectarines don't have as steep of a pricing premium as highly perishable products like berries and cherries. That means that retailers must sell more volume in order to keep their categories growing. Products with lower premiums encourage new shoppers into the organic category, which helps fuel the growth we see in organic produce each year."



Product

What do shoppers want when it comes to organic produce?

Organic shoppers are just like every other shopper out there: they want freshness and quality to come first with the produce they buy.

Differentiating on quality and flavor was the main driver that led the Douglas family of Pasco, WA to transition its entire crop of peaches and nectarines to organic production back in 2009. Their fruit is available solely in Stemilt's Artisan Organics™ brand and has become a great feature in produce in August and September because of its superior appearance and eating qualities.

"Stemilt's entire crop of peaches and nectarines has been grown and certified organic for more than a decade for one reason and that's flavor," said Shales. "The Douglas family has the climate, experience, and farming practices in place that allow us to grow peaches and nectarines that burst with flavor. Our all-organic program is a great differentiator for your organic categories, and the entire produce department."

Product mix is extremely important in organics and has especially evolved in the apple category over the years. The early days of organics meant only classic apple varieties (Golden Delicious, Red Delicious, Granny Smith) were available to shoppers. Now, the opposite is true. Stemilt's focus on growing new, modern varieties organically fits right in line with the varieties that consumers seek out.

"Growing hit varieties like SweetTango® and Honeycrisp organically is another way to deliver on that flavor and quality expectation that consumers have," said Shales. "We also specialize in hard-to-grow organic pears and cherries, because we want to give organic shoppers the same opportunity to enjoy World Famous Fruit as non-organic shoppers."

□ □ **Promotion is a sales driver in produce departments and it's important that organics are included in ads. Driving people to organics boosts the category.** □ □



Placement

Do you segregate organics, or intermix them with conventional?

Success can be found with either placement strategy, says Shales. Segregation has become the norm for many produce departments as consumers look for that dedicated organic section, however displaying organic and conventional (with proper separation in place to prevent co-mingling) works too.

“Signage is the most important factor when it comes to helping shoppers find organics in your store,” said Shales. “Build that impressive display and sign it well. Shoppers will gravitate to organic displays when they are vibrant and full of fresh product.”

Stemilt also offers merchandising units to help build primary and secondary displays for organics. A pop-up Artisan Organics™ display can be used to merchandise any of its fruits organically. It can be used as an endcap to the primary organic section, or in a secondary location to promote organics. The pop-up holds any packaging type, whether it's 3lb. Artisan Organics™ Lil Snappers® kid-sized fruits or 5lb. Artisan Organics™ Apple Lover pouch bag packs.

“Our Easy Pallet display is another great merchandising option for organic apples or pears,” said Shales. “The display ships flat on top of euro boxes of fruit to build a large footprint for organics during a big promotion. It's a proven vehicle for encouraging shoppers to pick-up organics.”

Sources:

1. Organic Produce Network and Category Partners, powered by Nielsen Total U.S. Scan, Jan. – Dec., 2019
2. FMI Power of Produce 2019 report



Promotion

What's the best way to promote organics?

It's to promote and do so often.

The organic playbook around promotion was once a void, but as volumes have grown to today's levels, organic promotions are now an important part of the overall produce strategy. Stemilt sees potential for increased promotion on both everyday organic items like apples and pears, and seasonal organic items like cherries, peaches and nectarines.

“Promotion is still a huge sales driver in the produce department, because people buy with their eyes and are attracted to what is front and center,” said Shales. “It's important that organics are part of ads or prominently displayed if everyday low pricing is the strategy. Driving people to organics is what boosts the category.”

Stemilt encourages organic apple and pear promotions on a monthly basis during their peak seasons. Retailers should run multiple varieties on ad at one time instead of just one or two varieties. Carrying a variety organic-only and promoting it frequently is also a strategy to deploy on organics. Retailers should consider carrying larger pack types – 3lb. and 5lb. – to appeal to this affluent buyer that is typically buying organics for their family.

Seasonal items like organic cherries, peaches and nectarines should be promoted during their peaks. The exact timing and volumes change may change from year-to-year, but the promotion opportunity is there.

“Our all-organic peach and nectarine program runs in the late summer months, with September being a big month for promotions,” said Shales. “Running those extra organic promotions on late season summer produce is a great way to boost organic performance.”

NEW FACE



CULTURE

By: Katie Harmon

Tell readers how you found yourself at Stemilt.

I grew up in the Wenatchee Valley and Stemilt was a household name. I was raised by apple and pear growers who grew for Stemilt, so I always knew that I wanted to incorporate ag into my career. I attended Central Washington University and earned degrees in Accounting and Foreign Language, with an emphasis on Spanish. The business-math side of things always interested me, so I felt it was a good fit at the time. After I graduated, I started working at Moss Adams, LLP in Yakima, WA where I focused on ag business accounts, including at one point in time, Stemilt! After a few years, I started to develop an interest in Human Resources, and got my start to the



Colleen Malmassari

HR function by coordinating recruiting and onboarding efforts. After 11 years in public accounting, I left Moss Adams, which was followed by a short 18-month stint in the HR Department of a local credit union. In fall 2014, I found myself back in ag in a HR position with Borton & Sons. The Borton Family needed help growing and developing an HR department. In three years there, I went from a team of one to a team of nine and created a Human Resources department, as well as implementing Affordable Care Act (ACA). It was at that time that I felt it was time that I decided to return to the Wenatchee Valley. Simply by coincidence, Stemilt had a HR job open that my friend and then-Stemilt employee told me about. I applied and joined the Stemilt family in January 2018.

□□ I enjoy helping Stemilt team members gain knowledge and understanding of the workplace so they can grow here. □□

Colleen Malmassari
Employee Relations Manager

What exactly does your job as Employee Relations Manager entail?

My focus areas are consulting with supervisors about workplace policies, and leading team consults to improve the work environment. I also lead internal investigations within the workplace and address concerns and complaints that come from employees. We have a diverse workforce, and at times conflict arises. There is a statistic that most supervisors will spend 20% of each work day addressing employee concerns and conflict. Here at Stemilt, I can provide value to our teams as a resource of how to navigate and resolve conflict as that is my job 80% of the time! I also assist in risk management through policy and process recommendations and implementation throughout the company. Overall, I just want to continue improving the work environment!

What do you enjoy most about your job?

I enjoy helping current Stemilt employees feel like they are knowledgeable and understand what is expected in the workplace. By doing this, it makes it easier for them to grow within their career while keeping the company's mission of cultivating people and delighting consumers top of mind.



What are some of the challenges?

The same thing as what I enjoy about my job! When I was accountant, I could always figure out numbers and get an answer...but you can't always figure out humans! Every employee I encounter and work with has a different background, a different story, and different values. And when you work with over 1,700 employees during the normal season, and double that during the height of cherry season, it can be challenging to ensure that everyone here is working towards the company's common mission.

What are your hobbies outside of work?

I am currently looking forward to finding those hobbies again! Between work and currently constructing our home, I haven't had a lot of extra time. I have a seven-year-old daughter who keeps me busy. When we do have time, we do like to get outside and hike and partake in various outdoor recreation activities – one of the best attributes of the Wenatchee Valley!

What is the best advice you have received in your career?

It was to always talk with your employer first when you are experiencing frustrations. Most of the time, they will surprise you and come up with a solution that works best for both parties.

What are you most excited about with your future here at Stemilt?

I am excited to continue to help and give employees the knowledge they need to have ownership over their career! I am also excited to continue to improve risk management throughout the company.

What is your favorite Stemilt fruit and why?

My current favorite is the Cosmic Crisp® apple, but I will always love the Cameo apple! It was born as a chance seedling on my family's farm at the Smith-Caudle Ranch in Dryden, Washington. The original tree is still there today! I have deep farming roots, going all the way back to my great-great grandfather, so that variety will always have a special place in my heart and my taste buds!

**Favorite Word?**

Fabulous or Fab

Song you can always jam to?

Anything from No Doubt/Gwen Stefani

Pet Peeve?

There is a difference between "your" and "you're." Also, please set-up your voicemail.

3 Things You Can't Live Without?

My hair stylist, my Smartphone, and a tote bag (a working Mom must!)

Beach or Mountains?

Beach

Coffee or Tea?

Earl Gray/Bergamot Tea

If you could have dinner with anyone (dead or alive), who would it be?

Abraham Lincoln

3 Words to Describe Stemilt?

World Famous Fruit



CULTIVATING THE NEXT GENERATION

A few of the 16 Stemilt employees that helped the company earn WAEF Group Volunteer of the Year recognition.

CULTURE

By: Katie Harmon

Stemilt and its founding family, the Mathisons, are constantly seeking ways to invest in the next generation. If Stemilt is not donating to local events geared towards kids or providing tours and intern opportunities to local students, then they are investing in their future by providing college scholarship opportunities as part of a long-time partnership with the Washington Apple Education Foundation (WAEF).

Stemilt has partnered with WAEF since its inception to provide kids of parents in the ag business an opportunity to apply for scholarships to help fund their post-secondary education. In 2019, Stemilt awarded over \$80,000 in scholarships to 14 children of its employees.

"We love our partnership with WAEF and what these scholarships do for families in our community," states West Mathison, Stemilt president. "Our relationship with WAEF has blossomed over the years and benefits many deserving students each year."

Stemilt was awarded WAEF's Group Volunteer of the Year Award for 2019. There were 16 Stemilt employees who volunteered their time through various events that WAEF held. Multiple departments were involved, including IT, Human Resources, Production, Marketing, Stemilt's Ag Services (SAS) team, Accounting, and more. Employees volunteered their time to serve as student mentors, hosted WAEF students for job shadows and career exploration events, volunteered at WAEF's fundraising golf tournament, and served on the scholarship selection committee. There are also employees involved with WAEF's board of directors and Counselor's Roundtable.

"Stemilt has been involved in many different ways and we truly appreciate the work they have done," says Jennifer Witherbee, WAEF's executive director. "The company's culture believes in the next generation and that is clear through their efforts."



2019 SCHOLARSHIP RECIPIENTS

Winners of Thomas K. Mathison Memorial Scholarship

Awarded to two students who demonstrate strong character and a will to succeed (one Stemilt employee's child and one local student with no relationship to Stemilt).

Josefina Gonzalez (Stemilt)

Jose Pascasio (Community)

Stemilt Growers Scholarships

Awarded to students pursuing a four-year degree at an accredited university and are awarded for either financial need and being an all-around good student or awarded based on merit, academic performance, extra-curricular involvement, leadership or community service.

Edgar Apolinar

Angel Avina Ramirez

Amaris Barahana Cuzores

Jose Camarillo Aviles

Sami Everhart

Estephany Herrera

Jazmine Herrera

Alejandro Vazquez

Mathison Family Scholarships

Awarded to graduating seniors and current college students that demonstrate merit and extra-curricular activities or financial need.

Cristal Blanco

Jose Espinoza Garcia

Jocelyn Hernandez Moreno

Gabriela Martinez

Daisy Montejano

Daisy Zavala



Stemilt founder Tom Mathison first got involved with WAEF when the organization began in 1994. Nearly three decades later, his grandson, West Mathison, continues to encourage Stemilt's support of WAEF through financial contributions and volunteer time.

"We are extremely proud of our employees who have volunteered and dedicated their time to help," says Mathison. "Our employees believe in the power behind the next generation and are dedicated to cultivate these students."

Over the last decade, Stemilt has awarded more than \$500,000 in scholarships to 64 students (see side panel for 2019's scholarship recipients) and plans on continuing that support for years to come.

"Helping Stemilt team members, their families, and our community by providing college scholarships to local students is a big part of who Stemilt is," explains Mathison. "We want to ensure these students have the best education possible so they can bring the best set of ideas forward when they enter the workforce down the road."

FRUIT

By: Brianna Shales

CHERRY BLUEPRINT

Fruit prints are the blueprints to the many cultivars of fruit we grow at Stemilt. Use this guide to learn about the cherry varieties that make our World Famous cherry season go round.

Royal Hazel

Grown In: California

Timing: Early season

Characteristics: Red color, very firm, and has great cherry flavors

What You Should Know: It's a low-chill cherry that was bred for warmer California climates.



Coral

Grown In: California

Timing: Late season

Characteristics: Large, firm, low-acid cherry with dessert flavors

What You Should Know: Stemilt is a leader in this cherry that's quickly becoming the top variety for the California cherry industry.



Lapin

Grown In: California & Washington

Timing: Late season (CA) & mid season (WA)

Characteristics: Dark red, large, firm, with great flavors when grown in the right locales

What You Should Know: Lapin is the featured cherry in Stemilt's 5 River Islands™ program for California.

Bing

Grown In: California & Washington

Timing: Mid season

Characteristics: Dark red and large size

What You Should Know: Bing is the most well-known dark-sweet cherry variety but declining in volume in both California and Washington as new varieties have emerged.

Chelan

Grown In: Washington

Timing: Early season

Characteristics: Mahogany red skin, firm and medium size

What You Should Know: It's a variety that marks the transition from California to Washington cherries.



Rainier

Grown In: California & Washington

Timing: Early to mid-season; available consistently mid-May through July

Characteristics: Large, golden cherry with pink-red blush that's very sweet and firm

What You Should Know: This cherry has consistent availability from both states. The best time to promote Rainiers is in late June-mid July, and definitely on National Rainier Cherry Day (July 11th).

Santina**Grown In:** Washington**Timing:** Early season**Characteristics:** Large, firm with a dark red color, high luster, and low acids**What You Should Know:** It's an emerging variety for Stemilt that harvests just before Bing.**Skylar Rae®****Grown In:** Washington**Timing:** Early to mid-season**Characteristics:** Large, bi-colored cherry with high sugars and exceptional firmness.**What You Should Know:** It's a Stemilt signature cherry and the third SKU that helps you expand your cherry category.**Skeena****Grown In:** Washington**Timing:** Mid to late season**Characteristics:** Very large, firm, with high sugars, low acids, and a dark red to mahogany skin**What You Should Know:** Stemilt is a leader in Skeena cherries and it's a featured variety in our premium Kyle's Pick® program.**Sweetheart****Grown In:** Washington**Timing:** Mid to late season**Characteristics:** Moderate sized cherry with dark red skin and good flavor**What You Should Know:** Just like its name implies, this cherry has a nice heart-shape.**Glory™****Grown In:** Washington**Timing:** Late season**Characteristics:** Large sized, premium cherry with deep mahogany color and fantastic flavor.**What You Should Know:** Stemilt has the rights to this emerging cherry variety that is part of our high-altitude cherry program, A Half Mile Closer to the Moon®.**Staccato®****Grown In:** Washington**Timing:** Late season**Characteristics:** Large sized, deep mahogany cherry with high sugars and firmness**What You Should Know:** Stemilt has the rights to sell this late ripening cherry in the United States. It's a featured variety in our A Half Mile Closer to the Moon® cherry program.**Sentennial™****Grown In:** Washington**Timing:** Late season**Characteristics:** Firm, high sugar and low acid dark-sweet cherry that ripens late**What You Should Know:** It's the last-to-harvest cherry and a Stemilt exclusive that we will continue to plant at higher elevations to extend the season.



FRUIT

By: Brianna Shales

THE TREND: EATING PLANTS

What health and wellness trends are consumers curious about? Step into the Crunch Circle, where we highlight a top health trend and share how the produce department can tap into it, while also featuring an in-season Stemilt fruit.



The Who & What:

From the rise of plant-based proteins to Produce for Better Health Foundation's Have a Plant™ consumer call-to-action, there's no denying that plants are en vogue. According to The Food Industry Association's 2019 U.S. Grocery Shopper Trends report, 33 percent of households contain a person that follows a vegan, vegetarian, pescatarian, or flexitarian (eats mostly plants but allows animal products on occasion) diet. Millennials and GenZ are the top flexitarians, with women more likely to follow the flex plan than men.

The How:

The trend towards eating more plants was made for the produce department, because produce comes from plants! Consider adopting a storewide messaging strategy around plants or food as medicine. A message around eating more plants must get its lead from the produce department where plants live!

Source:

FMI.org. How the Rise of "[Flexitarians](#)" is Powering Plant-Based Sales.

The Fruit to Focus On:

While any fruit or veggie in the fresh produce department can inspire shoppers on their plant-eating journey, we see Rave® apples as a fun tie-in to this trend. That's because Rave® is a new apple that many consumers have yet to taste. It has all the known health benefits as other apples (low in calories, high in fiber, contains vitamin C), but is best enjoyed fresh, making it the perfect portable plant to eat while on-the-go. Rave® is the first apple off the tree, and a great plant to feature in your produce department during the August – October timeframe.

**PRODUCE FOR®
BETTER HEALTH**
FOUNDATION



have a
plant™
fruitsandveggies.org

**FOOD ROOTED
IN A BETTER MOOD**

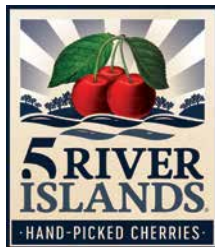


FRUIT

By: Katie Harmon

SIX SUMMER FINDS

What are Stemilt's Famous Finds for the summer season? Let VP of Sales & Marketing Mike Taylor guide you to the hidden gems that lead to increased summer sales.



1

5 River Islands™ Cherries

Why They're Famous: We only choose premium Lapin cherries grown in the California Delta region for this pack. 5 River Islands™ tells shoppers the story about the best locale for growing California cherries, and helps retailers drive impulse sales through quality and flavor.

Availability:

Late May – Mid June



2

Skylar Rae® Cherries

Why They're Famous: They're both the firmest and sweetest cherry that we grow at Stemilt – two characteristics that don't usually go together. Skylar Rae® is the third SKU to the cherry category and adds incremental sales with a high-ring, premium item.

Availability:

Mid June – Mid July



3

Kyle's Pick® Cherries

Why They're Famous: Only premium cherry varieties make it into Kyle's Pick® packs, and every cherry inside must meet size, sugar, and firmness standards. Consumers purchase cherries on impulse. Kyle's Pick® is a proven way to drive impulse purchases and a must for retailers wanting to differentiate themselves on flavor and quality during peak cherry season.

Availability:

July-Early August



4 Artisan Organics™ Peaches & Nectarines

Why They're Famous: All peaches and nectarines from Stemilt are grown and certified organic and have been for more than a decade! Classic varieties are only picked when tree-ripe. We grow these fruits on smaller blocks, sometimes picking the block 4 times to ensure flavor comes first.

Availability:

Mid July- Late September



5 Rave® Apples

Why They're Famous: Rave® comes from the same breeder that produced Honeycrisp and Sweetango®, but comes off the tree earlier (in late July)! It helps you kick off apple season several weeks before other apples (including Honeycrisp) can. This helps you drive newfound dollars to your apple category through early apple promotions.

Availability:

Early August - October



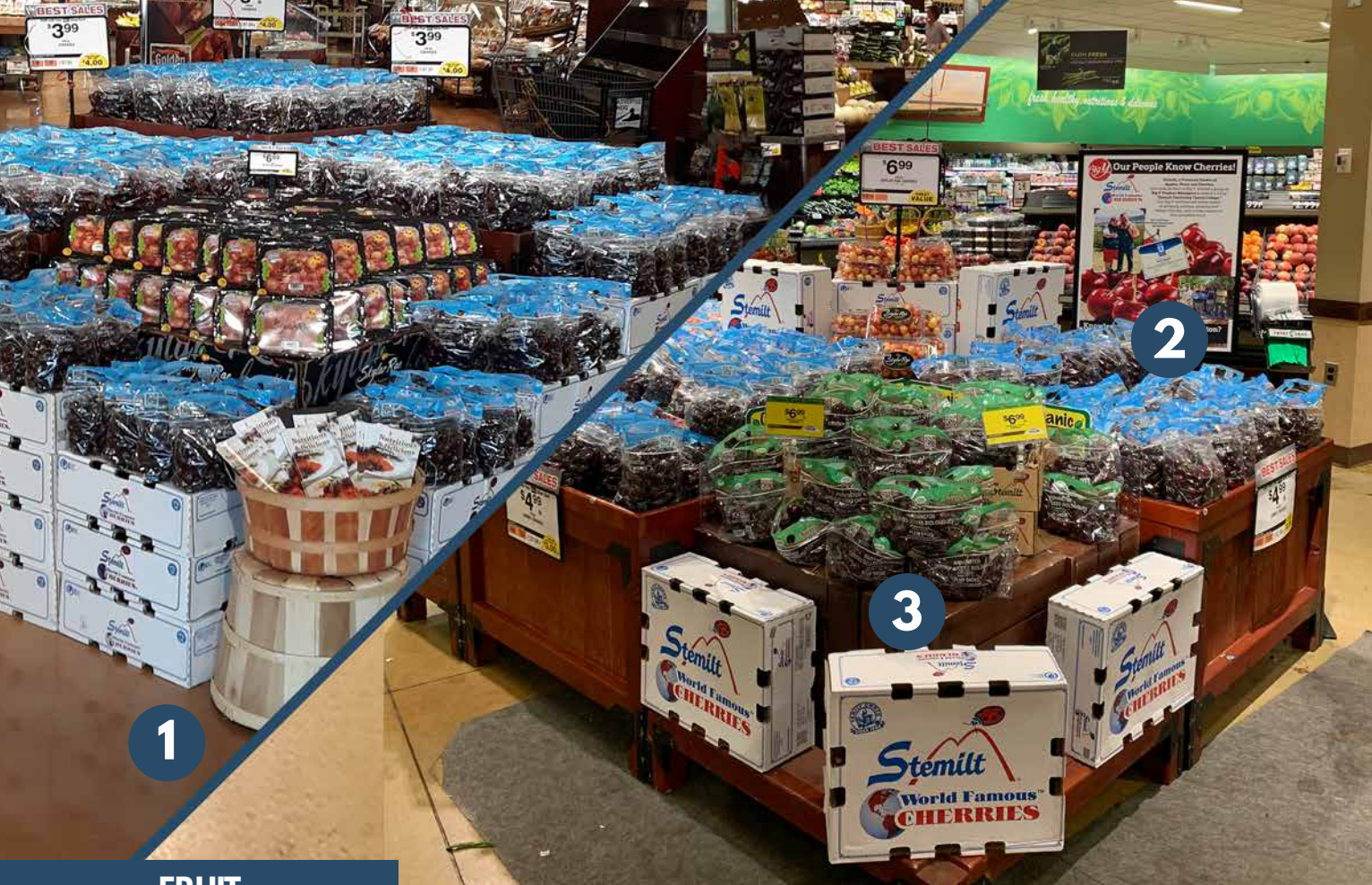
6 A Half Mile Closer to the Moon® Cherries

Why They're Famous: They're grown 2,640 feet above sea level and higher – or literally a half mile closer to the moon. Moon cherries are a must for your cherry category because every week matters when it comes to this high-ring item. Grown by the cherry king, Kyle Mathison, there's no better finale to cherry season than carrying this premium brand.

Availability:

Mid August - Season's End





FRUIT

By: Katie Harmon

HOW TO: BUILD AN EYE-CATCHING CHERRY DISPLAY

Stemilt's marketing director Roger Pepperl provides merchandising must-have's to ensure cherry season success.



1

Location is Paramount

Every produce department has that one spot where product sells. And everybody wants "that" spot, explains Pepperl. Cherries are worthy of that spot because they have the highest dollar per square foot return compared to other produce items. "They are a hot item during the summer months," says Pepperl. "They have high demand, sell for higher retails, and truly set the tone for summer produce."



2

Display Size

"The data shows the larger the display, the more sales you'll have," states Pepperl. Retailers that have the space should build cherry displays that are 12-16 linear feet. Keep it fully stocked all day long and they'll see results.



3

Show Us Your Mix

Stores should set their cherry mix and make it applicable to their customer base. If stores sell a lot of organic, then they better feature organic cherries. Size also matters. Larger cherries are proven to sell better than their smaller counterparts. "Cherries that are larger in size have more carbohydrates, more sugars and taste better overall, leaving the consumer with a delightful experience," says Pepperl.



4 Signage

Incorporate signage into your display that is engaging, informative and persuasive, explains Pepperl. A great sign explains what's currently on ad, with clear descriptions of the product and price. Messaging product to explain to consumers what they are buying is crucial. "You just can't assume that everyone knows what a Rainier cherry is," states Pepperl. "It's better to over explain and make the sale versus assuming consumers know what they are purchasing."



5 Share the Story

Transparency is key, so take the time to tell the story of the product. "We pack our cherries under a couple of different brands, all of which are enticing and unique in their own way," explains Pepperl. "If you share the story of these brands and combine it with a unique display, your cherries will fly off the shelves."



6 Use easy-to-set-up Stemilt packaging

Stemilt packs its cherries in euro cartons that can be used to quickly display and rotate product in and out as needed. They also have cherry display bins featuring the Mathison family to engage consumers in the Stemilt story. Cherries are packed in random weight pouch bags, clamshells, or topseals – a pack that uses less plastic than clamshells.

FRUIT

By: Brianna Shales

NO FILTER: ARTISAN ORGANICS™ NECTARINES

There's #nofilter needed when it comes to Artisan Organics™ nectarines. Grown and certified organic, it's a labor of love and a little luck from Mother Nature that helps us grow the perfect nectarine organically. Warm summer days in Washington's Columbia Basin region make them sweet yet tangy, while cool, reenergizing nights bring out their vibrant colors. A flavor rush awaits.



KNOW IT ALL

The Douglas Family

They're the people who nurture Artisan Organics™ nectarines. The family's farming roots date back to the 1890s and now extend to the fourth generation.

All Organic

Stemilt's entire crop of nectarines (and peaches) are grown and certified organic. It's a bold move towards better flavors that the Douglas family made more than a decade ago.

Tree Ripened

That's another Douglas family promise. They grow classic varieties of nectarines on small orchard blocks and go into each one multiple times to pick fruit at just the right moment.

In Season

Mid July through September

PRODUCT

By: Brianna Shales

FRUIT Qs

Cherries make their grand return to produce departments beginning in May, and that means the questions shoppers have about cherries are also going to make a comeback. In this article, we share the answers to the top consumer questions we get around cherries to help you answer like an expert.

Q. What are those brown spots on my Rainier or Skylar Rae® brand cherries?

A. It may look like a flaw in the fruit, but those brown spots are really an extra sweet sugar spot. The sugar shows through the skin on yellow because of its light color and delicate nature.

Q. How do I keep cherries fresh at home?

A. Store cherries unwashed in their original packaging in your refrigerator at home. Keep them away from strong-smelling foods so they don't take on that odor. Be sure to rinse fruit just before eating.

Q. Are cherries waxed?

A. No, we don't apply a wax to cherries. The shine you see on Stemilt cherries is the fruit's natural luster. Shiny fruit means that it's likely fresh off the tree!

Q. Are Stemilt cherries GMO (genetically modified organisms)?

A. No. While there are new cherry varieties developed often, they are bred through a traditional method of cross-pollination.

Q. How can I tell if the cherries I'm buying are fresh?

A. A green stem (still attached to the fruit) is the best freshness indicator for cherries! The fruit should be firm, smooth, naturally shiny, and have unblemished skin. Color can help when selecting cherries too. Dark-sweet cherries should be dark red to mahogany in color, while yellow cherries have a yellow background and slight to full pink-red blush.

HEY STEMILT!

Here's what cherry consumers had to tell our inbox:

Susan F. in New York said:

"Skylar Rae® cherries are the best I've ever had!"

Justin S. from Australia shared:

"Loving your cherries down under in Australia. What a treat to have during wintertime here!"

Denise S. from California said:

"I've never written a grower, but your organic cherries were so good that I had to contact you!"



FRUIT

🍴 Six, 1/2

🕒 10 minutes

🕒 25 minutes

🕒 6 hours

📶 Easy

CHOCOLATE CHERRY ICE CREAM

Cool off this summer with a delicious scoop of homemade Chocolate Cherry Ice Cream made with sweet cherries.

INGREDIENTS

2 cups Stemilt sweet cherries, pits and stems removed
1/4 cup granulated sugar
1 3/4 cups heavy cream
1 1/4 cup whole milk
1 tbsp cherry syrup
1 tsp almond extract
1/2 cup shaved chocolate

INSTRUCTIONS

- 1) Roughly cut the cherries into quarters. Place them into a medium saucepan with the granulated sugar. Heat until they become thick and syrupy, stirring occasionally, for roughly 20 minutes. Remove from the stove and place into the fridge until they are cool, preferably overnight.
- 2) In a medium saucepan, add the heavy cream, milk, cherry syrup, and almond extract. Heat on medium-low heat until the sugar has dissolved. Do not let it come to a simmer. Remove from the heat. Refrigerate until chilled, preferably overnight.
- 3) Pour the cold cream/milk mixture into your ice cream machine and churn for 25 minutes or until the ice cream begins to look very thick. Add cherries and shaved chocolate to the ice cream machine and churn until combined, roughly a minute.
- 4) Remove the ice cream from the machine and place into an airtight container. Place into the freezer for a few hours to further harden.
- 5) Once you are ready to serve, remove from the freezer and let sit on the counter for 5 - 10 minutes until it's soft enough to scoop.
- 6) Ice cream can be stored in the freezer for a few months, but it is best eaten within a few weeks.

NATIONAL ICE CREAM DAY

This Chocolate Cherry Ice Cream is the perfect way to celebrate National Ice Cream Day on Sunday, July 19th!

President Ronald Reagan designated July as National Ice Cream Month in 1984. He also reserved the third Sunday in July to be the official day that people would celebrate the nation's most popular treat.

In his proclamation, President Reagan called for all people of the United States to observe these events with "appropriate ceremonies and activities."¹

Serve up this Chocolate Cherry Ice Cream with our dark-sweet cherries on July 19th, or any summer day!

¹ "July Is National Ice Cream Month"

International Dairy Foods Association



ORCHARD

FROM OUR WORLD

Beautiful, and big, Kyle Mathison's World Famous Cherries are the sweetest sight you'll see atop Stemilt Hill near Wenatchee, WA every July.

BE PURE



Going all organic brought balance to our trees,
and it's a difference you can taste.

 **ARTISAN**
organics

READY. SET.

Rave
Apples®

OUTRAGEOUSLY JUICY WITH A
REFRESHING SNAPPY ZING



Rev up apple sales
this August with Rave®

Try it, **Rave** about it: **#RaveApples**

