



2021 Environmental, Social and Governance Report

Better Dairy. Better World.



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ABOUT THIS REPORT

This report provides an overview of the economic, social and environmental activities of Agropur Cooperative (Canada) and Agropur inc. (United States). It covers the fiscal year from Nov. 1, 2020 to Oct. 30, 2021, and should be read in conjunction with Agropur's 2021 Annual Report.

Significant activities, case studies and data prior to 2021 have been included where relevant to provide additional informative context.

This ESG Report is a natural extension of Agropur's 2017–2018 Corporate Responsibility Report and our 2020 Sustainability Report. Both the 2020 and 2021 reports are based on the Global Reporting Initiative (GRI) standards: core option as the guiding development framework.

Questions or comments may be directed to: relations.medias@agropur.com

MESSAGE FROM THE PRESIDENT AND CEO

In many ways, 2021 was a year to remember for Agropur. On the one hand, it was marked by economic volatility and pandemic-fueled unpredictability. On the other hand, we made significant progress to boost profitability, strengthen our balance sheet and define the Cooperative's future growth strategy. But even beyond the unique challenges we faced in 2021, the year made it clearer than ever what a critical role the dairy industry plays in feeding the world.

As a cooperative, we have the power to harness the best of the dairy industry to make a difference in our communities. We've been working for future generations for 84 years. We create wealth and redistribute it within the community. We care for our environment, our communities and the Earth, and we're committed to animal welfare. For 84 years, we've stayed true to our guiding commitment: "Better Dairy. Better World."

This core business value also applies to our sustainability work. This report on Agropur's environmental, social and governance (ESG) issues is part of a process that began many years ago. It recognizes the essential role ESG matters play in the Cooperative's responsible development. It shows that we're determined to be part of the solution through more environmentally friendly dairy processing. It also lays out our guiding principles for the coming years, which are part of a structured, rigorous and transparent approach.

The environmental challenges of our time are far too great to tackle alone. It is up to the dairy industry as a whole to fight climate change and reduce our environmental footprint, and we want to help raise the overall standards that govern our sector. ESG criteria shouldn't lead to competition between companies. We believe our entire sector must be part of the solution, and we will encourage everyone in our industry to make clear commitments.

Our members and farmers, customers and partners are all in their own way committed to an environmental approach. We have a clear desire to help them achieve their goals. As the largest dairy processor in Canada that is in direct contact with farmers, we're also in a unique position to support the promising initiatives they're implementing on their farms. Agropur also works closely with the farmers who supply our milk in the United States on their sustainability progress.

(continued on page 4)



ROGER MASSICOTTE
President




ÉMILE CORDEAU
CEO

Sustainable development also includes social and governance aspects. We have a responsibility to ensure that workplaces are safe and welcoming, and that they promote equity, diversity and inclusion. Agropur is deeply rooted in the communities where it operates, and our Cooperative is proud to contribute to their development.

In conclusion, Agropur is an extraordinary organization with nearly 3,000 farmer members in Canada, 31 processing plants in North America, and products sold in more than 60 countries. Agropur is made up of 13,000 families who are working together at every point in the dairy value chain to tackle the challenge of climate change.

Since our founding in 1938, Agropur has had to weather ups and downs in our industry and manage crisis situations, as well as steer periods of strong growth. The world is constantly changing, but our founding principles stay the same. We have remained true to ourselves. As farmers and processors, we're deeply rooted in our communities. We're proud of what we do, and we're committed to our Cooperative. We stand united.

Sincerely,



Roger Massicotte



Émile Cordeau



A WORD FROM THE SPONSORS OF OUR SUSTAINABLE DEVELOPMENT STRATEGY

Agropur has grown from a small local cooperative to a major North American dairy processor. With this growth comes challenges and opportunities, but our vision hasn't changed: We believe that businesses -- and cooperatives in particular -- must serve as an example and create value for members and society as a whole. We know that we need to innovate and work with our members, farmers, employees, customers and government stakeholders to deliver on our core promise: "Better Dairy. Better World."

In 2021, Agropur's move toward sustainable development was marked by major milestones, including the implementation of our sustainable development governance structure. This first ESG report, which is in line with previously published sustainability reports, demonstrates our commitment to approaching sustainable development from a multifaceted perspective that includes environmental, social and governance factors. This report presents the results of our work for a *Better Planet, Better Communities and Better Governance*. These pillars give us a coherent overview of Agropur's sustainable development actions.

We must recognize that the fight against climate challenge has no borders and needs to involve the entire dairy industry. That's why we're proud to be a supporter of many successful global initiatives. For example, **Pathways to Dairy Net Zero** brings together 80 organizations that are responsible for 30% of global milk production. Through this initiative, stakeholders are committed to developing methodologies, tools and solutions tailored to various dairy systems to reduce greenhouse gas emissions, while continuing to produce nutritious food for 8 billion people and provide employment for 1 billion.

(continued on page 7)



DOMINIQUE BENOIT
*Senior Vice President Institutional
Affairs and Communications*

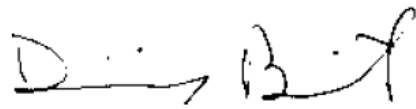


MIKE SIPPLE
*Vice President Milk Procurement
and Regional Operations*

Agropur also joined the **Sustainable Agriculture Initiative** and the **Sustainable Dairy Partnership**, cutting-edge agricultural programs that help reduce greenhouse gases and promote regenerative agriculture. Agropur is engaged in projects to reduce food waste and develop sustainable packaging. In the US, Agropur has committed to net zero emissions by 2050, as part of the **US Dairy Stewardship Commitment**.

While recognizing that this is an industry-wide challenge, we’re also working at the cooperative level to take concrete action around the ever-evolving field of sustainable development. As the food industry transforms, Agropur will continue to support its members and farmers, customers and partners in their sustainable development efforts, so that we can continue to produce nutritious, high-quality food in the most environmentally responsible way possible.

Sincerely,



Dominique Benoit



Mike Sipple



OUR GLOBAL GOVERNANCE STRUCTURE

Agropur’s global sustainability governance is led by the Board of Director’s Sustainability Committee. This committee is comprised of five directors, led by the President, as well as senior staff members who meet on a quarterly basis and report to the Board. The committee sets the long-term strategic vision and establishes priorities. It also reviews initiatives and makes recommendations to the Board of Directors on sustainability topics including operational management, health, nutrition and wellness, responsible animal care and sustainable farming practices. This committee is informed by inputs from sustainability strategy sponsors, sustainability and strategy directors and subject matter expert leaders across the organization.

BOARD OF DIRECTORS SUSTAINABILITY COMMITTEE



ROGER MASSICOTTE
*President,
Mauricie-Portneuf*



CLAUDE CRESSIER
*President of the committee
Érables-Seigneuries*



ALEX BERTHIAUME
*Young Director, presented and
elected by universal suffrage*



ROGER BEAULIEU
Eastern Quebec



MICHEL BOISVERT
Monteregie



ESTELLE MÉTAYER
Guest member of the Board

SUSTAINABILITY GOVERNANCE TEAM

DOMINIQUE BENOIT
*Senior Vice President of
Institutional Affairs and
Communications, Strategy Sponsor*

HOLLY JONES
Director of Sustainability

PHILIPPE RAZANAKOLONA
*Senior Director, Research and
Global Innovation*

MIKE SIPPLE
*Vice President of Milk
Procurement and Regional
Operations, Strategy Sponsor*

RESPONSIBLE OPERATIONS:

MICHELE THEBERGE
Vice President of Quality

TED WINKELMAN
Director of Environmental Compliance

RESPONSIBLE PRODUCT:

EMMANUELLE STOVEN
*Senior Marketing Manager -
Fresh Products*

ANAND RAO
*Vice President of Ingredients
Innovation*

SUSTAINABLE FARMS:

SOPHIE NEVEUX
*Animal Welfare and Milk
Quality Advisor*

KEITH BRAUN
Director of Milk Procurement, US

HUMAN CAPITAL & SOCIAL IMPACT:

MARIANNE MEUNIER
Senior Vice President, Human Capital

CHRISTINA GROSSKLAUS
*Senior Director Human Capital US
Operations*

RESPONSIBLE PROCUREMENT:

JEAN BIGAQUETTE
Vice President of Procurement

BRIAN ROUSE
Sr. Director, Procurement, U.S.

OUR ESG APPROACH

At Agropur, our 2,908 dairy farmer members and 7,700 employees leverage the extraordinary potential of milk. In all, we bring together more than 13,000 families in search of the best dairy. Better tasting. Better for the planet. Better for the community. And every step of the way, we're taking action to create a better world.

As the food industry's dairy partner of choice, Agropur plays an important role in our customers' efforts to be more sustainable. In 2020, Agropur conducted a materiality assessment with the help of Isos Group, a globally certified sustainability firm, to assess the industry's changing expectations. The goal was to prioritize the industry's global and national sustainability issues to help Agropur create an ESG strategy. We also wanted to align our operations with the global dairy industry's current sustainability goals.

This exercise revealed a significant shift in the dairy industry from a qualitative concept of corporate responsibility to one of sustainability. Companies are now expected to provide quantitative and external performance measures and reporting mechanisms. They are further expected to engage their customers and suppliers.

Based on these significant findings, Agropur updated our sustainability themes. We also established a global governance structure and identified specialists for each theme to support Agropur's ongoing evolution in the sustainability space.

This report presents the results of the work we're doing for a *Better Planet, Better People and Better Governance*. This is the first report presented in this format, which provides a more accurate overview of our collective sustainability efforts.



AGROPUR WORKS WITH LEADING DAIRY ORGANIZATIONS ACROSS NORTH AMERICA:



ABOUT AGROPUR

Agropur has grown from a small dairy cooperative to one of the world’s leading dairy processors by embracing the principles behind our promise: “Better Dairy. Better World.”

Founded in 1938, Agropur Cooperative is one of the top 20 dairy processors in the world, with sales of C\$7.3 billion in 2021. We’re owned by nearly 3,000 farmer members and have about 7,700 employees.

We are proud of our cooperative model, which is based on sharing wealth. Each year, Agropur distributes dividends to our members, depending on their annual dairy production and the Cooperative’s financial situation.

In 2021, Agropur processed more than 6.7 billion liters of milk in its North American plants. We’re a leading supplier of products to the industrial, retail and foodservice sectors, and we also boast an impressive array of consumer brands.



GLOBAL
HEADQUARTERS
*Saint-Hubert,
Quebec, Canada*



US
HEADQUARTERS
*Appleton,
Wisconsin, USA*

OPERATING
INCOME

C\$463 million

SALES

C\$7.3 Billion

NET SURPLUS

C\$274 million

PATRONAGE
DIVIDENDS

C\$30 million

BUSINESS-TO-BUSINESS RELATIONS

Agropur’s wholesome products are found in far more places than many consumers might realize.

Our brands are trusted across Canada for their nutrition, high quality and freshness. Beyond those familiar names, Agropur is also a part of our restaurant experiences and behind many of our favorite retail brands.

As the food industry’s go-to dairy partner, B2B sales account for 75% of sales worldwide. We are one of North America’s leading dairy processors and one of the largest dairy producers for private label brands in Canada. Agropur is a major supplier to the retail, food service and industrial sectors.

We supply cheese and ingredients to popular restaurant chains, distributors and prominent food, beverage, and nutrition brands. Agropur produces more than 500 million kilograms (more than 1 billion pounds) of cheese each year. We’re one of North America’s largest whey protein producers. Agropur also works closely with food manufacturers to develop new products.

We offer a wide-ranging dairy portfolio that prioritizes the nutritional value of milk while driving category innovation. Our customers recognize that we put the same high degree of excellence into their brands as we do our own.



OUR BRANDS, A STANDARD OF EXCELLENCE

Natrel®

MONSIEUR
GUSTAV™

OKA™

Farmers™

Québon®

lucerne.
SINCE 1904

biPro

island
FARMS



Sealtest

AGROPUR
Grand Cheddar.
CANADIAN RESERVE™

Central Dairies

L'EXTRA

OUR HISTORY

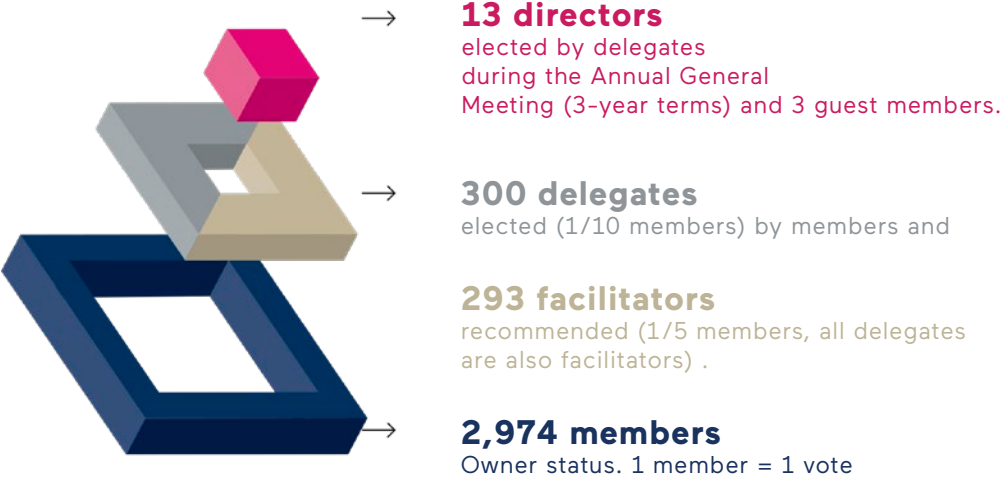
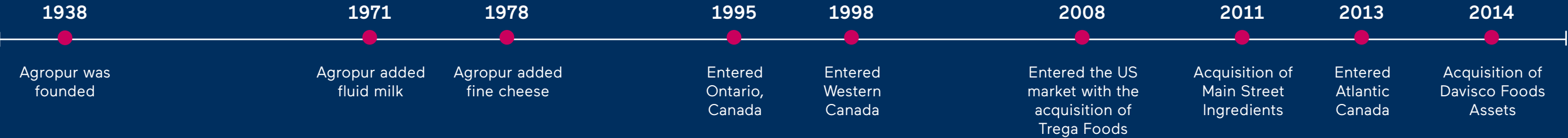
Agropur was founded on the principles of solidarity, democracy, mutual aid and autonomy. Although our company has grown considerably, our founding values remain the same and continue to shape our future.

In 1938, 87 farmers joined forces to create a collectively owned and democratically managed company. In the decades since, their small cooperative has grown into one of the largest dairy processors in the world. Boldness, one of Agropur’s five core values, has defined our history, as evidenced by our 140 mergers and acquisitions.

Over the years, Agropur has entered new sectors of the dairy industry, adding other products to our initial lines of cheese, butter and milk powder. Agropur added fluid milk in 1971 and fine cheeses in 1978.

We also expanded our operations and now serve customers around the world. Agropur moved into Ontario in 1995, Western Canada in 1998, the United States in 2002 and the Atlantic provinces in 2013.

HISTORICAL SNAPSHOT



OUR GOVERNANCE STRUCTURE

The Board of Directors oversees Agropur’s business strategy. The Board includes 13 Agropur dairy farmer members and three guest members. Board members are elected for renewable three-year terms by all delegates at the Cooperative’s Annual General Meeting.

The Senior Management Committee carries out the Board’s decisions. Under the CEO’s leadership, members of the Management Committee define Agropur’s development directions and strategies, in addition to administering and directing day-to-day business.



OUR WORKPLACES

Agropur has an extensive network of facilities in Canada and the United States, all coordinated from the company's head office in Saint-Hubert, Québec, Canada.

Our locations at a glance:

- **Main head office:** Saint-Hubert, Québec, Canada
- **US head office:** Appleton, Wisconsin
- 31 plants across North America
- Laboratories, R&D centers, distribution centers, warehouses and offices
- **Facilities in seven Canadian provinces:** New Brunswick, Nova Scotia, Québec, Ontario, Alberta, British Columbia and Newfoundland and Labrador
- **Facilities in five US states:** South Dakota, Idaho, Iowa, Minnesota, Wisconsin
- **International sales offices:** Geneva, Switzerland; Santiago de Querétaro, Mexico; Shanghai, China; Singapore

BETTER PLANET

As a dairy cooperative, we know that our business can play a role in uplifting communities. We are committed to making a difference for our members and farmers, our customers and our partners. Our commitment to the environment is not new. In this chapter, we present our efforts in the past year to honor our environmental pledge.

We have included some actions from prior to 2021 to provide a more comprehensive perspective of our environmental commitment. This report is not an end in and of itself, but just one more step in fulfilling our promise: “Better Dairy. Better World.” It highlights our efforts in sustainable farming, animal welfare, labeling and traceability, milk quality and responsible operations.





Agropur adheres to strict antibiotic guidelines that limit the use of medically necessary antibiotics to ensure animal health by treating, controlling and preventing specific diseases. Agropur also prohibits the use of growth-promoting substances in dairy producer operations.

SUSTAINABLE FARMS

Better dairy starts at the farm. That is why we are committed to helping dairy farmers in Canada and the US improve their on-farm environmental practices.

DAIRY FARMERS OF CANADA: PROACTION

The Dairy Farmers of Canada proAction program is a national on-farm assurance tool that includes multiple sustainability modules that have been gradually implemented over the past few years. The modules include Milk Quality, Food Safety, Animal Care, Livestock Traceability, Biosecurity and Environment. Compliance with proAction is mandatory for all dairy producers in Canada.

In 2021, proAction rolled out its environment program, which addresses issues such as soil conservation and health, water use and management, biodiversity and energy use. According to Dairy Farmers of Canada, Canadian dairy farmers reduced the amount of land needed to produce a liter of milk by 11% from 2011 to 2016 through improved land management practices. Under the new proAction program, all farms will be required to have an environmental farm plan in place. These highly tailored plans outline specific measures to be taken on individual farms.

Agropur will continue to support our members, farmers and the dairy industry in complying with the ever-evolving proAction program. As a processor, we bring a unique perspective to its continuous improvement. We know it is imperative that proAction meets consumer and business partner expectations and provides the proper level of data monitoring and reporting to maintain confidence in dairy products and demonstrates dairy producers' achievements.

US DAIRY: FARM ENVIRONMENTAL STEWARDSHIP

The FARM Environmental Stewardship (Farmers Assuring Responsible Management) program is the most recent initiative in the dairy industry's FARM continuous improvement program.

The Environmental Stewardship assessment collects on-farm data to calculate a carbon and energy footprint for the farm, using the life cycle assessment (LCA) of fluid milk conducted by the University of Arkansas' Applied Sustainability Center. The program also provides sustainability resources such as science-based standards, verifications, metrics and other tools for farms to benchmark their performance and support the adoption of regenerative agriculture practices.

In 2020, key members of Agropur's US milk procurement team became certified evaluators with the program. In 2021, team members onboarded 13 dairy farmers representing about 34,500 cows.

100% compliant with FARM and proAction*



* There is a 0.1% difference that is attributed to new farm operations in the process of implementing requirements, or existing farm operations in the process of updating their practices and showing their corrective actions to comply with requirements.



FOCUS ON: SUPPORTING DAIRY FARMERS AND SUSTAINABLE FOOD SYSTEMS

In 2021, Agropur's US operation joined a farmer-led organization that is supporting sustainable practices where our food is produced. Farmers for Sustainable Food is a Midwest-focused organization that provides resources, advocacy, support and empowerment to farmers. It is a collaborative, industry-supported effort for those who are innovating and demonstrating sustainable farming practices during a time of increased interest in agriculture and food origins.

Representing more than 230 farms, nearly 300,000 acres and 250,000 head of livestock, it serves as an active collaboration hub where farmers, processors, environmental groups, scientists, food companies, community leaders and agricultural businesses can join forces to meet today's environmental challenges.

Farmers for Sustainable Food has a simple vision: A sustainable food system in which farmers, their communities and the environment thrive. Its mission is also clear: Empower farmers to develop and implement practical, innovative solutions collaboratively for environmental, economic and social good.

In 2021, Farmers for Sustainable Food was recognized by the Innovation Center for US Dairy with an "Outstanding Supply Chain Collaboration" award for their development of the Framework for Farm-Level Sustainability, an innovative handbook designed to help farmers determine what conservation practices are most useful for their individual farms, document the environmental and financial effects and showcase the value of sustainability throughout the supply chain. The framework is currently being implemented in a pilot project in Wisconsin.

By joining Farmers for Sustainable Food, Agropur will join farmers on the forefront of change to help ensure a future that promotes sustainable food systems and ensure the long-term prosperity of our dairy communities.

ANIMAL WELFARE

Happy animals make better milk. At Agropur, we are committed to making sure that dairy cattle are raised, housed and cared for in conditions that keep them healthy, comfortable and safe. Calm, cared-for animals are healthier and, in turn, produce more milk.

In 2015, Agropur released our Statement on Animal Welfare, in which we pledge to promote proper animal welfare standards among our members and milk suppliers and to work alongside all partners who share the same goal.

SUPPORTING MEMBERS WITH CREDIBLE EXPERTISE

In our Canadian operations, Agropur's direct involvement on multiple fronts provided clear animal welfare guidelines for the dairy industry and our members. Canada's dairy producers have a responsibility to comply with NFACC's Dairy Cattle Code of Practice. It is assessed through the proAction program.

Agropur plays a vital role in supporting the highest standards of milk production in Canada through compliance with proAction. In addition, collaboration with stakeholders on the implementation and evolution of proAction is essential to ensure that it meets market expectations.

In Canada, Agropur's team of cooperative advisors includes seven agronomists in Quebec and one colleague in Atlantic Canada. They are a front-line resource and champion for our dairy producer members. The advisory team used state-of-the-art equipment and continuous training to help members reach animal welfare goals and industry expectations.

The Farmers Assuring Responsible Management (FARM) – Animal Care Program is an excellent industry initiative to develop the highest animal care standards for US dairy farms. It is an on-farm continuous improvement process that targets animal care and quality assurance. Agropur requires that all farms and cooperatives that ship milk to our facilities are compliant with the FARM – Animal Care program. Our team of six field service representatives provides technical assistance and resources to farmers to help resolve issues and meet requirements. Agropur's US field service team evaluates all participating farms on a three-year basis. Third-party audits are also carried out in accordance with the frequency determined by the FARM program. In 2020, a COVID-19 protocol delayed these audits, but they resumed in September 2021.





MEASURES TO IMPROVE ANIMAL WELFARE

In recent years, we have introduced a range of measures to promote animal welfare. Highlights include:

- Appointing an animal welfare advisor in 2017. Our expert's responsibilities include support for the Cooperative, cooperative advisors, members and the dairy industry in implementing animal welfare best practices, collaboration with national and provincial industry stakeholders on continuous improvement and coordinating communication and knowledge transfer.
- Since then, our Animal Welfare Services department has introduced several measures, including:
 - Supporting member preparation for Dairy Farmers of Canada's proAction validation process; helping put requirements into practice and identifying solutions and strategies when gaps exist.
 - Sharing animal welfare information and resources through our member-only digital platform.
 - Carrying out complete analyses of animal welfare indicators on farms.
- In 2021, Agropur offered our member owners a number of video trainings on a range of topics, including sustainability, animal welfare and the high expectations of consumers and the dairy industry.
- Also in 2021, we encouraged our members to participate in the National Farm Animal Care Council's Dairy Cattle Code of Practice public comment period. Agropur has been an associate member and avid supporter of Canada's NFACC since 2017. Agropur's animal welfare advisor is an observer for the Code of Practice revision, a three-year process launched in 2019.
- Lastly, in 2021 we named our first Grand Champion of the Club of Excellence – Animal Welfare, a promising initiative that aims to recognize our members' concrete and exemplary animal welfare efforts (See Focus on: Agropur creates an animal welfare award, on page 20).

MEASURING OUR REACH

In addition to launching programs and initiatives, Agropur also prioritizes measuring the impact of our animal welfare efforts.

- Since 2017, cooperative advisors accumulated more than 70 hours of animal welfare training with subject matter experts, which included classroom, online and on-farm settings.
 - Since 2018, Agropur has activated our animal cruelty and mistreatment crisis management protocol to address a variety of dairy industry concerns. The protocol sets forth roles and responsibilities of concerned stakeholders, coordinates actions and informs support for members and their livestock, when applicable.
 - In 2020, cooperative advisors provided animal welfare services to 49 members and conducted 67% of the interventions on farms.
- In 2021, cooperative advisors provided animal welfare services to 49 members and conducted 60% of the interventions on farms.



LOOKING AHEAD

Looking ahead, Agropur will launch a Sustainable Farms pilot project in 2022, which aims to develop a collaborative process between the Cooperative and our members that could eventually be deployed on a larger scale if successful. The program will eventually allow Agropur to know more about on-farm practices, provide information to foster public trust and will be better equipped to offer the support our members need.

The Sustainable Farms initiative includes a module on animal care commitments, which promote healthy and well-nurtured cows that produce high-quality milk. Our work also supports environmental commitments supporting sustainable agriculture practices and greenhouse gas emissions reduction on farms.

Agropur's significant animal welfare efforts over the years serve as a critical foundation to building our sustainability program. We support the dairy industry along several supply-chain leverage points and share members' successes to inspire progress.

FOCUS ON: AGROPUR CREATES AN ANIMAL WELFARE AWARD

Agropur is dedicated to the well-being of animals. In Canada, we established an award to recognize the concrete and exemplary actions implemented by our members to ensure comfort and proper care.

Agropur launched the Club of Excellence Animal Welfare Award in 2020. As part of the competition, members explain their animal welfare initiatives through a nomination form, which is evaluated by a jury panel. Based on the assessments, top finalists are subject to an unannounced farm visit, which helps determine the Grand Champion.

In February 2021, Ferme Pittet Inc. from Saint-Tite, Quebec was named our inaugural Grand Champion. Ferme Pittet carries out a mindful and evolving management plan. Active in their community and ambassadors for the dairy industry, they are keenly aware of the public's expectations for animal treatment.

Dairy farmers have a deep understanding of the relationship between animal welfare and performance. This shows through in all of their processes, but especially in their calf preparation area. It's an important transition time for animals that requires minimal stress and maximum comfort.

"My greatest hope is for our story and this award to go all the way to grocery stores and reach consumers. I hope those people are reassured. We might be the ambassadors of the Animal Welfare Award now, but there are thousands of families who do excellent work every day, just like us. And I think it's an honour to represent those families."

- ALPHONSE PITTET
Ferme Pittet Inc.

Agropur's dairy producer members are at the core of the cooperative. It is our responsibility to share their professional endeavors focused on quality milk production, centered on animal health and wellbeing and to convey their passion for the dairy industry.



PREMIUM MILK

Given our cooperative structure, it is our responsibility to work closely with our producers to obtain the best possible milk quality. We are thus invested in the efforts of our members and our dairy farmers to help ensure we are receiving a superior product.

Agropur's viability as a business depends upon receiving milk of the highest quality. Consumers also demand exceptional milk and are increasingly careful about which foods they choose.

Furthermore, premium milk is a raw product that is more easily processed, maintains a longer shelf life and ultimately translates into less food waste along the supply chain.

PREMIUM MILK TAKES A TEAM EFFORT

Continual communication with our farmers is essential. Agropur's team of qualified cooperative advisors and field service representatives help prevent and resolve on-farm milk quality issues with intervention plans, state-of-the-art equipment and continuous, advanced training. These teams can identify milk quality problems and their causes, provide solutions and minimize risk factors. Once corrective measures have been implemented on the farm, the advisors conduct follow-up verification to confirm standards have been met.

In 2021, Agropur's Canadian cooperative advisors conducted 2,465 interventions for 651 of our member producers.

In the US, during non-pandemic conditions, our field service representatives visit six to eight farms per day to monitor production indicators and provide support where needed. Safety and quality testing is available through our field service representatives.

In addition to the rigorous milk quality tests required by regulatory authorities, Agropur has also used another preventive measure in Canada since 2012. We created a network of "service locations" for members who volunteered to have their milk tanks tested for antibiotics before they are sent out. These 34 locations are spread throughout Quebec, New Brunswick and Nova Scotia and provide results within five minutes. It is these types of critical control type efforts that demonstrate how Agropur is fully invested in ensuring our dairy portfolio meets the highest standards and consumer expectations.

Each year, more than 50 Canadian dairy producer members are recognized for their milk quality achievements through Agropur's Club of Excellence Milk Quality Award, one of our Canadian programs established in 1989.

"In 2021, the Cooperative had the privilege to conduct its periodic Strategic Consultation with members. Our members recognize their role in achieving Agropur's sustainability goals and shared concrete examples of the great things that they are already doing on the farm. We are committed to showcasing these efforts, measuring performance and improvement, while leveraging synergies with our industry partners."



SOPHIE NEVEUX

Animal Welfare and Milk Quality Advisor



TED WINKELMAN

Director of Environmental Compliance, US

“Agropur continues to develop a culture that maximizes our opportunity to reduce our carbon footprint to continue to feed the world as effectively and efficiently as possible. Agropur treats water as a finite resource, investing in renewable energy, energy efficiency and cutting-edge wastewater technologies. This approach will save money throughout the manufacturing process of our award-winning cheeses and whey products while continuing to ensure the manufacturing process has minimal impact on the earth.”

RESPONSIBLE OPERATIONS

As a cooperative, Agropur is charged with taking care of our people and our environment. Our teams welcome the significant acceleration that has been unfolding across our industry, in terms of actively integrating sustainability initiatives into the daily operations of our company.

The integration is occurring in a deeper, transformational manner; one that seeks to reflect the heightened need for the business community to take an active role on environmental and social issues, to create a society that supports all people and our planet.

Agropur continued to take important strides in 2021 to identify opportunities for improvement across our operations. We continue to find innovative solutions to move forward in areas such as biosolids upcycling, sustainable logistics and food waste reduction, among others.

In this section of the report, we will present our main energy, water and waste management, GHG emissions reduction and sustainable transportation initiatives.



ENERGY MANAGEMENT

Agropur is constantly seeking new solutions to reduce the significant amounts of energy required to produce our products. We have made great strides and continue to become more efficient based on the efforts of our award-winning energy team.

Currently, we use a variety of energy sources: Some are powered with renewable energy sources such as wind, solar and hydropower. Others receive energy from

power plants that have not yet transitioned to renewable energy. As signatories of the US Dairy Stewardship Commitment, we take pride in contributing to the industry’s goal of net zero emissions or better by 2050 through two major objectives: reducing our energy intensity and increasing our use of renewable energy.

ENERGY EFFICIENCY

Agropur’s dedication to energy efficiency becomes clear when looking at the numbers. Through a variety of projects, we have reduced our energy intensity in the US since 2016 by roughly 7.5%, based on total BTU/WME during each fiscal year.

In Canada, our teams carried out six energy audits in 2019–2020 at major sites to identify energy reduction projects.

Major projects included:

- **Granby, Quebec plant** – We put in place heat recovery actions and isolation projects that led to a 21,000 GJ reduction, or 4% of Granby’s total energy use.
- **Quebec City, Quebec plant** – We added measures to recover hot water and did isolation projects in the pasteurization department that led to a 17,000 GJ reduction, or 15% of Quebec’s total energy use.
- **Our Lethbridge, Alberta plant installed Enviroflame technology in 2021.** It was our first site to install this equipment, which is the most cost-effective, environmentally friendly, industrial high-volume water heater on the market, rated to 94–96% efficiency.
- **Converting all our lighting to LED** – In 2017, our US operations began converting our fluorescent and HID lighting to LED. All US plants now have nearly 100% LED lighting, which saves more than 5 million kWh annually or roughly 2% of our total electricity use.
- **Installing Variable Frequency Drives (VFDs) to control flow or pressure vs. throttling valves** – Any motor that was once controlled with a throttling valve or damper is now controlled with a VFD. It’s a more efficient way to control the motor as it reduces the pump or fan speed and thereby reduces energy use. The change is saving roughly 17 million kWh annually across our plants, or roughly 5% of our total US electricity use.
- **Steam trap studies, boiler tune-ups and steam projects** – Our maintenance department conducts steam trap studies and boiler tune-ups annually to ensure steam systems at each plant are running at peak efficiency. We also completed several steam and condensate projects to further increase efficiency. These combined efforts save roughly 2% of our US natural gas use.



EFFICIENCY THROUGH BETTER REFRIGERATION

Product quality is important to Agropur and ensuring efficient refrigeration systems is how we keep our cold dairy products great.

Our Jerome, Idaho facility creates about 230 million pounds of cheese every year. In 2019, the team began a refrigeration optimization journey with long-time utility provider, Idaho Power, and Cascade Energy, an engineering consulting firm. The team and Cascade worked to find areas to improve within the ammonia refrigeration system to reduce electricity use. Ammonia is a non-ozone-depleting refrigerant, unlike freon and freon-like refrigerants. The largest energy savings were found by automating freezer and cooler doors, installing LED lighting with shortened occupancy delay and increasing cooler suction pressure.

These efficiencies were completed in 2020 and save approximately 1.7 million kWh annually. The project led to Jerome receiving the Idaho Governor's Leadership in Energy Efficiency Award in 2020.

RENEWABLE ENERGY

Agropur has launched multiple initiatives to integrate renewable energy into our operations. The highlights include:

- In Canada, 54% of energy use in all Canadian facilities comes from renewable electricity, whether hydroelectricity, solar, wind or tidal.
- **Luxemburg, Wisconsin biogas installation** – Luxemburg underwent a major project to install a biogas line from the wastewater treatment plant where the biogas is generated to the boiler room. One of the boilers was retrofitted with a dual-fuel burner to be able to burn both natural gas and biogas. The boiler generates steam for the plant on renewable biogas when available. This offsets roughly 4,500 Dth of natural gas that would otherwise be burned in the boiler. This is equivalent to 1% of Luxemburg’s total natural gas use.
- **Lake Norden, South Dakota biogas installation** – During the recent expansion in Lake Norden, our environmental engineering team built a biogas generation system into the upgraded wastewater treatment plant. This system offsets all of the natural gas that previously went to the wastewater treatment’s boiler, saving roughly 1,800 Dth of natural gas.

ENERGY MANAGEMENT AWARDS AND RECOGNITION

Agropur’s US operations have been members of the US Department of Energy’s Better Buildings, Better Plants program and the Energy Star program for 10 years.

Agropur seeks to follow the Energy Star Guidelines for Energy Management at all facilities to help deliver deep energy savings over the long term.

Agropur’s Le Sueur, Minnesota facility implemented multiple projects as result of a comprehensive study of our ammonia refrigeration system. The largest savings came from raising the suction pressure on the ammonia compressors, which reduces the amount of energy needed to maintain cooling. In 2019, we received the US Department of Energy Project Award for this initiative, which saves more than 2,000,000 kWh a year, or 7.6% of Le Sueur’s total annual use.

Our Jerome, Idaho facility again received the Idaho Governor’s Award for Leadership in Energy Efficiency and Sustainability in 2021. The Jerome plant has received the award every year since 2014. Projects have been focused on lighting, refrigeration, variable-frequency drives (VFDs), steam traps and boiler maintenance.



FOCUS ON: SUSTAINABILITY, A KEY COMPONENT OF OUR NEW PLANT IN LITTLE CHUTE

Demand has outpaced capacity at Agropur’s manufacturing facility in Little Chute, Wisconsin. As a landlocked facility with no option to expand, Agropur started construction of a state-of-the-art plant just across the road. This 210,000-square-foot facility will not only expand Agropur’s production capacity but will significantly reduce our greenhouse gas emissions.

Agropur has been working closely with Focus on Energy, a partner with Wisconsin electric and natural gas utilities, to incorporate energy efficiencies throughout the plant.

WASTEWATER TREATMENT

Wastewater will be treated through a digester where methane will be generated, captured and transformed into energy. The energy will be fed back into the plant, reducing our need to buy from the local energy grid. This project alone is expected to save the equivalent of 3,500 metric tons of CO₂ from being released into the atmosphere annually.

HIGH-EFFICIENCY BOILERS WITH HEAT RECOVERY

Boilers are needed to provide steam throughout the plant for various heating needs such as milk pasteurization, cheesemaking and cleaning/sanitization. To maximize boiler efficiency, a heat recovery unit will be added to the chimney, which will retain heat that would otherwise be released.

As steam is being generated in the boilers, minerals and other suspended solids from the water are left behind. Removal of these suspended solids is key to good boiler performance. During the removal process, we are installing a heat recovery unit to prevent waste heat from going down the drain.

These two methods of heat recovery will save 380 t CO₂e.

OPTIMIZING REFRIGERATION

Refrigeration is essential for the safety and quality of our products; however, it is also energy intensive. To ensure optimal efficiency, a two-step ammonia refrigeration system with variable speed compressors and advanced controls will provide necessary cooling throughout the plant while minimizing energy needs. It is estimated that these investments will save the plant roughly 2 million kWh per year.

LIGHTING, HVAC AND BUILDING ENVELOPE

An energy efficient building envelope helps create a comfortable space inside the building by responding to the outdoor conditions to reduce energy demands. At Little Chute, this will include the installation of all LED lighting, premium efficient HVAC units, and variable air volume (VAV) controls. The VAV controls will ensure we do not overheat or overcool areas within the building. Together, the updated lighting, HVAC, and building envelope will save 350,000 kWh a year while ensuring optimal conditions inside for our employees and equipment.

Once the plant begins operations, we expect a total annual savings of 5,570 t CO₂e. That’s the equivalent of taking 1,200 cars off the road.



GREENHOUSE GAS EMISSIONS

It is evident that greenhouse gases have had a significant role in the alarming environmental challenges that continue to unfold around us. Like many other companies worldwide, Agropur is concerned about climate change, which is why we are committed to net zero emissions by 2050.

The global food industry has rapidly adopted the Science Based Targets methodology to calculate its public commitments. Since Agropur's last greenhouse gas emissions assessment in 2017–2018, a growing number of companies have been announcing net zero emissions goals by 2030, 2040 and 2050. Agropur's commitment extends beyond our own concerns for the wellbeing of the planet. As a top-tier B2B supplier for many global food companies, Agropur also has the responsibility to support the commitments and ambitious plans set forth by our customers.

CANADIAN OPERATIONS

In our Canadian operation, Agropur complies with the federal National Pollutant Release Inventory and the Greenhouse Gas Reporting Program. Our plants report greenhouse gas emissions, particulate matter (PM), volatile organic compounds (VOCs), carbon monoxide (CO), sulfur dioxide (SO₂), and hazardous air pollutants (HAPs). Agropur completed greenhouse gas emissions assessment from FY2016– FY2018 that was third party certified. Our 2019 to 2021 assessments were in-house calculations that targeted a manufacturing and corporate footprint approach, revealing that approximately 70% of our emissions are generated at the plant level.

Our facility in Amqui, Quebec cut its GHG emissions by half since 2020. Amqui is committed to prioritizing the hydroelectric boiler over the two heavy oil boilers. This action led to a reduction of 200,000L of heavy oil consumption, representing 550 mt GHG.

Since 2019, Agropur has also participated in the Western Climate Initiative, also known as the joint cap-and-trade system between California and Quebec.

US OPERATIONS

In the US context, Agropur complies with the federal Clean Air Act. Our plants report greenhouse gas emissions, particulate matter (PM), volatile organic compounds (VOCs), carbon monoxide (CO), sulfur dioxide (SO₂), and hazardous air pollutants (HAPs). Due to our low emissions, most of our plants have registration permits, not permits issued to track sources of pollution. Agropur annually reports greenhouse gas emissions to the federal government and total facility air emissions to the state. The government uses this data to track private sector pollution, determine which companies represent significant sources of pollution, target regulatory actions and estimate air quality levels for human health.

Our primary sources of emissions at each plant are dryers and boilers. To minimize potential emissions, we use baghouses on the dryers to collect particulate. We use high-efficiency burners for most of our facilities' boilers. Other insignificant sources of emission include backup generators and methane gas produced from wastewater digesters.

With all these emissions sources taken into account, Agropur is not considered a significant source of emissions by the US Environmental Protection Agency.

FOCUS ON: AGROPUR PARTNERS WITH SMARTWAY TO OFFER MORE SUSTAINABLE TRANSPORTATION SOLUTIONS

Agropur is a dairy processor that ships products to more than 60 countries worldwide. Our logistics team makes important decisions about transportation efficiency every day. Agropur has joined the US Environmental Protection Agency's (EPA) SmartWay program to better inform and support those efforts. The program helps companies select more efficient freight carriers and transport modes to lower costs and reduce environmental and public health impacts by accelerating the use of advanced fuel-saving technologies.

In order to get started, Agropur's logistics team submitted historical transportation data including mileage and a list of carriers to understand how many SmartWay carriers are already within our portfolio and what their environmental performance looked like. The analysis also provided visibility on carriers who are not currently SmartWay certified and resources for Agropur to help get them certified to provide more responsible services.

Since SmartWay's launch in 2004, the program has helped its nearly 4,000 participating companies avoid emitting 143 million metric tons of carbon dioxide, 2.7 million short tons of nitrous oxide, and 112,000 short tons of particulate matter. These emissions reductions are important to protect people's health and well-being in areas near ports, borders and truck stops.



WATER MANAGEMENT

Clean water is critical to Agropur's long-term business success, and we're committed to responsible water management in every community in which we operate across North America. As an ever-evolving business, Agropur is regularly investing in water treatment improvements and working with all stakeholders, including environmental groups, provinces, states, municipalities and regional and federal agencies to reduce the impacts of our fresh water use and improve the responsible treatment of our surface water discharge.

As a dairy processor, much of our water is used for cleaning equipment, cooling processes and cheese manufacturing processes. Our water specialists and environmental engineers maintain a pipeline of projects and operational process improvement initiatives to improve wastewater treatment processes, including:

WATER QUALITY MANAGEMENT

- At our Luxemburg, Wisconsin and Hull, Iowa plants, our teams carried out treatment process improvements designed to improve water quality.
- Spill monitoring technology was installed at our Jerome, Idaho facility to identify potential product spills and decrease food waste loss.
- At both our Jerome, Idaho and Little Chute, Wisconsin plants, sustainable wastewater treatment technology is being piloted that would reduce organic load, decrease electricity consumption, repurpose waste ingredients, reduce emissions, produce a renewable energy stream and decrease or eliminate off-site waste shipments.
- In 2021 the Lethbridge, Alberta plant increased dry cleaning on surfaces such as tables and floors by using squeegees before spraying the surface with water. The organic load in wastewater decreased by 12% compared to 2020.

OPTIMAL WATER USE

- The Oka, Quebec plant completed a project to improve sanitation by using a new product which decreased the quantity of washes. Oka reduced their water usage by 12%.
- The Don Mills, Ontario plant completed a series of projects, such as the replacement of cooling water by air and the re-use of some streams, for a savings of 20 million liters of potable water per year. Don Mills reduced their water usage by 5% compared to 2020.
- In 2021, the Lethbridge, Alberta plant continued their actions to decrease water use intensity through multiple actions, which included: combining two days of production into one, automating boots sanitation, increasing water recovery on sanitation systems using last rinse as pre-flush and finally by working continuously with employees on water usage awareness. These actions led to a decrease of 26% of the water (m3)/finished goods (tons) ratio since 2017.





FOCUS ON: HULL ACHIEVES SIGNIFICANT SAVINGS THROUGH IMPROVED EFFICIENCY

Water is vital to our business for cleaning, brining, heating, cooling and other processes throughout our plants. Implementing a cost savings measure that also reduces the use of a natural resource is a big win for Agropur and all our operations. During late 2020 and early 2021, our Hull, Iowa cheese and whey plant was able to get such a win by significantly reducing water use.

Two plant process improvement and optimization managers pinpointed ways to improve efficiency and potentially save water, and then worked with employees at the Hull plant to implement them. The largest opportunities included reducing service

and seal water for equipment. Various leaks were also addressed. These optimizations resulted in an estimated 29 million gallons of water saved annually.

When water savings like these are reached, it is not just the water use that is reduced. We also save on resources used to treat discharged water. The Hull team will continue their water efficiency optimization through 2022 and beyond to capture more of these savings. Projects are currently being planned and implemented in effort to save an additional 40 million gallons per year.



RESIDUAL MATERIALS

As a food company, Agropur has to use packaging that keeps our food safe and healthy. That said, the cooperative is making significant efforts to improve our use of residual materials -- in particular through packaging -- adhering to circular economy principles and working to minimize food waste.

PACKAGING

Packaging is essential to safe and high-quality dairy products, which is why we ensure the functionality and quality of our packaging meets the highest standards. To accomplish this, it is important we understand the source, composition and quality of packaging materials. This section covers packaging used to protect and transport our finished products, which are bulk ingredients for industrial use and packaged products for foodservice or retail.

We aim to maximize the nutritional value provided by every drop of milk by minimizing food losses throughout our supply chain, from farm to consumer, through efficient packaging. To this end, we have established a directive on responsible packaging that illustrates our vision, orientation and commitments. It guides our teams, suppliers and partners in reducing the overall environmental footprint of our packaging in effort to achieve our vision, “Better Dairy. Better World.”

GUIDELINES ON RESPONSIBLE PACKAGING

In 2020, we implemented responsible packaging guidelines with the help of the AGECO Group and the Food Processing Development Fund. They promote an optimization and reduction approach at source and contribute to the circular economy. The responsible packaging guidelines are based on the following principles:

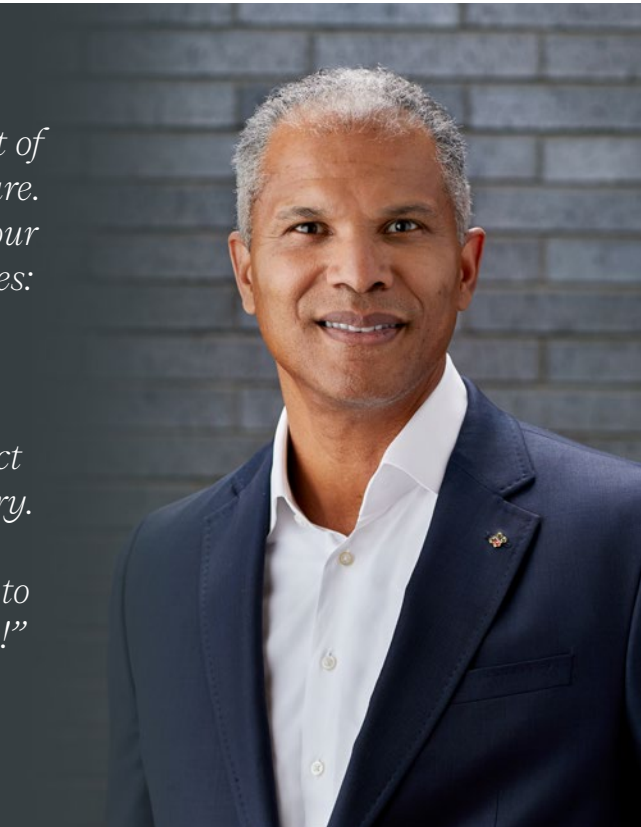
- Optimal design;
- Adoption of responsible procurement criteria;
- Facilitation of end-of-life management.

Agropur promotes packaging that:

- Meets or exceeds our current quality standards and protects the quality and integrity of our products to avoid waste and food loss;
- Minimizes use of non-renewable resources;
- Reduces waste generation;
- Offers the smallest possible overall environmental footprint, according to recognized standards.

“I feel privileged to be part of Agropur’s sustainable future. What a great mission for our talented teams of employees: Collaborating to design and use highly innovative solutions to reduce our carbon footprint for product manufacturing and delivery. Together, and project by project, we will contribute to our sustainable operations!”

BRAD CASHAW
Chief Operation Officer



FOCUS ON: UPCYCLING BIOSOLIDS RESULTS IN SIGNIFICANT COST SAVINGS AND CROPLAND BENEFITS

The food and beverage industry uses a lot of water in its processes that passes through several filtration processes before it is discharged back into waterways. Once water has been discharged, the plant is left with tons of mud-like residue or slurry of accumulated organic solids that is commonly referred to as biosolids or sludge. While the term “sludge” may not sound appealing, it is loaded with beneficial minerals and nutrients that can be used as a valuable agricultural fertilizer.

Agropur’s team of water specialists in Lake Norden, South Dakota understood the potential value of using sludge as a fertilizer. In 2020, they pursued several rounds of comprehensive testing with a specialized fertilizer lab to determine if it could benefit cropland. Testing measured available nutrients aimed to ensure the sludge was free from heavy metals, pathogens such as viruses or bacteria and other potentially harmful contaminants. After a thorough testing and approval process, the lab determined that the sludge could act as a fertilizer for the agriculture industry.

With testing results in hand, South Dakota’s Department of Agriculture and Natural Resources granted a special fertilizer designation that allowed sludge to be applied as fertilizer to cropland. Agropur worked closely with the cropland manager in charge of the 8,000 acres surrounding a near 30-mile radius around the plant. They sought to determine the best application procedures according to the crop cycles for corn, beans, alfalfa and winter wheat.

Biosolids application began in August 2021 and already the cropland manager reports that his teams have seen increased yields of 20 bushels per acre from the application. The welcomed fertilizer also offsets some of the need for commercial fertilizer, creating a valuable cost savings.

The Lake Norden team’s ability to execute this project in 2021 represented a major accomplishment on several fronts. Leading up to this, the plant was generating approximately 8,000 tons of biosolids per year that were being sent to the landfill.

Not only did this landfill process cost Agropur a significant amount of money every year for disposal, thousands of tons of valuable nutrients were being lost without the opportunity of beneficial application in other industries. With the new fertilizer designation, Agropur can upcycle the biosolids, reduce the amount of waste sent to landfills and croplands will benefit from the valuable nutrients.



FOCUS ON: CANADIAN LEADERS JOIN FORCES TO TACKLE FOOD WASTE

A third of all food produced for human consumption is lost or wasted from the farm to the table due to inefficiencies in the supply chain, according to the World Resources Institute. These inefficiencies not only contribute to food insecurity and malnutrition, they also represent a near trillion dollar loss in global economic activity.

In 2021, Agropur joined forces with Canada’s largest retailer, Loblaw, and its top-tier suppliers to tackle food waste head on. This effort aims to drive accelerated action toward achieving the United Nations’ Sustainable Development Goal (Target 12.3) of a 50% reduction in food waste at the Canadian retail and consumer level by 2030.

Each participating company participates in trainings and working groups designed to help identify opportunities to reduce food waste along their supply chains. As solutions are implemented, companies track their food waste reduction results using shared tools and metrics developed and managed by the World Resources Institute.

This food waste initiative is born from the Consumer Goods Forum, a CEO-led organization that brings consumer goods retailers and manufacturers together to collaborate across a series of social and environmental focus areas to drive collective action globally.



In 2021, Loblaw began outreach to Canadian suppliers, encouraging their participation. Recruitment continues and, by year end, the following 12 Loblaw suppliers had signed on to the effort:

- Agropur
- Algoma Orchards
- Arla Foods
- Danone Canada
- General Assembly Pizza
- Kellogg Company
- Kraft Heinz
- Maple Leaf Foods
- Mucci Farms
- Nature’s Touch
- The Star Group
- TreeHouse Foods

INNOVATION IS CENTRAL TO OUR ENVIRONMENTAL PRACTICES

Before we conclude our chapter on Agropur's environmental efforts, we want to highlight efforts taken by our innovation team to lessen our environmental impact. A few members of our research and development team will present our recent innovation advances.

INNOVATING FOR SUSTAINABLE OUTCOMES

Anand Rao, Ph.D.; Michel Pouliot, Ph.D.; Gabriel Remondetto, Ph.D.

The hallmark of a leadership organization is not just its size, but the way its people lead innovation and establish sustainable practices. Agropur's Research and Development team is driven by science in introducing new ingredients that support health and nutrition. The team also uses scientific principles to support Agropur's commitment to sustainable manufacturing. Processing dairy ingredients is energy intensive and requires significant water use. One of the critical functions of our R&D teams is to evaluate and reduce use of these resources.

INNOVATIONS IN WASTE REDUCTION

The wastewater generated from whey processing has high Biological Oxidation Demand (BOD). Reduction of high BOD waste is an essential step in Agropur's efforts to meet our sustainability goals. The technical team's deep understanding of process technology is critical in these efforts.

By researching and implementing a change from nanofiltration technology to reverse osmosis filtration at the Le Sueur, Minnesota cheese site, our team was able to recover a greater amount of solids and significantly reduce the amount of BOD released into the wastewater. This change not only resulted in an overall cost reduction of waste processing but also increased the yield of whey protein isolate.

RESEARCHING PROCESS EFFICIENCIES

Agropur is a leading supplier of innovative ingredients for the beverage industry. One of our proteins, BiPRO® Crystal Clear, is specifically manufactured to maintain its clarity and solubility under acidic conditions of hydrating protein beverages. The R&D and manufacturing teams took a holistic approach to the manufacturing of this ingredient and a co-product. They were able to increase the yield by approximately 40% and reduce water use by approximately 30%. These process efficiencies also decreased the waste generated per unit of the finished protein powders.





REDUCING WATER USE

The process technologies used in isolation and purification of proteins from cheese whey involve high amounts of water. Our research scientists make efforts to reduce the amount of groundwater used in delivering nutritional whey proteins.

Working with the plant engineering team, the R&D scientists developed a water calculator for the Jerome facility. This calculator allowed the manufacturing site to optimize the production schedule of various ingredients to minimize well water use and maximize the internally generated process water. The overall efforts, once implemented, could lessen water and chemical use by approximately 25%.

“Biotechnology can greatly benefit to the sustainability of the whole dairy industry by reducing our environmental impacts, enhancing benefits for the stakeholders while assuring prosperity.”

GABRIEL REMONDETTO
Ph.D. Senior Scientist



UPGRADE OUR BY-PRODUCT IN CIRCULAR ECONOMY MODELS

Cow's milk has tremendous complexity and contains many different constituents, though not all have the same level of interest and value. Protein and fat are concentrated in the form of cheese. From whey, we can recover proteins by a simple ultrafiltration process. At the end of this chain, some co-product (or by-products) will be generated. Among these constituents, lactose is the less valuable.

Some in the food industry find uses for purified lactose, but large amounts are simply dried unpurified and sold as a commodity for animal feed. The concentration and drying process is energy intensive. It is often sold overseas, further increasing the carbon emission of this product.

Inspired by nature, our scientists are exploring different routes to value our by-products and improve the sustainability of our industrial model. We encourage, support and conduct different research projects using lactose as a raw material to develop alternatives -- including circular economy approaches. These projects are at different technological readiness levels (TRL 3 to 9) and will reach maturity within one year and up to 10 to 15 years.

LACTOSE AS A SOURCE OF HIGHER NUTRITIONAL VALUE NUTRIENTS

Several derivatives and polymers of lactose have drawn interest for creating soluble fibers, and prebiotic molecules that can be used in the formulation of human foods and animal feed. Different yeasts and other microorganisms can also be cultivated using lactose as the carbon source. These biomasses are rich in proteins, vitamins and other micronutrients sought for animal feed and human food.

LACTOSE AS A CARBON SOURCE FOR INDUSTRIAL CHEMISTRY

Industrial chemistry currently uses petroleum as the most common carbon source and as they are working at decreasing their dependence on this non-renewable material. Chemists are finding potential candidates in different sugars. It is possible to use lactose in the production of different chemicals, from which different renewable industrial products can be made. Through biotechnology and chemical engineering, it is possible to obtain molecules such as organic acids, alcohols or basic monomers that can be used as inputs for the food, feed, cosmetic, pharmaceutical or bio-plastic industries.

RENEWABLE ENERGY

It is already a reality in many parts of the world to generate biogas from whey, whey UF permeates and other agricultural and food wastes to produce renewable natural gas. Often this biogas is used on site to produce heat and/or electricity for processing usage. We encourage the development of this industry and are also conducting other projects to evaluate the feasibility of generating thermal energy and renewable fuels manufacture.

“Agropur Ingredients R&D Team takes pride in driving innovation by relying on science. Our team members’ expertise in analytical and process research is second to none, supporting Agropur’s Sustainability goals..”

MICHAEL KLEIN

Vice President, Whey Technology and Research





OTHER AGRICULTURAL USES

The practice of using different dairy by-products in animal feed is not new, but the objective of better sustainability gives a new angle and new metrics in order to evaluate the global impact of this practice. UF permeates for example can be used in feed for dairy cows. The nutritional energy from lactose is replacing some “carbon intense” cereals such as corn, which can contribute to a reduction in the total carbon emissions of milk production.

Better use of dairy by-products can also benefit other agricultural sectors. The pork industry is already a major user of whey UF permeate powders. By improving the nutritional and functional value of permeates with simple approaches like probiotic lactic acid bacteria or specialty yeasts fermentation, it is possible to generate enough benefits in piglet weaning to reduce antibiotics and other growth promoters. Similarly, soil microorganisms, in certain conditions, will use lactose and release plant growth promoters. This new field of research could decrease the use of synthetic fertilizers and improve biodiversity of soils.

“At Agropur’s Protein Research Center, we use process technology and analytical tools to improve processes and make them more efficient. By adding efficiency, we increase product yields while decreasing the resource utilization.”

LINDSAY BUDIN
Senior Research Scientist



BETTER COMMUNITIES

We firmly believe our business decisions can uplift our communities by creating and redistributing wealth and taking care of our members, farmers, employees and partners. Our teams strive to honor our commitment to “Better Dairy. Better World” by continuously bringing healthy products to consumers. This chapter presents our main social actions in areas of product safety and quality, our commitment to healthy living, our commitment to our communities and the Agropur family, and finally our flagship actions on diversity, equity and inclusion.



PRODUCT SAFETY AND QUALITY

Product safety and quality is paramount to our success and is therefore a key emphasis in our operations. We're vigilant on issues of quality and committed to continuous improvement.

In 2021, Agropur had no recalls for food safety issues. There were also no legal or regulatory issues for non-compliance related to food safety. Agropur is working to build a world-class culture of excellence—recognized and shared by all—that will guarantee safe and compliant dairy products and ensure our sustainability.

Our management is committed to continuous review of food safety and quality objectives and making program improvements.

Quality programs ensure consistent production of safe and high-quality products. They serve as guides throughout Agropur, and every employee has the responsibility to ensure they're followed.

Our top-level commitment to product safety and continuous improvement is shown through our adherence to the current SQF Code — a food safety and quality system—which is audited annually by an independent international agency. We internally establish and review food safety and quality objectives outlined in the Agropur Quality Expectation Manual.

Agropur strives to meet or exceed customer expectations and all regulatory requirements. We adhere to the CFIA, FDA Code of Federal Regulations (21 CFR part 117: Current Good Manufacturing Practice, Hazard Analysis, and Risk-Based Preventive Controls for Human Food) and all provincial and state regulatory requirements.

Employees receive training in Good Manufacturing Practices. It's periodically performed in classroom settings, while everyday training occurs on the production floor. We encourage employees to ask questions, express concerns and report quality or food safety risks. We provide leaders with executive summary reports of significant quality events to ensure our factory-level food safety culture is supported at the highest levels.

In 2021, we initiated the design for the implementation of a standard quality management module in all our facilities. This is a collaborative effort, which brings subject matter experts from Canada and the US together to develop best-in-class tools and technologies for managing quality requirements in our operations.

As part of our continuous improvement programs, our quality and leadership teams partnered to evaluate the food safety culture in our organization (food safety index), which resulted in concrete action plans for enhancing awareness and engagement toward quality.

Our 2021 performance met established targets. Significant year-over-year improvements were measured because of the established priorities and focused initiatives (reduction in quality complaints — top cause, increase in proactive risk management – trend management, and deployment of new/revised risk mitigation standards).

Agropur intends to remain a key dairy partner for the food industry and quality is crucial toward meeting that goal. Our 2022 strategies continue to emphasize excellence and flawless execution.





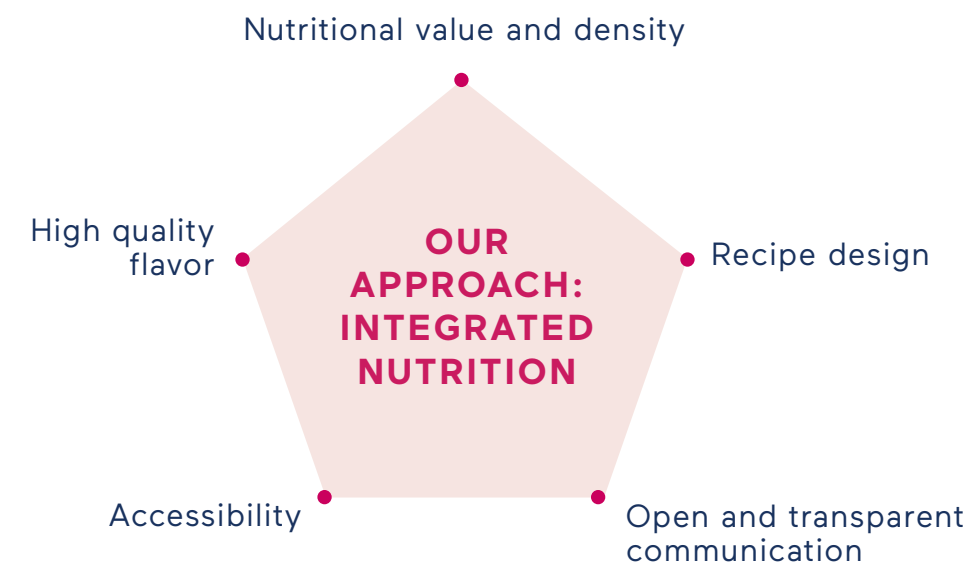
OUR COMMITMENT TO HEALTHY LIVING

Agropur contributes to the health and nutrition of consumers across North America by way of our wholesome, high-quality products. We are one of the world's top 20 dairy processors and Canada's leading processor. We proudly supply nourishing goods to families as well as to food companies and take our responsibility to the wellbeing of consumers seriously. Agropur strives to be the key dairy partner for the food industry by providing:

- Dairy products that are as nutritious as it is delicious, enhancing any meal;
- Dairy products that are wholesome and a vital part of people's nourishment;
- Dairy products that thrive in a B2B market.

Our work contributes in several ways:

- Offering consumers multiple recipes with portions adapted to individual nutritional needs;
- Developing a product portfolio that meets both daily needs and consumption for enjoyment;
- Guaranteeing transparency so that consumers can make informed choices;
- Responsibly promoting our products in alignment with Health Canada and USDA nutritional recommendations.



We believe in integrated nutrition, a diet that provides essential nutrients to support and maintain health while providing enjoyable experiences.

Our primary objective is to safeguard the natural nutritional value of milk, particularly in products designed for daily consumption. We also strive to promote the benefits of consuming dairy during every stage of life in accordance with public health recommendations and the most recent independent scientific research.

We focus on families.

Each family has different tastes and needs. We pride ourselves on offering a wide variety of products to suit all ages and occasions.

We use fresh milk from Canada and the US.

Our high-quality milk comes from North American farms and respects the highest standards in the industry.

Quality ingredients.

We believe that milk is a naturally healthy and nutritious raw material. Our other ingredients are safe, healthy, minimally processed so as to respect the integrity of the milk

While all dairy products are good, some should be consumed in moderation.

Because each dairy product has its place in healthy eating, we favor the development of nutritious products intended for daily consumption, without excluding products created more expressly for enjoyment. Such products are a part of healthy eating when consumed sensibly.

We advocate for transparency.

Because you want to know what you eat, we are committed to product transparency. We offer information with pride and work to develop offerings according to your tastes and needs.

Our nutritional guidelines.

We established a set of nutritional guidelines that serves as the basis for all new product development under the Agropur retail and foodservice brands. It also supports the continual optimization of our existing recipes. The nutritional criteria are based on Health Canada's dietary recommendations.

The nutritional guidelines are used in the development of our products. These principles are further used during product renovation and to build and manage our portfolio of new product development. The mindset is to use every occasion to improve our nutritional offerings when applicable.

We promote these principles with our clients as they manage and develop their own portfolio of products. We classify our product portfolio into two categories:

- Dairy products that are consumed as is. Examples include milk, cheese, cottage cheese and ice cream.
- Dairy ingredients that are added to a recipe to create a finished product. Examples include cream, buttermilk, butter and whey powder.

We apply the whole concept of integrated nutrition to dairy products, while we only apply the general criteria (quality, naturalness, enjoyment) to dairy ingredients since they are added in small quantities to recipes. It is therefore difficult to make relevant nutritional recommendations.

We have classified dairy products according to how frequently they're consumed (daily, occasionally and special occasions/rarely) in accordance with Quebec's Health and Social Services Bureau policy, "Vision of Healthy Eating."

We have assigned compositional and nutritional criteria for everyday dairy products and those for occasional consumption. Based on these criteria, we can say whether our products comply or do not comply with our nutritional guide.

LABELING: RESPONSIBLE SOURCING, CLEANER INGREDIENTS

Consumer preferences are shifting toward healthier diets that reflect social and environmental values. Agropur is a strategic partner for many customers pursuing cleaner ingredients and a wide range of responsible sourcing certifications:

- Animal Care
- Cleaner Ingredients
- Dietary Attributes
- Education
- Environmentally Friendly
- Ethically Sourced
- Health and Safety
- Sustainable Seafood

TRACEABILITY

Agropur maintains full traceability through supporting documentation of ingredients received into the facility, point-of-use information, packaging and shipping information. All products shipped to first customers are maintained in a computerized traceability control system. Agropur ensures that product is suitably identified and traceable to the customer and through the process from raw materials and other inputs.



TAKING CARE OF OUR COMMUNITIES

In an ideal world, all families would have reliable access to nutritious food. Unfortunately, the COVID-19 pandemic has continued to exacerbate food insecurities throughout North America and put added pressure on food banks.

Food security is a growing problem everywhere. In Canada, Feed Ontario's 2021 Hunger Report noted a 10% increase in people accessing Ontario's food bank network¹ compared to the prior year. Meanwhile, Food Banks of Quebec saw a 54% jump in food donations, compared to 2019².

In the United States, Feeding America — Eastern Wisconsin reported a 73% increase in food deliveries compared to the previous year³.

We support numerous causes throughout Canada and the United States: Agropur helps through donations and sponsorships, employee fundraising and our farmer member's activities. In response to the growing need, Agropur donated \$1.4 million worth of dairy products to food banks across Canada, most notably the Ottawa Food Bank and Moisson Montreal. In the US, our employees graciously recognized the growing needs of their communities and donated more than \$50,000 from their own paychecks to local charitable organizations.

Agropur believes in not only providing access to healthy and nutritious foods, but also in creating connections and providing education on nutrition to grow healthy communities. In 2021, Agropur supported many leading North American organizations, including:

- Food banks such as Feeding America and Food Banks of Quebec. Agropur helped improve access to nutritious food across North America.
- Fondation Olo, in Quebec. Through our engagement, Agropur works with vulnerable families to help deliver healthy babies and promote healthy eating habits early in life.
- We offer support in the communities in which we operate as well as colleges and universities. In the US, we donated to the South Dakota Agricultural and Rural Leadership Foundation to support individuals taking on leadership roles in their communities.
- Agropur has been recognized for its commitment to the communities where it operates. Among other things, we offer scholarships to support the next generation, including to *Cercle des jeunes ruraux*. Agropur supports several other regional activities through our donations and sponsorships program.

In short, we are proud to support our communities by fighting food insecurity, providing healthy products and supporting causes and organizations that help our fellow citizens.

1. <https://feedontario.ca/wp-content/uploads/2021/11/Hunger-Report-2021-Digital.pdf> (p.5) 2. <https://banquesalimentaires.org/wp-content/uploads/2021/10/Rapport-Annuel-2020-2021EF.pdf> (p13)
3. <https://feedingamericawi.org/wp-content/uploads/2021/11/2021AnnualReport.pdf> (p.3)

OUR RESPONSE TO THE COVID-19 PANDEMIC

While all of us held hope that 2021 would provide reprieve from the challenges of COVID-19, the pandemic carried through a second year and required continued vigilance. Agropur maintained attentive efforts to keep our workplaces safe as our teams met the ongoing needs of our customers and dairy producers.

Despite some encouraging signs in early 2021, Agropur executives remained cautious given the nature of the company's operations. Managers maintained close communication and acted nimbly after the emergence of variants again brought heightened concerns.

Agropur encouraged employees to receive vaccinations as they became available. Leaders across our facilities kept track of local cases and community spread to help us make decisions in applying our established protocols. Our success in 2021 was largely due to the detailed planning and efforts put in place during 2020.

Our plants took significant steps in 2020 to provide safe workplaces and lessen employee anxiety. Use of protective equipment and precautions such as temperature checks continued into 2021.

In 2020, telework was made available to employees in the US and Canada who were able to work from home. Training was conducted virtually. Telework carried into 2021, even as many of our workplaces saw a gradual return of employees.

As the year continued forward, responses to the pandemic relaxed in relation to the risks of COVID-19 in the communities in which we operate. Agropur was able to conclude 2021 with a high degree of safety while accounting for both the wellbeing and comfort of our workforce.





TAKING CARE OF OUR AGROPUR FAMILY

In this section, we describe Agropur's concentrated efforts to take care of our employees and partners by creating a welcoming workplace and safe work environment for all.

CREATING A WELCOMING WORKPLACE

Agropur is intent on building a diverse, inclusive and highly engaged workforce. Our Code of Conduct and global policies set expectations and provide some of the means to attract diverse talent. Our policies address ethical behavior and diversity, equity and inclusion. They are supported by local guidance to reflect relevant regulations and norms. An understanding of, and connection with, local markets is vital to our success. By hiring and developing local talent, we contribute toward the shared success of Agropur and the countries and communities in which we operate.

Agropur is committed to maintaining environments of equality, respect and dignity. We have long implemented policies and programs in support. Our zero-tolerance policy applies to all terms and conditions of employment. Harassment may be grounds for immediate termination whether it occurs at or outside of work. It applies to harassment of team members or others. Agropur makes every reasonable effort to ensure our entire community is familiar with the policy and aware that every complaint received will be promptly, thoroughly and impartially investigated. We also work to ensure all cases are resolved appropriately. Agropur will not tolerate retaliation against anyone who complains or participates in an investigation. We conduct annual training for Respect in the Workplace. Agropur has a supervisor/manager training and an all-employee training.

We also fund an independently administered whistleblowing hotline that is available to all employees with concerns of serious wrongdoing or other behavior.

In Canada, more than 86% of our hourly employees in 2021 were covered by collective bargaining.

BE A TOP EMPLOYER

Agropur strives to be a top employer in each region we operate. We offer a competitive, total rewards package to attract talented people who are interested in building long-term careers.

Agropur offers benefits that support the wellness of employees and their families. Our programs include resources for physical, mental, financial and social health.

Our global wellness offerings include:

- Benefit plans to support the health of employees and their families;
- Employee Assistance Program (EAP), with free, 24/7 access to third-party confidential advice and aid for employees and their families;
- Paid and unpaid time off to promote mental health and work/life balance;
- Retirement and savings plans to help employees build financial security.

Other wellness programs offered in some regions include:

- Digital wellness platforms that provide incentives for building healthy habits;
- Enhanced coverage for mental health and other healthcare professionals;
- Access to virtual health care and other on-demand services, like webinars to navigate work and life challenges;
- Chronic condition management programs to manage and prevent conditions such as diabetes and cardiovascular disease;
- Support provided to employees facing the emotional and financial challenges associated with eldercare.

EMPLOYEE ENGAGEMENT

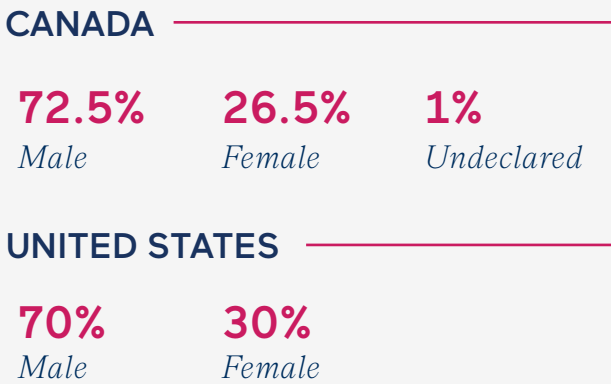
Global employee engagement is a key element to Agropur’s performance. Agropur works with Qualtrics, an independent, third-party management consulting firm, to conduct an annual employee engagement survey, known as the VIBE survey. The confidential survey is offered to all employees and provides an assessment of employee opinions and perspectives.

Agropur had a participation rate of 78% in its September 2021 VIBE survey, up 2% from the survey conducted in 2019.

The survey found that engagement has declined slightly among employees and that quality of product remains a top driver of engagement. Responses indicate that belonging and inclusion are becoming more important among employees.

Therefore, Agropur has set a goal of improving communication with our hourly employees. We will also work to improve training for our hourly employees and work on career progression for our salaried staff.

GENDER RATIO



HEALTH AND SAFETY

Agropur’s greatest asset is our people, and as such, the wellbeing of our employees is always one of our key priorities. Our statistics continually demonstrate the close attention we place on training and risk reduction.

In two key measures for assessing work-related injuries and illnesses, Agropur’s US operations recorded figures below the industry average for cheese manufacturing.

In 2021, our US operations had a DART rate of 2.55. DART, or Days Away/Restricted or Transfer, is a calculation that describes the number of recordable injuries and illnesses per 100 full-time employees that resulted in days away from work, restricted work activity or job transfer.

Our US operations had a Total Incident Rate of 3.97 in 2021.

Key safety-related accomplishments for our US operations in 2021 included:

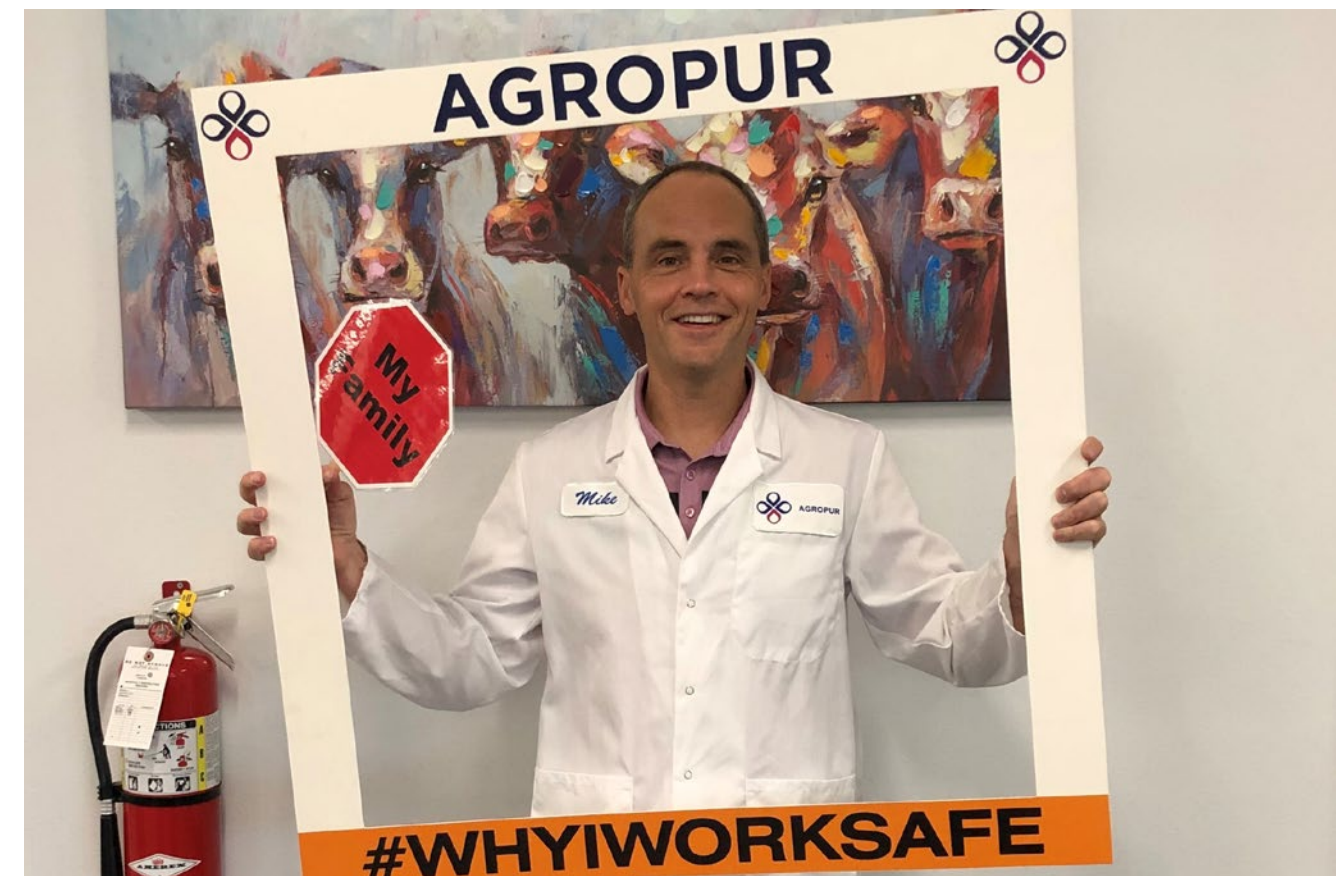
- A reduction to total incident rate and DART rate from 2020;
- Continued training options during a health pandemic;
- Use of artificial intelligence programs to reduce our ergonomic hazards;
- Paper reductions by implementing new processes such as QR codes for internal inspections, Near Miss reporting, safety suggestions, and internal safety surveys;
- The use of technology to automate recordkeeping and track corrective actions for incidents;
- A reduction in Worker’s Compensation experience.

The challenges created by COVID-19 continued in 2021. Changes were made to our safety training programs in 2020 to ensure our employees were protected from the virus.

In 2021, we continued to utilize smaller, socially distanced meetings that included use of web-based programs and video conferences.

All of our plants focus on continual improvement, and they’ve created innovative safety programs that encourage employees to focus on safety. Our plants in Jerome, Idaho, Lake Norden, South Dakota and Le Sueur, Minnesota have incentive programs, such as #WHYIWORKSAFE.

In Canada, our operations recorded a Total Recordable Incident Rate of 5.84 in 2021 with a Lost-Time Incident Rate of 1.56.





TRAINING AND DEVELOPMENT

We believe that our success can only go as far as our efforts to help our employees reach their greatest potential. From technical skills to leadership, we support the professional development of our employees through a variety of learning and development programs. Agropur grows stronger through the development of our employees, and we aim to bring new skills to our global workforce in several ways. We offer on-the-job training, mentoring, coaching and formalized learning. Our on-the-job training is a priority and includes early-in-career offerings for apprentices, trainees and graduates.

We also understand the importance of developing confident, capable and collaborative leaders. In 2021, Agropur launched its MentoR program to aid in the development and career progression of our employees.

MentoR joins an impressive slate of leadership development offerings at Agropur. We use a combination of facilitated sessions, one-on-one coaching, on-the-job activities and project work to build capability and shift mindset. We have received positive feedback from participants, managers and other stakeholders and plan to expand the number of employees who can access these opportunities.

To follow, we have provided an overview of the learning and development programs our employees can participate in.

“Sustainable development is a strong point of interest for our employees. They ask questions and want their daily work to contribute to it.

Diversity, equity and inclusion are also important for them. In this regard, our employees involved in committees have shown great dynamism and lead the way in building Agropur as an inclusive organization.”

MARIANNE MEUNIER
Senior Vice President, Human Capital



TRAINING AND DEVELOPMENT PROGRAMS

Mentorship facilitation

This program offers development and further growth opportunities and supports high potential career progression by being mentored by a seasoned leader within the organization. The mentor is a person of experience who acts as a guide, advisor or model, and who shares experience, expertise and vision. The mentee acquires skills, increases confidence, skills and chances of success in achieving personal and professional goals and gets access to personal insights. A total of 25 employees participated in the MentoR program in 2021.

Continuous development

The B-Vision program is part of Agropur’s strategy for talent retention and succession management and introduces a stronger focus on business and financial acumen necessary to lead our organization. Aimed at high-potential professionals and executives in all of Agropur’s areas of activity, the program develops the business skills of emerging leaders in line with corporate values. B-Vision has also targeted gender parity to increase the number of women in middle and senior management positions. B-Vision supported 25 employees in 2021.

Leadership development

LeadR is a leadership program designed to develop our frontline leaders’ people management skills to be better equipped for their day-to-day roles. The training is divided into several modules, including effective communication, coaching, problem solving and decision making. The program aims to develop leaders that will better understand what is expected in Agropur leadership and accelerate their development. The program offers new perspectives on a participant’s role as a leader and aims to develop a network of leaders in similar roles at Agropur. LeadR supported 35 employees in Canada in 2021 and 97 US employees.

Performance management

PerformR is the ongoing performance management process for salaried employees. It fosters coaching, feedback and provides clear communication of expectations. The program aims to align the contribution of each employee with our strategic plans, foster meaningful and continuous performance discussions and allow employees to take charge of their performance and development. In 2020, this program was rolled out to all Agropur facilities in North America. PerformR supported all our salaried employees in 2021.

MentoR



B-Vision
Elevate your business game



LeadR
Road to Leadership



PerformR



TRAINING AND DEVELOPMENT PROGRAMS (CONT.)

Women in Leadership

LIFe in Canada and EmpowHer in the US are women’s leadership programs, that have been launched by women to increase representation of women at all levels in Agropur and support their advancement and skills development. Numerous initiatives, webinars as well as mentorship have been introduced and will be deployed more frequently moving forward.

Agropur Graduate Program and Internship Placement

The Agropur Graduate Program develops the leadership skills of recent graduates. The program places previous interns or university graduates into key developmental roles, where they work through three to four rotations over a two-year period, to build a new channel in our leadership pipeline. In the US, Agropur hosted five recent graduates in 2021. Agropur also offers a global, paid internship program that receives university students in areas such as engineering, marketing and human capital. These short-term commitments are designed to give students hands-on experience in the fields of study they are pursuing in school. In 2021, Agropur hosted 118 of these students in Canada and 29 students in the US.



DIVERSITY, EQUITY AND INCLUSION

In 2021, Agropur took significant steps to solidify our commitment to Diversity, Equity and Inclusion. Committees were organized in the US and Canada to help us meet these crucial objectives. One of the aims of the committees is to make sure diverse members have the opportunity to contribute to building an equal and inclusive environment at Agropur.

Agropur strives to create an environment in which we recognize:

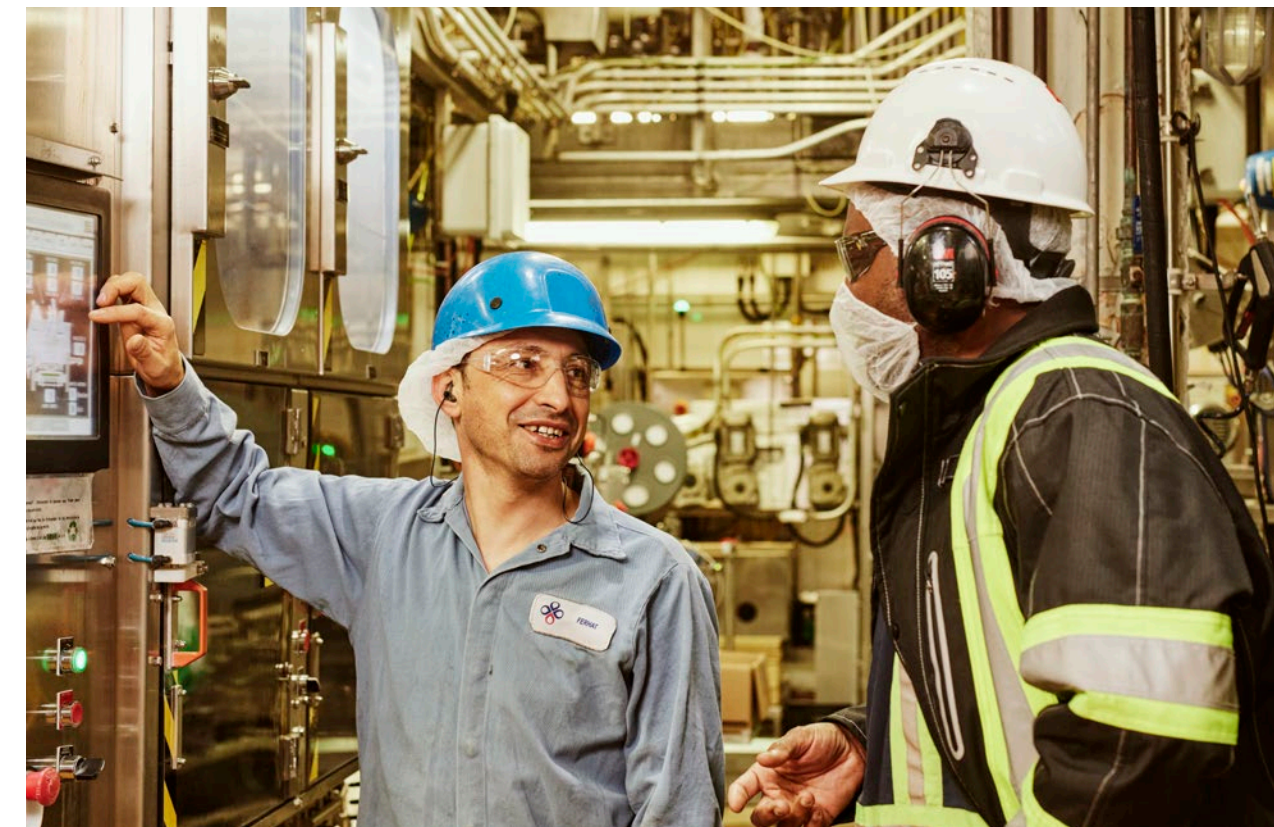
- We work well together because of our differences, not in spite of them;
- Others' skills, experiences and backgrounds enrich our own culture;
- We are all equally entitled to respect and freedom from discrimination;
- Valuing diversity and respecting each person's individuality will help create an inclusive environment where all employees can realize their full potential.

Our committees will help us set goals and advance Agropur's initiatives and vision beyond the company. They also make recommendations to Agropur senior management and Human Capital to help design programs and policies aligned with our diversity, equity and inclusion objectives.

Members will identify communications initiatives, events or other actions for promoting diversity, equity and inclusion at Agropur. The committees will partner with Human Capital to review policies and practices, act as a sounding board and assist with data collection and interpretation.

The committees held meetings in July and September of FY2021. They talked about their mission, goals, expected outcomes, results of the VIBE survey as well as the main events to be supported.

At Agropur, we embrace inclusive diversity and respect. We recognize we need everyone, working together, to make a better world.



COMMITTEE MEMBERS

CANADA

CLAUDINE BRUNEY
*Inside Sales Associate
Markham, Ontario*

DAWN BULYAKI-TRISKA
*Machine Operator
Woodstock, Ontario*

KITHMA DE SILVA
*Lab Tech / Truro Ice Cream
Nova Scotia*

KAMU VYAS
*Customer Collaboration Director
Ontario*

MINH-QUAN DAM
*Sr. Director Global IT Services
Campus*

ESTEVAM PERIC
*Treasury Advisor, Finance
Campus*

HUBERT COMEAU
*Distribution Supervisor
Bathurst, New Brunswick*

ISMAIL CHAABANE
*Plant Technician
Quebec City, Quebec*

JULIE AUDY
*Food Safety Director, Quality
Campus*

MARCO LAGOS-SOLIS
*Forklift Driver
St-Laurent, Quebec*

TOMMY LAFRANCE
*Senior Director Change Management
Campus*

ÉRIC BOULÉ
*VP Operations for Canada
Sponsor*

UNITED STATES

DAMIONE LIDDELL
*Sales and Category Manager
Eden Prairie, Minnesota*

LIZ STRONG
*Supplier Quality Analyst
Eden Prairie, Minnesota*

NAUVA VAN GINKEL
*Quality Assurance Supervisor
Hull, Iowa*

KEONE (RICHARD) VALDEZ
*Safety Specialist
Jerome, Idaho*

FARSHID HASHAMDAR
*Quality Assurance Technician I
La Crosse, Wisconsin*

KYLE HOEKE
*Maintenance Technician I
Lake Norden, South Dakota*

DAKOTA MANUEL
*Quality Assurance Technician II
Le Sueur, Minnesota (Cheese)*

WAYNE AVERBECK
*Regional Automation Manager
Le Sueur, Minnesota (Office)*

JEAN-PHILIPPE ASSELIN
*President Cheese USA
Appleton, Wisconsin*

ANU NIGAM
*Human Capital Business Intelligence Manager
Appleton, Wisconsin*

BETH OLSON
*Regional Human Capital Director
Eden Prairie, Minnesota*



OUR TIE WITH THE DAIRY NETWORK

As a top global dairy processor, strong communication across a vast network of stakeholders is vital to our success. Agropur maintains productive relationships across the dairy industry and beyond. We aim to ensure that individuals and entities who have a role in our operations also have a voice in our business development approach.

DAIRY PRODUCERS AND MEMBER OWNERS

Our advisors and field service representatives are in daily contact with dairy producers and member owners. They provide training and technical assistance on milk quality, equipment upgrades and related topics. Interventions are carried out both remotely and on the farm. Our Canadian team keeps members updated on business developments and industry trends through regular written communications and a series of member meetings held during the year.

CUSTOMERS

Our global sales team maintains consistent contact with our business customers through regular meetings, quarterly, semi-annual and annual business reviews. Agropur also provides information to customers through facility reviews such as the SEDEX/SMETA audit.

CONSUMERS

Agropur carries out periodic surveys of its Canadian B2C consumers through several channels of communication to gauge product satisfaction, analyze consumer trends and gather general feedback to support product research, design and innovation processes.

ASSOCIATIONS AND NGOS

Agropur engages regularly with dairy producer associations through meetings and conferences and meets with non-governmental organizations periodically to discuss issues of shared interest, such as public health and community outreach.



FINANCIAL PARTNERS

Agropur holds an annual business review and provides quarterly financial statements to our financial partners.

GOVERNMENTS

Agropur maintains constant communication with government agencies through meetings with regulatory officials, reporting requirements and compliance processes.

EMPLOYEES

Regular meetings are held with department teams to provide relevant updates and direction to support our operations. In terms of engagement, Agropur carries out an annual, confidential engagement survey and strategic alignment pulse surveys to capture employee perspectives and measure employees’ understanding and buy-in of business objectives.

SUPPLIERS – NON-MILK VENDORS

Our global procurement team is in daily contact with the suppliers that support our facilities. Depending on the level of supplier, the team may conduct weekly or monthly check-ins, along with quarterly, semi-annual or annual business reviews based on the topics that need to be addressed.

BETTER GOVERNANCE

In the final section of this report, we detail our governance efforts, which include responsible procurement and business, human rights initiatives and a commitment to data protection and privacy. Taken together, these actions bring us that much closer to better governance and our promise of “Better Dairy. Better World.”





RESPONSIBLE PROCUREMENT

Our best efforts toward sustainable production would mean little if we did not ensure that our materials and suppliers met these standards. Agropur’s Procurement and Supplier Relations team plays an important part in our overall sustainability efforts by sourcing goods and services produced in environmentally and socially responsible ways. Efforts of the team create a positive effect beyond Agropur by influencing behaviors throughout our supply chain. This section covers our non-milk supply chain, including capital projects.

OUR EFFORTS

Key principles of our procurement standards for non-milk goods and services include health and safety, food safety and quality, environmental sustainability and social practices. Our requirements apply to all purchasing. For strategic items and services, the procurement team is involved in purchasing decisions and ongoing vendor management.

The CFO is accountable for ensuring Agropur’s sourcing policy’s full implementation across the organization. All employees are responsible for complying. We make a positive contribution to society through a continuous improvement approach in working with our suppliers. We select our suppliers based on a balanced set of criteria and work to influence them by sharing our ambitions, values, knowledge and best practices.

The Agropur Supplier Code of Conduct sets our expectations of vendors that require they uphold human rights standards, fair working conditions and environmental protection.

We also pledge to maintain a business environment based on trust and respect, so that all suppliers and partners can expect a fair, unbiased relationship when dealing with Agropur.

SUPPLIER RELATIONSHIP MANAGEMENT PROGRAM

Agropur implemented a program to effectively develop and manage our relationships with strategic suppliers. This program includes assessments on quality performance, service level, cost efficiency, innovation and risk management. We conduct annual business reviews with our strategic suppliers to build long lasting partnerships. Close work with our suppliers allows us to help understand and overcome their challenges.

VENDOR ASSESSMENTS

Assessing and managing the risk of environmental and social issues within our supply chain is a core part of responsible procurement. We are currently building a plan to effectively assess and report the social and environmental performance of our top suppliers.

FOREST PRODUCTS

Among raw materials in our supply chain, palm products require significant attention from our team. We specifically focus on this area as the production of palm products is often linked to unsustainable practices including deforestation, habitat destruction and poor human rights practices.

We’re a member of the Roundtable for Sustainable Palm Oil (RSPO) and all our palm oil purchases are RSPO certified. We also work with our fibers supplier to ensure that all virgin fibers are sourced responsibly.

All of our fiber suppliers are required to have an active certification from the Forest Stewardship Council (FSC) or the Sustainable Forest Initiative (SFI). Whenever it’s possible, we include post-consumer or post-industrial recycled content in our fiber packaging and handling materials to reduce our use of virgin fibers.

LOOKING AHEAD

Agropur will continue to assess our suppliers’ social and environmental performance. We will work toward more transparency in our supply chain to ensure suppliers understand our values, ambitions and expectations, and that we better understand the practices in their supply chains. We will further complete our review and continue to update our Supplier Code of Conduct and our Palm and Fiber Products Sourcing Standards.

“Long gone are the days where procurement had to focus on quality, security and price only; the present and future of supply chains must include those elements but also sustainability and inclusiveness. More than ever, an organization like Agropur must play an active role in ensuring that it has the vision, mission toward sustainability and inclusiveness as well as to be best positioned to realize that through its people, products and partner suppliers. The society, environment and our consumers are asking for such, and it is key to be pro-active rather than reactive to realize those critical changes.”

JEAN BIGAQUETTE
Vice President, Procurement and Supplier Relations



RESPONSIBLE BUSINESS

We are committed to being clear, honest and fair in business relationships, addressing Agropur’s high ethical and professional standards of our employees and partners alike.

In our industry, we need a variety of experts, partners and suppliers to accomplish our mission. Their satisfaction motivates us to succeed, and we apply our skills and resources to maintain it. To honor this commitment, we seek partners with integrity and transparency.

ETHICAL AND RESPONSIBLE BUSINESS CONDUCT

Agropur’s Trust and Ethics Code speaks to who we are as an organization and emphasizes the central importance of Our Mission and Our Five Values.

Our objective is to reinforce trust with all our stakeholders, which include of our members, employees, consumers, customers, partners and society as a whole. Our words and deeds shape our culture. All employees must be able to give their best and contribute to Agropur’s success in a climate of trust. This Code applies to all Agropur employees in every role and location.

Our five corporate values — boldness, communication, integrity, excellence and collaboration — are at the core of our code. These values support our mission and help us achieve our business objectives. They are embedded in all our actions and in every decision. The way we apply them day by day is what differentiates us and strengthens our relationships of trust.





ANTI-CORRUPTION AND ANTI-COLLUSION PRACTICES

We are committed to respecting the law and engaging in healthy competition. Agropur takes a vigilant stance on corruption. Agropur condemns all anti-competitive practices and collusion. We keep a close eye on situations that may give rise to bribes, collusion, favoritism, price fixing, false expense accounts, kickbacks, secret deals that distort competition, etc. Our employees must be vigilant at all times in order to avoid and report any attempts at corruption, collusion or bid rigging.

In terms of bribery, Agropur is committed to identifying, disclosing and managing conflicts of interest. We mandate that employees carefully analyze direct or indirect financial interests that may come into play while engaging with external entities. Employees that interact regularly with suppliers are also required to comply with the Code of Ethics for Employees who Interact with Suppliers.

We created our Ethics Reporting Hotline to promote and establish a formal, confidential and anonymous process through which complaints and concerns can be reported without fear of reprisal.

RESPONSIBLE TAXATION

Paying our fair share of global taxes is part of Agropur's duty as a responsible corporate citizen. Agropur is a tax compliant entity that submits tax filings in accordance with Canadian, US and other international tax regulations where we operate. Agropur's approach to tax aligns with our high ethical standards on integrity and transparency.

Our collaborative in-house tax team interacts at global and national levels to partner in business transactions. They are supported by external advisors and committed to ongoing professional development. Our corporate governance framework mitigates tax risks created by business operations.

We act with integrity, respect, professionalism and a collaborative spirit to establish trust, and proactively engage to seek tax certainty. We are represented through industry bodies in the development of tax laws. We apply arm's length principles in the pricing of transactions of goods and services in accordance with OECD guidelines.

RESPONSIBLE LOBBYING

We are committed to providing accurate, reliable and relevant information to our partners in terms of communications, lobbying, handling confidential information, and respecting the current lobbying laws in force. Training on the topic was held in 2021.

HUMAN RIGHTS

Agropur’s business operation is dedicated to the protection of human rights. We exercise ethical behavior in all our affairs and abide by all federal, provincial and state guidelines. As a key dairy partner and B2B supplier for global CPG customers, Agropur undergoes regular Sedex Members Ethical Trade Audits (SMETA). SMETA is one of the most highly recognized responsible supply chain audit methodologies in the world, covering labor rights, health and safety, the environmental and business ethics.

As a SMETA-compliant company, Agropur follows two primary frameworks that address human rights.

ETHICAL TRADING INITIATIVE (ETI) BASE CODE

ETI Base Code is an internationally recognized set of labor standards based on International Labor Organization (ILO) conventions that highlights nine areas of focus:



1.

Employment is freely chosen



2.

Freedom of association and the right to collective bargaining are respected



3.

Working conditions are safe and hygienic



4.

Child labor shall not be used



5.

Living wages are paid



6.

Working hours are not excessive



7.

No discrimination is practiced



8.

Regular employment is provided



9.

No harsh or inhumane treatment is allowed

ETI Base Code. Ethical Trading Initiative. https://www.ethicaltrade.org/sites/default/files/shared_resources/eti_base_code_english.pdf

UNITED NATIONS GUIDING POLICIES ON BUSINESS AND HUMAN RIGHTS

The United Nations Guiding Policies on Business and Human Rights are the authoritative standard on corporate human rights conduct. These globally recognized principles explain the complementary roles of governments and businesses in safeguarding and respecting human rights in the context of business activities.

The principles are based on three pillars:

- 1. The state’s duty to protect the population from human rights abuse by private actors, including business enterprises;
- 2. Corporate responsibility to respect human rights, including the exercise of due diligence; and
- 3. The responsibility of states and business enterprises to ensure those affected by human rights abuses have access to an effective remedy.



United Nations Principles for Responsible Investment. <https://www.unpri.org/download?ac=11953>



DATA PROTECTION AND PRIVACY

Trust is the most important aspect of the relationship we hold with our customers. In this age of sophisticated crimes targeting personal data, Agropur recognizes our heightened responsibility toward protecting the privacy and security of our customers' personal information. Our commitment is demonstrated in our comprehensive privacy policy.

In Canada, we comply with the federal Personal Information Protection and Electronic Documents Act and similar provincial privacy legislation. In our US operation, data privacy and security is managed in accordance with legislation on a state-by-state basis.

In 2021, Agropur did not receive any complaints concerning breaches to customer privacy. Collection, disclosure and usage of personal information is done in compliance with privacy laws.

Agropur additionally has security measures in place to attempt to protect against the loss, misuse and alteration of user data that is under our control. In all cases, information is retained in secure facilities, protected from unauthorized access and kept only for as long as it is reasonably required. Only authorized employees have access to the information, and authorization is limited to purposes described in our policy.

Agropur's privacy policy is published on our website and can be found here: <https://www.agropur.com/en/privacy-policy>

CONCLUSION

Agropur is walking the path toward a better planet, better communities and with better governance in order to become a better steward of our world. All of us have a duty and a role to play as we confront the growing environmental challenges of our time. Although the potential consequences of inaction are still coming into deeper focus, Agropur has understood our responsibility to the land, to our animals and to our neighbors from the Cooperative's inception. It's encapsulated in our vision, "Better Dairy. Better World."

Our sustainability journey is intertwined with the path of the greater food industry. Companies large and small are learning from one another, setting ambitious goals and developing the tools we will need to succeed. As a B2B company, our customers look to us for support in achieving targets in areas such as recyclable packaging and decreasing food loss in the supply chain. Our engagement in leading industry initiatives, such as Pathways to Dairy Net Zero, the Sustainable Agriculture Initiative and Net Zero Emissions by 2050, illustrate our commitment to collaborate with the dairy community to advance common goals.

While there are many unknowns along the dairy industry's path toward a better future, we're walking with confidence, and we will continue to improve as a company and as an industry. We're emboldened to do better, because we understand the importance of good health – whether among people or for our planet.



APPENDICES

CONTENT INDEX AND REPORTING INDICATORS

Agropur referenced both the Global Reporting initiative’s Sustainability Reporting Standards (GRI Core Standards) and the US Dairy Stewardship Commitment – Dairy Processor Handbook (November 2020) to develop a comprehensive report on the topics considered to be the most relevant within the dairy industry and for its stakeholders. The following content index identifies key topic areas from both frameworks and the location of associated disclosures within the report.

| GLOBAL REPORTING INITIATIVE (GRI) INDICATORS | US DAIRY STEWARDSHIP COMMITMENT INDICATORS | REFERENCE |
|---|--|--|
| GRI Social Disclosures | | |
| 102-1 Name of the organization | | About Agropur, p.10 |
| 102-2 Activities, brands, products and services | | Business to Business Relations, p.11 |
| 102-3 Location of headquarters | | About Agropur, p.10 |
| 102-4 Location of operations | | Our Workplaces, p.13 |
| 102-5 Ownership and legal form | | Our History, p.12 |
| 102-6 Markets served | | Business to Business Relations, p.11 |
| 102-7 Scale of the organization | | About Agropur, p.10 |
| 102-8 Information on employees and other workers | | About Agropur, p.10; Taking Care of Our Agropur Family, p.45-52 |
| 102-9 Supply Chain | | Sustainable Farms, p.15-21; Responsible Procurement, p.56-57 |
| 102-10 Significant changes to the organization and its supply chain | | No significant changes. |
| 102-11 Precautionary principle or approach | | Yes, it is included in the Quality Assurance measures. |
| 102-12 External initiatives | | Our ESG Approach, p.9; Taking Care of Our Communities, p.43 |
| 102-13 Membership of associations | | Our ESG Approach, p.9 |
| 102-14 Statement from senior decision-maker | | Message from the President and CEO, p.4; A Word from the Sponsors of Our Sustainable Development Strategy, p.6-7 |
| 102-16 Values, principles, standards and norms of behavior | | Better Governance, p.55-62 |
| 102-17 Mechanisms for advice and concerns about ethics | | Anti-Corruption and Anti-Collusion Practices, p.59 |
| 102-18 Governance structure | | Our Global Governance Structure, p.8; Our History, p.12 |
| 102-20 Executive level responsibility for economic, environmental and social topics | | Our Global Governance Structure, p.8 |
| 102-42 Identifying and selecting stakeholders | | Our ESG Approach, p.9; This topic is fully addressed in the 2020 Sustainability Report. |
| 102-43 Approach to stakeholder engagement | | Our ESG Approach, p.9; This topic is fully addressed in the 2020 Sustainability Report. |
| 102-44 Key topics and concerns raised | | Our ESG Approach, p.9; This topic is fully addressed in the 2020 Sustainability Report. |
| 102-40 List of stakeholder groups | | Our Tie with the Dairy Network, p.53 |

| GLOBAL REPORTING INITIATIVE (GRI) INDICATORS | US DAIRY STEWARDSHIP COMMITMENT INDICATORS | REFERENCE |
|---|--|---|
| GRI Social Disclosures (continued from p. 60) | | |
| 102-41 Collective bargaining agreements | | Taking Care of our Agropur Family, p. 45 |
| 102-46 Defining report content and topic boundaries | | This topic is fully addressed in the 2020 Sustainability Report |
| 102-47 List of material topics | | This topic is fully addressed in the 2020 Sustainability Report |
| 102-50 Reporting period | | About This Report, p.3 |
| 102-51 Date of most recent report | | About This Report, p.3 |
| 102-52 Reporting cycle | | About This Report, p.3 |
| 102-53 Contact point for questions regarding the report | | About This Report, p.3 |
| 102-54 Claims of reporting in accordance with GRI Standards | | About This Report, p.3 |
| 102-55 GRI Content Index | | Appendix, p. 64-66 |
| GRI Economic Disclosures | | |
| 201-1 Direct economic value generated and distributed | | About Agropur, p. 10 |
| 204: Procurement Practices | | Responsible Procurement, p.56-57 |
| 207: Tax | | Responsible Tax, p.59 |
| GRI Social Disclosures – Products & Customers | | |
| Product Responsibility | | |
| 416-1 Assessment of health and safety impacts of product and service categories | Food Safety | Premium Milk, p.21; Product Safety and Quality, p.39; Our Commitment to Healthy Living, p.40-41 |
| | Traceability | Premium Milk, p.21; Product Safety and Quality, p.39; Traceability, p.42 |
| 417-1 Marketing and labeling: Requirements for product and service information and labeling | | Labeling: Responsible Sourcing, Cleaner Ingredients, p.42 |
| 418 Customer Privacy Disclosures | | Data Protection and Privacy, p.62 |
| GRI Environmental Disclosures | | |
| Environmental Responsibility | | |
| 302 Energy | Energy Use | Energy Management, p.23-25 |
| 305 GHG Emissions | Greenhouse Gas Emissions | Greenhouse Gas Emissions, p.27 |
| 303 Water Withdrawal | Water Management | Water Management, p.29-30 |
| 306 Effluents and waste | | Water Management, p.29-30; Residual Materials, p.31-37 |
| 301 Materials | Resource Recovery | Residual Materials, p.31-37 |
| 308 Supplier Environmental Assessment | | Sustainable Farms, p.15-21; Responsible Procurement, p.56-57 |

| GLOBAL REPORTING INITIATIVE (GRI) INDICATORS | US DAIRY STEWARDSHIP COMMITMENT INDICATORS | REFERENCE |
|---|--|---|
| GRI Social Disclosures – Employment | | |
| | Workforce Development | |
| | Human Resources – Total FTEs | About Agropur, p.10; Taking Care of Our Agropur Family, p.45-52 |
| 401-2 Benefits provided to FTEs | Employee Benefits | Taking Care of Our Agropur Family, p.45-52 |
| | Employee Retention | Taking Care of Our Agropur Family, p.45-52 |
| 403-2 Types and rates of injury | Worker Safety | Health and Safety, p.47 |
| 401 Employment Engagement | Employee Engagement | Employee Engagement, p.46 |
| 405 Diversity and Equal Opportunity | | Diversity, Equity and Inclusion, p.51 |
| 404-2 Programs for upgrading employee skills and transition assistance programs | | Training and Development, p.48-50 |
| 412 Human Rights Assessment | | Human Rights, p.60-61 |

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| | Community Contributions | |
| | Community Volunteering | Not applicable in 2021. |
| | Monetary and Product Donations | Taking Care of Our Communities, p.43 |
| | Educational Opportunities | Not applicable in 2021. |
| | Product Contributions | Taking Care of Our Communities, p.43 |