

Environmental, Social and Governance Report



AGROPUR

Table of Contents

About this report	3	Animal welfare	19	Taking care of our Agropur family	44
Message from the president and CEO	4	Premium milk.....	23	Health and safety	46
A word from the sponsor of our sustainable development strategy	6	Responsible operations.....	24	Learning and development.....	48
Our global governance structure	8	Energy management	25	Diversity, equity, inclusion and belonging	51
Our ESG approach.....	9	Greenhouse gases	28	Our tie with the dairy network.....	52
Our materiality assessment	10	Water management	30	Better governance	53
About Agropur.....	11	Residual materials	32	Responsible procurement	54
Business-to-business relations.....	12	Innovating for a more sustainable future...	34	Responsible business.....	57
Our history	13	Better communities	37	Human rights	59
Our governance structure	13	Product safety and quality.....	38	Data protection and privacy	60
Our workplaces	14	Our commitment to healthy living	39	Conclusion.....	61
Better planet	15	Labeling: responsible sourcing, cleaner ingredients	42	Appendices	62
Sustainable farms	16	Taking care of our communities	43		



About this report

This report provides an overview of Agropur’s economic, social and environmental activities covering the fiscal year from Nov. 1, 2021 to Oct. 29, 2022. It should be read in conjunction with Agropur’s 2022 Annual Report.

Significant activities, case studies and data prior to 2022 have been included where relevant to provide additional informative context.

This is Agropur’s second annual report using the ESG format. It serves as a natural extension of Agropur’s 2017–2018 Corporate Responsibility Report, our 2020 Sustainability Report and our 2021 Environmental, Social and Governance Report. Each of our reports from 2020 forward are based on the Global Reporting Initiative (GRI) standards: core option as the guiding development framework.

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

Message from the president and CEO

With its cooperative roots, it has always been natural for Agropur and its members to play a positive role in the community. This is how the Cooperative remains abreast of the priorities in the areas where it operates and why it gives due importance to environmental, social and governance (ESG) concerns. These issues are part of our DNA.

As a cooperative, we have the power to bring out the best in our operations and make a difference in our communities. For 85 years, we have stayed true to the promise that drives us: “Better Dairy. Better World.” We work for future generations by creating wealth and redistributing it to our communities. In so doing, we care for our environment, our world and our planet, while also caring about animal welfare.

This promise applies to our sustainable development efforts as well. This report on Agropur’s ESG performance follows on from the first edition that came out last year and the initial report published in 2020, which focused exclusively on sustainable development. This report is part of a process of recognizing the necessary role of these criteria in the Cooperative’s responsible development. It is also a demonstration of our determination to play a key role

in making dairy processing more environmentally friendly. Further, it sets out a structured, rigorous and transparent approach that will guide us in the years to come.

The environmental issues of our day are important. Tackling climate change and reducing our carbon footprint is the responsibility of the entire dairy industry. With our approach, we hope to help raise all of the standards that apply to our industry. ESG criteria should not be a battleground for competition between dairy companies. We hope to encourage the entire dairy sector to be part of the solution and to make clear commitments that we will actively work to meet.

Our members, who are also producers, our customers and our partners are all engaged in their own efforts to improve their environmental performance. We are committed to helping them achieve their ambitions. As the largest member-owned dairy processor in Canada, we are in a unique position to support the promising initiatives they are implementing on their farms. Agropur is also working closely with the farmers who supply our milk in the United States to help them make progress toward sustainability. In addition, the move

continued >



Roger
Massicotte
—
President



Émile
Cordeau
—
CEO



towards sustainable development has social and governance dimensions. In this respect, we have a responsibility to ensure that our workplaces are safe and welcoming and to promote equity, diversity and inclusion. Agropur also gives back to its communities and local and national organizations through its donations and sponsorships program.

Agropur is an inspiring cooperative with nearly 3,000 member producers in Canada, 7,350 employees and 30 processing plants in North America, as well as sales in over 60 countries. We

Agropur employees
Le Sueur, Minnesota

are all working together at every step of the dairy value chain to meet the challenge of climate change.

Since its establishment in 1938, Agropur has weathered the industry's ups and downs, from crises to periods of strong growth. The world is constantly changing, but our founding principles remain the same and we remain true to our values. As producers and processors, we are deeply rooted in our communities. We are proud of our accomplishments and are more united and committed than ever to our Cooperative.

Sincerely,

Roger Massicotte,
Agropur President

Émile Cordeau,
Chief Executive Officer

A word from the sponsor of our sustainable development strategy

As the global food industry's approach to environmental, social and governance topics continues to evolve and increase in intensity, we here at Agropur continue to evolve, as well. We know the ESG space is a multifaceted field with many targets, moving parts and an array of stakeholders. To respond effectively, this work requires a solid internal governance structure that can act nimbly to address the evolving industry needs and concerns as well as support our clients. In 2022, we took additional steps to further develop our processes regarding ESG activities and how they can best be integrated into the corporate strategy to complement our operations. Our vision behind strengthening this function is to provide proactive support to our global internal workstreams and deliver a high-quality collaborative experience for our clients to tackle the shared goals of our sustainability journeys.

One of the principal issues along this sustainability journey is the role that the global food industry plays in climate action, with the current, most pressing issue being greenhouse gas emissions reduction. As such, in 2022, Agropur committed to developing emissions

reduction targets with Science Based Targets, the leading methodology to measure and track greenhouse emissions along our supply chain. Agropur worked closely with KPMG, as our independent third-party advisor, to establish a strong foundation in the early stages of the initiative. Our targets were reviewed by the Science Based Targets approval committee and announced in April 2023.

By 2031, we are committed to:

- » Reducing 30% of GHG emissions generated by our plants in Canada and the United States;
- » Reducing GHG emissions across the value chain 24 % per kg of milk processed.

In parallel to our greenhouse gas emissions and governance optimization efforts, Agropur also played an active role in supporting both the Canadian and US industry sustainability efforts to build awareness among supply chain partners and educate stakeholders. Agropur participated as a presenter and panelist in the first Canadian Agri-food Sustainability (CASI) workshop. It



Maxime Devourdy
Vice-President, Corporate
Development and
Sustainable Growth
Strategy

continued >



focused on increasing our understanding of the complex and rapidly changing global sustainability standards that impact the Canadian agri-food system. In the US, Agropur was a proud presenter and panelist at the Dairy West Conference in Idaho, and US Dairy’s sustainability leaders industry panel at the American Dairy Products Institute annual conference. The engagements highlighted the commercial landscape of the ESG space and the dairy industry’s strength in terms of alignment on vision and metrics.

Across North America, our staff members were also active in supporting provincial dairy boards, Dairy Producers of Canada and Dairy Farmers of Canada, as well as the US Dairy Innovation Center, Dairy Sustainability Alliance conference and processor working groups.

While we recognize that this is an industry-wide challenge, we are also working to take concrete actions in the areas where we can make the most impact. As dairy producers increase regenerative

◀ Ferme Morine
Coaticook, Quebec

agriculture practices on their farms, it is essential that processors like Agropur figure out how to get the more environmentally friendly milk into the hands of more consumers. To support that effort, Agropur worked closely with Farmers for Sustainable Food and Edge Dairy Cooperative to obtain funding through the United States Department of Agriculture’s Partnership for Climate-Smart Commodities Program, a multimillion-dollar effort to support low-carbon farming techniques and commercialize environmentally friendly milk moving forward.

It’s through actions like these that we stay true to our vision: We believe that businesses -- and cooperatives in particular -- must serve as examples and create value for members and in our communities. With “Better Dairy. Better World.” as our core promise, it is our responsibility to innovate and collaborate with our members, farmers, employees, customers and government partners to keep delivering nutritious, high-quality food in this spirit.

Sincerely,

Maxime Devourdy
*Vice-President, Corporate Development
and Sustainable Growth Strategy*

Our global governance structure

Agropur’s global sustainability governance is led by the Board of Director’s Sustainability Committee, which is comprised of six 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 a 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. Its members are informed by inputs from sustainability strategy sponsors, sustainability and strategy directors and subject matter expert leaders across the organization.

2022 Board of Directors Sustainability Committee



Roger Massicotte
President, Mauricie-Portneuf



Roger Beaulieu
Eastern Quebec



Alex Berthiaume
Chaudière - Appalaches



Johanne Camiré
Érable-Seigneuries



Emmanuelle Vincent
Next-Generation Director



Paul Wagstaff
Guest member of the Board

2022 Sustainability Governance Team

Maxime Devourdy
Vice-President, Corporate Development and Sustainable Growth Strategy

Holly Jones
Director of Sustainability

Responsible Operations

Michèle Thérberge
Vice President of Quality

Ted Winkelman
Director of Environmental Compliance

Responsible Product

Anand Rao
Vice President of Ingredients Innovation

Sustainable Farms

Sophie Neveux
Animal Welfare and Milk Quality Advisor

Keith Braun
Director of On-Farm Sustainability, Cream Sales, & Milk Procurement Excellence, US

Responsible Procurement

Jean Bigaouette
Vice President of Procurement

Human Capital & Social Impact

Marianne Meunier
Senior Vice President, Human Capital

Christina Grossklaus
Senior Director Human Capital US Operations



Plant in
Hull, Iowa

Our ESG approach

Agropur has nearly 7,350 employees and 3,000 dairy farmer members working with a common goal to provide the best dairy in the most responsible ways. Working together, we aim to provide products that are delicious, nutritious and good for our planet as well as our communities. We truly believe that better dairy can contribute to a better world.

As the key dairy partner to food, beverage and nutrition companies around the world, Agropur recognizes the significant responsibilities that entails -- and we're emboldened by the challenge. It's an effort that is larger than our cooperative. As a B2B supplier, we play an integral role in our customers' sustainability efforts.

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.

The vast assessment involved more than 500 Agropur employees, 70 dairy farmers, 17 suppliers and eight major customers. Based on its findings, Agropur updated our sustainability themes to focus on five core areas.

We also established a global governance structure and identified specialists for each theme to support our continual growth in the sustainability space.

This report presents the results of our work for a Better Planet, Better People and Better Governance, which mark the ultimate goals of all our sustainability efforts.

Agropur works with leading dairy organizations across North America:



Our materiality assessment

The materiality assessment is a globally recognized tool used by all industries to identify key areas for sustainability planning, program design and reporting. Conducted by an independent third party, our 2020 assessment identified and prioritized major issues. The process involved key stakeholders, including senior leadership, employees, customers, farmers and suppliers.

As result of the process, Agropur updated our five core themes to the following:

Sustainable farms

- » **Animal welfare commitments** promote healthy and well cared for dairy cattle that produce high-quality milk.
- » **Environmental commitments** support sustainable agriculture practices and greenhouse gas emissions reduction on farms.

Responsible sourcing

- » **Responsible packaging** is pursued through the optimization of recyclable materials and eco-design principles.
- » **Responsible sourcing** focuses on ensuring best social and environmental practices in our supply chains.

Responsible operations

- » **Responsible operations** focus on water and energy intensity optimization, greenhouse gas emissions reduction and process innovation to find new uses for previous waste streams.
- » **Employee health and safe working conditions** at our dairy processing plants are an essential component of our business.

Responsible products

- » Our **responsible products** approach focuses on key areas such as **nutritional density, reducing sugar levels and improved ingredient formulations**.
- » Develop products for a circular economy that reflect our role in global sustainable food systems.

Community impact

- » Create a positive economic **impact for our cooperative members, our farmers and their communities**.
- » Donation and sponsorship program aligned **with the values of the sustainable dairy industry** in the communities where we operate.
- » Promote positive human capital policies regarding **well-being, health, engagement and diversity, equity and inclusion**.

Agropur employees
Le Sueur, Minnesota



About Agropur

Agropur’s dedication to quality has served as our guiding hand, providing a small, local cooperative with the means to become one of the world’s largest dairy companies.

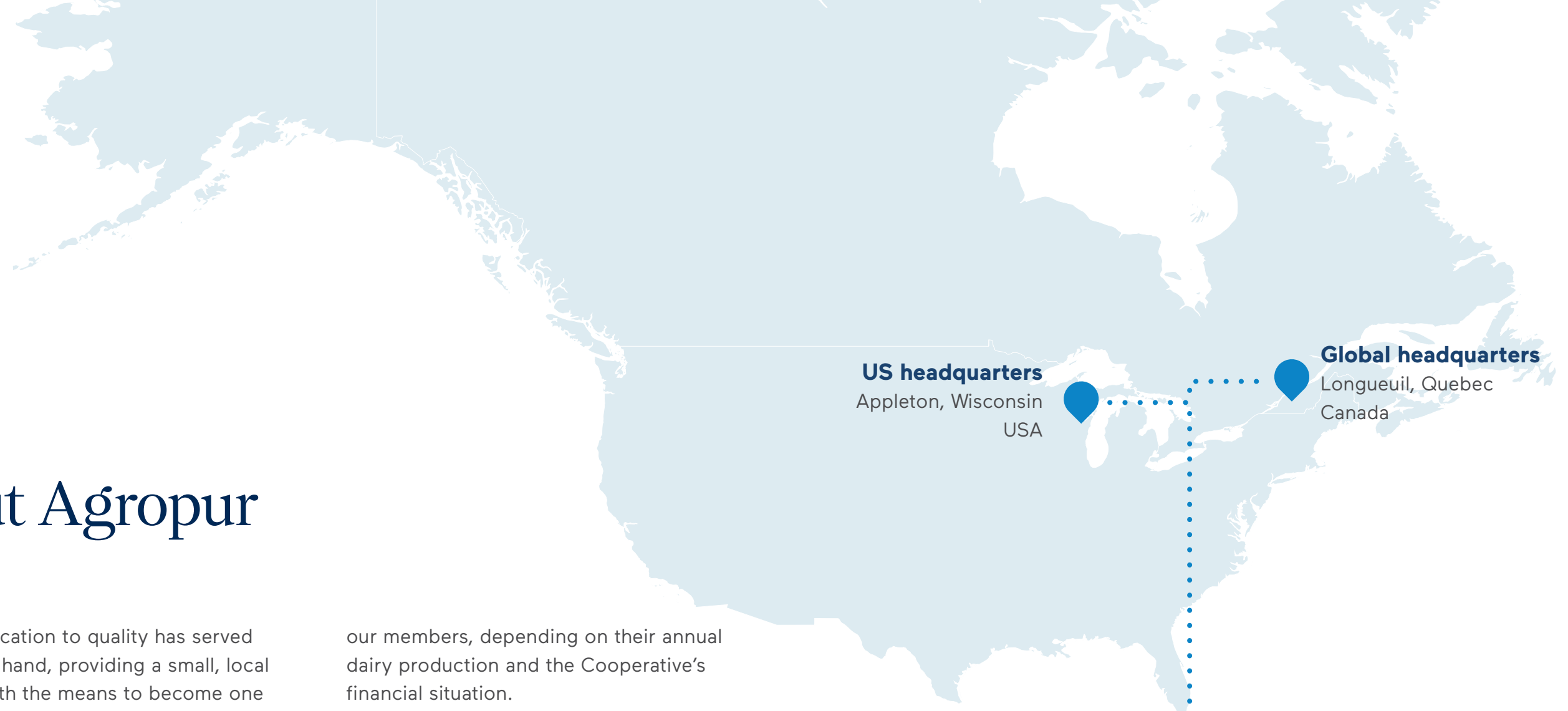
Founded in 1938, Agropur is one of the top 20 dairy processors in the world, with sales of C\$8.5 billion in 2022. We’re owned by about 3,000 farmer members and have approximately 7,350 global employees.

We are proud of our cooperative model, which is based on sharing wealth. Each year, Agropur distributes patronage dividends to

our members, depending on their annual dairy production and the Cooperative’s financial situation.

In 2022, Agropur processed nearly 6.7 billion liters of milk in our 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.

Today, Agropur holds firm to the principles that guided our growth and comprise our promise: “Better Dairy. Better World.”



C\$522M	Operating income
C\$8.5B	Sales
C\$127M	Net surplus
C\$40M	Patronage dividends



Business-to-business relations

Agropur has set forth to become the key dairy partner to the global food industry. While our successful consumer brands are trusted across Canada, the cooperative's overall picture highlights our ambitious B2B goals and many accomplishments along that path. Our products are part of restaurant experiences around the world and behind many of our favorite retail brands. B2B sales account for 75% of our global sales and we export to more than 60 countries. 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.

Consumers enjoy our cheese and ingredients at popular restaurant chains. We supply distributors and many prominent food, beverage and nutrition brands. Our manufacturing facilities produce more than 500 million kilograms (more than 1 billion pounds) of cheese each year and we're one of North America's largest whey protein producers.

Agropur also works closely with food manufacturers to develop new products. Our wide-ranging dairy portfolio prioritizes the nutritional value of milk while driving category innovation. 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



Our history

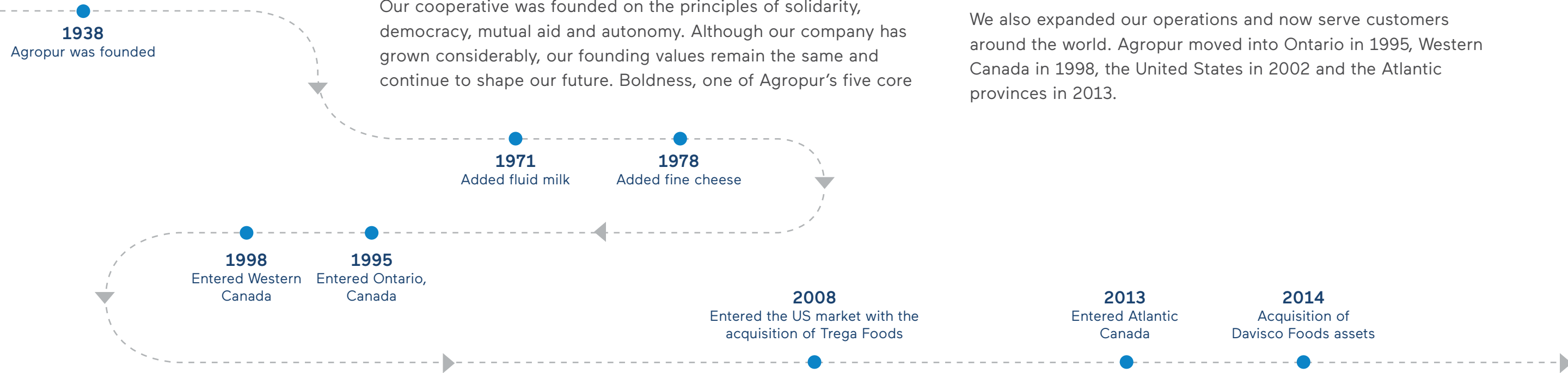
One of the world's top 20 largest dairy processors began with the efforts of two men who were convinced that unity offered strength. In the town of Granby, Quebec, agronomist Alpha Mondou and farmer Omer Deslauriers brought 87 local farmers together to form the *Société coopérative agricole du canton de Granby* – the cooperative that would one day become Agropur.

Our cooperative 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. Boldness, one of Agropur's five core

values, has defined our history, as evidenced by more than 140 mergers and acquisitions through the years.

Agropur entered new sectors of the dairy industry as our history unfolded, 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.



- **13 directors**
elected by delegates during the Annual General Meeting (3-year terms) and 3 guest members.
- **299 delegates**
elected (1/10 members) by members
- **294 facilitators**
recommended (1/5 members, all delegates are also facilitators) .
- **2,812 members**
Owner status. 1 member = 1 vote

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.

Our locations at a glance:

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

Agropur head office
Longueuil, Quebec





Better planet

In 2022, we had a landmark year for Agropur’s promise of “Better Dairy. Better World”. By collaborating with internal teams in operations, procurement and logistics, Agropur was able to calculate our baseline greenhouse gas emissions and set targets to reduce them. Agropur has remained committed to making a difference in our communities, for our farmers and our customers. By setting Science Based Targets

and continuing our efforts to reduce our environmental impact, we are strengthening that commitment.

In the chapter we will feature the exemplary initiative our teams take in creating a Better Planet. It will showcase our continued action in sustainable farming, animal welfare, milk quality, responsible operations and innovation.

Sustainable farms

All our efforts toward more sustainable dairy begin at the very source of our industry. Agropur works with farmers who are dedicated to high-quality milk and share our enthusiasm for producing in responsible ways. Because we are partners, 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.

Dairy Farmers of Canada is committed to net-zero emissions from farm-level dairy production by the year 2050. This means achieving an overall balance between greenhouse gas (GHG) emissions and removals, like carbon sequestration through cover crops. In February 2022, DFC

set a goal to reduce emissions and sequester carbon at the farm level to bring total emissions to net-zero.

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. Under the new 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. Over the course of 2022, validations on the Environment module were successfully completed on approximately half of the dairy farms in Canada. The first round of Environment module validations across all farms will be complete by September 2023.

Agropur will continue to support our members, farmers and the dairy industry in complying with the continually 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. It is just as imperative that they provide the proper level of data monitoring and reporting to maintain confidence in dairy products and demonstrate 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 2022, 65 farms that supply milk to Agropur were surveyed, which have a combined 165,000 cows. Surveyed farms represent 4.2 billion annual pounds of milk or about half our US milk supply. Another 277 farms were surveyed regarding regenerative land use practices, representing more than 285,000 acres.



Agropur supports dairy producers' adherence to strict guidelines on antibiotics, whether government imposed or part of proAction or FARM, to treat, control and prevent specific diseases. The use of growth-promoting substances in dairy production is illegal in Canada.

Improving practices through Agropur's new sustainable farms pilot project

Communication and collaboration are two crucial components toward success in the sustainability sphere. A new Agropur pilot program involving our dairy producer members aims to strengthen both and thereby improve sustainable practices across the Cooperative.

In 2022, Agropur launched our Sustainable Farms Pilot Project, which aims to create a two-way collaborative process between the Cooperative and our members. Sustainable Farms is a way to improve our exchanges with members regarding animal welfare and their environmental improvements and performance. We want to implement a program that we can use to demonstrate their actions to our business partners and customers.

The program will eventually allow Agropur to know more about on-farm practices, provide information to foster public trust and become better equipped to support our member needs.

Agropur selected 20 participants for the environmental side of the project and 28 participants for the animal welfare component. The farms are in Quebec, New Brunswick and Nova Scotia.

Each participant was visited by an animal welfare and milk quality advisor as well as their cooperative advisor. The meetings provided Agropur with an understanding of our members' management decisions and on-farm strategies.

The pilot program will also help us create links among our members. For instance, we can share what works well on one farm with another member who may not have the time to visit other farms. We might also identify a member's need and find a solution among peers.

Agropur wants to take a leadership role by providing our dairy producer members with the opportunity to demonstrate their sustainability efforts. We want to have a benchmark on our members' actions, assess improvement over time and communicate meaningful progress reports.

We held a July 2022 focus group to identify key concepts and messages that would engage our members. At an October focus group, we discussed potential measures and key performance indicators. A progress report will be provided for each participant in 2023. Subsequent reports will communicate changes in measures and KPIs over time, comparing the member to themselves or to the peer group. The program launch was considered a success, and should our success continue, we can deploy the program on a larger scale in a more permanent setting.

Ferme Rodrigue
Saint-Anaclet, Quebec



Ferme Karona
Plessisville, Quebec



Sustainability and innovation among our members and producers

Agropur's customers and partners depend on our team to help them meet their sustainability goals. Likewise, Agropur depends on our members and US producers to help us reach our objectives.

Farms across Canada and the United States have made incredible strides to protect the environment and provide better animal care. There are many great examples of sustainability efforts among our milk suppliers, both large and small, that add up to demonstrate significant overall progress.

Ferme Bessette & Frères in Waterville, Quebec, incorporated several practices to improve animal welfare and their environmental footprint. The farm is part of Agropur's Sustainable Farms pilot project.

The farm adopted free stalls to improve quality of life for their 140-cow herd. After noticing nutrient depletion in their soil, they seeded an 80- to 100-foot band around their corn fields that reduced soil compaction and increased biodiversity. As soil health improved, the need for synthetic fertilizers and pesticides declined.

They planted windbreak hedges around their buildings and a 20-meter riparian strip along the river.

"I'm interested in dispelling the belief held by some producers that adopting environmentally friendly practices means additional expense," said René Bessette, an owner. "On the contrary, I've realized over the last 40 years that, in the long term, these investments are very profitable for producers."

In the US, Deer Run Dairy – an Agropur milk supplier -- was recognized in 2022 with the Outstanding Dairy Farm Sustainability Award by the Innovation Center for US Dairy.

Deer Run, located near Agropur's Luxemburg, Wisconsin plant, has long been innovative toward water quality and soil health. They use regenerative practices including no-till planting, cover crops, setbacks to protect waterways and an anaerobic digester.

Deer Run is among more than 35 of Agropur's US producers that either have a methane digester, are building one or have active projects designed to remediate greenhouse gases in manure.

Expect innovation and progress to continue.

- » In 2022, Agropur was identified by the USDA as a major partner in a \$50 million Climate Smart Grant for implementing climate smart regenerative agriculture production practices.
- » Agropur has started a large-scale project studying carbon sequestration through regenerative agriculture practices including no-till planting, cover crops, crop rotation and use of buffer strips.
- » In Canada, Agropur members stand to benefit from the On-Farm Climate Action Fund. In 2022, the fund announced 12 projects, totaling up to \$182.7 million to help farmers implement practices that store carbon and reduce greenhouse gases.

Animal welfare

Agropur is committed to high standards for animal welfare because it's the right thing to do. However, we also draw important benefits from the dedication of our members and producers to provide safe, healthy and comfortable conditions. Dairy cattle that are raised and housed in these surroundings produce more milk – and milk of a better quality.

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, made up of seven agricultural graduates, take the interests of our dairy producer members to heart and act as a front-line resource. The advisory team uses state-of-the-art equipment and continuous training to help members reach animal welfare goals and industry expectations.

In 2022, our Canadian operations added a cooperation manager who is part of a multifunctional team responsible for developing and maintaining trust-based relationships between Agropur and dairy producer members.

The cooperation manager supervises the cooperative advisors and supports the Director of Cooperation in achieving team objectives. Whether on the farm or remotely, the cooperation team also support our members and represents Agropur to the agricultural community.

A sustainable agriculture advisor position was added to the Cooperation team to guide our Cooperative through the many opportunities in the agri-environmental field.

In our US Operations, we rely on the Farmers Assuring Responsible Management (FARM) – Animal Care Program. It is an excellent industry initiative to develop the highest animal care standards for US dairy farms. The on-farm continuous improvement process targets animal care and quality assurance. Agropur requires that all farms and cooperatives that ship milk to our facilities are compliant with the 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.



Measures to improve animal welfare

In recent years, we have introduced a range of measures to promote animal welfare. Key among highlights was the appointment of 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. Responsibilities also include 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:

- » Member preparation for Dairy Farmers of Canada's proAction validation process; helping put requirements into practice and identifying solutions and strategies when gaps exist.
- » Animal welfare information and resources through our member-only digital platform.
- » Complete analyses of animal welfare indicators on farms.
- » Training support for our members in 2022, which included 22 members who participated in Symposium sur les bovins laitiers 2022 and 21 members who attended Colloque sur la santé des troupeaux laitiers.
- » Support to 14 members and more than 20 Spanish-speaking employees to receive on-site FIATÉ training. We are happy to announce a collaboration between

Agropur and Lactanet to offer FIATÉ training services -- which focus on the integration and support of foreign workers -- for our members' Spanish-speaking employees. Training at the members' farm focuses on appropriate milking procedures, milk quality and the handling of dairy cattle. The five-hour sessions include both theoretical and practical aspects offered by FIATÉ advisor and agronomist Omar Sandoval.

- » Various webinars and knowledge transfer opportunities were also communicated to our members in 2022. Events included a session on Agropur and Sustainability and another on the rights of producers in the face of animal activism.

The National Farm Animal Care Council's Dairy Cattle Code of Practice is in the midst of revision, and a final version is expected in spring 2023. The revised code will have an impact on laws, regulations and proAction.

The Codes of Practice are nationally developed guidelines for the care and handling of different species of farm animals. They are intended to promote sound management and welfare practices through recommendations and requirements for housing, management, transportation, and other animal husbandry practices. Dairy Processors Association of Canada is a member of the Code Development Committee. Other processors, including Agropur's Sophie Neveux, were observers throughout the three-year process.

In 2022, Agropur held an exclusive interactive webinar on the Code of Practice. It provided an opportunity to learn more about some of the most important aspects of the Code, as well as Agropur's comments on the subject. More than 150 members participated in the webinar, leading to an engaging question period and discussions.

Measuring our reach

In addition to launching programs and initiatives, measuring the impact of our animal welfare efforts is a priority.

- » Since 2017, cooperative advisors accumulated nearly 90 hours of animal welfare training with subject matter experts, which included classroom, online and on-farm settings. In 2022, opportunities included milk odor training and animal welfare and lameness assessment. Another recent training focused on environment, climate change and agriculture.
- » 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 2021, cooperative advisors provided animal welfare services to 49 members and conducted 60% of the interventions on farms.
- » In 2022, cooperative advisors provided 93 animal welfare interventions to 80 members. Of them, 76% were conducted on farms.



Looking ahead

Agropur will commemorate some major milestones in 2023. As we celebrate our 85th Anniversary as a cooperative, 2023 also marks the 40th anniversary of Agropur's Young Cooperative Leaders Program. Although the formula has evolved over time, the program's objective remains unchanged: to teach young leaders between the ages of 18 and 35 the principles of governance and associative life specific to the

Cooperative. Agropur is particularly proud to have trained over 1,600 young people since 1983.

In addition, Agropur looks forward to bringing our sustainability message to important industry gatherings. We will offer sustainability-related booths at events including the Atlantic Farm Mechanization show and Salon de agriculture à Saint-Hyacinthe.



Ferme Karona
Plessisville, Quebec

Agropur Club of Excellence recognizes members for milk quality, animal welfare

Agropur's Club of Excellence recognizes our dairy producer members whose dedication to exceptional quality stands above the rest.

Champions inducted into the Club of Excellence are chosen from Agropur's members in Quebec, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador. Since its creation in 1988, the Club of Excellence has welcomed over 2,000 winners into its ranks. All Agropur members are eligible to enter the competition and a rigorous selection process is used to determine the winners.

Ferme Morine of Coaticook, Quebec was named Agropur's 2022 Grand Champion for milk quality. Ferme Morine has earned distinction for a third straight year, with the best combined results on its milk quality tests and dairy farm inspection. Owned by Réjean Morin and Véronique Lévesque, the farm has a herd of 35 Holstein milking cows and has been passed down through the family for three generations.

"It's a wonderful acknowledgment that tells us we're doing a good job, our methods are sound, and we have strong herd management," said Véronique Lévesque.

"Being included among our national champions requires exceptional know-how and commitment," said Agropur President Roger Massicotte. "I congratulate our winners for

raising the bar higher every year. We are extremely proud of them and will continue to support them in delivering the best possible product to our customers and consumers."

Winners, which included 14 regional champions, were revealed at the Special General Meeting. In 2020, Agropur introduced its Animal Welfare Award as part of the Club of Excellence Program. Ferme Karona of Plessisville, Quebec earned the Grand Champion honor for 2022.

Odrey Caron nominated her brother Pierre Olivier Caron, who is co-owner of the dairy farm and represents the sixth generation.

Following a major fire and the near total loss of their lactating herd, the Carons rebuilt a free stall with two robots for their 70 lactating cows. To meet the needs of their animals, several aspects of their environment have been planned -- from the choice of floor surface to the management of sand stalls and installation of fans.

As Odrey explains, "At Karona Farm, we want to produce quality milk. We want our cows to be healthy, to strive in the best possible environment and we also want the workers to be well and happy to get up every morning. Our family business is a source of pride for us."

focus

Premium milk

When it comes to quality, there is simply no room to cut corners. Agropur’s viability as a business depends upon receiving milk of the highest quality. Consumers also demand it and are increasingly careful about the foods they choose.

As such, we work closely with our producers to obtain the best possible milk quality. We are invested in the efforts of our members and dairy farmers to help ensure we are receiving a superior product.

Our efforts to ensure quality are an investment. 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.

High-quality milk takes teamwork

Agropur works closely with our farmers and provides key resources that help them maintain exceptional quality. Our 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, advisors conduct follow-up verification to confirm standards have been met.

In 2022, Agropur’s Canadian cooperative advisors conducted 2,516 interventions for 693 of our member producers.

In the US, our field service representatives visited 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 1998. 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.

Our efforts for quality have been successful by several measures:

- » More than 2,650 recipients have been recognized for their milk quality achievements via the Club of Excellence Milk Quality Award, launched in 1988.
- » In 2022, an average of 30% of our Quebec members were able to benefit from the most rigorous premium for milk quality, monthly.
- » From Dec. 1, 2021 to Nov. 30, 2022, Agropur had 2,001 distinct Quebec members achieve at least one milk quality premium.



It is imperative for Agropur to demonstrate our sustainability efforts along the supply chain to maintain market relevancy. In 2022, we launched our Sustainable Farms pilot project to identify how we can assess and report on on-farm actions. The interest from members to participate was overwhelming. It has been a privilege to work with them, and facilitate a genuine collaborative effort with honest and engaging discussions. The participants are curious, proactive, and motivated to improve the discourse regarding the dairy industry’s sustainability performance.



Sophie Neveux
Animal Welfare and Milk Quality Advisor



Agropur’s drive for greater efficiency and a sustainable future is a winning strategy on all fronts. As we strive to reduce our carbon footprint and limit environmental impacts, it’s also an opportunity to reduce costs throughout our operations while still providing the award-winning cheeses and high-quality dairy ingredients our customers expect. Our investments in renewable energy, energy efficiency and cutting-edge wastewater technologies will pay important dividends toward our business and sustainability goals moving forward.



Ted Winkelman
 Director of
 Environmental
 Compliance, US

Responsible operations

Agropur continues to find new ways to incorporate sustainability practices into the production of our wholesome and nutritious products. As a cooperative, we do so because it is expected that we manufacture in a manner that’s responsible to our people and our planet. But Agropur has also seen tangible benefits because of our efforts. Our work to become more efficient in our use of energy and water has already yielded significant savings even as we continue to identify new opportunities for

improvement. Our journey has been positive when viewed through every facet, and we welcome the growing focus on sustainability throughout our industry. Through hard work, problem-solving and dedication, our teams continue to find innovative solutions in areas such as biosolids upcycling and food waste reduction. In this section of the report, we will present our efforts as they pertain to energy, water, waste management and reducing our GHG emissions.

Energy management

Agropur continues to find new ways to reduce our energy consumption and become more efficient through 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

Major projects included:

- » Our Bedford, Nova Scotia, plant converted all lighting in their production area to LED in 2022. This change is saving roughly 1% of the plant's total electricity use.
- » Converting all our US 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. Agropur added an additional 230,000 kWh in LED savings in 2022.
- » Installing Variable Frequency Drives (VFDs) to control flow or pressure vs. throttling valves – motors that were once controlled with a throttling valve or damper are 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. Agropur added an additional 600,000 kWh in savings in 2022. Overall, VFDs are saving more than 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.
- » Compressed air studies, ultrasonic gun/leak detector – Compressed air is an important utility in our plants, however these systems can be quite energy intensive with leaks leading to 20-30% losses, according to the US Department of Energy. To ensure peak efficiency, Agropur's maintenance teams purchased ultrasonic leak detection guns, which all our plants use to quickly find leaks, make repairs and save on energy waste and associated costs.



Renewable Energy

In Canada, 54% of energy use within all our facilities is provided by renewable sources such as solar, hydroelectricity, wind and tidal. Sustainable wastewater treatment technology is being implemented at our Jerome, Idaho and Little Chute, Wisconsin plants, which will reduce organic load, decrease electricity consumption, repurpose waste, reduce emissions and produce a renewable energy stream.

Sustainable wastewater treatment technology is also being implemented at our Jerome and Little Chute plants that will reduce organic load, decrease electricity consumption, repurpose waste ingredients, reduce emissions, and produce a renewable energy stream.

Agropur has launched other initiatives to integrate renewable energy into our operations:

- » 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.
- » Lake Norden, South Dakota biogas installation – During the recent expansion in Lake Norden, an anaerobic digester and biogas generation technology was incorporated into the upgraded wastewater treatment plant. Beneficial uses of the biogas are being investigated including offsetting use of non-renewable natural gas.



Idaho Governor's Award for Energy Efficiency and Sustainability

Energy management awards and recognition

In 2022, our Jerome plant won the Idaho Governor's Award for Energy Efficiency and Sustainability for the ninth consecutive year. Our 2022 projects in Jerome included:

- » 650 more LED lamps installed, saving 85,000 kWh.
- » Installation of a condensate pump skid to capture and return condensate that was previously going to the drain. Savings include 7,385 Dth in energy and more than 4.6 million gallons of water.
- » Wastewater treatment plant expansion projects that include high-efficiency blowers, saving roughly 1 million kWh per year and VFD controls to all pumps and fans saving 200,000 kWh per year.

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 more than 10 years.

Agropur seeks to follow the US Environmental Protection Agency 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 million kWh a year, or 7.6% of Le Sueur's total annual use.

Greenhouse gases

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 Canada, 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 (HAP). Agropur completed greenhouse gas emissions assessments from FY2016 to FY2018 that were third-party certified. Our 2019 to 2022

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.

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

US operations

Agropur's US Operations comply 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 considered, Agropur is not considered a significant source of emissions by the US Environmental Protection Agency.

Le Sueur Plant
Minnesota



Agropur commits to reducing GHG emissions 30% by 2031

As part of Agropur’s climate journey, we have committed to the Canadian and US dairy industry goals of reaching Net Zero greenhouse gas emissions by 2050. In 2022, we joined forces with the leading global standard, Science Based Targets initiative, to measure and report on our emissions reduction journey.

Science Based Targets has since approved our targets, which Agropur announced in April 2023. We have committed to a 30% reduction of GHG emissions from our Canadian and US plants by 2031. Agropur also committed to reducing GHG emissions across our value chain by 24% per kg of milk processed by 2031.

The Science Based Targets initiative (SBTi) is a partnership between the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI), and the World Wildlife Fund (WWF). Many organizations in the global agri-food industry use Science Based Targets methodology to establish their commitments, therefore we feel confident that we are approaching our goals with the right tools in hand.

Throughout spring 2022, the operations, environmental and sustainability team members across North America

calculated Agropur’s first fully encompassing greenhouse gas (GHG) emissions inventory.

Departments such as operations, logistics, and procurement provided data to create a 2019 baseline. Total emissions throughout Agropur’s supply chain from the farm, through processing, to the end consumer were also taken into account. This calculation provides us with visibility into where the largest opportunities exist to make year-over-year improvements with technology and processes. Going forward, a yearly calculation will be generated to track our progress toward the climate goals.

In order to reach our science-based targets, Agropur will continue efforts to increase energy efficiency and percentage of renewable energy sourced, both in Canada and the United States. As the food industry’s dairy partner of choice, Agropur is committed to supporting our clients’ sustainability efforts through initiatives such as improving packaging recyclability, promoting circular economy principles, and working to minimize food waste. Agropur must also continue to support dairy producers’ initiatives to reduce the carbon footprint of their farm operations.

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 freshwater 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.

In 2022, Agropur's US Operations moved forward on state-of-the-art wastewater

projects at the Jerome, Idaho and Little Chute, Wisconsin facilities. Both projects were designed with the ability to generate renewable energy by using the biogas generated from the anaerobic digestion process to generate electricity which will be used on site. Both will be commissioned in 2023.

We installed a new equalization tank and biosolids dewatering at our LeSueur, Minnesota facility. In Lake Norden, South Dakota, we replaced the original UF membranes that were being used for solids and liquid separation with a new dissolved air floatation unit. This upgrade increased the throughput of the anaerobic digester by 200%. It led to substantial compliance with the surface water discharge permit, reduction in biosolids disposal costs and a 200% increase in biogas production. Top accomplishments for energy rebates included \$200,000 in 2022 with an approved energy rebate of \$1.2 million for 2023.

Optimal water use

In 2022, our Bedford, Nova Scotia plant underwent a clean-in-place (CIP) optimization project that resulted in a 14,500m³ reduction in water use. That translates to 8% of total water use at the plant. The installation of the new CIP system for raw receiving bay and pasteurized systems allowed for improved timing of the CIP rinses and washes. The conversion of the receiving bay also allows for the reuse of warm water that is captured from the UHT system.

Lastly, new PLC controls for all processing have allowed for optimization of water pushes.

The St-John's, Newfoundland and Labrador plant completed a series of projects in 2022 that

resulted in a 12,700m³ reduction in water use. That translates to 18% of total water use at the plant. These projects include the reuse of hot water from the batching plate cooler for CIP purposes. This water, which used to be directed to the city sanitary drain, is now recaptured through a repurposed silo. That has not only reduced water use, but has also helped reduce energy needed to produce steam required to heat CIP water. With the help of the Procurement Team, plant operations were also able to optimize wash cycles, which also contributed to the overall water reduction. Since FY2018, the plant has reduced water use by 30%.

Agropur makes strides in biosolids upcycling

In 2022, Agropur’s Weyauwega, Wisconsin and Hull, Iowa plants each obtained fertilizer designations for land application of their biosolids.

That means more waste from our facilities will get new life and provide value to the agricultural industry.

Food and beverage manufacturers use significant amounts of water, which go through several rounds of filtration 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. That sludge is loaded with beneficial minerals and nutrients that can be used as a valuable agricultural fertilizer.

In Weyauwega, we offered land application that was tracked and regulated by the Wisconsin Department of Natural Resources. As of 2022, it’s regulated by the Wisconsin Department of Agriculture, Trade and Consumer Protection, and as such, the plant can offer the product as commercial fertilizer.

Part of regulation is verifying a minimum and consistent nutrient content. Users need to incorporate biosolid use into their nutrient management plans.

Designation as a commercial fertilizer is nonetheless significant. It provides a community benefit by allowing application for a broader range of users. Being regulated as fertilizer allows for more flexibility in application amount and number of times it can be applied in a year.

Residual materials

Agropur continues to put forth significant effort to improve our use of residual materials. It's a challenging, yet crucial component of our sustainability path. As a food company, we rely on packaging to keep our food products safe and healthy. We've made significant progress on this front by 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 used to protect and transport our finished products.

Agropur produces 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

Responsible packaging guidelines implemented in 2020 promote an optimization and reduction approach at source and contribute to the circular economy. The responsible packaging guidelines -- created with the help of the AGEKO Group and the Food Processing Development Fund -- 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 am excited about our plans for Agropur's sustainable future. Our capable associates are on a mission: to ideate and deploy innovative solutions to reduce our carbon footprint across our operations and supply chain. We will leverage our engaged teams to deliver our goal of building a sustainable operation.



Brad Cashaw
Chief Operations Officer

OKA debuts 100% recyclable packaging

One of Agropur’s most beloved brands not only tastes great, but also represents a major step forward in terms of sustainability.

In 2022, Agropur debuted new packaging for its OKA cheese. We designed our new box to be 100% recyclable in response to consumer trends and our desire to reduce overpackaging. The new box uses 43% less cardboard and is sourced more locally. This is a reduction of over 159,000 kg of carbon dioxide equivalents, or the same as saving 66,000 litres of gasoline annually. What’s more, the side openings help the cheese to age while in the cardboard, so that it can continue to develop its exceptional flavors.

Our efforts quickly earned significant accolades. Our OKA packaging won the CTAQ’s (Conseil de la transformation alimentaire du Québec) Prix Innovation en alimentation 2022 (2022 Award for Innovation in the Food Industry) in the packaging category.

It’s a testament to the caliber of Agropur’s team, which set out to create a fresh package that reflects our wide-ranging efforts to reduce our environmental footprint.

The side slits also offer a peek at some of the illustrations on the wrapper depicting the OKA legend. The many illustrations by Québec artist Martin Côté contain references and symbols from the brand’s rich history.

OKA cheese, created and sold by Trappist monks from Oka, Québec, is one of Canada’s very first cheeses, dating back to the late 19th century. In 1981, the Trappist master cheesemakers shared their knowledge with Agropur Cooperative’s master cheesemakers to guarantee the great taste of OKA cheese and its rind. More than a century after it was created, it continues to be one of the most popular cheeses in Québec.

Agropur continues efforts to improve our packaging. To help reduce food waste, we will be launching a re-sealable sticker in 2023, so that consumers can refrigerate their product in the wrapper for even longer periods. This new packaging is part of a repositioning strategy for OKA cheese that aims to elevate the brand’s image and position it as a must-have for every cheeseboard.



Innovating for a more sustainable future

 || Anand Rao, Ph.D.; Michel Pouliot, Ph.D.

Agropur's Research, Development & Innovation teams provide invaluable expertise to our customers whether as part of new product development or by improving their existing formulations. Our dedicated food scientists and technologists bring knowledge, skill and creativity to the table every day in continual pursuit for new and better products and processes. While our innovators take great pride in the many advancements they make on behalf of our customers, they also use science and problem-solving in effort to improve efficiency, reduce our consumption and lessen our environmental impact. Below are some recent and ongoing examples of our efforts to improve sustainability through innovation.

Process research innovation leads to reduced chemical use

Agropur manufactures a unique whey protein isolate, BiPRO® 9500, using a proprietary ion-exchange chromatography process. As the name suggests, this process requires the use of various chemicals to gently handle sensitive whey proteins and maintain their organic structures during isolation and purification.

The research team at the Protein Research Center (PRC) in Le Sueur, Minnesota took deep interest in evaluating and reducing the environmental burden of this protein purification process. The research team members evaluated several aspects of the process including current conditions, use of chemicals and

economic impact at the manufacturing site. They replicated the process using pilot-scale equipment at PRC and generated innovative solutions that reduce chemical use.

When implemented at the commercial site, the changes resulted in an approximate 50% reduction in daily chemical use to purify proteins. Along with the positive environmental impact, these efforts reduced the breakdown of resin used in purification, resulting in reduced input costs into the process.

Agropur research recovers valuable nutrients

Purification of proteins from whey produces whey permeate as a coproduct. Whey protein companies generate large volumes of this powdered ingredient, which is rich in carbohydrates (lactose) and minerals. Permeate powder is typically considered a low value commodity and is sold into animal feed market.

Agropur's product development team strongly believes in sustainable nutrition. With their knowledge of nutritional science and understanding of the ingredient's functionality, they developed innovative solutions using whey permeate in human food applications. The prototypes developed at Agropur's Protein Applications Center in Eden Prairie, Minnesota have been received with enthusiasm in Latin America and Southeast Asia. Customers also appreciate the technical support received in delivering nutritious foods to end consumers.



We understand the art and science of cheesemaking. The art helps us produce high-quality cheese for our customers, and the science helps reduce our environmental impact.



Ram Kumar
Director of Product Development and Technical Services



Milk tank
Weyauwega, Wisconsin

Agropur's Cheese Technical Services reduce salt loss in wastewater

Salt is an important ingredient in cheese manufacturing. It not only enhances the flavor of natural cheese, but also helps in controlling the growth of cheese cultures.

Typically, dry salt is added to cheese curds during manufacturing. Some of this salt dissolves in the cheese whey and is drained into the waste stream, eventually ending up in the wastewater.

Agropur's Cheese Technical Services team explored various ideas to reduce the amount of salt lost in the waste stream. The team evaluated

adding salt after the curds are processed through the wet cooker into mozzarella cheese. Creating suitable technology required additional equipment and collaborative efforts to minimize salt waste and ensure proper salt inclusion in the cheese matrix. The new method of dry salting has been used in our Luxemburg, Wisconsin facility for more than three years and has resulted in a more than 60% reduction in salt loading to the wastewater treatment facility. It's an excellent example of innovative thinking in R&D that generates savings for the company while improving our environmental impact.

Reducing resource needs for dairy processes

The team at our R&D Center in Longueuil, Quebec is combining expertise in operation, engineering and science to find improvement opportunities for our products, processes and sustainability practices. Improvements to current technology and validation of emerging technologies undergo testing in our laboratories and pilot plant to accelerate implementation when proven safe and effective.

Ultrafiltration is a membrane filtration process used in the manufacture of dairy products where protein concentration and purification are required. These processes require a significant filtration surface to accommodate large volumes and need regular cleaning to maintain permeability. Any improvements to permeability and cleanability mean less filtration surface requirements (less membranes), less pumping energy, fewer cleaning chemicals and a reduction in water consumption. Agropur is conducting research with private partners to develop better membranes that improve permeability by 8 to 10% and are also easier to clean with fewer chemicals.

Heat pasteurization is a proven, well-established technology for guaranteeing the safety of dairy products, though it also requires significant energy to heat the milk, then cool it to refrigeration temperature. This approach was developed in the late 19th century and has

improved with time, but still represents significant energy use in all our facilities. Agropur's technical experts are seeking technologies that could offer the same guarantee of food safety at lower rates of energy consumption. The team at our Longueuil R&D Center is validating new developments in the use of ultraviolet light treatment (UVC) to reduce microbial load.

Through recent developments, UVC rays can penetrate opaque liquid (such as milk), which allows lethal UVC wavelengths to kill microorganisms without having to heat and cool the milk. This would represent major improvements to energy consumption (up to 75% less electricity required) and has the potential to improve the nutritional quality of our products based on less heat denaturation of their nutrients.

Reducing the total amount of energy required by our operation is a priority, but the origin of the energy is also paramount. Eastern Canada is well supplied in hydroelectricity, and our experts are seeking opportunities to replace non-renewable energy sources (like gas and electricity produced from burning coal, oil or gas) with hydroelectricity in our operations. These considerations will justify technology choices for plant expansions and renovations.





Better communities

As a dairy cooperative, Agropur plays a fundamental role in creating strong communities. We directly create and redistribute wealth back to our dairy farmer members and their communities as well as to the communities in which we operate. We strive to take care of our employees, dairy farmer members,

US dairy producers and partners by honoring our promise of “Better Dairy. Better World.” We do this by providing high-quality, nutritionally dense dairy products, promoting the safety and empowerment of our employees, and recognizing the value of diversity, equity, inclusion and belonging.

Product safety and quality

For Agropur to be the key dairy partner of the food industry, product safety and quality are paramount and are a key emphasis of our operations. We set out to deliver high-quality products and achieve first-pass quality. Achieving those goals goes beyond vigilance over quality incidents or ensuring rapid and efficient intervention. We focus on preventive measures to raise our capabilities and drive a continuous quality improvement mindset through the entire organization.

In 2022, Agropur conducted a voluntary recall of various brands of ice cream products in Canada as a precautionary measure to prevent moderate food safety risk (potential presence of plastic/metal particles). There were no consumer complaints or health issue reports linked to

this action. 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—to guarantee safe and compliant dairy products and ensure our sustainability.

Our management is committed to continuous review of food safety and quality objectives as well as to continuous program improvements. Our quality standards ensure consistent production of safe and high-quality products. They serve as guides throughout all of Agropur facilities, 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.

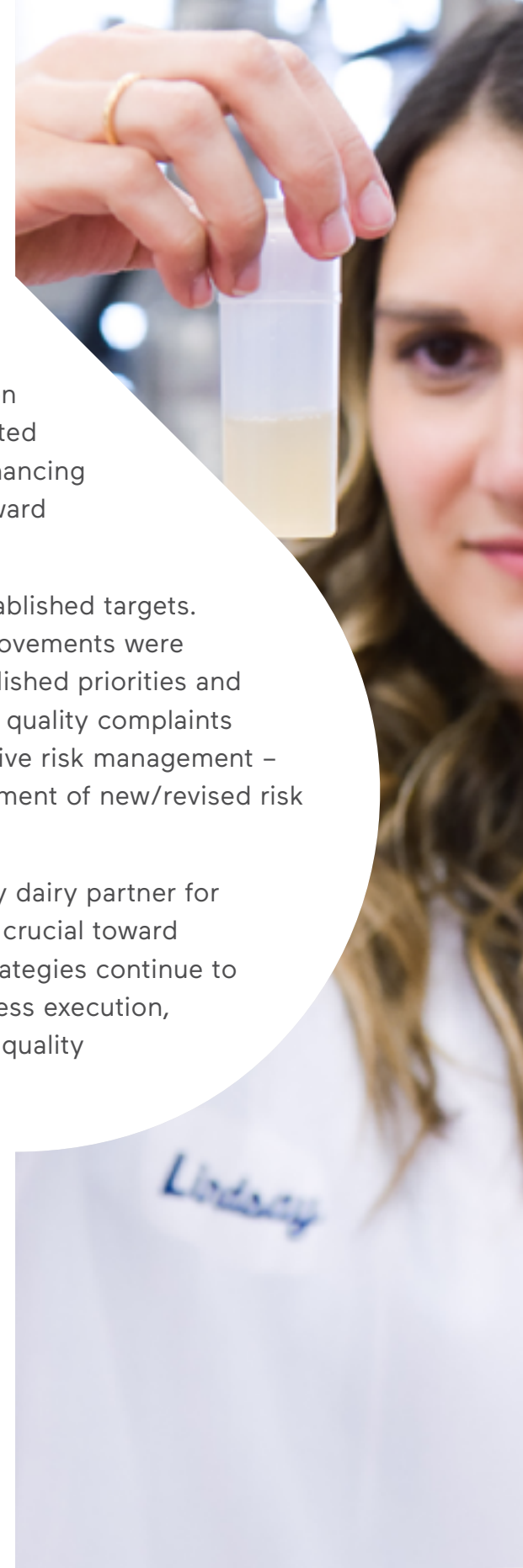
In 2022, we initiated the design for the harmonization of a standard quality management module in all our facilities. This is a collaborative effort, which brings subject matter experts from Canada and the US together to develop best-in-class tools and technologies for managing quality requirements in 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 2022 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 2023 strategies continue to emphasize excellence and flawless execution, as well as harmonization of our quality strategies in Canada and the US as part of our globalization effort.





Our commitment to healthy living

Agropur contributes to the health and nutrition of consumers around the world 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 they are 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, or a diet that provides essential nutrients to support and maintain health while also 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.

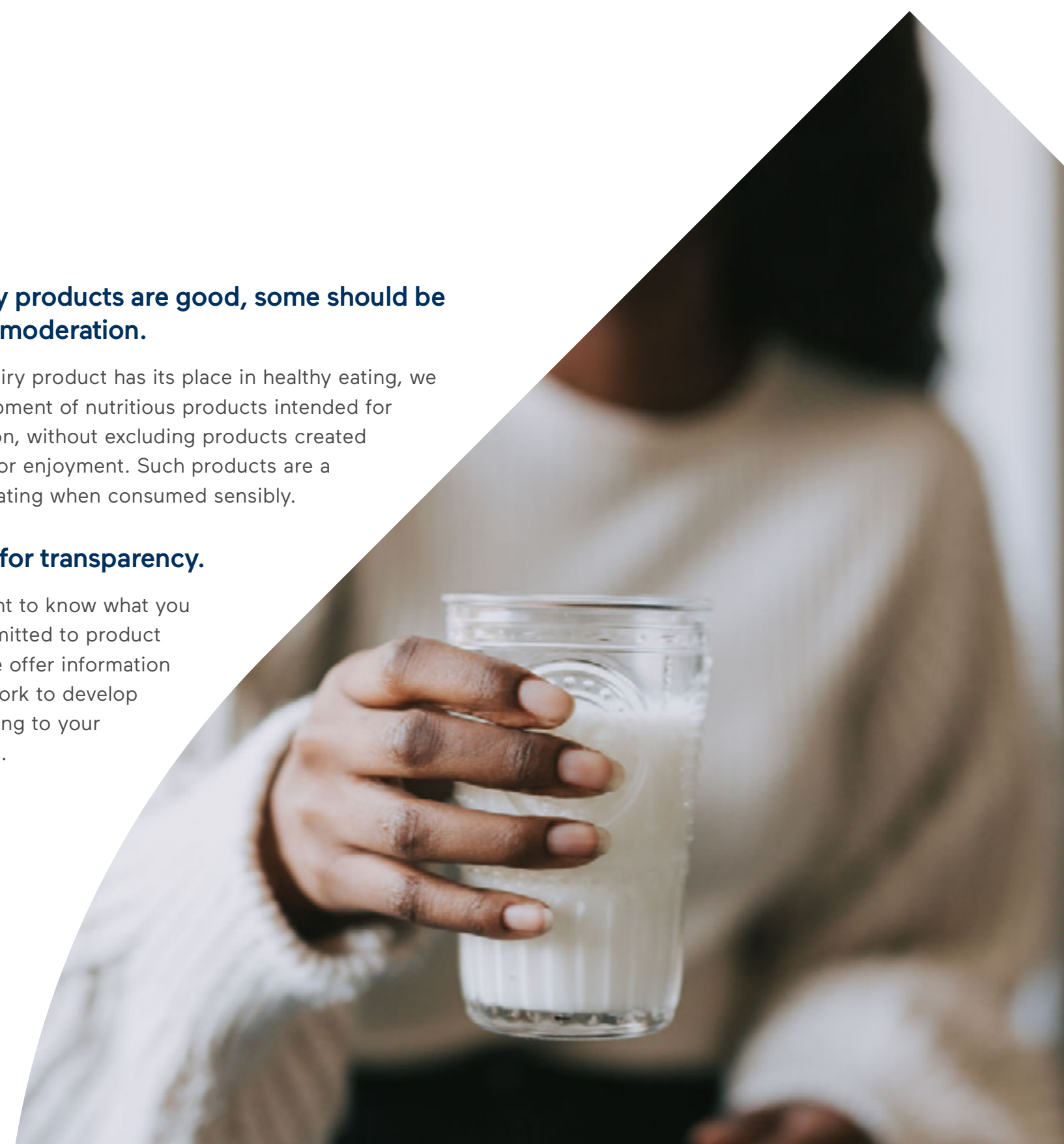
We believe that milk is a naturally healthy and nutritious raw material. Our other ingredients are safe, healthy and minimally processed to respect the integrity of the milk.

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 serve as the basis for all new product development under Agropur's 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 new product development portfolio. 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

Agropur is proud to be involved in the communities where we operate. Through our donation and sponsorship program, we put forward our values of cooperation, solidarity and equity to build a better world.

Due to the current economic context, more individuals and families are turning to food banks. The Food Banks Canada 2022 Hunger Count Report noted a 15% increase in food bank use compared to March 2021 and a 35% increase compared to March 2019¹. Meanwhile, Food Banks of Quebec received 2.2 million requests for food assistance each month in 2022².

In the United States, Feeding America – Eastern Wisconsin provided 33.3 million pounds of food to those in need in 2022³.

Agropur supports numerous causes in Canada and the United States through donations and sponsorships, employee fundraising and our dairy farmer members' activities. In response to the growing food banks visits in North America, Agropur donated \$1.7 million worth of dairy products to food banks across Canada, most notably to Moisson Montréal and the Ottawa Food Bank. In the United States, our employees raised more than \$94,000 for local charitable organizations, including local food programs.

In our efforts to tackle food insecurity, we provide monetary contributions to many leading North American organizations, including:

- » Food programs such as Feeding America and Food Banks of Quebec. Agropur helped improve access to nutritious and quality dairy products.
- » Foundation Olo, in Quebec. Through our engagement that has been going on for over 20 years, Agropur works with women in need to help them deliver healthy babies and promote healthy eating habits early in the lives of their children.
- » Boy Scouts of America, Bay Lakes Council – Agropur contributed to this organization to help our youth become the leaders of tomorrow.
- » 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 in staging local dairy cattle show.

In short, Agropur is proud to contribute to various causes in North America by fighting food insecurity, providing healthy dairy products to those in need and making monetary donations to worthy organizations to help create a better world.

1 https://hungercount.foodbankscanada.ca/overall_findings.php

2 https://banquesalimentaires.org/wp-content/uploads/2022/10/Bilan-faim_2022_F.pdf

3 http://feedingamericawi.org/wp-content/uploads/2022/09/FeedingAmerica_2022_AnnualReport.pdf, p. 10



Taking care of our Agropur family

Agropur's most important resources are our people. In this section, we highlight our many efforts to meet the needs of our employees and partners by creating a welcoming workplace and safe work environment for all.

Creating a welcoming workplace

Agropur has set forth to build a workforce that's diverse, inclusive and highly engaged, and we've set policies with a goal of attracting diverse and talented employees. Our Code of Conduct and global 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 all employees that addresses Respect in the Workplace.

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

In Canada, 20 of our 23 production facilities were covered by collective bargaining in 2022. None of our US facilities are unionized.

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:

- » Digital wellness platforms that provide resources for building healthy habits and supporting financial wellness;
- » Benefit plans to support the health of employees and their families;
- » An Employee Assistance Program (EAP), with free, 24/7 access to third-party confidential advice and aid for employees and their families;

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 64% in its September 2022 VIBE survey, down 14% from the survey conducted in 2021.

- » 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:

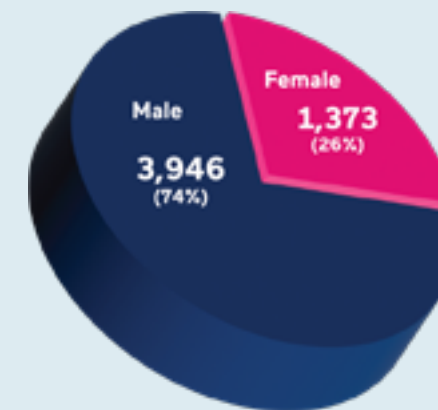
- » Enhanced coverage for mental health and other healthcare professionals;
- » Access to virtual health care and other on-demand services, like webinars to navigate work and life challenges;
- » Chronic condition management programs to manage and prevent conditions such as diabetes and cardiovascular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

We have set forth priorities in effort to increase our employee engagement, which include:

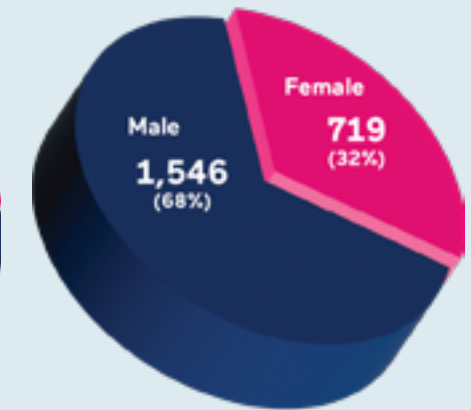
- » Improved communication with all employees
- » Belonging and inclusion
- » Gradual increases to our training offerings
- » Review of pay and benefits and respect-at-work policies
- » Fostering a sense of community

Employee gender

CANADA

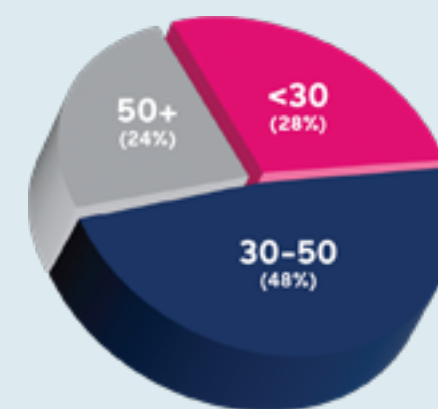


US

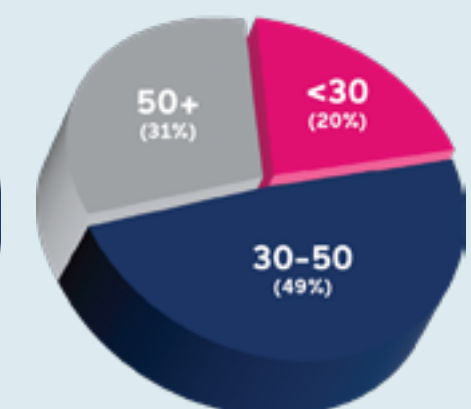


Employee age

CANADA



US



Health and safety

Maintaining a safe and healthy work environment is part of our promise to employees, and we've adopted a zero-tolerance management approach to risky situations with a goal of eliminating workplace accidents.

By manner of policy, we require both employees and non-employees performing work on behalf of Agropur to eliminate unsafe conditions from their activities and comply with laws and regulations governing occupational health and safety.

Health and safety must be well managed in all our sites and at all times. To do this, we apply the following principles:

- » A culture of excellence relating to occupational health and safety;
- » Compliance with laws and regulations;
- » Healthy working conditions free from hazards;
- » Prevention of accidents and illnesses;
- » Identification and correction of risks;
- » Promotion of safe work habits;
- » Management of facilities and equipment.

Agropur relies on good management and the commitment of employees at all our sites. Our statistics continually demonstrate the close attention we place on training and risk reduction.

All of Agropur's US employees are covered by our occupational health and safety management system. Employees participate in health and

safety committees monthly. During these meetings, near-miss reports and injuries are discussed along with reviewing corrective actions and reporting on the effectiveness of corrective actions. Employees assist with weekly and monthly safety inspections of the plant work areas as well as emergency equipment (includes fire extinguishers, emergency eyewashes and showers, emergency lights, etc.)

In 2022, our US Operations had a DART rate of 2.83. 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 Recordable Incident Rate of 4.76 in 2022.

All our plants focus on continual improvement, and they've created 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.

Our US accomplishments for 2022 include the IISC Hazard Control Recognition Award, which was given to Agropur's plant in Hull, Iowa.

In our Canadian facilities, Agropur had a Lost-Time Incident Rate of 1.27 in 2022. Our Total Recordable Incident Rate for 2022 was 4.93.



Agropur employees
Lake Norden, South Dakota



Agropur employees
Saint-Hyacinthe, Quebec

In Canada, we set a goal of increasing safety ownership and empowerment at all levels. Key activities during 2022 included:

- » Active Joint Health & Safety Committees in most of our locations.
- » All sites identified their local health and safety top three annual initiatives to reduce risks and accidents/incidents.
- » Some sites are conducting safety observations, including in some location's involvement of members of the JHSC.
- » Identification and monitoring of site objectives for declaration of near miss, thus encouraging employee involvement to identify and act on hazards and risks.
- » Continuation of the Prevention Communication Campaign, focusing on themes that percolated in operations to educate and inform employees on tools and means to identify and control risks. These themes were: hand injuries, lock out/tag out and electrical safety.

In 2022, our Canadian facilities also continued work on increasing risk awareness while eliminating or reducing risks:

- » With the Agropur information management system (KANVA), incidents and near miss are reported and investigated.
- » Continuous trend analysis is conducted monthly, and actions are taken to reduce and mitigate risks.
- » We continued to increase our control of critical risks with local projects and investments based on risk analysis conducted at site level.
- » We continue to publish Safety Alerts, Eyes on Safety and Best Practices to share lessons learned amongst the Canadian sites. In 2022, we started to systematically issue those documents through the Kanva platform, thus expanding our reach in the business.
- » As for the increasing the control of critical risks, the key requirement approach was launched and will continue beyond 2022 with risks identified based the trend analysis of the accidents, incidents and audit results.

Learning and development

The most important ingredient to our success is our employees. That's why we support the "Invest in You" initiative through a variety of employee development programs. From technical skills to leadership, we provide our employees with opportunities to grow and advance their personal and professional skills.

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 2022, Agropur launched its LeadR-Advanced program to aid in the development and career progression of our mid-level leaders. And in 2023 we're adding to the LeadR series with a LeadR-Essentials program which focuses on developing the technical and tactical skills of newly hired or promoted supervisors. To follow, we have provided an overview of the learning and development programs in which our employees can participate.



MentoR



LeadR
Road to Leadership



B-Vision
Elevate your business game



PerformR

Learning and development programs

Mentorship facilitation

The MentoR program offers development and further growth opportunities and supports career progression by being mentored by a leader within the organization. This program has been so successful that we've added to it. Employees now have access to a mentor through MentoR Agropur, for high-potential employees and named successors; MentoR LIFé & Empower for women; and MentoR Function for employees in professional roles. The mentee acquires skills, develops confidence and increases chances of success by achieving personal and professional goals. A total of 75 employees participated in MentoR programming in 2022.

Digital Learning

Making training content easily accessible for employees is a critical aspect to their development. To help with that, we use Workday Learning. This is Workday's Learning Management System that allows us to provide a variety of e-learning courses that are available anytime from anywhere. Currently there

are 1,250 e-learning courses available and they are increasing each year. In 2022, over 39,000 courses were completed by Agropur employees. In addition, we're piloting a program in 2023 with SkillSoft, an education technology company. Via this service, we can provide over 120,000 additional digital learning content items. We are piloting this service with plants that are going live with the SAP implementation.

Leadership Development

While our employees are the key ingredient to our success, their leaders are the secret sauce that brings it all together. Leaders increase engagement, drive strategy, help navigate change, improve the bottom line and so much more. Because of the important roles our leaders play, we provide several development programs for them. Some of those include:

- » B-Vision, which is part of Agropur's strategy for talent retention and succession management. It introduces a stronger focus on business and financial acumen. Aimed at high-potential professionals and executives in all of Agropur's areas of activity, the program develops the business skills of leaders in line with corporate values. B-Vision also targets gender parity to increase the number of women in middle and senior management positions. B-Vision supported 75 leaders in 2022.

» LeadR is a three-level series of leadership programs designed to develop all leaders where they currently are in their careers. LeadR-Essentials, which is currently under development, will provide newly hired or promoted supervisors with the technical and tactical tools needed to manage the business. LeadR-Foundations provides new and front-line leaders with skills to be better equipped for their day-to-day roles in leading people. And LeadR-Advanced provides a deeper understanding of leadership skills required to build and maintain highly effective teams. Each program is divided into multiple modules covering various leadership topics with program duration varying between six and 12 months. In 2022, 152 leaders participated in LeadR.

Performance Management

PerformR is our yearly performance management process for all salaried employees that fosters coaching and 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 conversations and allows employees to take charge of their performance and development. The program was launched in 2020.

Women in Leadership

LIFe in Canada and EmpowHer in the US are women's leadership programs that have been launched by women at Agropur to increase their representation at all levels and support their advancement and skills development. Numerous initiatives, webinars as well as Mentorship opportunities have been introduced.

Agropur Graduate Program and Internships

Developing the rising generation is part of Agropur's sustainability strategy. We support current and graduating students through our Internship and Agropur Graduate programs. Our internships provide students with hands-on experience in the fields of study they are pursuing in school. We provide the interns with two to three meaningful projects that help our business move forward. The program also gives us the opportunity to discover top-tier talent and invite them to come back and work with us after they graduate. Agropur onboarded 111 interns in 2022. The Agropur Graduate program places previous interns and university graduates into key developmental roles, where they work through three to four rotations over a two-year period. The program looks to build business acumen and leadership skills. In the US, Agropur hired six recent graduates in 2022.



We want our people program to resonate with our employees. All our initiatives have a direct impact on employee wellbeing and engagement, which in turn reinforces our position as an employer of choice. Our employees are involved in various internal committees for diversity, equity, inclusion and belonging. They also show great dynamism and generosity when leading our We Care, We Give fundraising activities. We can all be proud that at Agropur, creating a welcoming and inspiring workplace is everyone's responsibility



Liette Vigneault
Senior Vice President,
Human Capital

Diversity, equity, inclusion and belonging

At Agropur, we are convinced that our differences are a strength as we build a workplace and culture in which individuals can recognize themselves and achieve their full potential.

Committing to greater Diversity, Equity, Inclusion and Belonging (DEIB) is one of the keys to our organization's success.

In 2022, Agropur continued to make great progress on diversity, equity, inclusion and belonging initiatives. Our committees sustained their work, while the executive team strengthened their commitment to make sure everyone feels valued, that they belong and that they are treated with respect and dignity.

The organizational development team took on responsibility for our DEIB vision and execution. They presented a strategic plan to our executive team to ensure Agropur attains its goals. DEIB was a topic at our annual

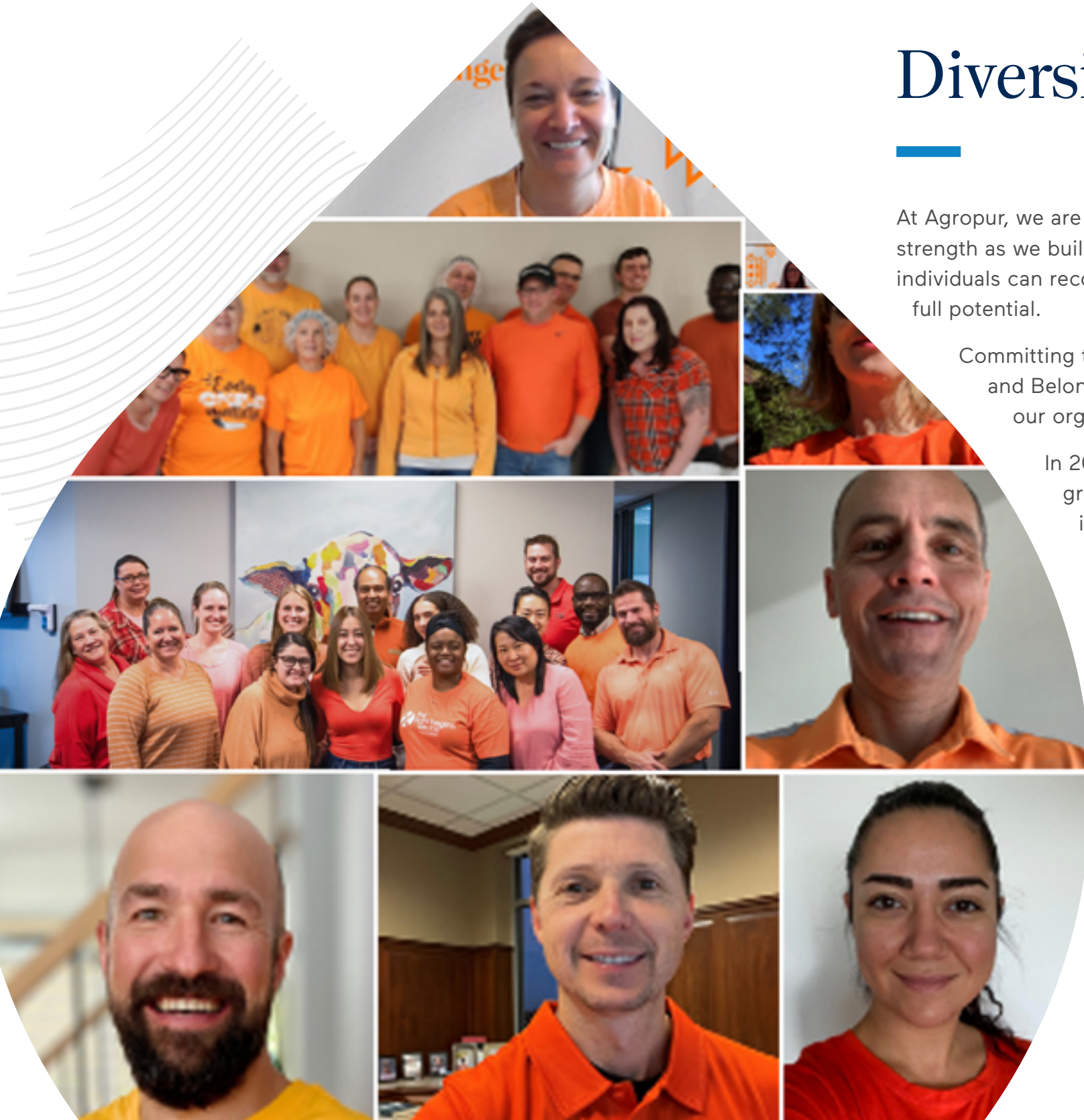
leadership summit and our team expressed clear expectations to leadership.

The IDEAL (Inclusion, Diversity and Equity at Agropur Lives) Committee offers opportunities for our employees to contribute toward building a more diverse, equal and inclusive environment. While originally created for members of diversity groups, IDEAL is now open to all employees.

Employees in 2022 had opportunities to learn in conjunction with International Women's Day, the International Day for the Elimination of Racial Discrimination, the International Day Against Homophobia, Transphobia and Biphobia and the International Day of Persons with Disabilities.

Employees also participated in Orange Shirt Day, which recognizes indigenous communities and honors the children who were forced into boarding schools.

Moving ahead, committees focusing on DEIB issues will continue to help their colleagues widen their perspectives. We recognize we need everyone, working together, to make a better world.



Our tie with the dairy network

It takes many hands to process and distribute our high-quality dairy products, and 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, ensuring 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 cooperative advisors and field service representatives are in daily contact with member owners and dairy producers. 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 team in Canada keeps members updated on business developments and industry trends through regular written communications and member meetings.

Customers

Our global sales team maintains consistent contact with our business customers through regular meetings and 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

Sound governance is the cornerstone of our operations and is what keeps us accountable to our promise of “Better Dairy. Better World.” We do this by ensuring responsible procurement and business, the protection of human rights, and a commitment to data protection and privacy.



Responsible procurement

Achieving a truly sustainable operation requires attention beyond the walls of our facilities. We recognize that our own sustainability efforts in the production process can only be as good as those of our suppliers. 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. Our team also creates a positive effect that ripples 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 and require that 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.





The mission of procurement continues to broaden, and at Agropur, we welcome the new, deeper focus on our responsibility to people and the environment. Although we remain ever vigilant as it comes to our traditional benchmarks of quality, supply assurance and price, the market demands we also strive for sustainability, inclusiveness and innovation when sourcing materials and services. We have eagerly taken a pro-active stance on these issues based on our position to motivate positive change throughout our supply chain.



Jean Bigaouette
*Vice President,
 Procurement*

Spend & supplier strategies

In order to maximize value for Agropur and our customers, any sourcing strategy or project with vendors must focus on inclusiveness, sustainability and risk management.

Leveraging the expertise in our supplier network is a key toward realizing our business priorities on sustainability. As an example, Agropur is progressing on sustainability projects to reduce water consumption in close collaboration with strategic vendors, enhancing the valorization and recycling of waste streams and optimizing packaging.

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. Furthermore, we will introduce a renewed procurement policy in 2023 to strengthen the foundation of the procurement function and the link with our suppliers. We will also start the progressive implementation of a new procurement system and supplier portal.

Agropur benefits from pallet program

Shipping products in an environmentally responsible manner requires that we get the very most from the materials we use.

Agropur has been participating in a returnable pallet program for Canadian and US operations for more than 10 years. Return-and-repair programs add significant life to pallets and therefore reduce waste in our value chain by keeping resources working for as long as possible.

The benefits of the program extend beyond our sustainability commitment. Reuse also saves significant costs. Agropur recycles and refurbishes about 400,000 pallets every year across North America. Our US operations will be focus on expanding the pallet program in 2023.





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: the Ethical trading initiative (ETI) base code and the United Nations Guiding Policies on Business and Human Rights.

Agropur follows the Ethical Training Initiative Base Code as detailed at right.

Agropur also follows the United Nations Guiding Policies on Business and Human Rights. These globally recognized 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.

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



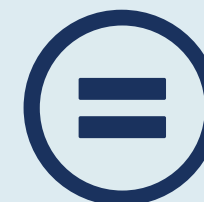
5.

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



Data protection and privacy

In our modern era, high-quality products and exceptional service are no longer enough to maintain the confidence of our customers. Personal information has become a lucrative commodity among criminals, and we recognize our important role in protecting those who conduct business with Agropur. Our commitment to the privacy and security of our customers' personal information is outlined in our comprehensive privacy policy.

In 2022, 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.

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.

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 was founded on principles of solidarity, democracy, self-help and self-responsibility.

And based on these principles, we are emboldened to do our part toward solutions that will strengthen society and protect our planet. Ever dedicated to our pro-social business model, sustainability issues provide the latest landscape surrounding a path we have long been walking.

In 2022, we took a determined step forward with our commitment to develop greenhouse gas reduction goals using Science Based Targets. We recognize the importance of including sustainability in the way we do business and took further steps to integrate ESG activities into our corporate strategy.

Agropur has also supported industry efforts in Canada and the United States to build awareness of sustainability issues among supply chain partners and other stakeholders. We continue to collaborate with the dairy industry through participation in leading industry initiatives including Pathways to Dairy Net Zero, the Sustainable Agriculture Initiative and Net Zero Emissions by 2050.

While we still have a long road ahead, we walk with confidence and enthusiasm toward a better planet and better communities with solutions created through better governance. Our founding principles continue to serve us well as we work to become an example for our industry to follow. As a B2B supplier, we

know we're not only responsible for our own sustainability journey but also contribute to the successes of our customers.

We're encouraged by the positive impacts that have already flourished along this path for the environment, our animals and our communities. Along this path, we are more vigorously striving toward our vision, **"Better Dairy. Better World."**



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		
2-22 Statement on sustainable development strategy		Message from the President and CEO, p.4-5; A word from the sponsor of our sustainable development strategy, p.6-7
2-24 Embedding policy commitments		Taking care of our Agropur family, p. 44; Responsible procurement, p. 54-55; Responsible business, p. 57-58
2-25 Processes to remediate negative impacts		Taking care of our Agropur family, p. 44; Responsible procurement, p. 54-55; Responsible business, p. 57-58
2-26 Mechanisms for seeking advice and raising concerns		Taking care of our Agropur family, p. 44; Responsible business, p. 57-58
2-28 Membership associations		Our ESG approach, p. 9; Responsible procurement, p. 55; Conclusion, p. 61
2-29 Approach to stakeholder engagement		Taking care of our Agropur family, p. 44-45; Diversity, equity, inclusion and belonging, p. 51; Our tie with the dairy network, p. 52
102-1 Name of the organization		About Agropur, p.11
102-2 Activities, brands, products and services		Business-to-business relations, p. 12
102-3 Location of headquarters		About Agropur, p.11
102-4 Location of operations		Our workplaces, p. 14
102-5 Ownership and legal form		Our history, p. 13
102-6 Markets served		Business-to-business relations, p. 12
102-7 Scale of the organization		About Agropur, p.11
102-8 Information on employees and other workers		About Agropur, p.11; Taking care of our Agropur family, p 44-52
102-9 Supply Chain		Sustainable farms, p.16-22; Responsible procurement, p.54-56
102-10 Significant changes to the organization and its supply chain		No significant changes
102-11 Precautionary principle or approach		Included in the Quality Assurance measures

GLOBAL REPORTING INITIATIVE (GRI) INDICATORS	US DAIRY STEWARDSHIP COMMITMENT INDICATORS	REFERENCE
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.4-5; A word from the sponsor of our sustainable development strategy, p.6-7
102-16 Values, principles, standards and norms of behavior		Better governance, p. 53-60
102-17 Mechanisms for advice and concerns about ethics		Anti-corruption and anti-collusion practices, p.58
102-18 Governance structure		Our global governance structure, p. 13; Our history, p.13
102-20 Executive level responsibility for economic, environmental and social topics		Our global governance structure, p. 13
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 to the dairy network, p. 52
102-41 Collective bargaining agreements		Taking care of our Agropur family, p. 44
102-46 Defining report content and topic boundaries		This topic is fully addressed in the 2020 Sustainability Report
102-47 List of material topics		Our materiality assessment, p. 10
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		Appendices, p. 62
GRI Economic Disclosures		
201-1 Direct economic value generated and distributed		About Agropur, p. 11
204: Procurement Practices		Responsible procurement, p. 54-56
207: Tax		Responsible taxation, p. 58
GRI Social Disclosures - Products & Customers		
416-1 Assessment of health and safety impacts of product and service categories	Food Safety	Premium milk, p.23; Product safety and quality, p.38; Our commitment to healthy living, p.39-41
	Traceability	Premium milk, p.23; Product safety and quality, p.38; 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. 60

GLOBAL REPORTING INITIATIVE (GRI) INDICATORS

**US DAIRY STEWARDSHIP
COMMITMENT INDICATORS**

REFERENCE

GRI Environmental Disclosures

Environmental Responsibility

302 Energy	Energy Use	Energy management, p. 25-27
305 GHG Emissions	Greenhouse Gas Emissions	Greenhouse gases, p. 28
303 Water Withdrawal	Water Management	Water management, p. 30
306 Effluents and waste		Water management, p.30; Residual materials, p.32-33
301 Materials	Resource Recovery	Residual materials, p.32-33
308 Supplier Environmental Assessment		Sustainable farms, p.16-22; Responsible procurement, p.54-56

GRI Social Disclosures - Employment

Workforce Development

	Human Resources - Total FTEs	About Agropur, p.11; Taking care of our Agropur family, p.44-52
401-2 Benefits provided to FTEs	Employee Benefits	Taking care of our Agropur family, p.44-52
403-6 Promotion of worker health		Be a top employer, p. 45
	Employee Retention	Taking care of our Agropur family, p.44-52
403-9 Work-related injuries	Worker Safety	Health and safety, p. 46-47
401 Employment Engagement	Employee Engagement	Employee engagement, p. 45
405 Diversity and Equal Opportunity		Diversity, equity, inclusion and belonging, p. 51
404-2 Programs for upgrading employee skills and transition assistance programs		Learning and development, p. 48-50
404-3 Percentage of employees receiving regular performance reviews		Learning and development, p. 50
408 Child labor		Human rights, p. 59
419 Forced or compulsory labor		Human rights, p. 59
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		Product safety and quality, p. 38

Community Contributions

	Community Volunteering	Not applicable in 2022
	Monetary and Product Donations	Taking care of our communities, p. 43
	Educational Opportunities	Not applicable in 2022
	Product Contributions	Taking care of our communities, p. 43