



Environmental, Social and Governance

REPORT • 2023



AGROPUR

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Plant in Lake Norden, South Dakota

About this report

This report provides an overview of Agropur’s economic, social and environmental activities covering the fiscal year that extended from Nov. 1, 2022 to Oct. 28, 2023.

It should be read in conjunction with Agropur’s 2023 Annual Report. Significant activities, case studies and data from prior to 2023 have been included where relevant to provide additional informative context. This is Agropur’s third 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 follows our 2021 and 2022 Environmental, Social and Governance reports. Each of our reports are based on the Global Reporting Initiative (GRI) core option standards.

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





Roger
Massicotte
President



Émile
Cordeau
CEO

Message from the President and CEO

A cooperative committed to future generations

For 85 years, Agropur has continually built on its dairy processing activities to make a difference in our communities for future generations. The Cooperative is proud of its roots and takes care of the environment while ensuring animal welfare.

The Cooperative gives environmental, social and governance (ESG) issues the emphasis they deserve: they are part of its DNA. We've found in recent years that the industry must better measure the improvements it has made and better communicate what is being done on the farm and in the value chain. It is important that these efforts align with consumer expectations. In terms of sustainable development, expectations of large organizations are increasingly high, and, as one of the largest dairy processors in North America, Agropur wants to be part of the solution.

This 2023 report on Agropur's ESG performance is all part of an approach that recognizes the necessary role of these criteria in the Cooperative's development. Methods of dairy

processing that respect the environment and social responsibility are reflected in our structured, rigorous and transparent approach.

Raising the importance of sustainable farms

Over the past few months, the Sustainable Farms pilot project has enabled Agropur to closely collaborate with some of its members. The Cooperative has thus been able to discover concrete, practical avenues for adopting a sustainable development approach on the farm. The idea behind the pilot project was to better understand how to measure performance and adopt best practices for the environment and animal welfare on the farm and to support members in their own processes.

The Sustainable Farms program gave participants valuable information on their performance, on their improvements and on comparing their results with those of other farms. Ultimately, it showed that the Cooperative is well placed to create synergies between member dairy farms and our roles as a processor. Agropur plans to

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Agropur head office in Longueuil, Québec

use the results of the Sustainable Farms program to support its members. Agropur also works in close collaboration with US farmers who supply us milk on their sustainability progress.

Healthy and inclusive workplaces

As the largest dairy processor in Canada to be owned by dairy farmers, Agropur is in a unique position to support promising initiatives, both on the farm and in our plants.

In terms of its social and community impact, Agropur ensures that workplaces are safe and

welcoming for employees, in addition to promoting equity, diversity and inclusion. The Cooperative also reinvests a portion of its profits in the communities where it is established, in order to value the work and involvement of its members.

Numbering close to 3,000 farmer members in Canada, nearly 7,500 employees, and 30 processing plants in North America, Agropur works actively and enthusiastically on the challenges of ESG. Members, employees, partners and even our clients must work together -- at every step in the dairy product value chain -- to take on the challenge of climate change.

These efforts are aligned with the promise that drives the Cooperative: "Better Dairy. Better World."

Since its foundation in 1938 and through all of its growth, the Cooperative has held to its founding principles. It's a great source of pride for our entire organization and we remain more committed to our cooperative than ever.

All the best,

Roger Massicotte,
Agropur President

Émile Cordeau,
Chief Executive Officer



A word from the sponsor of our sustainability strategy

Concrete actions to stay efficient

With “Better Dairy. Better World.”, Agropur makes a fundamental commitment to sustainable development by working with its farmer members, employees and other industry partners. In taking this approach, Agropur seeks to help raise the standards that govern its sector. In 2023, we made many realizations in climate action and regenerative agriculture.

For Agropur and the entire global food industry, reducing greenhouse gas (GHG) emissions is the main issue driving our collective measures. Everyone has a hand in these collaborative efforts, and the response of producers, processors and other industry players has been positive.

Ambitious and realistic targets

The urgency of taking action has been underscored by the growing number of consumers who are not only looking for quality in their dairy products, but transparency and responsibility, as well.

In 2023, Agropur announced its greenhouse gas reduction targets. The targets were developed with the Science Based Targets initiative (SBTi), a partnership between the Carbon Disclosure Project, the United Nations Global Compact, the World Resources Institute and the World Wildlife Fund, which carried out a thorough review of these targets. As a result, Agropur committed to reducing the GHG emissions generated by its plants in Canada and the United States by 30% by 2031. The Cooperative also committed to reducing GHG emissions per kilogram of milk processed throughout the value chain by 24%. These are ambitious targets that make the Cooperative an agent of change in the industry.

To reach its objectives, Agropur will continue its efforts to increase energy efficiency and the percentage of renewable energy it uses, both in Canada and in the United States. Agropur will also continue to support dairy producers hoping to reduce the carbon footprint of their farms. Numerous industries are converging to better meet the imperatives our planet is facing.

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Diane Bertrand
Senior Vice President,
Corporate Affairs and
Cooperation



In constant evolution

Environmental, social and governance issues are evolving rapidly in the global food industry. Agropur is keeping pace to stay efficient and support its members and customers.

In the last year, Agropur supported Canada’s National Index on Agri-Food Performance. This coalition of private-public partners works to present an integrated picture of sustainability for Canada’s agri-food sector from food production to retail. The common objective is to demonstrate and monitor the sustainability of Canada’s agri-food sectors. Members of our team also played active roles in supporting dairy sector initiatives,

such as Québec’s Living Lab – Carbon Neutral Milk led by Novalait. In the United States, our team supported the Wisconsin Cheese Makers Association and the Innovation Center for U.S. Dairy, the Dairy Sustainability Alliance and the Sustainable Agriculture Summit, as well as processors’ working groups.

In 2023, the Agropur team received two grants from the US Department of Agriculture. Both grants will support US dairy producers in the adoption of more environmentally friendly practices. It is with actions like these that we stay faithful to our vision and values.

In this 2023 ESG report, you’ll learn the full extent of Agropur’s

involvement in Canada and the United States. This involvement testifies to Agropur’s commitment to innovate and collaborate with its many stakeholders in continuing to provide high-quality, nutritious food with these principles in mind.

We’re proud to adopt solutions that contribute to our society.

Thanks for reading,

Diane Bertrand
Senior Vice President, Corporate Affairs and Cooperation

Ferme Rodrigue in Saint-Anaclet, Québec



About Agropur

Agropur is a North American dairy leader and a major, global supplier of products to the retail, food service and industrial food product sectors. We also offer an impressive roster of trusted consumer brands.

Our dedication to quality provided the means for our once small, local cooperative to become one of the world's largest dairy companies. Founded in 1938, we're among the world's largest dairy processors, with sales of C\$8.2 billion in 2023. We're owned by about 3,000 dairy farmer members and have approximately 7,500 global employees.

We are proud of our cooperative model, which is based on sharing wealth. Each year, Agropur distributes patronage returns to our members, depending on their annual dairy production and the Cooperative's financial situation. In 2023, Agropur processed more than 6.6 billion liters of milk in our North American plants.

Our strategic vision is to be the key dairy partner for the food industry. Today, Agropur continues to hold firm to the principles that guided our growth, and comprise our promise: "Better Dairy. Better World."

C\$546M

Operating income

C\$8.2B

Sales

C\$113M

Net surplus

C\$50M

Patronage returns

Global headquarters

Longueuil, Québec
Canada

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 and Wisconsin
- » **International sales offices:** Geneva, Switzerland; Santiago de Querétaro, Mexico; Shanghai, China; Singapore





Business-to-business relations

Agropur's dedication to quality has been essential to our positioning as the key dairy partner to the global food industry.

As families across Canada trust our many successful consumer brands, companies around the world rely on Agropur for the exceptional products they need to meet their brand promises. Our business-to-business (B2B) sales account for a significant percentage of our global sales and we export to more than 60 countries.

Today, consumers around the world enjoy our cheese and ingredients at restaurants of all sizes, including many popular chains. We also supply distributors and our products are behind many of your favorite 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 is one of North America's leading dairy processors and one of the largest dairy producers for private label brands in Canada. We are a major supplier to the retail, food service and industrial food product sectors.

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. Our B2B customers recognize that we put the same high degree of excellence into their brands as we do our own.

Our brands, a standard of excellence

Natrel

MONSIEUR
GUSTAV

OKA

Farmers

Québon

Lucerne
SINCE 1904

**island
FARMS**



SCOTSBURN

Sealtest

AGROPUR
Grand Cheddar
CANADIAN RESERVE

Central Dairies

L'EXTRA

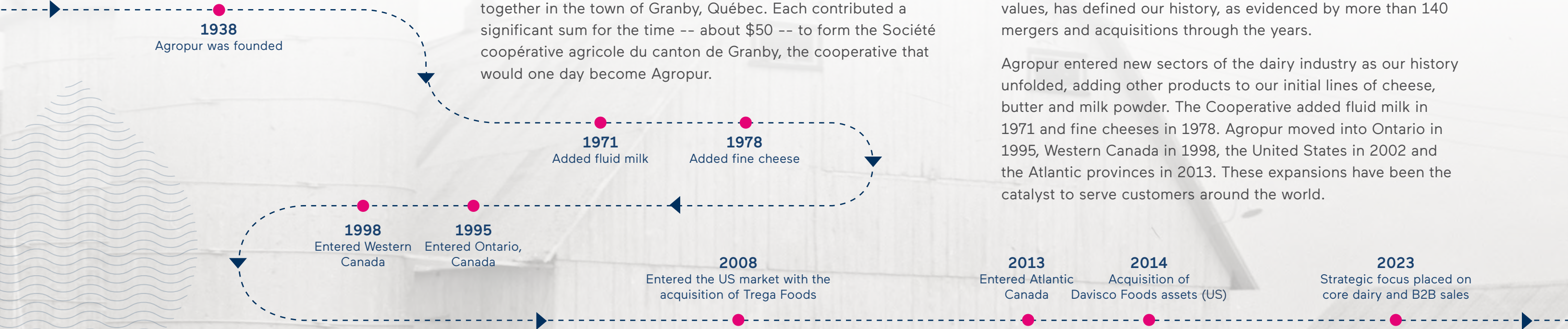


Our history

One of the world’s largest dairy processors began humbly, flourishing from the efforts of two men who recognized the strength that comes with cooperation. In 1938, agronomist Alpha Mondou and farmer Omer Deslauriers brought 87 local farmers together in the town of Granby, Québec. Each contributed a significant sum for the time -- about \$50 -- 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, cooperation and autonomy. Although our organization 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. The Cooperative added fluid milk in 1971 and fine cheeses in 1978. Agropur moved into Ontario in 1995, Western Canada in 1998, the United States in 2002 and the Atlantic provinces in 2013. These expansions have been the catalyst to serve customers around the world.



1938
Agropur was founded

1971
Added fluid milk

1978
Added fine cheese

1998
Entered Western Canada

1995
Entered Ontario, Canada

2008
Entered the US market with the acquisition of Trega Foods

2013
Entered Atlantic Canada

2014
Acquisition of Davisco Foods assets (US)

2023
Strategic focus placed on core dairy and B2B sales





● Ferme Rodrigue in Saint-Anaclet, Québec

Agropur celebrates 85th anniversary

An important milestone in Agropur’s history offered an opportunity to reflect on the Cooperative’s strong foundation and the bright future we’re building upon it.

Agropur commemorated its 85th anniversary throughout 2023. The occasion brought focus to all that has transpired since the Cooperative was organized on August 24, 1938. Once a small co-op in eastern Canada, its story has been defined by bold action and steady growth. Today, the Cooperative is a leading global supplier of high-quality dairy products.

We published an anniversary cookbook that included 85 recipes highlighting Agropur’s dairy products.

The Cooperative also marked the anniversary with “The Faces of Agropur,” a series of profile

articles highlighting our members and dedicated employees from throughout the company.

Agropur celebrated other important anniversaries across the cooperative in 2023.

Agropur commemorated the 40th anniversary of its Young Cooperative Leaders Program. The initiative teaches young leaders between the ages of 18 and 35 the principles of governance and associative life specific to the Cooperative. Agropur is proud to have trained more than 1,600 young people since 1983.

Agropur’s Club of Excellence marked its 35th anniversary. The club recognizes our dairy farmer members and their achievements toward milk quality and animal welfare. Since its creation in 1988, the Club of Excellence has welcomed more than 2,000 winners into its ranks.

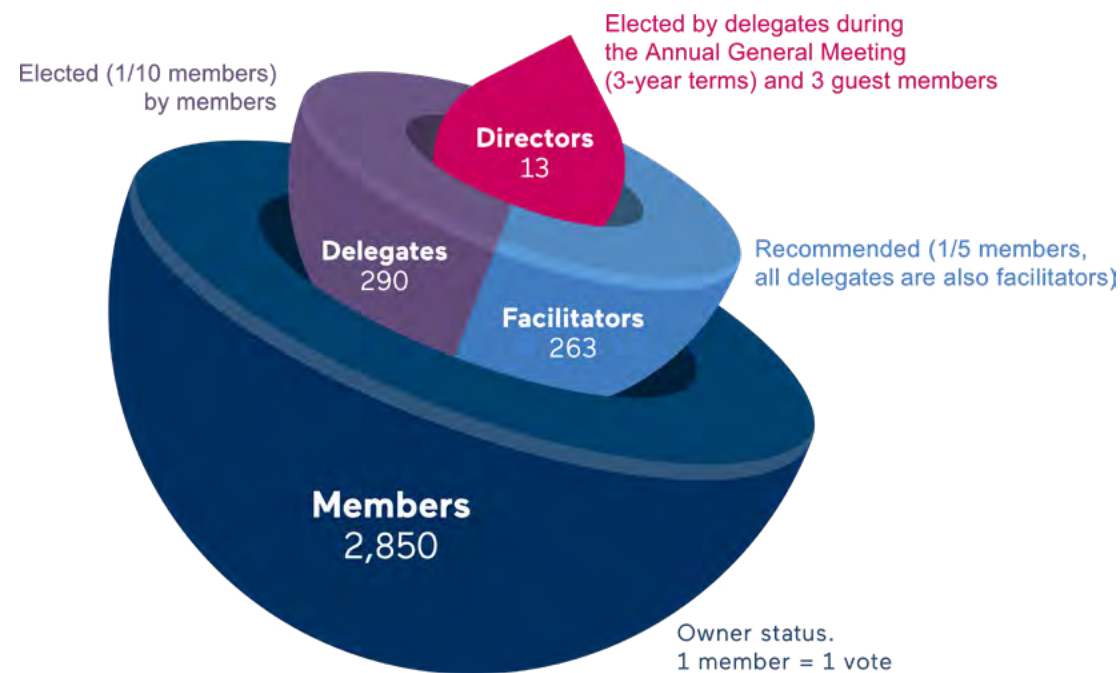


Our governance structure

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.

Agropur’s global sustainability governance is led by the Board of Directors’ Sustainability Committee, which is comprised of six directors, led by the President, as well as senior staff members who meet at least three times per year and report their work to the Board. The committee sets a long-term strategic vision and establishes priorities. It also reviews initiatives and can make recommendations to the Board on sustainability topics. Members are informed by sustainability strategy sponsors and employees responsible for the performance measures applicable to sustainability across the organization.



Roger Massicotte
President,
Mauricie-Portneuf, 2003



Jeannie van Dyk
Vice-President,
Atlantic, 2013



Stéphanie Benoit
Vice-President, nominated and
elected by universal suffrage,
2015



Roger Beaulieu
Est-du-Québec,
2014



Alex Berthiaume
Chaudière-Appalaches, 2020



Michel Boisvert
Montréal, 2017



Johanne Camiré
Érable-Seigneuries,
2022



Céline Delhaes
Nominated and elected by
universal suffrage, 2011



Alain Forget
Laurentides-Lanaudière, 2014



Jean-Pierre Lacombe
Salaberry-Richelieu,
2007



Martial Lemire
Nicolet - Bois-Francs,
2019



Valère Lieutenant
Estrie-Granby, 2012



Emmanuelle Vincent
Next-Generation
Director, 2022



Pierre Lessard
Guest member



Martine Rivard
Guest member



Paul Wagstaff
Guest member

Board of Directors’ Sustainability Committee member

Our ESG approach

Agropur has close to 7,500 employees and 3,000 dairy farmer members who work to bring out the very best in milk. It is our continuous goal to bring great tasting, nutritious dairy products to families around the world. We strive to do so in a manner that respects our planet and strengthens the ties with our communities. We truly believe that better dairy can contribute to a better world.

As the food industry's key dairy partner, Agropur is aware of its major responsibilities and is constantly striving to improve. It's an effort that is larger than our cooperative. As a B2B supplier, we play an integral role in our customers' sustainability efforts.

Agropur's ESG strategy came into focus in 2020 when we conducted a materiality assessment with help of a

globally certified third-party 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 develop an ESG plan. We also wanted to align our operations with the global dairy industry's current sustainability goals.

The materiality assessment is a globally recognized tool used by all industries to identify key areas for sustainability planning, program design and reporting. The process involved key stakeholders and served as a milestone from which our sustainability journey has continued to evolve.

This exercise revealed a significant shift in the dairy industry from a qualitative approach of corporate responsibility to one of sustainability. Companies are



Agropur has proudly adopted the U.S. Dairy Stewardship Commitment, affirming to our customers, our consumers and the global marketplace, Agropur's pledge to responsible dairy production as we nourish the communities we serve. For more information about the U.S. Dairy Stewardship Commitment, go to: <http://commitment.usdairy.com/>.

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, we initially updated our sustainability themes to focus on

five core areas and a global governance structure to support our continual growth in the sustainability space.

We since narrowed these themes to three core areas: Better Planet, Better Communities and Better Governance. These represent the overarching goals of all our sustainability efforts and each is presented in greater detail in this report.



Our 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 sustainable development approach.

Dairy farmers and member owners

Our Cooperative Advisors and field service representatives are in daily contact with member owners and dairy farmers. They provide training and technical assistance on milk quality, animal-welfare 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 ESG reporting and facility reviews such as the SEDEX/SMETA audit.

Consumers

Agropur carries out periodic surveys of its Canadian 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 various 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 survey 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.

Agropur works with leading dairy organizations across North America:



Better planet

From the farms to our facilities, Agropur's dedicated members and teams work every day toward achieving our "Better Dairy. Better World." promise. We recognize that better dairy extends beyond great taste, nutrition and exceptional quality. It also means dairy that is produced in a sustainable manner that respects animals and our environment. In this section, we will feature the strides we've made toward achieving a better planet. It details our work and progress in sustainable farming, animal welfare, milk quality, responsible operations and innovation.



Our Sustainable Farms Program

Agropur is concerned about the well-being of our members and the communities in which we operate. Cooperation and solidarity have been part of our DNA for 85 years and play an important role in our commitment to animals and the environment.

Agropur created its Sustainable Farms pilot project in that spirit, and based on its success, the program will continue forward.

Studies show that quality animal care results in high-quality milk. The dairy industry also supports good sustainability practices and the reduction of greenhouse gas emissions. Consumers are interested in how milk is produced before they buy it. Our clients also have expectations regarding their business partners and seek processors that can help fulfill their objectives.

Agropur launched the pilot project in 2022 to create a process of collaboration with our members in Canada. The pilot project had the following goals:

- » Learn more about members' farming practices.

- » Better support them in their efforts.
- » Increase communication with our business partners and customers on producer efforts.
- » Build public trust.

The Sustainable Farms Program will make it possible to:

- » Measure on-farm GHG emissions and key performance indicators (KPIs) about animal welfare and environmental practices.
- » Identify potential for customized solutions.
- » Continued communication on good practices regarding animal welfare and the environment.

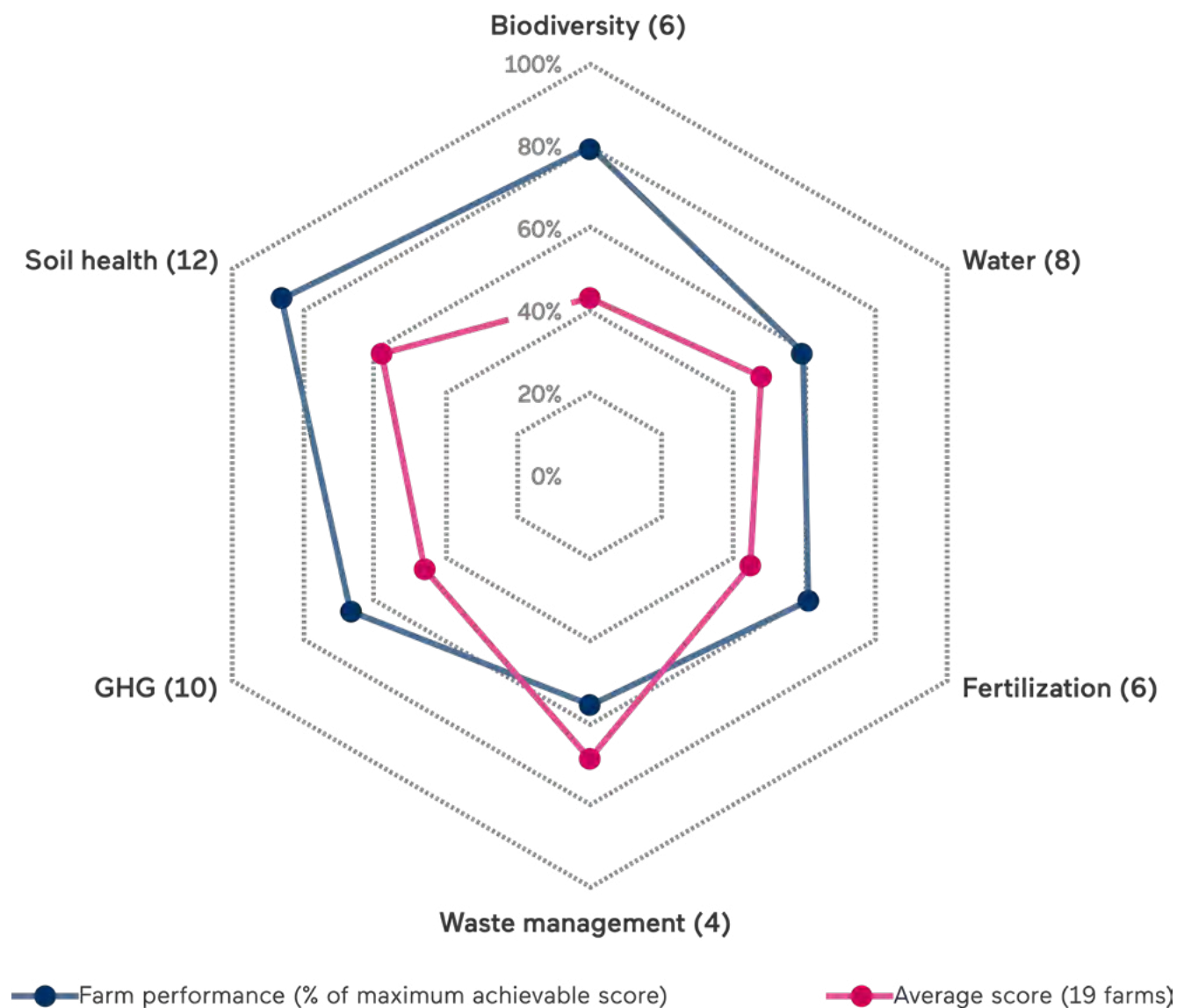
A total of 43 member farmers from Québec, New Brunswick and Nova Scotia volunteered to take part in the pilot project. Of these, 28 took part in the animal welfare component, and 19 in the environmental component. Among them, four members participated in both components.

The Sustainable Farms Committee, consisting of five members of Agropur's Cooperation team, developed and deployed various initiatives during this pilot project and in preparation for 2024

Ferme Morine in Coaticook, Québec



Sustainable Farms performance mapping



and subsequent years. Committee members devoted 37.5 hours to these initiatives.

Dairy Sustainability Framework criteria

The dairy industry is evaluated on the basis of 11 criteria of the Dairy Sustainability Framework. These criteria include GHG emissions, water, biodiversity, waste management and animal welfare. They're evaluated throughout the value chain starting at the farm. We launched the pilot project to understand how to measure criteria on the farm, to create a value-added opportunity to the information already available and then to help producers identify areas for performance and improvement. We were successful in the pilot project in finding solutions *with* our members.

The vision is to establish an annual cycle for dairy farmers. In other words, it's a data-accounting exercise in sustainability. Thanks to this data and the performance indicators established, the pilot project provided participants with a snapshot of their farm's current situation, as well as pointers for preparing the next steps and monitoring their progress.

After the reference year, or baseline, the results of member efforts will be assessed over time – whether it's about GHG inventory, or environmental or animal welfare indicators.

Member data speaks for itself on a range of indicators. For instance, it provides added value to the information housed within proAction results. Dairy farmers have a goldmine of data that is relevant to the profitability of their businesses, the health of their animals and land -- and the prosperity of their Cooperative.

Environmental component

The participating members from Québec, New Brunswick and Nova Scotia represent 24.06 million kg of corrected milk in 2021.

- » Four online focus groups were held regarding process, learnings and reports.
- » Personalized results were later given to each member during in-person meetings. Every member was met by the Cooperative Advisor, representatives from the third-party service provider responsible for the reports, and when possible, the Sustainable Agriculture Advisor, for a total of 19 meetings.
- » The Sustainable Farms team offered a webinar on results with three members invited as panelists. Those members were invited to share their experiences, and the major points of the reports were presented to attendees.

One major lesson of the project was the importance of enteric fermentation and manure management as main sources of GHG

on dairy farms. While widely reported in the literature, participating members were still surprised by the results. These two categories amount to over 75% of total GHG emissions every year.

	2018-2020	2021
Herd, enteric fermentation	49%	47%
Manure storage and management	29%	29%
Soils and crops	13%	14%
Combustion of machinery	6%	6%
Refrigeration, air conditioning	1%	1%
Organic waste management	0%	0%
Land use change	0%	0%
Indirect emissions	3%	4%
Total	100%	100%

Results showed feasible paths for reducing the GHG intensity of milk by 2031. Solutions that already exist could be effective both toward reducing GHGs and optimizing financial health of the farms. They include producing the same quantity of milk with fewer animals, optimizing animal health and longevity and better practices regarding manure storage and spreading management.

The project also measured environmental key performance indicators. Results were presented with the

average for all participating members, so each member could compare performance against their peers.

Agropur’s Sustainable Farms Program aims to deliver personalized diagnostics as well as a personalized pathway toward improvement. Both the GHG results and the key performance indicators are a baseline that, in time, will demonstrate the results of efforts deployed by each member.

Animal welfare component

The members who participated in the animal welfare component represent 35.71 million kg of corrected milk in 2021. The program explored animal health, health-related practices and included herd assessments. We were able to compare practices across farms and show producers how their herd health compared to national figures in several key areas.

We learned a lot in the past year and continue to refine our process and adapt. We received helpful feedback from participants on the right approaches. The entire Cooperative will benefit from this experience.

Ferme Pittet in Saint-Tite, Québec



Supporting our producers

The roots of Agropur’s sustainability journey are planted in the farms that supply our wholesome milk. As partners, Agropur is committed to helping dairy farmers in Canada and the US improve their environmental practices and animal care.



The Dairy Farmers of Canada proAction program is a national on-farm assurance tool that includes multiple sustainability modules including Milk Quality, Food Safety, Animal Care, Livestock Traceability, Biosecurity and Environment. Compliance with proAction is mandatory for all dairy producers in Canada.

In 2021, proAction rolled out its environment program, which addresses issues such as soil conservation and health, water use and management, biodiversity and energy use. In 2022, Dairy Farmers of Canada set a goal to reduce emissions and sequester carbon at the farm level. DFC is committed to achieving

net-zero emissions from farm-level dairy production by the year 2050.

In the United States, dairy producers are assessed through the FARM (Farmers Assuring Responsible Management) program. Assessments collect on-farm data to calculate carbon and energy footprints for the farms.



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.

Premium milk

Consumers expect on healthy, tasty dairy products when they buy them. They’re also increasingly careful about the foods they consume. As such, Agropur’s success and prosperity depend on obtaining the highest quality milk for the Cooperative.

We therefore work closely with our members and dairy farmers to help ensure top-quality milk supplies. We consider these efforts as an important investment.

Premium milk is a raw product that is easier to process. Once processed, it enables better shelf life of products and therefore more efficient use of resources in the supply, processing and distribution chain to prepare them.

High-quality milk takes teamwork

Agropur works closely with our farmers and provides key resources that help them maintain milk 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 2023, Agropur’s Canadian Cooperative Advisors conducted 2,626 interventions for 775 of our member producers.

In the US, our field service representatives visit six to eight farms per day to monitor production indicators and provide support where needed.

Our efforts for quality have been successful by several measures:

- » A dozen members have been recognized each year since 1988 for their milk quality via the Club of Excellence Milk Quality Award.
- » In 2023, an average of 28.5% of our Québec members were able to benefit from the most rigorous premium for milk quality, monthly.



Agropur supports dairy farmers’ 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.





● Ferme Karona in Plessisville, Québec

Agropur members participate in sustainable agriculture living laboratories

Some of Agropur's members in Québec are participating in a living lab project that will contribute to the Canadian dairy industry's goal of carbon neutrality by 2050.

In July 2023, the Canadian ministry of Agriculture and Agri-Food announced an investment of \$16.2 million to create two new living laboratories in Québec. The lead partners for these two new living laboratories are L'Union des producteurs agricoles (UPA) and Les Producteurs de lait du Québec (PLQ).

These on-farm collaborative innovation projects bring together producers and scientists, who will co-develop and test innovative practices and

technologies to accelerate the agri-environmental shift.

To equip dairy producers and stakeholders in this sector to meet the carbon neutral targets, PLQ mandated Novalait to develop the Living Lab - Carbon Neutral Milk collaborative research project. Agropur is a founding stakeholder in the research organization and actively contributes to Novalait through its board of directors, committees, development and follow-up.

Beyond the participation of our farmer members, Agropur will continue sharing its expertise in sustainable agriculture and provide a supportive approach in initiatives to the dairy industry.



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 the National Farm Animal Care Council's Dairy Cattle Code of Practice, which assessed through the proAction program.

In Canada, Agropur's team of Cooperative Advisors, made up of seven agronomists, take the interests of our dairy farmers 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.

For example, Cooperative Advisors were equipped with tablet computers in 2023 for their on-farm

interventions, which supports a more interactive exchange and assists in knowledge transfer with members. They've improved efficiency in documentation and recording and reduced dependence on paper.

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.

Investing in our members

Our Animal Welfare Services department assists our members in several ways. In 2023, 71 of our members were supported financially to attend conferences pertaining to animal welfare. Training support for our members in 2023 included 21 members who attended Colloque sur la santé des troupeaux laitiers, 25 members who attended Dairy Focus Atlantic, and 25 members who participated in Symposium sur les bovins laitiers 2023.



Ferme Morine in Coaticook, Québec



As we look back on 2023, it is remarkable how much we have been able to accomplish with our members and the dairy industry. The process and the results support Agropur's continued journey to demonstrate our actions regarding sustainability along the value chain. Our members are keen for what's next after the pilot project and are curious to know their own performance. What is clear to us all is that the ability of our members to measure and improve in time will have a direct and lasting impact on the success of the Cooperative.



Sophie Neveux
Sustainable
Agriculture Manager

We provided support to 15 members and 33 Spanish-speaking employees to receive on-site FIATÉ training in 2023. A collaboration between Agropur and Lactanet allows us 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 2023.

Codes of Practice

The Codes of Practice are nationally developed guidelines in Canada 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.

The Dairy Cattle Code of Practice was recently revised with an updated version published in spring 2023. Effective April 1, 2024, the revised code will have an impact on laws, regulations and proAction.

The updated code was prepared using a unique collaborative approach to arrive at shared and sustainable guidelines for the care of farm animals.

Agropur took part as an observer in the code drafting process and public consultation period. We also asked members to submit their views during the consultation.

Our own comments were based on science, reflected international standards, and considered the contexts of Canadian dairy farmers.

Agropur believes the new code provides additional evidence of the evolution of our industry. The Code, which is based on an in-depth examination of the latest scientific data, represents an important step forward. As a processor, we believe the updated version makes significant improvements to the care and handling of dairy cattle.

Agropur recognizes that changes triggered by the new code may have considerable impacts on some of our members and we intend to work closely with stakeholders to find solutions that will enable our industry to move forward.

Cooperative Advisors will support members by assisting with the application of the new Code or helping to implement animal welfare best practices.

Measuring our reach

In addition to launching programs and initiatives, measuring the impact of our animal welfare efforts is a priority. In 2023, Cooperative Advisors provided 54 animal welfare interventions to 47 members. Of them, 70% were conducted on farms.



focus »»» on



◆ Atlantic Farm Mechanization Show, Moncton, New-Brunswick

Agropur shares its sustainability progress

Agropur is proud of our progress and dedicated to continually improving our sustainable practices. We also recognize the importance of keeping our stakeholders informed about and involved in this important journey.

Agropur showcased our sustainability efforts during three industry events in 2023. Our messages focused on Pathways to Dairy Net Zero and initiatives in place for each of Agropur’s pillars such as the 100% recyclable packaging used for our OKA cheese, our transition to LED lighting within our plants as well as the Sustainable Farms Program.

Agropur had booths focused on sustainability at:

- » Salon de l’agriculture, which took place on Jan. 17-19, 2023, in Saint-Hyacinthe, Québec;

- » The Atlantic Farm Mechanization Show, which took place on March 7-9, 2023, in Moncton, New Brunswick;
- » Dairy Focus Atlantic, which took place on March 29-30, 2023, in Moncton, New Brunswick.

Our member producers in Canada took part in a March 2023, interactive webinar that focused on Agropur’s on-farm approach to sustainability in the United States. The webinar offered an opportunity for our members to learn how fellow dairy farmers in the US are contributing to the Cooperative’s sustainability goals.

Our September 2023 facilitators’ webinar had a sustainability focus. The event included Agropur President Roger Massicotte, three participants in the Sustainable

Farms pilot project and sustainable agriculture specialists Sophie Neveux and Etienne Dupont.

During the webinar, member and pilot project participant Éric Houle said he was motivated to join the pilot in wanting to know how his farm compared to others.

“I also wanted to know what I could do as a member to help Agropur sell our products,” he said. “At the end of the day, it’s all going back into our pockets. It’s always been important for us to do sustainable agriculture so that it’s viable for generations to come.”



Plant in Notre-Dame-du-Bon-Conseil, Québec

“

Agropur’s model for Operational Excellence encompasses all that we do, including efforts to strengthen our ESG performance. In operations, water and energy waste is one of our pillars for focused improvement. We continue to make important progress.



Brad Cashaw
Chief Operations Officer

Responsible operations

Agropur is proud of its wholesome and nutritious products and we strive to produce them in a responsible manner. We do so because it’s important for our customers and our communities. We’re also pleased to report that these efforts have also provided significant benefits to our business. By becoming more efficient in our use of energy and water, we’re saving money on production costs and we are always looking for

additional opportunities to improve. It’s been a winning formula in all aspects and explains why sustainability has been a major focus throughout our industry. Through hard work, problem-solving and dedication, our teams continue to find innovative solutions.

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's continual efforts to reduce energy consumption make great sense for our business and for the planet. It's a win-win scenario and it's why Agropur's energy team is important to our overall sustainability efforts. Currently, we use a variety of energy sources: some of our facilities are powered with renewable energy sources such as wind, solar and hydropower. Others receive energy from power plants that have not yet transitioned to renewable energy. As signatories of the US Dairy Stewardship Commitment, we take pride in contributing to the industry's goal of net zero emissions or better by 2050 through two major objectives: reducing our energy intensity and increasing our use of renewable energy.

Energy efficiency

Agropur follows Energy Star guidelines for energy management as provided by the US Environmental Protection Agency at all our US facilities to help deliver long-term savings.

Our team is committed to finding impactful ways to reduce energy consumption and has been successful in recent years through several methods:

» **LED lighting:** Agropur's US operations began converting fluorescent and HID lighting to efficient LED lighting in 2017. All our US plants now have nearly 100% LED lighting, which saves more than 5 million kWh annually, or roughly 2% of our total electricity use. Our Bedford, Nova Scotia, plant

converted all lighting in their production area to LED in 2022, which is saving roughly 1% of the plant's total electricity use.

- » **Variable Frequency Drive (VFD) installation:** 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 system maintenance:** Our maintenance department conducts steam trap studies and boiler tune-ups every year to ensure our 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.
- » **Leak detection:** 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

More than half of Agropur's energy use in Canada is provided by renewable sources such as solar, hydroelectricity, wind and tidal. Sustainable wastewater treatment technology at our Jerome, Idaho, and Little Chute, Wisconsin, plants aim to reduce organic load, decrease electricity consumption, repurpose waste, reduce emissions and produce a renewable energy stream.

Agropur has launched other initiatives to integrate renewable energy into our operations, including a biogas line at our Luxemburg, Wisconsin, facility which runs from the wastewater treatment plant 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, which is created as part of wastewater treatment. The boiler generates steam for the plant on renewable biogas when available.

Our Lake Norden, South Dakota, facility utilizes an anaerobic digester and biogas generation technology as part of its wastewater treatment processes.





Plant in Little Chute, Wisconsin

Agropur's Little Chute plant: designed for maximum efficiency

Energy efficiency was a major goal when designing Agropur's latest facility, which became operational in 2023. Our new 210,000-square-foot plant in Little Chute, Wisconsin, produces individually quick frozen cheese sticks as well as string cheese. Agropur designed it with an objective to create the most efficient plant possible through current technologies and best practices.

Our team utilized the New Construction Design Assistance program, available through Focus on Energy in Wisconsin, to help create energy models and make determinations on the most efficient options for lighting, HVAC, and other building envelope technologies. Based on these recommendations, the plant is saving 575,000 kWh per year over what basic building codes require.

Boilers at the new Little Chute plant capture the waste heat from the exhaust air to pre-heat water. Waste heat is also recovered from the blowdown water for additional pre-heating. This is estimated to save 7,200 Dth per year, or 6% of the Little Chute plant's annual gas usage.

Refrigeration in Little Chute is done with ammonia, which is classified as a natural refrigerant that does not contribute to global warming or ozone depletion, unlike other synthetic refrigerants. The system was designed to incorporate all other controls and refrigeration best practices to save an estimated 1.9 million kWh a year.

Compressed air at Little Chute is done with high-efficiency VFD-controlled air compressors. Ducting was added to the hot exhaust air, which allows for free heating to the adjacent rooms within the plant during the winter months.

VFD motor controls were also installed on various motors, pumps and fans totaling more than 8,000 HP. This allows for the most precise and efficient way to operate process equipment.

Greenhouse gases

Climate change

Agropur recognizes the risks that climate change present to the environment and our communities. With unprecedented severe weather events, climate change could directly impact Agropur’s supply chain and the global food system. Agropur recognizes the significant role we play in the value chain, which is why we are committed to achieving net zero emissions by 2050.

In 2023, Agropur published our approved Science Based Targets for greenhouse gas (GHG) emissions reduction. We committed to a 30% reduction of GHG emissions from our Canadian and US plants and a 24% reduction per kg of milk processed in our value chain by 2031 from a FY2019 base year¹.

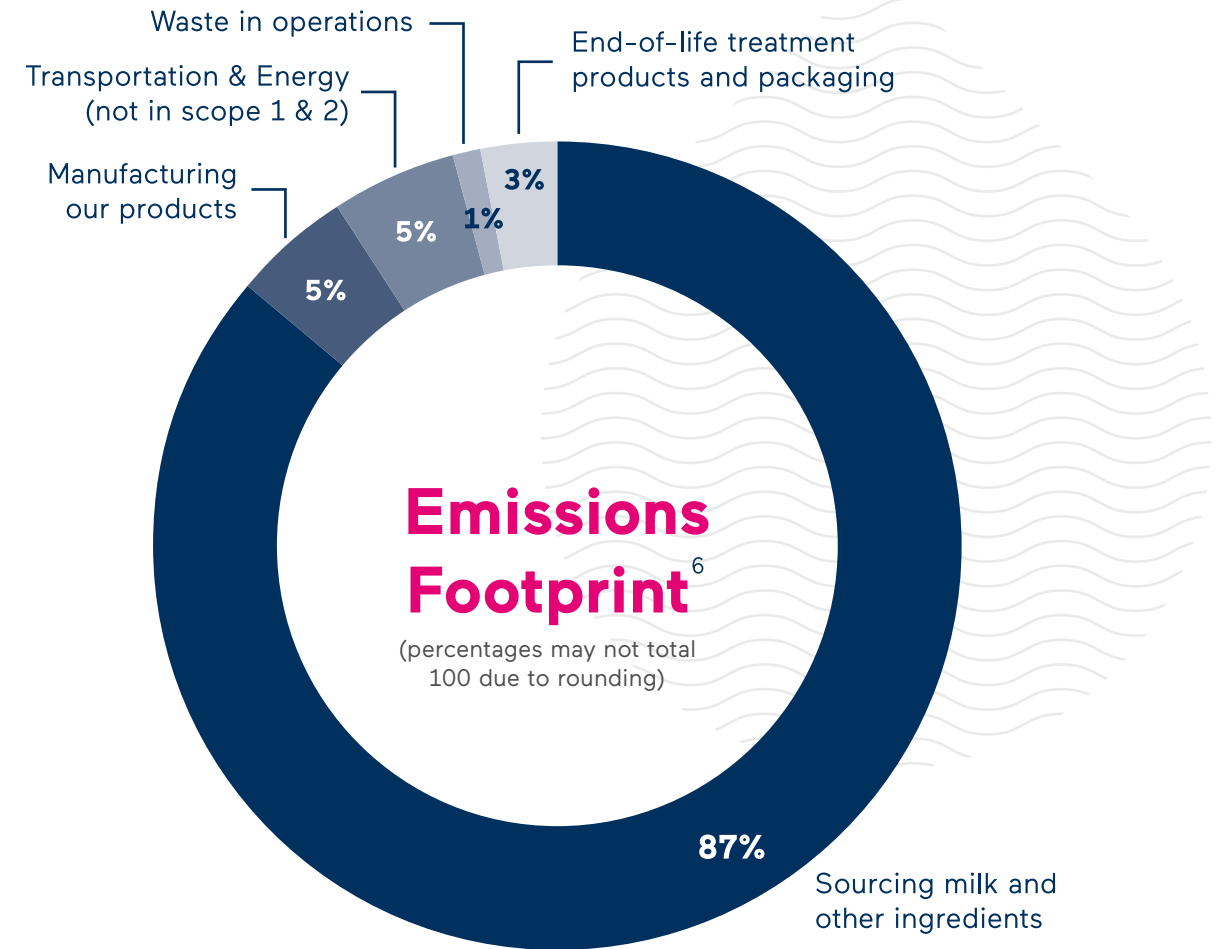
Our progress

The foundation of our targets is based on a thorough review of our GHG emission sources, which was carried out in 2021². Agropur’s emissions are categorized by Scope 1 (emissions from operations that Agropur owns and controls), Scope 2 (indirect emissions associated with electricity and heating and cooling), and Scope 3 (emission sources from our value chain). Scope 3 emissions can present

reporting challenges because they fall outside of Agropur’s direct control. Agropur is continuously improving our data collection and methodologies to reflect a more accurate picture of our footprint. For example, Agropur has been working with our producers in the US since 2022 to collect primary data from farm operations.

Our climate footprint

Agropur’s direct operations (Scope 1 and 2) account for only 5% of our total emissions. With 95% of emissions occurring in the value chain, Agropur recognizes the key role we play and the need for strong collaboration with industry partners. By teaming up with producers and value chain partners, Agropur acts as a leader by developing a roadmap to reduce emissions in line with our 2031 targets.



EMISSIONS CATEGORY	2031 TARGET	2019 ³	2020 ³	2021 ³	2022 ³	2023 ³
Scopes 1 & 2 (tCO2e) (location-based)	30%	443,823	488,022	446,963	469,737	446,281
Scope 3 (tCO2e) ⁴	24% ⁵	8,605,781	8,685,192	8,921,720	8,826,831	8,145,363
Total Agropur		9,049,605	9,173,214	9,368,683	9,296,568	8,591,644

¹ The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks

² Baseline emissions were calculated by KPMG, following the Greenhouse Gas Protocol Standards

³ Consistent with Science Based Target initiative (SBTi)

guidelines, our targets focus on the GHG categories that are material for Agropur. It excludes immaterial value chain emissions from capital goods, business travel, employee commuting, downstream transportation, processing, and investment sources, which make up 2.6% of our scope 3 emissions)

⁴ Reported emissions for FY 2019, 2020, 2021, 2022 have been recalculated for improved accuracy in accordance to SBTi guidance. Over the past year, we have improved our data collection methodology for on-farm emissions, moving to primary data and away from high-level life cycle assessment data in the United States

⁵ 24% reduction per kg of milk processed

⁶ Using Agropur’s 2023 GHG footprint data





We continue to push for greater efficiency and more sustainable solutions for our business, for our communities and for the planet. While most understand the importance of these initiatives to the environment, our efforts have also allowed us to reduce our operational costs without impacting the exceptional quality that Agropur is known for. We continue to invest in renewable energy, energy efficiency and improvements to our wastewater treatment systems because it makes sense for Agropur, and for all our stakeholders.



Ted Winkelman
Director of
Environmental
Compliance, US

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 regularly invests in water treatment improvements and works closely with stakeholders including environmental groups, provinces, states, municipalities and regional and federal agencies.

Wastewater treatment systems at our facilities have been designed to reflect production capacities and the type of products manufactured. All of our plants are subject to municipal, state or provincial wastewater regulations. Within cities, we meet the requirements of municipal permits if the water is released to the municipal wastewater facility. We meet the requirements of certificates of authorization with provinces and states when wastewater is released to the environment.

Wastewater treatment systems are also designed around the type of permit held.

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 strengthen our wastewater treatment.

Our efforts in 2023 included:

- » A water quality improvement project at our Luxemburg, Wisconsin, plant added tertiary treatment.
- » The Luxemburg plant reduced the amount of biosolids heading to the landfill by 30% and increased biogas production by 300%. This increase in biogas will offset the use of 32,000 Dth of natural gas combusted in the plant boilers.



- » Completion of a wastewater expansion project at Agropur's Jerome, Idaho, plant. Biogas produced from Jerome's treatment process will be used to generate electricity for use at the facility. Commissioning of the biogas engine is scheduled for spring 2024.
- » A wastewater project at our Le Sueur, Minnesota, campus as well as start-up of a screw press for dewatering biosolids. The screw press project led to a reduction in biosolids heading to the landfill. In 2024, Le Sueur is targeting a 60% reduction in biosolids to the landfill.
- » A wastewater project completed in Little Chute, Wisconsin, in 2023 coincided with the opening of its new cheese plant. A polished water

recovery system was installed as part of the new plant that will recover up to 270,000 gallons of category 1 polished water each day to use in the facility. Every gallon we re-use is one less gallon drawn from the city. The Little Chute project also included biogas generation as a means to offset use of natural gas.

Agropur's Lake Norden, South Dakota, facility installed a Dissolved Air Flotation system in 2023. The plant's water management projects also included installation of an odor control system and replacement of a digester cover to improve operation in cold weather.



Water treatment facility at Jerome, Idaho plant





Responsible procurement

Sustainable products require sustainable components. As such, we recognize that our own sustainability efforts can only be as good as those put forth by 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.

Spend and 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.



Packaging

As a food company, we rely on packaging to keep our food products safe. We've made significant progress on this front by adhering to circular economy principles.

Packaging is essential to safe and high-quality dairy products, which is why the functionality and quality of our packaging needs to meet 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.

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 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.

What's new

In 2023, Agropur began to implement a new procure-to-pay system and supplier portal and updated its procurement policy in conjunction with the change. The purpose of the policy is to harmonize and optimize practices for all Agropur employees regarding Agropur's procurement processes and sourcing strategies. It establishes:

- » Roles and responsibilities when engaging with suppliers.
- » Expectations regarding PO processes, compliance, and controls, from creation of the requisition to payment for goods.

Various training methods were deployed with the roll-out of the new system. The procurement team created and facilitated in-person user training and created video trainings on the new system as well as the procurement policy. All users received training related to their roles and the procurement policy training had a 100% completion rate.



Agropur's procurement practices are leapfrogging into the future. With a new ERP system along with a highly agile procurement platform, the organization can implement best practices, starting with our highly skilled, diverse and engaged team.



Jean Bigaouette
Vice President of
Operations and
Procurement

focus »»» on



Shredded cheese is now being packaged in 100% recyclable bags at our Woodstock, Ontario plant.

Agropur makes strides on recyclable packaging

Agropur strives to be the key dairy partner to the global food industry. To achieve that position, it is imperative that we work to help our customers meet their sustainability goals. It's a responsibility and a challenge that we've met with enthusiasm.

In late 2021, a major B2B customer informed Agropur of their new policy that would require all private-label products to feature recyclable or reusable packaging by 2025. Achieving the changeover would be no small task and our teams quickly went to work. The shift would impact more than 50 products made at three different Agropur plants.

Agropur collaborated with its packaging suppliers to identify potential options that would meet the new standards. Our teams conducted validation studies and completed production testing before submitting proposed packaging to the customer for approval.

Meeting the mandate also required innovation. In one case, the identified solution had not even been developed when Agropur was first informed of the new requirements.

Agropur is well on its way to meeting the new standards for each of the private-label products in question prior to the 2025 deadline. We expect to make those transitions beginning in spring 2024.

Our teams are proud of their work on the project, and it's expected we will continue to reap benefits from all of the effort put forth. Additional customers have since expressed interest in transitioning to recyclable packaging. With the legwork complete and new packaging materials already verified, we are now in a better position to help more of our customers make important gains for sustainability.

Better communities

Agropur transforms wholesome milk into a variety of products that strengthen individuals, and in the process, we also make important contributions that strengthen the ties with our communities. As Canada's largest dairy cooperative, we directly create and redistribute wealth back to our dairy farmer members who invest in their communities. Agropur also makes important contributions to the North American communities in which we operate.

We are proud of our cooperative model that is built on solidarity. 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.





There for our communities

As a cooperative, sharing the wealth is key among our values. We distribute patronage returns to our members who in turn invest in the communities they call home. Agropur and its employees also take great pride in their many efforts to strengthen our ties with the communities in which we operate.

Our donation and sponsorship program highlights our values of cooperation, solidarity and equity as well as our efforts to build a better world. Agropur supports numerous causes in Canada and the United States through donations and sponsorships, employee fundraising and our dairy farmer members' activities.

While we support many causes across North America, reducing food insecurity has been our ongoing priority. Hunger remains a critical issue.

The Food Banks Canada 2023 Hunger Count Report highlighted the challenges of ensuring all families have enough to eat. In 2023, there were an unprecedented 1.9 million visits to Canadian food banks in March alone. That represented an increase of 32% compared to the previous year, and more than 78% when compared to 2019. In Québec alone, 870,000 people need food assistance every month, according to Food Banks of Québec.

In response to those significant needs, Agropur donated nearly \$1.7 million worth of dairy products in 2023 to food banks across Canada, and most notably to Moisson Montréal and the Ottawa Food Bank.



The "We Care. We Give." program enabled our employees and Agropur to raise \$103,000 for local charities in 2023. Efforts from Agropur's employees ranged from small, internal fundraisers to big community events such as the "Gathering of Grateness", a family-friendly 5K

race that starts each year from our plant in Jerome, Idaho. Agropur matches the contributions of employees, which doubles the impact for the non-profits we support.

Our contributions in 2023 assisted a variety of organizations across North America, including:

- » Fondation Olo, in Québec - Agropur recently celebrated 25 years of partnership with the organization (see the next page for more information).

- » Boys and Girls Club – Agropur’s teams have contributed to Boys and Girls clubs in support of their goals to provide safe spaces, mentorship and quality programming to empower our youth to succeed.
- » Boys Scouts of America – Agropur has again made contributions in support of their efforts to develop the leaders of tomorrow.
- » Agropur offers scholarships to support the next generation in our communities, including to Cercle des jeunes ruraux in staging a local dairy cattle show in Canada and local 4-H agriculture youth groups across the US.

In short, Agropur is proud to contribute to the health and wellbeing of our communities by helping to fight food insecurity with our wholesome and nutritious dairy products. We're also proud to financially contribute to the causes, in addition to a variety of other worthy efforts. We believe that together, we can create a better world.



focus »»» on



Agropur has partnered with Fondation Olo since 1997 and is featured annually on our Quebec milk cartons.

Agropur and Fondation Olo partner for better infant health

The values of cooperation and solidarity are part of our DNA. We are especially committed to organizations that support children in families.

At Agropur, we believe that good nutrition is key to a better life. It's why we are so proud of our partnership with Fondation Olo and their work to improve the health of babies and families throughout Québec.

Since 1991, Fondation Olo has worked with low-income families by providing nutritious foods and prenatal multivitamins as part of support aimed at reducing the number of low-birth-weight babies.

Today, they also offer tools and services to help children in those families acquire healthy eating habits. Children who learn good habits early will carry them throughout their lives. By targeting the period from pregnancy to the child's second year

of life, they foster the importance of eating well, cooking and eating with family.

Agropur and Fondation Olo recently celebrated 25 years of partnership. Over that time, Agropur has donated millions of cartons of milk in support of Fondation Olo's offerings.

It's a partnership that fits perfectly with Agropur's values.

Fondation Olo makes a difference for between 10,000 to 15,000 expectant mothers in Québec each year. More than 250,000 babies were born healthier over the course of the organization's history. At Agropur, we're grateful for the opportunity to be part of that success. Our partnership with Fondation Olo is an important way that we can fulfill our promise, "Better Dairy. Better World."

Innovating for health and sustainability

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 dairy processors and the leading dairy cooperative in Canada. We proudly supply nourishing products to families as well as to food companies and take our responsibility to the wellbeing of consumers seriously.

Our Research, Development & Innovation teams are dedicated to achieving healthier communities and a healthier planet. We are driven by science and make positive impacts toward better nutrition and greater sustainability. Agropur's food scientists and technologists provide strategic expertise to our customers whether as part of new product development or by improving existing formulations. They also use science and problem-solving to improve efficiency, reduce consumption and lessen our environmental impact.

Agropur does not test on animals as part of our research and we renewed our commitment with People for the Ethical Treatment of Animals (PETA) in 2023. We issued a position statement on the issue in 2018:

"Agropur Cooperative does not conduct, support or condone the use of animal testing that is not required for food safety, quality or regulatory compliance. We do not maintain any animal testing facilities. Where governmental agencies require animal testing to demonstrate safety, quality or regulatory compliance, studies are

completed by accredited third-party facilities that follow proper animal welfare guidelines. We are advocates for replacing animal testing with other validated methods to support safety, quality and regulatory compliance."

Agropur has made dairy more accessible and more nutritious through its lactose-free and protein-enriched products. As a global leader in whey protein manufacturing, Agropur's experts continue to make strides toward better infant and medical nutrition. Our whey proteins help athletes with strength and recovery and also improve health among the senior population.

Beyond nutrition, we use scientific principles to support Agropur's commitment to sustainable manufacturing. Processing dairy ingredients is energy intensive and requires significant water use. Through research, our teams have been able to reduce waste and water use in our manufacturing processes. We also continue to explore new ways to extract greater value from dairy byproducts, ensuring we get the most from every drop of milk we process.

Our innovators conduct their work from several state-of-the-art facilities, including:

Protein Research Center

The Protein Research Center in Le Sueur, Minnesota, showcases our technical expertise in analyzing, purifying and commercializing innovative dairy ingredients from milk and whey



Protein Research Center at Le Sueur, Minnesota plant



Labeling: responsible sourcing, cleaner ingredients

Consumer preferences continue to shift toward healthier diets that reflect social and environmental values. Agropur is a strategic partner for many customers who pursue ingredients that meet these preferences. As such, we maintain a wide range of responsible sourcing certifications in areas that include:

- » Animal care
- » Cleaner ingredients
- » Dietary attributes
- » Education
- » Environmental sustainability
- » Ethical sourcing
- » Health and safety
- » Sustainable seafood

Traceability

Agropur maintains traceability through supporting documentation of ingredients received into the facility, point-of-use information, packaging and shipping information. Our traceability protocols in the US and Canada meet all government, customer and third-party requirements. Each year, traceability processes are tested at each of Agropur's sites to ensure their accuracy and integrity.

to help food manufacturers develop new, healthy, dairy-based products. It's the center of our whey protein research, housing state-of-the-art analytical equipment and a complete pilot plant that can mimic commercial unit operations used in whey processing.

With decades of research and a deep understanding of dairy process technology, our food scientists and technologists play a critical role in commercialization of new ingredients. We develop and validate analytical testing methods for reliable and consistent identification of highly purified whey-derived components. We utilize benchtop and pilot plant equipment to develop and optimize process technologies for manufacturing new innovative ingredients.

Protein Applications Center

The Protein Applications Center, in Eden Prairie, Minnesota, is the product development arm of Agropur's ingredients Research, Development & Innovation. The team works closely with Protein Research Center to understand and highlight the functional characteristics of whey-derived ingredients. The product development scientists use their understanding of protein nutrition and creative talents to demonstrate innovative uses of whey proteins and help deliver protein nutrition to the consumer. Our food scientists work closely with manufacturers to identify specific needs, diagnose product development challenges and assist in successful product launches. The center also provides technical interface with academic researchers around the world and supports research activities through knowledge transfer and ingredient samples.

Cheese Technical Services

Agropur's Cheese Technical Services is located in Appleton, Wisconsin. The department provides technical support for all cheese manufacturing operations in seven facilities across the US. Collaboration of cross-functional teams leads to increased operational efficiency and promotes value-added margin projects for customers. Our team works closely with customers to meet their needs for new and existing products. Customer-driven research and development, such as new product formulation development and line extension support is a critical function of the Cheese Technical group. The cheese applications lab is equipped with a wide variety of kitchen technology to evaluate cheese functionality through its shelf life. The team's experience is invaluable to our customers in cheese grading and product application development.

Innovation and Product Development Center

Located at our head office in Longueuil, Québec, the 3,720-square-meter (40,000-square-foot) research & development center can create dairy products from laboratory scale to pilot production and small-scale commercial production. In multi-functional teams, the innovation and product development specialists focus on the needs of our consumers and customers for all categories of products (fresh dairy, cheese, butter and ingredients, fine cheeses and frozen products). And since we believe that dairy is part of the solution to feed 10 billion people by 2050, the research and development team is working on different solutions to make dairy more sustainable through upcycling of dairy streams.





Product safety and quality

Safe, high-quality products are the chief expectation of our customers. In our drive to serve as the key dairy partner of the food industry, we must continually deliver on safety and quality, and as such, it is a primary emphasis of our operations. We pay close attention to quality to ensure rapid, efficient intervention when issues arise, though continuously achieving high-quality products and first-pass quality requires more.

We focus on preventive measures to raise our capabilities and drive a continuous quality improvement mindset through the entire organization. We're also building a world-class culture of excellence to guarantee safe and compliant dairy products and ensure our sustainability.

Agropur experienced no market actions, recalls, or other regulatory actions related to food safety non-compliances or risks in 2023.

Quality and safety are everyday considerations. 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 2023, key performance indicators, measures and targets were implemented in each of our facilities to drive improvement, recognizing the importance of first-pass quality and the cost of non-quality.

We continued the harmonization of quality standards between our Canadian and US facilities as part of a three-year roadmap with a robust change management methodology to ensure sustainability. We also launched key initiatives to raise awareness and share best practices within our operations.

Agropur is in the midst of a technological transformation that will standardize processes and improve collaboration among our sites. Our operations teams were successful in 2023 in meeting quality standards as deployment of new software continued.

We also identified the need to further improve our performance through a focus site/top cause approach with strong emphasis on leading indicators to prevent failure in our execution. These strategies will continue in 2024.



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 is building a diverse, inclusive and engaged workforce. We've crafted policies to support our goal of attracting talented employees from across the wide spectrum of perspectives, backgrounds and characteristics in our communities. Our Code of Conduct and policies address ethical behavior as well as diversity, equity and inclusion. They are supported by local guidance to reflect relevant regulations and norms. An understanding of, and connection with, local markets has always been 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 and we have long implemented policies and programs that support this mission. 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 and it applies to both team members and others.

Agropur makes every reasonable effort to ensure our entire community is familiar with our policies 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 are unionized, while we have no unionized facilities in the US. Active union members made up about 61% of our Canadian workforce in 2023, or about 44% of our total North American workforce. Agropur uses a variety of market data that may include collective agreements when setting terms of employment for non-union positions.

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;



Agropur's dedicated employees are forging our path toward achieving a more efficient, competitive and sustainable Cooperative. The investments we are making in our employees are designed to support their wellbeing and engagement while fostering the skills and leadership qualities that will ensure us a bright future in our dynamic business environment.



Liette Vigneault
Senior Vice-
President, Human
Capital and
Communications

- » Paid and unpaid time off to promote mental health and work/life balance;
- » Educational assistance;
- » 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.

Major initiatives in 2023 included:

- » A new parental leave policy. In the US, Agropur will provide up to five weeks of paid parental leave to employees following the birth of an employee's child or the placement of a child in connection with adoption. In Canada, regular, salaried employees will receive supplements to government benefits to bring to bring pay to 100% of salary for up to five weeks.
- » Increased vacation time. Employees of Agropur in Canada received an increase in vacation time in 2023, while our US employees learned of increases to take effect in 2024.
- » A phased retirement program. Available to permanent employees ages 55 and older, the program allows a reduction in work hours within three years of full retirement.

Employee engagement

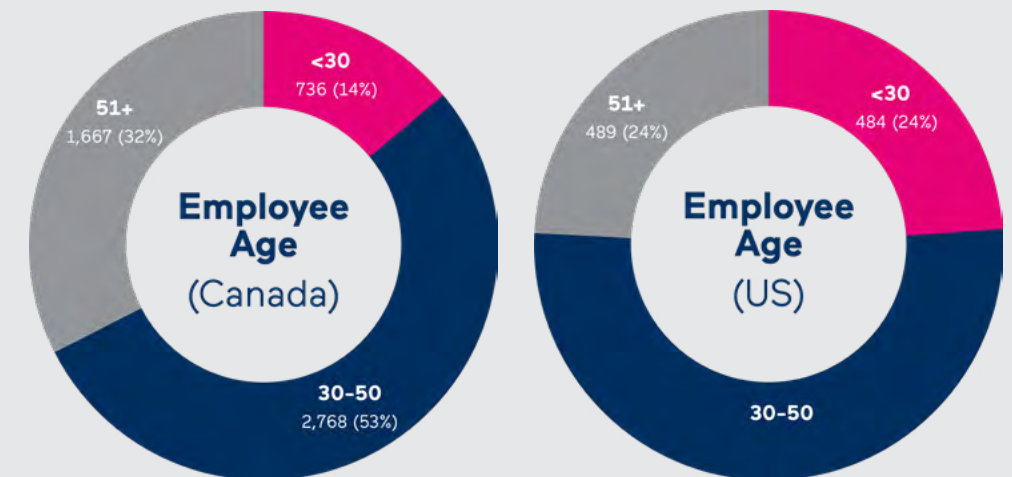
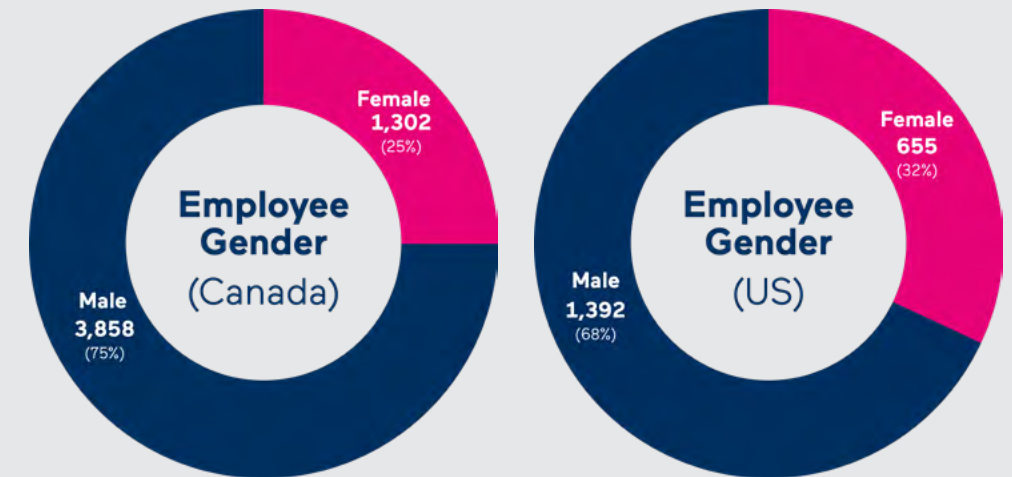
Global employee engagement is a key element to Agropur's performance. Agropur conducts an annual employee engagement survey which is offered to all employees and provides an assessment of employee opinions and perspectives. Agropur had a participation rate of 70% in its September 2023 survey, up 6% from the survey conducted in 2022. The survey resulted in an engagement score of 75%, which is based upon responses that demonstrate employee satisfaction.

Agropur's priorities to increase employee engagement include:

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

Programming and initiatives aimed at employee engagement in 2023 included:

- » Enhancements to our September recognition month
- » Our 85th anniversary celebration, which included free hooded sweatshirts for all of our employees
- » A revamped Respect-At-Work Policy and support for our teams to ensure everyone feels valued, that they belong and that they will always be treated with dignity and respect.
- » Initiatives of our Inclusion, Diversity, Equity at Agropur Lives committee to help foster belonging, such as our potluck activity in April.



New hires (by age)

	CANADA	US
<21:	87	97
21-30:	381	251
31-40:	274	183
41-50:	184	133
51-60:	95	91
61+:	20	12

Health and safety

At Agropur, our most important duty is to ensure our employees return home in the same condition as they arrived. 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.

The Agropur Safety Promise is reviewed and endorsed annually. It requires both employees and non-employees who perform work on behalf of Agropur to eliminate unsafe conditions from their activities and comply with laws and regulations governing occupational health and safety.

We rely on good management and the commitment of employees at all our sites. As such, health and safety must be continually well managed in all our sites. 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;
- » Educate for safety (employee and management);
- » Design for safety (reduce introduction of new risks).

Incidents and near-miss events are reported, investigated and continually managed through Kanva, which is Agropur's information management system. As we monitor trends of all incidents -- and thus performance -- visibility on execution continues to increase. In 2023, our business units in both Canada and the US aligned performance indicators, which were used in various levels of reporting and governance while being accessible on Kanva.

All of Agropur's US employees are covered by our occupational health and safety management system. Employees participate in health and safety committees each month. During these meetings, near-miss reports and injuries are discussed along with review of corrective actions and reports on the effectiveness of corrective actions. Employees assist with weekly and monthly safety inspections of the plant work areas as well as emergency equipment (including fire extinguishers, emergency eyewashes and showers, emergency lights, etc.)

In 2023, our US operations had a Total Recordable Incident Rate (TRIR) of 4.31. Strains and sprains continued to be the leading type of injury. In our Canadian facilities, Agropur had a TRIR for 2023 of 4.68.

All our plants focus on continual improvement, and they've created programs that encourage employees to focus on safety. Each of our plants have implemented incentive programs that allow our employees to participate on actions that will improve our safety culture and performance, such as #WHYIWORKSAFE, near-miss reporting, at-home safety activities, etc.



Agropur's dedicated employees are critical to our success, and our efforts to ensure their health and safety are among the most important work we do. We're proud of the commitment of our employees and their attention toward maintaining safe and healthy work environments.



Eric Rasmussen
Director Loss
Prevention



Plant in Québec City, Québec

Our US accomplishments for 2023 include the IISC Hazard Control Recognition Award, which was given to Agropur’s plant in Hull, Iowa.

In Canada, we set a goal of increasing safety ownership and empowerment at all levels. Key activities during 2023 included:

- » Active Joint Health & Safety Committees in most of our locations.
- » All sites identified their top three local health and safety initiatives to reduce risks and accidents/incidents.
- » Some sites continue to conduct safety observations, which include involvement from members of our Joint Health & Safety committees.
- » Identification and monitoring of site objectives for declaration of near-miss events, thus encouraging employees to identify and act on hazards and risks.
- » Continuation of the Prevention Communication Campaign to educate and inform employees on tools and means to identify and control risks. Campaign themes included chemical safety, traffic management and winter plan preparation.

In 2023, our Canadian facilities also continued to increase risk awareness while eliminating or reducing dangerous situations.

- » We continued to conduct systematic audits, both internal and external, which are now fully documented and monitored in Kanva.
- » Continuous monthly trend analysis with actions taken to reduce and mitigate risks.
- » We continued to publish Safety Alerts, Eyes on Safety and Best Practices to share lessons learned across our Canadian sites. Those documents are issued through the Kanva platform, thus expanding our reach in the business.
- » As for increasing the control of critical risks, the key requirement approach continued in 2023 with focus on risks identified through analysis of accidents, incidents, and audit results. We increased the focus on chemical safety and mobile equipment in 2023 while continuing to monitor other critical risks through the internal and external audit program. We combine this approach with local projects and investments.

Talent development

Our employees are the cornerstone of our success, which is why we endorse the “Invest in You” initiative through a diverse range of employee development programs. These initiatives cover a spectrum of skills, spanning from technical expertise to leadership capabilities, enabling our employees to enhance their professional proficiencies. Agropur’s strength flourishes through the continual development of our workforce, and we are committed to enriching our global team with new skills through various channels. We provide on-the-job training, mentoring, coaching, and structured learning opportunities.

In 2023, we continued all our programs developed in the previous years and piloted some new initiatives for newly hired or promoted

supervisors. We also continued the integration of digital learning.

In 2024, as all of Agropur is aligning on the priorities of the organization, so are our talent development efforts. We are making a conscious shift for our talent development initiatives to be:

- » Better aligned with our organizational priorities.
- » More accessible.
- » Focused on clear application and easy to use tools.
- » Increasingly measured so we can best adapt them to the needs of our team members.

To follow, we have provided an overview of the learning and development programs offered in 2023 in which employees participated.



● Plant in St-Laurent, Québec

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 & Empowher 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 79 employees participated in MentoR programming in 2023.

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 2023, more than 68,000 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. In 2023, more than 1,100 trainings were completed.

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 25 leaders in 2023.
- » 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 2023, 75 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.

Agropur graduate program and internships

Developing the next 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 137 interns in 2023.

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 four recent graduates in 2023.

Diversity, equity, inclusion and belonging



At Agropur, we recognize that it takes a variety of viewpoints and life experiences to build strong and effective teams. We celebrate the fact that each of us is unique and brings a valuable perspective to the table. We are committed to diversity in our workplaces and toward efforts that ensure all our employees feel safe, feel valued, that they belong and that they will always be treated with dignity and respect.



Marie-Chantal Paris
Director Talent Management and Organizational

At Agropur, we remain convinced that diversity is a fundamental force in building a work environment and culture where each individuals can recognize themselves and reach their full potential. Commitment to diversity, equity, inclusion and belonging remains an essential key to our organization’s success.

In 2023, Agropur maintained its progress in diversity, equity, inclusion and belonging. The management team has a clear commitment to ensure that everyone feels valued, has their place, and is treated with respect and dignity. This is why the Respect-At-Work Policy and Code of Ethics have been revamped. Workshops on the employee experience and DEIB were offered to managers by the Organizational Development team.

Agropur offers two women’s leadership programs -- LIFe in Canada and EmpowHer in the US – that were launched by women at Agropur to increase their representation at all levels and support their advancement and skills development. Through these programs, numerous initiatives, webinars and mentorship opportunities have been introduced.

Our IDEAL (Inclusion, Diversity and Equity at Agropur Lives) committee continued to offer all employees various ways of opening their horizons to other realities. The committee chose to honor several national or international days during the year, offering an opportunity to highlight different groups representing diversity. Since its creation, the

committee has already had on its agenda days such as International Women’s Rights Day, International Day for the Elimination of Racial Discrimination, International Day Against Homophobia, Transphobia and Biphobia, Day of Truth and Reconciliation, and International Day of Persons with Disabilities. This year the committee added Diversity Celebration Month in April to its calendar of initiatives, as well as November 11 to honor all our veteran colleagues.

Once again, this year, DEIB was a topic of discussion with board members, in which we pledged for 2024 to continue working in a direction that will enable us to broaden our recruitment pool to reach out to candidates from different backgrounds, as well as continue our discussions with our managers to promote a work environment that fosters inclusion and engagement. We believe in the strength of diversity and the power of inclusion, and in that we continue to seek to excel as one.



Better governance

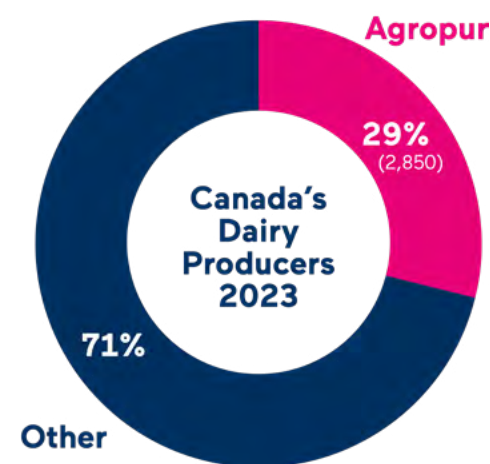
Responsible business practices require integrity and appropriate safeguards that extend beyond our members and employees. It starts with sound governance, which holds us accountable to our “Better Dairy. Better World.” promise.

In this section, we detail how Agropur works to ensure ethical business practices, protects human rights and manages the data and privacy of our customers.



Our cooperative model

Cooperatives are created to meet the economic, cultural or social needs of their members. Like millions of other cooperators on the planet, Agropur members have chosen this type of organization in which they are at the heart of decision-making.



In 2023, the Cooperative had 2,850 members, representing 29% of all Canadian dairy farmers. The Cooperative is continually enriched and renewed by the contribution of several hundred other farm partners and young up-and-comers who also share the long-term vision for the benefit of future generations.

Democratic control of members

Within Agropur, members exercise democratic power on the basis of one member, one vote, according to the democratic structure currently in force.

The regional meetings to which members are invited are the ideal time to receive information that has marked the life of the company during the financial year.

As provided for in the regulations, members also elect delegates, at the rate of one delegate per 10 members, who will represent them at the Annual General Meeting held in February. It is also during the general assembly that the delegates elect members of the board of directors.

Agropur's members therefore entrust the management of the commercial and internal affairs of the Cooperative to the board, which is composed of 13 dairy farmer members and three external directors.

During the regional meetings, members also select facilitators at the rate of one for every five members. Together, facilitators and delegates represent just over 20% of all members. They are a privileged link and channel of exchange between all members and the board of directors, ensuring flexibility and democracy in communication.

Democratic structure:

- » **2,850** members
- » **290** delegates
- » **263** facilitators
- » **123** young leaders
- » **13** elected directors, including a position dedicated to succession
- » **3** invited board members

Economic participation of members

Agropur members participate in the capitalization of the Cooperative: it's one of the most important features of the cooperative model. The formula, introduced by the Cooperative in the 1950s, consists of postponing the cash

payment of surpluses to members until later in return for the issue of capital. These member discounts are applied to each member's name in the form of preferred shares.

As surpluses are paid in proportion to the volume of milk delivered by every dairy farmer member, this formula makes members aware of their contributions to the financing of the Cooperative. It has also created among them a powerful feeling of belonging to Agropur by being aware of financing the operations.

This original capital organization structure was one of the main vectors of growth for the company and still remains, to this day, an important financial lever for Agropur. But above all, Agropur stands out with a formula that values the work of its members and ensures a long-term vision.

Autonomy and independence

For Agropur, its members' level of involvement represents its strength and contributes to its sustainability. The integrity of the Cooperative therefore rests on the care and accountability of its members.

The Board of Directors has two main functions which are to direct and monitor the Cooperative's affairs. To maximize its efficiency the board delegate some responsibilities to committees they've created. These committees allow for more in-depth discussions on certain topics. Each committee has three or four directors elected from among the members

and one or two invited members. In 2023, the committees met 23 times:

- » Cooperation Committee: **3 meetings**
- » Audit committee: **5 meetings**
- » Human Capital Committee: **4 meetings**
- » Sustainable Development Committee: **3 meetings**
- » Governance committee: **5 meetings**
- » Technology committee: **3 meetings**

Board committees report their discussions and decisions to the full Board. At the Annual General Meeting (AGM), the Board and management report on the year's activities and invite members to make decisions on matters that fall within the purview of the meeting.

Education, training and information

Several forums, communications tools and meetings allow constant exchange between members and Agropur management. In doing so, members actively participate in the direction of the cooperative.

The annual general meeting is a flagship moment of cooperative democracy. However, Agropur does not limit itself to the AGM and offers several opportunities to bring together delegates and also members.

Apart from the more formal framework imposed by the AGM, other meetings and webinars on the associative life calendar allow us to inform members of our business environment and other issues.

Democracy at Agropur therefore lies in the vitality of its associative life. This way of proceeding makes it easier to debate substantive issues.

If some occasionally express disagreement, these debates have the merit of moving all members forward on common issues.

For Agropur, the participation of members, delegates and administrators is the keystone in establishing major positions and making decisions.

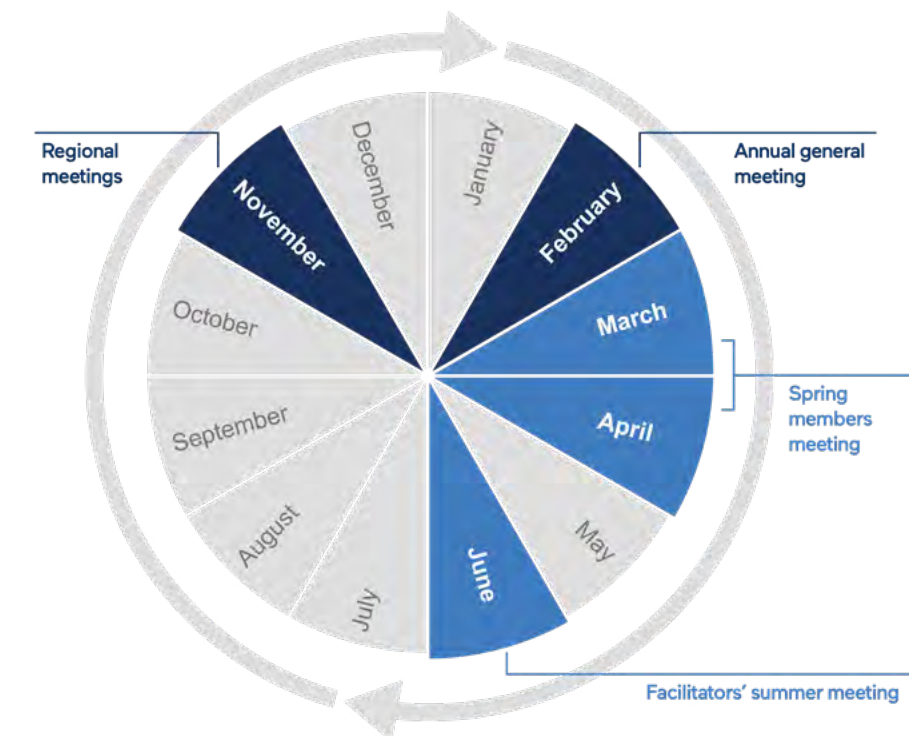
Associative life, therefore, constitutes the framework which allows its democratic structure to take place throughout the year. Its development is based on solid foundations anchored in its history and cooperative genetics.

- » **55 local member meetings**
- » **1 annual general meeting**
- » **7 summer facilitator meetings**
- » **5 informative webinars**
- » **2 training sessions,**
Managing milk quality
- » **4 newsletters**
- » Nearly **60 publications** in the members' extranet
- » **30 special correspondences** by email and post

Associative life annual calendar

Growing without growing apart

A continuous dialog between members, directors and managers supported by training and information



Support for the cooperative environment

Agropur has a role to play in making its members, employees and the public aware of the principles and merits of cooperation.

This is a notion that distinguishes the Cooperative from other forms of commercial enterprise. It reflects our desire to shape a better, more equitable future for all.

Alone, however, Agropur would not succeed in achieving this ideal. This is why it has entered agreements and collaborates with other organizations to promote the



In April 2023, a Ukrainian delegation embarked on a learning mission with Québec cooperatives at the invitation of SOCODEVI. The delegation gained an understanding of Canadian dairy production and cooperative governance among other topics. During their visit to Agropur, they were welcomed by Céline Delhaes, member of the Board of Directors; Sylvie Bilodeau, Cooperative Advisor; and Simon Robert, Cooperative Director. Agropur has been involved in improving the living conditions of Ukrainian farming families for 13 years and has contributed to the development of a Rivnopravnist Cooperative Union plant with knowledge sharing, and cash and equipment donations. The plant was inaugurated in summer 2023.

cohesion of civil society. Agropur is committed to supporting the cooperative movement by collaborating through local, national, regional and international structures.

For example, thanks to its international commitment to the Society for International Development Cooperation, SOCODEVI, Agropur supports the cooperative movement in several sectors of the economy elsewhere in the world, notably the agri-food industry. Agropur has been a partner of SOCODEVI since the organization was created in 1985, thus putting its cooperative and industrial experience to good use in various developing countries.

Historical assessment of Agropur's commitment within SOCODEVI:

- » Founding member of SOCODEVI (1985).
- » 130 technical assistance missions in 17 countries.
- » Significant contribution to Paraguay, Vietnam and Ukraine. Welcoming numerous delegations of field partners in Québec.
- » In 2020-2021, contribution of \$250,000 in equipment for support programming for the dairy sector in Ukraine.

Responsible business

Agropur is committed to acting in a clear, honest and fair manner in all our business relationships. It is reflected in the high ethical and professional standards we have set for both our employees and our partners.

In our industry, we rely on a variety of experts, partners and suppliers to accomplish our mission. To honor this commitment, we seek partners with integrity and transparency. We put our skills and resources to work to ensure their satisfaction.

Ethical and responsible business conduct

In 2023, launched an updated Code of Ethics for employees that is intended to ensure that members of our team always demonstrate integrity, honesty and professionalism in their work. The code sets forth several responsibilities for our employees that include compliance with the law, avoiding conflicts of interest and reporting ethical violations.

Our objective is to reinforce trust with all our stakeholders, which include 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.

Agropur relies on five corporate values — boldness, communication, integrity, excellence and collaboration — that 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.

Agropur employees are committed to identifying and disclosing all corruption-related situations. We mandate that employees analyze direct or indirect financial interests that may come into play while engaging with external entities.

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 Organization of Economic and Cooperative Development (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 lobbying laws currently in force.



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. It 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 compliant organization, Agropur follows two primary frameworks that address human rights: the Ethical Trading Initiative base code (detailed to the right) and the United Nations Guiding Principles 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

Personal information carries high value to criminals, who continually employ new and sophisticated schemes to obtain it. At Agropur, we recognize the important role we play in safeguarding data to protect our employees and all of those who trust us with their business.

Our commitment to the privacy and security of personal information is outlined in our comprehensive privacy policy. Agropur conducted a complete review of the policy in 2023 and distributed it to all of its employees.

The main objective of the policy is to ensure responsible and transparent management of the collection, use and retention of personal information. It was developed in a global context aimed at strengthening the protection of personal information.

In 2023, Agropur did not receive any complaints concerning breaches to 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.

We have clear governance and a roadmap to comply with Québec provincial Act to modernize legislative provisions as regards the protection of personal information (law 25). Passed in 2021, it is the most comprehensive and toughest privacy protection law in North America. We intend to use the new law as the standard for our entire organization.

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 Protection of Personal Information Policy is published on our website and can be found here: <https://www.agropur.com/en/privacy-policy>.

Conclusion



Agropur is committed to our “Better Dairy. Better World.” promise and we recognize that achieving our sustainability goals can only happen with a strong team effort. As a cooperative, we believe we are well equipped to meet these imperatives.

For 85 years, we have taken great pride in our cooperative model. We represent a modern, ambitious form of cooperation guided by the values of solidarity, democracy, self-help and self-responsibility.

Through adherence to these principles, we’ve grown from a small, regional cooperative in Canada into one of the world’s largest dairy processors. Our founding values will continue to guide us as we strive for a better planet, better communities and better

governance. In 2023, we once again made notable progress.

Agropur took an important step forward by announcing ambitious greenhouse gas reduction targets.

We also saw great success in our Sustainable Farms pilot program. As a result, we will continue this important, collaborative work with our dairy farmer members in Canada. Through the program, we will continue to learn more about our members’ farming practices and will be better prepared to support them. We will also be able to share these practices with our customers and build public trust.

Agropur’s dedicated employees are key to our success, and in 2023, we introduced new initiatives to enhance their well-being and work-life balance. These include parental leave programs,

expanded vacation allotments and a phased retirement program.

Because our sustainability efforts can only be as strong as those who supply us with goods and services, we also updated our procurement policy and provided our employees with appropriate training.

Agropur continues 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.

There is still plenty we must do and we embrace the challenges ahead of us. As our history has shown us, there are no limits to what we can accomplish when we’re working together.

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		Responsible procurement, p. 31-32; Taking care of our Agropur family, p. 40-41; Responsible business, p. 51-52
2-25 Processes to remediate negative impacts		Responsible procurement, p. 31-32; Taking care of our Agropur family, p. 40-41; Responsible business, p. 51-52
2-26 Mechanisms for seeking advice and raising concerns		Taking care of our Agropur family, p. 40-41; Responsible business, p. 51-52
2-28 Membership associations		Our ESG approach, p. 14; Our Dairy Network, p. 15; Responsible procurement, p. 31-32; Conclusion, p. 55
2-29 Approach to stakeholder engagement		Our Dairy Network, p. 15; Taking care of our Agropur family, p. 40-41; Diversity, equity, inclusion and belonging, p. 46
102-1 Name of the organization		About Agropur, p. 8
102-2 Activities, brands, products and services		Business-to-business relations, p. 10
102-3 Location of headquarters		About Agropur, p. 8
102-4 Location of operations		Our Workplaces, p. 9
102-5 Ownership and legal form		Our history, p. 11; Our cooperative model, p. 48-50
102-6 Markets served		Business-to-business relations, p. 10
102-7 Scale of the organization		About Agropur, p. 8
102-8 Information on employees and other workers		About Agropur, p.8; Taking care of our Agropur family, p. 40-41
102-9 Supply Chain		Supporting our producers, p. 20; Responsible procurement, p. 31-32
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
102-12 External initiatives		Our ESG approach, p.14; There for our communities, p. 35



GLOBAL REPORTING INITIATIVE (GRI) INDICATORS	US DAIRY STEWARDSHIP COMMITMENT INDICATORS	REFERENCE
102-13 Membership of associations		Our ESG approach, p.14; Our dairy network, p. 15
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. 47-54
102-17 Mechanisms for advice and concerns about ethics		Anti-corruption and anti-collusion practices, p.52
102-18 Governance structure		Our governance structure, p. 13; Our history, p.11; Our cooperative model, p. 48-50
102-20 Executive level responsibility for economic, environmental and social topics		Our governance structure, p. 13
102-42 Identifying and selecting stakeholders		Our ESG approach, p. 14; This topic is fully addressed in the 2020 Sustainability Report.
102-43 Approach to stakeholder engagement		Our ESG approach, p. 14; This topic is fully addressed in the 2020 Sustainability Report.
102-44 Key topics and concerns raised		Our ESG approach, p. 14; This topic is fully addressed in the 2020 Sustainability Report.
102-40 List of stakeholder groups		Our dairy network, p. 15
102-41 Collective bargaining agreements		Taking care of our Agropur family, p. 40-41
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 ESG approach, p. 14
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. 56-58
GRI Economic Disclosures		
201-1 Direct economic value generated and distributed		About Agropur, p. 8
204: Procurement Practices		Responsible procurement, p 31-32
207: Tax		Responsible taxation, p. 52
GRI Social Disclosures - Products & Customers		
416-1 Assessment of health and safety impacts of product and service categories	Food safety	Premium milk, p.20; Product safety and quality, p. 39
	Traceability	Premium milk, p.20; Traceability, p. 38; Product safety and quality, p. 39
417-1 Marketing and labeling: Requirements for product and service information and labeling		Labeling: responsible sourcing, cleaner ingredients, p. 38
418 Customer Privacy Disclosures		Data protection and privacy, p. 54



GLOBAL REPORTING INITIATIVE (GRI) INDICATORS	US DAIRY STEWARDSHIP COMMITMENT INDICATORS	REFERENCE
GRI Environmental Disclosures		
Environmental Responsibility		
302 Energy	Energy Use	Energy management, p. 26
305 GHG Emissions	Greenhouse Gas Emissions	Greenhouse gases, p. 28
303 Water withdrawal	Water Management	Water management, p. 29-30
306 Effluents and waste		Water management, p.29-30; Packaging, p.32
301 Materials	Resource Recovery	Packaging, p. 32
308 Supplier Environmental Assessment		Supporting our producers, p. 20; Responsible procurement, p.31-32
GRI Social Disclosures - Employment		
Workforce Development		
	Human Resources - Total FTEs	About Agropur, p.8; Taking care of our Agropur family, p.40-41
401-2 Benefits provided to FTEs	Employee benefits	Taking care of our Agropur family, p.40-41
403-6 Promotion of worker health		Be a top employer, p. 40-41
	Employee retention	Taking care of our Agropur family, p.40-41
403-9 Work-related injuries	Worker safety	Health and Safety, p. 42-43
401 Employment Engagement	Employee engagement	Employee engagement, p. 41
405 Diversity and Equal Opportunity		Diversity, equity, inclusion and belonging, p. 46
404-2 Programs for upgrading employee skills and transition assistance programs		Talent development, p. 44-45
404-3 Percentage of employees receiving regular performance reviews		Talent development, p. 44-45
408 Child labor		Human rights, p. 53
419 Forced or compulsory labor		Human rights, p. 53
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		Product safety and quality, p. 39
Community Contributions		
	Community Volunteering	Not applicable in 2023
	Monetary and Product Donations	There for our communities, p. 35
	Educational Opportunities	Not applicable in 2023
	Product Contributions	There for our communities, p. 35

