

pride
food future
authenticity wisdom line
productivity consumers **knowledge**
history challenges security friendship guarantee
tradition expertise freshness
health needs taste knowledge variety
future generations team
cooperation variety satisfaction **innovation** health
legacy **PRODUCTS** evolution unity
transmission know-how **EMPLOYEES**
foundation **MEMBERS** values pure



Agropur cooperative 2009 ANNUAL REPORT



agropur

A look at our roots, our strengths and our future.

Every day, the natural goodness of milk improves the lives of consumers by meeting their daily nutritional requirements. An increasing number of people are discovering the Cooperative's wide range of popular products.

To ensure a prosperous future for the Agropur family, the organization relies on its experienced members, passionate employees and incomparable products. These three "families" beat to the rhythm of a single heart, the Cooperative, to the great benefit of everyone involved. The key to its success lies in the strong ties that bind generations of members, the employees and the products that unite them.

Today, Agropur has facilities in Canada, the United States and Argentina, and processes over 2.6 billion litres of milk annually. Thanks to the unwavering commitment of its 3,533 members, its 5,225 employees in 27 plants, the Cooperative boasts sales of close to \$3.1 billion.





CHAIRMAN'S MESSAGE

Protect the interests of the Cooperative and its members.

At Agropur, a sense of family can be felt throughout the organization. Our members' know-how is passed down from generation to generation, with several people of the same family working for the Cooperative, and several product families offered to consumers. The Cooperative's success stems from its committed members, competent employees and the unique wealth of its product lines. As a result, the organization surpassed itself again this year, with sales close to \$3.1 billion.

Agropur has had to regularly adapt to a changing business environment in order to ensure its longevity, and the last two years, which have seen tremendous development, have been no exception. Several acquisitions in the U.S. and Argentina have propelled our Cooperative into the ranks of international organizations. Despite all of these changes, the Board of Directors continues to effectively protect the interests of the Cooperative and its members, regardless of the number, scope or geographic extent of the acquisitions.

For this reason, the Board of Directors decided to invite Robert Coallier to be a Guest Member of the Board of Directors and of the Audit Committee, adding a healthy dose of financial expertise and international experience.

In fact, the use of new accounting standards and the increasing complexity of our operations make the involvement of someone with financial expertise a necessity.

Mr. Coallier has worked for several major corporations in positions such as Vice-President, Finance. He is also a past and current member of several boards of directors. Finally, his experience acquired abroad, specifically in South America, will be a valuable asset to Agropur's Board of Directors, especially given the international business climate in which the organization is developing.

This year, like every five years, the Cooperative participated in the periodic evaluation of the administration of the joint plan of the milk marketing activities. Agropur took advantage of this opportunity to discuss its concerns about the distribution of quotas between the

provinces and initiatives to promote brand names over generics. The issue of standards was also raised. Agropur reiterated the fact that it supported the implementation of national cheese standards. It also supports the adoption of a national standard for yogurt, which is still pending.

We participated in negotiations on renewing milk marketing agreements in Quebec. After nine months of discussions, the *Conseil des industriels laitiers du Québec*¹ (CILQ) asked the *Régie des marchés agricoles et alimentaires du Québec*² to act as arbitrator on this issue. The matter involves the provenance of the milk used to supply the increased production of yogurt and cheese. We can no longer continue to be the source of our competitors' growth without compromising our own cheese activities. Plant allocation rules are obsolete; the recycling of milk, butter and powder in recent years has now ended, and milk volumes available for our cheese growth are at risk. The rules proposed by the other parties no longer allow producers to move milk to more lucrative markets, but only to move these volumes between companies. Accordingly, these organizations want to move Agropur milk to our competitors, to the detriment of Agropur members, and with no benefit to producers.

The matter of milk pooling in Quebec/Ontario (P2) remains an important governance issue for the Board of Directors. The CILQ, among others, is questioning Agropur's accreditation to represent itself, as it is currently doing in Quebec. Further discussions on this matter will be difficult as long as this issue is not resolved.

On June 4, 2008, the members adopted a new general administrative by-law for the Cooperative, and a new capital structure that includes

¹ Quebec Dairy Industry Council

² Quebec Agricultural and Food Marketing Board



only three share categories. However, it took several months for the Board of Directors to obtain assurances that Agropur's capital conversion should have no negative taxation impacts for members. The new by-law and statutes came into effect on December 1, 2009. Their implementation stems from the members' wishes expressed during the 2007 Strategic Thinking.

For its part, the World Trade Organization (WTO) issue has not progressed at all, which is fine with us. This lack of development in the negotiations allows us to better prepare for an eventual agreement, which risks having a direct impact on our industry. Even though the process seems never-ending, these discussions still represent a potential threat. We are also keeping a close eye on free trade talks between Canada and Europe.

The challenges looming are still as daunting, but we will face them together. We are currently witnessing increased pressure on farmers worldwide, which clearly demonstrates the importance of maintaining the supply management system in Canada. Currently, our system seems to be the envy of a number of farmers abroad.

It becomes important then, in order to ensure our Cooperative's growth, to move beyond Canada's borders and invest abroad. In addition to diversifying our customer base, this southerly expansion also protects us against the eventual opening of Canada's dairy borders in the wake of a WTO agreement.

Despite these hurdles, Agropur is resolutely focused on its growth, thanks to its cooperative values, its dedicated employees and its innovative products. The organization is well positioned to take advantage of global growth in the dairy sector, and it is taking steps to establish solid foundations, both at home and abroad.

During the 2007 Strategic Thinking, the members affirmed their support for a strategy focused on the Cooperative's expansion. The current business context is full of opportunities, which we intend to capitalize on if they can assure our long-term growth and development. Even in times of economic crisis, our organization's sound financial situation enabled it to seize business opportunities in the United States. The Agropur family grew by three U.S. acquisitions in the last year.

In conclusion, on behalf of myself and the Board of Directors, I would like to thank everyone for Agropur's excellent results in its 71st fiscal year. I would also like to thank the CEO, Pierre Claprood, and his entire team, for their invaluable collaboration and unwavering support. Finally, special thanks to Agropur's members and employees, who represent the very essence of the Cooperative, and who play a direct role in its success.

Serge Riendeau, Chairman

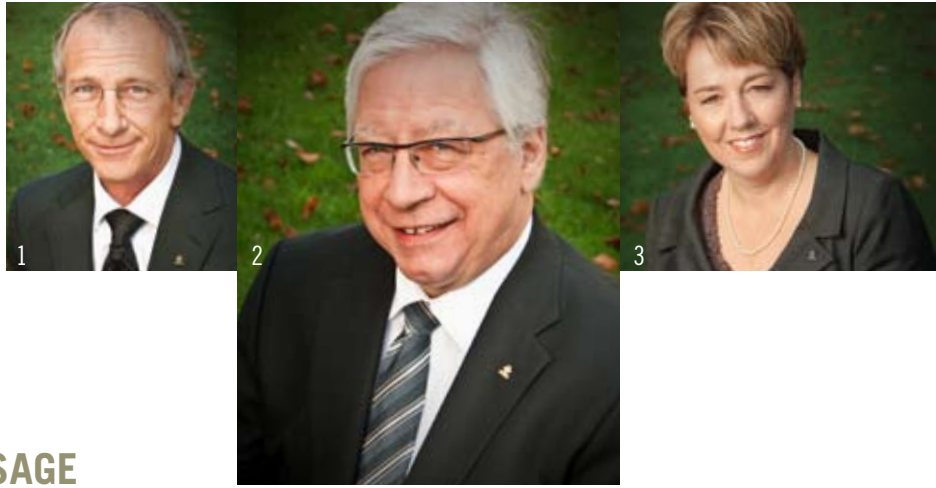
BOARD OF DIRECTORS

1. **Roger Massicotte (E.C.)**
Mauricie/Portneuf, 2003
2. **Michel Couture (E.C.)¹**
De L'Érable, 2001
3. **René Moreau (E.C.)¹**
Bois-Francis, 1998
4. **René Grimard (E.C.)¹**
Vice-Chairman
Des Appalaches, 1995
5. **Serge Riendeau (E.C.)**
Chairman
Estrie, 1991
6. **Lorna Jean Neveu**
Laurentides/Lanaudière, 1996
7. **Daniel Lamy¹**
Berthier/Maskinongé, 2004
8. **Luc Chassé**
Des Seigneuries, 2006
9. **Daniel Gagnon**
Est du Québec, 2008
10. **Gaétan Jodoin**
Granby, 1996
11. **Jean Filiatrault**
Acton, 1993
12. **Roger Daoust**
Salaberry, 1993
13. **Jean-Pierre Lacombe**
Yamaska, 2007
14. **Vital Vouligny¹**
Lac Saint-Pierre, 2007
15. **Daric Gagné**
Chaudière, 1997
16. **Robert Coallier**
Guest Member of the
Board of Directors and of
the Audit Committee

Legend: Director/Administrative region/
Year elected to the Board

(E.C.) Executive Committee members

¹ Directors whose term expires in 2010,
but who can be re-elected



CHIEF EXECUTIVE OFFICER'S MESSAGE

The organization continues to grow.

Despite these uncertain economic times, the organization has held its course and achieved the highest sales and earnings before patronage dividends in its history: \$3.1 billion and \$138 million, respectively.

Again this year, Agropur strengthened its presence in the U.S. with three acquisitions: the Schroeder Milk dairy in Minnesota in December 2008; a dairy in Grand Rapids, Michigan in September 2009; and the Green Meadows Foods cheese plant in Hull, Iowa in December 2009. The latter, one of the newest cheese plants in the U.S., opened its doors in late 2008.

The acquisitions made over the past two years outside of Canada, including La Lacteo and Trega Foods, are worth over \$400 million, and provide Agropur with a solid foundation for pursuing further development, which is directly in line with the organization's vision. On an annualized basis, operations outside of Canada represent between \$750 and \$800 million in sales, or approximately one-quarter of our revenues. Our forecasts indicate that, in 2010, our U.S. cheese facilities should produce 50% more cheese than our Canadian cheese plants, and twice as much within a few years.

The organization is growing. Today, in the U.S., it employs close to 800 people at six plants in Iowa, Michigan, Minnesota and Wisconsin, states where the dairy industry is very dynamic.

In 2009, each of the organization's divisions and joint ventures posted improved results. In a difficult economic climate, where prices are decreasing, the cheese divisions continue to perform well, in Canada as well as in the U.S. For its part, the Cheese and Functional Products Division is pursuing its cheese shift. This emphasis on cheese began several years ago. In a year affected by the recession, the Fine Cheese Division maintained its growth, but at a slower-than-expected pace.

In addition to its first foray south of the border, Division Natrel continued to grow as well, despite fierce competition in the Canadian fluid milk sector.

Overall, our U.S. operations made a positive contribution to the organization's results. Various other projects are also under evaluation or negotiation, some of which may be concluded within the next year.

The Ultima Foods joint venture also posted improved results, due to several factors, including increased sales and revenues, solid market shares and progress in the Active Health segment. In Argentina, sales at La Lacteo have increased by 30%, and the operating surplus is now positive, excluding exceptional factors such as major inventory

devaluations. It is also interesting to note that last half-year's results were positive, which suggests that they will grow in the upcoming fiscal year. The joint venture is continuing to develop, slowly but surely.

Every day, our 5,225 employees help maintain Agropur's position as a leader in the dairy industry, solidifying our competitive edge in an increasingly competitive industry. Even though our business landscape has changed in just a short period of time, resulting in new management challenges, such as new corporate cultures, and although we are confronted with the increasingly challenging demands of globalization, our employees continue to support and stand by us.

Our personnel is Agropur's most valuable asset, hence the importance of treating everyone with dignity and recognizing their individual contribution to the success of the organization. There is absolutely nothing we do that is important enough to justify a workplace accident. Several facilities have already achieved our goal of zero accidents, and everything indicates that all other work sites will be able to reach it as well. Agropur is a leader in health and safety in the dairy industry. We intend to remain focused on this goal and continue to work toward it. We plan to double our efforts in 2010, because we're convinced that operational efficiency depends on a safe and healthy work environment.

Again this year, Agropur renewed long-term commitments with its employees by signing four collective agreements for terms ranging from five to seven years, thereby ensuring long-term stability for all parties involved, as well as continuity of operations. This also proves to our customers that we are determined to remain a reliable supplier.

However, growth means acquisition, and acquisition means change. If Agropur wants to continue making acquisitions to ensure the organization's future growth, it needs to be able to rely on motivated employees, since everyone's contribution is crucial to building the Agropur of tomorrow. This is why we decided to survey our employees last June, to learn about their opinions on their jobs, their work environment and the organization's leadership. Agropur listens to its employees, and is aware that they make all the difference in a demanding and fiercely competitive business world.

The detailed results and analysis illustrate the factors that increase employee motivation and that will help us determine how we can raise engagement across the board. The results also show that there are still



efforts to be made in terms of integrating new employees joining Agropur through our various acquisitions. The organization needs to increase their sense of belonging, which is another challenge in itself.

Thanks to the creativity of its employees, Agropur is a leader in the Canadian dairy industry. It intends to apply these same principles to its international activities. Given the competitive environment in which the organization operates, Agropur's profitability depends on strong brands and innovative products. Accordingly, the Cooperative actively supports the research and development of new products. Once again, the organization has shown proof of innovation with the introduction of several new products, including Natrel's Omega-3 milk with DHA, Allégro 4% ricotta and Yoplait Asana yogurt. Our products have also made a good impression by winning numerous prizes in Canada and abroad.

While Agropur's priority continues to be consolidating and developing its business in Canada, the domestic dairy industry remains unchanged, with a limited number of business opportunities. The small size of the domestic market represents an ongoing challenge for the future growth of our organization. We must conclude that Agropur's sustainability largely depends on our ability to identify and capitalize on business opportunities that may arise outside of the country.

In addition to its acquisitions, Agropur is also continuing to invest in its plants. Increasing our processing capacity and ensuring the smooth operation and upgrading of our facilities remain priorities in our strategic planning initiatives. This is also true of environmental issues. Significant efforts have been made to decrease waste and energy consumption. We are also injecting substantial amounts into our operations in all cities where our facilities are located, in order to comply with existing environmental standards and regulations.

Many economic variables are uncontrollable, and economic recovery is uncertain, both in Canada and the U.S.; this is why we must remain vigilant. As growth opportunities in the Canadian dairy industry are limited, we need to stay alert to renewed negotiations at the World Trade Organization as well as between Canada and Europe, the outcome of which could affect our forecasts. Regardless of the outcome of these discussions, Agropur will continue its strategy of expansion and positioning, both in Canada and south of the border.

The current economic landscape is also being shaped by other factors, such as possible changes to the U.S. dairy system, international and American markets that seem to be gaining momentum but are still more volatile than the Canadian market, not to mention currency fluctuations that can affect our results.

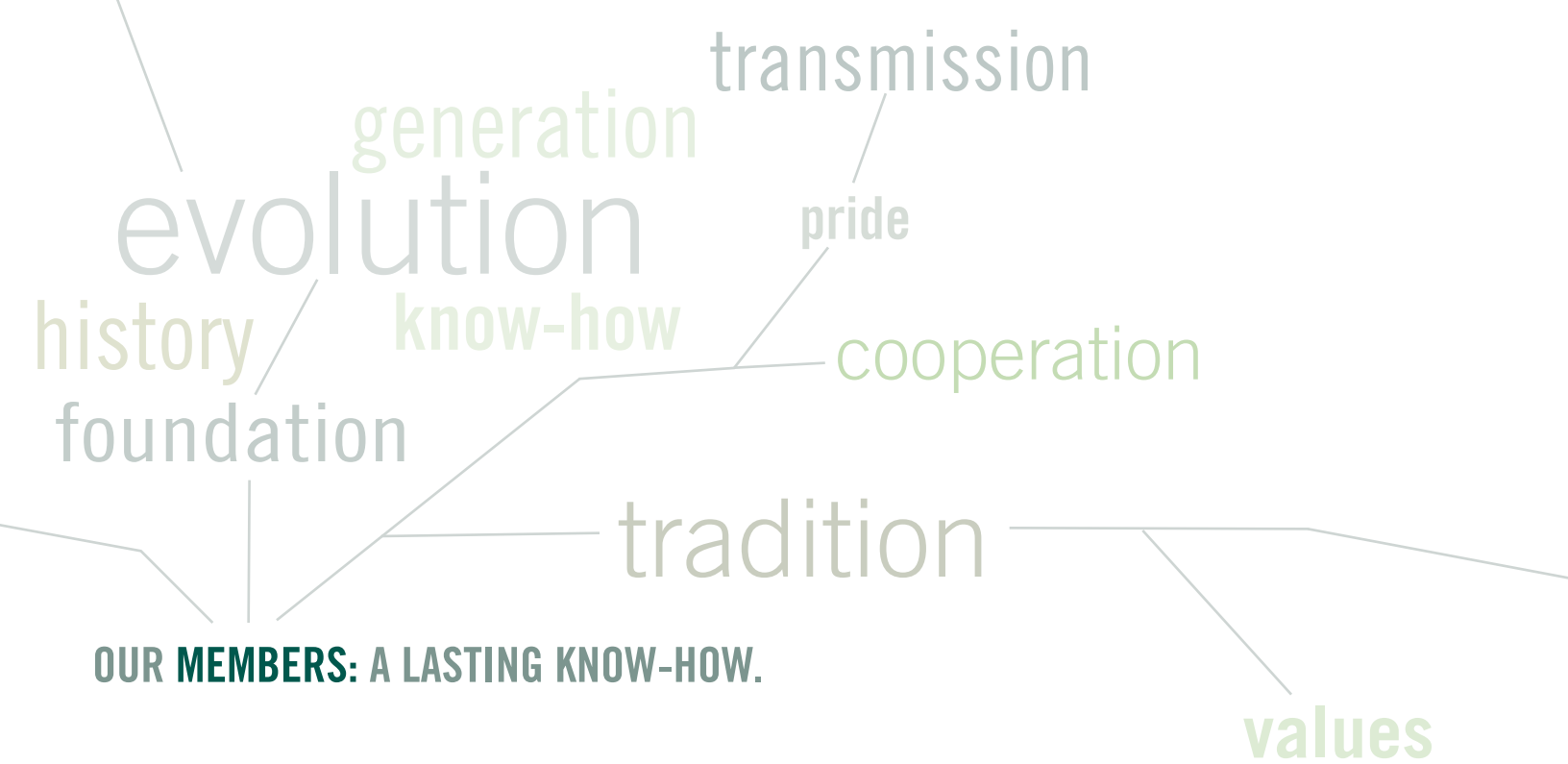
I am convinced that our divisions' strategic plans and our top-notch employees will enable us to meet the challenges facing our industry brilliantly.

Many thanks to all of our employees for their confidence and support. Our success would not be possible without the commitment of everyone at Agropur. I would also like to thank my colleagues on the Management Committee, who have made the progress and development achieved by the organization over the last few years possible. Finally, I would like to express my gratitude to the Board of Directors for their unwavering commitment and support, and particularly to Serge Riendeau.

Pierre Claprood, Chief Executive Officer

MANAGEMENT COMMITTEE

1. **Benoit Gagnon**
Executive Vice-President,
Global Development
2. **Pierre Claprood**
Chief Executive Officer
3. **Lorraine Bédard**
Corporate Secretary and
Vice-President,
Member Relations
4. **Jocelyn Lauzière**
Chief Financial Officer
5. **Serge Paquette**
President,
Division Natrel
6. **Louis Lefebvre**
President,
Cheese and Functional
Products Division
7. **Robert Gour**
President,
Fine Cheese Division
8. **Scott McDonald**
Vice-President,
Human Resources
9. **Jean Brodeur**
Vice-President,
Communications and
Public Relations
10. **Michel St-Louis**
Vice-President,
Legal Affairs



OUR MEMBERS: A LASTING KNOW-HOW.

Milk, a rich and natural product, is the first link in a long chain of values. After being produced by families, and then processed by Agropur, it is consumed by countless other families in many countries. As a leader in the Canadian dairy industry, Agropur is proud to rely on proven expertise passed down from one generation to the next. In fact, the rich history of many of our products has been written by successive generations of Agropur members. They are proud to pass on their knowledge and values of commitment to their successors, who in turn will pass this expertise on to their own descendents. Agropur members are driven by passion to produce the highest quality milk. They are the people behind the excellent products that end up in consumers' homes.

The democratic structure and the strength, vitality and wealth of Agropur associative life are major assets that distinguish our organization from other dairy operations. Agropur aims to maintain close, quality relationships with its members, which is why the organization, through its Solidarity Committee, consults members periodically in determining its major orientations; the latter are then communicated to members by the Board of Directors, which is comprised of elected dairy producers who represent the interests of Cooperative members.

The organization promotes member development through various regular training activities. The succession of members is also an important issue. Launched in 2008, Agropur's one-year Provincial Internship Program is one of the Cooperative's activities. The main goal of this internship is to integrate young dairy producers into Agropur associative life in order to better prepare the Cooperative's future leaders.

Despite the organization's growth and international expansion, Agropur has managed to keep its original values alive, thanks to its emphasis on associative life, which adapts constantly to an ever-changing business environment. The close ties between the Cooperative and its members, the quality of their communications and their participation in various activities are also important factors.

With business opportunities emerging everywhere, new challenges will force the organization to adapt quickly to the new business environment, and will require its key people to act decisively in the best interest of the Cooperative's future, as their predecessors did.

legacy



In 1944, Mr. Pierre Létourneau posed proudly with his father, an Agropur member, on their family's land. Today, he is surrounded by his grandchildren, the family's fourth generation of dairy farmers.





DEDICATED EMPLOYEES WHO PLAY A PART IN AGROPUR'S SUCCESS.

The Agropur family is defined by its employees, the organization's most valuable resource. Loyalty to the Cooperative is sometimes passed down from generation to generation. Whether in Canada, the United States or Argentina, our employees have at least one thing in common: they are the links in the Agropur chain. No matter where the employees are on the planet, one tie binds them all: the Agropur family.

The organization is driven by passionate, committed and talented individuals who all work together toward a common goal. Agropur knows that its employees are an essential resource and its most valuable asset in producing excellent products and positioning the Cooperative as a leader in the Canadian dairy industry and a major player on the U.S. market. The Cooperative's success has been and always will be a reflection of its employees' achievements. In fact, each employee has a hand in the many successes of Agropur, now an international organization. Its past and future are shaped by the dedication, competence and enthusiasm of its employees.

Accordingly, the Cooperative is continuing its efforts to meet the challenges of effective human resources management, in a context of sound financial management and in a labour market characterized by increasingly stiff competition in the recruitment of skilled employees.

Today's modern technology makes it difficult for any company to stand out on the market, since the same tools are available to everyone. As such, employee expertise becomes crucially important, allowing an organization to rise above the rest.

The family is growing, diversifying and spreading out, and maintaining and promoting the original values behind Agropur's success is more important than ever.

fraternity

team



Bruce and Kevin Tilliapugh, father and son working at the Victoria plant, in British Columbia.



*Knowledge passed on
from generation to generation
is what makes our organization
so successful.*

freshness
health



pure

*For many years now, Agrapur products
have been contributing to the health
and vitality of families.*





THE QUALITY OF OUR PRODUCTS MAKES THEM OBVIOUS CHOICES.

Essentially, milk is a top-quality product that lends its multiple nutritional qualities to other dairy products. Agropur adds value to this already wholesome food. Dairy products have long been an essential part of any balanced diet, and Agropur is proud to offer consumers a host of milk products that are each more delicious than the next. A growing number of consumers are now enjoying the ever-improving products expertly produced by the Cooperative.

At Agropur, innovation starts with its employees, architects of research and development. Their ideas inspire processes that in turn lead to products. It is their creativity that allows Agropur to maintain its status as an innovative organization.

The Cooperative is spurred on by recognition of its strong brands and by the development of new products. The organization's strength lies in its ability to meet consumers' increasingly specific demands. It continuously invests in product development in order to meet consumer demand for more nutritional and value-added products. The various families of Agropur products meet the needs of today's families. The products continue to evolve, keeping the organization at the forefront of new trends, and allowing it to proactively meet consumers' needs. The organization's success hinges on product lines such as Natrel, Oka, Sealtest, Yoplait, Québon, Allégro, Island Farms, Canadian Reserve, La Lacteo and Schroeder.

Innovation plays a key role at Agropur, and is one of the cornerstones of the Cooperative's growth strategy. In fact, this is evident by the many prizes won over the years, on more than one continent. Once again, 2009 is no exception: Agropur products are still taking honours at national and international competitions.

A family

agropur

A look at some of our products.

NATREL NATURE~PURE ORGANIC

Milk with same good taste and same fresh taste.

YOPLAIT ASANA

A delicious yogurt for strong bones.

ALLÉGRO PROBIO 7%

The first soft cheese with probiotics in Canada.

ISLAND FARMS

The fat-free sour cream: a guilty pleasure.



partes vit



SCHROEDER

One of the smoothest creams.

AGROPUR CANADIAN RESERVE

The world's best aged cheddar.

LA LACTEO

A refreshing Argentinean
milk beverage.

REVIEW OF ACTIVITIES

AGROPUR HAS
SURPASSED THE
\$3 BILLION SALES MARK.

INVESTMENTS

Major investments of over
\$93 million in its plants were approved.





The Grand Rapids dairy plant in Michigan is part of Agropur's investments in 2009.

SALES

With sales of close to \$3.1 billion, Agropur has posted its best performance to date. The economic situation did not affect the organization's overall growth.

Despite pressure on retail sales prices in Ontario, Division Natrel continued to grow through two acquisitions in the U.S. and increased sales on the Canadian market.

Fine cheese sales were slightly affected by the recession; while growth remains positive, it is slower than anticipated. However, it was mainly imported fine cheeses that were impacted by the economic crisis.

Despite a decreased milk supply in Canada, a difficult economic climate and falling prices, sales increased slightly for cheese and functional products. Trega Foods in the U.S. continued to post profits above forecast levels, despite the recession and falling whey prices. External market conditions affected results in the U.K., where the market has been strongly affected by the economic crisis.

Finally, sustained by the Active Health segment, sales of yogurt and fresh cheeses were up. An improved combination of sales and innovations also helped to solidify market shares.

INVESTMENTS

The U.S. acquisitions represent the major portion of Agropur's investments in 2009.

In order to maintain its growth and meet consumer needs, the organization needs to continuously inject funds into its plants in order to increase production capacity and replace certain obsolete equipment. Among other things, these investments aim to serve and diversify our current customer base. Accordingly, the Cooperative invested heavily in all of its facilities across Canada, the U.S. and Argentina in 2009.

In fact, major investments were approved for a total of over \$93 million. This money will be used, among other things, to double capacity at the Alberta plant, and add a new shredding line at our Ontario cheese plant to diversify products manufactured for the retail market. The organization also opened a new warehouse in London, Ontario, among other projects that were developed.

REVIEW OF ACTIVITIES

MARKETING

Agropur innovates by offering new products that meet consumers' needs.



MARKETING

Given that the market is constantly evolving, Agropur continues to align its marketing strategies with consumer demand by offering products that meet their specific needs. The Cooperative is also revamping several of its packages.

Division Natrel was very busy this year, launching a number of new products: Natrel organic milk, Québon milk in a 500 ml plastic carton, Natrel Omega-3 DHA milk, Québon Ultra'cream 5% blend of cream and milk for cooking, Island Farms 1% cottage cheese, and Purdy's premium ice cream. Three new Island Farms yogurts are now available: Simply 2%, YoFit, and Pro Plus probiotic yogurt. In order to meet the demands of lactose-intolerant consumers, Natrel is pleased to announce the addition of two new members to its family: Natrel Lactose-Free 2% milk in a 4L format and 1% milk in a 2L format. The line is capitalizing on these new products to give its packaging a new, bolder image. Sealtest cream, cottage cheese and sour cream are also getting a new, more contemporary image that reflects market trends.

In terms of fine cheeses, the Allégro umbrella brand introduced its two latest innovations: Allégro low sodium 4% ricotta cheese and Allégro Probio 7% soft-ripened cheese. The 15 light products in this line are also getting a makeover thanks to a more modern design. A far-reaching media campaign to promote this product line was also launched. Among other things, it included TV ads in Canada, a first for the Fine Cheese Division.

Two other cheeses were also given a fresher look: Saint-Paulin and Providence, both part of the Agropur Signature brand.

The division is increasing its efforts to market OKA family products outside of Quebec, including through TV ads in Canada.

Ultima Foods is no exception, maintaining its status as an innovative organization with several new products, packages and line extensions. Yoplait Asana, Yoplait Source Selection Muesli, Yoptimal Crunchy and Yoptimal 0% all hit shelves in 2009.

The new 650 g container made its appearance: attractive, practical and easy to handle, this new format is more appealing to consumers. Yop, Yoplait Tubes, Yoptimal, Yoplait Source, Yoplait Creamy, Yoplait Minigo and Yoplait Basket Fat Free products are now available in brand new packages.

Yoplait Minigo and Yoplait Tubes now contain 25% less sugar.

Fat free with no added sugar or aspartame, Yoplait Source Superfruit Selection is now available in four new flavours: acai berry-strawberry-banana, papaya-mango, goji berry-strawberry and pomegranate-blueberry. Yoplait Creamy Tropical is the only yogurt in the conventional yogurt segment that comes in tropical flavours. The four new flavours are pineapple-coconut-banana, pomegranate-blueberry, tropical mango and lychee-raspberry. Two new flavours have been added to the Yop Tropixs line: peach and vanilla.

New products were also launched under the Olympic brand, including cream cheese and sour cream, both of which are organic and fortified with probiotics. New fruit-flavoured organic yogurt and Krema Greek-style plain yogurt (10%) and vanilla yogurt (11%) helped enrich the Olympic product line. Finally, vanilla and plain yogurt are now available in a 1.75 kg container.

The Cheese and Functional Products Division management committee also got a new Vice-President of Marketing. The CFPD's Marketing department previously reported to the Vice-President of Sales. This new position will help the division to meet its current and future challenges, including focusing more on the retail market and packaging.



BIG WINNER

OKA L'Artisan wins top honours at prestigious competitions in Canada and the U.S.

Prizes won

Agropur enters a number of competitions, events that provide a unique opportunity to showcase its products. Once again, its cheeses performed very well, taking honours at several competitions in Canada, the U.S. and abroad.

As evidence of this, Trega cheeses picked up 13 awards, including six first places, at the prestigious 15th Championship Cheese Contest held in the U.S. every other year. Canadian Reserve also won first prize at the distinguished The Grocer Own Label Excellence Awards 2009, in England, awarded by The Grocer magazine. OKA L'Artisan and Brie Normandie took first place at the American Cheese Society competition in Austin, Texas.

In Canada, Agropur products won honours at the British Empire Cheese Show in Ontario, with four first places going to Rondoux Triple Cream, Délicrème Plain, Feta Anco and Fontina Prestigio.

OKA L'Artisan emerged the big winner at the annual Royal Agricultural Winter Fair, the world's largest indoor agricultural, equestrian, canine and horticultural fair. Other cheeses also took top honours, including Chevalier Double Cream Brie with Basil and Tomato, Fontina Prestigio, Rondoux Double Cream and Allégreo Probio 7% soft-ripened cheese.

Finally, Délicrème Plain, Canadian Reserve Aged 3 Years and Aged 5 Years also took home prizes in their respective categories at Sélection Caseus, Quebec's fine cheese contest.

RESEARCH AND DEVELOPMENT

Dairy products have evolved considerably over the years. Innovation is one of the growth avenues promoted by the organization. Spending in R&D continues to grow, spurred on by a climate of competition and globalization.

Significant research was conducted to develop new healthy products containing less fat and sodium and more fibre, calcium and omega-3 fatty acids. Agropur researchers are working on developing new products with the same great texture and flavour that consumers enjoy.



RESEARCH AND DEVELOPMENT

Researchers at Agropur are constantly developing new, healthy products.

Pierre Morin, Research and Development Agent,
Saint-Hubert, Quebec.

Social responsibility

Our innovative products are inspired by our desire to help build a sustainable future. An organization needs to support its growth by considering the economic, environmental and social needs of all of its stakeholders.

The Cooperative finds new and improved ways to continue its expansion. Agropur knows that it needs to effectively manage its financial, material and human resources, for whom it actively promotes occupational health and safety, training and succession plans.

assistance
awareness
expertise
friendship economic
growth community
NEEDS knowledge
challenges consumers
future generations
health cooperation innovation
support **RESOURCES**
development know-how
inspiration **SOCIAL** values



Agropur constantly strives to provide a work environment conducive to employee development.



HAPPY, HEALTHY AND MOTIVATED EMPLOYEES

Agropur recognizes the valuable contribution of its employees in achieving its objectives. It is the employees who are largely responsible for its success as a world-class organization. As it expands geographically, the organization plans to double its efforts to ensure that all employees embrace and support Agropur's business objectives.

Agropur offers these talented individuals challenges, future growth perspectives and a forum for their skills. The Cooperative constantly strives to provide a work environment conducive to employee development. Its objective is to attract, train and retain the best resources; to do so, it has created programs and measures to meet its employees' expectations. Various methods have been implemented to stimulate the development of the succession in order to ensure the organization's durability and growth. As such, every year, Agropur awards a number of scholarships to college and university students studying in the agri-food sector. In addition to its constant presence at a number of job fairs, the Cooperative is continuing to seek out talented individuals by creating a new website for job seekers: www.careeragropur.com.

In the same vein, Agropur carried out a survey last June among its employees, who expressed their opinions on their jobs, their workplace and senior management. The detailed results illustrate the factors that boost employee motivation and will help us to determine how we can increase engagement across the board. Following this survey, the Cooperative is taking measures and initiatives to improve the work



environment. Agropur consults its employees in order to take more effective action. The Cooperative's strength will continue to depend on its ability to attract and retain motivated and competent employees.

Employees are one of the organization's main assets. Therefore, it makes every effort to create a safe work environment conducive to personal development. The organization continues to educate employees about the importance of occupational health and safety and the benefits of reducing work-related risks. The Cooperative is focusing on its objective of zero accidents. In fact, several facilities have already achieved this goal. Safety starts with each one of us, which is the message that Agropur delivers every day to its employees. If each employee can change his or her way of thinking, and if each person constantly remembers that the goal of zero accidents is reachable, then everyone can change the way they do things.

Finally, recognition at work is one of the values promoted by the organization, and is an integral part of the practices promoted by senior management. The Recognition of Years of Service Program, which has existed for several years, is appreciated by everyone.

Every year, Agropur celebrates employees who have completed a five-year period of service at the Cooperative. Every September, official recognition month at Agropur, these employees are given a gift as a token of appreciation. Those celebrating 20 years or more of service are then invited to attend a gala in their honour.

J.J. Kicherer, Production employee
Weyauwega, Wisconsin.

Patricia Wettlaufer, Human Resources Manager
Woodstock, Ontario.
Toronto Recognition Gala, 2009.

Céléna Lussier, Technician
Saint-Hubert, Quebec.



SOCODEVI

The Ukraine project is designed to support dairy farmers in the provinces of Lviv and Dnipropetrovsk.

SHARING EXPERTISE IN EUROPE

Internationally, Agropur has worked with SOCODEVI¹ for many years on various projects. The five-year Ukrainian project will support dairy producers in the provinces of Lviv and Dnipropetrovsk. Once again, this initiative is inspired by the desire to share our expertise. The project objectives are to improve the efficiency of dairy production on the farm, develop individual and associative entrepreneurship skills in the dairy sector and improve marketing conditions for dairy products. This is an ideal opportunity for Agropur to learn more about the dairy industry in this part of the world.

MISSION, VISION AND CODE OF CONDUCT

Agropur's mission and vision were updated in 2008. A plaque expressing these values was hung in the reception area at each workplace in order to integrate them into the organization's strategic orientations. The new mission and vision describe exactly what Agropur stands for. They are clear and are meant to guide employees in their daily work.

Agropur is also taking initiatives in other sectors, including ethics. As such, the Cooperative has drafted a brand new Code of Conduct, which is more detailed than the previous one.

In April 2009, all Cooperative employees were mailed a copy of the new, updated Code of Conduct. This document promotes the values conveyed by the Cooperative, which all employees are encouraged to embrace in their daily work. This Code of Conduct outlines Agropur's new mission and vision.

support

health

future

resources

community

development

responsibility

expertise

inspiration

challenges

growth

needs

SOCIAL

¹ Société de coopération pour le développement international
[a network of cooperatives for international development]



The Cooperative supports a number of causes, notably through its Annual Employee Fundraising Campaign.

ENVIRONMENT
 Agropur is continuing its efforts to improve its environmental track record.



ACTIVE IN ITS SECTOR

Agropur and its employees play an active role in each community where they are located, supporting several causes across Canada, such as the *Club des petits déjeuners du Québec*², the *Children's Hospital of Eastern Ontario*, the *B.C. Children's Hospital Foundation* and the *Breakfast Clubs of Canada*. The Cooperative also provides financial support in Wisconsin through *Autism Matters*, and in Argentina, jointly with the *Asociación Deportiva Atenas*³, to name just a few. Agropur contributes to the social and economic development of these societies through its Annual Employee Fundraising Campaign and its Donation and Sponsorship Program.

Every year, Agropur receives thousands of requests for donations and sponsorships. In 2009, it donated 1% of its earnings before patronage dividends and taxes to hundreds of organizations.

ENVIRONMENT

Environmental protection is an integral part of the 21st century landscape. Agropur created an environmental coordination committee several years ago. Its main mandate is to implement an environmental management system.

Agropur is continuing its efforts to ensure compliance with current laws and regulations, improve its environmental track record and act as a good corporate citizen. Agropur has adopted several measures to limit the amount of waste generated by its plants, reduce losses at source in all its divisions, and decrease the amount of water it uses.

For its part, Division Natrel has installed GPS devices, speed limiters and heaters in its fleet of tractors. The divisions also decided to proceed with testing a hybrid truck in order to decrease greenhouse gas emissions. These are just a few of the actions taken by Agropur to protect the environment.

Jointly with the Quebec government and other firms, the Cooperative has also decided to contribute financially to a gable-top packaging recycling project, to be unveiled in 2010, with the aim of recycling more containers. Instead of sending residual recycled materials overseas, they will now be collected and processed in Quebec, thanks to a process that generates no waste or residue.

The Luxemburg group, in Wisconsin, chose to support organizations that help children with special needs. Presentation of a cheque to the Syble Hopp School at the plant with a group of seven students from the school and their teacher.

² Quebec Breakfast Club

³ Atenas Sports Association

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