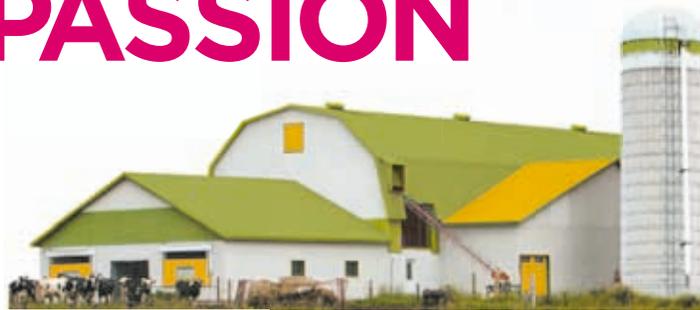


INNOVATION



PASSION



X KNOW-HOW

AGROPUR



HERITAGE
x 3,459
MEMBERS
+ EXPERTISE

KNOW-HOW

5,441
EMPLOYEES



+26



X ENGAGEMENT

PASSION

+5,441

EMPLOYEES TO OFFER YOU MORE

At Agropur, the employees are one of the Cooperative's priorities, because a reliable workforce is the main ingredient in an excellent product. Enviably work conditions, personalized training sessions, attractive career opportunities, succession programs—all of these benefits help Agropur to recruit, maintain and develop a qualified, dynamic and dedicated workforce. As such, the Cooperative relies on a solid team of passionate and committed men and women to support its growth and development.

+1,001

PRODUCTS TO MEET CUSTOMERS' AND CONSUMERS' EXPECTATIONS

Customers and consumers, who are always on the lookout for new and healthy products, expect that we will offer them—in addition to the classics that Agropur is known for—nutritious products that will expand their taste horizons. Hence the benefit of doing business with a major organization such as Agropur, where consistent quality, creativity and an emphasis on research and development enable us to offer an increasingly diversified line of excellent products.

1,001
PRODUCTS



WELL-BEING
X CREATIVITY

INNOVATION

KNOW-HOW OF OUR MEMBERS

Agropur is an economic organization founded on the major principles of cooperation, democracy, independence, education and community involvement. The members benefit from the status of owner, which gives them the possibility of controlling their destiny and increasing their autonomy.

Growth and expansion have always been the Cooperative's central pillars in ensuring the longevity and long-term development of this collective wealth. As the founders of Agropur once said: "The Cooperative has no borders." Over the decades, the organization has grown from a local to a regional entity, and eventually to a province-wide enterprise. From a provincial organization, Agropur then expanded across Canada to become the North American and even international presence that it is today.

Also, the fact that members belong to the largest dairy cooperative in Canada assures them a certain degree of experience that allows them to defend their interests. They have a voice on certain topics pertaining to the Canadian dairy industry, such as regulations, agreements and discussions during bargaining sessions.

Finally, becoming a player on the international scene allows Agropur to import knowledge about the world dairy industry, thus improving its members' expertise over time. Agropur's inspiring story resonates with each one of its members.

PASSION

FROM OUR EMPLOYEES

More than ever, employees are one of the Cooperative's main priorities; thanks to their experience, expertise, energy and dedication, they allow the organization to stay ahead of the competition.

Today, Agropur is one of the 25 largest companies in its sector worldwide, and it is still growing. As such, it is well positioned to offer its employees not only job stability, but also competitive work conditions and attractive career prospects. Moreover, its succession programs encourage career opportunities as well as internal staff mobility, thus helping employees to grow and evolve within the organization.

Another major advantage of working for an organization in full expansion is the professional development opportunities. Agropur is able to offer training sessions tailored to the needs of its employees. In fact, to ensure that the organization continues to thrive, it has developed a program to support the transfer of knowledge and expertise, at all levels and in all sectors of the Cooperative.

Agropur employees also have the added benefit of working in a safe and healthy environment. For several years now, the Cooperative has been focusing on occupational health and safety (OHS), specifically by setting a "Zero accident" objective. The OHS culture is beginning to be firmly implanted at Agropur.

Finally, working for Agropur means working in an environment steeped in authentic values; the Cooperative fosters a work environment in which respect, honesty, integrity, teamwork and cooperation are encouraged.

INNOVATION

FOR OUR CUSTOMERS AND CONSUMERS

The name Agropur is synonymous with quality; thanks to the know-how of the Cooperative's members and employees, customers and consumers benefit from fresh, pure, top-quality products.

Its 72 years of expertise and ongoing development enable Agropur to offer an increasingly diversified range of products, supported by renowned brands that all bear the Cooperative's seal of quality and freshness. Natrel, Sealtest, Schroeder, Island Farms, Québon, OKA, Canadian Reserve, Allégro, Yoplait and La Lactéo are just some of the brands that Agropur members and employees can proudly boast about, and that consumers can enjoy. The numerous prizes won in Canada and abroad attest to the excellence and consistent quality of Agropur products. Furthermore, Agropur is reliable in terms of the availability of its products, which can always be found on the shelves at the many points-of-sale.

As an expanding organization, Agropur strives to always exceed consumers' expectations by investing in research and development, urging the Cooperative to embrace performance, excellence and creativity—values ever-present at Agropur. Through innovation, the organization is able to expand its product portfolio in order to meet specific consumer demands. Agropur's development also enables it to increase its R&D and knowledge pool, thus ensuring that its consumers and customers benefit from innovative, value-added products.

Finally, sustained growth allows Agropur to follow its customers and to respond to its consumers' needs, in all of the markets where they are located.

A GROWING FAMILY



CHAIRMAN'S MESSAGE

Agropur's 72nd fiscal year is coming to an end, with very good results to report again this year. We are proud to reaffirm that our cooperative remains on course, posting record patronage dividends representing \$101.2 million.

If the past is any indication of the future, we can be very optimistic about the next few years. In an industry in which market conditions are constantly changing in terms of regulations, pricing, supply and distribution, Agropur has always been able to adapt to new business realities. While we cannot take anything for granted, the fact remains that Agropur is currently experiencing the best years of its history; clearly, its strategy based on expansion and growth is bearing fruit.

The current economic situation presents many business opportunities, which we plan to capitalize on as we pursue the organization's growth. In the coming years we will continue to deploy our expansion strategy, which stemmed from the directions proposed during the consultations held in 2002 and 2007 with Agropur members. These directions continue to apply today.



Since the last consultation held in 2007, the Cooperative's sales have grown by almost one billion dollars, representing an increase of nearly 40%, and the volume of milk processed has grown by over one billion litres, or about 60%. Several acquisitions were made beyond Canada's borders: a joint venture was set up in Argentina, while five companies, all located in the United States, have joined the extended Agropur family.

Agropur's mission is to provide a wide range of quality dairy products reflecting current and future consumer demands. The Cooperative's vision is to consolidate our position as a leading Canadian provider of dairy products, to become an influential player across North America, and to grow our global markets. Our mission and vision stem from years of strategic planning, and this is what guides our actions. This mission and vision underline our determination to focus on our field of expertise in dairy processing, on innovations in dairy products, and on geographic expansion. The Cooperative's annual strategic plans are also perfectly aligned with our mission and vision.

The business environment in which we are working constantly produces challenges that we must face. To this end, our organization's success depends in part on the presence of strong brands in our product portfolio to facilitate the penetration of markets. These same strong brands also allow our organization to maintain a relationship of trust with consumers. Agropur will react to any form of interventionism aimed at changing the special relationship that exists between our organization and consumers.

A possible agreement at the World Trade Organization (WTO) is still part of our business reality. We are monitoring this issue, just as we are following the negotiations between Canada and Europe, whether or not there is an eventual agreement and regardless of the outcome. We are pursuing our development in order to diversify our clientele and strengthen ties with our current customers.

The majority of acquisitions made in recent years have been in the United States, a country that represents significant potential for growth. As a result, an issue we are monitoring is the possibility of U.S. dairy producers setting up a system allowing them to limit major fluctuations in the price of milk at the farm. Moreover, the U.S. National Milk Producers Federation wants to develop an insurance program to further stabilize their revenues.

Despite all these challenges, our cooperative continues to perform well. The success of our organization is based on a combination of factors that have enabled us to rank proudly among the top dairy organizations in the world. Our historical expertise and perseverance, our rigorous execution of the organization's strategic plans, and the rallying of members and employees behind a common business objective have helped Agropur to achieve the success it enjoys today and to ensure its sustainability.

In addition, to keep these values alive, the organization continues to rely on a healthy democracy and a rich associative life. Agropur's associative life is often held up as an example by other Canadian cooperatives. The individuals sitting on the Board of Directors always have their members' interests in mind; they make decisions from the perspective of both dairy producers and owners.

Furthermore, the Board of Directors made changes to the policy regarding share transfers, which in particular governs the nature of authorized transfers of farms when the owner or status changes. This policy takes into account some concerns expressed by members and respects the spirit of the 2007 Strategic Reflection. This change to the transfer policy rounds out the changes to, and implementation of, the new general administrative by-law and statutes announced in December 2009.

In an effort to maintain its special relationship and strong ties with its members, the organization consults with them periodically through communication tools, events and strategic consultations, to establish the Cooperative's major orientations.

Committed and motivated employees, the very high quality of our products, rigorous and prudent management, clear directions, an understanding of consumers' needs, and a healthy dose of innovative ideas are all key factors that have made Agropur into becoming one of the largest dairy organizations in the world.

To conclude, the results of 2010, as well as those of previous years, allow us to view the Cooperative's future with great optimism. The Board of Directors and I would like to thank Mr. Pierre Claprood, Chief Executive Officer, the Management Committee, and all employees and members for their invaluable work and commitment to our organization.



Serge Riendeau
Chairman

CHIEF EXECUTIVE OFFICER'S MESSAGE

Once again this year Agropur has posted good results: the Cooperative's sales increased to more than \$3.3 billion and earnings before patronage dividends and income taxes were \$151.3 million.

The 2010 fiscal year was marked by significant investments in our various workplaces. We also made two acquisitions in the United States: the Green Meadows cheese plant in Iowa in December 2009, and Main Street Ingredients in December 2010, a Wisconsin-based company specializing in functional products, to be posted in the next fiscal year.

We can still rely on a solid capitalization. The Cooperative's profitability continues to increase and its financial situation remains healthy.

Earnings in our cheese divisions are growing, largely due to the increase in whey product prices during the year, as well as good results at U.S. facilities, and increased sales of imported fine cheeses and Bel products.

Division Natrel also shows growing sales and earnings, despite a more difficult economic environment in the U.S., a rather static market in Canada and a fierce struggle to maintain our market shares. These results can be explained by rising sales in Ontario and ongoing streamlining efforts at our facilities.

Our joint venture, Ultima Foods, also posted good results, distinguished by faster development outside of Quebec's borders and growth in the active health segment. However, the possible non-renewal of our Yoplait license, set to expire in September 2013, could affect sales and earnings in this business unit in the coming years. We expect to remain active in the yogurt and fresh products area, whether or not the license is renewed.

Although the results from our Argentinean joint venture, La Lácteo, are somewhat lower than expected, we believe in South America's business potential. On the one hand, it constitutes an important domestic regional market, and, on the other, a milk production area that is among the most competitive in the world. In 2011, we will continue our efforts to profit from the expected market growth.

Agropur's encouraging numbers are due to the work of our employees, who are one of our organization's strengths.

Occupational health and safety is one of Agropur's core values—it is essential, unequivocal and non-negotiable. The number of accidents is declining on an annual basis, despite our growing workforce. While we have not yet reached our goal of zero lost-time accidents for the entire organization, I am proud to report that several work sites have reached this target, solidly demonstrating that this goal is realistic and achievable.

Still with regard to our employees, we signed two 5-year collective agreements at our plant in Toronto, Ontario, and at our distribution centre in Montreal (Pierre-de-Coubertin), Quebec, which will help ensure stability for all parties.

Regarding the Canadian dairy industry, business opportunities remain very limited in a mature and concentrated market, except for certain specific niches, such as organic products, and value-added or “ready to eat” products. Innovation is therefore very important to our ongoing growth. The concentrated nature of the Canadian market forces us to follow the customer beyond our borders. Apart from research and development and gains in operational efficiency, growth over the next few years will come in the form of new corporate acquisitions, along with investments in our current facilities to increase capacity, especially in the cheese plants. In Alberta, the first phase is underway to double the plant's capacity, and the second phase will add an additional 50% capacity.

In the United States in 2010, we completed phase one of the Hull project, added capacity at our feta plant in Weyauwega and improved warehousing conditions in Little Chute. In the coming years, we plan to continue increasing capacity at most of our U.S. sites. In Canada, we will focus on our packaging, wrapping and heat treatment tools in all sectors.



Moreover, we also continually strive to maintain and improve the quality of our products and facilities. In the past few years, Agropur has invested heavily in quality control and food safety, investments that will continue in order to meet the increasingly high standards of our customers and consumers, and the strict requirements of the regulatory bodies.

We will continue to invest substantially in the research and development, and marketing of new products, which is one of the fundamental principles behind the sustainability of our business. This is why we encourage creativity and forward-thinking by our employees, who are the key to these innovations and the ongoing improvement of our processes.

In this way, Agropur is maintaining its status as an innovative organization, offering consumers new products, including Allégro 9% light spreadable cream cheese, as well as fine cheeses such as Nouvelle-France, Rivière Rouge and washed-rind Rondoux, and WPC80, the latter having been added to the organization's line of functional products.

In addition, Agropur emerged the big winner at several competitions held in Canada, the United States and the U.K., collecting numerous awards at, among others, the Warwick Festival, the Royal Agricultural Winter Fair, the World Championship Cheese Contest and the Nantwich International Cheese Show.

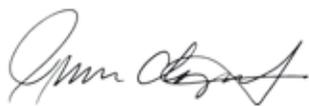
Our organization is evolving in a mature industry and the challenges are numerous; it must also satisfy many requirements and comply with established standards. In addition to increasingly demanding consumers and growing competition from substitutes¹, as well as consolidation among processors and distributors, the Cooperative is also faced with the challenge of growth and of dealing with new cultures as a result of geographic expansion.

¹ For example, soy milk and/or products derived from soy or other grains, calcium-fortified orange juice, vitamin water or even "analogue cheese".

Despite these constraints, Agropur has positioned itself over the years as a true leader in the Canadian dairy industry. The organization also aims to become an increasingly significant player in the United States, and recent acquisitions south of the border reflect this goal. In its seven U.S. plants, Agropur employs just over 1,000 people and processed 1.1 billion litres of milk in 2010, equivalent to approximately half of all milk processed in Canada. During the past year, 85 million kilograms of cheese were produced in Canada and 110 million kilograms in the U.S., a market that is ten times bigger.

**We believe that we have good business plans
and the employees to achieve our goals.
We are continuing our strategy of positioning
and expansion to take advantage of the growth
of international markets.**

In conclusion, I would like to thank Agropur's Board of Directors for its unwavering support, as well as its Chairman, Mr. Serge Riendeau. I also want to sincerely thank the members of the Management Committee for their contribution, commitment and professionalism, as well as all of Agropur's employees for their work, motivation and dedication. The Cooperative would not be the success it is today without all of these people.



Pierre Claprood
Chief Executive Officer



BOARD OF DIRECTORS

Pictures from left to right (names from left to right)

GAÉTAN JODOIN

Granby
1996

ROBERT COALLIER

Guest Member of the
Board of Directors and
of the Audit Committee
2009

JEAN FILIATRAULT (E.C.)¹

Acton
1993

RENÉ GRIMARD (E.C.)

Vice-Chairman
Des Appalaches
1995

LORNA JEAN NEVEU¹

Laurentides/Lanaudière
1996

MICHEL COUTURE (E.C.)

De L'Érable
2001

DANIEL GAGNON¹

Est du Québec
2008

VITAL VOULIGNY

Lac Saint-Pierre
2007

RENÉ MOREAU (E.C.)

Bois-Francs
1998

DANIEL LAMY

Berthier/Maskinongé
2004

ROGER DAOUST¹

Salaberry
1993

JEAN-PIERRE LACOMBE

Yamaska
2007

ROGER MASSICOTTE

Mauricie/Portneuf
2003

SERGE RIENDEAU (E.C.)

Chairman
Estrie
1991

DARIE GAGNÉ¹

Chaudière
1997

LUC CHASSÉ

Des Seigneuries
2006

Legend: Director/Administrative region/Year elected to the Board
(E.C.) Executive Committee members

¹ Directors whose term expires in 2011, but who can be re-elected.



MANAGEMENT COMMITTEE

Pictures from left to right (names from left to right)

JEAN BRODEUR
Vice-President
Communications and
Public Relations

BENOIT GAGNON
Executive Vice-President
Global Development

JOCELYN LAUZIÈRE
Chief Financial Officer

SCOTT MCDONALD
Corporate Vice-President
Human Resources

ROBERT GOUR
President
Fine Cheese Division

LORRAINE BÉDARD
Corporate Secretary
and Vice-President
Member Relations

SERGE PAQUETTE
President
Division Natrel

MICHEL ST-LOUIS
Vice-President
Legal Affairs

PIERRE CLAPROOD
Chief Executive Officer

LOUIS LEFEBVRE
President
Cheese and Functional
Products Division

1.0

REVIEW OF ACTIVITIES

2010 was a good year. Sales climbed. Major investments led to the expansion of our production capacity. Ongoing research and development added to our product line and further solidified our competitive position. This year was no exception, with a number of Agropur products taking top honours at prestigious competitions.

REVIEW OF ACTIVITIES

SALES

The year 2010 was a record one for sales, with results of \$3.3 billion.

Division Natrel saw its Canadian sales increase in a somewhat static market, due partially to the signing of an agreement with a major retailer in Ontario. The Division's U.S. sales are on the rise, as it intensifies efforts to capitalize on business opportunities in that vast market.

Despite a certain decline in Canadian sales due specifically to a drop in certain orders, the Cheese and Functional Products Division posted an increase in its total sales. In the Fine Cheese Division, the OKA line performed well, and distribution of the soft-rind Boursin cheese since August 2010 also contributed to boosting sales in this division.

Finally, sustained by the active health segment, sales of yogurt and fresh cheeses increased. These good results, in an ever-expanding market, can be partially explained by better market penetration, as well as products and packages that meet consumers' expectations.

INVESTMENTS

As part of its expansion strategy, Agropur specifically supports investments in capital projects—one of the Cooperative's development priorities. Acquisitions aside, Agropur understands the importance of investing in each of its work sites.

In 2010, the Cooperative invested over \$150 million in various projects, including the acquisition and completion of work at the Green Meadows plant in the United States, the project to increase capacity at our Lethbridge plant in Alberta, the new grating line in Woodstock, Ontario, and expansion of the Saint-Hyacinthe, Quebec plant to accommodate production of Boursin cheese.

Minor projects are ongoing at most of the other work sites, to modernize current infrastructures, increase equipment efficiency, improve employee safety, comply with environmental regulations, install a new product line or renew the truck fleet.

RESEARCH AND DEVELOPMENT

Faced with increasingly fierce competition, the Cooperative needs to adapt in order to stay competitive. Consumers are demanding healthy and nutritious products that meet their dietary needs. It is essential for Agropur to continue investing year after year in R&D, the engine that powers innovation.

However, certain market segments tend to be more profitable, for example, high value-added dairy products, such as aged or specialty cheeses; aseptic milk and dairy ingredients also offer strong growth potential.





MARKETING

Innovation plays a key role in Agropur's growth, prompting the organization to consistently come up with new products that meet consumer demands.

The Fine Cheese Division was especially busy this year, launching new cheeses and updating its existing packages.

The Division added to its line of light cheeses with a new product, the vegetable-flavoured Allégro 9% light spreadable cream cheese with antioxidants. Launched in November 2010, three new cheeses joined the ranks of the Agropur Signature umbrella brand: the Nouvelle-France firm cheese, the Rivière Rouge semi-firm cheese and the Rondoux washed-rind soft cheese. Since June 2010, across Canada, several Agropur Signature soft cheeses have been given makeovers with packages featuring new logos and graphics, as well as eye-catching colours.

In terms of ingredients, WPC80 joins the ranks of whey protein concentrates. This new addition to the product line enables the Cheese and Functional Products Division to offer a wider range of whey-based dairy ingredients.

The structure of the Marketing department at Division Natrel was completely reviewed in order to better meet the requirements of the Division's customers. Also, in 2010, the Marketing department modified the packaging of Island Farms chocolate milk, which now makes a direct link to sports. In addition, Island Farms launched a number of limited-edition flavoured chocolate milk throughout the year, in flavours such as cappuccino, chocolate-orange and chocolate-caramel.

Our joint venture Ultima Foods launched Yoplait Creamy in an innovative 2-kg pouch, intended for food service customers, in vanilla and plain flavours. For its part, Yoptimal introduced two new flavours: banana-strawberry and strawberry. Yoplait Source added four new flavours to its Dessert Selection line, which, like all Yoplait Source products, contain only 35 calories per 100-gram serving. Finally, Minigo has a new logo, new colours and an entirely new design.

Several marketing initiatives were proposed, including a new Canada-wide television and magazine advertising campaign for Yoplait Minigo and Yoplait Asana.

AWARDS

Since its foundation, Agropur has won a considerable number of prizes, and 2010 was no exception. Its high-quality products have consistently earned top honours. Once again, the Cooperative was recognized for its creativity and the diversity of its product portfolio.

Our Masters Reserve provolone and Canadian Reserve took first prize at the prestigious World Championship Cheese Contest, held every two years in the United States. The Canadian Reserve also earned accolades at the Nantwich International Cheese Show and the Royal Bath & West Show in the U.K., not to mention winning the *Grand Prix du Public* at *Sélection Caseus* at the Warwick Festival, in Quebec. At this same festival, Chevrita and OKA with mushrooms cheeses also took top honours in their respective categories.

For its part, L'Extra Camembert made a name for itself on the international scene by winning the gold medal at the World Cheese Awards held in the U.K.

At the Royal Agricultural Winter Fair, a competition held annually in Ontario, Agropur once again shone by taking home a number of awards, including blue ribbons for Champfleury, Doucerel, Délicrème Garlic & Herbs, Chevrita, and the grand champion, OKA L'Artisan.

The British Empire Cheese Show, also held in Ontario, handed out prizes to several Agropur cheeses, including Rondoux Triple Cream, Feta Anco and Fontina Prestigio, which took top honours.

Finally, Yoplait Asana was named the best product in Canada, all categories combined, at the Canadian Grand Prix of New Products, in addition to winning first prize in the dairy products and innovative packaging categories.



4.0

REPORT ON SOCIAL RESPONSIBILITY

Agropur contributes to sustainable development at several levels to help improve the quality of life for everyone. The organization also adopts best practices in managing its activities, since it considers a healthy governance structure to be essential.

Agropur provides



every-

where with dairy



of the

highest quality. But production

isn't everything. The Cooperative

also has a mission to see to

the well-being of its



its



and the communities in

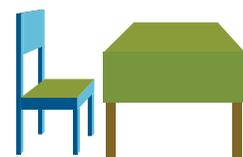
which it operates, with the utmost

respect for the environment,

from the



to the



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REPORT ON SOCIAL RESPONSIBILITY

THE EMPLOYEES

The employees are Agropur's main asset; as such, the organization advocates accountability and stands out for the importance it grants to a safe work environment and harmonious relationships conducive to personal development. The Cooperative is also committed to promoting a professional work environment that encourages teamwork, the type of environment in which all of its employees can develop, reach their full potential and contribute to Agropur's success.

OCCUPATIONAL HEALTH AND SAFETY (OHS)

Our employees' health and safety is our main concern, which is why we have promoted this concept for several years now. The ultimate goal at Agropur is to ensure that every employee returns home in the same state as he/she left in the morning—safe and sound.

Each of the Cooperative's divisions incorporates an OHS component into its annual strategic planning process, and makes efforts to constantly improve on its results. Accordingly, each work site has its own OHS committee, which plays an essential role in preventing occupational accidents.

This year, we noted a decrease in the total number of accidents for the third consecutive year, with several sites going more than a full year without any lost-time accidents, attesting to the substantial efforts made by everyone involved to achieve OHS objectives. Of course, these actions must be continued and ramped up in order to maintain and improve on this trend.

ORGANIZATIONAL DEVELOPMENT

More than 5,400 employees belong to the Agropur family, in which future perspectives and challenges are everyday realities. We provide for their training needs by allocating significant amounts of money to professional development. We encourage our employees to be fulfilled; as such, we offer development plans, succession plans and ongoing training. The training provided by Agropur helps its employees to progress according to their needs and those of the organization, and provides them with interesting career opportunities. We also strive to make the organization more flexible and effective, to ensure it fully capitalizes on the ever-changing environment in which we are evolving.

RECOGNITION PROGRAM

At Agropur, the Recognition of Years of Service Program is a way for managers to thank employees for their commitment, dedication and loyalty to the Cooperative. Accordingly, each employee receives a gift for each five-year period of service. Employees celebrating 20 or more years of service, in five-year periods, those marking over 40 years of service and those who retired during the past year are also invited to attend an evening gala.

However, this program is just one part of Agropur's recognition program—a process comprising simple gestures made by everyone, every day. These gestures are very important to the organization as a form of recognition for the contribution and efforts made by the employees, who represent Agropur's strength and the reason for its success.

EMPLOYEE ASSISTANCE PROGRAM

Agropur looks out for the best interests of its employees by providing them with a stimulating work environment and by implementing various programs that enable them to excel professionally. Accordingly, Agropur offers all of its employees an Employee and Family Assistance Program (EFAP) for problems related to their work or personal life.



NAOMI KRASEY
Receptionist and Office Clerk
Victoria, British Columbia

THE COMMUNITY

Agropur also takes an active interest in the residents of the communities in which it operates. The organization is involved in the economic and social development of several dozens of cities in which its work sites are located across North and South America, through its Donation and Sponsorship Program, its Annual Employee Fundraising Campaign, its involvement in the industry, and its international commitments.

DONATION AND SPONSORSHIP PROGRAM

Agropur ranks among the generous organizations in the business community by annually allocating large amounts of money to its Donation and Sponsorship Program.

In addition to numerous one-time sponsorships, Agropur makes many donations to organizations in a variety of different sectors, including the food sector, namely the *Club des petits déjeuners du Québec*¹, the Breakfast Clubs of Canada, the *Fondation OLO*², and several food banks across Canada. It also grants scholarships to various teaching establishments, in order to support succession, such as the *Institut de technologie agro-alimentaire* (Food Technology Institute), Laval University and McGill University in Quebec, and the University of South Dakota in the United States, to name just a few.

ANNUAL EMPLOYEE FUNDRAISING CAMPAIGN

Agropur also encourages its employees to get involved in their communities. As part of the Fundraising Campaign, employees can choose a favourite charity and organize fundraising activities across Canada and the United States. The Cooperative then matches each dollar raised by its employees. The following organizations are just a few that have benefited from the generosity of Agropur employees: The Canadian Cancer Society and United Way in Quebec, the Alzheimer Society of Oxford in Ontario, the Canadian Breast Cancer Foundation in British Columbia, the Make-a-Wish Foundation in Wisconsin, and Ducks Unlimited in Iowa.

AN ACTIVE INDUSTRY PLAYER

For several years now, by way of its status as the largest dairy cooperative in Canada, Agropur has been highly involved in the Canadian dairy industry and has carved out a niche in the U.S. dairy industry. In fact, the organization's managers are very active in the dairy community, sitting on several boards of directors, including those of Novalait, the *Conseil de la transformation agroalimentaire et des produits de consommation*³ (CTAC), the Dairy Processors Association of Canada (DPAC), and the International Dairy Foods Association (IDFA), to name just a few.

The organization also contributes to the development of the dairy industry by participating in various forums and roundtables. It has an impact on the communities in which it works, including through the promotion of fundamental research into dairy products. As such, Agropur financially supports the University of South Dakota, specifically by funding a part of the cost of renovating its pilot dairy plant.



Agropur also funds the IRECUS Research Chair⁴ to encourage ongoing research into the management and development of cooperatives, both nationally and internationally.

Finally, Agropur managers are becoming increasingly sought out for conferences, public speaking engagements, interviews, and even to accept awards.

INTERNATIONAL COMMITMENT

SOCODEVI⁵ was created in 1985, with the mission to support the cooperative movement in several sectors of the economy, specifically agrifood.

Agropur has been a partner of SOCODEVI since the inception of this organization, and has participated in several missions over the years to Latin America, Asia, Africa and Europe.

Most notably, the Cooperative has been involved for the past two years in a mission in Ukraine, whose objective is to increase productivity on dairy farms and promote the cooperative formula in this part of the world.

¹ Quebec Breakfast Club

² Provides future mothers in financial difficulty with nutritious basic food and vitamin supplements

³ Food processing and consumer product council

⁴ University of Sherbrooke (Quebec) research and education institute for cooperatives and mutuals

⁵ A network of cooperatives for international development

It was through SOCODEVI that Agropur lent its assistance following the massive earthquake that rocked Haiti on January 12, 2010. An assistance fund was created to financially support the cooperatives affected by this natural disaster, to help them rebuild and get back on track. The Cooperative's members and employees banded together to help this Caribbean country by organizing a fundraiser.

THE ENVIRONMENT

Conscious of the need to protect our natural resources, Agropur has been gradually adopting environmentally sound practices for many years now. A number of projects are underway at all levels of the organization, including initiatives related to recycling, air quality and energy efficiency.

The regulatory requirements of the current environmental standards tend to change quickly, exerting enormous pressure on the entire organization. However, a number of initiatives are proposed in addition to these obligations.

ENVIRONMENTAL COMMITTEES

To minimize the Cooperative's environmental footprint in Canada and the United States, and to enhance initiatives in this regard, three committees were created by Agropur management, including the Environmental Committee (EC), the Environmental Steering Committee (ESC) and the Environmental Coordination Committee (ECC). These committees are responsible for environmental actions at all Agropur work sites.

The Environmental Committee guides and determines the Cooperative's environmental policy and its framework. The Environmental Coordination Committee determines the corporate environmental policy and the divisions' respective environmental procedures, which are pre-approved by the Environmental Steering Committee. More specifically, the goal of the Environmental Coordination Committee is to implement an environmental management system that addresses the issues of energy consumption, transportation, wastewater and greenhouse gas emissions, to name just a few.

INITIATIVES

Every year, Agropur invests heavily in meeting—and surpassing—current environmental requirements. Some of its many actions include implementing a filtration system to treat and neutralize effluent from dairy operations in Victoria, British Columbia, investing in waste treatment facilities in Quebec and Ontario, and implementing procedures to meet quality criteria for treated water discharged into the river in Oka, Quebec.

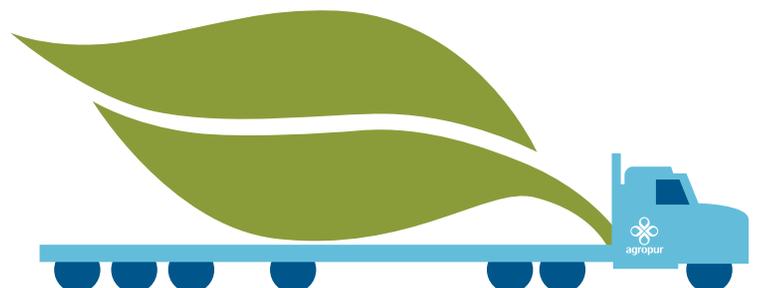
ENVIRONMENTAL COLUMN

In every issue, the *Inter.Com* corporate newsletter publishes an environmental column specifically to inform members and employees of Agropur's latest environmental initiatives.

EMPLOYEES CHANGING THE WORLD ONE GESTURE AT A TIME

When it comes to the environment, every little gesture counts; through their desire to reduce the organization's environmental footprint, Agropur employees have become an engine for change by organizing initiatives at the local level.

For example, some of the actions taken by the Cooperative's employees include replacing cleaning products at some sites with greener alternatives, leading to less phosphorus being discharged into the environment; adopting more energy efficient light bulbs; replacing paper towels with hand dryers; and creating local committees to encourage green initiatives.



THE MEMBERS

Agropur members enjoy a rich associative life. The spirit of cooperation is manifested by sustained communication between the members and their directors at various events, such as the Annual General Meeting, the regional meetings, the summer facilitators' meeting, and various meetings of members and facilitators. The members are also kept informed of the activities and the results of their cooperative through a number of communication channels, including the quarterly report, the annual report, and the internal newsletter, *Inter.Com*. These tools and events promote discussion while enabling the Cooperative's owners to keep tabs on developments within their organization.

Training is one of Agropur's cooperative values, hence why the organization offers various internal training programs. For over 25 years, the Cooperative has been organizing internships or training days for groups of members or future members, during which participants receive basic training about Agropur, i.e. its structure and method of functioning. More specifically, the organization also awards the Omer-Deslauriers scholarship to 15 young members who are invited to participate in the Provincial Internship for Young Farmers.

Members also receive the services and information they need from the Member Relations department, which works to improve the quality of milk at the farm, provide information about the Cooperative and its structure, and assist members with regard to their capital, member file and milk pay.

Finally, the 3,500 Agropur members, who are joint owners of their cooperative, also receive patronage dividends. In the last five years alone, these dividends have amounted to close to \$450 million, representing a significant injection of funds in all areas where members are present.



PHILIPPE AND ROSAIRE BOURGEOIS

Ferme Bourjoie senc, Sainte-Brigitte-des-Saults, Quebec

In memory of Rosaire Bourgeois (1950-2010)

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