

AGROPUR COOPERATIVE

# Better Dairy. Better World.



Annual Report 2019

# Introduction

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After visiting Ferme Auge d'Or (on cover), consumers Alex and Chanel join their friends Alex and Maureen to prepare a meal using Agropur products.



With its business model rooted in resource-sharing, Agropur is helping to create better dairy for a better world.

As a socially responsible business, the Cooperative is a driver of economic and social development in many communities in North America. It also takes animal welfare seriously, strives to reduce its environmental footprint, and makes products that are recognized for their high nutritional value and meet customers' and consumers' expectations.

# Better Dairy. Better World.

The business model that has defined Agropur for more than 80 years is as relevant today as it has ever been. The Cooperative offers products made with top-quality milk from producers who respect their animals and the environment. Operating on a cooperative model based on creating wealth and redistributing it to the community, Agropur meets its customers' needs and offers consumers an exceptional dairy experience.

Consumers who want to shop ethically know they can trust Agropur. In 2019, consumers ranked Agropur as Canada's most trusted brand in the Dairy Products and Alternatives category and rated it in the top three among all Canadian brands on the "trust inspired by corporate values" scale.\*

Agropur has earned not only consumers' trust but also industry acclaim. In 2019, the Cooperative won over 30 awards and distinctions, including 13 medals at the US Championship Cheese Contest, seven at the British Empire Cheese Show, two in the SIAL Canada International Cheese Competition, and two in the Sélection Caseus competition. Agropur's master cheesemakers also shone at the Wisconsin Dairy Contest with top scores in four categories.

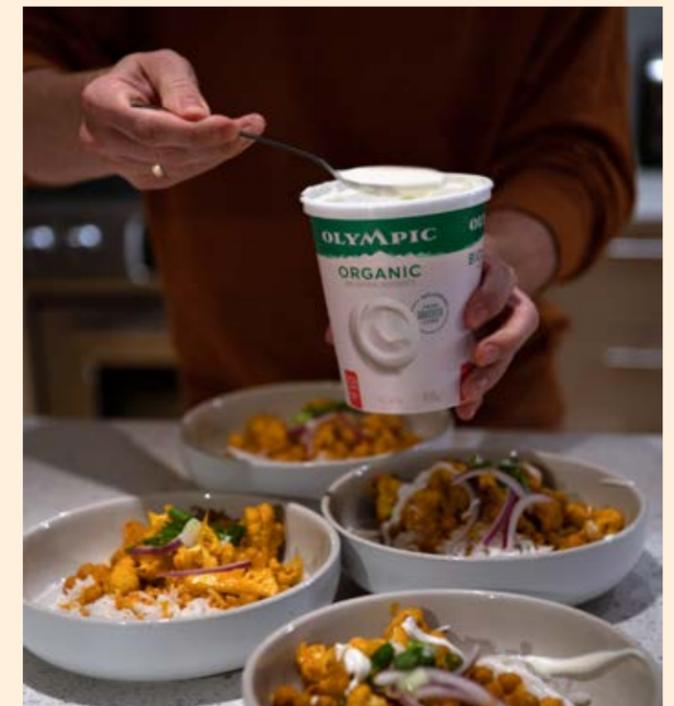
Agropur takes pride in using 100% Canadian milk in Canada. Operating in a highly competitive market and contending with trade agreements that complicate the

market environment, Agropur became the first and only major Canadian processor to commit to using only Canadian milk in all products manufactured under its brands in Canada.

## How is Agropur helping to build a better world?

### Some examples:

- Animal welfare is a core priority for Agropur. Members are offered knowledge transfer opportunities, training and support from Cooperative Advisors to increase their knowledge and improve animal care and comfort.
- The environment is a constant concern at every step of the production process and all the way up to the kitchen table.
- During the year, Agropur launched major initiatives to reduce the environmental impact of its packaging.
- Agropur is continuously improving the nutritional value of its products, notably by reducing the quantity of sugar.
- Agropur contributes to the vitality and development of communities across North America.



\* Gustavson Brand Trust Index



# Roger Massicotte

## Message from the President

As I complete my first year as President, I am confident that together we will be stronger, rise to every obstacle and ascend to new heights. Our Cooperative's success springs from the solidarity of its members and the engagement of its employees.

In 2019, Agropur continued to grow and to position itself as a

key player in the North American dairy industry. The commissioning, on schedule and within budget, of the Lake Norden plant, the largest capital investment project in our history, was no small achievement. We have reason to be proud of this strategic project, which is already contributing to the Cooperative's earnings.

When we decided to invest in the United States, we knew it would increase our exposure to international market volatility. In 2019, thanks in large part to rebounding cheese and whey powder prices on world markets, our American operations posted sharply increased operating margins. Our American team was able to

capitalize on market conditions and was instrumental in this success.

Year 2019 was also a year of challenges for us, particularly in Canada. First, the new international trade agreements to which Canada is a party are exerting pressure on both our sales and our margins, forcing us to review our strategies. At the same time, the Canadian market remains highly competitive and depressed by unwarranted price-cutting. Lastly, we were confronted by operational issues.

Over the last five years, we have invested \$1.3 billion in property, plant and equipment and mergers to enlarge our Canadian footprint and develop our brands and products. Today, we are able to serve the entire Canadian market with the most extensive range of dairy products in the country. However, the strong sales growth has not generated the desired increase in earnings from operations.

Our Canadian manufacturing and distribution network has been constituted largely through mergers and acquisitions over the years. The result is a complex structure. To optimize our performance, we need to streamline. We are currently engaged in a structured, consistent process aimed at optimizing our Canadian operations and improving our profitability in Canada. Execution is in progress and will continue during the coming financial year.

Market factors haven't helped. For some time, we have been seeing aggressive pricing competition in Canada, which is squeezing our margins. Setting this factor aside, however, our performance in Canada still remains unsatisfactory.

In Canada, we cannot discount the impact of the two trade agreements

that recently came into effect, one with the European Union and the other with the members of the Trans-Pacific Partnership (TPP). There will be even more dairy imports from those countries into Canada. That is all milk that will not be produced by Canadian farmers and not processed in Canadian plants.

The US-Mexico-Canada Agreement (USMCA) will have an even greater impact on our industry. In addition to imposing new import quotas, it limits exports of skim milk powder, milk protein concentrate and infant formula. The USMCA will also impact our supply-management system.

During 2019, your Cooperative continued its efforts to support our industry's development and adaptation. We participated in all the working groups on adaptation to the trade agreements. We are lobbying to ensure our interests are taken into account and to preserve Canada's supply management system.

During the year, the federal government announced that Canadian dairy farmers will receive \$1.75 billion in compensation over eight years to make up for the losses resulting from the Canada-EU agreement and the Trans-Pacific Partnership. The compensation is welcome, but it is no substitute for a strategy.

We are still hopeful that the federal government will soon announce support measures for Canada's dairy processing industry. We will continue making our case.

With respect to corporate social responsibility, sustainable development is redefining how we do things, from the farm and the manufacture of our products to

their consumption, the disposal of packaging and the return of wastes to the land. Our commitment to sustainable development is irreversible.

As my first year as President draws to a close, I want to underscore the contributions of my fellow directors, past and present. Thanks to them, for more than 80 years Agropur has enabled its members to pool their collective strengths and control their own destiny. I also want to salute our 8,800 skilled and dedicated employees, who pursue at once operational excellence and the cooperative ideal.

I especially want to thank Robert Coallier, who retired from Agropur at the end of the year. In his nearly eight years as Chief Executive Officer, Robert gave Agropur an impetus and scope that let us look to the future with confidence. We are very pleased that Émile Cordeau has agreed to step into his shoes and we are fully confident that he and the renewed management team will rise to the challenges facing the Cooperative. He has my trust and that of the Board.

We have every reason to be upbeat about the future. Throughout the years, our Cooperative has retained the agility to overcome the hurdles of growth. Today more than ever, we have the size, the strength and the skills to continue growing despite the challenges.

We draw strength from our solidarity and cohesion. Agropur is a movement that embraces 15,000 member and employee families in Canada, the United States and elsewhere. We are never so strong as when we come together to take our future into our own hands.



# Émile Cordeau

## Message from the CEO

I was appointed Chief Executive Officer of Agropur by the Board of Directors in October 2019. I am honoured by the trust the Board has placed in me and I take up this challenge with enthusiasm.

Let me begin by paying tribute to my predecessor, Robert Coallier. Under his leadership, Agropur achieved the size and scope that have become necessary for sustainability in the current global environment.

Agropur posted significant growth in milk processing volume and sales again in 2019. Despite the growth, however, and despite considerable efficiency gains in recent years, Agropur's profitability still falls short of its potential.

I, my colleagues on the Management Committee, and all Agropur employees are determined to increase our profitability to a level where it can drive sustainable growth for our organization.

In fiscal 2019, which contained 52 weeks compared with 53 in 2018, the volume of milk processed increased 4.6% to 6.5 billion litres. Volume was up in both the US and Canada. Consolidated sales increased by 8.1% year over year.

Consolidated earnings before interest, income taxes, depreciation, amortization, restructuring costs, integration and other non-recurring costs (EBITDA) registered a slight increase of \$3.3 million or 0.9%.

Our net earnings before patronage dividends were \$47.2 million, compared with \$128.2 million in the previous year.

These consolidated figures were produced by diverging trends in the United States and Canada. In the US our performance was strong, reflecting higher sales volumes and improved market conditions. The spread between cheese prices and the cost of milk was favourable and world whey prices rebounded. The commissioning, within budget and on schedule, of our new cheese and whey plant in Lake Norden, South Dakota also contributed to the EBITDA growth.

In Canada, the situation is different. Our sales increased, due in part to the signing of new contracts, but EBITDA was down significantly year over year.

Without minimizing the importance of external factors, we need to take a clear-sighted look at our own internal management. Our growth in Canada in recent years has been driven largely by mergers and acquisitions. The fast expansion has brought its share of challenges. Our Canadian organization has become quite complex, putting pressure on our cost structure and our industrial flexibility. Today, we are determined to improve our results.

Our potential for earnings growth rests on solid assets. Our national brands – iÖGO, Natrel and OKA – are category leaders. Our regional brands are strong and well established in their markets. Our products are of high quality and recognized as such: Agropur is Canada's most trusted dairy

brand. And Agropur ranked third among all Canadian brands across all industries on trust inspired by corporate values.

Clearly, the specificity of our cooperative model and our corporate values are recognized and appreciated by consumers. These are significant competitive advantages. Last but not least, our employees are committed to Agropur's success. They are proud to work for Agropur, proud of the quality of our products, proud of our values.

These assets give us a firm foundation on which to build for the future. But we have our work cut out for us. In the United States, we still have considerable growth potential. We will therefore continue to invest there to support organic growth as well as growth through acquisitions.

In Canada, we must rapidly increase the profitability of our operations. That is an imperative in order to support our profitable growth strategy and enable us to reinvest in our facilities, employee advancement, leading-edge technology, and support for our members and their development. We have taken major steps in this direction.

Upon my appointment, we made management changes to simplify our management model and decision-making processes. To achieve the agility we seek, senior management must be closer to operations. Streamlining our structures at all levels of the organization, particularly management and senior management. It was important that everyone in the organization quickly understand their new role,

their objectives and their priorities in order to position us for success in fiscal 2020.

Our second major decision was the implementation of a transformation program for Canada. It includes a series of concrete initiatives that will gradually bring our profitability in Canada up to potential. We also announced the cessation of operations at our Lachute plant, which will be permanently closed in August 2020. Our Saint-Damase plant will close in March 2020.

In fiscal 2020, we will define Agropur's next-generation strategy to achieve profitable and sustainable growth aligned with the needs of our customers and consumers, a modern operating model, and daily value creation for our employees, our consumers, our members and our communities.

Employee buy-in is a necessary condition for the success of any process of transformation in our organization. So I want to underscore our employees' unwavering commitment to the Cooperative. Their competence and their support are our best guarantees of success.

With competent, engaged employees who are committed to our success, quality products, strong brands, and a cooperative model and corporate values that reinforce our competitive advantages, we have all the necessary ingredients to boost our earnings and ensure Agropur's sustainability, for the benefit of our members and all stakeholders.

# Board of Directors



**Roger Massicotte**  
 —→ President  
 Mauricie–Portneuf  
 2003



**Alain Forget**  
 —→ Vice-President  
 Laurentides–Lanaudière  
 2014



**Jeannie van Dyk**  
 —→ Vice-President  
 Atlantic  
 2013



**Céline Delhaes**  
 —→ First Member of the Executive  
 Presented and elected by  
 universal suffrage, 2011



**Jean-Pierre Lacombe**  
 —→ Second Member of the Executive  
 Salaberry–Richelieu  
 2007



**Claude Cressier**  
 —→ Third Member of the Executive  
 Érables–Seigneuries  
 2015



**Roger Beaulieu**  
 —→ Eastern Quebec  
 2014



**Stéphanie Benoit**  
 —→ Presented and elected by  
 universal suffrage  
 2015



**Michel Boisvert**  
 —→ Montérégie  
 2017



**Michel Couture**  
 —→ Chaudière–Appalaches  
 2001



**Martial Lemire**  
 —→ Nicolet–Bois-Francs  
 2019



**Valère Lieutenant**  
 —→ Estrie–Granby  
 2012



**Suzanne Blanchet**  
 —→ Guest member of the Board  
 2015

2019

# Senior Management Committee\*



**Émile Cordeau**  
 —→ Chief Executive Officer



**Diane Bertrand**  
 —→ Vice-President,  
 Legal Affairs & Cooperation



**Doug Simon**  
 —→ President,  
 US Operations



**Dominique Benoit**  
 —→ Senior Vice-President,  
 Institutional Affairs and  
 Communications



**Carlos Buss**  
 —→ Chief Transformation and  
 Information Officer



**Pierre Corriveau**  
 —→ Senior Vice-President,  
 Human Capital



**Éric Boulé**  
 —→ Vice-President,  
 Operations,  
 Canada Operations



**Stéphane Le Gal**  
 —→ Vice-President,  
 Sales,  
 Canada Operations



**Marco De Palma**  
 —→ General Manager,  
 Fresh Products, Yogurt & Ice Cream,  
 Canada Operations



**Marc Pagé**  
 —→ General Manager, Cheese,  
 Ingredients, Butter & Fine Cheese,  
 Canada Operations

2019

\* The position of Senior Vice-President and Chief Financial Officer was open at the time of publication.

# Pride in our members



Ferme Augé d'Or is composed of Félix, Sonia, Rosalie, Christophe, their mother Monika Fitze and their father Guillaume Auger. All are proud of the work they do on the farm and their animal care practices.

Agropur's development rests on solid foundations embedded in its history and its distinctiveness as a cooperative. Agropur acts to make a difference for its 15,000 member and employee families, for the community, for animals and for the planet.

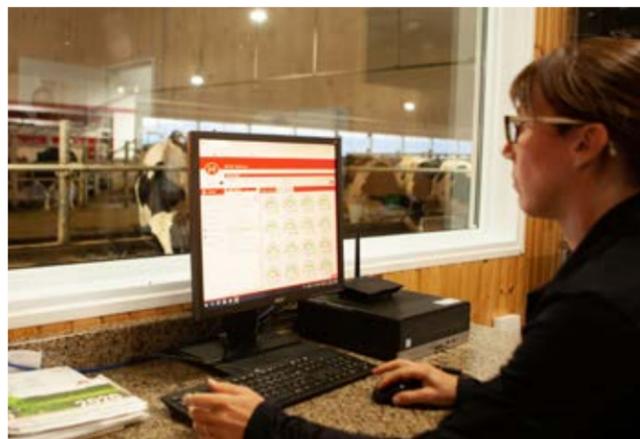
## Critical importance of animal welfare

Agropur and its members are committed to appropriate treatment and care of dairy cattle at every stage of their lives in order to keep them healthy, comfortable and safe.

## Agropur's pledge is to offer dairy products made with top-quality milk from well-treated animals.

In 2019, the Cooperative continued implementation of its animal welfare action plan, aimed at ensuring that its members adhere to best practices. Its Cooperative Advisors visited members' farms to observe animal behaviour, identify strengths and areas for improvement, and recommend customized solutions.

The Cooperative Advisors also support members in achieving the goals of Dairy Farmers of Canada's proAction® program, a mandatory on-farm certification program that comprises a number of components including milk quality, food safety, animal care, traceability, biosecurity and the environment.



→ At Ferme Auge d'Or, Monika studies the data on her screen. She can assess the cattle on both a herd and individual level.

## Agropur expects the people who look after the animals to use appropriate methods of caring and handling.

In the United States, Agropur conducts annual on-farm audits to ensure compliance with the Farmers Assuring Responsible Management (FARM) program, which the Cooperative adopted in 2013. FARM covers animal care, environmental and antibiotic stewardship, quality milk production and farm workforce development.

Agropur members have also been offered innovative training in animal welfare since the spring of 2019. The three-hour Safe and Stress-free Dairy Cattle Stockmanship course helps members better understand cattle behaviour, sensory perception and basic handling concepts.

Finally, the Cooperative is active on provincial and national committees that promote best practices in farm animal care. Agropur thus plays a vital role in the dairy industry in supporting initiatives aimed at improving animal welfare.

**“Because we are a farmer-owned cooperative, consumers expect more of us. They expect us to treat all life with care and respect. Naturally, this includes concern for farm animal welfare and consideration for nature. We want to be and remain a leader in animal welfare.”**

**- Roger Massicotte, President**

### Strong governance

The Cooperative's governance structure underwent major changes during the last year, beginning with the election of a new President, Roger Massicotte. A member of the Agropur Board of Directors for 16 years, Mr. Massicotte was the Cooperative's Vice-President from 2017 to 2019 and chaired the Environment Committee from 2010 to 2017. He has also served on the Human Capital Committee since 2017.



→ Guillaume and Monika of Ferme Auge d'Or explain free stalls to Alex and Chanel. In a free-stall barn, the cows are able to move freely in the open areas.



→ Two calves from Ferme Auge d'Or's 90-head herd.

Sophie Neveux, animal welfare expert, supports the team of advisors that works with the Cooperative's member dairy farmers to improve their herds' health and comfort. In the photo, she is seen using an environmental meter to measure air temperature, humidity, light level and air movement in a barn.



We're invested in providing knowledge transfer opportunities to our members to help them integrate animal welfare best practices into their operations.

As sustainable growth requires sound management, the Cooperative created a Governance Committee in June 2019. It works to introduce governance best practices that are suitable for an organization such as Agropur and monitors trends in training, assessment and ethical compliance.

Sending a strong signal on the importance of developing the Cooperative's future leaders, the delegates to the 2019 Annual General Meeting approved the creation of a Next-Generation Director position, to be filled by a person aged 35 or less. The first Next-Generation Director will be elected for a three-year term by all the

delegates to the Annual General Meeting in February 2020. The position will serve as a springboard for greater involvement by young dairy farmers in Agropur's highest governing body.

#### Digital shift

Agropur made a significant shift to digital in 2019 to reduce paper use. A number of documents, including the milk pay statement, are now provided electronically, facilitating information-sharing. The high rate of use of digital documents indicates that this change meets the needs of most members.

# Dynamic work environment



Saint-Hyacinthe plant employees Marie Chainière and Dominic Gadbois removing cheese from moulds prior to ripening.

With 8,800 employees at 57 worksites, including 38 plants, Agropur is one of the 20 largest dairy processors in the world. The Cooperative made major investments in 2019 to support its sustainability and success going forward.



→ The newly expanded Lake Norden plant will be able to make a million pounds of cheese and 540,000 pounds of whey powder daily.



→ Alex and Chanel visit the plant in Saint-Hyacinthe, Quebec, where Agropur's famous Camembert L'Extra is made.



### Investing in plants

The Lake Norden plant expansion, completed in 2019, is a landmark project for the Cooperative. The largest investment in Agropur's history was made at the South Dakota plant to triple the plant's processing capacity to 9 million pounds of milk per day and increase employee productivity. The Lake Norden expansion reflects Agropur's desire to better serve its customers, domestically and internationally. Approximately 125 new employees joined the workforce at the plant in 2019.

New automated and robotic systems will increase Agropur's competitiveness and enable it to expand its product line. At Notre-Dame-du-Bon-Conseil, Quebec,

investments were made to increase the plant's cheese output. At Saint-Hyacinthe, Quebec, the Cooperative invested more than \$5 million to boost the plant's productivity and reduce operating costs.

### Recruiting the best talent

Agropur has developed a strong employer brand rooted in the actual experience of working at the Cooperative and its employees' pride in creating high-quality dairy products. In an increasingly competitive market, Agropur is innovating in order to attract the best candidates and build the Cooperative of the future.

In 2019, the Cooperative launched a large-scale recruitment campaign in Canada and the United States highlighting employee pride. The campaign was supported by hundreds of ambassadors in both countries.

Photos of employees proudly sporting T-shirts bearing slogans such as "Excellent source of know-how" and "Rich in creativity" were posted online, in local newspapers, on social media and even on billboards.

Employee retention and engagement are high, indicating that the campaign is producing results.

Agropur finds innovative ways to attract the best candidates to build the cooperative of tomorrow.

# Employees are proud to create high-quality dairy products and contribute to a better world.

## Continuous improvement

Over the last year, Agropur implemented AOS, an operational excellence management system aimed at improving the Cooperative's efficiency and financial performance. This new work method is based on full employee engagement and the elimination of losses of all types.

Results at the sites where the program has been implemented have exceeded expectations. For example, at the Woodstock plant, processing capacity on the shredding lines increased by more than 23%.

## Health and safety

2019 marked a turning point in occupational health and safety at Agropur. Several sites recorded more than a year without a lost-time injury (LTI) and Agropur closed the year with an overall 13% reduction in LTIs.

In each of the Cooperative's plants, an Occupational Health and Safety Committee targets and prioritizes the most meaningful opportunities for improvement and risk mitigation. In 2019, Agropur also reviewed its health and safety commitments and harmonized its health and safety promises across all facilities in Canada and the US to strengthen the "zero tolerance for accident risk" policy, aimed at achieving the target of zero occupational accidents.

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Environmental expert Roger D'Amour, who works to reduce Agropur's environmental footprint, discusses the Cooperative's new environmental commitments with Karen Baker, Vice President, Manufacturing – Fresh, Frozen, and Yogurt (Eastern Canada).



# Stand-out brands



Agropur's iÖGO brand offers delicious yogurts made with real fruit and containing no preservatives, artificial colours or artificial flavours.

## Agropur is focused on building strong brands and creating today the products that consumers will want tomorrow.

Today's consumers care not only about the quality of the products they consume but also where they came from and the ethics of the business that made them. They are also hungry for novelty. Accordingly, Agropur is focused on building strong brands and creating today the products that consumers will want tomorrow.

### Popular brands

#### Natrel retains #1 spot

Natrel remains Canada's most popular brand in the premium milk category, as well as the fine-filtered, lactose-free and organic categories.\*

In the frozen dessert category, Natrel mochis, introduced in 2019, were a resounding success. The Japanese-inspired treats made with rice dough and ice cream were an instant hit with consumers.

The success of mochi has further enhanced Natrel's stature. Natrel is the most influential dairy brand in Quebec.\*\*



\* Nielsen, GB+DR+MM, 52 weeks ending November 9, 2019.

\*\* Ipsos-Infopresse 2019 Index



The dean of Agropur cheeses is a consistent favourite with Canadians.

→ Created more than 125 years ago by Brother Alphonse Juin, OKA cheese is still made according to the original recipe.



→ Natrel offers a vast selection of organic products, including milk and butter from farms that meet Canadian organic agriculture standards.

**OKA represents solid value for Canadians**

The dean of Agropur cheeses is a consistent favourite with Canadians. From coast to coast, OKA has the highest brand recognition of any product in the fine cheese category.

OKA is the brand consumers trust best in the Artisanal Canadian Cheese category.\* In 2019, OKA L'Artisan and OKA Raclette were also named grand champions at the SIAL International Cheese Competition.

On the heels of its 125<sup>th</sup> anniversary celebrations, OKA launched a lighthearted “It’s OK if it’s OKA” campaign in 2019, supported by a strong media placement campaign in Quebec and Ontario.

\* BrandSpark Most Trusted Award 2019



→ iÖGO nanö remains the top brand among children.

**iÖGO comes out with less sugar**

In 2019, iÖGO introduced Fruit on the Bottom yogurt with 35% less sugar. The creamy plain yogurt with real fruit at the bottom quickly won the hearts and palates of consumers. Its launch was accompanied by an advertising campaign saluting Canadian boldness and authenticity under the slogan “It’s All Good.”

iÖGO nanö remained the top brand among children and the one most trusted by parents. After becoming the first brand to launch a yogurt for children with no refined sugar added last year, the brand continued its commitment on sugar reduction in 2019 with 40% less sugar in its popular drinkable yogurts.

Finally, nanö continued to appeal to children with healthy and fun snacks such as its new cheese roll-up. Mozzarella portion packs also impressed Canadian consumers, winning 2019 Product of the Year in the dairy category.

Natrel™

Québon™

OKA

island FARMES

iöGO

Sealtest

Farmers™

L'EXTRA

Lucerne.  
DEPUIS 1904

AGROPUR  
Grand Cheddar.

nanö

Central Dairies™

OLYMPIC



biPro

FROMAGES FINS  
ANCO.  
FINE CHEESE

Crino

CAP

BZT



Émilie Laurin, innovation and product development expert, is passionate about milk and its exceptionally nutrient-dense profile. Émilie devotes her efforts to developing new products that will enhance the benefits of dairy.

**Olympic finishes on top**

Olympic is the number one brand in the growing organic yogurt category in Canada. Olympic 6.5% M.F. yogurt made with fresh cream and whole milk from grass-fed cows, an innovation in the organic segment, received a strong consumer response. It was named 2019 Product of the Year in the yogurt category, delighting consumers with flavours such as fig honey and citrus cardamom.

**BiPro opens a new chapter**

2019 was a year of change and transformation for the BiPro line of protein powders in the United States. BiPro rebranded to focus on the fact that its products contain pure and natural proteins that are ideal for elite athletes. BiPro also added two new lines during the year, BiPro BOLD and BiPro RENEW.

BiPro packaging was improved by replacing plastic containers with resealable pouches. Meanwhile, e-business remained a priority for BiPro; it is now sold online on the Target and Walmart websites in addition to Amazon.

Not only is milk rich in proteins, vitamins and minerals, it is also a local product that undergoes minimal processing.

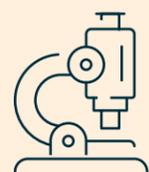
# Corporate social responsibility

Guillaume Stal, expert on eco-packaging at Agropur, works to reduce the amount of plastic used in Agropur packaging. Guillaume and his team have implemented an eco-design process that also aims to improve the recyclability of packaging and help build a circular economy. Guillaume is Category Director – Strategic Sourcing.



Agropur has been very active on the corporate social responsibility front since the release of its CSR report in 2018. Among other things, it has set priorities in the areas of product safety, animal welfare, packaging reduction, waste and water management, and environmental protection.

Water use at Agropur plants



Research

The new bottles for nanö drinkable yogurt and iOGO Smoothie contain almost 30% less plastic.



High-quality products

Agropur is privileged to be able to make all of its products from a food with exceptional nutritional properties: milk. Agropur works to create the best products and constantly boost their nutritional value. In 2019, a number of new low-sugar products were launched, including iOGO Fruit on the Bottom yogurt and nanö drinkable yogurt.

In another improvement, the amount of plastic in nanö and iOGO Smoothie containers has been reduced by nearly 30%. While the changes are barely perceptible to consumers, the new bottle significantly reduces plastic use.

# A responsible cooperative

## Members

Agropur's 3,024 members enjoy a vibrant associative life, sustained by ongoing communication between members and senior management. In 2019, almost 70 meetings were held across the Cooperative's territory.

To support animal welfare, Agropur offers its members training in best practices and promotes responsibility in the dairy industry. In 2019, the Cooperative continued supporting professional development for its advisors and rolled out new tools on the farm. It also worked to find the best ways to help members achieve their animal welfare goals.

## Human capital

Agropur has set up dedicated programs to promote diversity and help its employees advance. The VisionR program is the centrepiece of Agropur's strategy for talent retention and succession management. Aimed at high-potential professionals and executives in all of the Cooperative's areas of activity, the program develops the skills of emerging leaders in line with corporate values. To increase the number of women in middle and senior management positions, VisionR now targets gender parity.

The goal of the LeadR training program is to develop leadership skills among Agropur employees and managers. The training is divided into several modules, including effective communication, coaching / feedback, and problem-solving / decision-making. LeadR supported 80 employees in 2019.

Future Leaders develops the leadership skills of recent graduates. In 2019, 60 employees took advantage of Future Leaders. Agropur also hosted 100 interns and 187 students.

To provide employees with ongoing support, Agropur has introduced the PerformR program. Under the program, management-level employees set their own priorities, jointly with their managers. In 2019, PerformR was extended to all Agropur facilities in North America.

## Environment

The Cooperative's strategic plan for its plants includes a 5% annual water-use reduction target for the next three years. Two facilities have already shown significant results: the Saint-Laurent plant reduced its water consumption by 34% and the Granby cheese plant by 32%.

To determine its carbon footprint, Agropur calculates the greenhouse gas emissions generated by its operations on an annual basis.



Chris Simon, Vice-President, Technical Services & Quality (US Operations), has been with Agropur for 24 years. He is an expert in corporate social responsibility.



Made-in-Quebec gloves  
Biodegradable  
in **5 years** or less

Waste management  
Target: **50%** per year  
reduction by weight in  
waste sent to landfill

→ Alain Gagnon (right), environmental champion and team leader at the Agropur laboratory, shows the biodegradable gloves used by the Cooperative.



→ Some 100 Agropur employees and friends participated in the Make-A-Wish Foundation's 48-HOUR RIDE in the fall of 2019. The event raises funds to grant the wishes of children with serious illnesses.

## Scholarships

Agropur granted more than 90 scholarships to young people in 2019.



Photo: Catherine Giroux

Donations and sponsorships  
**\$1.2 million**  
 returned to the community

→ Agropur supports Fondation Olo, whose mission is to give families an equal chance of bringing healthy babies into the world.



→ Sophie Neveux, Animal Welfare and Milk Quality Advisor



→ Émilie Laurin, Vice-President, Innovation and Product Development



→ Roger D'Amour, Environmental Director

In 2019, the equivalent of 706,020 metric tonnes of CO<sub>2</sub> were generated directly and indirectly by the Cooperative's operations in Canada and the US. To offset a portion of these emissions, four Agropur plants have been participating voluntarily in Quebec's cap-and-trade system since January 2019.

The Le Sueur cheese plant in Minnesota has reduced its overall energy consumption by 20% since 2010 through an innovative ammonia refrigeration project, earning an award from the US Department of Energy.

### The community

The values of mutual aid and solidarity are embedded in the Cooperative's DNA. In 2019, Agropur allocated \$1.2 million to donations and sponsorships. It provided financial support to organizations such as Fondation Olo, the Quebec Make-A-Wish Foundation, the Pacific Path Institute, the Moisson network of food banks, many hospital, college and university foundations in North America, and the Canadian Red Cross. It also sponsored many local agricultural, educational and social activities.

The Cooperative was active in the Conseil québécois de la coopération et de la mutualité, Co-operatives and Mutuels Canada, IRECUS and SOCODEVI.

Agropur employees help make a difference with their annual fundraising campaign, and the Cooperative matches employee contributions dollar-for-dollar. In 2019, \$80,000 was raised for a dozen foundations in Canada and the United States.

Agropur has also granted more than 90 scholarships to young people, including its young cooperative leaders, 4-H Club members and students enrolled in agricultural and food sciences programs.



### Head office

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