



**IDAHO MILK  
PRODUCTS**



**Better food for a  
better future.**

Idaho Milk Products 2025 Sustainability Insights



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# Introduction



# Sustainability statement

Our steadfast commitment to sustainability serves as a catalyst for building a prosperous world for generations. We believe in a harmonious alignment of producer and processor interests, emphasizing safety, quality, and a minimal environmental footprint, both on the dairies and within the plant. By harnessing scientific innovation and collaborative partnerships, we generate meaningful impact through conscious, data-driven solutions tailored to our customers, employees, and the communities we are part of. We believe that sustainable business is simply better business.



# Message from the CEO

Daragh Maccabee

Welcome to this window into our world. My thanks to both the team who assembled the insights that follow and the entire Idaho Milk Products team who are inspired every day to do the work that sustains us for the long term. We empower better food for a better future. Our products help fuel healthy, active lifestyles for the entire human lifespan and support the cleanest of product labels, helping to feed the world in a way that we can be proud of. Locally produced milk, processed with safety as a priority and using science-based innovation to maximize efficiency and minimize our impact on the environment, combined with our conviction to be a sustainable source of good in the local community, makes Idaho Milk Products an industry leader that dares food to be better. We believe that this is true sustainability.

Over the past number of years, we have engaged in a fundamental reset of how we link our daily operations to broad, overarching sustainability goals. As our industry navigates the challenges of directing resources to the areas of maximum impact, we have sought to take a leadership position, learning from and supporting domestic and international organizations that share similar values. The important work we do every day will always be linked to the wellbeing of our people and animals, the quality of our products, our embrace of science and innovation, our effectiveness in serving our customers, and how we interact with our environment and community. While this report is a snapshot in time, our commitment is that it will reflect our most up to date performance information each time you choose to engage with it. Our unwavering commitment to adding value to milk for generations is not just a statement, but a daily practice that drives the long-term success of a thriving business. This journey towards true sustainability is a continuous one, and we are excited for what the future holds.



# Message from the Director of Sustainability

Jeremy Pike

I am thrilled to present this comprehensive update on our sustainability efforts and our remarkable progress in recent years.

At Idaho Milk Products, sustainability is not just a commitment—it is the very foundation of our operations. Our reverence for animals, land, and natural resources transcends mere obligation; it is a profound recognition of our interconnectedness with the planet. But our dedication does not stop there. We are fueled by a responsibility to our people, uplifting and supporting our community and amplifying our positive impact.

Within these pages, you will delve into the depths of our commitment to ensuring the safety, well-being, and growth of our employees. Explore our dynamic initiatives to reduce our environmental footprint across all aspects of our business while upholding product quality and consistency. The fusion of science and innovation continues to drive Idaho Milk Products toward groundbreaking sustainability advancements. And this narrative is not a conclusion; it unfolds as an ongoing saga of unwavering commitment and perpetual evolution.



# Vertically integrated sustainability

Idaho Milk Products proudly stands as a vertically integrated, farmer-owned enterprise, forged through a partnership among Bettencourt Dairy, Big Sky Dairy, and Skyline Dairy. These respected members of the dairy community in south-central Idaho embody a long-standing commitment to excellence. Our collective ownership group provides all the milk our operations require from just 12 dairies, while also cultivating over 32,000 acres (~12,950 hectares) of cropland.

Currently, the active milking herd supporting our needs comprises over 80,000 head of mainly Jersey and cross-bred (Jersey x Holstein) cows. Recognizing the pivotal role of milk components in our product formulations, our devoted farmers consistently deliver milk with an above average and ever-improving fat (>5%) and protein (>3.7%) content, ensuring a continuous supply 24 hours a day, 7 days a week, and 365 days a year. Across our dairies, we employ three distinct animal housing systems – cross vent barns, free stall barns, and open lots – all meticulously designed to prioritize the well-being and comfort of our cows. This unwavering commitment ensures the production of the highest quality milk for Idaho Milk Products daily.

**80,000**

Cows

**12**

Dairies

**32,000**

Acres Farmed

# Key materiality insights

In 2022, we conducted our first Materiality Assessment. This exercise helped us identify twenty important topics related to Environmental, Social, and Governance (ESG) matters. We surveyed over 200 internal and external stakeholders to prioritize the issues in a Materiality Matrix. These topics align with recognized standards such as those of the Innovation Center for U.S. Dairy, the Dairy Sustainability Framework (DSF), the Global Reporting Initiative (GRI), and the Sustainability Accounting Standards Board (SASB).

Each topic's impact is linked to the United Nations' Sustainable Development Goals (SDGs), and we track progress using internal Key Performance Indicators (KPIs). Our pathway toward a more sustainable future is guided by the feedback from our Materiality Assessment. The appendix includes our Materiality Matrix and the 17 SDGs on the right are tied to their respective relevant topics throughout the report.

## Sustainable development goals





# Chapter 1

## Better food



# Optimizing nutrients

Our Idaho processing facility, nestled in the picturesque Magic Valley, lies within a 50-mile (~80 km) radius of all our owners' dairies. This proximity ensures that the freshest milk, transported by our internal fleet, reaches the plant within minutes to hours of milking. Upon arrival, we separate the fat from whole milk to produce IdaPro® Cream, which is often loaded back onto customer trucks the same day. The remaining skim milk undergoes concentration and fractionation, resulting in our IdaPro and IdaPlus® Milk Protein Concentrate (MPC), Milk Protein Isolate (MPI), as well as IdaPro® Milk Permeate Powder (MPP).

Approximately 4.5 million pounds (~2 million liters) of quality milk flows into our Jerome, Idaho Grade A facility daily. The combination of the freshest, highest quality milk, our proprietary cold loop filtration process, and our attention to every point of the production process results in a range of premium dairy ingredients that are the most sustainably produced and highly functional of their kind in the market.

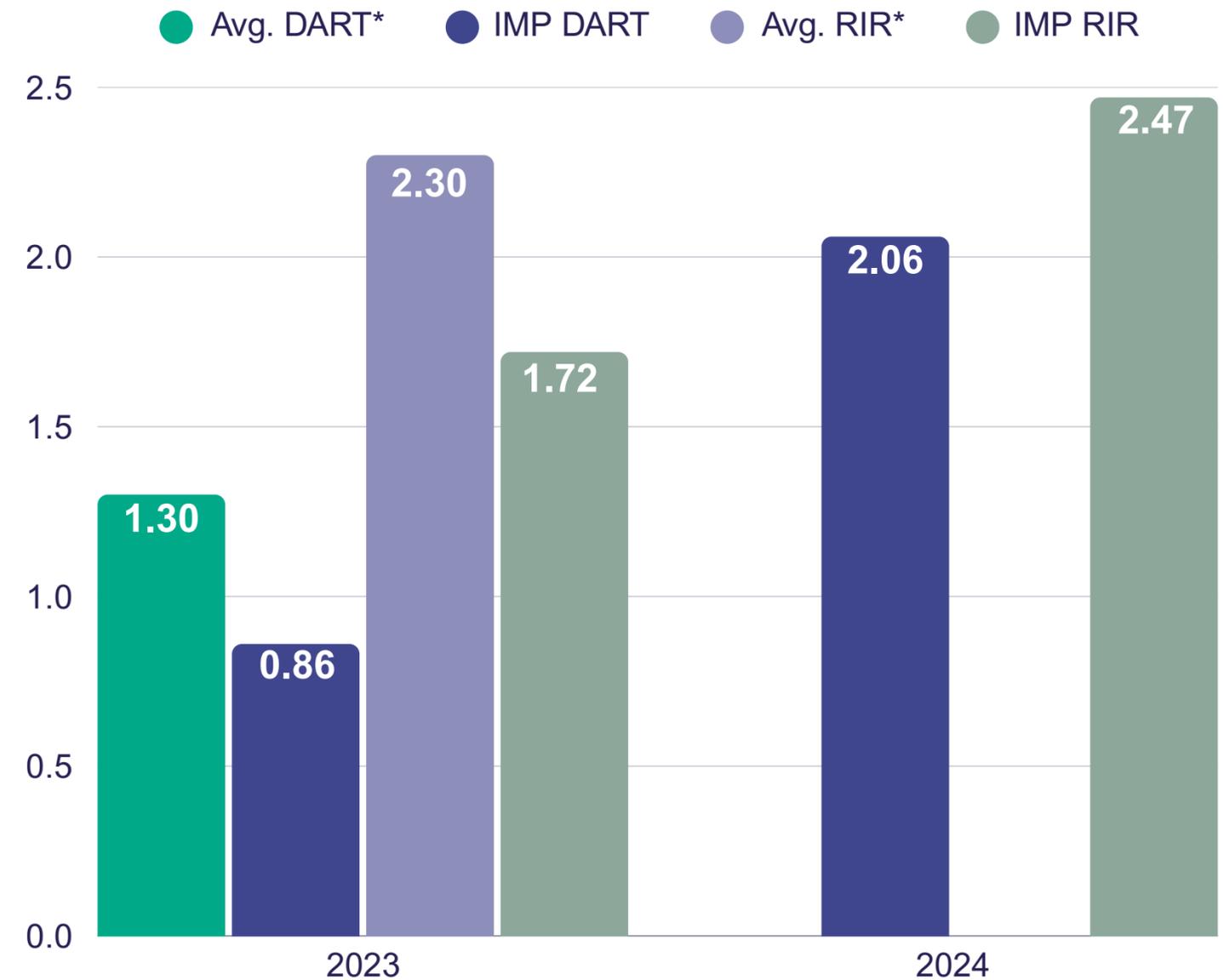
**4.5 million**  
pounds of milk  
processed daily



# Plant safety

Our people, and their health and safety, are paramount to the success of our business. “Safety Always” is our primary core value and the number one non-negotiable; we do not take risks. We pride ourselves on the level of attention we give to ensure our employees are always in a safe operating environment. We use two metrics to track our performance: Recordable Injury Rate (RIR) and Days Away, Restricted, or Transferred (DART) rate.

All safety concerns are promptly added to an action item list, with an owner assigned for resolution. Every day, the entire company reviews the following safety metrics: current RIR, days since last recordable, minor injuries in the last 24 hours, near misses reported, and open safety work orders. Monthly safety team meetings, inspections, and various training sessions are held throughout the year. Our training program is consistently updated and includes training on fire drills; Personal Protective Equipment (PPE); slips, trips, and falls; first aid and CPR; and emergency/hazard communication. New subjects are added to our Learning Management System based on lessons learned and our continuous assessment of risks that can be mitigated or eliminated.



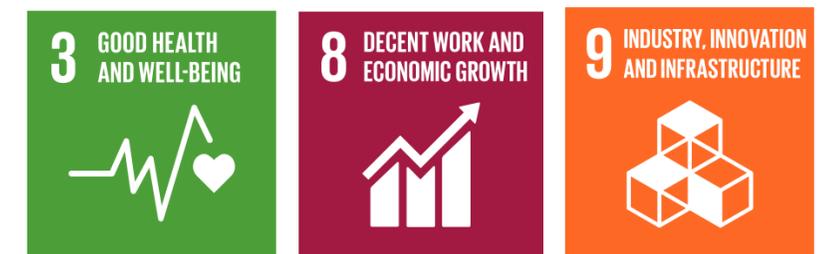
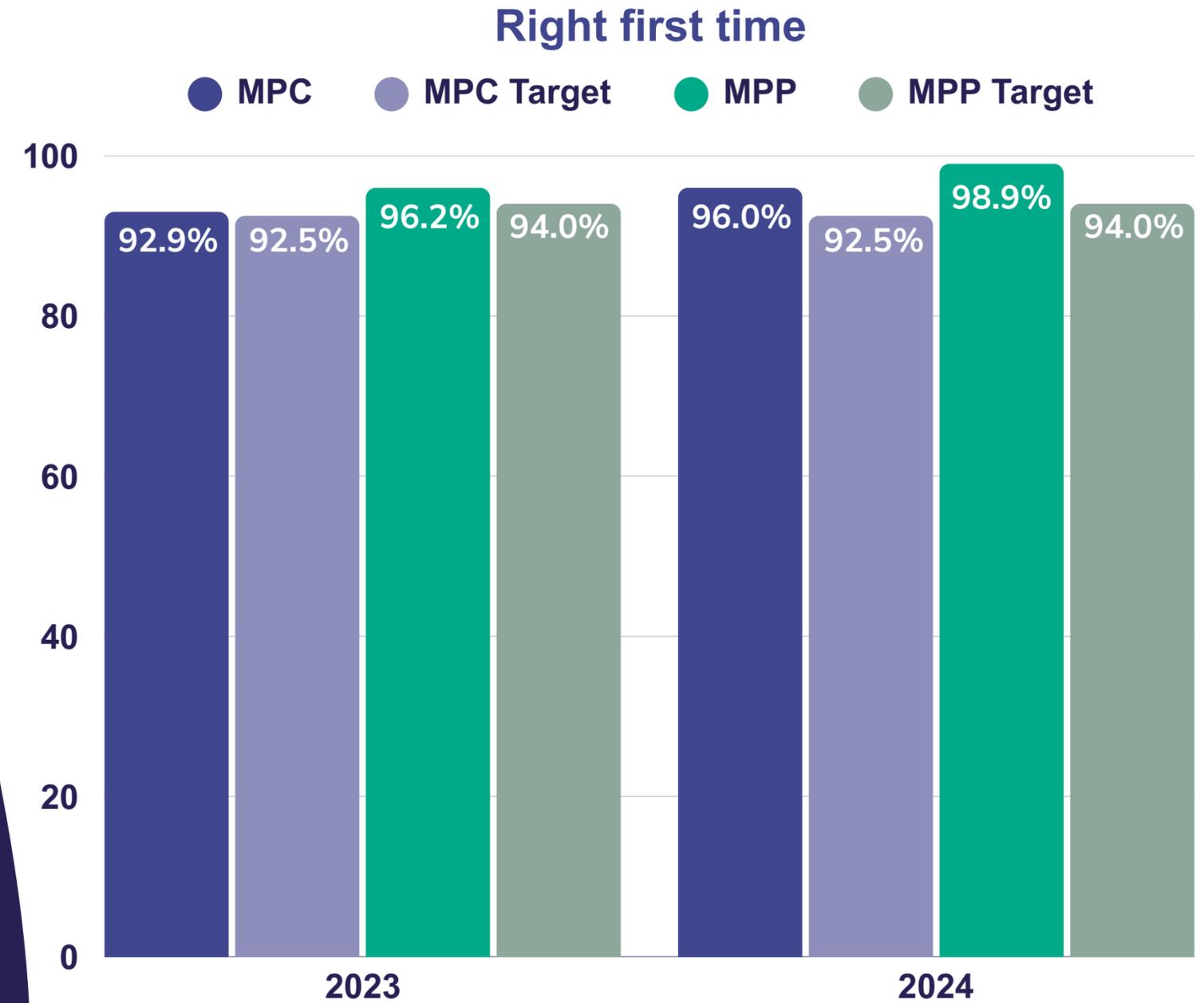
\*Industry Average RIR and DART from Bureau of Labor Statistics - NAICS 311514

\*Values for industry averages have not been released for 2024 at the time of this report



# Quality assumed

Our second non-negotiable core value, “Quality Assumed,” speaks to the responsibility to understand the customer and their desired application of our product. Our customers can always assume that we have their best interests as our focus. We tirelessly pursue perfect right first time (RFT) quality in all our products, and this focus extends beyond the agreed product specifications. A team meets daily to assess all relevant in-process data and pending product releases as part of the relentless pursuit of perfection. When opportunities arise, our continuous improvement (“MVP”) team initiates a process to identify the root cause and implement processes to make improvements permanent. The focus on RFT quality, the systematic tracking and investigation of every customer complaint, and the learnings from our participation in the Safe Quality Foods (SQF) program keep us on a constant track of self-critical evaluation.



# Excellence in food safety and quality

The SQF program is a stringent food safety and quality program with a credible global presence and recognition. Retailers, brands, and food service providers recognize this program, and the codes it contains are designed to meet industry, customer, and regulatory requirements for all sectors of the food supply chain. This certification gives us an independent and externally verified status that provides assurance that our products have been produced, prepared, and handled to the highest possible standards.

We have and continue to receive a rating of “Excellent” – with our current score of 99%, and a steadfast conviction that will get us to 100%.

## Current rating: Excellent



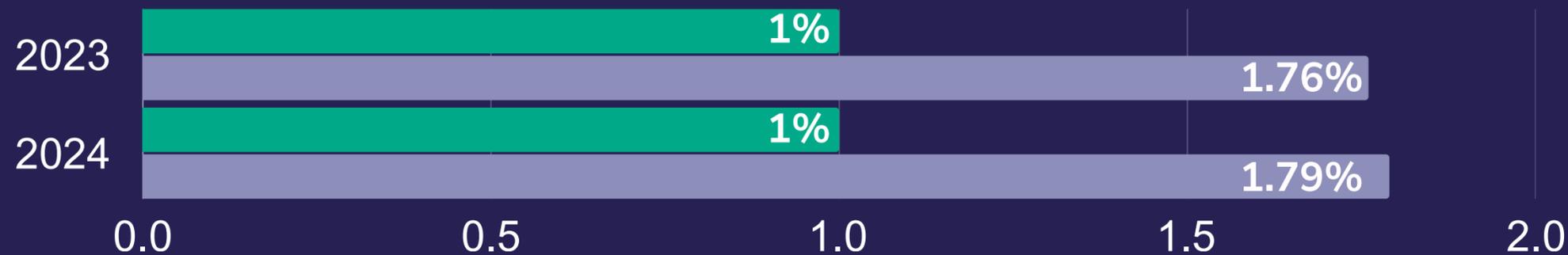
# Innovating fearlessly

The Milk Innovation Center (MIC) is a 4,114-square-foot (~385 square-meter) hub for Research and Development (R&D) and Pilot Plant operations. It facilitates prototype creation to meet customer needs. The center features a state-of-the-art processing area, an instrumentation lab, and a room for evaluations and meetings. The R&D team excels in developing products like ready-to-drink beverages (RTDs), yogurts, protein bars, and high-protein ice cream. Their focus on innovation and nutrition positions us as industry leaders.



Percentage of Margin invested in R&D

● KPI ● Idaho Milk Products



# Building productive partnerships

Our platform leverages the Sustainable Dairy Partnership (SDP) to showcase our environmental, social, and economic progress. This commitment extends across our entire supply chain, from owners to end-product delivery, and is broken into five stages.

We recognize and support the 11 criteria of the Dairy Sustainability Framework (DSF). In addition, we adhere to the four fundamental elements of the SDP, comply with all local regulations, and evaluate the risks of non-compliance with DSF criteria.

Although our high-desert region does not contribute to deforestation, we support the principle of protecting primary forests and prioritize partnering with companies that share this value.

According to our self-assessment, our milk production meets Stage Two of the SDP. Furthermore, our operations have been externally verified by a third party as compliant with Stage Three.

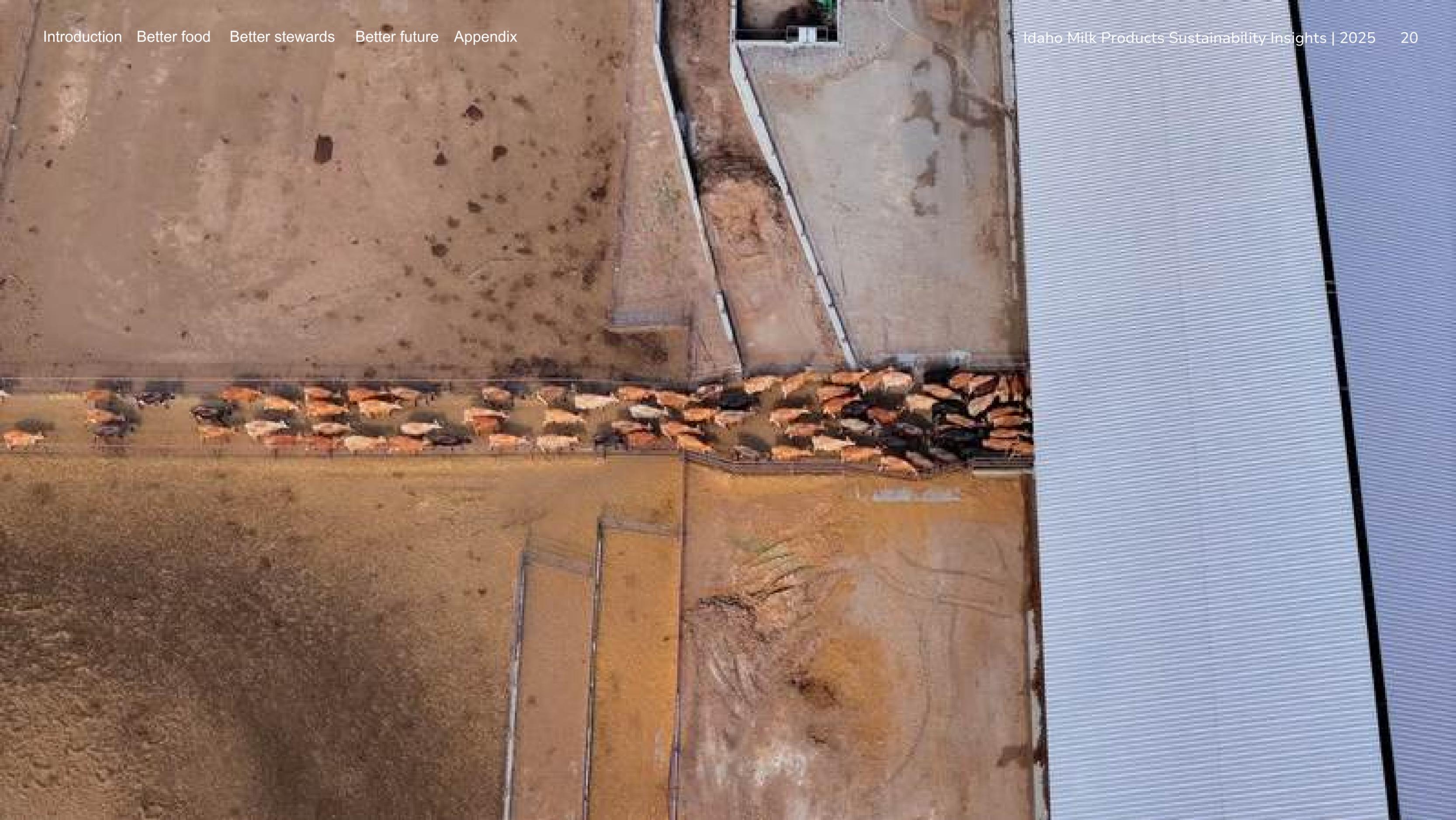


# Dairy Methane Action Alliance (DMAA)

Idaho Milk Products has joined a global initiative dedicated to accelerating efforts to reduce methane emissions within dairy supply chains. Idaho Milk Products is a signatory company committed to accounting for and publicly disclosing methane emissions throughout our supply chain.

Furthermore, we will develop a comprehensive methane action plan to mitigate these emissions. We officially joined the Dairy Methane Action Alliance (DMAA) in May 2025, solidifying our dedication to this important environmental endeavor.







# Chapter 2

## **Better stewards**



# U.S. Dairy Stewardship Commitment

Idaho Milk Products has proudly adopted the U.S. Dairy Stewardship Commitment, affirming to our customers, our consumers, and the global marketplace our pledge to responsible dairy production, as we nourish the communities we serve. We join other industry participants around the country in working hard to support best practices in critical areas like food safety, animal care, and the environment. We strive to continually improve as we listen to and engage with our diverse stakeholders about what is most important to them. We also pledge to contribute to the ability of U.S. Dairy to track and report the progress of our community's leadership –from farm to table –in the global marketplace.

For more information about the U.S. Dairy Stewardship Commitment, go to: <https://www.usdairy.com/about-us/innovation-center/stewardship-commitment>

**By 2050, U.S. Dairy collectively commits to:**

- Achieve greenhouse gas (GHG) neutrality
- Optimize water use while maximizing recycling
- Improve water quality by optimizing utilization of manure and nutrients



# Water conservation

Water is the key to successful operations on our farms and in our processing plant. With our specific product streams, we take advantage of the incoming water contained in the milk, supplement it with a municipal water supply, when needed, and recapture, reuse, and discharge pretreated water to our POTW (Publicly Owned Treatment Works) for final treatment and discharge to our local canal system and the Snake River.

As part of our Milk Permeate production process, the permeate resulting from the pasteurized skim milk sent through ultra-filtration membranes is further filtered through a reverse osmosis (RO) system. This water, known as “cow water,” collected through the RO process is “polished” and used for Clean-In-Place (CIP) purposes throughout the processing plant, helping to reduce the overall demand for withdrawal from the municipal water supply. Tracked and reported water metrics include water withdrawn, water recycled, and water discharged. The information on the next page demonstrates the aggregated industry standard and our performance over the last two years.

Our water targets will continue to adapt and change as the landscape around water scarcity evolves. We are fully aligned with the industry-wide 2050 vision for optimizing water use and improving water quality.



# Mindful water use

Metric (1,000 gallons per metric ton production)	2023	2024
Water withdrawal	0.89	0.86
Water recycled	0.21	0.56
Water discharged	1.10	1.41



# Energy efficiency

We were awarded a \$178,000 cash incentive from Idaho Power in October 2023 for our ongoing commitment to reducing energy consumption.

We recently completed a compressor upgrade and a powdered product transport system upgrade. “The baseline compressed air system consisted of four air-cooled screw compressors using load/unload control with 600 hp. One 200 hp compressor was replaced with a 350 hp (nominal) centrifugal compressor,” said Morgan Ewonus, Project Engineer with Idaho Milk Products. Using a centrifugal compressor instead of multiple load/unload screw compressors increases system efficiency.

Additionally, a portion of the produced powdered product was previously transported from process equipment to storage silos using a pulsed compressed air transport system. A blower that produces the required airflow to suspend the powder in the transport pipe at a lower delivery pressure was installed and uses significantly less power.



# Milk hauling

Milk trucks play a crucial role in transporting milk from the dairies to our Grade A processing facility. Our facility is centrally located within 50 miles (~80 km) of the farthest dairy, with an average dairy-to-plant distance of 23 miles (~37 km). The decision to operate a dedicated fleet of milk trucks beginning in 2018 was a strategic shift that also opened up new opportunities for reducing emissions. Our fleet collectively covers over 1.1 million miles (approximately 1.7 million km) annually, operating 24/7, 365 days a year. This means that for every mile driven we efficiently move ~1,500 lbs. of milk, or for every km driven ~429 L of milk.

By directly overseeing fleet operations, we proactively address environmental impact. This transition from third-party logistics solutions reclassifies emissions from scope 3 (transportation-related) to scope 1 (direct) emissions. Today, we monitor diesel usage, miles driven, and fuel efficiency to assess our fleet's environmental footprint. Emissions from our milk transportation operations contribute only 4% of our total scope 1 emissions.



# Collaboration and data

As part of the U.S. Dairy Stewardship Commitment, we actively engage in the work of the Innovation Center for U.S. Dairy through its Processor Working Group (PWG). This group is strategically divided into three specialized teams—GHG, Water, and Circularity—each contributing to the broader 2050 environmental stewardship goals. Together, the teams explore ways to reduce greenhouse gas emissions, conserve water, and improve packaging practices. Additionally, our commitment provides access to the Processor Stewardship Reporting Tool, which helps us monitor our scope 1 and 2 emissions.

The reporting tool is designed based on the metrics outlined in the Stewardship Commitment and Dairy Processor Handbook. It generates monthly reports covering all pertinent aspects of our processing operations. In 2024, our emissions factor was 0.37 kg CO<sub>2</sub>e/kg of production. The ability to track and understand our emissions enables us to make data-driven decisions for plant improvements and capital investments.

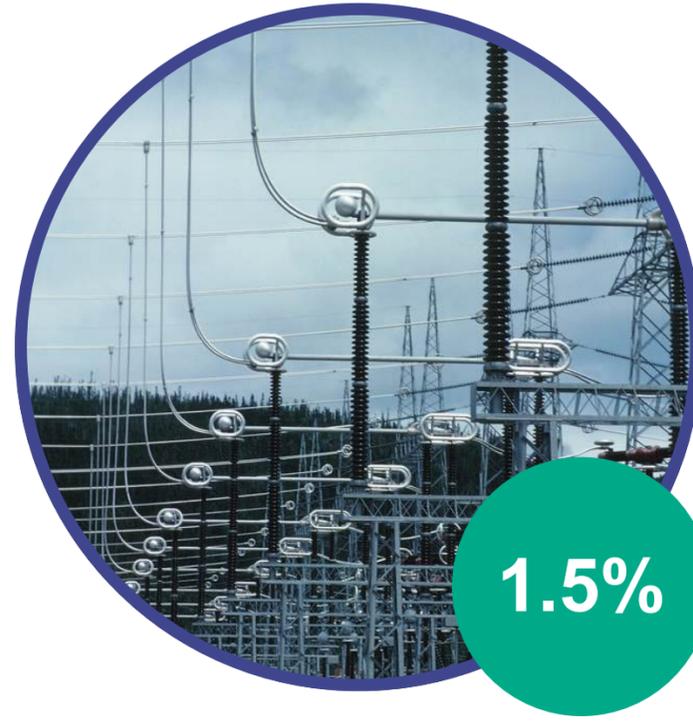


# Our footprint breakdown



## Scope 1 emissions

Direct emissions from our operations



## Scope 2 emissions

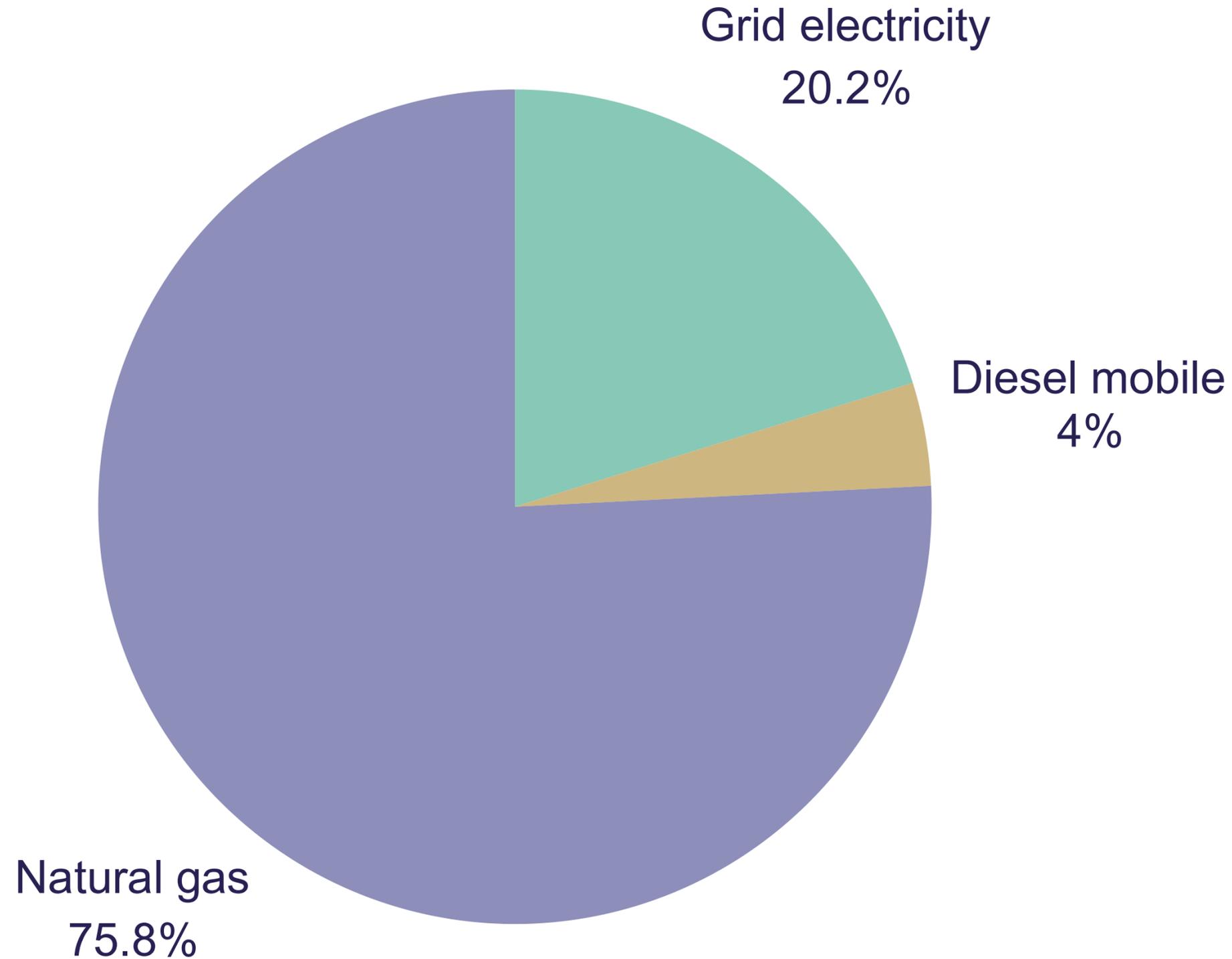
Indirect emissions associated with the purchase of electricity



## Scope 3 emissions

Indirect emissions from our value chain

# Scope 1 and 2 impact



Idaho Milk Products commits to reduce scope 1 and scope 2 GHG emissions 42% by 2030 from a 2021 base year.



# Mapping scope 3

Mindful consideration is required to accurately account for, measure, and understand all other indirect emissions from our value chain. We partnered with a third party to provide the foundation for Scope 3 mapping and accounting. The procedure followed the GHG Protocol and aligned with the recommendations from the Dairy Processor Handbook. First, using the GHG Protocol, the relevant Scope 3 categories were determined, and we calculated our inventory.

The most significant contributor to our indirect emissions is our purchased goods and services, and within that category, our on-farm footprint from milk production. To calculate the footprint of our farms, we turned to the Farmers Assuring Responsible Management (FARM)<sup>™</sup> Environmental Stewardship (ES) Program. This program was created in 2009 by the National Milk Producers Federation (NMPF) and support from Dairy Management Inc. (DMI) through its research and promotion (“Checkoff”) program.



# Transparent measurement

Environmental impact awareness is a priority for our owner dairies, so 100% of their milk has a current FARM ES evaluation. The ES program details a comprehensive estimate of GHG emissions based on energy use, feed production, enteric fermentation (methane production as a byproduct of ruminant digestion), and manure management.

FARM ES Version 3 launched in October 2024, featuring an enhanced greenhouse gas model for assessing the impact of various practices and technologies. This version provides advanced outputs, including carbon sequestration estimates, and allows for optional data inputs like reproductive programs and field practices for more tailored results, helping farmers align sustainability with economic goals.



**100%**  
participation in  
FARM ES

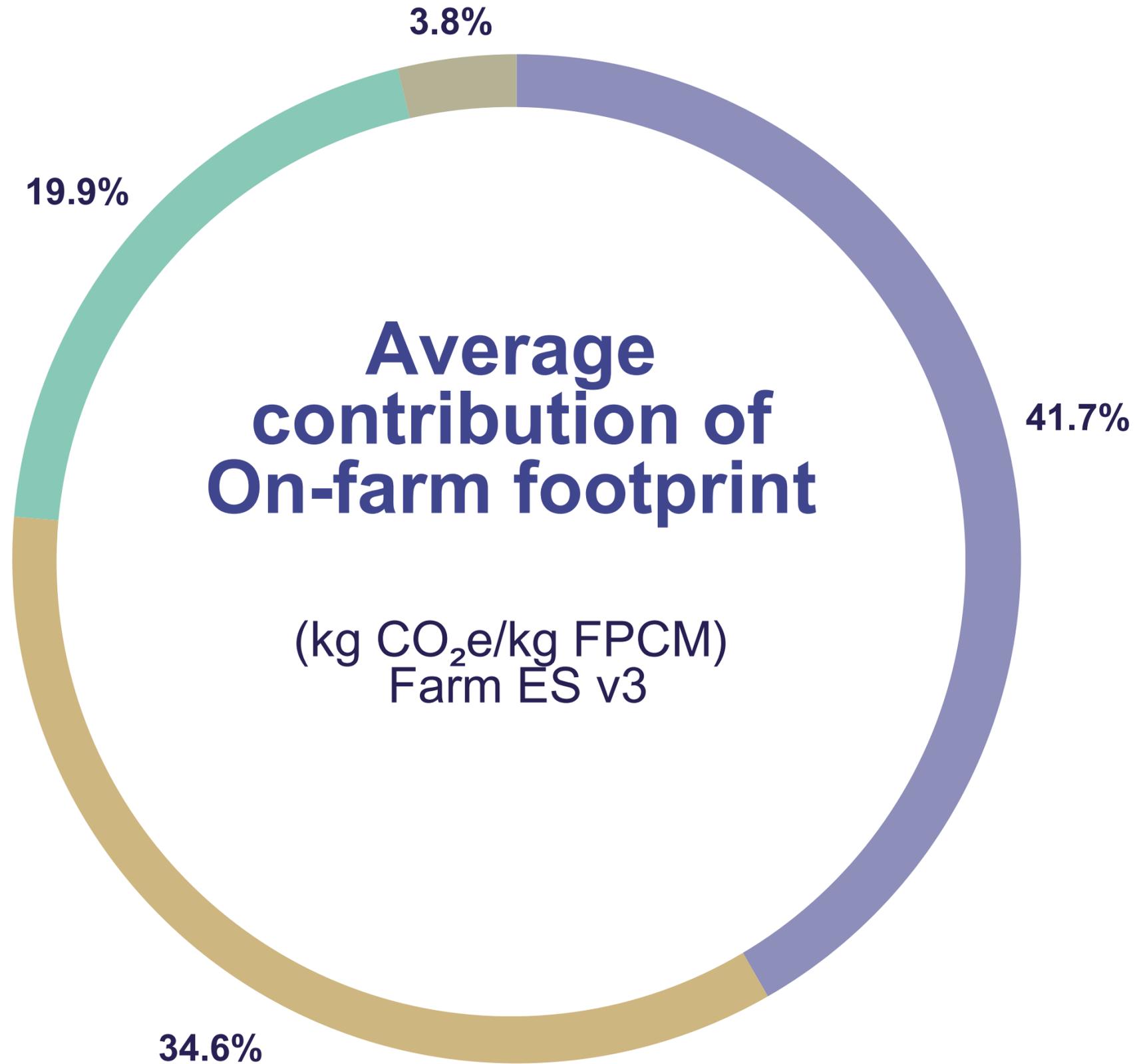
# On farm footprint

The output of the ES evaluation is expressed as an intensity for dairy production, measured in kilograms of CO<sub>2</sub>e per kilogram of FPCM (Fat and Protein Corrected Milk). FPCM standardizes milk to the energy content of milk with 4% fat and 3.3% protein, ensuring a consistent comparison among farms with different feeding regimes or breeds.

Our aggregate average contribution to the on-farm footprint, based on Version 3 of FARM ES, stands at 0.974 kg CO<sub>2</sub>e/kg FPCM for 2024.

We aim to continue 100% participation in on-farm evaluations and plan to exceed the required data collection minimum. Our goal is to provide footprints for all our dairies annually. We believe that an accurate and reliable understanding of the environmental impact of each farm is paramount, ensuring that we have visibility on our progress with multiple year-over-year data points. We believe relying on a single evaluation during the three-year FARM ES Version is insufficient for making significant improvements to our environmental footprint and we expect our intensified efforts to collect data will yield positive results.





**Enteric**



**Feed**



**Manure**



**Energy**



# Upholding animal welfare excellence

The health of our dairy herd is fundamental to producing quality ingredients for our customers. We adhere to the Five Freedoms of Animal Welfare and are committed to doing what is right.

Our dairies actively participate in the National FARM Programs. Within the FARM suite of programs is the Animal Care (AC) program, which demonstrates the highest animal care standards on dairy farms by establishing national animal welfare management guidelines, utilizing the latest research. Safeguards support the program's credibility with thorough third-party verification.

We are proud to have 100% participation in the FARM AC program and implement on-farm evaluations to identify areas of strength and improvement on-farm.



**100%**  
participation in  
FARM AC

# Nutrient rich feed

Our vast 32,000 acres (~12,950 hectares) of farmland is meticulously managed to provide nutritious feed for our herds. Our combined farms yield 100% of the alfalfa and triticale for haylage and silage, and approximately 70% of the corn used in the herds' daily diet. Our dairies engage in "field swapping" to maintain soil health with their local counterparts. For instance, they may exchange a field previously used for alfalfa with one planted in potatoes during crop rotations. Although the potatoes may not feed our cows, this practice enriches the soil through an additional rotation.

Our farmers utilize crop byproducts like cottonseed, distillers grain, soybean meal, and beet pulp. These materials, which might otherwise be discarded as waste, are incorporated into the feed for cows. Additionally, liquid milk permeate—a byproduct of our manufacturing process—is sold by Idaho Milk Products for animal feed and returned to the dairies. This permeate enhances moisture content and provides supplemental carbohydrates due to its high lactose and mineral content.



# Responsible nutrient management

As stewards of the land, we understand the intricate relationship between thriving ecosystems and sustainable dairy farming. We wholeheartedly embrace regenerative agriculture principles, such as cover cropping, and our steadfast focus extends to maintaining soil health.

By adopting these practices, we ensure the long-term viability of our environment and economy. Careful soil nutrient management enhances field productivity while minimizing reliance on synthetic fertilizers, reducing our environmental impact.

Every farm in our network has a robust Nutrient Management Plan (NMP) that specifically addresses responsible on-farm nutrient utilization. These plans undergo regular reviews to ensure compliance with the intended objectives and optimization of nutrient application.



# Soil strategies and biodiversity

We foster soil resilience through cover cropping and organic matter incorporation (such as composted manure). This approach promotes healthier soils and contributes to carbon sequestration, mitigating the impact of climate change.

Our dairy farms actively promote biodiversity through the implementation of a responsible Integrated Pest Management (IPM) plan at every dairy. We balance pest control with environmental safety, focusing on smart, sustainable solutions.

In harmonizing ecological stewardship with sustainable milk production, we pave the way for a resilient and environmentally conscious agricultural future. Our commitment extends beyond meeting sustainability goals; we actively contribute to the conservation of biodiversity, ensuring a thriving ecosystem for generations to come.



# Scaled solutions

Our dairy operations are on a grand scale, and our commitment to sustainable manure management practices is sized accordingly. Rather than viewing it as a challenge, we have transformed it into an environmental opportunity. To mitigate methane emissions, our dairy farms utilize anaerobic digesters. One farm boasts the longest-running dairy manure digester in Idaho, continuously operating to this day.

This digester processes the manure of approximately 7,500 cows, converting it into biogas that fuels two 710 kW engines. These engines generate electricity that is fed into the local power grid. In its 16-year lifespan, the digester has generated sufficient electricity to supply over 920 homes annually. Additionally, a further digester has been operational for more than 15 years. This system collects manure from four different dairy farms, producing biogas that is purified to meet pipeline standards and then injected into the natural gas distribution network.



~1 million  
MMBtu/year  
RNG generated  
from new projects



# Advancing sustainable energy

Within the last year, our owners established three new digesters, significantly increasing their renewable natural gas (RNG) generation and implementing advanced manure management practices across all dairies.

Through a partnership with Shell, the Downstream Bovarius Biomethane Facility and the Downstream Friesian Biomethane Facility will operate on two of our dairy sites. These cutting-edge facilities convert dairy manure into an impressive 400,000 MMBtu/year and 350,000 MMBtu/year of pipeline-quality RNG, respectively.

A third project will also capture the manure and use an anaerobic digester to transform the biogas to approximately 196,000 MMBtu/year of pipeline quality RNG, equivalent to approximately 1,000,000 gallons of diesel fuel/year (MMBtu/MMBtu) .



# Reducing emissions with science based targets

We are proud to participate in the Science Based Targets Initiative (SBTi) and our near-term targets conform with the SBTi Criteria and Recommendations (Criteria version 5.1) and the SBTi Forest, Land and Agriculture Guidance (FLAG).

## Energy & Industry (E&I):

Idaho Milk Products commits to reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 base year. We also commit to reduce absolute scope 3 GHG emissions from purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting and downstream transportation and distribution by 25% within the same timeframe.

## FLAG:

Idaho Milk Products commits to reduce scope 3 FLAG GHG emissions from purchased dairy by 42% per tonne of fat and protein corrected milk (FPCM) by 2030 from a 2021 base year.\* We also commit to maintaining no deforestation across our primary deforestation-linked commodities.

\*Target includes FLAG emissions and removals.



# 42%

Scope 1 and 2 E&I and  
Scope 3 FLAG  
reduction by 2030

# 25%

Scope 3 E&I reduction  
by 2030



# Resource recovery

Resource recovery involves more than just landfill avoidance or waste management. At Idaho Milk Products, we don't consider any of our byproducts as waste. Instead, we find ways to repurpose them. For instance, off-spec products that can't be sold for human consumption or excess liquid milk permeate are used as animal feed. Approximately 40% of our liquid permeate product that leaves the plant as animal feed returns to our dairies, benefiting both our cows and the environment.

Additionally, our industrial pretreatment wastewater facility uses processes like effluent equalization, pH adjustment, and dissolved air flotation (DAF) to remove solids from the water. These solids are then collected and land-applied, reducing the need for chemical fertilizers on local farmers' fields. By combining solids recovery, animal feed, and on-site recycling, we divert over 99% of waste from landfills. We continue to explore new programs to minimize our landfill impact.

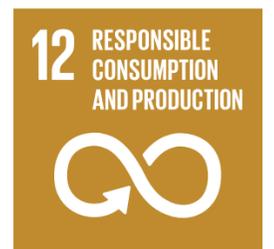
Food waste used to feed animals



Non-food waste recycled or composted



Waste sent to landfill





# Chapter 3 Better future



# Putting people first

Our primary focus is creating a safe work environment for everyone while nurturing a culture that encourages employee engagement, wellness, and personal and professional growth. Because our facility is the largest dedicated milk protein concentrate facility, with an advanced technological structure, our seamless and optimal operation relies heavily on a skilled and substantial workforce. We prioritize recruiting and establishing partnerships locally.

The families associated with Idaho Milk Products have a rich legacy of dairy farming in this region, spanning several decades. For generations, South Central Idaho has been their cherished and enduring home, and not just the location of Idaho Milk Products. We are committed to preserving the vitality of this exceptional region by providing quality employment and personal development opportunities.



# All encompassing work environments

In recognition of the importance of physical activity and recreational opportunities for our employees, especially in rural areas, one of our dairies has incorporated a soccer field at their farm.

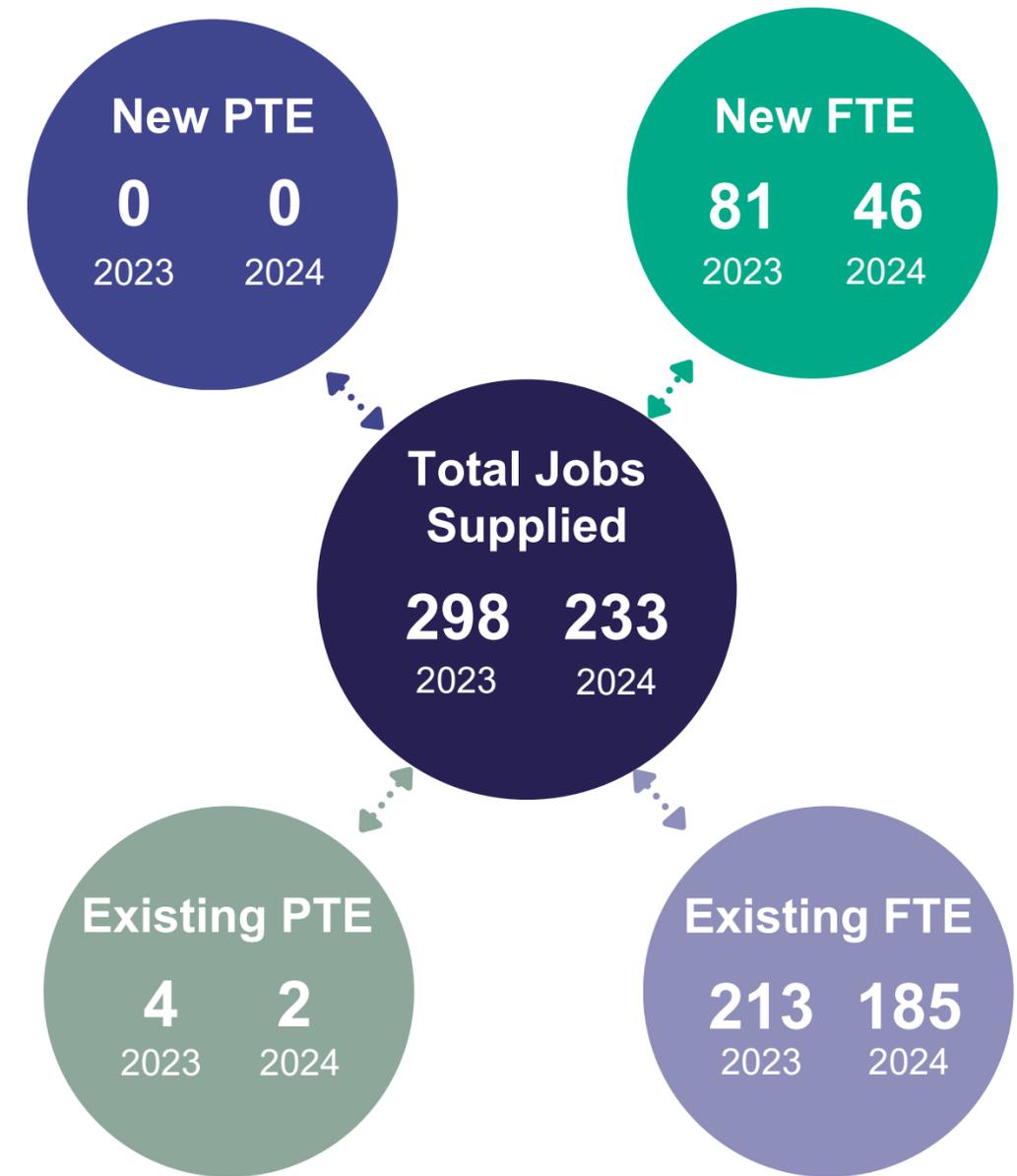
The soccer field provides a recreational outlet for employees during their downtime, contributing to overall physical and mental well-being. By investing in such amenities, our dairies aim to create a workplace culture that values the health, happiness, and camaraderie of a team.

In 2019, we invested in a significant expansion that increased milk throughput at our production facility. At that time, we also created additional employee-focused facilities that enhanced our workplace environment. Our newly established on-site gym and inviting breakrooms underscore our unwavering commitment to employee health, well-being, and overall productivity. We also understand the need for continuous improvement and to seek new ways to improve the day-to-day experience for our people.



# Employee development

The Idaho Milk Products team consisted of 229 people in 2023 and 234 people in 2024, on average. As part of our ongoing commitment to our employees, we strive to grow and expand the skills of the current workforce while providing technical, professional, and leadership development opportunities.



**PTE = Part-Time Employee**  
**FTE = Full-Time Employee**



# Talent pipeline

In 2022, we launched a three-tier, long-term strategy to build an effective talent pipeline. This includes an apprenticeship program for local high schools to gain on-the-job training with operators, maintenance technicians, and CDL drivers. The program intends to guide high school students in recognizing opportunities in the dairy processing industry that fall outside the traditional college route.

We supported the creation of a local trades center in Jerome in partnership with our local community college, the College of Southern Idaho (CSI). Our team engaged multiple times with the college to reinforce what the dairy industry needs to grow relevant talent in the Magic Valley. In 2023, we hired the first two Maintenance Apprentices through this program.

We are also committed to participating in organizations and initiatives that are supportive of the industry as a whole. One example of this is the work we have done with the state Science Technology Engineering Math (STEM) task force, supporting the educated workforce that our industry needs.

We offer 100% reimbursement of tuition and fees for any program available at CSI to help remove barriers to higher education up to and including bachelor programs.

100%

Tuition reimbursement





# Serving our community

We prioritize monetary donations to local organizations and specifically support causes related to hunger, children's well-being, education, youth sports, veterans, and senior services.

Idaho Milk Products maintains a section of highway near our milk processing plant through the Adopt-a-Highway program. Employees and their families volunteer their time to clean up the garbage and debris from a 2-mile (~3.2 km) section of road.

In 2012, we instituted the Mary E. Larios Memorial Scholarship for the children of our full-time staff. The scholarship was introduced as a tribute to Mary, the daughter of one of our team, and to help the educational aspirations of employees' children seeking higher education at a university or college. Today, scholarships continue to be distributed annually.



# Local events

We are proud to be the event sponsor for the Rim2Rim Race4Homes: a 7.5-mile (~12.1 km) walk or run through the grueling ups and downs of the spectacular Snake River Canyon.

This is a significant occasion for Idaho Milk Products and we often have more than 100 of our employees and their families participate in this iconic event.

The Rim2Rim is more than just a road race. It is also a charity event to raise funds to help Habitat for Humanity of the Magic Valley build simple, decent, affordable housing in our community.

Beyond this, we support a range of local health and fitness events providing free of charge access to all employees and their families.



# Community support team

The purpose of our Community Support Team is “to sustain our business in a manner that provides a long-term commitment as a source of good for our community.”

In line with this purpose, we donate time and money to many causes and are actively engaged in multiple community events.

For example, in 2022 we made a multi-year pledge and a commitment to the Boys and Girls Club to establish a site in our community. Our support enabled the launch of an afterschool program at the local elementary school and a summer program in the community. The ongoing funding ensures the long-term viability of these operations, which allows the Boys and Girls Club to continue serving the youth of our community. Some of our employees toured the interim facility at one of the local elementary schools to speak with the student participants and members of the Boys and Girls Club of the Magic Valley.



# Partnerships for good

In 2016, a group of leaders in the Magic Valley came together to help provide a better narrative around the immense contribution that immigrants make to the cultural and economic health of our region. Idaho Milk Products became a founding member of the Unity Alliance of Southern Idaho in cooperation with several other equally motivated organizations.

The Unity Alliance brings together representatives from business, education, local government, law enforcement, and faith-based organizations to celebrate the skills, perspectives, and cultural contributions of immigrants, refugees, and all people in our region. This drives economic prosperity and enriches our community. This is achieved through leadership, advocacy, educational programs, and cultural events for long-term residents and immigrants, aimed at creating a regional identity based on unity, diversity, and mutual respect.

We are proud and committed to continue to serve on the Board of the Unity Alliance, volunteer our time, and provide financial support. We believe that this work enhances the sustainability of our company and our industry and contributes to making the Magic Valley a better place for all.



# Empowering our dairy workforce

Our unwavering commitment to our dairy herd is paralleled by our dedication to the diligent individuals who tirelessly contribute to the well-being of our livestock and crops. Their devotion is critical in maintaining the health and happiness of our cows, which in turn allows us to deliver consistently high-quality milk to our plant.

The FARM WFD (Workforce Development) initiative is at the forefront of our efforts to support the professional advancement and well-being of dairy farm employees and their families. This initiative provides dairy owners and managers with the necessary resources and tools to promote safety and create positive work environments. Our team trains farm managers on fair working conditions, anti-discrimination practices, safety measures, and precise recordkeeping.



# Thriving teams

The prioritization of employee well-being is a cornerstone of our commitment to fostering a positive and supportive work environment on our dairy farms. In addition to FARM WFD, our farmers and managers actively participate in valuable workshops facilitated by our local dairy promotion organization, Dairy West. Recently, representatives from our farms engaged in the inaugural Dairy Management and Leadership training initiative.

This program equips participants with essential skills and tools to maximize the potential of individuals on the farm. The discussions cover topics such as leadership skills, types of leaders, conflict resolution, and crucial conversations, encouraging participants to contemplate how leadership influences their everyday experiences.



# Human rights

At Idaho Milk Products, our comprehensive policies demonstrate a robust commitment to human rights and ethical employment practices. We prioritize the well-being of our people by prohibiting forced labor, ensuring the freedom of employees to terminate their employment, and safeguarding against harsh or inhumane treatment in the workplace. We emphasize safe working conditions as a collective responsibility, promote a hazard-free environment, and encourage accident prevention. The strict prohibition of child labor and the commitment to paying living wages reflect our company's dedication to upholding social responsibility. We adhere to the Ethical Trading Initiative Base Code, showcasing our unwavering commitment to fostering fair and ethical practices within our supply chain.

We ensure that every stakeholder involved in our operations is treated with respect and integrity. We actively engage in initiatives that promote diversity, equity, and inclusion, striving to create a workplace that celebrates the richness of backgrounds, perspectives, and talents, especially in a diverse region like the Magic Valley. By championing these values, we uphold the rights and dignity of our employees and contribute to a global culture of social responsibility and sustainable business practices.





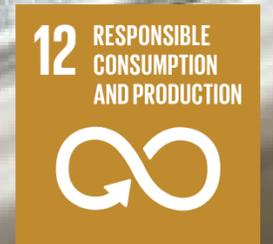
# Procurement

Our Supplier Code of Conduct emphasizes collaboration with suppliers based on shared minimum standards. The code covers essential areas such as business integrity, labor rights, human rights, environmental responsibility, and continuous improvement.

Suppliers, employees, and subcontractors are expected to adhere to these standards when working with Idaho Milk Products. Additionally, we implemented a Sustainable Procurement Policy that extends beyond suppliers to include training for our Procurement team. The policy is accessible through our Learning Management System, ensuring employees stay informed about procurement policies.

Our Procurement department prioritizes sustainable materials and packaging. Our goal is to reduce product packaging while increasing recycled content and recyclability. We currently have a minimum of 70% recyclable content in our packaging materials, with a goal of 100% recyclable material.

Recognizing regional variations in recycling services, we continually work to enhance recyclability for customers.



# Information technology

In 2024, our IT (Information Technology) cybersecurity training campaigns concluded with an impressive 100% average completion rate, meeting our target of 100%. Our commitment to security was underscored by the demonstrated link between regular security training and a reduction in phishing-prone failures. Introducing a new initiative for 2023, our IT professionals implemented mandatory foundational security awareness training for new hires during orientation, addressing a critical training gap.

The incorporation of monthly phishing simulation email campaigns in 2024 resulted in an average phish-prone percentage of 8.7%, an increase from the 2023 average of 5.5%. This increase was directly correlated to the implementation of an AI Defense Agent (AIDA) that automatically configures phishing test emails. The AI sends emails that are more personalized and realistic, tailored to each employee's role in the company, rather than using a random selection.

In response to identified vulnerabilities, additional remedial security training measures were implemented. These courses emphasized the critical importance of human diligence and provided insights into recognizing red flag signs associated with each user's failed phishing email. Our goal for 2025 is to achieve a company-wide average phish-prone rate of less than 8%, with continued use of AIDA.





# Closing comments

To understand our purpose is to understand what sustainability means to Idaho Milk Products. With an optimal alignment of interests between producers and processors, our products promote healthy, active lifestyles across all ages and feature clean product labels, enabling us to proudly contribute to responsibly feeding the world. Locally produced milk is processed with safety as a priority, using science-based innovation to maximize efficiency and minimize our impact on the environment. Combined with our commitment to being a sustainable source of good in the community, we believe that this business will last for generations. We consider this to be true sustainability.

The KPIs on the following pages set the targets for our operations at the farm and processor level to ensure our business demonstrates the realization of our purpose in objective, relevant, and measurable ways. The SDGs are listed with the 20 identified material topics and our alignment with these goals signifies a commitment to our people, products, and planet. We recognize the part we play and the effect we have on other businesses that rely on our continued stewardship and diligence.

There is much work still to be done and this report will forever be dynamic. We will review and update our metrics regularly and continue to evaluate programs and opportunities as we move toward a more sustainable future.





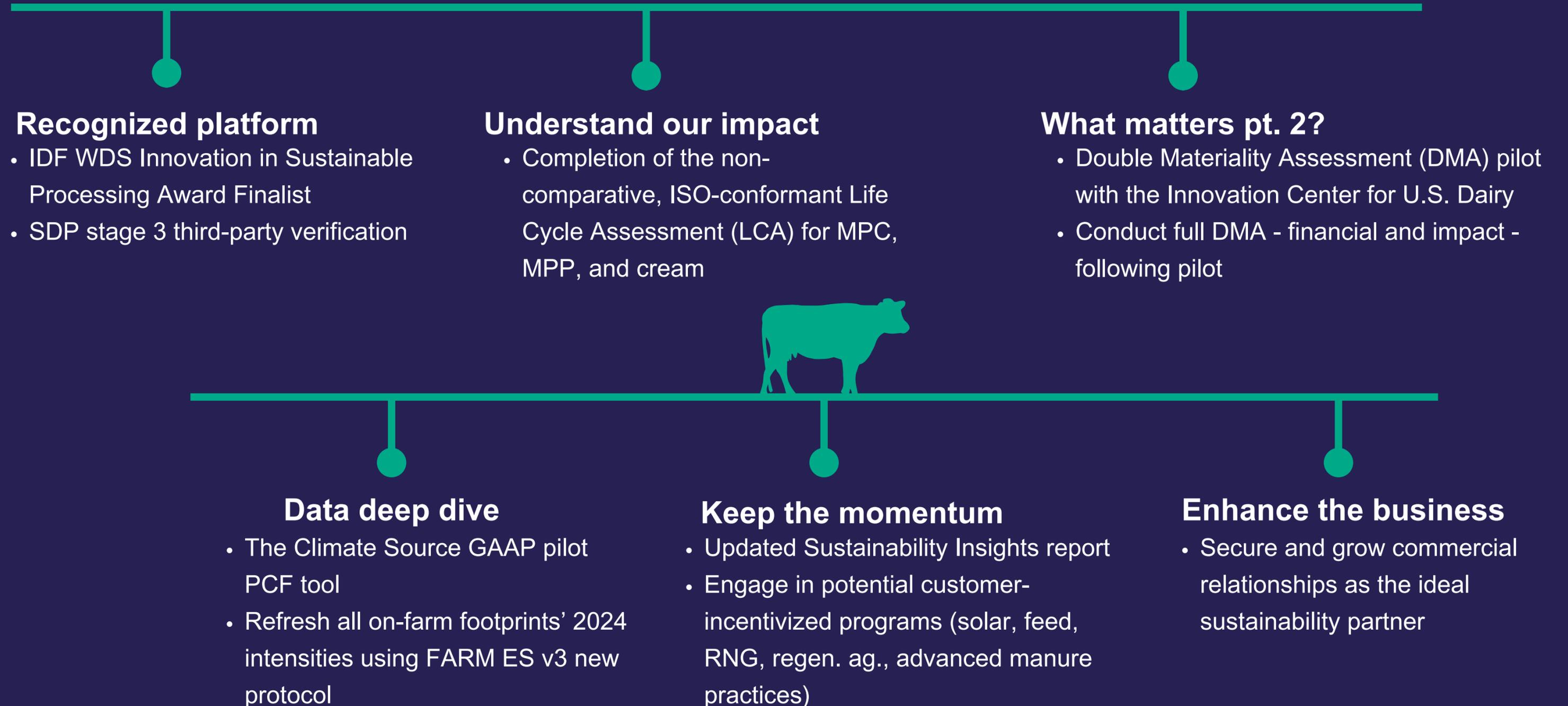


**Appendix**

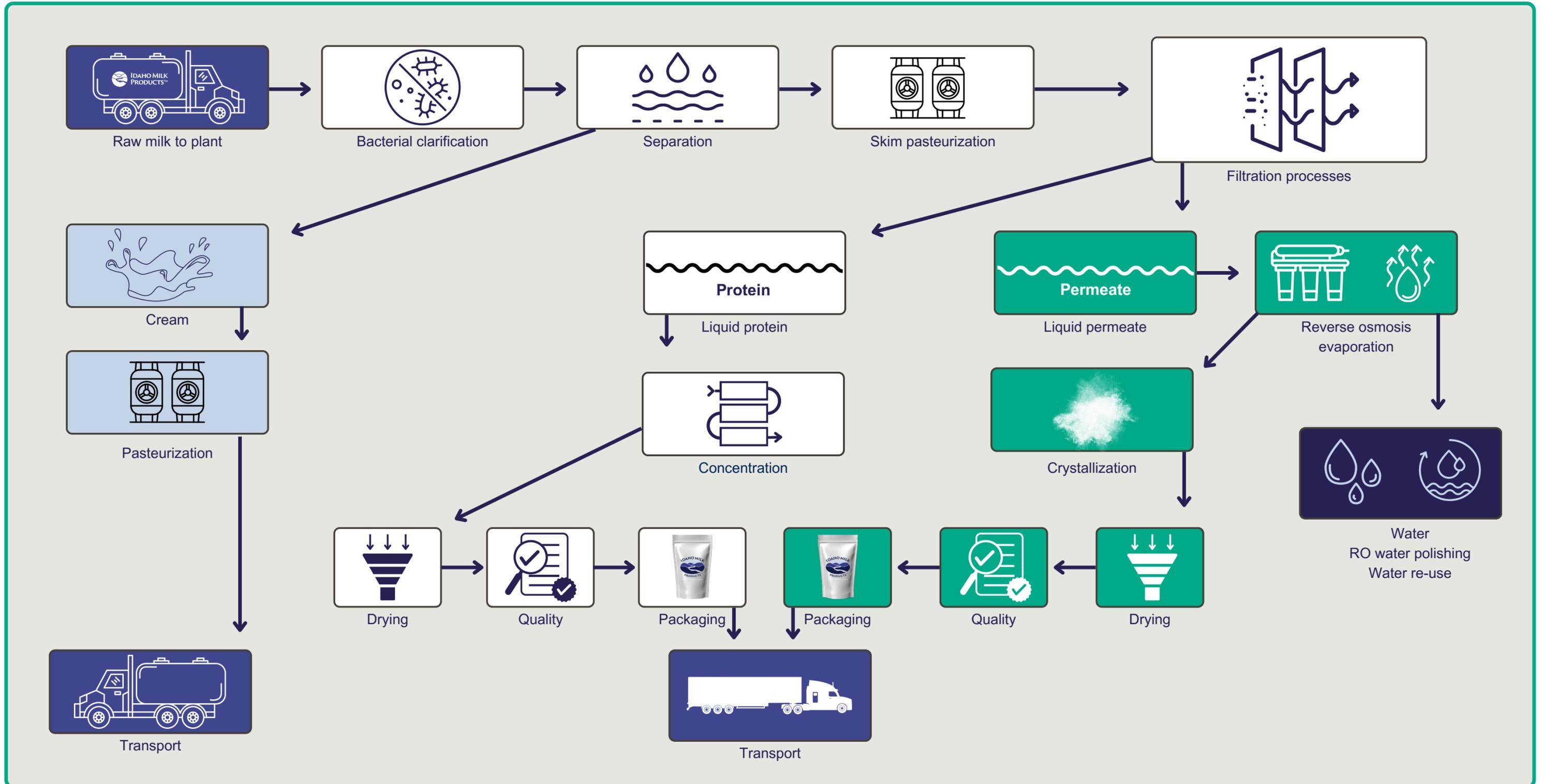
**Timeline, process flow,  
materiality matrix,  
and sustainability  
report card**



# Timeline



# Our process: raw to refined



# Materiality matrix

FINANCIAL SIGNIFICANCE	Very significant		<ul style="list-style-type: none"> <li>• Cybersecurity and data protection</li> <li>• Business resilience</li> <li>• Human rights</li> <li>• Greenhouse gas emissions</li> </ul>	<ul style="list-style-type: none"> <li>• People health and safety</li> <li>• Product safety and quality</li> <li>• Water quality</li> <li>• Water use and availability</li> <li>• Workforce attraction, development and retention</li> </ul>	
	Significant	<ul style="list-style-type: none"> <li>• Air quality</li> </ul>	<ul style="list-style-type: none"> <li>• Health and nutrition</li> <li>• Economic contribution</li> <li>• Product innovation</li> <li>• Community support</li> <li>• Resource recovery</li> <li>• Energy efficiency and renewables</li> <li>• Soil health and nutrient management</li> </ul>	<ul style="list-style-type: none"> <li>• Animal care</li> </ul>	
	Moderate	<ul style="list-style-type: none"> <li>• Materials and packaging</li> <li>• Biodiversity</li> </ul>			
	Low	<ul style="list-style-type: none"> <li>• Land use and conversion</li> </ul>			
		Low	Moderate	Significant	Very significant
		<b>SIGNIFICANCE OF IMPACTS</b>			

**Materiality tiers:**

- Most material
- Highly material
- Material
- Important
- Relevant

# Sustainability report card - Economic

Material topic	Metric	Relevant SDGs	Target		2023	2024	2025
Business resilience	Keeping our operations going around the clock supporting access to nutritious and affordable food products through precision maintenance	2, 8, 9	Hours of Overall Equipment Effectiveness (OEE) failures per week	≤7	6.48	8.69	
Economic contribution	Significant direct and indirect economic value	8	Local economic impact (in dollars)	>\$18m	\$20.3	\$21.3	

# Sustainability report card - Environmental

Material topic	Metric	Relevant SDGs	Target		2023	2024	2025
People health and safety	Creating and promoting a safe, secure, and healthy environment for all employees	3	Days of restricted work activity or job transfer (DART) rate	<1.3	0.86	2.06	0.39
			Percent participation in annual Healics wellness check	40%	32%	40%	
			Percent participation in medical benefit	98%	96%	94%	
Water efficiency	Advancing efforts for responsible use of water	6, 8, 12	Pounds of milk processed per gallon of city water withdrawn	>13	12.76	13.04	
			Water withdrawn (1,000 gallons per metric ton production)	≤0.89	0.89	0.86	
			Surplus water (1,000 gallons per metric ton production)	≥0.21	0.21	0.56	
			Water discharged (1,000 gallons per metric ton production)	≥1.10	1.10	1.41	
Water quality	Maintaining high standards of water quality for our organization	6, 8, 12, 13, 14	Number of water samples missed per year	≤4	2	4	3
			Number of violations for out of compliance wastewater discharged to city per year	≤36	200	201	
Resource recovery	Extracting the maximum practical benefits from products and waste	9, 12	Percent of waste resources put to beneficial use	95%	99%	99%	
Energy efficiency and renewables	Implementing solutions to optimize energy efficiency	7, 8, 9, 13	Percent renewable energy used in operations	30%	11.2%	12.8%	

# Sustainability report card - Environmental

Material topic	Metric	Relevant SDGs	Target		2023	2024	2025
Greenhouse gas emissions	Minimizing greenhouse gas emissions resulting from operations	7, 13	kg CO <sub>2</sub> e/kg FPCM	<1.00	0.847 (v2)	0.974 (v3)	
			YoY percent reduction in Scope 1 and 2 emissions per metric ton of production output	-3%	-2.63%	-4.11%	
			YoY percent reduction in Scope 3 emissions per metric ton of production output	-3%	-1.89%	-1.07%	
Soil nutrient management	Optimizing soil health and quality by promoting responsible nutrient management practices	15	Percent of farmed acres utilizing regenerative agriculture practices	100%	100%	100%	100%
			Percent of farms participating in current FARM ES version	100%	100%	100%	100%
Air quality	Ensuring healthy local air quality	3, 13	Percent pass rate of opacity checks on facility stacks	95%	100%	100%	100%
Materials/packaging	Minimizing product packaging and increasing recycled content/recyclability of materials	12	Percent of recyclable content in packaging	100%	70%	70%	
Biodiversity	Maintaining and promoting healthy ecosystems	14, 15	Percent of farms with an active biodiversity plan	100%	100%	100%	100%

# Sustainability report card - Social and Governance

Material topic	Metric	Relevant SDGs	Target	2023	2024	2025	
Product safety and quality	Delivering safe, high-quality food products to customers	3, 8, 9	Percent Right First Time MPC	92.5%	92.9%	96.0%	95.5%
			Percent Right First Time MPP	94%	96.2%	98.9%	98.7%
			Number of customer complaints per 1M lbs. delivered	≤0.16	0.18	0.26	
			Safe Quality Foods (SQF) annual score	>95%	98%	99%	99%
Workforce development	Growing and expanding the skills of the current workforce	8, 9, 10	Percent of jobs filled through internal promotions	30%	35%	33%	29%
			Percent of current headcount in developmental roles	5%	7%	14%	11%
			Percent participation of FARM Workforce Development	100%	100%	100%	100%
	Providing technical, professional, and leadership development opportunities		Percent of spend towards training, scholarships, and education reimbursement (against Net Income)	>1.5%	2.0%	1.7%	
Animal care	Humane treatment of animals that meets or exceeds the U.S. Dairy Industry guidelines and standards	9, 12	Percent participation in FARM Animal Care	100%	100%	100%	100%
			Percent of farm employees trained on animal care standards	100%	100%	100%	
			Percent supply below 200k somatic cell count	100%	100%	100%	
Product innovation	Leading innovation in product development and processes	8, 9, 12	Number of new product developments and formulations per year	4	4	4	

# Sustainability report card - Social and Governance

Material topic	Metric	Relevant SDGs	Target		2023	2024	2025
Community support	Being a source of good in the communities in which we operate	1, 2, 3, 4	Percent of earnings donated towards the community (against Net Income)	>1%	1.4%	1.5%	
			Percent of hours volunteered per annual hours worked (from OSHA 300)	0.5%	0.51%	0.72%	
	Supporting the dairy industry		Percent of earnings to industry support (against Net Income)	>1.5%	1.4%	1.6%	
Health and nutrition	Relentless pursuit to unleash the full nutritional value of milk for generations	3, 9	Percent of spend on research and product development (against Net Margin)	>1.5%	1.76%	1.79%	
Human rights	Promoting and respecting human rights in our operations	8, 10	Percent of employees in leadership roles trained on human rights	100%	100%	100%	100%
			Percent adherence to the Ethical Trading Initiative Base Code	100%	100%	100%	100%
Diversity, equity, and inclusion	Promoting diversity, equity, and inclusion for all	5, 8, 10	Percent of employees racially or ethnically diverse	35%	41%	44%	

# DMAA methane disclosure metrics 2-4

Metric Number	Metric	Disclosure	Unit of Measurement	GWP Used (in kg CO <sub>2</sub> e and including source of data)
Metric 2	Total Scope 1 GHG emissions	37,710	Metric tons of CO <sub>2</sub> e	IPCC GWP 100 AR6 Tier 3 primary data
Metric 3	Scope 1 agricultural dairy methane emissions (by source, total scope 1 cradle-to-farm gate dairy methane emissions)	0	Metric tons of CO <sub>2</sub> e	N/A
		0	Metric tons methane (CH <sub>4</sub> )	N/A
	Scope 1 agricultural dairy methane emissions (by source, % of total scope 1 cradle-to-farm gate dairy methane emissions)	0	% of total scope 1 emissions	Not Applicable
Metric 4	Percentage of Scope 1 emissions from agricultural dairy methane	0	% of scope 1 emissions from agricultural dairy methane	Not Applicable

# DMAA methane disclosure metrics 6-8

Metric Number	Metric	Disclosure	Unit of Measurement	GWP Used (in kg CO <sub>2</sub> e and including source of data)
Metric 6	Total Scope 3 GHG emissions	863,217	Metric tons of CO <sub>2</sub> e	IPCC GWP 100 AR6 Tier 3 primary data
Metric 7	Scope 3 agricultural dairy methane emissions (by source, total scope 3 cradle-to-farm gate dairy methane emissions)	466,231	Metric tons of CO <sub>2</sub> e	FARM ES V3 - IPCC GWP 100 AR6 Tier 3 primary data
		13,136.93 mt enteric, 4,003.93 mt manure, 17,140.86 mt combined	Metric tons methane (CH <sub>4</sub> )	FARM ES V3 - IPCC GWP 27.2 AR6 Tier 3 primary data
	Scope 3 agricultural dairy methane emissions (by source, % of total scope 3 cradle-to-farm gate dairy methane emissions)	76.64% enteric, 23.36% manure	% of total scope 3 dairy methane emissions	Not Applicable
Metric 8	Percentage of Scope 3 emissions from agricultural dairy methane	54%	% of total scope 3 emissions	Not Applicable

# DMAA methane disclosure metrics 10 and 11

Metric Number	Metric	Disclosure	Unit of Measurement	GWP Used (in kg CO <sub>2</sub> e and including source of data)
Metric 10	Total Scope 1 GHG emissions	37,710	Metric tons of CO <sub>2</sub> e	Intelix Processor Stewardship Reporting Tool - IPCC GWP 100 AR6 Tier 3 primary data
	Total Scope 2 GHG emissions	13,313	Metric tons of CO <sub>2</sub> e	Intelix Processor Stewardship Reporting Tool - IPCC GWP 100 AR6 Tier 3 primary data
	Total Scope 3 GHG emissions	863,217	Metric tons of CO <sub>2</sub> e	IPCC GWP 100 AR6 Tier 3 primary data
Metric 11	Percentage of Scope 1 and 3 emissions from agricultural dairy methane	52%	% of total scope 1 and 3 emissions	Not Applicable

# DMAA methane disclosure metric 13

Metric Number	Metric	Disclosure	Unit of Measurement
Metric 13	Scope 1, 2, and 3 GHG reduction target(s)	<p>Energy &amp; Industry (E&amp;I): Idaho Milk Products commits to reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 base year. We also commit to reduce absolute scope 3 GHG emissions from purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting and downstream transportation and distribution by 25% within the same timeframe. FLAG: Idaho Milk Products commits to reduce scope 3 FLAG emissions from purchased dairy by 42% per mt of fat and protein corrected milk (FPCM) by 2030 from a 2021 base year.* We also commit to maintaining no deforestation across our primary deforestation-linked commodities.*Target includes FLAG emissions and removals.</p>	<p>% reduction, absolute/intensity, target year, base year, scopes covered, alignment with external framework if applicable</p>







**IDAHO MILK  
PRODUCTS**