IDAHO MILK PRODUCTS

Dairy Methane Action Plan 2026

Introduction

Idaho Milk Products is a farmer-owned dairy ingredient processing company rooted in South-Central Idaho, with vertically integrated milk production from 11 owner dairies supplying our processing facility in Jerome. With approximately 82,000 milking cows and dairies located within 50 miles of our plant, our close connection to our farms enables transparency, accountability, and continuous improvement across our value chain. Sustainability is central to our business strategy, supporting the long-term resilience of our owners, our communities, and the customers who rely on our high-quality dairy ingredients.

Methane reduction is a critical pillar of Idaho Milk Products' climate strategy. The majority of our greenhouse gas footprint is associated with agricultural methane from our dairy supply chain, primarily from enteric fermentation and manure management at the farm level. Recognizing both the climate urgency and the importance of farmer viability, we are actively advancing methane mitigation through long-standing and newly commissioned anaerobic digestion and renewable natural gas (RNG) projects, comprehensive nutrient management practices, and full participation in the FARM Environmental Stewardship, Workforce Development, and Animal Care programs across all owner dairies.

Aligned with science-based climate goals, Idaho Milk Products has committed to ambitious greenhouse gas reduction targets through the Science Based Targets initiative, including significant reductions in Scope 3 FLAG emissions from purchased dairy by 2030. While methane accounting and attribution remain complex, we continue to invest in credible measurement, data transparency, and partnerships that accelerate on-farm solutions, strengthen rural economies, and deliver meaningful progress toward a lower-emissions dairy future.

Part 1
Key Disclosures

An exciting start

This reporting year marks Idaho Milk Products' inaugural Dairy Methane Action Plan, a foundational step toward transparently disclosing and managing our greenhouse gas (GHG) and methane footprint. Using IPCC AR6 100-year 2024 global warming potentials, our total GHG emissions were reported at 1,073,392 metric tons of CO_2e, with the majority occurring in Scope 3 at 1,019,887 metric tons of CO_2e.

Annual GHG emmisions
GWP source: IPCC AR6 (100-year)

Category	Baseline Year 2021 (mt CO_2e)	Previous Year 2024 (mt CO_2e)	Current Year 2025 (mt CO_2e)
Scope 1	37,669	37,710	38,660
Scope 2	13,371	13,313	14,845
Scope 3	669,467*	863,217*	1,019,887*
Total (Scopes 1-3)	720,507	914,240	1,073,392

Scope 1 and Scope 2 emissions total 38,660 and 14,845 metric tons of CO_2e, respectively. As a vertically integrated dairy processor, this first-year DMAA disclosure establishes a clear baseline for our emissions profile, particularly highlighting the material role of upstream agricultural emissions, and provides a transparent starting point from which to measure progress, strengthen methane reduction strategies, and advance alignment with industry and customer climate expectations.
**baseline year FARM ES v2, previous and current year FARM ES v3.*

Agricultural methane emissions from dairy supply chain (current year)
GWP source: IPCC AR6 (100-year)

Source	CH_4 (mt)	CO_2e (mt)	% of dairy CH_4	Scope
Enteric fermentation	15,057	409,559	79.69%	Scope 3
Manure Management	3,838	104,392	20.31%	Scope 3
Feed-related methane	0	0	0%	Scope 3
Total dairy methane (Scope 3)	18,895	513,951	100%	-

Agricultural dairy methane as % of GHG emissions
GWP source: IPCC AR6 (100-year)

Category	Percentage
Scope 1	0%
Scope 3	50.39%
Total (Scopes 1+3)	47.88%

Emission Reduction Targets

We 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 and Industry:
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 ton 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.*
We do not have a current methane emissions reduction target

Qualitative explanation of key sources of dairy methane

Our dairy methane footprint arises in Scope 3, dominated by enteric fermentation (~80%) and manure management (~20%) from milk production at owner dairies. Methane is mitigated via long-running and new anaerobic digestion projects that generate electricity and pipeline-quality RNG, alongside comprehensive nutrient management and animal care programs. The use of dairy manure anaerobic digesters is in partnerships with technology/energy providers, outside of the dairy value chain, and thus, reductions from those interventions are not reflected in the current inventory.

Turning **today's waste** into **tomorrow's energy**

Part 2
Strategies

Strategies to reduce dairy methane emissions

Farmer and supplier engagement strategy

Dairy methane sources addressed: enteric fermentation and manure management (Scope 3).

Context: Vertically integrated supply from 11 owner dairies (82,000 cows) within 50 miles of our processing facility in Jerome, Idaho; 100% participation in FARM Environmental Stewardship (ES v3) and FARM Animal Care (AC); robust Nutrient Management Plans, and regenerative practices (cover crops, manure compost).

Risk mitigation/addressing material climate-related physical and transition risk: Reducing methane emissions helps us mitigate climate-related risks, such as stress on herd productivity and water scarcity, while strengthening our market position. Proactive action on emissions reinforces our reputation with customers and stakeholders who increasingly expect measurable climate leadership from dairy processors. Engagement further reduces transition risks (customer/market pressure, carbon policy exposure) and physical risks by improving manure handling and reducing emissions/odors; supports business resilience and community relations.

Scope/coverage: Owner dairies in South-Central Idaho (Magic Valley); processor operations in Jerome, ID.

Business units: Sustainability, Operations, Procurement, Owner Dairies, EHS, Quality.

External groups: Innovation Center for U.S. Dairy/U.S. Dairy Stewardship Commitment, Idaho Dairymen's Association, Dairy West, NMPF FARM Program, Sustainable Dairy Partnership (SDP), technology/energy partners.

Status: Ongoing—long-standing digesters in place; three new RNG projects launched in the previous 24 months; DMAA signatory (May 2025); continuous FARM ES data collection and improvement planning.

From farm to facility, our owner farmers lead the way in cutting dairy methane.

Action items and key details

1 Scale anaerobic digestion and RNG across owner dairies

Description and estimated reductions: Due to current accounting limitations and the need to avoid double-counting, methane reductions associated with these projects are not currently included in the dairy's GHG inventory. Accordingly, caution is required when attributing and reporting these reductions within organizational emissions boundaries.
Across the active anaerobic digester portfolio, there is approximately 1.516 million MMBtu per year of renewable natural gas (RNG) generation. According to EPA's AgSTAR Livestock Anaerobic Digester Database, emissions reductions range from approximately 56,570 to 66,393 metric tons of CO_2e annually per digester, based on available data.
Qualitatively, these projects represent material and meaningful on-farm advancements that enhance economic sustainability and deliver tangible value to participating producers. Moving forward, we will continue to evaluate and expand advanced manure management solutions to ultimately encompass 100% of the milk supplied within our value chain.

Regions: South Central Idaho (Magic Valley)

Dates: Legacy digesters: 2 in operation >17 years; 3 new facilities commissioned 2024–2025; ongoing operations

KPIs: MMBtu/year RNG produced; % manure captured.

Investments/CapEx Alignment: Partner-led investments (i.e., energy sector) and potential incentives; the recent CapEx of the newest digesters with partner-led support have been in the $180M and $200M ranges – significantly above self-funded, customer-funded, or insetting marketplace currently supports.

2 Annualize FARM ES v3 data across all supplier dairies and close data gaps

Description and estimated reductions: The Ruminant Farm Systems (RuFaS) model is the backbone of the Farmers Assuring Responsible Management Environmental Stewardship (FARM ES) tool. Collection and analysis of primary data from 100% of our incoming milk will provide the best visibility to understanding individual dairy's needs and environmental impacts specific to their operations. By collecting data annually across the entire supply chain, concrete decisions can be made, and not based on industry or regional intensities. RuFaS updates and releases will continue throughout the version 3 (v3) cycle. As more sound science becomes available and incorporated into the model, more accurate calculations can be completed. The ability to run scenarios within the latest FARM ES version will provide opportunities to reduce emissions 5-30%, based on a specific intervention selected. All supplier farms are enrolled and have a current FARM ES evaluation with annual re-evaluations.

Regions: All owner dairies

Dates: Annually – v3 cycle 2024-2027

KPIs: 100% participation in current FARM ES version, with annual re-evaluations and updates as material improvements on-farm occur; verified farm-level intensities; YoY CH_4 intensity trend.

Investments/CapEx alignment: Low—measurement and advisory; integrates with farm Opex/Capex planning.

Action items and key details

3 Evaluate and pilot enteric methane interventions (feed, management)

Description and estimated reductions: Pilot-dependent. Several dairies are currently participating in the use of feed additives, particularly those aimed at improving feed efficiency. We are also evaluating additional opportunities, including bromoform-based additives, methane inhibitors, and other emerging solutions deemed appropriate for dairy cattle.
Methane reduction outcomes vary by additive and intervention, typically ranging from approximately 5% to 40%. Scalability of enteric methane mitigation strategies is critical to ensure practicality across our dairies while maintaining the safety of our herds and employees.
A phased implementation approach could enable rapid adoption of promising additives across the supply chain. This approach would be contingent on validating reductions in both enteric and manure methane, preserving the sustainable value of coproducts and byproducts (e.g., manure and compost), and achieving a net-neutral cost for our producers.

Regions: Select owner dairies

Dates: Scoping 2026; pilots as feasible

KPIs: Enteric CH_4 /intensity changes (FARM ES v3); animal health/productivity

Investments/CapEx Alignment: Exploring customer- and policy-incentivized programs. The ideal scenario is customer-financially supported projects tied to mt CO_2e reductions.

4 Optimize manure solids separation and land application

Description and estimated reductions: Farm and technology specific. Optimized manure solids separation reduces dairy methane emissions by removing volatile solids, the primary source of methane in manure before it enters anaerobic lagoons. Lagoon methane emissions in the Western U.S. are strongly correlated with volatile solids loading, making upstream separation a critical methane avoidance strategy. When paired with controlled downstream management of separated solids (e.g., digestion, well-aerated composting, or land application), solids separation delivers system-level methane reductions and complements digesters. We will continue to leverage the work and research that the USDA ARS in Kimberly, ID, with support from the Idaho Dairymen's Association, has conducted on this topic.

Regions: Owner dairies

Dates: 2025 - 2027

KPIs: Nutrient recovery tons; fertilizer displacement; volatile solids loading; CH_4/N_2O impact proxies

Investments/CapEx alignment: Integrate with the manure digester and nutrient management upgrades.

Strategies to reduce dairy methane emissions

Innovation strategy

Sources addressed: Scope 3 enteric and manure methane.

Context: We advance emissions transparency and reduction across our value chain through integrated data systems (Intelex for Scope 1–2, FARM ES v3 for Scope 3), ISO-aligned lifecycle assessments, and industry collaboration via the U.S. Dairy LCA. This foundation supports targeted innovation, including RNG partnerships to valorize manure methane and ongoing evaluation of scalable enteric mitigation solutions (e.g., feed additives), positioning us to drive measurable environmental and economic value

Risk mitigation/addressing material climate-related physical and transition risk: 1) Improve measurement accuracy and data transparency, enabling more targeted and efficient investment in methane reduction solutions. 2) Strengthen resilience to physical risks like feed volatility and productivity impacts from climate stress. 3) Reduce exposure to transition risks by delivering verifiable emissions reductions, supporting compliance, market access, and customer expectations.

Coverage: All owner dairies and processing operations.

Business units: Sustainability, Operations, Finance, Procurement, Owner Dairies.

External groups: Innovation Center for U.S. Dairy, Dairy West, Idaho Dairymen's Association, and technology/energy partners (digester providers, feed additive companies, third-party verifiers).

Status: In progress.

Strategies to reduce dairy methane emissions

Public policy advocacy strategy

Sources addressed: Enteric and manure methane

Context: Participation in industry platforms (U.S. Dairy Stewardship Commitment; DMAA; Innovation Center Processor Working Group).

Risk mitigation/addressing material climate-related physical and transition risk: Advocate for policies that accelerate the adoption and approval of methane-reducing solutions, allowing for scalable emissions reductions across our dairy value chain. By promoting accurate, incentive-based methane accounting and financing mechanisms, we can accelerate on-farm adoption while safeguarding farmer viability. This proactive approach reduces regulatory and market risk, strengthens alignment with customer expectations, and supports long-term business resilience.

Coverage: All owner dairies and processing operations.

Groups engaged: Innovation Center for U.S. Dairy; Dairy West; International Dairy Foods Association; National Milk Producers Federation; trade allies and technology partners.

Status: Ongoing—data transparency through DMAA metrics; collaboration with industry workstreams.

Action items: Support voluntary incentive programs for RNG and enteric mitigation; contribute data and best practices via industry Technical Working Groups (SDP, U.S. Dairy Stewardship Commitment); monitor and comment on relevant state/federal legislation (e.g., EMIT LESS Act/CATTLE Act) as appropriate.

Part 3

Additional considerations

Barriers and systemic challenges

Farmer barriers: Upfront capital for digesters and manure systems; operational complexity; market access for RNG; uncertainty around enteric solutions and co-benefits. Economic barriers for farmers to utilize novel feed additives currently available on the market. Previous opportunities to participate in larger projects were subsidized through government grants, which were rescinded. Current options within our value chain include partnerships with customers, but during a time when there is reduced willingness from customers to financially contribute to supporting a project, the feasibility is reduced.

Systemic challenges: Standardizing methane accounting and verification across farms; ensuring durable markets and credits for RNG and enteric reductions; aligning customer programs with farm realities. The greatest challenge is navigating the accounting rules for on-the-ground reductions.

As more additives become mainstream, more outlets for verification of reductions become available, and adoption of practices/technologies becomes more widespread, there should be a more material opportunity.

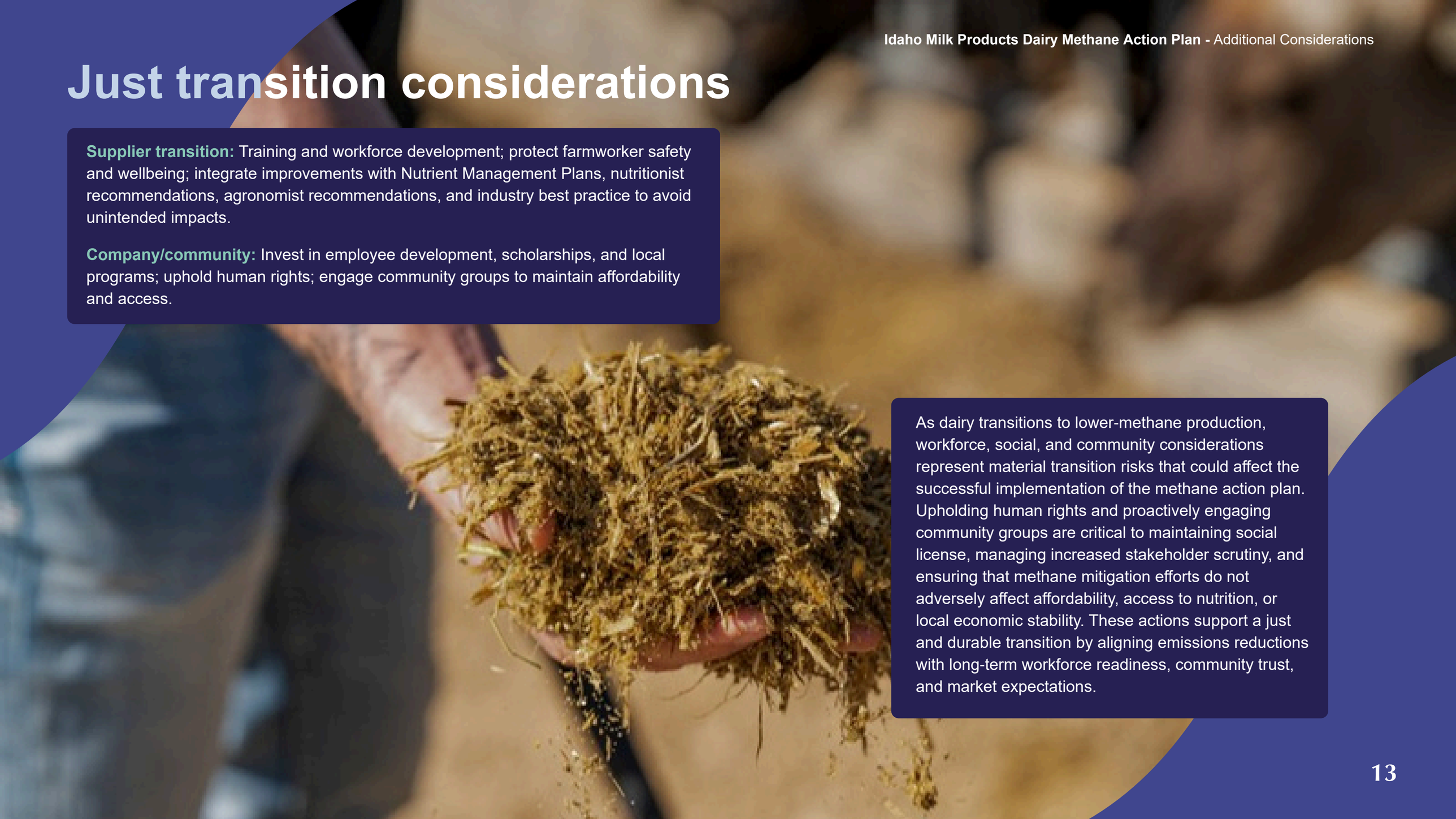
Our approach: Partner financing (customers, insets, offsets, retailers), leverage incentives, share learnings through industry groups, and use primary, verified data to prioritize cost-effective practices.

With updates to the GHG Protocol's Land Sector and Removals Standard, opportunities to provide clear separation of inventory accounting and mitigation claims are now becoming more feasible. The intent is to focus on transparently quantifying gross emissions and removals occurring within our organizational boundary. We want to ensure we continue to drive investment in emissions reductions on-farm and recognize the need to create a distinction between inventory and mitigation claims. A key component of these reduction projects is their ability to add to the economic viability and sustainability of our dairies. There is a considerable business case to explore these interventions and partnerships, and more research toward methane emissions reductions in dairy is needed. As the updated guidance is further recognized and reported, preserving claim integrity while blending land-based emissions reductions should help support further investment.

Just transition considerations

Supplier transition: Training and workforce development; protect farmworker safety and wellbeing; integrate improvements with Nutrient Management Plans, nutritionist recommendations, agronomist recommendations, and industry best practice to avoid unintended impacts.

Company/community: Invest in employee development, scholarships, and local programs; uphold human rights; engage community groups to maintain affordability and access.



As dairy transitions to lower-methane production, workforce, social, and community considerations represent material transition risks that could affect the successful implementation of the methane action plan. Upholding human rights and proactively engaging community groups are critical to maintaining social license, managing increased stakeholder scrutiny, and ensuring that methane mitigation efforts do not adversely affect affordability, access to nutrition, or local economic stability. These actions support a just and durable transition by aligning emissions reductions with long-term workforce readiness, community trust, and market expectations.

Measurement and accountability

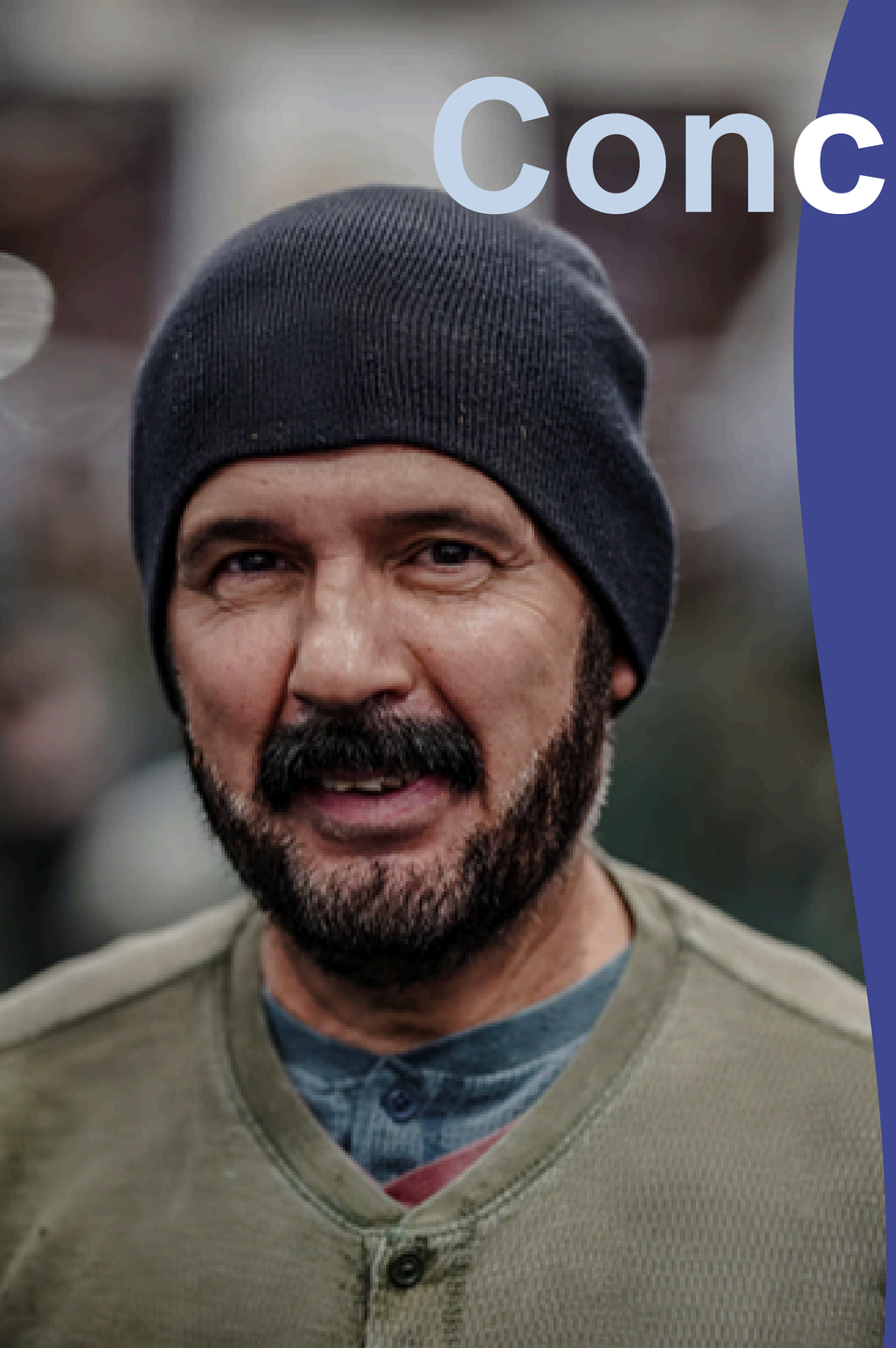
Measurement: Intelex Processor Stewardship Reporting Tool for Scope 1 and 2; FARM ES v3 for farm methane and intensities; annual Scope 3 inventory updates across all relevant categories; annual disclosure to CDP (first disclosed in 2025 cycle with 2024 data); monthly processor tracking; annual farm updates; DMAA metrics disclosure (2, 6–8, 10–13).

Governance: Director of Sustainability oversight; cross-functional review; SBTi-aligned targets guide capital planning; periodic third-party verification as applicable.

Synergies: Methane plan aligns with water quality, resource recovery, animal care, and energy efficiency goals – due to the nature of our business portfolio, future collaboration could be more direct, using RNG from dairy manure digesters as the fuel source for our protein and milk permeate dryers. Further synergies and active engagement with other dairy-sector-specific sustainability programs and committees, such as the Sustainable Dairy Partnership, U.S. Dairy Stewardship Commitment, International Dairy Foods Association Sustainability Committee, American Dairy Products Institute Sustainability Committee, and U.S. Dairy Export Council Multilateral Affairs Advisory Committee, as well as global platforms such as the Science Based Targets Initiative, Greenhouse Gas Protocol, and World Resources Institute.

Non-dairy methane disclosure: Scope 1 is dominated by natural gas combustion; agricultural methane is in Scope 3. We will continue to disclose total methane components and reduction plans within our GHG inventory as appropriate.

Long-term planning: Align with U.S. Dairy 2050 goals and continue scaling RNG and on-farm enteric innovations, backed by credible data and continuous improvement.



Conclusion

Idaho Milk Products' Dairy Methane Action Plan reflects a mature, data-driven approach to addressing the most material source of our greenhouse gas footprint—Scope 3 agricultural methane. With more than half of our total emissions attributable to dairy methane, primarily from enteric fermentation and manure management at our owner dairies, this plan establishes a clear and credible framework for action grounded in vertical integration, long-standing producer engagement, and verified measurement systems.

This plan demonstrates tangible progress through sustained investment in anaerobic digestion and renewable natural gas partnerships, full participation in FARM Environmental Stewardship and Animal Care programs, and the continued refinement of primary farm-level data. While accounting constraints limit the formal attribution of reductions within the current inventory, the on-farm infrastructure, operational improvements, and innovation pilots underway represent material and durable methane mitigation with meaningful economic and environmental co-benefits for our owner dairies and local communities.

Looking ahead, Idaho Milk Products remains committed to aligning methane action with our Science-Based Targets, industry-leading disclosure, and evolving GHG Protocol guidance. By combining accurate measurement, transparent reporting, policy engagement, and scalable on-farm solutions, we will continue to drive progress toward lower-methane dairy production while safeguarding farmer viability and supporting a just, resilient transition for the Magic Valley dairy system. This action plan is not a static statement, but a living roadmap—one that positions Idaho Milk Products to lead with integrity as science, accounting standards, and mitigation technologies continue to advance.

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