



IDAHO MILK
PRODUCTS

**Better food for a
better future.**

Idaho Milk Products 2026 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. We're taking steps to reduce our environmental footprint across our business while maintaining product quality and consistency. The fusion of science and innovation continues to drive Idaho Milk Products toward groundbreaking sustainability advancements. This narrative isn't a conclusion; it's an ongoing story of unwavering commitment and continuous 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 11 dairies, while also cultivating over 39,500 acres (~15,985 hectares) of cropland.

Currently, the active milking herd supporting our needs comprises over 82,000 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.

82,000

Cows

11

Dairies

39,500

Acres Farmed

Key materiality insights

In 2025, we built upon the learnings from our 2022 Materiality Assessment (MA) and conducted a Double MA. This identified twenty-one important topics related to Environmental, Social, and Governance (ESG) matters. Each was evaluated for its impact and financial significance, determining risks, opportunities, scope, severity, and time horizons. Using industry and scientific research and responses from 199 internal and external stakeholders, we prioritized the issues in a Materiality Matrix. These topics align with recognized standards, like 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 transparent 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 [KPIs](#), 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).

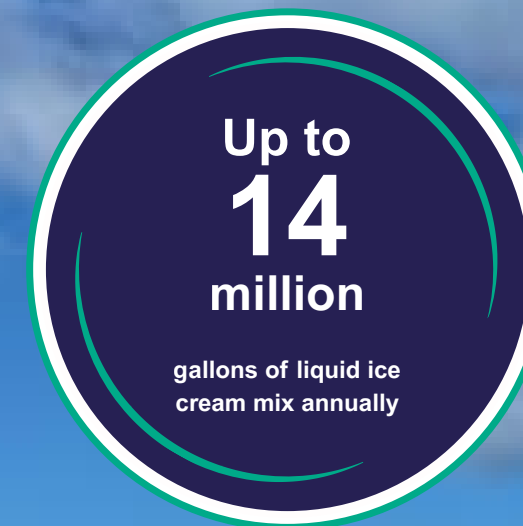
Approximately 4.5 million pounds (~2 million liters) of quality milk flows into our Jerome, Idaho Grade A facility daily. The combination of the freshest, highest quality milk, our proprietary cold loop filtration process, and our attention to every point of the production process results in a range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



Blending and Ice Cream

The opening of our new ice cream and powder blending facility in Jerome represents an important milestone in Idaho Milk Products' continued commitment to innovation, operational excellence, and creating additional value from every pound of milk. Designed as an integrated manufacturing operation, the facility expands our ability to transform high-quality dairy ingredients into a broader portfolio of products while serving customers across ingredient, foodservice, and retail markets.

By increasing processing capabilities within our Jerome campus, we further support our farmer-owned business model and create new opportunities to bring value to milk for generations.



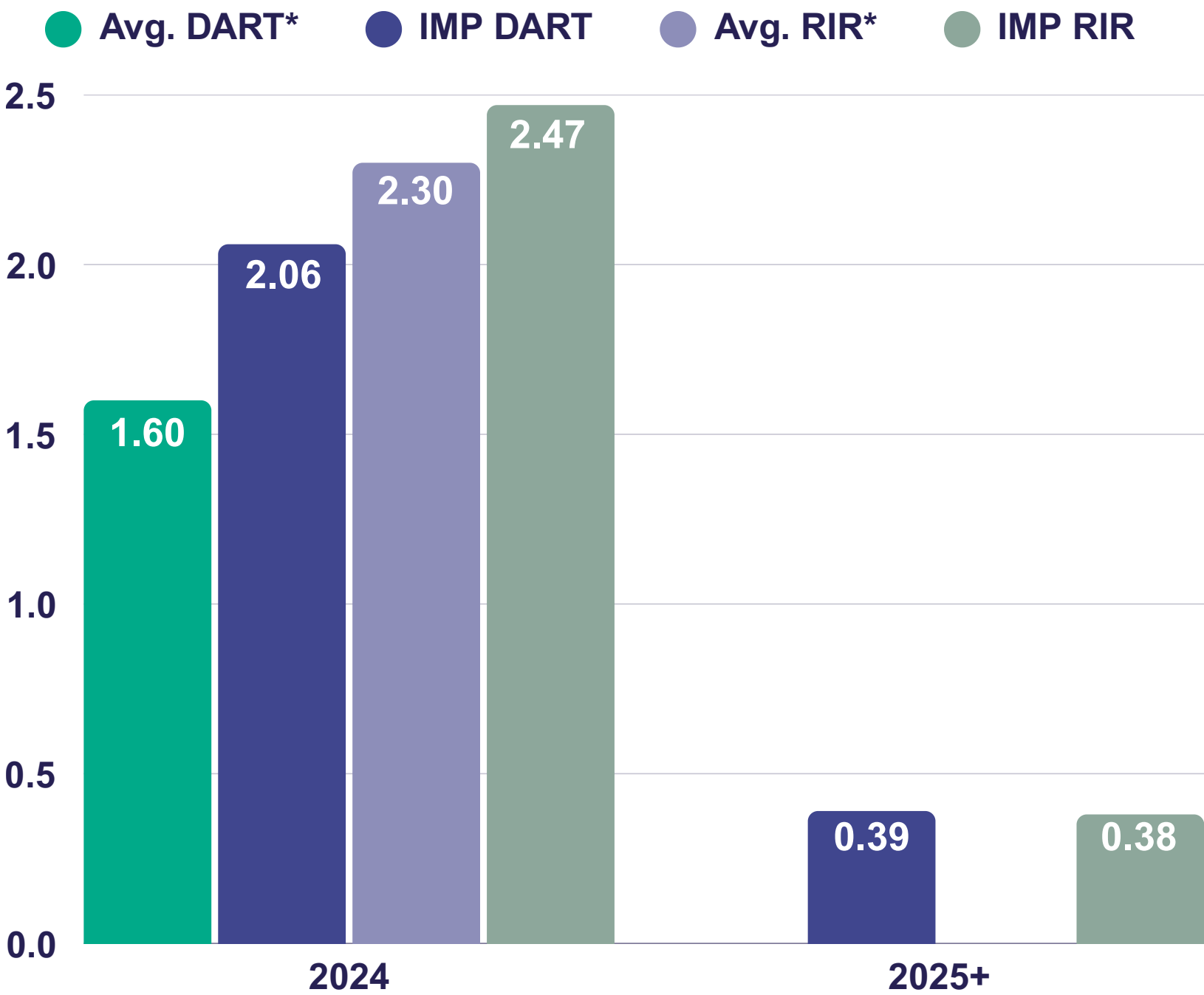
Blending and Ice Cream



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: Days Away, Restricted, or Transferred (DART) rate and Recordable Injury Rate (RIR).

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.



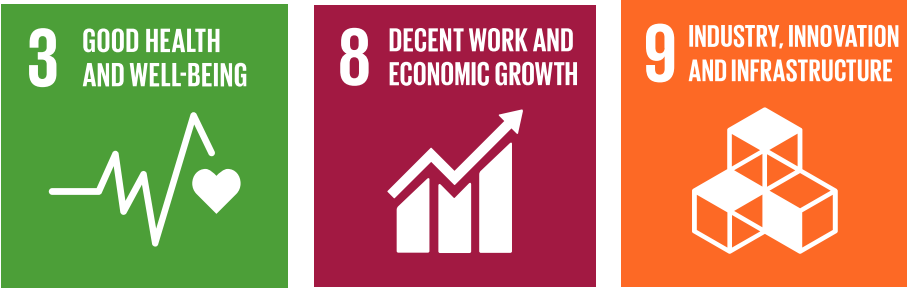
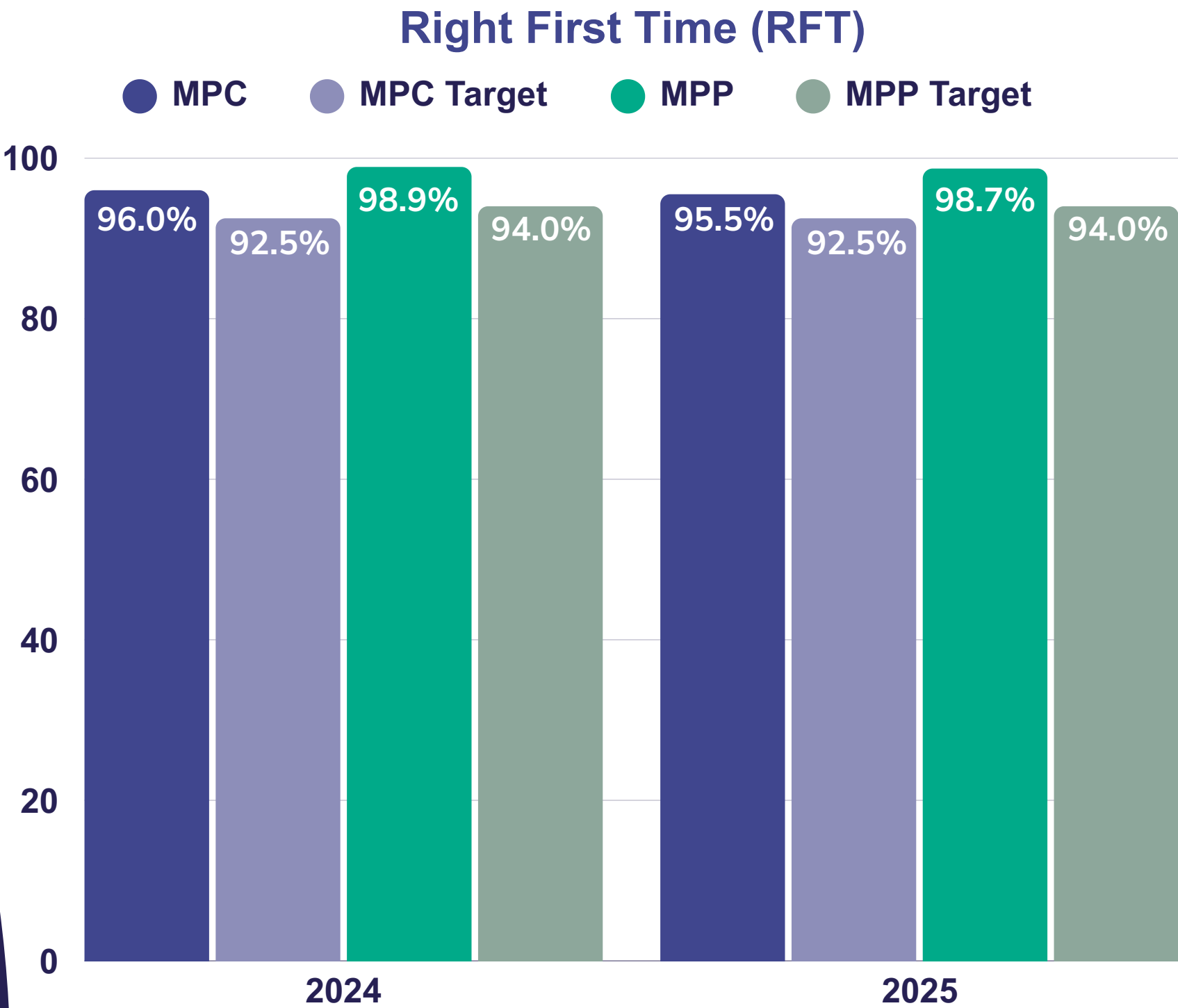
*Industry Average DART and RIR from Bureau of Labor Statistics - NAICS 311514, Dry, Condensed, and Evaporated Dairy Product Manufacturing

+Values for industry averages have not been released for 2025 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.

As part of our commitment to continuous innovation, we invest approximately 1% of our annual margin into R&D initiatives. We have consistently met or exceeded this goal, investing 1.79% in 2024 and 1.0% in 2025.

R&D by the Numbers

- More than \$1 million invested annually
- 11 R&D employees, representing 4.2% of the total company headcount



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.

Our operations have been externally verified by a third party as compliant with Stage Three of SDP.

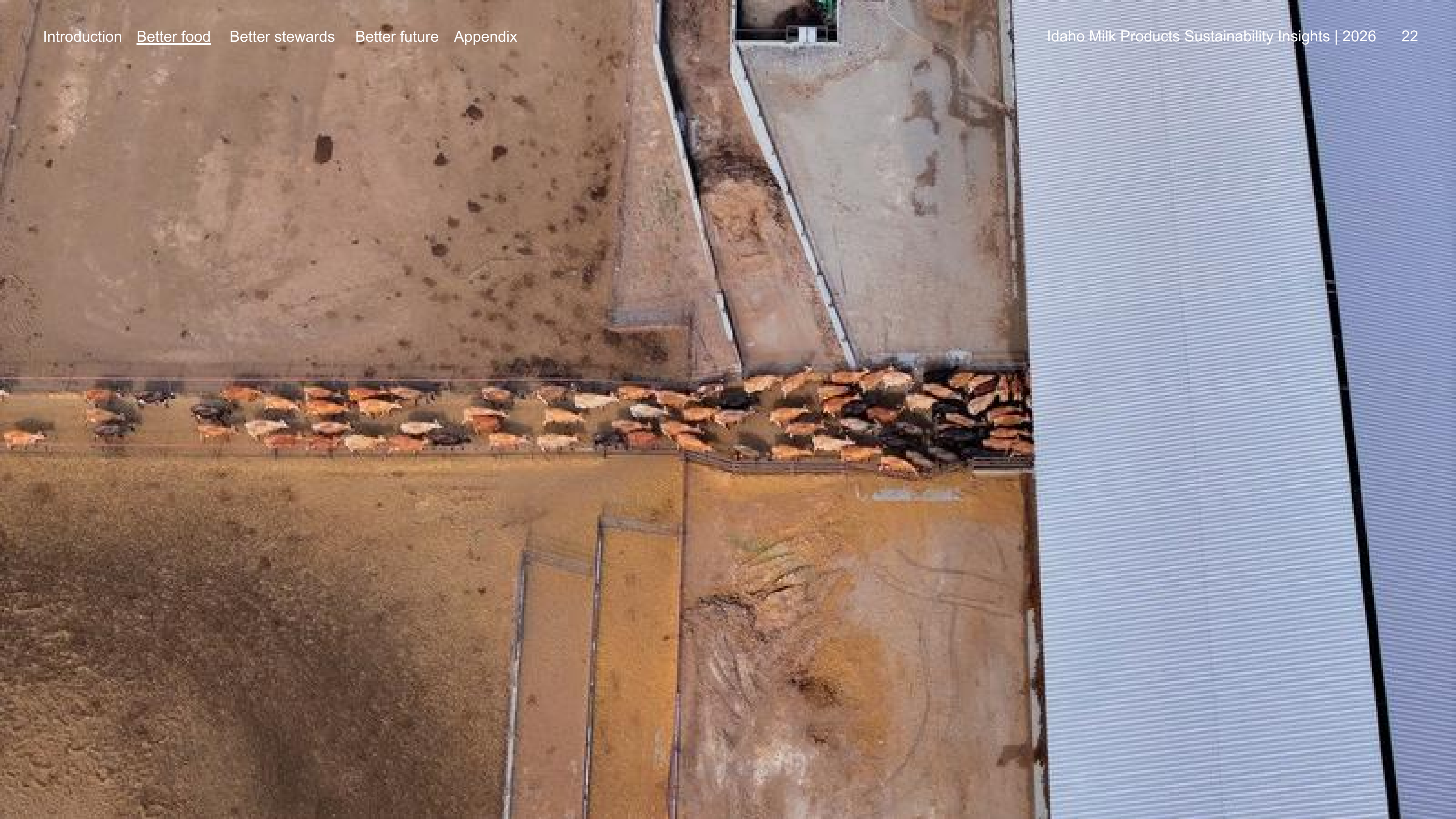


Dairy Methane Action Alliance (DMAA)

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 developed a comprehensive methane action plan to mitigate these emissions. We officially joined the Dairy Methane Action Alliance (DMAA) in May 2025, publishing our first disclosure in January 2026, and releasing our first Dairy Methane Action Plan (DMAP) in June 2026, solidifying our dedication to this important environmental endeavor. Our methane disclosure metrics for 2025, including our emissions inventory, can be found in the appendix of this report.

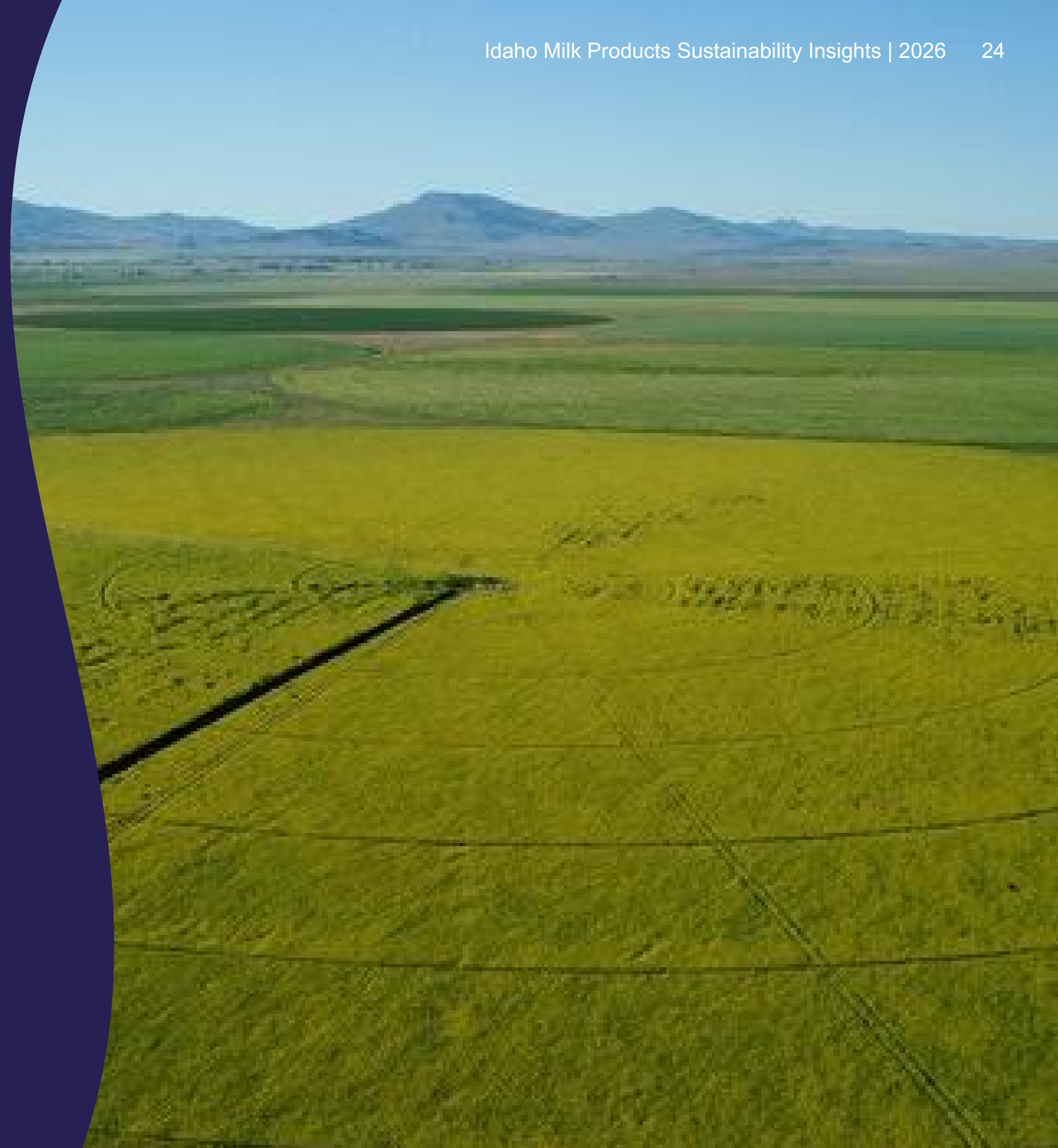






Chapter 2

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://innovationcenter.usdairy.com/action-impact/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)	2024	2025
Water withdrawal	0.86	0.93
Water recycled	0.56	0.68
Water discharged	1.41	1.60



6 CLEAN WATER AND SANITATION

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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 21 miles (~34 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 (~1.8 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 6.4% 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. Aligned with the Greenhouse Gas Protocol (GHG P), it generates monthly reports covering all pertinent aspects of our processing operations. In 2025, our emissions factor was 0.38 kg CO₂e/kg of production. The ability to track and understand our emissions enables us to make data-driven decisions for plant improvements and capital investments.

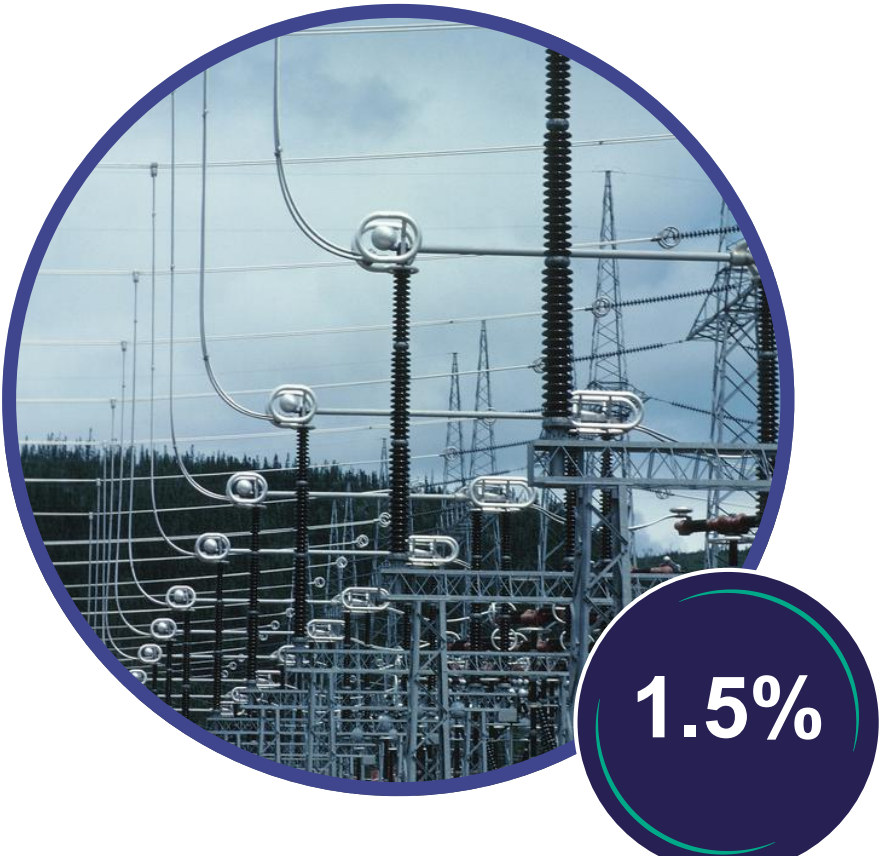


Our 2025 footprint



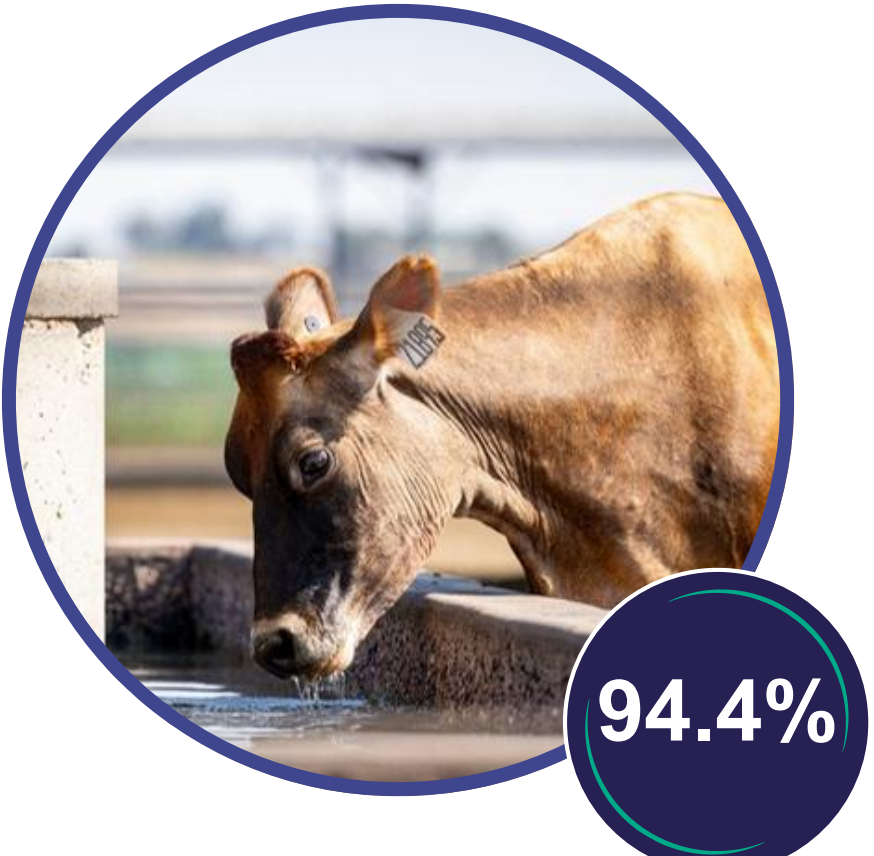
Scope 1 emissions

Direct emissions from
our operations



Scope 2 emissions

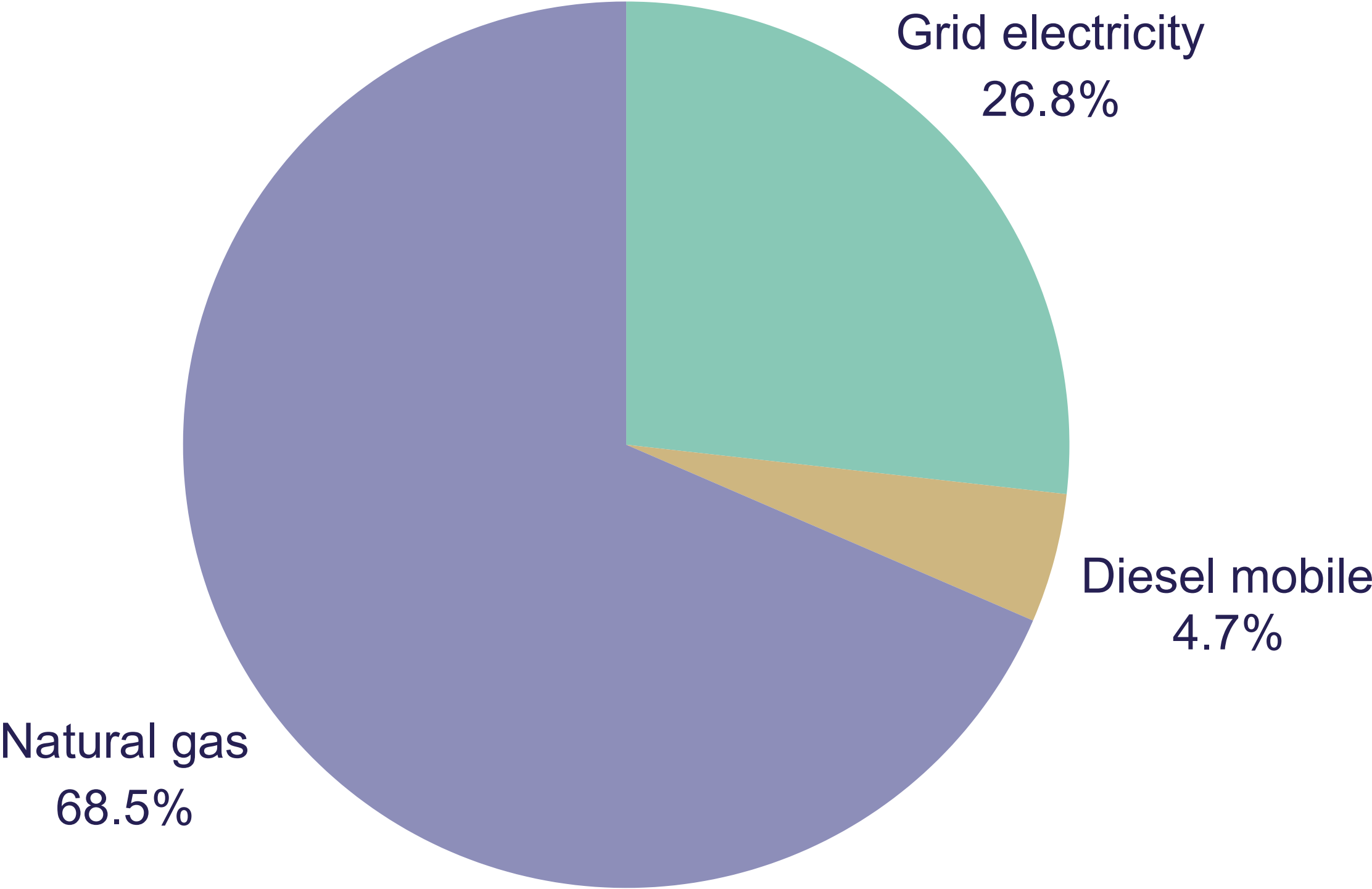
Indirect emissions associated with the
purchase of electricity



Scope 3 emissions

Indirect emissions from
our value chain

Scope 1 and 2 impact



Idaho Milk Products commits to reducing 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)[™] Environmental Stewardship (ES) Program. This program was created in 2009 by the National Milk Producers Federation (NMPF) with support from Dairy Management Inc. (DMI) through its research and promotion (“Checkoff”) program.



Transparent measurement

Environmental impact stewardship is a priority for our owner dairies, and 100% of their milk is backed by a current FARM ES evaluation. The FARM ES program provides a comprehensive estimate of greenhouse gas (GHG) emissions from key sources, including energy use, feed production, enteric fermentation (methane produced during ruminant digestion), and manure management.

FARM ES Version 3, launched in October 2024 and updated in May 2026, incorporates the latest scientific advancements from the Ruminant Farm Systems (RuFaS) model to deliver more precise and actionable insights. Enhancements to the model include improved accounting of homegrown feeds across the farm footprint, enabling a more accurate reflection of field-level practices, as well as updates to the methodology for manure storage and management.

These advancements provide our farmers with more robust, science-based tools to evaluate sustainability opportunities while aligning environmental performance with economic goals.



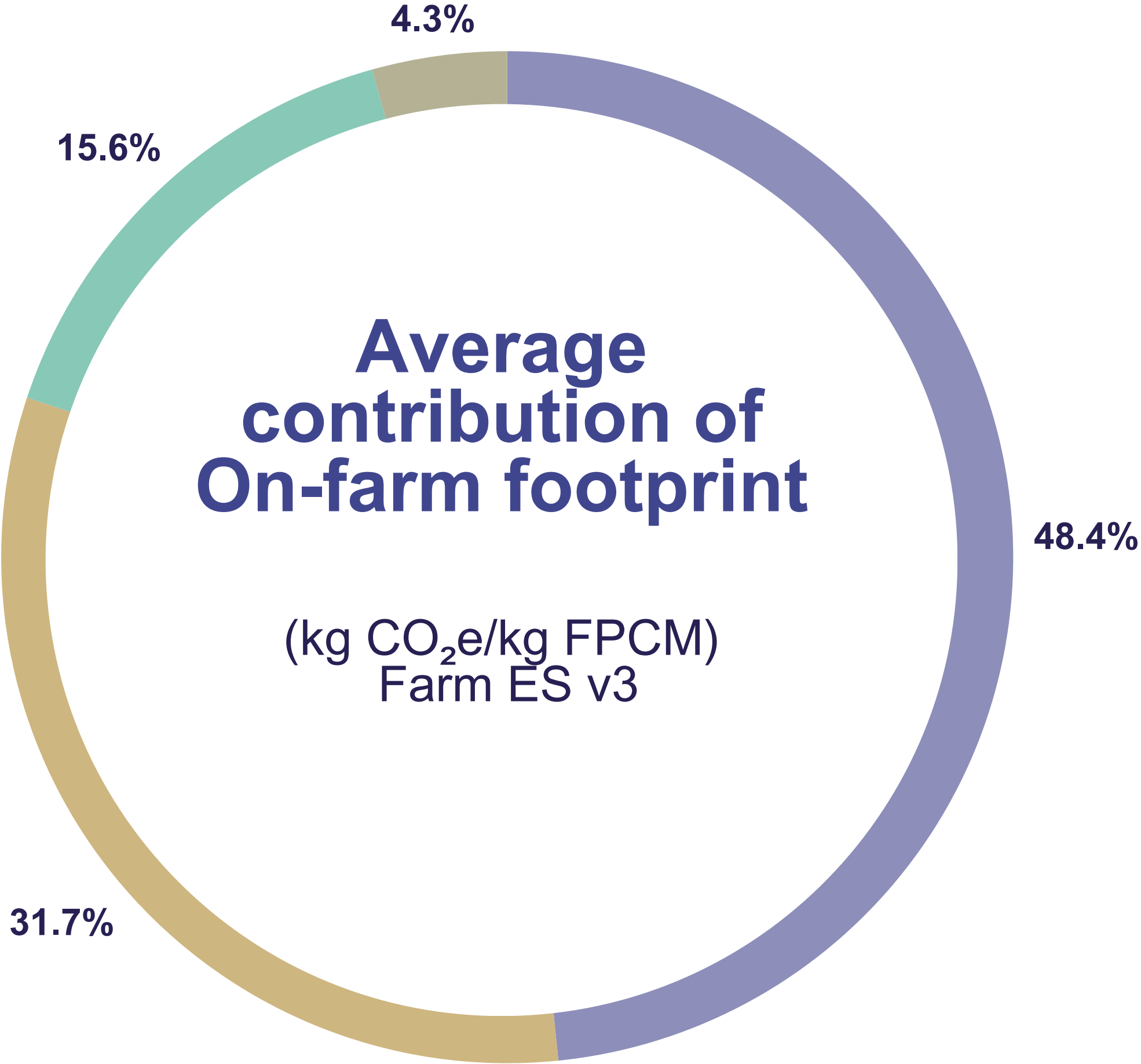
On farm footprint

The output of the ES evaluation is expressed as an intensity for dairy production, measured in kilograms of CO₂e 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 0.930 kg CO₂e/kg FPCM for 2025.

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.



Nutrient rich feed

Our vast 39,500 acres (~15,985 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.

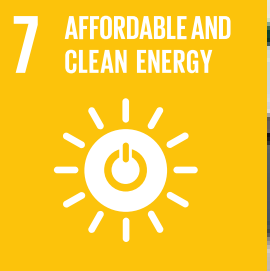
In harmonizing ecological stewardship with sustainable milk production, we pave the way for a resilient and environmentally conscious agricultural future. Our commitment extends beyond meeting sustainability goals; we actively contribute to the conservation of biodiversity, ensuring a thriving ecosystem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

This digester processes manure from 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. Commissioned in 2008 and in continuous operation since, the digester has generated sufficient electricity to supply over 920 homes annually. Based on the [EPA's AgSTAR Anaerobic Digester Database](#), this digester has a total emissions reduction of ~56,570 mt CO₂e per year. Additionally, another digester has been operational since 2009. This system collects manure from four different dairy farms, producing biogas that is scrubbed to meet pipeline standards and then injected into the natural gas distribution network. Based on the [EPA's AgSTAR Anaerobic Digester Database](#), this digester has a total emissions reduction of ~66,393 mt CO₂e annually.



Advancing sustainable energy

Beyond the two legacy digesters, our owners established three additional digesters, bringing the digester count to five, 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 400,000 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 into approximately 196,000 MMBtu/year of pipeline quality RNG, bringing the total conversion of manure to RNG on-farm to a staggering 1.516 M MMBtu per year.



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).

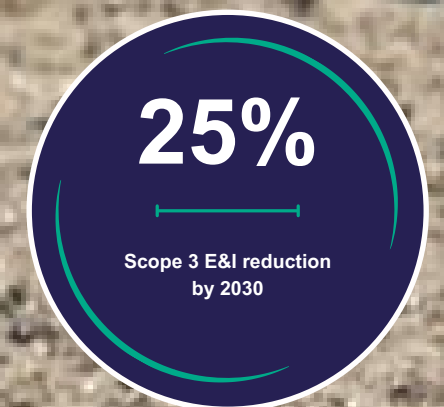
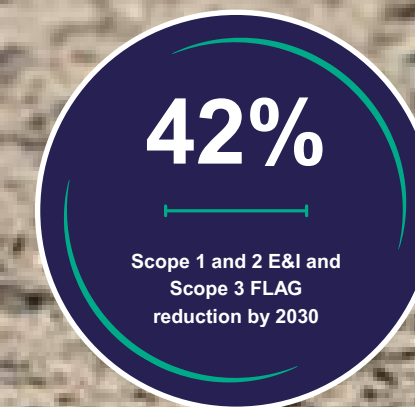
Energy & Industry (E&I):

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.

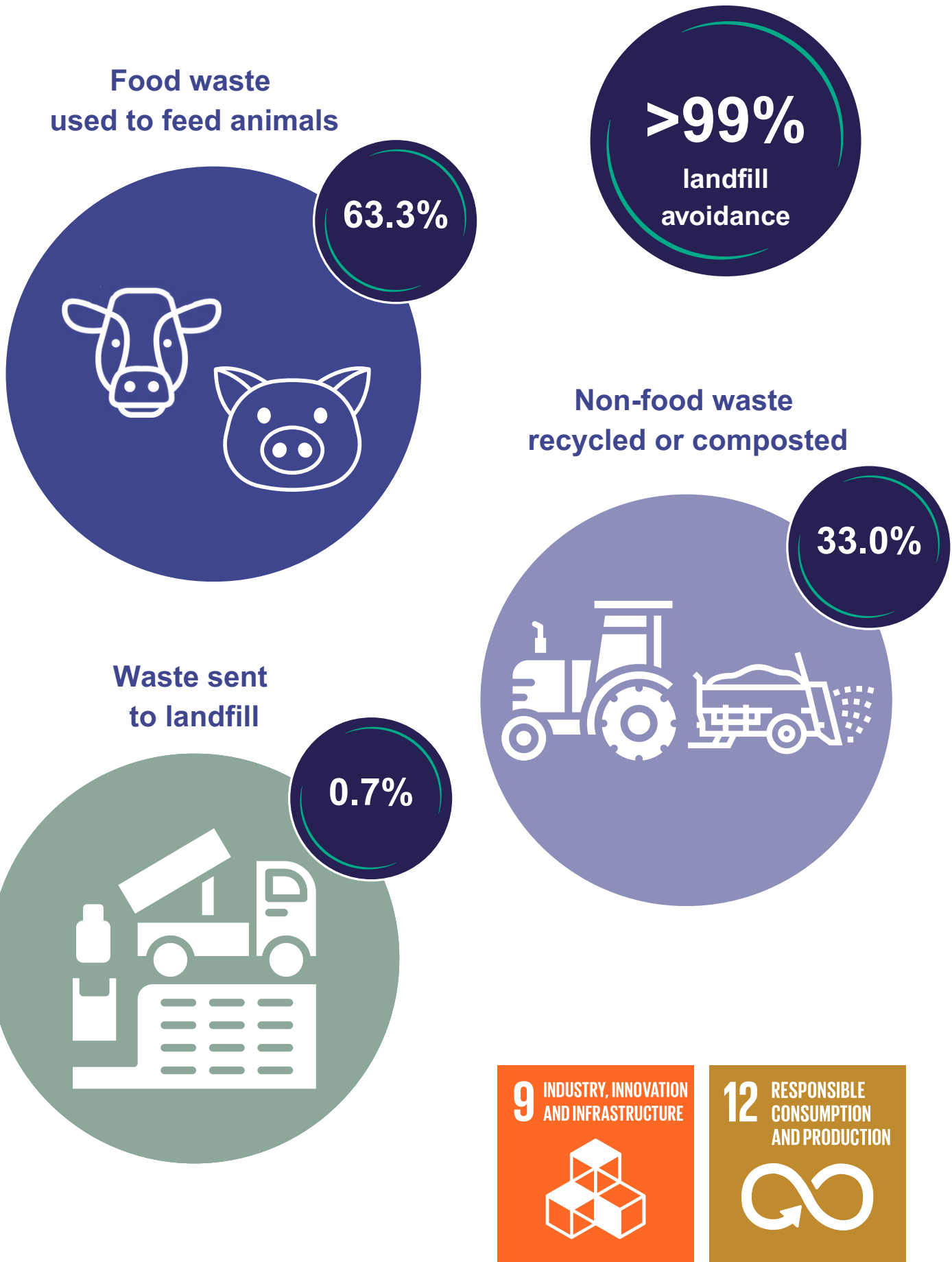
*Target includes FLAG emissions and removals.



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.





Chapter 3

Better future



Putting people first

We are grounded in a commitment to safe, inclusive, and high-performing working conditions, underpinned by robust governance and continuous improvement. We prioritize employee health and safety, employee well-being, and meaningful engagement, recognizing that a thriving workforce is essential to both operational excellence and long-term value creation. We actively foster a culture that supports personal and professional development, equitable opportunities, and open dialogue across all levels of the organization.

Our success depends on a skilled, stable, and engaged workforce. We are committed to responsible recruitment, fair labor practices, and workforce planning that aligns with both operational needs and evolving regulatory expectations. In line with emerging frameworks, we are strengthening our human capital management systems, risk identification processes, and due diligence practices.

Rooted in our area's multigenerational dairy heritage, we aim to sustain the region by offering quality jobs, competitive opportunities, and long-term career pathways, supporting our people, their families, and the communities we serve.



3 GOOD HEALTH AND WELL-BEING



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



All encompassing work environments

At Idaho Milk Products, we recognize the importance of providing opportunities for physical activity, recreation, and connection for our employees. In support of this commitment, one of our partner dairies has incorporated a soccer field on-site, offering employees a space to stay active, unwind, and enjoy time together outside of their daily responsibilities.

Recreational amenities like these contribute to physical and mental well-being while fostering teamwork, camaraderie, and a positive workplace culture. We believe that investing in our people extends beyond the workplace and includes creating environments that support a healthy, balanced lifestyle.

Across our organization, employee-focused spaces and amenities are thoughtfully designed to enhance the overall employee experience. From fitness and wellness opportunities to welcoming break areas, we strive to provide resources that promote health, comfort, and productivity. We are also committed to continuous improvement, regularly seeking new ways to support our employees and enrich their day-to-day experience.



Employee development

The Idaho Milk Products team consisted of 234 people in 2024 and 254 people in 2025, 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



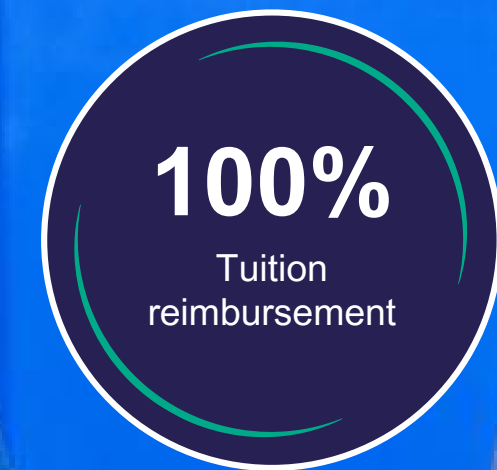
Talent pipeline

We are committed to building a strong talent pipeline through workforce development, education, and community partnerships. Our apprenticeship program provides local high school students with hands-on training alongside operators, maintenance technicians, and CDL drivers, helping them explore career opportunities in dairy processing and skilled trades.

In partnership with the College of Southern Idaho (CSI) and other community stakeholders, we support workforce training programs that align with the needs of the dairy and food manufacturing industries. These efforts help create direct pathways to meaningful careers within our organization.

We also support initiatives that strengthen the future workforce, including participation in STEM-focused programs and industry organizations that promote science, technology, engineering, and mathematics education.

To encourage continued learning and career growth, we provide 100% reimbursement of tuition and fees for any program offered through CSI, including bachelor's degree programs, helping remove financial barriers to higher education.



Community engagement

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.”

Guided by this purpose, we invest significant time, financial resources, and employee volunteer efforts into initiatives that strengthen the communities where we live and work. Our commitment extends beyond charitable giving to building lasting partnerships that support education, health, food security, youth development, and overall community well-being. Through active engagement in local events, nonprofit organizations, and outreach programs, we strive to make a meaningful and measurable difference in the lives of our neighbors.

One example of this commitment is our ongoing partnership with Chobani to help address food insecurity during the summer months. When school is out of session, many children lose reliable access to nutritious meals they receive through school meal programs. We proudly partner with other regional dairy processors and local businesses to provide and deliver meals to children and families throughout the community. By helping ensure consistent access to nutritious food, this initiative supports the health, growth, and development of local children while strengthening the resilience of families within the region.



Local stewardship and educational support

Idaho Milk Products maintains a section of highway near our milk processing and ice cream plants 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, helping to preserve the beauty of the Magic Valley while promoting environmental stewardship and community pride.

Supporting education and opportunity is another important part of our community commitment. In 2012, we established the Mary E. Larios Memorial Scholarship, honoring the memory of Mary, the daughter of one of our employees. Created to support the educational aspirations of our workforce's families, the scholarship provides financial assistance to the children of full-time employees pursuing higher education at accredited colleges, universities, or technical institutions. Since its inception, the program has awarded scholarships annually, helping students take meaningful steps toward achieving their academic and career goals.



Reel Fun, Reel Memories

Family Fishing Day

This special event honors the lives of employees who have passed away, whose love for the outdoors, family, and community left a lasting impact on those around them.

It also provides our youth with the opportunity to learn a new skill, build confidence, and develop a lifelong appreciation for nature and recreation.

Whether it's catching their first fish or simply enjoying time together, we hope the participants left the event with meaningful connections, new experiences, and memories that will last for years to come.



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.



Partnerships for good

A group of leaders in the Magic Valley came together with a shared vision of promoting a greater understanding of the cultural and economic contributions immigrants make to our region. Idaho Milk Products joined the Unity Alliance of Southern Idaho as a founding member, alongside organizations committed to building a stronger, more inclusive community.

The Unity Alliance brings together leaders from business, education, government, law enforcement, and faith-based organizations to celebrate the contributions of immigrants, refugees, and all people who call our region home. Through leadership, advocacy, education, and cultural events, the Alliance promotes unity, diversity, and mutual respect while strengthening our community and economy.

Idaho Milk Products is proud to serve on the Board of the Unity Alliance and support its mission through volunteer service and financial contributions. We believe this work strengthens our company, our industry, and the Magic Valley community.



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.

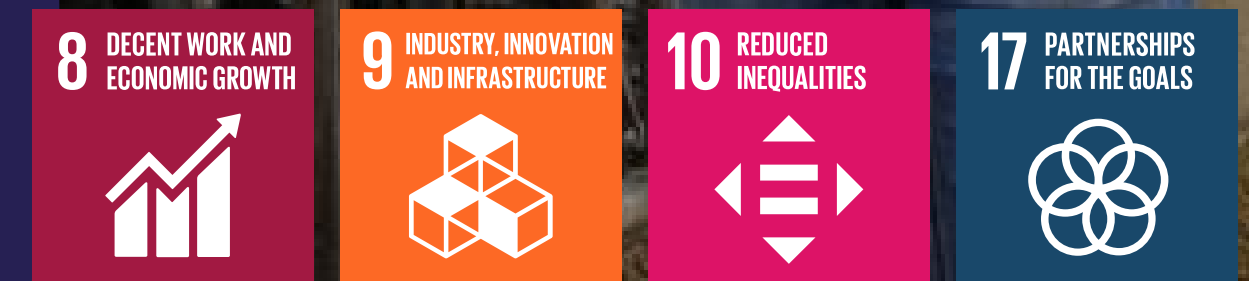


Thriving teams

Prioritizing employee well-being is central to creating a positive, supportive culture across our dairy farms. In addition to the FARM Workforce Development program, our farmers and managers actively participate in leadership training.

Leadership programs equip our people with the skills and perspective needed to strengthen teams and maximize individual potential. Through interactive discussions and hands-on exercises, participants explore leadership styles, build confidence in navigating conflict and crucial conversations, and develop stronger relationships across cultures and business settings. One specific program, through a partnership with the U.S. Dairy Export Council, prepares farmers to represent U.S. dairy with professionalism and integrity, from refining their personal stories for global audiences to clearly communicating the industry's commitment to innovation, quality, and sustainability.

Collectively, these experiences enhance public speaking and media readiness while empowering our people to lead with confidence, foster meaningful workplace relationships, and serve as effective ambassadors for the dairy community.



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 and data protection

Cybersecurity and data protection remain highly material to our business, as identified in our 2025 double materiality assessment. Risks such as data breaches, ransomware, and email fraud can have moderate to very significant impacts, ranging from operational disruptions and financial losses to legal liabilities and infrastructure costs. These risks can extend beyond our organization, affecting communities and broader systems in the short to medium term. At the same time, strong cybersecurity practices present a clear opportunity to safeguard operations, avoid financial losses, and maintain business continuity.

In response, we continue to strengthen our cybersecurity culture through robust employee training and awareness programs. In 2025, our cybersecurity training campaigns achieved a 98% completion rate, reinforcing the critical link between regular training and reduced phishing susceptibility. This effort is complemented by mandatory foundational security awareness training for all new hires, ensuring employees are equipped with essential knowledge from day one.

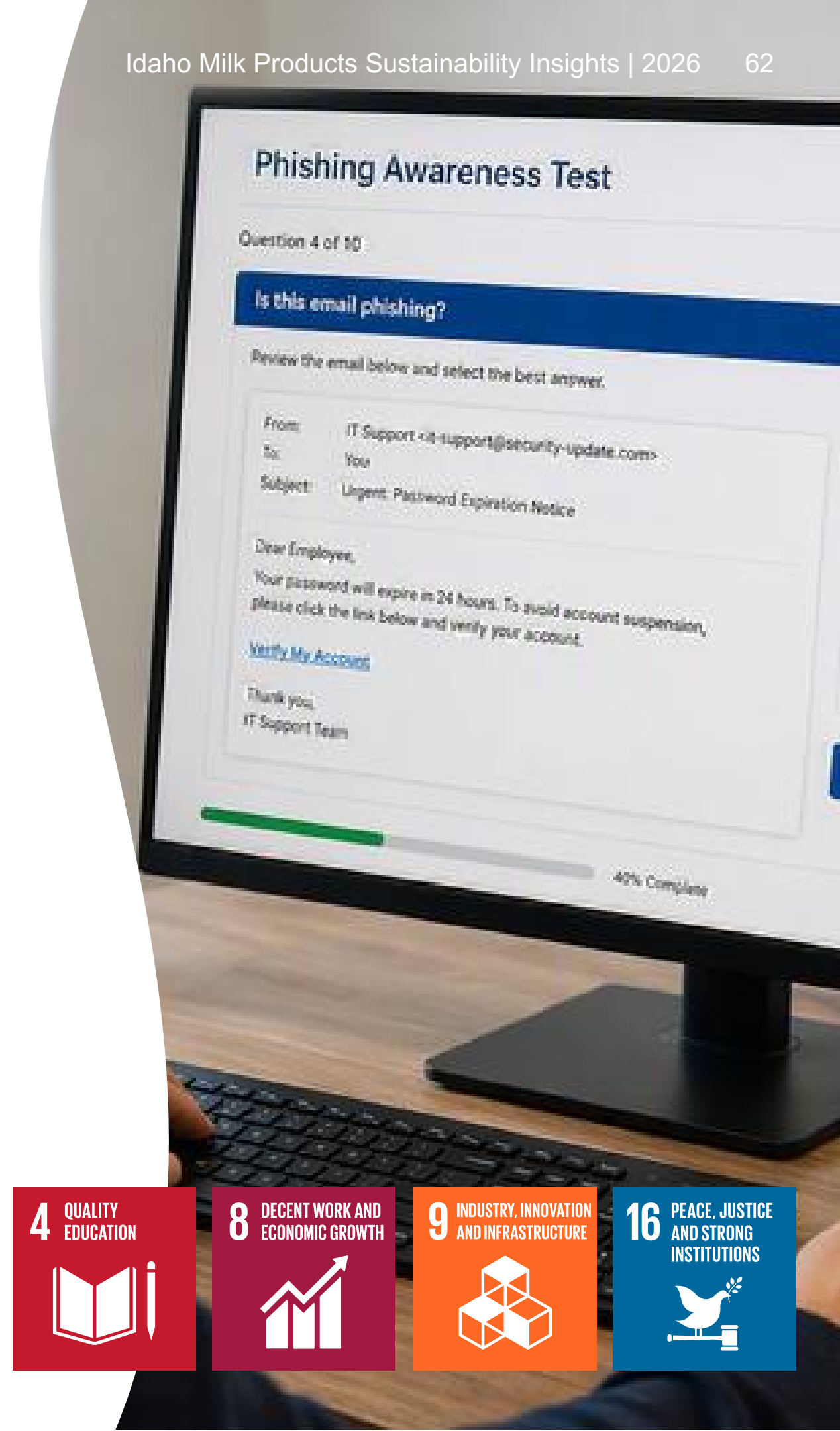


Cyber resilience

We further enhanced our proactive defense through monthly phishing simulation campaigns, providing employees with real-world scenarios designed to reinforce awareness and response behaviors. These simulations test employee readiness and serve as continuous learning opportunities, helping individuals better recognize evolving tactics used in phishing and social engineering attacks. As a result of these efforts, our phish-prone rate declined to 5.5% in 2025, a 3.2% improvement from 2024.

To reinforce these gains, targeted remedial training was deployed for employees who demonstrated higher susceptibility during simulations. These focused interventions emphasize the critical role of human vigilance in cybersecurity, offering practical guidance on identifying suspicious emails, verifying sources, and responding appropriately to potential threats. Insights gathered from phishing campaigns are used to continuously refine our training content, align it with emerging threat trends, and inform broader security policies and controls.

Together, these initiatives strengthen our resilience against evolving cyber risks while supporting our goal of achieving a company-wide phish-prone rate below 5% in 2026. By embedding cybersecurity awareness into daily operations and organizational culture, we not only mitigate potential risks but also enhance business continuity, protect sensitive data, and reinforce long-term operational stability and value creation.





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 21 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.







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



Timeline



Increase methane transparency

- DMAA methane disclosure and roadmap published

External verification

- Third-party verification of our 2025 Double Materiality Assessment (DMA) and SDP progress

Share the latest findings

- Updated sustainability insights report and KPIs, set the foundation for the new ice cream and powder blending facility reporting

Deepen our PCF understanding

- Update product carbon footprints (PCFs) to the latest version of The Climate Source's BoundDairy system
- Inventory allocation from farm to product

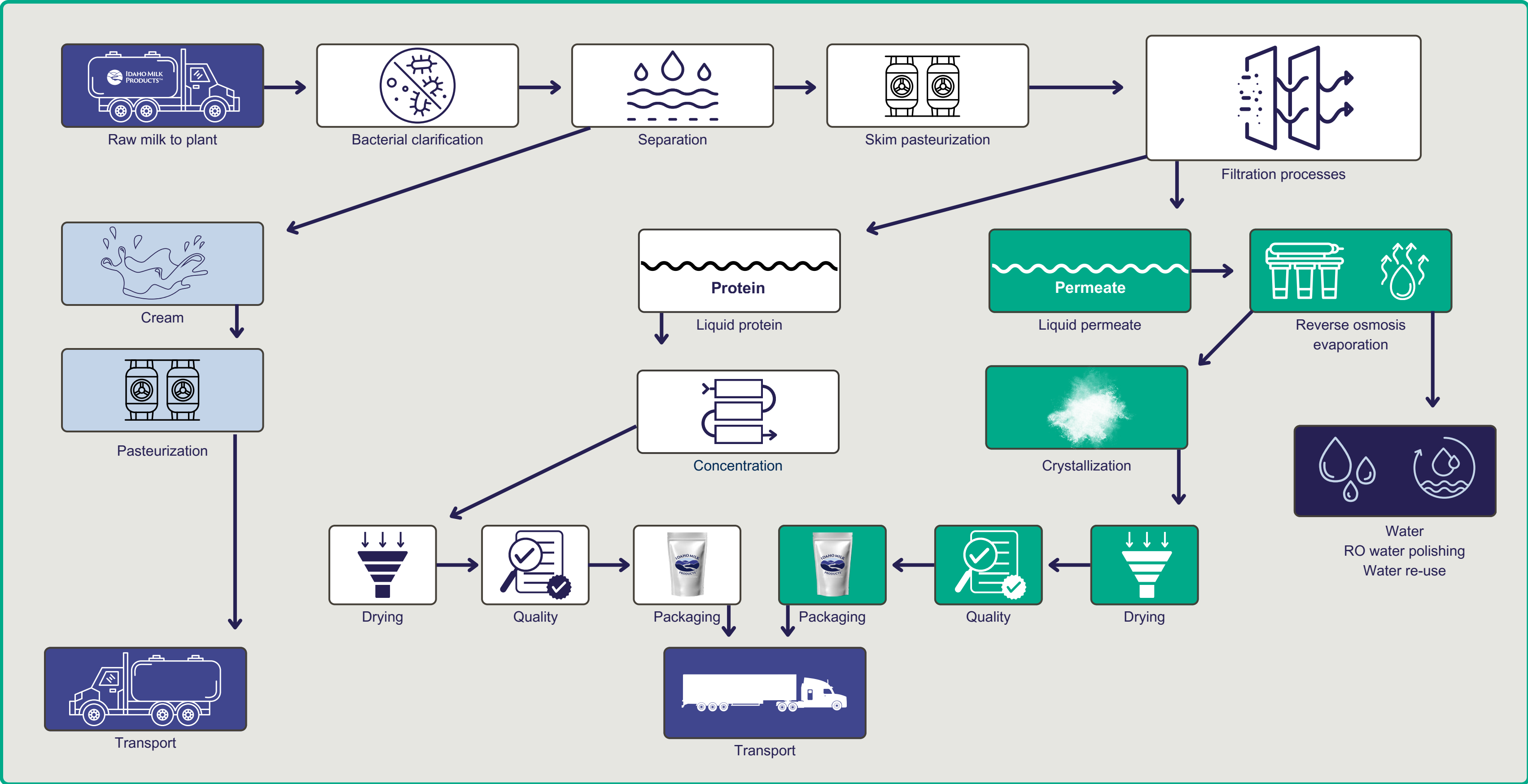
Update materiality KPIs and emissions inventory

- Refresh KPIs for new topics identified in our 2025 DMA.
- Incorporate emissions and project pathways for ice cream and powder blending

Enhance the business

- Secure and grow commercial relationships as the ideal sustainability partner

Our process: raw to refined



Materiality matrix

FINANCIAL SIGNIFICANCE	Very significant			- Cybersecurity and data protection - Business resilience - Human rights - Greenhouse gas emissions	- People health and safety - Product safety and quality - Water quality - Water use and availability - Workforce attraction, development and retention
	Significant		Air quality	- Health and nutrition - Economic contribution - Product innovation - Community support - Resource recovery - Energy efficiency and renewables - Soil health and nutrient management	Animal care
	Moderate		- Materials and packaging - Biodiversity		
	Low		Land use and conversion		
		SIGNIFICANCE OF IMPACTS			
		Low	Moderate	Significant	Very significant

Materiality tiers:

Most material

Highly material

Material

Important

Relevant

Sustainability report card - Governance

Material topic	Metric	Relevant SDGs	Target		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	8.69	3.85
Cyber security and data protection	Protective measures to prevent unauthorized access, malicious attacks, and exploitation of information systems. Data privacy and protection involve the right to control access to personal and organizational data, along with the measures to secure it	4, 8, 9, 16	* This topic was newly evaluated in our 2025 Double Materiality Assessment; KPI reporting begins in 2026.			
Economic contribution	Significant direct and indirect economic value	8	Local economic impact (in dollars)	>\$18m	\$21.3	\$24.8

Sustainability report card - Environmental

Material topic	Metric	Relevant SDGs	Target		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	2.06	0.39
			Percent participation in annual Healics wellness check	40%	40%	36%
			Percent participation in medical benefit	98%	94%	99%
Water use and availability	Advancing efforts for responsible use of water across the value chain and protecting water resources through efficiency measures	6, 8, 12	Pounds of milk processed per gallon of city water withdrawn	>13	13.04	12.98
			Water withdrawn (1,000 gallons per metric ton production)	≤0.89	0.86	0.93
			Surplus water (1,000 gallons per metric ton production)	≥0.21	0.56	0.68
			Water discharged (1,000 gallons per metric ton production)	≥1.10	1.41	1.60
Water quality	Maintaining high standards of water quality for our organization	6, 8, 12, 13, 14	Number of water samples missed per year	≤4	4	3
			Number of violations for out of compliance wastewater discharged to city per year	≤36	201	364
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%	12.8%	11.8%

Sustainability report card - Environmental

Material topic	Metric	Relevant SDGs	Target		2024	2025
Greenhouse gas emissions	Minimizing greenhouse gas emissions resulting from operations	7, 13	kg CO ₂ e/kg FPCM	<1.00	0.941 (v3.2)	0.930 (v3.2)
			YoY percent reduction in Scope 1 and 2 emissions per metric ton of production output	-3%	-4.11%	+3.73%
			YoY percent reduction in Scope 3 emissions per metric ton of production output	-3%	-3.45%	+9.55%
Air quality	Ensuring healthy local air quality by adopting appropriate control measures	3, 13	Percent pass rate of opacity checks on facility stacks	95%	100%	100%
Soil health and 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%
			Percent of farms participating in current FARM ES version	100%	100%	100%
Materials and packaging	Minimizing product packaging and increasing recycled content/recyclability of materials	12	Percent of recyclable content in packaging	100%	70%	70%
Land use and conversion	Altering a natural ecosystem for a different use or significantly changing its species composition, structure, or function	6, 11, 12, 13, 15	* This topic was newly evaluated in our 2025 Double Materiality Assessment; KPI reporting begins in 2026.			
Biodiversity	Maintaining and promoting healthy ecosystems in the communities where we operate	14, 15	Percent of farms with an active biodiversity plan	100%	100%	100%

Sustainability report card - Social/Socioeconomic

Material topic	Metric	Relevant SDGs	Target		2024	2025
Product safety and quality	Delivering safe, high-quality food products to customers	3, 8, 9	Percent Right First Time MPC	92.5%	96.0%	95.5%
			Percent Right First Time MPP	94%	98.9%	98.7%
			Number of customer complaints per 1M lbs. delivered	≤0.16	0.26	0.20
			Safe Quality Foods (SQF) annual score	>95%	99%	99%
Workforce attraction, development, and retention	Growing and expanding the skills of the current workforce	8, 9, 10	Percent of jobs filled through internal promotions	30%	33%	29%
			Percent of current headcount in developmental roles	5%	14%	11%
			Percent participation of FARM Workforce Development	100%	100%	100%
	Providing technical, professional, and leadership development opportunities		Percent of spend towards training, scholarships, and education reimbursement (against Net Income)	>1.5%	1.7%	1.3%
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%
			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/Socioeconomic

Material topic	Metric	Relevant SDGs	Target		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%	1.5%	2.3%
			Percent of hours volunteered per annual hours worked (from OSHA 300)	>0.5%	0.72%	0.46%
	Supporting the dairy industry		Percent of earnings to industry support (against Net Income)	>1.5%	1.6%	1.5%
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%	1.79%	1.00%
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%
			Percent adherence to the Ethical Trading Initiative Base Code	100%	100%	100%

DMAA methane disclosure 2025 metrics 2-4

Metric Number	Metric	Disclosure	Unit of Measurement	GWP Used (in kg CO2e and including source of data)
Metric 2	Total Scope 1 GHG emissions	38,652	Metric tons of CO ₂ 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 ₂ e	N/A
		0	Metric tons methane (CH ₄)	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 2025 metrics 6-8

Metric Number	Metric	Disclosure	Unit of Measurement	GWP Used (in kg CO2e and including source of data)
Metric 6	Total Scope 3 GHG emissions	948,982	Metric tons of CO ₂ 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)	418,452	Metric tons of CO ₂ e	FARM ES V3 - IPCC GWP 100 AR6 Tier 3 primary data
		15,384 mt enteric, 3,144 mt manure, 18,528 mt combined	Metric tons methane (CH ₄)	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)	83.03% enteric, 16.97% manure	% of total scope 3 dairy methane emissions	Not Applicable
Metric 8	Percentage of Scope 3 emissions from agricultural dairy methane	44.09%	% of total scope 3 emissions	Not Applicable

DMAA methane disclosure 2025 metrics 10 and 11

Metric Number	Metric	Disclosure	Unit of Measurement	GWP Used (in kg CO2e and including source of data)
Metric 10	Total Scope 1 GHG emissions	38,652	Metric tons of CO ₂ e	Intelix Processor Stewardship Reporting Tool - IPCC GWP 100 AR6 Tier 3 primary data
	Total Scope 2 GHG emissions	14,075	Metric tons of CO ₂ e	Intelix Processor Stewardship Reporting Tool - IPCC GWP 100 AR6 Tier 3 primary data
	Total Scope 3 GHG emissions	948,982	Metric tons of CO ₂ e	IPCC GWP 100 AR6 Tier 3 primary data
Metric 11	Percentage of Scope 1 and 3 emissions from agricultural dairy methane	47.03%	% of total scope 1 and 3 emissions	Not Applicable

DMAA methane disclosure 2025 metric 13

Metric Number	Metric	Disclosure	Unit of Measurement
Metric 13	Scope 1, 2, and 3 GHG reduction target(s)	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 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.	% reduction, absolute/intensity, target year, base year, scopes covered, alignment with external framework if applicable







**IDAHO MILK
PRODUCTS**