INTERNSHIP PROGRAM
With over 20 percent of our employees eligible for retirement in the next five
years, Foremost Farms actively recruits and employs interns throughout the company.
In 2015, seven interns worked in the accounting, communications, member
services, engineering, and safety departments.

L to R: Josh Eck, Kelsey Collins, Michael
Leslie, Mitchell Pilsner, Jared Greutzmacher
and Lotte DeSaegher. Not pictured: Lindsey
Hellerbrand.

EPA SMARTWAY
TRANSPORT PARTNER
Foremost Farms is a SmartWay® Transport Partner which is part of a U.S. Environmental
Protection Agency (EPA) program that helps the freight transportation sector
improve supply chain efficiency by reducing transportation-related emissions that affect
climate change, reduce environmental risk for companies and increase global energy
security. Each year, Foremost Farms submits its shipment and mileage data to the EPA to
show that we are making a concerted effort to shipping raw milk and finished products
using efficient technology and routes while saving fuel and money. In 2014, we contracted
with transportation providers that drove 17.2
million miles to bring raw milk from our farms
to our processing plants, transfer products
between our plants and deliver dry and
refrigerated finished goods to our customers.

Foremost Farms USA®
2015 Sustainability Overview
A Message from our President & CEO . . .

For over 25 years, Foremost Farms USA® has been adding value to the milk produced on our member-owners’ farms by processing and marketing it into dairy products needed by the marketplace.

Consumers around the world seek nutritious, safe, affordable, responsibly produced food for themselves and their families every day. At Foremost Farms, we view it as our duty to ensure that demand by creating healthy and innovative products that expand the global relevance of dairy and enhance its prominence in human nutrition.

We believe dairy plays a key role in proper nutrition, health and wellness. And, we know that our member-owners and our employees also must produce nutritious dairy products in a way that makes the industry, people and the earth economically, environmentally and socially better — now and for future generations.

We have been operating on a sustainability effort for the past six years. This is because of continuous improvement, and we still have work to do. Sustainability is a collective responsibility.

Highlights from 2015

On Dec. 31, 2015, Foremost Farms was the eighth largest U.S. dairy cooperative with nearly 1,500 member farms and just under 1,100 employees. Our members’ cows produced 6.1 billion pounds of milk that was either marketed in bulk fluid form or processed at a Foremost Farms plant. From there, the milk was made into 564 million pounds of cheese, 246 million pounds of specialty whey ingredients and 32 million pounds of butter.

RECYCLING

All of our plants, as well as our corporate office, have had single-stream recycling programs since 2013. In 2015, Foremost Farms sent 33 percent of the waste generated at its locations to a recycler, the same as in 2014.

OUR SAFETY CULTURE

We continue to strive for a safety incident rate* of 1.9 or below. Foremost Farms’ incident rates rank among the top 25 percent of dairy processors, but well below the dairy industry’s 2014 rate of 4.9. According to our workers’ compensation carrier, Foremost Farms enjoys one industry peer in nearly all categories associated with managing safety incidents.

Categories include lag time (incident date compared to notice of lost time), claim cost control and claim severity.

Five of our Wisconsin plants were recognized by the International Dairy Foods Association (IDFA) as 2015 for zero lost workdays: Appleton, Chilton, Lancaster, Marshfield and Plover.

Four plants received awards for their DART® Days of Restricted Work Activity or Job Transfer scores: Clayton, Milan and Sparta, Wisconsin; and Preston, Minnesota.

For over 21 years, Foremost Farms USA® has been adding value to the milk produced on our member-owners’ farms to processing and marketing it into dairy products needed by the marketplace.

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<td>3.3</td>
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* Our incident rate is based on total incidents divided by total hours worked x 200,000 hours worked.

Sincerely,

Michael Doyle
President & CEO

Our portfolio of brands:

• Foremost Farms USA®
• Foremost®
• 1950 127 Brand®
• Fratellino®
• Teklac® (sweet dairy whey)
• Nutritek® (reduced minerals whey)
• Daritek® (whey protein concentrate)
• Foretein® (whey protein concentrate)
• Lacto-G® (feed grade whey)
• Fast Flo® (spray-dried pharmaceutical grade lactose)
• Aero Flo® (inhalation lactose)

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ENERGY MANAGEMENT

As Wisconsin's largest cheese and dairy ingredient producer, Foremost Farms is a high-volume user of natural gas and electricity. We value our partnership with Focus on Energy, a credible source for industry best practices and financial incentives. In 2015, Focus on Energy helped us identify $150,000 in annual cost savings related to energy conservation efforts at our Plover, Wisconsin, plant. Our goal is to purchase steam flow meters and an energy management information system that will make energy use more visible and ultimately help us regulate equipment use at Plover.

Expansion of this same system will happen at other Foremost Farms plants once this pilot is complete. We are applying for grants to purchase the meters and information system. This baseline for energy use allows us to justify the cost of implementing energy management information systems at all locations.

GREEN MASTERS PROGRAM

For the third consecutive year, Foremost Farms was named a Green Professional in the Green Masters Program established by the Wisconsin Sustainable Business Council which recognizes our demonstrated continued commitment to sustainability.

WATER AND WASTEWATER MANAGEMENT

At our Appleton, Wisconsin, cheese plant, a team of employees worked during 2014 and 2015 to better manage wastewater by reducing spills, cleaning BODs (biochemical oxygen demands) from water sent to the municipal treatment system, identifying where water is being discharged and installing turbidity meters in-process, clean-in-place systems. The team’s work resulted in a 6 percent reduction in the average daily volume of wastewater sent to the dairy’s water treatment plant. The plant is also well on its way to consistently meeting its goal of reducing daily treatment costs from $7,000 to $5,000.

We will be duplicating this process at all Foremost Farms locations as part of our ongoing emphasis to reduce milk solids waste.

Due to deep bedrock at our Milan, Wisconsin, cheese plant, water sources are scarce. The plant utilizes 11 low-volume well pumps to supply the plant with water for processing and cleaning. The plant’s Sweetwater system uses chilled water for cooling purposes and recycles water used in heat exchangers. On average, the Sweetwater system allows the Milan plant to use 77 percent less water than our other six cheese plants.

At our Richland Center, Wisconsin, cheese plant, employees worked to adjust the product flows and improve the temperature profile of the whey pasteurizer. This effort saved 10.3 dekatherms of natural gas per day and more than 22,000 gallons of cooling water per day.

With the assistance of experts from our chemical supplier, employees at our Plover, Wisconsin, dry dairy ingredient plant, analyzed chemical usage at this facility’s wastewater treatment plant. The analysis showed that we could reduce chemical usage by 50 percent and better control phosphorus levels in our effluent. Changes were implemented in 2015. These changes mean that the water being discharged into the nearby Wisconsin River enhances the health and quality of this major state waterway.

Foremost Farms manages 12 Pollutant Discharge Elimination System general permits with 180 action items. 100 percent of our discharges were compliant with regulations.
A Message from our President & CEO . . .

For over 21 years, Foremost Farms USA® member farms have been committed to improving their workplace safety. We take pride in our safety culture, and we will continue to strive to meet our goal of having an incident rate* of 1.9 or below.

We believe that each employee is a key stakeholder in our business and their safety is of utmost importance. As such, we have made safety a priority for our company, and we believe that by investing in our employees’ safety, we are investing in our business. Our safety culture is a reflection of our commitment to ensuring that our employees are working in a safe and healthy environment.

Sincerely,

Michael Doyle
President & CEO

RESPONSIBLE ANIMAL CARE

As our customers and their customers become more interested in the well-being of animals involved in food production, Foremost Farms has worked with our members and industry organizations to support the National Milk Producers Federation’s FARM® Program: Farmers Assuring Responsible Management. FARM is a program open to all dairy farmers, co-ops and processors across the U.S. The program sets the highest standards when it comes to animal care and wholesome milk. FARM creates a culture of continuous improvement that inspires dairy farmers to do things even better every day.

As of July 1, 2015, 100 percent of our members were participating in the FARM program. On July 1, 2016, all outside suppliers of milk and milk products met that same requirement. Our board of directors voted to make FARM program participation a mandatory condition of Foremost Farms membership.

RECYCLING

All of our plants, as well as our corporate office, have had single-stream recycling programs since 2013. In 2015, Foremost Farms sent 33 percent of the waste generated at its locations to a recycler, the same as in 2014.

OUR SAFETY CULTURE

We continue to strive for a safety incident rate* of 1.9 or below. Foremost Farms’ incident rate ranks among the top 25 percent of dairy processors, but we believe the dairy industry’s 2014 rate of 4.9. According to our workers’ compensation carrier, Foremost Farms experienced no industry-paid claims in nearly all categories associated with managing safety incidents.

Categories include lag time (incident date compared to notice of loss date), claim cost control and claim severity.

Five of our Wisconsin plants were recognized by the International Dairy Foods Association (IDFA) as 2015 Sanitation Award winners: Appleton, Clayton, Madison, Marshfield and Plover.

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During 2015, reverse osmosis (RO) equipment installed by Foremost Farms in Michigan provided a significant reduction in transportation costs and fuel use associated with moving milk from member farms in Indiana and Michigan to our Wisconsin cheese plants. The RO process removes water from milk leaving only the milk solids. With this technology, 2.5 loads of milk are reduced to one. For the year, 7,380 loads of raw milk were reduced to 2,952 loads of RO milk—a difference of 4,428 trucks (just over 12 trucks per day).

**INTERNSHIP PROGRAM**

With over 20 percent of our employees eligible for retirement in the next five years, Foremost Farms actively recruits and employs interns throughout the company. In 2015, seven interns worked in the accounting, communications, member services, engineering and safety departments.

**A CULTURE OF FOOD SAFETY AND QUALITY**

We’re committed to continuous improvement in food safety and quality and take part in the Global Food Safety Initiative (GFSI). All of our food manufacturing facilities have achieved Safe Quality Food (SQF) Level 2 certification. All Foremost Farms plants have individuals trained in the requirements for the Food Safety Modernization Act. Our Baraboo, Wisconsin, Central Pathogen Lab is A2LA Accredited. The lab is also ISO 17025 certified for pathogen testing in finished products and environmental monitoring. Validation studies confirm that our testing protocols are internationally recognized and validated. Using our own labs for testing allows us to respond more quickly and cost-effectively, ensuring we are not dependent on contracted lab services.

**EPA SMARTWAY TRANSPORT PARTNER**

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Foremost Farms USA is a member of the Innovation Center for U.S. Dairy. Innovation Center-led teams, made up of dairy processors, manufacturers, industry members and partners, identified the most relevant indicators and metrics for the following areas: energy use, greenhouse gas (GHG) emissions, water, labor management and community contributions.

These metrics are based on several performance indicators from the Global Reporting Initiative’s Sustainability Reporting Guidelines, Version 3.1.

### PLANET

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Metric</th>
<th>2015 Results</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Energy Intensity</td>
<td>Total energy use (converted to million BTU per 1,000 pounds of production)</td>
<td>↓ 1.00%</td>
<td>↓ 1.50%</td>
</tr>
<tr>
<td>Greenhouse Gas Intensity</td>
<td>Metric tons of CO₂ per 1,000 pounds of production</td>
<td>↓ 0.40%</td>
<td>↑ 2.70%</td>
</tr>
<tr>
<td>Water Use</td>
<td>Percentage of total water withdrawn from surface water, including water from wetlands, streams, lakes and oceans</td>
<td>27.5%</td>
<td>25.0%</td>
</tr>
<tr>
<td></td>
<td>Percentage of total water withdrawn from municipal water supplies or other water utilities</td>
<td>↓ 9.5%</td>
<td>↓ 1.8%</td>
</tr>
<tr>
<td>Water Efficiency</td>
<td>Gallons of water used per 1,000 pounds of production</td>
<td>↓ 0.0%</td>
<td>↓ 1.6%</td>
</tr>
<tr>
<td>Water Discharge and Quality</td>
<td>Percentage of discharges compliant with regulations</td>
<td>100%</td>
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### PEOPLE

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<td>Employment Opportunities</td>
<td>Number of jobs supplied</td>
<td>1,061</td>
<td>1,048</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>Number of indirect and non-monetary benefits received by employees</td>
<td>Health insurance with employer contribution = 1,057</td>
<td>Health insurance with employer contribution = 1,048</td>
</tr>
<tr>
<td></td>
<td>401(k) (or comparable retirement plan) = 1,061</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Use of company vehicles = 6</td>
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</tr>
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<td>Employee Retention</td>
<td>Total number of employees who have been employed during the past year and percentage of employees who have been employed for 5, 10, 15 and 20 years</td>
<td>Total = 1,061</td>
<td>Total = 1,048</td>
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<tr>
<td></td>
<td>20 years = 23%</td>
<td>20 years = 23%</td>
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<tr>
<td></td>
<td>10-20 years = 24%</td>
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<td></td>
<td>5-10 years = 16%</td>
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<td></td>
<td>&lt; 5 years = 39%</td>
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### COMMUNITIES

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<tr>
<td>Monetary and Product Donations</td>
<td>Monetary and product donation activities</td>
<td>$378,076</td>
<td>$388,929</td>
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Equal Opportunity Employer – M/F/Vets/Disabled are encouraged to apply