

OUR COMMITMENT TO SUSTAINABILITY

2024

**IMPROVING LIVES
TOGETHER**

A Letter from Our President and CEO

Hilmar made great progress in 2024. Teams at all sites continued to **Set the Standard in Operational Excellence** while ensuring that we **Wow our Customers** by meeting commercial and customer needs. We also all worked together to **Cultivate an Exceptional Culture** for our employees. On top of that, we completed construction on our state-of-the-art facility in Dodge City, Kansas, and welcomed more than 225 additional employees. (Dodge City Manufacturing Site Pictured on Front)



This third site is another step forward in our commitment to quality, sustainability and building strong partnerships. Our Dodge City facility uses advanced, resource-conscious technology. It's not just a new facility — it's an investment in the future of U.S. dairy.

In California and Texas, we made upgrades to better utilize the biogas we produce. These improvements reduced our Greenhouse Gas footprint and reinforced our Hilmar Sustainability Beliefs. We remain committed to the industry effort to achieve carbon neutrality by 2050.

In the coming year, our teams will be focused on ramping up production in Dodge City while executing across the business and continuing on our journey to achieve our company vision: To be the best in the world at efficiently producing functional cheese and whey ingredients at scale.

In October, I announced my retirement to spend more time with my family. In 2025, I will transition to a new role as a Hilmar Board Advisor. While there will be a new leader writing this message next year, what will remain the same is our exceptional culture and way of working together with employees, owners, dairy farmers and customers — what we call — The Hilmar Way.

We are excited to partner with you as we continue Improving Lives Together.

David Ahlem, CEO

Scope of this Report

We are pleased to share this report which covers the calendar year 2024. It is our 15th annual report and reflects the total company efforts from our Dalhart, Texas manufacturing site; and Hilmar, California manufacturing site; and a few months from our new Dodge City manufacturing site and Headquarters and Innovation Center.

This report follows the industry-adopted U.S. Dairy Stewardship Commitment (www.usdairy.com), a voluntary guide for tracking and communicating progress. It also incorporates the methodology outlined by the Global Reporting Initiative (GRI), a nonprofit organization that develops and publishes guidelines for reporting on sustainability performance. While some information in this report may have been audited, the complete report has not been audited and is not guaranteed. This report is not intended to be a solicitation or advertisement for the sale of products from Hilmar.

More information about our sustainable practices can be found at hilmar.com.

CONTENTS

- CEO Letter 1
- Our Sustainability Beliefs 2
- Water Circularity 3
- Committed to Improve 4
- Our Employees 5
- On the Farm 7
- Spotlight on Products 8
- Community Engagement 9



Dodge City Site Employee Team on the first day of commissioning.

OUR SUSTAINABILITY BELIEFS

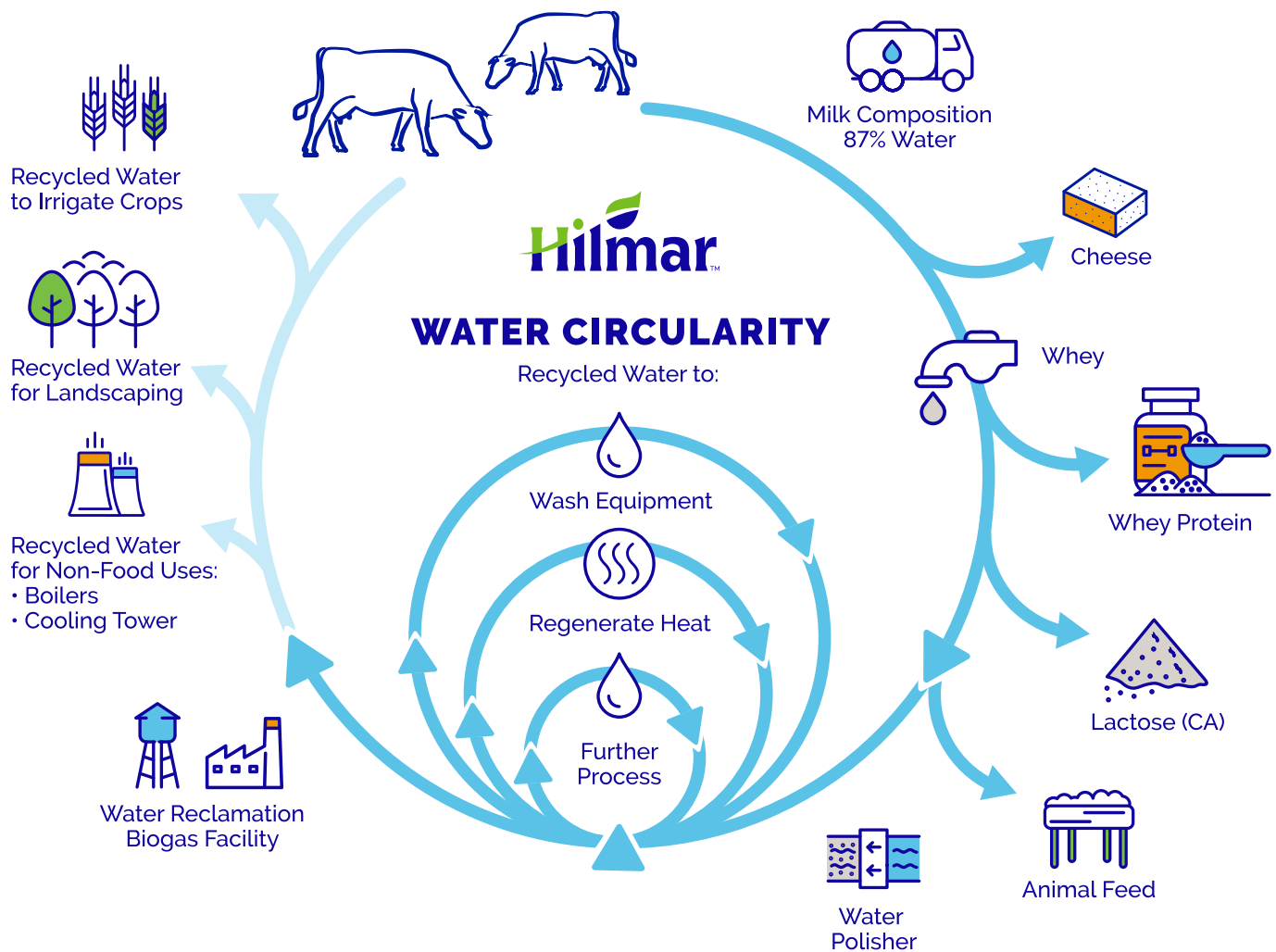
We **believe** ...

- The Carbon Cycle is a naturally sustainable process and dairying will be part of the greenhouse gas (GHG) solution.
- Animal agriculture is fundamental to responsibly and sustainably feeding our planet.
- Water is a precious resource and must be treated as such.
- Healthy cows, productive farm and efficient production are the levers within our control that can help us achieve our sustainability goals.
- Dairy products provide superior nutrition and are beneficial through all life stages.
- In being leaders in safety, quality and food security.
- In positively impacting our suppliers, customers, community and employees.
- Farmers should get recognized for making sustainability improvements on the farm.



Hilmar is proud to be a part of the U.S. Dairy Stewardship Commitment. We report our progress in the following areas: environment, animal care, food safety/traceability and community contributions.

WATER CIRCULARITY



Internally reusing and recycling of water

Hilmar's processes capture almost 100% of the water that was originally part of the milk we receive. This recycled water is used internally in multiple ways to wash equipment, regenerate heat and for further processing.

The Water Reclamation Biogas facilities at the California and Texas sites have complex, multistage systems. The systems include equalization, anaerobic and aerobic digestion, storage and distribution. During anaerobic digestion, biomass (good bacteria) consumes organic material in the water and transforms it to methane. The methane is processed and fuels on-site boilers in California and Texas to reduce our overall greenhouse gas emissions.

COMMITTED TO IMPROVE



Water

Our goal is to reduce water use. Our overall water use efficiency remained consistent and we were able to increase the amount of water recycled.

0%

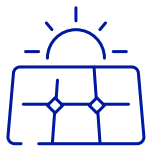
MAINTAINED TOTAL WATER USE

Gallons/10³ lbs. of production

3%

INCREASE IN TOTAL WATER RECYCLED

Gallons/10³ lbs. of production



Energy

Our goal is to improve energy use. The state of California has a focus on electrification encouraging companies to shift from fossil fuels to renewable electric energy. This increases our kilowatts.

6%

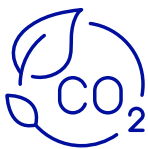
REDUCTION IN TOTAL DIRECT ENERGY

Kilowatts/10³ lbs. of production

8%

REDUCTION IN TOTAL INDIRECT ENERGY

Kilowatts/10³ lbs. of production



Greenhouse Gases

Our goal is to decrease the amount of greenhouse gas (GHG) direct emissions per 1,000 pounds of product. We continue to utilize more biogas and reduce emissions.

9%

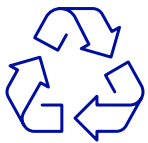
REDUCTION IN TOTAL DIRECT GHG

Metric tons CO₂e/10³ lbs. of production

22%

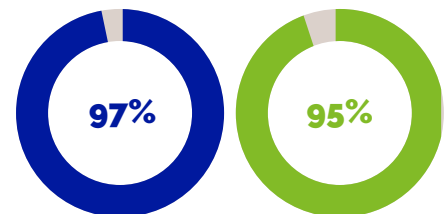
REDUCTION IN TOTAL INDIRECT GHG

Metric tons CO₂e/10³ lbs. of production



Resource Recovery

Our goal is to minimize resource use and maximize reuse and recycling. We produced 38% less waste overall, but the diversion rate was slightly reduced.



In 2024 we made progress in many areas. An upgrade to a boiler at our California manufacturing site and digestion of waste increased our biogas utilization. The Dalhart manufacturing site also made improvements to enable more biogas on a consistent basis.

We were the recipient of a California Energy Commission Industrial Decarbonization and Improvement of Grid Operations (INDIGO) grant for multi-year electrification project that uses industrial heat pumps and filtration instead of thermal evaporation. This will reduce emissions and improve air quality.





2024 Employee Demographics

1,779
TOTAL EMPLOYEES

39%
OF TOTAL EMPLOYEE
POPULATION WITH
5+ YEARS TENURE

82
EMPLOYEES
PROMOTED FROM
WITHIN

234
NEW POSITIONS

11
PAID INTERNS

TAKING CARE OF OUR EMPLOYEES AND THEIR FAMILIES

Hilmar offers its employees a competitive wage and benefit-rich health and well-being programs. Our comprehensive health plan includes medical, dental, vision, prescription and hospitalization coverage with low out-of-pocket expense. In addition, we offer the following benefits:

- A 401(k) retirement savings program
- Telephonic medical consultations
- Nutrition and weight management counseling
- Reduced membership fees at local gyms
- Annual seasonal flu shot clinics
- Employee assistance program
- Chaplaincy support and professional coaching
- Life and disability benefits
- Supplemental life insurance offerings
- Flexible Spending Account programs
- Health Savings Account opportunities
- Educational assistance benefits
- Paid time off, including vacation and floating holidays
- Instructor-led and web-based leadership development training

Hilmar employees also enjoy:

- Discounts on cheese and items sold in our Visitor Center
- Family activities and events

Employee Safety

Our total company safety record continued to improve in 2024. Our employee-led department safety teams make a difference. The safety culture is empowering employees to do the right thing. Employees are encouraged and appreciated for reporting near misses for investigation and prevention. Pointed safety discussions between management and operators are now included in the safety key performance indicators. We perform a variety of safety audits with local and corporate staff. Together, our efforts are making improvements at all sites.

OUR EMPLOYEES

Employee Education

Employees are provided company training and leadership courses to develop both technical skills and soft skills. Hilmar also provides the opportunity for employees to continue their education at colleges and universities. In 2024, Hilmar reimbursed more than \$75,000.

Employee Appreciation

We value our employees! We recognized teams at each site for their achievements in safety, quality and productivity. The annual company holiday party brought teams together to celebrate. Our employee engagement committees at each site planned fun events. Employees enjoyed many meals and activities. This year, the California team hosted a carnival with a dunk tank that soaked many company leaders for a good cause, donations to the American Cancer Society.



Kansas Halloween Day



California Site Awards



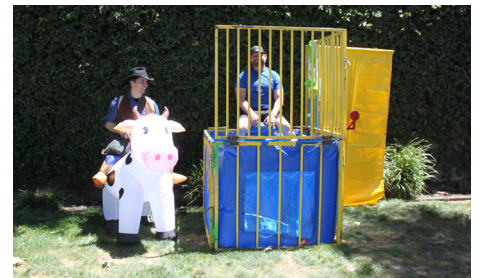
Texas Site Awards



Texas Celebration



Summer Interns



Dunk Tank Fun



California Carnival



Gifts for All Employees



Family Celebration



ON THE FARM

Leadership in Environmental And Dairy Stewardship (LEADS) is Hilmar's program of continuous improvement in animal care and sustainable farming practices. All of the dairy farm families who have supply agreements with Hilmar participate in LEADS.

Dairy Animal Care

The national Farmers Assuring Responsible Management (FARM™) Animal Care program is the foundation of the LEADS dairy animal care requirements. FARM Animal Care is a nationwide, verifiable, dairy animal well-being program developed in partnership with veterinarians, dairy farmers and university researchers. Through education, on-farm evaluations and objective, third-party verification, dairy farmers continually improve all areas of dairy animal care. We conduct dairy farm evaluations against the most current FARM Animal Care version 5.0.

Dairy Farm Environmental Stewardship

The national Farmers Assuring Responsible Management (FARM™) Environmental Stewardship program is also part of LEADS. This program uses an online assessment tool to help farmers evaluate their environmental progress relating to energy and greenhouse gas emissions. Dairy farms with supply agreements participate in this program.

The independent dairy farm families who supply Hilmar continue to investigate and implement new sustainable practices. In 2024, seven dairies who ship milk to Hilmar completed digester projects that capture methane to reduce emissions. The process starts on the farm by separating the liquid manure from the solids and the solids are composted for fertilizer. The liquid contains organics and is sent to the farm's anaerobic digester where bacteria transform it into methane captured in the system. The methane is piped to a central processing facility. Once fully operational, the annual emissions reduction will be approximately 95,000 tonnes of carbon dioxide equivalents per year. Many other farms continue construction on a variety of projects to improve sustainability.

Cream of the Crop

Congratulations to the winners of this year's Cream of the Crop award for the highest-quality milk.



CALIFORNIA

D&M Ag has been selling milk to Hilmar Cheese Company since 1996.



TEXAS

Skyward Dairy has been selling milk to Hilmar Cheese Company since 2007.



SPOTLIGHT ON PRODUCTS

2024 proved to be a year of firsts for Hilmar's commercial group. We took advantage of some new opportunities to demonstrate that Hilmar is a market leader in the cheese and whey protein markets.

CheeseExpo 2024

Hilmar exhibited for the first time at CheeseExpo in Milwaukee, WI. This event occurs every two years to address and educate members of the dairy industry through exhibits, seminars and workshops. The Hilmar booth offered product samples to attendees for several of our cheeses, including TruSmoke, Habanero Jack, Vintage Cheddar and more. The response was phenomenal as we served over 60 pounds of cheese (one cube at a time) and spoke to hundreds of customers and industry professionals over the two-day show. The opportunity to promote our rebranding, highlight our new digital trading platform and showcase our products provided Hilmar with tremendous visibility to a global audience.

HilmarConnect® Global

Hilmar expanded its digital trading platform, HilmarConnect, to give customers worldwide real-time access to cheese availability, pricing and shipment timing. Providing 24/7 access via web-based desktop and mobile applications, live bidding events occur every two weeks to bring visibility to the global supply and demand volatility of all customers. Already a proven success for domestic customers, the platform added 40 lb. block Cheddar Cheese sales for the global market.

Winning Proteins

Two of Hilmar's whey proteins were awarded medals in the World Championship Cheese Contest hosted by the Wisconsin Cheese Makers Association. As a first-time competitor in the contest, it was especially memorable to medal. Hilmar 9000 Whey Protein Isolate and Hilmar 9010 Instantized Whey Protein Isolate were both silver medalists in their respective categories.

MFGM for Adult Nutrition

In 2024, Hilmar sponsored and participated in a webinar with ADPI to promote milk fat globule membrane (MFGM) for healthy aging. The online event featured experts from the Hilmar R&D and Product Applications teams, sharing their knowledge on the topic. Attending the virtual seminar were a wide range of industry professionals who learned more about the benefits of MFGM and recognized Hilmar as an industry expert in whey protein nutrition. We also promoted Hilmar 7500 MFGM enriched WPC through white papers, videos, trade shows and product applications. Traditionally used in infant formula as an essential ingredient to the developmental needs of newborns, MFGM provides many of the same benefits for adults. It has been shown to benefit cognition, cardiovascular health, gut health and mobility in older adults.



Learn more



COMMUNITY ENGAGEMENT

Our employees continue to make a difference in the communities in which we operate. All sites participate in an annual food drive during September, Hunger Action month. Employees volunteered for local educational activities, parades and events.

Our California Visitor Center hosted thousands of students on field trips. Our annual scholarship program awarded \$40,000 to 67 deserving students.

Hilmar contributed to a new outdoor Amphitheater in Dalhart, Texas and to a playground for the new Hilmar Elementary School. We are Improving Lives Together.

"With the help of our community supporters like Hilmar Cheese Company, Hilmar Unified School District provides health and medical services to students. In 2024, Hilmar contributed to the Optical Academy vision screening which identified and provided 376 students with needed glasses. Hilmar also contributed to the Heart Screenings which has detected youth heart issues and saved lives."

— Michelle Komos
Hilmar Unified School District Credentialed School Nurse



Community Outreach

- Chamber of Commerce Activities
- Clothes for Kids
- Dodge City Days
- Hilmar Community Band
- Local Fire Departments
- Local Police and Sheriff Associations
- Senior Citizen Programs
- United Way



MAKING A DIFFERENCE



Food Security and Healthier Lives

- Dallam-Hartley Counties Healthcare Foundation
- Hilmar Helping Hands
- Merced County Rescue Mission
- American Cancer Society
- Salvation Army
- St. Anthony's Food Ministry
- Valley Children's Hospital



Improving Young Minds

- 4-H, FFA and Scouts
- Hilmar Cheese Company Scholarship Program
- Local schools, junior colleges and universities
- Universities with dairy processing programs
- Youth activities and sports



Agricultural Outreach

- California Jersey Association
- California Holstein Association
- California Women for Agriculture
- County and State Fairs
- Farm Bureaus



The Arts

- Carnegie Arts Center
- Gallo Center for the Arts
- La Rita Performing Arts Theatre
- Turlock Community Theatre

OUR VALUES



RELATIONSHIP



INTEGRITY



IMPROVEMENT

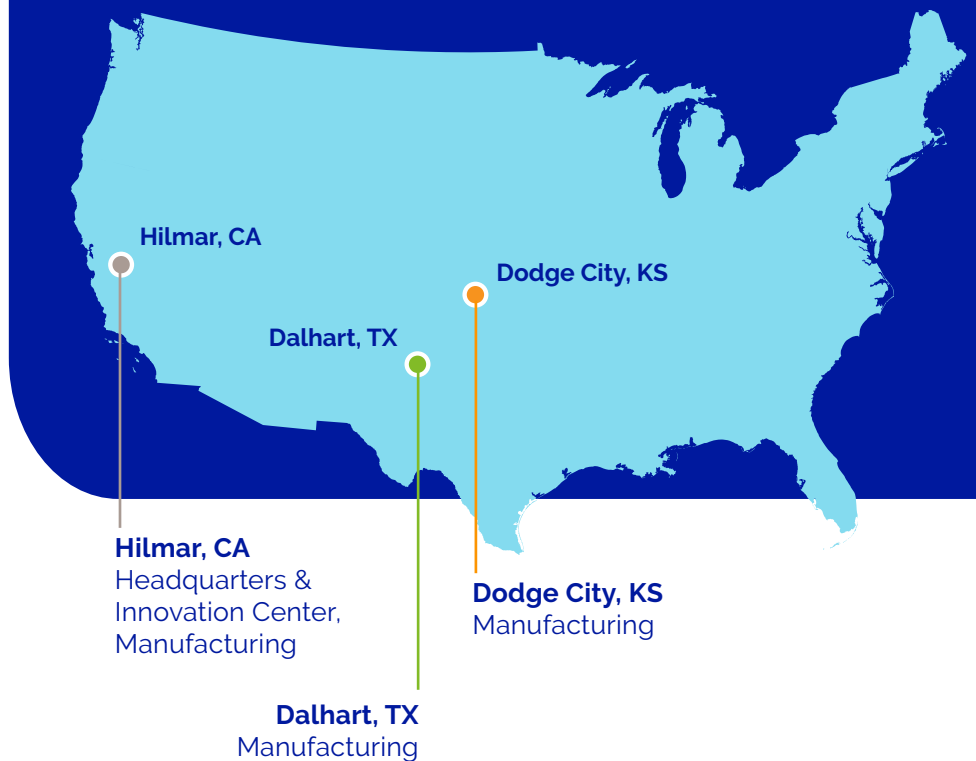


EXCELLENCE



TEAMWORK

OUR LOCATIONS



OUR HERITAGE

Our company was founded on the principles of ensuring the common good. We wanted to create new opportunities for hardworking dairy farmers and give them a fair price for the milk they produced when we started in 1984. We applied those same business ethics to our customer relationships and built a global brand dedicated to unlocking the full nutritional and economic value of dairy.

OUR PURPOSE

Improving Lives Together

Committed to the shared success of all stakeholders: dairy farmers, customers, employees and their families, vendors, consumers, communities, the environment and owners.

OUR VISION

To be the best in the world at efficiently producing functional cheese and whey ingredients at scale.

