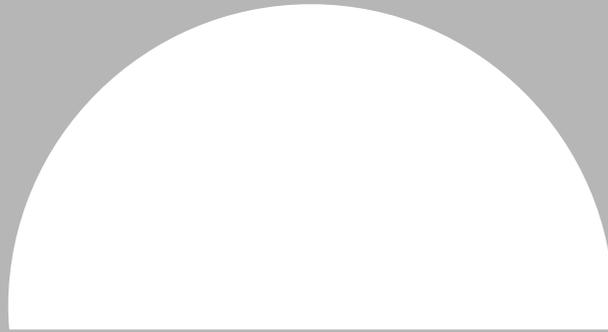




**2018 COOPERATIVE SOCIAL RESPONSIBILITY REPORT**



## *Our Mission*

To market MMPA members' milk to  
the greatest advantage possible.

## *Our Sustainability Mission*

To continually strive for a more sustainable future  
for our community, our environment, our economy's health,  
and for the lives and world around us.



## **MMPA HAS BEEN FOCUSED ON SUSTAINABILITY FOR MANY YEARS, NOT ONLY ON THE FARMS OF ITS MEMBERS BUT ALSO THROUGHOUT THE OPERATION OF THE CO-OP.**



Our members recognize the importance of conserving resources for future generations, and we also recognize that in addition to it being the right thing to do, we are partnering with our customers to meet their expectations regarding

sustainable practices. To set the stage for progress in what can be an area that is difficult to define, three pillars of sustainability have been established that are recognized not only in dairy but in many industries. The pillars are people, planet and profits. Profits in today's dairy environment must be viewed under the bigger umbrella of financial considerations, as profits have remained elusive during the past few years.

By focusing on these pillars, we have been able to establish categories that help us measure our progress. We have made strides in recognizing our responsibility through efforts that include forming groups to help support sustainability efforts in our local communities, on-farm efforts that focus on the environment and animal care, and procedures and processes at our milk plants once the milk has left our farms.

Our members have always been socially responsible through involvement in activities such as helping youth participate in 4-H, being active in school (for instance as supporters of FFA and as members of school boards) and by taking on other community leadership roles too numerous to mention. Without this participation, our communities could not be sustained.

More recently has been MMPA's involvement with the Food Bank Council of Michigan. Through the food bank system, we can provide methods of increasing the amount of fluid milk available to the populations served by food banks. These consumers might not otherwise be able to obtain fluid milk and benefit from the nutrition that milk brings to their families.

We look forward to continued improvement as we work with other partners throughout the industry. Sustainability as it relates to people, our planet, and the financial outlook of our members will continue to be at the forefront of MMPA's focus.

**KEN NOBIS, MMPA PRESIDENT**



## *Our Story*

### **ABOUT US**

MMPA was formed as a cooperative on May 23, 1916 by dairy farmers from the Howell, Michigan area. Now expanded to dairy farms in Michigan, Indiana, Ohio and Wisconsin, our member owners work with pride and care every day to produce wholesome, nutritious dairy products for your table.

MMPA markets milk through a variety of channels, including three member-owned processing plants in Michigan and Indiana, producing butter, milk powder, cheese and other dairy ingredients. In addition, MMPA has a close relationship with customers all over the country and provides member milk for bottling and making products like pizza cheese and ice cream.

### **FARMER-OWNED**

MMPA as a cooperative is owned and controlled by dairy farmer member-owners in the Great Lakes region, MMPA members are guaranteed a market and payment for their milk, along with having a say in how the business is run. Cooperatives are by nature committed to social, environmental and economic responsibility.

## OUR APPROACH TO COOPERATIVE SOCIAL RESPONSIBILITY

At our core, MMPA is committed to cooperative social responsibility and sustainable business practices throughout our entire supply chain. The three pillars of sustainability—people, planet, and profits—are vital to MMPA's transparency, growth and success for our members, employees, stakeholders and our communities.

At MMPA, we are mindful that our business decisions, products, services and operations have a direct impact on the environment, our communities, customers and coworkers. We believe sustainability is a continuous journey rather than a destination. We are also aligned and have pledged our commitment to the U.S. Dairy Stewardship Commitment. This commitment provides a solid foundation for the U.S. Dairy Framework which contains relevant indicators and corresponding metrics to track, measure and credibly communicate dairy sustainability. The framework was developed with input and guidance from stakeholders including dairy farmers, manufacturers, retailers, brands, scientists and environmental nonprofits. We measure success based on decreasing our environmental impact, advancing our social responsibility and ensuring we are economically viable.

## MMPA Member States, and Locations of Offices and Plants



## Our Sustainability Commitment

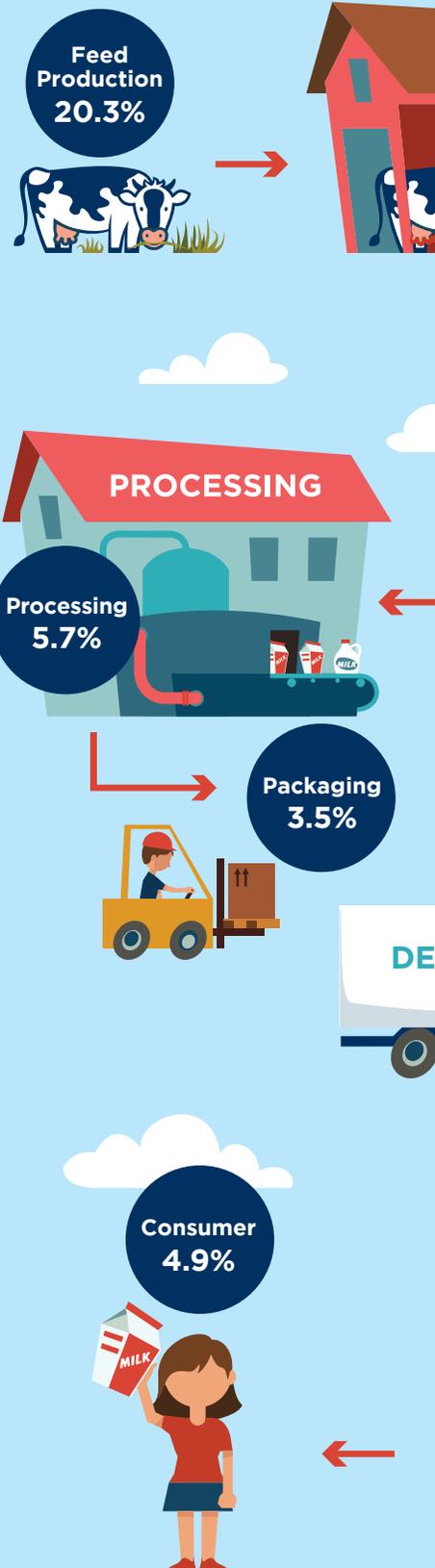
MMPA's commitment to sustainability is to align and provide transparency throughout the dairy value supply chain, reporting on common dairy sustainability indicators outlined through our commitment with the Dairy Sustainability Alliance. The Dairy Sustainability Alliance is a national initiative for stakeholder engagement. This national alliance allows customers, nonprofits, scientific experts, and other key influencers to work directly with farmers, cooperatives, and processors on continuous improvement and reporting that provides both credibility and value to the U.S. industry and endorsement and support in the global marketplace.

In addition to our long-standing support and commitment with The Dairy Sustainability Alliance and The Innovation Center for U.S. Dairy, we collectively recognize that now, more than ever, the dairy community must be open, proactive and proud to tell dairy's continuous improvement story. It is through The Dairy Sustainability Alliance that MMPA has pledged to The U.S. Dairy Stewardship Commitment. The U.S. Dairy Stewardship Commitment is a framework for unified reporting and ultimately demonstrates dairy's longstanding values through a transparent, multi-stakeholder, and pre-competitive process. This commitment identifies one common framework that defines indicators (what is measured) and metrics (how they are measured) in which it will empower the dairy community to holistically document progress by the metrics and indicators outlined in our report.

**MMPA IS COMMITTED TO HELPING THE U.S. DAIRY INDUSTRY ACHIEVE THE GOAL OF REDUCING GHG EMISSIONS BY 25 PERCENT BY 2020.**

## FARM TO TABLE: DAIRY SUPPLY CHAIN CONTRIBUTIONS TO GHG EMISSIONS FOR U.S. FLUID MILK

SOURCE: INNOVATION CENTER FOR U.S. DAIRY, 2010



**TOTAL CARBON  
DIOXIDE EMISSIONS  
OF FLUID MILK:  
17.6 LBS.  
PER GALLON  
OF MILK**

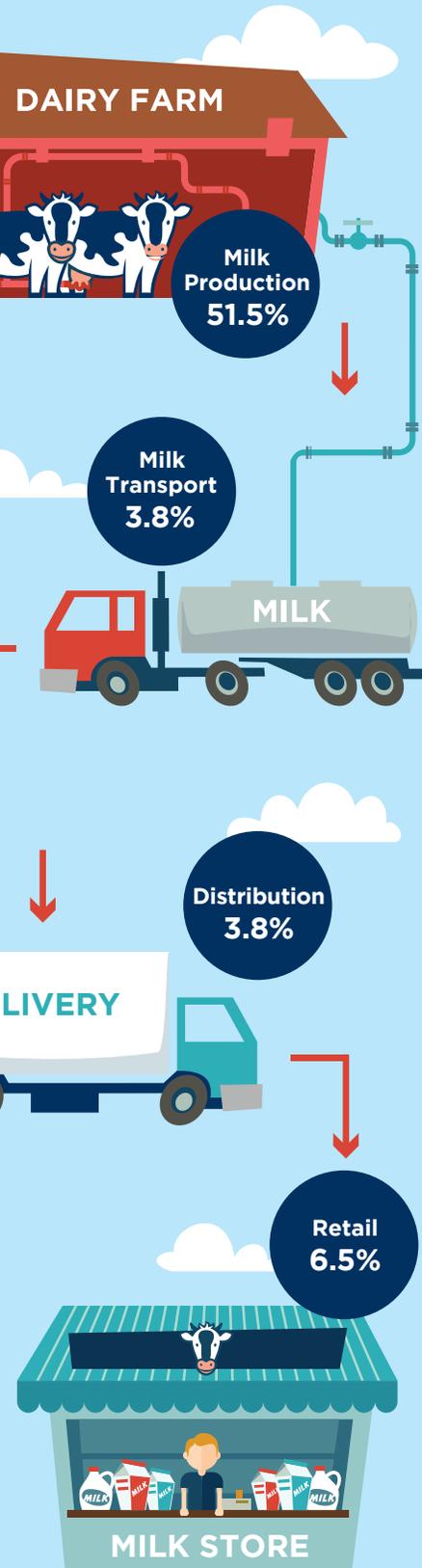


PHOTO CREDIT:  
KATHERINE WEBER,  
VASSAR, MICHIGAN

## THE U.S. DAIRY STEWARDSHIP COMMITMENT FRAMEWORK, INDICATORS AND METRICS

### Our Dairy Field and Farm Performance 2017-2018 Reporting and Future Goals

#### FIELD

**Topic:** Feed Impact  
**Indicator:** Field to Market®  
**Metric:** Pending development

#### FARM

**Topic:** Energy Use  
**Indicator:** Energy intensity  
**Metric:** British Thermal Unit (MMBTU)/lb. of Fat Protein Corrected Milk (FPCM)  
Currently implementing FARM Environmental Stewardship Module.  
Expected statistical sampling completion for aggregate level reporting in 2020.

**Topic:** Greenhouse Gas Emissions  
**Indicator:** GHG gas intensity  
**Metric:** (lb CO<sub>2</sub>e)/lb. of Milk (FPCM)  
Currently implementing FARM Environmental Stewardship Module.  
Expected statistical sampling completion for aggregate level reporting in 2020.

**Topic:** Water Quantity  
**Indicator:** Water use (on farm)  
**Metric:** By 2020 our goal is to report in aggregate form the number of gallons of water/lb. of milk (FPCM)/water used for lactating cows on MMPA farms.

**Topic:** Nutrient Management  
**Indicator:** Nutrient Management Plan (NMP)  
**Metric:** By 2020 our goal is to report in aggregate form the percentage of MMPA farms that have a written NMP.

**Topic:** Animal Care  
**Indicator:** FARM Animal Care  
**Metric:** 100% of all MMPA farms participate in the National FARM Animal Care Program.

# Our Members' Sustainability Initiatives

Our goals with our members' farm sustainability initiatives are to continually improve our members' environmental, social and economic impact. Most importantly, continuous improvement is our focal point as we believe sustainability is a journey rather than a destination.

11 KEY INDICATORS	INITIATIVE	PERFORMED AND VERIFIED BY
<p><b>Economic Viability</b></p> <ol style="list-style-type: none"> <li>Continuous Improvement</li> <li>Energy</li> </ol>	<ul style="list-style-type: none"> <li>Milking System Performance Assurance Program (MSPAP)</li> <li>Milker Training School (MTS) in English and Spanish</li> <li>Clean in Place Analysis (CIP)</li> <li>Dairy Care Academy</li> <li>MMPA Energy Assessments</li> </ul>	<ul style="list-style-type: none"> <li>MMPA MSPAP Specialists</li> <li>MMPA Mastitis Management Specialists &amp; Michigan State University Extension</li> <li>MMPA Field Representatives</li> <li>MMPA Energy Auditors</li> </ul>
<p><b>Environmental Stewardship</b></p> <ol style="list-style-type: none"> <li>Biodiversity</li> <li>Soil</li> <li>Water &amp; Waste</li> <li>Agrochemical &amp; Fuels</li> </ol>	<p><b>Michigan Agriculture Environmental Assurance Program (MAEAP)</b></p> <ul style="list-style-type: none"> <li>Forest, Wetland &amp; Habitat System</li> <li>Livestock System</li> <li>Farmstead System</li> <li>Cropping System</li> </ul>	<ul style="list-style-type: none"> <li>Michigan Department of Agriculture and Rural Development (MDARD)</li> <li>County MAEAP Technicians</li> </ul>
<p><b>Social Responsibility</b></p> <ol style="list-style-type: none"> <li>Value Chain &amp; Local Economy</li> <li>Animal Welfare</li> <li>Social &amp; Human Capital</li> <li>Training</li> <li>Green House Gas Emissions</li> <li>Employee Enhancement</li> </ol>	<ul style="list-style-type: none"> <li>Scholarships, Donations &amp; Community Activities</li> <li><b>FARM® Animal Care Program</b></li> <li>Management, Procedures, Training</li> <li>Animal Health &amp; Nutrition</li> <li>Environment &amp; Facilities</li> <li>Handling, Movement &amp; Transportation</li> <li>Injured &amp; Non-Ambulatory Animals</li> <li><b>FARM® Environmental Stewardship</b></li> <li><b>FARM® Workforce Development</b></li> </ul>	<ul style="list-style-type: none"> <li>FARM 2nd and 3rd party evaluators</li> <li>MMPA Sustainability Integration Team</li> <li>Under development</li> </ul>



BURKE LARSEN,  
SCOTTVILLE, MICHIGAN

## ENVIRONMENTAL STEWARDSHIP

### Case Study: MAEAP program helps farmers continue good stewardship practices

The Michigan Agriculture Environmental Assurance Program (MAEAP) is an innovative, proactive and voluntary program that helps farms of all sizes and all commodities prevent or minimize agricultural pollution risks. The program ensures that Michigan farmers are engaging in cost-effective pollution prevention practices and working to comply with state and federal environmental regulations. MAEAP also supports MMPA and its member owners in their sustainability goals to reduce environmental footprints, enhance the lives of their communities and supplying high quality milk in consumers globally.

The process to become verified has three phases. It starts off with farm visit from a MAEAP technician who gathers information, using a set of tools to assess various practices, such as how pesticides, herbicides and petroleum products are stored, or how waste is managed. The technician then sits down with the farmer and comes up with an action plan. Once they have a plan, the final on-farm verification ensures the farm has implemented environmentally sound practices.

Farmers have always tried to be good stewards of the land and their livestock. The MAEAP program makes it easier to understand risks and plan for any potential environmental obstacles to their farm.

MMPA farms across the Great Lakes Region make an effort to improve their environmental footprint and enhance stewardship. MAEAP is one verifiable program available to the farms located in Michigan. For permitted farms with larger herd sizes, compliance with state guidelines for meet a certification that verifies their commitment to environmental stewardship.

THE ABOVE WAS ADOPTED FROM A MICHIGAN MILK MESSENGER ARTICLE WRITTEN BY MELISSA HART.



The program gives you a lot of freedom to work toward a common goal,” MMPA dairy farmer Burke Larsen shared. “They are continually evolving to make conservation practices more adaptive to the farm and using common sense in their approach.



MMPA members own three dairy processing plants in Michigan and Indiana. The dairy ingredient plants in Michigan are located in Ovid and Constantine, while the cheese facility is in Middlebury, Indiana. Together, our plants process around 7.4 million pounds of milk per day.

**MMPA ENERGY INTENSITY\* IN 2017: 0.51**

**\*AMOUNT OF ENERGY USED TO PRODUCE ONE POUND OF FAT PROTEIN CORRECTED MILK (FPCM)**

## *Our Plant Sustainability Initiative*

### **WATER USAGE**

At MMPA's manufacturing plants, well water consumption has been reduced by 18 percent. The Ovid plant put 78 million more gallons of water back into the environment than it withdrew. The use of enzyme based technology to clean process equipment improves water quality and reduces the amount of chemicals needed treat waste water. Evaporative condensate and permeate water commonly referred to as "cow water" is utilized as a potable water source to minimize water withdrawal and to reduce the amount of chemicals required to soften and de-mineralize well water. This water is used to clean processing equipment and boiler feed water, reducing the reliance on well water. The Ovid plant has its own wastewater treatment plant incorporating state of the art technologies to minimize the environmental impact of milk processing. Wastewater byproduct nutrients are recycled to local farmers as valuable, green fertilizer alternatives. The Constantine plant captures waste milk solids from the manufacturing process, and concentrates these solids into animal feed products. This lessens the need for wastewater treatment.

### **ENERGY USAGE**

Both Michigan facilities have environmentally friendly, energy saving LED lighting and occupancy sensors in use. Enzyme based technology is used to clean process equipment, using less energy and heat. Further, MMPA installed "MVR" (Mechanical Vapor Recompression) technology to reduce energy consumption per pound of milk powder produced and use variable speed frequency drives to modulate electrical motor speeds efficiently.

Two low NOX boilers, a burner used in utility boilers to produce steam and electricity, to provide cleaner air stack emissions. The boilers also utilize economizers, using exhaust steam to pre-heat boiler feedwater and thereby reduce the amount of natural gas usage needed for processing.

### **TRANSPORTATION**

MMPA has added a dry goods warehouse to reduce unnecessary transportation of products. We have worked with our customers to design receiving areas to allow them to accept raw milk and created new, more efficient milk routes.





MPPA STAFF MEMBERS VOLUNTEERED AT A CONSUMER EDUCATION EVENT ON JULY 18, 2018. OVER 3,700 PEOPLE EXPERIENCED THE GREAT DAIRY ADVENTURE AND LEARNED MORE ABOUT HOW MILK GOES FROM COW TO CUP.



MPPA EMPLOYEES AND THEIR GUESTS ASSISTED WITH PACKAGING FOOD FOR DISTRIBUTION IN THE WAREHOUSE AT GLEANERS FOOD BANK IN HOWELL, MICHIGAN ON JULY 21. MPPA EMPLOYEES DONATED 538 POUNDS OF FOOD TO GLEANERS FOOD BANK THROUGH THE HEADQUARTERS ANNUAL FOOD DRIVE.

## Our Communities

### DONATIONS

As a farmer-owned cooperative, every donation of milk is donated directly from our farmers. For four consecutive years, MPPA continues to work with their member owners to facilitate their generous donation of fresh, wholesome milk. In 2017, 150 gallons of milk per day was donated for one year. The Food Bank Council of Michigan (FBCM) ensured that the 54,750 gallons donated would be distributed among Michigan’s seven food bank locations which serve all 83 counties. Michigan Dairy milk processing plant operated by Kroger, partnered with MPPA by donating the processing and packaging of the milk donated by MPPA members which saved the food banks over \$25,000. The milk donations made such a difference in Michigan communities, that MPPA and Michigan Dairy decided to donate 150 gallons of milk a day again for 2018.

### SUPPORTING YOUTH INITIATIVES

The MPPA and Kroger partnership extends to youth development programs. Every June, 4-H’ers make the trek to Metro Detroit for the MPPA 4-H Milk Marketing Tour. MPPA staff teach the students about the milk marketing supply chain and careers in our industry. A key to the success of the program is the afternoon tour of the Michigan Dairy plant.

### SCHOLARSHIPS

For the 2017-2018 academic year, MPPA awarded nine scholarships, totaling over \$21,000. The scholarship fund aims to assist young students pursuing a career in the dairy industry. Scholarships are awarded based on academics, involvement in the dairy industry and letters of recommendation.



The Food Bank Council couldn’t be happier to receive MPPA’s donation of milk year after year,” said Dr. Phillip Knight, FBCM Executive Director. “One in seven people in Michigan struggle with hunger, and we’re constantly working toward solutions. MPPA’s donation puts us one step closer in solving hunger and food insecurity in Michigan.



# Our Team

The Michigan Milk Producers Association employs over 300 people in multiple locations across four states. The team works on behalf of MMPA dairy farmer members to market their milk everyday in many areas, from on farm support to processing and marketing products made with members' milk.

## JOBS, BENEFITS AND RETENTION

### Employee opportunities

Total number of jobs supplied through MMPA (includes full- and part-time employees and consultants in 2017)

Job Categories	Totals
Executive/Senior-Level	
Officials and Managers .....	16
First/Mid-Level officials and Managers .....	54
Professionals.....	20
Technicians .....	22
Sales workers.....	23
Administrative support workers.....	22
Craft workers .....	29
Operatives .....	124
Laborers and helpers .....	19
Service workers.....	0
Total .....	329

### Employee benefits

MMPA provides many valuable benefits to our employees such as:

- Medical, dental & vision coverage
- Life/Accidental death & dismemberment coverage
- Voluntary life/accidental death & dismemberment coverage
- Short & long term disability coverage
- Medical & dependent flex spending accounts
- Health savings accounts
- 401k with company match
- Pension
- Employee assistance program

### Employee retention

Years of Service	EE's	Percent
Employees under 5 years	206	56.9%
Employees 5 - 10 years	58	16.0%
Employees 10 - 15 years	30	8.3%
Employees 15 - 20 years	24	6.6%
Employees 20 - 25 years	13	3.6%
Employees 25+ years	31	8.6%

## EMPLOYEE HEALTH AND SAFETY

The objective of the Environmental Health and Safety (EHS) programs are to support the MMPA's responsibility through partnership, guidance, and education to promote health and safety, protection of the environment, and regulatory compliance. MMPA aims to prevent and reduce accidents, emergencies and health issues at work. MMPA primarily uses the incident rate number as primary indication of Health and Safety Performance. The incident rate is the number of injuries or illnesses (recordables) requiring external medical care, both with or without lost days, x 200,000 / total hours worked by all employees. This measurement is an excellent indicator of overall performance and how well we are controlling hazards. As shown below, the 2012 to 2017 Incident rate decreased in aggregate for MMPA. Also, both our recordables and lost times rates reached our goal of being below the industry average.



**THE INCIDENT RATE DECREASED FROM 2012 TO 2017, WITH RECORDABLE & LOST TIME RATES BELOW INDUSTRY AVERAGE.**

### MMPA Plant Safety Record: Accident Incident Rates vs. Industry Average\*

<b>Constantine Plant</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Total Recordable Incidence Rate	4.5/100	4.2/100	4.0/100	1.8/100	4.9/100	3.3/100
Total Lost Time Incidence Rate	4.5/100	2.1/100	2.0/100	1.8/100	3.3/100	3.3/100
<b>Ovid Plant</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Total Recordable Incidence Rate	6.1/100	6.7/100	5.6/100	1.6/100	5.4/100	3.0/100
Total Lost Time Incidence Rate	3.5/100	3.3/100	4.8/100	1.6/100	3.0/100	0.7/100
<b>Industry Average (NAICS Code 311514)</b>						
Recordable Injuries/Illnesses	5.2/100	3.8/100	5.5/100	5.1/100	4.7/100	4.7/100
Lost Time Injuries/Illnesses	3.5/100	2.4/100	3.3/100	3.3/100	3.1/100	3.1/100

\*Middlebury Cheese Company not included

## *Our Future*

At MMPA, we are engaged and committed to reporting out on industry reviewed sustainability indicators and metrics. We recognize that sustainability is a continuous journey rather than a destination and we are committed to continuously improve our impact. Our goal for the next two years is to complete a GHG assessment of our plants. In addition, keep implementing FARM's Environmental Stewardship Module to calculate our farms energy intensity and GHG emission to publish in aggregate form in our next CSR report, CDP and to other sustainability initiatives.

What are we looking forward to the future as we engage more with our stakeholders within the supply chain to impact our communities, economic viability and improve our environment stewardship.





## *Our Core Values*

### **QUALITY**

We commit to produce the highest quality milk and milk products for our customers to feed the people of the world.

### **INTEGRITY**

We operate honestly and ethically in all manners of production and business – always holding ourselves to the highest standard.

### **PROGRESSIVE**

We provide solutions and lead the dairy industry to continued advancement, sustainability and production.

### **COMMUNITY**

We value all people in our diverse workforce and cooperative we commit to provide leadership education and proactive involvement to strengthen our communities and ensure America is a great place to live, work and raise a family in the future.

### **LEADERSHIP**

We engage actively in state and national issues impacting the dairy industry, our cooperative and our communities.

Data for this MMPA  
2018 Cooperative Social Responsibility report  
was collected during the 2017 calendar year.



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