OLYMEL CORPORATE SOCIAL RESPONSIBILITY REPORT

FEED THE WORLD PROTECT OUR PLANET

Reducing our footprint to protect the planet and combat climate change

For an agri-food industry leader like Olymel, it is essential to protect the environment and implement sustainable practices in order to feed the billions of people who inhabit the planet. Early on, Olymel adopted an environmental policy that commits it to meeting its environmental obligations. It also does everything possible to improve its performance by reducing energy consumption, preserving natural resources such as water and optimizing its waste management.

Through various programs, Olymel encourages its facilities and subsidiaries to closely monitor their water, energy and fuel consumption, to opt for energy-efficient equipment and to take steps to reduce their use of Earth's limited natural resources. For example, the Atis project, which provides for the installation of heat recovery systems in facilities, will reduce greenhouse gas emissions from industrial sites by 20%.

Waste management is another factor that contributes to reducing the company's environmental footprint. By harnessing the value of its residual organic by-products and focusing on the three Rs, Olymel is helping to reduce the amount of waste produced.

• Environmental policy

Keenly aware of its impact on the environment, Olymel has adopted an environmental policy in line with its values and applies it to all its subsidiaries and facilities.

• Energy

Olymel is helping to combat climate change by constantly working to improve energy efficiency in its facilities and transportation fleet to reduce GHG emissions.

• Water

Water is an essential resource in the food industry. To protect it, Olymel has been steadily improving its water use efficiency by reducing consumption and optimizing recycling.

• Waste

At Olymel, waste management aims to divert waste from landfills by recovering organic materials and promoting reduction at the source and recycling.

• ENVIRONMENTAL POLICY

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Compliance with the law

Olymel ensures that its subsidiaries, facilities, operations and products comply with applicable federal environmental laws and regulations and those in each of the provinces in which it operates. Where required, environmental compliance audits are done to identify and optimize operations and facility compliance.

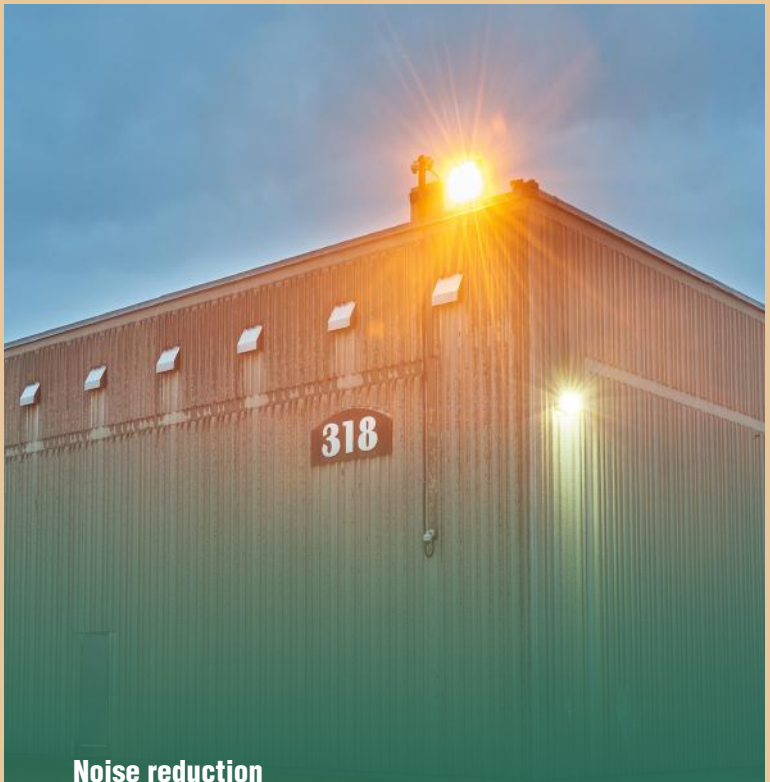
Contingency plans

Each facility has an emergency response plan outlining procedures for dealing with unforeseen situations to ensure its occupants and the public are safe, limiting environmental contamination, whether it's a natural gas leak, a hazardous materials spill or a pipe break. These plans are updated regularly, and employees are trained to implement them.

Under the federal Environmental Emergency Regulations (E2 Regulations), facilities storing significant quantities of ammonia and/or propane are required to develop accident scenarios, assess potential consequences, and prepare an emergency plan to deal with them. These facilities are required to inform the surrounding population of the risks and emergency procedures related to the presence of hazardous substances. They must also set up an alert system to notify them in case of an incident. The implementation of the emergency plan and the Comalerte system for notifying the public has been completed for all facilities under the E2 Regulations.

Relationship with the community

Since Olymel has a strong presence in Canada, often in rural areas, the company is committed to building harmonious relationships with the surrounding communities. That's why we listen to the public and try, as much as possible, to mitigate the impacts of our operations and effectively manage risks.



Noise reduction

Olymel always makes sure that its operations do not adversely affect local residents' quality of life. It implements a number of measures to reduce the noise from its operations, like installing silencers on ventilation intakes and outlets, noise barriers and soundproof walls.

As an example, the poultry processing plant In Sainte-Rosalie, in Montérégie Est, Quebec, is located in an area adjacent to a residential zone. Particular care has been taken to reduce noise pollution that could inconvenience the population:

- Added noise barriers
- Insulated compressor room walls
- Installed silencers on chimneys
- Replaced refrigeration equipment with low fan speed equipment
- Modified slats over ventilation equipment

Olymel is helping combat climate change by constantly working to improve energy efficiency in its operations and reduce GHG emissions.

• ENERGY

Rising temperatures, the CO2 concentration in the atmosphere, variable precipitation and the increased frequency of extreme events are putting more and more pressure on agricultural production and the agri-food industry as a whole. While fighting climate change requires significant greenhouse gas emissions reductions, in Canada, around 82% of emissions come from energy production and consumption. Energy reduction and conservation are therefore key issues that Olymel is addressing by improving its equipment, manufacturing processes and transportation fleet.

PLANTS

Measurement and control tools

The best way for a company to manage GHG emissions is to know its sources. Olymel implemented an Energy Management Information System (EMIS) to track energy performance and help implement effective measures to reduce energy consumption and costs. This system functions in addition to the measurement tools specific to each facility.

Olymel's facilities also participate in power demand management programs in Alberta and Quebec. Under these programs, electrical power suppliers (Alberta Electric System Operator and Hydro-Québec) give credits to commercial and industrial energy consumers who reduce their energy consumption or temporarily switch to backup generation during peak demand periods.

Water conservation committees

Over the past years, the Energy team at Olymel's head office has worked to consolidate the energy conservation committees' activities in certain facilities by holding quarterly meetings to target the most effective and profitable reduction initiatives. These meetings are an opportunity to analyze energy performance and consumption (electricity, natural gas, water, steam, compressed air, etc.), to identify projects and opportunities for improvements leading to gains in energy efficiency or consumption reductions, and to share energy conservation best practices. Here are a few examples:

- Regular detection and repair for compressed air leaks.
- Steam trap inspections.
- Boiler cleaning.
- Monitoring washing nozzle condition.
- Monitoring capacitor banks.

Heat and energy recovery program. Thanks to recovery technologies, unused residual energy (heat or cold) resulting from processes (refrigeration system, water purification, etc.) can be stored and recovered for other uses, like ventilation, refrigeration or heating, reducing both energy bills and GHG emissions. In 2019, Olymel implemented a comprehensive heat recovery program, the Atis project, to recover heat lost during its operations and obtain significant natural gas savings.

Six plants with good energy recovery potential were selected initially. Energy efficiency studies for existing systems are being done to find the most effective recovery and reclamation measures. They mainly involve installing heat exchangers and heat pumps near equipment emitting waste energy. Ultimately, the Atis project, which is scheduled for completion in 2023, will reduce GHG emissions from industrial sites by 20%*.

* Data based on emissions from 36 sites (May 2021).

PLANET

Heat recovery and GHG reduction: The example of the Yamachiche plant

In terms of GHG reduction, Olymel completed an ambitious energy efficiency and management project in 2021 at its Yamachiche hog slaughterhouse and cutting plant, a project made possible by programs offered by:

- Hydro-Québec (Efficient Solutions Program).
- Energir (Implementation Incentives Program).
- Ministère de l'Énergie et des Ressources naturelles du Québec (ÉcoPerformance Program).

In addition to the financial support and expert advice of its partners, Olymel also built a multidisciplinary team of specialists including members of the Olymel engineering team, supported by specialists from Atis Technologies, to develop a global vision for energy efficiency and management. This approach has allowed for decompartmentalized energy usage through transversal energy transmission networks.

Significant reductions in energy consumption resulting from energy recovery were also made possible through using industrial heat pumps and thermal batteries in tandem. This promising method has enabled Olymel to replace large quantities of fossil fuels to meet its energy needs, in particular for producing large quantities of hot water for processing operations at its Yamachiche plant and to power other equipment.

A 60% reduction in GHG emissions

Based on a detailed analysis of the Yamachiche plant's equipment and operational data, an exacting design for the required systems led to the installation and eventual use of new equipment to optimize energy use and recover it, resulting in a significant reduction in energy consumption. As a result, the plant was able to reduce its GHG emissions by over 60% and generate significant savings.

Olymel was one of the first agri-food companies in Quebec to implement this type of energy recovery and optimization system by recovering large quantities of energy previously released into the atmosphere by refrigeration systems, sewage or process waste.

Yamachiche was the second site to benefit from this vision and green shift after the Saint-Esprit plant in Lanaudière, which was completed in 2020. Similar projects are underway at Olymel's plants in Vallée-Jonction, in Beauce, and in Sainte-Rosalie, in Montérégie Est.

Eliminating halocarbons

Halocarbons used in air conditioning or cooling systems have a hand in global warming when they're released into the atmosphere. Some of them, like the refrigerant HCFC-R22, also deplete the ozone layer. In order to comply with the various federal and provincial regulations adopted under the Montreal Protocol, Olymel will replace the hydridochloridofluoridocarbon (HCFC) R-22 systems in 19 of its facilities by 2030. The new cooling systems using CO2 or ammonia will help reduce the company's environmental footprint.

Charging stations

To encourage the transition to low-carbon transportation such as electric vehicles, Olymel has been installing free charging stations in its facility parking lots since 2014. As of the last quarter of 2021, seven installation projects were underway or completed.

LED lighting. Light emitting diodes (LEDs) are an energy-efficient solution providing energy savings of 60-80% over halogen and incandescent lighting products. Since 2017, Olymel has replaced thousands of halogen and metal halide lamps with LEDs that use less energy.

• TRANSPORTATION

Transportation is a major source of greenhouse gas emissions. Transbo, an Olymel subsidiary, uses various methods and technologies to reduce fuel consumption in its truck fleet to substantially lower its GHG emissions.

Upgrades to the fleet

Every year, the fleet is upgraded by purchasing new energy-efficient trucks. Adding equipment to trailer trucks when they are refitted also helps to lower the environmental impact of transportation.

- Installing aerodynamic skirts on the sides of trailers to reduce drag and increases fuel efficiency.
- Purchasing cab warmers to keep the driver warm so they don't have to run the engine.
- Engine programming, like speed limiters set to 95 km/h for local transportation.

Fleet management

Since 2015, Sinexo fleet management software has been helping the dispatch team make smart decisions to minimize trips while empty and to optimize routes. Since 2017, ISAAC software has been used to accurately log drivers' daily work hours, as required by law, but also to obtain key data (mileage, trips while empty, trips without trailers, etc.). These indicators help improve fleet performance while improving energy efficiency. Thanks to this software, 50% of the log books are also being currently sent directly using drivers' tablets, optimizing workflow and reducing paper forms along with human error.

Rewards program

ISAAC also has a tool that evaluates speed, engine revving, braking and idling behaviours while providing real-time feedback to drivers, helping them reduce fuel consumption. For example, it can tell them to slow down or change gears to save fuel. Transbo also awards compensation to drivers who adopt these better habits. The results for this initiative are very positive: the average driver score is 80%.

SmartWay partner

As part of the SmartWay program, a program managed by Natural Resources Canada, Transport Transbo has committed to tracking its fuel consumption and improving its performance year over year. The data collected from program members also helps Transbo compare itself to the rest of the industry.

Electrical outlets

Electrical outlets installed in some facilities let trailers parked in the yard run their refrigeration units on electricity instead of dyed diesel.

From 2018 to 2021, as a result of measures implemented in transportation, the annual consumption of light diesel used as fuel decreased by 2 litres per 100 km, or almost 5%.

• WATER

Water conservation committees

In many facilities, water conservation committees log and track daily potable water consumption using water meters at the plant's main water supply line and the wastewater treatment centre. This data is used in the plant's performance indicators and also helps managers to quickly act in the case of an unexplained increase and to determine opportunities for conserving water based on a target specific to each facility.

Depending on the situation or the identified problems, the committees propose corrective measures or major actions based on their activities and the equipment refresh process. These initiatives range from automating various processes to plant sanitation optimization.

Wastewater treatment

Most production facilities have wastewater treatment systems to take pressure off the municipal wastewater treatment plants. Olymel is also exploring treatment avenues to recover water for its own use.

How Olymel saves water?

- At the Sunnymel, New Brunswick, Port Colborne, Ontario and Unidindon slaughterhouses, a bird chiller water recycling program saves 7.5 million litres of water every year.
- At the Cornwall plant, small electronic water meters have been attached to the pipes to accurately monitor water consumption in various departments, especially during the sanitation process. Automating the smokehouse cleaning and filtration system makes the brine reusable several times and saves 15,000 litres of water per week.
- In many plants, a number of measures are being taken to reduce water consumption during sanitation, ranging from regular inspections and flow control for wash nozzles to the use of water-efficient methods like scraping floors, soaking production bins and using mops instead of spray washers.

This is the case at the Saint-Esprit hog slaughterhouse and cutting plant, where a membrane filtration system turns wastewater into potable water without compromising on production quality or food safety. This system has been in operation since 2014 and was upgraded in 2021 with the addition of ultrafiltration and reverse osmosis units that now supply 50% of the potable water required to meet the daily needs of the Saint-Esprit plant, compared to 30% with the first system.

Since the system was installed, recycled water quality has been continuously monitored and the membrane filtration system's performance has exceeded expectations. Developing this project has contributed to creating new wastewater recycling practices that could help reduce water consumption in our facilities across Canada.

Water is an essential resource in the food industry. To protect it, Olymel has been steadily improving its water use efficiency by reducing consumption and optimizing recycling.

• WASTE

ORGANIC MATERIALS

Zero landfill

For many years, Olymel has followed the “zero landfill” rule for managing inedible meat and agri-food biosolids produced every year,

including slaughterhouse by-products like skin, bones, blood and fat, and food processing plant residue like breading, cooking fats and used vegetable oils. All this organic material, approximately 350,000 tonnes of it per year, is recovered and recycled by companies specializing the field. It is mainly converted into animal meal and fats and oils.

The biosolids consist of the wastewater sludge coming from the facilities’ water treatment plants. An agreement with the Centre de traitement de la biomasse de la Montérégie allows for the processing of all the sludge generated yearly by Olymel’s Quebec plants and directs it to various recovery channels, namely biomethanization/energy recovery (62%), agricultural recovery (36%) and composting (2%).

Olymel also manufactures wet and dehydrated food products for the pet market in plants it acquired in Bécancour in 2020 (Guiltan and Norpur). Pork and poultry by-products, mainly offal, but also viscera and some organs, are the raw materials used in this process, which makes it possible to recover pork and poultry by-products from slaughterhouses. 15,000 tonnes of by-products are recovered each year with minimal losses (0.5%).

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NON-ORGANIC MATERIALS

Packaging

Olymel has implemented a continuous optimization process for its packaging to reduce environmental impacts without compromising on food quality and safety. Several factors, like material choice and cardboard thickness, are regularly reassessed to improve how much can be recycled or reused and to reduce weight. This reduces the amount of waste and optimizes transportation. Here are a few major initiatives used to reduce the environmental impact of packaging:

- Using HP paper for corrugated cardboard boxes, making them just as strong but lighter.
- Reducing the cardboard thickness for small retail product boxes.
- Eliminating UV coating and using plant-based inks.
- Using recycled components for cardboard and polystyrene trays.
- Removing chlorinated compounds from plastic films for vacuum-sealed products.
- Optimizing pallet layout to lower the number of transported pallets and truck weight.

The R&D and marketing departments also track new developments in green packaging and share the information with relevant private and national brand stakeholders. Olymel is working with internal and external partners to evaluate alternatives to polystyrene trays, like biodegradable trays made from moulded cardboard or recycled polyethylene.

Supplies

Olymel gets its supplies in bulk to reduce the amount of packaging waste. Several initiatives have also been put in place to reduce paper use by opting for digital processes, e.g., expense accounts, reports and forms. This is especially true for the food safety and quality system used in every production and distribution site. Over 2,600 paper forms are being digitized and used on the Datahex software platform, saving paper and improving operational efficiency.

Recovery and recycling

There are programs in most facilities for used ink cartridges, dry-cell and wet-cell batteries, obsolete computer equipment, paper and cardboard and wooden pallets.