



FIRST DISTRICT ASSOCIATION

2024 CORPORATE RESPONSIBILITY REPORT



MESSAGE TO OUR STAKEHOLDERS



On behalf of the First District Association Board of Directors and its management team, we are very pleased to share with you our 2024 corporate responsibility report. In this year's report, you will see how our business activity and performance results with our most deeply held core values.

The 2024 report marks our fourth annual report and represents an ongoing effort to transparently communicate what we are doing in our business and how we are doing it. The year was marked by considerable volatility in the agricultural sector, but as a testament to the resilience of our members and a commitment to their desire for multi-generational success, we continued building on our sustainability initiatives.

Key achievements in the past year included:

- Completion of our Scope 3 greenhouse gas (GHG) emissions inventory.
- The rolling out of a customer partnership program rewarding the implementation of new conservation practices implemented by our farmers.
- Continuous Improvement of employee safety metrics.
- Final stages of strategic plans to produce renewable energy from our wastewater discharge by 2027.

In addition, we continue to embrace a member-based ownership model that grants democratic control and voluntary

membership to nearly 580 dairy producers. We remain committed to ensuring that our members benefit from economic participation in our cooperative. In 2024, we returned to our members, through cash payments and equity credits, 96% of total annual net income. The nearly \$8.5 million in cash distributed helped bolster numerous rural Minnesota communities.

We are truly grateful for the trust placed in us by our customers, community, and fellow team members. First District Association counts it a privilege to participate in the dairy industry and like our family-farm owners, take seriously our role in preserving valuable resources for future generations.

GLENN KAPING, PRESIDENT & CEO FDA BOARD OF DIRECTORS



WHO WE ARE

CORE VALUES

Our core values, mission and vision statements were all created with our farmer-owners and employees in mind. Along with aligning our strategic planning process for the next 100 years to come.

Excellence

What we do, we do well

Integrity

Consistently doing what is right

People

Relationships upstage transactions

Responsibility

We act as owners

MISSION

First District Association is an independent dairy cooperative that maximizes returns for its producers and employees through innovation and by providing superior quality products to a global market.

VISION

First District Association will be the preferred marketing of choice for dairy producers. First District Association will produce high quality dairy and food products being the ultimate supplier of choice exceeding customer expectations. First District Association will have a reputation for innovation, quality, production, efficiency, profitability, strong financial independence and growth.

GOVERNANCE STRUCTURE

As a dairy farmer cooperative, our business is led by our member owners. This includes a Board of Directors made up of nine farmers voted on by the membership. These nine members oversee the entire business structure of the cooperative including capital projects, policies and operations of the cooperative. Each Board of Director's term is three years.

Within the membership, there are two member led committees who initiate and determine the voting process for the Board of Director positions. This structure allows for a true cooperative based structure of member owned.

MEMBER OWNERS

BOARD OF DIRECTORS (9)

PRESIDENT & CEO

EXECUTIVE TEAM

RESPONSIBILITY

WE ACT AS OWNERS



As a farmer-owned cooperative since 1921, we have always valued the progressive determination and 580 of our family farms. For multiple generations, dairy farmers have always prided themselves on doing what is right for their animals and the environment around them. Our farmers have implemented the following practices over the years to improve their environmental footprint:

- Reusing water to clean and heat up equipment
- Crop rotations to improve soil health
- Implement by-products in their feed rations
- Utilizing manure as a natural fertilizer in fields
- Selective genetics to improve efficiency in dairy cattle
- Recycling manure solids as bedding for cattle
- Manure digesters and solar panels to generate electricity

Many of these practices have been used by farmers for years. In order to make it viable for the next generation to continue the tradition, taking care of the environment is at the top of mind for farmers.

FARMER LIVELIHOOD

We provide many opportunities for our farmer owners to become involved within their cooperative. Our Young Cooperators group contains of 20 farmers below the age of 45 who help plan and make decisions with different events and decisions within the cooperative.

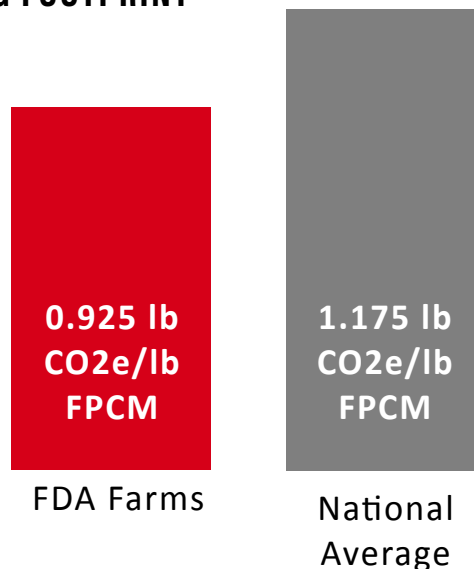
NATIONAL DAIRY FARM PROGRAM

Our dairy farmers are committed to taking care of their animals, land and workforce. This is why we have adopted the Animal Care, Environmental Stewardship and Workforce Development silos of the FARM Program.

These programs not only validate dairy farmers long standing commitment to doing what is right, but these programs also give dairy farmers tools and resources they are able to implement on their farm.



FARM ENVIRONMENTAL STEWARDSHIP GHG FOOTPRINT

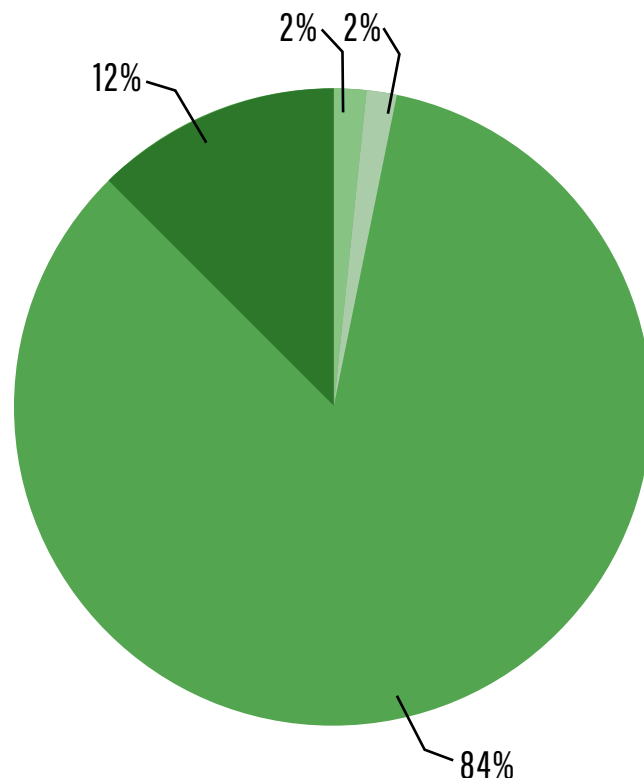
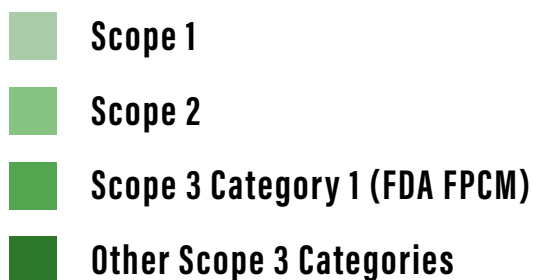


As of January 1, 2025

All FARM ES data collected is from
Version 2.0

SCOPE 3 INVENTORY

We conducted a Scope 3 greenhouse gas (GHG) inventory for 2024 in alignment with the U.S. Dairy Scope 3 GHG Inventory Guidance for U.S. Dairy Cooperatives and Processors. The majority of our Scope 3 emissions were attributed to Category 1: Purchased Goods and Services, reflecting the emissions embedded in raw milk from our member owners.



FARMER PROJECT

In 2024, several of our farmers took advantage of a partnership project through a longtime customer who provided financial incentives for implementing new conservation practices. These practices included converting to no-till or reduced tillage, planting cover crops, and implementing extended crop rotations.



REDUCTION OF 790 METRIC TONS OF CO₂e

N & P RUNOFF REDUCTIONS

OVER \$30,000 IN PAYMENTS

INTEGRITY

CONSISTENTLY DOING WHAT IS RIGHT



LABOR RIGHTS

Maintaining a stable and successful workforce starts with the employee. First District Association provides many educational and training opportunities for employees to expand their knowledge in their line of work, as well as promoting continuous growth within the company. We also hold quarterly town hall meetings with all employees to update them on the company, as well as give them an opportunity to ask questions and voice concerns.



First District Association follows the Ethical Trading Initiative (ETI) Base Code, an internationally recognized standard for ethical labor practices.

SAFETY

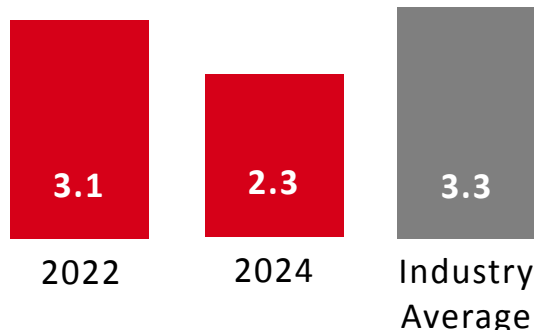
The safety of our employees is the foremost consideration throughout all operations of First District Association. Our safety policy is

based on the sincere desire to eliminate personal injuries, occupational illness and damage to equipment and property. Our Safety Management Programs (SMP) are reviewed annually and are evolving to ensure their effectiveness while striving to continuously improve and provide the safest work environment for our employees. First District complies with all applicable OSHA workplace safety and health standards and strives to maintain standards that exceed the best practices in the industry.

FDA has numerous hazard and risk assessments processes which are applied throughout the year including third party mock OSHA audits, employee driven job hazard analysis reviews, incident investigations and root cause identification, and employee-driven safety audits.

We believe employee involvement regarding safety results in better decisions and more effective employee protection. We have internal teams who consist of front-line employees from various departments of the business evaluating current procedures and reviewing corrective action plans.

COMPANY DART RATING



MATERIALITY ASSESSMENT

In 2023, we at First District Association conducted our first materiality assessment. We engaged ISOS Group, a division of Environ Energy, to support the execution of the assessment to identify and prioritize the company’s sustainability topics. The process included determining topics and key features of the business of importance to First District Association and its sustainability journey.

Material topics are put into categories of Social, Environmental, and Business and Governance, then noted by importance to the company along with where it falls for importance for the dairy industry and it’s stakeholders.

This materiality assessment is not a final product, but a starting point. With a clearer understanding of what matters most to our member owners and our employees, we’re better equipped to take meaningful action and build a sustainability strategy that delivers real impact for our business.

ISOS conducted an analysis and prioritization of the material topics based on the 2022 Materiality Guide for U.S. Dairy. Their approach is principles-based and adheres to standard methodologies aligned with the Global Reporting Initiative (GRI).

TIER 1 High priority issues	TIER 2 Medium priority issues	TIER 3 Lower priority issues
Animal Care Economic Contributions Employee Attraction & Retention Farmer Livelihood Greenhouse Gas Emissions Health & Nutrition Human Rights Nutrient Management Product Safety & Quality Water Conservation Water Quality Worker Health & Safety	Community Contributions Data Privacy & Security Diversity, Equity & Inclusion Energy Land Use Materials/Packaging Resource Recovery Responsible Sourcing Soil Health/Quality	Biodiversity Food/Nutrition Security & Access

SUSTAINABILITY PROGRAMS

Since 2019, we have been a member of the Innovation Center for U.S. Dairy’s U.S. Dairy Stewardship Commitment. Here we continue to showcase dairy’s dedicated commitment to a sustainable future.

We seek certifications through partners like EcoVadis and Sedex to validate our commitment to sustainability and demonstrate alignment with internationally recognized standards.



2024 EcoVadis rating is in the process of being calculated

EXCELLENCE

WHAT WE DO, WE DO WELL



QUALITY PRODUCTS

Delivering top-tier dairy products has been First District Association's standard for decades. Our facility has been SQF certified for both food safety and quality since 2011. These inspections and certifications ensure the products produced in the facility meet specific standards and are safe for human and infant consumption. Compliance to these regulations also allows our cheese and powder products to be exported around the world.



Our onsite laboratory allows for real time raw milk and finished product testing. First District also has a on site is also an A2LA ISO:17025 accredited pathogen testing lab which allows for in-house testing of products. This on-site testing allows for a robust pathogen environmental monitoring program of all facilities. On-site pathogen testing also allows for a short release time so products can ship to customers timely to meet customer needs.

Our robust traceability and tracking system allows for a full trace of product from milk leaving the farm to the product on a truck for delivery to the customer. The traceability system is challenged routinely with mock recall practice performed internally twice a year.

PROCESSING PLANT

At our facility, we use several different practices to reduce our overall carbon footprint including energy efficient lighting, the use of natural gas, and using recycled water evaporated off the raw milk we take in to wash and heat equipment.

Through finding different avenues to utilize waste, we have seen a decrease in total pounds sent to the landfill compared to 2023. We continue to improve by researching how to minimize our total waste at our facility.

One method of waste diversion we utilize is taking the by-product of our lactose and giving it back to our farmers to utilize in their feed rations for their cows. This product is a natural energy component in their feed makeup, which maintains the cows health and milk production. What would be sent as waste, is now a benefit to our dairy farmers and their overall efficiency on farm.



PEOPLE

RELATIONSHIPS UPSTAGE TRANSACTIONS



COMMUNITY GIVE BACK

Volunteering and giving back to our local communities is a top priority for First District Association. This includes employees volunteering at their local emergency services, being a part of non profit organizations, donating dairy products to local food shelves and so much more. In 2024 we gave more than \$40,000 of monetary and product donations to our local communities.

The future of the agriculture industry is critical, that is why we support the efforts with our dairy farmer-owners in continuing their future education and impact for the dairy industry. In 2024 we gave \$10,000 worth of scholarships to our members. Any way we can give back to the groups that help support and grow the future generation of agriculture enthusiasts, we do.



INTERNSHIP PROGRAM

Each year, we offer various internships to incoming and current college students to expand their knowledge and offer hands on experience for their future career path. The areas of interest included dairy manufacturing, engineering, quality, marketing and communications, safety, finance and many others. Our program gives the students an opportunity to visit several member owner's farms to gage the whole scope of the route milk travels from the farm to leaving the processing plant. They also have several different professional development learning opportunities to take with them.





FIRST DISTRICT ASSOCIATION

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