
FEEDING THE WORLD

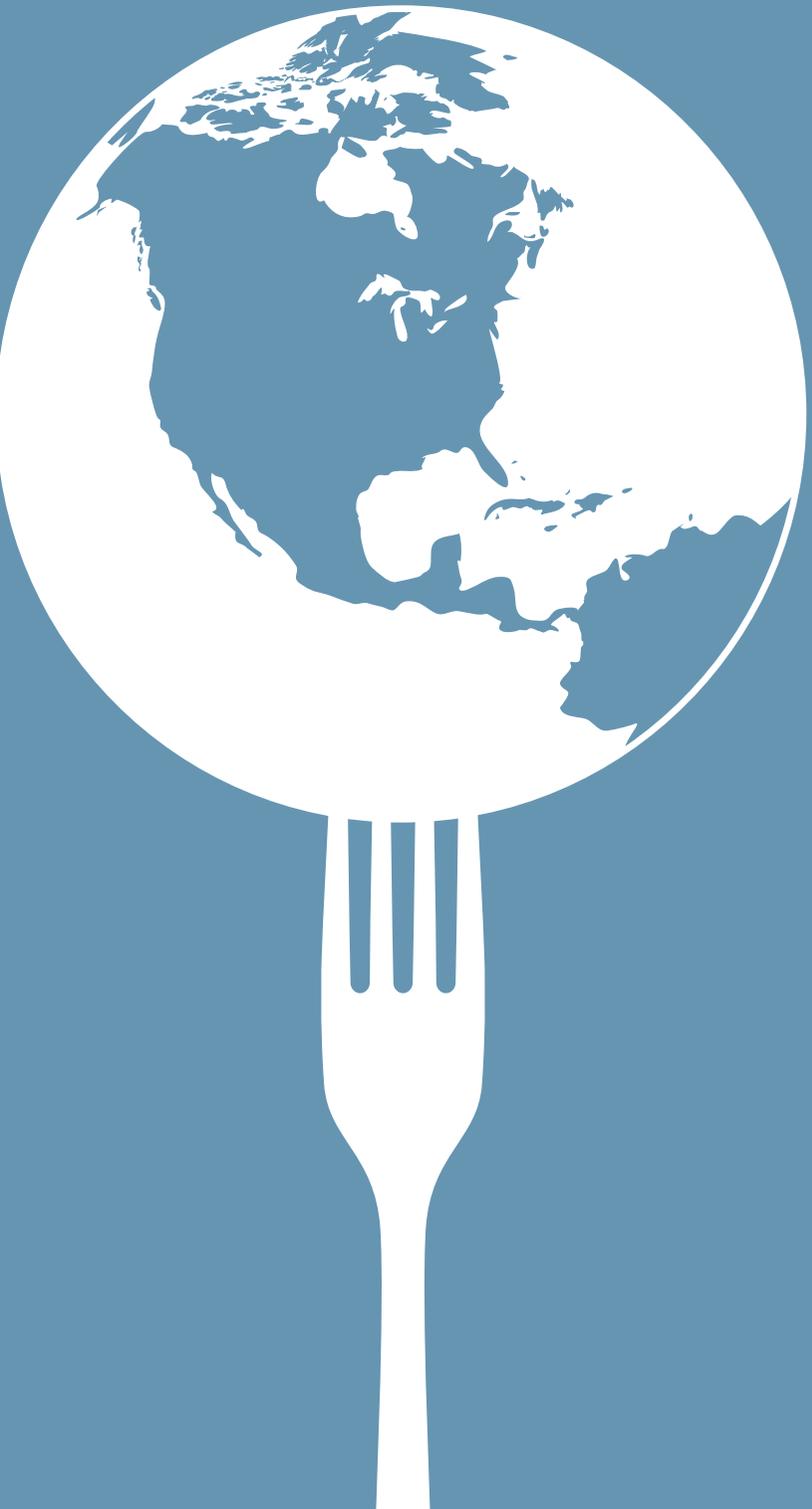
— THINKING ABOUT TOMORROW —



**SOCIAL
RESPONSIBILITY
REPORT**

2012/2016





Feeding the world, thinking about tomorrow

At Olymel, we've taken on the mission of feeding the world while remaining a leader in the production, transformation and marketing of pork and poultry in Canada, and through our exports to more than 65 countries. Never compromising on quality, continuously improving our performance to better serve our customers, and adopting practices that respect human health, animal welfare, the environment, our staff and the communities in which we operate: these are all part of that mission, along with our genuine ambition to protect our planet.

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The President's message

At Olymel, we want to distinguish ourselves not only through the quality of our products but also in the way we produce them.

In this spirit, we make certain that everything we do is part of a broad, global effort in sustainability, our one overarching imperative. Our owners, Olymel management and our 11,500 employees, in concert with our partners and suppliers, are all deeply engaged in this mission to feed the world while respecting our planet.

Climate change, exponential population growth, the impact of unbridled development on the environment and human health ... the threats to our planet are many, and we're well aware that there's much left to do. As a leader of the Canadian agrifood industry, we believe we can play an active role in protecting our planet and its inhabitants, whether through the manufacture of products that satisfy new environmental standards or by exerting a positive influence on our partners and suppliers.

In this document, we present our accomplishments over the past five years as a reaffirmation of our commitment to our planet. They touch all areas of our activities and were undertaken respecting the four structural pillars upon which our approach to social responsibility is founded.

During the 2012-2016 period, we worked to produce food that was healthy and safe and that promoted well-being among the inhabitants of our planet. We contributed to measures for the improvement of animal welfare not only to prevent suffering, but also to protect public health and increase the sustainability of the agrifood industry. We optimized our procedures and equipment with a view to limiting the resources we consume and our ecological footprint. We also placed great importance on creating a milieu that benefits work and life while ensuring the safety and well-being of our employees and the communities in which we operate.

We're very proud of the results we've obtained, and some of these achievements have been recognized with prestigious awards. This encourages us to stay on track and move forward with our program of continuous improvement. It will always be possible to do even better and go further in feeding the world without causing undue harm, goals we will continue to pursue with energy and passion.



Réjean Nadeau
President and CEO

Olymel at a glance



\$3.2
billion
in sales



11,500
employees



34
facilities

Capacity of
140
thousand hogs
per week



Capacity of
2.1
million
birds per week



3rd largest pork
producer
in Canada



- 6 slaughtering and specialized butchering facilities for pork
- 4 slaughtering and specialized butchering facilities for poultry
- 1 slaughtering and specialized butchering facility for turkey
- 9 processing plants for pork and poultry
- 4 distribution centres
- 6 sales offices
- Pork production centres
- Collective sow-rearing facilities (Fermes Boréales)

*A complete selection
of fresh, frozen and
processed chicken,
pork and turkey products*

Retail sales

- Three national brands (Olymel, Flamingo, Lafleur)
- Private labels
- Fresh and frozen products

**Food services
(commercial
and institutional)**

- 700 different products, fresh or processed

Industrial and export

- Fresh and frozen cuts of meat
 - Processed products
 - Exports to more than 65 countries
-





Healthy eating and food safety





Healthy eating and food safety

Conscious of what they eat, consumers are well aware of the link between good nutrition and long-term health. They're increasingly interested in what's in their food and are looking for products that contribute to healthier living. As a leader in the Canadian agrifood processing sector, we're coming up with even more ways to help them eat better and provide their families with more balanced nutrition.

Priority one: Offer healthy foods by reducing or eliminating ingredients deemed undesirable.

REDUCING SODIUM

It's a well-known fact: too much sodium increases arterial hypertension, a major contributor to heart disease. In 2010, Health Canada estimated that Canadians consumed more than twice the recommended amount of sodium.

Responding quickly to this issue, we conducted research to find ways to substantially reduce the amount of salt in our products while preserving their great taste. We worked to meet and even surpass voluntary targets set by Health Canada to reduce the sodium content of processed foods.

Poultry. Since 2012, the sodium content in all our processed poultry has met government recommendations, which represents a reduction of 26.5 tonnes of sodium.

In 2013, we received a DUX award in the Improved Food Product category for a substantial reduction in the sodium content of our processed poultry products. The DUX awards recognize leaders in the Quebec food industry whose products and initiatives contribute to improvements in the health and eating habits of Quebecers.

Pork. We foresee that by 2017, 98% of the hams, sausages, bacon and deli meats we produce will contain recommended sodium levels, representing an additional reduction of 275 tonnes of sodium.

New products. All new products launched since 2012 meet Health Canada's recommendations for sodium content.

REDUCTION OF ALLERGENS

According to most experts, food allergies are increasing in all industrialized nations. Aware that this issue impacts more and more families, we devote extensive effort to removing some of the 10 principal allergens identified by Health Canada from our products, namely nuts and grains, gluten, mustard, soy, milk and eggs.

Allergen-free products. In 2016, more than 50% of the products we sold at retail, to restaurants and to our institutional clients contained no allergens whatsoever. In fact, peanuts, tree nuts and sesame seeds have been completely removed from our products.

Information on allergens. For close to 10 years, we've clearly indicated on our retail websites (Olymel, Flamingo and Lafleur) which allergens are contained within a given product.

Furthermore, multiple stages of verification ensure that allergens and sources of gluten are accurately identified in the ingredients list on each package.

Gluten-free certification program. All our processing facilities are certified by the Canadian Celiac Association, the only voluntary gluten-free certification program in Canada. Every year, independent auditors ensure that we meet the program's requirements. Therefore, products bearing the certification seal come with a guarantee that they're safe and gluten-free.

Gluten-free products. In 2016, a new line of Flamingo gluten-free crispy chicken products received the DUX award in the Improved Food Product category, recognizing our timely response to a growing health challenge.

Thinking about tomorrow means putting people's health first by offering them foods that are healthy and balanced.



USING HEALTHIER INGREDIENTS

Always listening to consumers and our customers, we're constantly innovating to improve the nutritional profile of our products by using simple, natural ingredients just like those people use at home. We also work to eliminate or reduce chemical ingredients and artificial flavours as well as other additives without compromising food safety.

100% natural. In 2012, we launched our Smart & Natural line of ham, chicken and turkey deli meats made with natural ingredients, reduced in sodium and free of gluten and added preservatives. Building on this success, in 2013 we did it again with the introduction of Lafleur Natural Bacon.

Nitrite-free. In 2012, Flamingo nitrite-free shaved turkey and chicken products were finalists in the Canadian Grand Prix New Product Awards. The awards organizers, the Retail Council of Canada, recognized the value of this innovative new line of nitrite-free, gluten-free and low-fat poultry deli meats.

Antibiotic-free. To meet the growing demand for meat products from animals raised without antibiotics, we take part in research in different food segments aimed at reducing the cost of antibiotic-free farming of animals to make this type of offering more accessible.

Since 2016, we've offered Flamingo-brand turkeys and chickens raised without antibiotics and we plan on gradually increasing the supply of antibiotic-free meat available for sale.

ACTION PLAN

- Reduce the sodium content of all pork products in line with Health Canada recommendations.
- Gradually eliminate ingredients deemed undesirable such as allergens and artificial ingredients.
- Increase the supply of meat from animals raised without antibiotics and sold at competitive prices.
- Gradually introduce processed products made with meat from animals raised without antibiotics.



Priority two: Ensure the safety and quality of our products.

We want to guarantee our customers at home and abroad that all our products can be consumed with complete confidence. Relying on a process of continuous improvement and the dedication of our staff, we employ industry best practices at every step of the manufacturing process. Our goal is to comply with internationally recognized food safety and quality standards and foster a thriving corporate culture in this area.

SQF certification. Since 2012, all of our facilities in Canada have been Safe Quality Food certified. This program, recognized by the Global Food Safety Initiative, guarantees our customers that our foods are produced, treated, prepared and handled according to the regulatory standards established under the HACCP system, which is based on rigorous controls and documentation of food safety at every phase of production.

In 2014, we initiated the process leading to SQF Code Level 3 certification for our processing facilities. This level indicates that in addition to carrying out complete food safety risk analyses, we apply an audited program to ensure food quality. In December 2016, six of our nine processing facilities were Level 3-certified.

SAPHYR program. In 2014, we undertook the development of an internal food safety program for staff at our plants. In 2016, about 100 of them successfully completed the 10 modules the training entailed: risk evaluation, equipment, plant hygiene, cleaning, sanitation, cooking, refrigeration, freezing, labelling and regulations.

ACTION PLAN

- Obtain SQF Code Level 3 certification for all processing facilities.
- Train 900 new employees within the framework of SAPHYR certification.

Priority three: Help people make informed food choices.

Faced with a number of problems linked to food consumption, we believe that it's our responsibility to encourage our customers and consumers to make healthy choices. That's why we're constantly seeking to develop products that promote healthy, flavourful and nutritious eating, but also tools that offer practical information adapted to our different customer groups.

Health and Wellness Program. This program offers our institutional clients more than 100 pork, chicken and turkey products that respect strict nutritional criteria. This program is constantly updated with the latest nutritional information and recipes adapted to different industries.

Fight against obesity. For consumers, we aim specifically to fight the problem of obesity, the rate of which has doubled over the last 25 years. In 2016, we took steps toward the development of tools that foster weight management. This program will include the promotion of eating habits that increase satiety as part of a reduced-calorie diet, notably through the integration of complete proteins, including animal protein.

ACTION PLAN

- Continuously update our Health and Wellness program.
- Implement an information program and tools for the integration of animal protein in calorie-reduced diets.





Animal welfare



*Thinking about tomorrow
means seeing to the
proper care and health
of farm animals to ensure
the sustainability of
the agrifood business
and protect public health.*





Animal welfare

For Olymel, the humane treatment of animals is a fundamental value. As part of our Policy on Animal Welfare adopted in 2012, we require that our employees and suppliers treat farm animals in a manner consistent with the latest codes of practice. The health and welfare of animals, which is directly related to human health and the strength of the agrifood business, includes the prevention and management of disease, the adoption of appropriate methods of farming and the prevention of suffering.

Priority one: Improve practices related to the care and handling of animals, from the farm to the slaughtering facility.

JUDICIOUS USE OF ANTIBIOTICS

Olymel's mission is to offer consumers high-quality, healthy products. With this view, the health of farm animals assumes tremendous importance. We recognize the need to resort to the use of antibiotics to prevent or treat disease, but we advocate their judicious use as recommended by leading experts. This is why we've committed to an undertaking whose long-term goal is to restrict the use of antibiotics to therapeutic uses only.

Research. We take part in different research projects with the Université de Montréal's Faculty of Veterinary Medicine in Saint-Hyacinthe on the reduction or elimination of antibiotics in the raising of livestock, while ensuring food safety and maintaining affordability for consumers. We're also partners with the NSERC Industrial Research Chair in metabolic activity and the functionality of bioprotective lactic cultures (METABIOLAC), whose work may lead to solutions other than the use of antibiotics in animal production.

Limiting the use of antibiotics. Our responsible supply initiative aims to prohibit antibiotics as a means of promoting growth and to limit their use in disease prevention. In 2016, we took a position against the use of antibiotics to promote growth and continued to seek the end of the use of Category 1 antibiotics in both preventive and therapeutic uses, as these antibiotics are classified as critical in human medicine.

Antibiotic-free animal husbandry. Since the summer of 2016, we've been able to offer consumers poultry products coming from chickens and turkeys that were raised without the use of antibiotics.

FREE STALLS FOR GESTATING SOWS

Over the past few years, the confinement of gestating sows in stalls has become a serious subject of debate. Since 2012, we've committed ourselves to the use of stalls that allow free movement of sows. However, since the replacement of cages with a housing system that

allows sows free movement entails major changes, we've established a 10-year period ending in 2022 by which time 100% of the hogs slaughtered in our facilities will be born in open-housing facilities.

Supplier follow-up. We're in constant communication with all Olymel suppliers to keep apprised of their situation and plans for converting their farms to open-housing installations.

Fermes Boréales. In 2016, Olymel inaugurated its first group sow barn at Fugèreville in Témiscamingue, kicking off a piglet production model that meets the latest standards for animal welfare. Concentrated in the Témiscamingue region, this project will ultimately involve three complexes with five buildings each containing 2,360 sows in open housing.

PREVENTION OF SUFFERING

A leader in the slaughter of hogs and poultry, Olymel does everything in its power to improve animal comfort and reduce stress during transportation and handling.

CO₂ anaesthetization. In 2011, the Unidindon plant at Saint-Jean-Baptiste transformed its slaughtering facilities with the installation of equipment that anaesthetizes turkeys using CO₂ gas prior to hanging, which reduces bruising and stress in animals. During the 2012-2016 period, we evaluated the impact and cost of this method in order to extend it to all of our hog and poultry slaughtering facilities. This commitment will require an investment of \$20 million.

Notable improvements. Over the past five years, we've put a number of measures in place to help reduce injuries and improve animal comfort. Some of these initiatives have also contributed to an improvement in staff working conditions and the safety of the catching teams.

- Installation of devices to help facilitate the transfer of birds into trailers (wider doors, decks and safety rings)
- Installation of retractable roofs on trailers to protect animals from rain and wind and the addition of temperature and ventilation sensors to help reduce temperature fluctuations
- Training on the reception and handling of animals upon their arrival at the plant
- Addition of doors and heating systems to holding areas in poultry slaughtering facilities
- Development of trailers with hydraulic floors to reduce stress in piglets during transport (Fermes Boréales)

ACTION PLAN

- Progressively reduce the use of antibiotics for preventive purposes by limiting this activity to Category III and IV antimicrobial agents only.
- Increase our supply of hogs and poultry raised without the use of antibiotics.
- Secure a supply of hogs that originates exclusively from open-housing facilities by 2022.
- Open four other group sow barns by 2019.
- Introduce CO₂ anaesthetization in hog slaughtering facilities by 2019 and poultry slaughtering facilities by 2020. As well, implement a transportation system suited to this method.
- Begin trials for new stress-reducing trailers for piglets and the conversion of the OlySky fleet.





Priority two: Ensure that producers, suppliers and staff comply with codes governing best practices.

FUNCTIONAL ORGANIZATION

In 2015, we regrouped all of our animal welfare resources under a single structure headed by a veterinarian reporting to the Vice-President, Food Safety and Technical Services, who is also a veterinarian. The consolidation of this team, whose members include six veterinarians and four PAACO-certified employees, enables improved supervision of animal treatment and ensures the uniform application of practices in all of our operations, whether on the farm, in transit or in our slaughtering facilities.

CERTIFICATION

For a long time, we've required our producers to abide by the established regulations and codes of practice in their industry. To ensure that our suppliers and staff members also follow strict requirements, we obligate them to acquire recognized certification in animal welfare.

TQA and CLT certification. In 2016, all transporters were required to be certified through the TQA (Transport Quality Assurance) program in the pork sector or the CLT (Canadian Livestock Transport) program in the poultry sector.

Furthermore, following the acquisition of pig farms in Western Canada in 2013, we've implemented TQA certification programs supplementary to CQA-ACA certification by the Canadian Pork Council. By the end of 2016, the majority of our personnel had taken the training and the process continues among newly hired staff.

AUDITS

Any act that may adversely affect animal welfare or inflict unnecessary suffering is subject to a zero-tolerance policy. That's why we're working to bolster monitoring on farms and in slaughtering facilities.

"See it, Stop it" program for hogs. Since 2015, we've been organizing awareness-raising activities and training sessions to help pork producers implement this program. This Center for Food Integrity initiative helps staff understand their role in protecting animals and lets them know what to do if they witness abuse, negligence, mistreatment or incorrect handling.

Poultry regulations. Over the past few years, we've pursued our collaboration with national associations for poultry production and processing so that national regulations can be updated and frequent external verification, accompanied by corrective measures, is implemented among producers.

Monitoring in slaughtering facilities. In order to observe handling activities and support training, surveillance cameras were installed in all poultry slaughtering facilities in 2015.

Also in 2015, we launched a third-party video monitoring pilot project in our Red Deer and Vallée-Jonction hog slaughtering facilities. If it proves effective, this continuous surveillance, which allows immediate intervention in cases of mistreatment, should be extended to all our hog slaughtering facilities.

ACTION PLAN

- Develop and implement a structured audit program for producers and transporters.
- Periodically renew CQA-ACA certification for our hog-producing farms.
- Introduce third-party video surveillance in our slaughtering facilities.



Environment



*Thinking about tomorrow
means preserving the
environment for future
generations by reducing
pollution and waste.*





Environment

When it comes to the environment, one of our principal objectives is to reduce our consumption of resources and ecological footprint. This involves adopting less energy-intensive practices and reducing pollution, notably in our transportation, food production and processing activities. It also means protecting natural resources such as water and regarding by-products as raw materials that we can reuse, recycle and recover.

Priority one: Reduce our energy consumption, greenhouse gas emissions and noise pollution.

PLANTS

Over the past five years, we've set up energy committees in each of our plants with the goal of reducing our energy consumption by 3% each year. In order to attain this objective, the first initiatives were aimed at putting methods into place to target the most efficient and cost-effective reduction initiatives.

Measurement and control tools. We've equipped all of our plants in Quebec with tools to analyze their electricity consumption, such as Visilec and Vigieligne. These tools are incredibly useful for establishing our electrical consumption profile, monitoring fluctuations in consumption and determining potential savings.

We've also acquired EnerNOC energy intelligence software for our plant in Red Deer, Alberta, and distribution centre in Saint-Bruno, Quebec, to help manage energy consumption peaks. The use of this technology helped us reduce our energy use during high-consumption periods.

Training. To sensitize the various stakeholders concerned by energy use in our facilities, we offered training on electrical and natural gas invoicing. This training has let us instruct controllers, maintenance heads and plant managers in the different variables that affect energy bills and in sound energy management practices at their location.

Energy assessment. In 2016, we conducted an in-depth energy review of our Sainte-Rosalie poultry processing facility. This pilot project, which will be rolled out to all our plants, lets us quantify all forms of energy used in each sector, improve energy management and bring corrective measures as required. For example, since 2016, we've been able to realize energy savings by identifying and reducing leaks in our compressed air circuits.

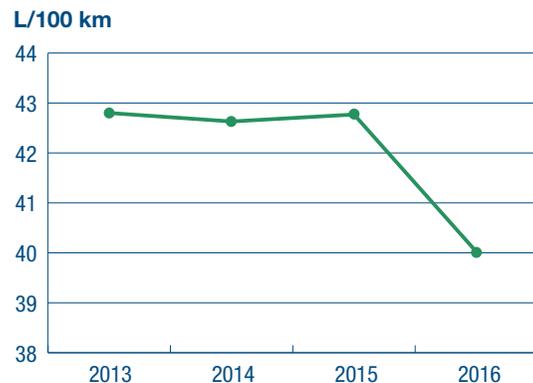


Greener processes. We aim to provide all our facilities with equipment that performs better, uses less energy and emits fewer pollutants. That's why we stay abreast of the latest equipment and manufacturing practices. From 2012 to 2016, we introduced a number of projects to improve our processes, some of which will be implemented in other plants over the next few years.

- Replace the CO₂ refrigeration system at our Sainte-Rosalie plant with an ammonia system that has less impact on climate change and lets us lower our CO₂ emissions by 15,000 metric tonnes per year.
- Replace water heaters with more efficient models.
- Plan for the conversion to LED lighting.

Transport. The transport of livestock and finished products is a major source of greenhouse gas emissions. So far, we've employed various technologies to reduce the fuel consumption of our transport fleet and substantially reduce GHG emissions. Between 2012 and 2016, our consumption of clear diesel fuel, used to power our vehicles, fell from 42.8 to 40.02 L/100 km, a reduction of 6.5%.

Fuel consumption (clear diesel)



Fleet management. In 2015, we began using Kolombo fleet management software to help reduce the number of empty trips and optimize travel. The installation of the latest management and geolocalization modules was completed in October 2016.

Power supply units. The installation of power sources, such as those at our Sainte-Rosalie facility in 2013 and Saint-Bruno distribution centre in 2015, lets us run our heating, ventilation or refrigeration units on electricity instead of dyed diesel, which is normally used as fuel for auxiliary electrical power. ↓ 15% (dyed diesel)

Fleet transformation. The addition of equipment to our tractor-trailers upon their renewal helps us reduce the environmental impact of our transportation activities.

- Install aerodynamic skirts on the sides of trailers to reduce drag and improve fuel efficiency. ↓ 4% (clear diesel)
- Purchase cabin heaters to keep drivers warm without having to run the engine. ↓ 1.4% (clear diesel)
- Install speed regulators that limit speeds to 95 km/h for local transport. ↓ 3% (clear diesel)



Rewards program. We evaluate the fuel efficiency gains from speed, engine speed, braking and engine idle for every driver and we reward those who adopt more fuel-efficient driving habits. This initiative returns very positive results: the proportion of drivers scoring 95% or more rose from 32% to 55% from 2015 to 2016.

SmartWay partnership. In 2014, Transbo, our principal transportation supplier, joined the SmartWay Transport Partnership, a program managed by Natural Resources Canada. Program members commit to keeping track of their fuel consumption and improving their mileage from year to year. Data gathered from members permits comparisons with the industry overall.

Noise attenuation. We make sure that our activities don't negatively impact the areas surrounding our facilities and we've implemented different measures to reduce noise created by these activities, such as installing silencers on air vents, acoustic screens and noise barriers.

At Sainte-Rosalie, where our poultry processing plant is located adjacent to a residential neighbourhood, we've taken particular care to reduce noise pollution that could inconvenience local residents.

- Addition of acoustic screens
- Insulating walls in compressor rooms
- Installation of silencers on chimneys
- Replacement of refrigeration equipment with low-speed versions
- Modification of ventilation louvres



ACTION PLAN

- Complete the energy assessments in all plants by 2020 to reduce energy consumption by an additional 20%.
- Install equipment to measure the energy consumption in producing steam and hot water as well as the consumption of natural gas.
- Adopt greener measures, such as the installation of more than 5,000 LED lights in 11 of our facilities in 2017.
- Evaluate sites for the purpose of installing power supply units for tractor-trailers.
- Complete the fleet transformation by installing cabin heaters, aerodynamic skirts and speed regulators on all tractor-trailers.
- Create an online toolbox for shippers promoting the adoption of fuel consumption reduction strategies.

Priority two: Reduce our water consumption.

ACTION PLAN

- Pursue water savings initiatives in our plants.
- Commission a study looking into the increased use of recycled waste water at our Saint-Esprit plant.

POTABLE WATER

In every plant, water savings committees have been given the mandate to record and monitor the consumption of potable water with the aim of determining the possibilities for reduced consumption targets at each plant. Over the past five years, the plants have put forth a number of different initiatives depending on their activities and the equipment renewal process.

- Install timers and optical instrumentation, including on production lines and sinks, for the automatic shut-off of water supplies.
- Use flow-limited nozzles on sprayers used by cleaning crews and implement inspection and replacement procedures for defective nozzles.
- Install low-flow shower heads on production lines.
- Install low-flow toilets when they're being replaced.
- Use closed-loop systems for cooling water.
- Install new ultrafiltration systems to increase the rate of reuse of salt water used to chill products manufactured in our bacon production facilities.

WASTE WATER

Most of our production facilities are equipped with waste water treatment equipment that relieves the pressure on municipal water filtration plants. We're also exploring treatment avenues in which the water would be recovered for our own use.

Tertiary water treatment. In 2012, we undertook steps to install tertiary waste water treatment equipment using membrane filtration in our hog slaughtering and butchering facility at Saint-Esprit. This project, which aims to recycle water into potable water without compromising production quality or food safety, enables savings of more than 500,000 litres of water per day, or about 30% of the plant's entire consumption.

In use since 2014, this system won the Conseil de la transformation alimentaire du Québec's prize for innovation in the Technology and Productivity Category/ Large Companies in 2014 as well as two awards at the Grands Prix du génie-conseil québécois in 2016.



Priority three: Reduce and recover by-products.

ORGANIC MATERIALS

For a number of years, Olymel has observed a “zero landfill” policy regarding non-edible meats and agrifood biosolids produced each year.

Non-edible meats consist of by-products of the slaughtering process, such as skin, bones, blood or fat, and leftover materials from our processing facilities such as breasting, cooking oil and used vegetable oils. All these organic materials, approaching 250,000 tonnes per year, are recovered and reused by companies specializing in this area. They're primarily converted into tankage, greases and oils.

Biosolids originate from our plants' water treatment facilities. This sludge goes forward and undergoes biomethanization (47%), agricultural use (31%), composting (18%) and energy recovery (4%).

Project Jupiter. In 2016, we entered into an agreement with the Centre de traitement de la biomasse de la Montérégie (CTBM), in Sainte-Pie-de-Bagot, for the agronomic management of our biosolids and the operation of a bio-oil and tankage production plant, which we'll build in 2017 on the CTBM site with an investment of \$6 million. This agreement will allow us to process 100,000 tonnes of biosolids generated annually by our Quebec plants and redirect each type of biosolid to the proper processing method depending on their potential.

INORGANIC MATERIALS

Our waste product management policy is guided by the four “R”s (reduce, reuse, recycle and recover). In 2014, we adopted a purchasing strategy that favours the supply of materials in bulk to reduce waste materials used in packaging. In terms of reuse and recycling, programs are in place in most of our facilities for printer ink cartridges, dry and wet batteries, outdated electronics, paper and cardboard, and wooden shipping pallets.

PACKAGING

Over the last few years, we've instituted a packaging improvement process for all our private label and national brands to reduce their impact on the environment without compromising the quality and safety of the food products themselves. We've endeavoured to increase the potential of packaging to be recycled and to reduce its weight, which lets us optimize transport and reduce waste materials.

Here are just a few of the projects completed or in progress for the 2012-2016 period:

- Reduce the thickness of flat cardboard used in the manufacture of small boxes (24 pts to 18 pts). ↓ 27% (weight)

- Reduce the strength of 5-kg bacon boxes (ECT 40 to ECT 32). ↓ 14% (weight)
- Replace certain cardboard combo packaging with wire baskets. ↓ 31% (weight)
- Replace 18-kg waxed cardboard boxes for refrigerated foods with unwaxed recyclable boxes.
- Eliminate PVC in packing films, because it's difficult to recycle.
- Use low-VOC printer's ink and replace UV varnish with a solvent-free, water-based varnish.
- Improve palletization to reduce the number of tractor-trailers on the road.

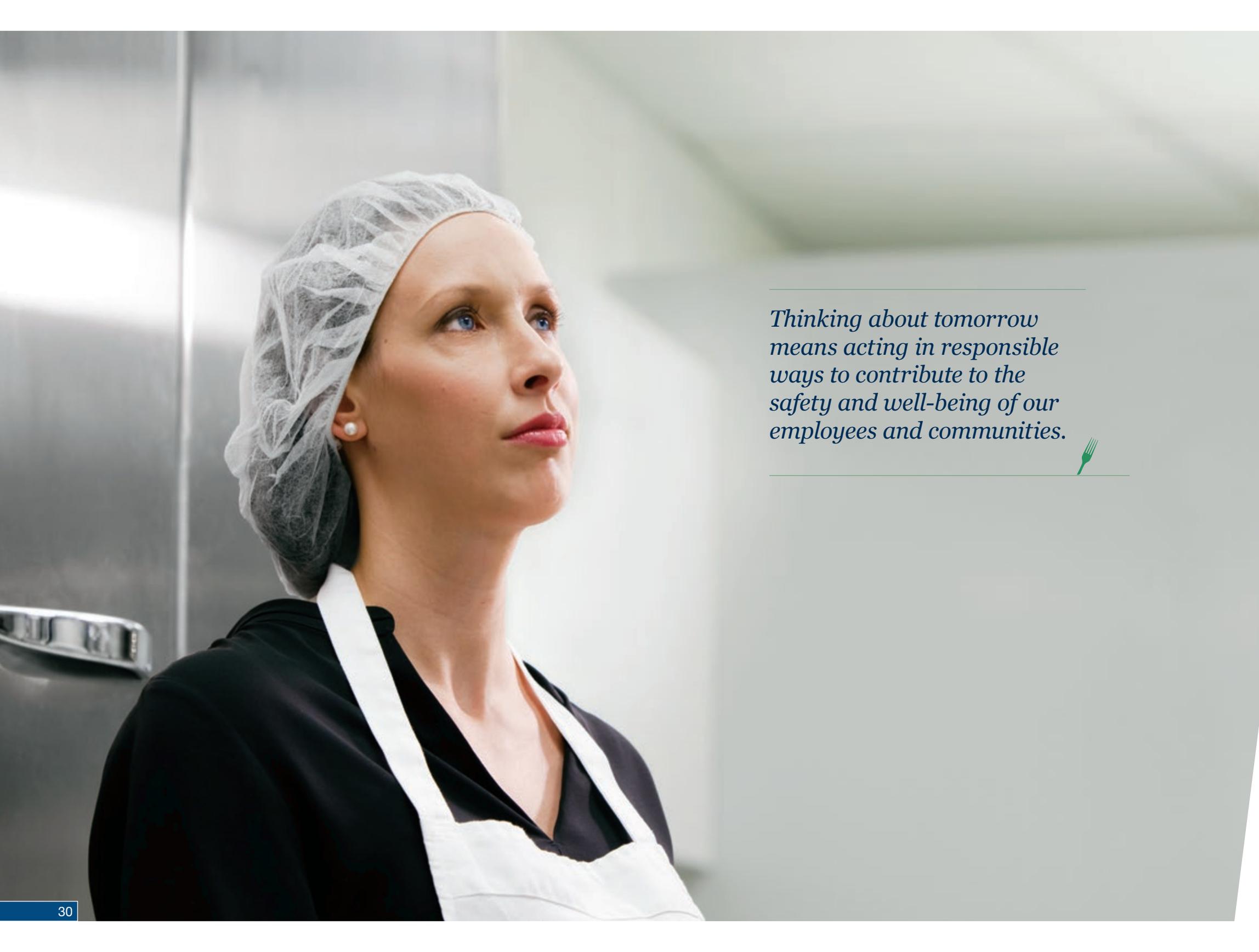






Workplace and communities



A woman with blue eyes, wearing a white hairnet and a white apron over a black top, is looking upwards and to the right. She is in a kitchen or food service environment, with stainless steel surfaces visible in the background.

*Thinking about tomorrow
means acting in responsible
ways to contribute to the
safety and well-being of our
employees and communities.*





Workplace and communities

Every day, our 11,500 employees are at the heart of everything we do, and we're determined to offer them a safe and stimulating workplace in which they can find real satisfaction and fulfillment. However, our vision isn't limited to creating a better place to work, but also better places to live, by supporting a number of different causes in the communities we call home.

Priority one: Maintain safe, motivating workplaces.

HEALTH AND SAFETY

A leader in OHS in our industry, Olymel is always looking for ways to improve its performance. These efforts began in 2006 when we put in place a structured approach with the goal of fostering a culture of prevention regarding work-related injuries and illness. The 2006 results therefore serve as a benchmark against which we measure our progress.

In 2016, the number of lost-time accidents was 54% lower compared with 2006, and the number of lost days, 67% less. In addition, the cost of our CSST contribution fell by more than half over the same period.

SCORE program. In 2014, Olymel won the Prix Mercure in the OHS/Large Companies category for its innovative accident prevention strategy. The SCORE program (Strategy, Communication, Observation, Reaction, Evaluation) raises staff awareness to the dangers in their workplace and inspires them to change their behaviour accordingly. This approach promotes a reduction in workplace accidents.

AGIR program. In 2015, we enhanced the SCORE program with the addition of a component (AGIR) to improve integrated risk management. By conducting risk analysis for each workstation, this system lets us manage risk at the source, determine the means of attenuating it, and train staff accordingly. In 2016, the AGIR program was implemented in 50% of our facilities.

COMMITMENT

We know how important it is for every employee to feel recognized and appreciated in their work. Therefore, we invest in programs and initiatives that recognize the true value of our human resources as well as their capabilities and loyalty.

New communication strategy. In 2013, we reviewed our company's communications to have them better reflect our most important asset: our people. All hiring activities and internal communications (corporate videos, training, awareness campaigns, etc.) now put the spotlight on the real drivers behind our company's success. This new orientation has contributed to increased pride and a greater sense of belonging by all staff.

STAR program. This program aims to recognize an employee's years of service with original and personalized initiatives. After one and three years of employment, and then every five years, employees receive a diploma highlighting three personal attributes for which they've become known. Since the inception of the program in 2008, 16,738 staff members have been recognized by the program (2016 data).

Part of the STAR program, the Quarter Century Club recognizes employees who've completed 25 years or more of service. With the group numbering more than 1,800 people in 2016, it's a powerful testament to the loyalty and attachment of our staff.

In 2013, the Prix Mercure in the Proactive Workforce Management Category/ Large Companies underlined the quality and uniqueness of this program.

PROFESSIONAL DEVELOPMENT

Our employees' capabilities are at the heart of our success. We work tirelessly to help staff enrich themselves through the development and implementation of skills improvement programs designed not just for managers and technical personnel, but all workers.

In addition to training for new staff members and skills upgrades in specific areas, three broad programs underpin the ongoing skills development of our workforce.

Everest program. Conceived for management personnel, this program aims to harmonize the various corporate cultures resulting from the mergers and acquisitions the company has made over the years. It helps standardize management and customer relations practices of the different operations and service centres. More than 160 managers have graduated from the Everest program since its creation in 2010.

In 2015, this program was awarded the Prix Mercure in the Professional and Technical Training Category/Large Companies.

Sentinelle program. Focused on compensation management, this program familiarizes participants with the latest techniques and methods in this field. More than thirty managers have taken this training since its creation in 2009.

Envol program. This talent management program has the goal of identifying the most promising individuals and preparing them for roles of increasing responsibility. In 2016, this program provided replacement candidates for six vacant management positions within the organization.

ACTION PLAN

- Pursue efforts to reduce accidents and absenteeism.
- Roll out the AGIR program to all plants.
- Pursue activities related to the recognition and development of personnel.

Priority two: Support the communities we call home.

CONTRIBUTIONS

Solidly rooted in a dozen regions across Quebec and with facilities in Ontario, Alberta, New Brunswick and Saskatchewan, Olymel contributes to the vitality of the large number of communities in which it operates.

We also invite all employees and managers to play an active role in their communities, extend a helping hand to the underprivileged, and join forces with our customers in support of worthy causes. Our contributions take the form of cash donations, donations of food products, volunteer work and participation in fundraising activities. Over the past five years, we donated \$3 million to support various local and national organizations.

OPERATION “TOGETHER WE FEED THE WORLD”

In late 2016, we developed our first strategy aimed at creating a structured donation program to maximize the company’s charitable efforts.

Bolstered by the values and objectives behind Olymel’s food safety efforts, this strategy focuses on the support of national and local food banks and the Tablee des Chefs organization by providing them with food products, expert advice from our specialists in nutrition, transport and logistics, and assistance from our employees.

Organizations we support (2012-2016)

- Food Banks of Quebec
- La Moisson Maskoutaine
- La Tablee des Chefs
- Centraide
- Maison du Père
- Canadian Olympic Foundation
- Operation Red Nose
- The Grocery Foundation (Ontario)
- Children’s Wish Foundation
- Tel-Jeunes
- The Montreal Children’s Hospital Foundation
- St-Hubert Foundation
- Operation Sun Youth
- Cystic Fibrosis Canada
- Leucan
- Fabrique Saint-Esprit
- Institut du Nouveau Monde
- Théâtre du Nouveau Monde Foundation
- Saint-Hyacinthe Agri-Food Fair
- Salon de l’agriculture (Saint-Hyacinthe)
- Agri-Marché

ACTION PLAN

- Implement the “Together we feed the world” strategy.
- Pursue efforts to encourage employees to get involved in their communities.





*“We do not inherit the earth
from our ancestors, we borrow
it from our children.”*

Antoine de Saint-Exupéry



