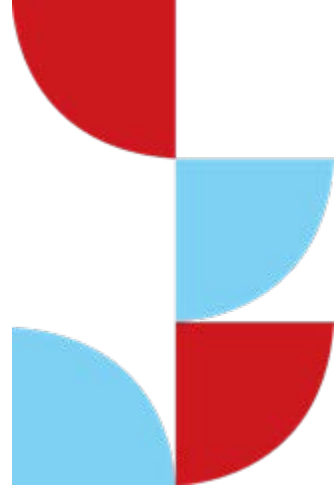


Gay Lea

Annual Report

Gay Lea Foods Co-operative Limited



2025



**Financial statements and any information considered proprietary have been removed from this document to protect the interests of the co-operative.*

Gray Lea



Our Purpose

Enrich life with dairy

**Financial statements and any information considered proprietary have been removed from this document to protect the interests of the co-operative.*

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Message from the Chair



Together, we have strengthened the foundation of our co-operative and set the stage for continued stability and success.

This past year marked another pivotal chapter in the history of our co-operative – a year defined not only by purposeful progress on our strategic *Gay Lea Recipe* journey, but a reaffirmed commitment to the shared purpose that unites us.

From the beginning, Gay Lea Foods has been more than a dairy processing business. We are a community of farmers, shareholders, and employees working together to create lasting value for our members and the communities we serve. That spirit of collaboration and resilience has guided us through change and continues to shape our vision for the future.

In fiscal 2025, we took important steps to strengthen governance, deepen member engagement, and advance initiatives that position our co-operative for long-term success in a rapidly evolving dairy industry. These actions reflect our belief that success is measured not only by financial performance, but by the trust we build, the opportunities we create, and the legacy we leave for future generations.

Central to this progress was the introduction of our newly defined purpose: *Enrich life with dairy*. This simple yet powerful statement captures the essence of why we exist and what we strive to achieve together. It reminds us of our responsibilities to you, our members, as well as to our employees, customers, consumers, fellow co-operatives, and communities. It connects our heritage to our future, guides us on our transformation journey, and reinforces the values that have always set Gay Lea Foods apart.

This year, we celebrated strong financial results, but – true to our purpose – our achievements go beyond numbers. We invested in leadership development, took time to do the right thing - especially when making challenging decisions – and listened to our members. More than 350 of you responded to our survey, and we heard your call for responsible, generational growth, strong communication, and continued investment in Canadian dairy. We also reinforced our commitment to community investment and sustainability, reflecting our belief that as Gay Lea Foods succeeds, so too should our industry, our people, and our communities.

We are tremendously proud of the progress outlined in this report, which reflects the dedication of our members, employees, and the management team, whose leadership and commitment have been instrumental in driving change. Together, we have strengthened the foundation of our co-operative and set the stage for continued stability and success.

On behalf of the board of directors, thank you for your trust and partnership. We look forward to continuing this journey with you, enriching life with dairy for generations to come.

Rob Goodwill
Chair

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Message from the President & CEO

One year ago, when we embarked on the second year of our *Gay Lea Recipe* journey, we did so with optimism – but also a healthy dose of caution. Year one had been a success: we'd strengthened the foundation of our business and proved we could bolster profitability while furthering our commitment to enriching communities co-operatively. But we knew the road ahead wouldn't be easy. To truly future-proof our business, set the stage for growth, and continue to invest in our industry, members, employees, and communities long-term, there was still foundation-building to be done.

I remember thinking about what this would mean for our employees and producer members. This work takes courage and a willingness to look beyond the surface. It means making tough decisions and investments that might not be splashy or exciting, but which are essential to the stability of our co-operative. Importantly, throughout this journey, we wanted to stay true to our co-operative roots, deliver on the expectations of our members, and treat our employees with care and respect.

Today, as I sit to write this report, I can say with gratitude and conviction that the decisions and investments we've made will mean a stronger Gay Lea Foods for today and tomorrow.

In fiscal 2025, we delivered **record sales of \$1.3 billion** and strengthened our balance sheet through debt repayment and the divestiture of non-core businesses. This sets the stage for a program we call *Network for Growth*, a multi-phase transformation of our manufacturing and supply chain networks, which will help us harness our advantages in the marketplace and deliver the sustained, industry-leading profitable growth envisaged in the *Gay Lea Recipe*.

I am incredibly proud of this co-operative and what we've achieved together in the first two years of our *Recipe* journey. These accomplishments reflect the dedication of our people – on farms, at the boardroom table, in plants, and across our offices – whose combined efforts help us meet our objectives, live our purpose, and build a future defined by strength, resilience, and shared success.

They also reflect a culture that understands the value of co-operation, responsible growth, and investing today to build for tomorrow.

I had the pleasure of meeting with many members on many farms this year, and I hear the same thing: passion for the dairy industry, commitment to Gay Lea Foods, and pride in our ability to invest for generational impact. Our employees share that excitement. They are excited about the investments we're making in them and inspired about where we're headed. It's an energy that's attracting more talented people who want to be part of something meaningful.

Moving into 2026, we are resourced and ready, with bold ambitions for growth. In a rapidly changing industry, we will continue to strengthen our foundation, build our capabilities, and invest in the future – not just for our business, but for our members and communities. This is what it means to *enrich life with dairy*.

Thank you to our members for your trust, to our employees for your dedication, and to our management team for your leadership and commitment. I look forward to what we will accomplish together in the years ahead.



Suzanna Dalrymple
President & CEO



Today, as I sit to write this report, I can say with gratitude and conviction that the decisions and investments we've made will mean a stronger Gay Lea Foods for today and tomorrow.

Board of Directors



Rob Goodwill
Chair



Andrew Henderson
Vice Chair



DeeDee Bekkers
Executive Member



Don Dietrich
Director



Ed Danen
Director



Chris Johnson
Director



Dean McCann
Independent Director



Marie-Claude Milot
Independent Director



Gerald Schipper
Director



Joel Stam
Director



Steve Veldman
Director



Jennifer Woodhouse
Director

Delegates

Manitoba (District of Zone 2)

Carol Boonstoppel
Kathy Friesen

ZONE 1

Peter Angst
Marc Backx
Norm Bedard
Steven Dotzert
Kevin Forbes
Penny Hawthorne
Laura Good
Doug Johnston

Erica Kiestra
Robb McIntosh
Jim Nyenhuis
Heather Robinson, *Chair*
Pedro Slits
Stan Towers
Joe Vink

ZONE 2

Ruud Arts
Rick Attema
Alex Buist
Brent Cain
Heather Cox, *Chair*
Jack Danen
Aaron Dykstra
Brent Hartman

Graham Johnston
David Lee
Erik Rotteveel
Jeff Smith
Madeline Smith
Natalie Wright

ZONE 3

Jack Bakker
Andrew Bennett
Jennifer Bryson
Ron Diemert
M. Marie Hammell
Tammy Hickling
Mark Ireland
Rob Kirkconnell

David Kuntz
Josh Landman
Robert Larmer, *Chair*
Aaron Ruetz
Stephen Sikma
Gord Strutt
Stuart Wright

ZONE 4

Charles Bennett
Julia Booijink
Colin Lake
Kevin MacLean, *Chair*
Rob McCutcheon
David McDiarmid
Thomas Meyerhans
Todd Nixon

Henry Oosterhof
Noelle Pasquier
Selena Prinzen
Geert Rijke
Niels Van Beek
Anjela Verburg
Don Williams



THE *Gay Lea* Recipe



When Gay Lea Foods launched its strategic *Gay Lea Recipe* plan at the beginning of fiscal 2024, we knew we were at a turning point for our co-operative. Rapid expansion had brought opportunity but also complexity and strain to our people, systems, and infrastructure.



We understood that if we wanted to live up to our commitments to our members, employees, customers, and communities, we would have to strengthen the foundation of our business, adopt a focused new approach to harnessing our advantages in the marketplace, and unlock new avenues for sustained and profitable growth.

In the first year of our journey, we focused on building resilience. We established distinct business units, implemented Integrated Business Planning (IBP), empowered our teams, and made tough but necessary choices to ensure the long-term stability of our co-operative. These foundational investments set the stage for transformation.

In fiscal 2025, we continued to build.

We launched a structured, multi phase initiative to understand the challenges and future needs of our business, creating a

roadmap to modernize our infrastructure, expand our capacity, and support our sustainable growth ambitions. Our Business Units (BUs) delivered growth that outpaced the market, demonstrating disciplined execution, bold innovation, and collaborative teamwork.

And, importantly, we grew our commitment to enriching communities co-operatively, empowering employees through expanded training and a collaborative new home office; prioritizing member value with innovative engagement strategies and new communication channels; surpassing our greenhouse gas reduction targets; and investing more than ever in communities across Canada.



Through it all, our values – and our newly articulated purpose, *enrich life with dairy* – guided every decision, ensuring we stay true to our roots while embracing transformation with confidence. These achievements underscore the resilience and co-operative spirit that define Gay Lea Foods and will carry us forward as we build the capabilities, capacity, and culture we need to thrive for decades to come.



Building a Strong Foundation

At Gay Lea Foods, building a strong foundation means strengthening the systems and capabilities that enable us to deliver on our commitments. Through **Integrated Business Planning (IBP)** and our **Network for Growth (N4G)** strategy, we're creating a more resilient, aligned organization that's positioned to drive sustained, industry-leading, profitable growth, and thrive in a dynamic future.



EMBEDDING INTEGRATED BUSINESS PLANNING

Integrated Business Planning is more than a process – it's how we connect vision to action at Gay Lea Foods. First introduced in fiscal 2024, IBP is now fully embedded in the way we work. It connects employees across departments to improve our ability to forecast demand and execute better. By aligning demand, supply, and financial plans, IBP is helping us identify opportunities, process more milk, deliver for our customers, and improve our financial performance.



NETWORK FOR GROWTH

After an extensive assessment of all our processing facilities, Gay Lea Foods developed a comprehensive, multi-year roadmap to modernize our supply chain, build processing capacity, and shape a stronger, more competitive network for our co-operative. Known as Network for Growth (N4G), this major strategic initiative balances essential investments to modernize our infrastructure with phased strategic growth projects to expand our processing capacity and improve our efficiency.

By investing in our facilities, with a focus on health, safety, and quality across every site, we've already made targeted improvements that are enhancing reliability, efficiency and workplace experience, while creating safer, more modern environments for employees.

With the road map complete, implementation will begin in earnest in fiscal 2026. By building a future-ready manufacturing network with the capacity and agility to meet new consumer demand, we're laying the groundwork to enable growth, not just for Gay Lea Foods, but for the future of the Canadian dairy industry.

Together, Integrated Business Planning and Network for Growth are bringing the *Gay Lea Recipe* to life – strengthening our foundation and ensuring our co-operative continues to grow with purpose, resilience and pride.

Growing Big Bets

Fiscal 2025 was a year of strong performance and strategic progress across all Business Units (BUs) at Gay Lea Foods. Through disciplined execution, bold innovation, and collaborative teamwork, we delivered growth that outpaced the market and set the stage for continued success in fiscal 2026 and beyond.

From fueling household penetration in dairy to unlocking new customers and capabilities in ingredients and driving momentum in cheese, each BU demonstrated resilience and ambition - positioning our brands and capabilities for an even brighter future, and driving toward the sustained, industry-leading profitable growth at the heart of our five-year *Recipe* plan.

CORE DAIRY BUSINESS UNIT: FUELING GROWTH

Our Core Dairy BU delivered exceptional growth through disciplined execution and innovation. Nordica Cottage Cheese was the standout performer, fueled by the “Just Add Nordica” campaign and expanded distribution in Western Canada.

Innovation powered growth in Whipped Cream, with the launch of Chocolate Whipped Cream and return of Pumpkin Spice Coconut Whipped Topping reigniting momentum. The expansion of the portfolio has more Canadian households purchasing whip cream.

Gay Lea and Nordica continue to elevate everyday moments and seasonal traditions with exciting flavours, protein forward products and trusted quality.



INGREDIENTS BUSINESS UNIT: SHIFTING INTO HIGH GEAR

Fiscal 2025 was a breakthrough year for the Ingredients BU, driven by bold strategic moves and outstanding execution. Operational excellence was front and center, with the team at Teeswater unlocking new capacity through seamless collaboration across Operations, Supply Chain, Quality, Sales, and Research & Development, to

produce top quality milk powders and liquid ingredients for our further processing customers. This collective effort resulted in record ingredients sales and delivered the highest profit year yet for our Ingredients BU. With a winning mix of innovation, technical expertise, and cross-functional teamwork, the Ingredients BU is powering ahead and is well-positioned for continued success in fiscal 2026.



CHEESE BUSINESS UNIT: BOLD FLAVOURS, STRONG PARTNERSHIPS

Fiscal 2025 was a year of preparation and momentum for the Cheese BU, setting the stage for an exciting year ahead. Bothwell Cheese is emerging as the brand for bold, unique flavours - always made with 100% Canadian milk.

As we enter fiscal 2026, Bothwell is expanding its lineup with Spicy Dill Pickle Monterey Jack and a large-format Red Hot Chili Pepper Monterey Jack. These began arriving on retail shelves in September, supported by a dynamic new campaign challenging Canadians to “Be Bold. Get Spicy. With Bothwell Cheese.”

Foodservice and industrial channels, rooted in strong customer partnerships, delivered strong back half results, driven by Mozzarella. Despite early challenges from increased imports and production issues, the team rebounded in the second half of the year and is positioned for success in fiscal 2026.

At Gay Lea Foods, we’re proud of our diverse portfolio of category-leading dairy products – and brands that resonate with consumers across the country. As we look ahead to fiscal 2026, we are well-positioned to put more of our products in the hands of the growing number of Canadians looking to fuel their lives with nutritious, high-quality dairy.

Gay Lea

ESG REPORT

ENVIRONMENTAL | SOCIAL | GOVERNANCE



2025

A uniquely co-operative approach to ESG



By investing in the wellbeing of our members, employees, and their communities, Gay Lea Foods is shaping a future where progress is measured not just by business success, but by the lives we enrich and the communities we strengthen.

As a farmer-owned co-operative, Gay Lea Foods has always believed in balancing its commitments to people, profit and planet. In this, our first-ever **Environmental, Social and Governance** (ESG) report, you'll learn how our *Gay Lea Recipe* strategy is turning this balanced commitment into action – ensuring we make steady progress against our ESG objectives.

While many companies adopt ESG frameworks to meet regulatory demands or investor expectations, our approach is different: It's rooted in our co-operative purpose – to *enrich life with dairy* – making certain that as we succeed, our members, employees, customers, and communities succeed along with us.

By investing in the wellbeing of our members, employees, and their communities, Gay Lea Foods is shaping a future where progress is measured not just by business success, but by the lives we enrich and the communities we strengthen.

And while our efforts are not about recognition, it is rewarding to see our co-operative recognized among its peers. In 2025, Gay Lea Foods was honoured with three prestigious acknowledgments of our efforts:

- A **Clean50 Top Project Award** for our innovative energy management information system.
- The **Mississauga Board of Trade's Environmental Award**, recognizing our leadership and impact in sustainability.
- **Imagine Canada PRISM Certification**, recognizing our leadership position in community investment and certifying our co-operative as an organization that contributes 1% of pre-tax earnings to charity.

As we look ahead to fiscal 2026, we remain steadfast in our commitment to innovation, sustainability, and compassion – knowing that when we lift others, we all rise.

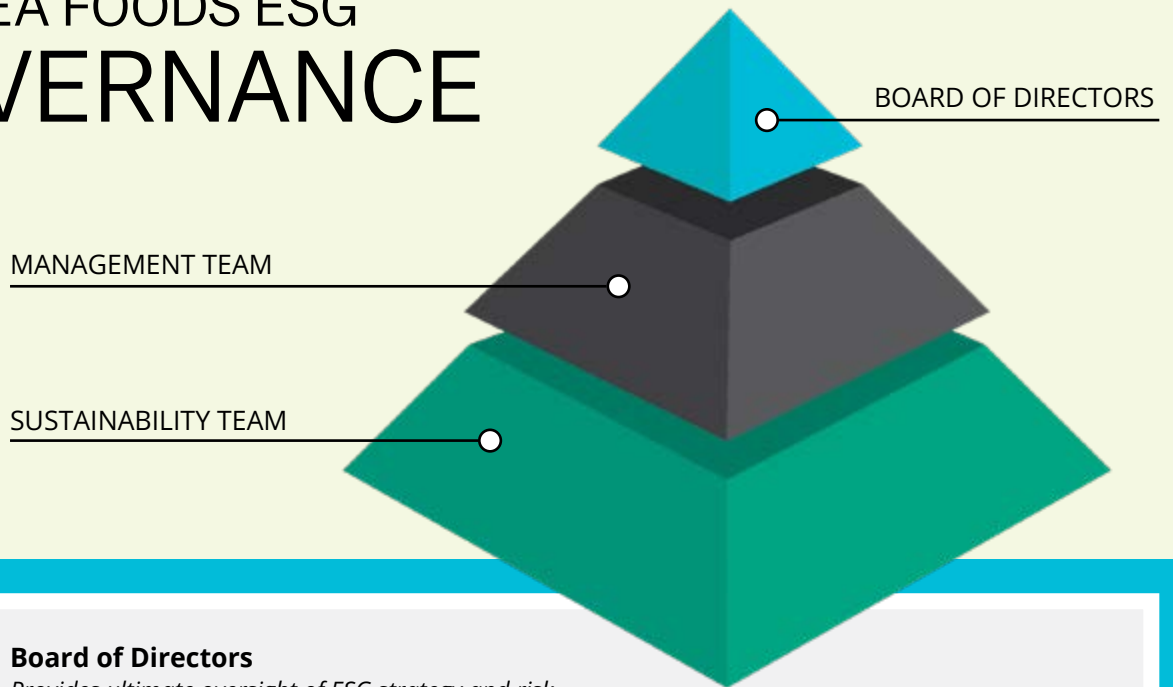
Thank you for being part of this journey and for helping us make a difference in our communities, every day.

Sincerely,

Mike Langdon
Senior Vice-President, Corporate & Co-operative Affairs

GAY LEA FOODS ESG GOVERNANCE

STRUCTURE



Board of Directors

Provides ultimate oversight of ESG strategy and risk.

- ESG topics are reviewed twice per fiscal year at minimum, with strategic sustainability priorities embedded in annual planning and board meetings.
- The audit committee ensures compliance, integrity, and transparency in ESG disclosures.
- The enterprise risk management committee monitors principal risks, including climate and sustainability impacts, and advises on strategic direction.



Management Team

Accountable for the co-operative's ESG performance and the execution of its sustainability strategy.



Sustainability Team

Executes the co-operative's environmental strategy and delivers on environmental sustainability targets.

- Net-zero targets are integrated into the company's monthly Integrated Business Planning (IBP) process, where progress is measured against targets and, if necessary, accelerating or corrective actions are discussed and deployed.

In the spirit of continuously improving ESG governance, Gay Lea Foods will voluntarily adopt and apply Canadian Sustainability Disclosure Standards (CSDS 1 and CSDS 2) in 2026, where relevant and applicable, to enhance comparability and align with global best practices in climate-related and sustainability reporting.

ENVIRONMENTAL STEWARDSHIP



Starting in 2023, Gay Lea Foods made a firm commitment to environmental leadership within the Canadian dairy sector by integrating sustainability into our Gay Lea Recipe strategy. Since then, we have achieved significant progress toward this goal by concentrating on **four key priorities**:



CLIMATE-RELATED RISK MITIGATION

Our co-operative's Enterprise Risk Management program identified and evaluated risks to Gay Lea Foods, including climate-related risks, additionally reporting these in annual CDP disclosures.

Climate-related risks are now formally included in our co-operative's risk register, which is reviewed annually by the risk committee of the board.

ENVIRONMENTAL METRICS

Gay Lea Foods uses established environmental metrics to monitor and manage climate-related risks and opportunities.

These metrics are integrated into our *Gay Lea Recipe* business strategy and fall under three key categories: Greenhouse gas emissions, operational waste reduction, and circular packaging.






Rob Tuson, Operations Manager, Paradise Island Foods, gathers used pails to be reused locally instead of going to landfill.


GREENHOUSE GAS EMISSIONS

Gay Lea Foods is committed to achieving net-zero greenhouse gas emissions across operational Scope 1, Scope 2, and Scope 3 categories (Exclusively Category 11 – Use of Products Sold; and Category 5 – Waste Generated in Operations) by 2050. We align our definition of net-zero emissions with the internationally recognized Science Based Target Initiative (SBTi) definition, where “companies must deeply reduce emissions and counterbalance the impact of any emissions that remain.”


Our roadmap includes the following **milestone targets**:

- 
 30% reduction in carbon intensity across participating facilities' Scope 1 and Scope 2 emissions by 2030 (from 2023 baseline).
- 
 80% reduction in absolute emissions across Scope 1, Scope 2, and Scope 3 (Category 11 - Use of Products Sold and Category 5 – Waste Generated in Operations) by 2040, achieved through direct decarbonization efforts or verified carbon inset or offset programs.
- 
 100% reduction in absolute emissions across Scope 1, Scope 2, and Scope 3 (Category 11 - Use of Products Sold and Category 5 – Waste Generated in Operations) by 2050, through continued decarbonization and validated inset or offset mechanisms.


F25 PROJECT SUMMARY




Target GHG Reduction
790 t CO₂e



Projects Completed
32



Total in-year Reduction
1,769 t CO₂e



Achieved
224%
of reduction target

Gay Lea Foods focused on high-impact projects to exceed its carbon intensity reduction target of 3% from the fiscal 2023 baseline.

Using the Canadian federal emission factors methodology, the co-operative focused on Scope 1 and Scope 2 emissions and implemented targeted initiatives across nine sites. In fiscal 2025, Gay Lea Foods achieved 224% of its network-wide emissions reduction target, demonstrating progress well-beyond expectations.



PROGRESS TO-DATE

Absolute Emissions t CO₂e (Scopes 1, 2, 3 categories 1, 5, 11)

	2025
Scope 1 & 2	45,325
Scope 3 (Categories 1, 5, 11)	838,764
Estimated % change from 2023 baseline	-7%

To support accurate and transparent reporting, Gay Lea Foods has committed to annual third-party verification of greenhouse gas emissions (GHG) and maintains an annually updated GHG emissions inventory management plan, guided by science-based technical protocols and aligned – where applicable – with CSDS 2 disclosure requirements. In 2025, the team achieved a positive verification, and the audit report is available upon request.

We have implemented a robust energy management program to reduce operational carbon intensity. This program includes:

- Investment in energy management systems and employee training programs.
- Optimization of manufacturing processes to reduce energy consumption.
- Support for the adoption of low and non-emitting energy sources and technologies.

PROJECT SPOTLIGHTS

Primarily focused on thermal efficiency, heat recovery, and process optimization, our top ten projects collectively delivered more than 1,200 tonnes CO₂e of emissions reductions and operational cost savings in fiscal 2025, demonstrating how targeted engineering solutions can drive both environmental and financial performance.

Beyond the top ten, 22 additional projects delivered improvements across lighting retrofits, air leak repairs, water efficiency upgrades, and recycling initiatives. While individually smaller in impact, these projects collectively contributed to energy and cost savings, operational efficiency, and reinforced our sustainability culture.

Clayson: TDS Blowdown Equipment

↓ 56 t CO₂e

TDS blowdown controls remove Total Dissolved Solids (TDS) in boilers to improve steam and boiler water quality. The installation of a new TDS blowdown system at our Clayson facility in Toronto is a key efficiency upgrade that reduces energy waste, improves heat transfer, and extends boiler life.



Guelph and Guelph Delta: Insulation Jackets

↓ 129 t CO₂e

New insulation jackets on steam lines and valves at our Guelph and Guelph Delta sites are significantly reducing natural gas consumption and lowering greenhouse gas emissions by minimizing heat loss and improving thermal efficiency.



Hamilton: Heat Exchanger

↓ 153 t CO₂e

A heat exchanger project in Hamilton captures waste heat from production processes and repurposes it for boiler feedwater heating. This innovation reduces natural gas demand, cuts emissions, and enhances overall plant efficiency.



Clayson: Cleaning-in-Place (CIP) Frequency Reductions







↓ 193 t CO₂e

By reducing the total number of CIP cycles required to maintain facility hygiene at Clayson, we've significantly lowered greenhouse gas emissions by reducing demand for hot water and steam.



F26 OUTLOOK

In fiscal 2026, Gay Lea Foods will focus on transformative projects that deliver significant emissions reductions and operational cost savings to achieve a carbon intensity reduction target of 10% from the fiscal year 2023 baseline. Key initiatives include:

- 
Longlife: A new economizer to enhance heat recovery and improve boiler efficiency (expected to eliminate 406 tonnes CO₂e annually).
- 
Guelph: Heat exchange technology to improve thermal efficiency (expected to deliver 289 tonnes CO₂e reduction annually).
- 
Teeswater: Steam insulation upgrades to reduce heat loss (expected to achieve 208,668 m³ natural gas reduction annually).
- 
Clayson: Roof upgrades to improve thermal performance and reduce energy demand (expected to reduce 83 tonnes CO₂e annually).
- 
Hamilton: A heat recovery and inefficient spray gun replacement project (collectively expected to reduce more than 453 tonnes CO₂e annually).
- 
Brampton Distribution Centre: The addition of 17 electric hybrid refrigerated trailers (expected to eliminate 311 tonnes CO₂e annually).

Together, fiscal 2026 projects, including those listed above, are expected to deliver more than 2,824 tonnes CO₂e in annual greenhouse gas reductions, reinforcing our commitment to sustainability and operational excellence.




OPERATIONAL WASTE REDUCTION

Gay Lea Foods is committed to achieving a **100% landfill diversion rate at all facilities for all solid, non-hazardous waste by 2050**. This commitment reflects our dedication to minimizing environmental impact and promoting resource efficiency across our operations,

PROGRESS TO-DATE | Network Landfill Diversion Rate

	2050	2040	2030	2025	2024	2023	2022	2021
Actual				41%	35%	28%	28%	19%
Target	100%	80%	50%	35%	30%	25%	20%	baseline

As of fiscal year 2025, we continue to track ahead of target:

- 
Facility improvements: Several facilities have achieved improved landfill diversion rates, thanks to enhanced recycling programs for Personal Protective Equipment (PPE) and improved waste segregation practices.
- 
Annual waste audits: We have begun conducting annual internal waste audits at all major production sites, enabling performance benchmarking, identification of high-impact opportunities, and tracking of year-over-year improvements.
- 
Employee engagement: Waste reduction initiatives were supported by site sustainability ambassador education and advocacy, resulting in increased participation and awareness across departments.

F26 OUTLOOK

To continue progress toward our 2050 goal, will implement the following measures in the next fiscal year:



Targeted recycling and waste reduction programs: We will deploy customized initiatives at each facility and office to address site-specific waste streams and improve diversion rates.



Continuous monitoring and reporting: Waste data is collected and analyzed regularly to inform operational decisions and support transparent reporting.

These efforts are designed to reduce our environmental footprint and align with stakeholder expectations for responsible waste management.

ANIMAL WELFARE & ON-FARM SUSTAINABILITY



Gay Lea Foods is committed to promoting the highest standards of animal care and welfare on Canadian dairy farms.

Following the sale of Hewitt's Dairy Limited in March 2025, we updated our board-approved animal care and welfare statement to reflect our current structure, ensuring it remains central to our goat animal care and welfare program.

Third-party goat animal welfare audits

All goat producers supplying Gay Lea Foods undergo rigorous third-party animal care and welfare audit every three years and annually sign a code of conduct affirming their compliance with the National Farm Animal Care Council's *Code of Practice for the Care and Handling of Goats*.

SUSTAINABLE PACKAGING & CIRCULARITY

Advancing packaging sustainability is a top priority for Gay Lea Foods as part of our broader circular economy strategy. Our approach focuses on reducing environmental impact, improving material efficiency, and collaborating across the value chain to drive innovation. We aim to achieve three primary targets:

- ✓ 100% of branded product packaging to be recyclable or recycle-ready by 2030.
- ✓ 50% reduction in virgin material use by 2040, measured by weight, achieved through increased use of recycled content and packaging optimization.
- ✓ All branded secondary plastic packaging contains at least 50% recycled content by 2040.

F26 OUTLOOK

In fiscal 2026, Gay Lea Foods will accelerate the transition to recycle-ready packaging across select branded products, prioritizing the removal of problematic plastic elements and reducing the use of virgin materials by advancing design innovations that embed circularity principles.

We will also deepen collaboration with suppliers to increase the use of recycle-ready packaging and recycled content where possible.

These efforts will position us to make measurable progress toward our 2030 and 2040 targets while strengthening the resilience and sustainability of our packaging portfolio.

In 2025, we completed our latest audit cycle with Management Systems Verification Services (MSVS) Canada. All producers met the comprehensive standards – a testament to their commitment to exemplary animal care and high-quality milk.

On-farm sustainability program

This year, we developed an innovative on-farm sustainability pilot program to help members reduce on-farm greenhouse gas emissions while maintaining productivity and profitability. Developed with guidance from our on-farm sustainability producer advisory committee – board members Jennifer Woodhouse and Steve Veldman; and delegates Laura Good, Kevin MacLean,

PROGRESS TO-DATE

As of Fiscal 2025, we have made meaningful progress toward our packaging sustainability goals:

- Gay Lea launched its **Sustainable Packaging Framework**, a strategic initiative designed to guide the transition toward fully recyclable or recycle-ready packaging across all branded products by 2030, while embedding circularity principles into packaging design, procurement, and supplier collaboration.
- **Recyclability improvements:** More than 90% of branded product packaging is recyclable or recycle-ready.

These efforts are aligned with our commitment to circularity, waste reduction, and responsible resource use.



and Brent Cain – the program provides personalized reports and actionable steps based on participant data. Members interested in learning more can contact Lisa Wormsbecher at lwormsbecher@gayleafoods.com.

F26 OUTLOOK

In 2026, we will conclude the pilot and make the program available to all members, enabling collective progress toward dairy industry sustainability and Canadian climate targets.

As we look ahead, we remain steadfast in our commitment to *enrich life with dairy* by driving innovation, advancing sustainability, and shaping a future where progress and purpose thrive together.

SOCIAL RESPONSIBILITY

As a farmer-owned co-operative, Gay Lea Foods recognizes its success is inseparable from the wellbeing of its members, employees, and the communities they call home. It's why the Gay Lea Recipe calls upon all of us to invest in engaging our members, empowering our employees and supporting the communities where our people live and work.

ENGAGING OUR MEMBERS

Member engagement and participation is at the heart of our co-operative model. In fiscal 2025, we completed our most comprehensive member research initiative to-date, combining in-depth qualitative and quantitative research methodology to capture the voices and priorities of our membership.

The results of this research revealed member pride and satisfaction remain exceptionally strong – with both measures topping 90%. At the same time, it also revealed opportunities for renewed focus and improvement.

As the year progressed, we took action against these priorities, developing our first-ever member strategy with the mandate to drive member value and engagement by encouraging an informed, proud and active member community. Our strategy centres on four pillars: building



an active, energized member culture; facilitating member growth and development; advocating on issues that matter most to members; and delivering best-in-class member communications. Early successes from these efforts are detailed on these pages.



BUILDING AN ACTIVE, ENERGIZED MEMBER CULTURE

Member networking: If our member research told us anything, it's that our members want more opportunities to connect, network, and interact with each other, their local delegates, the board of directors, and management. In response, we created the first in a series of exclusive member events that we plan to continue in fiscal 2026 and beyond – from a lunch overlooking the Holstein Show at the Royal Agricultural Winter Fair to new CEO coffee chats with president & CEO, Suzanna Dalrymple, hosted by local delegates on their farms. Events like these help build community, strengthen connections, and foster open, transparent dialogue between members and leaders at Gay Lea Foods.

Improving systems and processes: Recognizing certain areas of our systems and processes were aging and required modernization, we undertook a thorough review of member practices, policies and supporting technology in fiscal 2025. We expect this work to result in the implementation of new, streamlined member processes and an upgraded member database by fiscal 2027.

FACILITATING MEMBER GROWTH & DEVELOPMENT

Best-in-class member training programs: Gay Lea Foods is renowned for facilitating and delivering comprehensive member training and development opportunities across every stage of the member lifecycle. In fiscal 2025, this included the delivery of our Leadership in Governance (LiG) and LiG Advanced Programs for delegates and directors, as well as continued support for the Ontario Co-operative Association's Co-operative Young Leaders (CYL) Program, held annually at the Gay Lea Dairy Museum and Co-operative Education Centre.

New approach to member training communications: We've made it easier for members to learn about and access training opportunities by increasing communication about available programming and publishing a 36-month training calendar in the fall 2025 issue of the *Gazette*.

ADVOCATING ON WHAT MATTERS MOST TO MEMBERS

Dairy industry advocacy: We kicked-off a robust dairy advocacy program focused on defending supply management and advocating on the issues that matter most to our members. Our efforts spanned meetings with federal and provincial cabinet ministers, the Prime Minister's Office, MPs and MPPs – all with the aim of building a stronger dairy industry for generations to come.

Dairy goat advocacy: Our Goat Dairy Industry Business Unit developed a comprehensive strategy to enhance efficiency, profitability, and sustainability in Ontario's goat dairy sector while supporting producers supplying milk to Gay Lea Foods. Key efforts included partnering with the Ontario Dairy Goat Co-operative with the aim to establish the Dairy Goat Farmers of Ontario (DGFO) industry association and submitting a Business Risk Management System (BRM) framework to the Ontario Ministry of Agriculture, Food and Agribusiness.



DELIVERING BEST-IN-CLASS MEMBER COMMUNICATIONS

Member communication centre of excellence: Gay Lea Foods' created its first dedicated member communications role in 2025, appointing respected, long-time member service representative, Wendy Hasson, to lead this work full-time. Wendy's leadership is ensuring our communications are timely, relevant, and focused on what matters most to members.

Members' Facebook community: Our first private members' Facebook group is a popular new way to share timely updates and strengthen connections with members.

The *Gazette*: With more timely email and digital channels in place, we've freed up the *Gazette* to focus on more than news. Today's *Gazette*, published three times annually, includes feature stories, insights, and analysis on issues impacting our co-operative and the broader dairy industry.

By investing in research-driven decision-making and collaborative initiatives, our Gay Lea Foods member strategy is empowering members to participate meaningfully in governance, build community pride, and realize shared value. This approach not only strengthens the foundation of our co-operative, but ensures that as the organization advances its *Gay Lea Recipe* strategy, members remain at the center – partners in progress, innovation, and long-term sustainability.

F26 OUTLOOK

Looking ahead to fiscal 2026, Gay Lea Foods will continue to drive member value and engagement by encouraging an informed, proud, and active member community. Plans include the creation of new digital resources to drive deeper member understanding of the co-operative and how it functions, as well as new tools to empower delegates as co-operative leaders, member representatives, communicators, and advocates.

EMPOWERING OUR PEOPLE

Our strength at Gay Lea Foods lies in the dedication and ingenuity of our employees. By nurturing a workplace that encourages initiative, collaboration, and personal growth, we create an environment where individuals can thrive and contribute meaningfully to our shared mission.

In the past year, we have introduced new spaces and programs designed to support professional development, foster open communication, and recognize outstanding contributions. These efforts reflect our belief that investing in people is essential to building a resilient, forward-looking organization.



WELCOME TO CARLSON COURT: OUR NEW HOME OFFICE

In September 2025, we moved into our new home office at 10 Carlson Court in Etobicoke.

This space is more than just a building – it’s a catalyst for community, collaboration and innovation. Designed with open spaces and modern amenities, it enables cross-functional teamwork and fosters the vibrant, high-performance culture that propels Gay Lea Foods forward. This is a place where ideas flow freely and our people connect to deliver exceptional results.



ERCs: LISTENING IN ACTION

We’re proud to have launched Employee Resource Committees (ERCs) across our sites, bringing employees and managers together each month to listen and act on what matters most to our people.

Open dialogue is a core value at Gay Lea Foods and ERCs help us create meaningful connections and ensure every voice is heard. By acting on ERC feedback – like enhanced benefits, clearer incentive programs, increased pay transparency and site-level process improvements – we strengthen engagement, improve the workplace experience, and empower employees to help shape our future.

OUR VALUES



We start with the consumer & customer



We encourage open dialogue



We take accountability



As a team, we relentlessly improve what matters most



We recognize exceptional performance



We grow & develop our team



THE ACADEMY: BUILDING STRONG LEADERS

Building strong leaders remains a cornerstone of our *Recipe*. In fiscal 2025, more than 150 leaders graduated from our Academy or Academy Foundations programs, equipping them with critical skills in coaching for performance, fostering inclusion, leading change, and more.

Our teams benefitted from improved clarity, accountability, and collaboration – skills that enable them to inspire teams and deliver results. Our investment in leadership ensures we're ready for today's challenges and tomorrow's opportunities.



VALUES IN ACTION AWARDS

Our values are more than words – they guide how we work and operate as a co-operative.

The Values in Action Awards celebrate individuals who embody these principles every day through peer nominations celebrating the moments that shape our culture. This year, we proudly recognized Vachel Yuen, Operations Manager at our Clayson Road facility in Toronto (pictured above with Chair, Rob Goodwill, and President & CEO, Suzanna Dalrymple), as recipient of the prestigious Chair's Award, honoring exceptional commitment to our purpose and values.



F26 OUTLOOK

In fiscal 2026, we will focus on building skills that fuel growth and prepare our teams for the future.

Our listening culture remains the cornerstone of engagement – through open dialogue and action, we'll strengthen trust and belonging. We will also refresh policies and practices to keep the employee experience relevant and supportive, ensuring every person feels valued and empowered. Together, we'll continue building a workplace where learning thrives, voices matter, and our people drive Gay Lea Foods forward.

INVESTING IN OUR COMMUNITIES



At Gay Lea Foods, giving back to the communities where our members live and work isn't just a program, it's embedded in how we do business. This year, through the Gay Lea Gives corporate community investment program and thanks to the efforts of the Gay Lea Foundation, our co-operative deepened its commitment to nourishing communities, supporting sustainable agriculture, and ensuring good food reaches the people who need it most. From major national partnerships to grassroots global impact, fiscal 2025 was a year of meaningful action and measurable change.

FEEDING CANADA, TOGETHER: A TRANSFORMATIONAL PARTNERSHIP WITH SECOND HARVEST



In one of the largest community investments in our history, Gay Lea Foods committed \$1.2 million over three years to help Second Harvest deliver five million meals to Canadians facing food insecurity.

In Spring 2025, our co-operative expanded both its financial support and in-kind surplus product donations, reflecting our shared belief that nutritious food should be accessible to all.

the difference we can make when we keep nutritious food out of landfills and ensure it ends up in the hands of those in need.

This renewed partnership builds on a relationship that began in 1997, when Gay Lea Foods first began donating surplus dairy to Second Harvest's Food Rescue program. In fiscal 2025 alone, our co-operative donated more than 262,000 meals-worth of nutritious dairy product to Second Harvest and its 5,000 non-profit partners nationwide, ensuring good food never goes to waste.

Since the program's launch, more than two hundred Gay Lea Foods employees, members of our management team, and board, have seen this impact firsthand while volunteering at Second Harvest, sorting thousands of pounds of produce destined for community food programs.

This partnership underscores the power of co-operative action and



As farmer members, you can be proud that your co-operative is doing more than simply producing food – we're also making sure it reaches those who need it most.

Rob Goodwill
Chair, Gay Lea Foods





THE GAY LEA FOUNDATION: NOURISHING COMMUNITIES AT HOME AND ABROAD

The Gay Lea Foundation marked an exciting milestone this year, completing its first full cycle of Community Impact Grants under its revitalized giving model. With new directors joining the Foundation board and a renewed purpose of 'Nourishing Communities', 2025 was a year of growth, learning, and impact.

INVESTING IN STRONGER COMMUNITIES: COMMUNITY IMPACT GRANTS

From hospitals and education programs to refugee support and food access initiatives, this year's **Community Impact Grants** provided critical funding to organizations creating healthier, more resilient communities across Canada.

Campbellford Memorial Hospital Foundation
Campbellford, ON | \$100,000

Saugeen Hospice Incorporated
Walkerton, ON | \$100,000

Food Banks Canada
National | \$50,000

Hamilton Health Sciences Foundation
Hamilton, ON | \$50,000

Huron Perth Agricultural Science Centre
Listowel, ON | \$50,000

Winnipeg Central Park Women's Resource Centre
Winnipeg, MB | \$50,000

South Coast Wellness
Simcoe, ON | \$40,000

Trellis Society for Community Impact
Calgary, AB | \$40,000

Friends of the Steinbach Public Library
Steinbach, MB | \$38,000

Start2Finish Canada
National | \$25,000

St. Joseph's Healthcare Foundation
Hamilton, ON | \$25,000

Hospice Wellington
Guelph, ON | \$20,000

Lakeside Hope House
Guelph, ON | \$15,000

Gateway Centre of Excellence in Rural Health
Goderich, ON | \$14,000

Ontario Agri-Food Education Inc.
Ontario | \$10,550

10,000 Trees For The Rouge
Greater Toronto, ON | \$10,000

4-H Alberta
Alberta | \$10,000

The Dream Kitchen
Campbellville, ON | \$10,000

Durham Hospital Foundation
Durham, ON | \$10,000

Make-A-Wish Foundation of Canada
National | \$10,000

St. Andrew's Pantry
Cambridge, ON | \$10,000

Seed to Feed
British Columbia | \$7,500

Christie Refugee Welcome Centre
Toronto, ON | \$6,500

The Hamilton Dream Center
Hamilton, ON | \$5,000



THE GAY LEA FOUNDATION: GROWING SUSTAINABLE AGRICULTURE WORLDWIDE

Supporting global food security and agricultural resilience remains central to the Gay Lea Foundation's work. This year's **Sustainable Agriculture Grants** funded projects across Africa, advancing training, market access, and food production for communities where agriculture is a lifeline.

Rooftops Canada Foundation
Kenya | \$50,000

Artistri Sud
Malawi & Uganda | \$25,000

**Centre d'Étude et de
Coopération Internationale**
Niger | \$25,000

**Devxchange
International Programs**
Sierra Leone | \$25,000

ImpactHope
Madagascar & Kenya | \$25,000

Tearfund Canada
Kenya | \$25,000

**Operation Smile
Canada Foundation**
Mozambique | \$23,000

International Needs Canada
Zambia | \$20,000

**All Nations International
Development Agency**
Liberia | \$20,000

Veterinarians Without Borders
Kenya | \$20,000

Humanity & Inclusion
Benin | \$19,000

**Canada-Africa Community
Health Alliance**
Tanzania | \$15,000

H2O4ALL
Uganda | \$15,000

**World Accord – International
Development Agency**
Ethiopia | \$15,000

Hands Across the Nations
The Gambia | \$10,000

GAY LEA FOUNDATION BOARD OF DIRECTORS

DeeDee Bekkers
Chair, Director

Jennifer Bryson
Vice Chair, Delegate

Sara Abe
Employee

Rick Attema
Delegate

Suzanna Dalrymple
Ex-officio

Neetu Garcha
Treasurer, Employee

Rob Goodwill
Ex-officio

Marie McNabb
Producer Member

Lisa Pond
Employee

Deanne Reilly
Secretary, Employee

Jeff Stewardson
Producer Member

Steve Veldman
Director



Contributes 1% of profit
each year to Canadian
communities

A MILESTONE IN COMMUNITY INVESTMENT LEADERSHIP

Gay Lea Foods was proud to earn Imagine Canada PRISM Certified designation for the first time in fiscal 2025, highlighting our leadership in charitable giving and community investment.

The certification recognizes our commitment to contribute more than one per cent of pre-tax earnings to Canadian community programs through cash contributions, volunteerism, in-kind donations, and program support. It also affirms our dedication to strengthening communities across Canada and beyond, and reflects what's possible

when a co-operative, its employees, and its members work together to build a better future.

From Canadian food security to global co-operative development, this year's community investment efforts reflect the strength of our 1,200 farmer members and the values that define us as a co-operative. Together, we advanced our purpose to *enrich life with dairy*; one meal, one grant, and one volunteer at a time.

Gay Lea Gives is just beginning. And the best is yet to come.

F26 OUTLOOK

Increasing Volunteerism: Access to volunteerism will play an increasingly important role in our community investment approach as we aim to extend opportunities to our employees across all sites and to our members. In addition to Second Harvest volunteer initiatives, we will grow opportunities for our Gay Lea Foods community to engage with local grant partners and community organizations, reinforcing a culture of concern for community and a shared responsibility across the co-operative.

Expanding Grassroots Community Giving:

Empowering our members to respond to local needs in the communities where we farm and operate will be a key focus in fiscal 2026. Building on existing in-kind and local donation practices, we plan to pilot a zone-based community investment program, which will empower delegates to influence how Gay Lea Foods invests in their local communities.

Our community investment efforts will continue to be guided by the people who make Gay Lea Foods so special: our members, employees and community partners. By building on the strong foundations established in 2025, we will deepen our contribution to food insecurity, community well-being and sustainable agriculture in 2026 and beyond.

LEADING WITH PURPOSE: STRENGTHENING THE CO-OPERATIVE MOVEMENT

In 2025, Gay Lea Foods proudly stood at the forefront of Canada's co-operative movement, demonstrating what it means to lead with purpose during the United Nations International Year of Co-operatives. Guided by our values and driven by our members, we continued to champion education, collaboration and community impact, showcasing the power of co-operation to create a stronger and more sustainable future for all.

Investing in youth & co-operative education

Developing the next generation of co-operative leaders is a cornerstone of our strategy. This year, the Gay Lea Dairy Museum and Co-operative Education Centre once again served as a hub for youth learning, hosting the Co-operative Young Leaders (CYL) provincial camp. Gay Lea Foods sponsored an entire week of programming and enabled 12 teens to participate. Four dedicated Gay Lea Foods employees volunteered as facilitators and helped youth gain the skills, confidence and understanding needed to lead with co-operative values.

exchanges and cross-sector collaboration, Gay Lea Foods demonstrated how Canadian co-operatives can play an active role in strengthening global co-operative ecosystems.



It is invigorating to have a large, successful co-op such as Gay Lea take an interest in engaging and providing opportunities for learning and growth to young people in the co-op sector.

Kristen Murray
Newfoundland and Labrador
Federation of Co-operatives

Sharing knowledge

In the spirit of Co-operative Principle #6, *Co-operation Among Co-operatives*, we welcomed international co-op delegations and shared best practices with leaders from around the world. Through educational sessions, knowledge

Driving sector leadership

Gay Lea Foods played a prominent role at the Co-operatives and Mutuals Canada 2025 National Congress in Regina, Saskatchewan, joining co-operative leaders from across Canada and around the world to explore innovative, community-based solutions to economic, environmental and social challenges.

As a proud sponsor of the Growing the Community Fund, Gay Lea Foods helped ensure that members of Canada's Emerging Co-operators had the opportunity to fully participate in the Congress. This investment supported a more diverse, equitable and future-focused co-operative sector.

Celebrating the co-operative spirit across Canada

International Co-op Week brought co-operative values to life across Gay Lea Foods in October, with employees participating in team challenges, trivia contests and Co-ops 101 training sessions that deepened their understanding of the co-operative model. We also promoted our Employee Preferred Shareholder Program, helping staff experience co-operative ownership firsthand.

Leading conversations at the Ontario Co-operative Roundtable

Gay Lea Foods played a key role at the Ontario Co-operative Association's Co-operative Success Roundtable in October 2025, facilitating a dynamic workshop on building co-operative strategies and fostering creative problem-solving.

The event concluded with Gay Lea Foods receiving the Co-operative Spirit Award for advancing Co-operative Principle #5: *Education, Training and Information*, in recognition of our leadership and governance training programs, and youth education initiatives.

Strengthening governance & sector collaboration

Gay Lea Foods continued to support strong governance across the co-operative sector in fiscal 2025.

- Director, Don Dietrich, served on the board of directors for Co-operatives and Mutuals Canada.
- Craig Steven, Manager of the Gay Lea Dairy Museum and Co-operative Education Centre, served on the Ontario Co-operative Association board of directors.
- Multiple employees contributed to inter-co-operative committees and joint initiatives that strengthened sector-wide collaboration.

These contributions reflect our belief that co-operatives thrive when they collaborate, share knowledge and invest in one another's success.

Living our co-operative principles every day

From youth empowerment and global knowledge-sharing to national leadership and sector-wide collaboration, Gay Lea Foods continues to lead with purpose, enriching life with dairy and helping strengthen the co-operative community across Canada and beyond.

CO-OPERATIVE GOVERNANCE

At Gay Lea Foods, our co-operative governance structure ensures accountability and active democratic participation by our licensed dairy cow and goat producer members.

Licensed producer members may be elected as one of 62 zone delegates or serve as one of 10 producer directors on the Gay Lea Foods board, which sets the strategic direction for the co-operative. This grassroots engagement creates a transparent accountability framework, connecting directors, delegates, and members, with each member farm entitled to one vote. The board also benefits from the expertise of outside directors, who provide independent perspectives and strengthen governance practices.

In fiscal 2025, board committees assumed greater responsibility for operational oversight and specialized governance matters, enabling the board of directors to concentrate on long-term strategy and growth. This evolution strengthens our governance model and ensures Gay Lea Foods remains firmly rooted in its dairy farming origins while positioning the co-operative for future success.

SUPPLIER GOVERNANCE

Gay Lea Foods is committed to upholding high standards of ethical conduct and sustainability across our supply chain. Our *Supplier Code of Conduct* sets clear expectations in five key areas: Human Rights and Employment Standards, Health and Safety, Business Integrity, Environment and Animal Welfare (where applicable).

To strengthen accountability and transparency, we have deployed the *Supplier Code of Conduct* to all suppliers and embedded it into our approved supplier process. In fiscal 2025, we initiated a supplier review program focused on high-risk categories. Initial assessments have found no evidence of forced or child labour, and are informing the development of a broader compliance framework, including corrective action protocols and continuous improvement plans.

Supplier engagement is a cornerstone of our sustainability strategy. We are committed to building long-term partnerships that reflect our co-operative values and contribute to shared progress on climate, equity, and ethical business conduct.



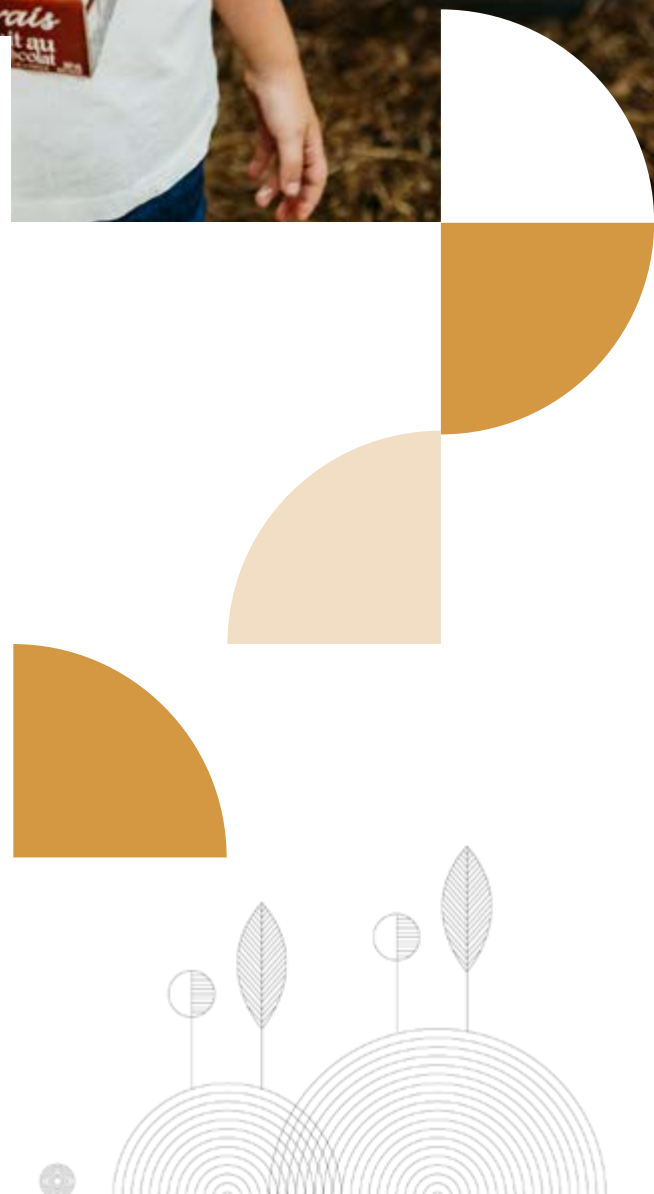
Looking Ahead

Guided by our purpose, values, and *Gay Lea Recipe* strategy, Gay Lea Foods enters fiscal 2026 as a more focused, resilient, and agile co-operative. The foundation we've built – by strengthening our systems, investing in our people, and modernizing our network – positions us to embrace new opportunities and deliver lasting value for our members, employees, communities, and the Canadian dairy industry. But the job isn't done.

As we look to the future, we recognize that our continued success depends on striking the right balance: we need to keep **strengthening what matters most**, while also **growing where it counts**. The work to reinforce our foundation is ongoing – ensuring our systems, capabilities, and culture are ready for tomorrow's challenges. At the same time, we are poised for purposeful growth, leveraging our high-quality, nutritious Canadian dairy products and the momentum we've built together.

With unity of purpose and a clear vision for the future, we are ready to carry forward on our *Recipe* journey. In fiscal 2026, we will continue investing in our people, empowering our teams, and nurturing the co-operative spirit that sets Gay Lea Foods apart.

Together, we look forward to writing the next chapter of our shared success: advancing our purpose, delivering for our members, employees, and communities, and leading the Canadian dairy industry with pride.





Gray Lea

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**Financial statements and any information considered proprietary have been removed from this document to protect the interests of the co-operative.*