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DARIGOLD BREAKS GROUND ON NEW PRODUCTION FACILITY IN PASCO, WASH.

***\$600 Million Facility Represents a Key Pillar in the 104-year-old Co-op's
Multi-Year Plan to Expand and Modernize***

PASCO, Wash., September 8, 2022 – Darigold, Inc. hosted a commemorative groundbreaking ceremony today at the site of its future Pasco production facility. The \$600 million facility is slated to open in early 2024 and will process approximately 8 million pounds of milk per day when fully operational from more than 100 dairy farms in surrounding communities.

“The Pasco project represents our third major capital investment in as many years, the largest investment in our co-op’s 104-year-history, and a significant step in an ongoing strategy to expand and modernize Darigold,” said Joe Coote, the co-op’s chief executive officer. “We are a beloved heritage brand with deep roots in Washington and around the Pacific Northwest, but there’s still considerable opportunity for us to leverage industry growth – here at home and around the world – to become a top-tier global dairy producer. This facility will play an important role in helping us achieve that vision.”

The Pasco facility will be outfitted with two specialized milk dryers and two packaging lines for powdered milk products (or what the dairy industry calls “premium proteins”), two butter churns, two bulk butter packaging lines (for commercial and institutional customers), and five consumer butter packaging lines.

When fully operational, the facility will have the capacity to produce some 175 million pounds of butter per year, and nearly 280 million pounds of powdered milk products annually, including products that meet the highest industry specifications for use in the most sensitive applications such as infant formula. The facility’s proximity to rail lines and global shipping ports will help the co-op realize transportation efficiencies for products going to both domestic and global customers.

“The growth of the dairy sector both domestically and internationally presents an opportunity for our dairy farmers,” explained Allan Huttema, chairman of Darigold’s board of directors and operator of Almar Dairy in Parma, Idaho. “Dairy farmers in the Pacific Northwest have a unique opportunity to benefit from global demand for dairy, which is rising considerably faster than it is domestically. This region is ideally suited to producing high-quality, nutritious dairy and our proximity to global shipping infrastructure makes it more efficient to access international markets.”

According to the United States Department of Agriculture (USDA), demand for dairy [grew at 1.6%](#) in 2021 in the U.S., while demand for dairy exports [rose by 19%](#). Very few countries have excess production capacity, giving U.S. dairy producers a unique opportunity to benefit from growing global demand.

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In addition to adding capacity to Darigold's overall production capability, the new Pasco facility will incorporate a variety of innovative technologies and conservation strategies that combined could mitigate more than 300,000 metric tons of CO2 emissions per year.

The milk dryers in the new facility will include state-of-the-art dryer burner technology that significantly reduce nitrogen oxide emissions. Use of this dryer burner technology will reduce the facility's nitrogen oxide emissions to make it one of the lowest NOx emitting milk dryer facilities in the state. The co-op is also in talks with the City of Pasco for the planned expansion of its Process Water Reuse Facility (PWRF). The expanded PWRF will treat agriculture related wastewater from local food processors using a set of anaerobic digesters, which will generate renewable natural gas (cleaned from methane) for sale in the West Coast renewable natural gas (RNG) market.

Beyond design features that support the advancement of Darigold's environmental, social and governance (ESG) commitment, the facility's location within the multimodal Port of Pasco on the Columbia River gives it access to both rail and barge facilities, creating transportation efficiencies for the co-op.

"The dairy industry continues to be a key driver of the region's agricultural sector," said Coote. "By adding capacity through this facility, we stand to share the bounty of Northwest dairy with more consumers at home and around the globe, and build more value for the family farmers who own our co-op. That's something that should be easy for all of us in the PNW to stand behind."

Darigold expects the Pasco facility to be operational by early 2024, and plans to hire some 200 employees.

The groundbreaking ceremony marks the culmination of two years of collaboration between the Port of Pasco, Darigold, and several other public and private partners.

"The Port is grateful for the efforts of everyone involved in this project, especially those of Washington State Senator Mark Schoesler and legislators from the eighth, ninth, 15th, and 16th Legislative Districts, who provided \$7.5 million in state funding for critical public infrastructure to support the Darigold project," said Vicki Gordon, president, Port of Pasco Commission. "The Federal government has also pledged support, with Senators Patty Murray and Maria Cantwell securing a \$3.6 million appropriation for railroad construction to connect the Darigold facility to the BNSF main line."

"Here at home, the Port enjoys strong working relationships with the City of Pasco, Franklin County, and Franklin County PUD. Their teams have worked hard to help us craft a plan to deliver more than \$30 million in public infrastructure," Gordon continued. "This will be a wonderful day for Darigold and Pasco. Darigold's private investment delivers more than 200 high wage jobs, and the project will result in an impressive increase in state and local tax revenues to help support local schools and the community."

Developer for the project is the Port of Pasco. The facility was designed by architectural firm [E.A. Bonelli & Associates](#), and [Miron Construction](#) is the builder.

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About Darigold

Headquartered in Seattle, Darigold, Inc. is the marketing and processing subsidiary of Northwest Dairy Association (NDA), which is owned by more than 300 family-owned dairy farms in Washington, Oregon, Idaho, and Montana. Darigold handles approximately 10 billion pounds of milk annually. Darigold produces a full line of dairy-based products for retail, foodservice, commodity, and specialty markets, and is one of the largest U.S. dairy processors. Darigold, Inc. operates 11 plants throughout the Northwest, processing high-quality milk produced by NDA farm families, and satellite offices in Mexico City, Mexico and Shanghai, China. For more information, visit darigold.com.

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