

Incentive Compensation Clawback Policy

Elaborated in 2016.

Approved by the Corporate Governance and Human Resources Committee on February 4, 2016.
Adopted by the Board of Directors on February 4, 2016.



This Incentive Compensation Clawback Policy (the “**Policy**”) has been implemented to ensure that the board of directors (“**Board**”) of Saputo Inc. (“**Saputo**” or the “**Company**”) is able to take direct, appropriate action to rectify or prevent the unjust enrichment of any Covered Employee who, through his or her own Misconduct, improperly receives Incentive Compensation beyond what he or she would, in the absence of such Misconduct, have otherwise been entitled to receive. It is not intended to penalize individuals for bona fide errors in judgment made in good faith, nor second guess legitimate business decisions that subsequently come under scrutiny; rather, it is designed to target and discourage Misconduct undertaken by a Covered Employee leading to unjust enrichment due to inaccurate financial results reporting.

Application and Definitions

- This Policy applies to the executive officers of Saputo and to reporting insiders who are also employees of Saputo (collectively, a “**Covered Employee**”), who will be notified by Human Resources of the applicability of this Policy to them, and applies to all Incentive Compensation received by a Covered Employee, from and after the adoption of this policy.
- This Policy extends to individuals who cease being a Covered Employee before a Restatement triggering recoupment under this Policy occurs.
- The term “**Incentive Compensation**” shall include any bonuses or incentive and equity-based compensation awarded, granted or paid to a Covered Employee, or that a Covered Employee might become entitled to receive, under one or more of Saputo’s incentive compensation programs in effect from time to time, including the vesting or exercise of any equity-based compensation by a Covered Employee.
- The term “**Restatement**” shall mean an accounting restatement as defined by Canadian GAAP applicable to Saputo at the relevant time.
- This Policy is in addition to any other action or remedy available under the law to Saputo against the Covered Employee including, without limitation, the termination of the Covered Employee’s employment for cause.

Right to Recoup Incentive Compensation

- In the event that:
 - a) Saputo makes a Restatement of its financial statements;
 - b) a Covered Employee was engaged in gross negligence, intentional misconduct or fraud (“**Misconduct**”) which caused or significantly contributed to the Restatement; and
 - c) such Covered Employee received Incentive Compensation that would have been lower than the amount actually received for such fiscal year(s) subject to the Restatement if the Incentive Compensation had been computed (or received, in the case of gains resulting from the exercise of equity-based compensation) in accordance with the results as restated under the Restatement (the “**Overcompensation Amount**”),

the Human Resources and Corporate Governance Committee (the “**Committee**”) shall determine whether Misconduct has occurred (in the absence of admission by the Covered Employee), and determine the Overcompensation Amount, and shall make a recommendation to the Board regarding the opportunity to recoup such Overcompensation Amount taking into account the guidelines and factors set out in the section “Internal Investigation and Determination” below;

The Board may, after considering the Committee's recommendation, to the extent that it is in the best interest of the Company to do so and in its entire discretion, and subject to applicable laws, and as appropriate under the circumstances, including taking into account the factors set out in the section “Internal Investigation and Determination”, require the Company to initiate the recoupment of the Overcompensation Amount.

- The recoupment of an Incentive Compensation under this Policy will be initiated:
 - a) to the extent that the Overcompensation Amount has been paid or received by the Covered Employee, by requiring in writing the Covered Employee to reimburse, the Overcompensation Amount;
 - b) to the extent that the Overcompensation Amount has not been paid, by forfeiting or canceling the payment, award, grant, attainment or vesting of such Overcompensation Amount.
- Should the Overcompensation Amount not immediately be recovered upon demand from the Covered Employee, the Company may deduct and/or withhold the Overcompensation Amount from any salary and/or Incentive Compensation whether or not related to the fiscal years subject to a Restatement and may bring any other actions against the Covered Employee which it deems necessary to recover all or part of the Overcompensation Amount.

Internal Investigation and Determination

- In determining whether Misconduct has occurred, the Committee shall act reasonably and in good faith, upon completion of an internal investigation.

- In determining that the Incentive Compensation of a Covered Employee is subject to recoupment under this Policy and, if so, the amount which is subject to recoupment, the Committee and the Board shall take into account any factors it deems relevant, including, without limitation:
 - a) whether the assertion of a claim may prejudice the interests of the Company, including in any related proceeding or investigation;

 - b) the passage of time since the occurrence of the act in respect of the applicable Misconduct;

 - c) any pending legal proceeding relating to the applicable Misconduct; and

 - d) such other factors as it may deem appropriate under the circumstances.

The Committee and the Board shall have full authority and discretion to interpret and enforce the Policy.

This Policy shall be governed by the laws of the Province of Québec and the laws of Canada applicable therein. This Policy shall not be deemed to be in contradiction with the existing terms of the Incentive Compensation programs, but shall be in addition one to another.