

Saputo

FY2019 FACTSHEET

THE SAPUTO PROMISE





At Saputo, we are committed to living up to the values on which our business was founded in 1954. It is these values that led to the development of the Saputo Promise – our 7-Pillar approach to social, environmental, and economic performance.

Whether it's working towards turning down our energy use and water consumption or turning up our investment for healthier communities, our promise is to never stop building a future we can be proud of.

We recognize the importance of accountability to our stakeholders, and aim to be transparent on how we are achieving our Promise. It is with this in mind that we are now publishing our second Saputo Promise Factsheet, outlining our progress under each of our Pillars throughout FY2019.

Governance

Our Corporate Responsibility Committee (“CR Committee”) oversees the Saputo Promise and monitors our progress and ensures we communicate in a transparent manner, leverage our leadership position and support best practices for each of our 7 Pillars. The CR Committee is composed of our Company President and Chief Operating Officer, Chief Financial Officer, Chief Human Resources Officer, President and Chief Operating Officer of each of our Divisions, and our Director, Corporate Responsibility.

After setting up the foundation of the Promise, the focus of our Committee in FY2019 has been on defining our priorities and developing a global plan for the next three years.

Basis for reporting

For further details on how the data presented in this factsheet has been compiled, please visit the Reference Documents page on www.saputo.com/our-promise.



FOOD QUALITY AND SAFETY

As a world-class dairy processor, we strive to raise the bar when it comes to food quality and safety. We endeavour to offer customers products made to high-industry standards, create a food safety culture where everyone understands, owns and leads food safety, while contributing to industry-wide knowledge and best practices. In FY2019, our Quality Assurance Committee (“QA Committee”), led by our Chief Executive Officer, continued to provide global governance to ensure that our high standards were upheld consistently across our operations.

We also increased our number of GFSI⁽¹⁾-certified sites to 98%. For all certified sites, we maintained our high standards with 100% achieving a good or excellent rating. Finally, we continued our partnership with Dairy Management Inc. (DMI) and the International Dairy Foods Association (IDFA) to develop and execute food safety training workshops for dairy industry workers, as described in the case study below.

	FY2019	FY2018	FY2017
% of facilities certified to GFSI standards	98%	94%	90%
% of certified facilities with Good or Excellent GFSI audit rating	100%	100%	96%

CASE STUDY

With an estimated 48 million foodborne illnesses occurring across all food types per year in the USA, representatives from our Saputo Cheese Division (USA) and Saputo Dairy Foods Division (USA) have been working to share their knowledge and best practices with the rest of the industry. In collaboration with Dairy Management Inc. (DMI) and the International Dairy Foods Association (IDFA), they supported the development and execution of Dairy Plant Food Safety Workshops aimed at educating dairy plant workers on the prevention of foodborne pathogens in dairy products. Since its inception in 2011, approximately 1,900 dairy industry workers have attended the workshop training, which teaches best practices and practical approaches for in-plant pathogen control. Read more about this case study at www.saputo.com/our-promise/case-studies.

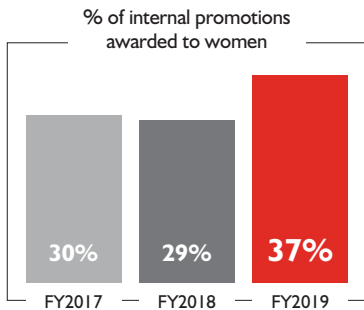




Our employees are by far our most important asset. We care about their health and well-being, and endeavour to provide them with the best possible work environment that is safe, diverse, inclusive and values-driven.

Diversity and Inclusion

We believe that unleashing the potential of diverse talent will help us innovate faster and achieve greater business results. With the expansion of our global footprint over the last few years, we want to ensure that all employees continue to be valued, and that no one's growth potential is impacted by the bias of others.



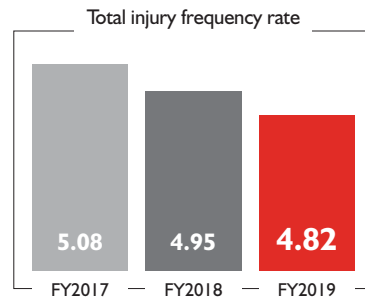
So, in FY2019, we appointed our first Director, Talent Management with a key focus on Diversity and Inclusion. We also launched the Saputo Diversity and Inclusion Global Council, comprised of employees from each of our Divisions, which continues to promote a diverse and inclusive work environment. Through the initiatives of our Council, we aim to continue to enhance our recruitment practices and improve on our succession planning process while facilitating training on topics such as unconscious bias, gender diversity, and inclusive behaviours.

Following the acquisition of the activities of Murray Goulburn in Australia in FY2019, our global percentage of women decreased slightly. Nonetheless, we're proud to have a 50% representation of women on our Board of Directors, and have seen the number of senior management roles held by women increase by 1%, and the number of promotions awarded to women rise by 8%.

Health and Safety

Keeping our employees safe and healthy is a priority and we continue to increase our efforts to ensure we embed a culture of safety across our operations. Throughout FY2019, our Health and Safety ("H&S") Committee, led by our Company President and Chief Operating Officer, and composed of the H&S leaders of each of our Divisions, continued to work on aligning best practices globally. We developed a Goal Zero approach, which we started to implement in FY2019, and aim to progress further in FY2020.

In FY2019, our Total injury frequency rate ("TIFR") improved slightly by 3% while our Lost time injury frequency rate ("LTIFR") posted a 10% improvement.





Working Conditions

We strive to be an employer of choice for top talent in the dairy industry, recognized for our values and our commitment to our employees. To do so, we invest in our people, continuously training and developing them so they can have the skills needed to maintain high-quality standards throughout our operations, continue to grow and have a career within the Company.

In FY2019, we invested CDN\$5.8 million and 194,000 hours in developing our employees.

Furthermore, our focus on promoting from within has translated into over 1,000 employees being promoted internally in FY2019. We believe it is through such investments in our people that we can maintain an average tenure of 10 years.

DIVERSITY AND INCLUSION	FY2019	FY2018	FY2017
% total workforce which are women	28%	30%	29%
% women in senior management	16%	15%	13%
% women on Board of Directors	50%	50%	50%
% internal promotions awarded to women	37%	29%	30%

HEALTH AND SAFETY	FY2019	FY2018	FY2017
Total injury frequency rate ("TIFR")	4.82	4.95	5.08
Lost time injury frequency rate ("LTIFR")	1.77	1.96	1.57

WORKING CONDITIONS	FY2019	FY2018	FY2017
Total internal promotions	1,066	1,058	765
Total training and development investments (in millions of CDN dollars)	5.8	4.5 ¹	–
Total training and development hours	194,406²	73,137	–
Average tenure (in years)	10	10	10
% of unionized employees	36%	36%	39%

(1) The number has been restated to align it with our FY2019 methodology

(2) The significant increase is a result of new acquisitions as well as better tracking through a new learning management system.



BUSINESS ETHICS

Our reputation for business integrity is important to us. As such, we work hard to preserve the quality of our work environment. We want the everyday conduct of our employees to be driven by the values we share and promote.

Through our corporate governance initiatives, we aim to ensure the highest levels of independence, disclosure and transparency. In FY2019, the Board of Directors has decided to implement “say on pay” inviting shareholders to cast an advisory vote on our approach to executive compensation. We appreciate the importance shareholders place on effective executive compensation policies and practices and we’re committed to maintaining an ongoing engagement process with our shareholders by adopting measures to gather feedback.

In all our operations, we aim for high standards of governance and business conduct. Guided by our deeply embedded corporate culture, we are committed to complying with laws, regulations and industry standards.

In FY2019, we had one significant fine for non-compliance related to a health and safety incident in one of our plants, which occurred FY2017. The safety and health of our employees is a priority and we aim to provide a safe workplace. Since this incident, corrective actions were implemented to prevent future occurrences.

	FY2019	FY2018	FY2017
Number of significant fines for non-compliance	1	0	0
Monetary value of fines for non-compliance (in millions of CDN dollars)	0.19	0	0





Animal Welfare

As a global leader in dairy processing, milk is our primary ingredient and we care deeply about the way it is produced. For us, high-quality dairy products begin with high-quality milk from healthy and well-cared-for animals. Our Animal Welfare Policy ensures our suppliers comply with our animal care standards through industry regulations and codes of practices, routine supplier management practices, and awareness and training programs. We strive to constantly advocate for the improvement of national standards and industry regulations in the countries where we operate, so they are aligned with the latest animal care best practices. In FY2019, such advocacy activities included reviewing and providing feedback on the proAction animal care assessment module in Canada and the National Milk Producers Federation FARM V4.0 animal care program in the USA to ensure they meet our expectations.

In FY2019, we were included in the Business Benchmark for Animal Welfare (BBFAW) for the first time, where we ranked in the fourth tier out of six, thus positioning Saputo among the top-performing Canadian companies.

We have a Zero Tolerance Policy for any animal cruelty and have established a clear protocol to work with suppliers and authorities to effectively deal with situations where a breach of our Animal Welfare Policy is suspected. In FY2019, one incident required we take action under our animal cruelty protocol.

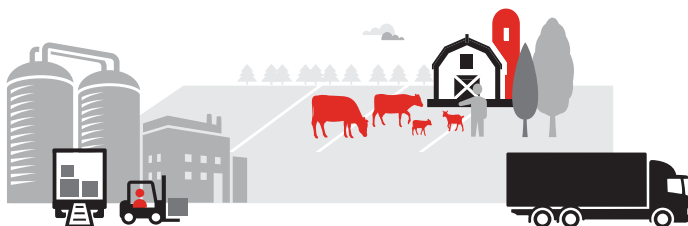
In addition to promoting recognized standards of animal care throughout our supply chain, we are also committed to supporting initiatives and programs that promote awareness and training opportunities to help alleviate dairy production welfare issues. In FY2019, we announced a new partnership with the Iowa State University's College of Veterinary Medicine, contributing CDN\$100,000 over the next two years to the development of benchmarking and training materials in dairy goat care and handling, as well as producer outreach workshops. This is in addition to our existing partnerships with the University of Guelph and the University of Wisconsin, representing a total investment of CDN\$250,000 in FY2019.

In FY2019, 15,518 people received training on animal welfare through our partnerships and our field staff, an increase of 39% compared to FY2018.

Responsible Sourcing

We believe our relationships with suppliers are vital to our ability to make high-quality products. We aim to create an environment where we can build strong, sustainable and long-term partnerships with our suppliers and strive to promote responsible business practices by working with our suppliers across the value chain. In an effort to do so, we launched our Saputo Supplier Code of Conduct in FY2019, setting the minimum standards of business conduct we expect from our suppliers. We have now communicated our Supplier Code of Conduct to our main suppliers and will continue to further implement the Code in our business practices throughout FY2020.

	FY2019	FY2018	FY2017
Case of animal cruelty reported resulting in suspension of supply	1	1	1
Number of people receiving animal welfare training through our partnerships and field staff	15,518	11,171	–





ENVIRONMENT

Our goal is to pursue growth as a world-class dairy processor, while striving to minimize the environmental impacts of our activities. Our efforts are underpinned by our Environmental Policy and overseen by our Environmental Committee, chaired by our Chief Executive Officer and composed of the President and Chief Operating Officer of the Company and of each of its Divisions, as well as the senior managers responsible for environmental matters.

In FY2019, we set up a global committee to review our current environmental management system based on the ISO approach, leveraging expertise from each Division and best practices from newly acquired businesses, such as Dairy Crest in the UK. We continued to take numerous measures to pursue environmentally

responsible business practices and maintained our commitment to seeking continuous improvement in our environmental performance related to greenhouse gas emissions, energy, water and waste.

In FY2019, our water use per ton of products improved slightly compared to FY2018. Our waste diversion rate also improved from 42% to 52%. As a result of the acquisition of the activities of Murray Goulburn in Australia, our energy intensity increased by 10% and our CO₂ intensity increased by 19%. This was mainly due to energy-intensive production and the fact that CO₂ emissions associated with electricity production are significantly higher in Australia, as compared to the other countries where we operate.

	FY2019	FY2018	FY2017
CO ₂ intensity ^{1,2} (in ton CO ₂ e/ton of products)	0.2297	0.1927	0.1872
Energy intensity ^{1,2} (in GJ/ton of products)	3.13	2.85	2.75
% waste diverted from landfill	52%	42%	49%
Water withdrawal ¹ (in millions of L)	22,663	19,930	19,021
Water intensity ¹ (in L/ton of products)	5.32	5.35	5.22

(1) Further information about our GHG emissions and water use is available as part of our CDP submissions on www.cdp.net

(2) Our energy and CO₂ intensity figures published in our FY2019 annual report were based on estimates which were subsequently revised.

CASE STUDY

Saputo's *Sungold* brand in Australia has begun the process of significantly reducing its plastic use by updating the design of its milk containers. Beginning with our 3-litre *Sungold* milk product, we have reduced the amount of plastic used to create the bottle from 72 grams to 65 grams. Based on our annual production of 3-litre products, we have effectively eliminated almost 6,000 kilograms of plastic in our production. We are currently working to reduce the plastic use in our 2-litre product, and anticipate introducing the new bottle in circulation shortly. Read more about this case study at www.saputo.com/our-promise/case-studies.



NUTRITION AND HEALTHY LIVING

From the ingredients we source, to the products we put on the shelves, we take great pride in satisfying the health and nutrition needs of our consumers, and offering high-quality products.

In FY2019, we developed our Nutrition and Healthy Living plan, outlining our core guiding principles when it comes to nutrition. We also set up the foundation of our responsible marketing principles which will be launched in FY2020. Finally, we continued our efforts to develop innovative approaches and enhance the nutritional value of our products, as exemplified in the case study below.

In this example, we listened to consumer feedback and updated our recipe without compromising on taste and texture, thus allowing our consumers to make nutritious choices to support their healthy and active lifestyles while continuing to enjoy great-tasting products.

CASE STUDY

Motivated by consumer feedback, in 2017, we removed carrageenan and locust bean gum from our *Friendship Dairies* cottage cheese recipe. As part of this evolution, our team reviewed the recipe to exclude these ingredients, while maintaining the taste and texture that our customers have come to expect of our products.

In 2018, we unveiled the new recipe and consumers were pleased with the change. Moreover, later that year, *Friendship Dairies* cottage cheese was recognized by the award-winning food and cooking website, Epicurious, as the “Best Cottage Cheese You Can Buy at the Store”. Read more about this case study at www.saputo.com/our-promise/case-studies.





COMMUNITY

We believe in building healthier communities and in leaving a lasting and meaningful legacy where our employees live, work and play. As such, we are committed to investing 1% of our annual pre-tax profits into communities through financial contributions, product donations and volunteerism. In FY2019, we delivered on this promise, with an overall community investment valued at more than CDN\$11 million (calculated using the London Benchmarking Group model).

The promotion of healthy lifestyle habits is at the core of our community engagement and we aim to encourage and support organizations, projects and programs that educate participants to make responsible food and nutrition choices, and create opportunities

to get people moving. In FY2019, we reached over 2.25 million people through our partnerships focusing on healthy living.

Our Saputo Legacy Program aims to support the improvement of local sport and health amenities, helping entire families lead a more active and healthier lifestyle. This program celebrated its fifth anniversary in FY2019 and to date, contributed to 46 projects, representing a total investment of CDN\$2.6 million. The permanent facilities targeted by the Legacy Program's investments include soccer and baseball fields, multisport facilities and hiking trails to name a few, touching communities in Canada, the United States, Argentina and Australia.

	FY2019	FY2018	FY2017
Total community investment (in millions of CDN dollars)	11.10	11.25	–
Total number of people reached through our healthy living partnerships and programs (in millions)	2.25	2.10	–
Number of Legacy projects funded to date	46	38	–

CASE STUDY

In 2016, as part of our partnership with Swimming Australia, we launched the *COON* Toastie Truck to help support their Junior Dolphins program. Since then, we have seen continuous growth of the *COON* Toastie Truck concept, and during FY2019, we expanded it into a broader Community Truck Program. Our goals include loftier donation targets which we aim to meet by increasing our fleet of trucks (one in each state) and activating events 50 weeks each year. We will continue to work with Swimming Australia; moreover, the broader program will allow us to support further-reaching community-based projects and groups. Read more about this case study at www.saputo.com/our-promise/case-studies.



Looking forward

As we look towards FY2020, our focus will be on the execution of our Saputo Promise three-year plan. With a strong foundation in place and clear strategic direction, we will continue looking for opportunities to improve our performance across each of our 7 Pillars. For us, pursuing growth as a global dairy processor includes building a healthier future for our employees, consumers, customers, and those living in the communities we operate in.

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