



# SUSTAINABLE AGRICULTURE POLICY

Saputo is committed to doing its part in creating a sustainable and equitable food system by engaging with our producers and suppliers to address key sustainability challenges within the industry. We will continue to use our leadership position to promote best practices for the sustainable production of dairy products, which we deem essential to the health and well-being of our people, communities, and the environment.

To drive the achievement of the 2025 Supply Chain Pledges and Desired Sustainability Outcomes under our **Responsible Sourcing Pillar**, Saputo has developed this **Sustainable Agriculture Policy** to promote farming practices that are in alignment with our commitments and business goals. Saputo seeks commitment from milk producers and suppliers to adhere to this policy in order to contribute to a sustainable and equitable food system.

## BACKGROUND INFORMATION

**Responsible Sourcing** is one of the seven pillars of the Saputo Promise, as we care deeply about the way our ingredients are produced. This is demonstrated by our existing **Supplier Code of Conduct**, which outlines expected minimum standards of business conduct for all our suppliers, including milk producers. In addition to this, all of our milk producers and suppliers must adhere to the **Animal Welfare Policy**<sup>1</sup> and **Sustainable Agriculture Policy** to ensure the responsible production of dairy ingredients.

We recognize the importance of transforming the way food is grown and produced globally and will partner with our producers, suppliers and industry partners to:

## DESIRED SUSTAINABILITY OUTCOMES



### CLIMATE

Transition to a **net-zero** food system by 2050 and **halt deforestation**



### LAND

Protect **biodiversity** and preserve **soil health**



### WATER

Protect and preserve **water ecosystems**



### LIVELIHOODS

Improve the **resilience** and **economic viability** of farming communities and protect **workers' rights**

In support of these **Desired Sustainability Outcomes** we have established the following **2025 Supply Chain Pledges**, which provide the framework for how we intend to address sustainability in our milk supply chain:

#### ENGAGE FARMERS

Ensure 100% of our milk supply chain is covered by relevant sustainability standards where we have direct relationships with farmers.

#### ADVOCATE

Advocate to ensure relevant sustainability standards are implemented across all of our milk supply chains where we do not have direct relationships with farmers.

#### PARTNER & INVEST

Contribute CDN\$10 million to fund relevant initiatives.

<sup>1</sup> The Animal Welfare Policy outlines Saputo's animal care standards/codes for milk and livestock suppliers.

## SUSTAINABLE AGRICULTURE STANDARDS SUMMARY

Saputo has zero tolerance for:

- Any violation of the zero tolerance issues outlined in the Supplier Code of Conduct<sup>2</sup>.
- Illegal deforestation, land-clearing<sup>3</sup>, or the development of peatland<sup>4</sup>.

Saputo seeks commitment from milk producers to assist in the elimination of deforestation in the feed supply chain by sourcing feed responsibly.

- By the end of 2025, all Palm products purchased for dairy cattle feed should be sustainably certified. Certification standards include: Roundtable on Sustainable Palm Oil (RSPO), International Sustainability & Carbon Certification (ISCC), or equivalent.
- By the end of 2025, all Soy products purchased from South America for dairy cattle feed should be sustainably certified\*. Certification standards include: Round Table on Responsible Soy (RTRS), ProTerra, or equivalent.

Saputo seeks commitment from milk producers to improve the sustainability of their farming operation by having a documented Farm Plan.

- By the end of 2025, all milk producers should have a documented Farm Plan. At a minimum, the Farm Plan should address Saputo's Sustainable Agriculture Standards & Additional Sustainability Topics if a farm is not already in compliance (see Appendix A).



## SUSTAINABILITY STANDARDS

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- Any violation of the zero tolerance issues outlined in the Supplier Code of Conduct<sup>2</sup>.

We expect milk producers to adhere to appropriate practices on their operations pursuant to the Supplier Code of Conduct. Zero tolerance issues in the Code include: child labour; forced labour; an environment that incites or encourages any form of coercion or harassment; any major health and safety deficiency posing immediate danger to life or risk of serious injury; any major environmental deficiency posing serious and immediate harm to the environment or the community; any form of animal cruelty; any form of bribery.

- Illegal deforestation, land clearing<sup>3</sup>, or the development of peatland<sup>4</sup>. We recognize that preserving forested areas and peatlands are critical for the environment and communities, and we are therefore dedicated to the elimination of illegal deforestation, land clearing, or the development of peatlands on the dairy operations of our producers.

The Company has established a **Protocol** to address situations when presented with credible evidence of a breach on any of the zero tolerance issues. Saputo will not reinstate the receiving of milk/dairy products from a producer until it is satisfied that specific **Reinstatement Criteria** have been met. Please see the **Supplier Code of Conduct** for detailed information on the Protocol & Reinstatement Criteria.

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- By the end of 2025, all Palm products purchased for dairy cattle feed should be sustainably certified. Certification standards include: RSPO, ISCC, or equivalent.
- By the end of 2025, all Soy products purchased from South America for dairy cattle feed should be sustainably certified\*. Certification standards include: RTRS, ProTerra, or equivalent.

Saputo has identified the use of palm & soy products from high-risk deforestation areas as a priority issue. By the end of 2025, all milk producers who purchase dairy cattle feed containing palm products, or soy products from South America, should purchase feed containing sustainably certified palm and/or soy.

Equivalent certification standards must have principles in place that seek to halt deforestation, require compliance with all applicable legislation, and utilize an independent third-party verification process.

\*For Dairy Division (Argentina), a risk assessment of Soy products purchased for dairy cattle feed may be completed to identify & mitigate deforestation risk where certification is not feasible.

<sup>2</sup>Definitions of the zero-tolerance issues listed are found in the Supplier Code of Conduct.

<sup>3</sup>Illegal deforestation or land clearing refers to the direct human induced removal of vegetation cover or trees from forested areas in order to allow the land to be used for other purposes such as agriculture, in contravention to existing local, state, regional, national, or international laws.

<sup>4</sup>Peatlands are terrestrial wetland ecosystems with the potential to accumulate dead organic matter as peat. Illegal development of peatland refers to the conversion, degradation, or drainage of peatlands, in contravention to existing local, state, regional, national, or international laws.

**Saputo seeks commitment from milk producers to improve the sustainability of their farming operation by having a documented Farm Plan.**

- By the end of 2025, all milk producers should have a documented Farm Plan. At a minimum, the Farm Plan should address Saputo’s Sustainable Agriculture Standards & Additional Sustainability Topics if a farm is not already in compliance (see Appendix A).

The Farm Plan will allow each dairy farm to evaluate their risks and opportunities to develop action plans that demonstrate continuous improvement towards sustainable production practices.

Saputo recognizes there are existing programs which could fulfill the Farm Plan requirement. Examples of recognized Farm Plan programs in countries where Saputo has operations include:

- Australia: Dairy Australia EnviroTracker [When available]
- Canada: Dairy Farmers of Canada proAction Environmental Farm Plan, Québec Agri-environmental Support Plan (Plan d’accompagnement agroenvironnemental, PAA)



**ADVANCEMENT OF SUSTAINABLE AGRICULTURE**

Saputo will continue to seek further opportunities to advocate for the advancement of sustainable agriculture standards and best practices, and for key sustainable production practices to become minimum industry standards.

Saputo has committed to funding relevant projects and initiatives that promote sustainable agriculture practices and support producers. Saputo will continue to support milk producers and suppliers in the adoption of best practices and technologies through science-based research, industry partnerships, and technical & financial support, among other opportunities.

In addition to our milk supply, Saputo is committed to ensuring 100% of our principal ingredients are responsibly sourced and produced, including RSPO-certified palm oil. We will continue to evaluate our principal ingredients on an ongoing basis and review our sourcing policies and processes as appropriate.

To learn what else Saputo is doing for the advancement of sustainable agriculture, visit [Responsible Sourcing](#) | [Saputo Promise](#) | [Saputo](#).

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## APPENDIX A

### Saputo Sustainable Agriculture Standards & Additional Sustainability Topics

Sustainable Agriculture Policy			
	Desired Sustainability Outcomes	Minimum Standards	Farm Plan Additional sustainability topics expected to be addressed as material to most producers
 Climate	Transition to net-zero food system by 2050 & halt deforestation.	<ul style="list-style-type: none"> <li>– Saputo has zero tolerance for illegal deforestation, land clearing, or the development of peatland.</li> <li>– By the end of 2025, all Palm products purchased for dairy cattle feed should be sustainably certified.</li> </ul>	The primary GHG emissions from dairy farming are carbon dioxide, methane, and nitrous oxide. Producers should identify sources of emissions on their operation and implement practices or technologies to reduce those emissions.
 Land	Protect biodiversity & preserve soil health	<ul style="list-style-type: none"> <li>– By the end of 2025, all Soy products purchased from South America for dairy cattle feed should be sustainably certified.*</li> </ul>	Producers should identify and implement practices to address soil degradation and erosion in grazing and cropping systems.
 Water	Protect & preserve water ecosystems.		Producers should store & manage all effluent, manure and nutrients in a way that does not pollute groundwater or surface water.
 Livelihoods	Improve the resilience and economic viability of farming communities and protect workers' rights.	Producers are expected to comply with Saputo's Supplier Code of Conduct & it's zero tolerance policies.	Producers should encourage a positive work environment that fosters communication, safety, and equity.

## REFERENCES

*Animal Welfare Policy.* Available at: <https://saputo.com/en/our-promise/responsible-sourcing/animal-welfare>. Last accessed April 4th, 2022.

*Dairy Farmers of Canada: ProAction Environment Module.* Available at: <https://www.dairyfarmers.ca/proaction/resources/environment>. Last accessed April 5th, 2022.

*International Peatland Society. Peatlands.* Available at: <https://peatlands.org/peatlands/what-are-peatlands/>. Last accessed August 8th, 2022.

*International Sustainability & Carbon Certification (ISCC) for the food and feed market.* Available at: <https://www.iscc-system.org/process/market-applications/iscc-for-food-and-feed/>. Last accessed April 4th, 2022.

*International Union for Conservation of Nature (IUCN) Issues Brief: Peatlands and Climate Change.* Available at: <https://www.iucn.org/resources/issues-brief/peatlands-and-climate-change>. Last accessed April 4th, 2022.

*ProTerra Foundation: The Proterra Standard.* Available at: <https://www.proterrafoundation.org/the-proterra-standard/>. Last accessed April 4th, 2022.

*Roundtable on Sustainable Palm Oil (RSPO) Certification.* Available at: <https://rspo.org/certification>. Last accessed April 4th, 2022.

*Round Table on Responsible Soy Association (RTRS) Certification.* Available at: <https://responsiblesoy.org/certificacion?lang=en#produccion>. Last accessed April 4th, 2022.

*Supplier Code of Conduct.*

Available at: <https://www.saputo.com/en/our-promise/reference-documents>. Last accessed April 4th, 2022.

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