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Annual Information Form

2021

Saputo

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Caution Regarding Forward-Looking Statements

This annual information form contains statements which are forward-looking statements within the meaning of applicable securities laws. These forward-looking statements include, among others, statements with respect to our objectives, outlook, business projects, strategies, beliefs, expectations, targets, commitments, goals, ambitions and strategic plans including our ability to achieve these targets, commitments, goals, ambitions and strategic plans, and statements other than historical facts. The words “may”, “could”, “should”, “will”, “would”, “believe”, “plan”, “expect”, “intend”, “anticipate”, “estimate”, “foresee”, “objective”, “continue”, “propose”, “aim”, “commit”, “assume”, “forecast”, “predict”, “seek”, “project”, “potential”, “goal” or “target”, or the negative of these terms or variations of them, the use of conditional or future tense or words and expressions of similar nature, are intended to identify forward-looking statements. All statements other than statements of historical fact included in this annual information form may constitute forward-looking statements within the meaning of applicable securities laws.

By their nature, forward-looking statements are subject to a number of inherent risks and uncertainties. Actual results could differ materially from those stated, implied or projected in such forward-looking statements. As a result, we cannot guarantee that any forward-looking statements will materialize, and we warn readers that these forward-looking statements are not statements of historical fact or guarantees of future performance in any way. Assumptions, expectations and estimates made in the preparation of forward-looking statements and risks and uncertainties that could cause actual results to differ materially from current expectations are discussed in our materials filed with the Canadian securities regulatory authorities from time to time, including the "Risks and Uncertainties" section of the Management's Discussion and Analysis dated June 3, 2021, available on SEDAR under Saputo's profile at www.sedar.com.

Such risks and uncertainties include the following: product liability; the COVID-19 pandemic; the availability of raw materials (including as a result of climate change or extreme weather) and related price variations, along with our ability to transfer those increases, if any, to our customers in competitive market conditions; the price fluctuation of our products in the countries in which we operate, as well as in international markets, which are based on supply and demand levels for dairy products; cyber threats and other information technology-related risks relating to business disruptions, confidentiality, data integrity business and email compromise-related fraud; the increased competitive environment in the dairy industry; consolidation of clientele; supplier concentration; unanticipated business disruption; the economic environment; changes in environmental laws and regulations; the potential effects of climate change; increased focus on environmental sustainability matters; our ability to identify, attract and retain qualified individuals; the failure to adequately integrate acquired businesses in a timely and efficient manner; the failure to execute our global strategic plan as expected; the failure to complete capital expenditures as planned; changes in consumer trends. Our ability to achieve our environmental targets, commitments and goals is further subject to, among others, our ability to access and implement all technology necessary to achieve our targets, commitments and goals, as well as the development and performance of technology, innovation and the future use and deployment of technology and associated expected future results, and environmental regulation.

Forward-looking statements are based on Management's current estimates, expectations and assumptions regarding, among other things; the projected revenues and expenses; the economic, industry, competitive and regulatory environments in which we operate or which could affect our activities; our ability to attract and retain customers and consumers; our environmental performance; our sustainability efforts; the effectiveness of our environmental and sustainability initiatives; the availability and cost of milk and other raw materials and energy supplies; our operating costs; the pricing of our finished products on the various markets in which we carry on business; the effects of the COVID-19 pandemic; the successful execution of our global strategic plan; our ability to deploy capital expenditure projects as planned; our ability to correctly predict, identify, and interpret changes in consumer preferences and demand, to offer new products to meet those changes, and to respond to competitive innovation; our ability to leverage our brand value; our ability to drive revenue growth in our key product categories or platforms or add products that are in faster-growing and more profitable categories; the contribution of recent acquisitions; the anticipated market supply and demand levels for dairy products; the anticipated warehousing, logistical and transportation costs; our effective income tax rate; the exchange rate of the Canadian dollar to the currencies of cheese and dairy ingredients.

Management believes that these estimates, expectations and assumptions are reasonable as of the date hereof, and are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events, including the duration and severity of the COVID-19 pandemic, and are accordingly subject to changes after such date. Forward-looking statements are intended to provide shareholders with information regarding Saputo, including our assessment of future financial plans, and may not be appropriate for other purposes. Undue importance should not be placed on forward-looking statements, and the information contained in such forward-looking statements should not be relied upon as of any other date.

All forward-looking statements included herein speak only as of the date hereof or as of the specific date of such forward-looking statements. Except as required under applicable securities legislation, Saputo does not undertake to update or revise forward-looking statements, whether written or verbal, that may be made from time to time by itself or on our behalf, whether as a result of new information, future events or otherwise. All forward-looking statements contained herein are expressly qualified by this cautionary statement

Item 1 – The Company

1.1 Incorporation

Saputo Inc. was constituted by a Certificate of Amalgamation issued pursuant to the provisions of the *Canada Business Corporations Act* on July 1, 1992, which was amended on August 25, 1997, in order to, among other things, change the provisions attached to its authorized share capital. The articles of the Company were further amended on August 3, 2000, to, among other things, enable the directors to appoint additional directors between shareholders' meetings and on August 1, 2017, to delete the preferred shares from the share capital of the Company. Our head and registered office and principal place of business is located at 6869 Métropolitain Boulevard East, Montréal, Québec, H1P 1X8.

In this Annual Information Form, unless the context otherwise requires or indicates, the terms “we”, “our”, “Saputo” and “Company” mean Saputo Inc. together with its subsidiaries and other entities under its direct or indirect control (collectively the “Subsidiaries”) as well as their respective predecessors, or any one or more of them.

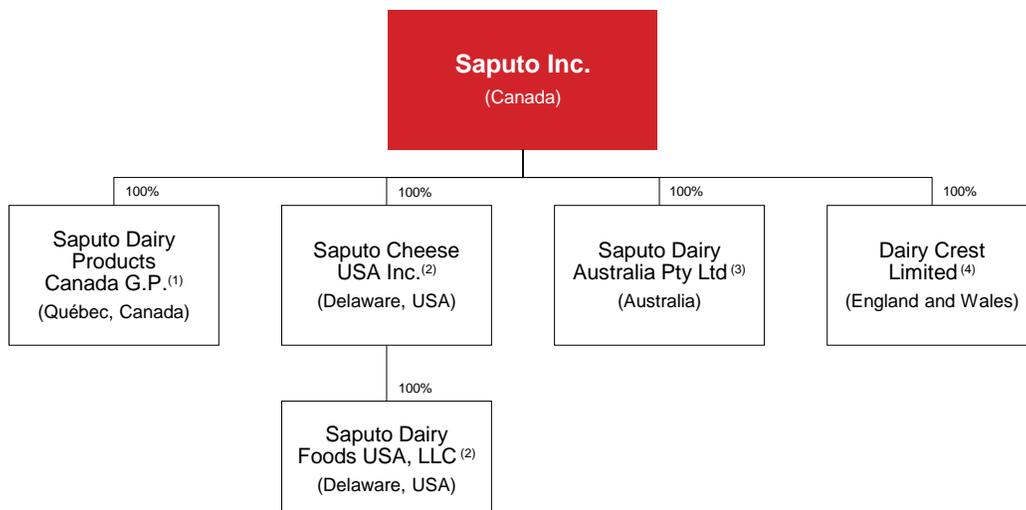
On November 30, 2001, December 21, 2007, and September 29, 2014, Saputo paid a 100% stock dividend on its common shares (the “Common Shares”), which, in each case, had the same effect as a two-for-one stock split (the “Stock Splits”) and doubled the number of Common Shares outstanding. All references to numbers of Common Shares, prices of Common Shares and dividends paid per Common Share made herein reflect the Stock Splits.

In this Annual Information Form, all references to “\$” or “CDN dollars” are to Canadian currency, all references to “US\$” are to United States currency, all references to “£” are to United Kingdom currency and all references to “AU\$” are to Australian currency. References to fiscal years refer to the 12-month periods ending March 31 of the applicable year.

The information in this Annual Information Form is being presented as of May 25, 2021, except for financial information, which is given for the fiscal year ended March 31, 2021, and information relating to employees, which is given as at March 31, 2021. Except as otherwise specified, this Annual Information Form does not include information relating to the acquisitions of Bute Island Foods Ltd. (the “Bute Island Acquisition”) closed on May 25, 2021 and of the Reedsburg facility of Wisconsin Specialty Protein, LLC (the “Reedsburg Facility Acquisition”) closed on May 29, 2021.

1.2 Corporate Structure

The following organizational chart presents the corporate structure of Saputo. For simplification purposes, this chart omits certain non-material wholly-owned Subsidiaries.



- (1) Production, sale and distribution of dairy products, namely a variety of cheese, fluid milk, cream products, butter, dairy beverages, dairy ingredients, yogurt, sour cream, cottage cheese, soft serve dairy mixes and other food products.
- (2) Production, sale and distribution of dairy products, namely cheese and dairy ingredients, as well as of dairy and non-dairy extended shelf-life products, including cream and creamers, ice cream mixes, half and half and value-added milks, as well as cultured products, such as sour cream and cottage cheese.
- (3) Production, sale and distribution of dairy products, including fluid milk, milk powder, a variety of cheeses, butters and butter blends, cream products, dairy beverages, dairy ingredients and nutritional products, such as infant formula.
- (4) Production, sale and distribution of dairy foods, namely cheese, butter and dairy spreads, as well as dairy ingredients, oils and non-dairy spreads and cheeses.

Item 2 – General Development of the Business

2.1 Overview

We are one of the top ten dairy processors in the world, a leading cheese manufacturer and fluid milk and cream processor in Canada, the top dairy processor in Australia, and the second largest dairy processor in Argentina. In the USA, we rank among the top three cheese producers and are one of the largest producers of extended shelf-life and cultured dairy products. In the United Kingdom, we are the largest manufacturer of branded cheese and a top manufacturer of dairy spreads.

During fiscal 2021, we operated our business through four sectors, the Canada Sector, the USA Sector, the International Sector, and the Europe Sector, which represented, respectively, 28.9%, 42.8%, 22.6%, and 5.7% of our total revenues.

We currently operate 61 manufacturing facilities, process approximately 11 billion liters of milk per year and, as at March 31, 2021, employed approximately 17,300 employees and sold our products in more than 60 countries.

Our Strengths... to Deliver a Competitive Advantage



Attractive market opportunity

The global dairy industry continues to grow at low to mid single digit rates on an annual basis¹



Our people

All dairy processors have access to the same raw material and equipment; what distinguishes us is our dedicated employees and our strong, seasoned leadership team

¹ Management expectations based on available data.



Operational excellence and manufacturing expertise

Best practices to maximize capacity utilization, operating metrics and profitability

Flexible and agile

Continuous improvement mindset



High-quality product portfolio in growing categories

Comprehensive product offering across different markets and channels

Products made with high industry standards for safety, nutritional value, and quality

Our Strengths... to Deliver a Competitive Advantage

Brand power and value-added customer partnerships

Brands that resonate with consumers: many market-leading brands

Total solution for our customers' dairy needs

Two innovation centres (USA, UK)

Highly resilient and synergistic global platform

Size and scale

Diversified business: geographical presence, product portfolio, market segmentation

Cross-divisional best practices



Cash generation

Disciplined financial and cash management: clean balance sheet to fuel growth

Steady operational cash flow generation

Responsible approach for long-term sustainability



Market consolidator

Well positioned to seize opportunities in a highly fragmented dairy market

Proven track record in acquiring and integrating new businesses

Building on Our Strong Foundations



Operational Strategy

- Increase efficiency + productivity
-
- Leverage best practices across business
-
- Integration and synergies



Capex Strategy

- Continuous investments optimize operations
-
- Innovation and expansion in growing and profitable market segments / product categories



M&A Strategy

- Bolt-on in existing divisions
-
- New platforms and/or product segments

2.2 History (Including Acquisitions)

Mr. Emanuele (Lino) Saputo founded the Company with his parents in 1954, producing quality cheese for the Italian community of Montréal.

Between 1970 and 1997, we acquired several production operations and food distributors, and developed our national distribution network, positioning ourselves in Canada as a leading producer of mozzarella.

On October 15, 1997, we completed our initial public offering of 75,764,000 Common Shares at \$2.125 per share.

The following table presents the acquisitions we completed since our initial public offering. These acquisitions, which were in line with our commitment to growth, contributed to making us an important international dairy processor.

Historical Acquisitions Completed by Saputo

Acquisition Dates	Acquired Businesses	Acquired Activities	Countries of Operations	Acquisition Price (Approximation) ⁽¹⁾	Annual Revenues (Approximation) ⁽²⁾
October 15, 1997 to March 31, 2016	25 various businesses	Manufacturing, selling and distribution of dairy products (cheese, fluid milk, dairy beverages, cream products, butter and ingredients), dairy and non-dairy extended shelf life products, juices and drinks and snack-cakes ⁽³⁾⁽⁴⁾	Canada, USA, Australia and Argentina	\$5.03 billion	\$8.14 billion
September 29, 2017	Extended shelf-life dairy product activities of Southeast Milk, Inc.	Manufacturing, selling and distribution of extended shelf-life dairy products.	USA	\$64 million	\$59 million
December 12, 2017	Betin, Inc., doing business as Montchevre	Manufacturing, marketing and distribution of goat cheese.	USA	\$341 million	\$150 million
May 1, 2018	Business of Murray Goulburn Co-Operative Co. Limited ("MG") ⁽⁵⁾	Manufacturing, selling and distribution of dairy foods, including fluid milk, milk powder, cheese, butter and dairy beverages, as well as a range of dairy ingredient and nutritional products, such as infant formula.	Australia	\$1.29 billion	\$2.5 billion
June 19, 2018	Activities of Shepherd Gourmet Dairy (Ontario) Inc.	Manufacturing, marketing and distribution of specialty cheeses, yogurt and Skyr Icelandic-style yogurt.	Canada	\$100 million	\$57 million
November 30, 2018	Activities of F&A Dairy Products, Inc.	Manufacturing, marketing and distribution of natural cheeses (such as mozzarella and provolone).	USA	\$113 million	\$216 million
April 15, 2019	Dairy Crest Group plc	Manufacturing, marketing and distribution of cheese, butter, spreads, dairy ingredients and oils.	United Kingdom	\$1.7 billion	\$796 million
October 28, 2019	Specialty cheese business of Lion Dairy & Drinks Pty Ltd	Manufacturing, marketing and distribution of a variety of specialty cheeses.	Australia	\$250 million	\$171 million

(1) Canadian dollar equivalent of the acquisition price, taking into account the exchange rate on the date of completion of the acquisition.

(2) Canadian dollar equivalent of the annual revenues for the last completed fiscal year prior to completion of the acquisition, taking into account the exchange rate on the date of completion of the acquisition.

(3) We sold our Bakery Division, which manufactured, sold and distributed snack-cakes, in fiscal 2015.

(4) In 2014, we acquired 87.92% of the issued shares of Warrnambool Cheese & Butter Factory Company Holdings Limited ("Warrnambool Cheese & Butter") for \$450 million, plus the assumption of debt. Following a takeover bid announced on January 30, 2017, and subsequent to a compulsory acquisition process, we acquired all remaining shares of Warrnambool Cheese & Butter on March 31, 2017, for approximately \$84 million.

(5) On August 17, 2018, we completed the sale of the Koroit plant for a selling price of approximately \$244 million (approximately AU\$250 million). This divestiture was required pursuant to the undertaking entered into with the Australian Competition and Consumer Commission in connection with the acquisition of the activities of MG.

Item 3 – Industry Overview

3.1 Regulatory Environment

Our operations are subject to laws and regulations at various government levels, including federal, state/provincial and municipal. These laws and regulations relate to the whole spectrum of food and beverage production, starting from reception of raw materials and ingredients in our production facilities to the production of finished products, and cover matters such as product safety, quality, processing, content, composition, labelling, packaging and storage. They also cover matters relating to product logistics and distribution in respect of products manufactured by us and products manufactured by third parties that we handle. We also adhere to generally accepted norms and standards within the dairy processing industry. Our production facilities are subject to plant inspections by government authorities in order to ensure compliance with applicable laws and regulations.

The laws and regulations applicable to our operations vary from one country to another. The following table provides an overview of the regulatory environment in the countries where we manufacture products.

	Milk production	Milk pricing	International trade
Canada	<ul style="list-style-type: none"> National and provincial milk production quota system in place Quotas are set to match domestic milk production with domestic requirements Provincial milk marketing boards allocate milk production quotas to local milk producers 	<ul style="list-style-type: none"> Milk prices set by provincial milk marketing boards using a federally announced butter support price and based on factors including milk cost of production studies, stakeholder input, processors' costs of production and consumer price index 	<ul style="list-style-type: none"> Most Canadian dairy product imports are limited to tariff rate quota (TRQ) quantities provided for under various trade agreements with high tariffs imposed on imported dairy products that exceed these TRQ quantities Canada's dairy product exports, provided they are manufactured with milk purchased at Canadian domestic milk prices are unlimited with the exception of exports of skim milk powder, certain milk protein concentrates and infant formula, which are subject to an export charge for quantities exceeding those set out in the <i>Canada-United States-Mexico Agreement (CUSMA)</i>
United States	<ul style="list-style-type: none"> No production quotas except for milk used in fluid products in California Dairy processors can negotiate supply agreements with producers and other sellers Dairy processors are not limited in terms of the volume of milk they receive 	<ul style="list-style-type: none"> Milk prices for several products (cheese, butter, dry whey, and skim milk powder) are set by the United States Department of Agriculture (USDA) USDA sets prices using data from surveys with producers Milk prices are set according to their use 	<ul style="list-style-type: none"> Similar to Canada, the United States applies high tariffs on imports of dairy products that exceed its import quotas No export restrictions on dairy products destined to international markets
Australia	<ul style="list-style-type: none"> No limitations or restrictions on the volume of milk that is produced and processed Dairy processors are not limited in terms of the volume of milk they receive 	<ul style="list-style-type: none"> Milk prices negotiated between producers and processors 	<ul style="list-style-type: none"> No significant import or export restrictions on dairy products Imports may be subject to duties, quota controls or tariffs depending on the type of product and the reciprocal trade agreements in place

	Milk production	Milk pricing	International trade
Argentina	<ul style="list-style-type: none"> • No limitations or restrictions on the volume of milk that is produced and processed • Dairy processors are not limited in terms of the volume of milk they receive 	<ul style="list-style-type: none"> • Milk prices negotiated between producers and processors • Milk prices have strong correlation with prices on world markets 	<ul style="list-style-type: none"> • No import restrictions on foreign manufactured dairy products • Imports may be subject to duties, quota controls or tariffs depending on the type of product and the reciprocal trade agreements in place • Exports of dairy products are not restricted, although an export tax is imposed
United Kingdom	<ul style="list-style-type: none"> • No limitations or restrictions on the volume of milk that is produced and processed • Dairy processors are not limited in terms of the volume of milk they receive 	<ul style="list-style-type: none"> • Milk prices negotiated between producers and processors • Milk prices have strong correlation with prices on world markets 	<ul style="list-style-type: none"> • No import restrictions on foreign manufactured dairy products • Imports may be subject to duties, quota controls or tariffs depending on the type of product and the reciprocal trade agreements in place • No export restrictions on dairy products destined to international markets

3.2 Milk Supply

In Canada, the dairy industry operates under a national milk supply management system. The objective of this system is to ensure that the overall supply of dairy products to the Canadian market is sufficient to meet consumer demand. This objective is met by regulating domestic milk production used for manufacturing dairy products in Canada.

Canadian milk production is allocated to processors based on provincial allocation rules for fluid milk products (i.e., milk used to manufacture fluid milk products, such as table milk or cream intended for consumption in fluid forms) and industrial milk products (i.e., milk used to manufacture all other dairy products, known as industrial dairy products, such as cheese, butter, ice cream and yogurt). Fluid milk is available to processors “on demand”, such that, subject to available supply, processors are free to order as much milk as they need to meet their fluid milk product requirements. The volume of industrial milk available for processing industrial dairy products is generally restricted in its growth. The price paid by processors for milk in Canada is regulated and depends on the class of dairy products manufactured.

In the USA, milk pricing involves a wide variety of regulations based on public policy decisions. Some of these regulations include federal milk marketing orders, import restrictions, domestic and international food aid programs and state-level milk marketing programs. Generally, milk pricing is regulated by milk marketing orders under federal jurisdiction.

In most cases, milk marketed to processors within the USA is priced according to its use based on a class pricing structure. Under federal jurisdiction, minimum milk prices are set monthly by milk marketing orders based on product price formulas. Price data used in the federal formulas takes into account the wholesale prices of cheese, butter, dry whey and non-fat dry milk. This data is collected through surveys conducted by the Agricultural Marketing Service of the United States Department of Agriculture.

USA dairy processing plants are not limited in terms of the quantity of milk they can receive and are free to negotiate their milk supply with whomever they choose. Independent processors usually negotiate with local cooperatives or they may procure milk directly from individual farms. Processors are charged a price that reflects the current month's milk class price plus a negotiated handling charge.

In Australia, Argentina and the United Kingdom, milk prices are negotiated between processors and producers. There are no limitations or restrictions as to the volume of milk that is produced and processed, nor is milk sold to processors within Australia, Argentina and the United Kingdom priced or classified according to its use. Moreover, processors are not limited regarding the volume of milk that they can purchase and are free to negotiate milk supply agreements with whomever they choose. The price of milk in Australia, in Argentina and in the United Kingdom has a strong correlation to the world price of traded dairy products.

3.3 International Trade

3.3.1 IMPORTS

Under the World Trade Organization (WTO) Agreement on Agriculture, as well as other international trade agreements, Canada and the USA can restrict imports of dairy products. Imports within yearly access commitments are subject to low or zero tariff rates, while imports over yearly access commitments are subject to prohibitively high tariff rates. In Canada, Global Affairs Canada administers a system of tariff rate quotas (TRQs) for imports of supply managed products subject to low or zero tariff rates.

Australia, Argentina and the United Kingdom are not subject to similar import restrictions on foreign manufactured dairy products, although dairy products may be subject to import duties, import quota controls or tariffs in these countries depending on the type of product and on the reciprocal trade agreements that may be in place.

3.3.2 COMPREHENSIVE ECONOMIC TRADE AGREEMENT

In October 2016, the Canadian Government signed the final text of the Comprehensive Economic Trade Agreement (CETA) with the European Union (EU), which subsequently entered into force on September 21, 2017. Under CETA, access for EU cheeses imported into Canada will increase from approximately 13,500 tonnes previously available under the WTO Agreement on Agriculture, to a total of 32,000 tonnes by 2022. In 2021, approximately 29,000 tonnes of EU cheeses are allowed for import in Canada at low tariff rates and allocated under the TRQ system.

The United Kingdom officially left the EU Single Market and Customs Union on January 31, 2020 and on December 24, 2020 agreed to the UK-EU Trade and Cooperation Agreement (UK-EU TCA) which came into effect on January 1, 2021. The UK-EU TCA, together with the Trade Continuity Agreements with other countries, ensures that the United Kingdom can continue to trade with its existing international partners largely tariff and quota free.

3.3.3 CANADA-UNITED KINGDOM TRADE CONTINUITY AGREEMENT

On December 9, 2020, Canada and the United Kingdom signed the Canada-United Kingdom Trade Continuity Agreement (TCA). Given that Canada and the United Kingdom would not be able to complete their respective domestic ratification procedures to implement the TCA prior to January 1, 2021, they agreed, through a Memorandum of Understanding (MoU), to apply tariff benefits on a reciprocal and provisional basis until the TCA entered into force which occurred on April 1, 2021. As a result of this Agreement, cheese originating in the United Kingdom shall continue to be eligible to be imported into Canada under Canada's WTO cheese TRQs reserved for EU WTO Members until December 31, 2023. After this date, cheese originating in the United Kingdom would be eligible to be imported into Canada under its WTO cheese TRQs reserved for non-EU WTO Members.

3.3.4 COMPREHENSIVE AND PROGRESSIVE AGREEMENT FOR TRANS-PACIFIC PARTNERSHIP

On March 8, 2018, Canada, Australia, and nine other countries, signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The CPTPP entered into force on December 30, 2018, for Canada, Australia, Japan, Mexico, New Zealand, and Singapore. On January 14, 2019, the CPTPP entered into force for Vietnam. The CPTPP grants new access to the Canadian market for a wide range of dairy products originating from other signatory countries that have ratified the CPTPP. In Australia, cheese products imported from other signatory countries that have ratified the CPTPP are not subject to import quota control.

In November 2018, the Government of Canada announced that it would allocate, on an interim basis, a significant portion of the CPTPP TRQs to dairy processors in Canada. The CPTPP provides for export opportunities for dairy products originating from Australia and Canada to other signatory countries that have ratified the CPTPP.

3.3.5 CANADA-UNITED STATES-MEXICO AGREEMENT

The Canada-United States-Mexico Agreement (CUSMA) was signed on November 30, 2018, by the governments of Canada, the USA, and Mexico. In April 2020, all three countries provided formal notification that their respective internal ratification processes were complete. The CUSMA entered into force on July 1, 2020. The CUSMA replaced the North American Free Trade Agreement and provides additional access to the Canadian market under TRQs for a wide range of dairy products and will require the Canadian government to adhere to certain pricing and export provisions for dairy products.

In June 2020, the Government of Canada announced that it would allocate, on an interim basis, a significant portion of the CUSMA TRQs to dairy processors in Canada.

3.3.6 COMPREHENSIVE REVIEW OF CANADA'S IMPORT LICENCES (TARIFF RATE QUOTAS) FOR DAIRY PRODUCTS

On May 10, 2019, Global Affairs Canada (GAC) launched a comprehensive review of the allocation and administration of Canada's TRQs for supply managed products, including dairy, poultry and egg products, with the expectation that the long-term allocation and administration policies for these licences would be published in September 2020. However, in May 2020, this review was temporarily suspended by the Government of Canada due to the COVID-19 pandemic. The review resumed on January 6, 2021, and GAC announced that long-term allocation and administration policies for all dairy TRQs will be published on September 1, 2021.

3.3.7 EXPORTS

Further to a decision rendered by the WTO in December 2002, which found that Canada's dairy export practices constituted export subsidies, Canada was only permitted to export dairy products over its WTO commitments on subsidized exports at prices which are based on Canada's raw milk prices. However, as part of the "Nairobi Package", which was adopted at the WTO's Ministerial Conference in December 2015, the government of Canada agreed to eliminate all subsidized dairy exports by the end of 2020. While the Canadian dairy industry has undertaken to adapt the Canadian milk supply management system to ensure that dairy product exports will be permitted to continue beyond December 31, 2020, as a result of its obligations under CUSMA, which came into effect on July 1, 2020, Canada has implemented an export permit system for skim milk powder, certain milk protein concentrates and infant formula whereby exports of these products from Canada are subject to an export charge, regardless of the destination market, for volumes exceeding annual threshold limits as outlined in the CUSMA. The USA, Australia, Argentina and the United Kingdom do not impose export restrictions on dairy products destined to international markets. However, Argentina imposes an export tax on dairy products.

3.4 Processing and Trade

The International Dairy Federation reports and analyzes information about the international dairy sector, including global production and export. The information in the following tables was taken from the Bulletin of the International Dairy Federation 506/2020 and offers a general comparative view of production and export volumes in the countries where Saputo has production facilities.

Production ⁽¹⁾

Volume (x 1 000 metric tonnes)	Canada	USA	Australia	Argentina	United Kingdom
Liquid Milk	2,485 ⁽²⁾	20,985	2,464	1,423	6,436 ⁽⁶⁾
Fermented Products	380	1,985 ⁽⁴⁾	–	425 ⁽⁴⁾	557
Cream	400	647 ⁽⁵⁾	–	66	314 ⁽⁶⁾
Butter and Butteroil	112 ⁽³⁾	904 ⁽³⁾	52	32 ⁽³⁾	188
Cheese	427	5,959	373	448	418
Whole Milk Powder	–	64	38	209	20 ⁽⁷⁾
Skim Milk Powder	97	1,107	149	50	86 ⁽⁷⁾

(1) Volumes are indicated for calendar year 2019, except those for Australia which are based on the 12-month period beginning July 2018 and ending June 2019.

(2) Including chocolate milk and eggnog.

(3) Production of butter only.

(4) Production of yogurt only.

(5) Production of sour cream.

(6) Consumer packaged goods.

(7) Production estimated.

Export ⁽¹⁾

Volume (x 1 000 metric tonnes)	Canada	USA	Australia	Argentina	United Kingdom
Liquid Milk	10 ⁽²⁾	109	246	1	72 ⁽⁶⁾
Fermented Products	17	16 ⁽⁴⁾	10	–	65
Cream	–	25 ⁽⁵⁾	8	–	3 ⁽⁶⁾
Butter and Butteroil	2 ⁽³⁾	26 ⁽³⁾	18	15 ⁽³⁾	73
Cheese	11	358	160	61	205
Whole Milk Powder	1	39	41	97	66 ⁽⁷⁾
Skim Milk Powder	47	701	128	22	82 ⁽⁷⁾

(1) Volumes are indicated for calendar year 2019, except those for Australia which are based on the 12-month period beginning July 2018 and ending June 2019.

(2) Including chocolate milk and eggnog.

(3) Production of butter only.

(4) Production of yogurt only.

(5) Production of sour cream.

(6) Consumer packaged goods.

(7) Production estimated.

Item 4 – Description of the Business

4.1 Overview

During fiscal 2021, we operated our business through four sectors and five divisions.



(1) In August 2020, we merged our two USA divisions, the Cheese Division (USA) and the Dairy Foods Division (USA), into a single division, now known as the Dairy Division (USA).

We currently operate 61 manufacturing facilities and, as at March 31, 2021, employed approximately 17,300 employees.

Our products are sold in several countries under market-leading brands, as well as private label brands.

The following table presents the relative importance of our sectors over the last two fiscal years:

Revenues by Sector

(in millions of CDN dollars)	Year ended March 31, 2021		Year ended March 31, 2020	
	Revenues (\$)	% of Total Revenues	Revenues (\$)	% of Total Revenues
Canada Sector	4,134.9	28.9	4,007.3	26.8
USA Sector	6,121.8	42.8	7,093.6	47.5
International Sector	3,221.4	22.6	3,076.7	20.6
Europe Sector	815.8	5.7	765.9 ⁽¹⁾	5.1
Total	14,293.9	100.0	14,943.5	100.0

(1) For the 50-week period ended March 31, 2020, being the 50 complete weeks of fiscal 2020 following the acquisition of Dairy Crest Group plc on April 15, 2019.

The following table presents our total revenues by market segmentation over the last two fiscal years:

Total Company Revenues – Market Segmentation

(in millions of CDN dollars)	Year ended March 31, 2021		Year ended March 31, 2020	
	Revenues (\$)	% of Total Revenues	Revenues (\$)	% of Total Revenues
Retail	7,571.0	53.0	7,360.2	49.2
Foodservice	4,081.5	28.5	5,061.4	33.9
Industrial	2,641.4	18.5	2,521.9	16.9
Total	14,293.9	100.0	14,943.5	100.0

Retail: We sell both our own branded products and products under customer brand names to our retail customers, which include supermarket chains, mass-merchandisers, convenience stores, independent retailers, warehouse clubs and specialty cheese boutiques.

Foodservice: Foodservice customers include broadline distributors, restaurants (corporate restaurant chains, franchisees and individually-owned), hotels and institutions. We provide our foodservice customers with our own branded products and products under customer brand names.

Industrial: Industrial clients include manufacturers who use our dairy ingredients, cheeses, and other dairy products for further processing. Our products are used in the preparation of food items, nutritional products for all stages of life, and for various other applications.

4.2 Canada Sector

The Canada Sector consists of the Dairy Division (Canada). In fiscal 2021, the Canada Sector represented 28.9% of our total revenues.

4.2.1 PRODUCTS

Through our Dairy Division (Canada), we produce, market and distribute in Canada a variety of cheeses, including mozzarella and cheddar, specialty cheeses, such as ricotta, provolone, parmesan, goat cheese, feta and havarti, fine cheeses, such as brie and camembert, and other cheeses, including brick, colby, farmer, munster, monterey jack, fresh curd and processed cheeses. Our cheese products are sold under various brand names, such as *Saputo*, *Armstrong*, *Alexis de Portneuf*, *Bari*, *Cheese Heads*, *Chevrai*, *Cogruet*, *DuVillage 1860*, *Kingsey*, *Shepherd Gourmet Dairy*, *Stella* and *Woolwich Goat Dairy*, as well as under customer brand names (private label). Through our cheese distribution network, we distribute fine imported cheeses to specialty stores, as well as certain dairy and non-dairy products manufactured by third parties. Furthermore, we produce, market and distribute in Canada and on the international market, a number of dairy ingredients, including milk powder, whey powder, lactose and whey protein concentrates.

We also produce, market and distribute in Canada fluid milk, cream, yogurt, sour cream, cottage cheese, as well as ice cream mixes. Fluid milk is sold under the *Dairyland* brand in Western Canada, the *Neilson* brand in Ontario, the *Nutrilait* brand in Québec and the *Baxter* and *Scotsburn** brands in Atlantic Canada. Value-added milk is marketed under the *Trutaste* brand, as well as under the brand names *Milk2Go/Lait's Go* and *Joyya*. In addition, within our fluid milk operations, we also produce, market and distribute certain other dairy and non-dairy products. Other dairy products include butter under the *Dairyland*, *Neilson*, *Saputo*, *Baxter* and *Scotsburn** brand names, flavoured cream under the *Baileys** brand and dips under the *Heluva Good** brand.

4.2.2 PRODUCTION

Raw Materials

In Canada, milk represents the primary cost that we incur in the manufacturing of dairy products. Due to the regulated nature of the Canadian dairy industry, we can only source our milk through the milk marketing boards in each province. We source our other raw materials from various suppliers.

Facilities

We operate 18 manufacturing facilities located in Canada. We own all of our facilities, with the exception of two facilities, and all of our facilities have an overall excess capacity of 25%.

4.2.3 MARKETS

We are a leading cheese manufacturer and fluid milk and cream processor in Canada. We also distribute fine imported cheeses to specialty stores and sell various dairy and non-dairy products manufactured by third parties that are complementary to the sale of its cheeses.

* Trademark used under licence.

Clientele

The following table presents, for the Canada Sector, revenues by market segmentation for each of the last two fiscal years:

Canada Sector – Revenues – Market Segmentation

(in millions of CDN dollars)	Year ended March 31, 2021		Year ended March 31, 2020	
	Revenues (\$)	% of Total Revenues	Revenues (\$)	% of Total Revenues
Retail	2,614.1	63.2	2,345.9	58.5
Foodservice	1,199.3	29.0	1,430.4	35.7
Industrial	321.5	7.8	231.0	5.8
Total	4,134.9	100.0	4,007.3	100.0

4.2.4 DISTRIBUTION

Product distribution in Canada is realized through direct shipments to certain customers, as well as to national and regional third-party distributors. We have also developed a nation-wide distribution network for our dairy operations, comprised of 20 distribution centres and warehouses and 744 distribution routes across Canada.

4.2.5 COMPETITION

The Dairy Division (Canada) competes mainly with multinational and national dairy processors. We have established ourselves as a leading cheese manufacturer and fluid milk and cream processor in Canada.

4.2.6 EMPLOYEE RELATIONS

As at March 31, 2021, the Canada Sector had approximately 5,700 employees, all located in Canada. Approximately 30% of the Canada Sector's workforce is unionized.

We do not currently foresee any labour unrest in connection with the renewal of collective agreements expiring in fiscal 2022. All agreements that expired in fiscal 2021 were, or are expected to be, renewed upon satisfactory terms or continue to govern during ongoing negotiations, which are expected to result in satisfactory renewals. We have good employee relations in Canada. The loyalty and dedication of our employees are key elements in our performance.

4.3 USA Sector

The USA Sector consists of the Dairy Division (USA). In fiscal 2021, revenues from the USA Sector represented 42.8% of our total revenues.

4.3.1 PRODUCTS

Through our Dairy Division (USA), we produce, market and distribute in the USA a variety of cheeses, including a broad line of mozzarella, American-style and specialty cheeses, such as ricotta, provolone, blue, parmesan, goat cheese and romano, which are sold under a variety of our brand names, including *Black Creek*, *Chevrai*, *Dragone*, *Frigo Cheese Heads*, *Gardenia*, *Great Midwest*, *King's Choice*, *Lorraine*, *Lugano*, *Montchevre*, *Organic Creamery*, *Salemville*, *Saputo*, *Stella*, *Treasure Cave* and *Woolwich Goat Dairy*, as well as under customer brand names. We also convert, market and sell a broad range of specialty cheeses and, moreover, hold an important portfolio of import licences for specialty cheeses manufactured abroad. As well, we produce, market and distribute in the USA and on the international market dairy ingredients, including whey powder, whey protein concentrates, lactose and dairy ingredient blends.

We also produce, market and distribute in the USA a variety of dairy and non-dairy extended shelf-life products, including cream and creamers, ice cream mixes, whipping cream, aerosol whipped toppings, iced coffee, half and half and value-added milks, as

well as cultured products, such as sour cream and cottage cheese. These products are manufactured under customer brand names, as well as under our own brands, such as *DairyStar* and *Friendship Dairies*.

4.3.2 PRODUCTION

Raw Materials

In the USA, we source our milk and cream primarily from cooperatives, including through short and long-term supply agreements, as well as directly from farmers and other dairy processors. Milk and cream represent the primary costs that we incur in manufacturing our dairy products. We source our other raw materials from various suppliers.

Facilities

We operate 26 manufacturing facilities located in the USA. We own all of these facilities, with the exception of two facilities, and all of our facilities have an overall excess capacity of 20%. We also have a state-of-the-art commercial culinary facility in the USA, the Saputo Product Performance Center, which allows us to replicate real foodservice kitchen scenarios to understand how each product will best benefit our clients' offering and performance demands.

4.3.3 MARKETS

In the USA, we are among the top three cheese producers and among the largest processors of extended shelf-life and cultured dairy products. We compete in the USA natural cheese, extended shelf-life and cultured dairy products markets by selling our own branded products and products under customer brand names.

Clientele

The following table presents, for the USA Sector, revenues by market segmentation for each of the last two fiscal years:

USA Sector – Revenues – Market Segmentation

(in millions of CDN dollars)	Year ended March 31, 2021		Year ended March 31, 2020	
	Revenues (\$)	% of Total Revenues	Revenues (\$)	% of Total Revenues
Retail	2,846.8	46.5	3,074.0	43.3
Foodservice	2,650.5	43.3	3,417.5	48.2
Industrial	624.5	10.2	602.1	8.5
Total	6,121.8	100.0	7,093.6	100.0

4.3.4 DISTRIBUTION

Sales in the USA are made through direct shipments to certain customers, as well as to national and regional third-party distributors.

4.3.5 COMPETITION

In the USA, we compete mainly with multinational and national dairy processors. We have established ourselves in the USA among the top three cheese producers and among the largest processors of extended shelf-life and cultured dairy products.

4.3.6 EMPLOYEE RELATIONS

As at March 31, 2021, our USA Sector had approximately 6,700 employees, all located in the USA. Approximately 25% of the USA Sector's workforce is unionized.

We do not currently foresee any labour unrest in connection with the renewal of collective agreements expiring in fiscal 2022. All agreements that expired in fiscal 2021 were, or are expected to be, renewed upon satisfactory terms or continue to govern during ongoing negotiations, which are expected to result in satisfactory renewals. We have good employee relations in the USA. The loyalty and dedication of our employees are key elements in our performance.

4.4 International Sector

The International Sector includes the Dairy Division (Australia) and the Dairy Division (Argentina). In fiscal 2021, revenues from the International Sector represented 22.6% of our total revenues.

4.4.1 PRODUCTS

Through our Dairy Division (Australia), we produce, market and distribute in Australia and on the international market a full range of dairy foods, including a variety of cheeses, butter and butter blends, milk, cream and dairy beverages. These products are sold under various brand names, such as *CHEER*, *Cracker Barrel**, *Devondale*, *Fred Walker*, *Great Ocean Road*, *King Island Dairy*, *Liddells*, *Mersey Valley*, *Mil Lei*, *Murray Goulburn Ingredients*, *Warrnambool*, *South Cape*, *Sungold* and *Tasmanian Heritage*. We also produce, market and distribute dairy ingredients and nutritional products, including milk powder, whey protein concentrates, lactoferrin and infant formula.

Through our Dairy Division (Argentina), we produce, market and distribute in Argentina and on the international market a variety of cheeses, as well as butter and cream. These products are sold under recognized brand names, such as *La Paulina*, *Molfino*, *Saputo*, *Stella* and *Ricrem*. We also produce, market and distribute dairy ingredients, including milk powder, casein and whey protein.

4.4.2 PRODUCTION

Raw Materials

In Australia and Argentina, we source our milk requirements directly from producers. The Dairy Division (Australia) and the Dairy Division (Argentina) source their other raw materials from various suppliers.

Facilities

We operate, through our International Sector, 13 manufacturing facilities. We own all of our facilities, with the exception of two facilities, and all of our facilities have an overall excess capacity of 23%.

4.4.3 MARKETS

We are the top dairy processor in Australia and the second largest dairy processor in Argentina. The sale of products manufactured by the Dairy Division (Australia) and the Dairy Division (Argentina) is well balanced between the national and international markets.

Clientele

The following table presents, for the International Sector, revenues by market segmentation for each of the last two fiscal years:

International Sector – Revenues – Market Segmentation

(in millions of CDN dollars)	Year ended March 31, 2021		Year ended March 31, 2020	
	Revenues (\$)	% of Total Revenues	Revenues (\$)	% of Total Revenues
Retail	1,399.3	43.5	1,306.5	42.5
Foodservice	223.6	6.9	203.8	6.6
Industrial	1,598.5	49.6	1,566.4	50.9
Total	3,221.4	100.0	3,076.7	100.0

* Trademark used under licence.

4.4.4 DISTRIBUTION

In Australia and Argentina, we distribute our products through third-party distributors and by direct shipment to certain customers. In the international market, we distribute our products by arranging for delivery to a port of entry using third-party carriers and, in certain cases, using the services of third-party distributors located within the international market.

4.4.5 COMPETITION

We compete mainly with multinational and national dairy processors. We have established ourselves as the top dairy processor in Australia, and the second largest dairy processor in Argentina.

4.4.6 EMPLOYEE RELATIONS

As at March 31, 2021, the International Sector had approximately 3,900 employees, of which approximately 2,900 were located in Australia and 1,000 in Argentina. Approximately 58% of the Dairy Division (Australia) workforce and 78% of the Dairy Division (Argentina) workforce is unionized.

We do not currently foresee any labour unrest in connection with the renewal of collective agreements expiring in fiscal 2022. All agreements that expired in fiscal 2021 were, or are expected to be, renewed upon satisfactory terms or continue to govern during ongoing negotiations, which are expected to result in satisfactory renewals. We have good employee relations. The loyalty and dedication of our employees are key elements in our performance.

4.5 Europe Sector

The Europe Sector is comprised of the Dairy Division (UK). The Dairy Division (UK) consists of the activities of Dairy Crest Group plc acquired by us on April 15, 2019 (the “**Dairy Crest Acquisition**”). In fiscal 2021, the Europe Sector represented 5.7% of our total revenues.

The Dairy Crest Acquisition enabled us to enter the United Kingdom market by acquiring and investing in a well-established and successful industry player, with a solid asset base and an experienced management team.

4.5.1 PRODUCTS

In the United Kingdom, the Dairy Division (UK) manufactures, markets and distributes cheese, butter, spreads and oils under leading British brands, such as *Cathedral City*, *Clover*, *Country Life*, *Davidstow* and *Frylight*. The Dairy Division (UK) also manufactures dairy free spreads and distributes dairy alternative cheese, both marketed under the *Vitalite* brand. In addition, the Dairy Division (UK) manufactures demineralized whey powder and galacto-oligosaccharides (GOS) for the infant formula markets.

4.5.2 PRODUCTION

Raw Materials

In the United Kingdom, we source our milk requirements directly from farmers. The Dairy Division (UK) sources its other raw materials from various suppliers.

Facilities

Through our Europe Sector, we operate four manufacturing facilities in the United Kingdom. We own all of these facilities, with the exception of two facilities, and all of our facilities have an overall excess capacity of 16%. Our Dairy Crest Innovation Centre, located onsite of an agricultural university campus, also allows us to increase our access to food and farming research.

4.5.3 MARKETS

Sales of branded cheese, branded oil, butter, dairy spreads and dairy-free spreads are mainly in the retail market segment. Ingredient sales of demineralized whey and GOS are made to industrial customers. Almost all of the Dairy Division (UK)'s sales are to customers in the United Kingdom.

Clientele

The following table presents, for the Europe Sector, revenues by market segmentation for the last fiscal year and the 50-week period ended March 31, 2020 (being the 50 complete weeks of fiscal 2020 following the Dairy Crest Acquisition):

Europe Sector – Revenues – Market Segmentation

(in millions of CDN dollars)	Year ended March 31, 2021		50-week period ended March 31, 2020	
	Revenues (\$)	% of Total Revenues	Revenues (\$)	% of Total Revenues
Retail	710.8	87.1	633.8	82.7
Foodservice	8.1	1.0	9.7	1.3
Industrial	96.9	11.9	122.4	16.0
Total	815.8	100.0	765.9	100.0

4.5.4 DISTRIBUTION

Sales in the United Kingdom are mostly made through direct shipments to customer distribution centres from the Dairy Division (UK)'s national distribution centre with transport and logistics provided through a third party.

4.5.5 COMPETITION

In the United Kingdom, we compete mainly with multinational and national dairy processors. We are the largest manufacturer of branded cheese and a leading manufacturer and packer of branded butter and dairy spreads in the United Kingdom.

4.5.6 EMPLOYEE RELATIONS

As at March 31, 2021, the Europe Sector had approximately 1,000 employees. Approximately 25% of the Europe Sector's workforce is unionized.

We do not currently foresee any labour disputes in connection with the renewal of collective agreements expiring in fiscal 2022. All agreements that expired in fiscal 2021 were renewed on satisfactory terms. We have good employee relations. The loyalty and dedication of our employees are key elements in our performance.

4.6 Capital Expenditures

In fiscal 2021, we spent a total of \$433 million in property, plant and equipment and intangible assets related to the ERP initiative, excluding right-of-use assets. Depreciation and amortization expenses totalled \$445 million, excluding right-of-use assets. In light of the evolution of the COVID-19 pandemic and the related restrictions imposed in certain jurisdictions, we re-planned some of our capital expenditures projects during fiscal 2021. As such, we spent \$59 million less than we had planned at the beginning of the fiscal year in connection with capital expenditures relating to property, plant and equipment.

Our Global Strategic Plan FY2022-FY2025 includes a four-year capital expenditure plan pursuant to which we plan to allocate capital expenditure amounts of approximately \$2.3 billion starting in fiscal 2022. On an annual basis, the Company intends to continue to invest in capital expenditures to a level which is similar to its depreciation and amortization expense.

However, we will continue to re-evaluate the nature and timing of our capital expenditures projects as uncertainties caused by the COVID-19 pandemic continue. We will review and, when appropriate, adjust the amount and allocation of capital expenditures as the COVID-19 pandemic and the post-pandemic recovery evolves.

The following table sets forth the capital expenditures we expect to incur in fiscal 2022.

Capital Expenditures in Property, Plant and Equipment	Fiscal 2022 (\$ millions)	Fiscal 2022 to fiscal 2025 (4 years) (\$ millions)
Base capital expenditures including capital expenditures related to the ERP initiative	330	1,105
Strategic projects ¹	307	1,232
Total	637	2,337

Our new ERP system has now been implemented fully in Argentina and partially in both the Dairy Division (USA) and the Dairy Division (Australia). As we continue our ERP deployment, the rollout within the remainder of the Dairy Division (Australia) and the subsequent phases of the implementation within the Dairy Division (USA) are expected to be completed by the end of fiscal 2022. In the Dairy Division (Canada), we initiated the planning of our phased ERP rollout during fiscal 2021 and we expect to complete the implementation by the end of fiscal 2024. We may re-plan deployment activities based on the evolution of the COVID-19 pandemic. The Dairy Division (UK) remains out of the scope of our global ERP program and will continue to operate under its existing ERP system.

As at March 31, 2021, we had invested, in the aggregate, approximately \$349 million in our ERP program and expect the cost of the implementation of our ERP program to represent, based on the current project scope, approximately \$435 million in the aggregate, an increase of \$35 million over last year's estimate. This increase is mainly due to the deployment re-plan resulting from the COVID-19 pandemic and related travel restrictions. Our investments for the remainder of our ERP program are expected to be approximately \$86 million, with approximately \$50 million for fiscal 2022, \$26 million for fiscal 2023 and \$10 million for fiscal 2024.

4.7 Environmental, Social, and Corporate Governance (ESG)

4.7.1 GOVERNANCE

The Saputo Promise is our approach to social, environmental and economic performance based on seven Pillars: Food Quality and Safety, Our People, Business Ethics, Responsible Sourcing, Environment, Nutrition and Healthy Living, and Community.

Our Board of Directors oversees the ESG factors material to our business and the deployment of appropriate measures to manage them, including overseeing our practices, guidelines and policies related to the Saputo Promise.

Specific corporate governance of the Saputo Promise and its Pillars falls under the responsibility of Management committees who ensure the appropriate business practices are implemented across our operations to effectively manage our ESG risks and opportunities. Our Corporate Responsibility Committee ("**CR Committee**") oversees the implementation of the Saputo Promise and monitors our progress for each of the seven Pillars. The CR Committee is composed of the President and Chief Operating Officer, Saputo Inc. and International Sector, the Chief Financial Officer, the Chief Human Resources Officer, the President and Chief Operating Officer of each of our divisions, and the Director, Corporate Responsibility. The President and Chief Operating Officer, Saputo Inc. and International Sector, annually reports to the Board of Directors on the Saputo Promise.

In addition to the CR Committee, other committees contribute to making sure that the Saputo Promise is an integral part of our management structure, and to ensuring the implementation and monitoring of appropriate management measures across specific Pillars. These committees include: the Environmental Committee, the Quality Assurance Committee ("**QA Committee**"), the Health and Safety Committee ("**H&S Committee**"), the Saputo Diversity, Equity and Inclusion Global Council, and the Animal Welfare Committee.

Furthermore, our Information Technology Security Committee ("**IT Committee**") assists us in fulfilling our corporate governance and oversight responsibilities relating to our technology, information systems and information security.

4.7.2 FOOD QUALITY AND SAFETY

When it comes to food quality and safety programs, we manage our business with harmonized standards across our operations. Our facilities worldwide are audited internally and by third parties several times per year to assess compliance with local laws and regulations, as well as with international industry standards. As at March 31, 2021, 98% of our facilities were certified to the Global Food Safety Initiative (GFSI) standards, which require having passed a rigorous quality and food safety system audit that is internationally recognized and globally benchmarked, and all of these facilities achieved a Good or Excellent audit rating.

Our Food Quality and Safety Policy, and related Company programs and standards, are overseen by our QA Committee, which is comprised of our President and Chief Operating Officer, Saputo Inc. and International Sector, and the President and Chief Operating Officer and quality assurance experts of each of our divisions. Quarterly reporting on our food quality and safety performance is made to the Audit Committee by the QA Committee, and the Chair of the QA Committee meets annually with the Audit Committee.

Our Food Quality and Safety Policy reflects and upholds our goal to supply our customers and consumers products that are safe and of the utmost quality. To achieve this goal, we are committed to maintaining high food quality and safety programs and standards throughout our supply chain, to continuously monitoring, reviewing, and improving these programs and standards, and to building an inclusive culture to ensure our food quality and safety programs and standards are supported by and achieved through the commitment of all employees.

We share our food quality and safety expectations with our suppliers. From a food safety perspective, we also ensure that robust contingency processes and precautionary measures are in place, such as systems for tracing raw materials and final products, which allow us to take proactive and immediate action, if necessary.

We believe in sharing our best practices relating to food quality and safety with other dairy industry participants to help maximize the maintenance of food quality and safety for the public at large. We attain this objective by actively collaborating with industry, regulatory and academic committees, such as the International Dairy Foods Association (IDFA), the International Association for Food Protection (IAFP) and the Innovation Center for US Dairy, and Dairy Management Inc.

4.7.3 DIVERSITY, EQUITY AND INCLUSION

We recognize that a diverse, equitable and inclusive environment that values diversity of thought, background, skills and experience is key to a healthy business. Diversity enriches discussions among directors and better reflects our relationship with our customers, employees, shareholders, business partners and other stakeholders.

Our commitment towards Diversity, Equity and Inclusion (DE&I) is described in the Board Diversity Policy. The Board Diversity Policy states that, in the context of the director nomination process, the Corporate Governance and Human Resources Committee of our Board of Directors (the “**CGHR Committee**”) will take into account diversity considerations such as gender, age and geographic areas as well as other characteristics of the communities in which we are present and conduct our business. Additionally, the CGHR Committee’s annual review of the size and composition of the Board of Directors is conducted with a view to identify imbalances or gaps, as well as opportunities that may be associated with further diversification.

The same value placed on diversity at the Board of Directors level is also placed at the management level and we strive to embed diversity, equity and inclusion in the corporate culture. We recognize the value of diversity, which offers a depth of perspectives and enhances our operations. We are committed to attracting talented individuals, and in our recruiting and staffing efforts, will promote a work environment that values diversity of backgrounds, skills, experiences and perspectives.

Our Diversity, Equity and Inclusion Global Council (the “**Council**”), comprised of the President and Chief Operating Officer, Saputo Inc. and International Sector, and employees from each of our divisions, drives efforts to promote a diverse and inclusive work environment across the organization at all levels. Through the initiatives of the Council, we aim to continue to review the current policies and procedures as well as to deploy learning and development programs with the intent of providing equal opportunities to all employees and potential candidates. The Chief Human Resources Officer reports annually to the Board of Directors on diversity matters.

4.7.4 WORKING CONDITIONS

Our success depends on our ability to identify, attract and retain qualified individuals and to execute appropriate succession planning for Management and key personnel.

We strive to be an employer of choice for top talent in the dairy industry, recognized for its values and its commitment to its employees. To do so, we invest in our employees, with continuous training and developing programs, providing them with the skills needed to maintain high-quality standards throughout our operations, and to continue to grow and have a career within the Company. In fiscal 2021, we invested approximately 335,000 hours in developing our employees, the equivalent of nearly 20 hours for each of our employees. Furthermore, our focus on promoting from within has translated into 943 employees being promoted internally in fiscal 2021.

4.7.5 HEALTH AND SAFETY

Keeping employees safe and healthy is a priority for us. Our approach to Health and Safety (“**H&S**”), which we have called Goal Zero, is about creating an environment where employees, regardless of their role, feel empowered to intervene or report any unsafe situation or behaviour. It’s also about creating that dynamic where all team members are encouraged to voice their concerns and share their ideas as we believe employees are an integral part of the solution to safety issues.

To support this approach and to further strengthen our safety culture, in fiscal 2021 we:

- (i) launched our first global H&S policy which aims to bring the employees together to achieve common objectives with a cohesive and consistent approach. The H&S policy highlights our safety principles, which form the backbone of our Goal Zero approach:

Leadership	Resources	Empowerment	Learnings	Commitment
We insist our leaders, and all levels of employees, lead by example and embody our principles when it comes to safety.	We ensure our people have the right equipment, standards and expertise to perform their employment activities safely.	We trust our employees to make decisions that ensure a safe environment for everyone.	We have a safety-first mindset and we prevent incidents by continually learning from successes, near misses and best practices.	We embed health and safety principles into everything we do.

- (ii) established the Safety Ambassadors Network, a group of more than 90 dedicated employees from across our network who will help us move forward on our path to Goal Zero.

Our H&S Committee, chaired by our President and Chief Operating Officer, Saputo Inc. and International Sector, and composed of the H&S leaders of each of our divisions, is responsible to align best H&S practices globally. The Chief Human Resources Officer reports quarterly to the CGHR Committee on H&S matters.

4.7.6 ANIMAL WELFARE AND SUPPLIER CODE OF CONDUCT

We adopted an Animal Welfare Policy, which affirms our zero tolerance for any act of animal cruelty. We monitor adherence to our Animal Welfare Policy and expect suppliers to comply with appropriate regulations, animal care and handling standards or Codes of Practice, and to implement awareness and training programs. We have established a clear protocol to work with suppliers and relevant authorities to address situations when presented with credible evidence to support an allegation of animal cruelty. In fiscal 2021, we celebrated the fifth anniversary of our Animal Welfare Policy and broadened its scope beyond dairy to include other animals used in meat products supplied to our foodservice and retail markets.

Our Animal Welfare Committee oversees our efforts and initiatives to ensure suppliers' compliance with recognized animal care standards or Codes of Practice, and monitors animal welfare best practices. The Animal Welfare Committee is led by our Director of Animal Welfare and is comprised of our internal senior leaders from Governmental Affairs, Milk Procurement, Communications and Sales. Breaches to our Animal Welfare Policy would be reported to the Audit Committee.

In developing and updating the Animal Welfare Policy, the Animal Welfare Committee consults industry and governmental agencies which can include animal protection authorities, regulatory bodies, humane societies, suppliers, customers, and also works with animal welfare experts from universities and veterinary colleges.

Our Supplier Code of Conduct sets the standards of business conduct expected from our suppliers. Beyond animal care, we aim to promote responsible business practices by working with our suppliers across the value chain and engaging them to implement standards to achieve common objectives. 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 and maintain strong, sustainable and long-term relationships with our suppliers.

Since January 2021, we are a global member of the Roundtable on Sustainable Palm Oil (RSPO). As part of our membership, we're committed to sourcing 100% RSPO-certified palm oil in 2021 and beyond. RSPO-certified Palm Oil must comply with strict environmental and social criteria developed by the RSPO, a global non-profit initiative to develop and implement worldwide standards for sustainable palm oil.

4.7.7 ENVIRONMENT

We updated our Environmental Policy in fiscal 2020 to reflect and uphold our goal and long-term commitment to pursue environmentally responsible business practices. Our goal stated in our Environmental Policy is to safeguard the environment while continuing to grow as a world-class dairy processor by:

- meeting compliance obligations;
- preventing pollution;
- reducing our impact on, and adapting to, climate change;
- using natural resources sustainably;
- protecting biodiversity and ecosystems; and
- leveraging our capabilities as a business to create positive environmental actions.

To achieve our goal, the Environmental Policy notably provides that we commit to embed strong environmental values in the leadership of our business, to dedicate resources and develop the skills of our people, to evaluate our impacts on the environment, to continually develop and improve our Environmental Management System and associated business processes, and to systematically measure and monitor our performance.

In fiscal 2020, we pledged to accelerate our global climate, water and waste performance and announced clear targets and a formal commitment to make significant and sustainable progress by 2025.

We expect to deliver on our goal with targeted initiatives focusing on renewable electricity, resource conservation and sustainable packaging. We will allocate additional resources to support the execution of this global action plan, including a three-year investment of \$50 million. Also, we have established a governance framework to foster Company-wide accountability and ownership, with one of our executives serving as our Executive Champion.

Looking ahead, we intend to extend efforts to our supply chain to further assist in helping address industry-wide environmental considerations.

Our Environmental Committee, which includes the President and Chief Operating Officer, Saputo Inc. and International Sector, the President and Chief Operating Officer (North America) and Dairy Division (USA), the President of each division and the senior manager in each division responsible for environmental matters, is responsible for overseeing the application of the Environmental Policy. The Environmental Committee meets quarterly to discuss the progress of our environmental objectives, the environmental condition of our facilities, the required action plans and the status of ongoing projects. Quarterly reporting on our environmental performance is made to the Audit Committee by the Environmental Committee, and the Chair of the Environmental Committee meets annually with the Audit Committee.

Our global operations are subject to various and continuously evolving federal, provincial, state, municipal and local laws and regulations relating to environmental protection. Our facilities generally operate under wastewater discharge permits issued under these laws and regulations or have entered into wastewater discharge agreements with local municipalities. Compliance with these laws, regulations, permits and agreements require us to incur expenses and to monitor our operations on an ongoing basis. We believe that our operations comply in all material respects with the requirements of our permits and agreements, and with currently applicable environmental laws and regulations, except as discussed below. We intend to comply with all applicable environmental laws and regulations, including all permit requirements and agreements with municipalities.

Exceedances in wastewater generated by some of our facilities over the limits prescribed in applicable laws, wastewater discharge permits or agreements with municipalities have been registered in the past and in some recent samplings, as well as isolated accidental cases of unauthorized discharges. At such facilities, we have been implementing various measures to reduce wastewater at source and, at certain locations, have upgraded or are upgrading equipment to achieve compliance and prevent future incidents.

Through past acquisitions, we inherited historical contamination at some facilities and environmental compliance issues relating notably to wastewater discharges. Most of these historical contaminations result from current or former petroleum storage tanks. We are either implementing proper remediation measures, overseeing their implementation by the responsible party or proceeding with additional investigations to determine if further action is required. In some cases, with the consent of governmental authorities, we continue to monitor the situation to confirm that no further action is required. We do not expect that major expenditures will be required to deal with the contamination at these facilities and environmental compliance issues.

We stay apprised of new legislations, have appropriate monitoring plans in place where required, and comply with the registration or reporting requirements currently applicable to our operations. In this regard, we follow proposed legislation in certain jurisdictions where we operate regarding plastic waste reduction. We also comply with the applicable carbon pollution pricing systems in the different jurisdictions in which we operate. One facility in California and another in the United Kingdom are currently subject to greenhouse gas emission reduction requirements, and each holds all emission allowances, credits or units necessary to comply with the requirements for the 2021 calendar year.

During fiscal 2021, we spent approximately \$31 million to comply with existing environmental laws and regulations and improve plant efficiencies to reduce noise and air emissions and wastewater discharge, to update or remove underground storage tanks, to address contamination issues and to improve wastewater treatment systems at a number of our facilities, and spent less than \$100,000 in costs associated with obligations related to closed facilities. For fiscal 2022, we estimate that similar types of expenditures will be incurred, representing approximately \$47 million and less than \$200,000, respectively. We believe that compliance with currently applicable environmental protection requirements will not have a material effect on our earnings or competitive position during fiscal 2022.

4.7.8 NUTRITION AND HEALTHY LIVING

We constantly monitor consumer trends and aim to respond accordingly. For instance, we are committed to diversifying our product portfolio by pursuing more plant-based opportunities in line with increasing consumer demand for these types of products. We aim to leverage our research and development knowledge to develop alternative cheese products and to seize the opportunities that arise in the dairy alternative beverage industry.

We also continue our efforts to develop innovative approaches and enhance the nutritional value of our products, including reducing salt and sugar in some products and working to meet consumer demand for clean labelling. In fiscal 2021, we progressed the development and testing of our new Saputo Nutrient Profiling Model, mapping out each of our branded products according to their nutritional composition. This model is expected to launch in fiscal 2022.

4.7.9 INFORMATION TECHNOLOGY AND CYBERSECURITY

Our IT Committee, chaired by our Senior Vice President, Information Technologies, and composed of members of our senior management representing each of our divisions, monitors the practices, procedures and controls used to identify, assess and manage our key cybersecurity programs and risks. The IT Committee also oversees our measures to protect the confidentiality, integrity and availability of our electronic information, intellectual property, and data. The Senior Vice President, Information Technologies, reports quarterly to the Audit Committee on the IT Committee's work and any material issues that arise.

4.8 Intellectual Property

As we are involved in the production, sale and distribution of food products, we rely on brand recognition and loyalty from our clientele, in addition to relying on the quality of our products. We focus on certain established brands and believe that our trademarks are recognized by consumers for quality and reliability. Also, as innovation forms part of Saputo's growth strategy, new technologies, products and process optimization methods have been developed by our research and development teams in recent years. The protection of these assets may include patenting certain technologies when appropriate. Hence, we take, and intend to continue taking, appropriate measures to protect, maintain and enforce our intellectual property.

4.9 Risks and Uncertainties

The risks and uncertainties related to our operations are disclosed in our Management's Discussion and Analysis for the year ended March 31, 2021, under the heading "Risks and Uncertainties", and incorporated herein by reference. See the "Additional Information" section below to access our Management's Discussion and Analysis.

Item 5 – Dividend Policy

5.1 Dividend Policy

Saputo has a policy of declaring quarterly cash dividends on the Common Shares. The Board of Directors reviews our dividend policy at least once annually, based on factors such as financial condition, financial performance, and capital requirements.

The following table sets out the dividend paid per Common Share for the three most recently completed fiscal years:

	2021	2020	2019
Dividend paid per Common Shares	\$0.70	\$0.68	\$0.66

During fiscal 2021, our dividend policy was reviewed by the Board of Directors and the quarterly dividend of \$0.17 per share, representing a yearly dividend of \$0.68 per share, was increased on August 6, 2020, to \$0.175 per share, representing a 3% increase compared to fiscal 2020 and a yearly dividend of \$0.70 per share.

5.2 Dividend Reinvestment Plan

We implemented a dividend reinvestment plan (the “**DRIP**”) effective as of May 28, 2020. The DRIP provides eligible shareholders with the opportunity to have all or a portion of their cash dividends automatically reinvested into additional Common Shares (“**Reinvestment Shares**”). Participants in the DRIP will, until further notice, acquire Reinvestment Shares issued from treasury at a price equal to the volume weighted average price of the Company’s Common Shares on the Toronto Stock Exchange during the five (5) trading days immediately preceding the dividend payment date (the “**Average Market Price**”), less a discount of 2%. We have the discretion to change or eliminate the discount applicable to treasury purchases, provided that such discount shall not exceed 5% of Average Market Price. We are also entitled, at our discretion and in accordance with the DRIP, to fund the DRIP with Common Shares acquired on the open market.

Unless otherwise approved by us, shareholders resident outside of Canada are not entitled to participate in the DRIP. We may facilitate the participation in the DRIP of shareholders that are “qualified institutional buyers” in the United States, as defined in Rule 144A under the *Securities Act of 1933*.

Item 6 – Capital Structure and Market for Securities

6.1 Share Capital

6.1.1 SHARE CAPITAL DESCRIPTION

Our articles provide that our authorized share capital shall be composed of an unlimited number of Common Shares, without nominal or par value. As of the close of business on May 25, 2021, 412,683,567 Common Shares were issued and outstanding.

The following is a summary of the material provisions which are attached to the Common Shares and is qualified by reference to the full text of the rights, privileges, restrictions and conditions of such shares, which may be found on SEDAR at www.sedar.com.

Voting

Each Common Share entitles its holder to receive notice of and to attend all general and special meetings of shareholders of Saputo, and each such Common Share entitles its holder to one vote.

Dividends

The holders of Common Shares are, at the discretion of the Board of Directors, entitled to receive, out of any amounts properly applicable to the payment of dividends, any dividends declared and payable by us on the Common Shares.

Dissolution

The holders of Common Shares shall be entitled to share equally in any distribution of our assets upon the liquidation, dissolution or winding-up of Saputo or other distribution of our assets among our shareholders.

6.1.2 SHARE TRADING PRICE AND VOLUME

The Common Shares of Saputo are listed on the TSX under the stock market symbol “SAP”. The following table outlines the price range and trading volume of the Common Shares for each month of the last fiscal year:

Price Range and Trading Volume of the Common Shares

Month	High (\$)	Low (\$)	Volume
April 2020	36.33	32.90	12,065,000
May 2020	36.40	32.71	7,591,100
June 2020	34.19	31.64	12,697,100
July 2020	34.92	31.39	8,245,300
August 2020	36.47	32.50	7,802,400
September 2020	33.98	31.85	9,449,100
October 2020	35.45	32.15	8,519,700
November 2020	36.38	32.33	9,540,200
December 2020	37.88	34.84	9,493,800
January 2021	37.42	33.40	6,772,000
February 2021	37.92	33.55	9,668,100
March 2021	38.62	35.59	10,135,100

6.2 Medium Term Notes

Since November 14, 2014, we have a medium term note program (the “**MTN Program**”) under which unsecured medium term notes (the “**MTNs**”) can be distributed to the public. The MTNs rank equally and *pari passu* with all other existing and future unsecured and unsubordinated indebtedness of the Company.

During fiscal 2021, we completed the offering of two series of MTNs, which are detailed in the following tables:

Security	Series 7 Notes
Size of Offering	\$700,000,000
Original Issue Date	June 16, 2020
Maturity Date	June 16, 2027
Coupon Rate	2.242%
Issue Price	\$1,000 per \$1,000 principal amount
Application of Proceeds	Repayment of outstanding indebtedness

Security	Series 8 Notes
Size of Offering	\$350,000,000
Original Issue Date	November 19, 2020
Maturity Date	June 19, 2026
Coupon Rate	1.415%
Issue Price	\$1,000 per \$1,000 principal amount
Application of Proceeds	Repayment of outstanding indebtedness

Under our short form base shelf prospectus dated December 9, 2020, we could issue, over a 25-month period, up to \$3 billion of equity and debt securities. In addition, under our prospectus supplement dated December 15, 2020, we renewed our MTN Program and we could issue, over the same period, up to \$3 billion of MTNs for distribution to the public.

As at May 25, 2021, we had seven series of unsecured senior notes outstanding under our MTN Program for a total principal amount of \$2.7 billion.

In connection with our MTN Program and the issuance of the MTNs, we obtained credit ratings. See "Credit Ratings".

6.3 Credit Ratings

As at May 25, 2021, our credit ratings were as follows:

	DBRS		Moody's	
	Rating	Trend	Rating	Outlook
Issuer Credit Rating	BBB (high)	Stable	–	–
MTN Program	BBB (high)	Stable	Baa1	Stable
Notes	BBB (high)	Stable	Baa1	Stable

Our current credit ratings are given the following credit characteristics by the rating agencies, which are based on information made available to the public by the rating agencies.

DBRS

- DBRS Limited ("**DBRS**") has 10 issuer rating categories and long-term debt rating categories, each ranging from AAA to D and uses the designation "(high)" and "(low)" in all rating categories other than AAA and D to show the relative standing of a rating within a category. The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category.
- The BBB (high) issuer credit rating assigned to us by DBRS indicates that we rank in the fourth highest of DBRS's ten rating categories. Issuers which are rated in the BBB category by DBRS are considered to be of adequate credit quality and the capacity for the payment of their financial obligations is considered acceptable. In addition, issuers in the BBB rating category may be vulnerable to future events. Issuer ratings assigned by DBRS address the overall credit strength of the issuer, are based on the entity itself and do not include consideration for security or ranking.

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- The BBB (high) long-term debt rating assigned by DBRS to the notes we issued indicates that the notes rank in the fourth highest of DBRS's ten rating categories. Debt instruments which are rated in the BBB category by DBRS are considered to be of adequate credit quality and the capacity for the payment of financial obligations is considered acceptable. In addition, debt instruments in the BBB rating category may be vulnerable to future events.
 - DBRS uses "rating trends" for its ratings in the corporate sector. Rating trends provide guidance in respect of DBRS's opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories – "Positive", "Stable" or "Negative". The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue, or in some cases, unless challenges are addressed. In general, the DBRS view is based primarily on an evaluation of the issuing entity or debt instruments, as applicable, but may also include consideration of the outlook for the industry or industries in which the issuing entity operates. A Positive or Negative Trend is not an indication that a rating change is imminent. Rather, a Positive or Negative Trend represents an indication that there is a greater likelihood that the rating could change in the future than would be the case if a Stable Trend was assigned to the issuing entity or debt instruments, as applicable. DBRS assigns a rating trend for each security of an issuing entity and it is not unusual for securities of the same entity to have different trends.

Moody's

- Moody's Canada Inc. ("**Moody's**") has nine long-term debt rating categories, ranging from Aaa to C and applies numerical modifiers 1, 2 and 3 to each rating classification from Aa to Caa. The modifier 1 indicates that the long-term debt ranks in the higher end of its generic rating category, the modifier 2 indicates a mid range ranking and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.
- The Baa1 rating assigned to the notes we issued by Moody's indicates that the notes rank in the fourth highest of Moody's nine rating categories. Long term debt securities, which are rated Baa by Moody's, are considered medium grade and as such may possess speculative characteristics.
- Moody's uses "rating outlooks" to provide its opinion regarding the likely direction of a rating over the medium term. The assignment of, or a change in, an outlook is not a credit rating action if there is no change to the credit rating. Where assigned, rating outlooks fall into the following four categories: "Positive (POS)", "Negative (NEG)", "Stable (STA)" and "Developing (DEV - contingent upon an event)".

The credit ratings assigned by DBRS and Moody's are not recommendations to purchase, hold or sell our securities and may be subject to revision or withdrawal at any time by the respective rating organization. Such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that these ratings will remain in effect for any given period of time or that the ratings will not be revised or withdrawn entirely in the future by the respective rating organizations if in their judgment circumstances so warrant. The credit ratings assigned by DBRS and Moody's may not reflect the potential impact of all risks related to structure and other factors of the MTN Program and on the value of the MTNs. In addition, real or anticipated changes in the credit ratings assigned to us or our securities will generally affect the market value of the MTNs.

As is common practice, each of the above-noted credit rating agencies charged us for their rating services, which include annual monitoring fees for monitoring the Company and updating the ratings, in addition to one-time rating fees when MTNs are issued. We reasonably expect that such payments will continue to be made for rating services in the future. No additional payment was made to the above-noted credit rating agencies for other services provided to us during the last two fiscal years.

Item 7 – Directors and Officers

7.1 Directors

The following table sets forth each director's name, province/state and country of residence, the year each first became a director and principal occupation. Directors are elected until the next annual meeting of shareholders or, in the case of a vacancy or resignation, until a successor is elected or appointed.

Name and Province/State and Country of Residence	Director Since	Principal Occupation ⁽¹⁾
Lino A. Saputo Québec, Canada	2001	Chair of the Board and Chief Executive Officer of the Company
Louis-Philippe Carrière, FCPA, FCA ⁽²⁾ Québec, Canada	2017	Corporate Director
Henry E. Demone ⁽³⁾ Nova Scotia, Canada	2012	Corporate Director
Anthony M. Fata ⁽³⁾⁽⁵⁾⁽⁶⁾ Québec, Canada	2008	President of Sager Food Products Inc. (a food products manufacturing and distribution company)
Annalisa King, ICD.D ⁽⁴⁾ British Columbia, Canada	2012	Chair of the Board of the Vancouver Airport Authority
Karen Kinsley, FCPA, FCA, ICD.D ⁽⁴⁾ Ontario, Canada	2015	Corporate Director
Tony Meti, ICD.D ⁽⁴⁾ Québec, Canada	2008	President of G.D.N.P. Consulting Services, Inc. (a consulting company)
Diane Nyisztor, CPA, CA, H.R.C.C.C. ⁽³⁾ Québec, Canada	2016	Senior Vice President and Chief Human Resources Officer, Cogeco Inc. (a telecommunications company)
Franziska Ruf ⁽³⁾ Québec, Canada	2016	Partner, Davies Ward Phillips & Vineberg LLP (a law firm)
Annette Verschuren, O.C. ⁽⁴⁾ Ontario, Canada	2013	Chair of the Board and Chief Executive Officer, NRstor Inc. (a commercial energy storage project developer)

(1) Reference is made to our Management Information Circular dated June 3, 2021, under the section titled "Election of Directors", for information on other occupations during the last five years. This information is incorporated herein by reference. Our Management Information Circular may be found on our website at www.saputo.com or on SEDAR at www.sedar.com.

(2) Mr. Louis-Philippe Carrière was Chief Financial Officer and Secretary of the Company until August 1, 2017, and senior advisor to the Company from August 1, 2017 to April 3, 2020.

(3) Member of the CGHR Committee. The Chair of the Committee is Mr. Anthony M. Fata.

(4) Member of the Audit Committee. The Chair of the Committee is Mr. Tony Meti.

(5) Lead Director.

(6) Mr. Anthony M. Fata was a director of Verona Foods Inc., an importer of specialty foods, until August 3, 2012. Verona Foods Inc. commenced proposal proceedings under the *Bankruptcy and Insolvency Act* (Canada) on October 3, 2012 by filing a notice of intent to make a proposal. On January 29, 2013, Verona Foods Inc. made a voluntary assignment into bankruptcy pursuant to the *Bankruptcy and Insolvency Act* (Canada). The trustee to Verona Foods Inc. completed its administration of the estate and was discharged on September 8, 2016.

During the last five years, all of the above-listed directors have been engaged in their present principal occupations or in other executive capacities with the companies indicated opposite their name or with related or affiliated companies, except:

- Ms. Annalisa King who was Senior Vice President and Chief Financial Officer of Best Buy Canada Ltd. from 2008 to 2016;
- Mr. Henry E. Demone who was Chair of the Board of Directors of High Liner Foods Incorporated from 2015 to 2019; and
- Mr. Louis-Philippe Carrière who was Chief Financial Officer and Secretary of the Company until August 1, 2017, and our senior advisor from August 1, 2017 to April 3, 2020.

Information concerning the securities held by directors is included in our Management Information Circular dated June 3, 2021, under the section titled "Election of Directors".

7.2 Executive Officers

The following table sets forth the name, province, state, district or county, as applicable, and country of residence and position with the Company of each person who is an executive officer of the Company as of May 25, 2021:

Name and Province/State and Country of Residence	Position
Lino A. Saputo Québec, Canada	Chair of the Board and Chief Executive Officer
Tom Atherton East Sussex, United Kingdom	President and Chief Operating Officer Dairy Division (UK)
Kai Bockmann Florida, USA	President and Chief Operating Officer Saputo Inc. and International Sector
Lyne Castonguay Florida, USA	Deputy President and Chief Operating Officer Dairy Division (USA)
Carl Colizza Québec, Canada	President and Chief Operating Officer (North America) and Dairy Division (USA)
Martin Gagnon Québec, Canada	Chief Acquisition and Strategic Development Officer
Frank Guido Ontario, Canada	President and Chief Operating Officer Dairy Division (Canada)
Maxime Therrien, CPA, CA Québec, Canada	Chief Financial Officer and Secretary
Gaétane Wagner Québec, Canada	Chief Human Resources Officer
Richard Wallace Victoria, Australia	President and Chief Operating Officer Dairy Division (Australia)
Marcelo Cohen Buenos Aires, Argentina	President and Chief Operating Officer Dairy Division (Argentina)

During the last five years, all of the above-listed executive officers have held the principal occupation indicated opposite their names or other senior management positions with the Company, except for Mr. Martin Gagnon who, until June 2016, was Managing Director for the National Bank Financial Corporate and Investment Banking Division, a subsidiary of National Bank of Canada and Ms. Lyne Castonguay who was Executive Vice President, Operations, Supply Chain/Logistics, New Store & Customer Experience at Sobeys Inc. from May 2018 to June 2019 and Senior Vice President at The Home Depot, Head of Home Services & Acquired Businesses from January 2013 to June 2016.

On April 21, 2021, we announced the appointment of Ms. Leanne Cutts as President and Chief Operating Officer (International and Europe) effective in the second half of calendar year 2021. Ms. Cutts' appointment will allow Mr. Bockmann to focus on his global corporate and strategic functions.

As of May 25, 2021, our directors and executive officers, as a group, beneficially owned or exercised control or direction over, directly or indirectly, an aggregate of 570,925 Common Shares, representing approximately 0.1% of our outstanding Common Shares.

Item 8 – Legal Proceedings

We are defendants to certain claims arising from the normal conduct of our business. Management believes that the final resolution of these claims will not have a material adverse effect on our earnings or financial position.

Item 9 – Interest of Management and Others in Transactions

The Audit Committee reviews the Company's related party transactions and the Company's procedures to monitor its related party transactions. Any transaction by the Company on the one hand and a related party, such as (i) companies subject to control or significant influence through ownership by its principal shareholder, or (ii) key management personnel, being all the executive officers who have responsibility and authority for controlling, overseeing and planning the activities of the Company, as well as the Company's directors, on the other hand, is subject to the Company's procedure on related party transaction. In the normal course of business, we may enter into related party transactions at fair value, consistent with market values for similar transactions. In fiscal 2021, these transactions were of an immaterial amount. Reference is made to the note of the Consolidated Financial Statements of the Company that describes related party transactions. See "Additional Information".

Item 10 – Experts

Our auditors for fiscal year 2021 are Deloitte LLP. Deloitte LLP is independent of Saputo within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*.

Item 11 – Transfer Agent and Registrar

The transfer agent and registrar for the Common Shares and the MTNs is Computershare Trust Company of Canada at its principal offices in Montréal and Toronto.

Item 12 – Material Contracts

No material contracts outside our ordinary course of business were entered into during the year ended March 31, 2021, or before such year that are still in effect, and which are required to be filed with Canadian securities regulatory authorities in accordance with section 12.2 of National Instrument 51-102 *Continuous Disclosure Obligations*.

Item 13 – Audit Committee Information

13.1 Audit Committee’s Mandate

The Audit Committee’s mandate is included in Appendix A.

13.2 Composition and Relevant Education and Experience

All members of the Audit Committee are independent and financially literate.

The following table sets forth each Audit Committee member’s name and education, as well as experience relevant to the performance of his or her responsibilities as an Audit Committee member:

Name	Education and Experience
Annalisa King	Completed a Bachelor’s degree in business administration. Ms. King has occupied senior positions, primarily in finance, throughout her career at consumer packaged goods companies, including Senior Vice President and Chief Financial Officer of Best Buy Canada Ltd. from 2008 to 2016, where she led the company’s finance and accounting departments, as well as the information and ecommerce technology, cybersecurity, legal and real estate functions. Ms. King’s professional experiences required and contributed to the development of her ability to analyze financial statements and understand the accounting principles we use.
Karen Kinsley	Completed a Bachelor’s degree in Commerce. Ms. Kinsley has been a member of the Chartered Professional Accountants of Ontario since 1979 and was named a <i>fellow</i> in 2009. Ms. Kinsley held various positions within Canada Mortgage and Housing Corporation, including Chief Financial Officer for nine years and President and Chief Executive Officer for ten years. Ms. Kinsley’s professional experiences required and contributed to the development of her ability to analyze financial statements and understand the accounting principles we use.
Tony Meti	Completed a Bachelor’s degree in Commerce. Mr. Meti occupied over the past 30 years various positions within Canadian Chartered Banks, including Senior Vice President, Commercial Banking and International and Senior Vice President, Commercial, North America. He is now the President of G.D.N.P. Consulting Services, Inc. Mr. Meti’s professional experiences required and contributed to the development of his ability to analyze financial statements and understand the accounting principles we use.
Annette Verschuren	Completed a Bachelor’s degree in business administration. Ms. Verschuren has occupied senior functions throughout her career, such as President of The Home Depot Canada from 1996 to 2011. She has been the Chair and Chief Executive Officer of NRstor Inc. since March 2012. Ms. Verschuren’s professional experiences required and contributed to the development of her ability to analyze financial statements and understand the accounting principles we use.

13.3 Policies and Procedures Regarding the Services Rendered by the External Auditors

We have a policy with respect to services rendered by our external auditors (the “**Policy**”). The Policy divides the services in three categories:

- (i) services that are considered audit related (“**Audit Services**”) and therefore covered by the annual audit budget;
- (ii) services that do not qualify as Audit Services (“**Other Mandates**”); and
- (iii) services that cannot be provided by the external auditors (“**Prohibited Mandates**”).

Pursuant to the Policy, no Other Mandate(s) can be provided by our external auditors, unless one of the following conditions is met:

- (i) the Audit Committee has pre-approved the Other Mandate(s); or
 - (ii) the amount of the fees to be paid for any individual Other Mandate not pre-approved by the Audit Committee does not exceed \$75,000 and the aggregate amount of this and all Other Mandate(s) not pre-approved by the Audit Committee and granted since the beginning of our fiscal year does not exceed \$250,000.
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Finally, the Policy requires that Management presents to the Audit Committee, on a quarterly basis, a statement of the services (other than the Audit Services) rendered by our external auditors, as well as any mandate given to other accounting firms.

13.4 External Auditors' Fees (By Category)

The following table sets out, by categories, the fees billed by Deloitte LLP, our external auditors during fiscal years 2021 and 2020:

Fee Category	2021 (\$)	2020 (\$)
Audit Fees	2,592,000	2,861,500
Audit Related Fees	725,000	448,300
Tax Fees	455,500	639,400
All Other Fees	9,500	37,800
Total	3,782,000	3,987,000

"Audit fees" include the aggregate fees billed by Deloitte LLP for professional services rendered for the audit of our annual consolidated financial statements, for the review of our condensed interim consolidated financial statements and for services provided in connection with regulatory, prospectus and other offering document filings or similar engagements. In addition, audit fees included the cost of translation of various continuous disclosure documents.

"Audit Related Fees" include the aggregate fees billed by Deloitte LLP for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements and not reported as part of Audit Fees. More specifically, these services include, among other things, pension plan audits, attest services that are required by statute or regulation, consultations regarding financial reporting and accounting standards, services related to acquisitions, and other statutory audits.

"Tax Fees" include the aggregate fees billed by Deloitte LLP for all tax services. More specifically, these services include, among other things, tax compliance, tax preparation, tax advice and tax planning. Fees related to tax compliance and preparation amounted to \$110,300 for fiscal 2021 and \$128,000 for fiscal 2020. Fees for tax advice and planning amounted to \$345,200 for fiscal 2021 and \$511,400 for fiscal 2020.

"All Other Fees" include the aggregate fees billed by Deloitte LLP for all services other than those reported under Audit Fees, Audit Related Fees and Tax Fees, and generally relate to services performed with respect to business consulting and other advisory services.

CHANGE OF EXTERNAL AUDITOR

At the annual general meeting of shareholders scheduled on August 5, 2021, the Board of Directors will propose that KPMG LLP, and not Deloitte LLP, be appointed by the shareholders as auditors of the Company for the fiscal year ending March 31, 2022.

This recommendation follows a review of external audit services by our Audit Committee as part of our continued commitment to good governance. As part of this review, we sought proposals to provide audit services for the fiscal year ending March 31, 2022.

After careful review of the proposals received and due consideration of all relevant factors, the Audit Committee recommended to our Board of Directors that KPMG LLP, and not Deloitte LLP, be nominated for appointment by the shareholders as auditors of the Company for the fiscal year ending March 31, 2022. Deloitte LLP will continue to act as our auditor until their successor is appointed. Reference is made to our Management Information Circular dated June 3, 2021, under the section titled “Appointment of Auditors”.

Item 14 – Additional Information

Additional information, including the disclosure of our corporate governance practices, directors’ and officers’ remuneration and indebtedness, principal holders of securities and securities authorized for issuance under the equity compensation plan is included in our Management Information Circular dated June 3, 2021. Additional financial information is included in our Consolidated Financial Statements and notes thereto and in the accompanying Management’s Discussion and Analysis for the fiscal year ended March 31, 2021. These documents may be found on our website at www.saputo.com or on SEDAR at www.sedar.com. Copies of these documents may be obtained by written request to our Secretary by mail at 6869 Métropolitain Boulevard East, Montréal, Québec, H1P 1X8, or via our corporate communications’ department at investors@saputo.com.

Appendix “A”

Audit Committee Mandate

1. AUTHORITY

The audit committee (the “Committee”) is a standing committee of the Board of Directors (the “Board”) of Saputo Inc. (the “Company”) which has the responsibilities described under the heading “Responsibilities”. The Committee reports to the Board. The role of the Committee is to assist the Board in its oversight and supervision of (i) the integrity of the Company’s financial reporting, (ii) the Company’s internal controls, (iii) the independence, qualifications and performance of the external auditors, (iv) the performance of the internal auditor, (v) risk management and (vi) the Company’s compliance with applicable securities legislation.

2. STRUCTURE

- 2.1 The Committee is made up of a minimum of three directors of the Company, each being independent and financially literate, except to the extent permitted under securities legislation. The terms “independent” and “financially literate” each have the meaning provided under securities legislation.
- 2.2 The mandate of the members is for one year and may be renewed. The members are appointed by the Board at the first meeting following the annual meeting of shareholders, or at any other meeting to fill a vacancy. The Board may dismiss or replace a member at any time.
- 2.3 The Chair is appointed by the Board for a one-year term, which may be renewed. In the absence or failure of the Chair to sit, this role is filled by a member chosen by the Committee.
- 2.4 The Committee meets at least four times annually. The Chair of the Board, the Lead Director, any member of the Committee, the external auditors, the person responsible for internal audit, the Chief Executive Officer or the Chief Financial Officer and Secretary may call special meetings as needed. The Committee determines the place, date and time of its meetings. The meetings may be held by telephone or by any other means allowing the members to communicate with each other. Unless waived by the members of the Committee, the Committee shall meet in camera at each meeting.
- 2.5 The quorum for meetings of the Committee is a majority of the members and decisions are made by the majority of the votes cast by the members present.
- 2.6 The Chair of the Committee approves meeting agendas and ensures that documents referred to in the agenda are forwarded to members of the Committee sufficiently in advance for their perusal. Any member of the Committee may propose the inclusion of additional items on the agenda, or at any Committee meeting raise subjects that are not on the agenda for that meeting.
- 2.7 Minutes of meetings of the Committee must accurately reflect the significant discussions and the decisions of the Committee and must be circulated to the members of the Committee for their approval. The Secretary of the Company, his or her designate or any other person the Committee requests, shall act as secretary of the Committee meetings. Minutes of the Committee meetings shall be recorded and maintained by the Secretary, or any other person acting in such capacity, and subsequently presented to the Board.
- 2.8 To facilitate communication between the Committee and the Board, the Chair must provide a report to the Board on material matters considered by the Committee at the first Board meeting following the Committee’s meeting.
- 2.9 The Committee may invite any person deemed appropriate to a Committee meeting. However, such person may not at any time vote at the Committee’s meeting.

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- 2.10 The Committee has full access to members of senior management, other personnel, as well as to documents of the Company and its subsidiaries. The Committee has the authority to retain, at the cost of the Company, independent legal counsel, consultants or other advisors it considers necessary to carry out its mandate and fulfill its responsibilities, and to fix the compensation of such advisors.
- 2.11 The Committee has the power to communicate directly with the external auditors and the Company's internal auditor, accounting personnel and management, each of which shall have unrestricted access to the Committee. For the purpose of its duties, the Committee may examine the pertinent books and accounts of the Company and its subsidiaries.
- 2.12 The external auditors report and account directly to the Committee.

3. RESPONSIBILITIES

In carrying out its mandate and in addition to complying with legal responsibilities that may be attributed to it from time to time, the Committee has the following responsibilities and obligations:

3.1 Financial Disclosure

- Review the interim financial reports and annual financial statements accompanied by the external auditors' report, management's discussion and analysis and press releases regarding the financial results before their public release and recommend their approval to the Board. This review includes discussions with management and the external auditors regarding the interim financial reports and the annual financial statements and material questions concerning the accounting principles and practices of the Company.
- Review as directed by the Board or at the discretion of the Committee the other public documents which may disclose financial information, including all prospectuses, the management information circular, annual information form and annual report of the Company before their public release and recommend their approval to the Board.
- Review and monitor practices and procedures relating to the certifications by the Chief Executive Officer and the Chief Financial Officer and Secretary with respect to internal control over financial reporting and disclosure controls and procedures.
- Review and discuss with management and the external auditors the appropriateness, quality and disclosure of the accounting principles and practices, the underlying assumptions and the reporting practices of the Company, and the appropriateness of any significant changes thereto or any proposed material change, and ensure they comply with the applicable laws and regulations.
- Review, examine and discuss the foreseeable repercussions of any new audit or accounting standards, or new requirement under the securities legislation with management and the external auditors.
- Review, at least annually, the Company's strategy regarding distributions to shareholders generally, including strategy with respect to dividends and making recommendations to the Board with respect to the repurchase of shares of the Company.
- Review the disclosure of the pension plans and other post-employment benefits of the Company in the annual financial statements.

3.2 Risk Management and Internal Control

- Periodically review, evaluate and discuss with management and internal audit the risk factors inherent to the Company (including reputational, financial, strategic, compliance and operational risks) and ensure that appropriate measures are in place to enable management to identify and manage them effectively.
- Oversee the elements of the Saputo Promise delegated to the Committee by the Board, such as the application and respect of the environmental policy and the food quality and safety policy of the Company, and make periodical reports to the Board with respect thereto.
- Periodically review and monitor the presence and the effectiveness of the Company's internal control over financial reporting through reports prepared by management, the internal auditor and the external auditors (which reports would also identify weaknesses or would make recommendations in respect of controls that could have a material impact on the financial information of the Company), as well as the measures implemented to remedy the situation and ensure proper follow-up.

- Periodically evaluate and assess the adequacy of the disclosure controls and procedures of the Company, including the procedures set up by the Company to communicate publicly its financial information taken or derived from its financial statements.
- Establish and maintain a policy concerning the disclosure of material information.
- Review management's report on transactions with related parties.
- Review any legal matters (including litigation proceedings, claims and contingencies) that could have a material effect on the financial statements or on the affairs of the Company and ensure that they are appropriately disclosed in the financial statements.
- Ensure that the annual information form and the management information circular include the required and mandatory information concerning the Committee.
- Review communications with the Autorité des marchés financiers or any other regulatory authority regarding the financial statements and continuous disclosure documents.
- Establish and maintain procedures regarding:
 - the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
 - the confidential and anonymous submission by employees of the Company and other stakeholders of concerns regarding questionable accounting or auditing matters.
- Review the delegation of authority and oversee its application.

3.3 Internal Audit

- Oversee the internal audit function.
- Review and approve annually the internal audit plan prepared by the person responsible for internal audit.
- Review periodically the reports, observations and recommendations of the internal auditor intended for the Committee, as well as the implementation of the recommendations.
- Meet periodically with the person responsible for internal audit, with and without the presence of management and the external auditors. During private meetings, discuss, among other things, the level of cooperation received from management, any unresolved differences of opinion, if any, the risk management framework and the internal control systems in place.
- Evaluate the performance of the internal audit function at least once per year.

3.4 External Auditors

- Oversee the work of the external auditors retained to prepare or issue the auditors' report or render other audit, review, examination or certification services to the Company and resolve disagreements, if any, between management and the external auditors regarding financial reporting.
- Obtain and review annually a report by the external auditors of the Company describing the external auditors' quality control procedures.
- Recommend to the Board the appointment of external auditors for the upcoming fiscal year and the fees for all audit, review or other attest services.
- Review, discuss with the external auditors and adopt annually the audit plan prepared by the external auditors, determine whether it meets the needs of the Company and, at least once per year, obtain an official written declaration from the external auditors attesting to their independence and delineating all relationships the external auditors have with the Company which may affect the independence and objectivity of the external auditors.
- Review and evaluate, at least once per year, the independence and performance of the external auditors, the qualifications and quality of their engagement team and the quality of communications and interactions between the Committee, the external auditors and management.

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- Review the external auditors' letters of recommendations to management, management's reply thereto and the implementation of the recommendations.
 - Adopt and maintain a policy concerning the prior approval of all services not related to the audit which the external auditors of the Company may render to the Company and its subsidiaries in accordance with applicable laws and regulations, as well as the fees for such services, and ensure the enforcement of and compliance with such policy.
 - Examine and approve the hiring policy of the Company with respect to former or current partners and employees of current and former external auditors of the Company, and ensure the enforcement of and compliance with such policy.
 - Meet periodically with the external auditors, with and without the presence of management, in regard to the interim financial reports and annual financial statements and discuss with them (i) the results of the audit or review, as applicable, (ii) the assessment of the control systems in place and their recommendations, (iii) any significant risks or exposures identified by the external auditors, and (iv) any other material matter relating to the audit or review of the financial statements, including the level of cooperation received from management and the internal auditor and any material differences of opinion between the external auditors and management that occurred during the course of the audit or review of the financial statements.
 - Ensure that there is a rotation of the lead engagement partner, engagement quality review partner and other key audit partners, as per the CPA Code of Professional Conduct.
 - Review any other issue which the Board, in the opinion of the external auditors, should be informed about and report thereon to the Board.

3.5 Evaluation of the Committee

- Annually assess the accomplishments and performance of the Committee and submit the result of this assessment to the Board.
- Annually review the mandate of the Committee and recommend any changes to the Board.

3.6 Other Responsibilities

- Carry out any other duty related to the performance of its mandate, including, in particular, any investigations about matters related to its mandate.
- Carry out any other mandate which the Board may entrust to it from time to time.
- Act as a channel of communication between management, the internal auditor, the external auditors and the Board.

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