

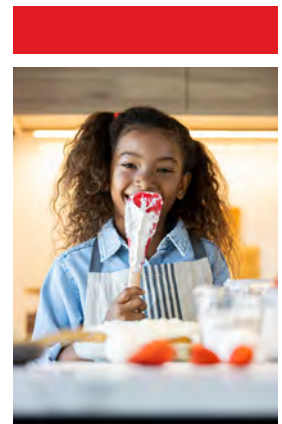


2023

SAPUTO

PROMISE

REPORT



Saputo



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A Statement from Our CEO

In fiscal 2023 (FY23), we proudly marked the fifth anniversary of our Saputo Promise which remains a key enabler to our Global Strategic Plan and guides our everyday actions across seven core Pillars. Addressing Environmental, Social, and Governance (ESG) issues that matter most to our business, our Promise three-year plan (FY23-FY25) builds on the wins of the past few years. I am proud of the many ways our teams continue to live out our purpose with the Promise embedded in our strategy and ingrained in our culture.

Our 2025 Environmental Pledges aim to accelerate our global climate, water, and waste performance through clear targets. To date, we have invested in more than 65 projects to reduce the carbon, energy, and water intensities of our operations as well as to drive progress towards minimizing waste and more sustainable packaging. An additional 19 energy and carbon saving projects will be funded in fiscal 2024 (FY24) and are expected to create estimated savings of 226,000 GJ of energy and 12,800 tonnes of CO₂e. In FY23, we were proud to maintain our B score from the CDP, which is above the industry average, thanks to our enhanced climate-related disclosure. We also obtained a B score for our CDP Water Disclosure. Reinforcing our climate governance, we recently introduced ESG-linked compensation as part of our long-term incentive plan for a range of management levels. Progress was also made on our packaging initiatives, including increasing recycled content in our sliced cheese trays in the UK and introducing recycled content in our shrink film for deli cups in the USA.

To ensure the responsible production of dairy ingredients, we launched our global Sustainable Agriculture Policy, which defines the sustainability standards we want to achieve in partnership with our producers and milk suppliers. We aim to have these implemented by the end of fiscal 2025 (FY25) across our operations. Our participation to Pathways to Dairy Net Zero, an initiative to help accelerate climate efforts in the dairy industry, and our membership of the Sustainable Agriculture Initiative Platform both support our efforts. As part of our commitment to sourcing 100% Roundtable on Sustainable Palm Oil (RSPO)-certified palm oil, we completed our global management system in FY23 to ensure our own operations can also be RSPO-certified.

To promote nutrition, we continued our efforts to improve the market penetration of our more nutritious branded products that meet our Saputo Nutrient Profiling Model (NPM) to make them even more accessible to consumers. In the Dairy Division (UK), we expanded our low-fat Cathedral City cheese range with the release of an Extra Mature version containing 30% less fat than our standard offering. We also launched our global Responsible Marketing Guidelines to market our products responsibly, particularly to younger consumers.



We continued to support the communities where we operate through financial and food donations. In FY23, we celebrated the tenth anniversary of our Saputo Legacy Program which supports the improvement of local sport and health facilities, building a lasting legacy within the communities where our employees live, work, and play. So far, 66 projects were funded for a total of over CDN\$3 million invested.

Fostering a diverse workplace is an ongoing journey. Following an update to our Diversity, Equity, and Inclusion (DE&I) Policy in fiscal 2022 (FY22) to make it more robust and inclusive, we are now focused on embedding DE&I principles in the programs, processes, and practices that impact the employee life cycle. Beyond gender diversity, we are also increasing awareness about the different types of diversity through various initiatives.

As we head into the third year of our Global Strategic Plan and the second year of our Saputo Promise three-year plan, I am confident in the strength of our strategy, vision, and culture, and I am energized by the opportunities we have to achieve compelling long-term growth and value creation.

August 10, 2023



Lino A. Saputo

Chair of the Board,
President and Chief Executive Officer
Saputo Inc.

Saputo at a Glance

One of the Top 10 Dairy Processors in the World

Leading positions in Canada, the USA, Australia, Argentina, and the UK.



Saputo also produces, markets, and distributes a range of dairy alternative cheeses and beverages.

Canada
A leading cheese manufacturer and fluid milk and cream processor

Argentina
Top dairy processor

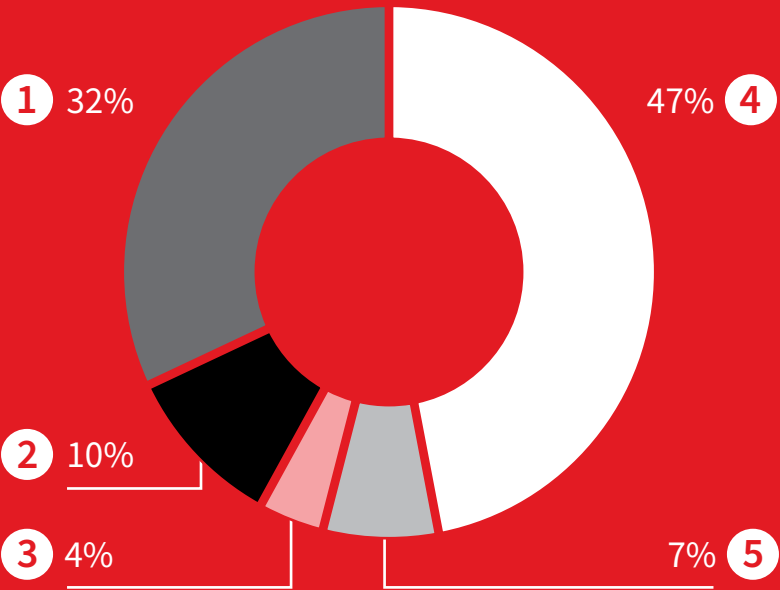
UK
Leading manufacturer of branded cheese and dairy spreads

Australia
A leading dairy processor

USA
One of the top three cheese producers and one of the largest producers of extended shelf-life and cultured dairy products

Our Product Portfolio³

We manufacture, market, and distribute a diversified range of high-quality products.



- 1 Dairy foods**
Butter, spreads, cream, creamers, whipping cream, aerosols, ice cream mix, half-and-half, sour cream, cottage cheese, yogurt
- 2 Milk**
Fluid milk, value-added milk, dairy beverages, aseptic dairy beverages, extended shelf-life products (ESL)
- 3 Non-dairy products**
Dairy-free cheeses, dairy alternative beverages and creamers, oil, other products
- 4 Cheese** (everyday and specialty)
Mozzarella, cheddar, goat cheese, blue cheese, ricotta, provolone, parmesan, romano, feta, havarti, brie, camembert, brick, colby, farmer, munster, monterey jack, fresh curd, processed cheeses, cream cheese
- 5 By-products / Ingredients**
Milk powder, whey powder, whey protein concentrates (WPC), demineralized whey, lactose, lactoferrin, infant formula, casein, galacto-oligosaccharides (GOS), dairy ingredient blends, other value-added dairy ingredients and nutritional products

Approx. **11 billion** litres of milk processed annually

Approx. **19,200** employees

66 plants
69 distribution centres
2 innovation centres

Products sold in over **60 countries**

NET EARNINGS²
\$622 millions

REVENUES
\$17,843 millions

Region	Percentage
Canada	21%
USA	47%
International	26%
Europe	6%

ADJUSTED EBITDA^{1,2}
\$1,553 millions

Region	Percentage
Canada	24%
USA	31%
International	35%
Europe	10%

¹ Adjusted EBITDA is a total of segments measure and does not have any standardized meaning under International Financial Reporting Standards (IFRS). Therefore, it is unlikely to be comparable to similar measures presented by other issuers. Refer to the section entitled “Non-GAAP measures” of our Management’s Discussion and Analysis for the fiscal year ended March 31, 2023, for more information on this measure, including a reconciliation to net earnings being the most directly comparable IFRS financial measure.

² For the fiscal year ended March 31, 2023.

³ Percentage of consolidated revenues generated by these products for the year ended March 31, 2023.

About This Report

The Saputo Promise is our approach to social, environmental, and economic performance which guides our everyday actions to ensure we live up to the values on which our Company was founded in 1954. As we pursue growth, we aim to create shared value for all our stakeholders and ensure the long-term sustainability of our business while building a healthier future through our passion for quality food.

The Saputo Promise consists of seven Pillars which drive our actions to nourish, protect, and support the communities we call home: Food Quality and Safety, Our People, Business Ethics, Responsible Sourcing, Environment, Nutrition, and Community.

Recognizing the importance of being accountable to our stakeholders, our goal is to communicate our Promise to our investors and partners and be transparent about our progress in managing key ESG aspects material to our business.

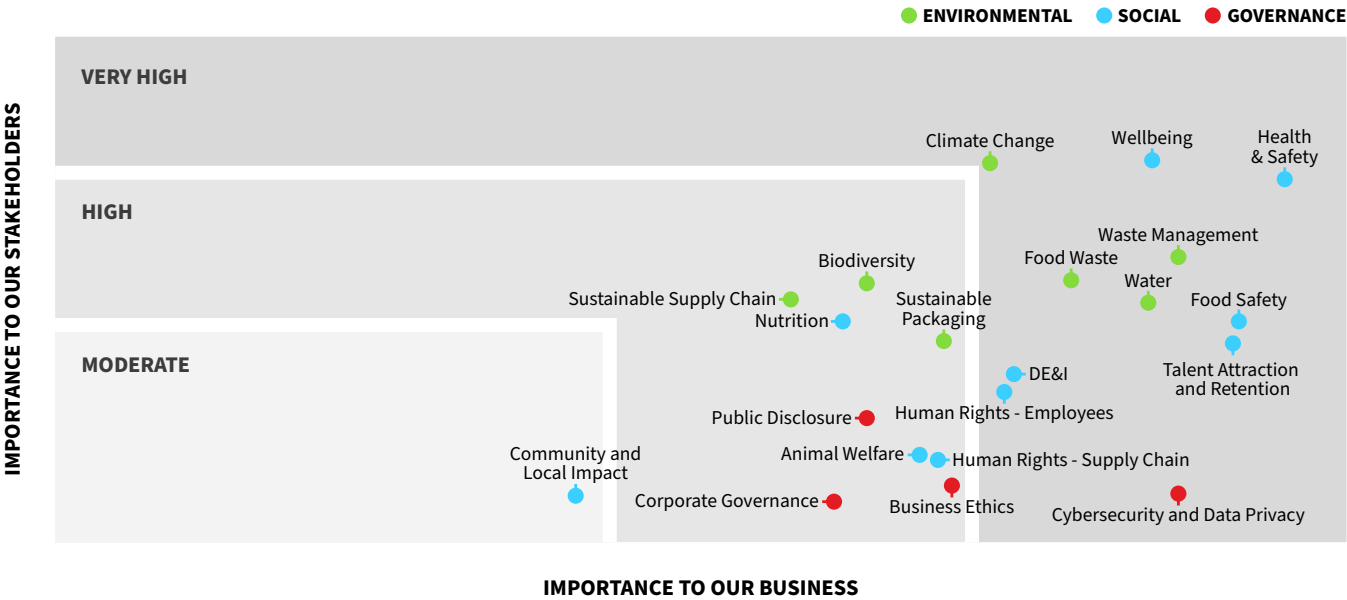
Materiality

In FY22, we undertook a new materiality assessment to identify, refresh, and validate the key ESG topics impacting our business. The results were used to inform our current Saputo Promise three-year plan (FY23-FY25) and our external disclosures.

Our materiality assessment process involved four stages:

- 1 IDENTIFICATION:** Identify potentially relevant ESG factors based on ESG industry frameworks, consumer research, industry insights, benchmarking, customers surveys, and investors rating and standards.
- 2 PRIORITIZATION:** Assess the level of materiality and prioritize the issues based on our business context and survey with our senior leadership teams across all our divisions.
- 3 VALIDATION:** Validate scoring through interviews with key internal stakeholders involved in the Saputo Promise.
- 4 APPLICATION:** Use the results to review the Saputo Promise and inform our three-year plan and external disclosures.

Following the process outlined above, key ESG factors were categorized based on their degree of materiality to our stakeholders and their potential to impact our business. A summary of the most important factors is outlined in the table below.



The main risks and uncertainties we are exposed to, including ESG risks, are presented in our Management's Discussion and Analysis dated June 8, 2023, available at saputo.com/en/investors/shareholder-reports/2023.

Again this year, we have aligned our disclosure with the Sustainability Accounting Standards Board's (SASB) Standards for the Processed Foods industry. The full SASB Index can be found on p.46. We have also aligned our disclosure on climate-related risks with the recommendations provided by the **Task Force on Climate-related Financial Disclosures (TCFD)**.

Basis for Reporting

All data presented in this report are prepared for the reporting period of April 1, 2022, to March 31, 2023, unless stated otherwise. For further details on the compilation of the data presented, please refer to the document titled *Saputo Promise - Basis for reporting 2023* available on saputo.com/our-promise/reference-documents.

All amounts in this report are in Canadian dollars (CDN), unless otherwise indicated.

We were identified by the World Benchmarking Alliance (WBA) as one of the 2,000 most influential companies when it comes to the impact on the **United Nations' Sustainable Development Goals (SDGs)**, which can be found here: sdgs.un.org/goals. Throughout this Report, we have indicated where our Pillars and business activities align with the SDGs identified by the WBA.

External Assurance

KPMG LLP performed a limited assurance engagement on some of the FY23 environmental data presented in this report. These data have been identified with the following symbol (√) throughout the report.

The assurance statement can be found on our website on saputo.com/our-promise/reference-documents.



Our Approach

Strategy

The Saputo Promise is an integral part of our business and a key component of our growth. As we seek to create shared value for all our stakeholders, it provides a framework that ensures we manage ESG risks and opportunities successfully across our operations globally.

With a clear ESG framework and governance, our focus is on the execution of our Saputo Promise three-year plan (FY23-FY25). Built with our growth strategy in mind, our FY23-FY25 plan ensures that our Promise continues to drive, enable, and sustain our growth.



Governance

Our Board of Directors (the “Board”) is responsible for the stewardship of Saputo. As such, it oversees the management of our business to enhance the creation of long-term shareholder value while considering the interests of all our stakeholders, including shareholders, employees, customers, suppliers, business partners, and the communities where we operate.

In order to better fulfill its mandate, the Board:

- Oversees the ESG factors and risks material to our business and the deployment of appropriate measures to manage them;
- Oversees our practices, guidelines, and policies related to the Saputo Promise.

The Board delegates some of the ESG-related responsibilities as follows:

- The Audit Committee oversees risk management, including ESG risks such as environmental matter, including climate-related risks, food quality and safety, and cybersecurity, technology and information security. Information on the risk management process can be found in our Management’s Discussion and Analysis, our Management Information Circular, and our Annual Information Form, all dated June 8, 2023, and available at saputo.com/en/investors/shareholder-reports/2023
- The Corporate Governance and Human Resources (“CGHR”) Committee oversees business ethics, human resources risk; health and safety, diversity, equity, and inclusion, talent and well-being.

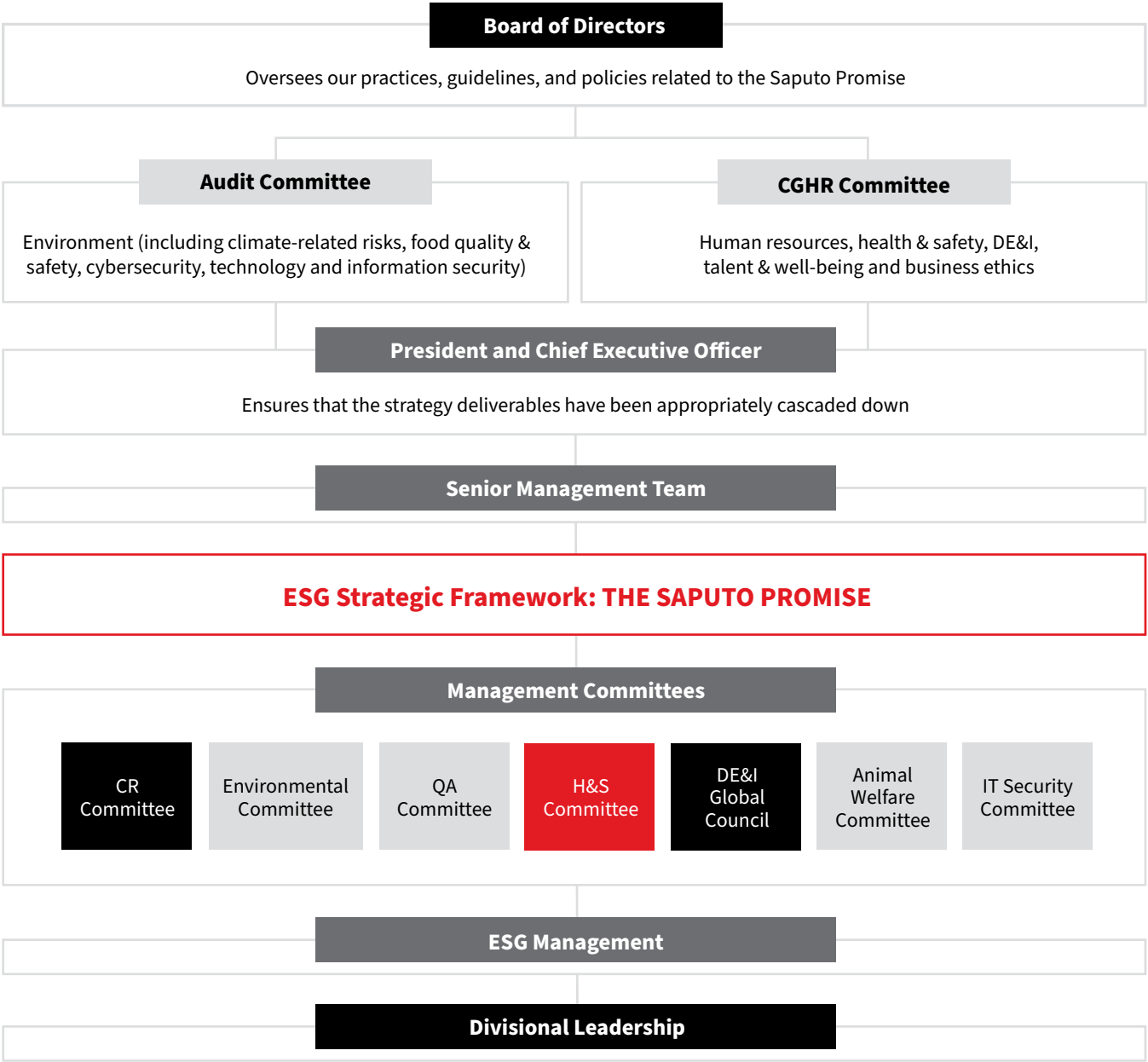


The management responsibility of the Saputo Promise and its Pillars falls under the following committees:

- The **Corporate Responsibility (“CR”) Committee** oversees the overall strategy of the Saputo Promise and monitors progress for each of its seven Pillars;
- The **Environmental Committee** is responsible for overseeing the implementation of our Environmental Policy and the achievement of our environmental objectives globally across our operations;
- The **Quality Assurance (“QA”) Committee** provides global governance to ensure high food quality and safety standards and that our Food Quality and Safety Policy is upheld consistently across our operations;
- The **Health and Safety (“H&S”) Committee** is responsible for aligning and ensuring adherence to best practices across our divisions as it relates to health and safety;
- The **Diversity, Equity, and Inclusion (“DE&I”) Global Council** is designed to promote a diverse and inclusive work environment;
- The **Animal Welfare Committee** oversees efforts and initiatives to ensure supplier compliance with codes of practice or recognized animal care standards and monitors animal welfare best practices; and
- The **Information Technology (“IT”) Security Committee** oversees the management of our key cybersecurity programs and the risks and measures put in place to protect the confidentiality, integrity, and availability of our data.

These different Management Committees ensure that the appropriate business practices are implemented across our operations to effectively manage the ESG risks and opportunities under their mandate. Our divisional leadership ensures the execution and operationalization of these practices.

For additional information on governance, please refer to our Management Information Circular, dated June 8, 2023, and available at saputo.com/en/investors/shareholder-reports/2023.






- Overseen by the Board
- Overseen by the Audit Committee
- Overseen by the Corporate Governance and Human Resources Committee








OUR FY23 PERFORMANCE

Summary of Our Progress

● Good progress ● Some progress ● Goal not met

PILLAR	THREE-YEAR GOALS (FY23-FY25)	FY23 PERFORMANCE	COMMENTS
 Food Quality and Safety	Improve our Food Quality and Safety performance by developing our food safety culture, global standards and training, and infrastructures.	●	In FY23, we progressed on our three-year goals by aligning on a standardized way to grow and measure our food safety culture globally. 100% of our facilities were certified to GFSI standards and maintained high scores – achieving either Good or Excellent audit ratings. In FY23, there were three voluntary recalls of products we manufactured and/or distributed, which explain the yellow rating. In all cases, our contingency processes resulted in the products being swiftly removed from the market with no reported impact on consumers.
	Improve our workplace diversity , gender representation, and inclusion to enhance high performing and innovative teams.	●	In FY23, we announced the launch of our new Advancing Gender Balance at Saputo initiative, which sets our goal of increasing the representation of women to 30% by FY25 at the senior levels (vice president and above). We maintained our progress towards this goal at 25% in FY23, a 9% increase in the percentage of women in senior management in the last five years.
	Increase talent attraction, retention, and engagement through an integrated talent strategy.	●	In FY23, we continued to experience challenges in retaining talent with our global turnover reaching 23%. To address these challenges, we increased our efforts to retain our employees and to ensure their well-being within our organization by focusing on improving our Onboarding program, leveraging Saputo Connect (our performance management process), recognizing our employees' contributions, and ensuring our working conditions remain competitive.
	Improve our well-being offer by developing a holistic program that is aligned to employee needs.	●	In FY23, we launched our global well-being strategy and consolidated all well-being related initiatives under our “Feed Your Life” umbrella which already existed in some of our divisions. With this new iteration of Feed Your Life, we aim to reinforce and continually improve our global program through our four priority areas—work, life, physical, and mental.
 Our People	Improve our health & safety capacity by engaging our employees to understand how work is done, leveraging our safety principles, and ensuring our systems are safe by design.	●	Throughout FY23, we remained focused on executing our three-year goal to improve our health and safety (H&S) capacity by engaging our employees, leveraging our safety principles, and ensuring our systems are safe by design. Our divisions continued to come together, sharing a common mindset and leveraging best practices globally to build the safety capacity across our operations. We were deeply saddened to report an employee fatality following a milk tanker accident in Australia. We are cooperating fully with the authorities as they investigate the circumstances surrounding this tragic accident.
	Improve our cybersecurity resilience by ensuring our systems are up-to-date and secured and our employees are empowered to recognize and protect digital assets from cyber threats.	●	Our cybersecurity risk management strategy has been designed using enterprise risk considerations and aligning with industry standards such as the National Institute of Standards and Technology. We regularly evaluate and adjust our cybersecurity risk management strategy based on various considerations, including risk assessments, continuous monitoring, and periodic independent cybersecurity maturity evaluations. To our knowledge, we have not experienced a material information security breach within the last three fiscal years on Saputo core systems or network infrastructure.
 Business Ethics	Reduce our regulatory and reputational risks related to data privacy across our operations by developing a global approach.	●	The confidentiality and privacy of our customers and employees as well as the protection of information systems are key principles in our Code of Ethics, and an important focus area for our FY23-FY25 Saputo Promise plan. In FY23, we appointed a Global Privacy Officer to ensure compliance and oversee current and future privacy initiatives.

PILLAR	THREE-YEAR GOALS (FY23-FY25)	FY23 PERFORMANCE	COMMENTS
 Business Ethics	Improve ESG disclosure to meet evolving investors' expectations and regulatory requirements.	●	We continued to make progress in increasing transparency and disclosure to our investors, expanded the content of our annual Saputo Promise Report, particularly around climate, and aligned our reporting to recognized frameworks such as SASB and TCFD. As a result, we have maintained or improved our position in the principal ESG ratings in FY23.
 Responsible Sourcing	Improve animal welfare by advocating for appropriate animal care standards, proactively managing our animal welfare risks, and contributing to the advancement of best practices.	●	In FY23, 100% of our direct milk supply complied with the requirements of our Animal Welfare Policy. We have zero tolerance for animal cruelty and have established a clear protocol to work with suppliers and authorities to effectively deal with situations where a breach of our Animal Welfare Policy is suspected. In FY23, three suppliers were suspended under our animal cruelty protocol globally. Our specific reintegration criteria were followed and we have resumed receiving milk from the suppliers.
	Improve the resilience and sustainability of our supply chain , working in partnership with our farmers, suppliers, community, and industry partners to deliver on our 2025 Supply Chain Pledges.	●	In FY23, we launched our global Sustainable Agriculture Policy which defines the sustainability standards we want to achieve in partnership with our producers and milk suppliers to ensure the responsible production of dairy ingredients. These standards have been formally communicated throughout our supply chain with the view to have them fully implemented by the end of 2025. In FY23, we also funded initiatives in the UK and Australia to support the capacity building of dairy farmers around sustainable farming practices. In the UK, the initiative focused on providing the tools to establish a baseline around on-farm GHG emissions for our Davidstow milk pool as well as providing training on how these emissions can be reduced.
 Environment	Reduce our environmental impacts by delivering on our 2025 Environmental Pledges.	●	In FY23, we had three significant ¹ fines for non-compliance due to historical environmental breaches which explain the red rating. In all cases, considerable work has been undertaken to rectify these historical issues and they are closely monitored by our Environmental Committee which received quarterly updates on the status of corrective actions.
		●	We continued our efforts towards our 2025 Environmental Pledges through capital investments and renewable energy contracts resulting in the improvement of our carbon intensity by 13% in FY23 compared to our FY20 baseline. Despite our efforts, our energy and water intensities remain flat in FY23. This is mainly a result of a reduction of our volume of productions compared to our baseline which offset the gains from some of our initiatives. As we continue to focus on capital investments and network optimization efforts, we expect some of these gains to be better reflected in our future intensity numbers.
 Nutrition	Improve the nutritional quality and performance of our global product portfolio to meet consumer needs.	●	In FY23, we continued to leverage our Saputo Nutrient Profiling Model (NPM) to understand the nutritional performance of our products and proactively identify opportunities to enhance our offerings to better meet public health expectations and consumer needs. Overall, our goal is for 84% of our products to meet our NPM by 2025. As of FY23, 82% of our products meet our NPM, with 9% meeting our Level 1 criteria, being dairy foods and beverages recommended by nutrition experts to support a healthy diet.
 Community	Improve access to nourishing foods and active lifestyles in our communities .	●	In FY23, our community investment reached over \$7.49 million (calculated using the London Benchmarking Group Model), which is above our target of investing 1% of our annual pre-tax profits in communities where we operate.

1 Has a monetary value of \$100,000 or more. See basis for reporting for additional details on the definition of significant fines.

Performance by Pillar

Food Quality and Safety



As a world-class dairy processor, we strive to raise the bar when it comes to food quality and safety. We endeavour to offer products made to the highest industry standards and create a food safety culture where everyone understands, owns, and leads food safety, while contributing to industry-wide knowledge and best practices.

These efforts are outlined in our **Food Quality and Safety Policy**, which formalizes our commitment to supplying our customers and consumers with safe and high-quality products. The achievement of this goal centres on:

- The highest food quality and safety standards;
- Continuous improvement; and
- A food quality and safety culture and resources.

Our QA Committee continued to provide global governance to ensure that our high standards were upheld consistently across our operations. In FY23, we progressed on our three-year goals by aligning on a standardized way to grow and measure our food safety culture globally. We reviewed our global competency and training needs, leveraged best practices from all our divisions to identify best tools and approaches, and continued to address key infrastructure risks through capital investments.

In FY23, 100% of our facilities were certified to GFSI¹ standards and all of them maintained our high scores with 100% of the certified facilities achieving a Good or Excellent audit rating.

Our commitment extends to our trusted partners. We share our food safety expectations with suppliers across our value chain, holding them to the same high standards. In FY23, 97% of our ingredients were sourced from third-party suppliers which were also GFSI-certified.

We ensure systems are in place for tracing products and raw materials. Since we always put food safety first, we have robust contingency processes and precautionary measures in place, enabling us to take proactive and immediate action when necessary.

In FY23, there were three voluntary recalls of products we manufactured and/or distributed, and in all cases, our contingency processes resulted in the products being swiftly removed from the market with no impact on our consumers.

METRIC	FY23	FY22	FY21	FY20	FY19
% of facilities certified to GFSI standards	100%	100%	98%	98%	98%
% of certified facilities with a Good or Excellent GFSI audit rating	100%	100%	100%	100%	100%
% of ingredients sourced from Tier 1 supplier facilities certified to GFSI	97%	96%	96%		
Total number of notices for food safety violations received	1	4			
% of food safety violations corrected	100%	100%			
Number of recalls issued	3	2	2		

¹ Global Food Safety Initiative (GFSI)

Our People



At Saputo, our best comes from our people. That is why we care about the health and well-being of our employees and strive every day to provide the best possible work environment—one that is safe, diverse, equitable, inclusive, and values-driven.

Diversity, Equity, and Inclusion (DE&I)

DE&I shaped our culture and is part of who we are. We want everyone to feel included and respected for their unique perspectives, make meaningful contributions, and bring their authentic self to work every day. That is why we continue to promote an environment where employees feel supported, listened to, and able to do their personal best. Our objective is to provide equitable access to opportunities and a sense of belonging to all. This creates a better work environment and fosters individual and team growth. Our **Diversity, Equity, and Inclusion Policy** aims to set the guiding principles by which our decisions, actions, and behaviours will support the achievement of a diverse, equitable, and inclusive work environment.

Our DE&I Council provides governance and oversight on our DE&I efforts, promotes company-wide communication on progress, and helps create strategic accountability for results. Through our DE&I initiatives, we aim to mitigate biases across all our processes, with a focus on our recruitment process to expand our pool of candidates and diversify our workforce, on better understanding how our employees experience life at Saputo, and on continuously reviewing our policies and procedures to provide equitable opportunities to all employees.

In FY23, we announced the launch of our new Advancing Gender Balance at Saputo initiative, which sets our goal of increasing the representation of women to 30% by fiscal 2025 at the senior levels (vice president and above). Following an in-depth analysis across all our divisions, we also identified areas of opportunities to increase the representation of women in certain functions and management levels. This will allow us to continue to build a stronger and more diverse talent pipeline and advance gender equity. While our efforts have been mainly concentrated on gender, our Diversity, Equity, and Inclusion Policy is robust and inclusive, and we will extend our efforts to other dimensions of diversity.



Our focus areas to continue to foster greater diversity and inclusivity include:

- Global DE&I panels with employees and senior leadership team members;
- Targeted development programs for women (sponsorship and leadership development);
- Guides on inclusive recruitment practices;
- Global participation to Catalyst MARC Summit (Men Advocating Real Change);
- Launch of our Leadership Competency Framework defining the skills, knowledge and behaviours needed for our employees’ success in their current and future roles; and
- Employee resource groups.

DE&I is also a key component of our Director nomination process. Supported by our **Board Diversity Policy**, we are proud to have a strong gender representation, with 60% of our Board members being women.

Although the percentage of women in our total workforce remains relatively unchanged, we maintained our efforts towards Advancing Gender Balance with the representation of women at the senior levels remaining at 25% in FY23, a 9% increase in the last five years.



METRIC	FY23	FY22	FY21	FY20	FY19
% women in total workforce	29%	28%	28%	28%	28%
% women in senior management	25%	25%	21%	16%	16%
% women in senior management (C-suite)	20%	27%			
% women in senior management (VP and SVP- level)	25%	25%			
% women in management roles (Supervisor, Manager, and Director)	29%	28%			
% women in individual contributor/professional roles	29%	29%			
% women on Board of Directors	60%	55%	50%	50%	50%
% internal promotions awarded to women	36%	33%	36%	34%	37%

CASE STUDY: International Women’s Day

In April 2023, we celebrated International Women’s Day (IWD) by inviting all our employees globally to take part in open and intimate conversations with some of our Executives and colleagues as they shared their unique perspectives and experiences around this year’s IWD theme: “Embrace Equity”. More than 1,500 colleagues attended. These events sparked honest and inspiring conversations about how women at Saputo have progressed in their careers by remaining true to themselves and how men at Saputo are allies in advancing gender equity.



Talent & Well-being

We believe that our success is directly tied to the well-being of our employees. Our success also depends on our ability to identify, attract, and retain qualified individuals and to execute appropriate succession planning for Management and key personnel. The Board of Directors has delegated talent & well-being risk management oversight to the CGHR Committee.

We aim at providing a work environment that focuses on the employee’s overall well-being and where each individual feels they can thrive. We believe that offering such a work environment will also help us attract and retain top talent. These are key goals embedded in our Saputo Promise three-year plan and critical enablers of our growth, particularly with the current highly competitive labour market.

We strive to be an employer of choice for top talent, recognized for our values and our commitment to our employees. Our efforts were rewarded, with Saputo featured on Forbes’ 2023 Canada’s Best Employers list, which surveys worker satisfaction and willingness to recommend the company as an employer, and Forbes’ 2022 World’s Top Female-Friendly Companies list, which surveys worker satisfaction with regards to gender-related topics, such as opportunities for advancement, pay equity, and supportive policies for women in the workplace.



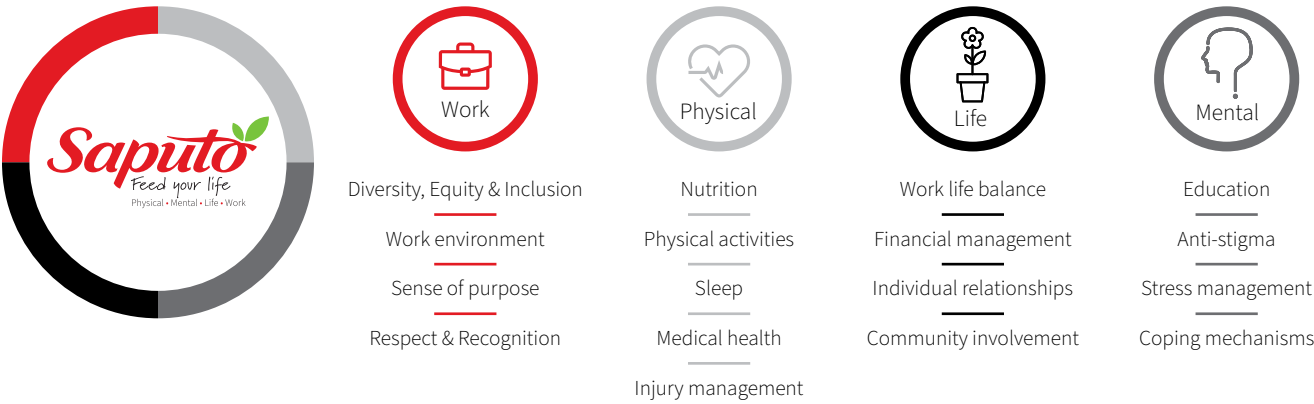
We constantly invest in our employees with continuous training and development programs, providing them with the skills needed to maintain high-quality standards throughout our operations, and to continue to grow and have a career within the Company. In FY23, we invested approximately \$12 million and 515,000 hours in developing our employees, the equivalent of nearly 25 hours for each of them. Furthermore, our focus on promoting from within has translated into 1,434 employees being promoted internally in FY23.

In FY23, we continued to experience challenges in retaining talent with our global turnover reaching 23%.

To address these challenges, we increased our efforts to retain our employees and to ensure their well-being within our organization by focusing on the following key areas:

- Improving our **Onboarding program**;
- Leveraging Saputo Connect, our **performance management** process, to drive business performance through alignment of individual, team, and organizational goals;
- Continuing to **recognize** our employees’ contributions through our Saputo Applause program; and
- Ensuring our **working conditions** remain competitive with compensation Market Data Analysis and timely adjustments.

We also launched our global well-being strategy and consolidated all well-being related initiatives under our “Feed Your Life” umbrella which already existed in some of our divisions. With this new iteration of Feed Your Life, we aim to reinforce and continually improve our global program through our four priority areas—work, life, physical, and mental. In FY24, we aim to have a variety of initiatives implemented globally, including mental health training to all managers, certified Mental Health First Aiders available at each of our sites, a volunteer time off policy, and physical activity offerings at work for all employees.



METRIC	FY23	FY22	FY21	FY20	FY19
Total internal promotions	1,434	1,476	943	1,080	1,066
Total training and development investments (in millions dollars)	12.1	9.0	8.1	8.2	5.8
Total hours spent on training and development	515,000	509,550	334,855	402,435	194,406
Average tenure (years)	9.3	9.2	10	10	10
% of unionized employees	34%	35%	35%	36%	36%
Global turnover	23%	24%	17%		



Health and Safety (H&S)

We care deeply about the health and well-being of our team and keeping everyone safe is a top priority. Supported by our global **Health and Safety Policy**, and leveraging Human and Organizational Performance (HOP) principles, we aim to build a culture of active listening and learning, where our people are an integral part of the solution.

Throughout FY23, we remained focused on executing our three-year goal to improve our H&S capacity by engaging our employees, leveraging our safety principles, and ensuring our systems are safe by design.

Our divisions continued to come together to make sure we share a common mindset and leverage best practices globally to build the safety capacity across our operations. We also met the schedule we set for ourselves to develop our global standards for our most critical risks to be implemented by FY25. We continued to embed our safety principles into our everyday practices—consistently sharing examples of our principles in action at our global quarterly H&S Committee meetings and leveraging them to guide our daily decision-making process.

Our H&S Principles



LEADERSHIP

We insist employees at all levels of the organization lead by example and embody our safety principles.



RESOURCES

We ensure our people have the right equipment, standards, and expertise to perform their employment activities safely.



EMPOWERMENT

We trust our employees to make decisions that ensure a safe environment for all.



LEARNINGS

We have a safety-first mindset and we prevent incidents by continually learning from successes, near misses, and best practices.



COMMITMENT

We embed health and safety principles into everything we do.

In FY23, we were deeply saddened to report an employee fatality following a milk tanker accident in Australia. We are cooperating fully with the authorities as they investigate the circumstances surrounding this tragic accident. Our Total Injury Frequency Rate (TIFR) improved by 14% and our Lost Time Injury Frequency Rate (LTIFR) increased slightly by 2%.

Forging an environment where our people feel empowered and safe is an important responsibility, and we are deeply committed to it. We have a strong safety culture, a talented and caring team, and a unifying Policy to ensure we can fully contribute at work and arrive home safely.

METRIC	FY23	FY22	FY21	FY20	FY19
Total injury frequency	3.13	3.62	3.76	3.59	4.82
Lost time injury frequency	1.40	1.37	1.61	1.36	1.77
Fatality	1	0	0	1	0

Business Ethics



Our reputation for business integrity is paramount. We work hard to preserve the quality of our work environment, and we want the everyday conduct of our Board members, leaders, and employees to be driven by the highest ethical standards.

We have implemented corporate governance initiatives to ensure a high level of independence, disclosure, and transparency. Among these initiatives, we have adopted an anonymous and confidential whistleblowing line hosted by a third party, an Incentive Compensation Clawback Policy, and a Shareholder Communication and Engagement Policy.

We also appreciate the importance shareholders place on effective executive compensation policies and practices and are committed to maintaining an ongoing engagement process with our shareholders by adopting measures to gather constructive feedback. To this end, our Board of Directors invites shareholders to cast a “say on pay” advisory vote on Saputo’s approach to executive compensation at our annual meeting of shareholders.

We have global procedures in place to comply with laws, regulations, and industry standards. In FY23, we had three significant fines for non-compliance. In addition to offences for environmental breaches at the Davidstow Creamery dating back to 2016, which was disclosed in our report last year, we also had two fines related to historical environmental breaches in the USA. In all cases, considerable work has been undertaken to rectify these issues and they are closely monitored by of our Environmental Committee which received quarterly updates on the status of corrective actions.

METRIC	FY23	FY22	FY21	FY20	FY19
Number of significant fines for non-compliance	3	0	0	1	1
Monetary value of significant fines for non-compliance (in millions dollars)	3.1	0	0	0.16	0.19



Cybersecurity and Data Privacy

The confidentiality and privacy of our customers and employees as well as the protection of information systems are key principles in our Code of Ethics, and an important focus area for our Saputo Promise three-year plan (FY23-FY25). In FY23, we appointed a Global Privacy Officer to ensure compliance and oversee current and future privacy initiatives.

We have implemented policies, practices, procedures, and controls—including maintenance of protective systems and technology, monitoring and testing, incident response, disaster recovery and business continuity plans, and employee training—to protect our IT systems, prevent unauthorized access to confidential data, and mitigate the risk of disruption to our business. We make strategic investments in this area to mitigate cyber threats. We also have security and compliance processes, protocols, and standards that apply to our third-party service providers. Our processes include a due diligence approach that ensures third-party services, including cloud-based services, are evaluated using industry-standard security assurance approaches to assess the risks.

Our cybersecurity risk management strategy has been designed using enterprise risk considerations and aligned with industry standards such as the National Institute of Standards and Technology. We regularly evaluate and adjust our cybersecurity risk management strategy based on various considerations, including risk assessments, continuous monitoring, and periodic independent cybersecurity maturity evaluations. Cybersecurity risks are assessed and included as part of the Company’s annual Internal Audit plan. Management receives regular briefings on developments of cyber incidents occurring in organizations globally. To our knowledge, we have not experienced a material information security breach within the last three years on Saputo core systems or network infrastructure.

ESG Disclosure and Engagement

We continued to make progress in increasing transparency and disclosure to our investors, expanded the content of our annual Saputo Promise Report, and aligned our reporting to recognized frameworks such as SASB and TCFD.

We also launched our ESG Investor Engagement Program, through which we proactively engage with our largest institutional shareholders to seek feedback on our ESG initiatives. Through this program, our Investor Relations team met with institutional investors in FY23, in addition to responding to an increasing number of requests from the investment community relative to ESG and other matters.

Responsible Sourcing



We believe our relationships with suppliers are vital to our ability to make high-quality products. We aim to create an environment where we can build strong, sustainable, and long-term partnerships and promote responsible business practices by working with our suppliers across the value chain. To do so, we implemented our Supplier Code of Conduct, setting the minimum standards of business conduct that we expect from our suppliers.

While our suppliers are independent businesses, their actions can impact our reputation and the trust we have earned from our customers, consumers, and other stakeholders. Our **Supplier Code of Conduct** is rooted in the Saputo Promise to ensure we continue to work collaboratively with suppliers on shared standards of business.

As some of our suppliers operate in different legal and cultural environments across the globe, our Supplier Code of Conduct defines a list of zero-tolerance issues that apply universally across our supply chain.

We have zero tolerance for:

- Child labour;
- Forced labour;
- An environment that incites or encourages any form of coercion and harassment;
- Any major health and safety deficiency posing immediate danger to life or risk of serious injury;
- Any major environmental deficiency posing serious and immediate harm to the environment or the community;
- Any form of animal cruelty; and
- Any form of bribery.

Our Supplier Code of Conduct describes monitoring and enforcement processes, as well as protocols for addressing a breach or suspected breach and reinstatement criteria that suppliers are expected to meet.

Throughout FY23, we continued the implementation of our Supplier Code of Conduct through formal risk assessments and proactive checks such as self-assessment questionnaires and audits to ensure compliance. The modern slavery statement of our Dairy Division (Australia) and our Dairy Division (UK) which contain additional details on some of the actions we are taking are available on saputodairyaustralia.com.au/our-promise/reference-documents and uk.saputo.com/our-promise/reference/



Sustainable Ingredients

We recognize the importance of the transition to a net-zero world by 2050 to limit global warming to well below 2°C as targeted by the Paris Agreement and the need to transform the way food is grown and produced globally.

We are committed to doing our part in creating a sustainable and equitable food system, working in partnership with our farmers, suppliers, and industry partners to strive towards the following desired sustainability outcomes:

Climate	Land	Water	Livelihoods
Transition to a net-zero food system by 2050 and halt deforestation	Protect biodiversity and preserve soil health	Protect and preserve water ecosystems	Improve the resilience and economic viability of farming communities and protect workers' rights

In response to this, we launched our 2025 Supply Chain Pledges in FY22, which outline how we intend to address sustainability considerations beyond the scope of our operations.

Our 2025 Supply Chain Pledges

- **Ensure 100%** of our milk supply chain is covered by relevant sustainability standards where we have direct relationships with farmers;
- **Advocate** to ensure relevant sustainability standards are implemented across all of our milk supply chains where we do not have direct relationships with farmers;
- **Contribute \$10 million** to fund relevant initiatives; and
- **Source 100%** of our principal ingredients sustainably.

Milk is our principal ingredient, representing up to 85% of the cost of goods sold, and the key focus of our Supply Chain Pledges. The type of relationships we have with milk producers and the level of influence we have on the on-farm practices vary depending on the country where we operate. This, in turn, influences how we implement our Supply Chain Pledges.

COUNTRY	TYPE OF RELATIONSHIPS	LEVEL OF INFLUENCE	APPROACH
Canada	Highly regulated market where milk is sourced exclusively through the provincial milk marketing boards which have oversight of the relationship with milk producers.	Low	Advocacy
USA	Milk is primarily sourced from major cooperatives, with a smaller portion coming directly from patron farmers and other dairy processors.	Medium	Advocacy and direct engagement
Australia	Milk is primarily sourced directly from patron farmers. However, the current shortage of milk in Australia impacts our level of influence.	Medium	Advocacy and direct engagement
Argentina	Milk is primarily sourced directly from patron farmers.	High	Direct engagement
United Kingdom	Milk is sourced directly from patron farmers.	High	Direct engagement

In FY23, we launched our global **Sustainable Agriculture Policy**, which defines the sustainability standards we want to achieve in partnership with our producers and milk suppliers to ensure the responsible production of dairy ingredients. These standards have been formally communicated throughout our supply chain with the view to have them fully implemented by 2025. In FY23, we also funded initiatives in the UK and Australia to support the capacity building of dairy farmers around sustainable farming practices. In the UK, the initiative focused on providing the tools to establish a baseline around on-farm GHG emissions for our Davidstow milk pool as well as providing training on how these emissions can be reduced.

Working in partnership is key to making the changes required to our food system. To support our efforts, we joined Pathways to Dairy Net Zero, an initiative to help accelerate climate efforts in the dairy industry, and the Sustainable Agriculture Initiative Platform, which is a global, non-profit network of over 170 members working to advance sustainable agricultural practices through pre-competitive collaboration.

In addition to our milk supply, we are committed to ensuring 100% of our principal ingredients are responsibly sourced and produced. We evaluate our principal ingredients on an ongoing basis and review our sourcing policies and processes as appropriate.

In January 2021, we became a global member of the Roundtable on Sustainable Palm Oil (RSPO), a global non-profit initiative that unites stakeholders to develop and implement worldwide standards for sustainable palm oil. As part of our membership, we are committed to sourcing 100% RSPO-certified palm oil from 2021 and beyond. Certified palm oil must comply with strict environmental and social criteria developed by the RSPO. We sourced 21,161 MT of palm oil in 2022 and in line with our commitment, 100% were RSPO-certified. In FY23, we continued to build our global management system to ensure our operations can also be certified through the RSPO, which is expected to be completed in FY24.

Our use of coconut oil increased with the expansion of our dairy alternative cheese offering. As a result, in FY22, our Dairy Division (UK) joined the Sustainable Coconut & Coconut Oil Roundtable, a collaborative group committed to developing a sustainable coconut supply chain.



Animal Welfare

As a global leader in dairy processing, milk is our primary ingredient, and we care deeply about the way it is produced. For us, high-quality dairy products begin with high-quality milk from healthy and well-cared-for animals. Our **Animal Welfare Policy** sets out the animal care standards we expect our suppliers to comply with through industry regulations and Codes of Practice, routine animal management practices, and awareness and training programs. In FY23, 100% of our direct milk supply complied with the requirements of our Animal Welfare Policy. Over 99% of our direct suppliers have eliminated the practice of tail docking cattle and we continue to work towards implementing pain management protocols for disbudding calves throughout our milk supply.

We strive to continually advocate for the improvement of national standards and industry regulations in the countries where we operate. In FY23, we were involved in animal welfare advocacy, including the public consultation by the National Farm Animal Care Council on key animal care issues in the Canadian Dairy Cattle & Goat Codes of Practice as well as the development of an animal care assessment for goat milk supply in Canada.

We continued to be engaged on the development of the Farm Assuring Responsible Management (FARM) animal care program v5.0 of the National Milk Producers Federation in the USA.

We were once again included in the Business Benchmark on Farm Animal Welfare (BBFAW), where we maintained our fourth tier position, defined as making progress on implementing policies and commitments on farm animal welfare, from last year.

We have zero tolerance for animal cruelty and have established a clear protocol to work with suppliers and authorities to effectively deal with situations where a breach of our Animal Welfare Policy is suspected. In FY23, three suppliers were suspended under our animal cruelty protocol globally. Our specific reintegration criteria were followed, which included having a third-party animal welfare audit conducted to validate producer handling standards. Upon receiving confirmation of acceptable corrective actions necessary to address animal care deficiencies, we have resumed receiving milk from the suppliers.

We continued our support for the Dairyland Initiative led by the University of Wisconsin School of Veterinary Medicine, which allows faculty and staff to provide bi-annual workshops for farmers, veterinarians, nutritionists, and industry consultants. We also renewed our support for the Saputo Dairy Care Program developed to provide specific dairy welfare training—in collaboration with the University of Guelph and the Campbell Centre for the Study of Animal Welfare. A new partnership is under development with the University of Melbourne and Dairy Australia to launch quiet cattle handling assessment and training tools.

As a result, we impacted more than 28,000 people through various initiatives in FY23, including workshops and webinars, industry presentations, and access to online training tools, which were either hosted or made available by our partners or field staff.

METRIC	FY23	FY22	FY21	FY20	FY19
% of RSPO-certified palm oil	100%	100%			
% of milk sourced from regions with High or Extremely High Baseline Water Stress	24%	26%			
% of direct suppliers verified to meet animal welfare standards	100%	100%			
Cases of animal cruelty reported resulting in suspension of supply	3	1	2	2	1
Numbers of people impacted by animal welfare training (through our partnerships and employee training)	28,933	31,115	38,252	21,221	15,518

Environment



Our goal is to safeguard the environment while continuing to grow as a world-class dairy processor. In fiscal 2020 (FY20), we pledged to accelerate our global climate, water, and waste performance and announced clear environmental targets (our 2025 Environmental Pledges) and a formal commitment to make significant progress by 2025. We have allocated additional resources to support the execution of this global action plan, including a three-year investment of \$50 million of which the allocation was completed in FY23. We plan to invest an additional \$20 million in FY24 to further support the execution of this global plan.

Climate

We recognize that climate change is a challenge for everyone. Collectively, we must continue to address our use of fossil fuels and embrace sustainable practices relating to agriculture and manufacturing. This is critical to the long-term future of our business, our patron farmers, and the communities where we operate.

As we progress on our climate journey, we are also advancing on our disclosure practices in line with the TCFD recommendations. In FY23, we were proud to maintain our B score by CDP—an international non-profit organization that helps companies disclose their environmental impact—due to our enhanced climate-related disclosure. This is above the CDP average score for our industry.

Governance

The Board of Directors’ Audit Committee is responsible for reviewing and evaluating the risk factors inherent to Saputo’s business and ensuring that appropriate measures are in place. The Audit Committee is accountable for ensuring effective risk management through our global enterprise-wide risk processes. The Audit Committee oversees our management of principal environmental risks, including climate-related risks, to which we are exposed and ensures the implementation of appropriate methods by our management team to proactively identify, evaluate, manage, mitigate, and report on these risks. The Audit Committee meets regularly and reports to the Board every quarter.

The Audit Committee also receives reports from the Environmental Committee, which oversees the application of the Environmental Policy and meets each quarter to discuss our environmental risks, our Environmental Pledges, the required action plans, and the status of ongoing projects. Each division also has an Environmental Affairs Lead who ensures environmental risks, including those that are climate-related, are appropriately managed at the local level. Additional information regarding our overall ESG governance can be found on p. 10 of this report.

As part of our Environmental Pledges, we established a governance framework to foster Company-wide accountability and ownership, with our President and Chief Operating Officer, Dairy Division (UK), acting as the global champion and reporting on our progress to the Board annually. We reinforced our climate governance with the introduction of ESG-related compensation as part of our long-term incentive plan (LTIP) for management (Director and above).

Thirty percent of the performance share units granted pursuant to our LTIP in FY23 is linked to the achievement of our climate and water targets. Additional information on our LTIP is available in our Management Information Circular dated June 8, 2023, and available at saputo.com/en/investors/shareholder-reports/2023

In FY23, in light of an increasing focus on climate-related disclosures and following our climate scenario analysis, we set up a global Working Group on Climate responsible to drive timely implementation of our climate roadmap. Our roadmap drives our actions to build resilience by adapting our business processes to respond to climate risks and opportunities and ensure readiness to upcoming regulated climate disclosures. The working group is led by our Vice President, Corporate Responsibility and comprised of representatives from various relevant corporate functions such as Internal Audit, Corporate Accounting, Risks, Insurance and Real Estate, and Mergers and Acquisitions.

Strategy and Climate-Related Risk Management

Anchored in the Environment Pillar of our Saputo Promise and our Environmental Policy, our climate action focuses on reducing our impact on and adapting to climate change. This approach allows us to manage risks and seize opportunities that create positive environmental change.

In FY23, we completed our climate risk and opportunity assessment. Guided by the approach recommended by the TCFD framework, we undertook a scenario analysis to help us understand how external climate risks and opportunities could impact our business operations. We explored a number of scenarios prepared by internationally recognized agencies (detailed in the table below) considering factors such as demographics, economics, environmental, legal, social, and innovation and technology. Through a series of workshops with cross-representation across our different functions and geographies, we sought to better understand how climate risks and opportunities might evolve over time, the resilience of our business strategy in different climate futures, the impacts associated with the transition to a lower-carbon economy, and the resulting implications for our future strategic and financial planning.



REFERENCE			
SCENARIO	DESCRIPTION	TRANSITION SCENARIOS (IEA ¹)	PHYSICAL SCENARIOS (IPCC ²)
Low emissions	In this scenario, concerted efforts are made to rapidly curb global CO ₂ emissions and global average warming is limited to 1.5°C, in line with the ambitions of the Paris Agreement. All countries successfully implement their most ambitious pledges and the global energy systems that underpin our economies undergo a total transformation.	Net Zero by 2050 Scenario	SSP1-1.9 or SSP1-2.6 (Formerly RCP 1.9 and RCP 2.6)
Moderate emissions	In this scenario, a transition away from fossil fuels is observed but not enough to significantly avoid some significant climate change impacts. Global temperatures rise to 2.6°C by 2100. Current (up to summer 2021) country and sector-by-sector policies and initiatives are assumed to be enacted and successfully implemented.	IEA 2021 Stated Policies Scenario (STEPS)	SSP2-4.5 (Formerly RCP 4.5)
High emissions	In this scenario, little progress is made on curbing global CO ₂ emissions and average global warming exceeds 4°C by 2100. Global emissions are curbed only by the policies that existed at that time. It is assumed in this scenario that few, if any, of the more ambitious targets that has been announced are met.	IEA 2019 Current Policy Scenario (CPS)	SSP5-8.5 (Formerly RCP 8.5)

Our processes are designed to identify, assess, and mitigate risks to minimize their potential impact and support the achievement of our long-term business strategy. Climate-related risks are treated the same way as other risks and, following our climate scenario analysis, are embedded in our global enterprise-wide risk processes overseen by the Audit Committee.



1 International Energy Agency
2 Intergovernmental Panel on Climate Change

Key climate risks and opportunities (transition and physical) and response strategies are summarized in the table below:

RISK/ OPPORTUNITY CATEGORY	RISK/OPPORTUNITY DESCRIPTION	POTENTIAL BUSINESS IMPACT*		
		SCENARIO	IMPACT LEVEL	RESPONSE STRATEGY
PHYSICAL Chronic	Reduced availability of milk due to increased heat stress on livestock, reduced availability of quality crop, and/or reduced availability of clean water	Low emissions	Medium	In each of our markets, we have dedicated teams responsible for sourcing raw ingredients. These teams work closely with the industry and our patron farmers to maintain our milk supply. We also continuously re-evaluate our global platforms across our regions to ensure we have the right manufacturing infrastructure in place for the total milk we have today and that we anticipate over the next few years. Through our Supply Chain Pledges, we committed to contributing to a sustainable, resilient, and equitable food system, working in partnership with our farmers, suppliers, and industry partners. These efforts play a part in supporting the dairy industry progress towards the Paris Agreement goals of net zero emissions by 2050. As part of our climate scenario analysis, we also undertook a specific study to better understand the impact of heat stress on milk yield and implications for our supply chain.
		Moderate emissions	High	
		High emissions	Very High (particularly in Australia, Argentina, and the UK)	
PHYSICAL Acute	Short operational disruptions (including milk deliveries and distribution of products) caused by extreme weather events	Low emissions	Medium	Our risk management teams ensure that investment programs and mitigation measures are in place to minimize the impacts of natural disasters and short operational disruptions on our business. Some of these measures include risk financing through insurances, emergency response plans to reduce impacts, and capital investments in our assets to build natural disaster defenses where appropriate.
		Moderate emissions	Medium	
		High emissions	High (particularly in Canada)	
TRANSITION Market	Changes in the consumer market due to increased demand for dairy alternatives brought on by an increase in environmental and climate change awareness	Low emissions	Low	Market demand for plant-based products is creating opportunities for new offerings, and as part of our Global Strategic Plan, we are leveraging some of our trusted brands to build a strong platform to offer dairy-free alternatives to complement our current product portfolio.
		Moderate emissions	Medium	
		High emissions	Medium	
TRANSITION Regulatory	Operating costs impacted by higher energy costs	Low emissions	Low	We expect our climate and energy intensity reduction targets and our associated capital investment for carbon reduction projects to contribute to reducing the direct costs and exposure to carbon pricing mechanisms.
		Moderate emissions	Low	
		High emissions	Low	

Additional risks are also described in our Management’s Discussion and Analysis, dated June 8, 2023, available at saputo.com/en/investors/shareholder-reports/2023.

Further details relating to the climate risks that impact our business are available in our annual CDP disclosures, which can be found at saputo.com/our-promise/reference-documents.



*Business impact is based on a qualitative assessment and relative ranking of the risks identified.



Targets and Metrics

In FY20, we pledged to accelerate our global climate performance and announced clear targets with a formal commitment to make significant and sustainable progress by 2025.

We pledged to:

-  **Reduce the CO₂e intensity of our operations by 20% (against FY20 baseline); and**
-  **Reduce the energy intensity of our operations by 10% (against FY20 baseline).**

In FY23, we continued the implementation of renewable energy initiatives and capital projects to drive energy and carbon savings across our network.

Our key highlights include:

- Our Dairy Division (Australia) continued to ramp up its large-scale renewable power purchasing agreement which we expect will enable 46% of our electricity consumption in Australia to be offset with renewable energy by 2025—saving 61,000 tonnes of CO₂e annually, which represents a 5% reduction in our global CO₂ footprint by FY25 compared to our FY20 baseline.
- We completed 11 additional energy-saving projects such as heat recovery systems, steam accumulators, and updated boiler controls. On an annual basis, we expect these projects will be saving over 125,000 GJ of energy and more than 6,100 tonnes of CO₂e.

In FY23, our carbon intensity decreased by 6% compared to FY22 and 13% compared to our FY20 baseline as our renewable electricity initiatives continued to impact our global footprint. From an energy intensity perspective, our performance is flat compared to last year and slightly below our FY20 baseline. This is mainly a result of a reduction of our volume of productions compared to our baseline which negatively impacts our energy intensity and offset the gains from some of our initiatives. As we continue to focus on capital investments and network optimization efforts, we expect some of these gains to be better reflected in our future energy intensity numbers.

Since fiscal 2019 (FY19), we provide an estimate of our scope 3 emissions as part of our CDP Climate disclosure. These emissions are primarily associated with the milk we source globally, and are estimated using the FAO GLEAM emissions factors ([fao.org/gleam](https://www.fao.org/gleam)).

In FY23, our scope 3 emissions were estimated at 13,848,474 tonnes of CO₂e. Due to the recent update of the FAO GLEAM emission factors, prior years have been restated using the latest factors to allow for year-on-year comparison. The post-farm portion of the GLEAM factor has also been excluded to avoid double-counting. Further information on how we plan to address environmental considerations in our supply chain can be found on p. 27.

In FY24, we will start the planning of our post-2025 climate commitment and targets using the latest industry and science-based tools to ensure we continue to progress toward the Paris Agreement goals of net-zero emissions by 2050 and keeping global warming well below 2 degrees. Our post-2025 climate commitment will be announced by the end of FY25 once our enterprise-wide transition plan is developed.

METRIC	FY23	FY22	FY21	FY20	FY19
Total energy consumed (GJ)	14,198,121	14,314,101	14,760,288	14,485,795	13,601,910
CO ₂ intensity (√) (Tonne CO ₂ e/tonne of product)	0.1926	0.2048	0.2157	0.2221	0.2297
Energy intensity (GJ/tonne of product)	2.97	2.95	3.15	3.00	3.13
Scope 1 emissions (√) (Tonne CO ₂ e)	520,784	526,479	528,089	546,195	500,133
Scope 2 emissions (√) (market-based) (Tonne CO ₂ e)	396,889	468,629	482,145	525,966	n/a
Scope 3 emissions (Tonne CO ₂ e) ¹	13,848,474	13,571,197	13,490,191	13,486,413	14,580,296

Water

Clean water is essential to the long-term success of our business and the communities we serve and operate in. Not only is access to clean water vital for sanitation and other aspects of our manufacturing operations, but our suppliers also rely on sufficient access to quality water to produce milk.

Water risks are managed and assessed under the same governance and risk management process as our climate-related risks. The assessment of these risks is embedded in our Environmental Management System (EMS) and managed by the Environmental Committee as part of our Environmental Policy. Specific water-related risk assessments are also carried out annually using the World Resources Institute (WRI) Aqueduct tool and disclosed annually as part of our CDP Water response.

Our key water risks and mitigation strategies are summarized in the table below:

RISK	RISK DESCRIPTION	MITIGATION STRATEGY
Availability and increased water costs for our operations	Water is vital to our manufacturing operations, including production, cleaning, and sanitation processes. In FY23, 28% of our water withdrawals were from water-stressed regions. ²	Our water intensity reduction target and associated investments to water-related projects, will help reduce our exposure to operational water risks. Our investments prioritize water-reduction projects in water-stressed regions.
Stricter environmental laws and increased compliance costs.	Our facilities generally operate under wastewater discharge permits or have entered into wastewater discharge agreements with local municipalities. Changes in environmental laws and regulations, or more vigorous regulatory enforcement policies as a result of increased concern over climate change and water scarcity could impose additional compliance costs, capital expenditures, as well as other financial obligations.	We continuously monitor our wastewater performance and implement various measures including reducing wastewater at source and capital investment to upgrade equipment to achieve compliance with current and future permit limit.
Availability and increased cost of water for the production of raw material (milk)	Saputo purchases milk that may represent up to 85% of the cost of goods sold. Our suppliers rely on sufficient access to quality water to produce milk. Based on our risk assessment, around 24% of our milk is sourced from water-stressed regions.	Through our Supply Chain Pledges, we committed to contributing to a sustainable, resilient, and equitable food system, working in partnership with our farmers, suppliers, and industry partners—playing our part in supporting the industry in preserving water ecosystems.

Additional risks are also described in our Management’s Discussion and Analysis, dated June 8, 2023, available at saputo.com/en/investors/shareholder-reports/2023.

Further details relating to the water risks that impact our business are available in our annual CDP disclosures at saputo.com/our-promise/reference-documents.

¹ Prior years have been restated using the latest GLEAM factors to allow for year-on-year comparison. The post-farm portion of the GLEAM factor has also been excluded to avoid double-counting.

² A water-stressed region is defined as having a baseline water stress level that is considered “high” or “extremely high” in the WRI Aqueduct tool.

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In FY20, we pledged to accelerate our global water performance by 2025 with a commitment to:

- Reduce the water intensity of our operations by 10% (against FY20 baseline); and**
- Improve our wastewater quality year-over-year.**

In FY23, we continued our capital investments in water-saving projects and completed the installation of 12 projects across our network with the potential to save more than 1,000,000 m³ of water annually.

Despite these additional water-saving capital projects progressively becoming operational in FY23, our water intensity number remained relatively flat compared to our FY20 baseline. As for energy intensity, our water intensity target is highly dependent on our operational context. Therefore, the reduction in our volume of productions since FY20 is offsetting some of our gains we made from a water savings perspective. As for our energy target, we expect that our continued focus on capital investments and network optimization, will result in some of these gains to be better reflected in our future water intensity numbers.

From a water quality perspective, we kept a strong focus on proactively managing our wastewater performance through regular monitoring, reduction at source, and capital investments where appropriate. In FY23, we achieved a water quality compliance rate of 99%.

METRIC	FY23	FY22	FY21	FY20	FY19
Water withdrawal (m³) (√)	24,218,443	24,480,594	24,296,649	24,427,531	22,663,000
Water withdrawal % in regions with High or Extremely High Baseline Water Stress	28%	29%	30%	29%	45%
Water intensity (√) (m³/ tonne of product)	5.08	5.04	5.19	5.06	5.32
Water quality compliance rate	99%	94%	97%	98%	

Waste and Packaging



Operational and Food Waste

In FY20, we pledged to accelerate our global waste performance by 2025 with a commitment to:

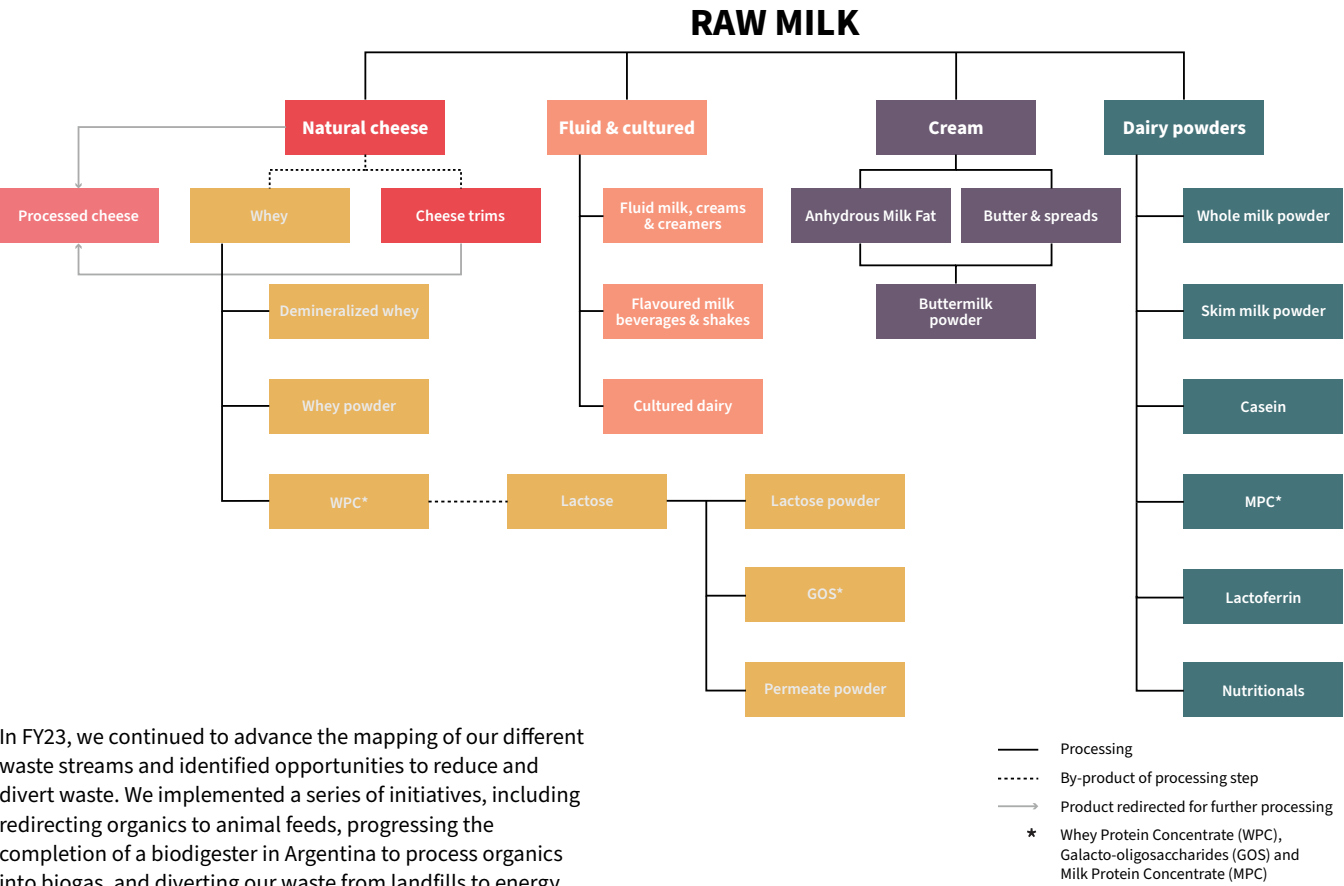
- Reduce our total waste by 25% (against FY20 baseline);**
- Increase our diversion rate to 75% for inorganic waste; and**
- Reduce our food waste by 50% (against FY20 baseline).**

Our focus on operational efficiency and continuous improvement means we are constantly looking for ways to reduce, repurpose, or divert waste. From a food waste perspective, dairy is a highly efficient product because many of its byproducts can be valorized into a series of ingredients. As part of our Global Strategic Plan to accelerate organic growth, we are continually looking at ways to increase the value of our ingredients portfolio while also exploring opportunities to leverage all the nutritional elements that milk provides.



From Inputs to Outputs: Making Every Drop Count

Extracting value at every step of the production process



In FY23, we continued to advance the mapping of our different waste streams and identified opportunities to reduce and divert waste. We implemented a series of initiatives, including redirecting organics to animal feeds, progressing the completion of a biodigester in Argentina to process organics into biogas, and diverting our waste from landfills to energy suppliers.

We continued our efforts in FY23 to redistribute food surplus in communities where we operate, donating more than 1.8 million kilos of products to food banks across our operations, which resulted in an estimated reduction of 8,900 tonnes of CO₂e.¹

With these efforts, in FY23, our total food waste was 27,134 tonnes, 13% better than our FY20 baseline. However, we have seen a significant increase of our sludge and brine. This is a result of many factors including the capital investments in wastewater treatment infrastructure which improved the quality of our wastewater while increasing the production of sludge, the cyclical nature of desludging activities producing peak volumes in certain years, and some of the regulatory changes making it more difficult to redirect sludge to animal feed.

Our total waste inorganics improved by 19% compared to our baseline but our diversion rate for our inorganic waste remains flat compared to our baseline.

CASE STUDY: Biodigester in Argentina




Through our Environmental Pledges capital investment, we are funding the construction of a biodigester at one of our plants in Argentina. The biodigester will treat our organic waste streams to generate biogas which will be reused in some of our processes as well as to generate electricity. Once completed, the three-year project will result in treating an estimated 52,000 tonnes of organic waste and saving more than 20,000 tonnes of CO₂e annually.

¹ Calculated using the FReSH - FLW value calculator from the World Resource Institute.

Packaging

While packaging is vital to ensuring the integrity and safety of our products, we recognize that it can also pose significant environmental impacts. This is why sustainable packaging is a key part of our 2025 Environmental Pledges, which draw on the circular economy and New Plastics Economy principles.

In FY20, we pledged to accelerate our global packaging performance by 2025 with a commitment to:

-  **Reduce our material use by 15% (against FY20 baseline);**
-  **Ensure 100% of our packaging is reusable, recyclable, or compostable; and**
-  **Ensure our packaging includes at least 15% of recycled or renewable content.**

In FY23, all our divisions progressed on their roadmaps to achieve our 2025 targets. In our Dairy Division (USA), we introduced 30% PCR¹ in our shrink film used at some of our plants with a plan to roll it out as part of our new standard for all shrink wrap specs in FY24. We also increased the recycled content of our sliced cheese trays in our Dairy Division (UK). We continued to pursue testing and development around recyclable flexible film, which remains a challenging material to replace in many of our divisions.

We continue to leverage our internal Sustainable Packaging Group to accelerate our progress and ensure we leverage our global capabilities. This group—composed of packaging engineers, packaging procurement specialists, and sustainability experts from all our divisions—works together to share best practices, learn from one another, and identify synergies wherever possible. We are also a member of the Sustainable Packaging Coalition®, which brings together businesses, educational institutions, and government agencies to collectively advance the business case for more sustainable packaging.

In FY23, our product to packaging ratio remains the same compared to FY22 and slightly above our FY20 baseline. Our percentage of plastic made of recycled material also remains similar compared to last year and above our FY20 baseline. Finally, 85% of our packaging was recyclable globally in FY23, significantly better than our FY20 baseline of 68%. This is mainly a result of our packaging initiatives in the UK as well as the switch to using the How2Recycle® system to classify recyclable packaging in Canada.

Our packaging targets remain our most aspirational as they are highly dependent on external factors. These include the availability of recycling infrastructures and high-quality recycled material at competitive prices—both of which are challenging. Despite these challenges and the fact that meeting our targets by 2025 is now unlikely, we are staying the course, maintaining our efforts to progress against our commitments and deliver sustainable packaging initiatives across our operations.

METRIC	FY23	FY22	FY21	FY20	FY19
% waste diverted from landfills	45%	49 ² %	60%	47%	52%
Total waste - inorganics (tonnes) ³	33,599	26,207	39,599	41,502	
Total waste - sludge and brine (tonnes) ³	145,385	107,378	107,412	71,847	
Total food waste (tonnes) ³	27,134	33,891	33,192	31,085	
Total weight of packaging (tonnes)	207,998	216,748	227,002	213,019	
Product to packaging ratio (kg packaging/kg of product)	0.049	0.049	0.054	0.048	
% of plastic packaging made from recycled and/or renewable materials	0.6%	0.7%	0.3%	0.3%	
% of packaging that is recyclable, reusable and or compostable	85%	80%	69%	68%	

¹ Post-Consumer Recycled

² The diversion rate for FY22 was restated following an internal review identifying waste streams which had been incorrectly classified and quantified.

³ Total waste was historically reported as one aggregated number including inorganics, sludge and brine, and food waste. In FY23, these numbers have been sub-categorized to provide better visibility of waste numbers. Prior years have been restated to reflect changes. Food waste is now reported as dry weight.

Nutrition



As a leading global dairy company, we recognize that we have a responsibility to demonstrate good corporate citizenship in everything we do. From the ingredients we source to the products we put on the shelves, we take great pride in helping meet the nutritional needs of our consumers and offering high-quality products. Anchored in our Nutrition Pillar, we continue to innovate ingredients and products that meet the health and wellness needs of every lifestyle as part of our commitment to nourish.

- In support of this commitment, we follow four core principles:
- Science-Based Communications**
We use the latest science to promote dairy's role within a balanced diet.
 - Research and Development (R&D)**
We invest in R&D, using evidence-based criteria to optimize the nutritional value of our products without compromising safety and taste.
 - Transparent Labelling**
We provide clear and transparent product information and make science-based health claims.
 - Responsible Marketing**
We promote and advertise products responsibly, particularly to children and youth, using our Responsible Marketing Guidelines.

In FY23, we continued to leverage our Saputo Nutrient Profiling Model (NPM) to understand the nutritional performance of our products and proactively identify opportunities to enhance our offerings in line with public health expectations and consumer needs. Overall, our goal is for 84% of our products to meet our NPM by 2025. As of FY23, 82% of our products meet our NPM, with 9% meeting our Level 1 criteria, being dairy foods and beverages recommended by nutrition experts to support a healthy diet. We aim to continue to improve the nutritional quality and performance of our global portfolio through innovation, reformulation, and market penetration activities. This includes initiatives such as reducing sodium in our cheeses and sugar in some of our flavoured milks, as well as enhancing the nutritional value of our dairy alternative offerings. As part of these efforts, in FY23, we expanded our low-fat *Cathedral City* cheese range.

In FY23, we also launched our global Responsible Marketing Guidelines which aim to ensure we market our products responsibly, particularly to younger consumers, as lifelong healthy eating habits are established during childhood. Our guidelines set our approach, aligning with global evidence-based marketing to children standards, to ensure we only market products meeting the most nutritious standards (NPM Level 1) to children under the age of 15.

METRIC	FY23	FY22	FY21	FY20	FY19
% of products which meet our NPM	82%	82%			

Community



Giving back has always been an intrinsic part of our culture and we care deeply about the communities we serve and operate in. We believe in leaving a lasting and meaningful legacy where our employees live, work, and play. As such, we are committed to investing 1% of our annual pre-tax profits¹ in those communities through financial contributions, product donations, and by volunteering our time.

Building healthier communities is at the core of our engagement, and we focus our actions and contributions on providing nourishing food and promoting an active lifestyle. We therefore partner with organizations that promote active living and healthy eating, we give back to local groups, and we help feed people by donating our products. In FY23 alone, we are proud to report that we reached over 4.2 million people through our programs, an increase of half a million people compared to the year before.

FY23 marked the tenth anniversary of our Saputo Legacy Program, and we are proud of all that we have achieved through this program so far. To date, over \$3 million have been invested in 66 projects to support the improvement of local sport and health amenities, helping families lead a more active and healthier lifestyle. As we celebrate this milestone, we have widened our program scope to create even more impact and we continue to actively look for new and exciting projects to benefit communities in Canada, the USA, Australia, Argentina, and the UK.

Our employees have the power to create a positive impact not only at work, but also in their communities. This year, we made it a priority to strengthen our commitment in supporting our employees to volunteer by putting in place new programs. We introduced paid volunteer time-off to our USA employees, and we launched the You Care We Care program globally through which employees can receive a financial contribution to support the causes they are personally involved in.



¹ Based on the rolling average of earnings before income tax of the three previous years

In FY23, our community investment reached over \$7.49 million¹, in line with our internal target of investing 1% of our annual pre-tax profits in communities where we operate. When accounting for the total value of our community footprint, we achieved 1.8% of our pre-tax profit in contributions benefitting the communities in FY23.

METRIC	FY23	FY22	FY21	FY20	FY19
Total value of community footprint ² (in million dollars)	12.21	15.32	16.41	10.46	10.35
Total value of community footprint as a % of pre-tax profit ^{2,3}	1.8%	1.8%	1.8%	1.1%	1.1%
Total value of community investment against our target of 1% ⁴ (in million dollars)	7.49	8.77	6.90	10.0	10.0
Total value of community investment as a % of pre-tax profit ^{3,4}	1.1%	1.0%	0.9%	1.0%	1.1%
Total number of people reached through our healthy living partnerships and programs (in millions)	4.2	3.6	2.9	2.6	2.3
Number of Legacy projects funded to date	66	62	52	50	46



CASE STUDY: You Care We Care

Through our new You Care We Care program, we support the causes that are important to our employees and contribute to their community involvement. This program is designed to provide a financial contribution or a product donation to support employees’ engagement in their communities and encourage them to further support organizations where they volunteer.

Since the program’s inception, we have been able to support numerous non-profit organizations and fundraisers, helping various groups such as underprivileged kids, immigrants, and people experiencing homelessness, while contributing to multiple causes such as improving access to justice for all, healthcare, and cancer care, to name a few.

The You Care We Care program makes meaningful impacts in our employees’ communities and, moreover, it creates a sense of pride for employees who benefit from it and serves as inspiration for others.

¹ Calculated using the London Benchmarking Group Model (www.lbg-canada.ca/the-lbg-model/).




² Includes total company investment, employee contributions, and other social impact contributions (Food surplus program, Bute Community Fund). As of FY23, other stakeholder contributions have been excluded to better reflect Saputo’s community footprint. Prior years have been restated to reflect the change. The significant increase in FY21 and FY22 is a result of an increase of food surplus donations during COVID.



³ In FY23, we changed the way we calculate our % of pre-tax profit to minimize the fluctuation of our target year-on-year. This is now calculated based on the rolling average of the earnings before income tax of the three previous fiscal years, as opposed to the earnings before income tax of the previous fiscal year only. Prior years have been restated.




⁴ As of FY23, food surplus and community investment as part of the Bute acquisition are not included as part of our internal 1% target since these contributions sit outside of our community strategy. Prior years have been restated to reflect the change.

PERFORMANCE DATA SUMMARY AND SASB INDEX

Performance Data Summary

PILLAR	METRIC	UNITS	FY23	FY22	FY21	FY20	FY19
 Food Quality and Safety	% of facilities certified to GFSI standards	%	100%	100%	98%	98%	98%
	% of certified facilities with Good or Excellent GFSI audit rating	%	100%	100%	100%	100%	100%
	% of ingredients sourced from Tier 1 supplier facilities certified to GFSI	%	97%	96%	96%		
	Total number of notices of food safety violation received	#	1	4	0		
	% of food safety violations corrected	%	100%	100%			
	Number of recalls issued	#	3	2	2		
 Our People	Diversity, Equity, and Inclusion						
	% women in total workforce	%	29%	28%	28%	28%	28%
	% women in senior management	%	25%	25%	21%	16%	16%
	% women in senior management – C-suite	%	20%	27%			
	% women in senior management – VP and SVP	%	25%	25%			
	% women in managers roles (Director, Manager, Supervisor)	%	29%	28%			
	% women in individual contributor/professional roles	%	29%	29%			
	% women on Board of Directors	%	60%	55%	50%	50%	50%
	% internal promotions awarded to women	%	36%	33%	36%	34%	37%
	Health and Safety						
	Total Injury frequency	#	3.13	3.62	3.76	3.59	4.82
	Lost time injury frequency	#	1.40	1.37	1.61	1.36	1.77
	Fatality	#	1	0	0	1	0
	Talent						
	Total internal promotions	#	1,434	1,476	943	1,080	1,066
	Total training and development investments	million of \$	12.1	9.0	8.1	8.2	5.8
	Total training and dev. hours	# of hours	515,000	509,550	334,855	402,435	194,406
	Average tenure	years	9.3	9.2	10	10	10
	% of unionized employees	%	34%	35%	35%	36%	36%
	Global turnover	%	23%	24%	17%		
 Business Ethics	Number of significant fines for non-compliance	#	3	0	0	1	1
	Monetary value of significant fines for non-compliance	million of \$	3.1	0	0	0.16	0.19

PILLAR	METRIC	UNITS	FY23	FY22	FY21	FY20	FY19
 Responsible Sourcing	Sustainable Ingredients						
	% of food ingredients sourced that are certified to third-party environmental and/or social standards, and percentages by standard: Palm oil (RSPO certified)	%	100%	100%			
	% of milk sourced from regions with High or Extremely High Baseline Water Stress	%	24%	26%			
	Animal Welfare						
	% of direct supplier verified to meet animal welfare standards	%	100%	100%			
	Case of animal cruelty reported resulting in suspension of supply	#	3	1	2	2	1
 Environment	Numbers of people impacted by animal welfare training through our partnerships (employee training)	#	28,933	31,115	38,252	21,221	15,518
	Energy and GHG Emissions						
	Total energy consumed	GJ	14,198,121	14,314,101	14,760,288	14,485,795	13,601,910
	CO ₂ intensity (√)	tonne CO ₂ e/tonne of product	0.1926	0.2048	0.2157	0.2221	0.2297
	Energy intensity	GJ/tonne of product	2.97	2.95	3.15	3.00	3.13
	Scope 1 GHG emissions (√)	Tonne CO ₂ e	520,784	526,479	528,089	546,195	500,133
	Scope 2 GHG emissions (market-based) (√)	Tonne CO ₂ e	396,889	468,629	482,145	525,966	n/a
	Scope 3 GHG emissions ¹	Tonne CO ₂ e	13,848,474	13,571,197	13,490,191	13,486,413	14,580,296
	Waste						
	% waste diverted from landfill	%	45%	49% ²	60%	50%	52%
	Total waste – inorganics ³	Tonnes	33,599	26,207	39,599	41,502	
	Total waste – sludge and brine ³	Tonnes	145,385	107,378	107,412	71,847	
	Total waste – food waste ³	Tonnes	27,134	33,891	33,192	31,085	
	Total weight of packaging	Tonnes	207,998	216,748	227,002	213,019	
	Product to packaging ratio	kg packaging/kg of product	0.049	0.049	0.054	0.048	
	% of plastic packaging made from recycled and/or renewable materials	%	0.6%	0.7%	0.3%	0.3%	
	% of packaging that is recyclable, reusable and or compostable	%	85%	80 %	69%	68%	

PILLAR	METRIC	UNITS	FY23	FY22	FY21	FY20	FY19
 Environment	Water						
	Water withdrawal (√)	m ³	24,218,443	24,480,594	24,296,649	24,427,531	22,663,000
	% water withdrawal in regions with High or Extremely High Baseline Water Stress	%	28%	29%	30%	29%	45%
	Water intensity (√)	m ³ /tonne of product	5.08	5.04	5.19	5.06	5.32
 Nutrition							
	% of products which meet our NPM	%	82%	82%			
 Community	Total value of community footprint ⁴	million of \$	12.21	15.32	16.41	10.46	10.35
	Total value of community footprint as a % of pre-tax profit ^{4,5}	%	1.8%	1.8%	1.8%	1.1%	1.1%
	Total value of community investment against our target of 1% ⁶	million of \$	7.49	8.77	6.90	10.0	10.0
	Total value of community investment as a % of pre-tax profit ⁵	%	1.1%	1.0%	0.9%	1.0%	1.1%
	Total number of people reached through our healthy living partnerships and programs	million people	4.2	3.6	2.9	2.6	2.3
	Number of Legacy projects funded to date	#	66	62	52	50	46

¹ Prior years have been restated using the latest GLEAM factors to allow for year-on-year comparison. The post-farm portion of the GLEAM factor has also been excluded to avoid double-counting.

² The diversion rate for FY22 was restated following an internal review identifying waste streams which had been incorrectly classified and quantified.

³ Total waste was historically reported as one aggregated number including inorganics, sludge and brine, and food waste. In FY23, these numbers have been sub categorized to provide better visibility of waste numbers. Prior years have been restated to reflect changes. Food waste is now reported as dry weight.

⁴ Includes total company investment, employee contributions, and other social impact contributions (Food surplus program, Bute Island Fund). As of FY23, other stakeholder contributions have been excluded to better reflect Saputo's community footprint. Prior years have been restated to reflect the change. The significant increase in FY21 and FY22 is a result of an increase of food surplus donations during COVID.

⁵ In FY23, we changed the way we calculate our % of pre-tax profit to minimize the fluctuation of our target year-on-year. This is now calculated based on the rolling average of the earnings before income tax of the three previous fiscal years, as opposed to the earnings before income tax of the previous fiscal year only. Prior years have been restated.

⁶ As of FY23, food surplus and community investment as part of the Bute acquisition are not included as part of our internal 1% target since these contributions sit outside of our community strategy. Prior years have been restated to reflect the change.

SASB Index

This index highlights where specific metrics, as detailed in the SASB Standard for Processed Foods, can be found in this Report. As Saputo is a dairy processor, the Processed Foods Standard represents the most relevant Standard for our organization.

ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE
Energy Management				
Total energy consumed	Quantitative	Gigajoules (GJ), Percentage (%)	FB-PF-130a.1	(1) 14,198,121 GJ
Percentage grid electricity				(2) 28% of energy consumed represents grid electricity.
Percentage renewable				(3) 4% Percentage of renewable
Read more about this on p. 35 of this Report.				
Water Management				
Total water withdrawn	Quantitative	Thousand cubic meters (m³), Percentage (%)	FB-PF-140a.1	(1) 24,218,443 m³ (√) (28% withdrawn in regions with Extremely High Baseline Water or High Baseline Water Stress).
Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress				(2) Due to the nature of our business, we were water positive by 1,307,412 m3 in FY23 (√) (71% of the water was returned to regions with Extremely High Baseline Water Stress or High Baseline Water Stress).
Based on the WRI Aqueduct tool.				
Read more about this on p. 36 of this Report.				
Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Quantitative	Number	FB-PF-140a.2	In FY23, we had two significant fines for non-compliance due to historical water-related environmental breaches. In both cases, considerable work has been undertaken to rectify these historical issues and they are closely monitored by of our Environmental Committee which received quarterly updates on the status of corrective actions.
We define significant fines as all matters for which a regulatory body or tribunal has issued a fine that either: (a) has a monetary value of \$100,000 or more; or (b) has a monetary value of less than \$100,000 in relation to a material regulatory breach (e.g. fatality, serious injury, significant environmental damages, etc.).				
Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	FB-PF-140a.3	Read more about this on p. 36 of this Report.
Food Safety				
Global Food Safety Initiative (GFSI) audit	Quantitative	Rate	FB-PF-250a.1	100% of Saputo-owned manufacturing facilities were certified against a recognized GFSI Standard–100% of which achieved a Good or Excellent rating.
Non-conformance rate				The GFSI non-conformance rate was 4%. Corrective actions were implemented for 100% of the major non-conformances identified and for 100% of the minor non-conformances identified.
Associated corrective action rate for (a) major and (b) minor non-conformances				Read more about this on p. 15 of this Report.
Percentage of ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program	Quantitative	Percentage (%) by cost	FB-PF-250a.2	Globally, 97% of our ingredient suppliers (by spend) were GFSI certified.
Read more about this on p. 15 of this Report.				

ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE
Food Safety				
Total number of notices of food safety violations received Percentage corrected	Quantitative	Number, Percentage (%)	FB-PF-250a.3	On a global basis, Saputo received one notice of food safety violations in FY23 and 100% were corrected. Read more about this on p. 15 of this Report.
Number of recalls issued Total amount of food product recalled	Quantitative	Number, Metric tonnes (t)	FB-PF-250a.4	(1) On a global basis, Saputo conducted three voluntary recalls of products we manufactured and/or distributed during FY23. (2) These three recalls accounted for 140,000 kgs of products. Read more about this on p. 15 of this Report.
Health and Nutrition				
Revenue from products labelled and/or marketed to promote health and nutrition attributes	Quantitative	Reporting currency	FB-PF-260a.1	Read more about this on p. 40 of this Report. Specific metric is not available for FY23.
Discussion of the process to manage products and ingredients related to nutritional and health concerns among consumers	Discussion and Analysis	n/a	FB-PF-260a.2	Read more about this on p. 40 of this Report.
Product Labelling and Marketing				
Percentage of advertising impressions: Made on children Made on children promoting products that meet dietary guidelines	Quantitative	Percentage (%)	FB-PF-270a.1	Read more about this on p. 40 of this Report. Specific metric is not available for FY23.
Revenue from products labelled as: Containing genetically modified organisms (GMOs) Non-GMO	Quantitative	Reporting currency	FB-PF-270a.2	Specific metric is not available for FY23. We adhere to the highest standards of food safety and quality, and respect labelling regulations in every market where we operate. As a dairy processor, our main ingredient is milk. All countries where we operate are members of the International Dairy Federation (IDF). We support the IDF position that feeding dairy animals GMO feed, or its conventional equivalent, does not have an impact on milk composition. When the cow digests and assimilates the feed, the constituents of the feed are degraded, in particular the DNA and proteins. Thus, analysis can never result in finding genetically modified DNA in the milk of a cow fed with GMO fee. We recognize that consumers have different preferences. To ensure we meet those needs, we produce and distribute a wide array of dairy products, including organic brands, so that consumers can choose the products they want. Consistent with applicable regulation and industry standards, our organic brands do not contain GMOs/bioengineered ingredients.
Product Labelling and Marketing				
Number of incidents of non-compliance with industry or regulatory labelling and/or marketing codes	Quantitative	Number	FB-PF-270a.3	There were zero significant incident of non-compliance related to labelling and/or marketing code in FY23. We define significant incidents as all matters for which a regulatory body or tribunal has issued a fine that either: (a) has a monetary value of \$100,000 or more; or (b) has a monetary value of less than \$100,000 in relation to a material regulatory breach (e.g., fatality, serious injury, significant environmental damages, etc.). Read more about this on p. 40 of this Report.

ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE
Total amount of monetary losses as a result of legal proceedings associated with labelling and/or marketing practices	Quantitative	Reporting currency	FB-PF-270a.4	There were zero significant incident of non-compliance related to labelling and/or marketing code in FY23. Read more about this on p. 40 of this Report.

Packaging Lifecycle Management

Total weight of packaging Percentage made from recycled and/or renewable materials Percentage that is recyclable, reusable and/or compostable	Quantitative	Metric tonnes (t), Percentage (%)	FB-PF-410a.1	(1) 207,998 tonnes. (2) 0.6% is made from recycled and/or renewable materials. This is for plastic packaging only, which is the scope of our 2025 target. The percentage when all types of packaging are included is estimated at 75% (based on FY20 data). (3) 85% is recyclable, reusable and/or compostable. Read more about this on p. 39 of this Report.
Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Discussion and Analysis	n/a	FB-PF-410a.2	Read more about this on p. 39 of this Report.

Environmental and Social Impacts of Ingredient Supply Chain

Percentage of food ingredients sourced that are certified to third-party environmental and/or social standards, and percentages by standard	Quantitative	Percentage (%) by cost	FB-PF-430a.1	Read more about this on p. 28 of this Report. Last year, we sourced 21,161 MT of palm oil, all of which were RSPO certified.
Suppliers’ social and environmental responsibility audit Non-conformance rate Associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-PF-430a.2	Read more about this on p .25 of this Report. Specific metric is not available for FY23.

Ingredient Sourcing

Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cost	FB-PF-440a.1	The percentage of milk we source from regions with high or extremely high water stress is evaluated at 24%. Read more about this on p. 27 of this Report.
List of priority food ingredients and discussion of sourcing risks due to environmental and social considerations	Discussion and Analysis	n/a	FB-PF-440a.2	Read more about this on p. 27 of this Report.

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE
Weight of Products Sold	Quantitative	Metric tons (t)	FB-PF-000.a	We do not disclose production or sales volumes externally. In FY23, our sales generated 17,843 million in revenues.
Number of Production Facilities	Quantitative	Number	FB-PF-000.b	66

Caution regarding forward-looking statements

This report 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”, “target”, or “pledge”, 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 report may constitute forward-looking statements within the meaning of applicable securities laws.

By their nature, forward-looking statements are subject to 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 8, 2023, available on SEDAR+ under the Company’s profile at [sedarplus.com](https://www.sedarplus.com).

Such risks and uncertainties include the following: product liability; the availability and price variations of milk and other inputs, our ability to transfer input costs increases, if any, to our customers in competitive market conditions; supply chain strain and supplier concentration; the price fluctuation of dairy products in the countries in which we operate, as well as in international markets; our ability to identify, attract, and retain qualified individuals; the increased competitive environment in our industry; consolidation of clientele; cyber threats and other information technology-related risks relating to business disruptions, confidentiality, data integrity business and email compromise-related fraud; unanticipated business disruption; continuing economic and political uncertainties, resulting from actual or perceived changes in the condition of the economy or economic slowdowns or recessions; the ongoing military conflict in Ukraine; public health threats, such as the recent global COVID -19 pandemic, changes in consumer trends; changes in environmental laws and regulations; the potential effects of climate change; increased focus on environmental sustainability matters; the failure to execute our Global Strategic Plan as expected or to adequately integrate acquired businesses in a timely and efficient manner; the failure to complete capital expenditures as planned; changes in interest rates and access to capital and credit markets. There may be other risks and uncertainties that we are not aware of at present, or that we consider to be insignificant, that could still have a harmful impact on our business, financial state, liquidity, results, or reputation.

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 identify, attract, and retain qualified and diverse individuals; our ability to attract and retain customers and consumers; our environmental performance; the results of our sustainability efforts; the effectiveness of our environmental and sustainability initiatives; our operating costs; the pricing of our finished products on the various markets in which we carry on business; the successful execution of our Global Strategic Plan; our ability to deploy capital expenditure projects as planned; reliance on third parties; our ability to gain efficiencies and cost optimization from strategic initiatives; 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 successful execution of our M&A strategy; the market supply and demand levels for our products; our warehousing, logistics, and transportation costs; our effective income tax rate; the exchange rate of the Canadian dollar to the currencies of cheese and dairy ingredients. To set our financial performance targets, we have made assumptions regarding, among others: the absence of significant deterioration in macroeconomic conditions; our ability to mitigate inflationary cost pressure; the USA commodity market conditions; labour market conditions and staffing levels in our facilities; the impact of price elasticity; our ability to increase the production capacity and productivity in our facilities; and the demand growth for our products. 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; the development and performance of technology, innovation and the future use and deployment of technology and associated expected future results; the accessibility of carbon and renewable energy instruments for which a market is still developing and which are subject to risk of invalidation or reversal; and environmental regulation. Our ability to achieve our 2025 Supply Chain Pledges is further subject to, among others, our ability to leverage our supplier relationships and our sustainability advocacy efforts. ►

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, 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.

Unless otherwise indicated by Saputo, forward-looking statements in this report describe our estimates, expectations and assumptions as of August 10, 2023, and, accordingly, are subject to change after that date. 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. ■

Caution regarding disclosure on environmental targets

This report which reviews the Company’s material ESG metrics for FY23 is not required to be prepared or filed by the Company under applicable securities law. We disclaim any intention or obligation to update or revise any assumptions comprised in this document, whether as a result of new information, future events or otherwise.

Because of the limitations and uncertainties inherent in climate and sustainability science, climate risk analysis and reporting, we have relied upon prevailing climate change quantification guidance and made reasonable and good faith estimates and assumptions in establishing our environmental targets. There are numerous factors, many of which are beyond the Company’s control, that are the subject of ongoing climate and sustainability science and that we may not foresee or be able to accurately predict, and which may impact our ability to achieve these targets, including the availability of comprehensive and high-quality GHG emissions data, the availability of technology necessary to achieve these targets, the development and performance of technology, innovation and the future use and deployment of technology and associated expected future results, the accessibility of carbon and renewable energy instruments for which a market is still developing and which are subject to risk of invalidation or reversal, and environmental regulation.

In establishing our action plan to achieve our CO₂e intensity reduction targets, we have made assumptions relative to, among other things, the energy and CO₂ savings related to capital projects, the future production volumes and energy intensity related to our operations, future emission factors and the feasibility and availability of known technologies. In addition, there could be regulatory changes in the future which may impact how we measure, report on and verify our GHG emissions, and which may result in resetting our baselines, calculated emissions and targets. We note that the International Sustainability Standards Board is actively involved in setting such standards. To set, track and report on progress toward meeting our CO₂e intensity reduction targets, we rely on production, emissions, trends, and other data obtained from third-party sources. Although we believe these sources to be reliable, we have not independently verified any third-party data, or assessed the assumptions underlying such data, and cannot guarantee the accuracy of such third-party data or assumptions. The data needed to estimate our targets and reported figures may therefore be limited in quality, unavailable, or inconsistent across our operations. Our CO₂e emission reported figures are based on estimates and assumptions. Certain third-party data, such as Scope 3 emissions, may also change over time as standards, measurement and estimation methodologies evolve.

All of the factors described above may cause actual results to differ materially from our targets.



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