Welcome to your CDP Water Security Questionnaire 2021

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Saputo produces, markets, and distributes a wide array of dairy products of the utmost quality, including cheese, fluid milk, extended shelf-life milk and cream products, cultured products, and dairy ingredients. Saputo is one of the top ten dairy processors in the world, a leading cheese manufacturer and fluid milk and cream processor in Canada, the top dairy processor in Australia, and the second largest in Argentina. In the USA, Saputo ranks among the top three cheese producers and is one of the largest producers of extended shelf-life and cultured dairy products. In the United Kingdom, Saputo is the largest manufacturer of branded cheese and a top manufacturer of dairy spreads. Saputo products are sold in several countries under market-leading brands, as well as private label brands. Saputo Inc. is a publicly traded company and its shares are listed on the Toronto Stock Exchange under the symbol “SAP”.

Key figures (as of August 2021):

- Approximately 17,700 employees
- Approximately 11 billion litres of milk/ year processed into various dairy products
- 65 plants: Canada Sector (18) USA Sector (27) International Sector (13) Europe Sector (7)
- Products sold in over 60 countries

As a global leader in dairy processing, we recognize our responsibility to demonstrate good corporate citizenship in everything we do. The Saputo Promise is our commitment to live up to the values on which our business was founded in 1954. It consists of 7 Pillars that form the backbone of our approach to social, environmental and economic performance. Our 7 Pillars are: Food Quality and Safety, Our People, Business Ethics, Responsible Sourcing, Environment, Nutrition and Healthy Living, and Community.

W-FB0.1a

(W-FB0.1a) Which activities in the food, beverage, and tobacco sector does your organization engage in?

Processing/Manufacturing

Distribution

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	April 1, 2020	March 31, 2021

W0.3

(W0.3) Select the countries/areas for which you will be supplying data.

Argentina

Australia

Canada

United Kingdom of Great Britain and Northern Ireland

United States of America

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

CAD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
Offices	Saputo does not consolidate the water use of its offices at global level. We currently focus on our most material water use which occurs in our manufacturing facilities and distribution centres.
Recent acquisitions	Recent acquisitions which have not yet been integrated in the global reporting system to track the water withdrawals at corporate level are excluded. New acquisitions are integrated in our global system from April 1 of the fiscal year following the acquisition. There was no acquisition during the current reporting period.

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Vital	Access to clean water is vital to our manufacturing operations including production, cleaning and sanitation processes. Milk is our primary ingredient therefore the selection of “Vital” for indirect use is to reflect our suppliers' reliance on sufficient access to water to produce raw material.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Have not evaluated	Sufficient amounts of recycled, brackish and produced water are important for Saputo's direct operations. Recycled, brackish and produced water are used in our manufacturing operations wherever possible. Reuse and recycling enable greater operational efficiency and so minimises the amount of water we withdraw. Secondary benefits include energy and chemical efficiency, product recovery and cost reductions.

W-FB1.1a

(W-FB1.1a) Which water-intensive agricultural commodities that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.

Agricultural commodities	% of revenue dependent on these agricultural commodities	Produced and/or sourced	Please explain
Other, please specify Milk	More than 80%	Sourced	As a global dairy processor, milk is our primary ingredient which we source from third-party suppliers.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain

Water withdrawals – total volumes	100%	Saputo measures water withdrawals at all of its facilities. Volume of water withdrawals is collected monthly at each facility and reported into a company wide database. The data is reported internally to the Environmental Committee to manage global water risks.
Water withdrawals – volumes by source	100%	Saputo measures water withdrawals source at all of its facilities. Source of water withdrawals is collected monthly at each facility and reported into a company wide database. The water withdrawal sources which are applicable to Saputo are municipal water, surface water and well water.
Water withdrawals quality	100%	Each of our facilities monitors the water quality as required for their production process. However, we do not currently track it in our global reporting system at the corporate level.
Water discharges – total volumes	100%	Saputo collects data on water discharge by destination at facilities and consolidates it at corporate level annually. Discharged water is sent to local municipality treatment facilities or discharged directly into the environment. In certain facilities, the water discharge volume is estimated based on water input.
Water discharges – volumes by destination	100%	Saputo collects data on water discharge by destination at facilities and consolidates it at corporate level annually. Discharged water is sent to local municipality treatment facilities or discharged directly into the environment. In certain facilities, the water discharge volume is estimated based on water input.
Water discharges – volumes by treatment method	100%	Saputo collects data on water discharge by destination at facilities and consolidates it at corporate level annually. Discharged water is sent to local municipality treatment facilities or discharged directly into the environment. In certain facilities, the water discharge volume is estimated based on water input. In most of our facilities, water is treated before being discharged through a variety of treatment methods. The volume by treatment method is not tracked due to the large number of plants and treatment methods.
Water discharge quality – by standard effluent parameters	100%	Discharged water quality is measured at all of our facilities on a monthly basis to ensure compliance with local regulations. Any breaches of compliance are reported to our Environmental Committee scorecard on a quarterly basis.

Water discharge quality – temperature	100%	We monitor water temperature at our facilities where water is directly discharged to the environment to ensure compliance with local regulations. However, we do not currently track it in our global reporting system at the corporate level. Any breaches of complaince are reported to our Environmental Committee scorecard on a quarterly basis
Water consumption – total volume	100%	Saputo calculates water consumption annually. For certain facilities, consumption volume is estimated based on water output estimated.
Water recycled/reused	1-25	Water that is recycled and reused is calculated at plants where possible although the data is not aggregated at the global level.
The provision of fully-functioning, safely managed WASH services to all workers	Not monitored	

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	24,296.65	About the same	There was no significant acquisition or changes to our business in the last year.
Total discharges	24,455.71	About the same	There was no significant acquisition or changes to our business in the last year.
Total consumption	-159.06	Much lower	This is likely due to better tracking of wastewater globally.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	26-50	About the same	WRI Aqueduct	We defined a water-stressed area is defined as having a baseline water stress level that is considered “high”, or above 40%, in the Aqueduct tool.

W-FB1.2e

(W-FB1.2e) For each commodity reported in question W-FB1.1a, do you know the proportion that is produced/sourced from areas with water stress?

Agricultural commodities	The proportion of this commodity produced in areas with water stress is known	The proportion of this commodity sourced from areas with water stress is known	Please explain
Other commodities from W-FB1.1a, please specify Milk	Not applicable	No, not currently but we intend to collect this data within the next two years	As part of our efforts to implement the TCFD recommendations, in FY22, we aim to develop our climate-related scenarios further with a key focus on our supply chain risks. This exercise should provide some insights into the proportion of our milk which is sourced from water-stressed areas.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain

Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	170.64	Lower	Due to the changes made in the reporting and data collection procedures.
Brackish surface water/Seawater	Not relevant			
Groundwater – renewable	Relevant	6,039.7	About the same	There was no significant acquisition or changes to our business in the last year.
Groundwater – non-renewable	Not relevant			
Produced/Entrained water	Not relevant			
Third party sources	Relevant	18,086.9	About the same	There was no significant acquisition or changes to our business in the last year.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	2,213.74	About the same	There was no significant acquisition or changes to our business in the last year.
Brackish surface water/seawater	Not relevant			
Groundwater	Relevant	2,971.48	About the same	There was no significant acquisition or changes to our business in the last year.
Third-party destinations	Relevant	19,270.49	About the same	There was no significant acquisition or changes to our business in the last year.

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Please explain
Tertiary treatment	Relevant but volume unknown	We operate 65 plants globally - each of which would have specific wastewater treatment operations and procedures based on the products manufactured, the local region they operate and specific regulations in place. We currently do not track the volume per treatment methods.
Secondary treatment	Relevant but volume unknown	We operate 65 plants globally - each of which would have specific wastewater treatment operations and procedures based on the products manufactured, the local region they operate and specific regulations in place. We currently do not track the volume per treatment methods.
Primary treatment only	Relevant but volume unknown	We operate 65 plants globally - each of which would have specific wastewater treatment operations and procedures based on the products manufactured, the local region they operate and specific regulations in place. We currently do not track the volume per treatment methods.
Discharge to the natural environment without treatment	Relevant but volume unknown	We operate 65 plants globally - each of which would have specific wastewater treatment operations and procedures based on the products manufactured, the local region they operate and specific regulations in place. We currently do not track the volume per treatment methods.
Discharge to a third party without treatment	Relevant but volume unknown	We operate 65 plants globally - each of which would have specific wastewater treatment operations and procedures based on the products manufactured, the local region they operate and specific regulations in place. We currently do not track the volume per treatment methods.
Other		

W-FB1.3

(W-FB1.3) Do you collect/calculate water intensity for each commodity reported in question W-FB1.1a?

Agricultural commodities	Water intensity information for this produced commodity is collected/calculated	Water intensity information for this sourced commodity is collected/calculated	Please explain
Other commodities from W-FB1.1a, please specify Milk	Not applicable	No, not currently and we have no plans to collect/calculate this data within the next two years	Our main commodity is sourced and not produced. Considering the number of suppliers, we source from globally, collecting or calculate this information will require significant efforts. We intend to address sustainability considerations beyond the scope of our operations, working in partnership with our farmers, suppliers and industry partners to protect and preserve water ecosystems. As part of this commitment, we will look at opportunities to better assess the water impact of our sourced main commodity.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

No, not currently but we intend to within two years

W1.4d

(W1.4d) Why do you not engage with any stages of your value chain on water-related issues and what are your plans?

	Primary reason	Please explain
Row 1	We are planning to do so within the next two years	We're committed to doing our part in creating a sustainable and equitable food system, working in partnership with our farmers, suppliers and industry partners to protect and preserve water ecosystems. Therefore, in FY21, we laid the groundwork on how we intend to address sustainability considerations beyond the scope of our operations. This led to the development of our 2025 Supply Chain Pledges.

		By 2025, we pledge to: • Where we have direct relationships with farmers, ensure 100% of our milk supply chain is covered by relevant sustainability standards; • Where we do not have direct relationships with farmers, advocate to ensure relevant sustainability standards are implemented across all of our milk supply chain; • Contribute CDN$10 million to fund relevant initiatives; and • Source 100% of our principal ingredients sustainably. In the coming months, we will put the execution stage of our plan in motion, starting by allocating the right expertise and resources towards our Supply Chain Pledges and defining the practices to which will form part of our sustainability standards. As we do not own or operate farms, engaging with our patron farmers as well as industry bodies will form part a key part of our strategy, leveraging our capabilities as a business to create positive environmental changes.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W-FB3.1

(W-FB3.1) How does your organization identify and classify potential water pollutants associated with its food, beverage, and tobacco sector activities that could have a detrimental impact on water ecosystems or human health?

Compared to other industrial sectors, water pollutants from food processing tend to be organic and degradable in nature. The main water pollutants from our operations are organic pollutants and nutrients that are measured by COD (Chemical Oxygen Demand) and BOD (Biochemical Oxygen Demand) which refers to the amount of oxygen that bacteria in water will consume in breaking down waste.
In FY21, we finalized the development of our global Environment Management System, aligned with the ISO14001 standard, and started the implementation of new processes which include a more proactive risk assessment. As part of this processes, water risks, which includes water pollution, are identified and assessed by each facility and documented in the site risk register.
In addition, wastewater is regularly monitored for key parameters (e.g. COD, BOD, Total Suspended Solids, pH etc) according to local regulations and any key risks and non-compliances are reported quarterly to the Environmental Committee .

W-FB3.1a

(W-FB3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your food, beverage, and tobacco sector activities.

Potential water pollutant

Other, please specify

Organic pollutant

Activity/value chain stage

Manufacturing – direct operations

Description of water pollutant and potential impacts

Wastewater that is produced through dairy processing may contain large amounts of protein, fats and lactose. The organic content of the wastewater may increase the biological and chemical oxygen demand of the water, which has the potential to exhaust the oxygen supply in the water.

Management procedures

Waste water management
Adapt processing or cooking methods
Follow regulation standards

Please explain

We have different initiatives in place to reduce the amount of organic pollutants entering our wastewater. We also monitor and control (through primary or secondary treatment for instance) the organic content of our wastewater before discharging it. Our wastewater parameters are monitored closely by all our sites to ensure they are maintained within the appropriate limits. Any exceedance are reported quarterly to our Environmental Committtee.

Potential water pollutant

Other, please specify
pH imbalance

Activity/value chain stage

Manufacturing – direct operations

Description of water pollutant and potential impacts

Through the production and sanitation processes, a water pH imbalance can be created. Water which is either highly acidic or basic can be detrimental to biodiversity.

Management procedures

Waste water management
Adapt processing or cooking methods
Follow regulation standards

Please explain

The water is treated and returned to an appropriate pH before being discharged. Our wastewater parameters are monitored closely by all our sites to ensure they are maintained within the appropriate limits. Any exceedance are reported quarterly to our Environmental Committtee.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

1 to 3 years

Type of tools and methods used

Tools on the market
Enterprise Risk Management
Other

Tools and methods used

WRI Aqueduct
Internal company methods

Comment

The Board of Directors' Audit Committee is responsible for reviewing and evaluating the risk factors inherent to Saputo and ensuring that appropriate measures are in place to enable Management to manage such risk factors effectively. Through the Audit Committee, the Board oversees our management of principal environmental risks to which we are exposed and ensures the implementation of appropriate methods by Management to identify, evaluate, manage, mitigate and report on these risks in a proactive manner. The Audit Committee receives quarterly reports from the Environmental Committee which is responsible for overseeing the application of the Environmental Policy, our environmental risks, the required action plans, and the status of ongoing projects. The Director, Corporate Responsibility, is responsible for assessing water-related risks annually using the WRI Aqueduct tool. Each division also has an Environmental Affairs Lead who ensures environmental risks are appropriately managed at the local level. In FY21, we finalized the development of our global EMS, aligned with the ISO14001 standard, and started the implementation of new processes which include a more proactive risk assessment. As part of this processes, water risks are identified and assessed by each facility and document in the site risk register. Any risks which score above a certain threshold is then reported to the Environmental Committee quarterly with specific action plan and target date for resolution.

Supply chain

Coverage

None

Comment

We're committed to doing our part in creating a sustainable and equitable food system, working in partnership with our farmers, suppliers and industry partners to:

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

Therefore, in FY21, we laid the groundwork on how we intend to address sustainability considerations beyond the scope of our operations. This led to the development of our 2025 Supply Chain Pledges.

By 2025, we pledge to:
• Where we have direct relationships with farmers, ensure 100% of our milk supply chain is covered by relevant sustainability standards aligned with the goals outlined above;
• Where we do not have direct relationships with farmers, advocate to ensure relevant sustainability standards are implemented across all of our milk supply chain;
• Contribute CDN$10 million to fund relevant initiatives; and
• Source 100% of our principal ingredients sustainably.

In the coming months, we will put our plan in motion, starting by allocating the right expertise and resources towards our Supply Chain Pledges and defining the practices which will form part of our sustainability standards.

Other stages of the value chain

Coverage

None

Comment

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	The water availability at the local level was assessed using the WRI Aqueduct tool.

Water quality at a basin/catchment level	Relevant, always included	The water quality at the local level was assessed using the WRI Aqueduct tool.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, sometimes included	In FY21, we finalized the development of our global Environment Management System, aligned with the ISO14001 standard, and started the implementation of new processes which include a more proactive risk assessment. As part of this processes, water risks are identified and assessed by each facility and document in the site risk register. Any risks which score above a certain threshold is then reported to the Environmental Committee quarterly with specific action plan and target date for resolution. Any risk arising from stakeholder conflicts would be captured as part of this process.
Implications of water on your key commodities/raw materials	Relevant, not included	Water implications on our key commodity is currently not considered in our water risk assessment. As part of our efforts to implement the TCFD recommendations, in FY22, we aim to develop our climate-related scenarios further with a key focus on our supply chain risks. This exercise will provide some insights into the implication of water-related risks on our key commodity which is milk.
Water-related regulatory frameworks	Relevant, always included	The water regulations at the local level was assessed using the WRI Aqueduct tool. In addition, in FY21, we finalized the development of our global Environment Management System, aligned with the ISO14001 standard, and started the implementation of new processes which include a more proactive risk assessment. As part of this processes, any risks related to the change of regulations is reported to the Environmental Committee quarterly.
Status of ecosystems and habitats	Relevant, always included	The ecosystem habitats at the local level was assessed using the WRI Aqueduct tool.
Access to fully-functioning, safely managed WASH services for all employees	Not considered	Not currently monitored.
Other contextual issues, please specify		

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, sometimes included	We engage with some large customers on water-related issues when requested.
Employees	Relevant, sometimes included	We strive to continually improve our water performance through training of employees and raising awareness.
Investors	Relevant, sometimes included	We have been publishing water withdrawal numbers externally since FY 2017 and we are submitting our third CDP Water response this year.
Local communities	Relevant, sometimes included	We engage in continuous conversations with local communities where we operate. Significant risks are reported into our Environmental Committee as they arise.
NGOs	Relevant, not included	Our water risks were assessed using the WRI Aqueduct tool which doesn't account for specific stakeholder views.
Other water users at a basin/catchment level	Relevant, sometimes included	Our water risks were assessed using the WRI Aqueduct tool. Other users are included as part of the water stress assessment of the tool.
Regulators	Relevant, sometimes included	The water regulations at the local level was assessed using the WRI Aqueduct tool. We also engage in continuous conversations with local regulators where we operate. Significant risks are reported into our Environmental Committee as they arise.
River basin management authorities	Relevant, sometimes included	The water regulations at the local level was assessed using the WRI Aqueduct tool.

Statutory special interest groups at a local level	Relevant, sometimes included	In FY21, we finalized the development of our global Environment Management System, aligned with the ISO14001 standard, and started the implementation of new processes which include a more proactive risk assessment. As part of this processes, water risks are identified and assessed by each facility and document in the site risk register. Any statutory special interest group at local level should be captured by this process
Suppliers	Relevant, not included	We're committed to doing our part in creating a sustainable and equitable food system, working in partnership with our farmers, suppliers and industry partners to protect and preserve water ecosystems. Therefore, in FY21, we laid the groundwork on how we intend to address sustainability considerations beyond the scope of our operations. This led to the development of our 2025 Supply Chain Pledges. In the coming months, we will put our plan in motion, starting by allocating the right expertise and resources towards our Supply Chain Pledges and defining the practices on which we want to engage our suppliers.
Water utilities at a local level	Relevant, sometimes included	In FY21, we finalized the development of our global Environment Management System, aligned with the ISO14001 standard, and started the implementation of new processes which include a more proactive risk assessment. As part of this processes, water risks are identified and assessed by each facility and document in the site risk register. Any concern from water utilities at local level should be captured by this process.
Other stakeholder, please specify	Not considered	

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

In our operations

Governance

The Board of Directors' Audit Committee is responsible for reviewing and evaluating the risk factors inherent to Saputo and ensuring that appropriate measures are in place to enable Management to identify and manage such risk factors effectively. Through the Audit Committee, the Board oversees our management of principal environmental risks to which we are exposed and ensures the implementation of appropriate methods by Management to identify, evaluate, manage, mitigate and report on these risks in a proactive manner. The Audit Committee meets regularly and reports to the Board quarterly.

The Audit Committee receives quarterly reports from the Environmental Committee and an annual presentation from its Chair. The Environmental Committee, which includes the Chief Executive Officer, the President and Chief Operating Officer, Saputo Inc. and International Sector, the President of each operating division and the senior manager in each division responsible for environmental matters, is responsible for overseeing the application of the Environmental Policy and meets quarterly to discuss our environmental risks, the required action plans, and the status of ongoing projects. Saputo's Director, Corporate Responsibility, is responsible for assessing water-related risks, informing Management, and ensuring appropriate mitigation measures and action plans are in place in our global operations. Each division also has an Environmental Affairs Lead who ensures environmental risks are appropriately managed at the local level.

Risk identification and assessment

In FY21, we finalized the development of our global Environment Management System, aligned with the ISO14001 standard, and started the implementation of new processes which include a more proactive risk assessment. As part of this processes, water risks are identified and assessed (using a common matrix) by each facility and document in the site risk register. Any risks which score above a certain threshold is then reported to the Environmental Committee quarterly with specific action plan and target date for resolution.
Specific water-related risks assessments are also carried out annually usingthe WRI Aqueduct tool.

Risk mitigation

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);
• Improve our wastewater quality year-on-year.
We've allocated additional resources to support the execution of these targets, including a three-year investment of CDN$50 million. Additionally, we established a governance framework to foster Company-wide accountability and ownership, with our President and COO, Dairy Division (UK) acting as global champion. Our water targets as well as our three-year CDN$50 million investment for water reduction projects will help reduce our exposure to operational water risks. Our investments prioritize water-reduction projects in water-stressed areas.

In our Supply Chain

We're committed to doing our part in creating a sustainable and equitable food system, working in partnership with our farmers, suppliers and industry partners to protect and preserve water ecosystems. Therefore, in FY21, we laid the groundwork on how we intend to address sustainability considerations beyond the scope of our operations. This led to the development of our 2025 Supply Chain Pledges. In the coming months, we will put our plan in motion, starting by allocating the right expertise and resources towards our Supply Chain Pledges and defining the practices on which we want to engage our suppliers.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

No

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

In assessing risk, we evaluate the level of risk based on the two factors of the potential impact and the potential for the occurrence of the risk. The impact on our business is considered in terms of the:

- Level of Management required to address the event;
- Impact to operations and ability to supply customers (market share impact);
- Loss of or strong damage to key alliances;
- Impact to the brand value; and
- Direct financial impact.

The more severe the impact in these areas, the more substantive the level of risk.

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain

Row 1	Risks exist, but no substantive impact anticipated	According to the Aqueduct tool, we currently have less than 22% of our facilities exposed to high water risks.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Evaluation in progress	As a global dairy processor, milk is our primary ingredient which we source from third-party suppliers. As part of our efforts to implement the TCFD recommendations, in FY22, we aim to develop our climate-related scenarios further with a key focus on our supply chain risks. This exercise should provide some insights into the proportion of our milk which is sourced from water-stressed areas and the potential financial impact of water risks. In addition, we're committed to doing our part in creating a sustainable and equitable food system, working in partnership with our farmers, suppliers and industry partners to protect and preserve water ecosystems.Therefore, in FY21, we laid the groundwork on how we intend to address sustainability considerations beyond the scope of our operations. This led to the development of our 2025 Supply Chain Pledges. By 2025, we pledge to: • Where we have direct relationships with farmers, ensure 100% of our milk supply chain is covered by relevant sustainability standards; • Where we do not have direct relationships with farmers, advocate to ensure relevant sustainability standards are implemented across all of our milk supply chain; • Contribute CDN$10 million to fund relevant initiatives; and • Source 100% of our principal ingredients sustainably. In the coming months, we will put the execution stage of our plan in motion, starting by allocating the right expertise and resources

		towards our Supply Chain Pledges and defining the practices to which will form part of our sustainability standards. As we do not own or operate farms, engaging with our patron farmers as well as industry bodies will form part a key part of our strategy, leveraging our capabilities as a business to create positive environmental changes

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

In FY2020, we pledged to accelerate our global climate, water, and waste performance and announced clear targets and a formal commitment to make significant and sustainable progress by 2025.

We've allocated additional resources to support the execution of this global action plan, including a three-year investment of CDN$50 million. In FY21, we have allocated a portion of our three-year CDN$50 million investment to complete 12 specific projects across our network, including specific water projects with the potential to save more than 700 000 m3 of water annually.

Estimated timeframe for realization

4 to 6 years

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

2,000,000

Potential financial impact figure – maximum (currency)

4,000,000

Explanation of financial impact

This is the estimated annual financial savings of achieving our FY2025 water use target.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Commitments beyond regulatory compliance	We have a company-wide environmental policy which covers water. [1]

[1] Environmental Policy_Feb6_EN.pdf

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Board-level committee	Our Board of Directors 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 our various 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: • To the Audit Committee: risk management, including ESG risks such as environment and food safety, animal welfare and IT security (Additional information on the risk management process overseen by the Audit Committee can be found in our Management's Discussion and Analysis and in our Management Information Circular, both dated June 3, 2021, available at

	www.saputo.com/en/investors/shareholder-reports/2021). • To the Corporate Governance and Human Resources Committee: business ethics; diversity, equity and inclusion; health and safety; and human resources risks.
Other, please specify Executive-level Committee	The Environmental Committee, which includes the Chair of the Board and Chief Executive Officer, Saputo Inc., the President and Chief Operating Officer, Saputo Inc. and International Sector, the President of each operating division and the senior manager in each division responsible for environmental matters, is responsible for overseeing the application of the Environmental Policy and meets quarterly to discuss our environmental risks, the required action plans, and the status of ongoing projects.
Other C-Suite Officer	In FY2020, we pledged to accelerate our global climate performance and announced clear targets and a formal commitment to make significant and sustainable progress by 2025. We established a governance framework to foster Company-wide accountability and ownership, with one of our Divisional President and COO acting as global champion.
Board-level committee	The Board of Directors' Audit Committee, composed of four or our Board members, is responsible for reviewing and evaluating the risk factors inherent to Saputo and ensuring that appropriate measures are in place to enable Management to identify and manage such risk factors effectively. Through the Audit Committee, the Board oversees our management of principal environmental risks to which we are exposed and ensures the implementation of appropriate methods by Management to identify, evaluate, manage, mitigate and report on these risks in a proactive manner. The Audit Committee meets regularly and reports to the Board quarterly.
Chief Executive Officer (CEO)	The Chair of the Board and Chief Executive Officer, Saputo Inc., sits on the Environmental Committee responsible for overseeing the implementation of the Environmental Policy and the achievement of our environmental objectives globally across our operations.
Chief Operating Officer (COO)	The President and Chief Operating Officer, Saputo Inc. and International Sector, is a member of the Environmental Committee responsible for overseeing the implementation of the Environmental Policy and and the achievement of our environmental objectives globally across our operations.
President	The President of each operating division are members of the Environmental Committee responsible for overseeing the implementation of the Environmental Policy and reports quarterly on the progress of our environmental objectives across their divisional operations
Other, please specify Senior managers	Senior manager in each division responsible for environmental matters are members of the Environmental Committee responsible for overseeing the implementation of the Environmental Policy and and reports quarterly on the progress of our environmental objectives across their divisional operations

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Reviewing and guiding risk management policies	The Audit Committee receives quarterly reports from the Environmental Committee and an annual presentation from its Chair. The Environmental Committee is responsible for overseeing the application of the Environmental Policy and meets quarterly to discuss our environmental risks, the required action plans, and the status of ongoing projects.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Other committee, please specify

Environmental Committee

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The Environmental Committee is responsible for overseeing the application of the environmental policy. The committee meets quarterly to discuss our environmental risks , the required action plans and the status of ongoing projects. Regular reporting is made to the Audit Committee, which oversees risk management.
In FY21, we finalized the development of our global Environment Management System, aligned with the ISO14001 standard, and started the implementation of new processes which include a more proactive risk assessment. As part of this processes, water risks are identified and assessed (using a common matrix) by each facility and document in the site risk register. Any risks which score above a certain threshold is then reported to the Environmental Committee quarterly with specific action plan and target date for resolution.

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify

Divisional President and COO

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Annually

Please explain

In FY2020, we pledged to accelerate our global water performance and announced clear targets and a formal commitment to make significant and sustainable progress by 2025. We established a governance framework to foster Company-wide accountability and ownership, with one of our Executives acting as global champion

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	No, and we do not plan to introduce them in the next two years	

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, other

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

We ensure compliance with our publicly available Code of Ethics where practices related to lobbying are addressed.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain

Long-term business objectives	Yes, water-related issues are integrated	5-10	Clean water is essential to the long-term success of our business and to the communities we serve. Not only is access to clean water vital to sanitation and other aspects of our manufacturing operations, but our suppliers also rely on sufficient access to quality water to produce milk. Our goal is to safeguard the environment while continuing to grow as a world-class dairy processor. In FY2020, we pledged to accelerate our global climate, water, and waste performance and announced clear targets and a formal commitment to make significant and sustainable progress by 2025. We're also committed to doing our part in creating a sustainable and equitable food system, working in partnership with our farmers, suppliers and industry partners to protect and preserve water ecosystems. Therefore, in FY21, we laid the groundwork on how we intend to address sustainability considerations beyond the scope of our operations. This led to the development of our 2025 Supply Chain Pledges. In the coming months, we will put our plan in motion, starting by allocating the right expertise and resources towards our Supply Chain Pledges and defining the practices on which we want to engage our suppliers.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	We've allocated additional resources to support the execution of our 2025 water targets, as part of a three-year investment of CDN$50 million towards our environmental goals. Also, we established a governance framework to foster Company-wide accountability and ownership, with one of our Executives acting as global champion. Accordingly, we updated our Environmental Policy to reflect and uphold our 2025 goals and our long-term commitment to pursue environmentally responsible business practices. Looking ahead, we'll also extend our efforts to our supply chain to further assist and help address industry-wide environmental considerations. For our 2025 Supply Chain Pledges, we will put our execution plan in motion in the coming months, starting by allocating the right expertise and resources towards our Supply Chain Pledges and defining the practices on which we want to engage our suppliers.
Financial planning	Yes, water-related issues are integrated	5-10	We've allocated a three-year investment of CDN$50 million as part of our CAPEX allocation process to support the execution of our targets. As part of our Supply Chain Plegdes, we commit to an additional CDN$10 million to fund initiatives driving sustainable food systems.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

0

Anticipated forward trend for CAPEX (+/- % change)

150

Water-related OPEX (+/- % change)

0

Anticipated forward trend for OPEX (+/- % change)

0

Please explain

We've allocated additional resources to support the execution of our 2025 environmental targets, including a three-year investment of CDN$50 million. In our first year (FY21), we invested in 12 projects globally, 5 of which are water-specific projects which have the potential to save more than 700 000 m3 of water annually. We have completed the allocation of our FY22 budget which will fund an additional 24 projects explaining the significant anticipated increase. Of these 24 projects, more than two-third will drive water benefits, delivering an estimated 1,2 million cubic meters in water savings annually.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	Yes	In 2018, we commissioned an external consultant to identify and review climate-related risks across our global operations up to 2025–guided by the approach recommended by the TCFD framework. This high-level review focused on identifying transitional risks across our value chain, as well as evaluating future direct and indirect transition costs related to carbon prices under different scenarios. A high-level review of physical risks was also conducted with an industry benchmarking exercise on what our peers are doing. In FY22, we aim to develop our climate-related scenarios further, expanding the time horizon to 2050, with a key focus on our supply chain risks.

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

No

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

Please explain

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals	Targets are monitored at the corporate level	Specific corporate governance of the Saputo Promise and its Pillars falls under the responsibility of the following Management committees: • The Corporate Responsibility Committee oversees the overall strategy of the Saputo Promise and monitors our 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. In FY2020, we pledged to accelerate our global climate, water and waste performance and announced clear targets and a formal commitment to make significant and sustainable progress by 2025. More specifically, we committed to: CLIMATE -Reducing CO2 intensity of our operation by 20% -Reducing the energy intensity of our operations by 10% WATER -Reducing water intensity of our operation by 10% -Improve our wastewater quality year over year

			WASTE -Increasing diversion rate to 75% -Reducing food waste by 50% -Reduce our material use in our packaging by 15% -Ensure 100% of our packaging is reusable, recyclable or compostable -Ensure our packaging includes at least 15% of recycled or renewable content

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Product water intensity

Level

Business activity

Primary motivation

Reduced environmental impact

Description of target

Reducing water intensity of our operation by 10% by 2025

Quantitative metric

% reduction per unit of production

Baseline year

2020

Start year

2020

Target year

2025

% of target achieved

0

Please explain

In FY21, most of our environmental metrics trended negatively, mainly as a result of the pandemic. As demand shifted from foodservice to retail, this resulted in some of our plants running at lower capacity, making our operations less energy and water efficient and creating more waste. This trend is also explained by the fact that most of the projects we put in place in FY21 are expected to drive savings from FY22 onwards. Therefore, we expect our environmental metrics to start trending more positively in FY22 and remain confident in meeting our 2025 environmental targets.

Target reference number

Target 2

Category of target

Water discharge

Level

Business activity

Primary motivation

Reduced environmental impact

Description of target

Improve our wastewater quality year over year in the areas where we directly discharge to the environment.

Quantitative metric

Other, please specify

% increase of quality wastewater based on discharge permit parameters

Baseline year

2020

Start year

2020

Target year

2025

% of target achieved

0

Please explain

In FY21, most of our environmental metrics trended negatively, mainly as a result of the pandemic. As demand shifted from foodservice to retail, this resulted in some of our plants running at lower capacity, making our operations less energy and water efficient and creating more waste. This trend is also explained by the fact that most of the projects we put in place in FY21 are expected to drive savings from FY22 onwards. Therefore, we expect our environmental metrics to start trending more positively in FY22 and remain confident in meeting our 2025 environmental targets.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

21 - Saputo - Limited Assurance Statement 28_07_2021.pdf

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Total volume of water withdrawn Total volume of water discharged Total volume of water consumed	ISAE 3000	A third-party limited assurance was performed on these data points . The assurance statement can be found with our CDP Climate disclosure.

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category

Row 1	President and Chief Operating Officer, Saputo Inc. and International Sector	Chief Operating Officer (COO)

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms