Saputo Inc. - Water Security 2022

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. In addition to its dairy portfolio, Saputo produces, markets, and distributes a range of dairy alternative cheeses and beverages. 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 June 2022):

- Approximately 18,600 employees (as of March 31, 2022)
- 67 plants: Canada Sector (18) USA Sector (29) 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 2021	March 31 2022

W0.3

(W0.3) Select the countries/areas in which you operate.

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	Acquisitions after March 31st, 2020 are excluded (unless deemed material) to align with the scope of our 2025 Environmental targets.

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, an ISIN code	8029121057

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.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
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 compliance 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	24480.59	About the same	There was no significant acquisition or changes to our business in the last year.
Total discharges	24162.29	About the same	There was no significant acquisition or changes to our business in the last year.
Total consumption	318.3	Much higher	The difference is mainly explained by a small reduction in volume of wastewater discharged and a small increase in volume of water withdrawn. This translates into a larger percentage change from a water consumption perspective. as the volume is much smaller.

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)	Yes	Yes	This is our first year estimating the proportion of the milk supply sourced from water stressed areas.

W-FB1.2f

(W-FB1.2f) What proportion of the produced agricultural commodities reported in W-FB1.1a originate from areas with water stress?

Agricultural commodities	% of total agricultural commodity produced in areas with water stress	Please explain
Other produced commodities from W-FB1.2e, please specify (Milk)	26-50	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. Due to the nature of milk production the proportions associated with production and sourcing have been deemed to be the same.

W-FB1.2g

(W-FB1.2g) What proportion of the sourced agricultural commodities reported in W-FB1.1a originate from areas with water stress?

Agricultural commodities	% of total agricultural commodity sourced from areas with water stress	Please explain
Other sourced commodities from W-FB1.2e, please specify (Milk)	26-50	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. Due to the nature of milk production the proportions associated with production and sourcing have been deemed to be the same.

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	214.65	Much higher	This is due to an increased production and use of fresh surface water at one of our plants.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	
Groundwater – renewable	Relevant	6041.69	About the same	There was no significant acquisition or changes to our business in the last year.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	
Third party sources	Relevant	18224.24	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	2365.43	About the same	There was no significant acquisition or changes to our business in the last year.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	
Groundwater	Relevant	2986.68	About the same	There was no significant acquisition or changes to our business in the last year.
Third-party destinations	Relevant	18810.17	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	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant but volume unknown	<Not Applicable>	<Not Applicable>	<Not Applicable>	We operate 67 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	<Not Applicable>	<Not Applicable>	<Not Applicable>	We operate 67 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	<Not Applicable>	<Not Applicable>	<Not Applicable>	We operate 67 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	<Not Applicable>	<Not Applicable>	<Not Applicable>	We operate 67 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	<Not Applicable>	<Not Applicable>	<Not Applicable>	We operate 67 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	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>	

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	15035000000	24480.59	614160.034541651	Our water intensity number is better compared to last year, and slightly below our FY20 baseline. Some of our improvements have been delayed due to challenges around supply chain impacting the execution of some of our capital projects. We expect additional improvements as additional water saving capital projects come online in FY23.

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)	No, not currently and we have no plans to collect/calculate this data within the next two years	No, not currently but we intend to collect/calculate this data within the next two years	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 water intensity information.

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 FY22, we allocated resources to build our sustainable agriculture expertise and established our global sustainable agriculture standards, defining the farming practices we expect from our milk suppliers. These standards will be formally launched in FY23 and rolled out across all our operations with the view to have them fully implemented by 2025.

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 Committee.

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 Committee.

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.

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

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

Tools and methods used

WRI Aqueduct
Other, please specify (Company's EMS)

Contextual issues considered

Water availability at a basin/catchment level
Water quality at a basin/catchment level
Stakeholder conflicts concerning water resources at a basin/catchment level
Water regulatory frameworks

Stakeholders considered

Local communities
Regulators
Water utilities at a local level
Other water users at the basin/catchment level

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. Each division also has an Environmental Affairs Lead who ensures environmental risks are appropriately managed at the local level.

W3.3b

(W3.3b) 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, chaired by the President and Chief Operating Officer (North America) and Dairy Division (USA) and which includes the President and Chief Operating Officer (International and Europe), 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. 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 FY22, we allocated resources to build our sustainable agriculture expertise and established our global sustainable agriculture standards, defining the farming practices we expect from our milk suppliers. These standards will be formally launched in FY23 and rolled out across all our operations with the view to have them fully implemented by 2025.

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 FY22, we expanded the evaluation of our water risks to our supply chain by identifying the percentage of milk we source from high water stress areas which is evaluated at 26%. In FY22, we also allocated resources to build our sustainable agriculture expertise and established our global sustainable agriculture standards, defining the farming practices we expect from our milk suppliers. These standards will be formally launched in FY23 and rolled out across all our operations with the view to have them fully implemented by 2025. 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 160 members working to advance sustainable agricultural practices through pre-competitive collaboration.

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.

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)
<Not Applicable>

Potential financial impact figure – minimum (currency)
2000000

Potential financial impact figure – maximum (currency)
4000000

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 Commitment to stakeholder awareness and education Recognition of environmental linkages, for example, due to climate change	We have a company-wide environmental policy which covers water.

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 9, 2022, available at www.saputo.com/en/investors/shareholder-reports/2022). • 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 President and Chief Operating Officer (North America) and Dairy Division (USA), the President and Chief Operating Officer (International and Europe), 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 the President and Chief Operating Officer of our UK division acting as global champion.
Board-level committee	The Board of Directors' Audit Committee, composed of five 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 Operating Officer (COO)	President and Chief Operating Officer (North America) and Dairy Division (USA), is the Chair of our Environmental Committee responsible for overseeing the implementation of the Environmental Policy 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 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.

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future
Row 1	Yes	The Corporate Governance and Human Resources Committee (the "CGHR Committee") identifies the main qualifications, competencies and skills that members of the Board should possess to provide effective oversight over the Company. One of these competencies is Environment, Social and Governance which is defined as experience with policies, practices or risk management associated with environmental, sustainable development, social and corporate responsibility, and/or governance issues relevant to the Company.	<Not Applicable>	<Not Applicable>

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
Assessing water-related risks and opportunities
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. Quarterly 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
Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
Annually

Please explain
Our UK President and Chief Operating Officer acting as a global champion for our 2025 Environmental Pledges presents an update on progress against our targets to the Board of Directors annually.

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	Yes	We recently reinforced our climate governance with the introduction of ESG-related targets as part of our long-term incentive plan. A portion of share based compensation granted in FY23 is linked to the achievement of our climate and water reduction targets.

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Chief Financial Officer (CFO) Chief Operating Officer (COO) Other C-suite Officer (CHRO) Other, please specify (Directors and above)	Improvements in efficiency - direct operations	We recently reinforced our climate governance with the introduction of ESG-related targets as part of our long-term incentive plan. A portion of share based compensation granted in FY23 is linked to the achievement of our climate and water reduction targets.
Non-monetary reward	No one is entitled to these incentives	<Not Applicable>	

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. This led to the development of our 2025 Supply Chain Pledges. In FY22, we allocated resources to build our sustainable agriculture expertise and established our global sustainable agriculture standards, defining the farming practices we expect from our milk suppliers. These standards will be formally launched in FY23 and rolled out across all our operations with the view to have them fully implemented by 2025. Working in partnership is key to making the changes required to our food system.
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. For our 2025 Supply Chain Pledges, we allocated resources to build our sustainable agriculture expertise and established our global sustainable agriculture standards, defining the farming practices we expect from our milk suppliers. These standards will be formally launched in FY23 and rolled out across all our operations with the view to have them fully implemented by 2025. Working in partnership is key to making the changes required to our food system..
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)

0

Water-related OPEX (+/- % change)

0

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

0

Please explain

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. We are currently two year into our three-year invesments which explains why we do not anticipate an increase in the next reporting year.

W7.3

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

	Use of scenario analysis	Comment
Row 1	No, but we anticipate doing so within the next two years	In FY22, we expanded our climate risk assessment, building on the work we had started in 2018. 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. The climate scenario analysis allows us to explore the resilience of our business strategy to different climate futures and the impacts associated with the transition to a lower-carbon economy. Leveraging the findings, we have developed a roadmap to embed climate-related risks in key business processes such as risk management, Mergers and Acquisitions evaluation, and future climate-related disclosure.

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, but we are currently exploring water valuation practices

Please explain

As part of our three-year investment of CDN$50 million to support the achievements of our water targets, we have developed a methodology to prioritize investments on water-reduction projects in high water-stressed areas.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, but we plan to address this within the next two years	<Not Applicable>	Other, please specify (Important and initial work underway)	Considering range of products we manufacture, calculate this information requires significant efforts-some of which is underway. 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 water intensity at product level.

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
0.4

Please explain
Our water intensity number is 3% better compared to last year, and slightly below our FY20 baseline. Some of our improvements have been delays due to challenges around supply chain impacting the execution of some of our capital projects. We expect additional improvements as some of these water saving capital projects come online in FY23.

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
From a water quality perspective, we kept a strong focus on proactively managing our wastewater streams, where we maintained a water quality compliance rate of 94% in FY22. As we expect our investments and actions to drive progress against our water targets from FY22 onwards and remain confident in our ability to meet our 2025 Environmental Pledges.

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
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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	Other, please specify (CSAE 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 (North America) and Dairy Division (USA)	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 understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms