

# THE SAPUTO PROMISE



*Saputo*  
FY2018 FACTSHEET



At Saputo, we are committed to living up to the values on which our business was founded in 1954. It is these values that led to the development of the Saputo Promise – our 7-Pillar approach to social, environmental, and economic performance.

As a global leader in dairy processing, we have a responsibility to demonstrate good corporate citizenship in everything we do. Whether it's working towards turning down our energy use and water consumption or turning up our investment for healthier communities, our promise is to never stop building a future we can be proud of.

Our FY2018 Factsheet outlines our achievements under each of our Pillars and demonstrates the strides we have made throughout FY2018.

## **Governance**

Behind the Saputo Promise, there are people – our executive management team who oversees our commitments and our employees who help to execute them. The Promise applies to all Saputo managed operations and articulates our expectations of suppliers and other stakeholders in our supply chain.

In FY2018, we established our Corporate Responsibility Committee (“CR Committee”) to oversee the implementation and the progress of the Saputo Promise. The CR Committee is composed of our Company President and Chief Operating Officer, Chief Financial Officer, Chief Human Resources Officer as well as each President and Chief Operating Officer of our Divisions, and our Director, Corporate Responsibility. The CR Committee ensures we implement the Saputo Promise and monitor our progress, communicate in a transparent and responsible manner, leverage our leadership position and support best practices for each of our 7 Pillars.

## **Basis for reporting**

For further details on how the data presented in this factsheet has been compiled, please visit the Reference Documents page on [www.saputo.com/our-promise](http://www.saputo.com/our-promise).



# FOOD QUALITY AND SAFETY

As a world-class dairy processor, we strive to raise the bar when it comes to food safety and quality, ensuring our customers are offered products made to high industry standards. Leadership, Knowledge, Risk Assessment, Risk Mitigation and Verification are the five pillars underpinning our global food safety approach. Our Quality Assurance Committee (“QA Committee”), led by our Chief Executive Officer, provides the global

governance to ensure that our high standards are maintained across our operations.

In FY2018, we increased our number of GFSI<sup>(1)</sup>-certified sites. For all certified sites, we maintained our high standards with 100% achieving a good or excellent rating.

	FY2018	FY2017	FY2016
% of facilities certified to GFSI standards	<b>94%</b>	90%	91%
% of certified facilities with Good or Excellent GFSI audit rating	<b>100%</b>	96%	100%





# OUR PEOPLE

Our employees are by far our most important asset. We care about their health and well-being, and endeavour to provide them with the best possible work environment that is safe, diverse, and values-driven.

## Diversity

We recognize that a diverse and inclusive environment, which values diversity of thought, background, skills and experience, facilitates a broader exchange of

perspectives. Diversity enriches discussions and better reflects our relationship with customers, employees, shareholders, business partners and other stakeholders.

In FY2018, we launched our global Diversity policy, setting direction and priorities for a diverse workforce. We're proud to have a 50% representation of women on our Board of Directors and we continue to work at having further female representation at all levels of the Company.

	FY2018	FY2017	FY2016
% total workforce which are women	<b>30%</b>	29%	28%
% women in senior management	<b>15%</b>	13%	13%
% women on Board of Directors	<b>50%</b>	50%	50%
% of internal promotions that went to women	<b>29%</b>	30%	–



## Health and Safety

Keeping our employees safe and healthy is a priority and we continue to increase our efforts to ensure we embed a culture of safety across our operations. Between FY2010 and FY2016, our Total Injury Frequency Rate (“TIFR”) improved by 67% while our Lost Time Injury Frequency Rate (“LTIFR”) posted a 60% improvement. Between FY2016 and FY2018, our TIFR has plateaued with an improvement of just below 1% whereas we lost some ground on our LTIFR with an increase

of 22%. We’ve taken additional steps in F2018 to take our performance to the next level. We’ve implemented a global Health and Safety (“H&S”) Committee, led by our Company President and Chief Operating Officer, and composed of the H&S leaders of each of our Divisions. We’ve transferred some of the best practices developed in food safety and are using the five pillars of Leadership, Knowledge, Risk Assessment, Risk Mitigation and Verification to drive our efforts.

	FY2018	FY2017	FY2016
Total injury frequency rate (“TIFR”)	<b>4.95</b>	5.08	4.98
Lost time injury frequency rate (“LTIFR”)	<b>1.96</b>	1.57	1.61

## Working Conditions

We invest in our employees, continuously training and developing them so that they can have the skills needed to maintain high quality standards throughout our operations. In FY2018, we invested 3.2 million CDN dollars and 73,137 hours in developing our employees.

Retaining key talent is a priority for us. We are committed to offering wages and benefits competitive with local industry standards and focus on promoting from within. In FY2018, more than 1,000 of our employees were promoted internally.

We believe it is through such investments in our people that we can maintain an average tenure of 10 years.

	FY2018	FY2017	FY2016
Total internal promotions	<b>1,058</b>	765	–
Total training and development investments (in millions of CDN dollars)	<b>3.2</b>	–	–
Total training and development hours	<b>73,137</b>	–	–
Average tenure (in years)	<b>10</b>	10	10
% of unionized employees	<b>36%</b>	39%	39%



## BUSINESS ETHICS

Our actions have been, and continue to be, driven by our core values. Our reputation for business integrity is important to us, and as such, we work hard to preserve the quality of our work environment. It is why we guide the everyday conduct of all employees, officers, and Board members through our Code of Ethics. In FY2018, in line with our commitment to continuous improvement, we continued to promote the importance of behaving ethically by providing further training on our Code of Ethics, and ensuring it is a formal part of the onboarding process for all new employees.

In all our operations, we aim for high standards of governance and business conduct. Guided by our deeply embedded corporate culture, we are committed to complying with laws, regulations and industry standards. This is illustrated by having had no significant non-compliance in the last three fiscal years.

	FY2018	FY2017	FY2016
Number of significant fines for non-compliance	0	0	0
Monetary value of fines for non-compliance (in millions of CDN dollars)	0	0	0





# RESPONSIBLE SOURCING

## Animal Welfare

As a global leader in dairy processing, milk is our primary ingredient and we care deeply about the way it is produced. For us, high-quality dairy products begin with high-quality milk from healthy and well-cared-for animals. We have a Zero Tolerance Policy for any animal cruelty and ensure our suppliers comply with our animal care standards through industry regulations and Codes of Practice, routine supplier management practices, and awareness and training programs. We have established a clear protocol to work with suppliers and authorities to effectively deal with situations where a breach of our Animal Welfare Policy is suspected. In FY2018, one incident in the USA required we take action under our animal cruelty protocol.

In addition to promoting recognized standards of animal care throughout our supply chain, we are also committed to supporting initiatives and programs that promote communication, awareness and training opportunities

for dairy production welfare issues, as education is a key part of our approach to responsible sourcing. In FY2018, 11,171 people received training on animal welfare through our partnerships with the University of Guelph in Canada and the University of Wisconsin in the USA.

## Responsible Sourcing

Beyond animal care and education, we aim to promote responsible business practices by working with our suppliers across the value chain and engaging them to achieve our objectives. We set up the foundation for our Saputo Supplier Code of Conduct, which will be launched in FY2019 and which sets the minimum standards of business conduct we expect from our suppliers. We believe our relationships with suppliers are vital to our ability to make high-quality products. We aim to create an environment where we can build strong, sustainable and long-term relationships with our suppliers and we will monitor progress related to responsible sourcing throughout FY2019.

	FY2018	FY2017	FY2016
Case of animal cruelty reported resulting in suspension of supply	1	1	1
Number of people receiving animal welfare training through our partnerships	11,171	-	-

## Case study

Between September and November 2017, we held workshops at three locations in Argentina to educate dairy farmers on ways to mitigate pain during disbudding, while also highlighting the benefits of implementing proper animal care. Working together with our local primary production teams, and the *Asociación Pro Calidad de la Leche y sus derivados (APROCAL)* – a nationally recognized leader in milk quality, we had over 400 individuals taking part in various educational seminars. This included farm owners, students, operators, and dairy professionals. We equipped them with the tools and knowledge they need to create a healthier future for their animals as well as their dairy farming business. Read more about this case study at [www.saputo.com/our-promise/case-studies](http://www.saputo.com/our-promise/case-studies).



# ENVIRONMENT

Our goal is to pursue growth as a world-class dairy processor, while striving to minimize the environmental impacts of our activities. From FY2014 to FY2016, we improved our energy intensity by 6% and our water intensity by 4%. Since FY2016, our energy and water intensities have increased – by 4% and 3%, respectively – mainly due to changes in the type of products we manufacture. From a waste perspective, in FY2018, our global diversion rate decreased due to a change in the USA food safety regulations. This impacted our ability to send food waste to animal feed and resulted in an increase in waste being sent to landfill.

Despite these setbacks, we remain committed to improving our environmental performance. We will look for additional ways to protect our resources, and aim to implement solutions that are economically and environmentally sustainable, such as the initiative we implemented in our White Bear Lake facility described in the case study below.

		FY2018	FY2017	FY2016
<b>Energy and GHG emissions</b>	CO <sub>2</sub> intensity <sup>1</sup> (in ton CO <sub>2</sub> e/ton of products)	<b>0.1927</b>	0.1872	0.1934
	Energy intensity <sup>2</sup> (in GJ/ton of products)	<b>2.85</b>	2.75	2.74
<b>Waste</b>	% waste diverted from landfill	<b>42%</b>	49%	45%
<b>Water</b>	Water withdrawal (in millions of L)	<b>19,930</b>	19,021	19,030
	Water intensity (in L/ton of products)	<b>5.35</b>	5.22	5.20

## Case study

In 2017, within our Saputo Dairy Foods USA facility in White Bear Lake, Minnesota, we replaced 90% of the water-cooling system to minimize the environmental impacts of our activities. Instead of drawing a significant amount of water from the local aquifer for one-time use, we are now able to reuse the water pumped through the closed circuit to cool the water required to protect our equipment from overheating. Through this new system, our White Bear Lake facility will reduce water usage by approximately 52% (or 106 million gallons) per year – this is enough water to fill up approximately 160 Olympic-size swimming pools. Read more about this case study at [www.saputo.com/our-promise/case-studies](http://www.saputo.com/our-promise/case-studies).

- (1) Further information about our GHG emissions is available as part of our CDP submission on [www.cdp.net](http://www.cdp.net)
- (2) Our energy intensity figure published in our FY2018 annual report was based on estimates which have been subsequently revised.





# NUTRITION AND HEALTHY LIVING

From the ingredients we source, to the products we put on the shelves, we take great pride in satisfying the health and nutrition needs of our consumers, and offering high-quality products.

In FY2018, we continued our efforts to develop innovative approaches and enhance the nutritional value of our products. Working closely with customers, our Saputo Dairy Foods USA Division transitioned products such as soft-serve ice cream and whipped cream to

'clean label' and removed artificial flavour and colour. We undertook similar efforts in our Canadian Dairy Division with our *Milk2Go* portfolio as described in the case study below. The transition allowed consumers to continue to enjoy great-tasting products, while also making it easier for them to make nutritious choices to support their healthy and active lifestyles.

## Case study

Between January 2016 and December 2017, after several trials, adjustments, and consumer testing, our Product Development team gradually reformulated original *Milk2Go* flavours (chocolate, strawberry, banana and vanilla), which are now made with less sugar. On top of reducing sugar by 4 grams, our chocolate-flavoured *Milk2Go* is the first *Milk2Go* formulation to have successfully transitioned to a 'clean label', with zero artificial colour or flavouring. Read more about this case study at [www.saputo.com/our-promise/case-studies](http://www.saputo.com/our-promise/case-studies).





## COMMUNITY

We believe in a future where our communities are a vibrant source of inspiration. As such, we are committed to investing 1% of our annual pre-tax profits into communities through financial contributions, product donations and volunteerism. In FY2018, we delivered on this promise, with an overall community investment valued at more than 11.25 million CDN dollars (calculated using the London Benchmarking Group model).

As part of this community investment strategy, we aim to encourage and support organizations, projects and programs that educate participants to make responsible food and nutrition choices, and that create opportunities

to get people moving. In FY2018, we reached over 2.1 million people through this healthy living focus.

The Saputo Legacy Program aims to support the improvement of local sport and health amenities, thus leaving a lasting and meaningful legacy in the communities where we operate. Our signature program helps entire families lead a more active and healthier lifestyle. To date, we have supported 38 Legacy projects, representing a total investment of 2.36 million CDN dollars.

	FY2018	FY2017	FY2016
Total community investment against our 1% target (in millions of CDN dollars)	<b>11.25</b>	–	–
Total number of people reached through our healthy living partnerships and programs	<b>2,100,000</b>	–	–
Number of Legacy projects funded to date	<b>38</b>	–	–

### Case study

On December 7, 2017 we launched a new community engagement program: The Big Cook Up. With the help of 328 passionate Saputo employees in the Greater Montreal area who volunteered their time (984 hours to be exact), and our long-time partner *La Tablee des Chefs*, we successfully transformed the cafeterias in three of our main offices into community kitchens and prepared over 7,000 Italian-inspired meals for families in need. Read more about this case study at [www.saputo.com/our-promise/case-studies](http://www.saputo.com/our-promise/case-studies).

## Looking forward

As we look towards 2019 and beyond, we will build upon the investments that we have made to date and continue looking for opportunities to improve our performance across each of our 7 Pillars. For us, pursuing growth as a global dairy processor includes building a healthier future for our employees, consumers, customers and external stakeholders, and the communities we operate in.

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