



Saputo
Dairy Australia

Modern Slavery Statement

2021–22



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Introduction

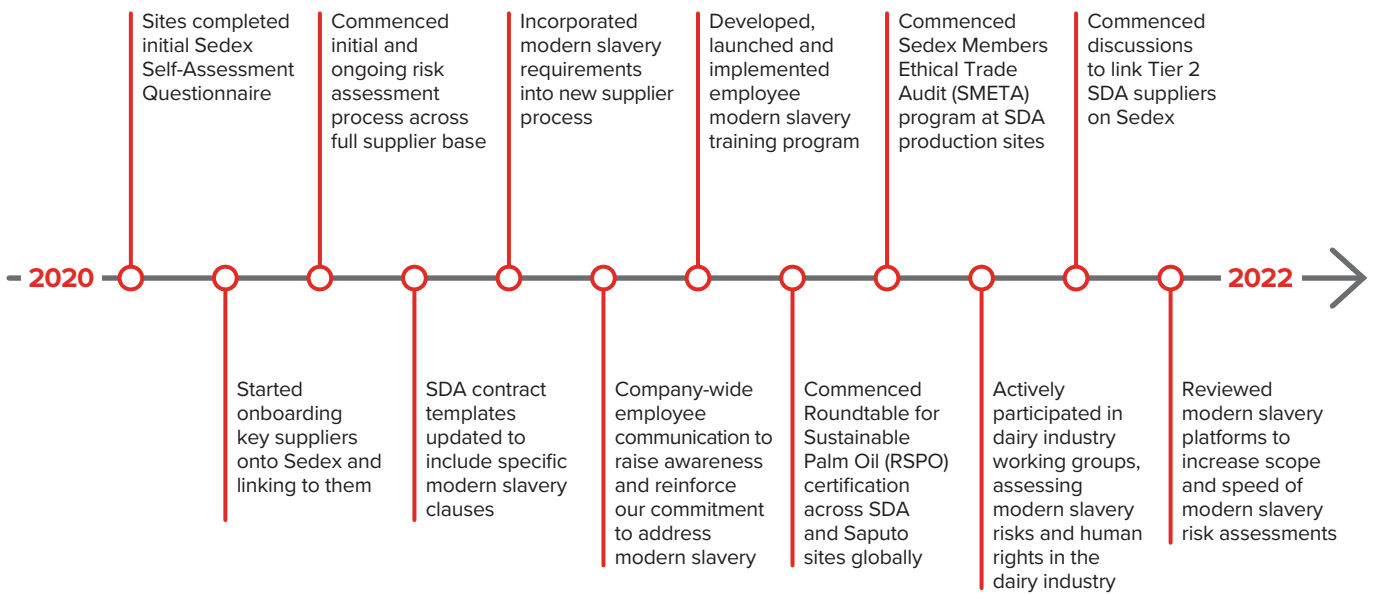
Saputo Dairy Australia Pty Ltd (ACN 166 135 486) (SDA) and its subsidiaries (together, SDA, we, us or our) are pleased to provide this Statement outlining our continuing actions to support the requirements of the *Modern Slavery Act 2018* (Cth) (the Act).

As Australia’s largest dairy processor, we have a responsibility to demonstrate good corporate citizenship in everything we do. This is at the heart of our *Saputo Promise*, which extends beyond our own practices to those of our suppliers, via Saputo Inc.’s (Saputo) *Supplier Code of Conduct*. The *Code* aims to ensure we continue to work collaboratively with all our suppliers based on shared standards.

This Statement shares our key achievements over the past year, to 31 March 2022, as we continue our efforts to enhance our performance in identifying and mitigating modern slavery risks in our business and across our supply chain.

“
Relationships are important to Saputo and 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, employees and customers.
 ”
 — SUPPLIER CODE OF CONDUCT

OUR JOURNEY SO FAR: KEY ACTIONS 2020 – 2022



ACHIEVEMENTS OVER THE PAST YEAR



Reviewed and updated our risk assessment process to enhance identification of potential modern slavery risks



Investigated and conducted market research to establish a new supplier risk dashboard



Continued Sedex onboarding of suppliers



Reviewed and updated Sedex Self-Assessment Questionnaires for SDA sites, incorporating 2021 data



Engaged with our indirect supplier base to understand their approach to modern slavery and mitigate risks



Commenced Sedex Members Ethical Trade Audit program at SDA manufacturing sites



Continued engagement with Australian dairy industry organisations to improve modern slavery awareness and understanding



Reinforced our commitment to modern slavery with employee training program and company-wide communication of our inaugural Statement



Our structure

This Modern Slavery Statement is a joint statement covering SDA and its subsidiary, AG Warehouse Pty Ltd (ACN 004 515 744) (Statement).

This Statement sets out the steps that have been taken during the 12 months ending 31 March 2022 (Reporting Period) to identify and address modern slavery risks in our operations and supply chain.

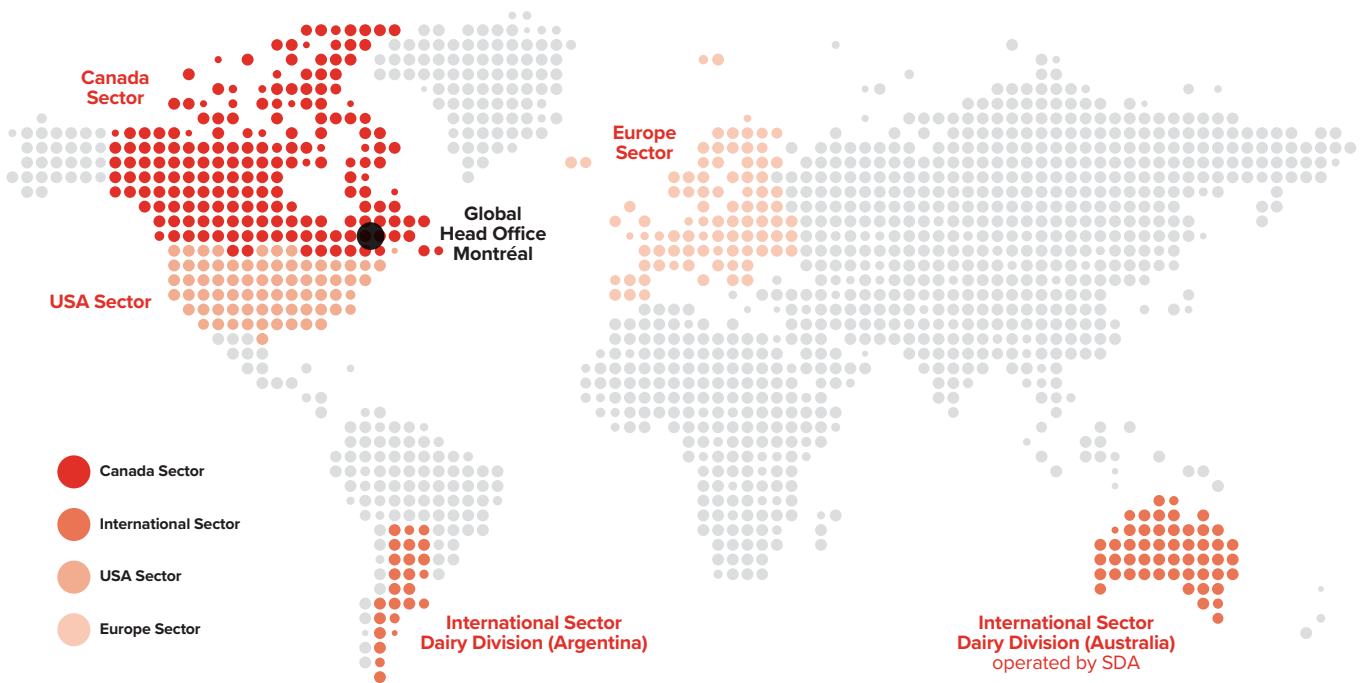
We have consulted with relevant subject matter experts across our business operations to ensure accurate inputs to, and understandings from, our modern slavery monitoring activities and investigations.

SDA is a wholly-owned subsidiary of Saputo Inc. (Saputo), a Canadian public company listed on the Toronto Stock Exchange under the symbol 'SAP'.

During the Reporting Period, SDA employed approximately 2,900 people across Australia.

SAPUTO OPERATING SECTORS

Saputo operates its business through four sectors – the Canada Sector, the USA Sector, the Europe Sector and the International Sector. The International Sector includes the Dairy Division (Australia), which is operated by SDA, and the Dairy Division (Argentina).



Our operations and supply chain

OPERATIONS

Dairy production

SDA's core business is the procurement of raw cow's milk and the production, marketing, distribution and export of a wide range of high-quality dairy products for domestic and international markets, including cheese, fluid milk, extended shelf-life milk and cream products, cultured products and dairy ingredients. As Australia's largest dairy processor, our wide range of products are sold through major retailers, regional supermarkets and delicatessens nationwide, and in several countries under many well-known brands, as listed below.



1. Cracker Barrel is a registered trademark of Lactalis Heritage Dairy used under licence.

AG Warehouse

During the Reporting Period, AG Warehouse Pty Ltd (a subsidiary of SDA) operated an agricultural retail business with 25 retail stores and seven fertiliser depots, supported by a team of agribusiness experts.

1	11	1	25	7	2
HEAD OFFICE	PROCESSING SITES	LOGISTICS CENTRE	AG WAREHOUSE RETAIL STORES	AG WAREHOUSE FERTILISER DEPOTS	CHEESE RETAIL STORES

SDA's head office is located in Melbourne and we operate 11 processing sites across south-eastern Australia and one national logistics centre. In addition, we have two speciality cheese retail stores located at Warrnambool and on King Island.

The nature of SDA's arrangements with suppliers is outlined on the following page. In addition to suppliers, we have important relationships with customers and distributors, including large retailers, cafés, restaurants and other food service businesses, government departments and authorities (domestic and international), and end consumers.

Our operations and supply chain continued

SUPPLY CHAIN

Dairy production

SDA sources a broad range of goods and services from thousands of suppliers across Australia and internationally, from countries including Germany, Denmark, Italy, the United States, China, Singapore, Malaysia, India and New Zealand. The main types of goods and services we procure are outlined below.

GOODS AND SERVICES IN OUR SUPPLY CHAIN



Our operations and supply chain continued

SDA Feeds and AG Warehouse

SDA sources and sells high-quality grain, meals and hay to agricultural customers and farmers as part of a business unit within SDA known as SDA Feeds. We provide access to a wide range of feed products and work directly with growers, commercial traders and the bulk handling network to offer an end-to-end service that includes purchasing, logistics and delivery, paying growers and carriers, and vendor declarations.

Our SDA Feeds business and the AG Warehouse retail stores have a different supply chain to our dairy production business. These two business areas have a retail focus towards general agricultural customers and farmers, including the resale of goods, such as hay, animal nutrition, fencing, fertiliser and other on-farm products. While the supply chain may differ, they are included in our modern slavery program and risk assessment process.



We care deeply about how our ingredients, packaging, goods and services are sourced, produced or perform and we expect the same from our suppliers.

Across our supply chain, we are committed to ensuring we and our business partners undertake responsible sourcing and follow ethical business practices.



In accordance with our *Code of Ethics* and *Procurement Policy*, SDA's Procurement team ensures continuous, reliable and high-quality sources of supply that comply with our *Supplier Code of Conduct*, *Code of Ethics* and *Procurement Policy*, as well as any relevant legal considerations.




Risk assessment

We assessed the potential for SDA to cause, contribute or be directly linked to modern slavery through our operations and supply chain.

The most prevalent potential risks of modern slavery practices in our operations and supply chain are outlined below. These risks continue to be a focus, as part of our ongoing modern slavery due diligence process.



We consider SDA is at greater risk of contributing to or being directly linked with an incident of modern slavery, rather than directly causing an incident of modern slavery within our own operations.

RISK TYPE	REASON FOR RISK
 GEOPOLITICAL RISK	Operating or maintaining relationships in countries whose political systems, as well as economic and socio-cultural structures, are significantly different from those we are accustomed to in Australia
 PRODUCT RISK	Cost pressures or delivery timeframes that could have an unintended consequence of influencing suppliers to reduce labour conditions. Areas such as international logistics may be particularly subject to such pressures
 SECTOR RISK	The use of unskilled and sometimes temporary labour in areas of high labour intensity and low oversight, such as the cleaning, warehousing and textiles industries

While some aspects of modern slavery risk identification, mitigation and remediation are addressed through our *Supplier Code of Conduct*, a separate work program was undertaken by SDA to identify, assess and minimise risk areas within our operations and across our supply chain. This included education for our employees about modern slavery risks, driving awareness through our supplier base and ensuring our expectations were incorporated in our regular processes.



COVID-19 impacts to our operations and supply chain have included logistics pressures, spikes in demand, fluctuations in supply of key goods such as packaging, and compliance with changing government restrictions.

Appropriately managing heightened pressures during COVID-19 was vital to ensure no unintended consequence could impact our operations or those of our suppliers, particularly in relation to reduced labour conditions.

We also supported suppliers to ensure undue pressure to deliver wasn't placed on them, which could have increased potential exposure of their workers.

We continued to communicate with our teams and suppliers about any risks that might have changed as a result of COVID-19 and ensured appropriate and proportional actions were taken to mitigate and manage any potential risks.

Risk identification, mitigation and remediation



SMETA

Sedex Members Ethical Trade Audit (SMETA) is Sedex's social auditing methodology, enabling businesses to assess their sites and suppliers to understand working conditions in their supply chain. It assesses a site based on an organisation's standards of labour, health and safety, environment and business ethics. An auditor physically attends the site or workplace to assess conditions on the ground.

SMETA is the most widely used social audit in the world.

MODERN SLAVERY DUE DILIGENCE

Due diligence remains an essential part of our mitigation strategy. Key to our approach is working in partnership with our suppliers to ensure that, at a minimum, they understand the importance of identifying modern slavery risks, maintain relevant standards and take ongoing action to mitigate risks.

As part of our due diligence during the Reporting Period, we utilised Sedex to **review our own operational practices** through Self-Assessment Questionnaires and we remain committed to updating these on an annual basis. In addition, we commenced the SMETA program at our manufacturing sites.

We also used Sedex Self-Assessment Questionnaires and the SMETA program to **review suppliers** that are integral to our supply chain, and suppliers that operate in sectors with high potential modern slavery risks. Some of the industries we considered in detail are outlined below.



Labour hire



Clothing/PPE



Warehousing



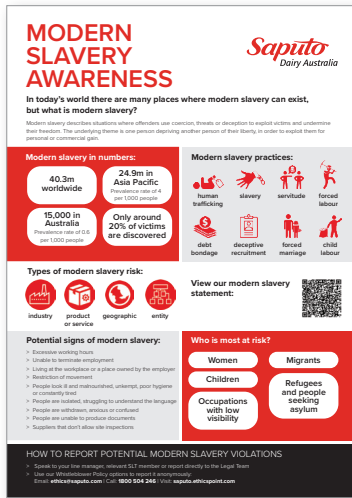
Cleaning



Bulk gypsum and fertiliser

SDA continues to expand our approach beyond high-risk suppliers as part of our ongoing commitment to raise awareness and combat modern slavery risks across our operations and supply chain. During the Reporting Period, we engaged a number of modern slavery risk assessment platforms, with an aim to award a contract to further evolve and improve our risk assessment process and reach further into our supply chain, including Tier 2 suppliers (the businesses that our suppliers procure goods or services from).

Risk identification, mitigation and remediation continued



Modern slavery information poster provided to all SDA sites.

EDUCATION AND AWARENESS

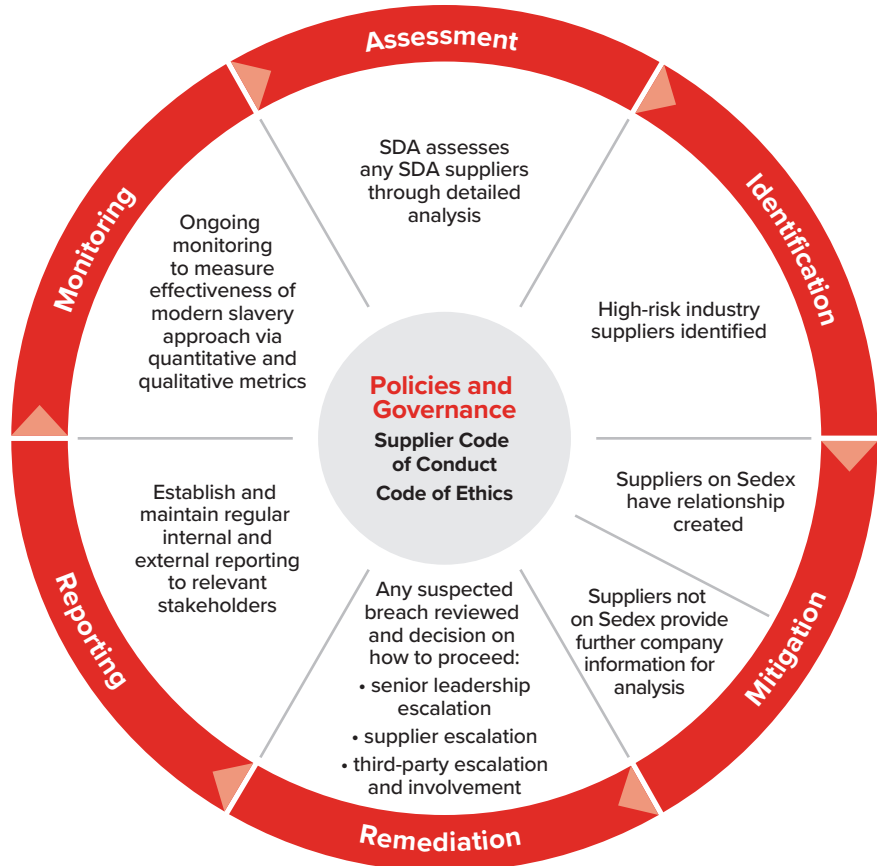
We continued to embed education and communications within our workforce and with our suppliers to build awareness specifically in relation to modern slavery risks.

During the Reporting Period, our focus on education and awareness to help our team and suppliers understand modern slavery risks relevant to them included:

- communicating our commitment to mitigating modern slavery risks with company-wide distribution of a memo and our 2020–21 Statement;
- rolling out a modern slavery online training program to employees who engage directly with our supply chain;
- incorporating modern slavery training into our induction program for all new office and site employees;
- rolling out to all sites, transport depots and AG Warehouse locations resources such as information posters;
- SDA’s President and Chief Operating Officer highlighting modern slavery risks at a company-wide employee town hall event; and
- ongoing discussions and input with industry and community partners to progress a modern slavery checklist for small and medium-sized enterprises and farmers.

In addition, we worked with industry groups to build education and awareness through their networks.

OUR PROCESS TO MITIGATE MODERN SLAVERY RISKS



SAPUTO PROMISE

The *Saputo Promise* is our commitment to live up to the values on which our business was founded.

It is our approach to social, environmental and economic performance, based on seven Pillars.

The *Saputo Promise* is executed daily by our employees. It applies to all our operations and articulates our expectations of all suppliers and other stakeholders in our supply chain.

We have governance structures in place to ensure we implement, monitor and report on our commitments under the *Saputo Promise* in a transparent and responsible manner.

“

The Saputo Promise is at the heart of our business and keeps us clearly aligned on what matters most.

”

— 2021 SAPUTO PROMISE REPORT

SAPUTO PROMISE PILLARS



Risk identification, mitigation and remediation continued

GOVERNANCE FRAMEWORK

At SDA, we value our reputation for business integrity. Oversight of our approach to identifying modern slavery risks is embedded in the governance framework of the *Saputo Promise*, which supports our strong focus on business ethics and responsible sourcing. This is overseen by a dedicated working group consisting of relevant senior leaders across the business.

Saputo's Corporate Responsibility Committee oversees implementation of the *Saputo Promise* and monitors progress for each of its seven Pillars. The President and Chief Operating Officer of SDA sits on the Corporate Responsibility Committee, and has accountability for, and ownership of, SDA's performance.

In line with our commitment to continuous improvement, our policies evolve to reflect the changing needs of our customers and the marketplace. We continuously monitor compliance with legislative and regulatory requirements, and review and consider recent developments, leading practices and trends.

CODE OF ETHICS

Saputo's *Code of Ethics* guides the daily conduct of all employees, directors and officers to maintain a high level of business integrity.

Day-to-day operations are guided by six principles within the *Code of Ethics*:

Act with integrity and behave ethically

Treat people with respect and without discrimination

Safeguard the confidentiality of information

Avoid conflicts of interest

Respect the organisation

Comply with the Law

“

Together, let's do what's right. We seek to do business fairly and honestly, without the use of unethical or illegal business practices.

”

— CODE OF ETHICS

Saputo's *Code of Ethics* includes a strict prohibition on all forms of modern slavery, including forced labour and child labour.

FORCED LABOUR:

“ *The use of labour under any form of indentured servitude is prohibited.* ”

CHILD LABOUR:

“ *In accordance with applicable Laws, and more specifically the International Labour Organization (ILO) Conventions, you are strictly forbidden from making use of Child Labour on behalf of Saputo.* ”

— CODE OF ETHICS

Code of Ethics training is compulsory for all SDA employees and they are required to electronically sign confirmation that training has been completed. All new starters are required to complete the training as part of our onboarding process.



Phone:
1800 504 246



Email:
ethics@saputo.com

Website:
www.saputo.ethicspoint.com

WHISTLEBLOWER POLICY

SDA's *Whistleblower Policy* is publicly available and encourages our employees and third parties with a connection to SDA to confidentially and anonymously report any modern slavery concerns or other reportable conduct. This may include fraud, corruption, illegal or unethical business practices, criminal behaviour and breaches of legislation. A dedicated whistleblower phone, website and email address are maintained for this purpose.

Our Reportable Conduct Committee determines whether an allegation raised should be investigated and will then conduct or commission an investigation as appropriate.





SDA promotes responsible and ethical business practices by working with suppliers across the supply chain and engaging with them to support our commitment to safeguarding human rights.

SUPPLIER CODE OF CONDUCT

The Saputo *Supplier Code of Conduct* sets the minimum standards of business conduct we expect from our suppliers. A commitment to comply with our *Supplier Code of Conduct* is contained in SDA’s standard supply agreements.

The *Supplier Code of Conduct* describes our monitoring and enforcement processes. This includes protocols for addressing situations when presented with credible evidence of a *Supplier Code of Conduct* breach. For instance, we may immediately suspend receiving goods or services from a supplier while allegations are investigated and validated by appropriate authorities and/or independent third-party experts. Any suspended suppliers will be expected to meet our reinstatement criteria in order to resume business with us.

Our *Supplier Code of Conduct* remediation measures include:

- 1** Investigation, inspection and audit

- 2** Establishment and completion, to the satisfaction of SDA, of a time-bound remedial action plan

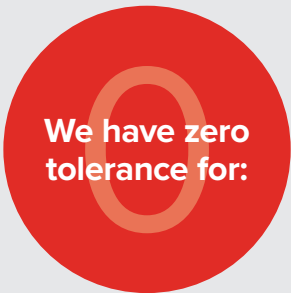
- 3** Suspension of supply if a supplier is in breach and until SDA is satisfied that appropriate reinstatement criteria has been met

The *Code* is published online at www.saputo.com to ensure it is readily accessible to our employees and workers across our supply chain.

SDA includes termination mechanisms in our standard form agreements, reserving the right to terminate supply if we are not satisfied that a modern slavery concern has been appropriately resolved.

ZERO TOLERANCE

As some of our suppliers operate in different legal and cultural environments throughout the world, Saputo’s *Supplier Code of Conduct* defines a list of zero tolerance issues that apply universally across our supply chain.



- > child labour
- > forced labour
- > an environment that incites or encourages any form of coercion and harassment
- > any major health and safety deficiency posing immediate danger to life or risk of serious injury
- > any major environmental deficiency posing serious and immediate harm to the environment or the community
- > any form of animal cruelty
- > any form of bribery



CASE STUDY: Managing risk once identified

Following a SMETA at one of our sites, we identified an improvement opportunity to SDA's process for checking contractors who work at our manufacturing sites. We commenced a new process with site suppliers to conduct 'right to work' spot checks with their contractors. As a result of our initial round of spot checks, we were not satisfied with responses received from a small number of suppliers and are following up with them to conduct a more detailed risks analysis. This is now an ongoing SDA process.

REMEDIATION

During the Reporting Period, we did not identify modern slavery risks requiring additional remediation steps beyond the detailed risk assessment and the case study actions described to the left of this page.

However, our conversations remain ongoing with a very small number of suppliers where we have sought supplementary documentation to further inform our due diligence investigations.

ADDRESSING MODERN SLAVERY RISKS IN OUR OPERATIONS

Modern slavery risks identified in our own operations are reviewed by a cross-divisional team, including Procurement, Legal, Corporate Responsibility and other relevant areas of the business (as the circumstances warrant), such as Operations or Human Resources.

If, as a result of investigations, it is determined an employee has breached company standards in relation to modern slavery, they may be subject to disciplinary action, or even termination of employment in accordance with Saputo's *Code of Ethics*.

ADDRESSING MODERN SLAVERY RISKS IN OUR SUPPLY CHAIN

We have a number of measures in place to address any modern slavery risks found in our supply chain:

- 1** Our first step is onboarding a supplier to Sedex, requiring them to review their risks using the Self-Assessment Questionnaire, or alternatively we review a supplier's internal policies, such as labour and ethical policies or codes of conduct.
- 2** If there is still deemed to be a risk, we will request a four-pillar SMETA or engage with the supplier on a remediation plan to mitigate the identified risk.
- 3** The final stage in addressing a supply chain risk is to postpone or stop trading with a supplier until the issue has been resolved and we are satisfied that appropriate reinstatement criteria has been met.

Monitoring effectiveness

SDA's modern slavery risk program is an ongoing journey of learning and embedding improved practices into our business-as-usual operations. We also acknowledge that measuring the effectiveness of our actions is inherently complex.

We have a number of metrics that we use to measure the breadth of our modern slavery risk program:

- ✓ Number of suppliers formally linked with us via Sedex and percentage spend that they cover
- ✓ Number of suppliers whose risk and percentage spend that they cover has been assessed
- ✓ Number of employees trained on modern slavery over defined periods

There are also some qualitative aspects to our risk program that we action and look to improve, but these are harder to measure against, including:

- collaboration with industry organisations about increasing awareness of modern slavery across different industries; and
- constant review and refinement of our risk assessment process.

In addition, we continued expanding our use of Sedex as a tool to manage modern slavery risks, using the system to also monitor the effectiveness of our actions in assessing and addressing risks and tracking remediation.

Future actions

We remain committed to further developing and continuously refining our risk program as we learn more about our modern slavery risks and ways to mitigate them.

FOR THE COMING YEAR, OUR FOCUS WILL INCLUDE:

Rollout a new supplier risk dashboard	Complete SMETA program at sites	Include modern slavery question in our Quality Assurance farm program as part of future farm audits
Continue Roundtable on Sustainable Palm Oil (RSPO) membership and certify our program of responsible sourcing of palm oil products	Help progress Dairy Australia's human rights working group and continue to actively support its work	Increase our supplier relationship with Sedex, for both Tier 1 and Tier 2 suppliers

Statement approval

This Statement has been reviewed and approved by the Senior Leadership Team of SDA and the Board of SDA.

Richard Wallace
President and Chief Operating Officer, Saputo Dairy Australia Pty Ltd