

Task Force on Climate-Related Financial Disclosures (TCFD) Report



The Task Force on Climate-related Financial Disclosures (TCFD) is a private sector-led, policy-neutral task force. It provides climate guidance on voluntary, consistent, comparable, and reliable climate-related disclosures to provide decision-useful information to stakeholders.

Maple Leaf Foods supports the adoption of TCFD because it helps the Company identify, assess, manage and report the risks and opportunities to its business from climate change and strengthens its relationship with stakeholders who are interested in the Company’s transparent disclosure.

TCFD Recommendations	
Disclosure	Response/Location
Governance	
Describe the board’s oversight of climate-related risks and opportunities.	<p>The Board is responsible for overseeing, reviewing and guiding the Company’s sustainability strategy and climate-related risks and opportunities. The Board monitors the implementation and performance of the Company’s sustainability and climate change agenda and the progress against its goals and targets for addressing climate-related issues. The position with the highest level of direct responsibility for sustainability and climate change is our Chief Executive Officer (CEO). The CEO is directly involved in developing and approving the organization’s purpose, values, targets, and strategies related to climate change, carbon emissions, and other environmental matters. The Board is supported by the Safety and Sustainability Committee reviews and provides oversight for sustainability and climate-related strategies, performance and reporting.</p> <p>The Safety and Sustainability Committee of the Board of Directors meets four times a year to review sustainability and climate-related information and disclosure.</p> <p>See Governance (2023 Integrated Report, page 28).</p>
Describe management’s role in assessing and managing climate-related risks and opportunities.	<p>Maple Leaf Foods’ Senior Leadership Team and specifically, the Chief Food Safety & Sustainability Officer (CSO), are accountable for the Company’s sustainability strategy, which includes the assessment and management of climate-related risks and opportunities. Our CSO reports directly to our CEO and Safety & Sustainability Committee of the Board. The Senior Leadership Team meets monthly and the CSO reports quarterly to the CEO and Chief Financial Officer to discuss and review sustainability and climate-related performance. The CSO leads a team of dedicated sustainability professionals from the Associate level to the VP level. As well, there are facilities’ managers across our operations who are responsible for leading sustainability initiatives at the plant level and moving the company towards its environmental targets.</p>

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Strategy	
<p>Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.</p>	<p>See list of climate-related risks and opportunities in the tables below.</p>
<p>Describe the impact of climate-related risks and opportunities on the organization's business strategy and financial planning.</p>	<p>The potential effects of climate change could have a material impact on the Company and its operations, such risks include a range of physical, financial, compliance and reputational risks. As part of its sustainability strategy and vision to be the most sustainable protein company on earth, the Company has implemented several initiatives to reduce its GHG emissions, electricity, natural gas, water, solid waste and food waste. While the Company takes steps to assess the commercial viability of these initiatives, there is no assurance that the ongoing costs of these initiatives will continue to be economic. As new laws, regulations and industry standards related to emission reductions continue to evolve, it is possible that the Company's practices, processes and facilities will require significant modifications in order to comply. Further, it is possible that the changes necessary to reduce emissions will not be feasible or that the costs will be material, either of which could have a material adverse effect on the Company's operations and financial position.</p> <p>Climate change considerations, including emissions associated with the Company's meat protein business, may also create reputational risk for the Company and challenge its ability to maintain market share for its meat protein products if consumers seek alternative, lower-carbon protein alternatives. The Company's attempts to mitigate this risk through its emission reduction strategies.</p> <p>See 2023 Annual Report to Shareholders.</p>

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<p>Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>Based on the risks identified, the Company has prioritized where it should continue to focus its physical risk mitigation efforts. Current efforts to mitigate these risks include diversifying its commodity sourcing regions, maintaining temperature-controlled barns, maintaining contingency plans and protocols for extreme weather and transportation of livestock, insurance of assets and reducing water consumption. There is no guarantee that these mitigation efforts will be effective.</p> <p>It is the Company’s understanding that these measures will lend to the Company’s resiliency against potential future climate risks. In addition, Maple Leaf Foods is a carbon neutral company and its sustainability strategy, carbon reduction roadmap and utility auditing program include projects and solutions that could enhance the Company’s resiliency against potential future climate risks.</p>
<p>Risk Management</p>	
<p>Describe the organization’s processes for managing climate-related risks.</p>	<p>As part of its sustainability strategy, Maple Leaf Foods is constantly reviewing potential risks, opportunities, and initiatives to reduce our overall environmental impact and footprint. The Company’s approach to risk management is designed to help it prepare, prevent, respond and recover from risk events, and focuses on the practical identification, measurement and assessment of key risks, as well as ongoing monitoring and mitigation activities.</p>
<p>Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management.</p>	<p>The Company has an established internal structure to identify, assess and manage risk. The Internal Audit group assists management and the Board of Directors in discharging their responsibilities concerning internal controls, process efficiency and policy compliance, by developing an annual risk-based internal audit plan, utilizing inputs from various sources, including interviews with select business leaders and members of the Audit Committee, to focus its efforts on the top priorities and related risks of the Company. Maple Leaf Foods’ risk management program defines operational risk as the risk of loss resulting from inadequate or failed processes or systems, human factors, or external factors that can impede business objectives. The program includes the following risk management activities: risk identification; risk assessment; risk ownership, risk mitigation; and risk reporting within specific internal audit projects. Maple Leaf Foods prioritize key risks based on an assessment of their inherent likelihood and impact on the organization’s ability to achieve its strategic objectives. The Company defines strategies and mitigation measures to prevent/reduce the frequency of an event or the severity of the consequence. The Company assigns ownership of identified risks to establish appropriate roles within the organization with clear accountability and responsibilities. Key risk indicators, both leading and lagging, allow for regular monitoring/measurement of risk events.</p> <p>The Company worked and continues to work with internal environmental specialists and independent, external environmental experts to conduct energy audits, and identify and assess opportunities and risks across our operations. These assessments help to develop and improve the Company’s environmental program and develop environmental sustainability action plans at every operation to deliver on our environmental and climate change goals.</p>

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Metrics & Targets

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

In 2020, Maple Leaf Foods conducted a physical climate risk assessment and climate scenario analysis, working with an independent third-party consultant, to better understand the climate-related risks and potential impacts to its livestock, assets, supply chain, and operations. This assessment focused on extreme temperatures, freeze-thaw (i.e., number of ice days), water stress and extreme wind and rainfall. These hazards were identified as most relevant to the business based on historical impacts, industry and academic reports and internal consultation with various internal functions, including operations, commodities management, sustainability, finance and risk management. Using global climate models RCP 2.6 & RCP 8.5 and 2030 and 2050 time horizons, the Company identified the exposure of its assets, operations and supply chain to these hazards.

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

See [Environmental Performance Summary \(2023 Integrated Report, page 111\)](#).

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Maple Leaf Foods has been a carbon neutral company since 2019 and is committed to maintaining its carbon neutral status.

The Company has set science-based targets to reduce its Scope 1 and 2 emissions by 30% by 2030 and Scope 3 emissions intensity by 30% by 2030 from a 2018 baseline.

The Company has also committed to reducing its environmental footprint (electricity, natural gas, water, solid waste, food waste). The Company will re-set formal environmental targets in 2024.

To learn more, see [Climate and Nature \(2023 Integrated Report, page 110\)](#).

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Key Climate-Related Risks	
Transition Risks	
Policy and Legal Risks	<p>Current legal and regulatory risks are included in our climate related risk assessments. Compliance with existing laws and regulations is an expectation for all aspects of our business. Cross-functional teams assess current regulations to evaluate their impact on our operations and inform our approach to taking appropriate actions. For example, we monitor carbon pricing regimes and climate-related regulations in the areas in which we operate in order to understand risk exposures and to identify opportunities. Current regulation is integrated in our risk management modelling and decision making, our business and financial planning and our engagement with stakeholders and regulatory processes. Climate related regulations are continuously evolving and require regular monitoring and assessment for emerging requirements and implications for our business. Emerging regulations are included in our decision making, including our evaluation of business opportunities and climate-related risk assessments. We closely monitor legal and regulatory developments that could affect the inputs required to run our business. We monitor governmental developments in the areas in which we operate, as well as around the world to better understand the potential impacts on aspects of our business including our supply chain, operations, labelling requirements, product claims and overall standards.</p> <p>Legal considerations are included in our climate-related activities in substantially the same manner as regulatory considerations. For example, we monitor legal issues that may impact our climate and sustainability strategies in order to help inform our business decisions and manage potential risk exposures.</p>
Technology Risks	<p>Technological risks are assessed and considered when exploring or implementing technological improvements or innovations across our organization. It is critical that we engage in the proper technology analysis including, risk identification and risk management and mitigation, before investing in new technology, and ensure that we bring in third-party experts from the beginning if we do not have the right internal expertise. It is important that we also invest in the right amount of resources, training, and technological infrastructure to support the success of the technological improvement or innovation.</p>

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<p>Market Risks</p>	<p>Provincial/state utility rates assessed as part of our annual budgeting process. The voluntary carbon offset market is also monitored.</p>
<p>Reputation Risks</p>	<p>Consumers increasingly expect companies to act responsibly and report on their environmental management strategies. If Maple Leaf Foods did not communicate its sustainability commitments, specifically in relation to sustainability issues, the Company could be at a reputational disadvantage to others in the food production industry. Further, if the Company’s sustainability performance does not align with its sustainability communications or claims it could be exposed to reputational risk. Reputational considerations are therefore an important aspect of the operational and business decisions.</p>
<p>Physical Risks</p>	
<p>Acute Risks</p>	<p>Based on the results of the climate risk assessment we conducted, the main potential acute physical risks to the Company’s business include:</p> <ul style="list-style-type: none"> • Extreme temperature days (over 30°C) are projected to increase across the Company’s Canadian locations, particularly in Manitoba and Ontario, which have implications for processing and livestock health • All Canadian regions will experience a medium / high risk of extreme wind or rain by 2030 under a 4°C scenario, which increases the risk of asset damage or operational disruptions
<p>Chronic Risks</p>	<p>Based on the results of the climate risk assessment we conducted, the main potential chronic physical risks to the Company’s business include:</p> <ul style="list-style-type: none"> • All regions in which the Company operates have medium to high risk of water stress due to temperature rise and increased drought risk, which can impact the availability of feed and water resources for sanitation • The risk of freeze-thaw cycles impacting MLF operations reduces over time in all Canadian regions due to overall temperature increase, which can create operational and transportation logistics disruptions

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Key Climate-Related Opportunities

Resource Efficiency

Resource efficiency is a top priority when developing and executing on the Company’s sustainability strategy, carbon reduction roadmap and utility auditing program, and through these initiatives the Company identifies and prioritizes opportunities that will have the greatest impact on our Scope 1 & 2 emissions with the lowest risk to our operations and the planet.

For the past several years, we have had a robust auditing and action plan program to make progress against our environmental targets. We have continued to work with third-parties to conduct utility audits of our facilities on an annual or as-needed basis to identify savings and reduction opportunities. To ramp up our efforts, we have recently deployed a internal taskforce that has been focused on building a comprehensive sustainability execution plan that incorporates subject matter experts, processes, capital, toolkits and technology across our facilities. When complete, this comprehensive sustainability execution plan will allow us to accelerate reductions against our environmental KPIs.

We have continued to implement several initiatives across our operations over the past few years that have led to gradual reductions in our environmental impact including, a national LED lighting retrofit program, equipment efficiency and optimization upgrades, ammonia heat recovery and wasted heat recovery systems, condensing economizers for boilers, composting and recycling programs with several facilities with landfill diversion rates above 95%, control measures and closed-loop systems for water use and improvements to storage, handling and employee training to reduce food waste.

We continue to work on transformational strategies such as, anaerobic digestion and regenerative agriculture. We see anaerobic digestion as a scalable solution to abate GHG emissions arising from our hog manure, while at the same time generating renewable biogas to replace current fossil fuel consumption. As well, we have accelerated our investments in regenerative agriculture programs in Canada to reduce the environmental impacts in our feed grain supply chain. We have scaled from 20,000 acres to 160,000 acres and doubled our investments in regenerative agriculture practices year-over-year for the past 3 years.

Energy Source

In Canada, the majority of electricity generation comes from non-greenhouse gas emitting sources and many provinces rely largely on hydroelectricity. With mostly Canadian operations, Maple Leaf Foods’ GHG emissions from electric power are relatively low and represent only 2% of its carbon inventory. Still, the Company continues to explore opportunities to reduce those emissions. The Company has implemented many initiatives at its facilities to reduce electricity consumption, including implementing a national LED lighting retrofit program and equipment efficiency upgrades. The Company has evaluated clean electricity opportunities such as solar panels but have not identified feasible projects that are economical.

Natural gas and other fossil fuels such as propane represent 5.3% of Maple Leaf Foods carbon inventory and the Company has prioritized energy projects that reduce the consumption of these energy sources. The Company has implemented projects such as, equipment efficiency upgrades, ammonia heat recovery systems, and use of condensing economizers for boilers. As well, if Maple Leaf Foods proceeds with the anaerobic digestion technology, the renewable natural gas produced by the anaerobic digester could replace the Company’s current fossil fuel natural gas consumption at its facilities.

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<p>Product and Services</p>	<p>The world of protein production and consumption faces a revolution, and one Maple Leaf Foods is uniquely positioned to lead and leverage. While in some areas, meat production faces attacks for its environmental footprint, the Company see this as an opportunity to embrace change. Consumers in North America are becoming increasingly aware of the impacts of consuming animal-based protein on the environment. That is why Maple Leaf Foods has established itself as a North American leader in plant-based protein with two leading plant-based protein brands, Lightlife® and Field Roast™ to respond to growing consumer demands for plant protein alternatives. In addition, Maple Leaf Foods founded its flagship sustainable meats brand, Greenfield Natural Meat Co.™ in 2015 to respond to growing consumer demand for lower-impact meat protein options.</p> <p>Maple Leaf Foods has included a “Carbon Zero – Made by a Carbon Neutral Company”™ logo on the packaging of some of its leading brands, including Maple Leaf®, Greenfield Natural Meat Co.™, Lightlife® and Field Roast™ so that consumers know that they are purchasing sustainable products made by a carbon neutral company.</p> <p>For more information, see 2023 Integrated Report and our 2023 Annual Report to Shareholders.</p>
<p>Markets</p>	<p>Maple Leaf Foods is part of the first sustainability-linked credit facility in Canada. On June 29, 2022, the Company renewed its syndicated sustainability-linked credit facility – a partnership with nine global banks to encourage maintenance of carbon neutrality and reductions in Green House Gas ("GHG") emissions. The Credit Facility consists of a \$1,300.0 million unsecured committed revolving line of credit maturing June 29, 2027 and two unsecured committed term credit facilities for US\$265.0 million and \$350.0 million maturing June 29, 2027 and June 29, 2026, respectively. On June 20, 2023, the Credit Facility was further amended by adding an additional \$400.0 million unsecured committed term credit tranche maturing June 20, 2024, and adjusting the financial covenants to facilitate access to the new tranche. This Sustainability-Linked Credit Facility is intended to meet the Company's funding requirements for capital investments and for general corporate purposes. The interest rate on the sustainability-linked credit facility may be adjusted up or down based on the Company's performance compared to specific sustainability targets. The Company has benefited from lower interest rates under this Credit Facility since 2021.</p> <p>Maple Leaf Foods also participates in the voluntary carbon offset market. The Company's carbon management strategy to maintain carbon neutrality involves prioritizing the avoidance and reductions of our greenhouse gas emissions and for the remaining and currently unavoidable emissions, purchasing high-quality, verified carbon offsets against rigorous policies and principles to neutralize the Company's emissions. The Company has neutralized all remaining Scope 1 & 2 emissions and 6.9% its Scope 3 emissions. The Scope 3 emissions in the Company's offset program include supplier emissions arising from plant-based ingredients, external purchased primary meats, contract hogs, 3rd party contracted hog and poultry producers and feed equivalent with the product volumes of key brands that display its Carbon Zero logo. The Company is investing in 18 high-impact environmental projects including, landfill waste diversion, anaerobic digestion, renewable energy, hazardous waste management, methane gas reduction technologies and wind farms. The Company's support of these projects is helping to reduce environmental impacts, protect and regenerate the land and reduce carbon emissions. As well, if Maple Leaf Foods proceeds with the anaerobic digestion technology, the renewable natural gas produced by the anaerobic digester could be injected back to the grid and sold as a carbon credit on the carbon offset market.</p>

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<p>Resilience</p>	<p>The Company has prioritized where it should continue to focus its physical risk mitigation efforts that could lead to the Company’s resilience in the case of realizing potential climate-related risks. Current efforts to mitigate these risks include diversifying its commodity sourcing regions, maintaining temperature-controlled barns, maintaining contingency plans and protocols for extreme weather and transportation of livestock, insurance of assets and reducing water consumption as part of the Company’s environmental footprint reduction goals. There is no guarantee that these risk mitigation efforts will be effective.</p> <p>Maple Leaf Foods is investing in regenerative agriculture practices with farmers in its supply chain. Regenerative agriculture practices regenerate the land, increase biodiversity and improve soil health and has the potential to enhance the resiliency of the land where we source our animal feed and crop input for our products.</p>
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