Together, towards PLANET-FRIENDLY FOOD. 2020 Sustainability Report Summary
In this Sustainability Report Summary, we share our 2020 progress towards our Global Sustainability Strategy and commitments. The information in this report covers McCain Foods Limited’s 2020 fiscal year, from 1st July 2019 up to 30th June 2020, unless otherwise indicated.

While our Global Sustainability journey formally began in 2019, our teams around the world have been guided by our founders’ belief that ‘good ethics is good business’ since the 1950s. As the leader in the prepared potato industry, we have embarked upon a journey to create planet-friendly food. Food that is made with clear commitments to our farmers, communities, environment, and consumers – so that all can enjoy our great tasting food for generations to come.

Published in June 2020, our first Global Sustainability Report, was developed in a pre-pandemic world, and although life fundamentally changed for many in 2020, the acute challenges posed by climate change and our fragile food system only became more evident. While we continue to navigate the very clear and present danger of the pandemic, we must also urgently work to address these existential social and environmental threats.

SUSTAINABILITY IS AT THE HEART OF OUR PURPOSE – ‘CELEBRATING REAL CONNECTIONS THROUGH DELICIOUS, PLANET-FRIENDLY FOOD’.
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A MESSAGE FROM OUR PRESIDENT & CEO

I’m proud to say that our teams, guided by our Purpose and Values, rallied together to:

- prioritize the health, safety and well-being of one another,
- keep our plants running to ensure customer supply,
- help our customers adapt to the changes they faced - such as moving into food delivery,
- support our farmers by finding alternative ways to ensure no potatoes went to waste and to protect their income, and
- build partnerships to help get food to millions of people relying on food banks around the world.

Over the past year, there has been a tremendous amount of policy action across all industries in support of climate change, and a rush to set carbon neutral targets - calling for action more urgently than ever. While I’m humbled by the incredible work of our teams worldwide and the significant strides made towards achieving our Sustainability Strategy, the pandemic underscores the emphasis on the food industry and its stakeholders - furthering our resolve to act.

In this summary report, we’ll share our commitments and actions, which are based on four key areas of concern and impact:

- **Smart & Sustainable Farming** – protecting soil health and biodiversity through regenerative agriculture, while adapting to climate change
- **Resource-Efficient Operations** – reducing CO₂ emissions and water-use and packaging
- **Good Food** – answering the needs of increasingly health and planet-conscious consumers
- **Thriving Communities** – helping rural communities where we live and operate to thrive

SINCE OUR FOUNDING, 2020 WAS UNDOUBTEDLY THE MOST CHALLENGING YEAR WE HAVE EVER FACED, BOTH AS A COMPANY AND AS INDIVIDUALS. DESPITE A STRONG START TO THE YEAR, WE FOUND OURSELVES NAVIGATING UNPRECEDEDNT DISRUPTIONS FROM THE PANDEMIC.

As restaurants shuttered around the world to accommodate social distancing restrictions, the demand for our products fell significantly. In response, we faced short-term production pauses while supporting our teams through paid temporary leaves of absence. Our farmers felt the impact too, with the prospect of millions of pounds of potatoes going to waste around the world.

MAX KOEUNE
President and CEO,
McCain Foods Limited
While some planned actions were physically delayed as a result of prioritizing people safety, travel restrictions and supply availability, our commitment to sustainability has fueled us to achieve many milestones in the past year. Most notably, we’ve accelerated our progress with the purchase of our first Farm of the Future in New Brunswick, Canada – a critical building block of our regenerative agriculture commitment, where we will test and demonstrate the economic viability and scalability of regenerative agricultural practices.

As you will read in the pages ahead, even amid a global pandemic, our journey towards planet-friendly food is well underway. Despite the challenges this past year, we have stayed the course towards our 2025/2030 targets. As we look ahead, I have continued confidence that the work we accomplish today will have a lasting impact for future generations.

Throughout the pandemic, we have witnessed the incredible potential of our teams to rise up against seemingly insurmountable challenges, find innovative solutions to problems, and above all, act in solidarity for one another.

Together, we are building back a stronger McCain, and I believe together, we can build back a better world.
We know the importance that family plays in people’s lives. We are proud to be a family company, and we take care of each other (and our business) like a family.

We are a diverse team of over 22,000 employees across six continents, who work as ONE team to shape a culture where everyone can be their authentic selves.

We are committed to quality, from the food we make to the work we do. We take pride in delivering consistent quality every day.

McCain is built on relationships and real connections, with our farmers, customers, communities and beyond. We take accountability for driving results – including our sustainability commitments.
French Fries eaten around the world are made by McCain!

- **3,500** farmers
- **22,000** employees
- **49** production plants
- Sales across **6** continents
Despite our many strengths as a business, 2020 challenged us in ways we couldn’t imagine. We rapidly adapted our operations to keep people safe while also ensuring we could continue to serve food to our communities and customers. The pandemic was not the only challenge we faced in these areas in 2020. Sadly, the world also had to come face-to-face with the reality that racism, discrimination, misogyny and xenophobia still exist, not only in our society, but also in our own places of work. The topics of Safety and Inclusion therefore became even more elevated as priorities in the last year.

**Strong Foundations: Supporting our team around the world**

Our strong foundations are our core commitments to our employees, and they include:

**Safety**
- Targeting zero incidents at work, because we believe everyone should get home safe every day.

**Inclusion**
- Striving towards a diverse, equitable & inclusive workforce.

**Ethics**
- Zero tolerance for corruption or human rights abuses.

**Security**
- Fair compensation for all McCain employees.
The safety and well-being of our teams and customers has always been a priority at McCain, but as the world adapted to the spread of COVID-19, our teams stepped up to protect each other with laser focus. Led by the immediate response of our team in China in January 2020, we rapidly deployed best practice COVID-19 safety protocols to all our locations around the world, which enabled our teams to be crisis ready and proactive. Our priority was to keep our teams safe while ensuring the critical delivery of food to our communities and customers. We achieved this through a range of protection measures such as business travel bans, visitor restrictions, health screening, as well as implementing and adapting significant workplace safety and hygiene practices for all our locations. At the same time, our IT teams’ agility allowed us to move nearly 8,000 office-based employees to remote working within days that the pandemic was declared.

Since the start of the pandemic, our Crisis Management teams globally and regionally met frequently to review the rapidly evolving situation and coordinate plans across all aspects of the business. Supporting our in-house teams, we also retained the services of specialists including an epidemiologist and psychologist to guide our ongoing response to safety procedures and programming in relation to both COVID-19 safety and the mental health impacts of the pandemic.

As we look ahead, we plan to help educate our teams on topics like vaccination while providing further resources on mental health and well-being to our teams and their families.

In 2020, we achieved a Total Recordable Incident Rate (TRIR) of 0.89 down from 1.04 in 2019, with 58 of our 111 locations, which include plants, transportation terminals, warehouses, offices, and other plants achieving an impressive TRIR of zero.

Despite the pandemic, several of our global plants were also able to maintain their longstanding records of zero incidents, including our Potato Processing Technology Center in Canada (10 years incident-free) and our Bogota facility (6 years incident-free).

HIGHLIGHTS:

TARGETING ZERO INCIDENTS AT WORK

Our Online Health Screening App was created to help our plant teams safely and quickly complete their daily health questionnaire.
Our 2019 plans to launch a new safety brand, aimed at connecting our teams with the ‘why’ of what it means to work safe, were halted as governments around the world imposed social distancing restrictions to reduce the spread of COVID-19. However, our teams showed commitment and agility to turn the large ‘in-person family events’ into a personal experience for our teams and their families in the safety of their own homes.

We delivered ‘safety in a box’ directly to the homes of over 6,000 employees in North America as a pilot, containing useful items to safeguard against COVID-19 while also creating a moment of cheer for our teams during lockdown.

Your safety moment likely saved my life. Your reminder to not drive distracted caused me to pull over and finish my call. Just two minutes ahead was a severe crash with a truck I had been following before I pulled over.

– Dean Melnic, Plant Manager
AT MCCAIN, WE ARE COMMITTED TO BUILDING A DIVERSE AND INCLUSIVE CULTURE, WHERE ALL INDIVIDUALS ARE TREATED WITH RESPECT AND DIGNITY AND CAN THRIVE WHILE BEING THEIR AUTHENTIC SELVES.

Our Diversity & Inclusion journey started in late 2016 with a focus on improving gender balance in leadership. Starting at just 19 per cent, we committed to increase women in leadership roles to at least 30 per cent by 2025.

We’ve focused on several interventions, including diversity communications, visible and proactive leadership, global initiatives such as Talent Talks, Inclusion Summits, and personal development programs, an active Diversity & Inclusion Council, as well as Employee Resources Groups (ERGs) that have been organically created by employees, for employees.

Our efforts have made a difference. In 2020, women represented 25 percent of McCain’s global leadership team.

Yet, as we grappled with the impacts of the global pandemic, acts of brutal racism and discrimination around the world also called for attention and meaningful action, beyond the moment in time. It became clear that we needed to take a step back and review our Diversity & Inclusion Strategy, and that had to start with truly understanding ‘who’ our people are around the world. As we embark on a ‘bigger, broader, bolder’ diversity journey at McCain, we are laying the foundations to run our first ever employee self-identification survey.

In 2021, we’ll be inviting our teams to take part in a Global Self-ID Survey – a voluntary, confidential, demographic survey to determine • ethnicity, • gender identity, • romantic/sexual orientation, and • levels of ability/disability.

When we acknowledge that we are not where we need to be yet, we express sincere intention to do the work to learn, grow, and contribute to much needed change – within our teams, company, communities, and society as a whole. We recognize that we have a role to play in creating a better future, and that moving the dial on diversity and inclusion requires sustained action over time. The results of our work to date help us evaluate our current workforce and inform and adapt our people strategy to ensure that we shape a more diverse, inclusive, and accessible McCain – now, and for generations to come.

I am inspired everyday by the opportunity to lead our evolution to a Bigger, Broader, Bolder future at McCain – where representation and belonging is embedded in our culture.

– Sandra Cushnie, Director, Global Diversity, Equity & Inclusion
Like many businesses, the impact of the pandemic during the first wave was significant. The closure of many restaurants and hospitality outlets during lockdowns created a significant drop in demand for our products and a production pause at several of our factories. For some team members, this meant they were placed on temporary leaves of absence until our production demand returned. In every instance, our team members continued to receive partial compensation to ensure they were supported during this difficult time. Given the imposed disruptions of the pandemic, we worked closely with all team members who were managing dependent care while working, with the intention of finding a solution to balance both work and personal commitments.

ALL McCAIN EMPLOYEES ARE PROVIDED WITH PAID SICK LEAVE TO ENSURE THEY TAKE THE TIME AWAY FROM WORK THAT IS NEEDED TO RECOVER, AND THAT THEY CAN DO SO WITH PEACE OF MIND.

Underpinning our Strong Foundations and guiding our approach to Ethics is the McCain Code of Conduct (for employees) and McCain Supplier Code of Conduct. These Codes provide clear guidance on acceptable behaviours, including situational examples that help educate and guide.

IN 2020, McCAIN COMPLETED A CODE OF CONDUCT RECERTIFICATION FOR ALL EMPLOYEES WITH A 96 PER CENT COMPLETION RATE.

ZERO TOLERANCE FOR CORRUPTION OR HUMAN RIGHTS ABUSES

FAIR COMPENSATION FOR ALL McCAIN EMPLOYEES

HIGHLIGHTS:
OUR SUSTAINABILITY STRATEGY

Planet-friendly Practices

Our Sustainability Pillars

- SMART & SUSTAINABLE FARMING
  - Implementing regenerative agricultural practices across 100% of McCain potato acres by 2030
  - Developing research partnerships and leverage collective action to advance regenerative agriculture
  - Reducing CO₂ per tonne from potato farming, storage, and freight by 25% by 2030
  - Improving water-use efficiency by 15% in water-stressed regions by 2025

- RESOURCE-EFFICIENT OPERATIONS
  - 50% absolute reduction in CO₂ emissions (Scope 1 & 2), move out of coal and 100% renewable electricity by 2030
  - 30% reduction in CO₂ emissions intensity (Scope 3) by 2030 (2017 baseline)
  - 15% improvement in water-use efficiency in seven priority plants by 2025
  - Zero waste to landfill and 100% potato utilization by 2025
  - Making 100% of our packaging recyclable, reusable or compostable by 2025

- GOOD FOOD
  - Using ingredients that customers recognize, expect, and accept
  - Removing palm oil from our frying operations for McCain-branded products by 2025
  - 15% reduction in sodium (sales-weighted average) in our potato and appetizer products by 2025
  - Providing clear and transparent nutritional information
  - Expanding our healthier offerings

- THRIVING COMMUNITIES
  - Supporting farmers and families by donating 200 million meals to food banks and NGOs by 2025
  - Supporting farmers and families with 50,000 hours of employee volunteering by 2025
  - Improving the livelihoods of 10,000 vulnerable farmers and families by 2025

Our Commitments

- 50% absolute reduction in CO₂ emissions (Scope 1 & 2), move out of coal and 100% renewable electricity by 2030
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Our Alignment to the United Nations' Sustainable Development Goals (SDGs)
**Planet-friendly food HIGHLIGHTS**

- **6%** decrease in absolute CO₂ emissions (from 2017)
- **95%** of global paper for packaging from certified sources with 59% recycled content (up from 48% in 2017)
- **1,200+** new beneficiaries of community development projects, total 5,200+ to date
- **53 million meals** 16K tonnes of food donated since the start of the pandemic
- **4%** decrease in water-use intensity at seven priority plants, in water-stressed regions. (baseline: 2017)
- **GBP £25 MILLION** (approx. $42M CAD) over the course of 5 years to support farmers in Great Britain
- **McCain Potato Farmer Pledge’** which will see us invest
- **Development of a Regenerative Agriculture Framework & Roadmap in collaboration with OP2B**
- **Use of renewable electricity increased to 4% (from 1% in 2019)**
- **Ballarat Solar Plant** became partially operational after Phase 1 was completed in F20

*One Planet Business for Biodiversity (OP2B) is a unique, international, cross-sectorial, business coalition with a specific focus on agriculture, driving transformational systemic change, and protecting and restoring cultivated and natural biodiversity.*
By 2050, it is estimated\(^1\) that we will need to produce 70 per cent more food to meet the demands of the growing world population, requiring –65 per cent more water-use, –67 per cent increase in crop land, –54 per cent phosphorus application, –51 per cent nitrogen application, and resulting in an increase of –87 per cent in CO\(_2\) emissions. Meanwhile, the changing climate is disrupting harvests, leading to supply chain volatility, higher losses, and an uncertain future for many farmers. Finally, despite the many advances in modern science and technology, we are still seeing crop yields stagnate or become increasingly volatile.

As a business and industry, we must redefine what sustainable farming and food production of the future looks like. We believe that regenerative agriculture is key to this future, but it’s a journey in which we will need to partner with many others to achieve.

AND THAT STARTS WITH OUR COMMITMENT TO INVEST IN OUR UNDERSTANDING OF REGENERATIVE AGRICULTURAL PRACTICES AND THEIR IMPACT, COSTS, AND BENEFITS.

What is Regenerative Agriculture?

Regenerative agriculture is an ecosystem-based approach to farming that aims to increase farmer resilience by enhancing soil health, and protecting biodiversity to improve yields, while reducing dependencies on synthetic inputs. The six key principles which frame our practice include:

- **Minimize Soil Disturbance**
- **Armour Soils, Preferably with Living Plants**
- **Enhance Crop and Ecosystem Diversity**
- **Ensure Farm Resilience**
- **Integrate Organic and Livestock Elements**
- **Reduce Agro-Chemical Impacts and Optimize Water-Use**
 IMPLEMENTING REGENERATIVE AGRICULTURAL PRACTICES ACROSS 100 PER CENT OF McCAIN POTATO ACRES BY 2030.

OPERATING THREE FARMS OF THE FUTURE BY 2025, DEDICATED TO DEVELOPING REGENERATIVE AGRICULTURAL PRACTICES.

REDUCING CO₂ PER TONNE FROM POTATO FARMING, STORAGE, AND FREIGHT BY 25 PER CENT BY 2030.

IMPROVING WATER-USE EFFICIENCY BY 15 PER CENT IN WATER-STRESSED REGIONS BY 2025.

TRAINING, KNOWLEDGE & TECHNOLOGY TRANSFER TO OUR FARMERS (FORMERLY A TARGET IN THRIVING COMMUNITIES).

Establishing a Regenerative Agriculture Framework as part of OP2B coalition commitment. (Announced June 2021)


3 per cent increase in CO₂ emissions per tonne of potato 2017-20, largely due to changes in volume by geography. Completed major new study of potato CO₂ emissions, results to be shared in 2021.

2 per cent reduction in water-use intensity (m³/tonne) in water-stressed regions 2017-20.

15 per cent decrease in grower training hours from 2019-20, with in person initiatives on hold due to the pandemic. 8 per cent increase in number of technologies transferred to farmers 2019-20.

NEW TARGET

ON TRACK

ON TRACK

ON TRACK

ON TRACK, COVID-19 IMPACT
Implementing best practices

ADVANCING REGENERATIVE AGRICULTURE

IN 2020, WE DEVELOPED A REGENERATIVE AGRICULTURE FRAMEWORK AND AN ANALYTICAL MODEL TO DEVELOP AN UNDERSTANDING OF OUR FARMERS BASED ON THE PRINCIPLES AND PRACTICES DEFINED COLLECTIVELY WITH OP2B.

This model was developed using data from 15 farmers in New Brunswick, beginning in April through to August 2020. The model was reviewed by OP2B scientific advisors for validation, and it evaluates a farmer’s profile based on soil health, bio-diversity, and regenerative practices, including carbon sequestration. This helps us to set a baseline, identify best practices, and develop technical pathways towards a more regenerative model. In recognition of the need to accelerate this work, we have set an ambitious new target of advancing regenerative agricultural practices across 100 per cent of McCain potato acres by 2030.

We need to reimagine the future of farming. It’s going to be a journey, but one we believe we can make in partnership with our farmers around the world.

– Philippe Thery, Chief Agricultural Officer

McCain-owned and operated

FARMS OF THE FUTURE

One of our key targets is to develop three McCain-owned, commercially operated farms across three different growing regions – our ‘Farms of the Future’ by 2025. The intention of these farms is to develop a better understanding of how a whole-farm, regenerative system works, and to advance, showcase, and roll out regenerative farming practices. In 2020, we established the first farm location in New Brunswick, Canada. With the acquisition and launch of the farm in 2021, we have commenced on-farm preparation and machinery modifications.

OUR FEASIBILITY STUDY FOR OUR SECOND FARM LOCATION HAS ALSO COMMENCED, WITH OUR SECOND SITE LOCATION ANNOUNCEMENT PLANNED LATER IN 2021.

HIGHLIGHTS:
In addition to navigating the challenges of the pandemic, our farmers in GB faced the two worst consecutive potato crops in the last 40 years.

As the largest purchaser of British potatoes, buying around 15 per cent of the annual crop, supporting our farmers to ensuring a sustainable future for our sector and business was critical.

**IN 2020, McCAIN GREAT BRITAIN LAUNCHED THE ‘McCAIN POTATO FARMER PLEDGE’ WHICH WILL SEE US INVEST GBP £25 MILLION (APPROXIMATELY CAD $43 MILLION) OVER THE COURSE OF FIVE YEARS TO SUPPORT FARMERS TO MITIGATE CLIMATE CHANGE IMPACTS AND TRANSITION TO MORE SUSTAINABLE AGRICULTURAL PRACTICES.**

This investment will focus on strengthening McCain’s partnerships with farmers and support the wider supply chain, including our customers and suppliers.

We look forward to sharing updates and progress on this pledge in our following report.
As such, we have established targets to reduce CO₂ emissions in our own operations by 50 per cent, purchase 100 per cent renewable electricity, move towards zero waste to landfill, reduce food waste, improve water efficiency, and utilize sustainable packaging.

Many of our targeted commitments require both capital investment and infrastructure development as we transform our operations and innovate sustainable solutions. During the first wave of the COVID-19 pandemic, many of our capital investment plans were paused to ensure people safety and align with government restrictions. Despite second and subsequent waves of COVID-19 in some regions, we have been able to safely restart a number of important investments that contribute to the reduction of our CO₂ emissions and water usage, while progressing our waste and packaging commitments.

Despite the challenges of the pandemic, we remain committed to our 2025 and 2030 commitments, and are proud to have joined RE100, a collective of major businesses committed to timely action, transparency, and accountability by switching to 100 per cent renewable electricity.

The Science Based Targets initiative (SBTi) ensures McCain’s goals and objectives are aligned with the current climate science. We are proud to be the only food & beverage company in Canada – and among 31 food & beverage companies in the world to have our target to limit global warming to 1.5°C validated by the SBTi.
At a glance, our progress this year

RESOURCES-EFFICIENT OPERATIONS

Our Commitments:

1. 50 PER CENT ABSOLUTE REDUCTION IN CO₂ EMISSIONS (SCOPE 1 & 2), MOVE OUT OF COAL AND 100 PER CENT RENEWABLE ELECTRICITY BY 2030.

2. 30 PER CENT REDUCTION IN CO₂ EMISSIONS INTENSITY (SCOPE 3) BY 2030 (2017 BASELINE).

3. 15 PER CENT IMPROVEMENT IN WATER-USE EFFICIENCY IN SEVEN PRIORITY PLANTS BY 2025.

4. ZERO WASTE TO LANDFILL AND 100 PER CENT POTATO UTILIZATION BY 2025.

5. MAKING 100 PER CENT OF OUR PACKAGING RECYCLABLE, REUSABLE OR COMPOSTABLE BY 2025.

Our Progress in 2020:

- 6 per cent decrease in Scope 1 & 2 absolute CO₂ emissions from 2017 baseline (Scope 1 & 2).
- Use of renewable electricity up to 4 per cent of total electricity, from 1 per cent in 2019.
- Preparations for move out of coal in China – achieved in September 2020, reducing our CO₂ emissions by approximately 21,000 tonnes per year.
- 4 per cent increase in Scope 3 CO₂ emissions intensity from 2017 baseline.
- 4 per cent improvement in water-use efficiency in seven priority plants in water-stressed regions from 2017 baseline.
- 1.4 per cent waste to landfill, down from 1.5 per cent in 2019.
- 97 per cent of packaging technically recyclable.
- 95 per cent of paper for packaging from certified sources, with 59 per cent recycled content up from 48 per cent in 2017.
Towards 100% renewable

IMPLEMENTING RENEWABLE ELECTRICITY, GLOBALLY

As part of our 2030 goals of a 50 per cent reduction in absolute CO₂ emissions and having 100 per cent of our plants powered by renewable electricity, we are developing and implementing projects across McCain’s global operations. We started construction, and by year-end 2020 had commenced partial operation of our renewable energy project in Ballarat, Australia. Once fully implemented, this will include 17,000 solar panels and a cogeneration system run on biogas produced from treatment of our wastewater and anaerobic digestion of food waste. This project is intended to yield a 39 per cent reduction in energy use from the grid and reduce CO₂ emissions by 27,000 tonnes per year. In addition, we started to work on solar energy projects at our plants in Strzelin, Poland, which will be operational in 2021, and Delmas and Springs in South Africa, operational in 2022.

Climate change presents an existential threat to us all – so, following the science is important. Through our commitment to reduce CO₂ in absolute terms – ensuring the future of our business and our planet.

– Brian McCain, Director, Environment and Resource-Efficient Operations

HIGHLIGHTS:

17,000 solar panels
Ballarat, Australia

THESE WILL CONTRIBUTE A FURTHER REDUCTION OF CO₂ EMISSIONS BY 10,000 TONNES PER YEAR AND ARE PART OF A PIPELINE OF HIGH POTENTIAL PROJECTS WE’VE IDENTIFIED TO SUPPORT THE DELIVERY OF OUR 2030 AMBITION.
Our packaging efforts

TKING ACTION TOWARDS SUSTAINABLE PACKAGING

In 2020, McCain became a signatory of the New Plastic Economy Global Commitment led by the Ellen MacArthur Foundation, reinforcing our commitment to ensuring 100 per cent of our packaging materials are recyclable, reusable, or compostable by 2025. Sustainable packaging requires a systemic shift, involving collective action by all actors across the value chain.

As a leader in the frozen food industry, we need to lead the transition away from the linear take-make-dispose model of consumption to reused-recycled-compostable packaging.

WE’RE PLEASED TO REPORT THAT WE ACHIEVED 59 PER CENT RECYCLED CONTENT FOR GLOBAL PAPER MATERIALS IN 2020.

We have also successfully implemented a closed loop packaging system in Colombia as part of our journey to reusable packaging. The system sees packaging cases returned to McCain for reuse, resulting in a 25 per cent reduction in plastic weight (47 tonnes), 30,000 less corrugated boxes used, as well as transportation and storage efficiency improvements.

We continued to collaborate to ensure our packaging was completely recyclable and achieved 30 per cent recovery of Business to Consumer B2C plastic materials in India from April 2019 to March 2020, with 100 per cent being recovered from April 2020.

HIGHLIGHTS:
GOOD FOOD IS ONE OF LIFE’S EVERYDAY SPECIAL MOMENTS. ALONG WITH OUR WORLD-FAMOUS FRENCH FRIES, WE PRODUCE A WIDE RANGE OF DELICIOUS DESSERTS, POTATO SPECIALTIES, ENTREES, VEGETABLES, AND PIZZAS FOR RETAIL CONSUMERS AND FOR CUSTOMERS SERVING OUT-OF-HOME DINING AND DELIVERY.

As a manufacturer of globally distributed and consumed food products, food safety and quality are always at the forefront of our operations. We want to serve our customers the delicious food they know and love while also making our products even better for the whole family.

Our teams continuously work towards new and improved choices, including improving the ingredient and the nutritional profile for widely loved products and innovating new and exciting offerings. Around the world, we are also working to ensure clear labelling and communication of our products in a transparent way so that consumers can make informed decisions.

Progress against our targets during this unprecedented pandemic year fell behind our original plans, driven by the significant and unpredictable fall in demand in the out-of-home dining market. We experienced sensory testing delays for sodium reduction due to COVID-19 safety restrictions.

OUR PRIMARY FOCUS IN 2020 WAS ENSURING THE CONTINUATION OF SUPPLY TO OUR COMMUNITIES AND CUSTOMERS. AS WE LOOK AHEAD INTO 2021, WE ANTICIPATE MORE DEMAND RESILIENCY AND REMAIN COMMITTED TO OUR LONG-TERM GOOD FOOD TARGETS.
At a glance, our progress this year

**GOOD FOOD**

**Our Commitments:**

1. **USING INGREDIENTS THAT CUSTOMERS RECOGNIZE, EXPECT, AND ACCEPT.**
2. **REMOVING PALM OIL FROM OUR FRYING OPERATIONS FOR McCAIN BRANDED PRODUCTS BY 2025.**
3. **15 PER CENT REDUCTION IN SODIUM (SALES-WEIGHTED AVERAGE) IN OUR POTATO AND APPETIZER PRODUCTS BY 2025.**
4. **PROVIDING CLEAR AND TRANSPARENT NUTRITIONAL INFORMATION.**
5. **EXPANDING OUR HEALTHIER OFFERINGS.**

**Our Progress in 2020:**

1. Baseline established for recognizable ingredients. **ON TRACK**
2. 14 per cent of our total oil used is palm oil, with preparations underway to move to alternative oils by 2025. **ON TRACK**
3. Sodium sales weighted average up 4.6 per cent for potato products and no significant change in appetizers. **NEEDS ATTENTION**
4. McCain participated in voluntary as well as mandatory retail Front-Of-Pack (FOP) labelling schemes in a total of 16 countries. **ON TRACK**
5. Innovation in new product segments in some key markets in 2020. **NEEDS ATTENTION**
Delicious, planet-friendly food

MORE SMILES, LESS SODIUM IN INDIA & SOUTH AMERICA

As part of our commitment to make our customers’ favourite products even better, we continued to expand our sodium reduction efforts across more geographies in 2020. We reformulated two popular products in India, our Veggie Nuggets and Smiles, reducing sodium by 13 per cent and 10 per cent respectively. In South America, we achieved a 20 per cent sodium reduction in formed potato products manufactured in Balcarce, Argentina. This reduction impacts 3,700 tonnes of products in Brazil, the Southern Cone (Chile, Argentina and Uruguay), and Mexico. With the same delicious taste, our retail, foodservice, and export customers can now enjoy and share more smiles with less sodium.

INFORMED DECISION-MAKING IN SOUTH AFRICA

As a responsible food manufacturer, we are committed to ensuring our customers and consumers understand the nutritional content of our products and enjoy our food as part of a balanced diet. In South Africa, we’ve made it even easier for customers to access and consider nutritional information by adding front-of-pack labelling on all new products from 2020, and we will continue to roll this out across all products.

HIGHLIGHTS:
CONTINUING TO INNOVATE IN NEW PRODUCT SEGMENTS

TO SUPPORT HEALTHIER CHOICES, WE LAUNCHED NEW HEALTHY CHOICE VEGETARIAN OPTIONS IN AUSTRALIA AND NEW ZEALAND, ALL WITH 3.5 OF A POSSIBLE 5 STARS IN THE AUSTRALIAN GOVERNMENT’S HEALTH STAR RATING SYSTEM.

We also introduced air-frying instructions on all new potato and appetizer products in South Africa in 2020, with the ongoing phasing-in of this information on all products.

SIMPLICITY AT ITS FINEST IN GREAT BRITAIN

IN OUR FOOD PRODUCTION, WE USE AS FEW INGREDIENTS AS POSSIBLE AND LIMIT THE USE OF ARTIFICIAL FLAVOURS, COLOURS, AND PRESERVATIVES. IN GREAT BRITAIN, WE LAUNCHED A NEW OFFERING IN 2020 TO ALIGN WITH OUR CUSTOMERS’ CHANGING NEEDS AND SUPPORT BUILDING BALANCED, SHAREABLE, FAMILY-FRIENDLY FOOD.

Our Naked Oven Chips feature a delicious taste, only two ingredients, front-of-pack nutritional labelling, and an ingredient profile appropriate for those following both gluten-free and vegan diets.
In 2020, the pandemic further highlighted the fragility of many communities around the world, including rural and marginalized communities. In the countries where we operate, we witnessed millions of people facing unemployment, while food banks struggled to keep up with demand. In response, our McCain teams expanded our existing partnerships with food banks and we were able to donate the equivalent of over 53 million meals globally.

OTHER HIGHLIGHTS FROM THE YEAR INCLUDE:

- Doubling our partnerships with food banks across the world during the pandemic to working with 14 food banks in 2020.
- Impacting over 5,200 beneficiaries to date through our community development programs and partnerships in Latin America, Continental Europe, India and Morocco.
- A newly formed partnership with Tent Partnership for Refugees in Canada and a commitment to hiring 120 qualified refugees to our McCain team by 2024.
- Continuing to actively support employee volunteering initiatives in 12 countries.
- Developing groundwork for an employee volunteering program and enabling every McCain employee to receive a paid volunteering day off every year. Planet-Friendly Food Crews established in 5 of 8 regions to support identification of volunteering opportunities.
Our Commitments:

1. SUPPORTING FARMERS AND FAMILIES BY DONATING 200 MILLION MEALS TO FOOD BANKS AND NGO’S BY 2025.
2. SUPPORTING FARMERS AND FAMILIES WITH 50,000 HOURS OF EMPLOYEE VOLUNTEERING BY 2025.
3. IMPROVING THE LIVELIHOODS OF 10,000 VULNERABLE FARMERS AND FAMILIES BY 2025.

Our Progress in 2020:

>53 Million meals, 16,000 tonnes food donated to food banks globally in 2020.

Development of employee volunteering program for launch in F21.

Over 5,200 vulnerable farmers and families have benefited from our community development programs in Latin America, Continental Europe, India and Morocco to date, including >1,200 new beneficiaries in 2020.
Minimizing food waste

POTATOES FOR GOOD

AS THE PANDEMIC FORCED THE CLOSURE OF RESTAURANTS AND OUT-OF-HOME EATING ESTABLISHMENTS ACROSS THE GLOBE, OUR FARMERS WERE MET WITH AN OVERSUPPLY OF POTATOES. AS PART OF OUR COMMITMENT TO HONOUR ALL GROWER CONTRACTS, WE WORKED TO MINIMIZE WASTAGE BY REALLOCATING POTATO VARIETIES NORMALLY EARMARKED FOR FOODSERVICE TO RETAIL PRODUCT LINES.

• In partnership with FareShare UK’s largest food redistribution charity, we donated more than 160 tonnes of British potatoes between May and June 2020, marking the first time that we’ve ever provided fresh produce.

• In Canada, McCain Foods works with over 130 farmers to grow and purchase millions of tonnes of potatoes needed every year to provide restaurants, food service, and retail outlets with the McCain products Canadians love. As the pandemic continues to affect our daily lives and our business, Canadian farmers faced a surplus of potatoes.

In May 2020, A Canadian Marketing campaign called French Fries Feed Farmers, rallied Canadians to help reduce the surplus potato pile by eating more fries than they had been since the pandemic started. This campaign prompted McDonald’s, our biggest customer in Canada, to join the movement to support our farmers with their Fries for Good campaign.
INSPIRING YOUTH IN ARGENTINA: SEMBRANDO FUTURO

IN ARGENTINA WE QUICKLY PIVOTED TO VIRTUAL LEARNING AS A RESPONSE TO THE PANDEMIC FOR OUR SEMBRANDO FUTURO PROGRAM, A TRAINING INITIATIVE FOR YOUNG, LOW SOCIO-ECONOMIC, UNDERPRIVILEGED PEOPLE BETWEEN 17-24 YEARS OLD.

The transition to digital learning allowed us to continue teaching socio-economical, digital and executive functional skills, and instill essential tools for the work-world and strong values. Leading to 250 registrations, 148 graduations and an 80 per cent retention rate.

SCALING UP OUR PROJECTS IN INDIA

By establishing and maintaining strong partnerships in India, we have been able to scale up our efforts on Project Shakti - beneficiaries increased by 116 to a total of 411 women and girls to date and launched a new project - Utthan.

Focusing on four villages in the region of Sabarkatha, India, Project Utthan is introducing the tools, training and resources necessary for these communities to produce higher-yield castor, vegetables and cash crops.

WE ARE ALSO WORKING WITH THESE COMMUNITIES TO IMPROVE THE NUTRITION AND HEALTH OF LIVESTOCK TO IMPROVE MILK PRODUCTIVITY, WHICH IS IMPORTANT TO LOCAL FOOD SECURITY. IMPLEMENTATION OF COMMUNITY AND HEALTH PROGRAMS HAVE ADDITIONALLY IMPROVED THE WELL-BEING AND LIVELIHOODS OF COMMUNITY MEMBERS.

IN ITS FIRST YEAR IN 2020, THIS PROJECT BENEFITTED 203 SMALL AND MARGINAL FARMERS.
Making a Difference in Colombia at Campo Vivo

Campo Vivo is a joint venture with Yunus Social Business in Colombia to improve the livelihoods and quality of life for local farmers in low socio-economic regions in rural Colombia. In 2020, Campo Vivo signed new purchasing guarantees with farmer cooperatives and continued the training of farmers to increase their potato yields. Campo Vivo also placed a greater focus on the market potential for alternative products like native potatoes and yucca.

While the pandemic caused a delay of some activities, this program has seen an additional 704 beneficiaries in 2020 and a total of 4,108 to date.

Campo Vivo received an additional grant of CAD $120,000 from the German Development Finance Institution (DEG) to help mitigate the negative economic and health impacts of COVID-19.

**This grant enabled access to information/communications technology for online training, and government support programs for 160 farmers, across three rural regions in Colombia.**

Enabling livelihoods of smallholder farmers
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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>SUPPORTING ADOPTION OF REGENERATIVE AGRICULTURAL PRACTICES</td>
<td>Implementing regenerative agricultural practices across 100% of McCain potato acres by 2030</td>
<td>% potato acres</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Baseline to be established in 2021</td>
</tr>
<tr>
<td></td>
<td>Operating three Farms of the Future by 2025, dedicated to developing regenerative agricultural practices</td>
<td># operating Farms of the Future</td>
<td>N/A</td>
<td>N/A</td>
<td>New Target</td>
<td>1</td>
</tr>
<tr>
<td>MITIGATING THE CLIMATE IMPACT OF OUR OPERATIONS AND SUPPLY CHAIN</td>
<td>25% intensity reduction in CO2 emissions from farming, storage and freight by 2030</td>
<td>Emissions intensity (tCO₂e/t raw potato)</td>
<td>0.117</td>
<td>0.119</td>
<td>0.120</td>
<td>0.120</td>
</tr>
<tr>
<td>PROMOTING THE EFFICIENT USE OF WATER</td>
<td>Improving water-use efficiency by 15% in water-stressed regions by 2025</td>
<td>Water-use intensity in water-stressed regions (m³/t raw potato)</td>
<td>575 (baseline: average 2016-18)</td>
<td>62.7</td>
<td>56.4</td>
<td>-2%</td>
</tr>
<tr>
<td></td>
<td>20% of all potato crops grown for McCain to use stress-tolerant varieties by 2025</td>
<td>% water stress-tolerant varieties</td>
<td>17%</td>
<td>17%</td>
<td>18%</td>
<td>19%</td>
</tr>
<tr>
<td>SUPPORTING THE LONG-TERM DEVELOPMENT OF FARMERS</td>
<td>Training, knowledge &amp; technology transfer to our farmers</td>
<td># trainings hours</td>
<td>N/A</td>
<td>&gt;34,000</td>
<td>&gt;32,500</td>
<td>&gt;27,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td># technologies transferred</td>
<td>146</td>
<td>210</td>
<td>237</td>
<td>257</td>
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# Resource-Efficient Operations

## MITIGATING THE CLIMATE IMPACT OF OUR OPERATIONS & SUPPLY CHAIN

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<tbody>
<tr>
<td>50% reduction in CO₂ emissions by 2030, 25% reduction by 2025 (Scope 1 &amp; 2)</td>
<td>Absolute direct emissions (tCO₂e)</td>
<td>1,398,346</td>
<td>1,401,895</td>
<td>1,389,058</td>
<td>1,312,184</td>
<td>-6% <strong>ON TRACK, COVID-19 IMPACT</strong></td>
</tr>
<tr>
<td>Ceasing coal use by 2025</td>
<td>% non-electrical energy from coal</td>
<td>8.4%</td>
<td>8.8%</td>
<td>8.0%</td>
<td>7.8%</td>
<td>-0.6% <strong>ON TRACK</strong></td>
</tr>
<tr>
<td>100% renewable electricity in French fry and appetizer plants by 2030</td>
<td>% electricity from renewable sources</td>
<td>N/A</td>
<td>N/A</td>
<td>1.2%</td>
<td>3.8%</td>
<td>+3.8% <strong>ON TRACK</strong></td>
</tr>
<tr>
<td>60% intensity reduction in CO₂ emissions by 2030 (Scope 1&amp;2)</td>
<td>Emissions intensity (tCO₂e/t finished product)</td>
<td>0.329</td>
<td>0.323</td>
<td>0.320</td>
<td>0.319</td>
<td>-3% <strong>ON TRACK, COVID-19 IMPACT</strong></td>
</tr>
<tr>
<td>30% intensity reduction in CO₂ emissions by 2030 (Scope 3)</td>
<td>Indirect emissions intensity (tCO₂e/t finished product)</td>
<td>0.483</td>
<td>0.500</td>
<td>0.505</td>
<td>0.500</td>
<td>+4% <strong>NEEDS ATTENTION</strong></td>
</tr>
</tbody>
</table>

## PROMOTING THE EFFICIENT USE OF WATER

| 15% improvement in water-use efficiency at 7 priority plants by 2025  | Water-use intensity (m³/t finished product)                             | 7.9        | 8.3        | 8.2        | 7.6        | -4% **ON TRACK**      |

## STRIVING TOWARDS ZERO WASTE

| Zero waste to landfill by 2025                                        | Waste to landfill (%)                                                  | 2.3%       | 2.8%       | 1.5%       | 1.4%       | -0.9% **ON TRACK**    |

Click [HERE](#) to view Supplementary Data pertaining to our Resource-Efficient Operations.
McCain sought external assurance of our 2017-2020 CO₂ emissions data. Click [HERE](#) to view the statement.
### Promoting Sustainable Use of Packaging

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</tr>
</thead>
<tbody>
<tr>
<td>Making 100% of our packaging recyclable, reusable or compostable by 2025</td>
<td>% packaging materials that are recyclable, reusable or compostable</td>
<td>96%</td>
<td>96%</td>
<td>96%</td>
<td>97%</td>
<td>97%</td>
</tr>
<tr>
<td>100% paper packaging technically recyclable by 2025</td>
<td>% paper materials</td>
<td>97.7%</td>
<td>97.7%</td>
<td>97.9%</td>
<td>97.9%</td>
<td>97.9%</td>
</tr>
<tr>
<td>100% plastic packaging technically recyclable by 2025</td>
<td>% plastic materials</td>
<td>85.6%</td>
<td>85.7%</td>
<td>85.7%</td>
<td>85.8%</td>
<td>85.8%</td>
</tr>
</tbody>
</table>

Click [here](#) to view Supplementary Data pertaining to our Resource-Efficient Operations.
## IMPROVING THE NUTRITIONAL PROFILE OF OUR PRODUCTS

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>15% reduction in sodium (sales weighted average) in our potato and appetizer products by 2025 (2018 baseline)</td>
<td>% change in sodium SWA (mg/100g) in potato products</td>
<td>N/A</td>
<td>Baseline established</td>
<td>+4.2%</td>
<td>+4.6%</td>
<td>+4.6%</td>
</tr>
<tr>
<td></td>
<td>% change in sodium SWA (mg/100g) in appetizer products</td>
<td>N/A</td>
<td>Baseline established</td>
<td>+0.5%</td>
<td>-0.6%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Removing palm oil from our frying operations for McCain-branded products by 2025</td>
<td>Palm oil % of total oil usage</td>
<td>N/A</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
<td>No change</td>
</tr>
</tbody>
</table>

**NEEDS ATTENTION, COVID-19 IMPACT**

**ON TRACK**
## Thriving Communities

### PERFORMANCE TABLES

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Supporting farmers &amp; families with 50,000 hours of employee volunteering by 2025</td>
<td># hours employee volunteering</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Plan established for program launch in 2021</td>
<td>N/A</td>
</tr>
<tr>
<td>Improving the livelihoods of 10,000 vulnerable farmers and families by 2025</td>
<td># estimated beneficiaries</td>
<td>N/A</td>
<td>3,760</td>
<td>3,991</td>
<td>5,203</td>
<td>+1,212 (2019-2020)</td>
</tr>
<tr>
<td>Supporting farmers and families by donating 200 million meals to food banks and NGO's by 2025</td>
<td># meals donated</td>
<td>34,800,000</td>
<td>30,100,000</td>
<td>24,200,000</td>
<td>53,600,000</td>
<td>+54%</td>
</tr>
</tbody>
</table>

**CO-CREATING POSITIVE CHANGE IN RURAL COMMUNITIES**

- **ON TRACK**
- **NEW TARGET**
PARTNERSHIPS & COLLABORATIONS

WE STRONGLY BELIEVE THAT PARTNERSHIPS AND MULTI-STAKEHOLDER COLLABORATIONS ARE KEY TO ACHIEVING A MORE SUSTAINABLE PLANET. HIGHLIGHTED HERE ARE A FEW OF OUR PARTNERSHIPS AND AFFILIATIONS.

<table>
<thead>
<tr>
<th>SMART &amp; SUSTAINABLE FARMING</th>
<th>GOOD FOOD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OP2B</strong></td>
<td><strong>CONSUMER GOODS FORUM</strong></td>
</tr>
<tr>
<td>Coalition that takes tangible actions to develop innovative solutions aimed at protecting and enhancing soil health and biodiversity in agricultural systems.</td>
<td>CEO-led organization helping the world’s retailer and consumer goods manufacturers to collaborate in order to secure consumer trust and drive positive change, including greater efficiency.</td>
</tr>
<tr>
<td><strong>POTATO SUSTAINABILITY ALLIANCE (PSA)</strong></td>
<td><strong>ROUND TABLE ON SUSTAINABLE PALM OIL (RSPO)</strong></td>
</tr>
<tr>
<td>PSA is a collective of potato industry stakeholders who seek voluntary certification for sustainability through training, yearly surveys, and audits based around all areas of farm management.</td>
<td>RSPO unites stakeholders from the seven sectors of the palm oil industry to develop and implement global standards for sustainable palm oil.</td>
</tr>
<tr>
<td><strong>GLOBALGAP</strong></td>
<td><strong>ALLIANCE FOR POTATO RESEARCH &amp; EDUCATION (APRE)</strong></td>
</tr>
<tr>
<td>A global organization that sets voluntary standards for the certification of agricultural products around the globe for safe, sustainable agriculture.</td>
<td>APRE is dedicated to advancing the scientific understanding of the role potatoes play in promoting the health of all people.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RESOURCE-EFFICIENT OPERATIONS</th>
<th>THRIVING COMMUNITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SCIENCE-BASED TARGETS INITIATIVE (SBTI)</strong></td>
<td><strong>GERMAN DEVELOPMENT FINANCE INSTITUTION (DEG)</strong></td>
</tr>
<tr>
<td>The SBTi helps companies set emissions reduction targets in line with the Paris Agreement, and certifies those targets.</td>
<td>DEG is a German investment and development agency offering financing, advice and support to private sector enterprises operating in developing and emerging-market countries.</td>
</tr>
<tr>
<td><strong>ELLEN MACARTHUR FOUNDATION</strong></td>
<td><strong>FOUNDATION FORGE</strong></td>
</tr>
<tr>
<td>The Ellen MacArthur Foundation is a global think tank that emphasizes the need for circular, regenerative, and zero waste economies around the world.</td>
<td>Foundation Forge is a non-profit organization which supports low-income Latin American youths to gain access to quality jobs.</td>
</tr>
<tr>
<td><strong>RE100</strong></td>
<td></td>
</tr>
<tr>
<td>RE100 is a global initiative bringing together the world’s most influential businesses committed to 100% renewable electricity. Led by the Climate Group, their mission is to accelerate change towards zero carbon grids at scale.</td>
<td></td>
</tr>
</tbody>
</table>
WE BELIEVE THAT CONNECTING PEOPLE THROUGH DELICIOUS PLANET-FRIENDLY FOOD IS HOW WE CREATE ENJOYMENT TODAY WHILE BUILDING A SUSTAINABLE WORLD WE CAN ALL ENJOY TOMORROW.

We will continue to prepare for the challenges of the future.
We will continue to grow our business sustainably while delighting our customers.
We will continue to reduce our environmental impact while sustaining our communities.
We will continue to bring people together and unite them towards planet-friendly food.

OUR NEXT FULL SUSTAINABILITY REPORT WILL BE PUBLISHED IN 2022. UNTIL THEN, WE LOOK FORWARD TO HEARING YOUR THOUGHTS ON OUR SUSTAINABILITY COMMITMENTS, PROGRESS, AND WELCOME YOUR FEEDBACK. CONTACT US AT: SUSTAINABILITY@McCain.COM