



REPORT ON FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

1. Scope of application

This report is made pursuant to the *Fighting against Forced Labour and Child Labour in the Supply Chain Act* (the "Act") for Groupe Biscuits Leclerc Inc. and its wholly-owned reporting subsidiary Biscuits Leclerc Ltée (collectively "Leclerc", the "Company" or "we").

The above-mentioned entities hereby report to the Minister of Public Safety and Emergency Preparedness on the measures taken during their last fiscal year ended September 30, 2023, to prevent and mitigate the risk of the use of forced labour or child labour at any stage of the production of their goods, in Canada or elsewhere, or during their importation into Canada.

2. Measures to prevent and reduce the risk of forced labor and child labor

Leclerc undertook the following steps during the last fiscal year to prevent and reduce the risk of forced or child labor in our operations and supply chains:

- We have set up an ESG Committee to support our commitment to strategic sourcing in terms of environmental, social and governance strategy. This committee helps define the company's ESG objectives, and oversees the implementation of the plan to achieve these objectives, through the improvement of our supply chain practices;
- A sub-committee on forced labor and child labor has also been set up to monitor compliance with the company's obligations under the Forced Labor and Child Labor Act;
- We have adopted and implemented a Supplier Code of Conduct, in addition to the existing Leclerc Employee Code of Conduct, to hold our suppliers accountable to universal human rights principles in general, and to combat forced and child labor specifically;



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- We include a specific clause in the terms and conditions applicable to our agreements with suppliers whereby the supplier must undertake to comply with our Supplier Code of Conduct.
- We have developed training and raised awareness of our Code of Conduct, the Supplier Code of Conduct and the new requirements imposed by the Act, notably with the Executive Committee and the vice-presidents of the Human Resources, Procurement and Quality Assurance departments;

Since the start of the current financial year, Leclerc :

- continues to analyze its operations and supply chain in order to measure the level of risk of forced and child labor at different levels;
- has established a business partnership with a supplier dedicated to ESG risk management, which will provide us with more data on our suppliers in relation to forced labor and child labor, including access to responses to targeted questionnaires and compliance audit reports;
- has initiated an action plan including priority actions to address risks in terms of forced labor and child labor according to the level of risk assigned to them.

These measures are described in greater detail in this report.

3. Structure, activities and supply chains

3.1 Structure

Founded by Francois Leclerc nearly 120 years ago and now run by the 5th generation of the family, Biscuits Leclerc is a family-owned Quebec manufacturer of cookies, snack bars and crackers.

The food manufacturing and distribution corporate group is made up of Canadian and U.S. companies, as well as a British entity. In Canada, Biscuits Leclerc Ltd, a corporation incorporated in the province of Quebec, is wholly owned by Groupe Biscuits Leclerc Inc, a holding company also incorporated in Quebec. Groupe Biscuits Leclerc Inc. and Biscuits Leclerc Ltd are both headquartered in St-Augustin-de-Desmaures, and Biscuits Leclerc operates 5 manufacturing plants in Quebec and Ontario. Three other plants are operated in the United States by U.S. entities, while the U.K. entity acts as a distributor.

Leclerc employs over 1,600 people, including more than 1,000 in Canada.



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3.2 Vision

At Leclerc, our corporate culture is built around five core values: authenticity, respect, innovation, commitment and fun. Given the nature of our business, which is largely factory-based, our company also puts a great deal of effort into providing a safe working environment for employees, notably by emphasizing its Golden Safety Rules. We also integrate the environmental and sustainable dimension at the heart of all our decision-making processes, our values and our DNA, in order to respond appropriately to environmental challenges and make a significant impact.

We're also proud to be able to support the mission of various not-for-profit organizations, including those supporting children's welfare and others helping people in emerging countries to take charge of their own development through education, social justice and respect for human rights.

3.3 Activities and supply chains

Leclerc manufactures own-brand products which are sold through our distribution networks. We also offer complete manufacturing services for customers selling under their private labels. A food service is also available, notably to supply hospitals and other public establishments.

The main goods and services we use in our operations are ingredients, packaging, equipment and parts.

The ingredients used in the manufacture of our cookies, snack bars and crackers include flour, sugar, oats, fruit fillings, nuts, cocoa and oils. These ingredients can have a variety of origins, and one of the analyses carried out during the period relevant to this report was to target certain ingredients deemed to come from countries at greater risk of forced or child labor. This information is discussed later in this report.

The packaging materials used in the manufacture of our products come mainly from Canada and the United States. The same applies to the raw materials used in the manufacture of these packaging products. Some lower-volume products may come from other countries.

In terms of equipment and parts, we mainly source industrial production equipment such as mixers, ovens, sorters and packers. This equipment is mainly manufactured in Canada, the United States and Western European countries such as France, Germany and the Netherlands. However, some equipment components may originate in whole or in part from other major manufacturing countries.



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For the fiscal year ending September 30, 2023, Groupe Biscuits Leclerc Inc. and its Canadian subsidiaries had close to 2,000 direct suppliers.

In this report, we detail the governance, processes and policies in place to ensure respect for human rights, including forced labor and child labor, within our supply chains for entities subject to the law.

4. Due diligence policies and processes

4.1 Employee Code of Ethics

Our Code of Ethics applies to all employees, officers and members of the Board of Directors. It brings together a set of principles and values that reflect Leclerc's beliefs and expectations regarding employee conduct and corporate governance.

This code demonstrates our commitment to providing a working environment where all individuals are treated with respect and dignity, that promotes equal opportunity and diversity in employment, that is free from discriminatory practices, and where employees behave with honesty and integrity.

The Code covers, among other things, labor and employment practices, including wages, working hours, vacations, minimum working age, voluntary work, diversity and respect. It encourages staff to question the ethical dimension of their actions, and sets out a mechanism for reporting any breaches of the Code of Conduct.

4.2 Supplier Code of Conduct

In addition to the code of ethics applicable to Leclerc staff, we had committed to implementing a supplier code of conduct, which was completed in 2023. Indeed, we consider it essential that all stakeholders work together to promote their adherence to the principles and requirements by which we do business.

This code has been drawn up in accordance with the *OECD's Duty of Care Guidelines for Responsible Business Conduct*, the *Guiding Principles for Multinational Enterprises* and other equivalent standards drawn up by international organizations promoting best governance practices.

It sets out in greater detail our environmental, social and governance ("ESG") expectations, including respect for human and labor rights as proclaimed by recognized international organizations. For example, sections deal with child labor and



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forced labor, as well as the protection of vulnerable groups. In accordance with the principles set out therein, no supplier may use forced labor in any form, or employ minors in violation of fundamental human rights in a way that would be detrimental to their development, safety, education and freedom.

We expect our suppliers to comply with the requirements set out in the Code, and to require their staff and business partners to commit to the same standards. The Code therefore requires the supplier to implement its own appropriate management structure to comply with applicable laws and the Code's principles, to communicate these principles within its own supply chain, and to ensure that appropriate measures are taken to remedy forced or child labor, where applicable.

The Code also gives Leclerc the right to conduct audits to ensure that our suppliers comply with the Code's principles, and the right to adopt various measures in the event of non-compliance, up to and including termination of the commercial relationship with the supplier in question. The Code is available on our website at www.leclerc.ca.

4.3 Followed by the sub-committee on the fight against forced labour and child labour

The ESG sub-committee on the fight against forced labor and child labor is mandated to ensure that the company complies with its obligations under the Act, including :

- a) By carrying out risk analyses for forced labor and child labor;
- b) By recommending a risk management plan;
- c) By putting in place policies and processes in this area and ensuring that they are applied;
- d) Raising awareness and training staff members;
- e) Managing any non-compliance situations, where appropriate; and
- f) Evaluating the effectiveness of prevention and risk reduction measures on a regular basis.

5. Determining the risk of forced or child labor

5.1 Within the company

As our entities subject to the Act operate in Canada in an environment where fundamental human rights are recognized, we consider the risk of forced or child labor among our employees to be negligible. Furthermore, our recruitment processes ensure compliance with the laws in force in Canada, regardless of the worker's origin.



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Our company has a legal department to ensure the application of the law in our recruitment processes, and a human resources department to oversee the application of our human resources processes and policies.

5.2 In our supply chains

In order to assess the risk of forced or child labor within our supply chain, we have adopted an approach based on an analysis of the main types of goods or services we source (i.e. ingredients, packaging, equipment and parts), the country of origin of the good or service, and the risk indicators specific to that country.

At the time of our analysis, first-tier suppliers representing 70% of each of the "ingredients" and "packaging" categories were analyzed to highlight the highest-risk elements of our supply chain. This analysis enabled us to conclude that our direct purchases of ingredients and packaging presented a low level of risk, while less than 0.1% of our purchases presented a moderate risk. As of the date of this report, none of the suppliers identified presented a high risk.

However, we are aware that suppliers further down the supply chain, particularly those involved in the production of ingredients, may present a different level of risk. Identifying the risk for these indirect suppliers represents a major challenge, given that the level of visibility and control over the practices of these suppliers is lower, and that the geopolitical context of the country concerned may be significantly different from that prevailing in Canada. We are, however, striving to increase the transparency of our supply chain in order to combat forced and child labor at all levels.

Ingredients

The manufacture of our products relies heavily on agriculturally-sourced ingredients. Among the ingredients we source, we have identified cocoa, sugar and palm oil as being most at risk due to their sourcing from countries where socio-political issues, culture and labor realities are different. As a result, our action plan will prioritize suppliers of these ingredients where their risk rating is high. We intend to pay particular attention when selecting first-tier suppliers operating in these sectors, and to assess whether additional due diligence measures would be appropriate to improve our visibility of the risk associated with them.



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Packaging

As mentioned in section 3.3 of this report, the packaging materials we use and the raw materials used in their manufacture come mainly from Canada and the United States, where the risks of forced and child labor are considered low. A few lower-volume products from foreign countries will be part of a more in-depth evaluation based on a prioritized plan.

Equipment and parts

Our equipment suppliers operate in countries with a low risk of forced and child labor, such as Canada, the United States and Europe. With regard to the manufacture of equipment components, we are continuing to analyze the data, which will be taken into account in our priority plan based on the results obtained.

In 2024, we entered into a partnership with Sedex, a third-party company offering a detailed supply chain sustainability management platform. This platform provides access to data associated with a supplier subscribing to the service, and provides a risk rating based on data collected from each of the supplier's facilities such as industry, products and country of operation. We believe that this partnership will enable us to enhance the information and tools we have at our disposal, so that we can continue to assess and manage the risks of forced and child labor in our supply chains.

6. Remedial measures

During the last financial year, no cases of forced or child labor were identified in our operations or supply chain. Consequently, we have not had to take any measures to remedy forced or child labor. In the event that a situation of non-compliance in our operations or supply chains is identified, we will put in place an appropriate corrective plan.

7. Corrective measures in the event of loss of income

As no situations of non-compliance concerning forced or child labor were identified, either within its own organization or in its supply chain, no measures to remedy the loss of income for the most vulnerable families were necessary.



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8. Training

We believe that our employees play an important role in implementing our social risk management approach. For example, when new professional staff are hired at Leclerc, our induction program includes mandatory online training on our Code of Conduct. All active employees and staff members are also required to complete this training. The training must be repeated at least once a year thereafter.

We also plan to create more specific training for our procurement department employees to raise their awareness of the need to be vigilant in selecting and dealing with suppliers.

9. Efficiency assessment

Leclerc has implemented various measures over the past fiscal year to manage and reduce the risk of forced or child labour in its operations and supply chains. To date, however, an evaluation of the effectiveness of our approach has not yet been undertaken.

10. Approval and certification

This report has been approved by the Board of Directors of Biscuits Leclerc as the joint report of Groupe Biscuits Leclerc inc. and Biscuits Leclerc Ltd for the year ended September 30, 2023 in accordance with subparagraph 11(4)(b)(i) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I certify that I have reviewed the information contained in the Report for the entities listed above. To the best of my knowledge, and having exercised due diligence, I confirm that the information contained in the Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year referred to above.

Denis Leclerc, Director and Chairman

May 21, 2024