



REPORT ON FIGHTING AGAINST FORCED LABOR AND CHILD LABOR

FOR THE FINANCIAL YEAR ENDING SEPTEMBER 30, 2024

1. Scope

This report has been prepared in accordance with the *Fighting Against Forced Labor and Child Labor in Supply Chains Act* (Canada) (the “Act”) and relates to Groupe Biscuits Leclerc Inc. and Biscuits Leclerc Ltd, its wholly-owned subsidiary (collectively, “Leclerc,” “the Company,” or “we”). the “Company” or “we”).

The above-named entities hereby report to the Minister of Public Safety and Emergency Preparedness on the measures taken during their last fiscal year ended September 30, 2024, to prevent and mitigate the risk of forced labor or child labor in all stages of the production of goods, in Canada or elsewhere, or when imported into Canada.

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

We believe in the importance of respecting human rights wherever we operate. During fiscal 2024, Leclerc took the following measures to prevent and reduce the risk of forced or child labor in its operations and supply chains:

- Our subcommittee on forced and child labour held regular meetings during the reporting period to ensure compliance with the company's obligations under the *Act*.
- We continued to request that certain suppliers certify their commitment to comply with the various fundamental ethical principles set out in our Supplier Code of Conduct, including voluntary work and the protection of minors in employment.
- We provided training on our code of conduct to our employees, specifically including forced labor and child labor.
- Suppliers using the SEDEX (*Supplier Ethical Data Exchange*) platform receive a self-declaration questionnaire with questions on the risks associated with forced labor and child labor, and we also request access to their SMETA audit report on a regular basis (see Section 4 for more details).

These measures are described in more detail in this report.



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3. Structure, activities, and supply chains

3.1 Structure

Founded by Francois Leclerc 120 years ago and now run by the fifth generation, Biscuits Leclerc is a Quebec-based family business that manufactures cookies, snack bars, and crackers.

The corporate group involved in food manufacturing and distribution consists of Canadian and US companies and a UK 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 five manufacturing plants in Quebec and Ontario. Three other plants are operated in the United States by US entities, while the UK entity acts as a distributor.

Leclerc employs more than 1,800 people, including more than 1,000 in Canada.

3.2 Vision

At Leclerc, our corporate culture is based on five core values: authenticity, respect, innovation, commitment and fun. Given the nature of our business, which is largely factory-based, our company also makes every effort to provide a safe working environment for our employees, with a particular focus on our Golden Rules of Safety. We also integrate environmental and sustainability considerations into all our decision-making processes, value and DNA in order to respond appropriately to environmental challenges and make a meaningful impact.

We are proud to support the mission of various non-profit organizations, including those that promote the well-being of children and others that help people in emerging countries, in order to support their efforts to take charge of their own development through education, social justice and respect for human rights.

3.3 Activities and supply chains

Leclerc manufactures products under its own brand name, which are sold through our distribution networks. We also offer complete manufacturing services for customers selling under their own brand names. A food service is also available, particularly for supplying hospitals and other types of public institutions.

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 may have various origins, and one of the analyses conducted during the period covered by this report focused on certain ingredients



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originating from countries at higher risk of forced labor or child labor. This information is discussed further in this report.

The packaging materials used in the manufacture of our products come mainly from Canada and the United States. The same is true for the raw materials used in the manufacture of these packaging products. A few lower-volume products may come from other countries.

With regard to equipment and parts, we primarily purchase industrial production equipment such as mixers, ovens, sorters, and packaging machines. This equipment is mainly manufactured in Canada, the United States, France, Germany, and the Netherlands. However, some components of this equipment may originate in whole or in part from other major manufacturing countries.

For the fiscal year ended September 30, 2024, Groupe Biscuits Leclerc Inc. and its Canadian subsidiary had approximately 1,700 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 our employees, officers and members of the Board of Directors. It sets out a set of principles and values that reflect Leclerc's beliefs and expectations regarding the conduct of its employees and its corporate governance.

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

The code addresses, among other things, the practices we promote in relation to work and employment, including in terms of pay, working hours, leave, minimum age for employment, voluntary work, diversity and respect. It encourages staff to consider the ethical implications 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 committed to implementing a supplier code of conduct, which was done in 2023. We believe it is essential that all stakeholders work together to promote adherence to the principles and requirements that guide how we do business.



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This code was developed in accordance with the *OECD Due Diligence Guidance for Responsible Business Conduct*, the *Guidelines for Multinational Enterprises*, and other equivalent standards developed by international organizations promoting best governance practices.

It sets out in more detail our expectations in terms of environmental, social and governance (ESG) issues, including respect for human rights and labor rights as proclaimed by recognized international organizations. For example, sections deal with child labor and forced labor, as well as the protection of vulnerable groups. Under the principles set out therein, no supplier may use forced labor in any form, nor may it use child labor in violation of fundamental human rights in a manner that is detrimental to their development, safety, education, and freedom.

We expect our suppliers to comply with the requirements set out therein and to require their employees and business partners to commit to the same standards. The code therefore requires suppliers to implement their own appropriate management structure to comply with applicable laws and the principles of the code, to communicate these principles within their own supply chain, and to take appropriate measures to remedy forced labor or child labor, where applicable.

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

4.3 Monitoring by the Subcommittee on Combating Forced Labor and Child Labor

The ESG Subcommittee on Combating Forced Labor and Child Labor is responsible for ensuring that the company complies with its obligations under the Act, including:

- a) Conducting risk assessments on forced labor and child labor;
- b) Recommending a risk management plan;
- c) By establishing relevant policies and processes and ensuring their implementation;
- d) Raising awareness and providing training to staff members;
- e) Managing any non-compliance issues, if any; and
- f) By regularly assessing the effectiveness of risk prevention and mitigation measures.

4.4 Supply chain sustainability management platform

We use Sedex (*Supplier Ethical Data Exchange*), a subscription-based platform, to support social and ethical performance management in the supply chain. This platform provides access to data associated with a supplier subscribed to the service and allows a risk rating to be obtained from data collected from each of the supplier's facilities, such as the industry, products, and country of operation. This tool helps us maintain a continuous overview of the risks of forced labor and child labor in our supply chains.



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4.5 Questionnaires and audits

We have access to self-declaration questionnaires from our ingredient and packaging suppliers who are members of Sedex. These questionnaires include questions related to modern slavery to help us compare their practices with those prevailing in their industry and region.

We also request access to their up-to-date SMETA audit report. A SMETA (*Sedex Members Ethical Trade Audits*) audit is one of the most widely used social compliance audits in the world. Based on the Ethical Trading Initiative (ETI) Base Code, International Labor Organization (ILO) conventions, and local laws, SMETA audits cover key aspects of responsible business practices, including labor, human rights, worker health and safety, environmental compliance, and business ethics performance.

5. Determining the risk of forced labor or child labor

Our practices for assessing and managing the risk of forced labor and child labor are based on a risk-based approach. This allows us to focus our due diligence efforts and tailor our measures to the level of risk.

5.1 Within the company

As our entities subject to the Act operate in Canada within a framework where fundamental human rights are recognized, we consider the risk of forced or child labor to be negligible among our workforce. In addition, our recruitment processes ensure compliance with applicable Canadian laws, regardless of the worker's origin. Our company has a legal department that ensures compliance with the law in our recruitment processes and a human resources department that oversees the application of our human resources processes and policies.

Each of our production facilities is also subject to a SMETA audit, in addition to social compliance audits conducted directly by our customers. Following a SMETA audit, each of our plants receives a compliance report. These audits are repeated on a regular basis.

5.2 In our supply chains

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

During the reporting period, we continued to focus on our first-tier suppliers, mainly in the "ingredients" and "packaging" categories, as these represent our largest direct purchase volumes.

We recognize that supply chains are complex and that certain sectors are more vulnerable, particularly in the more distant links such as the production of certain raw materials. Assessing the associated risks is a delicate exercise due to limited visibility and control over their practices, potential differences in ethical and social standards prevailing in the country and sector concerned, the



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geopolitical context, and several other factors. Aware of these challenges, we are committed to increasing transparency in our supply chain to prevent forced labor and child labor at all levels.

Ingredients

The manufacture of our products depends largely on ingredients sourced from agriculture. Among the ingredients we source, we have identified cocoa, sugar, and palm oil as being at higher risk given their origin in countries where socio-political issues, culture, and working conditions differ from those in the United States. As a result, our action plan prioritizes suppliers of these ingredients when their risk rating is high. It should be noted that the majority of our main cocoa and sugar suppliers are themselves subject to obligations to combat modern slavery in Canada or elsewhere, or have voluntarily implemented a detailed framework to this effect and published it on their website. This provides us with additional assurance regarding the commitment of stakeholders to promote ethical practices within their organizations and supply chains.

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, and we assess the risks of forced labor and child labor as lower. A few lower-volume products from foreign countries will be subject to a more in-depth assessment according to a priority plan. As with the ingredients mentioned above, a large proportion of our cardboard suppliers are large companies with detailed plans and policies for assessing and mitigating the risks of forced labor.

Equipment and parts

Our equipment suppliers operate in countries with low risk of forced labor 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.

6. Remediation measures

During the last fiscal year, no cases of forced labor or child labor were identified in our operations or supply chain. As a result, we did not have to take any measures to address forced labor or child labor. In the event that a non-compliance situation is identified in our operations or supply chains, we will implement an appropriate corrective action plan.

7. Corrective measures in the event of loss of income

As no non-compliance issues relating to forced labor or child labor have been identified, either within its own organization or in its supply chain, no measures to address income losses for the most vulnerable families have been considered.



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8. Training

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

More specific training will be offered to employees involved in procurement, among others, to make them more aware of the need for vigilance in selecting and dealing with suppliers.

9. Effectiveness assessment

During the reporting period, we continued to implement various measures aimed at preventing and reducing the risk of forced labor or child labor in our operations and supply chains. We use various performance indicators to measure our progress, such as the number of suppliers with whom we are in contact via the ethical and social performance management platform, the number or percentage of suppliers who have signed our supplier code of conduct or completed a self-declaration questionnaire, the number or percentage of suppliers who have been audited, and the number or percentage of employees who have completed training on combating forced labor and child labor.

10. Approval and certification

This report has been approved by the Board of Directors of Groupe Biscuits Leclerc Inc. as the joint report of Groupe Biscuits Leclerc Inc. and Biscuits Leclerc Ltée for the fiscal year ended September 30, 2024, in accordance with subsection 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 after exercising reasonable 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 indicated above.

Denis Leclerc, Director and President

May 26, 2025