

Modern Slavery Report 2023

1. Introduction

This Report is produced jointly by Arterra Wines Canada, Inc. ("**AWC**") and Vins Arterra Canada, division Québec, Inc. ("**AWQ**", referred to collectively with AWC as "**Arterra**" or the "**Corporation**" or "**our**" or "**we**"). This report is for the calendar year ending December 31, 2023 (the "**Reporting Period**"). It sets out the steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of Arterra's goods in Canada or elsewhere, or of goods imported into Canada by the Arterra.

This Report constitutes our inaugural report pursuant to Canada's new *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**"). Arterra Wines Canada, Inc., and Vins Arterra Canada, division Québec, Inc. (a subsidiary of AWC), are reporting entities under the Act.

2. Steps to prevent and reduce risks of forced labour and child labour

Arterra holds the respect of human rights as a fundamental corporate responsibility governing our activities. We place the highest importance on respecting human rights while conducting our business activities everywhere we operate. We expect the same of our business partners. Arterra Wines Canada, Inc. has been a signatory to the United Nations Global Compact since 2023.

Arterra took the following general steps during the Reporting Period to prevent and reduce the risk of forced labour or child labour in our business and supply chains:

- reviewed and updated our Code of Conduct for Suppliers in October 2023;
- conducted a preliminary internal assessment in 2023 of the risks of forced labour and/or child labour in our operations and supply chains, and opportunities to enhance our supplier due diligence process;
- developed training sessions for our management and employees about the Act, risks in the industry, and our responsibilities, for implementation through 2024; and
- conducted a preliminary internal assessment of documentation and process improvements for future delivery of *Code of Conduct for Suppliers* and related communications to third-party suppliers.

Details of the above actions are set out in this Report.

3. Structure, Activities and Supply Chains

Arterra Wines Canada, Inc. is incorporated under the *Canada Business Corporation Act*. It is headquartered in Mississauga, Ontario, and registered to conduct business interprovincially. Vins Arterra Canada, division Québec, Inc. is incorporated under the laws of Quebec and is headquartered in Rougemont, Quebec. Arterra's Board of Directors is appointed in the entity 9972137 Canada Inc., incorporated under the *Canada Business Corporation Act*. 9972137 Canada Inc. is the parent company of Arterra Wines Canada, Inc.

The Arterra group of companies employs approximately 2,000 full-time and part-time staff across the country.

Arterra Wines Canada, Inc. operates eight estate wineries, two winery manufacturing facilities and a bottling facility, and over 1,700 acres of premium vineyards in Canada's wine regions of Ontario and British Columbia. It manufactures wine in Canada, and imports owned wine brands made in other countries of origin including the United States and France.

Arterra Wines Canada owns and operates 164 Wine Rack retail wines stores in Ontario. Vins Arterra Canada, division Québec, Inc. operates a winery manufacturing facility in Rougemont, Quebec.

Arterra owns and distributes over 100 wine brands in Canada, including at least seven of the top 20 brands in Canada. Arterra's portfolio has received numerous accolades and awards in national and international wine. Arterra sells and distributes its owned brands of Canadian and imported wine products, and acts as agent and/or distributor for the imported wine products of third-party suppliers.

Operations conducted in Arterra winemaking facilities include processing of Canadian grapes for winemaking, winemaking from Canadian grapes and/or blending of Canadian and imported wine. Raw materials for product and packaging are procured from Canada, and from suppliers around the world, and vary from product to product. Most of these materials, components and ingredients are provided by suppliers with which Arterra has long-term contracts. Within its supply chain, Arterra has built relationships with suppliers worldwide in winemaking, grape supply, ingredients, packaging and bottling materials, and winemaking and vineyard-related equipment.

Arterra Wines Canada, Inc. engages temporary foreign workers from time to time to assist with grape harvest and viticulture activities in Ontario and in BC.

4. Policies, Governance and Due Diligence processes

4.1 United Nations Global Compact ("UNGC")

Arterra is committed to embedding human rights considerations into its policies, governance framework and decision-making. Arterra's inaugural 2022 Sustainability Report serves as a baseline for the future Environmental, Social and Governance

("ESG") work of the Corporation. As such, Arterra sees the management ESG risks and opportunities as important to Arterra's success as a business. Arterra's ESG framework is centered around four core pillars that closely align with our corporate objectives. Our unwavering mission is to craft premium wines that not only stand the test of time but also represent our commitment to minimizing our environmental footprint. Arterra embodies a culture of inclusiveness, where collaboration and teamwork play a pivotal role in driving our success. As a Canadian wine company, Arterra seeks to embrace good governance practices that reflect the essence of our country's cultural values and respect for nature.

Arterra's pursuit of sustainability began before 2022, but that year marked the beginning of its efforts to measure progress. In 2022, Arterra conducted its first external greenhouse gas ("GHG") audit. Arterra's sustainability plan is in motion, and with the assistance of dedicated teams located throughout Canada, it is committed to developing an ESG framework to drive positive change. This includes developing and monitoring of the Corporation's ESG-related initiatives, practices, related policies, and continuous improvement with respect to same, as well as communicating and ensuring best practices for compliance with the Arterra's internal Code of Ethics, and its Code of Ethics for Suppliers. The Board of Directors, the Audit Committee and the Human Resources and Compensation Committee ("HRCC") of the Board of Directors have delegated these responsibilities to the executive leaders of the Corporation, who provide updates and respect oversight of the Board, Audit Committee and HRCC over such initiatives.

Arterra reports annually on its ESG practices in its Sustainability Report, which includes its sustainability progress each year, and its current and future commitments. This report is provided to its Board of Directors and its owners.

Arterra is a signatory of the UNGC, the world's largest corporate citizenship and sustainability initiative. As such, we are committed to promoting, in our business activities, the 10 fundamental principles of the UNGC which address human rights, environmental protection, anti-corruption and labour rights, more specifically the elimination of all forms of forced labour and abolition of child labour.

4.2 Human Rights

In furtherance of Arterra's commitment to upholding human rights through the UNGC, our Code of Conduct for Suppliers states Arterra's expectation to not use child or forced labour. Arterra's Code of Business Conduct and Ethics for employees states Arterra's values of treating each other fairly, honestly and with respect, to maintain a workplace that is free from unlawful harassment and discrimination. Our Human Resources policies and HR Manual recognizes the Corporation's responsibility to comply with Canadian human rights legislation. In support of these commitments, we expect all employees at all levels, as well as our business partners, to act accordingly. These policies can be found on Arterra's internal intranet for employees. Arterra's Code, Supplier Code are further described below.

4.3 Code of Business Conduct and Ethics (the "Code")

The Code applies to Arterra and its subsidiaries and affiliates, including the Board of Directors, management, and employees at every level, in every country. The most recent update to the Code was prepared in 2023, and dated January 2024.

It addresses ethical conduct in our work environment, business practices and relationships with external stakeholders. The principles set out in the Code reflect Arterra's commitments towards:

- fair employment practices
- diversity, including and belonging.
- anti-corruption and anti-bribery
- complying with laws and regulations. including human rights legislation
- the environment and sustainability

among other commitments. The Code details the standards of behaviour expected from everyone to whom it applies in their daily activities and in dealings with others. Our Code requires us to uphold our core values and our standards of behaviour. The Code is available on Arterra's internal intranet for employees.

4.4 Code of Conduct for Suppliers (the "Supplier Code")

In line with Arterra's vision for its suppliers, Arterra engages its supply chain by the adherence of its suppliers to its Supplier Code. The Supplier Code, which was last updated in October 2023, details our expectations of suppliers in respect of labour and employment practices and workplace conditions including harassment and discrimination, safe working conditions, lawful employment, hours, wages, and benefits, forced labour, and child labour, anti-corruption, ethics, and integrity. The Supplier Code is published on Arterra's internal employee website, and is provided to suppliers either when engaged, upon request, if it comes to our attention they cannot locate a copy of the Supplier Code, and/or from time to time by way of update.

Our Supplier Code specifically includes provisions prohibiting child labour and forced labour, as follows:

"FORCED LABOUR, SLAVERY AND HUMAN TRAFFICKING – Suppliers shall not engage in human trafficking, slavery, or use forced labor. Suppliers must adopt policies and establish systems to ensure that materials incorporated into their products comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.

CHILD LABOUR - No one under the legal minimum age shall be employed and Supplier shall comply with all relevant International Labor Organization (ILO) standards."

4.5 Third Party Due Diligence

Arterra took steps to consider its third party due diligence practices for supply chain. A new approach to evaluating potential concerns arising from diligence on a potential supplier was tested, with the objective of learning from the process to inform and update diligence practices in the future.

4.6 Reporting and Non-Retaliation Policy

Arterra communicates its Ethics and Compliance program in the Code, the Supplier Code and on its internal intranet for employees. Employees, suppliers, or others are encouraged to promptly report actual or potential misconduct that violates the Code or Supplier Code, or any other company policies, procedures, or governing laws.

Arterra provides multiple channels for them to report any potential breach, on a confidential basis or not, such as reporting:

- to colleagues, including managers, human resources representatives, or legal department members; and/or
- to Arterra's Ethics and Compliance Hotline, by phone or by web intake site. This is a free and confidential independent reporting service, available 24 hours a day, seven days a week. Reporting individuals may choose to remain anonymous. This service is open to both employees and suppliers.

Arterra has a Zero Tolerance for Retaliation statement in its Code that it will protect employees from retaliation who, in good faith, report concerns.

5. Assessing and Managing Our Risk

Arterra uses a risk-based approach to assess and manage its risk of forced labour and child labour. Our approach helps us prioritize our efforts and adjust our actions. We seek to continue developing our approach to assessing forced and child labour risks in our supply chain diligence third party diligence and our engagement process. We may consider factors such as country at-risk indicators, supplier's category and type of products/services offered by the supplier, labour disruptions, length of supply chain for the product, categories of workers who may be employed, and their own policies if any with respect to forced and child labour, agriculture practices, and other diligence findings relevant to a supplier or product category.

6. Remediation Measures

Our Reporting and Non-Retaliation policy, Code and Supplier Code offer a reporting mechanism for our employees and suppliers as described above. In accordance with UNGC principles and our policies, if a situation of non-compliance is identified, Arterra will work to develop and implement an appropriate corrective plan.

7. Training

Arterra's employees receive periodic training on ethical and security topics and our policies. All new office employees are assigned a mandatory onboarding training package which includes acknowledgment of our Code. All office employees will be required to re-certify their adherence to the Code on an annual basis.

In 2024, Arterra will provide training to targeted audiences on forced and child labour.

8. Assessing effectiveness

Arterra has a number of measures in place to prevent and reduce the risk that forced labour or child labour is used in our activities and supply chains. Arterra has historically assessed the conditions and care for its temporary foreign workers to ensure they are treated with dignity and respect; have appropriate and safe working conditions; and employed in accordance with contracts that reflect the memorandums of understanding between the Canadian government and foreign governments for agricultural workers, if applicable. Arterra also notes that across Canada, liquor industry authorities and/or regulations place restrictions on the employment of workers handling liquor who are under the age of majority in the province of employment. Arterra follows the guidance of liquor authorities and regulation in this regard.

Arterra intends to continue assessing and improving its effectiveness in preventing and reducing risks of forced labour and child labour in its activities and supply chains in future.

9. Approval and Attestation

This Report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of 9972137 Canada Inc.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Arterra Wines Canada, Inc. and Vins Arterra Canada, division Québec, Inc.

Per: 

John Boynton
President

Arterra Wines Canada, Inc.
Vins Arterra Canada, division Québec,
Inc.

May 28, 2024