

Carlsberg Canada Inc. (reporting jointly, on behalf of itself and Carlsberg Breweries A/S)

Annual report regarding compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”)

For the January 1st, 2023 – December 31st, 2023 financial year.

1. Introduction

This is the first report filed by Carlsberg Canada Inc. (“CCI”) under the Act. The Act demonstrates efforts by the Government of Canada to prevent forced labour and child labour, efforts which CCI is committed to supporting. The Carlsberg Group does not tolerate any form of forced labour, including bonded labour, indentured labour and slave labour, or human trafficking and the use of child labour is not tolerated under any circumstances. We will continue to work to prevent these forms of labour within our business and supply chains in line with our commitment to respect human rights as defined by the UN Guiding Principles on Business and Human Rights.

This report summarizes the actions the Carlsberg Group has taken to identify, prevent and respond to forced labour and child labour risks in our business and supply chains. This report will share information about the responsible business practices which have been adopted and implemented by the Carlsberg Group in accordance with its commitment to upholding human rights.

2. Operational Structure, Activities, and Supply Chains

a. Operational Structure

CCI, a corporation existing under the *Canada Business Corporations Act*, is a wholly owned subsidiary of Carlsberg Breweries A/S, a corporation incorporated under the laws of Denmark.

References to the “**Carlsberg Group**” in this report include Carlsberg Breweries A/S, Carlsberg Supply Company A/G, and Carlsberg Canada Inc.

b. Activities

Globally, Carlsberg Group brands are enjoyed in more than 125 markets through the Carlsberg Group’s manufacturing, distribution, and export activities.

In Canada, CCI manufactures and packages alcoholic and non-alcoholic beverages at its manufacturing facility located in Kitchener, Ontario. In addition to this facility, CCI also has a corporate office located in Oakville, Ontario.

Finished goods are shipped from CCI's Kitchener facility to authorized wholesalers and distribution entities in each of the Canadian provinces. Products manufactured by CCI include nationally recognized brands, such as Carlsberg, Kronenbourg, and Somersby. CCI employs approximately 400 people in Canada.

c. Supply Chains

The majority of products distributed by CCI are manufactured domestically at its Kitchener facility. These products are made with ingredients sourced primarily from Canadian suppliers, including apples, malt, and other grain products and adjuncts used in the brewing and blending processes. In addition to these domestic suppliers, CCI also obtains certain materials and services from Carlsberg Group vendors through its relationship with Carlsberg Supply Company AG ("CSC AG"), which is responsible for global planning, procurement, production, and logistics in the Carlsberg Group. As a member of the Carlsberg Group, CSC AG is subject to all of the compliance requirements set out herein.

Currently, CCI also distributes certain finished products which are manufactured by affiliates in Europe. Like CCI and CSC AG, each of these affiliates is also subject to the compliance requirements set out herein.

For both CCI's domestically manufactured and imported products, certain ingredients and packaging materials are sourced from outside of Canada, primarily from partners located in Europe and the United States. All of CCI's suppliers, regardless of geographical location, are subject to the compliance measures set out in this report.

3. Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

a. Commitments

The Carlsberg Group is committed to meeting its responsibility to respect human rights as defined by the UN Guiding Principles on Business and Human Rights. Our commitments are enshrined in our Human Rights Policy and based on internationally recognized human rights described in the International Bill of Human Rights (including the Universal Declaration of Human Rights, the International Covenant of Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights and its two Optional Protocols), the International Labour Organization's Declaration on Fundamental Principles

and Rights at Work and additional ILO conventions setting labour standards for working hours, wages and benefits, and health and safety. Furthermore, as a signatory to the UN Global Compact, the Carlsberg Group adheres to its Ten Principles, which include human rights.

b. Carlsberg Code of Ethics and Conduct, Policies, and Compliance Program

The Carlsberg Group has developed a Code of Ethics and Conduct, available [online](#) (the “**Carlsberg Code of Ethics**”) to govern its activities. All Carlsberg Group entities and their employees are required to follow the Carlsberg Code of Ethics, and each employee is required to certify that they have received, read, and understood the Carlsberg Code of Ethics and agree to comply with its terms prior to commencing employment.

The Carlsberg Group also maintains a robust compliance program to monitor the activities of each of the Carlsberg entities. As a part of this program, CCI has locally adopted and implemented the Carlsberg Group compliance policies. For each of these policies, a local manager is assigned as an “owner” to assist in maintaining compliance within CCI. Each Carlsberg Group policy is designed to ensure compliance with applicable laws, including, without limitation, all laws pertaining to forced and child labour and human rights.

c. Carlsberg Human Rights Policy

In addition, the Carlsberg Group’s Human Rights Policy sets out our commitment to respecting and upholding human rights and our expectations for employees and business partners globally, with further guidance provided in an internal Human Rights Manual that explains how our policy applies in real-life situations. Where the likelihood of human rights violations is assessed to be higher, in-country human rights assessments considering the value chain are conducted.

d. Carlsberg Supplier and Licensee Code of Conduct and Contractual Requirements

We extend our requirements to all Carlsberg Group licensees, distributors, and suppliers, who are required to comply with the Carlsberg Group’s Supplier and Licensee Code of Conduct (“**Carlsberg Supplier Code**”), available [online](#). The Carlsberg Supplier Code includes requirements on labour and human rights, alongside business ethics, health and safety, and environmental sustainability. Sections 1.2 and 1.3 of the Carlsberg Supplier Code specifically prohibit the use of forced labour and child labour, respectively. Pursuant to the Carlsberg Supplier Code, Carlsberg Group business partners are prohibited from participating in or benefitting from any form of forced labour or child labour, must comply with all applicable laws regarding forced and child labour, must develop and implement their own policies to prevent such forms of labour, and are required to notify the Carlsberg

Group immediately upon becoming aware of a breach or potential breach of these requirements.

All of our suppliers and service providers are contractually obliged to comply with the Carlsberg Supplier Code. Suppliers are also required to extend these requirements to their own supply chain. In cases where our suppliers are unwilling to improve or demonstrate alignment with our policies, we reserve the right to terminate the business relationship.

e. Supplier Screening and Assessment Process

Although CCI works primarily with Canadian suppliers, the Carlsberg Group partners with tens of thousands of suppliers around the world and some of our salient human rights risks are in our supply chain. We strive to partner with suppliers that share our commitment to respecting human rights. In 2023, the Carlsberg Group established a new Responsible Sourcing Program – with accompanying guidance sessions for global and local procurement teams – to enhance oversight of supplier practices. The program includes a three-step process to identify, assess, and audit suppliers and uses tools developed by the Sedex platform.

An initial screening determines a supplier's level of risk based on its location and the service or product it provides. To conduct this screening, the Sedex Radar tool draws on a range of sources to define risk levels for human rights, labour conditions, the environment, ethics, and health and safety. Suppliers in categories and countries identified as high-risk through the initial screening process are then required to complete a detailed questionnaire which generates a risk profile specific to that supplier.

Suppliers classified as high or medium risk in this phase of the process are required to go through a third-party audit that includes site visits and uses the Sedex Members Ethical Trade Audit ("SMETA") methodology. The four-pillar SMETA audits cover labour, ethical, environmental, and health and safety risks.

Supplier audits, conducted by experienced and independent SMETA-approved auditors, involve a walk-through of the supplier facility, documentation review, and conversations with management. In addition, the audit process includes voluntary and confidential conversations with workers who are selected to be representative of the workforce, including vulnerable groups (where present), such as ethnic minorities, migrant workers, and women. Auditors also review whether the supplier has a grievance mechanism in place to enable workers to make formal complaints.

4. Risk Assessment and Corrective Measures

Given that all of CCI's workforce is employed in Canada and that the company has policies and procedures in place to help ensure compliance with all applicable laws, we consider the risk of forced labour and child labour occurring within our business operations to be low. In addition, CCI does not employ anyone under the age of 18. Due to the regulatory environment in which we operate, none of our employees are under the legal drinking age in the jurisdiction in which they work.

CCI considers the risk of forced labour and child labour within its local supply chain to be low as the majority of its materials and services are obtained from domestic vendors which are subject to Canadian law and regulatory oversight in addition to Carlsberg Group requirements.

However, on a global scale, the Carlsberg Group works with thousands of vendors to obtain the various materials and services which it requires to operate its business and recognizes that all supply chains carry various risks, including the risks of forced labour and child labour.

Therefore, at least once a year, the Carlsberg Group conducts a review of the human rights that our business and value chain could potentially impact globally. This process builds on a formal identification of salient human rights risks which the Carlsberg Group conducted with support from an external expert in 2020, which considered industry trends, public research, best practices from peers, and input from internal stakeholders.

Salient human rights are those at risk of the most severe human rights impacts. We refresh our assessment of salient human rights risks annually by considering external developments impacting our business, such as changes in operational contexts or conflicts that could exacerbate risks of human rights abuses, and integrating learning from our due diligence work.

Annual assessments take into account relevant new research indicating potential issues in additional areas, results of supplier audits, findings from our enhanced due diligence activities (including human rights assessments in high-risk countries), as well as input from relevant functions and markets across the business and from external stakeholders such as investors and trade unions.

Further, Carlsberg Group companies conduct additional risk assessments which involve the identification and review of material legal and compliance risks at the individual market level. Locally, CCI completed an assessment this year and has resolved to take the following measures in addition to its existing policies and practices:

- a. Conducting additional spot audits on existing vendors to verify compliance with Carlsberg Group requirements (for both domestic and international vendors);

- b. Maintaining a 100% completion rate for employee training year-round and requiring all new employees to complete all mandatory training within 30 days of joining the organization; and
- c. Reviewing Carlsberg Group contract templates which are used by CCI to ensure that each template clearly reflects the requirements of the Carlsberg Group, including, without limitation, all requirements pertaining to human rights and labour practices.

5. Grievance Mechanisms

If an employee of a Carlsberg Group company believes that any of our policies have been breached, they are encouraged to discuss it with their manager, the compliance team, or a human resources representative. If such discussions do not resolve the issue or if the employee does not feel comfortable sharing their concerns with their manager, compliance team, or human resources representative, they can also raise their concerns anonymously using the Carlsberg Speak Up platform. This 24-hour helpline is operated by an independent service provider and is available by phone or online everywhere we operate. The helpline is also made available to third parties who would like to speak up, including our suppliers. The Speak Up system includes more than 300 languages to ensure that it is available across our value chain.

All claims that potentially constitute a breach of our policies are investigated, and we have measures in place to prevent retaliation of any kind against anyone reporting a concern. Potential outcomes include an issue being deemed a violation of our policies with appropriate remediation, an issue not being found a violation of our policies but alerting us to an opportunity to improve our internal systems, or an issue being deemed unfounded. We communicate with complainants throughout the process and offer them the opportunity to ask relevant questions, including about the outcome.

During 2023, we also took actions to improve our Speak Up system by providing stakeholders with better access to grievance mechanisms. These actions included identifying relevant minority languages in markets where we operate that are currently not available in Speak Up. These minority languages will be added in the Speak Up platform for relevant markets. As a part of our annual Speak Up review for local employees who act as Speak Up points of contact, we also performed additional training in selected markets.

6. Remediation

Neither CCI nor Carlsberg Breweries A/S identified any forced labour or child labour in its operations or supply chain during the reporting period. As a result, we have not had to take any

measures to remediate any forced labour or child labour or to remediate a loss of income for vulnerable families.

7. Employee Training

As a part of the Carlsberg Group’s approach to human rights, key stakeholders in procurement, human resources, and other functions are trained on this subject. This training is also made available online to all employees worldwide. In addition to training on human rights, all employees at CCI are required to complete training on the Carlsberg Code of Ethics after joining the company, and completion of this training is strictly monitored. This training covers a wide range of ethical, legal, and compliance issues and reflects the requirements contained within the Carlsberg Code of Ethics.

8. Assessment of Effectiveness

We assess how our policies are brought to life through different tools, including third-party SMETA audits of suppliers and in-country human rights assessments which conclude with concrete action plans to remediate any misalignments with our policies. We then follow up on these action plans until local markets and suppliers have fully addressed them, and our target is to do this within the deadlines established in the respective action plans. We also keep track of concerns related to human rights that are raised by employees and other stakeholders through our Speak Up channels. Overall, the Carlsberg Group believes that its existing measures are highly effective, but continues to seek improvements as described herein.

9. Approval and Attestation

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

Anders Rud Joergensen
Managing Director
July 4, 2024

I have the authority to bind Carlsberg Canada Inc.