

Regal Confections Inc.

# 2023 Annual Report

**Fighting Against Forced Labour and Child Labour in Supply Chains Act  
(Canada)**

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## INTRODUCTION

The Canadian government passed its first law concerning modern slavery: Fighting Forced Labour and Child Labour in Supply Chains Act (hereinafter the “Act”). Entities subject to this Act must, as part of this Act, produce an annual report on or before May 31<sup>st</sup> of each year, the first such report being due on May 31<sup>st</sup>, 2024, indicating notably the risks of modern slavery within their supply chain, and the measures taken to mitigate their risks.

This report was therefore prepared by **Regal Confections Inc.** (Hereinafter «Regal») in accordance with the requirements of the Act for the fiscal year ending December 31, 2023.

At Regal, we are committed to taking the necessary steps to identify and mitigate the risks associated with forced and child labor in our operations and supply chain. We are committed to continuously improving our due diligence, risk assessment, remediation and training processes.

This report aims to disclose Regal’s current status in terms of reducing the risk of child labor in its supply chain, as well as our commitment to respecting human rights. This report will be published annually.

## REPORTING ENTITIES

This report was prepared by Regal Confections Inc., on its own behalf and on behalf of the following entities, for the following period: January 1st, 2023, to December 31<sup>st</sup>, 2023.

- Regal Confections Inc.
  - Regal’s operating divisions:
    - Chocolats Jean-Talon
    - Euro-Excellence
    - Tosuta
- Kisko Products Inc.

## PREVENTION AND MITIGATION OF THE RISKS OF FORCED LABOR AND CHILD LABOR

Regal recognizes the fundamental importance of human dignity and equality. We believe that economic growth and social progress go hand in hand, and therefore do our utmost to provide a safe working environment. We are committed to protecting human rights in all activities and business relationships.

In the past fiscal year, we continued to conduct our business in accordance with our policies promoting the well-being of our employees, and to exercise due diligence in our relationships with our business partners. In addition, we have implemented the following measures to contribute to the fight against forced and child labor.

- We have familiarized ourselves with the law and its requirements.
- We have collected information when hiring our workers to ensure that their free will to work is respected, including in the case of immigrant workers we may occasionally hire.
- We ensure that our Code of Conduct is applied to all our employees.

This report presents a description of these measures, as well as some additional initiatives we are planning to take in the fight against forced labour and child labour, it being understood that these are constantly evolving.

## COMMERCIAL ACTIVITIES

Regal Confections was founded in 1962. It is a leading independent distributor of global candy and chocolate confectionery brands in the nation. Regal manufactures nut-free chocolate products through its Chocolat Jean-Talon division and freeze pops (e.g. Mr. Freeze) through its Kisko Products subsidiary. Regal also distributes fine imported and domestic gourmet foods through its Euro-Excellence division. Regal operates with over 500,000 sq. ft. of space across its sales offices, distribution centers, co-packing facilities and manufacturing centers. During peak periods, the company employs more than 400 people across 7 locations. Regal sells through all major distribution channels in Canada including clubs, groceries, drugstores, mass merchants, convenience stores, dollar stores and specialty independent stores.

## SUPPLY CHAIN

Regal works with suppliers, consultants and business partners who have long-standing, solid relationships. Our main suppliers and partners come from the confectionery and food industries.

As part of its Canadian operations, Regal sources confectionery and food in bulk and in finished-packaged form. Regal also sources ingredients to be converted, through its manufacturing process, into finished goods. Further, Regal purchases its packaging material from many international jurisdictions and uses international as well as local carriers for freight purposes.

We source our products from renowned and well-established suppliers, most of whom operate in jurisdictions with regulations governing the monitoring of working conditions in its supply chain.

# POLICIES AND DUE DILIGENCE PROCESS

## Ethics, Environment and Governance

Regal has a Code of Conduct that defines the standards of behavior expected of our employees and officers. It covers several basic ethical principles that guide the company in its day-to-day operations, such as dignity, respect and compliance with laws and standards. The Code of Conduct thus enables our employees, officers and directors to comply with legal, statutory, contractual and other obligations, and instills in them the duty to protect the interests of their suppliers, customers and stakeholders, by adhering to and respecting the highest standards of ethical behavior. The Code of Conduct is not simply a static document. It is a living document that evolves over time.

Our employees and officers must certify (via their signature) annually that they have read and understood the Code of Conduct. Training on the Code of Conduct must be provided on hiring.

## Voluntary and Confidential Declaration Process

We have a system in place that allows employees and external parties to share their concerns securely. It offers a confidential way to ask questions, express concerns or report unethical behaviors, such as discrimination, harassment, fraud or other human rights violations. This public platform is available to all our employees as well as our customers, suppliers and partners. Complaints received are escalated directly to senior management and, when deemed necessary, presented to our Board of Directors.

## Our Corporate Social Responsibility

Our corporate values are the guiding principles of our operations. They make our employees proud to work for us and are the reason why our customers trust us. We are driven by the desire to be an industry leader and our values ensure our continued success. By staying true to these values, we will accomplish our mission together. What are these values?

- Wellness: We help you feel free and secure in your choices and actions.
- Cooperation: We facilitate exchanges between members of our teams and with our external clients.
- Diversity: We create an environment where employees are heard and respected. We promote an inclusive culture.
- Balance: We help you set your limits to get closer to your ideal.
- Philanthropy: We are committed to donating a part of our time and profits to charity.

As Regal employees, we act with integrity at all times and treat others with respect. We believe in the personal value of each individual and we treat our members with respect and dignity while adhering to all legislative standards.

Our employees represent the company and are its ambassadors. We expect you to maintain a professional and business-like attitude during work hours and after work hours at company or industry functions.

## RISK ASSESSMENT & MANAGEMENT, EFFICIENCY

Regal conducts its business activities in all Canadian provinces as well as in some US jurisdictions. The jurisdictions of these provinces offer a very strict regulatory framework with regards to worker's rights and their health and safety at work. As a result, the risks of forced or child labor in Regal's day-to-day operations in Canada are very low.

Regal has a risk management system based on occupational health and safety issues, but this does not currently include specific risks related to the Act.

After a thorough investigative period conducted through questionnaires, audits and site inspections where applicable, Regal has not identified any risks or child labor directly with its suppliers, who are located throughout the World.

## REMEDIATION MEASURES AND REMEDIATION OF LOSS OF REVENUE

During the reporting period, Regal received no complaints relating to forced or child labor in its operations or supply chain. As a result, we haven't put in place any remedial measures of compensation for the loss of family income resulting from forced or child labor.

## EMPLOYEE TRAINING

Currently, all our employees must undergo training on the Regal Code of Conduct, upon hiring. Thereafter, employees are required to sign the Code of Conduct policy annually.

Training all Regal employees on the Code of Conduct is an essential step that brings many benefits to the organization.

- **Uniformity of Standards:** By training all its employees, Regal ensures that everyone understands and adheres to the same standards of conduct. This creates a consistent corporate culture and strengthens the organization's identity.
- **Training makes employees aware of the company's rules and values.** They are better informed about what is expected of them in terms of integrity, ethics and professional behavior. This reduces the risk of violations and inappropriate behavior.
- **Employees feel more confident when they know what the company expects of them.** They know how to act in different situations and are better prepared to make ethical decisions. Mutual trust between the organization and its employees is strengthened.
- **Reducing disputes:** Solid training on the Code of Conduct can prevent internal conflicts and disputes. Employees are less likely to find themselves in problematic

situations. This protects the company's image and avoids the costs associated with lawsuits.

- When all employees undergo the same training, it fosters a sense of belonging and commitment to the organization.

In short, Code of Conduct training contributes to a positive culture, legal compliance and sustainable success for Regal.

## EFFICIENCY EVALUATION

Regal has not yet put in place a formal process to measure the effectiveness of its approach preventing and mitigating the risk of forced and child labour in its supply chain.

## APPROVAL AND ATTESTATION

### Board of Directors Declaration

The Board of Directors of Regal Confections Inc. approves this Report in accordance with subparagraph 11(4)(b)(i) of the Act. Pursuant to the requirements of the Act, and in particular section 11 thereof, we, the undersigned, certify that we have reviewed the contents of this joint report for the entities specified below.

To the best of our knowledge and having exercised due diligence, we certify that the contents of this joint report are true, accurate and complete in all material respect for the purposes of the Act, for the above-mentioned reporting period.

Montreal, May 31<sup>st</sup>, 2024



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**Mr. Lawrence Stevenson,**  
Chairman of the Board, Regal Confections Inc.

I have the authority to engage Regal Confections Inc. ...., ..... , .....

# RESOLUTION

- WHEREAS the Canadian government passed its first law concerning modern slavery: *Fighting, against forced Labour and Child Labour in Supply Chains Act* (hereinafter the “Act”);
- WHEREAS entities subject to this Act must, as part of this Act, produce an annual report on or before May 31 of each year, the first such report being due on May 31, 2024, indicating notably the risks for modern slavery within their supply chain, and the measures taken to mitigate their risks (hereinafter the “Report”);
- WHEREAS the corporation falls within the definition of “entity” having to report under the Act;
- WHEREAS this Report must be submitted to the federal government via its dedicated online platform accompanied by a duty completed online form (which reiterates the terms of the report), and published on the Corporation’s website;

## **NOW THEREFORE BE IT RESOLVED THAT:**

The Chief Executive Officer and the Chief Financial Officer (the “Authorized Individuals”) are hereby authorized, for and on behalf of the Corporation, to approve the Report prepared and / or take any action permitting the execution of any document resulting therefrom subject to the Act, all in accordance with presentations submitted to the Board with such modifications, additions and selections as the Authorized Individuals may deem advisable;

All actions taken by the Authorized Individuals on behalf of the Corporation in connection with any matter relating to the Report and its publication are hereby approved, ratified and confirmed in all respects; and

The Authorized Individuals are hereby authorized for and on behalf of the Corporation to do all such acts and things and to execute, deliver and file, whether under the Corporation’s seal or otherwise, all such agreements, instruments, declarations, forms and other documents as they may deem appropriate in connection with the foregoing.