



Colabor Group Inc. Report on the Fight Against Forced Labour and Child Labour in Supply Chains

1. Introduction

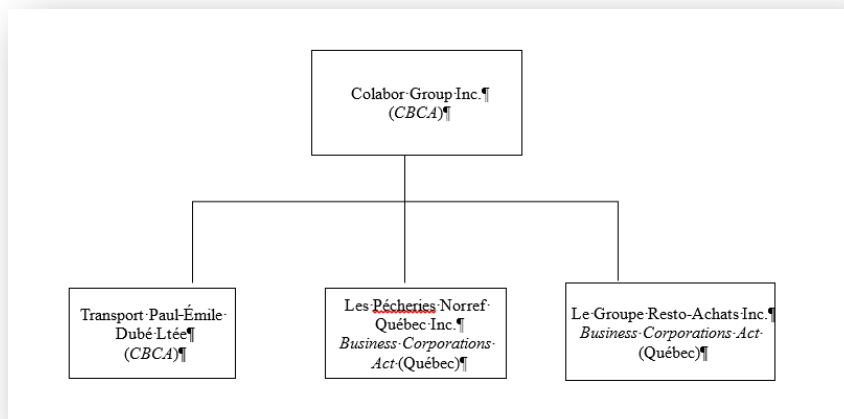
The reporting entity referred to in this report is Colabor Group Inc. ("**Colabor**" or the "**Corporation**") and relates to the fiscal year ending December 30, 2023 ("**Reference Period**"). In accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*¹ (the "**Act**"), the report outlines the measures taken by Colabor during the Reference Period to prevent and combat forced labour and child labour in supply chains.

2. Structure, Activities and Supply Chain

Legal and Organizational Structure

Colabor is a corporation amalgamated under section 185 of the *Canada Business Corporations Act* (*R.S.C. (1985), c. C-44*) and its head office is located at 1601, René-Descartes Street, Suite 103, Saint-Bruno-de-Montarville, Québec, Canada, J3V 0A6.

The following diagram illustrates the corporate structure of Colabor's operating entities as at December 30, 2023. Each of these entities is wholly-owned by Colabor.



As at December 30, 2023, Colabor had approximately 729 full-time employees. Internal teams dedicated to centralized negotiations with suppliers and to supply chain management, with approximately twenty-five (25) full-time employees, plan, negotiate, organize, manage and coordinate Colabor's supply operations.

¹ *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c. 9



Colabor is also a shareholder member of a Canada-wide purchasing group called ITWAL Ltd., which joined Balpex Inc. on January 1, 2022, giving Colabor access to an expanded supply network.

Activities

Colabor is a wholesaler and distributor of food and non-food products serving the foodservice market, specifically, hotels, restaurants and institutions and the retail market. It carries out its activities through two segments: the distribution segment and the wholesale segment.

Colabor Food Distributor

Colabor Food Distributor is a major distributor of the foodservice and retail market customers in several regions of Québec; including part of the North Coast and the Lower North Shore, and New Brunswick. It employs approximately 400 people and distributes over 10,000 products from its warehouses located in Lévis, Rimouski and Saint-Bruno-de-Montarville. This division's clients consist primarily of foodservice operators, specialty food stores, institutional accounts such as healthcare institutions, schools and universities, certain other retail customers, in all reaching approximately 5,000 customers.

Colabor Food Distributor offers a complete range of products including frozen products, dry staples, dairy products, meat, fish and seafood, fruits and vegetables, and disposable and sanitation products.

Colabor is committed to continuous improvement in its processes and, to this end, holds the "Safe Quality Food" (SQF) certification for its distribution and warehousing operations; a rigorous, globally recognized food safety program, accredited and compliant with the *Global Food Safety Initiative* (GFSI). This certification requires diligent and assiduous supply chain management, and in light of this, Colabor places utmost importance on the traceability of its products and reserves the right to audit its suppliers at its discretion.

Colabor, through its Lauzon Meats Division, also prepares and processes various meats, including high quality products for the provinces of Québec and Ontario, and is benefitting from a strategic partnership with Boeuf Québec. Lauzon Meats operates from a plant located in Montréal and holds a *Hazard Analysis Critical Control Point* (HACCP) certification as well as a federal approval allowing it to distribute its products nationally. This division employs approximately 55 employees.

Wholesale Segment

The wholesale segment employs approximately 90 employees and operates from the Saint-Bruno-de-Montarville distribution center. Sales of the Wholesale segment consist of food, food-related and non-food products that Colabor purchases and supplies to wholesale distributors that, in turn, distribute these products to over 25,000 customers operating in the retail or foodservice market segments in Québec and the Atlantic provinces. Its primary customer base includes wholesale distributors, integrated retail chains and food exporters operating in Québec, Ontario and the Atlantic provinces.

Supply Chain

National and private label ("Menu" brand) products are purchased directly from the manufacturer or supplier, through representatives of the manufacturer or supplier or food brokers. With a few exceptions, Colabor procures from over 600 manufacturers and suppliers, all located in Canada. Although Colabor promotes local procurement, including through its partnership with Maturin²,

² Maturin is an online sales platform that exclusively offers food from farms and food processors in Québec.

certain goods are imported from outside Canada. During the Reference Period, direct imports represented less than 1% of the products purchased by Colabor.

3. Policies, Governance and Due Diligence Process in Relation to Forced Labour and Child Labour

Code of Ethics

Colabor has a Code of Ethics, which applies to all employees of the Corporation, members of the Board of Directors, and to any supplier, consultant or other partner doing business with Colabor. The code requires, among other things, that each subject person comply with applicable laws, rules and regulations and Colabor's policies and procedures. Colabor's Code of Ethics also ensures a workplace where each employee is treated with respect, fairness, ethics and dignity. The Code of Ethics is systematically communicated to all new Colabor employees and directors, who must confirm that they have read it. Periodically, human resources require all employees to review the Corporation's Code of Ethics and other key policies. The Code of Ethics is also reviewed and updated annually by the Corporate Governance Committee of the Board of Directors of the Corporation. Compliance with the Code of Ethics is mandatory and contravening the Code of Ethics may have serious consequences for the person, ranging from disciplinary measures to dismissal, depending on the seriousness of the situation.

Ethics Whistleblower Line

Colabor retained an independent external firm to provide an anonymous platform for reporting unethical behaviour. This line can be used by anyone (employee, business partner or third party) who wishes to report a situation. The service is available at all times through the web at www.connexionsclearview.com or by telephone at 1-888-878-9020. Any reports are taken seriously and systematically trigger an internal investigation. Reported concerns, breaches or complaints are treated with confidentiality and without reprisal for the whistleblower.

Supplier Policy

In addition to compliance with the Code of Ethics, Colabor requires each supplier to comply with its Supplier Policy, which includes all provisions, specifications and requirements to be complied with. This policy is updated and sent to all Colabor suppliers on an annual basis. Among the many obligations, the policy provides that the supplier must comply at all times with all applicable laws, regulations and policies, both at the manufacturing level and in the work environment.

ESG

The Corporation is committed to being a responsible member of the communities in which it operates. To this end, Colabor is currently working on a comprehensive strategy for environmental, social and governance risk management ("**ESG**"). Among the ESG priority areas identified to date, the Corporation aims to, among other things, foster an inclusive and diverse workforce and thriving communities while providing healthy and safe workplaces, which excludes any forced or child labour. Colabor's management is in the process of setting up an internal steering committee to monitor issues and implement specific ESG initiatives and objectives.

4. Assessment of the risks of forced labour or child labour being used in its supply chains and measures taken to prevent and mitigate such risks

The process of identifying the risks of forced labour or child labour being used in supply chains is underway. Preliminary analysis are encouraging and do not point to any high risk. During the Reference Period, the management team identified and began work on a number of important initiatives that will see the light of day in fiscal year 2024. These include:

Supplier Code of Conduct

Although Colabor's Code of Ethics already imposes certain restrictions on suppliers, Colabor intends to go further and adopt and impose a Code of conduct specifically for its suppliers. Research and drafting of the code has already begun. The Code will include fundamental ethical principles and will aim to ensure that the suppliers comply at all times with the laws, standards, regulations and policies applicable to their activities and adopt responsible ethical behaviour aligned with Colabor's mission, vision and values. Specifically, the Code will prohibit suppliers from engaging in forced labour or child labour and will reaffirm Colabor's right to audit and visit any facility to ensure compliance with the Supplier Code of Conduct. Any non-compliance not remedied in a timely manner may result in the termination of the contract with the Corporation.

Reinforcing Contractual Provisions

In conjunction with the adoption of the Supplier Code of Conduct, the standard contracts used by Colabor with its suppliers to document the terms and conditions applicable to procurement will be reviewed to include, among other things, the Supplier Code of Conduct and the obligation to comply therewith.

5. Measures taken to remedy any use of forced labour or child labour

During the Reference Period, no cases of forced labour or child labour were identified or reported. Any allegations, disclosures or discoveries of forced labour or work involving children in supply chains will be taken very seriously by Colabor, which will ensure that an investigation is conducted as soon as possible. In such a case, Colabor will apply any appropriate corrective measure to remediate the identified risk.

6. Measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in the activities

During the Reference Period, Colabor was not aware of any loss of income to the most vulnerable families due to the application of measures to eliminate the use of forced labour or child labour. However, any allegations, disclosures or discoveries of such loss of income will be taken very seriously by Colabor, which will ensure that an investigation is conducted as soon as possible. In such a case, Colabor will apply any appropriate corrective measure to remediate the situation.

7. Training for employees on forced labour and child labour

Colabor makes sure to keep itself abreast of the latest legislative developments that may impact its operations. In the wake of the adoption of the new Act, several discussions and exchanges took place between the executive officers and the members of the Board of Directors regarding the new obligations under the Act and the risks associated with forced labour or child labour in Colabor's supply chains. Discussions were also held among executive officers during the Reference Period regarding certain initiatives to be implemented. One of the objectives is to include clear provisions in the Corporation's Code of Ethics relating to the fight against forced labour and child labour in supply chains, which Code must be read by all employees on an annual basis.

8. Governance and assessment of the effectiveness of efforts to prevent the use of forced labour or child labour in business and supply chains

The Board of Directors of Colabor, assisted by its various committees (as further described below), periodically reviews the material risks related to the Corporation and its activities and oversees the measures, systems and controls in place to manage and monitor risks and opportunities, including forced labour and child labour. Colabor's management, for its part, is continuing its risk analysis and implementation of measures to fight against forced labour and child labour. In light of this, the Corporation will proactively adjust its processes and controls and measure the effectiveness of its efforts.

Corporate Governance Committee

The Corporate Governance Committee is responsible for the ethic and corporate governance of Colabor. As part of its mandate, the Committee reviews the compliance of Colabor, its directors and executive officers with the applicable legal and regulatory provisions concerning ethics and corporate governance, and periodically reports to the Audit Committee on the major issues, risks and opportunities, including those arising from the application of the provisions of the Act and the deployment of the ESG strategy within the Company. The Committee periodically reviews the Corporation's Code of Ethics and the Corporate Governance Principles and Guidelines and makes recommendations to the Board of Directors concerning their content and enforcement. The Committee is also responsible for putting in place the necessary policies and procedures to report, among other things, cases of misconduct or breaches of Colabor's Code of Ethics. During Colabor's 2024 fiscal year, the Committee expects to amend certain provisions of the Code of Ethics and the charters of the committees of the Board of Directors to expressly refer to the Act.

Audit Committee

The Audit Committee periodically reviews with management and in collaboration with the Corporate Governance Committee, the key environmental, social and governance (ESG) issues relevant to Colabor, and oversees the associated risks and opportunities, all with a view to their impact on financial reporting.

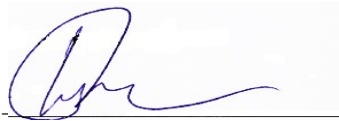
Human Resources Committee

The Human Resources Committee is responsible for ensuring that policies and practices are in place to facilitate, among other things, the development of corporate social responsibility. The Committee issues recommendations to the Board of Directors on policies relating to social responsibility issues such as equal opportunity employment, diversity, health and safety, and the environment. The Committee reviews these policies on an annual basis and is responsible for monitoring management's adherence to these policies.

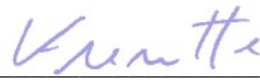
9. Approval and Attestation

This report covering the Reference Period has been approved by the Board of Directors of Colabor Group Inc. in accordance with section 11(4)(a) of the Act.

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 after exercising reasonable due 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 above-mentioned reporting year.



Warren J. White
Chair of the Board of Directors
Date : April 5, 2024



Louis Frenette
President and Chief Executive Officer
Date : April 5, 2024

I have the authority to bind Colabor Group Inc.

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