

Bill S-211 Report - *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

Introduction

Through this report, Husky Food Importers & Distributors Ltd. ("Husky Food") affirms its compliance with Bill S-211 *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, and will note training, due diligence, and operating initiatives to combat forced and child labour. Husky Food will develop and implement anti-forced labour and anti-child labour clauses for its contracts with suppliers and distributors and include these in all new contracts moving forward. Husky Food will also utilize and amend pre-existing internal policies to ensure compliance with anti-forced labour and anti-child labour legislation. Husky Food has conducted a risk assessment for its supply chain and has identified areas with potential risk for forced and child labour. Husky Food commits to continuing to monitor suppliers for potential risks of forced and child labour.

This report is the first report generated by Husky Food for Bill S-211 compliance and is for the fiscal year ending June 30, 2023.

Structure

Husky Food is a private company. The company employs 99 employees – 88 based out of Ontario, nine (9) based out of Quebec, one (1) based out of Nova Scotia, and one (1) based out of British Columbia. The company is structured into seven (7) main divisions: Marketing, Sales, Finance, Office, Procurement, Warehouse, and Human Resources.

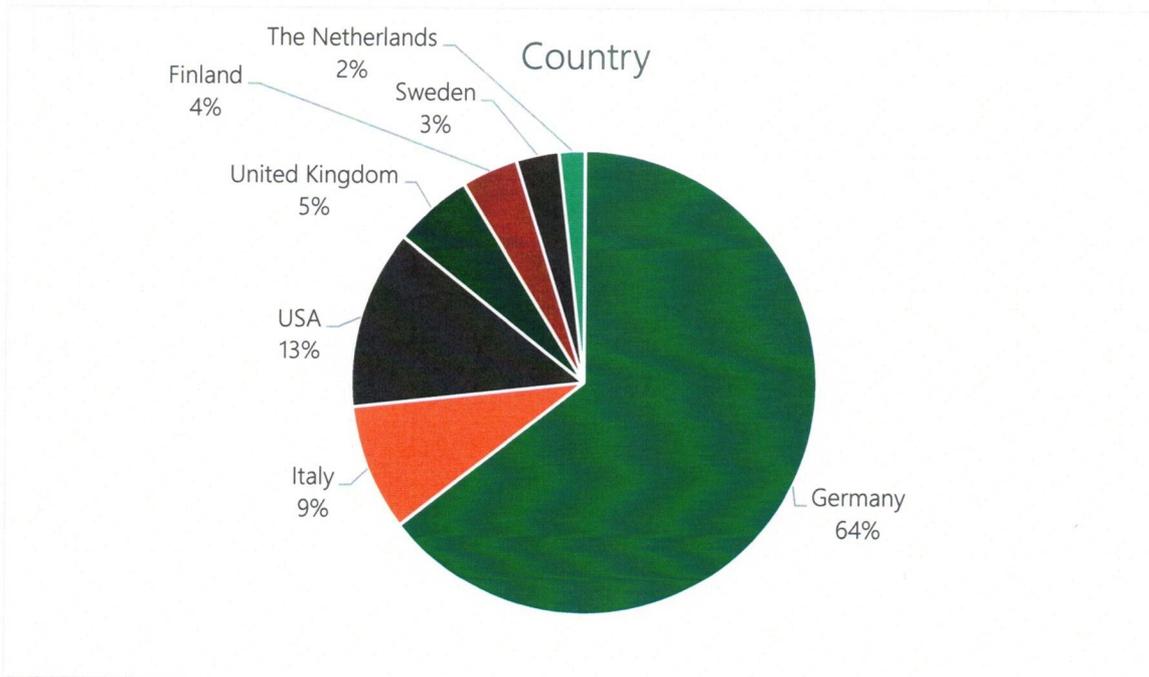
Husky Food satisfies the definition of an Entity within the Act as a private company which meets two (2) out of the three (3) compliance thresholds: it has over \$20 million in assets and has generated at least \$40 million in revenue over the past fiscal year.

Activities

Husky Food imports and distributes European specialty and natural consumer packaged goods throughout Canada. Husky Food is credited with establishing and building some of Canada's best known imported food brands. National in scope and operating out of a company owned warehouse, Husky Food provides full importation, compliance, supply chain, sales, consumer and trade marketing and business analytics solutions to international vendor partners.

Supply Chain

The figure presents the makeup of our supply chain by country, exclusive of any country that makes up less than 1% of total spend. In total, Husky Food has 61 suppliers, of which 20 make up more than 1% of its total procurement spend for 2023. A breakdown of major import suppliers (greater than 1% of total procurement spend) by location may be found below:



*Not included in this chart are 41 suppliers with respective product procurement spend of less than 1% of 2023's total procurement spend.

Policies & Due Diligence Processes

Husky Food has the following policies and due diligence procedures in place to mitigate the risk of child labour and forced labour within internal activities and our supply chain:

Current Internal Policies

Employee Handbook

Husky Food's Employee Handbook is provided to all employees upon their joining the company. The Handbook provides a general guideline to employees, as well as the company's expectations about its employees' behaviour. It applies to all employees and individuals associated with the company, encompassing various workplace locations and settings. The Handbook includes Husky Food's Standards of Code of Conduct / Code of Ethics. The Standards of Code of Conduct / Code of Ethics

establishes guidelines for ethical conduct, reporting channel and methods for any related complaints, and outlines procedures for addressing breaches of the Code. The Code emphasizes integrity, professionalism, privacy, confidentiality, and responsibility towards corporate assets. Breaches of the code are taken seriously, with reporting mechanisms in place to ensure prompt investigation and appropriate disciplinary action, which may include termination if necessary.

Husky Food's Code of Conduct / Code of Ethics sets cultural standards and a dedication to be accountable for doing what is right. Employees are encouraged to speak up and report if they identify any injustices in operations or the Code of Ethics.

Husky Food does not employ subcontracted labour and requires that all new prospective employees are subjected to multiple rounds of interviews to ensure that their employment will comply with Canadian and provincial labour legislation.

Due Diligence Processes

Husky Food employs a New Vendor Form and a Supplier Evaluation Assessment that inquires about the vendors' standards in: Quality, Error Detection and Resolution, Documentation Procedures, Material Inspection, Critical Control Point Management, Good Manufacturing Practices, Maintenance, Security, Training Programs, Material Tracing, and Corrective and Preventative Action. We will be amending our New Vendor Form in the future to include policies on child and forced labour.

Husky Food also currently has standardized distribution agreements with distributors. The standard distribution agreement, along with supplier agreements, will be modified to include clauses noting a zero-tolerance policy for instances of child and/or forced labour within direct partner operations. If instances of child or forced labour are discovered within the activities of distributors or suppliers, activities with these parties will be ceased until these instances are remediated and discontinued. Husky Food's Health and Safety committee will receive reports of forced or child labour within Husky Food's operations, as well as the operations of suppliers and distributors and take appropriate action to address these instances swiftly and effectively as they occur.

Husky Food will continue to monitor processes to ensure that they do not conduct business with entities that violate human rights or labour rights and will swiftly remedy concerns with an entity if evidence of forced labour or child labour is found. Husky Food will develop a code of business conduct policy for suppliers.

Risk Identification & Management

A risk assessment over Husky Food's industry of operation, goods procured, and countries goods are procured from has been performed over material direct suppliers. This risk assessment used two separate indices to conclude on the inherent risk of child labour and/or forced labour related to goods and countries - Walk Free's Global Slavery Index and the US Department of Labor's List of Goods

Produced by Child Labor or Forced Labor.

Countries and Industry of Operation

Husky Food imports food from many different countries, but mainly Germany (64%), USA (13%), and Italy (9%). These countries have a **low inherent risk** of forced labour or child labour. Husky Food distributes its products within Canada only.

Goods Procured and Countries Which Goods are Procured From

A breakdown of the top 20 goods suppliers out of the total 61 suppliers that individually make up more than 1% of total spend may be found below:

Extreme and High Inherent Risk

Category of Good	Inherent Risk per Good	Country of Origin	Inherent Risk per Country	Procurement Spend (%)
Chocolate	Extreme	Germany	Low	23.3%
Chocolate	Extreme	Italy	Low	8.3%
Chocolate	Extreme	The Netherlands	Low	1.7%
Chocolate	Extreme	USA	Low	1.3%
Pasta Sauce	High	USA	Low	2.7%
Coffee	Extreme	Germany	Low	2.0%
Canned Fish	Extreme	USA	Low	1.2%
Canned Fish	Extreme	Germany	Low	1.4%

Chocolate/cocoa, tomato products, coffee and fish products carry inherent high risk of forced and child labour. **This does not mean that evidence of forced labour or child labour was found to support this risk analysis**, but that there is an increased inherent risk which necessitates closer scrutiny by Husky Food to ensure those risks do not flow through to the goods that they procure.

Low Inherent Risk

Category of Good	Inherent Risk per Good	Country of Origin	Inherent Risk per Country	Procurement Spend (%)
Vegetable Preserves (incl. Sauerkraut)	Low	Germany	Low	19.9%
Jam	Low	USA	Low	6.6%
Tea	Low	United Kingdom	Low	5.2%

Category of Good	Inherent Risk per Good	Country of Origin	Inherent Risk per Country	Procurement Spend (%)
Dealcoholized Wine	Low	Germany	Low	4.2%
Licorice	Low	Finland	Low	3.7%
Noodles	Low	Germany	Low	3.1%
Thin Crispbreads	Low	Sweden	Low	2.8%
Bread & Cereal	Low	Germany	Low	2.2%
Biscuits/Wafers	Low	Germany	Low	1.7%
Cakes	Low	Germany	Low	1.5%
Gummies	Low	Germany	Low	1.3%

Mitigating Activities

To mitigate the risk of child labour and forced labour within supply chains, Husky Food incorporates the New Vendor Form and a Supplier Evaluation Assessment for supplier onboarding and monitoring.

In addition, we have an Employee Handbook which includes Standards of Code of Conduct / Code of Ethics. The Standards of Code of Conduct / Code of Ethics establishes guidelines for ethical conduct, reporting channel and methods for any related complaints, and outlines procedures for addressing breaches of the Code.

We will continue to update and evolve our internal employee policies, and supplier procedures and monitoring program to mitigate the risk of child labour and forced labour within our supply chains.

Remediation – Forced & Child Labour & Vulnerable Family Income Loss

Husky Food is in the process of discovering the full depth of our supply chain and is continuing to review procurement practices to enhance the rigor of our due diligence processes, including raising awareness with suppliers. To date, Husky Food has not identified or suspected any instances of forced labour or child labour within our operations or those of our suppliers. Consequently, no remediation measures were required in respect to forced labour or child labour.

Awareness Training

During the onboarding process for new employees, Husky Food conducts Ministry of Labour, Training and Skills Development Health & Safety at Work training. While Husky Food's current training programs do not explicitly focus on forced labour and child labour, they will serve as a strong foundation as the organization looks towards future training. By 2025, the organization aims to have 100% of new staff receive mandatory onboarding training on human rights, common causes and consequences of forced and/or child labour, and how to report observed breaches of Human Rights legislation within the company's supply chain. The employee Code of Conduct / Code of Ethics mentioned in the above section will have a required annual training associated with it for all employees that will include employee sign-off to acknowledge completion of training.

Assessing Effectiveness and Steps Taken to Prevent & Reduce Risk of Child Labour or Forced Labour

Through the creation of this report, Husky Food has become aware that some of the goods procured by the company have inherent high risks of forced labour and child labour. Husky Food remains committed to a zero-tolerance policy for any suppliers found to be employing forced or child labour.

Husky Food recognizes the need for continuous improvement and the following will be implemented going forward to ensure we assess effectiveness and have policies and processes to prevent and reduce risks related to child and forced labour:

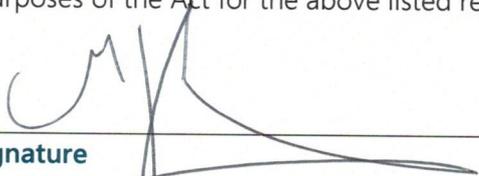
- Create internal policies, such as a Supplier Code of Conduct, Human Rights Policy, and grievance mechanisms.
- Continue to investigate where our suppliers receive their goods, monitor the types of goods we procure, and the risk of forced labour and child labour associated these goods.
- Develop employee training relevant to this Act for applicable employees to increase awareness of forced and child labour.
- Conduct risk assessments on its countries of operations, suppliers, and types of goods procured to evaluate the inherent risks of forced and child labour.
- Integrate anti-slavery/forced labour and/or child labour standards/conduct into internal policies (employee handbook and training), as well as supplier due diligence procedures (supplier agreements and questionnaires).
- Monitor our key suppliers for evidence of forced labour and child labour through questionnaires and attestations for annual sign-off.

Husky Food believes in developing true long-term partnerships where mutual goals are achieved with dedication and passion. The maintenance of these relationships relies on both parties respecting one another's policies, and Husky Food expects that all partner suppliers and customers will agree to

committing to combatting forced and child labour within supply lines – domestically and abroad.

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 or entities 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 above listed reporting year.

<u>GORDON HUSKY</u>	
Full Name	Signature
<u>PRESIDENT</u>	<u>MAY 28, 2024</u>
Title	Date

I have the authority to bind Husky Food Importers & Distributors Ltd. and this report covers financial year 2023.