



Report on Forced Labour and Child Labour Risks

Year ended December 31, 2023

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1 Application

The following is a joint report prepared pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) that pertains to Lassonde Industries Inc. and its wholly owned operating subsidiaries A. Lassonde Inc. and Lassonde Specialties Inc. (collectively, “Lassonde” or the “Corporation”), as well as its controlling entity, 3346625 Canada Inc. (“3346625” and together with Lassonde, the “Group”). 3346625, as a holding corporation, substantially relies on the efforts of Lassonde, as the operating entity, with regards to monitoring and managing its activities and supply chains as well as ensuring compliance with applicable laws and regulations.

The above-mentioned entities hereby report to the Minister of Public Safety and Emergency Preparedness on the various measures taken during their previous financial year ended December 31, 2023 to prevent and reduce the risks that forced labour or child labour is used at any step of the production of their goods, in Canada or elsewhere, or of goods imported into Canada thereby. Lassonde Industries Inc. also owns, since November 14, 2023, a controlling interest in Diamond Estates Wines & Spirits Inc. that is separately preparing its own report pursuant to the Act.

This report is not a revised version of a report already submitted for the Group’s financial year ended December 31, 2023. None of the entities included in this report are subject to reporting requirements under supply chain legislation in another jurisdiction.

2 Steps to Prevent and Reduce Risks of Forced Labour and Child Labour

Over the course of the 2023 financial year ended on December 31, 2023, Lassonde has taken the following steps to prevent and reduce the risk of forced labour and child labour occurring in its activities and supply chains. The Corporation:

- Drafted a standard compliance provision to be included in all future supplier contracts, pursuant to which suppliers must read the Corporation’s Supplier Code of Conduct and undertake to comply with its terms and all applicable laws and regulations regarding child labour and forced labour in Canada;
- Formally adopted a Supplier Code of Conduct in light of the introduction of the Act in order to comply with its reporting requirements and to reflect the Corporation’s engagement to further monitor and prevent forced labour or child labour risks in its supply chains;
- Developed a draft version of a Modern Slavery Act Compliance Policy that addresses its various obligations and responsibilities in order to comply with the requirements of the Act;
- Participated in an external working group on the new obligations set forth by the Act regarding modern slavery disclosure requirements, led by a global law firm in Canada, with approximately twenty other major Canadian corporations;
- Developed and implemented training and awareness materials on the new requirements imposed by the Act to the Board of Directors, Executive Committee, Presidents of its subsidiaries subject to the Act, Managers heading the Supply Chain and Procurement functions and to the Internal Modern Slavery Working Group of the Corporation; and
- Set up an Internal Modern Slavery Working Group whose objectives are to monitor the forced labour and child labour risks, ensure compliance with the legal requirements imposed by the Act, improve supply chains practices and track implementation and results of the various measures taken to reduce the risks associated with forced labour or child labour.

Between January 1st, 2024, and the publication of this report, the Corporation took the following steps:

- Started mapping its activities and supply chains;
- Adopted a Modern Slavery Act Compliance Policy;

- Started using the forced labour indicators tool and risks assessment tool for forced labour and child labour in its supply chains provided by its existing data platform for supply chains risks assessment, that was developed by an external provider;
- Started conducting an internal assessment of risks of forced labour and child labour in its supply chains;
- Started carrying out a prioritization exercise to focus due diligence efforts on the most severe risks of forced labour or child labour; and
- The Internal Modern Slavery Working Group started holding meeting to begin monitoring the risks associated with forced labour or child labour.

3346625 supports all such measures taken to prevent and reduce risks of forced labour or child labour being used at any steps in the Group's operations and supply chains.

3 Structure, Activities and Supply Chains

Structure

Lassonde Industries Inc. is a corporation incorporated under the *Canada Business Corporation Act*, headquartered in Rougemont, Québec, and listed with the Toronto Stock Exchange ("TSX") (TSX: LAS.A). 3346625 Canada Inc. (described below) owns 55,4% of its stock while the balance (44,6%) is held by institutional and retail shareholders, these shares being listed for trading on the TSX. Lassonde Industries Inc. owns 100% of the shares of A. Lassonde Inc. and Lassonde Specialties Inc.

A. Lassonde Inc. is a corporation incorporated under the *Quebec Business Corporations Act*, headquartered in Rougemont, Québec. It operates plants located in Calgary (Alberta), Thornbury (Ontario), Toronto (Ontario), Kelowna (British Columbia), and Rougemont (Québec).

Lassonde Specialties Inc. is a corporation incorporated under the *Quebec Business Corporations Act*, headquartered in Saint-Damase. It operates plants located in Saint-Damase and Boisbriand (Québec).

3346625 Canada Inc. is a corporation incorporated under the *Canada Business Corporations Act*, headquartered in Rougemont (Québec). It is a holding company, controlled by Mr. Pierre-Paul Lassonde, president of the Board of Directors of the Corporation and controlling shareholder of 3346625 Canada Inc.

Activities

The Corporation develops, manufactures, and markets private label and national brand products, including ready-to-drink beverages, fruit-based snacks and frozen juice concentrates. It is also a producer of cranberry sauces and specialty food products such as pasta sauces, soups and fondue broths. Lassonde also produces, imports and markets selected wines from several countries of origin and produces apple cider and cider-based drinks.

For the financial year ended on December 31, 2023, the Corporation's sales were in an amount of 2,3 billion\$ and were geographically broken down as follows: approximately 54% in the United States and 46% in Canada. Product sales are carried out by Lassonde's sales team and food brokers. Lassonde is active in the retail market segment where it makes sales to food retailers and wholesalers such as supermarket chains, independent grocers, superstores, warehouse clubs, and major pharmacy chains. Lassonde also operates in the food service sales market segment which includes sales to restaurants, hotels, hospitals, schools, and wholesalers serving these institutions. The retail market accounts for approximately 89% of the Corporation's sales while the food service market represents 11% of sales.

Lassonde operates 16 plants located in Canada and the United States and produces its products through over 2,700 full-time equivalent employees, of which approximately 2,000 work from Canada. Canadian plants are located in Calgary (Alberta), Thornbury (Ontario), Toronto (Ontario), Kelowna (British Columbia) and include multiple facilities and the head office in Rougemont, Saint-Damase, and Boisbriand (Québec). U.S. plants are located in Seabrook (New Jersey), Hendersonville (North Carolina), Springdale (Arkansas), Ontario (California), Sparta (Michigan), Selah and Wapato (Washington), and a cranberry receiving station is located in Carver (Massachusetts).

Lassonde Industries Inc.'s subsidiaries operating from Canada are i) A. Lassonde Inc., which develops and manufactures juices, ready-to-drink fruit and vegetable beverages, fruit-based snacks, apple ciders, cider-based

products which are commercialized in Canada and imports selected wines from several countries of origin which are then bottled and commercialized in Canada, and ii) Lassonde Specialties Inc., which develops and manufactures specialty food products such as pasta sauces, soups and fondue broths in Canada and markets them in the United States and in Canada.

Lassonde's subsidiaries operating from the United States develop and manufacture juices, beverages, cranberry sauce and frozen juice concentrates and markets them in the United States.

The Corporation's Mission, Vision, and ESG Roadmap

Lassonde is committed to its vision of putting more of its great tasting products in more consumers' hands, that serve more needs, across more occasions, every day, and by continuing its focus on crafting quality food and beverages that consumers love, clients value, employees are proud of, and that demonstrate care for our planet.

One of the three pillars of the Corporation's multiyear strategy developed and announced in early 2022 is focused on driving sustainable performance. Lassonde's environmental, social and governance ("ESG") roadmap is a key driver of its sustainability agenda and serves as a guide for important investments decisions for the future. The Corporation's ESG roadmap is based on four main topics: establishing sound ESG governance, taking care of people, caring for the planet, and building a sustainable supply chain.

The Corporation aims to build a sustainable supply chain that reflects Lassonde's corporate culture and the values and behaviours that Lassonde promotes. The Corporation is guided by a core set of values that reinforce its beliefs, which include accountability, integrity, respect, and community. Lassonde is also guided by a set of behaviours that inform its actions. They include agility, team, purpose, care, and performance.

The Corporation believes that aiming at reducing the risks that forced labour or child labour is used in its activities or supply chains is in line with the values and behaviours it promotes as well as with Lassonde's intention of building a sustainable supply chain. 3346625 is equally committed to reducing forced labour and child labour risks. This report details the governance, processes, and policies in place to reduce the risks that forced labour and child labour are used in the activities or supply chains of the entities that are subject to the Act.

Supply Chains

The Corporation's supply chain is mainly composed of suppliers of food and beverage ingredients, and of containers and packaging materials which it uses throughout its 16 facilities described above.

Food and beverage ingredients

Food and beverage ingredients, which consist mainly of fruit juices and concentrates, fruits, flavors, sweeteners, and vegetables, are purchased directly or through brokers on the international and North American markets. Most of Lassonde's food and beverage ingredients come from the following countries: Argentina, Brazil, Canada, China, Columbia, Costa Rica, India, Italy, Mexico, Netherlands, Poland, South Africa, Spain, Turkey, Ukraine, and the United States

Containers and packaging materials

The Corporation mainly uses containers made of multilayered cardboard, PET plastic and glass. Lassonde also produces containers within its facilities from PET plastic pellets. Most of Lassonde's containers and packaging materials come from the following countries: Brazil, Canada, China, Finland, and the United States.

4 Policies and Due Diligence Processes

The following are the policies and due diligence processes that Lassonde put in place aimed at preventing and mitigating the risks relating to the use of forced labour or child labour in its supply chains. They apply to the Corporation and to its subsidiaries unless otherwise indicated. They demonstrate the Corporation's commitment to sustainable performance and to protecting human rights as well as its strong desire to create a safe and inclusive experience for all colleagues and workers across its operations and supply chains. 3346625 is similarly committed to driving sustainable performance, holding high ethical and governance standards and to respect and enforce human rights.

Code of Ethics

The Code of Ethics applies to the Corporation and its subsidiaries. It provides for the absolute prohibition of any form of forced labour, child labour, human trafficking, harassment, or discrimination. The Code of Ethics specifies that Lassonde expects its business partners adhere to ethical business conduct consistent with its own and that the Corporation is committed to working with them to fulfill this common goal.

Supplier Code of Conduct

The Supplier Code of Conduct, which sets out the Corporation's values and expectations of itself and of its suppliers, agents, consultants and other third parties and business partners and their respective employees, directors and officers, has been adopted in light of the introduction of the Act and to take into account its new reporting obligations. It reflects Lassonde's engagement to further monitor and prevent forced labour or child labour risks in its supply chains. The Corporation will require its suppliers to adhere to the Supplier Code of Conduct to implement its requirements in a manner that is appropriate and proportional to the nature and scale of their activities, the goods that they supply and the services that they perform. Specifically, the Supplier Code of Conduct strictly prohibits the use of forced or child labour by a supplier and provides that suppliers must conduct reasonable due diligence on their own supply chains and operations to ensure that there is no use of forced labour or child labour. The Supplier Code of Conduct further specifies that suppliers must notify the Corporation immediately if they become aware or suspect the use of forced labour or child labour in their business operations or supply chains, including the scope and impact of such forced labour or child labour occurrence on their business relationship and contract(s) with the Corporation. Suppliers are also required to notify Lassonde if they become the subject of any investigation or proceedings regarding any offence or alleged offence by them of modern slavery related laws or regulations.

Standard Contract Provision for Agreements with Suppliers

Lassonde drafted a standard contract provision to be added in new contracts to be executed with suppliers, which i) requires that suppliers read the Supplier Code of Conduct and undertake to act in accordance with the terms described therein as well as with the laws and regulations relating to modern slavery and ii) allows the Corporation to terminate the contract in the event of a violation of the Supplier Code of Conduct by the supplier.

Modern Slavery Act Compliance Policy

Lassonde has adopted a Modern Slavery Act Compliance Policy that addresses its various obligations and responsibilities to comply with the requirements of the Act. This policy essentially deals with the due diligence process of supply chains and the training offered to employees regarding the identification and mitigation of risks related to forced labour and child labour.

Whistleblowing Reporting Procedures

A whistleblowing procedure has been put in place by Lassonde for anyone who believes that a supplier has engaged in illegal, unethical, or otherwise wrongful conduct, or conducted any other activity in violation of the Supplier Code of Conduct. Also, a whistleblowing procedure has been put in place for any person wishing to make a disclosure or denunciation in accordance with the Code of Ethics. The contact details for the whistleblower telephone line and email address are also available on the Corporation's website.

Internal Modern Slavery Working Group

Lassonde set up an Internal Modern Slavery Working Group whose objectives are to monitor the risks associated with forced labour or child labour in the Corporation's supply chains, to ensure compliance of its activities, including supply chains activities, with the legal requirements imposed by the Act, to improve supply chains practices and to track implementation and results of the various measures taken to reduce the risks associated with forced labour or child labour. The Internal Modern Slavery Working Group consists of a cross-divisional team including representatives from Procurement, Supply Chain, Legal and Regulatory Affairs. In 2024, the Internal Modern Slavery Working Group started holding meetings to begin monitor high risks suppliers.

5 Forced Labour and Child Labour Risks

The Group considers the risk of forced labour or child labour to be low in the Group's operations in Canada and the United States. In fact, all employees in Canada and the United States are hired in accordance with, at a minimum, the applicable laws and regulations and Lassonde conducts checks to ensure that individuals have the right to work and are choosing to work on their own free will. Further, all employees have the freedom to join a trade union or other similar association.

In 2024, Lassonde began a preliminary mapping of its supply chains to identify any risk of forced labour and child labour that might be occurring. Given the preliminary nature of the supply chains mapping and the fact that Lassonde relies on global supply chains which present visibility challenges, no definitive risk areas have been identified yet, but supply chain risks will be further analyzed as the assessment process will continue in 2024 and beyond.

The Corporation intends to assess the risks of forced labour and child labour in its activities and supply chains through the resources and information provided by an online risk assessment tool (the "Tool") dedicated, among other things, to labour and human rights risks. This Tool was developed by an external provider which is a leader in responsible sourcing and advises corporations with insights and technology to implement practices and policies to operate a responsible business and supply chains. This provider has expertise in various sectors, including food, beverage and manufacturing. What follows is our understanding of the Tool functioning.

The Tool should allow Lassonde to carry out an inherent risk mapping of its supply chains and activities based on i) the countries and sites where the Corporation's suppliers operate out of and its suppliers' sectors of activities, and ii) the countries and sites where Lassonde's manufacturing facilities are in and its sector of activities. With the Tool, the Corporation will aim to identify key and relative forced labour and child labour risks across its supply chains and activities. The Tool collects public information on labour and human rights risks in various industries and uses data provided from supplier sites, including suppliers in the sectors of agriculture, food processing and manufacturing, within the Tool provider's platform. The Tool analyzes this data and should help Lassonde to identify high-risk environments and pinpoint specific suppliers' sites where forced labour or child labour might be occurring. The Corporation should then be in a better position to conduct further diligence, when needed, and to mitigate risks in its supply chains and activities. Having this set of data at its disposal should also allow Lassonde to, if appropriate, either i) better understand, engage and support suppliers who present forced labour or child labour risks and, enable the Corporation to create action plans with these suppliers and work towards improvements, or ii) terminate any commercial relation with suppliers who engage in forced labour or child labour, while taking measures to remediate the loss of income to the most vulnerable families that results from such a measure.

The Tool should be helpful as it reveals, through various indicators, a picture of forced labour or child labour risks within a country or sector of activities and whether a specific site is exposed to such risks. Forced labour and child labour indicators include various operational indicators at different moments of the employment cycle, including potential deceptive or coercive recruitment, employment under menace of penalty and debt or wage entrapment and termination prevention. The forced labour indicators used by the Tool provider build upon the eleven indicators of forced labour developed by the International Labour Organization which are: abuse of vulnerability, deception, restriction of movement, isolation, physical and sexual violence, intimidation and threats, retention of identity documents, withholding of wages, debt bondage, abusive working and living conditions and excessive overtime. These indicators are presented alongside scores and guides like the Forced Labour Index used by the Tool to evaluate country specific risks. The Forced Labour Index is commonly used to assess forced labour risks across four broad economic sectors including agriculture, food processing, manufacturing, and logistics, for each country within the Tool. The Index is particularly useful as it considers specific sectoral in-country combinations. In fact, in addition to the assessment of a country's risk level, focused desk research is used to calculate a sector specific score among these four economic sectors. A sector specific score is dependent on an organization's size, workforce skill level, labour intensity, type of work and risks observed. A site characteristics score is also calculated based on factors such as working hours, health and safety, gender, worker representation, number and type of workers, labour intensity and recruitment practices. In addition, a management controls score is established with the aim of rewarding businesses that strive to manage and mitigate their forced labour and child labour risks. All the previously mentioned scores are combined by the Tool to form part of a site's comprehensive audit indicator score. This combined score is an indicator that should help draw attention to actual or potential forced labour or child labour instances in the Corporation's supply chains and activities.

The Tool provider also offers general guidance regarding next steps when forced labour risks are identified and suggests corrective actions to be undertaken with suppliers to resolve forced labour and child labour issues.

6 Remediation Measures

The Corporation has not identified risks related to forced or child labour in its supply chains at the moment as Lassonde is currently in the process of conducting a preliminary mapping of forced labour or child labour risks. Further, the Corporation has not identified forced labour or child labour in its own direct operations. Based on the preliminary results of the inherent risk mapping, the Internal Modern Slavery Working Group will develop and implement measures to remediate any forced labour or child labour. More specifically, the Internal Modern Slavery Working Group will establish the process relating to the conduct of audits of suppliers presenting higher risks and will ensure these suppliers complete a self-assessment questionnaire to learn more about their practices and operations.

7 Remediation of Loss of Income

As the Group has not yet identified any instances of forced labour or child labour in its activities and supply chains, no measures were taken to remediate the loss of income to the most vulnerable families that results from measures taken to eliminate the use of forced labour and child labour.

8 Training

During the reporting period, the Corporation has developed and implemented training and awareness material regarding the new requirements imposed by the Act to the following groups/persons:

- Board of Directors;
- Executive Committee;
- Presidents of its subsidiaries subject to the Act;
- Managers heading the Supply Chain and Procurement functions; and
- Internal Modern Slavery Working Group.

9 Assessing Effectiveness

The Corporation has introduced certain measures over the last financial year aimed at reducing the risk that forced labour or child labour will be used in its activities and in its supply chains. It has not yet taken any measure to assess the efficiency of such measures.

10 Approval and attestation

This report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Boards of Directors of Lassonde Industries Inc., and 3346625 Canada Inc., as being a joint report of Industries Lassonde Inc., A. Lassonde Inc., Lassonde Specialties Inc. and 3346625 Canada Inc. for the financial year ended December 31, 2023.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this report for the entities 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 Lassonde Industries Inc.



Nathalie Lassonde

Chief Executive Officer, Director and Vice-Chair of
the Board of Directors, Lassonde Industries Inc.

March 21, 2024

I have the authority to bind 3346625 Canada Inc.



Pierre-Paul Lassonde

President and Director, 3346625 Canada Inc.

March 21, 2024