

REPORT

1. Introduction

This report, prepared pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada) (the “Act”), pertains to London Drugs Limited (“London Drugs”).

London Drugs hereby reports to the Minister of Public Safety and Emergency Preparedness on the steps taken during their previous financial year ended December 30, 2023 to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods imported into Canada thereby.

2. Structures, Activities and Supply chains

a. Structure

Founded in 1945 as a small drugstore in Vancouver, British Columbia, London Drugs is incorporated in Canada. It operates 79 retail pharmacies in Western Canada and has its head office in Richmond, BC.

b. Activities

London Drugs has stores in more than 35 major markets throughout British Columbia, Alberta, Saskatchewan, and Manitoba. The pharmacy is still the heart of our business, but today we also offer a full-service computer department, cosmetics ranging from lip gloss to high-end face creams, furniture, cameras, high quality photo finishing and hi-tech electronics. We sell our products online in Canada only. All told, we serve over 45 million customers each year, and we are still growing.

c. Supply Chain

London Drugs sources products, including private label products from various third-party vendors which are made available in its stores and online.

3. Company policies and due diligence Processes

London Drugs has developed formal policies, code of conduct for employees and compliance standards that uphold the rights of customers, employees and as well as workers across London Drugs’ supply chain. London Drugs is committed to integrating sustainability criteria into purchasing decisions and engaging with vendors to maximize environmental and social improvements in our supply chains.

a. Code of Conduct and our ethical work environment

Our Code of Conduct (available at this link) set out principles that will enable London Drugs and its employees to act in a manner which reflects and embodies those central characteristics and ensure all our actions are ethical, legal and responsible.

b. Recognized Third Party Certifications

London Drugs looks to add products that have third party certifications representing a higher standard of labeling, where a company or product must meet certain criteria to qualify. These third parties may be government or private organizations that are independent of influence from industry. With these labels we can usually be sure some product testing or qualification has taken place. Requirements and processes

are also usually quite transparent. Fairtrade Canada is one of the third-party certifications we look for when reviewing products for London Drugs that indicate that the product was manufactured and produced under fair trade practices:

c. Vendor Leadership Questionnaire

For brands that go the extra mile towards greater sustainability, we also provide a questionnaire that helps us better understand their benefits. This covers areas including fair workplace practices. We will compare some of the companies that we feel have shown leadership in this area and one of them will be selected as the winner of London Drugs' Sustainability Vendor of the Year. Review our Vendor Leadership Questionnaire here <https://www.londondrugs.com/on/demandware.static/-/Library-Sites-LondonDrugs-content-Library/default/dw911ba546/pdf/greendeal/VENDOR-LEADERSHIP-QUESTIONNAIRE-FORM-Apr-2014.pdf>

d. Responsible Purchasing Policy

The Responsible Purchasing Policy is a framework that enables London Drugs to serve our customers better through innovation and continued involvement in the communities we service, while proactively managing supply chain risks and fiscal responsibility. The Responsible Purchasing Policy is part of London Drugs' commitment to respecting and promoting human rights in partnership with our vendors. As we continue to review our processes, practices and policies to identify opportunities for improvement London Drugs will consider whether vendors should be required to commit to the Policy as part of their partnership with London Drugs. A copy of Responsible Purchasing Policy can be reviewed here https://www.londondrugs.com/on/demandware.static/-/Library-Sites-LondonDrugs-content-Library/default/dwddfad4da/pdf/greendeal/2023_04_LD_Responsible_Purchasing_Policy2.pdf

e. Vendor Responsibility Code

The Vendor Responsibility Code was drafted with the aspiration of having all vendors to commit to a basic code of conduct, including commitments on child labour, non-discrimination, environmental responsibility and anti-corruption. The Vendor Responsible Code is a commitment that London Drugs may require from its Vendors as we identify areas of improvement in our practices. The Vendor Responsibility Code Review our Vendor Responsibility Code here: https://www.londondrugs.com/on/demandware.static/-/Library-Sites-LondonDrugs-content-Library/default/dw17dc5418/pdf/greendeal/LD_Vendor-Responsibility-Code-Apr-2023.pdf

4. Identifying Forced Labour and Child Labour Risks

London Drugs does not produce goods, but London Drugs recognizes that its global supply chain and the industries in which it operates carry a risk of forced labour and child labour, particularly in Asia. London Drugs has partnered with a third-party manufacturing audit company in Asia. Our third-party expert conducts audits of the facilities London Drugs orders products from to ensure that our suppliers' sourcing policies comply with our own and to identify potential operational and ethical risks. Audits are conducted at the outset of working with a new vendor and new audits are conducted every two to three years to ensure compliance is being maintained. In its audits, London Drugs evaluates areas such as health and safety, environmental management, child labour and young workers, working hours and labour practices.

London Drugs' audits conducted by our third-party expert assesses and confirms these factors:

- Workers at the facilities are not exploited and comply with applicable labour laws and regulations.
- Facilities meet applicable health and safety laws and regulations.
- Facilities comply with applicable minimum age standards.

If an audit identifies a compliance issue, which may include but is not limited to forced labour and child labour, London Drugs will take corrective action which may include terminating or suspending the relationship with that Vendor.

5. Remediation, Training and Effectiveness

At London Drugs, we may receive reports of forced or child labour from our facility audits. We respond immediately to any reports that highlight these practices.

Our Vendor Responsibility Code requires our Vendors to monitor the compliance of their operations and verify that that employment is freely chosen and that the age of the employees complies with applicable laws and regulations. Vendors further declare that their subcontractors will comply with the Vendor Responsibility Code. A false declaration, unwillingness to provide third-party information or lack of a corrective action plan may result in corrective action by London Drugs which may include termination or suspension of its relationship with Vendor.

a. Remediation of 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 its activities and supply chains.

We believe that the most vulnerable families have not suffered any loss of income as a result of the measures we have taken to eliminate the risk of forced labour and child labour.

b. Training

Employees can also access diversity training sessions that will teach them about inclusive behaviours and how to create a work environment free of discrimination. Through mandatory training on the prevention of workplace harassment and violence, employees learn to understand and detect harassment and violence in the workplace and discover ways to prevent and reduce it.

c. Assessing Effectiveness

We continually assess the effectiveness of our actions to report on year-to-year progress of London Drug's capability to respond to risks in our operations, business activities, and supply chain. We are committed to working towards improving our efforts in this area. We also carry out continual assessments for the suppliers we do business with to establish their base risk level, which enables us to detect activities likely to breach our Vendor Responsibility Code.

We are committed to preventing and fighting all forms of forced labour and child labour in the London Drugs' activities and supply chains. As such, we will continue to regularly review our processes, practices and policies in order to identify opportunities for improvement.

6. 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 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 reporting year listed above.



Clint Mahlman
President and Chief Operating Officer
LONDON DRUGS LIMITED