

PBC NUTRITIONALS INC.

(joint report with 15777178 Canada Inc. and Private Brands Consortium PBC Inc.)

Fighting Against Forced Labour and Child Labour in Supply Chains Act **2023 Annual Report**

1. Introduction

This report constitutes the first report prepared by the PBC Group (defined below) pursuant to Canada's new *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the **Act**).

The report is a joint report (the **Report**) made by PBC Nutritionals Inc. (**PBC Nutritionals**), Private Brands Consortium PBC Inc. (**PBC Inc.**), and 15777178 Canada Inc. (**15777178** and, together with PBC Nutritionals and PBC Inc., the **PBC Group**) for the financial year ended September 30, 2023 (the **Reporting Period**).

While 15777178 was incorporated after the Reporting Period in the context of subsequent transactions involving PBC Nutritionals and PBC Inc. pursuant to which 15777178 became the sole shareholder of both entities, we have included 15777178 in this Report to offer a complete picture of our current corporate group.

This Report sets out the steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the import of goods into Canada by the PBC Group.

2. Steps taken to prevent and reduce risks of forced labour and child labour

In general terms, the PBC Group took the following steps during the Reporting Period to prevent and reduce the risk of forced labour or child labour in its business and supply chains:

- contracted with a third-party provider (the **ESG Consultant**) to support the PBC Group with its environmental, social and governance (ESG) initiatives and compliance, and began to assess the specific risks of forced labour and child labour in our supply chains;
- assessed internally the risks of the use of forced labour or child labour in our activities and supply chains;
- established an action plan to fight against the use of forced labour or child labour within our activities and supply chains;
- initiated the preparation of our Supplier Code of Conduct, which includes procedures which seek to determine and prohibit the use of forced labour or child labour in our supply chains; and
- audited and monitored a number of our suppliers.

Details of the above actions are set out in this Report.

3. Structure, activities and supply chains

Structure

As previously mentioned, pursuant to subsequent transactions involving PBC Nutritionals and PBC Inc., the current corporate group is comprised of 15777178, acting as a holding corporation, and its two wholly-owned subsidiaries PBC Nutritionals and PBC Inc., both operating as suppliers in the food and beverages

industry. Except for PBC Nutritionals and PBC Inc., which are wholly owned subsidiaries of 15777178, none of the entities of the PBC Group controls, or owns equity interests in, any other entities.

Each of 15777178, PBC Nutritionals and PBC Inc. is a corporation governed under the *Canada Business Corporations Act* and the PBC Group is headquartered in Montreal, Canada.

As at September 30, 2023, the PBC Group had 31 employees, all located in Canada and all employed on a full time and permanent basis.

Activities

The PBC Group's business consists in the development, sourcing, procurement, distribution of food and beverage products commercialized to retailers as private label and branded products and to brand owners for resale under such brand owners' own national brands. The PBC Group works hand in hand with food and beverage suppliers, corporate buyers and brokerage firms aiming at providing a wide availability of products and constant innovation. The PBC Group's design and logistics teams make sure that all products are up to national brand standards and delivered at the right time and place.

The PBC Group's main products are rice cakes, crackers and rusks (including for infants and toddlers), nutritional and meal replacement beverages, fruit and vegetable pouches and jars, nutritional supplements (including creatine and whey proteins), aseptic broths and beverages and nutritional bars.

Supply chains

The PBC Group strives to work with suppliers of food and beverage finished products, ingredients and packaging (collectively **Food and Beverage Suppliers**) who, together their respective employees, agents and subcontractors, share our commitment to social, ethical and environmental responsibility as outlined in our Supplier Code of Conduct.

Our supply chain is comprised of more than twenty (20) Food and Beverage Suppliers, being mainly food and beverage manufacturers from across the world, situated in countries such as Canada, the United States of America, Thailand, Italy, Belgium, France, the Netherlands and Chile.

Our Food and Beverage Suppliers manufacture, process, package and/or deliver a wide range of food and beverage finished products we ourselves supply to our customers. Our Food and Beverage Suppliers are our main suppliers and constitute 82% of our spending. These Food and Beverage Suppliers are mainly located in the countries listed above, with 30% of our spending with Food and Beverage Suppliers being in Canada and the United States of America.

We also work with various providers of goods and services to support our activities on a day-to-day basis, including information and technology products and services, legal services and brokers and consultants. Our spending for these other suppliers for goods or services originating outside of Canada and the United States represent in the aggregate less than 1% of our total spending.

4. Policies and Codes of Conduct in relation to forced labour and child labour

Supplier Code of Conduct

Our Supplier Code of Conduct (the **Supplier Code**) affirms PBC Group's commitment to integrity, sustainability and social responsibility across its activities and sets out the ethical and responsible business practices that we expect from our suppliers. The Supplier Code applies to our direct suppliers as well as to their own employees, agents and subcontractors.

Our Supplier Code establishes multiple principles and covers a wide array of matters, specifically labour standards, and prohibits the use of forced labour or child labour by our suppliers. Furthermore, our Supplier

Code requires suppliers to comply with local laws and ensure fair practices in relation with the following: freedom of association and the right to collective bargaining, terms of employment, prohibition of harassment and discrimination, health and safety of workers, working hours, as well as wages and benefits.

Since the adoption of our Supplier Code, we generally ask our suppliers to sign a declaration of acknowledgment and acceptance regarding the Supplier Code, in order to establish or continue a business relationship with the PBC Group.

A copy of our Supplier Code is available [here](#).

We note that, while we have been working with our ESG Consultant on the development of our Supplier Code since August 2023, our Supplier Code was adopted in May 2024 and therefore after the end of the Reporting Period.

Employee Guide

Our Employee Guide (*Guide de l'employé*) sets out company wide values which guide interactions with and among our employees, as well as between our employees and our customers and suppliers. Among other things, our Employee Guide governs compensation and other employment matters, anti-corruption practices, treatment of employee's personal data, protection of human rights, and the PBC Group's expectations as to our employee's behaviour with our other employees, our customers and suppliers. Our Employee Guide help us maintain our commitment to ensuring a safe and respectful work environment for our employees.

Policies

The PBC Group's commitment to strive to prevent forced labour and child labour in its business and supply chains has led to the initiation of internal efforts, the setting up of an action plan and to our hiring of an ESG Consultant to assist us with the preparation and subsequent adoption of policies that would be well suited for our profile (**Policies**).

Our Policies will endeavour to draw upon international standards and best practices to cover a wide range of issues, including forced labour and child labour in our supply chains. Our efforts are expected to carry on in 2024, as we prepare well-suited Policies, with the help of an ESG Consultant and the active contribution of our internal teams.

We believe that ethical conduct goes beyond compliance and resides in a comprehensive governance culture. In addition to upcoming establishment of our Policies, which will be regularly reviewed once adopted, we intend to maintain a method for employees and third parties to anonymously report any concerns or violations with regards to such Policies.

Whistleblower protections

PBC Group has established whistleblower procedures, through its Supplier Code, encouraging anyone who becomes aware of a violation of our Supplier Code to speak up. Our Supplier Code provides an anonymous reporting procedure through mail or email to receive complaints made by suppliers or their workers.

To protect whistleblowers, the Supplier Code provides that PBC prohibits retaliation or reprisal against suppliers and their workers for reporting, in good faith, contraventions of the Supplier Code.

It is intended that our upcoming Policies will seek to provide for similar provisions.

Enforcing our customers' codes of conduct and policies with our suppliers

When negotiating and entering into agreements with our main Food and Beverage Suppliers, we generally request that they undertake to comply with the policies and codes of conduct of our own customers, which cover a wide range of issues, including forced labour and child labour matters.

5. Due diligence processes

PBC Group is committed to seeking to prevent forced labour and child labour. Our Supplier Code requires our suppliers (upon request) to periodically confirm that they meet their obligations under the Supplier Code, through self-assessment questionnaires or even audits performed by third parties.

Furthermore, during the Reporting Period, we initiated a high-level due diligence assessment across PBC Group's value chain to proactively identify, address and mitigate potential risks of forced labour or child labour. This assessment is expected to carry on in 2024, as we develop our Policies and practices in this regard.

During the Reporting Period, we also hired an external firm to conduct an audit with a number of our Food and Beverage Suppliers and provide to us an *Ethical Trade Audit Report* which covers a variety of topics related to our suppliers' workplace and employees, including in connection with forced labour or child labour.

6. Assessing and managing risks of forced labour and child labour in our business and supply chains

PBC Group procures many goods and services from a broad range of industries, both domestically and internationally, and we acknowledge a risk that forced labour and/or child labour may be used in our supply chain but we consider the risk of forced labour and child labour occurring within our business operations to be relatively low. We acknowledge that no sector or industry involved in the production or importation of goods is assumed to be entirely free from forced labour and child labour risks.

Given the nature of our direct and indirect suppliers, we acknowledge that the higher risk is situated with our indirect suppliers and thus, we will also aim on obtaining regular updates from our direct suppliers on the measures taken to address the risks of forced labour and child labour in their own supply chains. In fact, our Supplier Code applies not only to our direct suppliers, but also to their employees, agent and subcontractors.

We understand the importance of risk mitigation and relationship management throughout the procurement process, including complying with the Act, and we have an ESG Consultant to assist us in this regard.

We have begun assessing the utilization of tools to closely monitor and manage our risks of forced labour and child labour in our supply chains and to accompany our suppliers in their efforts to develop their practices. This includes hiring external firms to conduct audits and report thereon as described above.

7. Remediation measures

As PBC Group has not identified any forced labour or child labour in its business or supply chain, it has not had to take any measures to remediate any forced labour or child labour or to remediate any loss of income

to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities or supply chains.

8. Training

During the Reporting Period, we have offered to our employees training in connection with various environmental, social and governance (ESG) matters, including as it relates to forced labour and child labour.

9. Assessing effectiveness

PBC Group is committed to seeking to address the risks of forced labour and child labour in our business and supply chains. As described in this Report, PBC Group has identified and/or introduced a number of measures to prevent and reduce these risks and will continue to develop and implement them in 2024. However, to date, no actions have been taken to assess the effectiveness of these measures.

Approval and attestation

This Report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the board of directors of 15777178 Canada Inc., as the joint report of 15777178 Canada Inc., PBC Nutritionals Inc., and Private Brands Consortium PBC Inc.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, Gilles Messier, attest that I have reviewed the information contained in this joint Report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this joint Report is true, accurate and complete in all material respects, for the purposes of the Act, for the Reporting Period specified above.

I make the above attestation in my capacity as a director of 15777178 Canada Inc. for and on behalf of the board of directors of 15777178 Canada Inc.

I have the authority to bind 15777178 Canada Inc.

DocuSigned by:



Per: Gilles Messier

Title: Vice-President, Finance

Date: May 30, 2024