



## **INTRODUCTION**

This report (“Report”) is made in compliance with Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) by Rocky Mountain Liquor Inc., (RML) an Alberta based company reporting on the TSXV. This report has been prepared for the calendar year ended December 31, 2023.

We are committed to upholding the highest ethical standards across all aspects of our operations. Our company policies and practices are meticulously crafted to ensure ethical and responsible conduct. We mandate fair and responsible labor practices both within our organization and among our vendors.

## **CORPORATE STRUCTURE**

This is a joint report and includes the following Companies which are under common control and operate under common management collectively referred to in this report as “the Companies.”

- Rocky Mountain Liquor Inc.
- Andersons Liquor Inc.

RML is incorporated under the Canada Business Corporations Act, and is a tier one issuer with its common shares listed on the TSX Venture Exchange.

RML is the parent to a wholly owned subsidiary, Andersons Liquor Inc. (Andersons). As at the date of this report, Andersons operates 24 retail liquor stores in Alberta, selling beer, wine, spirits, ready to drink products, as well as ancillary items such as juice, ice, soft drinks and giftware.

RML and Andersons are dedicated to continuous improvement and customer satisfaction. As a responsible corporate citizen in retail operations, we are committed to responsibly using all resources and safeguarding the communities and environments in which we operate.



## **REGULATED LIQUOR ENVIRONMENT**

The regulated liquor environment in Alberta is characterized by a privatized retail system and stringent government oversight. Unlike most Canadian provinces, where liquor sales are predominantly government-controlled, Alberta transitioned to a fully privatized system in 1993. The Alberta Gaming, Liquor and Cannabis Commission (AGLC) oversees the liquor industry, ensuring compliance with regulations related to licensing, responsible service, and public safety. The AGLC sets and enforces standards for everything from the distribution and sale of alcoholic beverages to advertising and marketing practices, ensuring that all operations align with provincial laws.

Retailers in Alberta benefit from a competitive market where they can source products from a wide array of suppliers, offering consumers a diverse selection of local and international brands. However, despite the privatization of retail, the AGLC maintains control over the wholesale distribution, ensuring that products meet safety and quality standards before reaching consumers. This regulated framework balances the benefits of privatization with the need for oversight to prevent misuse and ensure public health and safety.

## **SUPPLY CHAIN STRUCTURE**

The Companies are located in Alberta, Canada and source the majority of their goods and supplies from within Canada. The majority of regular and recurring purchases are related to goods and supplies purchased for liquor operations through AGLC.

The Companies are committed to the safety and health of its employees and conducts its operations in compliance with applicable laws and regulations. Suppliers are expected to provide a safe working environment and remain in material compliance with all health and safety laws applicable to the operation and use of the facilities where products are stored or handled on our behalf. Risks in our supply chain can arise due to limited visibility into our suppliers' upstream supply chains. To mitigate this risk, suppliers are encouraged to establish traceability systems that track raw material lot/batch numbers to the finished product lot/batch numbers, including traceability to inspection records.

Although the Companies' exposure to forced labor and child labor risks is considered low, our supply chain includes various alcoholic beverages, packaging materials, shelving, and promotional items. Our current ability to trace the origin of specific products or inputs is constrained due to our role as a downstream purchaser.

- Imported goods and supplies have the following characteristics:
- Goods are imported on an infrequent and irregular basis.
- Goods imported tend to be ordered more than once from a limited number of AGLC approved vendors.



## **POLICIES AND DUE DILIGENCE**

The Companies have written policies and conduct requirements that our employees must review annually and acknowledge compliance. These requirements are included in our Employee Policy Manual and include:

- Business Conduct
- Conflict of Interest
- Whistleblower

Any non-compliance is addressed immediately in accordance with company policy. The Companies recognize the opportunity to enhance corporate policies relevant to the Act and will be amending the Employee Policy Manual to incorporate relevant information.

As part of our due diligence we mapped our supply chains and reviewed our employee training programs to confirm they include awareness of the human rights code and the requirements under the Act. As well, we continue to work with all suppliers to ensure they are aware of and in compliance with the Act. Additionally, the Companies rely on AGLC's adherence to their Vendor Code of Conduct and Ethics.

Child and forced labor are serious issues globally. At RML, we are committed to ensuring that all stakeholders are treated with dignity and respect. Our procurement processes are structured to uphold the following standards:

- We will not tolerate the use of child or forced labor in any of our suppliers.
- We will not tolerate the exploitation of children, their engagement in hazardous work, or the physical punishment, abuse, or involuntary servitude of any worker.
- We expect our suppliers and contractors to uphold these same standards. If a violation of these standards is identified, we will terminate the relationship.
- For this purpose, a "child" is defined as anyone under the age of 15.
- It is our responsibility to ensure compliance with these principles in our businesses and from our suppliers.



## **RISK ASSESSMENT**

Due to the highly regulated retail liquor sector in which we operate, and in compliance with our internal policies and processes, we conduct a thorough evaluation process before entering any contract or agreement with new suppliers or businesses. This strict vetting and approval process includes supplier investigation via website review, internet search, and risk assessment.

The Companies conducts its business solely in Canada, where the risk of forced and child labor is low. All goods imported to Canada are ancillary goods that support our business operations; as they are not business-critical, we have the flexibility to carefully select suppliers. This allows us to perform due diligence to ensure that potential suppliers align with our business values before placing any orders. This approach ensures compliance with our responsibilities and reduces overall risk, as we do not face execution or urgency pressures when evaluating vendors from outside of Canada.

## **REMEDATION MEASURES**

There have been no instances of vendors failing to comply with fair labor practices. Consequently, there have been no cases where terminating a vendor relationship has resulted in a loss of income. Since the Companies do not anticipate needing to take any remedial action at this time, we do not expect any loss of income to vulnerable families as a result of such actions.

As of December 31, 2023, The Companies have not faced situations of forced labour or child labour and has therefore not had to remedy and rectify such situations.

## **ASSESSING EFFECTIVENESS**

The Governance and Nominating Committee of the Board oversees management's efforts to combat child labour and forced labour, ensuring compliance with relevant legislation. This committee is responsible for receiving annual updates on the risks associated with these issues and the progress made against identified recommendations. This oversight ensures that RML not only meets legal requirements but also upholds its ethical commitments, reinforcing the trust of consumers and stakeholders in its dedication to responsible business practices.



## EMPLOYEE TRAINING

The Companies prioritize robust policies regarding supply chains and ethical business practices, which are detailed in the annually updated Employee Policy Manual. This manual serves as a cornerstone for operational integrity, requiring formal written acknowledgment from all employees to confirm their understanding and commitment. To mitigate risk and ensure consistency in vendor engagements, only designated administration personnel are authorized to contract or engage with suppliers. This centralized approach not only enhances control over supply chain decisions but also fosters transparency and accountability. By maintaining stringent policies and providing ongoing training, including awareness of the Act, the Companies safeguard against unethical practices and ensures that their operations align with the highest standards of corporate responsibility.

## 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 Company or Companies 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.

Signature: \_\_\_\_\_

Peter J. Byrne  
Executive Chairman & Acting CEO  
May 23, 2024

I have the authority to bind Rocky Mountain Liquor Inc.