



Lactalis Canada Inc: Modern Slavery Act Report 2023

Reporting entity's legal name: Lactalis Canada Inc.

Financial reporting year: 2023

Identification of a revised report: N/A

Business number(s), if applicable: 895914547
Corporation Number: 1463025-4

Identification of a joint report, if applicable: Yes
– Canadian Cheese Corporation, Business number:
76284 3878 / Corporation Number 1172605-6

Identification of reporting obligations in other
jurisdictions: N/A

Entity categorization according to the Act:
Corporation

Sector/industry:
Manufacturing and Producing Dairy Products

Location: Canada

At Lactalis Canada Inc., we're fully committed to respecting human rights and fighting against any form of slavery, child labour and forced labour in our operations and supply chain. Our parent organization, Lactalis Group, is a participant of the United Nations Global Compact whereby we are committed to aligning our business operations with the Compact's ten principles.

Additionally, we follow the guidelines of the following international documents including The United Nations Universal Declaration of Human Rights; The International Labour Organisation conventions; and the guiding principles of the OECD applicable to Multinational Enterprises. Upholding human rights is at the core of our values, influences our decisions, and shapes how we and our partners conduct ourselves.

ABOUT THIS REPORT:

This document constitutes the 2023 Modern Slavery Act Report for Lactalis Canada Inc. and its wholly-owned subsidiary, Canadian Cheese Corporation (collectively, "Lactalis Canada"). All data, statements and claims set out below refer to policies, processes and procedures that were in place during the financial year ending December 31, 2023, in accordance with Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada)* (the "Act").

OVERVIEW OF OUR BUSINESS:

Lactalis Canada is part of Lactalis Group, the world's #1 dairy group, headquartered in Laval, France. Established in 1933 by André Besnier, Lactalis Group is a family-owned global business with over 85,000 employees, 270 operational facilities and a presence in more than 50 countries.

With over 140 years of brand heritage, Lactalis Canada is committed to enriching and nurturing the lives of Canadians by producing nutritious and great tasting dairy products. The company's iconic brands include Cracker Barrel, Black Diamond, P'tit Québec, Balderson, Cheestrings Ficello, aMOOza!, Astro, Khaas, siggi's, IÖGO, IÖGO nanö, Olympic, Lactantia, Beatrice, Marie Morin Canada, Galbani and Président. Named on Forbes list of Canada's Best Employers, Lactalis Canada directly employs 4,000+ Canadians and has more than 30 operating sites across the country.



STRUCTURE, ACTIVITIES AND SUPPLY CHAINS:

Lactalis Canada, a key player in the Dairy industry, manages over 1 billion CAD in procurement with nearly 4000 active suppliers. For 2023 our milk intake was more than 2.1 billion litres of raw milk. Our commitment extends to upholding the highest ethical standards, encompassing environmental, social, and governance (ESG) practices and playing our part to embed sustainability across our business.

We collaborate closely with Dairy Farmers of Canada and provincial milk marketing board legislators and government bodies to promote sustainable farming and best practices related to animal health and welfare. Our involvement has an impact at various points in the dairy value chain, from milk collection to distribution, with a focus on environmental sustainability & industry best practices. Moreover, we actively participate in community initiatives, promoting education, healthcare, and local economies. Through robust structures and collaborative efforts with our supply chain partners, Lactalis Canada strives to achieve sustainable long-term goals while delivering top-quality dairy products nationwide.

Both Lactalis Canada Inc. and Canadian Cheese Corporation are incorporated under the *Canada Business Corporations Act*. Canadian Cheese Corporation is a wholly-owned subsidiary of Lactalis Canada Inc. and is responsible for selling certain Lactalis Canada products.

RISKS IN OUR OPERATIONS AND SUPPLY CHAIN:

Lactalis Canada acknowledges the critical importance of addressing forced labour and child labour risks within our operations and supply chains. We have implemented a Supplier Code of Conduct, mandating suppliers to adhere to our standards, including provisions against forced child labour. We maintain transparent communication with suppliers and continuously improve our practices. While our risk assessment deems risks low due to stringent measures, we recognize the need for ongoing evaluation. One area under periodic scrutiny is the farm level, where family-run businesses may involve minors. We are collaborating with provincial milk boards to ensure preventive measures are in place. This aligns with efforts across the industry to combat child labour effectively.

POLICIES:

Across Lactalis Canada's operations, we have established policies and frameworks to effectively manage human rights risks, including those related to modern slavery. We firmly believe that ethical business practices and robust governance are fundamental to our operations and essential for our sustained success. Our commitment to integrity and maintaining high standards extends to all our partners, including employees and vendors, who are expected to adhere to a comprehensive framework of policies governing our business conduct.

Guided by international principles and compliance with relevant laws and regulations, our policies and standards reflect a dedication to upholding the highest ethical standards. Aligned with our policy, Suppliers shall maintain available internal procedures, tools, indicators or related documentation to demonstrate their alignment with the Lactalis Group Supplier Code of Conduct. Suppliers agree to be audited on such compliance and provide all information reasonably requested. In any case where a gap would be identified, suppliers have to commit in good faith to build and implement an effective action plan.

LACTALIS GROUP SUPPLIER CODE OF CONDUCT:

We believe that it takes a wider commitment of the whole value chain to deliver on our ambitions for sustainable and healthy products. Building strong, qualitative and long-term relationships with our upstream partners increases our ability to continuously meet consumers and civil society's expectations, demonstrate citizenship, and foster an innovative spirit as well as shared opportunities. In that sense, our approach to Responsible Sourcing is a fundamental backbone of our Corporate Social Responsibility policy.

This Supplier Code of Conducts sets out ways of working and minimum standards that Suppliers must follow in providing goods or services to the Lactalis Group. The Supplier Code of Conduct applies to any Suppliers' employee, agent or subcontractor interacting with the Lactalis Group on Suppliers' behalf all along its value chain. We are committed to reporting on our Responsible Sourcing activities on a regular basis, internally and externally.

Suppliers engaging with Lactalis Canada must adhere to a code explicitly addressing forced child labour. This requirement is integrated into our purchasing process, ensuring alignment with our standards. Lactalis Canada reserves the right to monitor, assess, and audit all vendors according to the Supplier Code of Conduct. Lactalis Canada may discontinue business with any supplier or representative that does not adhere to the practices outlined.



HUMAN RIGHTS STATEMENT AND POLICY:

Lactalis Canada's Human Rights Statement and Policy underscores our dedication to upholding internationally recognized human rights principles. This commitment permeates our decision-making processes, operations, and interactions with stakeholders including customers, employees, shareholders, and others.

Central to Lactalis Canada's ethos is our pledge to foster a workplace that nurtures both professional growth and personal well-being. We are committed to cultivating a corporate environment free from discrimination and harassment, one that respects the human rights of every individual involved with our enterprise.

In alignment with this commitment, we adhere to applicable human rights legislation, indirectly mitigating the risk of child labour within our operations. Lactalis Canada does not utilize child labour or any form of forced or compulsory labour, and we comply with local age of employment laws.

Our company is aligned with the ethical trading initiative (ETI) code and principles. The ETI promotes the following principles: freedom of employment, freedom of association and the right to collective bargaining, ensuring safe working conditions, condemning the use of child labour, paying living wages, providing reasonable and not excessive work hours as well as regular employment, condemning discrimination and any harsh or inhumane treatment.

Our company also strives to respect human rights through the supply chain through our Subcontracting Charter which emphasizes a focus on human rights and fair labour practices. Our suppliers and their partners support and enforce universal human rights and ensure they or their suppliers are not complicit in any human rights violations.

Fair labour practices require suppliers to comply with the labour laws and legislation of the country they operate in. Further, they must respect the following conditions on their production sites and those of their partners: suppliers work actively to eradicate child labour; suppliers work actively to eradicate forced labour; suppliers promote plans to reduce discrimination based on race, gender and sexual orientation; suppliers ensure their activities do not harm the health and safety of employees and suppliers.

LACTALIS WHISTLE BLOWING POLICY AND PLATFORM:

The company promotes open communication, encouraging employees to promptly report any compliance breaches, facilitated through the Whistleblowing Platform, Lact@Lert. This ensures secure and confidential reporting while safeguarding individuals from retaliation. The establishment of Lact@Lert enables reporting of potential violations, fostering transparency and accountability across our supply chain, serving as a deterrent across all violations, including child labour practices.

Lactalis Group is committed to protecting whistleblowers who report in good faith. We ensure strict confidentiality of the whistleblower's identity, individuals mentioned in the report, and the report's content. Retaliatory measures against whistleblowers are met with disciplinary action, and any obstruction of reporting rights may lead to legal consequences. Any suspected retaliatory actions must be promptly disclosed to the Compliance Committee.

LACTALIS GROUP PALM OIL SOURCING POLICY:

We believe in Protecting the rights of workers and local communities. Our palm oil policy aims to prevent child labour and uphold the rights of workers, indigenous peoples, and local communities. We are committed to sourcing palm oil free from forced or compulsory labour and discrimination, ensuring the application of Free, Prior and Informed Consent (FPIC) principles. To achieve these goals, we plan to utilize RSPO audits, grievance mechanisms, and Sedex memberships for accountability and transparency.

Lactalis Canada's Supplier Code of Conduct emphasizes monitoring and prompt action in cases of breaches. Suppliers are required to maintain internal procedures and tools demonstrating alignment with our standards and agree to audits upon request. Any identified gaps must be addressed through effective action plans. Suppliers are obligated to report violations promptly, whether by employees, agents, or subcontractors, to Lactalis Group. Additionally, our whistleblowing platform allows reporting of any legal violations. While we encourage best practices, occasional breaches may occur. In such cases, if remedial measures are inadequate, Lactalis reserves the right to disengage suppliers.

Our Lactalis Group palm oil sourcing Policy's aim is protecting the rights of workers and local communities. We notably aim for palm oil free from forced or compulsory labour, child labour and from discrimination.



DUE DILIGENCE PROCESSES AND ASSESSING EFFECTIVENESS:

Lactalis Canada's Supplier Code of Conduct emphasizes monitoring and prompt action in cases of breaches. Suppliers are required to maintain internal procedures and tools demonstrating alignment with our standards and agree to audits upon request. Any identified gaps must be addressed through effective action plans. Suppliers are obligated to report violations promptly, whether by employees, agents, or subcontractors, to Lactalis Group. Additionally, our whistleblowing platform allows reporting of any legal violations. While we encourage best practices, occasional breaches may occur. In such cases, if remedial measures are inadequate, Lactalis reserves the right to disengage suppliers.

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TRAINING:

Lactalis Canada prioritizes ethical conduct and the welfare of individuals in our operations. While we lack a specific child labour policy, our training addresses related areas:

- Compliance with Minimum Hiring Age: HR and Talent Acquisition ensures adherence to Employment Standards Act (ESA) guidelines.
- Human Rights Statement and Policy: Revised in October 2023, accessible via internal platform Viva Engage and PERC system.

Lact@Lert Lact@Policy Line: Launched in early 2023, communicated via Viva Engage and available on our website and information boards.

- The procurement team enforces our Supplier Code of Conduct, including child labour provisions, and vets suppliers to avoid associated risks.

REPORTING AND REMEDIATION:

Anyone who believes there has been a suspected violation of our policies to respect human rights can report it immediately to their leader, Human Resources, Company legal counsel, and/or the confidential Lactalis whistleblowing platform at Lact@Lert, this allows for anonymous reporting.

Employees are encouraged to share any concerns with their leaders and also have the option of posing questions directly through the Lact@Lert platform. While Lact@Lert is intended primarily for the use of employees, third parties (e.g., shareholders, vendors, suppliers, sub-advisers) may also report suspected unethical, unprofessional, illegal, or fraudulent activity. During Lactalis's 2023 financial year, no instances of harm related to child labour or forced labour were identified. Therefore, no measures have been taken to remediate forced labour or child labour in our activities and supply chains, including remediating the loss of income to the most vulnerable families.

APPROVAL:

This report was approved pursuant to section 11(4)(b)(ii) of the Act by the Board of Directors of Lactalis Canada Inc. 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.

G. Mark Taylor

*President & CEO and Member of the Board of Directors
Lactalis Canada Inc.*

May 31, 2024

I have authority to bind the corporation.

Acknowledged by:

Xavier Suran

VP, Purchasing – North America

Lactalis Canada Inc.

May 31, 2024